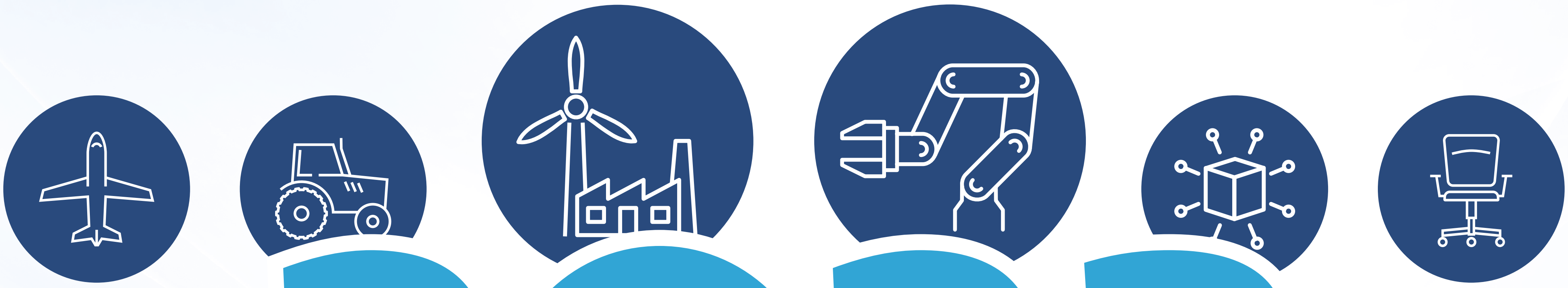
STABILUS



2023

ANNUAL REPORT

FOCUS ON INDUSTRIAL BUSINESS

A

TO OUR SHAREHOLDERS

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COMBINED MANAGEMENT REPORT

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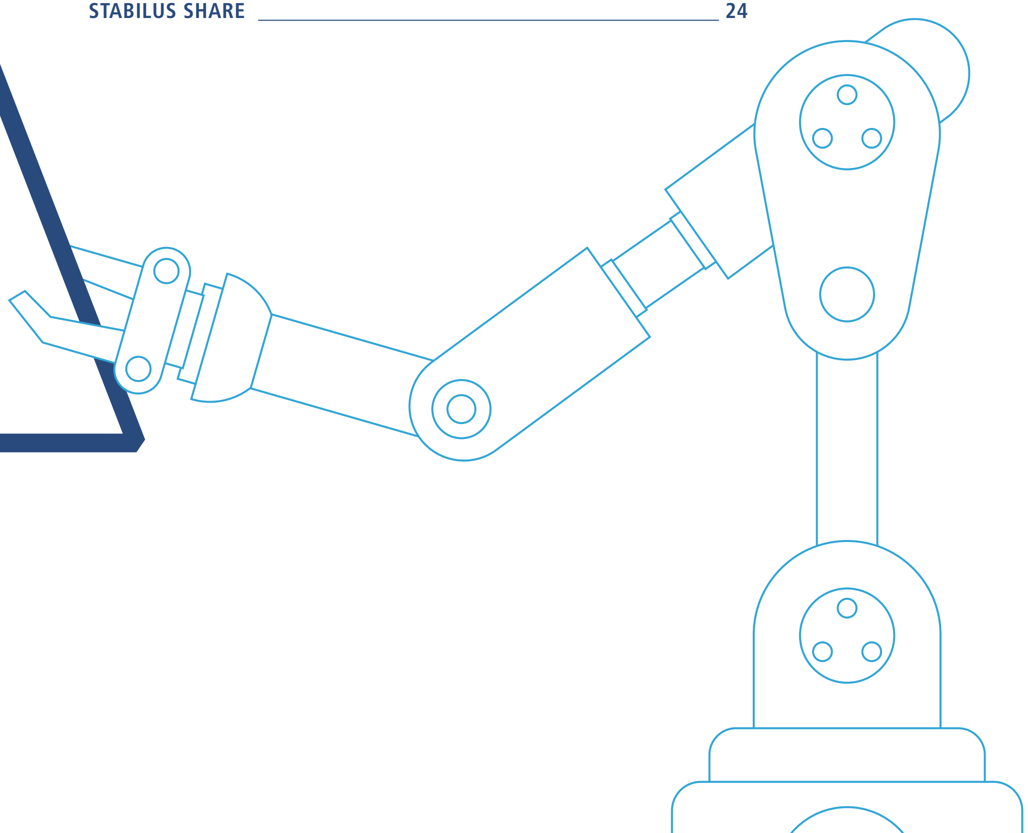
TO OUR SHAREHOLDERS



STABILUS 2023 AT A GLANCE

€1,215 M
Revenue

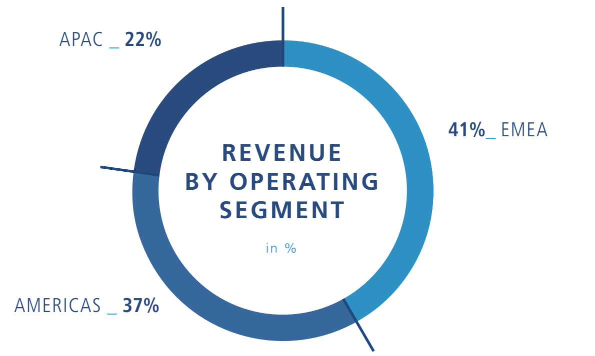
13.0%
Adjusted EBIT margin

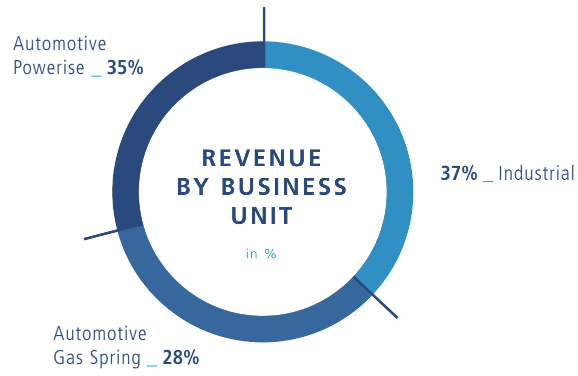
7,426
Employees

Key figures

IN € MILLIONS	Year ended September 30, 2023	2022	Change	% change
Revenue	1,215.3	1,116.3	99.0	8.9%
EBIT	137.1	142.2	(5.1)	(3.6)%
Adjusted EBIT	158.4	156.2	2.2	1.4%
Profit for the period	103.3	104.3	(1.0)	(1.0)%
Capital expenditure	(73.7)	(45.1)	(28.6)	63.4%
Free cash flow (FCF)	96.7	58.2	38.5	66.2%
Adjusted FCF	107.3	81.7	24.1	29.5%
EBIT margin (% of revenue)	11.3%	12.7%		
Adjusted EBIT margin (% of revenue)	13.0%	14.0%		
Profit margin (% of revenue)	8.5%	9.3%		
Capital expenditure as % of revenue	6.1%	4.0%		
FCF as % of revenue	8.0%	5.2%		
Adjusted FCF as % of revenue	8.8%	7.3%		
Net leverage ratio	0.3x	0.4x		
Number of employees [1]	7,462	7,342		
Total assets	1,334.3	1,266.6		
Equity	712.0	669.7		
Equity ratio	53.4%	52.9%		

[1] Active and inactive employees without temporary workers, trainees, interns and graduates.





OUR GLOBAL FOOTPRINT

EMEA

France Poissy
Germany Aichwald
Germany Büttelborn
Germany Eschbach
Germany Koblenz
Germany Langenfeld
Italy Pinerolo
Italy Rivoli
Romania Brasov
Spain Derio
Turkey Bursa
UK Banbury
UK Haydock

AMERICAS

Argentina Buenos Aires
Brazil Itajubá
Mexico Ramos Arizpe
USA Farmington Hills, MI
USA Gastonia, NC
USA Lynnwood, WA
USA Miamisburg, OH
USA Sterling Heights, MI
USA Stoughton, MA

APAC

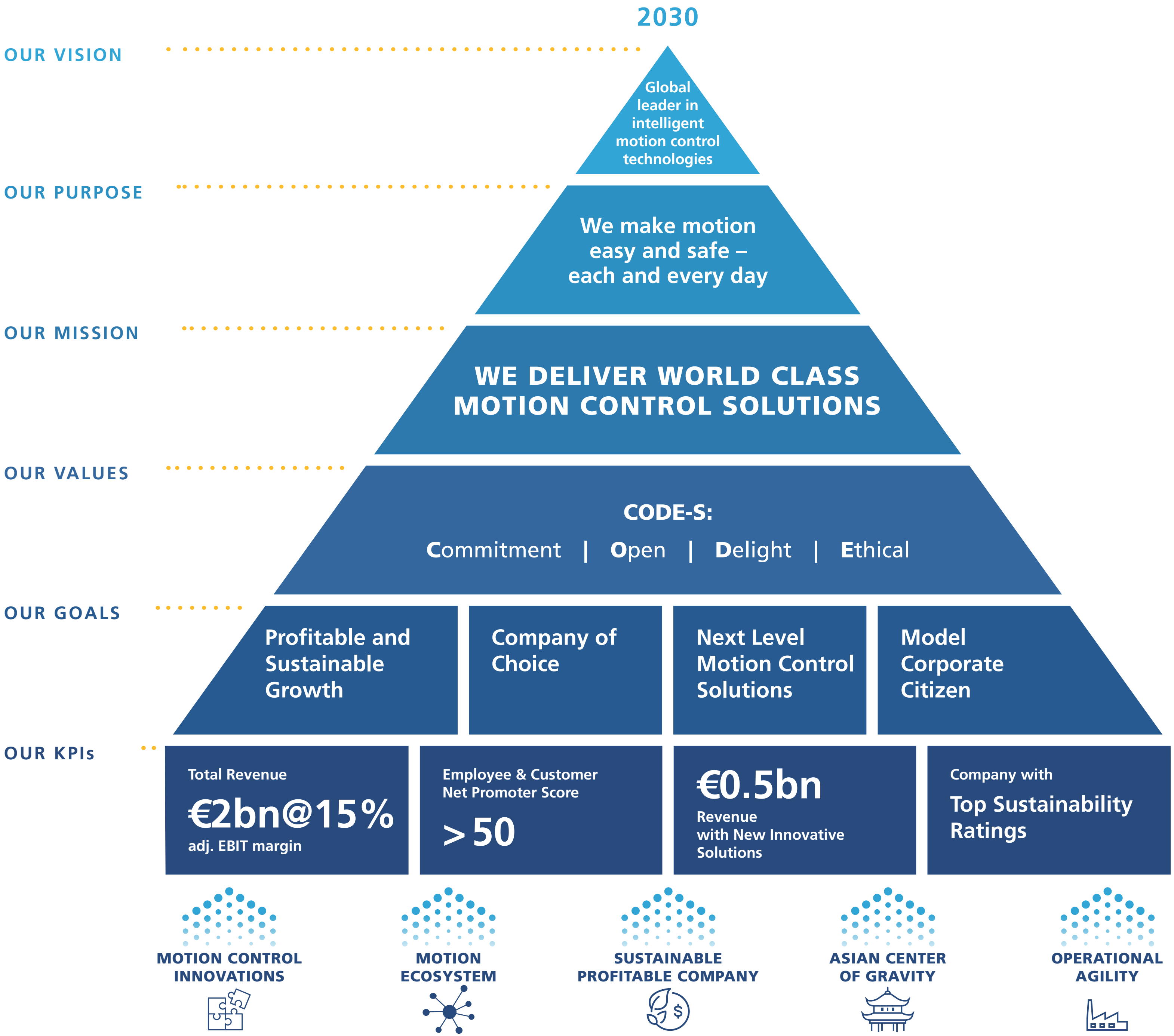
Australia Dingley
China Changzhou
China Pinghu
China Shanghai
India New Delhi
Japan Yokohama
New Zealand Auckland
Singapore Singapore
South Korea Busan
South Korea Suwon

OUR STAR 2030 STRATEGY

Vision

GLOBAL LEADER IN INTELLIGENT MOTION CONTROL TECHNOLOGIES

In conjunction with STAR – which stands for "STABILUS RELOADED" – Stabilus is continuing to transition from a supplier of individual components to a system provider. Initiated ten years ago, this strategic process will be gradually implemented by 2030 to achieve our vision of becoming the world market leader for intelligent motion control technologies. This long-term strategy is based on four cornerstones: sustainable growth, customer and employee satisfaction, innovation, and sustainability.



Purpose

WE MAKE MOTION EASY AND SAFE – EACH AND EVERY DAY

How do we, at the Stabilus Group, benefit society and our customers? Our purpose derives from our core expertise, which is motion control. Our products and solutions make people's lives easier in countless situations. For example, we enable easy and convenient opening and closing of doors in millions of vehicles. Our advanced vibration isolation and shock absorption solutions contribute to comfort and safety in a wide range of industrial applications. What we do matters, in everyday life and in the creation of added value. We're proud of that. We make motion easy and safe – for people and for industrial equipment. Each and every day.

Mission

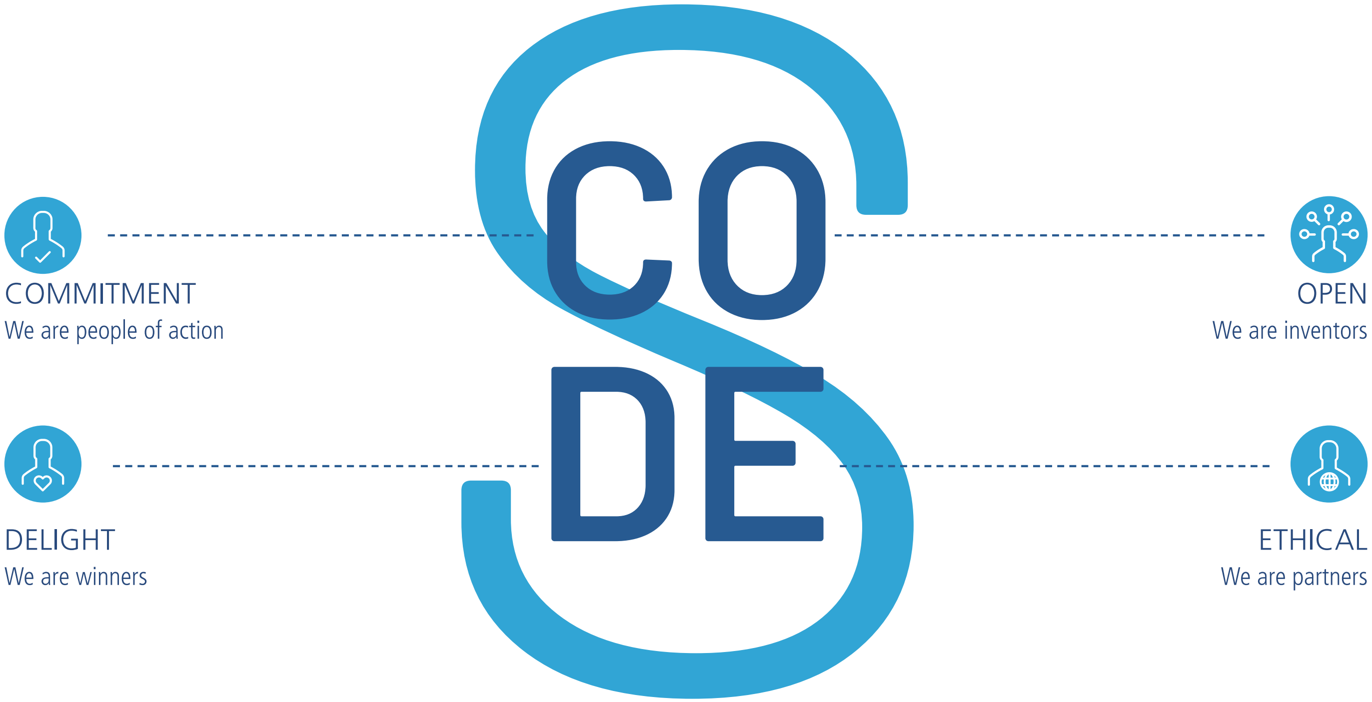
WE DELIVER WORLD-CLASS MOTION CONTROL SOLUTIONS

What is our daily mission? What do we demand of ourselves? We all contribute to designing, manufacturing, and marketing excellent, top-quality motion control products and solutions. We want to satisfy our customers with our high standard of quality, our innovative strength, and our ability to invent creative solutions. We deliver world-class motion control that's worthy of a global market leader.

Values

CODE-S: THE INNER COMPASS OF OUR WORK

What values guide our daily work? The answer is CODE-S, where "S" stands for the Stabilus Group and "CODE" for our four core values: "Commitment" points to our willingness to approach every challenge with passion and master it with determination. Being "Open" is our starting point for curiosity, constant learning, and positive evolution. "Delight" stands for our enthusiasm and enjoyment of the work we do. "Ethical" means that we act with moral conviction and take responsibility. To sum it up, CODE-S helps us work with a strong inner compass in everything we do.



LETTER FROM THE CEO

Dr. Michael Büchsner
Chief Executive Officer

Dear Shareholders, Customers, Business Partners and Employees, Dear Ladies and Gentlemen,

I would like to begin with the fact that we at Stabilus succeeded in meeting our targets in the past fiscal year. Given a difficult environment still marked by geopolitical and macroeconomic uncertainty, we can be more than satisfied with our performance. We have identified – as far as possible – the right answers to the ensuing economic challenges, i.e., inflation, energy costs and consumer restraint. I can therefore report that we are confident about the future development of the Stabilus Group.

"Looking back at fiscal 2023, our revenue grew organically by +7.9%."

Looking back at fiscal 2023, our revenue grew organically by +7.9% on average across all regions. Adjusted EBIT of €158.4 million was up +1.9% year-on-year (PY: €156.2 million). The adjusted EBIT margin is thus exactly in line with the forecast of 13% specified in the third quarter, and we even slightly exceeded the revenue forecast of €1.1 billion to €1.2 billion at €1,215.3 million. Both are excellent achievements in light of current market conditions, and I would like to thank all employees at Stabilus for this.

Revenue grew in all regions: In the EMEA region, it increased by +5.8% to €496.6 million in FY2023 (FY2022: €469.4 million), in the Americas region by +16.3% to €450.5 million (PY: €387.5 million) and in the Asia-Pacific region by +3.4% to €268.2 million (PY: €259.4 million).

These good results are due primarily to the ongoing success of Powerise. Revenue for the Automotive Powerise business unit grew organically by +11.4% to €429.3 million (PY: €374.6 million) and, with organic growth rates of +18.0% and +15.8% respectively, was particularly strong in EMEA and Asia. This growth rate clearly exceeds that of vehicle production, which was +7.6% in the same period. Automotive Gas Spring achieved organic revenue growth of +3.9% to €341.4 million (PY: €326.0 million).

"As you know, the Industrial business unit plays a key role in our long-term STAR 2030 strategy. By fiscal 2030, we are aiming for revenue of €1 billion in this business unit, which should then correspond to a share of 50% of Group revenue."

Our Industrial business also grew considerably. Revenue increased by +7.6% to €444.6 million (PY: €415.8 million), significantly outpacing global economic growth (GNP). Stabilus achieved its strongest growth in the Industrial business in the market segments Energy, Construction, Industrial Machinery & Automation (ECIMA), Mobility and Distributors, Independent Aftermarket, and E-Commerce (DIAMEC).

As you know, the Industrial business unit plays a key role in our long-term STAR 2030 strategy. By fiscal 2030, we are aiming for revenue of €1 billion in this business unit, which should then correspond to a share of 50% of Group revenue. Therefore, in this year's annual report, we would like to give you a deeper insight into this strategically important area. You can find an interview with Jürgen Roland on page 19. He heads the Industrial business unit and discusses, among other things, the integration and brand strategy of the units acquired by SKF in 2016, the differences between the Industrial and Automotive businesses, regional specifics, and how we successfully transfer technology from the automotive to the industrial sector.

In line with this strategy, we have already strengthened the Industrial business unit with acquisitions in recent years and have consistently emphasized that we will continue to do so in the future. I am therefore particularly pleased that we are in the process of reaching another milestone on the way to becoming a global leader in the field of motion control solutions. In October 2023, i.e. in the current fiscal year 2024, we signed an agreement to acquire DESTACO in order to significantly expand our Industrial Automation business. Headquartered in Auburn Hills, Michigan, USA, the company is one of the global market leaders in the design and manufacture of components and solutions in the fields of automation, clamping technology and remote handling. This makes DESTACO's product portfolio an excellent addition to Stabilus' range in the Industrial business unit. The core product offerings are clamping systems, gripping systems, systems for linear positioning such as cycle conveyors, rotary positioners and robot tooling, i.e., gripping systems for robot end effectors.

This complementary acquisition is an important next step in strengthening our industrial business. Based on the revenue expectations for fiscal 2023, the total Industrial business unit would account for a pro forma share of the Stabilus Group's revenue of around 46%, which means that we are already quite close to the targeted 50% share of revenue from the Industrial business unit. The transaction is expected to close by the end of February 2024, and we anticipate a significant revenue and earnings contribution in fiscal 2024. You can find out more about this topic on page 18, where we outline this strategic acquisition in an interview.

I would also like to mention that in fiscal 2023, we deepened our partnership with Cultraro, which we entered into in 2021. To recap, Cultraro's small-format solutions are a great addition to our motion control product portfolio since they are used in the application industries we serve and allow us to expand into additional application areas. The partnership has developed so promisingly, especially in the Industrial business, that we have decided to increase our stake in this motion control provider to 60%.

The trend towards increasing automation of production, which is providing our Industrial business unit with good momentum, is also affecting Stabilus itself. Accordingly, we presented a roadmap for the future of our plant at our headquarters in Koblenz in the summer. In order to maintain our competitiveness and increase efficiency, we will invest around

€10 million in the modernization and automation of production there. This will allow us greater flexibility in terms of batch sizes, while at the same time we see opportunities for growth in the industrial customer segments if we remain cost-competitive – a further step towards a balanced and well-diversified product and customer portfolio.

After the developments and initiatives of the last few months, we believe that we are ideally equipped for the future and the implementation of our long-term strategy, both operationally and strategically, and we expect to continue to provide impetus for our business development in the current fiscal year. For fiscal 2024, we are forecasting revenue of between €1.4 billion and €1.5 billion and an adjusted EBIT margin of 13% to 14%. This guidance already includes the consolidation of DESTACO from March 2024 onwards and is accordingly subject to the assumption that this transaction will close by the end of February 2024 as planned.

"After the developments and initiatives of the last few months, we believe that we are ideally equipped for the future and the implementation of our long-term strategy, both operationally and strategically."

As you can see, we have a lot to do in the coming quarters. I am therefore looking forward with great enthusiasm to working together and exchanging ideas in the new fiscal year. I am convinced that we are ideally positioned to face the tasks ahead and to meet the current challenges. And as a result, I believe that our combined efforts can turn our vision for the company into a reality; namely, to develop Stabilus into the world's leading supplier of intelligent motion control technologies for a wide range of industries.

Sincerely yours,

DR. MICHAEL BÜCHSNER
Chief Executive Officer

SUPERVISORY BOARD REPORT

Dr. Stephan Kessel
Chairman of the Supervisory Board

Dear Shareholders,

Stabilus SE's fiscal year, from October 1, 2022 until September 30, 2023, was characterized by far-reaching changes – changes concerning both the Company itself as well as its business environment. While the Company established itself at its new headquarters in Germany following the successful relocation from Luxembourg, at the start of the fiscal year the Management Board and Supervisory Board made the structural changes necessitated by the relocation in order to satisfy the new regulatory requirements. The Annual General Meeting in February 2023, which was held in accordance with German law and in virtual format for the first time, elected the four members of the Supervisory Board due for re-election by a large majority. The Supervisory Board was thus able to continue its successful work as the fiscal year went on.

Despite a consistently challenging business environment, which was initially characterized in particular by the lockdowns in China and considerable increases in the prices of energy and raw materials, the Company was able to remain profitable. In this fiscal year, in line with the strained market environment, the Supervisory Board intensively addressed the organization and profitability of the Company's various business areas and received detailed reports.

The Supervisory Board also intensively addressed the issue of sustainability in preparation for further regulatory requirements; this issue was integrated into Management Board remuneration in the form of a corresponding ESG long-term incentive (ESG LTI). The necessary organizational and structural measures to prepare the Company for future statutory requirements were also discussed between the Management Board and the Supervisory Board.

Moreover, the work of the Supervisory Board in the second half of the fiscal year was largely dominated by the acquisition of the DESTACO Group, which led to the purchase agreement being signed immediately at the start of the new fiscal 2023/2024. The Supervisory Board oversaw this highly extensive transaction in close coordination with the Management Board.

During the reporting year, the Supervisory Board diligently performed the tasks assigned to it by law, the articles of association and the rules of procedure and advised the Management Board and monitored the Company's corporate governance. In doing so, the Supervisory Board relied on the detailed reports provided by the Management Board in oral and written form. In addition, the Management Board and the Chairman of the Supervisory Board engaged in a continuous dialog about questions relevant to the Company, including in particular strategy, business development, risks and risk management, compliance, financial and investment planning, HR policy as well as the Company's profitability, to the effect that the Supervisory Board was informed about the Company's situation as well as impending decisions at all times. Insofar as the Supervisory Board's approval was required by law, the articles of association or the rules of procedure for actions to be taken by Management Board, the Supervisory Board discussed such actions and granted its consent. In all ordinary meetings, the Management Board informed the Supervisory Board of the course of business as well as the Company's situation and explained current trends in revenue and earnings. In addition to the structural changes following the relocation from Luxembourg to Germany referred to above, another key area of the Supervisory Board's work in the period under review was overseeing the DESTACO transaction and the associated financing issues, which were discussed at length with the Management Board and within the Supervisory Board.

During the reporting year, there were no conflicts of interest of Supervisory Board members subject to prompt disclosure to the Chairman of the Supervisory Board.

Supervisory Board's work

In the reporting year, there were six ordinary meetings held in person and four extraordinary meetings (two of which held in person and two purely as video conferences). One of the extraordinary meetings was the constituent meeting (on February 15, 2023) following the resolution by the Annual General Meeting to re-elect four members of the Supervisory Board. Two resolutions were adopted by way of the circulation procedure. None of the members of the Supervisory Board attended only half or fewer of the meetings of the Supervisory Board and the committees to which they belong. A detailed overview of the number of meetings of the Supervisory Board and its committees attended by the individual members is to be found under "Individualized Disclosure of Meeting Attendance" below.

On the occasion of the meeting of November 9, 2022, the budget for fiscal 2022/2023 was discussed and approved and the preliminary results of the audit of the annual financial statements were debated, among other items. Furthermore, we discussed and endorsed the renewal of the contract with CEO Dr. Michael Büchsner, the resolution to approve holding the 2023 Annual General Meeting in virtual format and various transactions subject to approval.

On December 8, 2022, the Supervisory Board extensively discussed the annual financial statements for Stabilus SE for the fiscal year from October 1, 2021 to September 30, 2022 and the consolidated financial statements, including the combined management report, the non-financial report, the Supervisory Board report and the proposal for the allocation of profits. The meeting also approved the Supervisory Board's proposed resolutions for the Annual General Meeting on February 15, 2023, namely to propose to the Annual General Meeting, as proposed by the Audit Committee, to appoint Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, as the new auditor of the annual and consolidated financial statements. The budget was finalized and approved, and also the individual targets for the Management Board were defined and approved and the remuneration report was resolved.

The meeting of the Supervisory Board on February 14, 2023 was dedicated largely to a discussion of the current financial and business situation following the end of the first quarter. Special topics explored at the meeting included the review of the industry business area and the detailed discussion of the concept for the future shape of business activities in China. This meeting also extensively discussed issuing a non-binding purchase price indication regarding DESTACO.

The Annual General Meeting on February 15, 2023 re-elected the members of the Supervisory Board Dr. Stephan Kessel, Dr. Joachim Rauhut, Dr. Ralf-Michael Fuchs and Dr. Dirk Linzmeier. At the extraordinary constituent meeting that followed, Dr. Stephan Kessel was elected as the Chairman of the Supervisory Board, Dr. Ralf-Michael Fuchs was elected as the Deputy Chairman and the two standing committees were formed. The meeting also covered the self-assessment of the Supervisory Board and its work.

During the extraordinary meeting of the Supervisory Board on March 16, 2023, which was held by video conference, members engaged in an in-depth debate of the financial indicators, in particular the revenue and adjusted EBIT of the Stabilus Group, after the first quarter, as well as measures to ensure the achievement of goals. The Supervisory Board was also informed of the progress of the DESTACO project.

On the occasion of the meeting of the Supervisory Board of April 27, 2023, which was held in Gastonia, USA, the Management Board presented a report on the Company's situation, along with financial indicators for the second quarter. The Americas segment was a key issue. The Powerise division and its ongoing performance were also presented and intensively discussed. The Supervisory Board further examined the redesign of the ESG organization and the new ESG strategy. In addition, the Supervisory Board granted its approval to increase the shareholding in the Cultrao Group and also heard a report on the status of the DESTACO project. Further transactions subject to approval were endorsed as well.

On June 21, 2023, the Management Board, the Supervisory Board and senior management met for Strategy Day in order to discuss strategic and technical projects and to again discuss the new sustainability strategy. In addition to the current business situation, in the meeting of the Supervisory Board of June 22, 2023, members focused on the issue of the operational performance of Stabilus plants and the plant in Koblenz in particular. This was followed by a report on the status of the DESTACO project.

The Supervisory Board held an extraordinary meeting on July 27, 2023 to discuss the DESTACO project, its progress and the status of financing in particular.

At an extraordinary meeting on August 8, 2023, which was held as a video conference, the Supervisory Board again heard a report on the DESTACO project and its financing.

At the meeting of September 21, 2023, the Supervisory Board focused on the budget for fiscal 2023/2024, the business situation and the financial indicators for the third quarter. Furthermore, there was a presentation on and discussion of the Automotive Gas Spring division. In addition, various investments requiring approval were discussed and approved.

In the course of the reporting year, the members of the Supervisory Board continued to educate themselves in keeping with their roles on the board in order to be as well-positioned as possible to fulfill their duties on the Supervisory Board. Such ongoing education in particular includes issues related to sustainability and governance.

Work in and by Supervisory Board committees

During the reporting year, the Supervisory Board had two committees to examine questions and issues and prepare resolutions to be addressed to the full Supervisory Board: the Audit Committee and the Remuneration and Nomination Committee. To the extent permitted by law and as coordinated by the plenary meeting, these committees are also vested with certain decision-making powers. Their respective chairpersons present reports on the work of the committees on the occasion of a meeting of the full Supervisory Board that follows a committee meeting.

The **Audit Committee** was composed of Dr. Joachim Rauhut (chair), Ms. Inka Koljonen and Dr. Stephan Kessel in fiscal 2022/2023. It held six meetings during the reporting period, all of which were in-person meetings. In the presence of the auditor and the Management Board, the Audit Committee examined the Company's annual financial statements, the consolidated financial statements as well as the management report and the non-financial report in the course of the reporting year. For this purpose, it repeatedly exchanged opinions with the auditor in the absence of the Management Board. In particular, the Audit Committee handled the preparations for the election of a new auditor and carried out the corresponding selection process in line with regulatory requirements in the period under review. It also coordinated the key audit matters in advance and monitored the quality and efficiency of the audit of the financial statements and the audit review of the half-year financial statements. In addition, it regularly exchanged opinions with the Management Board and the Chief Compliance Officer about questions related to corporate governance issues and requested reports about the effectiveness of the compliance system, the internal audit system and risk management. The Audit Committee also regularly took a look at the accounting and the accounting process as well as the audit plan of the internal audit department and its findings.

Another key activity of the Audit Committee in the period under review was the ongoing optimization of the risk management system together with the Management Board and overseeing the audit review of the half-year financial statements.

The members of the **Remuneration and Nomination Committee** were Dr. Ralf-Michael Fuchs, Dr. Stephan Kessel and Dr. Dirk Linzmeier in the period under review. Dr. Kessel was the Committee's Chairman until the Annual General Meeting on February 15, 2023 when Dr. Fuchs assumed the office of Chairman. The Committee met seven times in the period under review. Three of the meetings were conducted by telephone/video conference. Its main activities were the search for another member of the Supervisory Board, the associated talks and the selection of a candidate due to be proposed for election at the forthcoming 2024 Annual General Meeting. It also defined targets for variable Management Board remuneration including sustainability targets.

Individualized disclosure of meeting attendance

	Supervisory Board	Audit Committee	Remuneration and Nomination Committee
Dr. Stephan Kessel	10/10	6/6	7/7
Dr. Joachim Rauhut	10/10	6/6	–
Dr. Ralf-Michael Fuchs	10/10	–	7/7
Dr. Dirk Linzmeier	10/10	–	4/7
Inka Koljonen	9/10	6/6	–

Annual and consolidated financial statements

Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, which was appointed by the Annual General Meeting on February 15, 2023 as the auditor of the financial statements for the fiscal year from October 1, 2022 until September 30, 2023 audited the annual financial statements for the fiscal year from October 1, 2022 until September 30, 2023 as prepared by the Management Board pursuant to the rules of the Handelsgesetzbuch (HGB – German Commercial Code). The auditor issued an unqualified audit certificate.

Stabilus SE's consolidated financial statements for the fiscal year from October 1, 2022 until September 30, 2023 as well as the Group management report, which is combined with the Stabilus SE management report, were prepared pursuant to section 315e HGB on the basis of the International Financial Reporting Standards (IFRS) as they are to be applied within the European Union and the additional German legal regulations applicable in accordance with section 315e HGB. The consolidated financial statements and the combined management report were likewise approved in an unqualified audit opinion issued by Deloitte GmbH Wirtschaftsprüfungsgesellschaft. The auditor further found that the Management Board has established an adequate information and monitoring regime that, based on how it was conceived and is implemented, appears likely to detect developments endangering the Company's continued existence early.

The auditor reviewed the remuneration report prepared by the Management Board and the Supervisory Board for completeness and accuracy of information pursuant to section 162 (1) and (2) of the Aktiengesetz (AktG – German Stock Corporation Act).

The consolidated financial statements and Stabilus SE's annual financial statements for the fiscal year from October 1, 2022 until September 30, 2023, as well as the combined management report of Stabilus SE and the Group, were discussed at length on the occasion of the meeting of the Audit Committee and the meeting of the Supervisory Board that followed, both of December 7, 2023, which were attended by all members of the Audit Committee and the Supervisory Board along with the auditor. During the meeting of the Audit Committee, which was attended by the full Supervisory Board, the auditor reported on material audit findings. The Audit Committee once more directed its attention to the key audit items at its meeting. In addition, the Group non-financial report was discussed as part of this meeting in the presence of the auditor, which also conducted a limited assurance review of the non-financial report. At its meeting on December 13, 2023, the Supervisory Board reviewed the annual financial statements and the consolidated financial statements along with the combined management report, including the separate non-financial report, noted with approval the outcome of the audits of the annual financial statements and the consolidated financial statements by the auditor and did not raise any objection after its own review. The consolidated financial statements and the non-financial report were approved. As a result, the annual financial statements prepared by the Management Board of Stabilus SE are thus adopted.

Following its own thorough review, the Supervisory Board endorsed the recommendation of the Management Board for the appropriation of profits to the Annual General Meeting on February 7, 2024, which provides for the distribution of a dividend payment for the fiscal year from October 1, 2022 until September 30, 2023 in the amount of €1.75 per no-par value share.

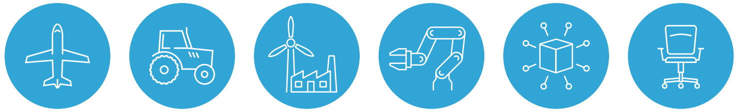
Changes to Management Board and Supervisory Board

There were no changes to the Management Board in the fiscal year.

The sitting members of the Supervisory Board Dr. Stephan Kessel, Dr. Joachim Rauhut, Dr. Ralf-Michael Fuchs and Dr. Dirk Linzmeier were re-elected by the Annual General Meeting on February 15, 2023. There were no other changes to the Supervisory Board.

In the name of the Supervisory Board, I thank the Management Board as well as the staff of all corporate divisions for their commitment and outstanding cooperation during this past fiscal year.

DR. STEPHAN KESSEL
Chairman of the Supervisory Board



OUR INDUSTRIAL BUSINESS

Industrial business – an integral part of Stabilus

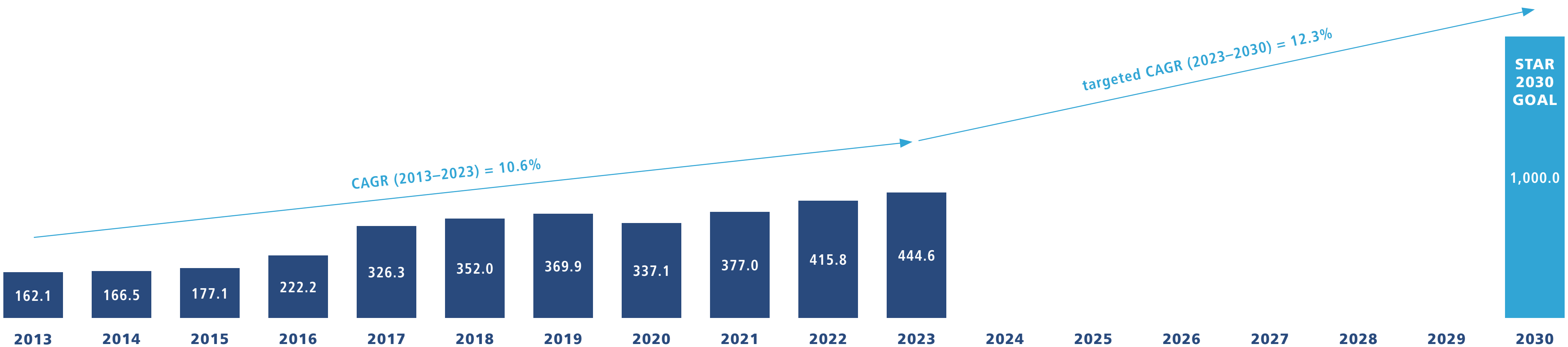
While the success story of Stabilus began with its founding in 1934 as a manufacturer of automotive stabilizers, the experts at Stabilus quickly recognized the potential to address other industries with motion control products.

The diversification was a resounding success: Today, Stabilus gas springs, dampers and electromechanical drives are used worldwide in a wide range of industries, from aerospace, navy and railways to commercial vehicles, energy and construction, mechanical engineering and automation, as well as health, leisure and furniture.

STAR 2030 envisages doubling of Industrial revenue to €1 billion

A key objective of the STAR 2030 strategy is to double Industrial revenue to €1 billion and to achieve a balanced revenue distribution between the Automotive and Industrial businesses. Innovation and new applications will play a key role in this process. On the following pages, CEO Dr. Michael Büchsner and Jürgen Roland, Head of the Industrial Business Unit, explain how Stabilus intends to achieve these goals.

Revenue development of the Industrial business (in € million)



Dr. Michael Büchsner
CEO

INTERVIEW WITH DR. MICHAEL BÜCHSNER

— Dr. Büchsner, the Industrial business has developed into an important pillar of the Stabilus Group over in recent years. How satisfied are you with the development in the fiscal year 2023?

I am extremely satisfied with the development of the Industrial business, and not only because of our organic growth of around +8%. What makes me particularly optimistic is the innovative strength in our Group and the permeability of product development between Automotive and Industrial. A good example of this is our ID35 industrial drive.

— A few years ago, Stabilus set itself the long-term goal of achieving a balanced revenue ratio between the Automotive and Industrial divisions. Where does the company stand today?

We closed fiscal 2023 with the Industrial business accounting for approximately 37% of revenue. As mentioned, we achieved strong organic growth in the past year. The fact that the share of Group revenue nevertheless remained at a level similar to previous years is due to the extremely strong development of our Automotive business. However, we have always emphasized that acquisitions are part of our growth strategy, and the acquisition of DESTACO is an important milestone for our Industrial business. On a pro forma basis, the transaction will increase the division's share of Group revenue to 46%, close to our long-term target of 50%.

— Please briefly describe how the acquisition of DESTACO fits into your strategy.

As you know, our goal is to become the global market leader in intelligent motion control solutions by 2030. With the integration of DESTACO into the Stabilus Group, we are taking an important step in this direction, especially in the field of industrial automation, one of today's megatrends in industry. Without intelligent motion control, the so-called fourth industrial revolution is not feasible. The acquisition of DESTACO complements and broadens our product range and thus already today we are one of the major players worldwide in the field of motion control. We therefore continue to see strong potential for sustainable profitable growth for the Group in the coming years and expect to generate revenue of €2 billion with an adjusted EBIT margin of 15% by 2030.

— Should DESTACO continue to exist as a separate brand under the umbrella of Stabilus? What is Stabilus' strategy for the integration of acquisitions?

DESTACO will continue to operate as an independent brand under the Stabilus umbrella, similar to what was the case for the seller, the Dover Group. DESTACO is a strong brand that has gained a lot of recognition in the field of industrial automation. This was one of the main reasons why we acquired the company. Whether we integrate a brand after an acquisition or continue to manage it separately depends on many factors. These include, for example, the size of the company and the brand awareness in the respective customer segments.

> *"Without intelligent motion control, the fourth industrial revolution is not feasible."*

— What products does DESTACO supply to the market and how do they complement the existing products and solutions of the Stabilus Group?

DESTACO is particularly strong in the areas of automation solutions as well as in gripping and clamping technology. The products and solutions are an excellent addition to Stabilus' portfolio for industrial production. DESTACO has already worked with our strategic partner Synapticon, in which we hold a stake, in the past. We also know that customers of our existing industrial automation solutions rely on DESTACO for their production lines. In our view, this is all strong evidence that DESTACO is a very good strategic fit for us. The share of electromechanical, motor-driven and intelligent solutions will increase, and manual grippers will increasingly be replaced by motor-driven grippers on manufacturing lines. With a broad product portfolio, we can also leverage revenue synergies by bundling the revenue strength of the entire Group.

"For the future, we see particularly strong growth potential in the areas of robotics, gripping technology and remote handling."

— Which product categories generate the most revenue for DESTACO?

In recent years, most of the company's revenue has been generated with clamping solutions. For the future, we see particularly strong growth potential in the areas of robotics, gripping technology and remote handling, which currently account for around one-third of total revenue.

— Will Stabilus also use DESTACO's know-how to automate its own production?

It is no secret that in mature economies we have a demographic problem and there is a shortage of skilled workers. In addition to the efficiency gains that the automation of production would bring, such challenges also play a role in our considerations. We are willing to invest in the future of our company. For example, we have just allocated €10 million for the modernization of our site in Koblenz, where we are already using robots and cobots. Therefore, it is only natural that we also use DESTACO's know-how and, for example, gripping systems and robot tools in our own production.

— To what extent will the transaction affect the Stabilus Group's revenue and margin development?

We expect DESTACO acquisition to have a significant positive impact on Stabilus Group's revenue, adjusted EBIT and earnings. Assuming closing of the transaction by end of February and first-time consolidation of DESTACO from March 2024, this means that for the Stabilus Group we expect revenue in the range of €1.4 billion to €1.5 billion in the current fiscal year, and that our long-term revenue target of €2 billion may even be achieved before 2030. In addition, due to its high-margin business, DESTACO will have a positive effect on the Stabilus Group's adjusted EBIT margin in the first year, which we expect to be between 13% and 14% in fiscal 2024.

— Is Stabilus planning further acquisitions and, if so, in which area can these be expected?

We can certainly imagine strengthening our Industrial business through further acquisitions. As in the past, we will continue to be very selective, strengthening ourselves with products and expertise that will help us achieve global leadership in intelligent motion control. In particular, we are looking at companies in the field of sensor technology, interfaces and digital services, software and interconnectivity.

INTERVIEW WITH JÜRGEN ROLAND

Jürgen Roland
Vice President and Head of Stabilus Business Unit Industrial

— Mr. Roland, you joined Stabilus in 2016 following the acquisition of the SKF units ACE, Hahn Gasfedern, Tech Products and Fabreeka. How did you experience the takeover and integration at the time?

I was already very familiar with Stabilus because we operated in the same market. It was one of our main competitors in the field of motion control for the industrial sector. As a result, we were able to quickly determine which solutions were a good fit for Stabilus' existing industrial product groups, and which products were complementary technologies. These were then bundled in a new business unit called "Vibration & Velocity Control."

What impressed me about Stabilus was the consistency with which the long-term strategic roadmap STAR was pursued in every area of the company and by each employee, from short and medium-term planning to our day-to-day activities and operations. I had never seen this before to such a degree. This has also considerably eased the integration process, since everyone involved is pulling in the same direction and the employees of ACE, Hahn Gasfedern and Fabreeka, Tech Products have responded enthusiastically. We immediately implemented the STAR strategy in the new entities, which means that we defined visions, goals and processes to contribute to the achievement of the qualitative and quantitative objectives set under STAR. The integration was a complete success, and the acquired companies now make a significant contribution to the revenue and earnings of the Industrial division.

"What impressed me about Stabilus was the consistency with which the long-term strategic roadmap STAR was pursued."

— Has the expected cross-selling potential between the SKF units and Stabilus been realized?

Yes, it fully met our expectations. It was an enormous advantage to be able to offer our existing customers, with whom we are already in regular dialog, additional solutions for their applications.

— What has happened since the integration of the SKF units?

We have meanwhile anchored and merged the business units even more strongly in the industrial sector. For example, we have intensified the exchange of technologies, leveraged additional synergies and developed our "House of Brands" strategy. As a result, we have not only successfully combined the SKF units with the industrial division of Stabilus, but we have also created structures with which we can successfully integrate other acquired companies. Key aspects of this are the alignment of the brands according to industrial market segments under a single sales force and the implementation of strategic product managers.

"We have also created structures with which we can successfully integrate other acquired companies."

— Why is Stabilus pursuing a multi-brand strategy?

The Stabilus brand concept combines the strength of the Stabilus brand, which stands for automotive-quality products with large batch sizes, with the expert brands that are very well known and established in the industrial sector in their respective target segments. These brands have grown over time and have a high value in their own right. For instance, Hahn and ACE have operated on the market for 60 years now. All brands include the add-on "A Stabilus Company", which communicates that each brand is part of Stabilus and embodies Stabilus' motion control solutions.

— How does the industrial business differ from the automotive business?

There is no difference at the quality level, and we also produce in automotive quality in the industrial sector. Although there are sometimes smaller batch sizes, our customers have the same high quality requirements for all Stabilus products. We have access to the mechanical engineering expertise and production capacities of the entire group across all divisions. This gives us a competitive advantage.

At the product level, there is not much difference between a gas spring for the automotive sector and one for the industrial sector. The situation is different, for example, in the area of dampers, vibration control and Powerise. In this area, the brands and products are highly specialized in their respective customer groups and applications. In the industrial sector, we differentiate between three degrees of customization. At our company, engineering-to-order involves the highest degree of customization. The customer shows us their problem, and we develop an exclusive tailor-made solution for them. Of course, this is only possible if the customer is willing to bear the cost of development and agrees to corresponding quantities and concludes long-term supply contracts with us. Our second degree of customization is config-to-order. This type of manufacturing allows customers to configure a predetermined set of options for the product, allowing the customer to adapt the product to their needs within this framework. And the third degree of customization is stock-to-order, where we deliver an existing catalog product, and the customer is supported by digital calculation tools to adapt their application so that they can use our product.

— What is the current geographical breakdown of the industrial business and what developments do you see at the moment?

One of Stabilus' strengths is its diversification both as a result of the sectors that it addresses and in geographical terms. In the Industrial business unit, EMEA accounts for around 59% of revenue, the Americas for 36% and APAC for 5%. When it comes to production, we follow the principle of "in the region for the region." This puts us in a very robust position compared to many other companies, even though inflation is of course affecting all of our markets.

"One of Stabilus' strengths is its diversification both as a result of the sectors that it addresses and in geographical terms."

The Americas region is home to many major manufacturers of solar installations with tracker systems, and we are optimally positioned in the market. The solar business is developing very strongly, especially in South America now that the region has recognized its solar power potential. We have set up our own production for solar dampers in Brazil and are the only local producer of solar dampers in all of South America. If the United States continues to decouple from China geopolitically and in terms of its supply chains, it is highly likely it will invest in its own industry and also strengthen suppliers from Mexico, which should provide us with additional growth opportunities.

— And what about Europe, where a variety of factors are currently influencing the market?

In the EMEA region, we also expect solid growth prospects for the Industrial business unit, but the conditions here are more difficult than in the Americas. Challenges include high inflation, the war in Ukraine and the uncertainty as to how the export business with China will continue to develop in the future. But we are also benefiting from the ongoing trends towards electrification and automation in this market. Moreover, the COVID-19 pandemic has brought supply chain security more sharply into focus, which strengthens us as a European manufacturer. However, the price-performance ratio remains a key criterion for securing orders in EMEA.

"We see the increasing use of Powerise in the Industrial business unit as the biggest growth driver."

— The APAC region still plays a relatively small role in the Industrial business unit. Why is that?

The APAC region plays a comparatively small role in the Industrial business unit, but it also offers a correspondingly high growth potential for us. Where we already have an established presence and see further growth opportunities is with Asian companies that export to the West and therefore want to meet corresponding quality standards. In APAC, Stabilus' products with their premium quality are competing in markets that are very price-sensitive and are facing intense competition from smaller, specialized suppliers who have different margin expectations than Stabilus. In order to compete successfully in these markets, we have to produce regional products with local, Asian designs and cooperations. To this end, we also conduct appropriate research and development. We have to assert ourselves through our quality and our brand, and we are noticing that quality awareness is growing in Asia and that our reference projects and marketing efforts are having an impact – because the virtues typical of Stabilus are also increasingly in demand in APAC.

— According to STAR 2030, the Industrial division is expected to contribute €1 billion to Stabilus Group revenue by 2030. What are the priorities for expanding revenue in the Industrial business unit?

We see the increasing use of Powerise in the Industrial business unit as the biggest growth driver. We are following the same path as with the Gas Spring business unit – this was also developed and matured in the automotive business and then made suitable for industrial use. We see great growth potential here because we do not expect any predatory competition. As in the automotive business, we are replacing the existing Stabilus gas spring with Powerise. We are partially replacing our own products, but with a technology that has a higher value and at the same time gives the customer product a higher benefit. Our gas springs and dampers are already installed in numerous applications in many industries, which also means that we are the first point of contact if the customer wants to electrify one of these applications. We also offer the expertise to combine both technologies and equip applications with gas springs for load balancing and Powerise for motion control.

— Can you give some examples of how Powerise can be used in your industrial business?

One good example of this is provided by the home automation sector. All gas spring supported opening aids in kitchens, furniture and living rooms can theoretically be replaced with an electromechanical solution. The TV that automatically slides out of a piece of furniture, the cabinet that automatically turns into a table, windows that can be opened and closed remotely, and wall beds that combine gas spring and Powerise solutions – all controlled by a central app such as Google Home or Alexa. There are also many possible fields of application in industrial automation.

— What is the biggest challenge in adapting the Powerise solution from the automotive to the industrial sector?

The biggest challenges is the hardware, i.e., the controller, the sensors and, to some extent, the power supply. In the car there is already a control and an energy source; in the industrial sector, however, a system is expected. The market segments use different control languages in some cases. In the case of furniture, for example, control is usually carried out via Bluetooth or smart home protocols, and not via a closed CAN bus system as in vehicles. The adaption of Powerise for the industrial sector is therefore a particularly good example of our development from a component supplier to a system supplier, which is also a key goal of the STAR 2030 strategy.

— How does Stabilus decide which new applications to invest in?

Of course, there are numerous applications for Powerise, so it is important to deliver real added value for both the manufacturer and for the end customer. There must be market for the application with an added value. We are careful where we invest. Ideally, our product also contributes to the sustainability of the application, for example through reduced energy consumption or a longer service life. With our solar dampers, we extend the life of the solar module because we reduce the load of wind pressure. The application must also fit our business model. In the case of industrial shock absorbers, we usually supply standard products; in the case of gas springs, we often supply customized solutions; and in the case of Powerise, we provide the whole spectrum from standard to exclusive customized solutions.

> *"The adaption of Powerise for the industrial sector is a particularly good example of our development from a component to a system supplier."*

— A significant part of Stabilus' revenue growth is expected to come from innovations. How is this reflected in the Industrial business unit?

We plan to generate around half of our revenue growth through existing applications and the further development of existing customer applications. The second half is to be realized through new applications and new products. New products often mean higher development costs, but also a better market position thanks to a technical advantage. Powerise is perfect for this. Every application we equip with Powerise is a new application with high added value.

"New products often mean higher development costs, but also a better market position thanks to a technical advantage."

— How does Stabilus develop innovations?

Alongside our R&D teams, we have set up a think tank. This comes into play during pre-developments, for example, when the customer has not fully determined which solution they ultimately want and which one makes the most sense for their specific application. The think tank currently consists of 18 engineers from various fields. These teams are staffed by real "inventor types," and we grant them a high degree of freedom of action. They come up with pre-development ideas, without direct series development. The think tank starts with the customer's problem and also thinks beyond the current product portfolio. The teams also develop new applications even without specific customer inquiries and present them to the sales teams for inspiration.

— How does Stabilus reach its existing and potential customers today, and what does the future hold?

We associate innovations not only with products and applications, but also with our marketing and sales.

"One of the revenue goals in the STAR 2030 strategy is to double digital revenue."

One of the revenue goals in the STAR 2030 strategy is to double digital revenue. So far, we have already sold products via our own online shops, via shops of our sales partners and via platforms such as Amazon. New additions include social commerce and social media campaigns, for example via LinkedIn and YouTube. We are currently modernizing our entire customer communication, from initial contact to repeat business. A key factor is our new website, where customers can see at a glance in the virtual "Business Park" which products we currently offer for exactly their area and application. In the future, the website will also have direct interfaces for customers. Everything is becoming more connected, and not only in our products and solutions.

EXPERIENCE MOTION CONTROL VIRTUALLY

INDUSTRIAL MACHINERY & AUTOMATION

ENERGY & CONSTRUCTION

AEROSPACE, MARINE & RAIL

COMMERCIAL VEHICLES

HEALTH, RECREATION & FURNITURE

GROUP.STABILUS.COM/BUSINESS-PARK-MEDIA

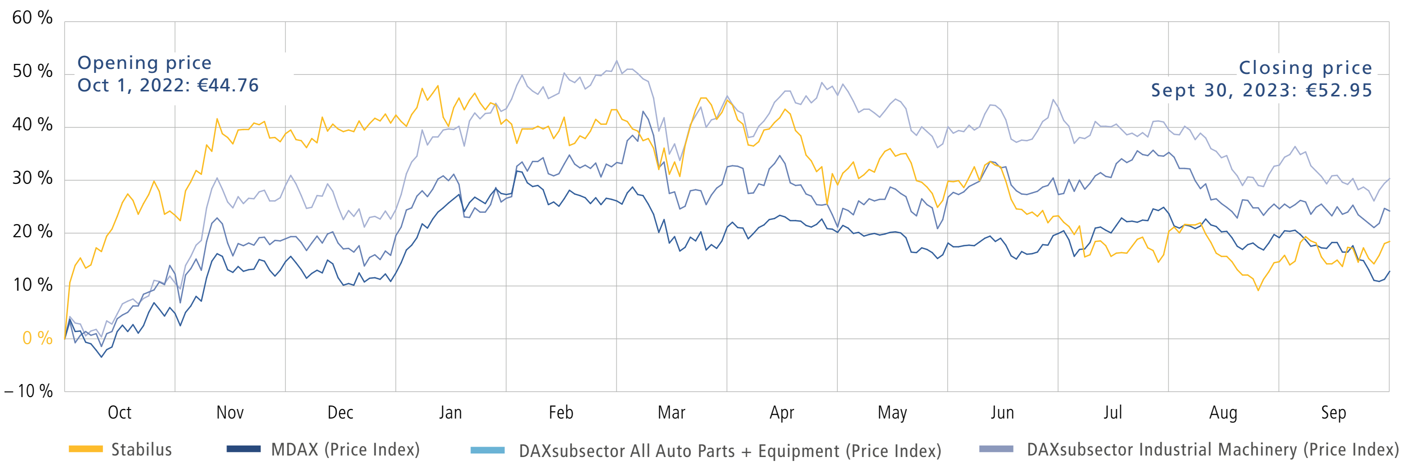
Discover Stabilus Motion Control in 3D in the Business Park on the Stabilus website, which you can access via this link or this QR code.

STABILUS SHARE

Stabilus share data

Ticker symbol	STM
Bloomberg ticker symbol	STM:GR
Reuters ticker symbol	STAB.DE
German security identification number (WKN)	STAB1L
ISIN	DE000STAB1L8
Number of shares outstanding (Sept 30, 2023)	24,700,000
Type of shares	Ordinary bearer shares in the form of no-par value shares
Share capital (Sept 30, 2023)	€24,700,000
Index memberships (selection)	MDAX, DAXsubsector Industrial Machinery

Share price development



Stabilus share price performed better than MDAX

In fiscal 2023 (October 2022–September 2023), Stabilus' share price rose by +18% and performed better than the MDAX (+13%) in the same period. However, it did not surpass the development of the peer indices DAXsubsector All Auto Parts + Equipment (+24%) and DAXsubsector Industrial Machinery (+30%). As of September 30, 2023, Stabilus SE was ranked 86th (PY: 84th) out of 90 companies (DAX40 + MDAX50) by free-float market capitalization.

First General Meeting in Germany

Following the change of legal form and the relocation of the Company's registered office from Luxembourg to Germany in fiscal 2022, Stabilus SE held its first General Meeting in Germany on February 15, 2023. The meeting was held in virtual format. A total of 88.91% of equity capital was represented at the General Meeting. Each resolution proposed by the Company's management was approved by a large majority of Stabilus shareholders. Among other things, the General Meeting approved the dividend distribution of €1.75 per share, the re-election of four Supervisory Board members and the amendment of the articles of association to enable virtual General Meetings in the future. Furthermore, the authorization to acquire treasury shares granted under Luxembourg law was replaced by a new authorization in accordance with the provisions of German stock corporate law. The Company is still authorized to acquire treasury shares in the amount of up to 10% of its share capital. In addition, the General Meeting approved the creation of new authorized capital in the amount of €4,940,000.00, which corresponds to 20% of the Company's current share capital. All documents and information regarding the General Meetings can be found on the Company's website at IR.STABILUS.COM.

Dividend proposal of €1.75 per share

The Management Board and the Supervisory Board resolved to propose a dividend distribution of €1.75 (PY: €1.75) per share to the Annual General Meeting to be held on February 7, 2024. This corresponds to a total dividend of €43.2 million (PY: 43.2 million) and a distribution ratio of around 42% (PY: 42%) of the consolidated profit attributable to the Stabilus shareholders.

Continuous dialog with investors and analysts

In fiscal 2023 we continued to pursue our goal of providing all market participants with relevant and reliable information. We held numerous one-on-one meetings with investors and analysts and provided them with timely information on the Company's business performance. We conducted roadshows in key global financial centers, many plant tours, physical and virtual meetings and took part in seventeen international investor conferences.

As of September 30, 2023, ten equity analysts regularly published assessments and recommendations on the Stabilus share. Of these, seven analysts recommended Stabilus shares as a buy, two gave a neutral rating and only one recommended selling. The average price target of the analysts was €68.20.

Equity research

AlsterResearch	Harald Hof
Berenberg	Yasmin Steilen
Hauck & Aufhäuser	Christian Glowa
J.P. Morgan	Akshat Kacker
Kepler Cheuvreux	Hans-Joachim Heimbürger
ODDO BHF	Klaus Ringel
Quirin	Daniel Kukalj
Socété Générale	Stephen Reitman
Stifel	Alexander Wahl
Warburg Research	Marc-René Tonn

Stable and broad shareholder structure

Stabilus has a stable and broad shareholder base with investors from more than forty different countries. Approximately 63% of the Company's shares are held by investors from the EMEA region, primarily Germany, Luxembourg, the Netherlands as well as the United Kingdom, approximately 36% are held by investors from the Americas, primarily the United States, and approximately 1% of total shares are in the hands of shareholders from the Asia-Pacific region. Institutional investors hold around 98% and retail investors around 2% of Stabilus shares. Stabilus management owns 0.1% of total shares.

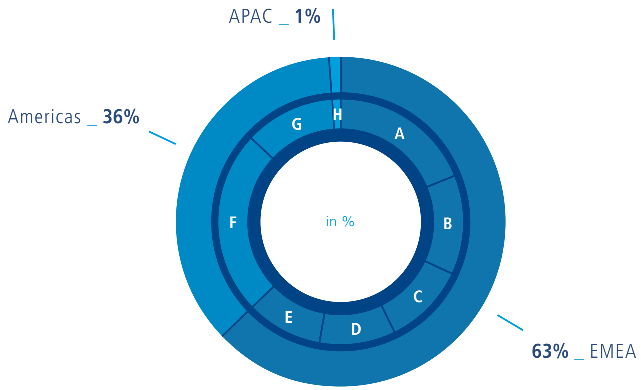
According to the voting rights notifications received until September 30, 2023, The Goldman Sachs Group, Inc. (with NN Group N.V., through NNIP) and Allianz Global Investors GmbH each control more than 10% of voting rights attached to Stabilus shares, Teleios Capital Partners LLC and Marathon Asset Management Limited each control between 5% and 10% of voting rights, and Allianz SE, Fidelity Investment Trust, the State of Norway and Ameriprise Financial, Inc. control between 3% and 5% of voting rights. All notifications of major shareholdings and of management transactions can be viewed on Stabilus' website at **IR.STABILUS.COM**.

Website: attractive new site design, easier to navigate

The Investor Relations website at **IR.STABILUS.COM** is an important source of information for many of our investors. The website was further developed in fiscal 2023: The attractive new design, improved page structure and layout make it easier for visitors to navigate the site and move more quickly to the information they wish to view. In addition to details on the Stabilus share, corporate news, announcements, reports, presentations as well as webcasts can be found on the Stabilus Investor Relations website.

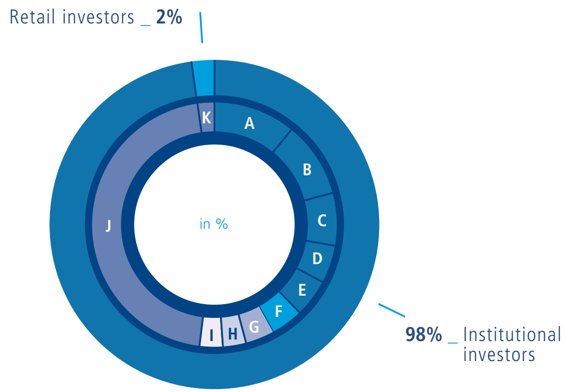
IR.STABILUS.COM

Shareholder structure by region



A _ Germany	19%	E _ Rest of EMEA	10%
B _ Luxembourg	13%	F _ United States	24%
C _ Netherlands	11%	G _ Rest of Americas	12%
D _ United Kingdom	10%	H _ APAC	1%

Shareholder structure by type of shareholder

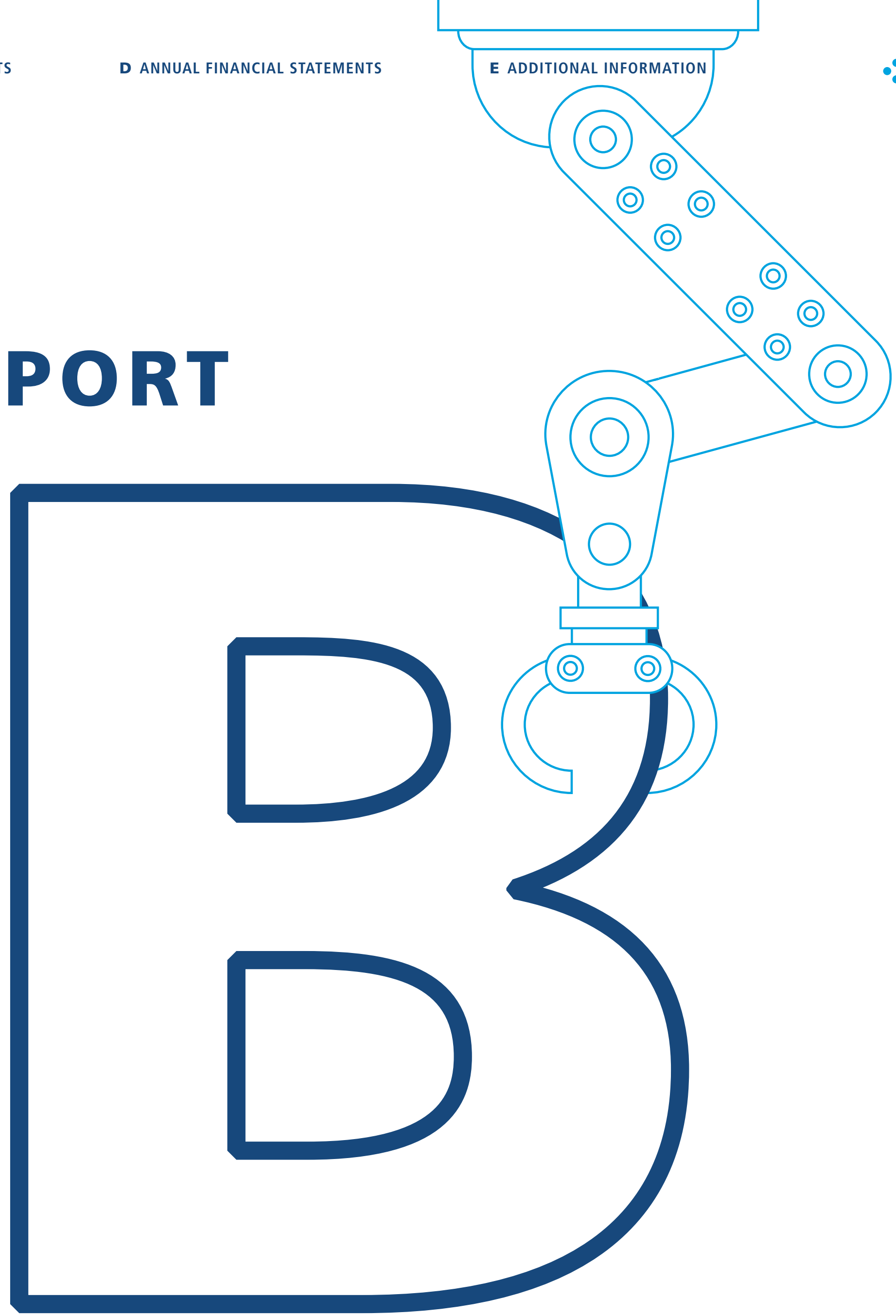


A _ The Goldman Sachs Group, Inc. (NNIP)	11%	F _ Allianz SE	4%
B _ Allianz Global Investors GmbH	10%	G _ Fidelity Investment Trust	4%
C _ FMR LLC	7%	H _ State of Norway	3%
D _ Teleios Capital Partners LLC	5%	I _ Ameriprise Financial, Inc.	3%
E _ Marathon Asset Management Limited	5%	J _ Other institutional investors	46%
		K _ Retail investors	2%

Major holdings of institutional investors according to voting rights notifications, rounded to the nearest percentage point

COMBINED MANAGEMENT REPORT

from October 1, 2022, to September 30, 2023



GENERAL INFORMATION

Reporting entity

By way of resolution of the Extraordinary General Meeting on March 24, 2022, and the subsequent entry in the Luxembourg Trade and Companies Register on April 5, 2022, Stabilus SE, Frankfurt/Main transformed its legal form from that of a Société Anonyme (S. A.) under Luxembourg law to a European Company (Societas Europaea (SE)). Its registered office was located at 2, rue Albert Borschette, 1246 Luxembourg, until September 1, 2022. Until that date, the Company was entered in the Luxembourg commercial register under no. B151589. The relocation of the registered office from Luxembourg to Frankfurt/Main, Germany, was resolved by the Extraordinary General Meeting on August 11, 2022. Since September 2, 2022, having been entered in the commercial register of the Frankfurt/Main Local Court under no. HRB 128539, the registered office of the Company has been in Frankfurt/Main with the business address Wallersheimer Weg 100, 56070 Koblenz, Germany. The Company was originally founded as Servus HoldCo S.à r.l., Luxembourg, on February 26, 2010.

The shares of Stabilus SE, Frankfurt/Main, (hereinafter referred to as "Stabilus SE") are listed in the MDAX (PY: MDAX) of the Frankfurt Stock Exchange at the end of the reporting period. The shares of the Company are listed in the regulated market of the Frankfurt Stock Exchange and in the Prime Standard, which entails further post-admission requirements, as no-par value bearer shares of Stabilus SE with the ISIN DE000STAB1L8. Their ticker symbol is "STM". The share capital of the Company is represented by a global certificate and has been deposited.

The object of the Company is to manage a group of companies based within and outside of Germany specializing in particular in the development, production and distribution of gas springs, dampers, damper opening systems, vibration isolation products and industrial components in the field of motion control and also to provide consulting services and other services related thereto. The Company is entitled to undertake all acts and measures that are related to the object of the Company or appear suitable to directly and indirectly serve the purpose of the Company. For this purpose, the Company may establish branch offices in Germany and abroad and form and acquire companies or participate in such companies.

Basis for presentation

ACCOUNTING AND AUDITING

Stabilus SE prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU. The annual financial statement of the parent company are prepared in accordance with the Handelsgesetzbuch (HGB – German Commercial Code). The option to produce a combined fiscal management report (hereinafter: "management report") has been exercised since fiscal 2022. This management report combines the management reports of Stabilus SE and the Stabilus Group. The management report was prepared in accordance with the relevant requirements of German commercial law and German Accounting Standard (GAS) No. 20.

DISTINCTION BETWEEN PARENT COMPANY AND GROUP

In order to clarify which disclosures concern the parent company and which the Group, the parent company is always referred to below as "Stabilus SE". "Stabilus Group" is used for disclosures concerning the Group. Where such distinctions do not apply and separate information is not provided, the disclosures apply equally to the Group and the parent company.

FISCAL YEAR

Stabilus SE's fiscal 2023 (reporting period) began on October 1, 2022 and ended on September 30, 2023. The corresponding prior-year period (comparative period) therefore covers the period from October 1, 2021 through September 30, 2022.

ROUNDING DIFFERENCES

Unless indicated otherwise, all amounts are shown in thousands of euro (€ thousand). For arithmetical reasons, the information presented in this management report can contain rounding differences of +/– one unit (€ thousand or %).

USE OF ALTERNATIVE PERFORMANCE MEASURES (APMS)

In addition to performance indicators defined or listed in the IFRS accounting framework, the Stabilus Group also reports financial performance indicators that are derived from or based on the financial statements prepared (referred to as "alternative performance measures" or APMs).

The Stabilus Group's management sees these financial performance indicators as key additional information for investors and other readers of the financial reports. These financial performance indicators should therefore be considered supplementary to the information prepared in accordance with IFRS and not a substitute. In this management report, in accordance with the European Securities and Markets Authority (ESMA) guidelines on Alternative Performance Measures, the Stabilus Group provides a definition, the rationale for use and a reconciliation of the APMs used to the items in the Stabilus Group's consolidated financial statements that can be reconciled directly. The Stabilus Group uses the following APMs in this management report:

- organic growth;
- adjusted EBIT;
- free cash flow;
- adjusted free cash flow; and
- net leverage ratio.

The calculation of the net leverage ratio is based on net financial debt and adjusted EBITDA, which are also considered to be APMs. Organic growth is presented because we believe it aids in understanding the operating performance of the Stabilus Group. Organic growth is defined as reported revenue growth after removing the effects of acquisitions, divestitures and projected exchange rate fluctuations. The effects resulting from constant foreign exchange rates are calculated as current-year revenue converted at applicable current-year average exchange rates, less current-year revenue converted at average prior-year exchange rates. The definitions and required disclosures for all other APMs are provided in the relevant sections of this annual report.

GENDER FORM

For the sake of simplicity, generally only one gender form is used in this report. All other gender forms are expressly intended.

LINKS TO THE WEBSITE

We would like to point out that all links to the Company's website and the information to which the links refer have not been subject to the audit by the auditor.

Forward-looking statements

This annual report contains forward-looking statements. These statements reflect estimates and assumptions – including those of third parties (such as statistical data concerning the automotive industry or global economic developments) – either at the time that they were made or as of the date of this report. Forward-looking statements always entail uncertainty. If these estimates and assumptions later prove to either inaccurate or only partially accurate, the actual results can differ – even significantly – from expectations.

CORPORATE PROFILE

Corporate structure and organization

LEGAL CORPORATE STRUCTURE

Stabilus SE is the parent company of the Stabilus Group, consisting of Stabilus SE and the subsidiaries it controls (referred to below as the "Stabilus Group"). The Stabilus Group is a leading supplier of gas springs, dampers and vibration isolation products to automotive and industrial customers. The Stabilus Group is also successfully established in the production and distribution of automatic, electromechanical opening and closing systems (motion control solutions) that are mainly used for installation in tailgates. The Stabilus Group has expanded its product range and its regional presence with the acquisition of HAHN-Gasfedern GmbH, Aichwald, Germany, the ACE Group (both in fiscal 2016) and the acquisition of General Aerospace GmbH, Eschbach, Germany, Piston Amortisör Sanayi ve Ticaret A.S. (53%), Bursa, Turkey, and New Clevers S.A. (60%) Buenos Aires, Argentina (all in fiscal 2019). By increasing its shareholding in the Cultraro Group from 32% to now 60% in July 2023, and its associated inclusion in the consolidated financial statements, the Stabilus Group expanded its market presence in the automotive industry and in the industrial sector.

Overall, the Stabilus Group offers a broad range of solutions for motion control, including damping and vibration damping solutions. The products offered by the Stabilus Group are used in a variety of applications in the automotive industry and in the industrial business. Stabilus products are typically used to support the lifting and lowering or dampening of movements. As the world market leader for gas springs, the Stabilus Group ships to all major vehicle manufacturers. The customer base of the Stabilus Group is diversified by a broad range of industrial customers.

The Stabilus Group is managed by its parent company Stabilus SE. The parent company performs the central administrative functions for the Stabilus Group as a whole. Together with the subsidiaries controlled by the parent company, the Stabilus Group aims to provide its customers with as full a service as possible while also establishing a leading position on all relevant markets with the expertise of the Group as a whole. Outside Germany, the Stabilus Group therefore also has activities in the EMEA (Europa, Middle East, Africa), Americas (North and South America) and APAC (Asia-Pacific) regions, which are also the operating segments of the Stabilus Group. The economic situation of the parent company is largely defined by the economic situation of the Stabilus Group, given by its legal corporate structure. The Management Board of Stabilus SE therefore combines the management report for the Group and for Stabilus SE in a single report.

STABILUS SE

- **STABILUS US HOLDING CORP.**
  - Fabreeka Group Holdings, Inc.
  - Fabreeka International Holdings Inc.
  - Stabilus Inc.
  - ACE Controls Inc.
  - ACE Controls International Inc.
  - Fabreeka International Inc.
  - Fabreeka GmbH Deutschland
  - Tech Products Corporation
- **STABLE II GMBH**
  - **STABLE BETEILIGUNGS GMBH**
    - Stabilus S.A. de C.V.
    - Stabilus (Zhejiang) Ltd.
    - Stabilus UK Ltd.
    - Stabilus GmbH
    - Stabilus Ltda.
    - Stabilus Limited
    - Stabilus Co. Ltd.
    - Stabilus PTE Ltd.
    - Stabilus Japan Corp.
    - Stabilus France S.à.r.l.
    - Stabilus Romania S.R.L.
    - Stabilus (Jiangsu) Ltd.
    - Stabilus Mechatronics Service Ltd.
    - Piston Amortisör Sanayi ve Ticaret Anonim Sirketi
    - New Clevers S.A.
- **STABILUS MOTION CONTROLS GMBH**
  - ACE Stoßdämpfer GmbH
  - HAHN-Gasfedern GmbH
  - General Aerospace GmbH
  - General Aerospace Inc.
  - YAKIDO B.V.
  - Cultraro Automazione Engineering S.r.l.
  - Firs Stampi S.r.l.
  - Cultraro Shanghai Company Ltd.
  - Cultraro Autocomp Solutions Private Ltd.
- **STABLE HOLDCO AUSTRALIA PTY. LTD.**
  - Stabilus Pty. Ltd.

GROUP MANAGEMENT

The articles of association of Stabilus SE are based on the dual system, consisting of the Management Board (management body) and the Supervisory Board (supervisory body). The Management Board is responsible for managing the Company and is monitored by the Supervisory Board. There were no personnel changes in the Management Board or the Supervisory Board in fiscal 2023. The disclosures on treasury shares (in accordance with section 160 (1) no. 2 AktG) can be found under note 23 Equity in the notes to the consolidated financial statements.

Further details of the composition of the Management Board and the Supervisory Board, as well as the assignment of their duties, can be accessed using the following link: IR.STABILUS.COM/INVESTOR-RELATIONS/CORPORATE-GOVERNANCE.

CHANGES IN CORPORATE STRUCTURE

Four companies were acquired and one Group company was merged with another in fiscal 2023. Furthermore, the shareholding in one company that was accounted for as an associate using the equity method was increased and this company is now included in the financial statements as a consolidated entity (since August 1, 2023). The changes did not cause a significant change in the Group's structure.

OPERATING SEGMENTS

The Stabilus Group is organized and managed primarily on a regional level. The Stabilus Group is therefore managed on the basis of the three operating segments of EMEA (Europe, Middle East and Africa), the Americas (North and South America) and APAC (Asia-Pacific). The EMEA segment bundles the activities of the Stabilus Group with own locations in Germany, France, Italy, the Netherlands, Romania, Turkey and the United Kingdom. The Americas segment bundles the activities of the Stabilus Group with own locations in Argentina, Brazil, Mexico and the United States.

The APAC segment comprises the activities of the Stabilus Group with own locations in Australia, China, Japan, New Zealand, Singapore, South Korea, India and Taiwan. The expansion of our local presence (e.g. United States, China, Mexico, South Korea) enables the Stabilus Group to provide the best possible service to local customers. It is the Company's goal to provide a comprehensive product and service offering to current and new customers around the world. The Group seeks to fully globalize its product portfolio and to provide the widest possible range of components and systems to each customer.

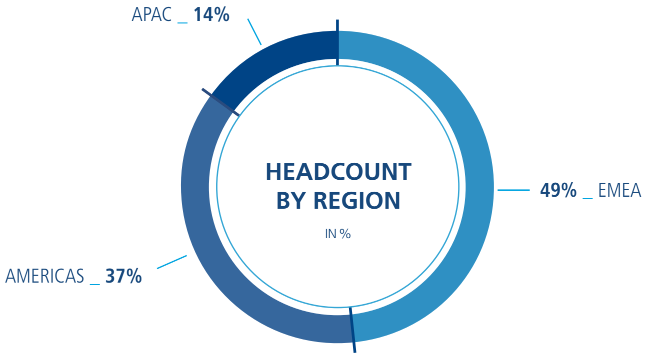
Employees and corporate culture in the Stabilus Group

PERSONNEL (STABILUS GROUP)

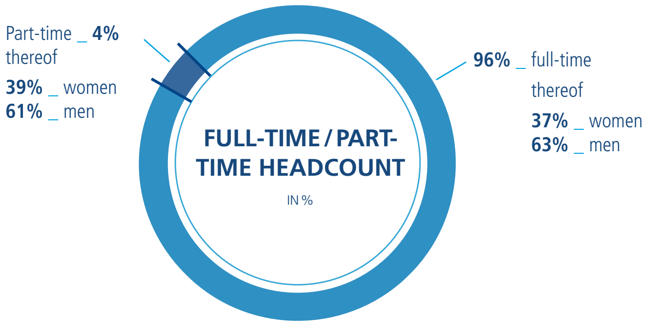
As of the end of fiscal 2023, the Stabilus Group had a total of 7,426 employees worldwide (active and inactive employees, not including temporary workers, trainees, interns or apprentices). This marks an increase of 586 compared to September 30, 2022 (6,840). The increase in the number of employees since September 30, 2022 relates to all three regions (Americas, EMEA and APAC) and is partially as a result of the acquisition and associated first-time consolidation of the Cultraro Group, which had been accounted for using the equity method until July 2023.

The Stabilus Group employed 8,008 active employees, including temporary workers, trainees, interns and apprentices, as of September 30, 2023 (September 30, 2022: 7,342).

Headcount by region (active and inactive employees, not including temporary workers, trainees, interns or apprentices)



Full-time / part-time headcount, thereof women / men (active and inactive employees, not including temporary workers, trainees, interns or apprentices)



STRATEGIC VISION: "COMPANY OF CHOICE"

In its Strategy to 2030, Stabilus has placed a clear focus on its employees and its social responsibility. The strategic goal of being the "Company of Choice" is centered around employees and aimed to establishing an open dialog and achieving success together with active employee participation. Our employees are the engine that drives our Company and they make a major contribution to our ongoing success. Promoting employee satisfaction is one of the main goals of our corporate strategy to 2030.

EMBEDDING CORPORATE VALUES: "CODE-S"

Our corporate values are enshrined in "CODE-S". The "S" stands for Stabilus. This internal compass is based on the four values of "Commitment, Open, Delight and Ethical". "CODE-S" has been translated into specific management guidelines that guide our managers in their day-to-day work. It is important to us to give our employees the freedom to make their own decisions in performing their work and to allow our managers to support and belong to their teams. Feedback is a key component of our leadership culture and we actively encourage our employees to give their managers feedback.

HEALTH AND WELLBEING: OCCUPATIONAL HEALTH MANAGEMENT

We especially value the health of our employees as we believe that satisfied and dedicated employees are a key to business success. Our occupational health management aims to create work structures and processes that promote health and to encourage our employees to promote their own wellbeing. We offer a number of programs and initiatives to motivate employees to join in and achieve our goal: "Healthy employees in a healthy company".

DECENTRALIZED ORGANIZATIONAL STRUCTURE: INTERNATIONAL DIVERSITY AND INDIVIDUAL DEVELOPMENT

The Stabilus Group uses a decentralized organizational structure with a focus on broad internationalism. The decentralized structure enables HR management to develop and practice various cultures individually and to shape it under its own responsibility. This is an especially important component in HR development.

STRATEGIC SIGNIFICANCE OF HR DEVELOPMENT IN THE STABILUS GROUP

For the Stabilus Group, lasting business success is intrinsically linked to qualified and motivated employees. Systematic and sustainable HR development is therefore a fixed component of our corporate strategy. Our management is committed to promoting our employees' motivation to deliver good service quality and to enhance and maintain increased customer satisfaction.

At the same time, we are actively expanding our HR resources in line with our growth plans. The standardized talent and succession planning that was introduced throughout the Company for the first time in the past fiscal year is a central element of this.

INVESTMENT IN THE FUTURE: EMPLOYEE TRAINING AND THE SKILLS SHORTAGE

As an attractive employer, the management of the Stabilus Group believes in training our employees as an important contribution to reducing the skills shortage.

APPRENTICES AND INTERNS

The Stabilus Group is highly committed to training as a means of ensuring the availability of talented young employees and assuming social responsibility in youth development. We offer various apprenticeships for different vocations and maintain cooperations with local universities. In Germany, we allow integrated degree programs and supervise semester, bachelor and master theses. Our key locations offer orientation days and internships for students. Furthermore, we have developed special programs to meet the rising demand for skilled workers with practical training. We had 98 apprentices, trainees and interns in the fiscal year, compared to 94 in the previous year.

LIFE-LONG LEARNING: DIGITAL LEARNING MANAGEMENT SYSTEM (LMS)

We firmly believe that life-long learning is of fundamental importance. Stabilus therefore offers all employees dedicated and ongoing training and qualification programs. We successfully implemented a Group-wide learning management system (LMS) in 2022. This LMS allows comprehensive access to training, harmonizes quality standards and the evaluation of training activities. 87% (previous year: 89%) of our employees have access to the digital learning management platform, which hosts initial training and study plans (calculation comprises all active employees, including temporary workers, trainees, interns and apprentices). The global LMS forms the basis for deriving further indicators for the management of employee development in the coming years.

TARGETED PROGRAMS AND INDIVIDUAL DEVELOPMENT

In addition to the ongoing and dedicated qualification programs that Stabilus offers all its employees, the Company has also planned specifically tailored programs in its Stabilus Leadership Map. The Stabilus Leadership Map shows the different employee management levels (such as talents, team leaders, department leaders and general managers) and defines associated potential programs for ongoing development.

PROMOTING YOUNG TALENT AND MANAGERS

Our programs such as "YoungSTARs" "STARt up", "STARq" and "Rising STARs" support dual students, young managers and top talents to actively develop their skills and qualifications. These programs are an integral component of our management development strategy and have been successfully expanded at global level. Furthermore, we have introduced the "Top STAR" program for up-and-comers in top management. This comprises both in-person and virtual elements.

SUCCESSION PLANNING, HEADCOUNT, DIVERSITY AND EQUAL OPPORTUNITIES: GOALS FOR 2027

The Stabilus Group is aiming to recruit up to 60% of its succession positions from within its own ranks by 2030. Diversity, qualifications and cultural fit play a crucial role in this. At the same time, we are promoting the equal participation of women and men in management positions and we are aiming for 10% representation of women in management levels 1 and 2 by 2027. Stabilus is developing and implementing appropriate programs to boost gender diversity with the Group. This is intended to achieve the long-term goal of higher representation of women in management positions.

This process is supported by annual talent and succession conferences at local and global level. These conferences not only cover current succession opportunities, but also offer a comprehensive insight into the personnel development situation in different countries, regions and the Company as a whole (further information can be found in the non-financial report at IR.STABILUS.COM/INVESTOR-RELATIONS/NON-FINANCIAL-REPORTS).

Strategy and business model

The Stabilus Group is one of the world's leading providers of motion control solutions for customers across a broad spectrum of industries including mobility, health, recreation, furniture, energy, construction, industrial machinery and automation. The Group offers a broad range of solutions for motion control such as gas springs, electromechanical drives (Powerise®) and dampers. Stabilus' strategic aim is to become the global market leader in intelligent motion control technologies. The key focus areas of its strategy called STAR 2030 are to: (i) drive profitable and sustainable growth, (ii) further develop Stabilus' position as company of choice for customers and employees, (iii) focus on innovations to deliver Next Level Motion Control Solutions, (iv) be a Model Corporate Citizen. The STAR 2030 strategy was communicated in January 2022. Its following points are listed below and are continuously pursued by the Stabilus Group.

PROFITABLE AND SUSTAINABLE GROWTH

We are committed to profitable and sustainable growth: By fiscal 2030, we aim to reach €2 billion revenue at an adjusted EBIT margin of approximately 15%.

Asia-Pacific constitutes a special regional focus of our growth strategy. Our goal is to achieve the same status the Company already enjoys with its customers in Europe and America: as an innovative global player.

Another crucial component for our growth is the expansion of our industrial business. We manage our established expert brands ACE, HAHN-Gasfedern, Fabreeka, Tech Products and General Aerospace under the Stabilus Group umbrella, where their know-how is bundled in the Industrial business unit.

A broadly diversified industrial business will increase robustness and make us less dependent on market cycles. Our growth is based on two pillars: organic expansion in our own strength and accelerated access to new technologies and markets through acquisitions.

COMPANY OF CHOICE

We aim for customer and employee Net Promoter Scores (NPS) of 50, which corresponds to a very high level of satisfaction (NPS calculation: percentage of promotors minus percentage of detractors). We want to be the "Company of Choice" – for customers and employees.

Motivated and committed employees and satisfied customers are the basis for top performance. This is why we regularly measure customer and employee satisfaction using the NPS. This shows the willingness of our customers to recommend our products and services to others and indicates how satisfied our employees are. Our goal is to be "top of mind" for motion control solutions.

NEXT LEVEL MOTION CONTROL SOLUTIONS

We aim to achieve a quarter of the Group's revenue with new products and solutions by 2030.

The targeted expansion of the product range of system solutions and software competence forms a central pillar of our corporate strategy. We are developing a new category of applications which are smart, digital and automated.

More and more market sectors are requiring complex and comprehensive solutions which usually comprise software. Therefore, we will continue to develop and extend our expertise in intelligent motion software and control systems in the future as well.

The demand for high-quality electromechanical drives is growing in many industrial market sectors. This gives us a great opportunity to further deploy our long-standing know-how and open up new markets. We are therefore developing a tailor-made Powerise® portfolio specifically for industrial customers and supporting them in delivering product innovations.

To remain in the lead with motion control over the long term, we are constantly working on product and process innovations. We will continue to fill our innovation pipeline and implement it consistently.

MODEL CORPORATE CITIZEN

Our goal is to be a responsible and sustainable model corporate citizen.

Global awareness for ecological, economic and social sustainability has increased, and acting responsibly forms a central basis for our continued sustainable growth. We understand active responsibility for the environment and mankind as a mission. Through the implementation of our strategy, we are reinforcing our role as a "Model Corporate Citizen" wherever we operate as a company.

Stabilus follows a sustainability approach that covers a wide array of environmental, social, governance (ESG) aspects (we refer to the separately published non-financial report on our homepage IR.STABILUS.COM/INVESTOR-RELATIONS/NON-FINANCIAL-REPORTS).

One of the most ambitious goals we are tackling with our strategy is to reduce the carbon footprint of the whole Stabilus Group by 2030. On the way to achieving this goal, existing climate-friendly projects will be expanded and new ones initiated. Therefore, we are committing – wherever feasible – to renewable energies. Further measures consist of resource preservation and recycling of water, oil and heat.

Stabilus accepts social responsibility. Respect for human rights, integrity and occupational safety, as well as the promotion of diversity, are clear pillars of the corporate strategy. Trust, reliability, honesty, fairness and respect should enable us to create a positive working environment in which top performances are achieved and new ideas can evolve.

Furthermore, with our rules on transparency and compliance we set clear guidelines when it comes to governance. Compliance with ESG criteria is becoming an increasingly important role for our corporate development and for various stakeholders of Stabilus.

Management system – financial and non-financial objectives

KEY FINANCIAL PERFORMANCE INDICATORS

The planning and management of the Stabilus Group are mainly based on the development of revenue and the adjusted EBIT margin. The key performance indicators for financial targets are:

- Revenue
- adjusted EBIT margin

The key financial performance indicators are calculated, analyzed and planned using a uniform system throughout the Group and monitored for achievement and their impact on forecasts. Detailed information on the development of financial performance indicators can be found in the "Economic report" and "Report on expected developments" sections of this management report.

OTHER FINANCIAL PERFORMANCE INDICATORS

Besides the two aforementioned key financial performance indicators, the Stabilus Group also uses other financial performance indicators that are monitored by the Management Board on an ongoing basis. Unlike the key performance indicators described above, these indicators are less significant and are therefore not forecast. The other financial performance indicators are:

- organic growth;
- free cash flow;
- adjusted free cash flow; and
- net leverage ratio.

NON-FINANCIAL PERFORMANCE INDICATORS

Stabilus has not defined any significant non-financial performance indicators at this time. Please refer to the non-financial report.

Indicators based on the four action areas of the sustainability strategy are assessed for sustainability management. The four central action areas are environmental and climate protection, products and supply chain, employees and social engagement as well as governance and compliance. These indicators are used in conjunction with the operational management of sustainability activities.

In conjunction with corporate governance, the Company's management places great emphasis on all employees of the Stabilus Group aligning their actions closely with the legal framework and the standards of the Code of Conduct. In this way, Stabilus is striving for recognition of the Business Partner Code of Conduct by all its series suppliers (see non-financial report IR.STABILUS.COM/INVESTOR-RELATIONS/NON-FINANCIAL-REPORTS).

Research and development

INNOVATION: THE DRIVING FORCE FOR PROFITABLE GROWTH

At the Stabilus Group, focused research and development are intrinsically linked with the successful implementation of the "STAR 2030" strategy. In all regions, Stabilus is therefore investing in the development of new products and processes as well as the qualifications of the employees who make our success possible.

At Stabilus, research and development in a growing corporate group mean dependability, continuity and also the courage to try new things and to clear the way for a competitive edge down the line through unconventional approaches. Stabilus launched a think-tank covering all the Group's brands for the first time in the period under review, bringing together its creative minds who possess an wide range of skills and experience thanks to their different backgrounds and work areas. In just a very short time, the think-tank provides the many market segments of the Group with initial solution concepts for problems that will affect our markets moving forward. This enables faster prioritization and decision-making for investments.

By contrast to this approach of being able to provide fast answers to new market demands while strengthening the intrapreneur network, the period under review was equally defined by the necessity of responding to global challenges. Stabilus is systematically continuing its strategy of regional parts procurement for its standard modular system. Besides sustainability aspects, this is due to the rising number of local and regional conflicts that naturally also pose risks to a dependable supply of parts. Central development is responsible for approving the modular components of the various product groups according to standardized inspection plans. By gradually building up regional development centers, Stabilus can quickly respond to the needs of its business units and production facilities in the regions.

HIGHEST SAFETY STANDARDS IN RESEARCH AND DEVELOPMENT

Stabilus is committed to protecting customer expertise, innovations and information in physical and digital form alike. As a part of the automotive supply chain, Koblenz became the first location to be audited according to TISAX regulations on the basis of the VDA-ISA catalog in the period under review. The audit label was issued as the result of an intensive multi-departmental project with an excellent result. In addition to the protection of unpublished customer components and vehicle parts with which Stabilus products and systems are developed to series production, the protection of virtual prototypes is a very high priority as well. The regulations created under the leadership of the Stabilus Group's Chief Information Security Officer (CISO) were rolled out in Research and Development and at the business units by a broad training program, and are still being refined on an ongoing basis.

In the context of product integrity, Stabilus adapted its Design FMEA methodology in line with the latest AIAG/VDA requirements in the period under review. Design FMEA is a key risk management tool in the development process. Detecting and analyzing failure modes and effects early on is utterly fundamental for a safe and compliant product. For this reason, Stabilus has refined its maturity management specifically with regard to Design FMEA and introduced a two or three-person approval process independently of the assessment.

CORPORATE CULTURE PROMOTES INNOVATION

In the think-tank, whose personnel will be reviewed in an annual process, Stabilus now has a dynamic global team that delivers innovative answers to market requirements and to self-defined problems as well. In the first year, three of the concepts developed were added to the Company's innovation pipeline by the business units for immediate ongoing development.

The acquisition of the majority in Cultraro means new opportunities for cooperation in research and development as well, for instance in the think-tank. The portfolio of rotary dampers, which grew as a result of the acquisition, was examined for synergies to be able to offer customers of the broader Stabilus Group ideal motion control even for small-scale and lightweight applications.

It is a stated and practiced philosophy at Stabilus to encourage all employees to help shape our future with innovative ideas. After 2019, the second global Innovation Race was launched in the period under review and will be concluded by the end of 2023. The successful ongoing development of the culture of innovation is also manifesting in the fact that, unlike just four years ago, all Stabilus companies in the three regions have contributed ideas for the future. The new sustainability award category underscores Stabilus' determination to systematically promote products, processes and services to conserve resources.

SUSTAINABILITY IN THE PORTFOLIO OF NEW DEVELOPMENT PROJECTS

Stabilus has systematically refined its modelling for the carbon footprint of products over recent years – including with the support of a number of suppliers operations that contribute to the Scope 3 carbon footprint of Stabilus products.

Calculation models clearly identify the priorities for the ongoing development of the product portfolio in the context of sustainability. Some of the development projects defined as a result are already in the parts testing phase and include, for example, the use of recycled steel from electric arc furnace (EAF) processes in the metals area.

Knowing that significant success is only possible by working together throughout the length of the supply chain, Stabilus has stepped up its cooperation with development suppliers and held a number of workshops in the period under review to identify, assess and implement potential for cost and carbon reduction.

The intended regulation of per - and polyfluoroalkyl substances (PFAS) by the European Union's European Chemical Agency (ECHA) poses major challenges for Stabilus as well. In coordination with its suppliers, Stabilus is evaluating the options to substitute the substances in question and, like many other businesses and institutions, has responded to the invitation to comment on ECHA proposals.

KEY AREAS OF DEVELOPMENT IN THE AUTOMOTIVE SECTOR

In terms of customer relationships as well, sustainability was a key area of development activities in the period under review. For instance, a major German OEM responded for the first time to the stricter transparency requirements concerning the carbon footprint of the products offered in an acquisition process using the newly established calculation models.

Stabilus has further expanded its future market position in this segment thanks to the major order from a German OEM for electric door drives. Besides power check strap (PCS) door actuators, the contract also comprises radar sensors and motion control software. Notably, for the first time Stabilus is serving as the software supplier for a control unit sourced elsewhere by the OEM.

The advancing penetration of electric tailgate drives in vehicle fleets and mounting competition from Asia specifically is driving price pressure on the corresponding systems. LOM X®, which is on the verge of series production and sets new benchmarks in gas spring temperature compensation, provides the Stabilus Group with a more affordable alternative to state-of-the-art technology. Stabilus sets a new standard for the safety of tailgate applications with electric Powerise® drives thanks to a new development with improved compression damping on the mate side, thereby also securing a competitive edge on a challenging market.

Furthermore, in the period under review, Stabilus won a key future contract with a new type of hydropneumatic system for the motion control of vehicle seats. The system, which was developed together with a global OEM and is entirely integrated into the seat, enhances comfort and off-road driver safety in addition to offering potential for further applications after the product's ramp-up in spring 2024.

KEY AREAS OF DEVELOPMENT IN INDUSTRIAL TECHNOLOGY

Global megatrends are reflected even more strongly than in the automotive sector in the development activities for the Stabilus Group's various industry segments.

In the field of urban mobility, bicycle solutions for cargo transport are increasingly becoming established, as are electrically assisted applications that allow broad sections of the population to cover urban distances with zero emissions. Here, Stabilus is developing damping and other motion control solutions to enhance tracking and steering stability as well as comfort. At IAA Mobility, an innovative solution for the e-bike market was discussed with an interested specialist audience and a pre-development project was launched in the period under review.

In urban living, growing cities require new solutions for the optimized use of living space. At the Interzum convention, Stabilus presented gas-loaded height adjusters for desks with minimal space requirements.

The importance of the quick and damage-free transport of goods in logistics centers has grown significantly once again as a result of the COVID pandemic. For Stabilus, this means rising requirements and opportunities in material handling. In particular, this involved further development of shock absorbers by the subsidiary ACE for the hydraulic slowdown of cargos in distribution centers in the reporting year.

Despite their specialization, the gas spring models of the Stabilus, Hahn and General Aerospace brands tailored to their respective target markets also offer various approaches for synergies through standardization. For instance, Hahn valve technology was successfully tested in General Aerospace assemblies, thereby closing a white spot. Even the smaller units are increasingly using technologies and components that Stabilus uses in large numbers. The role of development is to test and ensure the integration of components across brand boundaries using numerical and experimental procedures.

In the period under review, the product portfolio of the Hahn brand was completed with the combination of 28 mm tube and 8 mm rod for the GK (ballpoint locking) and SL (blockable) gas spring series.

Especially in the highly dynamic industrial division, the Stabilus Group's strategy of merging development activities across brand boundaries is proving a guarantee for quick solutions and rapid market readiness. In the past year, for instance, there were a series of joint development projects, including for the carbon reduction of gas springs.

With the successful integration of shock absorbers in a ring accelerator system for the Helmholtz Institute, Stabilus is underlining its goal of supporting leading global research institutions with high-quality, high-precision products as a technology leader with its ACE brand. Success in top research is made possible by an understanding of highly specific problems and the application by the development team of the product toolkit to the challenge at hand.

STRENGTHENING THE INTELLECTUAL PROPERTY (IP) FUNCTION SUPPORTS GROWTH

Innovation is one of the main drivers of the Stabilus Group's growth. This also entails systematically enforcing IP rights through a global network of specialist law firms who, together with Stabilus' patent engineers, ensure that the Company's intellectual property is protected. As a growing Group, Stabilus placed these activities under the responsibility of an experienced patent lawyer and integrated them into the Group's central Legal function in the period under review.

46 new patents were filed in 2023 (2022: 31). Stabilus thus had 615 active patents and utility models worldwide at the end of the 2023 reporting period following the portfolio shake-out (2022: 654).

Research and development indicators T_001

FISCAL YEAR	2023	2022 [2]	2021 [2]	2020 [2]	2019 [2]	2018 [2]
Research and development expenses (€ thousand) [1]	68,537	62,913	58,848	57,985	53,469	51,114
R&D ratio (R&D expenses as % of revenue)	5.6	5.6	6.3	7.1	5.6	5.3
Average number of employees in R&D	435	418	402	398	372	342

[1] Including amortization of own work capitalized and before capitalization.
[2] Change in presentation and calculation compared to previous year. Expenses before capitalization.

STABLE EXPENSES FOR RESEARCH AND DEVELOPMENT

The Stabilus Group's research and development expenses (including amortization of own work capitalized and before capitalization) increased by +8.9% year-on-year to €68.5 million in fiscal 2023. This translates into an R&D ratio in relation to revenue of 5.6% in fiscal 2023 (2022: 5.6%).

The capitalization rate (capitalized expenses divided by R&D expenses less capitalization), which reflects the share of own work capitalized in research and development expenses, was 53.5% in 2023 and thus significantly higher than in the previous year (2022: 36.2%), primarily as a result of the capitalization of additional development work by the Powerise® business unit.

RESEARCH AND DEVELOPMENT HEADCOUNT VIRTUALLY UNCHANGED

On average, the Stabilus Group employed 435 people in research and development in fiscal 2023, 17 more than in the prior year. Research and development therefore accounts for around 6% of the Group's global headcount.

ECONOMIC REPORT

Stabilus is represented around the world and focuses on automotive and industry applications. This allows us to focus on customers and their requirements, and thereby to accommodate the characteristics of local markets. We design and construct all our own production technologies and machinery. This enables us to guarantee a high quality standard worldwide for all of our products. We have established ourselves as a global player, backed up by our close distribution and service network as well production facilities in Germany, Romania, Turkey, Italy, China, South Korea, India, the United States, Mexico, Brazil, Australia and New Zealand. Stabilus represents expertise in the field of motion control. We offer a wide range of reliable products and develop tailor-made solutions for our customers for optimum motion sequences that inspire users.

Besides innovations and new products, the key factors that affect Stabilus' business performance are the rate of growth in gross domestic product (GDP) and, specifically for the automotive sector, global production light vehicle volumes (including cars and light commercial vehicles with a weight of less than six tonnes) and the number of vehicles sold (e.g. new vehicle registrations as an indicator of auto sales).

Economic environment

GENERAL ECONOMIC DEVELOPMENTS

The world economy again faced major challenges, after GDP had grown by +3.5% in the preceding 2022 calendar year despite countervailing factors.

Latest growth projections for selected economies

T_002

PERCENTAGE YEAR-ON-YEAR CHANGE IN THE CALENDAR YEAR	2023[1]	2022
World	**3.0%**	**3.5%**
European Union	**0.7%**	**3.6%**
thereof euro area	0.7%	3.3%
thereof Germany	(0.5)%	1.8%
United Kingdom	0.5%	4.1%
United States	**2.1%**	**2.1%**
Latin America	**2.3%**	**4.1%**
thereof Brazil	3.1%	2.9%
thereof Mexico	3.2%	3.9%
Emerging and Developing Asia	**5.2%**	**4.5%**
thereof China	5.0%	3.0%

Source: International Monetary Fund, World Economic Outlook, October 2023.
[1] Projections.

For the 2023 calendar year, the International Monetary Fund (IMF) is forecasting global economic growth of +3.0% (World Economic Outlook – October 2023). The performance on Stabilus' core markets of Europe, the United States and China will vary in 2023, according to the IMF. Within the European Union, German economic performance will contract by (0.5)% this year, while growth of +0.7% is projected for the euro area. The IMF is anticipating growth of +5.0% for China in 2023. Within the Americas region, growth of +2.1% is assumed for the United States with the Central and South America region expected to grow by 2.3% in the 2023 calendar year (Brazil: +3.1%; Mexico: +3.2%). In addition to the International Monetary Fund forecast from October 2023, the latest OECD forecast issued in September 2023 anticipates a muted recovery in global economic activity. The world economy is expected to grow by +3.0% in the current calendar year but only by +2.7% in the coming year. Within the European Union, very low growth of just +1.1% is likewise anticipated for the euro area. In the Americas region, growth of +1.3% is forecast for the United States. The OECD also expects the emerging economies to deliver considerably more in the way of momentum for the world economy, with growth in the core market of China forecast at +4.6%.

Factors influencing the economy in fiscal 2023 again included the various restrictions to curb the COVID-19 pandemic, in particular the high infection rates in China, which had a negative impact on the economy of the APAC region in the first half of fiscal 2023. The ongoing Russia-Ukraine war and its repercussions, as well as shortages of energy, raw materials and supplier products, caused substantial price increases across all areas of the economy. Inflation was also exacerbated by high collective wage agreements in Germany and many other countries. However, government action in Europe, such as the price caps on gas and electricity, served to lower prices. Energy prices on the world markets declined significantly from March 2023 to July 2023, since when they have remained flat. However, energy prices have been rising again slightly since August 2023. Although economic output in the United States continued to rise on the back of strong domestic consumer spending and tax relief, it could be increasingly curbed by monetary policy as the year continues.

According to estimates by the ifo Institute as of the time of reporting, the average global rate of inflation forecast for the 2023 calendar year will be around 6.2%. In the EMEA region, inflation in the European Union (EU) amounted to around 4.9% in September 2023 and is therefore still in decline. Inflation was 4.3% on Stabilus' core market of Germany in September 2023 and is therefore flattening off. The inflation situation is gradually easing in the Americas region as well: Inflation on Stabilus' core US market was 3.7% in September 2023, down (4.5) percentage points as against September 2022. Inflation in the APAC region is lower by comparison, with Stabilus' core market of China reporting inflation of approximately 0% in September 2023, slightly lower than the figure of around 0.2% anticipated by the market.

Financing environment

The high inflation prompted leading central banks to begin reversing interest rates. Following several interest rate hikes by the European Central Bank (ECB) and the U.S. Federal Reserve System (Fed) throughout fiscal 2023, the ECB raised the key interest rate in the euro area to 4.5% by the end of September 2023 (September 30, 2022: 1.25%). The Fed raised the key interest rate for the United States to 5.5% by the end of September 30, 2022: 3.25%), which is significantly higher than the ECB's rate. The central banks' restrictive monetary policy is intended to reduce inflation but still has yet to achieve the target level of around 2%. However, the moves taken by the Fed appear to be having a greater impact in the U.S., with the result that it was able to put interest rates on hold again in September 2023. The ECB has raised interest rates for the tenth time in a row, bringing them to their highest level since 2000.

Production of light vehicles* T_003

IN MILLIONS OF UNITS PER FISCAL YEAR	2023**	2022
EMEA	**19.7**	**17.9**
thereof Germany	4.2	3.4
Americas	**18.5**	**16.8**
thereof United States	10.4	9.6
APAC	**49.6**	**46.9**
thereof China	27.1	26.6
Worldwide production of light vehicles*	**87.8**	**81.6**

Source: IHS Automotive/Light Vehicle Production Forecast (October 2023).
* Passenger cars and light commercial vehicles (<6t).
** IHS forecast as of October 2023.

In October 2023, returns on ten-year US treasuries rose to their highest level since 2007 at around 5.02%. Returns on ten-year German treasuries have also reached their highest level since 2011 at around 3.0%, but have been tracking at 2.8% recently.

SECTOR DEVELOPMENTS

Business and general environment

The Stabilus Group is a leading provider of motion control solutions and systems in a large number of sectors. Key customer segments include the automotive industry as well as the commercial vehicle, distributor, independent aftermarket, e-commerce, aerospace, marine, rail, energy, construction, mechanical engineering, automation, health, leisure and furniture sectors.

Development in the automotive industry

Despite the consistently tense economic situation, the after-effects of the COVID-19 pandemic, supply problems, semiconductor shortages and the Russia-Ukraine war, according to IHS data (as of October 2023), +6.2 million more vehicles (light vehicles) were produced worldwide from October 2022 to September 2023 (FY 2023) than in the same period of the previous year, reaching a value of 87.8 million vehicles produced. The highest increase in the number of cars produced was in the Americas region, where the number was up by +9.6% at 18.5 million units in fiscal 2023 (US: +0.8 million more units produced). Over the same period, the EMEA region produced +10.1% more units for a total of 19.7 million (Germany: +0.8 million more units produced). By contrast, the APAC region recorded the lowest increase, with +5.8% and a total of 49.6 million units produced compared with the corresponding prior-year period (China: +0.5 million more units produced).

According to the European Automobile Manufacturers Association (ACEA), new car registrations in the EU increased by around +16.1% year-on-year in fiscal 2023 (October 1, 2022 to September 30, 2023; as of October 2023). Likewise, according to Country Economy, the United States reported growth in new passenger car registrations of around +11.2% compared to the same period of the previous year in fiscal 2023 (as of October 2023). The growth is being stimulated by improved consumer confidence in the country's economy as inflation abates. New passenger car registrations in China also increased by +4.7% year-on-year over the same period (as of October 2023) according to the China Association of Automobile Manufacturers (CAAM).

Development in the industrial sector

Industrial production was impacted by the current global challenges, which include the repercussions of COVID-19, the effects of the Russia-Ukraine war, supply bottlenecks and the shortage of raw materials.

According to Eurostat (the Statistical Office of the European Union), adjusted for seasonal effects, industrial production (development of the volume of production for industry excluding construction, based on data adjusted for calendar and seasonal effects) in the European Union fell by (6.1)% as against September 2022 in September 2023. Germany experienced a decrease of (4.4)%. By contrast, Stabilus achieved double-digit year-on-year revenue growth rates in energy & construction worldwide. There were also double-digit revenue growth rates in commercial vehicles as well as aerospace, marine and rail. Only healthcare, medical technology and furniture were slightly in decline.

In the United States, industrial production was up only slightly by around +0.1% year-on-year in September 2023 and has remained flat since July 2023. Despite this, the Americas region posted double-digit revenue growth in the commercial vehicles market segment. There were double-digit revenue growth rates in industrial machinery & automation, as well as distributors, independent aftermarket and e-commerce as well as aerospace, marine and rail. Furthermore, revenue in energy & construction increased by more than 50% year-on-year.

In China, industrial production rose by +4.5% as against the same period of 2022 in September 2023, thereby exceeding the forecast of +4.3%. Revenue growth rates were down across almost all market segments in the APAC region. This was countered by the positive development in the industrial machinery market segment, which enjoyed double-digit revenue growth. Performance in the industrial sector was also offset by the double-digit growth rates in the energy & construction market segment.

Development of the procurement markets

The procurement markets are currently seeing a gradual easing in prices for individual raw materials and intermediate products. Nevertheless, the Stabilus Group's current procurement prices are subject to certain dynamics – owing to the volatile state of the commodity market – and supply chains will have to be made more resilient in order to ensure as much flexibility as possible. In addition, although it has eased slightly, consistently high inflation is another of the key factors influencing various procurement markets.

The Stabilus Group estimates that prices for plastics have risen by around +6.7% in fiscal 2023 (as of September 2023); prices for metals have increased by an average of +1.9% year-on-year (as of September 2023) and thus at a slower rate than as of the end of fiscal 2022. Meanwhile, prices for zinc and non-ferrous parts rose by an average of +7.9% (as of September 2023). However, prices for steel-bearing raw materials and components for further processing fell slightly by (0.5)% on average for rods and (3.7)% on average for tubes. Meanwhile, escalating freight costs had a negative impact on the economy as a whole.

The price increases relate exclusively to the developments in the EMEA region. The higher procurement prices for the Stabilus Group can be passed on to customers to only a certain extent. Stabilus was able to mitigate supply shortages on the raw materials market with its procurement strategy and strategic inventory management. The Group did not at any time have to stop production on account of shortages.

Overall assessment of business performance

OVERALL STATEMENT ON BUSINESS PERFORMANCE AND THE ECONOMIC SITUATION OF THE STABILUS GROUP

The Stabilus Group performed very well overall in fiscal 2023 despite the challenging market conditions. It generated revenue of €1,215.3 million (2022: €1,116.3 million), which translates into significant revenue growth of +8.9% (organic growth rate: +7.9%) as against the previous year. This is the highest revenue to date in the history of Stabilus. Despite the geopolitical and inflation challenges, Stabilus repeatedly demonstrated the Company's stability and market presence even in times of economic volatility.

The Americas region achieved significant revenue growth to €450.5 million, equivalent to organic revenue growth of +8.8%. The APAC region generated organic growth of +9.3% to €268.2 million. The EMEA region achieved organic revenue growth of +6.2% to €496.6 million despite the difficult market environment (information on operating segments from page 46).

In terms of divisions, Automotive Powerise® business generated significant organic revenue growth of +11.4%, thanks in particular to high customer demand for the product series. Moreover, this is significantly higher than the figure for global vehicle production, which rose by +7.6% in fiscal 2023. The positive trend is also evident in the Automotive Gas Spring division, which achieved organic revenue growth of +3.9% as against fiscal 2022. Our Industrial division is on a strong growth trajectory with organic growth of +7.6% in fiscal 2023 compared to fiscal 2022.

The Cultraro Group, which joined the Stabilus Group as of August 1, 2023, generated revenue of €2.3 million during this time, with the EMEA region accounting for revenue of €2.0 million and APAC for €0.3 million. Broken down by division, Cultraro generated revenue of €1.5 million in Automotive Gas Spring business and €0.8 million in industrial business.

The Group closed fiscal 2023 with total adjusted EBIT of €158.4 million (2022: €156.2 million). This represents an adjusted EBIT margin of 13.0% (2022: 14.0%), which is lower than in the previous year. Geopolitical developments and their repercussions, such as the high level of global inflation, led to cost increases on the procurement markets materials (such as steel, plastic and resin). Inflation also had a negative effect on staff costs that we were unable to fully offset by passing on price rises to our customers. In addition, the operating result for fiscal 2023 will be negatively affected by currency effects, especially in relation to the Mexican peso and the US dollar, which will reduce the adjusted EBIT margin. The loss of revenue to customers in Russia and Ukraine had only a minor impact on the Group's operational development. The risks of the reduced availability of key production components were avoided thanks to strict supply chain management. The supply problems and price increases described above have led to cost inflation, which we have been able to counter by increasing our customer prices and through stringent cost management.

The financial covenants in the facility agreement were complied with at all times and reflect the financial stability of the Stabilus Group with a net debt ratio of 0.3x (September 30, 2022: 0.4x) (please refer to the information on the net leverage ratio on page 52). The committed revolving credit facility of €350.0 million had not been utilized as of September 30, 2023. To achieve some stability in the uncertain interest situation, the subsidiary Stabilus GmbH has entered into an interest derivative contract for an existing promissory note loan of €83.0 million. This is accounted for as a cash flow hedge.

With the announcement of sustainability strategy in the previous year, the Stabilus Group placed a strong focus on its sustainability initiatives for the coming fiscal years. We believe that sustainability will be one of the big issues of the coming decades. One of our goals is to significantly reduce carbon emissions at Stabilus' own production facilities and throughout our supply chain by 2030. This will be achieved firstly by a sustainable reduction in energy consumption at Stabilus' sites and secondly by the gradual use of 100% renewable electricity and the associated significant reduction in carbon emissions. Further progress was made in the expansion of in-house solar power generation in fiscal 2023. A total of three photovoltaic systems went live at the main plant in Koblenz and at the Brazil location. These have been producing solar power since this fiscal year. Stabilus intends to continue expanding the use of photovoltaic systems at its plants around the world. The switchover to renewable energy sources will also be realized gradually at the other sites. Additionally, a wide range of energy efficiency projects were launched at the plants with a view to reducing carbon emissions, such as converting lighting to LED and lowering temperatures in the production processes. The energy efficiency improvement work at the main plant in Koblenz, which began in this fiscal year is laying the foundations for enhancing energy efficiency. The windows will be replaced with thermally insulated windows and the exterior façade will be insulated. The project will be completed in fiscal 2024. The carbon reduction in the supply chain will be achieved through active procurement strategies and supplier management (further information on non-financial reporting can be found on our website at IR.STABILUS.COM/INVESTOR-RELATIONS/NON-FINANCIAL-REPORTS).

Stabilus SE held its first Annual General Meeting in Germany on February 15, 2023. With a registration rate of 88.91% of share capital, the Annual General Meeting was met with great interest by Stabilus' shareholders. The Annual General Meeting was held virtually, without shareholders attending in person. The shareholders who had registered in advance were able to watch the livestream of the entire Annual General Meeting in the password-protected Internet portal and to cast their votes on the items of the agenda. The shareholders approved all items of the agenda by a very large majority (further information at: IR.STABILUS.COM/INVESTOR-RELATIONS/GENERAL-MEETING).

The Annual General Meeting approved the dividend payment of €1.75 per share. This year's distribution ratio was 42% of the consolidated profit attributable to the shareholders of Stabilus SE. Furthermore, a large majority of shareholders approved further authorized capital (Authorized Capital 2023 / 1) of €4,940 thousand. The Stabilus Group thus has additional financial flexibility for further growth. Furthermore, it was resolved to cancel the resolution to acquire and use treasury shares adopted under Luxembourg law on February 12, 2020, and to revise this resolution in line with the provisions of German corporate law in accordance with sections 71 et seq. of the Aktiengesetz (AktG – German Stock Corporation Act).

Another key item on the agenda at the Annual General Meeting concerned the re-election of four members of the Supervisory Board. The terms in office proposed were of differing lengths with the intention of achieving a staggered structure on the Supervisory Board. The transition to a staggered Supervisory Board, in addition to making it more flexible, will also improve the balance between maintaining existing and securing new expertise, and will thus aid the continuity of the work of the Supervisory Board.

The option to hold future annual general meetings virtually, without shareholders attending in person, was also resolved. This allows more flexibility compared to rigid rules. With the authorization of the Management Board, the most efficient format can thus be chosen and international investors will be able to take part in annual general meetings as well. The virtual annual general meeting format should also benefit sustainability aspects.

Furthermore, the Annual General Meeting elected the new auditor of the annual and consolidated financial statements for the fiscal year from October 1, 2022 to September 30, 2023. Based on a corresponding recommendation of its Audit Committee, the Supervisory Board had proposed Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich. It was also resolved to appoint the auditor for any reviews of the half-year financial report as of March 31, 2023. The recommendation was confirmed by the shareholders with 100% approval.

On July 26, 2023, Stabilus acquired a further 28% of the shares in Cultraro Automazione Engineering S.r.l. from the company's founders. The Stabilus Group acquired the first equity investment of 32% of the shares on November 22, 2021. This means Stabilus now owns 60% of the total shares in Cultraro Automazione Engineering S.r.l. The Cultraro Group is a manufacturer of dampers. Cultraro's products, such as rotary and linear dampers, are used in a variety of compact motion control applications in the automotive industry and other industrial applications. In fiscal 2022 (January 1, 2022 to December 31, 2022), it generated revenue of around €16.0 million and an EBIT margin of around 20.5%. The purchase price for the 28% equity investment was €14.6 million (assuming target achievement of 100% of the target business plan). Earn-out elements depending on the achievement of a business plan in the following fiscal year were also agreed (for details see note 4 "Business combination"). Stabilus also has preemptive rights for the purchase of the remaining 40%. The acquisition of additional shares in the Cultraro Group will strengthen Stabilus' market presence and position in the automotive and industrial business. Cultraro Automazione Engineering S.r.l., which the Group previously accounted for using the equity method, is consolidated and included in the consolidated financial statements of the Stabilus Group with effect from August 1, 2023.

Goodwill and other intangible assets for which a useful life cannot be determined or that are not yet in useable condition at the end of the reporting period are tested for impairment each year. As in the prior year, no impairment was recognized on goodwill in fiscal 2023. The respective underlying assumptions are described in Note 15. The groups of cash-generating units (CGUs) identified for the impairment testing of goodwill are the EMEA, Americas and APAC reporting segments. Their recoverable amount is calculated on the basis of the fair value less costs of disposal.

The consolidated financial statements were prepared on a going concern basis. From the current perspective there are no risks to the continued existence of the Stabilus Group.

The Management Board of Stabilus SE still considers the economic situation of the Stabilus Group to be consistently solid. However, the uncertainty for the new fiscal year remains challenging due to geopolitical and macroeconomic factors.

FOCUS ON STRATEGIC ORIENTATION TO SECURE PROFITABLE GROWTH

Stabilus is continuously investing in expanding its production capacities in order to meet the sustained high level of demand for the Powerise product range. One strategic milestone in the current fiscal year was the completion and commissioning of the expansion of our plant in Mexico, which will help us to achieve the forecast capacities for the coming years. We have also enhanced Powerise production and increased the automation of the Powerise assembly lines at our plant in Romania, leading to an additional improvement in productivity, quality and digitalization. A second automated Powerise line is currently being manufactured in our mechanical engineering in Koblenz and will shortly be shipped to our plant in Pinghu, China, with a third line to follow for the plant in Mexico. A third such line for the plant in Mexico will be available soon, while additional lines are in the planning and preparation phase. At this year’s “Interzum”, the world’s leading trade fair for furniture production and interior design, Stabilus presented an exclusive preview of future innovations in its Powerise product range for industrial applications. This will open up new possibilities for automated motion control as well as non-vehicle applications.

RESTRUCTURING CLAUSE (SANIERUNGSKLAUSEL)

In April of fiscal 2023, ongoing appeal proceedings in connection with the possible application of the restructuring clause in 2010 pursuant to section 8c (1a) of the Körperschaftsteuergesetz (KStG – German Corporate Income Tax Act) were concluded in favor of Stable Beteiligungs GmbH, Koblenz, as a subsidiary of Stabilus SE, Frankfurt/Main. As a result of the conclusion of the appeal proceedings, tax loss and interest carryforwards as of December 31, 2009 as well as the current tax loss for 2010 are revived and lead to tax refunds for the assessments of the years from 2010 onwards. With the conclusion of the appeal proceedings, there is now legal clarity regarding the expected tax refunds. As of March 31, 2023, aperiodic income tax receivables (including solidarity tax contribution) amounting to €8.7 million and refund interest on these tax receivables amounting to €3.4 million were therefore recognized. Furthermore, deferred tax assets amounting to €11.3 million were capitalized for interest carryforwards that can be utilized in the future. The income tax receivables and the refund interest on these tax receivables were recognized in cash in the third quarter of fiscal 2023.

FORECAST AND ACTUAL PERFORMANCE OF THE STABILUS GROUP

The Stabilus Group outperformed or achieved the forecasts issued by its management for revenue and the adjusted EBIT margin for fiscal 2023, which had been subject to high uncertainty on account of the tough, challenging market conditions as well as macroeconomic and geopolitical uncertainty.

On November 11, 2022, when publishing the preliminary figures for fiscal 2022, the Management Board of the Stabilus Group had projected guidance for revenue of between €1.1 billion and €1.2 billion as well as an adjusted EBIT margin in the range of 13% to 14%.

In view of the results achieved and the expectations for global automotive and industrial production, the Management Board narrowed its forecast for the year within the range of its previous guidance when it published the quarterly statement for Q3 FY 2023 on July 31, 2023. For fiscal 2023, the forecast was confirmed with revenues of €1.2 billion (at the upper end of the previous range) and an adjusted EBIT margin of 13.0% (at the lower end of the previous range).

With significant revenue growth of +8.9% to €1,215.3 million, the Stabilus Group surpassed both the revenue forecast of November 11, 2022 and the revised projection of July 31, 2023. The adjusted EBIT margin of the Stabilus Group was 13.0% in fiscal 2023 and thus exactly confirmed the earnings forecast of 13.0% that was specified on July 31, 2023.

Comparison of actual and forecast performance in fiscal 2023 T_004

Stabilus Group	Forecast November 11, 2022	Forecast July 31, 2023	Actual performance 2023	Comparison
Revenue	€1,100 million to €1,200 million	€1,200 million	€1,215.3 million	Outperformed
Adjusted EBIT margin	13% to 14%	13.0%	13.0%	Achieved

OVERALL STATEMENT ON BUSINESS PERFORMANCE AND THE ECONOMIC SITUATION OF STABILUS SE

Stabilus SE closed the fiscal year with a loss. No intragroup dividends similar to that in the previous year were paid in fiscal 2023 and the past fiscal year was influenced by the strategic consulting costs incurred for the acquisition of the DESTACO Group announced in October 2023. Other operating income amounted to €8,063 thousand (2022: €6,802 thousand) and thus outperformed the previous year.

This resulted in a net loss for fiscal 2023 of €(7,103) thousand (2022: net income of €272,356 thousand).

Taking all the facts and circumstances into account, the Management Board of Stabilus SE still considered the economic situation (financial position and financial performance) of Stabilus SE to be solid after the opening weeks of fiscal 2024.

Results of operations of the Stabilus Group

ANALYSIS OF REVENUE DEVELOPMENT

The following table shows the revenue development of the Stabilus Group for fiscal 2023 compared to fiscal 2022.

Revenue by region and business unit

T_005

IN € MILLIONS	Fiscal year ended September 30, 2023	2022	% change	% acquisition effect	% currency effect	% organic growth
EMEA						
Automotive Gas Spring	120.2	115.2	4.3%	1.1%	0.0%	3.2%
Automotive Powerise®	113.1	95.8	18.1%	0.0%	0.1%	18.0%
Industrial	263.3	258.4	1.9%	0.3%	(1.5)%	3.1%
Total EMEA[1)]	**496.6**	**469.4**	**5.8%**	**0.4%**	**(0.8)%**	**6.2%**
Americas						
Automotive Gas Spring	119.4	106.5	12.1%	0.0%	6.8%	5.3%
Automotive Powerise®	171.5	146.8	16.8%	0.0%	13.7%	3.1%
Industrial	159.6	134.1	19.0%	0.0%	1.2%	17.8%
Total Americas[1)]	**450.5**	**387.5**	**16.3%**	**0.0%**	**7.5%**	**8.8%**
APAC						
Automotive Gas Spring	101.8	104.2	(2.3)%	0.2%	(5.9)%	3.4%
Automotive Powerise®	144.7	132.0	9.6%	0.0%	(6.2)%	15.8%
Industrial	21.7	23.2	(6.5)%	0.3%	(5.8)%	(1.0)%
Total APAC[1)]	**268.2**	**259.4**	**3.4%**	**0.1%**	**(6.0)%**	**9.3%**
Stabilus Group						
Total Automotive Gas Spring	341.4	326.0	4.7%	0.5%	0.4%	3.9%
Total Automotive Powerise®	429.3	374.6	14.6%	0.0%	3.2%	11.4%
Total Industrial	444.6	415.8	6.9%	0.2%	(0.9)%	7.6%
Revenue[1)]	**1,215.3**	**1,116.3**	**8.9%**	**0.2%**	**0.8%**	**7.9%**

[1)] Revenue breakdown by location of Stabilus company (i.e. "billed-from view").

The revenue of the Stabilus Group climbed by +€99.0 million or +8.9% as against fiscal 2022 to €1,215.3 million in fiscal 2023 (2022: €1,116.3 million). Adjusting for the exchange rate effect of +€9.4 million and the acquisition effect of +€2.3 million, the Stabilus Group achieved organic revenue growth of +€87.3 million or +7.9% in fiscal 2023. The strong increase in revenue is thanks firstly to higher demand for the Stabilus product portfolio and secondly to price increases for our customers in order to partially compensate the high material price increases.

The rise in the revenue of the Stabilus Group in fiscal 2023 was largely thanks to revenue growth in the Americas region. Revenue in the Americas region climbed by +€63.0 million or +16.3% to €450.5 million, buoyed by the currency effects of the relatively strong Mexican peso and US dollar compared with the euro. An organic revenue growth rate of +8.8% was achieved.

Revenue in the APAC region again increased by +€8.8 million or +3.4% to €268.2 million. The region's performance was influenced by the relative strength of the Chinese renminbi. The organic revenue growth rate, adjusted for currency and acquisition effects, was +9.3%.

Revenue in the EMEA region climbed by +€27.2 million or +5.8%. The organic revenue growth rate, adjusted for currency and acquisition effects, was +6.2%. Stabilus was able to further expand its market position despite the challenging market environment in the region, which was largely influenced by geopolitical uncertainties and their repercussions, as well as the consistently high level of inflation.

EARNINGS ANALYSIS

The following table shows the condensed consolidated income statement of the Stabilus Group for fiscal 2023 compared to fiscal 2022.

Income statement T_006

IN € MILLIONS	Fiscal year ended September 30, 2023	2022	% change
Revenue	1,215.3	1,116.3	8.9%
Cost of sales	(894.1)	(819.5)	9.1%
Gross profit	**321.2**	**296.8**	**8.2%**
Research and development expenses [1]	(31.1)	(31.8)	(2.2)%
Selling expenses	(104.4)	(87.0)	20.0%
Administrative expenses	(48.4)	(39.6)	22.2%
Other income	5.8	4.8	20.8%
Other expenses	(6.7)	(1.1)	> 100.0%
Net result from equity-accounted investments	0.8	0.1	> 100.0%
Profit from operating activities (EBIT)	**137.1**	**142.2**	**(3.6)%**
Finance income	6.9	15.2	(54.6)%
Finance costs	(24.7)	(14.2)	73.9%
Profit / (loss) before income tax	**119.3**	**143.3**	**(16.7)%**
Income tax income / (expense)	(16.0)	(38.9)	(58.9)%
Profit / (loss) for the period	**103.3**	**104.3**	**(1.0)%**

[1] See description of change in reporting.

Cost of sales

The cost of sales increased by +9.1% from €(819.5) million in fiscal 2022 to €(894.1) million in fiscal 2023. In particular, this development is due to the growth in business volumes compared with the previous year. The cost of sales was also affected by inflation in the price of materials (e.g. for steel, plastics and resin), which remained high compared with the same period of the previous year. In addition to these effects, the cost base and the margin were also impacted by the substantial rise in staff costs due to inflation, as well as high energy costs compared with the same period of the previous year. Although conditions on the procurement markets for individual raw materials and components are continuing to ease slightly as the fiscal year progresses, the procurement of materials remains a challenge. Reflecting the key role played by revenue in capitalized development costs, amortization on these projects is being reported under the cost of sales from fiscal 2023 onwards, and no longer under research and development expenses. The prior-year figures have been changed accordingly to aid comparison. Own work capitalized is now amortized over its respective useful life, reducing the cost of sales. The effect amounted to €13.4 million in fiscal 2023 after €14.4 million in the same period of the previous year. As a percentage of revenue, the cost of sales increased slightly by +0.2% from 73.4% in fiscal 2022 to 73.6% in fiscal 2023. The efficiency enhancements initiated in production are having the desired impact and partially compensated for the rise in materials prices. The gross profit margin nonetheless declined slightly from 26.6% in fiscal 2022 to 26.4% in fiscal 2023.

Research and development expenses

R&D expenses (less capitalized development costs) fell by (2.2)% from €(31.8) million in fiscal 2022 to €(31.1) million in fiscal 2023. The Stabilus Group is continuing to invest in research and development so that it can keep on offering new products and product applications moving ahead. This is particularly true for the ongoing development of the Powerise® product range and the cultivatin of new innovation potential and forward-facing business areas such as radar technology and smart door opening technology. This is also reflected by the higher headcount in research and development. The capitalization of development costs (less customer payments) rose from +€16.1 million in fiscal 2022 to +€22.9 million in fiscal 2023. The prior-year figures have been restated on account of the change in the presentation of own work capitalized, which was previously reported under research and development expenses. Own work capitalized is now amortized over its respective useful life, reducing the cost of sales. The effect amounted to €13.4 million in fiscal 2023 after €14.4 million in the same period of the previous year. As a percentage of revenue, R&D expenses decreased slightly by (0.2) percentage points from 2.8% in fiscal 2022 to 2.6% in fiscal 2023.

Selling expenses

Selling expenses rose by +20.0% as against fiscal 2022, from €(87.0) million to €(104.4) million in fiscal 2023. The increase as against the same period of the previous year was mainly due to the steep increase in business volumes and higher freight costs. The costs incurred in connection with the establishment of a warehouse for the independent aftermarket in the US have been reported as selling expenses in fiscal 2023. Furthermore, selling expenses have been affected by the higher headcount and rising expenses for travel and trade fairs, which had been at a low level in the previous year owing to the COVID-19 pandemic. As a percentage of revenue, selling expenses rose by +0.8 percentage points from 7.8% in fiscal 2022 to 8.6% in fiscal 2023.

General administrative expenses

General administrative expenses rose by +22.2% as against fiscal 2022, from €(39.6) million to €(48.4) million in fiscal 2023. The main increase compared to the same period of the previous year is due to consulting costs of €3.9 million in connection with the acquisition of the DESTACO Group announced in October 2023. Furthermore, the increase was caused by the growth in headcount and higher salaries due to inflation. The Group is also continuing to digitalize and harmonize its IT landscape and is investing in cloud-based ERP solutions. As a percentage of revenue, general administrative expenses rose by +0.5 percentage points from 3.5% in fiscal 2022 to 4.0% in fiscal 2023.

Other income and expense

Other income increased by +€1.0 million from +€4.8 million in fiscal 2022 to +€5.8 million in fiscal 2023. This essentially relates to a government subsidy program of +€1.3 million in China in fiscal 2023. Furthermore, allowances for bad debts of €1.0 million were reversed to profit or loss as the reasons for impairment no longer applied, for instance on account of payments received. In the same period of the previous year, other income was influenced by net gains on foreign currency translation gains from operating activities of +€0.4 million.

Other expenses increased by €(5.6) million from €(1.1) million in fiscal 2022 to €(6.7) million in fiscal 2023. The increase is essentially due to currency translation losses from operating business of €(3.9) million, which were mainly incurred in the Americas and are as a result of the USD / MXN exchange rate. Furthermore, the provision for bioremediation (EPA Colmar) was remeasured and €(2.6) million was added in profit or loss.

Finance income and costs

Finance income decreased by €(8.3) million from +€15.2 million in fiscal 2022 to +€6.9 million in fiscal 2023. Finance income includes interest refunds on income tax receivables (restructuring clause) amounting to +€3.4 million. Furthermore, the Group generated interest income of +€3.3 million from financial investments. The main effect in the previous year derived from net foreign exchange gains of +€12.9 million as a result of the translation of cash and cash equivalents denominated in foreign currency and from other financial liabilities (lease liabilities).

Finance costs increased by €(10.5) million from €(14.2) million in fiscal 2022 to €(24.7) million in fiscal 2023. The increase essentially relates to net foreign exchange losses of €(11.8) million as a result of the translation of cash and cash equivalents denominated in foreign currency (€(12.1) million) and from other financial liabilities (lease liabilities: +€0.3 million).

Finance costs further contain ongoing interest expenses. The interest expense for financial liabilities of €(12.8) million in fiscal 2023 (PY: €(14.2) million) relates in particular to the term loan facility, €(10.8) million (PY: €(5.1) million) of which relates to interest paid. Interest on provisions for pensions and early retirement contracts amounted to €(1.5) million. In addition, an amount of €(8.4) million was recognized in the previous year for the amortization of the adjustment of the carrying amount using the effective interest method and the derecognition of unamortized transaction costs for a previous financing transaction. No comparable amount was incurred in fiscal 2023.

Income tax income / (expense)

Following an income tax expense of €(38.9) million in fiscal 2022, the Stabilus Group reported an expense of €(16.0) million in fiscal 2023. This significant change is mainly due to the amended tax assessments for the years 2010 to 2014 following the conclusion of the appeal proceedings in connection with the application of the restructuring clause (see comments on "Restructuring clause"). The effect of the restructuring clause in the second quarter of fiscal 2023 amounted to +€19.9 million. The effective tax rate of the Stabilus Group is 13.4% in fiscal 2023 (2022: 27.2%).

REVENUE AND EARNINGS DEVELOPMENT BY SEGMENT

The Stabilus Group is organized and managed primarily on a regional level. The three reportable operating segments of the Group are EMEA (Europe, Middle East and Africa), the Americas (North and South America) and APAC (Asia-Pacific). The following table shows the development of the revenue and adjusted EBIT of the operating segments of the Stabilus Group for fiscal 2023 and fiscal 2022:

Operating segments T_007

IN € MILLIONS	Fiscal year ended September 30, 2023	2022	% change
EMEA			
External revenue [1]	496.6	469.4	5.8%
Intersegment revenue [1]	38.4	34.2	12.3%
Total revenue [1]	535.0	503.6	6.2%
Adjusted EBIT	60.5	54.7	10.6%
as % of total revenue	11.3%	10.9%	
as % of external revenue	12.2%	11.7%	
Americas			
External revenue [1]	450.5	387.5	16.3%
Intersegment revenue [1]	30.9	31.8	(2.8)%
Total revenue [1]	481.3	419.3	14.8%
Adjusted EBIT	48.6	51.8	(6.2)%
as % of total revenue	10.1%	12.4%	
as % of external revenue	10.8%	13.4%	
APAC			
External revenue [1]	268.2	259.4	3.4%
Intersegment revenue [1]	1.8	0.3	> 100.0%
Total revenue [1]	270.0	259.7	4.0%
Adjusted EBIT	49.4	49.7	(0.6)%
as % of total revenue	18.3%	19.1%	
as % of external revenue	18.4%	19.2%	

[1] Revenue breakdown by location of Stabilus company (i.e. "billed-from view").

EMEA

The external revenue of the EMEA region rose by +€27.2 million or +5.8% as against fiscal 2022, from €469.4 million to €496.6 million in fiscal 2023. Adjusted for exchange rate effects of €(3.8) million and acquisition effects of +€2.0 million, organic revenue growth amounts to 6.2%. This growth was largely aided by the Automotive Powerise® division, which rose by +€17.3 million or +18.1% from €95.8 million to €113.1 million. Organic revenue growth in the Automotive Powerise® business amounted to +18.0%. Revenue in Automotive Gas Spring also increased by +€5.0 million or +4.3% from €115.2 million to €120.2 million. Organic revenue growth in the Automotive Gas Spring business amounted to +3.2%. According to IHS data (as of October 2023), passenger car production on the EMEA automotive market increased by +10.1% compared to fiscal 2022 to 19.7 million units produced in fiscal 2023. The availability of key electronic components (semiconductors) and production components at the customer level is gradually improving. Stabilus therefore began making its supply chains more resilient early on in order to maintain its high flexibility in production and sales activities. There is also high inflation, especially in Germany, which is taking a toll on the general economic environment and resulting in widespread consumer restraint. Despite these negative factors, Stabilus' automotive business performed very well and reported sound growth rates, especially in Automotive Powerise®, thereby underscoring the Group's good market presence in the region. The market landscape continues to be defined by geopolitical uncertainty. Industrial business also performed positively in fiscal 2023 compared to fiscal 2022, with its revenue rising by +€4.9 million or +1.9% from €258.4 million to €263.3 million. Organic revenue growth in industrial business amounted to +3.1%. Although the economic conditions that influence Stabilus' Industrial division are stabilizing, growth in the European industrial sectors is still somewhat low due to the effects of inflation and geopolitical uncertainty. The commercial vehicles market segment should be highlighted, having achieved high growth in revenue. The industrial machinery & automation market segment performed well with positive growth. By contrast, revenue in the healthcare, medical technology and furniture market segments declined. The trend in revenue in the other market segments is in line with the prior-year levels. The division's performance shows that the Stabilus Group is benefiting from its broad product range and can more easily offset any declines in the individual areas. The adverse effects of higher prices for materials, higher staff costs due to inflation and the geopolitical factors were only partially offset by passing on price increases to our customers. The efficiency improvement measures initiated in production also had the desired impact. Adjusted EBIT in the EMEA region increased by +€5.8 million or +10.6% from €54.7 million in fiscal 2022 to €60.5 million in fiscal 2023. The adjusted EBIT margin rose by +0.5 percentage points from 11.7% in fiscal 2022 to 12.2% in fiscal 2023.

Americas

The external revenue of the Americas region rose by +€63.0 million or +16.3% as against fiscal 2022, from €387.5 million to €450.5 million in fiscal 2023. Adjusting for exchange rate effects of +€28.9 million, due in particular to the relatively strong Mexican peso and the US dollar, organic growth amounts to +8.8%. The main factor driving this growth was our Automotive Powerise® business, which rose by +€24.7 million or +16.8% from €146.8 million to €171.5 million in the Americas operating region in fiscal 2023. Organic revenue growth in the Automotive Powerise® business amounted to +3.1%. In addition to the positive trend in Automotive Powerise® business, Automotive Gas Spring business performed well, expanding by +€12.9 million or +12.1% from €106.5 million to €119.4 million. The organic growth rate in revenue for the Automotive Gas Spring business was +5.3%. According to IHS data (as of October 2023), the US automotive market grew year-on-year, achieving growth rates of +9.6% to 18.5 million units produced, which is reflected in particular in the sales figures for the Automotive Powerise® product range and the Automotive Gas Spring business. The availability of electronic components (semiconductors) also increasingly improved in the Americas region, although a certain level of uncertainty still remains on the market that could hurt global supply chains again as a result of shortages due to the ongoing international trade conflict between the United States and China. The high level of US inflation seen in summer and fall 2022 has eased steadily in recent months. This has had the effect of boosting growth, which is also reflected in consumer behavior in the region. The growth rates in revenue achieved by Stabilus in fiscal 2023 are in line with market expectations overall and illustrate the positive performance of automotive business in the region. Industrial business developed well and revenue grew by +€25.5 million or +19.0% from €134.1 million to €159.6 million. Organic revenue growth in industrial business amounted to +17.8%. Industrial business achieved strong growth in fiscal 2023. The division experienced strong growth thanks to new orders, in particular in energy & construction. Furthermore, double-digit revenue growth rates were achieved in the market segments commercial vehicles, industrial machinery & automation as well as distributors, independent aftermarket and e-commerce. The Americas region was similarly rocked by increases in staff costs due to inflation. However, it was not entirely possible to compensate for this with price increases. Furthermore, the operating result in the Americas region is being negatively affected by currency effects, especially in relation to the Mexican peso and the US dollar. These effects further reduced the adjusted EBIT margin. Adjusted EBIT in the Americas region declined by €(3.2) million or (6.2)% from €51.8 million in fiscal 2022 to €48.6 million in fiscal 2023. The adjusted EBIT margin thus fell by (2.6) percentage points from 13.4% in fiscal 2022 to 10.8% in fiscal 2023.

APAC

The external revenue of the APAC region rose by +€8.8 million or +3.4% from €259.4 million to €268.2 million in fiscal 2023. Adjusted for exchange rate effects of €(15.7) million and acquisition effects of +€0.3 million, organic revenue growth amounts to +9.3%. This strong increase was thanks in particular to Automotive Powerise® business, which contributed revenue growth of +€12.7 million or +9.6% from €132.0 million to €144.7 million. Organic revenue growth amounted to +15.8%. Automotive Gas Spring business contracted minimally by €(2.4) million or (2.3)% from €104.2 million to €101.8 million. However, the organic growth rate in revenue for the Automotive Gas Spring business was +3.4%. Economic development in the APAC region is volatile, especially in China, and this is reflected in the figures for fiscal 2023. Economic development in the first half of fiscal 2023 was impacted by the upturn in COVID-19 infections and the resulting slowdown in economic growth. As a result of the lifting of COVID restrictions in particular, inefficiencies affecting both customers and suppliers emerged throughout the value chain, e.g. as a result of staff shortages, lost production, sudden materials shortages, and supply chain bottlenecks. The decline in the first half of the year was also reflected in vehicle production, with the number of units produced in China falling by (6.5)% year-on-year according to IHS (as of April). However, the Chinese automotive market enjoyed strong growth in the second half of fiscal 2023 on the back of the growing electrification of the automotive industry in the region. According to IHS data (as of October 2023), China's passenger car production in fiscal 2023 increased by +1.8% to 27.1 million units produced compared to fiscal 2022, while the number in the APAC region rose by +5.8% to a total of 49.6 million units produced. This is also reflected in the sales figures for the Automotive Powerise® product range and the Automotive Gas Spring business, which are additionally thanks to nominations for new OEM platforms in recent years. The economy was supported by the Chinese government, which initiated various economic programs to counteract regional lockdowns and help the economy to bounce back. Revenue growth in the region also benefited from customer discounts offered by various OEMs. This volatility nonetheless entails a certain risk in terms of future general economic development. However, the consumer price index in China in particular was unchanged year-on-year. Industrial business revenue was €(1.5) million or (6.5)% lower in fiscal 2023 than in fiscal 2022, dipping from €23.2 million to €21.7 million. Organic revenue growth for industrial business amounts to (1.0)%. The weaker market environment, especially in China, meant that the industrial market saw business cool off slightly in almost all market segments. The decline was offset by the positive development of the energy & construction and industrial machinery & automation market segments. The APAC region was also affected by a rising cost base, while the customer discounts offered by OEMs on the Chinese market had an impact on margins. Adjusted EBIT in the APAC region declined slightly by €(0.3) million or (0.6)% from €49.7 million in fiscal 2022 to €49.4 million in fiscal 2023. The adjusted EBIT margin was down by (0.8) percentage points from 19.2% in fiscal 2022 at 18.4% in fiscal 2023.

RECONCILIATION OF ADJUSTED EBIT

The following table shows the reconciliation to adjusted EBIT for fiscal 2023 and fiscal 2022. Adjusted EBIT is EBIT adjusted for non-recurring items (as in previous years, for example, restructuring expenses or non-recurring strategic consulting expenses) and depreciation / amortization of fair value adjustments from purchase price allocation (PPA). The Stabilus Group reports adjusted EBIT as its management is of the opinion that adjusted EBIT is more meaningful, and therefore contributes to a better understanding of the operating performance of the Stabilus Group on the part of users of the financial statements. Further details of segment reporting (Note 37) can be found in the supplementary financial information.

The effects from PPAs of the past company acquisitions amount to €14.4 million in fiscal 2023 (2022: €14.0 million). This is straight-line depreciation of the remeasurement of assets assigned to the following fiscal years:

In addition to PPA effects, expenses of €4.1 million essentially incurred in connection with the acquisition of the DESTACO Group were adjusted for in fiscal 2023. The change in bioremediation concerns the increase in the provision for the former Stabilus location in Colmar (USA). Furthermore, an amount of €0.2 million from earn-out agreements for prior acquisitions was adjusted for.

Reconciliation of EBIT to adjusted EBIT T_008

IN € MILLIONS	Fiscal year ended September 30, 2023	2022	Change	% change
Profit from operating activities (EBIT)	**137.1**	**142.2**	**(5.1)**	**(3.6)%**
PPA adjustments – depreciation and amortization	14.4	14.0	0.4	2.7%
Consulting	4.1	–	4.1	n/a
Bioremediation (EPA Colmar)	2.6	–	2.6	n/a
Purchase price adjustments	0.2	–	0.2	n/a
Adjusted EBIT	**158.4**	**156.2**	**2.2**	**1.4%**

Reconciliation of PPA adjustments T_009

IN € MILLIONS	Fiscal year ended September 30, 2023	2022	Change	% change
PPA in fiscal 2010	4.7	4.7	0.0	0.0%
PPA in fiscal 2016	8.4	8.5	(0.1)	(1.1)%
PPA in fiscal 2019	0.7	0.8	(0.1)	(12.5)%
PPA in fiscal 2023	0.6	–	0.6	n/a
PPA adjustments	**14.4**	**14.0**	**0.4**	**3.0%**

Financial position of the Stabilus Group

ANALYSIS OF NET ASSETS

Total assets

Total assets of the Stabilus Group rose by +€67.7 million or +5.3% from €1,266.6 million as of September 30, 2022 to €1,334.3 million as of September 30, 2023.

Non-current assets

The non-current assets of the Stabilus Group rose by +€32.4 million or +4.6% from €701.9 million as of September 30, 2022 to €734.3 million as of September 30, 2023. The increase mainly relates to the business combination with the Cultraro Group. Purchase price allocation resulted in goodwill of €26.5 million. Other intangible assets of €23.5 million were recognized as well. Non-current assets were significantly influenced by carrying amount adjustments due to exchange rate effects (e.g. a decrease in goodwill of €(6.7) million). In addition, non-current assets were affected by amortization on other intangible assets of €(32.1) million, partly as a result of purchase price allocation in previous fiscal years, as well as depreciation of property, plant and equipment in the amount of €(38.9) million. This was countered by capital expenditure of +€58.0 million, of which +€9.6 million related to new leases and +€48.4 million to ongoing capacity expansions for projects. Furthermore, a total of +€22.9 million was capitalized in intangible assets in connection with research and development costs.

Current assets

The current assets of the Stabilus Group increased by +€35.4 million or +6.3%, from €564.7 million as of September 30, 2022, to €600.1 million as of September 30, 2023. This was due to the higher level of cash and cash equivalents as against September 30, 2022, having risen by +€24.7 million to €193.1 million. Furthermore, inventories were increased by +€9.8 million in order to safeguard our global supply chains and to allow for higher demand. Higher purchase prices for raw materials and components also played a part.

Statement of financial position T_010

IN € MILLIONS	Sept 30, 2023	Sept 30, 2022	% change
Assets			
Non-current assets	734.3	701.9	4.6%
Current assets	600.1	564.7	6.3%
Total assets	**1,334.3**	**1,266.6**	**5.3%**
Equity and liabilities			
Equity	712.0	669.7	6.3%
Non-current liabilities	395.4	375.0	5.4%
Current liabilities	226.9	221.9	2.3%
Total liabilities	622.3	596.9	4.3%
Total equity and liabilities	**1,334.3**	**1,266.6**	**5.3%**

Equity

The equity of the Stabilus Group rose by +€42.3 million or +6.3%, from €669.7 million as of September 30, 2022 to €712.0 million as of September 30, 2023. This increase is essentially due to the profit of +€103.3 million for fiscal 2023, partially compensated by the dividend payment to the shareholders of Stabilus SE of €(43.23) million for fiscal 2022 in the second quarter of fiscal 2023 and the distribution of a dividend to non-controlling shareholders of €(0.3) million. Furthermore, a put option of €21.4 million was recognized for the acquisition of the Cultraro Group. This was reported under other financial commitments on first-time consolidation and thus offset against equity. Other reserves (accumulated other comprehensive income) declined by €(19.0) million, from +€14.6 million to €(4.4) million, as a result of unrealized losses from foreign currency translation of €(18.5) million and unrealized actuarial losses from pensions (after tax) of €(0.6) million. There was also a positive effect of +€0.1 million due to the remeasurement in equity of derivatives acquired for hedging purposes.

Non-current liabilities

The non-current liabilities of the Stabilus Group rose by +€20.4 million or +5.4% from €375.0 million as of September 30, 2022 to €395.4 million as of September 30, 2023. The increase relates to the recognition of a put option in the amount of €21.4 million and the pro rata reclassification of the provision for warranties and personnel expenses from current to non-current in the amount of +€11.5 million, in order to better reflect the maturity profile of these liability items. Pension obligations increased slightly by +€0.5 million due to changes in actuarial assumptions. Deferred tax liabilities were reduced by €(11.3) million by the application of the restructuring clause. Moreover, deferred tax liabilities were affected by straight-line amortization on purchase price allocation recognized in previous fiscal years. Furthermore, a deferred tax liability of +€7.3 million was recognized for the first time in connection with the business combination with the Cultraro Group. Other financial liabilities decreased by €(4.0) million, essentially as a result of the repayment of a bank loan at General Aerospace GmbH.

Current liabilities

The current liabilities of the Stabilus Group rose by +€5.0 million or +2.3% from €221.9 million as of September 30, 2022 to €226.9 million as of September 30, 2023. Current liabilities were influenced by multiple transactions. Trade payables increased by +€4.0 million in conjunction with the growth in business activities. This is also true of income tax liabilities, which rose by +€5.8 million. Financial liabilities increased by +€5.2 million, resulting from outstanding purchase price payments for the Cultraro acquisition of +€4.2 million and an earn-out liability of +€1.2 million. Furthermore, other liabilities rose by +€6.7 million, essentially as a result of liabilities to employees and payments received. The increase was partially compensated by the pro rata reclassification of the provision for guarantees and staff costs from current to non-current in the amount of €(11.5) million. Additionally, provisions for guarantees and warranties and for revenue risks were reduced as a result of being utilized. However, this was offset by the increase in the provision for bioremediation at the former location in Colmar (USA).

ANALYSIS OF THE FINANCIAL POSITION

Cash flow from operating activities

Cash flow from operating activities changed by +€52.4 million or +41.7% from €125.7 million in fiscal 2022 to €178.1 million in fiscal 2023. This increase is essentially due to the change in working capital. In addition, an amount of €12.1 million (income taxes of €8.7 million and interest refunds of €3.4 million) was recognized in cash in connection with the restructuring clause (see comments on “Restructuring clause”). This results in a lower payment for income taxes as against the same period of the previous year.

Cash flow from investing activities

Cash flow from investing activities changed by €(13.9) million or +20.6% from €(67.5) million in fiscal 2022 to €(81.4) million in fiscal 2023, in particular as a result of investments in property, plant and equipment and intangible assets. Purchases of intangible assets rose by +€7.4 million and capital expenditure for property, plant and equipment increased by +€21.3 million as against the previous year. This was compensated by the lower payments for acquisitions.

Cash flow from financing activities

Cash flow from financing activities changed by +€25.2 million from €(91.6) million in fiscal 2022 to €(66.4) million in fiscal 2023. This was mainly attributable to the net repayment of the senior facility of €(97.6) million in the same period of the previous year, which was partially offset by the promissory note loan taken out in 2022 in the amount of +€55.0 million. Furthermore, dividend payments also increased by +€12.4 million in fiscal 2023 compared with fiscal 2022. Interest payments for financial liabilities increased by +€5.7 million as a result of higher market interest rates (Euribor).

Cash flows T_011

	Fiscal year ended September 30,		
IN € MILLIONS	2023	2022	% change
Cash flow from operating activities	178.1	125.7	41.7%
Cash flow from investing activities	(81.4)	(67.5)	20.6%
Cash flow from financing activities	(66.4)	(91.6)	(27.5)%
Net increase / (decrease) in cash	**30.2**	**(33.4)**	**> (100.0%)**
Effect of movements in exchange rates on cash held	(5.5)	8.6	> (100.0%)
Cash and cash equivalents as of beginning of the period	168.4	193.2	(12.8)%
Cash and cash equivalents as of end of the period	**193.1**	**168.4**	**14.7%**

RECONCILIATION OF FREE CASH FLOW, ADJUSTED FREE CASH FLOW AND NET LEVERAGE RATIO

Free cash flow

Free cash flow is defined as the total of cash flows from operating activities and cash flows from investing activities. Management reports free cash flow as this alternative performance measure aids in assessing the ability of the Stabilus Group to generate cash flows that can be used for further investment or distributions. The free cash flow changed by +€38.5 million from +€58.2 million in fiscal 2022 to +€96.7 million in fiscal 2023. The improvement is thanks to the significantly higher cash flow from operating activities and the cash of €12.1 million recognized in connection with the restructuring clause (see comments on "Restructuring clause"). Free cash flow was also affected by higher investments not related to acquisitions of €28.7 million in fiscal 2023. The payment of €9.1 million essentially relates to the purchase price payment for the Cultraro Group. The investments in Cultraro Automazione Engineering S.r.l. and Synapticon GmbH in the first quarter of fiscal 2022 impacted free cash flow in the previous year in the amount of €23.5 million. The calculation of free cash flow for fiscal 2023 and fiscal 2022 is shown in the adjacent table.

Adjusted free cash flow

Adjusted free cash flow is defined as the total of cash flows from operating activities and cash flows from investing activities before acquisitions, divestments and factors considered in EBIT adjustment (e.g. restructuring costs or non-recurring strategic consulting costs). Management reports adjusted free cash flow as this alternative performance measure aids in assessing the ability of the Stabilus Group to generate cash flows from organic growth (i.e. disregarding acquisitions). Adjusted free cash flow changed by +€25.6 million, from +€81.7 million in fiscal 2022 to +€107.3 million in fiscal 2023, largely as a result of the significant change in working capital from operating activities and lower income tax payments due to the cash recognized in connection with the restructuring clause (see comments on "Restructuring clause"). Higher investments not related to acquisitions had an offsetting effect on investing activities. The adjustment of €9.1 million in fiscal 2023 relates to the purchase price payment for the Cultraro Group and the final purchase price payment to Piston for the share purchase (53%) in fiscal 2019. The prior year adjustment relates to investments of €23.5 million in Cultraro Automazione Engineering S.r.l. and Synapticon GmbH. The calculation of adjusted cash flow for fiscal 2023 and fiscal 2022 is shown in the table below.

Free cash flow T_012

IN € MILLIONS	Fiscal year ended September 30, 2023	2022	% change
Cash flow from operating activities	178.1	125.7	41.7%
Cash flow from investing activities	(81.4)	(67.5)	20.6%
Free cash flow	**96.7**	**58.2**	**66.2%**

Adjusted free cash flow T_013

IN € MILLIONS	Fiscal year ended September 30, 2023	2022	% change
Cash flow from operating activities	178.1	125.7	41.7%
Cash flow from investing activities	(81.4)	(67.5)	20.6%
Free cash flow	**96.7**	**58.2**	**66.2%**
Payment for equity-accounted and other investments	–	23.5	n/a
Acquisition of assets and liabilities within the business combination, net of cash acquired	9.1	–	n/a
Consulting	0.8	–	n/a
Bioremediation	0.2	–	n/a
Purchase price adjustments	0.5	–	n/a
Adjusted FCF	**107.3**	**81.7**	**31.4%**

Net leverage ratio T_014

IN € MILLIONS	Fiscal year ended September 30, 2023	2022	% change
Financial debt	258.0	256.8	0.5%
Cash and cash equivalents	(193.1)	(168.4)	15.0%
Net financial debt	64.9	88.4	(27.1)%
Adjusted EBITDA	215.3	211.2	1.8%
Net leverage ratio	**0.3x**	**0.4x**	

Financial debt T_015

IN € MILLIONS	Fiscal year ended September 30, 2023	2022	% change
Financial liabilities (non-current)	251.1	255.1	(1.6)%
Financial liabilities (current)	6.9	1.7	> 100.0%
Financial debt	**258.0**	**256.8**	**0.4%**

Adjusted EBITDA T_016

IN € MILLIONS	Fiscal year ended September 30, 2023	2022	Change	% change
Profit from operating activities (EBIT)	**137.1**	**142.2**	**(5.1)**	**(3.6)%**
Depreciation	39.1	38.7	0.4	1.0%
Amortization	17.7	16.3	1.4	8.6%
PPA adjustments – depreciation and amortization	14.4	14.0	0.4	2.9%
EBITDA	**208.3**	**211.2**	**(2.9)**	**(1.4)%**
Consulting	4.1	–	2.9	n/a
Bioremediation (EPA Colmar)	2.6	–	2.6	n/a
Purchase price allocation (PPA) adjustments – Increase in inventories	0.2	–	0.2	n/a
Purchase price adjustment	0.2	–	0.2	n/a
Adjusted EBITDA	**215.3**	**211.2**	**4.1**	**1.9%**

Net leverage ratio

The net leverage ratio is defined as net financial debt divided by adjusted EBITDA. Net financial debt is the nominal amount of financial liabilities, i.e. current and non-current financial liabilities less cash and cash equivalents. Adjusted EBITDA is defined as adjusted EBIT before depreciation/amortization and before extraordinary non-recurring items (e.g. restructuring expenses or non-recurring consulting expenses). Management reports the net leverage ratio as this alternative performance measure is a useful indicator for assessing the debt and financing structure of the Stabilus Group. The net leverage ratio declined from 0.4x in fiscal 2022 to 0.3x in fiscal 2023, mainly as a result of the reduction of net financial liabilities. The calculation of the net leverage ratio for fiscal 2023 and fiscal 2022 is shown in the adjacent table.

PRINCIPLES AND OBJECTIVES OF FINANCIAL MANAGEMENT

At the Stabilus Group, financial management mainly means liquidity management, capital structure management and the management of interest and currencies. The objective of financial management at the Stabilus Group is to preserve financial independence by ensuring sufficient liquidity. This is intended to keep the Stabilus Group's financial capacity at a high level at all times. Risks should be largely avoided, while the risks of operating activities should be effectively protected against. For instance, the Stabilus Group does not trade in futures for speculative purposes and has entered into a derivate financial instrument at this time to hedge the interest on a promissory note loan. Another key area of financial management is to monitor compliance with the covenants of corporate financing. Financing and liquidity risks are presented in the "Report on risks and opportunities".

Financial position and financial performance of Stabilus SE

As a holding company, Stabilus SE is responsible for the uniform management, economic control and financing of the Stabilus Group. The principal management functions of the Stabilus Group are the responsibility of the Management Board of Stabilus SE. The situation of Stabilus SE is essentially determined by the business success of the Stabilus Group. The following disclosures relate to the annual financial statements of Stabilus SE prepared in accordance with the Handelsgesetzbuch (HGB – German Commercial Code) and the Aktiengesetz (AktG – German Stock Corporation Act).

KEY FINANCIAL PERFORMANCE INDICATOR

The planning and management of the Stabilus Group is mainly based on the annual result. The following financial key performance indicator is considered to be the most important control variable for the economic goals

– Annual result

The key financial performance indicator is analyzed, planned, and monitored with regards to the achievement and its impact on forecasts.

Income statement of Stabilus SE (condensed) T_017

IN € THOUSANDS	Fiscal year ended September 30, 2023	2022	% change
Other operating income	8,063	6,802	18.5%
Personnel expenses	(4,140)	(1,033)	> 100.0%
Depreciation and amortization	(25)	(3)	> 100.0%
Other operating expenses	(9,956)	(7,402)	34.5%
Net interest income	(786)	(5)	> 100.0%
Income from equity investments	–	274,150	n/a
Income taxes	(258)	(153)	68.7%
Result after taxes	**(7,103)**	**272,356**	**> (100.0%)**
Net loss/net income for the year	(7,103)	272,356	> (100.0%)

ANALYSIS OF THE RESULTS OF OPERATIONS

The following table shows the condensed income statement of Stabilus SE for fiscal 2023 compared to fiscal 2022.

In performing the duties of a holding company for the Stabilus Group, the Stabilus SE incurred other operating income of €8,063 thousand (2022: €6,802 thousand). The increase essentially resulted from higher intragroup cost transfers. For fiscal 2023, the Management Board and the Supervisory Board propose to the Annual General Meeting to distribute a dividend of €1.75 (2022: €1.75) per share and to carry forward the remaining net retained profits of €256,192 thousand (2022: €306,521 thousand) to new account.

Other operating expenses rose to €(9,956) thousand (2022: €(7,402) thousand). This is essentially due to consulting costs incurred for the acquisition of the DESTACO Group announced in October 2023. Personnel expenses increased to €(4,140) thousand (2022: €(1,033) thousand), partly as a result of employees coming to Stabilus SE from elsewhere in the Group. Income from equity investments resulted from the distribution by Stable II GmbH in the previous year; there was no such dividend payment in fiscal 2023.

The net loss for fiscal 2023 amounts to €(7,103) thousand (2022: net income of €272,356 thousand).

ANALYSIS OF FINANCIAL POSITION AND FINANCIAL PERFORMANCE

Balance sheet of Stabilus SE (condensed) T_018

IN € THOUSANDS	Sept 30, 2023	Sept 30, 2022	% change
Assets			
Fixed assets	775,305	775,250	0.0%
Current assets	999	3,293	(69.7)%
Prepaid expenses	137	179	(23.6)%
Total assets	**776,440**	**778,722**	**(0.3%)**
Equity and liabilities			
Equity	725,898	776,226	(6.5)%
Provisions	7,008	1,876	> 100.0%
Liabilities	43,535	620	> 100.0%
Total assets	**776,440**	**778,722**	**(0.3%)**

As of September 30, 2023, the total assets of Stabilus SE declined slightly by (0.3)% as against the prior year (September 30, 2022) to €776,440 thousand (September 30, 2022: €778,722 thousand). Fixed assets essentially comprise shares in affiliated companies, which amount to €775,218 thousand and are unchanged year-on-year.

Current assets declined from €3,293 thousand as of September 30, 2022 to €999 thousand as of September 30, 2023. This was caused by a reduction in cash pool receivables from an affiliated company of €1,238 thousand. Furthermore, Stabilus SE entered into a cash concentration agreement in fiscal 2023 that automatically settles bank accounts at one subsidiary on a daily basis. This serves to bundle the central liquidity of bank balances.

The Company's equity declined from €776,226 thousand as of September 30, 2022 to €725,898 thousand as of September 30, 2023 as a result of the net loss for fiscal 2023 of €(7,103) thousand and the dividend payment of €(43,225) thousand (2022: €(30,875) thousand). Other provisions rose from €1,876 thousand as of September 30, 2022 to €7,008 thousand as of September 30, 2023, essentially as a result of provisions for consulting costs in connection with the acquisition of the DESTACO Group and the addition to provisions for personnel. Current liabilities climbed significantly from €620 thousand as of September 30, 2022 to €43,535 thousand as of September 30, 2023 as a result of cash pooling liabilities to subsidiaries.

PRINCIPLES AND OBJECTIVES OF FINANCIAL MANAGEMENT

The same principles for financial management apply at Stabilus SE as at the Stabilus Group.

OUTLOOK OF STABILUS SE

The financial position and financial performance of Stabilus SE depend to a large extent on economic developments and the success of its operating subsidiaries, in whose development it participates through distributions. The management of Stabilus SE expects clearly positive net income for fiscal 2024 after the net loss in fiscal 2023. We anticipate intragroup distributions and the formation of a profit transfer agreement with Stabilus Motion Controls GmbH, which should have a positive effect.

RISKS AND OPPORTUNITIES

As a strategic management holding company, Stabilus SE is essentially dependent on the development of its global subsidiaries and is therefore essentially exposed to the same risks and opportunities as the Stabilus Group. Risks and opportunities are presented accordingly in the Group's report on risks and opportunities.

REPORT ON RISKS AND OPPORTUNITIES

Risk and opportunity management system

As a leading provider of gas springs, dampers and vibration isolation products for automotive and industrial customers and as an international enterprise, the Stabilus Group is exposed to a number of risks and opportunities that arise from its entrepreneurial activities and the market environment. On the basis of systematic risk management, the goal of the management of the Stabilus Group is to identify risks and opportunities as early as possible, to assess them appropriately and to mitigate or avoid risks by implementing suitable procedures or to leverage opportunities. At the Stabilus Group, risk management is a component of the Group-wide corporate governance structure.

Risk strategy

The Stabilus Group takes calculated business risks with caution in order to implement its corporate strategy and to achieve the associated opportunities. Business success typically requires opportunities to be leveraged and the associated risks to be identified, assessed and managed at an early stage. Specific risks that can jeopardize the Company as a going concern must be avoided. This applies to compliance violations as well. Using the Group-wide risk management system that has been implemented, the Stabilus Group manages all identified material risks and takes suitable, appropriate and mitigating measures to reduce the risk or ameliorate the consequences.

The information gathered from the risk and opportunity management system thus contributes to improved decisions by corporate management.

Risk management principles

ORGANIZATION OF RISK MANAGEMENT AND RESPONSIBILITIES

Risk management at the Stabilus Group comprises all activities for a systematic approach to risks. In this context, risks are identified and analyzed early on according to a uniform system and procedures for the optimization of net risks are derived.

The Management Board of Stabilus SE is responsible for an effective risk management system. Risk management is organizationally and systematically embedded in the Corporate Accounting department (risk manager), which allows the risk management system to be holistically designed and integrated into planning, controlling and reporting processes.

This enables the Stabilus Group to detect and actively identify potential risks at an aggregate level early on and enhances the planning security of future developments. The top priority when using risk management instruments is to assess possible deviations in the key performance indicators of revenue and the adjusted EBIT margin.

Responsibility for risks, risk tracking and risk controlling is distributed among the managers of the operating legal entities of the Stabilus Group. The central risk manager (Corporate Accounting) is responsible for the ongoing development and definition of processes as well as the coordination of overall process execution. Corporate Accounting reports quarterly in conjunction with established risk management, coordinates the determination and calculation of risk-bearing capacity and reports this to the Management Board.

A Risk Committee has been established to ensure a targeted flow of information and integrative coordination between the various organizations. This interdisciplinary panel firstly ensures a sustainable risk culture in operating and central business areas and secondly is responsible for ensuring the completeness and risk assessment, reviewing the risk position for interdependencies and reviewing and monitoring the measures initiated. The Risk Committee meets regularly in conjunction with the quarterly review.

It is the duty of the Audit Committee of the Supervisory Board to monitor the activities of the Management Board and the effectiveness of the risk management system. The Management Board reports to the Audit Committee of the Supervisory Board. In addition, the review of compliance with the Group's internal risk management provisions at the Group's companies and functional areas is integrated into regular Internal Audit activities in accordance with section 91(2) of the Aktiengesetz (AktG – German Stock Corporation Act).

PROCESS OF RISK MANAGEMENT IN THE STABILUS GROUP

The risk management process of the Stabilus Group consists of the core elements of risk identification, risk assessment, risk controlling and risk monitoring. The risk management process is fully mapped in an integrated and software solution, which the central risk officers use it to record the identified and reported risks and to assess them based on probabilities of occurrence. The next step is the review and approval of risks by mirroring the risks entered to the local risk managers. Furthermore, the central risk managers control and verify the risks. Risk identification and assessment, controlling and communication are continuously monitored by the central risk officers.

Risk are identified on a bottom-up basis at the Stabilus Group by the respective risk officers and risk managers at business unit and functional level as of the end of each quarter. Risk officers and risk managers are required to regularly examine whether all risks have been recorded. The process of quarterly risk evaluation is initiated by central Group risk management. In conjunction with risk assessment, the identified risks are assessed using systematic processes and quantified in terms of their financial impact (revenue and adjusted EBIT margin) as well as their probability of occurrence, i.e. their gross and net impact on planned targets.

In conjunction with risk controlling, suitable risk-mitigating countermeasures are devised and initiated while their implementation is tracked. In particular, this includes the strategies for avoiding, reducing or hedging risks. This includes developing and creating procedures that reduce the financial impact / probability of occurrence of the respective risks.

The Group-wide recording and assessment of risks, as well as reporting to the Management Board by functional area and individual companies, are quarterly processes. The Audit Committee of the Supervisory Board is also informed of the risk situation of the Stabilus Group on a quarterly basis. Furthermore, risks that could potentially have a material impact on the results of units of the Group are reported to the Management Board, and to the Supervisory Board if necessary, without delay.

To be able to analyze the overall risk situation of the Stabilus Group and to take suitable countermeasures, all individual risks of the local business units, functional areas and Group-wide risks are aggregated into a risk portfolio. Risk management essentially covers the companies included in the consolidated financial statements, with the particular exception of the existing sales offices, which are exposed to no or only immaterial risks. This allows the structured aggregation of individual risks to the risk groups. In addition to individual risk management, this structured aggregation also facilitates the identification and controlling of trends in order to thereby influence and reduce the risk factors for certain risk types. In this context, the overall risk position thus calculated is examined in relation to Stabilus' risk-bearing capacity for the period under review for developments that could pose a threat to going concern and monitored by the Management Board continuously.

For the internal management of extreme risks (i.e. natural disasters, nuclear power plant, political instability), the Stabilus Group assesses all locations on the basis of qualitative dimensions (probability of occurrence and impact class). In fiscal 2023, there were no material effects of such extreme risks that would be expected to have severe adverse consequences.

The Stabilus Group's internal capital adequacy is linked firstly to the Group's financial covenants (net leverage ratio) and thereby liquidity monitoring. The liquidity bottleneck is determined by the maximum loss that does not result in this covenant being breached. The net leverage ratio is defined as net financial debt divided by adjusted EBITDA for the last twelve months (LTM). Secondly, internal capital adequacy is used as a benchmark in the form of the "equity" indicator (Stabilus' equity including non-controlling interests). The risks are therefore presented once according to their financial impact, based on the expected value, and measured against the liquidity bottleneck. This is supplemented by a comparison of the total impact of all (cash and non-cash risks) to equity. A holistic risk analysis is ensured with this two-pillar principle.

RISK PROFILE OF THE STABILUS GROUP

Our Group-wide risk and opportunity management system tracks strategic, operational, legal, financial and sustainability risks and opportunities. The Stabilus Group assesses the identified risks (net, i.e. taking any risk mitigating countermeasures into account) in terms of their probability of occurrence and their impact on the financial position and financial performance as per the overviews below.

In addition to the Group's own experience and external opinions, comparative data from other market participants are also included in these assessments.

Probabilities of occurrence T_019

Very likely	> 50% to 100%
Likely	> 20% to 50%
Possible	> 5% to 20%
Unlikely	> 0% to 5%

The severity of the identified risks and their extent of damage can extend from "low" to "high" according to the scale below. Qualitative and quantitative classification is based on the methods described below, which have been applied consistently throughout the Group. This approach also enables better comparability of risk developments over multiple years, in particular if the financial position and financial performance should change more significantly. Risks that are more difficult to classify, such as reputation risks, can be tracked and controlled more consistently as well. The period of impact assessment is at least the forecast period indicated in the report on expected developments (the fiscal year: October 1, 2023 to September 30, 2024). The Stabilus Group combines the two assessments – probability of occurrence and severity as well as extent of damage – in the form of risk priority indicators in the risk matrix below. This way, the corresponding risk class can be determined for each individual risk. This extends from "low risk" to "medium risk" to "high risk".

The impact classes are assigned to the following ranges based on the corresponding severity / extent of damage in € million (adjusted EBIT):

Impact classes	Earnings effects
High	**> €10 million**
Material	**> €5 million to €10 million**
Moderate	**> €2.5 million to €5.0 million**
Low	**> €0 million to €2.5 million**

Risk matrix T_020

Probability of occurrence				
Very likely (> 50% to 100%)				
Likely (> 20% to 50%)			High risk	
Possible (> 5% to 20%)		Medium risk		
Unlikely (> 0% to 5%)	Low risk			
	Low	Moderate	Material	High
				Impact

The following risk atlas of the Stabilus Group provides an overview of the main potential risks, divided into the areas of operational risks, strategic, legal, financial and sustainability risks, which are continuously monitored by the Stabilus Group:

Risk atlas T_021

STRATEGIC RISKS
Market risks / sector risks
Risks of competitive situations with strategic partners
Risks of social, political, macroeconomic and regulatory developments
Russia-Ukraine war
Insufficient strategy implementation

OPERATING RISKS
COVID-19 pandemic
Energy risks
IT risks (hardware / software / cyber risks)
Customer risks
Supplier risks
Materials risks (procurement risks, ability to deliver)
Staff risks / human resources risks
Price risks
Quality risks
Environmental risks

LEGAL RISKS
Compliance risks

FINANCIAL RISKS
Credit and liquidity risks
Pension commitments
Risks of bad debts and customer insolvencies
Tax risks
Inflation risks
Currency risks
Interest rate risks

SUSTAINABILITY RISKS
Environmental / social / governance

The respective risks identified by the Stabilus Group in conjunction with its risk management system for fiscal 2023 are listed below and – these may differ from the risk atlas in terms of quantity due to relevance and potential monetary damage – monitored on an ongoing basis:

Individual risks [1]

T_022

	Probability of occurrence in €	Severity/extent of damage in %	Risk class	Year-on-year change
Strategic risks				
Market risks/sector risks	Possible	Moderate	Medium	Unchanged
Geopolitical risks	Likely	Low	Medium	New
Russia-Ukraine war (acts of war)	–	Material	High	Unchanged
Operating risks				
Materials risks (procurement risks, ability to deliver)	Likely	Low	Medium	Reduced
Price risks	Likely	Moderate	Medium	Reduced
COVID-19 pandemic	Unlikely	Material	Low	Reduced
Energy risks	Likely	Material	High	Unchanged
IT infrastructure/cyber risks	Possible	Low	Low	New
Bioremediation	Very likely	Moderate	High	Unchanged
Quality risks	Very likely	Low	Medium	Reduced
Staff risks/human resources risks	Possible	Moderate	Medium	Increased
Legal risks				
Compliance risks	Unlikely	Material	Low	New
Financial risks				
Currency risks	Very likely	Material	High	New
Non-usability of loss carryforwards	Likely	Moderate	Medium	New
Pension commitments	Likely	Low	Medium	New
Credit risks/liquidity risks	Unlikely	Moderate	Low	New
Interest rate risks	Likely	Low	Medium	New
Sustainability risks				
Environmental/social/governance	Possible	Moderate	Medium	New

[1] The risk assessment applies equally to all three business segments (EMEA, Americas, APAC).

Internal control system

ACCOUNTING-RELATED INTERNAL CONTROL MANAGEMENT SYSTEM

In accordance with section 315(4) HGB and section 289(4) HGB, Stabilus SE is required to describe the key features of its internal control management system in its management report. The aim of the accounting related internal control management system is to identify and assess risks that could jeopardize the objective of the compliance of the financial statements. This is intended to provide reasonable assurance that the financial reporting is produced in accordance with the statutory provisions and the generally accepted principles of accounting.

The internal control management system for the accounting process comprises principles, processes and procedures to ensure the effectiveness, efficiency and compliance of the Company's accounting, and to ensure adherence to the applicable laws and standards. The material elements of this are clearly defined control mechanisms (in the form of automatic and manual coordination processes), the separation of functions and the existence of/compliance with policies and work instructions. However, it is true for any internal control system (ICS), regardless of its specific design, that only relative – and not absolute – assurance that material misstatements in the accounting will be prevented or identified is possible. Reasons for material misstatements can include, for example, faulty judgment, insufficient controls or criminal conduct. The Management Board of Stabilus SE bears overall responsibility for the accounting-related internal control management system.

The companies of the Stabilus Group prepare their financial statements locally and are thus responsible both for compliance with local regulations and for correctly converting the local single-entity financial statements to the IFRS reporting packages produced according to uniform consolidated accounting policies. The Group's internal IFRS financial reporting guidelines govern the uniform accounting policies for the international and domestic companies included in the consolidated financial statements. By providing clear regulations, the IFRS Accounting Manual of the Stabilus Group is intended to limit employees' discretion in the recognition, measurement and reporting of assets and liabilities, and thereby to minimize the risk of inconsistent accounting practices within the Group. Corporate Accounting uses a schedule and activity plan to centrally coordinate and monitor the process of preparing the consolidated financial statements.

The effects of material changes in accounting processes due to new laws, legal amendments or changes to internal processes are promptly analyzed by Corporate Accounting and, if relevant, integrated into the Accounting Manual. Specific accounting issues or complex matters that either concern particular risks or require special expertise are monitored and processed centrally. External experts are consulted if necessary, in particular in conjunction with the measurement of pension provisions, which are measured on the basis of actuarial assumptions.

All processes material to accounting have been defined uniformly throughout the Group and are mapped in an IT landscape. The financial reporting of the Group companies uses the COGNOS (IBM) reporting system, for which a function-based authorization concept has been set up. The integration of all material financial systems ensures data integrity regarding the single-entity financial statements and the consolidated financial statements. In connection with the Group-wide Accounting Manual, uniform accounting for transactions of the same type is guaranteed by the use of a Group-wide chart of accounts and the centrally updated accounting framework. Above all, this standardization ensures the uniform and compliant recognition of material transactions. This also serves as a basis for a rule-compliant consolidation within the Group.

Specific accounting-related risks can arise, for example, from the performance of unusual or complex transactions. Transactions that are not performed routinely also entail elevated risk. A limited group of people can necessarily exercise judgment in the recognition and measurement of assets and liabilities, which can give rise to accounting-related risks.

Consolidation procedures and necessary coordination work are performed centrally by Corporate Accounting. The subsidiaries report their financial data to Corporate Accounting for consolidation according to the uniform, Group-wide reporting calendar. The financial statement data transferred by the Group companies are reviewed on the basis of automatic controls. The single-entity financial statements provided by the companies included in consolidation are also reviewed centrally in compliance with the reports produced by the auditors. The complete and compliant elimination of intercompany transactions is ensured by the automatic deduction / formalized retrieval of information relevant to consolidation. The effectiveness of the internal control system is regularly reviewed by Internal Audit.

The effectiveness of the controls within the ICS is reviewed on an ongoing basis and they are revised if material vulnerabilities are identified. The accounting-related internal control system and the early warning system in accordance with section 91(2) AktG are also inspected by the external auditor in conjunction with the audit of the financial statements. The auditor is required to inform the Supervisory Board of accounting-related risks or control vulnerabilities as well as any other material vulnerabilities in the accounting-related internal control system and the early warning system in accordance with section 91(2) AktG that may be identified in conjunction with the audit of the financial statements.

RISK REPORTING IN RELATION TO THE USE OF FINANCIAL INSTRUMENTS

The risks of financial instruments are explained in detail in Note 34 of the notes to the IFRS consolidated financial statements of the Stabilus Group.

Opportunities of future business performance

OPPORTUNITIES IN CONNECTION WITH THE STABILUS GROUP'S OPERATING ACTIVITIES

Demand for Stabilus Group products is closely linked to the development of global economic performance. If market conditions develop better than expected as a result of economic improvements, the Stabilus Group assumes a stronger trend in demand for its product portfolio. This would lead to an increase in the Group's revenue and possibly also to a related positive development of the operating profits due to additional fixed cost recovery potential and higher utilization of production capacity.

As a result of the constantly rising demand for convenience as well as factors such as the skills shortage and decisions made by some companies to reshore sites to Europe and the United States, sector-specific megatrends are emerging for the establishment and expansion of production capacity that are reflected in rising demand for automation processes. The ongoing development of the product range of system solutions and software expertise is a central pillar of the Stabilus Group's corporate strategy. Together with the actuator expertise from the Group's many years of success in the automotive sector, demand for high-quality electromechanical drives in other sectors also entails a major opportunity to tap new markets.

In addition to entering new markets, opportunities for more rapid growth can arise from selective acquisitions. Acquisitions performed in the past, including in particular HAHN-Gasfedern GmbH, the ACE Group, and the Cultraro Group, have accelerated growth both quickly and sustainably.

Risks of future business performance of the Stabilus Group

Strategic risks

MARKET RISKS / SECTOR RISKS

The Stabilus Group is exposed to risks associated with the development of the global economy in countries in which the Stabilus Group operates. Given its global presence, the Stabilus Group is exposed to considerable risks associated with the development of the global economy. In general, demand for products of the Stabilus Group is dependent on demand for automotive products as well as for commercial vehicles, agricultural machinery, medical equipment, renewable energy (in particular solar and wind energy), aerospace and furniture components, which in turn is directly related to the strength of the global economy. Therefore, the earnings power and financial performance of the Stabilus Group has been influenced, and will continue to be influenced, to a significant extent by the general state and the performance of the global economy.

Although the global economy has recovered considerably from the severe downturn in 2008 and 2009, the volatility of the financial markets and also the slower than expected economic growth in Asia show that there can be no assurance that any recovery is sustainable or that there will be no recurrence of the global financial and economic crisis or similar adverse market conditions. Management can give no assurance that:

- the Stabilus Group will be successful in developing new products or systems or in bringing them to market in a timely manner, or at all;
- products or technologies developed by others will not render the Stabilus Group's offerings obsolete or non-competitive;
- customers of the Stabilus Group's will not substitute Stabilus products for competing products or alternate technologies;
- the market will accept the Stabilus Group's innovations;
- the competitors of the Stabilus Group will not be able to produce non-patented Stabilus products at lower costs; or
- the Stabilus Group will be able to fully adjust its cost structure in the event of a contraction of demand.

The Stabilus Group develops appropriate strategies as a response to these or similar risks and market trends and to enhance existing products, develop new products or keep pace with developing technologies, to counter the loss of growth opportunities, pressure on margins or the loss of existing customers. In addition, technological advances and wider market acceptance of the Stabilus Group's Powerise® automatic drive systems (or the development and wider market acceptance of similar automatic lid drive systems by the Stabilus Group's competitors) could result in the cannibalization of the gas spring applications marketed by the Stabilus Group. The business environment in which the Stabilus Group operates is characterized by strong competition, which affects some Stabilus products and markets, and which could reduce the revenue of the Stabilus Group or put continued pressure on sales prices. The markets on which the Stabilus Group operates are competitive and have been characterized by changes in market penetration, increased price competition, the development and launch of new products, product designs and technologies by existing and new competitors. The majority of gas springs and electromechanical lifting and closing systems manufactured globally are used for either automotive, industrial or commercial furniture applications, which are core markets for the Stabilus Group. The Stabilus Group primarily competes on the basis of price, quality, delivery punctuality and design as well as the ability to provide engineering support and services on a global basis. If the Stabilus Group fails to secure the quality of Stabilus products and the reliability of supply in the future, current customers of the Stabilus Group could decide to procure products from competitors.

The Stabilus Group's efforts to expand in certain markets are subject to a variety of specific risks. The Stabilus Group manufactures its products in several countries and sells Stabilus products worldwide. The Stabilus Group is actively working on expanding its operations in various markets, with a focus on the rapidly growing and emerging markets in the APAC region, where the Stabilus Group has production facilities (in China and South Korea) as well as a wide network of sales offices and its own distribution network. The Stabilus Group plans to expand its Asian and North American production capacity to meet rising growth expectations and to extend the range of Stabilus products with other regional production facilities. The probability of occurrence is classified as "possible" with a "moderate" extent of damage.

RUSSIA-UKRAINE WAR / GEOPOLITICAL RISKS (ACTS OF WAR)

The geopolitical risks and tension in connection with the Russia-Ukraine war still persist. Given the potential negative impact of the Russia-Ukraine war and its repercussions, inefficiencies and cost increases can arise throughout the value chain. The sanctions imposed on Russia and Belarus as a result of the war had only a minor impact on the Stabilus Group in terms of lost revenue. Nonetheless, other effects cannot be foreseeably ruled out and could affect the future business performance of the Stabilus Group.

Furthermore, potential social, political, legal, and economic instability could pose a significant risk to the Stabilus Group's ability to conduct business and expand its activities on certain markets. The Stabilus Group's international operations entail the inherent risk that the following circumstances could, potentially significantly, affect the Stabilus Group's operations:

- underdeveloped infrastructure;
- currency exchange controls, exchange rate fluctuations or devaluations;
- changes in local economic conditions;
- governmental restrictions on foreign investment, transfer or repatriation of funds;
- protectionist trade measures, such as anti-dumping measures, tariffs or embargoes;
- prohibitions or restrictions on acquisitions or joint ventures;
- changes in laws or regulations and unpredictable or unlawful government actions;
- the difficulty of enforcing agreements and collecting receivables through foreign legal systems;
- variations in protection of intellectual property and other legal rights;
- potential nationalization of enterprises or other expropriations; as well as
- political or social unrest or acts of sabotage or terrorism.

The financial risks of this have been classified as having a "material" extent of damage. Regarding the geopolitical risks, the extent of damage has been classified as "low" with a probability of occurrence of "likely".

Operating risks

MATERIALS RISKS (PROCUREMENT RISKS, ABILITY TO DELIVER)

The Stabilus Group is exposed to fluctuations in prices of materials and components. The Stabilus Group procures large quantities of materials and components from third-party suppliers. The prices for these materials, components and production services that the Stabilus Group purchases from suppliers are dependent on a number of factors. These include the development of prices of raw materials used in Stabilus products, such as steel, copper, rubber, water and energy, which have already been volatile in the past. The current development of the raw material and procurement markets led to price increases, some of them considerable, compared to the previous year. It cannot be ruled out that the prevalent volatility on the raw materials and supplier markets could result in future cost increases. The Stabilus Group therefore began making its supply chains more resilient early on in order to guarantee its high flexibility in production and sales activities. To counteract the price increases, the Stabilus Group has entered into price negotiations with its customers. If the Stabilus Group is unable to compensate for potential cost increases or pass them on to customers, such price increases could have a material adverse impact on the operating results of the Stabilus Group. Even to the extent that the Stabilus Group is successful in compensating for or passing on its increased costs to customers by increasing prices on new products, the positive effects of such price increases may not occur in the periods in which the additional expenses have been incurred, but rather in later periods. If the costs of raw materials and energy continue to rise, and if the Stabilus Group is unable to implement cost-cutting measures elsewhere in its operations or to increase the selling prices of Stabilus products to an adequate level, this could have a material adverse effect on the business, financial position and financial performance of the Stabilus Group. The long-term increase in costs (and the resultant rise in the price of Stabilus products) could also negatively impact demand for products of the Stabilus Group. The probability of occurrence is classified as "likely" with a "low" extent of damage.

PRICE RISKS

The cost structure of the Stabilus Group also includes significant fixed costs. If the facilities of the Stabilus Group were to go underutilized, this could result in idle costs, write-downs of inventories and losses on products due to falling average sales prices. Furthermore, declining production volumes typically lead to declines in revenue and earnings. On the other hand, the facilities of the Stabilus Group might have insufficient capacity in the event of a sudden and unexpected significant increase in customer demand for Stabilus products if the markets on which the Stabilus Group operates grow faster than anticipated.

The Stabilus Group generated approximately 63% of its revenue from automotive business in fiscal 2023 (2022: 63%). In its automotive business, the Stabilus Group primarily sells its products to original equipment manufacturers (OEMs) in the automotive industry. These sales are cyclical and, among other things, are dependent on general economic conditions as well as consumer spending and preferences, which can be affected by a number of factors, including employment, consumer confidence and income, energy costs, interest rates and the availability of consumer financing. Given the variety of such economic parameters influencing global automotive demand, the volume of automotive production has historically been, and will continue to be, characterized by a high level of fluctuation, making it difficult for the Stabilus Group to accurately predict demand levels for products aimed at automotive OEMs.

The Stabilus Group generated approximately 37% (2022: 37%) of its revenue from sales to industrial customers in fiscal 2023. In its industrial business, the Stabilus Group sells its products to customers in various industries, including agricultural machinery, renewable energy (the solar and wind energy sector in particular), railway, aircraft applications, commercial vehicles, marine, mechanical engineering, automation, furniture and healthcare. The revenue generated from industrial business is dependent on the industrial production level in general and, specifically, the development of new products and technologies by customers of the Stabilus Group that include Stabilus products and components. The Stabilus Group manages and diversifies these risks as well by operating in various regions and markets for local and global customers. The probability of occurrence of this risk is classified as "likely" with a "moderate" extent of damage.

COVID-19 PANDEMIC

The global impact of the COVID-19 pandemic and the resulting uncertainty in the market landscape showed how susceptible the world economy is to the handling of pandemics. Even though the economy has recovered, the overall performance of the world economy is characterized by uncertainty and future developments are impossible to predict. The Stabilus Group manages and diversifies these risks by operating in various regions and markets for local and global customers. Management monitors their progress and possible impact at local and global level, and takes appropriate measures to mitigate identified risks. The risk has been assigned a probability of occurrence of "unlikely" with a "material" extent of damage.

ENERGY RISKS

The Stabilus Group was temporarily significantly influenced by the shortage and availability of energy. This had a sharp impact on the cost structure for the fiscal year. Government action in Europe, such as the price caps on gas and electricity, at least minimized these risks. Independently of this, Stabilus has prepared corresponding countermeasures in production that could be implemented at short notice if the risk of a gas shortage were to become significant. In connection with their significant easing, energy risks have been assigned a probability of occurrence of "likely" and an expected severity of "material".

IT INFRASTRUCTURE / CYBER RISKS

The business processes of the Stabilus Group are largely dependent on its IT infrastructure. Failures or malfunctions can be caused by external or internal circumstances and have a significant impact on business performance. Countermeasures to reduce the possible operating risks included various infrastructural procedures such as the modernization of IT devices and cloud migration. Stabilus relies on accepted international standards to reduce information security risks, such as the Trusted Information Security Assessment Exchange (TISAX). Despite all the measures in relation to security risks, an emergency situation is possible on account of the constant changes in technical progress. The probability of occurrence is classified as "possible" with a "low" extent of damage.

BIOREMEDIATION

It cannot be completely ruled out that the Stabilus Group could be held liable for soil, water or groundwater contamination or for risks related to hazardous materials. Many of the sites at which the Stabilus Group operates have been used for industrial purposes for many years, which could lead to risks of contamination and the resulting site restoration obligations. In addition, the Stabilus Group could be held responsible for the remediation of areas adjacent to its sites if these areas were potentially contaminated due to its activities. Groundwater contamination was discovered at a site in Colmar, Pennsylvania, operated by the Stabilus Group from 1979 to 1998. In June 2012, the U.S. Environmental Protection Agency (EPA) issued an administrative order against the U.S. subsidiary of the Stabilus Group in question. The subsidiary, together with the other responsible parties, is requested to reimburse the EPA for past and current expenses and to bear the remediation costs. If additional contamination is discovered in the future, the competent authorities could make further claims against the Stabilus Group in relation to the examination or remediation of such soil or groundwater contamination. The Stabilus Group could also be required to indemnify the owners of plots leased or of other properties, if the authorities were to pursue claims against the relevant owner of the property and if the Stabilus Group caused the contamination. Costs typically incurred in connection with such claims are generally difficult to predict. Furthermore, at some of the sites at which the Stabilus Group operates or at which it has operated in the past, small quantities of hazardous materials were used in the past (such as asbestos-containing building materials used for heat insulation). While management considers it unlikely, it cannot be ruled out that other claims could be made, and the Stabilus Group could therefore be exposed to related claims for damages in the future. Even though the Stabilus Group has contractually excluded or limited its liability in connection with the sale of such properties, the Stabilus Group could be held responsible for currently unknown contamination on properties which it previously owned or used. The legal department of the Stabilus Group monitors these risks continuously and reports to the Management Board and the Supervisory Board of Stabilus SE. The probability of occurrence is classified as "very likely" with a "moderate" extent of damage.

QUALITY RISKS

The future business success of the Stabilus Group is dependent on its ability to maintain the high quality of Stabilus products and processes. For customers, one of the determining factors in purchasing the components and systems of the Stabilus Group is the high quality of its products and manufacturing processes. Any decline in the actual or perceived quality of these products and processes could damage the image of the Stabilus brand and the reputation of the Company and its products. Any errors or delays caused by mistakes or miscalculations in project management could negatively affect customers' own production processes, resulting in reputational damage to the Stabilus Group as a supplier and to the customer concerned as a manufacturer (OEM). Furthermore, defective products could result in loss of sales, loss of customer relationships or a loss of market acceptance.

As a manufacturer, the Stabilus Group is subject to product liability lawsuits and other proceedings alleging violations of due care, safety provisions and claims arising from breaches of contracts (such as delivery delays), recall actions, fines or similar measures imposed (or that may be imposed) by government or regulatory authorities in relation to Stabilus products. Any such lawsuits, proceedings or other claims could result in increased costs for the Stabilus Group.

The aforementioned scenarios could result in a loss of revenue and additional costs, particularly given the fact that many of Stabilus' products are components which often have an impact on the overall safety, durability and performance of the end product. The risks arising from warranties, product liability and other claims are insured upwards of a certain amount. Nevertheless, insurance cover could prove insufficient in an extreme scenario. Any major defect in a Stabilus product could also have an adverse effect on the reputation and market perception of the Stabilus Group, which in turn could have an adverse effect on revenue and operating earnings.

As the products of the Stabilus Group are often developed for specific customers, delays in delivery or quality defects in production can lead to production delays for our customers (such as OEMs). Such OEM customers might then be able to claim damages from the Stabilus Group as a result.

The Stabilus Group can become party to certain disadvantageous contracts under which it is required to sell certain products at a loss or to agree to extensive indemnities. The probability of occurrence is classified as "very likely" with a "low" extent of damage.

STAFF RISKS / HUMAN RESOURCES RISKS

For the Stabilus Group, lasting business success is closely tied to highly qualified and motivated employees. Systematic and sustainable HR development is therefore a central pillar of the Stabilus Group's strategy. The management of the Stabilus Group thus wishes to preserve and promote its employees' commitment to outstanding service quality and high customer satisfaction, while also tailoring human resources to growth plans.

Nevertheless, there is a risk that it will not be possible to adequately fill vacancies within the Group and that skilled and experienced employees will leave the Company. This could cause a lack of qualified management or adequately trained personnel. As personnel costs have a significant effect on business, the Stabilus Group is exposed to the risks of labor cost inflation and limited employment contract flexibility in the countries in which the Stabilus Group's production facilities are located and where the Stabilus Group has sales personnel as well. Any of these risks could have an adverse effect on the business, financial position and financial performance of the Stabilus Group.

As an attractive employer, the management of the Stabilus Group is therefore strongly committed to the development of its employees and thus makes an important contribution to reducing the skills shortage. The Stabilus Group is highly committed to training. Throughout the Group, apprenticeships are offered for various vocations and there are cooperations with local universities. Promoting employee satisfaction is rated very highly in the Stabilus Group. The probability of occurrence of this risk is classified as "possible" with a "moderate" extent of damage.

Legal risks

LEGAL AND COMPLIANCE RISKS

The Stabilus Group is exposed to certain risks with regard to its intellectual property, its validity and the intellectual property of third parties. Stabilus' products and services are highly dependent on the technological expertise of the Stabilus Group and the scope and limitations of its proprietary rights. The Stabilus Group has obtained or applied for a number of intellectual property rights, which can be difficult, lengthy and expensive to procure. In addition, where the development of Stabilus products incorporates the input of an individual customer, there is also the risk that such customer will claim ownership rights in the associated intellectual property. Competitors, suppliers, customers of the Stabilus Group and other third parties also submit a large number of intellectual property protection applications. Such other parties could hold effective and enforceable intellectual property rights to certain processes, methods or applications and consequently could enforce against the Stabilus Group. A large amount of the Stabilus Group's expertise is not patented and cannot be protected by intellectual property rights. Consequently, there is a risk that third parties, including competitors in particular, could utilize this expertise without incurring the relevant costs.

The realization of any of these risks could give rise to intellectual property claims against the Stabilus Group. If successful, such claims could require the Stabilus Group to cease manufacturing, using or marketing the relevant technologies or products in certain countries or force it to make changes to manufacturing processes or products. In addition, the Stabilus Group could be liable to pay compensation or damages for infringements or could be forced to purchase licenses to use third-party technology. This could have a material adverse effect on the business, financial position and financial performance of the Stabilus Group.

The market share of Stabilus products is high in most of the markets in which the Stabilus Group operates, which can lead to third parties asserting claims for violations of competition law. A successful anti-competition challenge could adversely affect the Stabilus Group in a variety of ways. For example, it could result in the imposition of fines by one or more authorities or in third parties (such as competitors or customers) initiating civil litigation claiming damages caused by anticompetitive practices. In addition, anti-competitive behavior may give rise to reputational risk for the Stabilus Group. The realization of this risk could have a material effect on the business, financial position and financial performance of the Stabilus Group.

Overall, legal risks have been quantified with a probability of occurrence of "unlikely" and a "material" extent of damage.

Financial risks

CURRENCY RISKS

The Stabilus Group is exposed to risks and opportunities associated with changes in currency exchange rates. The Stabilus Group operates worldwide and is therefore exposed to financial risks that arise from changes in exchange rates. Currency exchange fluctuations could cause losses if assets denominated in currencies with a falling exchange rate lose value, or if liabilities denominated in currencies with a rising exchange rate appreciate. In addition, fluctuations in foreign exchange rates could enhance or minimize fluctuations in the prices of materials as the Stabilus Group purchases a considerable share of its prefabricated materials in foreign currency. As a result of these factors, fluctuations in exchange rates could affect the results of operations of the Stabilus Group. External and internal transactions involving the delivery of products and services to or by third parties result in cash inflows and outflows which are denominated in currencies other than the functional currency of the respective company of the Stabilus Group. In particular, the Stabilus Group is exposed to fluctuations of net inflows in US dollars and net outflows in Romanian leu. To the extent that cash outflows are not offset by cash inflows resulting from operational business in such currency, the remaining net foreign currency exposure is not hedged as of September 30, 2023, as in the previous year.

Although the Stabilus Group could enter into certain hedging arrangements in the future, there can be no assurance that hedging will be available on commercially reasonable terms. In addition, such transactions can result in mark-to-market losses. As in the previous year, these foreign exchange risks were not hedged by the use of derivative financial instruments as of September 30, 2023. The net foreign investments of the Stabilus Group are not generally hedged against exchange rate fluctuations. In addition, a number of consolidated companies report their results in currencies other than the euro, which requires the Stabilus Group to convert the relevant items into euro when preparing the IFRS consolidated financial statements. Such translational risks are not hedged. With a "very likely" probability of occurrence, the expected potential extent of damage of currency fluctuations is considered "material".

NON-USABILITY OF LOSS CARRYFORWARDS

The Stabilus Group is exposed to tax risks with regard to tax and legal requirements and, where applicable, with regard to the usability of tax loss carryforwards. Some Stabilus subsidiaries have interest carryforwards as a result of applying the statutory interest ceiling rules that limit the deduction of net interest expenses for tax purposes. The absence of such tax loss carryforwards would increase the tax payable by the relevant subsidiary if the interest carryforward could have been used in part or in full without the forfeiture. The lost usability of loss carryforwards is considered to have a "moderate" extent of damage but with a "likely" probability of occurrence.

PENSION COMMITMENTS

Some companies of the Stabilus Group in Germany report pension obligations. Pension obligations are calculated on the basis of external actuarial valuations. These are based on possible future events such as changes in discount factors and life expectancy. In order to mitigate future liquidity risk, the Group's pension policies for one major plan granted to employees who joined the Group prior to January 1, 2006 were amended as of December 21, 2010 and the entitlement earned in the former defined benefit plan was frozen. Going forward, no additional defined benefit entitlements can be earned except by certain older employees. At the same time, the Group introduced a defined contribution plan in which direct payments to an external insurer are made. The probability of occurrence is classified as "likely" with a "low" expected extent of damage.

CREDIT AND LIQUIDITY RISKS

Since its IPO, Stabilus SE has been able to continuously reduce the leverage of the Stabilus Group in recent years, which also supports the objective of actively managing and reducing the Stabilus Group's liquidity risks. Nevertheless, in an extreme situation, the cash flow from operating activities, current cash resources and existing sources of external financing could be insufficient to meet the further capital requirements of the Stabilus Group, especially in the event of an extreme reduction in revenue. Moreover, disruptions on the financial markets, including the bankruptcy, insolvency or restructuring of a number of financial institutions, and the restricted availability of liquidity could adversely impact the availability and cost of additional financing for the Stabilus Group and could adversely affect the availability of financing already arranged or committed. The liquidity of the Stabilus Group could be adversely impacted if suppliers tighten terms of payment as the result of any decline in the financial condition of the Stabilus Group or if customers were to extend their normal payment terms. The Stabilus Group has established an appropriate liquidity risk management framework for the management of the short-, medium- and long-term funding and liquidity requirements of the Group as a whole. The management of the Stabilus Group has taken measures and manages its liquidity risk by conducting regular reviews and by maintaining certain cash reserves and open credit lines. The expected extent of damage is considered “moderate” with an “unlikely” probability of occurrence.

INTEREST RATE RISKS

The long-term refinancing is subject to future interest rate risks due to the dependence on the development of the Euribor (Euribor-related loan agreements). To achieve some stability in the uncertain interest situation, the Stabilus Group entered into an interest derivative contract in the first half of fiscal 2023. This is accounted for as a cash flow hedge. Nevertheless, negative effects can arise from its market value and influence the financial position and results of operations. Derivatives are managed centrally and the developments on the interest markets are monitored continuously in conjunction with risk management. The expected extent of damage is therefore considered “low” with a “likely” probability of occurrence.

Sustainability risks

ENVIRONMENTAL / SOCIAL / GOVERNANCE

From this fiscal year, non-financial reporting is fully embedded in an integrated and software solution in the risk management system. Non-financial risks were identified in fiscal 2023 and assessed retroactively for the fiscal year in October 2023.

Non-financial risks in the categories of environmental and climate protection, employees and social engagement, supply chain, products and governance and compliance (including human rights) are of key significance to the Stabilus Group. Please refer to the risk atlas described in the non-financial report (IR.STABILUS.COM/INVESTOR-RELATIONS/NON-FINANCIAL-REPORTS).

The Stabilus Group reviews potential non-financial risks and assesses their potential impact on the Stabilus Group on the basis of qualitative dimensions (probability of occurrence, impact class). The process firstly involves the gross assessment of non-financial risks and secondly the definition of remedial action to mitigate the risk’s probability of occurrence and the severity of its impact. A conclusive net analysis of the non-financial risks is produced on this basis.

No non-financial risks were identified in connection with Stabilus’ business activities, products, services or business relations in fiscal 2023 that would be expected to have severe adverse consequences. The risk analysis and its results were assessed and approved by the Management Board.

Risks and opportunities in connection with the acquisition of the DESTACO Group

In preparation for the anticipated closing of the acquisition of the DESTACO Group, Stabilus set up a project in which the integration process for all work areas is carefully planned and organized to ensure that the transaction can be completed smoothly once all the official permits are in place. Identifying both opportunities and risks is a very high priority so that they can be managed at as early a stage as possible and appropriate countermeasures initiated in line with our risk management approaches. The integration process will begin after the closing of the transaction, which we expect at the end of February 2024.

OPPORTUNITIES

The Stabilus Group expects to be exposed to various risks and opportunities as a result of the acquisition of the DESTACO Group. The combination with the DESTACO Group will create the prerequisites for the significant expansion of our business in the mechanical engineering and automation market segment. As a result of factors such as the skills shortage and decisions made by some companies to reshore sites to Europe and the United States, sector-specific megatrends are emerging for the establishment and expansion of production capacity that are reflected in rising demand for automation processes. Stabilus already offers automation components and will further grow its position on the market when it takes over DESTACO. Thus, after the transaction is closed and DESTACO is included in consolidation, the Group expects a significant increase in revenue with a direct positive effect on its adjusted EBIT margin. By fiscal 2026, Stabilus expects the acquisition to lead to revenue synergies of €50 million per year, which will result from a combined market presence, a larger customer base and a complementary product range. Stabilus also anticipates cost synergies of €10 million per year by fiscal 2026. Moreover, the transaction structure is expected to result in tax benefits of a present value of approximately USD 50 million for Stabilus. Besides the expectations set out, the acquisition of DESTACO will result in further opportunities that could have a positive effect on the ongoing development of the Stabilus Group. If the transaction closes sooner than expected (by the end of February 2024), this would have an direct and positive effect on consolidated revenue and the Group’s adjusted EBIT margin in fiscal 2023 / 2024. Furthermore, a swifter integration of DESTACO into the structures of the Stabilus Group could allow the synergies anticipated from the transaction to be achieved sooner. In addition, synergies (both sales and costs), in particular from a better integration into the global production capacity of the Stabilus Group, might be higher than originally expected. Additionally, the anticipated megatrends, due to the skills shortage or more pronounced reshoring in the wake of geopolitical instability, could develop on the market faster than expected and thus have a positive effect on the Group’s revenue and earnings performance.

RISKS

Given the size and significance of the planned acquisition, the material risks that could have a negative impact on the current or future business or financial performance of the Stabilus Group are presented below. The list of risks presented does not claim to be exhaustive. Furthermore, the order in which the risks are listed entails no implication for their value.

REQUIREMENTS FOR THE CLOSING OF THE TRANSACTION

At the present time, it cannot be ruled out that the planned acquisition will be delayed or even will be unable to continue at all. The closing of the transaction is subject to the usual conditions, including official approval by the relevant antitrust and other authorities as well as the finalization of certain local transactions. A break-up fee of USD 10 million has been agreed between the parties. If Stabilus unilaterally breaks off negotiations and thereby fails to satisfy the closing conditions, there would be the risk of Stabilus having to pay the amount of compensation stipulated.

FAILURE TO ACHIEVE STRATEGIC AND OPERATING GOALS

Our strategic and operational goals regarding the acquisition and integration of the DESTACO Group are based on our assumptions and estimates that could subsequently prove inaccurate. These include DESTACO’s earnings capability and cost structure, its synergy and innovation potential as well as future economic developments and market changes.

RISKS IN CONNECTION WITH INTEGRATION

In connection with the DESTACO acquisition, as described above, a project was set up to assist and achieve the sustained implementation of synergies. Despite the highly structured approach chosen, it cannot be ruled out that it may take longer than planned for the synergies to occur.

The acquisition of the DESTACO Group takes the form of a combination of asset and share deals. It cannot be ruled out that the necessary carve-out activities will be more extensive and cost-intensive than planned. The same is true of the separation of the DESTACO Group from the business processes and tools of its current parent, Dover Corporation, and its associated integration into Stabilus' processes and IT environment. Furthermore, it might happen in isolated cases that existing Stabilus customers, as competitors of DESTACO, scale back or break off their business relationship with Stabilus.

Employees in key positions at Stabilus and DESTACO will be largely affected by the success of the transaction. It is therefore important to retain all relevant persons. However, it cannot be entirely ruled out that individuals will make professional changes in the course of such an integration. The associated loss of expertise and experience therefore constitutes a corresponding risk. Integration costs will be incurred in conjunction with the acquisition of the DESTACO Group. Despite the implementation of these activities in conjunction with a project that enjoys a high degree of management attention, additional costs and delays in implementation cannot be ruled out.

RISKS FROM THE REFINANCING OF THE PLANNED ACQUISITION

The bridge financing currently in place with a maximum term of two years must be refinanced. Material risks in connection with the financing of the DESTACO acquisition could result from USD / EUR exchange rates and from changes in interest rates. The Stabilus Group has entered into currency forwards (plain vanilla forwards) to hedge the exchange rate risk (USD / EUR) for the period between signing and closing.

Overall assessment of risks and opportunities

The Management Board does not anticipate any individual or aggregate risk that could endanger the future of Stabilus SE or the Stabilus Group as a going concern in any material way. The risk-bearing capacity of the Stabilus Group is linked to the Group's financial covenants (net leverage ratio) and equity and is monitored on an ongoing basis. The aggregated total risk level had no material impact on the risk-bearing capacity in fiscal 2023.

REPORT ON EXPECTED DEVELOPMENTS

General economic outlook

As in the previous year, the global economy will face considerable challenges in fiscal 2024 (Stabilus fiscal year October 1, 2023 to September 30, 2024). The ongoing Russia-Ukraine war, possible global supply chain disruptions and consistently high inflation are expected to influence general economic performance. This is reflected in higher wage and salary adjustments compared to the previous year in most countries. As a result, the economy is not expected to see a tangible upturn in the coming months. Now that China has withdrawn from its strict zero-COVID policy, the economy in the relevant areas for Stabilus has entered a phase of consolidation. Supply bottlenecks should continue to ease. In the euro area, lower energy prices will likely cause cost pressure to gradually reduce somewhat at all levels, thereby improving the growth outlook. However, the further tightening of monetary policy and the associated higher interest rates could also weigh on the development of the world economy.

The macroeconomic challenges are reflected in the forecast recently published by the International Monetary Fund (October 2023 World Economic Outlook). In light of the forecast, an increase in global gross domestic product of just +2.9% is expected for the 2024 calendar year. Within the European Union, very low growth of +1.5% is forecast for the euro area, while even lower growth of just 0.9% is expected for Germany. Within the Americas region, growth of +1.5% is assumed for the United States with Central and South America expected to grow by +2.3% (Brazil: +1.5%; Mexico: +2.1%). Significantly higher growth rates are projected in the APAC region. For instance, gross domestic product of +4.2% is expected for Stabilus' core market of China. The latest OECD forecast issued in September 2023 likewise anticipates only a muted recovery in global economic activity. The world economy is expected to grow by +3.0% in the current calendar year but by only +2.7% in the coming year. Within the European Union, very low growth of just +1.1% is likewise now anticipated for the euro area. In the Americas region, growth of +1.3% is forecast for the United States. The OECD also expects the emerging economies to deliver considerably more in the way of momentum for the world economy, with growth in the core market of China forecast at +4.6%.

Future inflation rates will continue to affect general economic performance as well. The global rate of inflation for the 2023 calendar year is forecast by the ifo Institute ("Institut für Wirtschaftsforschung" – ifo) to average +6.2%, before falling to an average level of around +4.5% by 2026. Inflation on Stabilus' core markets of Germany, the United States and China in 2024 is estimated at +2.4% for Germany, +2.8% for the United States and +1.7% for China.

A key factor in this will be the ongoing development in the lending rates of the ECB and the US Federal Reserve. To counteract inflation, the ECB again raised interest by +0.25% to 4.5% in September 2023. However, after ten hikes in a row, the ECB paused its changes to the key interest rate for the euro area in October 2023. The Fed similarly left its rate unchanged again in October 2023 at its highest level in 22 years. Prior to these last two sessions in which no change was made, the Fed had implemented eleven successive hikes in the United States since March 2022, bringing the interest rate to its current level of 5.5%. Further changes to rates by the ECB and the Fed cannot be ruled out.

The overall economic outlook can be described as volatile in view of widespread uncertainty and various geopolitical risks that are considered critical, in particular on account of the war between Russia and Ukraine and the associated possible supply problems for energy and raw materials. Furthermore, the unrest in the Middle East is impacting the macropolitical situation and exacerbating uncertainty on the financial markets. This is leading to a potential further economic downturn in Europe.

Latest growth projections for selected economies T_023

% YEAR-ON-YEAR CHANGE IN THE CALENDAR YEAR	2023*	2024*
World	**3.0%**	**2.9%**
European Union	**0.7%**	**1.5%**
thereof euro area	0.7%	1.2%
thereof Germany	(0.5)%	0.9%
United Kingdom	0.5%	0.6%
United States	**2.1%**	**1.5%**
Latin America	**2.3%**	**2.3%**
thereof Brazil	3.1%	1.5%
thereof Mexico	3.2%	2.1%
Emerging and Developing Asia	**5.2%**	**4.8%**
thereof China	5.0%	4.2%

Source: International Monetary Fund, World Economic Outlook, October 2023.
* Projections.

The global economy has lost momentum recently. Overall, the latest economic indicators show no sign of a recovery in the coming months. The economic trend is therefore not expected to improve until after the end of the year.

Forecast industry development

FORECAST DEVELOPMENT IN THE AUTOMOTIVE INDUSTRY

Based on the IHS forecasts for the automotive sector (October 2023), the Stabilus Group is anticipating growth in global automotive production of around +1.0% to approximately 88.7 million units in fiscal 2024. According to IHS, all three regions will produce more vehicles in fiscal 2024 than in fiscal 2023. The APAC region is expected to take the lead, producing +0.6 million more vehicles, followed by the Americas (+0.2 million) and EMEA (+0.1 million).

Production of light vehicles* T_024

IN MILLIONS OF UNITS PER FISCAL YEAR	2023**	2024**	2025**	2026**	2027**	2028**
EMEA	**19.7**	**19.8**	**19.7**	**19.8**	**20.3**	**20.3**
thereof Germany	4.2	4.4	4.7	4.6	4.8	4.8
Americas	**18.5**	**18.7**	**19.5**	**19.7**	**20.0**	**20.3**
thereof United States	10.4	10.6	11.1	11.0	10.9	10.8
APAC	**49.6**	**50.2**	**51.2**	**52.0**	**53.4**	**54.2**
thereof China	27.1	27.8	29.0	30.1	31.0	31.7
Worldwide production of light vehicles*	**87.8**	**88.7**	**90.4**	**91.5**	**93.7**	**94.8**

Source: IHS Automotive/Light Vehicle Production Forecast (October 2023).
* Passenger cars and light commercial vehicles (<6t).
** IHS forecast as of October 2023.

FORECAST DEVELOPMENT IN THE INDUSTRIAL SECTOR

Sustained geopolitical tension and the resulting uncertainty affecting the global markets will continue to shape the development of the industrial sector. In addition to structural challenges (e.g. changing interest rates), companies are also facing reduced demand. Nevertheless, the supply problems in the industrial sector, which were caused by bottlenecks for raw materials and precursors in particular, will continue improving in fiscal 2024. Stabilus is experiencing good demand in the industrial sector that it has not yet been able to work through fully due to the prevalent uncertainty (supply chains, for instance).

FORECAST DEVELOPMENT ON THE PROCUREMENT MARKETS

Compared with the previous year, the situation on the procurement markets for raw materials and intermediate products appears to be improving slightly as supply bottlenecks ease. This slow process of change will affect procurement prices for the Stabilus Group. The procurement prices for the key individual raw materials and components used by Stabilus will take some time to come down. By its own estimate, the Stabilus Group forecasts that the price of direct materials such as plastics, metals and steel will decline slightly in fiscal 2024. Prices on the energy market have settled somewhat as a result of government intervention, in Germany in particular, and Stabilus estimates that average energy prices will be similar to the level of late summer 2021.

Forecast development of the Stabilus Group and Stabilus SE

Looking at the slowing momentum of the economic landscape, negative repercussions are possible for the business performance of the Stabilus Group. The range of the guidance communicated by the Management Board for revenue and adjusted EBIT reflects the current macroeconomic and geopolitical uncertainty. Furthermore, the forecast is based on the assumption that the DESTACO acquisition will close in time for it to be included in consolidation from the end of February 2024.

The basis for the forecast revenue in fiscal 2024 (planned automotive sales up by +0.9 million at 88.7 million) is based on the IHS Markit LV production forecast of October 2023 for automotive business and the IHS Markit GDP forecast of October 2023 for industrial business.

The guidance for fiscal 2024 with revenue of approximately €1,400.0 million to €1,500.0 million and adjusted EBIT of between 13% and 14% of revenue includes the effects of the consolidation of the DESTACO Group for seven months, including pro rata integration costs.

The Stabilus Group's revenue and earnings forecast are based on IHS assumptions for the development of global light vehicle production in 2024 (increase of around 1% to 88.7 million) and the IHS forecast for the development of global GDP for industrial business.

Forecast of expected development in fiscal 2024 T_025

IN € MILLION (UNLESS INDICATED OTHERWISE)	Forecast for 2024	Actual performance 2023
Stabilus Group		
Revenue	1,400 to 1,500	1,215.3
Adjusted EBIT margin	13.0% to 14.0%	13.0%

The Stabilus Group anticipates inflation in the cost of materials of between +1% and +2% for fiscal 2024. Furthermore, growth in staff costs of approximately +6% is also planned. In its budget for 2024, the Group is planning high capital expenditure of around €75 million, in particular for the ongoing strategic expansion of the Automotive Gas Spring and Automotive Powerise® lines in all three Stabilus regions, which should lead to an additional improvement in productivity, quality and digitalization.

The Stabilus Group has made a commitment to profitable and sustainable growth in its new STAR 2030 strategy. The long-term goal of the Stabilus Group is to achieve revenue of €2 billion with an adjusted EBIT margin of around 15% by fiscal 2030.

For the EMEA region (Europe, Middle East and Africa), the Stabilus Group is anticipating revenue with external customers within a range of €570.0 million to €605.0 million in fiscal 2024. At the same time, management is assuming an adjusted EBIT margin in the range of 12.0% to 13.0% in fiscal 2024. The adjusted EBIT margin is based on the total revenue for the region (external and intersegment revenue). The revenue growth in the EMEA region is based on the IHS forecast (car sales unchanged year-on-year at 19.7 million) and the inclusion of the DESTACO acquisition (from March 2024). The cost of materials ratio in the region will fluctuate. The Stabilus Group anticipates a slight increase in costs of materials in fiscal 2024. In addition, the Group expects higher staff costs in all areas on account of a planned rise in headcount and the pay negotiations with IG Metall that concluded in Germany in the previous year and that stipulate a further contractual increase in the form of an inflation compensation bonus. Furthermore, efficiency enhancements were initiated to compensate for rising costs.

For the Americas region (North and South America), the Stabilus Group is anticipating revenue with external customers within a range of €510.0 million to €545.0 million in fiscal 2024. At the same time, management is assuming an adjusted EBIT margin in the range of 12.0% to 13.0% in fiscal 2024. The adjusted EBIT margin is based on the total revenue for the region (external and intersegment revenue). The revenue growth in the Americas region is based on the IHS forecast (car sales up by +0.2 million year-on-year at 18.7 million) and the inclusion of the DESTACO Group (from March 2024). The Group is facing a volatile market environment in the Americas region as well. Nonetheless, we anticipate further revenue growth in Automotive Powerise® business and solar dampers, which belong to industrial operations. As in Europe, the Group expects to be able to implement some price increases. We expect costs of materials to remain at the same price level as in fiscal 2023 with a low double-digit increase in staff costs, especially in Mexico. In the Americas region as well, the Group has launched extensive efficiency enhancements intended to compensate for the effects on the adjusted EBIT margin.

For the APAC (Asia-Pacific) region, the Stabilus Group is anticipating revenue with external customers within a range of €320.0 million to €350.0 million in fiscal 2024. At the same time, management is assuming an adjusted EBIT margin in the range of 17.0% to 18.0% in fiscal 2023. The adjusted EBIT margin is based on the total revenue for the region (external and intersegment revenue). The revenue growth in the APAC region is based on the IHS forecast (car sales up by +0.6 million year-on-year at 50.2 million) and assumes the inclusion of the DESTACO Group (from March 2024). In the APAC region we anticipate increased price pressure, in particular in our Automotive Powerise® business. The Stabilus Group assumes that costs of materials will remain constant overall in the APAC region. By contrast, under staff costs, the Stabilus Group expects increases of a mid-single-digit percentage in wages and salaries.

The Stabilus Group counters these expenses with ongoing process optimization in order to compensate for the forecast cost increase through efficiency programs as far as possible.

Outlook of Stabilus SE

The financial position and financial performance of Stabilus SE depend to a large extent on ecoomic developments and the success of its operating subsidiaries, in whose development it participates through distributions. The management of Stabilus SE expects clearly positive net income for fiscal 2024 after the net loss in fiscal 2023. We anticipate intragroup distributions and the formation of a profit transfer agreement with Stabilus Motion Controls GmbH, which should have a positive effect.

Overall statement of the Management Board on the expected development

In view of the demanding and challenging market conditions, macroeconomic and geopolitical uncertainties, the Management Board of the Stabilus Group considers fiscal 2024 to be very challenging. The uncertainty for the new fiscal year remains volatile. The range of revenue and earnings forecasts is intended to reflect this macroeconomic and geopolitical uncertainty as this significantly influences forecast accuracy. Furthermore, the guidance for revenue and adjusted EBIT is based on the acquisition of DESTACO closing by the end of February 2024 and the DESTACO Group's subsequent inclusion in consolidation for seven months of fiscal 2024.

TAKEOVER DISCLOSURES

Disclosure of takeover-related information and explanatory report of the Management Board on information pursuant to sections 289a and 315a of the Handelsgesetzbuch (HGB - German Commercial Code)

COMPOSITION OF ISSUED CAPITAL (NO. 1)

As of September 30, 2023, the share capital of Stabilus SE amount to € 24,700,000.00 and is divided into 24,700,000 no-par value bearer shares each with a notional value of € 1.00 each. Each such share is eligible for dividends, and grants one vote at the general meeting.

RESTRICTIONS ON VOTING RIGHTS OR THE TRANSFER OF SHARES OF STOCK (NO. 2)

The articles of association impose no restrictions on voting rights or transfers of shares of stock. Likewise, the Management Board is not aware of agreements among shareholders from which restrictions concerning voting rights or transfers of shares of stock could result. Restrictions of voting rights may result from provisions under stock corporation law, such as section 136 of the Aktiengesetz (AktG - German Stock Corporation Act). At this time, Stabilus SE does not hold any shares of its own from which it cannot derive any rights pursuant to section 71b AktG, including but not limited to any voting rights.

DIRECT OR INDIRECT PARTICIPATING INTERESTS IN THE CAPITAL COMPRISING MORE THAN 10% OF THE VOTING RIGHTS (NO. 3)

According to the voting rights notifications received by September 30, 2023, the following shareholders held more than 10% of the total voting rights associated with Stabilus shares of stock: The Goldman Sachs Group, Inc., Wilmington, USA (11.02%), Allianz Global Investors GmbH, Frankfurt / Main, Germany (10.06%), NN Group N.V., Amsterdam, Netherlands (10.05%).

HOLDERS OF SHARES OF STOCK ENDOWED WITH SPECIAL RIGHTS GRANTING POWERS OF CONTROL (NO. 4)

There were and are no Stabilus SE shares of stock endowed with special rights granting powers of control.

TYPE OF VOTING RIGHTS CONTROL IN CASE OF EMPLOYEE PARTICIPATION (NO. 5)

No employee who invested in the share capital of Stabilus SE exercises any indirect voting rights control within the meaning of sections 289a (1) no. 5 and 315a (1) no. 5 of the Handelsgesetzbuch (HGB - German Commercial Code).

LEGAL PROVISIONS AND CLAUSES IN THE ARTICLES OF ASSOCIATION CONCERNING THE APPOINTMENT OF MEMBERS OF MANAGEMENT BOARD OR THEIR REMOVAL FROM OFFICE, OR AMENDMENTS TO ARTICLES OF ASSOCIATION (NO. 6)

a) Appointment of members of the Management Board

The appointment and removal of members of the Stabilus SE Management Board are governed by Arts. 39 (2) and 46 of the Council Regulation (EC) on the Statute for a European Company (SE Regulation), section 16 of the SE Implementation Act, sections 84, 85 AktG as well as article 8 of the Stabilus SE articles of association. Accordingly, the Management

Board shall be composed of at least two (2) members; the Supervisory Board may increase the number of members of the Management Board. The Supervisory Board may appoint a chairperson as well as a deputy chairperson of the Management Board. Members of the Management Board shall be appointed for a term of no more than four years; reappointments of members of the Management Board are admissible. The Supervisory Board may remove a member of the Management Board if and when there is cause for removal.

b) Amending the Company's articles of association

As a rule, changes to the Stabilus SE articles of association are determined pursuant to Art. 59 of the SE Regulation, section 179 AktG as well as article 21 of the Stabilus SE articles of association. Pursuant to article 21 of the Stabilus SE articles of association, a resolution adopted by the annual general meeting – with two thirds of valid votes cast or, provided that at least half of the share capital is represented, a simple majority of valid votes cast – is required for changes to the articles of association unless applicable legal provisions mandate otherwise. Insofar as applicable law prescribes a capital majority for resolutions of the general meeting in addition to a majority of votes, a simple majority of the share capital represented for purposes of the resolution suffices to the extent permitted by law. Additional provisions of stock corporation law may be applicable in certain cases of changes to articles of association, modifying the aforementioned regulations, including sections 182 et seqq. AktG in cases of capital increases, or sections 222 et seqq. AktG in cases of capital decreases. Pursuant to article 13 para. 4 of the Stabilus SE articles of association, changes that concern only the wording of the articles of association may be enacted by the Supervisory Board without a resolution of the general meeting.

POWERS OF MANAGEMENT BOARD TO ISSUE OR REPURCHASE SHARES OF STOCK (NO. 7)

a) Issuing shares of stock

Authorized Capital 2022

Pursuant to article 5 para. 3 of the articles of association, the Management Board is authorized, subject to Supervisory Board approval, to increase the Company's share capital in the period until August 10, 2027 either at once or in installments by up to €2,470,000.00 by issuing new shares of stock against cash and / or non-cash contributions (2022 authorized share capital).

As a rule, new shares of stock are to be offered to the Company's shareholders for subscription; they may also be transferred to one or several credit institutes or other enterprises within the meaning of Art. 5 of Council Regulation (EC) 2157 / 2001 in conjunction with section 186 (5) sentence 1 AktG on the condition that they be offered to the shareholders for subscription.

Subject to Supervisory Board approval, the Management Board is authorized, however, to exclude shareholders' subscription rights with a view to:

– exempting fractional shares from the subscription right;
– issuing shares of stock against cash contributions if (i) the issue amount of the new shares of stock does not fall materially (within the meaning of sections 203 (1) and (2), 186 (3) sentence 4 AktG) short of the exchange price of shares of the same class and rights that are already listed, and (ii) the pro-rated amount of share capital attributable to new shares of stock issued to the exclusion of the subscription right in accordance with section 186 (3) sentence 4 AktG does not exceed 10% of the share capital, although this maximum limit could be subject to adjustment by certain shares of the Company; or
– issuing shares of stock against non-cash contributions, especially for the purpose of granting shares of stock as part of corporate mergers, or for the purpose of the acquisition of enterprises, parts of enterprises, stakes in enterprises or other assets or claims for the acquisition of assets, including claims against the Company or its Group divisions.

The pro-rated amount of share capital attributable to shares of stock issued during the term of such authorization to the exclusion of shareholders' subscription rights against cash and / or non-cash contributions must not exceed 10% of the Company's share capital in total, although this maximum limit could be subject to adjustment by certain shares of the Company. Subject to Supervisory Board approval, the Management Board is authorized to determine the other details of capital increases. The 2022 authorized share capital has not been exhausted to date.

Authorized Capital 2023

Furthermore, pursuant to § 5 para. 4 of the articles of association of the Company, the Management Board is authorized, subject to Supervisory Board approval, to increase the Company's share capital in the period until February 14, 2028 either at once or in installments by up to €4,940,000.00 by issuing new shares of stock against cash contributions (2023 authorized share capital).

Shareholders are to be granted pre-emption rights. With the approval of the Supervisory Board, the Management Board can stipulate that the new shares be offered to one or more credit institutions, securities institutions or other undertakings as referred to by section 186 (5) sentence 1 AktG with the obligation to offer them to shareholders for subscription (indirect pre-emption right). With the approval of the Supervisory Board, the Management Board is authorized to disapply shareholders' pre-emption rights to the extent necessary to compensate for fractional amounts.

The Management Board is also authorized, with the approval of the Supervisory Board, to determine the further content of the shares' rights and the conditions for their issue. The 2023 authorized share capital has not been exhausted to date.

b) Authorization to acquire treasury shares

By way of the resolution of the Annual General Meeting on February 15, 2023, the Company is authorized to acquire treasury shares of up to 10% of the lower of Stabilus SE's share capital as of the date of the resolution or the date that this authorization is exercised, in the period until February 14, 2028. At the discretion of the Management Board, the shares can be acquired either on the stock exchange or by way of a public tender offer / invitation to submit offers. If acquired on the stock exchange, the price paid per share must not be more than 10% higher or lower than the price determined by the opening auction in Xetra trading on the trading date; if acquired by way of a public purchase offer or a public invitation to submit offers, the purchase price offered or the range of purchase prices per share must not be more than 10% higher or lower than average closing price of Stabilus SE shares in Xetra trading on the last three trading days before the day on which the offer or the invitation to submit offers is published. The shares acquired on the basis of this authorization, together with other treasury shares held by Stabilus SE or attributable to it in accordance with den sections 71a et seq. AktG, must not exceed 10% of the share capital at any time. The authorization cannot be used for the purposes of trading in treasury shares. The Management Board is authorized to use the shares acquired on the basis of this authorization for all purposes permitted by law, with shareholders' pre-emption rights disapplied in certain cases; the shares can also be redeemed without a further resolution by the Annual General Meeting. The authorization to acquire and use treasury shares has not been exercised to date.

MATERIAL AGREEMENTS CONTINGENT ON CHANGE OF CONTROL FOLLOWING TAKEOVER BID (NO. 8)

Stabilus SE is currently party to a syndicated loan agreement and a bridge loan agreement, both of which can be terminated by the respective lenders in the event of a change of control. A change of control as defined by the syndicated loan agreement and the bridge loan agreement occurs, for instance, if a shareholder or multiple shareholders acting in concert have acquired more than 50% of the voting rights in the Company, or hold more than 50% of the voting rights in the Company, or have achieved control through the composition of the Management Board. Furthermore, both loan agreements stipulate a termination of the credit facilities if the respective creditor is prohibited from continuing as a creditor on legal grounds (e.g. due to sanctions).

COMPENSATION AGREEMENTS IN EVENT OF TAKEOVER BID (NO. 9)

There are compensation agreements that the Company has concluded with the members of the Management Board in the event of a takeover bid. Should a change of control occur, members of the Management Board are given the right to resign for cause on three months' notice within six months of the change of control, and to terminate the employment agreement with effect at such time (special right of termination). According to the contractual provision, a change of control is to be assumed whenever a shareholder or several shareholders acting in concert have acquired control by holding more than 50% of the voting rights for the Company. When exercising such special right of termination or if the service agreement is suspended by mutual agreement within six months from the time the change of control occurred, members of the Management Board are entitled to have their contractual claims for compensation under the service agreement for the remainder of the term of the service agreement disbursed in a single payment. Such claim is capped at 150% of the severance limit. There are no compensation agreements that the Company has concluded with employees in the event of a takeover bid.

CORPORATE GOVERNANCE STATEMENT*

in accordance with section 289f and section 315d HGB

Stabilus SE (the "**Company**"), whose shares are admitted to trading on the regulated market at the Frankfurt Stock Exchange, has its registered office in Frankfurt/Main and its administrative headquarters in Koblenz. As a European Company (Societas Europaea, SE) with its seat in Germany, the Company is governed by European and German SE regulations as well as German (stock corporation) law. Accordingly, Stabilus SE's corporate governance is aligned with the German Corporate Governance Code, and the Company is obligated under § 289f and § 315d HGB to submit a corporate governance statement. At Stabilus SE, corporate governance stands for the kind of leadership and control of the Company and its group divisions that is geared toward responsible and sustainable value creation, and the effective implementation of the corporate governance principles is a central element of the Company's policy.

With this statement, the Management Board and the Supervisory Board of Stabilus SE present a report pursuant to §§ 289f and 315d HGB on the Company's corporate governance, the diversity concept as well as the work and composition of both the Management Board and the Supervisory Board (including its committees) in the business year from October 1, 2022 until September 30, 2023. This declaration follows the declaration of November 30, 2022.

*Unaudited

1. Statement of compliance with German Corporate Governance Code

On 13 December 2023, the Management Board and the Supervisory Board of Stabilus SE issued the following statement pursuant to § 161 of the Aktiengesetz (the Stock Corporation Act, "**AktG**"):

Statement of compliance with the German Corporate Governance Code by the Management Board and the Supervisory Board of Stabilus SE in accordance with section 161 AktG

The Management Board and the Supervisory Board of Stabilus SE declare in accordance with section 161 AktG that they have complied with the recommendations of the Government Commission on the German Corporate Government Code (as amended April 28, 2022, also referred to as the "Code") since their last declaration of compliance on November 30, 2022 and will continue to do so in the future, barring the following exceptions:

- **Recommendation B.1 of the Code:** Pursuant to B.1 of the Code, the Supervisory Board is to be mindful of diversity when it comes to the composition of the Management Board. The Supervisory Board expressly welcomes the Code's commitment to diversity on managing boards and considers the prospective increase in the representation of women at all levels of the enterprise an important cause. With respect to the composition of the Management Board, however, the Supervisory Board is primarily concerned with the personal qualifications, including experience, skills and knowledge, of candidates, with the criterion of diversity being given secondary consideration. The presiding members of the Management Board represent a mix of experience and educational backgrounds, providing critical competencies and qualifications.
- **Recommendation B.3 of the Code:** Pursuant to Recommendation B.3 of the Code, no one is to be appointed to the Management Board for an initial term longer than three years. In deviation from this rule, Dr. Büchsner's initial appointment to the Management Board – still under Luxembourg law – was for a four-year term starting on October 1, 2019. This was primarily done in the interest of a robust leadership structure benefitting from continuity in terms of staffing, and is deemed appropriate in view of Dr. Büchsner's qualifications and experience as well.
- **Recommendation C.2 of the Code:** Pursuant to Recommendation C.2 of the Code, an age limit is to be set for members of the Supervisory Board and disclosed in the corporate governance statement. This recommendation has not been and is not being implemented as the introduction of a rigid age limit would indiscriminately and improperly restrict the selection of suitable candidates. The members of the Stabilus SE Supervisory Board are chosen solely on the basis of such personal and professional knowledge, skills and experience as may be needed for them to discharge their responsibilities. The Supervisory Board should be able to tap into the expertise of experienced and proven members, too.
- **Recommendation G.1, first bullet point, of the Code:** Pursuant to Recommendation G.1, first bullet point, of the Code, the remuneration system is to specify for individual members of the Management Board which amount their total remuneration must not exceed (maximum amount of compensation). This recommendation was not implemented in some cases for the business year that ended on September 30, 2023. The reason owed to the fact that no such requirement existed under the pertinent Luxembourg regulations ahead of the relocation of the Company's seat. The new remuneration system for the members of the Management Board resolved by the Supervisory Board and approved by the Annual General Meeting on February 15, 2023 stipulates a maximum amount of remuneration and is thus fully compliant with the recommendations of the Code. Contracts with members of the Management Board were also transitioned to the new remuneration system.
- **Recommendation G.8 of the Code:** In accordance with Recommendation G.8 of the Code, subsequent changes to the targets or comparative parameters for variable remuneration components should be excluded. However, under the new remuneration system, in

accordance with Recommendation G.11 of the Code, the Supervisory Board can take extraordinary developments into account within variable remuneration to an appropriate extent. Against the backdrop of the acquisition of the DESTACO Group as an extraordinary event, it is intended, subject to the closing of the transaction, to potentially raise the adjusted EBIT and adjusted free cash flow targets for the Management Boardappropriately in the current fiscal year in order to continue to ensure the incentive effect of Management Board remuneration in the interests of the Company on the basis of the relevant key indicators within the performance period. A deviation from Recommendation G.8 of the Code has therefore been declared as a highly precaution for the event of an adjustment.

– **Recommendation G.10 sentence 2 of the Code:** Pursuant to Recommendation G.10 sentence 2 of the Code, members of the Management Board are to be denied access to any portion of their long-term variable compensation for a period of four years. This recommendation was not in some cases for the business year that ended on September 30, 2023 as the option to dispose of such monies had already arisen after three years for the Company's Management Board. The reason owed to the fact that no such requirement existed under the pertinent Luxembourg regulations ahead of the relocation of the Company's seat. The new remuneration system for the members of the Management Board resolved by the Supervisory Board and approved by the Annual General Meeting on February 15, 2023 stipulates a four-year period before long-term variable remuneration is made available. The new remuneration system is thus fully compliant with the recommendations of the Code. Contracts with members of the Management Board were also transitioned to the new remuneration system.
– **Recommendation G.13 sentence 2 of the Code:** Pursuant to Recommendation G.13 sentence 2 of the Code, any compensation provided on account of a non-compete clause is to be adjusted by the severance payment made to members of the Management Board, whose tenure on the Management Board ends prematurely. To date, the service agreements entered into with members of the Management Board under Luxembourg law did not provide for such an adjustment. When the Management Board was downsized in the course of the seat's relocation, compensation was provided on account of a non-compete clause in addition to a severance payment in one case, and the former was not adjusted by the latter. The new remuneration system for the members of the Management Board resolved by the Supervisory Board and approved by the Annual General Meeting on February 15, 2023 stipulates a corresponding adjustment. The new remuneration system is thus fully compliant with the recommendations of the Code. Contracts with members of the Management Board were also transitioned to the new remuneration system.

Koblenz, 13 December 2023

The Management Board The Supervisory Board

The current statement of compliance is published on the Company's website under IR.STABILUS.COM/INVESTOR-RELATIONS/CORPORATE-GOVERNANCE. The statement of compliance from November 2022, the substitute statement of compliance with the Code of February 2022 and the Articles of Association of the Company as well as the Rules of Procedure for the Management Board and the Supervisory Board can also be accessed there.

2. Remuneration Report / Remuneration System

The remuneration report pursuant to § 162 of the Aktiengesetz (the Stock Corporation Act, "AktG") for the business year from October 1, 2022 until September 30, 2023, including the audit opinion, may be viewed on the Company's website under IR.STABILUS.COM/INVESTOR-RELATIONS/CORPORATE-GOVERNANCE. The Company's website further makes available to the public under IR.STABILUS.COM/INVESTOR-RELATIONS/CORPORATE-GOVERNANCE the remuneration system in effect for the Management Board as well as the most recent compensation resolution concerning the remuneration of the members of the Supervisory Board. The applicable remuneration system for the members of the Management Board was approved by the Annual General Meeting on February 15, 2023. There have been no changes to the remuneration system since that date.

3. Relevant information on corporate governance practices

Stabilus' global business activities are characterized by corporate action meeting applicable law and regulations as well as ethical standards and principles. Stabilus has embedded these principles and standards in its code of conduct as the central document of the Stabilus compliance regime. The Stabilus code of conduct defines the corporate culture as well as the rules applicable to each employee, thereby creating a framework for lawful and responsible action. It governs all of the Stabilus group's business activities, both internally and in interaction with external parties, such as stakeholders, customers, suppliers and other business partners. Stabilus' Code of Conduct was fundamentally revised this fiscal year and can be accessed at GROUP.STABILUS.COM/COMPANY/COMPLIANCE-AT-STABILUS.

Stabilus put in place a group-wide compliance management system and has defined compliance as a key management task. Stabilus SE's Chief Compliance Officer, who reports to the Chief Executive Officer (CEO) and, at least twice annually, directly to the Audit Committee of the Stabilus SE's Supervisory Board, bears responsibility across the group for all matters arising in connection with compliance, including but not limited to the areas of anti-trust law, corruption and insider trading.

An electronic ethic-line system established at Stabilus allows staff as well as any third parties to anonymously report on any legal or compliance violations within the Stabilus group. The system is available in 18 languages.

In addition, the corporate leadership is committed to sustainability. In the fiscal year from October 1, 2022 to September 30, 2023, the Management Board expanded the sustainability organization and established a new Group-wide sustainability strategy that is incorporated into the STAR 2030 Group strategy. The new sustainability strategy still prioritizes the reduction of carbon emissions but also focuses on sustainable procurement with special attention paid to responsibility for human rights in the supply chain. Within the Company, the Management Board has made a commitment to diversity and in particular to increasing the representation of women in management positions. For details, please see our nonfinancial statement, which may be viewed under IR.STABILUS.COM/INVESTOR-RELATIONS/NON-FINANCIAL-REPORTS.

4. Description of the functioning of Management Board and Supervisory Board

Stabilus SE has a dual governance structure characterized by the organizational separation of management (represented by the Management Board) and supervision (represented by the Supervisory Board). Aside from applicable legal regulations, both the functioning as well as the cooperation of the Management Board and the Supervisory Board are governed by the articles of association, the rules of procedure and, in the case of the Management Board, the schedule of responsibilities.

THE MANAGEMENT BOARD

The Management Board of Stabilus SE currently has two members, Dr. Michael Büchsner (Chief Executive Officer) and Stefan Bauerreis (Chief Financial Officer), who formed the Management Board of Stabilus SE throughout the whole of the fiscal year from October 1, 2022 to September 30, 2023. No members of the Management Board had held a position at a company outside the Group to date.

The Supervisory Board appoints the members of the Management Board. The Supervisory Board also passes rules of procedure, including a schedule of responsibilities, for the Management Board, which governs the cooperation of members of the Management Board among themselves but also with the Supervisory Board. The rules of procedure for the Management Board may be viewed under IR.STABILUS.COM/INVESTOR-RELATIONS/CORPORATE-GOVERNANCE/MANAGEMENT-BOARD. The age limit for members of the Management Board has been set at 65 years.

The Management Board directs the enterprise on its own responsibility in the service of sustainable value creation. It ensures compliance with legal provisions, settles fundamental issues of business policy, develops the corporate strategy and consults with the Supervisory Board in these matters. The focus in the past fiscal year was on the refinement of the Group's STAR 2030 strategy and sustainability concerns.

The Management Board is responsible for the preparation of the annual accounts and the consolidated accounts, the combined management report for Stabilus SE and the group, as well as the separate non-financial Group report. Insofar as individual members of the Management Board have been assigned certain divisions under the schedule of responsibilities, they direct such divisions on their own responsibility. Measures and transactions of critical importance to the enterprise require the consent of both members of the Management Board even if they fall within a division's purview.

The Management Board conducts meetings on a regular basis (at least monthly) to discuss questions related to the general business situation. Meetings must be convened whenever the Company's wellbeing so requires, or a member of the Management Board so demands.

The Supervisory Board and the Management Board work together closely and based on mutual trust in directing the enterprise. The Supervisory Board is regularly informed by the Management Board about relevant issues of general business performance as well as strategy and planning. The Management Board likewise addresses matters such as compliance, the internal control systems and risk management, and reports to the Supervisory Board on these issues and the Company's financial performance indicators. The internal control system and the risk management system are dynamic systems that are constantly reviewed for changes to the business model, the type and scope of business transactions or responsibilities and, if necessary, adapted. In this context, the reviews carried out by the second line (e.g., internal audit), in particular the audit activities of the auditor, result in potential for improvement with regard to both the appropriateness (lack of suitable controls) and the effectiveness (Insufficient application) of controls. With the overall assessment of these management systems, the Management Board notes that none of the potential for improvement identified in the reporting year indicate that the two management systems are not appropriate or effective and that there are no other indications that would lead to a different evaluation.

SUPERVISORY BOARD

Pursuant to § 11 para. 1 of the Company's current articles of association, the Stabilus SE Supervisory Board is composed of five members elected by the general meeting.

The Supervisory Board of Stabilus SE had five members in the fiscal year from October 1, 2022 to September 30, 2023, four or whom stood for re-election at the Annual General Meeting on February 15, 2023 and were re-elected. Since then, the Supervisory Board has been composed as follows:

– Dr. Stephan Kessel (born 1953, German citizen), independent consultant; has served as member of the Supervisory Board since 2014 and as Chairman of the Supervisory Board since 2018. Dr. Kessel's appointment ends with the general meeting tasked with the discharge for the business year from October 1, 2024 to September 30, 2025. He also serves as the Chairman of the Supervisory Board of Novem Group S.A. and as a member of the Advisory Board of svt GmbH. In addition, he is a member of the Management Board of Hitched Holdings 1 B.V., ACPS' holding Company.

- Dr. Ralf-Michael Fuchs (born 1958, German citizen), independent consultant; has served as member of the Supervisory Board since 2015, and as Deputy Chairman of the Supervisory Board since September 2022. Dr. Fuchs' appointment ends with the Annual General Meeting tasked with the discharge for the business year from October 1, 2025 to September 30, 2026.
- Dr. Joachim Rauhut (born 1954, German citizen), independent consultant; has served as member of the Supervisory Board since 2015. Dr. Rauhut's appointment ends with the general meeting tasked with the discharge for the business year from October 1, 2023 to September 30, 2024. He is a member of the Supervisory Board of MTU Aero Engines AG and was a member of the Supervisory Board of creditshelf AG until July 4, 2023.
- Dr. Dirk Linzmeier (born 1976, German citizen), Chairman of the Management Board of TTTechAuto AG, has served as a member of the Supervisory Board since 2018. Dr. Linzmeier' appointment ends with the general meeting tasked with the discharge for the business year from October 1, 2026 to September 30, 2027. He has undertaken to stand for re-election one year in advance at the Annual General Meeting that will adopt the resolution on official approval of the actions of the Supervisory Board for the fiscal year ending September 30, 2026.
- Inka Koljonen (born 1973, Finnish citizen), member of the Management Board of MAN Truck & Bus SE, has served as a member of the Supervisory Board since 2022. Ms. Koljonen's appointment ends with the general meeting tasked with the discharge for the business year ended September 30, 2026. She has been a member of the Supervisory Board of OC Oerlikon Corporation AG, Pfäffikon, Switzerland (member of the Board Directors, Chair of the Audit & Finance Committee) since March 2023.

The Supervisory Board appoints, monitors and advises the Management Board in matters related to management in accordance with applicable law, the articles of association as well as the respective rules of procedure for the Management Board and the Supervisory Board. The fundamental strategic issues as well as business development are discussed on the occasion of regular joint meetings. The rules of procedure for the Supervisory Board may be viewed under IR.STABILUS.COM/INVESTOR-RELATIONS/CORPORATE-GOVERNANCE/SUPERVISORY-BOARD. Insofar as the rules of procedure for the Management Board ties business matters of great significance to Supervisory Board approval, such matters will be discussed at these meetings.

The Supervisory Board reviews the annual accounts and the consolidated accounts of Stabilus SE in addition to the combined management report and the non-financial Group report, approves the annual accounts and endorses the consolidated accounts. It reviews the proposed use of balance-sheet profits and submits the proposal, together with the Management Board, to the general meeting for a decision. In addition, the Supervisory Board nominates the auditor for the general meeting's consideration on the basis of a reasoned recommendation of the Audit Committee. The Audit Committee of the Supervisory Board especially looks into the implementation, efficiency and continued development of the internal control and risk-management systems, the financial reporting rules and compliance, but also into newly emerging sustainability issues, including but not limited to relevant reporting requirements.

Furthermore, the Supervisory Board establishes the remuneration system for the members of the Management Board, including targets for the variable remuneration. Finally, it prepares the remuneration report in cooperation with the Management Board.

The Supervisory Board's meetings typically take the form of in-person meetings. However, members of the Supervisory Board may also attend meetings by video conference. When necessary, the Supervisory Board convenes in the absence of the members of the Management Board. The members of the Supervisory Board are obligated to disclose any conflicts of interest. The Supervisory Board will state such conflicts of interest in its report, which also provides additional details on the activities of the Supervisory Board during the business year from October 1, 2022 until September 30, 2023.

Supervisory Board committees

The Supervisory Board has constituted the Audit Committee and the Remuneration and Nomination Committee as permanent committees from its midst.

Pursuant to § 14 para. 1 of the current rules of procedure for the Supervisory Board, the **Audit Committee** is composed of three members of the Supervisory Board; at this time, they are: Dr. Joachim Rauhut as Chairman, Inka Koljonen and Dr. Stephan Kessel. At least one member of the Audit Committee must have expertise in the area of financial reporting, and at least one more member must have expertise in the area of audits. All of the members must be familiar with the industry in which the Company does business (§§ 107 (4), 100 (5) AktG). In Dr. Rauhut, the Audit Committee has a member with special knowledge in the field of financial reporting and audits. Dr. Rauhut acquired this special expertise and experience in the application of financial reporting standards, internal control and risk management systems and auditing through his many years working in management and supervisory functions at various companies. The Audit Committee has a further member with special knowledge in the field of financial reporting and audits in Ms. Koljonen; Ms. Koljonen also acquired this special expertise and experience through her many years working for various companies, including in the position of CFO for a number of listed companies. The expertise described also comprises sustainability reporting and the audit thereof. The Audit Committee sets the stage for the Supervisory Board's negotiations and decisions, including but not limited to the Company's annual accounts and consolidated accounts, including the non-financial Group report, the selection of the auditor to be nominated to the general meeting, and also enters into the contractual arrangements with the auditor regarding the fee for and the areas of emphasis of the audit. It discusses the audit plan for an internal review with the Management Board, along with questions related to the internal control system, risk management and compliance.

Pursuant to § 15 para. 1 of the current rules of procedure for the Supervisory Board, the **Remuneration and Nomination Committee** is composed of three members of the Supervisory Board; at this time, they are: Dr. Ralf-Michael Fuchs as Chairman, Dr. Stephan Kessel, and Dr. Dirk Linzmeier (since September 2022). The Remuneration and Nomination Committee is tasked with selecting suitable candidates for positions on the Supervisory Board on the basis of extensive prior research as well as in accordance with the Supervisory Board's competence profile and the adopted diversity concept, and to submit the Supervisory Board's recommendations to the general meeting for purposes of the election of members of the Supervisory Board. The committee is further responsible for selecting candidates for the Company's Management Board. Finally, it creates the remuneration system for the Management Board in cooperation with the same, and reviews the remuneration of members of the Supervisory Board.

Supervisory Board's self-assessment

Periodically, the Supervisory Board and its committees will – internally, on the sidelines of meetings, or as part of separate votes – review the effectiveness and efficiency of their work. These reviews attest to a professional and constructive kind of cooperation. In the future, a self-assessment is also to involve an independent external consultant and, if applicable, standardized questionnaires.

5. Targets for representation of women on Management Board and at two upper management levels, diversity concept for composition of Management Board and long-term succession planning

REPRESENTATION OF WOMEN ON MANAGEMENT BOARD

At Stabilus SE, the Supervisory Board has set the target at zero through the year 2027. The Supervisory Board considers the prospective increase in the representation of women at all levels of the Company an important cause but chose this target deliberately in light of the situation in which the Company presently finds itself: On the one hand, the Management Board was downsized in the course of the seat's relocation from Luxembourg to Germany from five to two individuals in order to generate efficiencies in corporate leadership. On the other hand, the position of CFO was refilled in the year 2022, with the choice reflecting the candidate most qualified for the job, both personally and professionally, irrespective of gender. In addition, the service agreement of the Chairman of the Management Board was renewed in the calendar year 2022 in the interest of continuity in corporate leadership.

Should a third member be appointed to the Management Board in the future, the Supervisory Board will naturally give consideration to suitable female candidates as well, as it does for any appointment to the Management Board, and revisit the question of targets at that time as needed.

REPRESENTATION OF WOMEN AT UPPER MANAGEMENT LEVELS

When staffing leadership positions in the enterprise, the Management Board is mindful of diversity – especially as regards gender and internationality. In the year 2022, the Management Board, working closely with HR, developed a new diversity guideline that sets target quotas for middle-management in addition to the levels for target quotas as imposed by legal regulations. For both management levels just below the Management Board, it set a target of 10% and determined that such target is to be reached by September 30, 2027. Management level 1 is the Stabilus Management Board (SMB). This includes the executive positions of particular relevance to corporate governance, who also participate in the annual strategy meeting with the Management Board to discuss and make decisions on long-term strategic objectives. Management level 1 currently has twelve members who are men and one member who is a woman, equivalent to a share of representation by women of 8% (rounded). Management level 2 is composed of employees who either report to Management level 1 and oversee staff of their own, or report directly to the Management Board without serving on the SMB. Management level 2 currently counts 67 employees, four of whom are female, which corresponds with a current quota of 6% (rounded).

DIVERSITY CONCEPT FOR COMPOSITION OF MANAGEMENT BOARD

In staffing the Management Board, the Supervisory Board aims for an appropriate level of diversity in terms of professional background, professional expertise and experience, age and gender, taking into account the following selection criteria in particular:

- Members of the Management Board should have multiple years of experience leading a global enterprise.
- If at all possible, members of the Management Board should combine various training and career paths.
- As a whole, the Management Board should command technical expertise, especially knowledge and experience in the manufacturing and the distribution of components for the automotive industry and industry in general, as well as in the areas of corporate development, R&D, production, finance, IT, law and HR management.

In its current composition, the Management Board meets the requirements of the diversity concept. The two members of the Management Board together cover a remarkably broad spectrum of knowledge and professional experience and even offer extensive international experience. Before joining Stabilus, Dr. Büchsner held a number of senior positions at components supplier TRW in Austria, Germany and the USA, and, following its takeover of TRW, at ZF Friedrichshafen AG. Stefan Bauerreis also held various management positions within the Schaeffler Group, most recently as the CFO for the Europe region.

LONG-TERM SUCCESSION PLANNING

Mindful of the criteria of the diversity concept and with the intention of elevating the female quota, the Supervisory Board and the Management Board are jointly engaging in long-term succession planning for the Management Board. In this context, special emphasis is placed on filling positions internally – i.e., by promoting from within the Company – in order to ensure the greatest degree of stability and continuity in corporate strategy.

6. Targets for representation of women on Supervisory Board, competence profile and diversity concept for Supervisory Board

REPRESENTATION OF WOMEN ON SUPERVISORY BOARD

With respect to the representation of women on the Supervisory Board, the Supervisory Board had set a target of 20% and determined that such target is to be reached by September 30, 2027. Ms. Inka Koljonen is currently a member of the Stabilus SE Supervisory Board – presently composed of five persons – which means that the aforementioned target was met for the business year ended September 30, 2023. Prior to the Annual General Meeting on February 15, 2023, the Supervisory Board had undertaken to improve its diversity and, in its efforts to further raise its own gender diversity ratio, to create a further seat on the Supervisory Board to be filled by a woman. A corresponding increase in the number of members of the Supervisory Board and a suitable candidate are now due to be proposed to the Annual General Meeting on February 7, 2024. If the resolution is approved by the Annual General Meeting, the Supervisory Board will be able to increase its share of women to 33% moving ahead.

COMPETENCE PROFILE

The Supervisory Board takes care to ensure that the body combines any and all knowledge and experience deemed essential for the fulfillment of the responsibilities of the Stabilus SE Supervisory Board. These competencies required for the full board have been defined by the Supervisory Board as follows – and are met in its current composition:

– relevant leadership experience in an industrial enterprise of sufficient size and complexity (sales, organization and number of staff, product and service diversity, type of customers and nationality);
– multiple years of experience in an industrial manufacturing enterprise with global operations, as well as with the strategic development of comparable enterprises;
– in-depth knowledge in the areas of IT, digitization and Industry 4.0;
– multiple years of experience in research & development related to industrial products as developer or manager;
– in-depth industry knowledge of the various applications, business fields and distribution channels of Stabilus SE or similar enterprises;
– comprehensive financial experience with regard to controlling, corporate financing, financial accounting and audits as well as risk management;
– special qualifications in financial reporting and audits (two members of the Audit Committee cover each of these areas);
– experience in corporate governance and compliance with enterprises listed on the Capital Market;
– experience with sustainability strategies relevant to the enterprise

The body's competence profile is composed of its members' individual competencies listed in the table below:

Competence profile of the body T_026

Member	Management experience	International character	Digitization	R&D	Industry knowledge	Finance	Corporate Governance & Compliance	Sustainability
S. Kessel	●	●		●	●	●	●	
J. Rauhut	●	●	●			●	●	●
R.-M. Fuchs	●	●	●	●	●	●	●	●
D. Linzmeier	●	●	●	●	●		●	●
I. Koljonen	●	●	●		●	●	●	●

DIVERSITY CONCEPT FOR COMPOSITION OF SUPERVISORY BOARD

The composition of the Supervisory Board is to reflect an adequate level of diversity. Given this background, the Stabilus SE Supervisory Board established the following criteria with regard to internationality, professional background, professional expertise and experience, age and gender, to which it gives consideration for purposes of its composition and succession planning – and which its current composition meets:

– at least one woman and one man for a body of up to five members;
– at least half of the members have international experience given their origin or work;
– at least half of the members combine various training and professional backgrounds;
– at least one member is less than 60 years of age; and
– as a rule, no member older than 70 years will be appointed or re-appointed.

INDEPENDENCE

In the Supervisory Board's assessment, all of its members are to be regarded as independent from the Company and its Management Board. The fact that Stephan Kessel served as the enterprise's interim CEO from August 2018 until July 2019 does not, in the opinion of the Supervisory Board, compromise his independence from the Company and the Management Board. It is the Supervisory Board's assessment that such past interim tenure, which lasted less than a year, does not amount to a personal or business relationship with the Company or its Management Board that might give rise to a conflict of interest. Prior to serving as CEO, Dr. Kessel had already been a member of the Company's Supervisory Board for four years, and his tenure as interim Chief Executive Officer was only brief. In addition, the Supervisory Board believes that Dr. Kessel has enough experience and objectivity to act without prejudice in a critical situation or whenever controversial decisions are debated. In addition, more than four years separate his tenure as interim CEO from his membership on the Supervisory Board today.

7. Stock transactions of board members

Under Art. 19 of Regulation (EU) No. 596 / 2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation), members of the Management Board and the Supervisory Board are required by law to disclose transactions for their own account involving the Company's shares or debt instruments, or derivatives or other financial instruments related thereto, if the total amount of the transactions executed by a member or persons related to them reaches or exceeds € 20,000.00 within a calendar year. The transactions reported to the Company for the past calendar year have been properly disclosed and may be viewed under IR.STABILUS.COM/INVESTOR-RELATIONS/FINANCIAL-NEWS.

8. General meetings, shareholder rights and communication

On the occasion of the general meeting, shareholders exercise their rights, including but not limited to their rights to vote and to obtain information. At the general meeting, each share conveys one vote; voting right may also be exercised by representatives. The ordinary general meeting ordinarily takes place within the first five months of the business year. The ordinary general meeting will typically adopt resolutions on the use of profits, on approving the actions of both the members of the Management Board and of the Supervisory Board, on electing the auditor and endorsing the remuneration report. Furthermore, the general meeting may pass resolutions to amend the articles of association or adopt capital measures, among other items. In connection with the general meeting, shareholders are entitled to various rights; for instance, they may – subject to certain conditions – file motions with respect to resolutions proposed by the Management Board and the Supervisory Board, or challenge resolutions of the general meeting. On the Company's website, shareholders have access to the documents and information on the general meeting that are required by law. With the approval of the Supervisory Board, the Management Board had decided to hold the Annual General Meeting for the fiscal year ended September 30, 2023 as a virtual meeting.

As part of our investor relations work, we inform ourselves about developments in the Company. Aside from quarterly notices, six-month financial reports and annual reports, earnings releases, ad-hoc notifications, analyst presentations and press statements are published along with the financial calendar for the current year, which contains the publication dates of significance to financial communications as well as the date of the general meeting. The corresponding information can be found at IR.STABILUS.COM.

NON-FINANCIAL GROUP REPORT (UNAUDITED)

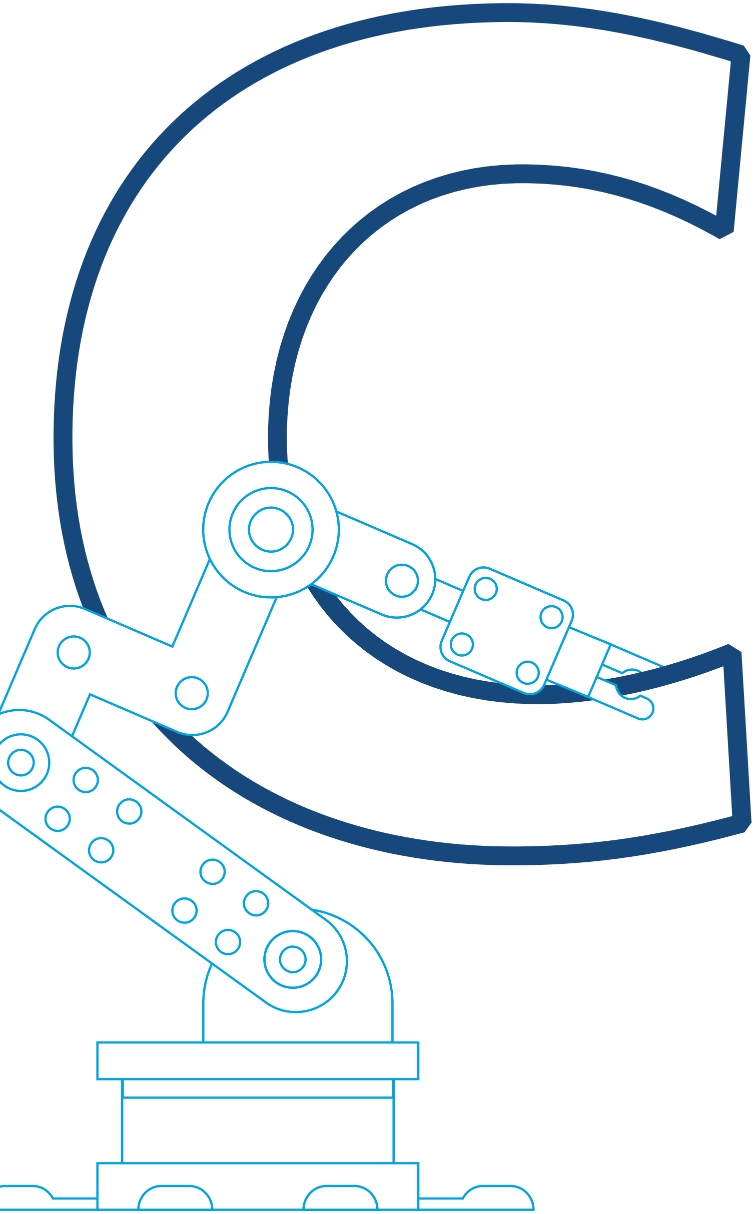
The management of Stabilus SE released the separate non-financial Group report for fiscal 2023 on December 13, 2023. The separate non-financial Group report is published on Stabilus SE's website at IR.STABILUS.COM/INVESTOR-RELATIONS/NON-FINANCIAL-REPORTS.

The parent company Stabilus SE has no statutory obligation to produce or publish non-financial reporting.

Koblenz, December 13, 2023

DR. MICHAEL BÜCHSNER
Stabilus SE
The Management Board

STEFAN BAUERREIS



CONSOLIDATED FINANCIAL STATEMENTS

for the fiscal year ended September 30, 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the fiscal year ended September 30, 2023

Consolidated statement of comprehensive income T_027

IN € THOUSANDS	Note	Fiscal year ended September 30 2023	2022
Revenue	5	1,215,254	1,116,345
Cost of sales [1]	6	(894,061)	(819,541)
Gross profit		**321,193**	**296,804**
Research and development expenses [1]	6	(31,132)	(31,783)
Selling expenses	6	(104,421)	(87,035)
Administrative expenses	6	(48,382)	(39,574)
Other income	7	5,775	4,820
Other expenses	8	(6,693)	(1,145)
Net result from equity-accounted investments	9	797	129
Profit from operating activities (EBIT)		**137,137**	**142,216**
Finance income	10	6,869	15,202
Finance costs	11	(24,681)	(14,167)
Profit / (loss) before income tax		**119,325**	**143,251**
Income tax income / (expense)	12	(16,012)	(38,910)
Profit / (loss) for the period		**103,313**	**104,341**
thereof attributable to non-controlling interests		1,529	1,380
thereof attributable to shareholders of Stabilus		101,784	102,961
Other comprehensive income / (expense)			
Foreign currency translation differences	23	(18,473)	41,015
Hedge of cash flows from financial instruments	23	130	–
Items that can be reclassified to consolidated profit or loss in future periods		**(18,343)**	**41,015**
Unrealized actuarial gains and losses	23	(618)	11,662
Items not to be reclassified to consolidated profit or loss in future periods		**(618)**	**11,662**
Other comprehensive income / (expense), net of taxes		**(18,961)**	**52,677**
Total comprehensive income for the period		**84,352**	**157,018**
thereof attributable to non-controlling interests		1,519	165
thereof attributable to shareholders of Stabilus		82,833	156,853
Earnings per share (in €):			
basic (EPS)	13	4.12	4.17
diluted (DEPS)	13	4.12	4.17

The accompanying notes form an integral part of these consolidated financial statements.
[1] See description of change in reporting.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of September 30, 2023

Consolidated statement of financial position T_028

IN € THOUSANDS	Note	Sept 30, 2023	Sept 30, 2022
Assets			
Property, plant and equipment	14	247,151	228,879
Goodwill	15	236,621	216,806
Other intangible assets	16	229,962	216,857
Investments in entities accounted for using the equity method and other investments	9	6,000	23,099
Other financial assets	17	455	–
Other assets	18	664	1,413
Deferred tax assets	12	13,402	14,850
Total non-current assets		**734,255**	**701,904**
Inventories	19	177,255	167,451
Trade and other receivables	20	197,989	197,656
Income tax receivables	21	8,915	8,074
Other financial assets	17	601	600
Other assets	18	22,191	22,536
Cash and cash equivalents	22	193,099	168,352
Total current assets		**600,050**	**564,669**
Total assets		**1,334,305**	**1,266,573**

Consolidated statement of financial position T_028

IN € THOUSANDS	Note	Sept 30, 2023	Sept 30, 2022
Equity and liabilities			
Issued capital	23	24,700	24,700
Capital reserves	23	201,395	201,395
Retained earnings	23	458,285	421,129
Other reserves	23	(650)	18,301
Equity attributable to shareholders of Stabilus		**683,730**	**665,525**
Non-controlling interests		28,271	4,165
Total equity		**712,001**	**669,690**
Financial liabilities	24	251,077	255,118
Other financial liabilities	25	46,806	25,678
Provisions	27	15,245	2,690
Pension plans and similar obligations	28	37,669	37,158
Deferred tax liabilities	12	44,579	54,370
Total non-current liabilities		**395,376**	**375,014**
Trade and other payables [1]	29	124,291	120,257
Financial liabilities	24	6,920	1,730
Other financial liabilities [1]	25	7,975	7,877
Income tax liabilities	30	20,069	14,231
Provisions	27	31,371	48,203
Other liabilities [1]	31	36,302	29,571
Total current liabilities		**226,928**	**221,869**
Total liabilities		**622,304**	**596,883**
Total equity and liabilities		**1,334,305**	**1,266,573**

The accompanying notes form an integral part of these consolidated financial statements.
[1] See description of change in reporting.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the fiscal year ended September 30, 2023

Consolidated statement of changes in equity

T_029

IN € THOUSANDS	Note	Issued capital	Capital reserves	Retained earnings	Other reserves	Equity attributable to shareholders of Stabilus	Non-controlling interests	Total equity
Balance as of September 30, 2021		**247**	**225,848**	**348,746**	**(35,591)**	**539,250**	**5,087**	**544,337**
Profit / (loss) for the period		–	–	102,961	–	102,961	1,380	104,341
Other comprehensive income / (expense)	23	–	–	–	53,892	53,892	(1,215)	52,677
Total comprehensive income for the period		–	–	102,961	53,892	156,853	165	157,018
Dividends	23	–	–	(30,875)	–	(30,875)	(790)	(31,665)
Reclassifications		24,453	(24,453)	–	–	–	–	–
Change in ownership interest in subsidiaries without a change of control		–	–	297	–	297	(297)	–
Balance as of September 30, 2022		**24,700**	**201,395**	**421,129**	**18,301**	**665,525**	**4,165**	**669,690**
Profit / (loss) for the period				101,784	–	101,784	1,529	103,313
Other comprehensive income / (expense)	23				(18,951)	(18,951)	(10)	(18,961)
Total comprehensive income for the period				101,784	(18,951)	82,833	1,519	84,352
Dividends	23			(43,225)	–	(43,225)	(257)	(43,482)
Reclassifications		–	–	–	–	–	–	–
Change in ownership interest in subsidiaries without a change of control		–	–	–	–	–	–	–
Change in non-controlling interests		–	–	–	–	–	22,629	22,629
Liabilities from put / call options	25	–	–	(21,403)	–	(21,403)	215	(21,188)
Balance as of September 30, 2023		**24,700**	**201,395**	**458,285**	**(650)**	**683,730**	**28,271**	**712,001**

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the fiscal year ended September 30, 2023

Consolidated statement of cash flows

T_030

IN € THOUSANDS	Note	Fiscal year ended September 30 2023	2022
Profit / (loss) for the period		103,313	104,341
Income tax income / (expense)		16,012	38,910
Net financial result	10 / 11	17,812	(1,035)
Interest received		6,867	1,314
Net result from equity-accounted investments	9	(797)	(129)
Dividends received	9	1,002	205
Depreciation and amortization (incl. impairment losses)	14 / 16	71,041	69,000
Gains / losses from the disposal of assets		(263)	(342)
Changes in inventories		(6,089)	(30,561)
Changes in trade and other receivables		3,288	(60,970)
Changes in trade payables		3,164	23,712
Changes in other assets and liabilities		(5,188)	17,811
Changes in provisions		(6,542)	(2,663)
Income tax payments	36	(25,517)	(33,860)
Cash flow from operating activities		**178,103**	**125,733**
Proceeds from disposal of property, plant and equipment		1,442	1,005
Purchase of intangible assets	16	(26,126)	(18,711)
Purchase of property, plant and equipment	14	(47,616)	(26,365)
Acquisition of assets and liabilities within the business combination		(9,145)	(295)
Payment for equity-accounted and other investments	9	–	(23,175)
Cash flow from investing activities		**(81,445)**	**(67,541)**
Receipts under credit facility		–	100,000
Receipts under financial liabilities		–	55,000
Payments for redemption of financial liabilities		(4,339)	(1,094)
Payments for redemption of senior facilities		–	(197,643)
Payments for lease liabilities	36	(7,827)	(8,177)
Payments for transaction costs		–	(2,914)
Dividends paid	23	(43,225)	(30,875)
Dividends paid to non-controlling interests		(257)	(790)
Payments for interest	36	(10,769)	(5,108)
Cash flow from financing activities		**(66,417)**	**(91,601)**
Net increase / (decrease) in cash and cash equivalents		**30,241**	**(33,409)**
Effect of movements in exchange rates on cash held		(5,494)	8,573
Cash and cash equivalents as of beginning of the period		168,352	193,189
Cash and cash equivalents as of end of the period		**193,099**	**168,352**

The accompanying notes form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the fiscal year from October 1, 2022, to September 30, 2023

1 General information

REPORTING ENTITY

By way of resolution of the Extraordinary General Meeting on March 24, 2022, and the subsequent entry in the Luxembourg Trade and Companies Register on April 5, 2022, Stabilus SE, Frankfurt/Main, transformed its legal form from that of a Société Anonyme (S. A.) under Luxembourg law to a European Company (Societas Europaea (SE)). Its registered office was located at 2, rue Albert Borschette, 1246 Luxembourg, until September 1, 2022. Until that date, the Company was entered in the Luxembourg commercial register under no. B151589. The relocation of the registered office from Luxembourg to Frankfurt/Main, Germany, was resolved by the Extraordinary General Meeting on August 11, 2022. Since September 2, 2022, having been entered in the commercial register of the Frankfurt/Main Local Court under no. HRB 128539, the registered office of the Company has been in Frankfurt/Main with the business address Wallersheimer Weg 100, 56070 Koblenz, Germany. The Company was originally founded as Servus HoldCo S.à r.l., Luxembourg, on February 26, 2010. The shares of Stabilus SE, Frankfurt/Main, (hereinafter referred to as "Stabilus SE") are listed in the MDAX (PY: MDAX) of the Frankfurt Stock Exchange at the end of the reporting period. The shares of the Company are listed in the regulated market of the Frankfurt Stock Exchange and in the Prime Standard, which entails further post-admission requirements, as no-par value bearer shares of Stabilus SE with the ISIN DE000STAB1L8. The ticker symbol is "STM". The share capital of the Company is represented by a global certificate and has been deposited.

The Company's fiscal year is from October 1 to September 30 of the following year (twelve-month period). The corresponding prior-year period (comparative period) therefore covers the period from October 1, 2021, through September 30, 2022. The consolidated financial statements of Stabilus SE include Stabilus and its subsidiaries (hereafter also referred to as "Stabilus Group" or the "Group").

The Stabilus Group is a leading manufacturer of gas springs, dampers, vibration isolation products as well as electric tailgate opening and closing equipment (Powerise® product portfolio). The products are used in a wide range of applications in the automotive and many other industrial applications, with a focus on industrial machinery & automation, energy & construction, distributors, independent aftermarket and e-commerce, as well as in the furniture industry. Typically, the products are used to support the lifting and lowering or dampening of movements. As the world market leader for gas springs, the Group ships to all key vehicle manufacturers. Various Tier 1 suppliers of the global car industry as well as large technical focused distributors further diversify the Group's customer base.

The consolidated financial statements are prepared in euro. Unless indicated otherwise, all amounts are shown in thousands of euro (€ thousand). For arithmetical reasons, the information presented in the notes to the consolidated financial statements can contain rounding differences of +/– one unit (€ thousand or %).

For the sake of simplicity, generally only one gender form is used in this report. All other gender forms are expressly intended.

We would like to point out that all links to the Company's website and the information to which the links refer have not been subject to the audit by the auditor.

The consolidated financial statements of Stabilus and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, for the fiscal year ended September 30, 2023 applying section 315e of the Handelsgesetzbuch (HGB – German Commercial Code).

The consolidated financial statements were authorized for issue by the Management Board on December 13, 2023.

STATEMENT ON THE GERMAN CORPORATE GOVERNANCE CODE

The statements on the German Corporate Governance Code required under section 161 AktG were submitted by the Management Board and Supervisory Board and made permanently available to shareholders on the Stabilus website (IR.STABILUS.COM/DE/INVESTOR-RELATIONS/CORPORATE-GOVERNANCE).

2 Basis for presentation

PREPARATION

In the statement of financial position, assets and liabilities are classified as non-current and current. They are reported as current if the remaining term is less than one year and as non-current if the remaining term is over one year. Deferred tax assets and liabilities, as well as provisions for defined benefit pension plans and similar obligations, are reported as non-current. The consolidated statement of comprehensive income is presented using the cost of sales method.

MEASUREMENT

The consolidated financial statements have been prepared on a historical cost basis, except for certain items that are measured at fair value, like derivative financial instruments. Exceptions are described below in the "Use of estimates and judgments" section.

CHANGES IN REPORTING

The reporting of the following items has been amended since the consolidated financial statements as of September 30, 2022. The prior-year figures have been restated to improve clarity, although the corrections are considered immaterial.

- Write-downs for development projects were previously reported in full under research and development expenses (September 30, 2022: €14.4 million) and are now reported under cost of sales (September 30, 2023: €13.4 million).
- The outstanding costs previously reported in other liabilities (September 30, 2022: €6.2 million) are now reported in full under trade payables.
- The liabilities to employees previous reported under other financial liabilities (September 30, 2022: €10.6 million) and social security contributions (September 30, 2022: €2.7 million) are now reported under other liabilities in the amount of €13.3 million and €2.6 million.

Use of estimates and judgments

The preparation of financial statements requires estimates that involve complex and subjective judgments and the use of assumptions for matters that are uncertain and are subject to change. Judgments and estimates can change from period to period and can have a material impact on-financial positions, income and expenses. Estimates and judgments are reviewed by the Management on an ongoing basis and updated if necessary. Revisions to estimates are recognized prospectively.

The effects of the Russia-Ukraine war, particularly on the supply chain situation of our suppliers and the dynamic inflationary situation, have decreased significantly compared to the previous year and have led to less uncertainty. Accordingly, estimates assume that energy costs will normalize and that inflation expectations and reduced inflation expectations overall.

The following list states matters for which assumptions and judgments have been made that could lead to an adjustment of the carrying amounts of the reported assets and liabilities in the future should there be changes in the current judgments and estimates made:

- Income taxes (Note 12)
- Property, plant and equipment and other intangible assets, in particular assumptions about the useful lives and impairment losses, if any (Notes 14 and 16)
- Estimates of impairment of goodwill, especially judgments underlying the recoverable amounts (Note 15)
- Estimates and judgments of impairment on inventories with regard to net realizable value (Note 19)
- Estimates and judgments of credit risk and expected credit loss on trade and other receivables (Note 20)
- Estimates and judgments regarding the approximation of fair value from the discounted cash flow method with regard to exercise and the final purchase price obligation (Note 25)
- Estimation uncertainties regarding the terms of leases, particularly with regards to renewal and termination options (Note 26)
- Estimates for provisions for guarantees and warranties, in particular regarding actual cash outflows due to utilization (Note 27)
- Pension obligations, in particular judgments of discount rates, pension increases and mortality rates (Note 28)
- Provisions and contingent liabilities, especially from the change in the probability estimate of a current obligation and the economic outflow of resources and the applicable cost increase rate based on the latest reliable market data (Note 27 and 32)

IMPAIRMENT OF NON-FINANCIAL ASSETS

Stabilus monitors whether there are indications that its non-financial assets may be impaired. Goodwill and other intangible assets for which either no useful life can be determined or that are not yet available for use at the end of the reporting period are tested for impairment annually. Further tests are carried out if there are indications of impairment. Other non-financial assets are tested for impairment if there are indications that the carrying amount may not be recoverable. If the fair value less costs to sell is calculated, management must estimate the expected future cash flows from the asset or the cash generating unit and select an appropriate discount rate in order to determine the present value. We refer to the Notes "15 Goodwill" and "16 Other intangible assets".

CLIMATE-RELATED MATTERS

Budgets are based on assumptions regarding the impact of climate change and other sustainability aspects on the Stabilus Group's business performance. For example, these assumptions relate to changes in customer demand, regulatory requirements and changes to production conditions. Climate-related risks for the Stabilus Group in this regard, for example due to the need to implement regulatory requirements to promote a circular economy and mitigate climate change, did not as a whole have a material impact on the determination of recoverable amounts for the CGUs or groups of CGUs.

TRADE AND OTHER RECEIVABLES

The allowance for doubtful accounts requires management judgment and review of individual receivables based on individual customer creditworthiness, current economic trends, analysis of historical allowances and determination of expected credit losses (ECL) on financial assets. Details of the bad debt allowance on trade receivables are presented in Note 20.

DEFERRED TAX ASSETS

The measurement of deferred tax assets is based on medium-term business plans of the entities carrying the deferred tax asset. The medium-term business plans cover five-year periods and include various assumptions and estimates relating to the business development, strategic changes, cost optimization and business improvement and also general market and economic development. Deferred tax assets are recognized to the extent that sufficient taxable profit will be available for the utilization of the deductible temporary differences. Stabilus recognizes valuation allowances for deferred tax assets when it is unlikely that sufficient future taxable profit will be generated. Please see Note 12.

PROVISIONS

Estimates are required in the determination of provisions related to pensions and other obligations, contract losses, warranty costs and legal proceedings. Please refer to Notes 27 and 28.

Risks and uncertainties

The Group's net assets, financial position and results of operations are subject to risks and uncertainties. Actual results can vary from expectations due to changes in the overall economy, evolvement of price-aggressive competitors, significant price changes for raw materials and overall purchase costs. Furthermore, quality issues may result in significant costs for the Group. The Group's financing is based on variable interest rates and is subject to risks and uncertainties due to the development of Euribor and the net leverage level of the Company.

Going concern

These consolidated financial statements have been prepared under the going concern assumption. From the current perspective there are no risks to the continued existence of the Stabilus Group.

Consolidated entities

The consolidated financial statements include the financial statements of Stabilus SE and all subsidiaries which are directly or indirectly controlled by Stabilus. Control exists if the Company has the decision-making power over the relevant activities of an entity and it participates in positive and negative variable returns from that entity and it can affect these returns by its decision-making power.

Non-controlling interests represent the portion of profit and loss and net assets not held by the Company. They are presented separately in the consolidated statement of comprehensive income and the consolidated statement of financial position.

The results of subsidiaries acquired or sold during the period are included in the consolidated statement of comprehensive income from the date of acquisition or until the date of disposal, as appropriate. In addition to Stabilus SE, 38 subsidiaries in total (PY: 35), zero associated companies (PY: 1) and one investment (PY: 1) are included in the consolidated financial statements as of September 30, 2023 (see list above).

In fiscal 2023, the Stabilus Group acquired a majority interest in the Cultraro Group, which has now been included in the consolidated group (2022: associate accounted for using the equity method). For its inclusion in the consolidated group, interim financial statements as of July 31, 2023 were prepared for the Cultraro Group. Figures for the opening statement of financial position were determined based on these (for details see Note 4 "Business combination"). A Group entity was also merged with another Group entity (Stabilus ACE Controls Japan L.L.C and Stabilus Japan Corporation). There were no other changes compared to the consolidated financial statements for fiscal 2022. The changes did not cause a significant change in the Group's structure.

List of shareholdings

T_031

Number	Name of the company	Registered office of the company	Interest and control held by	Holding in %
1	Stable II GmbH	Frankfurt / Main, Germany	Stabilus SE	100.00%
2	Stable Beteiligungs GmbH	Koblenz, Germany	Stable II GmbH	100.00%
3	Stable HoldCo Australia Pty. Ltd.	Dingley, Australia	Stabilus SE	100.00%
4	Stabilus UK Ltd.	Banbury, UK	Stable Beteiligungs GmbH	100.00%
5	Stabilus GmbH	Koblenz, Germany	Stable Beteiligungs GmbH	100.00%
6	Stabilus Pty. Ltd.	Dingley, Australia	Stable HoldCo Australia Pty. Ltd.	100.00%
7	Stabilus Ltda.	Itajubá, Brazil	Stabilus GmbH	99.9999%
8	Stabilus Co. Ltd.	Busan, South Korea	Stabilus GmbH	100.00%
9	Stabilus S.A. de C.V.	Ramos Arizpe, Mexico	Stabilus GmbH Stabilus UK Ltd.	99.9998% 0.0002%
10	Stabilus Inc.	Gastonia, USA	Stabilus US Holding Corp.	100.00%
11	Stabilus Limited	Auckland, New Zealand	Stabilus GmbH	80.00%
12	Stabilus Japan Corp.	Yokohama, Japan	Stable Beteiligungs GmbH	100.00%
13	New Clevers S.A.	Buenos Aires, Argentina	Stable Beteiligungs GmbH	60.00%
14	Piston Amortisör Sanayi ve Ticaret Anonim Şirketi	Bursa, Turkey	Stable Beteiligungs GmbH	53.00%
15	Stabilus France S.à r.l.	Poissy, France	Stabilus GmbH	100.00%
16	Stabilus Romania S.R.L.	Brasov, Romania	Stable Beteiligungs GmbH Stabilus GmbH	0.0001% 99.9999%
17	Stabilus (Jiangsu) Ltd.	Wujin, China	Stabilus GmbH	100.00%
18	Stabilus Mechatronics Service Ltd.	Shanghai, China	Stabilus (Jiangsu) Ltd.	100.00%
19	Stabilus PTE Ltd.	Singapore	Stabilus GmbH	100.00%
20	Stabilus (Zhejiang) Ltd.	Pinghu, China	Stable Beteiligungs GmbH	100.00%
21	Stabilus US Holding Corporation	Wilmington, USA	Stabilus SE	100.00%
22	Stabilus Motion Controls GmbH	Langenfeld, Germany	Stabilus SE	100.00%
23	General Aerospace GmbH	Eschbach, Germany	Stabilus Motion Controls GmbH	95.00%
24	General Aerospace Inc.	Lynnwood, USA	General Aerospace GmbH	95.00%
25	Fabreeka Group Holdings, Inc.	Stoughton, USA	Stabilus US Holding Corp.	100.00%
26	ACE Controls Inc.	Farmington Hills, USA	Stabilus US Holding Corp.	100.00%

List of shareholdings (continued) T_031

Number	Name of the company	Registered office of the company	Interest and control held by	Holding in %
27	ACE Controls International Inc.	Wilmington, USA	Stabilus US Holding Corp.	100.00%
28	Fabreeka International Holdings Inc.	Stoughton, USA	Fabreeka Group Holdings Inc.	100.00%
29	Fabreeka International Inc.	Stoughton, USA	Fabreeka International Holdings Inc.	100.00%
30	Tech Products Corporation	Miamisburg, USA	Fabreeka International Holdings Inc.	100.00%
31	Fabreeka GmbH Deutschland	Büttelborn, Germany	Fabreeka International Holdings Inc.	100.00%
32	ACE Stoßdämpfer GmbH	Langenfeld, Germany	Stabilus Motion Controls GmbH Stabilus SE	94.90% 5.10%
33	HAHN-Gasfedern GmbH	Aichwald, Germany	Stabilus Motion Controls GmbH	100.00%
34	YAKIDO B.V.[1]	Zwijndrecht, Netherlands	HAHN-Gasfedern GmbH	50.00%
35	Cultraro Automazione Engineering S.r.l.	Rivoli, Italy	Stabilus Motion Controls GmbH	60.00%
36	Firs Stampi S.r.l.	Rivoli, Italy	Cultraro Automazione Engineering S.r.l.	51.00%
37	Cultraro Shanghai Company Ltd.	Shanghai, China	Cultraro Automazione Engineering S.r.l.	100.00%
38	Cultraro Autocomp Solutions Private Ltd.	New Delhi, India	Cultraro Automazione Engineering S.r.l.	51.00%
39	Synapticon GmbH [2]	Schönaich, Germany	Stabilus Motion Controls GmbH	10.86%

[1] The entity has been included in consolidation as the Stabilus Group can exercise control over the company in the meaning of IFRS 10.
[2] Investment.

Principles of consolidation

The assets and liabilities of domestic and foreign entities included in the consolidated financial statements are accounted for in accordance with the uniform accounting policies of the Stabilus Group. Entities are included in the consolidated financial statements from the acquisition date, i.e. the date on which the Stabilus Group achieves control, until the date when control is lost. Receivables and liabilities or provisions between the consolidated entities are eliminated. Intragroup revenue and other intragroup income and the corresponding cost and expenses are eliminated. Intercompany gains and losses on intragroup delivery and service transactions are eliminated through profit or loss.

Business combination

Business combinations are accounted for using the acquisition method as of the acquisition date, which is the date on which control is obtained by the Group. Goodwill is measured as follows:

The fair value of the consideration transferred, plus the recognized amount of any non-controlling interests in the acquiree, less the net recognized amount (generally the fair value) of the identifiable assets acquired and liabilities assumed.

The consideration transferred does not include amounts related to the settlement of transactions existing before the business combination. Such amounts are generally recognized in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities that the Group incurs in connection with the business combination, are expensed as incurred.

Non-controlling interests

Non-controlling interests in the net assets of consolidated subsidiaries consist of the value of those interests at the date of the original business combination and their share of changes in equity since that date. The non-controlling interest in the Group's equity and the net result for the reporting period are reported separately.

Investments in associates

Investment in associates and joint ventures are accounted for in the consolidated financial statements of the Stabilus Group using the equity method.

Associates are entities over which the Group has significant influence but no control. Significant influence is presumed when the Group holds between 20% and 50% of the voting rights.

The carrying amounts of investments in entities accounted for using the equity method are recognized in the amount of the pro rata equity of the investee. Stabilus' shares in the results of investments accounted for using the equity method are reported in the income statement as a separate item in profit or loss, "Income/(expense) from equity-accounted investments". Furthermore, the carrying amounts of investments are reported under non-current assets as "Equity-accounted and other investments".

Foreign currency translation

The consolidated financial statements are presented in euro (€).

The functional currency is determined for each entity in the Group, which is the currency of the primary economic environment in which the entity operates. Transactions in foreign currencies are initially translated into the functional currency using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency using the exchange rate at the end of the reporting period. The resulting foreign currency exchange gains or losses are recognized in profit and loss.

Non-monetary items in a foreign currency that are measured at historical cost are translated using the exchange rates as of the date of the initial transaction (date of transaction). Non-monetary items denominated in a foreign currency measured at fair value are translated using the exchange rate at the date when the fair value is determined (exchange rate applicable on the date of revaluation).

Assets and liabilities of foreign subsidiaries with a functional currency other than euro (€) are translated using the exchange rates as of the end of the reporting period, while their income and expenses and cash flows are translated using the average exchange rates during the period.

Foreign currency exchange gains and losses on operating activities are included in other operating income and expense. Foreign currency gains and losses on financial receivables and debts are included in the financial result.

Translation differences arising from the translation of the financial statements of the Group's foreign operations are recognized in other comprehensive income and reported in a separate reserve in equity. On disposal of a foreign operation, the related amount is reclassified out of the cumulative foreign currency translation adjustment into profit or loss where it is recognized as part of the gain or loss on disposal.

In fiscal 2023, two functional currencies, Turkish lira (TRY) and Argentine peso (ARS), of two entities included in consolidation were classified as hyperinflationary as referred to by IAS 29 (Financial Reporting in Hyperinflationary Economies); further details can be found in Note 34, "Risk reporting".

The exchange rates of the significant currencies of non-euro countries used in the preparation of the consolidated financial statements were as follows:

Exchange rates T_032

		Closing rate Sept 30,		Average rate for the year ended Sept 30,	
Country	ISO code	2023	2022	2023	2022
Australia	AUD	1.6339	1.5076	1.6037	1.5211
Argentina	ARS	369.7892	144.3958	240.5530	124.0207
Brazil	BRL	5.3065	5.2584	5.4116	5.6964
China	CNY	7.7352	6.9368	7.5304	7.0943
India	INR	88.0165	79.4250	87.8990	83.1764
Mexico	MXN	18.5030	19.6393	19.4902	22.1137
Romania	RON	4.9735	4.9490	4.9345	4.9387
South Korea	KRW	1,425.26	1,400.6900	1,404.5366	1,350.0014
Turkey	TRY	29.0514	18.0841	22.8204	15.8271
United States	USD	1.0594	0.9748	1.0678	1.0847

Changes in accounting policies / new standards issued

The accounting policies applied in the consolidated financial statements comply with the IFRSs required to be applied in the EU as of September 30, 2023. In fiscal 2023, the following new and revised standards and interpretations had to be applied for the first time in the Stabilus Group's financial statements.

Amendments to IAS 1

On February 12, 2021, the IASB published amendments to Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2). The amendments are effective for annual periods beginning on or after January 1, 2023.

The amendment comprises the disclosure of material accounting policies rather than significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence users' decisions. It can also be considered material if users would otherwise be unable to clearly understand.

Based on our current assessments, the regulations do not have a significant impact on the consolidated financial statements of the Stabilus Group.

Amendments to IAS 8

On February 12, 2021, the IASB published amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, in particular the definition of accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023.

The amendments to IAS 8 help entities to distinguish between amendments to accounting policies and accounting estimates. According to the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The distinction is essential as there are differences in application. Changes in estimates apply to future transactions and events, while changes in accounting policies must be applied retrospectively to past transactions and the current period.

Based on our current assessments, the regulations do not have a significant impact on the consolidated financial statements of the Stabilus Group.

Amendments to IAS 12

On May 7, 2021, the IASB published amendments to IAS 12 concerning the (non-) recognition of deferred taxes in connection with the simultaneous recognition of assets and liabilities arising from a single transaction.

The amendments are effective for annual periods beginning on or after January 1, 2023. First-time adoption must apply the modified retrospective approach.

The objective of the amendments is to reduce the variety in accounting for deferred tax assets and liabilities in relation to leases and decommissioning obligations.

The amendment mainly relates to leases and decommissioning and restoration obligations. The amendment results in the need to recognize deferred tax assets and liabilities if there are equal amounts of deductible and taxable temporary differences.

Based on our current assessments, the regulations do not have a significant impact on the consolidated financial statements of the Stabilus Group.

Amendments to IFRS 17

The IASB published IFRS 17 on May 18, 2017. IFRS 17 introduces uniform accounting policies for insurance contracts and will replace the accounting policies in IFRS 4 "Insurance Contracts".

The aim of the amendments is to establish an international accounting standard for the uniform accounting of insurance contracts.

The amendments to IFRS 17 affect all companies covered by IFRS that issue insurance contracts, including companies outside the insurance sector that issue insurance contracts. This means that some contracts issued by industrial companies may also fall within the scope of IFRS 17 and must be accounted for accordingly. However, this does not apply to insurance contracts held, i.e. contracts in which the reporting company assumes the role of policyholder. These are not covered by the scope of IFRS 17.

The amendments are effective for annual periods beginning on or after January 1, 2023. First-time adoption must apply the modified retrospective approach.

Based on our current assessments, the regulations do not have a significant impact on the consolidated financial statements of the Stabilus Group.

The above new and revised standards, interpretations and amendments will probably have no material impact on the Stabilus Group's consolidated financial statements.

New standards, interpretations and amendments in fiscal 2023

T_033

Standard / Interpretation / Amendment	Definition	Effective date stipulated by IASB	Effective date stipulated by EU	Impact on Stabilus financial statements
Amendments to IAS 1	Amendments to IAS 1 "Presentation of Financial Statements" – disclosure of accounting policies (published by the IASB on February 12, 2021)	January 1, 2023	January 1, 2023	Reference is made to the descriptions above
Amendments to IAS 8	Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on February 12, 2021)	January 1, 2023	January 1, 2023	Reference is made to the descriptions above
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on May 7, 2021)	January 1, 2023	January 1, 2023	Reference is made to the descriptions above
IFRS 17	Insurance Contracts (issued on May 18, 2017), including Amendments to IFRS 17 (issued on June 25, 2020)	January 1, 2023	January 1, 2023	Reference is made to the descriptions above

The effective date presented above is the date of mandatory application in annual periods beginning on or after that date. (Stabilus fiscal year is from October 1 to September 30.) Initial application from October 1, 2023.

The IASB issued new standards and amendments which have been published by the IASB but whose application is not yet compulsory in fiscal year 2023. The Stabilus Group is not planning the early application of these standards, amendments and interpretations.

New standards, interpretations and amendments issued by the IASB (mandatory for the Stabilus Group in the future)

T_034

Standard / Interpretation / Amendment	Definition	Effective date stipulated by IASB	Effective date stipulated by EU	Impact on Stabilus financial statements
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback (issued on September 22, 2022)	January 1, 2024	Outstanding	No impact
Amendments to IAS 1	Classification of Liabilities as Current or Non-current, Amendments to Non-current Liabilities with Covenants and Deferral of Effective Date (issued on January 23, 2020, July 15, 2020 and October 31, 2022)	January 1, 2024	Outstanding	Currently in evaluation
Amendments to IAS 12	Amendment to IAS 12 “Income Taxes” – International Tax Reform – Pillar Two Model Rules (published on May 23, 2023)	January 1, 2023	January 1, 2023	Reference is made to the descriptions below
IAS 7 and IFRS 7	Amendment to IAS 7 “Statement of Cash Flows” and IFRS 7 “Financial Instruments” – disclosure of finance arrangements with suppliers (published on May 25, 2023)	January 1, 2024	Outstanding	No impact
IFRS 10 and IAS 28	Clarification on recognizing gains from the sale or contribution of assets between an investor and an associate or joint venture	Outstanding	Outstanding	–
Amendments to IAS 21	Effect of change in foreign exchange rates Lack of Exchangeability (published on August 15, 2023)	January 1, 2025	Outstanding	Currently in evaluation

The effective date presented above is the date of mandatory application in annual periods beginning on or after that date (Stabilus fiscal year is from October 1 to September 30). Initial application from October 1, 2024.

Amendments to IFRS 16

On September 22, 2022, the IASB published amendments to IFRS 16 regarding the requirements for individual sale and leaseback transactions. The amendments cover the subsequent measure of a lease liability in the case of a sale and leaseback transaction. This chiefly affects sale and leaseback transactions where some or all lease payments are from variable lease payments that are not linked to an index or interest rate.

The amendments to IFRS 16 do not affect the accounting of leases that are not the result of a sale and leaseback transaction.

Based on our current assessments, the regulations do not have a significant impact on the consolidated financial statements of the Stabilus Group. The Group does not currently carry out any sale and leaseback transactions.

Amendments to IAS 1

On January 23, 2020, the IASB published amendments to IAS 1 on the classification of non-current liabilities with covenants as current or non-current. These amendments clarified how debt and other financial liabilities are to be classified as current or non-current in particular circumstances (2020 amendments).

The IASB published further amendments to IAS 1 on October 31, 2022 in connection with the classification of liabilities (as current or non-current) for which certain covenants have been agreed.

The aim of the new amendments is to improve information on liabilities where the entity's right to defer settlement for at least 12 months after the reporting date is subject to compliance with certain conditions (covenants).

The amendments are effective for the first time for annual periods beginning on or after January 1, 2024.

Based on our current assessments, the regulations do not have a significant impact on the consolidated financial statements of the Stabilus Group.

Amendments to IAS 12

On May 23, 2023, the IASB published amendments to IAS 12 "Income Taxes" on the basis of Pillar Two. The amendment provides a temporary exemption from the obligation to recognize deferred taxes resulting from the implementation of Pillar Two rules as well as specific disclosure requirements for affected entities in IAS 12.

The European Union endorsed the "International Tax Reform – Pillar Two Model Rule (Amendments to IAS 12)" amendment issued by the IASB in May 2023 on November 8, 2023. In Germany, the draft law presented by the federal government in July 2023 on the EU Directive on global minimum taxation (the "Minimum Tax Directive Implementation Act") was approved by the Bundestag on November 10, 2023, although it still requires legislative approval from the Bundesrat.

Pillar Two (introduction of 15% global minimum tax for entities with revenue of over €750 million) describes the second pillar of the OECD's guidance on addressing the tax challenges arising from the digitalization of the economy published in March 2022.

The amendment requires the following information to be disclosed:

- the fact that the mandatory exemption has been applied
- current tax expense / income related to Pillar Two income taxes
- in periods in which Pillar Two legislation is enacted or substantively enacted, but not yet in effect, information must be disclosed that help users of financial statements understand the impact of the Pillar Two regulations and the resulting income taxes on the entity.

Accordingly, known or reasonably estimable qualitative and quantitative information on the impact must be disclosed at the end of the reporting period. If the impact is not known or reasonably estimable, information must be disclosed on the progress the entity has made on estimating the impact of the Pillar Two regulations.

The amendments are effective for the first time for annual periods beginning on or after January 1, 2023.

The Stabilus Group is within the scope of the OECD Pillar Two model rules. In view of this, the Group has initiated a project to analyze the current impact of the amended accounting rules on its consolidated financial statements. As things stand at present, Stabilus does not currently expect Pillar Two to have any material impact. Nonetheless, the Group is monitoring legislative developments in each country in which the Stabilus Group operates.

Amendments to IAS 7 and IFRS 7

On May 25, 2023, the IASB published amendments to IAS 7 and IFRS 7 in relation to supplier finance arrangements to add disclosure requirements within existing disclosure requirements that oblige entities to provide qualitative and quantitative information about finance arrangements with suppliers.

The amendments are effective for the first time for annual periods beginning on or after January 1, 2023.

Based on our current assessments, the regulations do not have a significant impact on the consolidated financial statements of the Stabilus Group. There are not currently any supplier finance arrangements in the Group.

The new and revised standards, interpretations and amendments published by the IASB are currently being evaluated. Based on our current assessments, the new and revised standards and interpretations will probably have no material impact on the Stabilus Group's consolidated financial statements.

3 Accounting policies

Revenue

Revenue is recognized when or as the control over distinct goods or services is transferred to the customer and when it is probable that the economic benefit (amount of consideration) will flow to the Group and the revenue can be measured reliably.

Stabilus has long-standing relationships with its customers. However, a contract exists only when the parties have approved the contract and each party's rights regarding the goods or services and the payment terms can be determined. This is the case when a client has placed a purchase order for standard products, usually for the next production period (typically just for two or four weeks). A purchase order determines the number of products to be delivered, price per unit, the terms of delivery and warranty.

Accordingly, Stabilus typically has only one performance obligation: delivery of the ordered goods. Shipping and handling activities are fulfillment activities and warranties within the scope of legal obligations are provided. Stabilus does not involve third parties in fulfilling its performance obligation.

The effects of significant financing components can be ignored if the vendor expects, at contract conclusion, that the period between the transfer of a promised good or service to the customer and the date of payment will be one year or less. Stabilus' payment terms provide for payment within 30 to 90 days, after transfer of goods.

Revenue is measured at the fair value of the consideration received or receivable and recognized upon delivery, i.e. when the goods are shipped.

Customer bonuses, discounts, rebates, and other sales taxes or duties are typically recorded as a reduction of the recognized revenue. The expected customer bonuses are taken into consideration according to the expected value method and based on historical date and expectations in respect of the individual customer. The Group accrues such amounts on a monthly basis. Warranty obligations are recognized in accordance with IAS 37 (refer to the accounting policy for other provisions on page 103). The Group typically offers warranties prescribed by law to rectify defects that existed as of the time of sale. These assurance-type warranties are recognized as warranty provisions.

Stabilus sometimes performs research and development services in its contracts, mainly customizing products for customer requirements. Those contracts are also evidenced by a purchase order and represent a service obligation (performance obligation). The completion periods of such services are usually within one month and the payment terms provide for payment within 30 to 90 days after acceptance of the service. Such a service is recognized at a point of time or over time according to the stage of completion depending on the terms of the contract.

Cost of sales

Cost of sales comprises costs for the production of goods and for merchandise sold. In addition to directly attributable material and production costs, indirect production-related overheads like production and purchase management, warranty expenses, depreciation on production plants and amortization of intangible assets are included. Cost of sales also includes write-downs on inventories to the lower net realizable value.

Research expenses and non-capitalized development expenses

Research expenses and non-capitalized development expenses are recognized in profit or loss as incurred.

Selling expenses

Selling expenses include costs for sales personnel and other sales-related costs such as marketing and business travel expenses as well as depreciation on intangible assets. Shipping and handling costs are expensed within selling expenses as incurred. Fees charged to customers are reported as revenue. Advertising costs (expenses for advertising, sales promotion and other sales-related activities) are expensed within selling expenses as incurred.

Borrowing costs

Borrowing costs are expensed as incurred, unless they are directly attributable to the acquisition, construction or production of a qualifying asset and therefore form part of the cost of that asset.

Interest income and expense

Interest income and expense include the interest expenses from liabilities and the interest income from the investment of cash. The interest components from defined benefit pension plans and similar obligations are also reported within interest expenses (PY: personnel expenses).

Other financial income and expense

The other financial result includes all remaining income and expenses from financial transactions that are not included in interest income and expense.

Income taxes

Income tax expense comprises current and deferred tax.

Current tax comprises the expected tax payable or receivable for the year and any adjustment related to prior years and is measured using tax rates enacted or substantively enacted at the end of the reporting period. Current tax assets and liabilities are offset only if relevant requirements are met.

For potential risks related to uncertain tax positions, the Group recognized provisions in accordance with IFRIC 23. Measurement is based on either the most probable amount or the expected value, depending on which amount best reflects the expectations.

Deferred tax is recognized on temporary differences between the carrying value of assets and liabilities under IFRS and their tax base, except for temporary differences arising from goodwill or from the initial recognition, other than in a business combination, of assets and liabilities in a transaction that affects neither taxable nor accounting profit.

Deferred tax assets are recognized for deductible temporary differences, tax loss carryforwards and tax credits to the extent that it is probable that future taxable profit will be available against which they can be utilized.

Deferred tax assets are reviewed at the end of each reporting period to determine whether it is probable that the related tax benefit will be realized. The carrying amount is adjusted accordingly.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates enacted or substantively enacted at the end of the reporting period. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which Stabilus expects to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if the required criteria are met.

Goodwill

Goodwill is measured at cost less any accumulated impairment losses and is not amortized. It is tested for impairment at least annually and when there are triggering events for impairment.

The Group tests goodwill for impairment by comparing its recoverable amount with its carrying amount. For this purpose, goodwill is allocated to the cash generating units (group of CGUs) that are expected to benefit from the business combination. Goodwill is tested for impairment at the lowest level within the Group at which goodwill is monitored.

An impairment loss on goodwill is recognized if the recoverable amount of the cash-generating unit (group of CGUs) is below its carrying amount. Impairment losses are recognized in profit or loss. Impairment losses on goodwill are not reversed.

Other intangible assets

Purchased intangible assets are measured at acquisition cost and internally generated intangible assets at production cost less any accumulated amortization and impairment losses. Internally generated intangible assets are recognized only when the criteria in accordance with IAS 38 are met.

Intangible assets with finite useful lives are amortized on a straight-line basis over their useful economic life and tested for impairment if there is an indication that the intangible asset may be impaired. The estimated useful life and the amortization method are reviewed at the end of each reporting period. The effect of changes in the estimate is accounted for prospectively. Intangible assets with indefinite useful lives are not amortized periodically but are tested for impairment at least annually and if there is an indication of impairment.

Stabilus' existing intangible assets are listed below, with their amortization period indicated in brackets:

- software (3 to 5 years);
- purchased patented technology (14 to 16 years);
- customer relationships (10 to 24 years);
- unpatented technology (6 to 10 years); and
- trade names (7 to 20 years).

Capitalized development costs

Development costs are capitalized when the criteria in accordance with IAS 38 are met, or otherwise expensed as incurred.

To meet the recognition criteria of IAS 38, Stabilus has to demonstrate the following: (1) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (2) the intention to complete the intangible asset and use or sell it; (3) the ability to use or sell the intangible asset; (4) how the intangible asset will generate probable future economic benefits; (5) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (6) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalized development costs comprise all costs directly attributable to the development process and are amortized systematically from the start of production over the expected product cycle of three to 15 years depending on the lifetime of the product.

Property, plant and equipment

Property, plant and equipment, except for right-of-use assets under leases (IFRS 16), is measured at cost less accumulated depreciation and impairment losses.

Cost for property, plant and equipment includes the purchase price and the costs directly attributable to bringing the asset to the location and condition necessary to be capable of operating in the manner intended. This also applies to self-constructed plant and equipment taking into account the cost of production.

Subsequent costs are capitalized only if they increase the future economic benefit embodied in the specific asset to which they relate.

Depreciation on property, plant and equipment is recognized on a straight-line basis over the estimated useful lives of the assets. The residual values, depreciation methods and useful lives are reviewed annually and adjusted if necessary.

Depreciation is primarily based on the following useful lives:

– buildings (40 years);
– machinery and equipment (5 to 10 years); and
– other equipment (5 to 8 years).

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

For all leases under IFRS 16 (except practical expedients), a right-of-use asset has to be capitalized. The Stabilus Group reports the right-of-use assets to property, plant and equipment in the same statement of financial position item as the underlying assets, as if they were owned by the Group.

Stabilus recognizes government grants when there is reasonable assurance that the conditions attached to the grants are complied with and the grants will be received. Government grants related to the purchase or the production of fixed assets are generally offset against the acquisition or production costs of the respective assets so that the grant is recognized in profit or loss over the life of the asset through reduced depreciation expense.

Leases

A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. For all leases that are not recognized as low-value leases (underlying asset (total consideration) < €5,000), short-term leases (lease term less than 12 months) or intangible assets, a right-of-use asset with a corresponding lease liability is classified. The right-of-use assets are measured at cost. All right-of-use assets are depreciated over the total lease term on a straight-line basis. The lease liabilities are measured by increasing the carrying amount to reflect the interest expenses for the leases and by reducing the carrying amount to reflect the lease payments made.

When determining lease terms, management considers all facts and circumstances that create an economic incentive with sufficient certainty to exercise extension options or not exercise termination options. The use of such lease term options provides the Group with the greatest possible flexibility concerning its leased assets. The majority of the current options to extend or terminate the leases can only be exercised by the Group and not by the respective lessor. Within the Stabilus Group, the extension options are solely used for the asset class “buildings”. For all other leases the minimum term of lease is considered.

The lease terms are as follows:

– Building and land improvements (IFRS 16): 2 to 15 years
– Machinery and equipment (IFRS 16): 2 to 8.5 years
– Other equipment, operating and office equipment (IFRS 16): > 1 to 8 years

The Stabilus Group reports the right-of-use assets to property, plant and equipment in the same statement of financial position item as the underlying assets, as if they were owned by the Group.

For all leases that are not recognized under IFRS 16 (Leases), the corresponding lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term.

The Stabilus Group acts only as a lessee.

Impairment of non-financial assets

At the end of each reporting period, Stabilus assesses whether there is an indication that an asset may be impaired. If such indication exists, Stabilus estimates the recoverable amount of the asset. Goodwill and intangible assets under construction are tested annually for impairment.

The recoverable amount is determined for individual assets, unless an asset does not generate cash inflows that are largely independent of those from other assets or groups of assets (cash-generating units).

Recoverable amount is the higher of fair value less costs to sell and value in use. Stabilus determines the recoverable amount as fair value less costs of disposal and compares this with the carrying amounts (including goodwill). The fair value less costs of disposal is measured by discounting future cash flows using a risk-adjusted interest rate. The future cash flows are estimated on the basis of the operative planning (five-year window). Periods not included in the business plans are taken into account by applying a residual value which considers a growth rate of 1.0%. The value in use is determined if the fair value less costs of disposal cannot be determined or is lower than the carrying amount. If the carrying amount exceeds the recoverable amount, an impairment loss has to be recognized.

The calculation of the value in use and the fair value less costs of disposal is essentially based on the following assumptions: (1) Gross profit margins are based on average values achieved in the last two years and which were assumed to be reasonably certain for the planning periods, taking account of the situation in the various markets. (2) Discount rates reflect the current market assessments of the risks of the cash-generating unit. The rate is estimated based on the average percentage of a weighted average cost of capital for the industry. (3) Estimates regarding the raw materials price developments are obtained by published indices from countries in which the resources are mainly bought. Forecast figures (mainly in Europe and the US) and past price developments are used as an indicator for future developments. (4) Management notes that the Group's position continues to strengthen, as customers shift their purchases to larger and more stable companies. Therefore, there is no need for any doubt regarding the assumption of market share. (5) Revenue growth rates are estimated based on published industry research.

At the end of each reporting period, an assessment is made to determine whether there is any indication that impairment losses recognized in earlier periods no longer exist. In this case, Stabilus recognizes a reversal of the impairment loss up to a maximum of the amortized historical cost. Impairment losses on goodwill are not reversed.

Inventories

Inventories are recognized at the lower of cost and net realizable value using the average cost method. Production costs include all direct costs of material and labor and an appropriate portion of fixed and variable overhead expenses. Net realizable value is calculated as the estimated selling price less all estimated costs of completion and costs necessary to make the sale. Borrowing costs for the production period are not included. Previously recognized impairment losses must be reversed if the reasons for the impairment no longer exist. Impairment losses are reversed up to a maximum of the amortized historical cost. Write-downs are recognized on the basis of the analysis of stock movements or obsolete stock.

Government grants

According to the regulations of IAS 20, government grants are reported only if there is reasonable assurance that the conditions are complied with, and the grants will be received. Government grants are recognized at fair value. Government grants related to expenses are recognized over the same period as the corresponding expenses were incurred.

The accounting for government grants related to the purchase or production of fixed assets is separately described in Note 14 "Property, plant and equipment".

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or an equity instrument of another entity. Financial instruments recognized as financial assets or financial liabilities are reported separately. Financial instruments are recognized as soon as the Stabilus Group becomes a party to the contractual provisions of the financial instrument. Financial instruments comprise financial receivables or liabilities, trade accounts receivable or payable, cash and cash equivalents and other financial assets or liabilities. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not measured at fair value through profit and loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price in accordance with IFRS 15.

The financial instruments are allocated to one of the categories defined in IFRS 9 "Financial Instruments". The measurement categories relevant for Stabilus are financial assets at amortized cost and financial liabilities measured at amortized cost.

Financial assets

IFRS 9 contains three categories for classifying financial assets: measured at amortized cost (AC), measured at fair value through profit or loss (FVtPL) and measured at fair value through other comprehensive income (FVOCI). The classification of financial assets whose cash flows are comprised entirely of interest and redemption payments is then dictated by the business model. Financial instruments held so as to collect contractual cash flows are recognized at amortized cost. With the exception of derivative financial instruments, all financial assets fulfill these criteria and are recognized at amortized cost. Currently, the Group does not use the category fair value through profit or loss (FVtPL) for contingent consideration. The category fair value through other comprehensive income (FVOCI) is not used.

Financial assets measured at amortized cost

Financial assets measured at amortized cost include trade accounts receivable, other receivables, assets related to the sale of trade accounts receivable (security retention amount), cash and cash equivalents and loans originated by the Group. They are held for the purpose of the Stabilus business model which is to hold the assets and generate contractual cash flows. The cash flow criteria for these financial assets are met. After initial recognition, the assets are subsequently carried at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the assets are derecognized or impaired. Interest from using the effective interest method is similarly recognized in profit or loss. Assets bearing no or lower interest rates compared to market rates with a maturity of more than one year are discounted. Dividends are recognized in profit or loss when legal entitlement to the payment arises.

Impairment of financial assets

Under IFRS 9, valuation allowances for expected credit losses ("expected loss model") must be recognized for all financial assets measured at amortized cost and for all debt instruments measured at fair value through other comprehensive income. IFRS 9 provides a three-level method for this purpose. At each reporting date, the Stabilus Group measures the loss allowance for a financial instrument (risk provision) at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has changed significantly since initial recognition. The simplified approach is adopted for trade accounts receivable with no material financing component. As such, the expected credit losses are always determined for the lifetime expected losses of the financial instruments.

Financial assets measured at amortized cost

For trade accounts receivable, the Stabilus Group elects to use the simplified approach based on expected credit losses. Default rates are based on historical losses and forward-looking expectations under consideration of the relevant economic environment to determine regional risks. To determine the forward-looking economic conditions, the Group considers in particular the credit default swaps (CDS) of the respective client's geographical location, which ensures the risks of the counterparty in the respective country are taken into account. In addition, the Group has taken out trade credit insurance to insure against the default risk. Trade accounts receivable impaired due to insolvency or other similar situations or more than 360 days overdue are written down through profit or loss on a case by case basis. The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognized in profit or loss. The appropriateness of the risk provision is reviewed on a regular basis. Impaired debt instruments are classified as uncollectible and derecognized. Cash and cash equivalents are measured using the general impairment approach. Details of the impairment approach for cash and cash equivalents are presented in Note 22.

Derivative financial instruments

The Stabilus Group uses interest rate swaps to hedge against interest rate risks from financing transactions. The Group essentially recognizes hedges using hedge accounting. The Stabilus Group had one derivative financial instrument as of September 30, 2023. As of September 30, 2022, the Group had not entered into any derivative financial instruments.

INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

The Stabilus Group uses an interest rate swap to hedge against interest rate risks. Such derivative financial instruments are initially carried at fair value and remeasured at fair value through profit or loss in subsequent periods. Derivative financial instruments with a positive fair value are recognized as financial assets, while derivative financial instruments with a negative fair value are recognized as financial liabilities.

Hedges are classified as follows for accounting purposes:

– Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment.
– Cash flow hedges when hedging the exposure to variability in cash flows that are attributable either to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.
– Hedges of a net investment in a foreign operation.

At the inception of the hedge, both the hedge and the risk management goals and strategies of the Group for hedging are formally stipulated and documented.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including an analysis of the sources of hedge ineffectiveness and how it determines the hedge ratio). A hedging relationship qualifies for hedge accounting only if all of the following criteria are met:

– There is an economic relationship between the hedged item and the hedging instrument.
– The effect of credit risk does not dominate the value changes that result from that economic relationship.
– The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of the hedged item.

CASH FLOW HEDGES

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in profit or loss. The cash flow hedge reserve is adjusted to the lower of the following amounts: (i) the cumulative gain or loss on the hedging instrument from inception of the hedge or (ii) the cumulative change in the fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for according to the nature of the hedged item. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount cumulatively recognized in equity is removed from the separate component of equity and reclassified to the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and hence is not recognized in other comprehensive income for the period. This also applies in cases in which the hedged forecast transaction for a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For all other cash flow hedges, the amount cumulatively recognized in other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged forecast transaction affects profit or loss.

When hedge accounting for cash flow hedges ends, the amount cumulatively recognized in other comprehensive income remains there if the hedged future cash flows are still expected to occur; otherwise, the amount is immediately reclassified to profit or loss as a reclassification adjustment. After the end of hedge accounting, any amounts remaining in cumulative other comprehensive income are accounted for as described above based on the nature of the underlying transaction when the hedged cash flows occur.

Financial liabilities and equity instruments

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded in the amount of the proceeds received, net of transaction costs.

Financial liabilities

Financial liabilities primarily include a term loan, promissory note loans, trade accounts payable and other financial liabilities. Non-derivative financial liabilities are recognized at fair value plus directly attributable transaction costs at the time of initial accounting. In subsequent years, they are recognized at amortized cost using the effective interest method (AC). This means that current liabilities are recognized at their redemption or settlement amount. The reported carrying amounts are a reasonable approximation of fair value. A financial liability is derecognized when it is repaid or legally released by the creditor or by law.

FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST

Financial liabilities that are measured at amortized cost include a term loan. After initial recognition, the financial liabilities are subsequently measured at amortized cost applying the effective interest method. Gains and losses are recognized in profit or loss through the recognition of impairment or when the liabilities are derecognized.

Liabilities from put options

As part of the business combination with the Cultraro Group, a put option was concluded for 40% of the non-controlling interests. When exercising this put option within the set period of time, the Stabilus Group is required to purchase all non-controlling interests at the estimated market value at the time of exercising the option. When exercising the put option, the remaining Stabilus shareholders will request the acquisition of the 40% interest in the target company at a price based on an agreed EBITDA multiple, which constitutes a lower limit. If there is a higher market multiplier, the EBITDA multiplier agreed in the contract can also be increased to a certain extent in accordance with a contractually agreed calculation formula. The assumed EBITDA market multiplier was determined based on a peer group. The present value of the purchase price liability from the shareholders' put option as of the measurement date was calculated using a Monte Carlo simulation. The simulation was carried out until 2036 using adjusted inputs. For each simulation, the present value of the purchase price liability resulting from the shareholders' put option was used by applying the contractually agreed formula and the EBITDA market multipliers and the target company's EBITDA. In addition, the present value of the purchase price liability was discounted to the measurement date using the WACC.

Pensions and similar obligations

The contributions to existing pension plans are recognized as an expense when the entity consumes the economic benefits arising from the services provided by the employees in exchange for employee benefits. For defined benefit pension plans, the projected unit credit method is used to determine the present value of a defined benefit obligation. For the measurement of defined benefit plans, differences between actuarial assumptions used and actual developments as well as changes in actuarial assumptions result in actuarial gains and losses, which have a direct impact on the consolidated statement of financial position and on other comprehensive income (OCI). The pension obligations are measured on the basis of actuarial reports by independent actuaries.

Other provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. All cost elements that are relevant flow into the measurement of other provisions, in particular those for warranties and expected losses from onerous contracts. Non-current provisions with a residual term of more than one year are recognized at their discounted settlement amount as of the end of the reporting period. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the expected cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A restructuring provision is recognized when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditure arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Termination benefits are granted if an employee is terminated before the normal retirement age or if an employee leaves the Company voluntarily in return for the payment of a termination benefit. The Group recognizes termination benefits if it is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate the employment of current employees or if it is demonstrably committed to pay termination benefits if employees leave the Company voluntarily.

Provisions for warranties are recognized at the date of sale of the relevant products, at the management's best estimate of the expenditure required to settle the Group's obligation. Provisions for expected losses from onerous contracts are recognized if the unavoidable costs of meeting the obligations under the contract exceed the economic benefit expected to be received under it.

4 Business combination

On July 26, 2023, Stabilus acquired a further 28% of the shares in Cultraro Automazione Engineering S.r.l. from the company's founders. The Stabilus Group acquired the first equity investment of 32% of the shares on November 22, 2021. This means Stabilus now owns 60% of the total shares in Cultraro Automazione Engineering S.r.l. The Cultraro Group is a leading manufacturer of dampers. Cultraro's products, essentially rotary and linear dampers, are used in a variety of compact motion control applications in the automotive industry and other industrial applications. In fiscal 2022 (January 1, 2022 to December 31, 2022), it generated revenue of around €16.0 million and an EBIT margin of around 20.5%. The Cultraro Group subsidiaries are assigned to the EMEA and APAC regions depending on the location of their headquarters. The acquisition of additional shares in the Cultraro Group will strengthen Stabilus' market presence and position in the automotive and industrial business.

The agreed purchase price for the 28% interest is €14.6 million (assuming target achievement of 100% of the set business plan). €8.9 million of this was paid in cash and a purchase price liability of €4.2 million was recognized as a financial liability. There are also earn-out elements that depend on the achievement of a business plan in the current fiscal year (January , 1 2023 to December 31, 2023). Stabilus also has preemptive rights for the purchase of the remaining 40% (for details on measurement see Note 33). The remaining interests will likely be purchased by 2036. The Group recognized the €21.4 million put option under other financial liabilities (see Note 25).

The agreed contingent consideration refers to a mechanism that compares a defined target EBITDA for fiscal 2023 with actual EBITDA for FY2023A, which is determined retrospectively using Cultraro's annual financial statements. If actual EBITDA is 10% higher or lower than target EBITDA, Stabilus is to make a basic payment of around €1.5 million. If it is more than 10% higher or lower, the payment increases / decreases on a straight-line basis to a maximum of €2.9 million or minimum of €0 million.

The fair value of the contingent consideration of €1.2 million was calculated using the present value of expected future cash flows. The estimate is based on a discount factor and subject to probability-weighted EBITDA scenarios.

Cultraro Automazione Engineering S.r.l., which the Group previously accounted for using the equity method, will be consolidated and included in the consolidated financial statements of the Stabilus Group with effect from August 1, 2023. As part of the business combination achieved in stages, the equity held was remeasured. This resulted in income of €0.3 million, which was recognized through profit or loss from the entities accounted for using the equity method.

The minority interest (60% interest in the Cultraro Group) recognized at the acquisition date was measured by reference to the fair value of the minority interest and came to €22.6 million. This fair value was calculated using an income approach. The material model parameters for calculating fair value were the discount rate of 11% and a long-term sustained growth rate of 1.0%.

The acquisition was accounted for using the purchase method under IFRS 3. The fair values of the identifiable assets and liabilities of the acquired company at the acquisition date (full goodwill method) in accordance with IFRS 3.16 are shown in the following table:

Business combination T_035

IN € THOUSANDS	Cultraro Group
Cash purchase price for 28% equity interest	13,104
Fair value of call option on 28% equity interest	1,463
Contingent consideration	1,168
Consideration transferred (excluding non-controlling interests and fair value of existing interest)	**15,735**
Fair value of previously held interest (32%)	16,894
Fair value of non-controlling interests (40%)	22,629
Consideration transferred (including non-controlling interests and fair value of existing interest)	**55,258**
Fair value of identified net assets	28,712
Goodwill	**26,547**
Consideration transferred	**15,735**
Completed by:	
Cash (cash purchase price)	13,104
Fair value of call option on 28% equity interest	1,463
Agreed contingent consideration	1,168
Total consideration transferred	**15,735**
Net outflow from the acquisition	10,453
Consideration paid in the form of cash	13,104
Less: Cash acquired through cash equivalents	2,651

Business combination T_035

IN € THOUSANDS	Cultraro Group
Assets	
Property, plant and equipment	6,641
Other intangible assets	23,474
Other assets	62
Total non-current assets	**30,177**
Inventories	3,715
Trade and other receivables	3,621
Other assets	802
Cash and cash equivalents	2,651
Total current assets	**10,789**
Total assets	**40,966**
Equity and liabilities	
Financial liabilities	1,166
Provisions	1,335
Other liabilities	218
Total non-current liabilities	**2,719**
Deferred tax liabilities	**7,308**
Trade accounts payable	842
Financial liabilities	156
Provisions	1,229
Total current liabilities	**2,227**
Total equity and liabilities	**12,254**
Fair value of identifiable net assets	**28,712**
Goodwill	**26,547**

Goodwill is attributable primarily to expected sales synergies from the acquisition and the skills and technical expertise of the workforce at the acquired company. There are also synergy effects in research and development and in procurement. Goodwill is not deductible for tax purposes. The fair value of other intangible assets as of August 1, 2023 of €23.5 million essentially comprised €13.9 million for customer relationships, €7.3 million for technology, €1.7 million for trade names and €0.6 million for other intangible assets.

As of the acquisition date, the fair value of trade accounts receivable was €3.6 million. The gross amount of contractual trade accounts receivable due is €3.7 million, with impairment at the acquisition date of €0.1 million. Non-controlling interests in the acquired company were measured at fair value at the acquisition date. Transaction costs of €0.2 million were recognized as expenses under administrative expenses in the consolidated statement of comprehensive income and included as part of cash flows from operating activities in the consolidated statement of cash flows.

The results of the acquired company are recognized from the acquisition date. Revenue of €2.3 million was recognized from this date onwards. If the acquisition had taken place on October 1, 2022, the estimated consolidated revenue would have come to €1,225.9 million and consolidated profit for the fiscal year ended September 30, 2023 to €107.3 million. It was assumed when calculating these amounts that the adjustments to fair value at the acquisition date would have been the same if the acquisition had been carried out on October 1, 2022. The first-time recognition of the business combination is complete.

5 Revenue

The Group's revenue developed as follows:

Revenue by region and business unit T_036

IN € THOUSANDS	Fiscal year ended September 30 2023	2022
EMEA		
Automotive Gas Spring	120,234	115,185
Automotive Powerise®	113,059	95,818
Industrial	263,315	258,417
Total EMEA[1]	**496,608**	**469,420**
Americas		
Automotive Gas Spring	119,386	106,539
Automotive Powerise®	171,474	146,793
Industrial	159,578	134,147
Total Americas[1]	**450,438**	**387,479**
APAC		
Automotive Gas Spring	101,823	104,238
Automotive Powerise®	144,682	131,981
Industrial	21,703	23,227
Total APAC[1]	**268,209**	**259,446**
Stabilus Group		
Total Automotive Gas Spring	341,443	325,962
Total Automotive Powerise®	429,215	374,592
Total Industrial	444,596	415,791
Revenue [1]	**1,215,254**	**1,116,345**

[1] Revenue breakdown by location of Stabilus company (i.e. "billed-from view").

The Group´s revenue results from the sale of goods or services. Stabilus operates in automotive and industrial markets. The regions of the Group are EMEA (Europe, Middle East and Africa), Americas (North and South America) and APAC (Asia-Pacific). These regions are the operating segments of the Stabilus Group.

6 Cost of sales, research and development, selling and administrative expenses

Expenses by function T_037

IN € THOUSANDS	Year ended Sept 30, 2023 Cost of sales[1]	Research and development expenses	Selling expenses	Administrative expenses	Total
Capitalized development costs	–	23,882	–	–	**23,882**
Personnel expenses	(211,808)	(31,649)	(39,152)	(34,943)	**(317,552)**
Material expenses	(608,707)	(10,569)	(16,543)	(8,537)	**644,356**
Depreciation and amortization	(48,485)	(2,514)	(15,966)	(4,076)	**(71,041)**
Other Miscellaneous	(25,061)	(10,282)	(32,760)	(826)	**(68,929)**
Total	**(894,061)**	**(31,132)**	**(104,421)**	**(48,382)**	**(1,077,996)**

[1] See description of change in reporting.

IN € THOUSANDS	Year ended Sept 30, 2022 Cost of sales[1]	Research and development expenses	Selling expenses	Administrative expenses	Total
Capitalized development costs	–	16,712	–	–	**16,712**
Personnel expenses	(196,395)	(29,742)	(33,597)	(30,285)	**(290,019)**
Material expenses	(541,345)	(9,579)	(13,261)	(8,397)	**(572,582)**
Depreciation and amortization	(49,021)	(1,861)	(14,642)	(3,476)	**(69,000)**
Other Miscellaneous	(32,780)	(7,313)	(25,535)	2,584	**(63,044)**
Total	**(819,541)**	**(31,783)**	**(87,035)**	**(39,574)**	**(977,933)**

[1] See description of change in reporting.

The expense items in the statement of comprehensive income include the following personnel expenses:

Personnel expenses T_038

	Fiscal year ended September 30	
IN € THOUSANDS	2023	2022
Wages and salaries	(231,307)	(207,920)
Compulsory social security contributions	(63,077)	(60,848)
Pension costs	(12,940)	(13,832)
Other social benefits	(10,228)	(7,419)
Personnel expenses	**(317,552)**	**(290,019)**

The Group recognized +€0.1 million (PY: +€0.5 million) in grants for short-time work and social security contributions in fiscal 2023. These grants are directly recognized in the various functional areas in which they were incurred as a direct deduction from the related expenses. The following table shows the Group's average number of employees:

Average number of employees T_039

	Fiscal year ended September 30	
	2023	2022
Wage earners	5,237	4,793
Salaried staff	1,671	1,599
Trainees and apprentices	82	97
Average number of employees	**6,990**	**6,489**

7 Other income

Other income rose by €+1.0 million from +€4.8 million in fiscal 2022 to +€5.8 million in fiscal 2023. In fiscal 2023, this essentially included a +€1.3 million government subsidy program in China. Allowances for bad debts of €1.0 million were also reversed through profit or loss because the reasons for impairment no longer applied, including as a result of payments received. In the same period of the previous year, other income was influenced by net gains on foreign currency translation gains from operating activities of +€0.4 million.

Other income T_040

	Fiscal year ended September 30	
IN € THOUSANDS	2023	2022
Net foreign currency translation gains	–	383
Gains on sale / disposal of assets	467	442
Income from the release of other provision	310	386
Miscellaneous other income	4,998	3,609
Other income	**5,775**	**4,820**

8 Other expenses

Other expenses rose by €(5.6) million from €(1.1) million in fiscal 2022 to €(6.7) million in fiscal 2023. The increase is essentially due to currency translation losses from operating business of €(3.9) million, which were mainly incurred in the Americas as a result of the USD / MXN correlation. The provision for remediation (EPA Colmar) was also remeasured on the basis of new information and recognized through profit or loss in the amount of €(2.6) million.

Other expenses T_041

	Fiscal year ended September 30	
IN € THOUSANDS	2023	2022
Net foreign currency translation losses	(3,922)	–
Losses on sale / disposal of tangible assets	(204)	(100)
Miscellaneous other expenses	(2,567)	(1,045)
Other expenses	**(6,693)**	**(1,145)**

9 Investments in entities accounted for using the equity method and other investments

INVESTMENTS IN ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD

Effective November 22, 2021, the Stabilus Group entered into a partnership with Cultraro Automazione Engineering S.r.l. (Cultraro), domiciled in Rivoli (near Turin), Italy. Cultraro is a leading manufacturer of dampers. Cultraro's products, such as rotary and linear dampers, are used in a variety of compact motion control applications in the automotive and other industries. The aim of the partnership is to expand the product range in the field of motion control. In conjunction with this strategic partnership, Stabilus acquired 32.0% of the shares from the company's founders in a share deal. The finally agreed cash purchase price for 32.0% of the shares was €17.2 million (purchase price payment of €16.6 million and net working capital payment of €0.6 million).

On July 26, 2023, Stabilus acquired a further 28% of the shares in Cultraro Automazione Engineering S.r.l. from the company's founders (for details see Note 4 "Business combination"). As part of the business combination achieved in stages, the equity held was remeasured. This resulted in income of €0.3 million, which was recognized in the net income of the entities accounted for using the equity method.

The results of the equity accounted investment were recognized from the acquisition date, November 25, 2021, until July 31, 2023. After July 31, 2023, there are no longer any investments accounted for using the equity method.

OTHER INVESTMENTS

In conjunction with its digitalization strategy, the Stabilus Group entered into a partnership with the technology company Synapticon GmbH (Synapticon), Schönaich (near Stuttgart), Germany, in October 2021. The partnership will allow Stabilus to expand its digital expertise, which means significant opportunities for its Powerise® product line in particular. For this strategic partnership, Stabilus secured a minority interest of around 12% of the shares in Synapticon by way of a capital increase. The agreed purchase price was €6.0 million. In subsequent measurement, the investment is measured at fair value through profit or loss (FVtPL). There was a further round of financing in which Stabilus did not participate on December 13, 2021, as a result of which its minority interest was reduced to around 11%.

10 Finance income

Finance income declined by €(8.3) million from €+15.2 million in fiscal 2022 to €+6.9 million in fiscal 2023. Finance income includes interest refunds on income tax receivables (restructuring clause) amounting to +€3.4 million. The Group also generated €+3.3 million in interest income from investments. The main effect in the previous year derived from net foreign exchange gains of +€12.9 million from the translation of foreign currency cash and cash equivalents and from other financial liabilities (lease liabilities).

Finance income T_042

IN € THOUSANDS	Fiscal year ended September 30 2023	2022
Interest income on loans and financial receivables	3,329	936
Net foreign exchange gains	–	12,851
Other interest income	3,540	1,415
Finance income	**6,869**	**15,202**

11 Finance costs

Finance costs increased by €(10.5) million from €(14.2) million in fiscal 2022 to €(24.7) million in fiscal 2023. This rise essentially relates to net foreign exchange losses of €(11.8) million from the translation of foreign currency cash and cash equivalents (€(12.1) million) as well as from other financial liabilities (lease liabilities +€0.3 million).

Finance costs also contain ongoing interest expenses. The interest expense for financial liabilities of €(12.8) million in fiscal 2023 (PY: €(14.2) million) relates in particular to the term loan facility, €(10.8) million (PY: €(5.1) million) of which relates to interest paid. Interest on provisions for pensions and early retirement contracts amounted to €(1.5) million. In addition, an amount of €(8.4) million was recognized in the previous year for the amortization of the adjustment of the carrying amount using the effective interest method and the derecognition of unamortized transaction costs from previous financing. There was no comparable amount in fiscal 2023.

Finance costs T_043

IN € THOUSANDS	Fiscal year ended September 30 2023	2022
Interest expense on financial liabilities	(9,285)	(12,574)
Net foreign exchange losses	(11,800)	–
Interest expenses lease liabilities	(1,225)	(1,267)
Other interest expenses	(2,371)	(326)
Finance costs	**(24,681)**	**(14,167)**

12 Income tax expense

Income tax expense T_044

IN € THOUSANDS	Fiscal year ended September 30 2023	2022
Income tax income / (expense)	(47,799)	(37,180)
Prior-year income taxes	18,423	357
Deferred taxes	13,364	(2,087)
Income tax expense	**(16,012)**	**(38,910)**

Income taxes comprise current taxes on income (paid or owed) in the individual countries and deferred taxes. The tax rates which are applicable at the end of the reporting period are used for the calculation of current taxes. For the calculation of deferred taxes, tax rates for the expected period of reversal are used that are enacted or substantively enacted at the balance sheet date and will apply shortly. Deferred taxes are recognized as deferred tax expenses or income in the statement of comprehensive income, either through profit or loss or other comprehensive income, depending on the underlying transaction. For potential risks related to uncertain tax positions, the Group recognized provisions in accordance with IFRIC 23. Measurement is based on either the most probable amount or the expected value, depending on which amount best reflects the expectations. The respective local rates have been used to calculate the deferred taxes. The current income taxes comprise prior-year taxes amounting to €18,423 thousand (PY: €357 thousand).

In fiscal 2023, income taxes as of March 31, 2023 were significantly affected by the amended tax assessments for the years 2010 to 2014 following the conclusion of the appeal proceedings in connection with the application of the restructuring clause. With the conclusion of the appeal proceedings, there is now legal clarity regarding the expected tax refunds and existing uncertainties have been eliminated. As a result, tax receivables of €8.7 million and deferred tax assets on interest carryforwards of €11.3 million have been recognized. This interest carryforward was partially utilized in fiscal 2023 and came to €10.9 million as of the end of the reporting period. The income tax receivables were recognized in cash later in the fiscal year. For further information on the tax effects and the related impact on finance income, please refer to the Group management report (see "Restructuring clause").

The individual items that reconcile the expected income tax expense to the actual income tax expense are disclosed in the table below:

Tax expense reconciliation (expected to actual) T_045

IN € THOUSANDS	Fiscal year ended September 30 2023	2022
Profit / (loss) before income tax	**119,325**	**143,251**
Expected income tax expense	**(36,424)**	**(35,727)**
Foreign tax rate differential	7,298	97
Tax-free income	1,496	146
Non-deductible expenses	(8,298)	(5,278)
Prior-year taxes	18,423	1,749
Change if the valuation allowance on deferred tax assets	1,311	(391)
Tax rate changes	645	259
Other Miscellaneous	(463)	235
Actual income tax expense	**(16,012)**	**(38,910)**
Effective tax rate	**13.4%**	**27.2%**

The actual income tax expense of €(16,012) thousand is lower than the expected income tax expense of €(36,424) thousand that results from applying the Company's combined income tax rate of 30.525% to the Group's consolidated profit before income tax.

The tax effect reported as a foreign tax rate differential reflects the difference between the combined income tax rate of 30.525% relevant to Stabilus SE and the combined income tax rates applicable to the individual subsidiaries in varying countries. Stabilus SE's combined statutory income tax rate increased from 24.9% in fiscal 2022 to 30.525%. The Luxembourg income tax rate was applied in the previous year on account of the Company's main residence being in Luxembourg for this tax period (relocation of registered office on September 2, 2022). The tax effect of non-deductible expenses consists primarily of expenses that are non-deductible in the determination of the taxable profits in Germany.

From today's perspective, the retained earnings at subsidiaries are to remain predominantly invested. No deferred tax liabilities have been calculated on retained earnings at foreign subsidiaries of €698.1 million (2022: €594.8 million) and domestic subsidiaries of €544.3 million (2022: €522.2 million). In the event of distribution, the profits would be subject to German taxation at 5%; if applicable, foreign withholding taxes would be incurred. In addition, if the profits of a foreign subsidiary were distributed to a foreign intermediate holding company, further income tax consequences might have to be taken into account. Distributions would therefore generally lead to an additional tax expense. The determination of taxable temporary differences would involve a disproportionately high effort.

The deferred tax assets (DTA) and deferred tax liabilities (DTL) for each type of temporary difference and each type of unused tax losses are as follows:

Deferred tax assets and liabilities

T_046

IN € THOUSANDS	Sept 30, 2023			Sept 30, 2022		
	DTA	DTL	Total	DTA	DTL	Total
Intangible assets	2,722	(59,600)	(56,878)	268	(55,265)	(54,997)
Property, plant and equipment	9,160	(14,003)	(4,843)	7,221	(11,722)	(4,501)
Inventories	4,305	(471)	3,834	4,128	(461)	3,667
Receivables	510	(189)	321	767	(2,845)	(2,078)
Other assets	533	(3,998)	(3,465)	354	(214)	140
Provisions and liabilities	17,540	(524)	17,016	16,678	(648)	16,030
Tax loss and interest carryforward	12,836	–	12,836	2,219	–	2,219
Subtotal	**47,607**	**(78,785)**	**(31,178)**	**31,635**	**(71,155)**	**(39,520)**
Netting	(34,205)	34,205	–	(16,785)	16,785	–
Total	**13,402**	**(44,579)**	**(31,178)**	**14,850**	**(54,370)**	**(39,520)**

Deferred income tax assets and liabilities developed as follows in fiscal year 2023:

Reconciliation movement in deferred tax assets and liabilities

T_047

IN € THOUSANDS	2023	2022
Deferred tax liabilities (net) – as of Oct 1	**39,520**	**33,004**
Deferred taxes	(13,364)	2,088
Taxes recognized in other comprehensive income	(282)	5,029
Taxes on business combination	7,138	–
Foreign exchange rate differences	(1,834)	(601)
Deferred tax liabilities (net) – as of Sept 30	**31,178**	**39,520**

Deferred tax assets and deferred tax liabilities have been offset if they relate to income taxes levied by the same tax authorities and if there is a right to offset current tax assets against current tax liabilities.

The following table provides a detailed overview of the tax loss and interest carryforwards and the expiration dates:

Tax loss and interest carryforwards

T_048

IN € THOUSANDS	Year ended Sept 30, 2023					
	Tax loss and interest carryforwards	Tax rate	Deferred tax asset (gross)	Loss allowance	Deferred tax asset (net)	Expiration date
Germany	47,492	27.0% – 31.0%	12,836	–	12,836	Indefinite
Total	**47,492**		**12,836**	**–**	**12,836**	

IN € THOUSANDS	Year ended Sept 30, 2022					
	Tax loss and interest carryforwards	Tax rate	Deferred tax asset (gross)	Loss allowance	Deferred tax asset (net)	Expiration date
Germany	8,407	27.0% – 31.0%	2,219	–	2,219	Indefinite
Total	**8,407**		**2,219**	**–**	**2,219**	

As of September 30, 2023, the Group has unused tax loss and interest carryforwards in Germany amounting to €47,492 thousand (PY: €8,407 thousand).

The interest carryforward comes from the German entities in the amount of €40,597 thousand and a gross deferred tax asset of €10,900 thousand as well as an unused tax loss carryforward from the entities in Germany relating to corporate tax and trade tax of €6,895 thousand and a gross deferred tax asset of €1,936 thousand. The amount recognized as a deferred tax asset is calculated under consideration of the actual corporate planning and its utilization within the planning period.

13 Earnings per share

The weighted average number of shares used to calculate earnings per share in the fiscal years ended September 30, 2023 and 2022 is shown in the following table:

Weighted average number of shares T_049

DATE	Number of days	Transaction	Change	Total shares	Total shares (time-weighted)
Sept 30, 2021				**24,700,000**	**24,700,000**
Oct 1, 2021	364			24,700,000	24,700,000
Sept 30, 2022				**24,700,000**	**24,700,000**
Oct 1, 2022				24,700,000	24,700,000
Sept 30, 2023	**364**			**24,700,000**	**24,700,000**

The earnings per share for the fiscal years ended September 30, 2023 and 2022 were as follows:

Earnings per share T_050

	Fiscal year ended September 30	
	2023	2022
Profit / (loss) attributable to shareholders of the parent (in € thousands)	101,784	102,961
Weighted average number of shares	24,700,000	24,700,000
Earnings per share (in €)	**4.12**	**4.17**

Basic and diluted earnings per share are calculated by dividing the profit attributable to the shareholders of the Company by the weighted average number of shares outstanding. As in the previous year, here were no dilutive items as of September 30, 2023. Accordingly, diluted earnings per share are the same as basic earnings per share.

14 Property, plant and equipment

Property, plant and equipment with beneficial and legal ownership including IFRS 16 are presented in the following table:

Property, plant and equipment T_051

IN € THOUSANDS	Land	Building and land improvements	Technical equipment and machinery	Other tangible assets	Construction in progress	Total
Gross value						
Balance as of Sept 30, 2022 [1]	17,004	137,286	407,242	119,891	22,902	704,325
Additions from business combination	–	390	5,165	637	449	6,641
Foreign currency difference	(92)	(4,126)	(7,870)	(3,753)	(749)	(16,590)
Additions	–	8,966	10,473	10,141	28,459	58,039
Disposals	–	(1,351)	(9,359)	(8,974)	(221)	(19,905)
Reclassifications	(427)	1,489	7,980	3,864	(13,112)	(206)
Balance as of Sept 30, 2023	**16,485**	**142.654**	**413.631**	**121.806**	**37,728**	**732.304**
Cumulative depreciation and amortization						
Balance as of Sept 30, 2022 [1]	–	(69,861)	(306,081)	(99,504)	–	(475,446)
Foreign currency difference	–	1,966	5,075	3,060	–	10,101
Depreciation expense	–	(8,458)	(20,724)	(9,774)	–	(38,956)
thereof impairment loss	–	–	*(52)*	–	–	*(52)*
Disposals	–	1,172	9,170	8,806	–	19,148
Reclassifications	–	–	–	–	–	–
Balance as of Sept 30, 2023	–	**(75,181)**	**(312,560)**	**(97,412)**	–	**(485,153)**
Carrying amount						
Balance as of Sept 30, 2022 [1]	17,004	67,425	101,161	20,387	22,902	228,879
Balance as of Sept 30, 2023	**16,485**	**67,473**	**101,071**	**24,394**	**37,728**	**247,151**

[1] The values as of 1 October 2022 of the accumulated acquisition and production costs and the accumulated depreciation were increased by a total of € 178.7 million compared to the previous year-end value, with no effect on the residual carrying amounts of the corresponding property, plant and equipment. of the corresponding property, plant and equipment.

Property, plant and equipment includes right-of-use assets due to the application of IFRS 16 (Leases). Please refer to Note 26 "Leases" for additional information on future lease payments.

Property, plant and equipment amounted to €247,151 thousand as of September 30, 2023 (September 30, 2022: €228,879 thousand). The Group invested €48,392 thousand (PY: €26,355 thousand) in property, plant and equipment in fiscal 2023. Property, plant and equipment of €6,641 thousand was recognized in connection with the Cultraro Group business combination.

Furthermore, the Group entered into new leases amounting to €9,646 thousand (PY: €2,830 thousand), in particular for buildings of €7,482 thousand (PY: €772 thousand), for other property, plant and equipment of €2,122 thousand (PY: €2,058 €) and for technical equipment and machinery of €42 thousand (PY: €0). €597 thousand was attributable to the business combination with the Cultraro Group.

No government grants were provided for property, plant and equipment in fiscal 2023 (PY: €933 thousand).

Contractual commitments for the acquisition of property, plant and equipment amount to €7,378 thousand (PY: €7,339 thousand).

Prepayments by the Stabilus Group for property, plant and equipment and intangible assets of €903 thousand (PY: €775 thousand) are included in construction in progress (PY: Other non-current assets). Larger prepayments are typically secured by a bank guarantee or an in-depth check of the relevant supplier.

Property, plant and equipment – carrying amount T_052

IN € THOUSANDS	Sept 30, 2023	Sept 30, 2022
Land	16,485	17,004
Building and land improvements	40,506	41,393
Technical equipment and machinery	100,362	100,224
Other tangible assets	19,761	15,736
Construction in progress	37,728	22,902
Right-of-use-asset – Building and land improvements	26,967	26,031
Right-of-use-asset – Technical equipment and machinery	709	937
Right-of-use-asset – Other tangible assets	4,632	4,652
Total	**247,151**	**228,879**

The total depreciation expense for property, plant and equipment is included in the consolidated statement of comprehensive income in the following line items:

Depreciation expense for property, plant and equipment T_053

	Fiscal year ended September 30	
IN € THOUSANDS	2023	2022
Cost of sales	(31,729)	(32,464)
Research and development expenses	(1,687)	(1,791)
Selling expenses	(3,393)	(2,057)
Administrative expenses	(2,147)	(2,198)
Depreciation expense	**(38,956)**	**(38,510)**

Right-of-use-assets

T_054

IN € THOUSANDS	Building and land improvements	Technical equipment and machinery	Other tangible assets	Total
Gross value				
Balance as of Sept 30, 2022	**43,819**	**1,834**	**8,559**	**54,212**
Additions from business combination	315	59	223	597
Foreign currency difference	(2,249)	(58)	(47)	(2,354)
Additions	7,482	42	2,122	9,646
Disposals	(1,252)	(26)	(1,986)	(3,264)
Reclassifications	–	–	–	–
Balance as of Sept 30, 2023	**48,115**	**1,851**	**8,871**	**58,837**
Cumulative depreciation and amortization				
Balance as of Sept 30, 2022	**(17,788)**	**(897)**	**(3,907)**	**(22,592)**
Foreign currency difference	859	29	30	918
Depreciation expense	(5,293)	(300)	(2,235)	(7,828)
thereof impairment loss	–	–	–	–
Disposals	1,074	26	1,873	2,973
Reclassifications	–	–	–	–
Balance as of Sept 30, 2023	**(21,148)**	**(1,142)**	**(4,239)**	**(26,529)**
Carrying amount				
Balance as of Sept 30, 2022	**26,031**	**937**	**4,652**	**31,620**
Balance as of Sept 30, 2023	**26,967**	**709**	**4,632**	**32,308**

15 Goodwill

Goodwill was divided between the EMEA, Americas and APAC reporting segments, which correspond to groups of CGUs shown in the table below.

€26,547 thousand in goodwill was recognized as a result of the first-time consolidation of the Cultraro Group from August 1, 2023.

Goodwill T_055

IN € THOUSANDS	EMEA	Americas	APAC	Total
Gross value				
Balance as of Sept 30, 2022	**122,000**	**82,038**	**12,768**	**216,806**
Foreign currency difference	(735)	(5,753)	(245)	(6,733)
Additions	26,547	–	–	26,547
Disposals	–	–	–	–
Impairment losses	–	–	–	–
Reclassifications	–	–	–	–
Balance as of Sept 30, 2023	**147,812**	**76,285**	**12,523**	**236,621**
Carrying amount				
Balance as of Sept 30, 2022	**122,000**	**82,038**	**12,768**	**216,806**
Balance as of Sept 30, 2023	**147,812**	**76,285**	**12,523**	**236,621**

The groups of cash-generating units (groups of CGUs) identified for the goodwill impairment testing correspond to the EMEA, Americas and APAC reporting segments. The recoverable amount is determined based on fair value less costs to sell. This is based on the present value of future net cash inflows, as typically no market prices are available. Accordingly, fair value less costs to sell is calculated based on unobservable inputs (Level 3). Projected future net cash inflows to calculate the recoverable amount are based on current internal planning and the five-year medium-term plan ("MTP") approved by the Management Board and the Supervisory Board. The cash flow planning implies price agreements based on experience as well as a price target determined in particular on the basis of the development of the global economy and the industry environment of approximately 5.2% (PY: 5.5%) for EMEA, 5.1% (PY: 6.6%) for the Americas and 8.9% (PY: 11.5%) for APAC. The higher free cash flow growth rate is also impacted by the product mix effects and the assumed slight increase in gross profit margins and improved fixed costs absorption. While the macroeconomic outlook is volatile, the Group believes that its market-oriented approach and leading products and services allow for some revenue growth. Cash flows after the five-year period were extrapolated by applying a 1% (PY: 1%) terminal growth rate. This growth rate was based on the expected consumer price inflation for the countries included in the respective cash-generating units, adjusted for expected technological progress and efficiency gains in the overall economy. The Group's weighted average cost of capital (WACC) has been used as the discount rate for the operating segments. The Stabilus Group uses the recommendation of the Institut der Wirtschaftsprüfer (IDW) to determine a proxy for the risk-free rate and the market risk premium. The beta factor represents the individual risk of a share compared to a market index.

The discount rates applied also reflect the individual country risk of each operating CGU. The discount rate on cash flow projections is 11.65% (PY: 10.83%) for EMEA, 11.46% (PY: 11.10%) for the Americas and 11.66% (PY: 11.36%) for APAC.

The following table shows the input parameters by which the weighted average cost of capital (WACC), free cash flow and gross margins to budget would have to change in order for the fair value of the CGU to correspond to the carrying amount. In management's view, this change is not reasonably possible. The main assumptions in the sensitivity analysis are described below:

Goodwill sensitivity analysis T_056

	Year ended Sept 30, 2023		
	Input parameters for the fair value to equal the carrying amount		
	EMEA	Americas	APAC
Increase in WACC (% points)	4.0	11.8	15.4
Planned gross margin reduction to budget (% points)	4.0	6.9	8.6
Free cash flow reduction (in %)	30.9	55.3	68.0

The impairment test for fiscal 2023 confirms that the carrying amount of goodwill is fully recoverable and that the goodwill attributable to the individual operating CGUs is not impaired.

16 Other intangible assets

Other intangible assets are presented in the following table:

Intangible assets T_057

IN € THOUSANDS	Development cost	Internally generated intangible assets	Software	Patents	Customer relationships	Technology	Trade names	**Total**
Gross value								
Balance as of Sept 30, 2022	**93,709**	**22,733**	**22,639**	**2,681**	**250,610**	**70,899**	**17,655**	**480,926**
Additions from business combination	–	500	166	79	13,860	7,154	1,716	23,475
Foreign currency difference	(2,445)	(277)	(902)	(7)	(4,172)	(757)	(221)	(8,781)
Additions	3,416	19,506	3,036	–	–	–	–	25,958
Disposals	(10,649)	–	(5,334)	–	–	–	–	(15,983)
Reclassifications	10,287	(10,792)	713	–	–	–	–	208
Balance as of Sept 30, 2023	**94,318**	**31,670**	**20,318**	**2,753**	**260,298**	**77,296**	**19,150**	**505,803**
Cumulative depreciation and amortization								
Balance as of Sept 30, 2022	**(53,985)**	**–**	**(14,997)**	**(2,289)**	**(120,166)**	**(59,572)**	**(13,060)**	**(264,069)**
Foreign currency difference	2,107	–	551	3	1,707	233	152	4,753
Amortization expenses	(13,523)	–	(4,155)	(44)	(11,840)	(1,331)	(1,191)	(32,084)
thereof impairment loss	*(1,205)*	–	–	–	–	–	–	*(1,205)*
Disposals	10,229	–	5,330	–	–	–	–	15,559
Reclassifications	–	–	–	–	–	–	–	–
Balance as of Sept 30, 2023	**(55,172)**	**–**	**(13,271)**	**(2,330)**	**(130,299)**	**(60,670)**	**(14,099)**	**(275,842)**
Carrying amount								
Balance as of Sept 30, 2022	**39,724**	**22,733**	**7,642**	**392**	**130,444**	**11,327**	**4,595**	**216,857**
Balance as of Sept 30, 2023	**39,146**	**31,670**	**7,047**	**423**	**129,999**	**16,626**	**5,051**	**229,962**

Other intangible assets amounted to €229,962 thousand as of March 30, 2023 (September 30, 2022: €216,857 thousand).

Additions to intangible assets amounted to €25,958 thousand in fiscal 2023 compared to €18,614 thousand in fiscal 2022. In addition, intangible assets of €23,475 thousand were recognized as a result of the business combination with the Cultraro Group. Costs of €22,922 thousand (PY: €16,088 thousand) (less related customer contributions) were capitalized for development projects in fiscal 2023.

Amortization of capitalized internal development projects amounted to €(13,523) thousand (PY: €(12,784) thousand). The borrowing costs capitalized in the period amounted to €168 thousand (PY: €97 thousand). A capitalization rate was used to determine the amount of borrowing costs. The capitalization rate used in fiscal 2023 was 0.95% (PY: 0.95%). The total amortization expense and impairment loss for intangible assets is included in the consolidated statements of comprehensive income in the following line items:

Amortization expense for intangible assets T_058

IN € THOUSANDS	Fiscal year ended September 30	
	2023	2022
Cost of sales [1]	(16,755)	(16,557)
Research and development expenses [1]	(828)	(70)
Selling expenses	(12,573)	(12,585)
Administrative expenses	(1,928)	(1,278)
Amortization expense (incl. impairment losses)	**(32,084)**	**(30,490)**

[1] Prior-year figures restated. Presentation of amortization of own work capitalized, see description of change in reporting.

Other intangible assets – carrying amount T_059

IN € THOUSANDS	Sept 30, 2023	Sept 30, 2022
Development cost	39,146	39,724
Internally generated intangible assets	31,670	22,733
Software	7,047	7,642
Patents	423	392
Customer relationships	129,999	130,444
Technology	16,626	11,327
Trade names	5,051	4,595
Total	**229,962**	**216,857**

Amortization expenses on development costs include impairment losses of €(1,205) thousand (PY: €(484) thousand) due to the withdrawal of customers from the respective projects. The impairment losses are included in the cost of sales.

Previously recognized impairment on other intangible assets is reversed if the reason for the impairment no longer exists. In this case, the Group would recognize a reversal of the impairment loss up to a maximum of the amortized historical cost.

Contractual commitments for the acquisition of intangible assets amount to €1,081 thousand (PY: €1,636 thousand).

17 Other financial assets

Other financial assets T_060

IN € THOUSANDS	Sept 30, 2023			Sept 30, 2022		
	Current	Non-current	Total	Current	Non-current	Total
Derivatives designated as hedges	–	455	455	–	–	–
Other Miscellaneous	601	–	601	600	–	600
Other financial assets	**601**	**455**	**1,056**	**600**	**–**	**600**

OTHER MISCELLANEOUS

Other miscellaneous financial assets in fiscal 2023 comprise €538 thousand (PY: €538 thousand) from the contingent consideration from the business combination with General Aerospace GmbH. Furthermore, an amount of €64 thousand (PY: €62 thousand) relates to the haircut retained by the factor from the sale of trade accounts receivable from a factoring arrangement. The decrease in receivables sold as of the reporting date (€8.0 million; PY: €12.7 million) relates to a smaller group of customers. Stabilus considers that its other financial assets have a low credit risk based on the external credit ratings of the customers and impairment losses were insignificant. Derivative financial instruments totaling €455 thousand were also recognized, comprising an interest rate swap of €240 thousand to hedge a promissory note loan and a call option for the acquisition of interests (Cultraro) from non-controlling interests of €215 thousand.

18 Other assets

Other assets T_061

IN € THOUSANDS	Sept 30, 2023			Sept 30, 2022		
	Current	Non-current	Total	Current	Non-current	Total
VAT	5,828	–	5,828	7,025	–	7,025
Prepayments	3,124	–	3,124	3,124	775	3,899
Deferred charges	10,780	–	10,780	9,915	–	9,915
Other Miscellaneous	2,459	664	3,123	2,472	638	3,110
Other assets	**22,191**	**664**	**22,855**	**22,536**	**1,413**	**23,949**

19 Inventories

Inventories T_062

IN € THOUSANDS	Sept 30, 2023	Sept 30, 2022
Raw materials and supplies	92,896	85,643
Finished products	34,933	32,308
Work in progress	25,359	23,369
Merchandise	24,067	26,131
Inventories	**177,255**	**167,451**

Inventories that are expected to be turned over within twelve months amounted to €177,255 thousand (PY: €167,451 thousand). Inventories of €3,715 thousand were recognized in connection with the Cultraro Group business combination. Write-downs of inventories to net realizable value amounted to €(16,538) thousand (PY: €(15,254) thousand). The raw materials, consumables and changes in finished goods and work in progress recognized as cost of sales amounted to €(608,707) thousand (PY: €(541,345) thousand) in the reporting period.

The Stabilus Group's prepayments for inventories amounting to €1,916 thousand (PY: €1,649 thousand) are included in prepayments in other current assets.

20 Trade and other receivables

Trade and other receivables include the following items:

Trade and other receivables T_063

IN € THOUSANDS	Sept 30, 2023	Sept 30, 2022
Trade accounts receivable	195,407	195,087
Other receivables	5,133	6,148
Allowance for doubtful accounts	(2,551)	(3,579)
Trade and other receivables	**197,989**	**197,656**

Trade accounts receivable increased in the fiscal year ended September 30, 2023, mainly as a result of the further market recovery and the solid business performance of the Stabilus Group in the past fiscal year. Other receivables contain bills of exchange guaranteed by a bank for trade receivables of our Chinese clients.

The Stabilus Group uses an allowance matrix to measure expected credit losses (ECLs) over the remaining life of trade accounts receivable segmented by geographic region (EMEA, Americas and APAC). Credit loss rates are determined on the basis of revenue generated in the customer's country of resident and are thus country-specific. Loss rates are based on actual credit loss rates in recent years (average of the last three years). These rates take into account the current conditions and the Group's view of economic conditions over the expected lives of the receivables. The Group considers a financial asset to be in default when the borrower exceeds the payment terms. Trade accounts receivable impaired due to insolvency or other similar situations or more than 360 days overdue are written down through profit or loss on a case-by-case basis. The gross carrying amount of a trade account receivable is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as of September 30, 2023:

Exposure to credit risk and ECLs T_064

	Sept 30, 2023		
IN € THOUSANDS	Weighted average loss rate	Gross carrying amount	Loss allowance
Region			
EMEA	0.47%	61,491	292
Americas	0.06%	75,591	46
APAC	0.15%	63,459	98
Total		**200,541**	**435**

	Sept 30, 2022		
IN € THOUSANDS	Weighted average loss rate	Gross carrying amount	Loss allowance
Region			
EMEA	0.58%	52,209	301
Americas	0.10%	74,420	77
APAC	0.50%	74,606	376
Total		**201,235**	**754**

Individual loss allowances of €(2,551) thousand (PY: €(3,579) thousand) were recognized as of the end of the reporting period.

The Group provides payment to its customers in the normal course of business and performs ongoing credit evaluations on certain customers' financial condition, but generally does not require collateral to support such receivables. The Group has recognized an allowance for doubtful accounts based on historically observed default rates adjusted for forward looking estimates to accrue for expected credit losses. To determine the forward-looking economic conditions, the Group considers in particular the credit default swaps (CDS) of the respective client's geographical location, which ensures the risks of the counterparty in the respective country are taken into account. In connection with the Russia-Ukraine war, there were no material defaulted trade account receivables and no additional allowances for receivables were recognized. In addition, the Group has taken out trade credit insurance to insure against the default risk.

The allowance for doubtful accounts developed as follows:

Allowance for doubtful accounts T_065

IN € THOUSANDS	Sept 30, 2023	Sept 30, 2022
Allowance for doubtful accounts as of Sept 30, 2022	**(3,579)**	**(2,102)**
Additions from business combination	(129)	–
Foreign currency translation differences	194	(141)
Increase in the allowance	(314)	(1,357)
Decrease in the allowance	1,277	21
Allowance for doubtful accounts as of Sept 30, 2023	**(2,551)**	**(3,579)**

21 Current tax assets

Current tax assets amounted to €8,915 thousand (PY: €8,074 thousand) and are measured at the amount expected to be recovered from the taxation authorities when the amount already paid in respect of current and prior periods exceeds the amount due for those periods.

22 Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks liquid funds and demand deposits. It amounted to €193,099 thousand (PY: €168,352 thousand) as of September 30, 2023. €2,651 thousand in cash and cash equivalents was recognized as part of the business combination with the Cultraro Group. Cash in banks earned interest at floating rates based on daily bank deposit rates.

The cash and cash equivalents are held with bank and financial institution counterparties, which are investment grade rated as of the end of the reporting period. The estimated impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects external credit ratings of the counterparties and the short remaining maturities of the exposures. The Stabilus Group believes that the credit risk pertaining to its cash and cash equivalents is low. No significant impairment on cash and cash equivalents were identified in fiscal 2023.

23 Equity

The development of equity is presented in the statement of changes in equity.

ISSUED CAPITAL

Issued capital amounted to €24.7 million as of September 30, 2023 (September 30, 2022: €24.7 million) and was fully paid in.

AUTHORIZED CAPITAL

By way of resolution of the Annual General Meeting on February 15, 2023, the authorized capital (Authorized Capital 2023 / 1) of the Company was increased by €4,940 thousand until February 14, 2028 and now amounts to €7,410 thousand (September 30, 2022: €2,470 thousand). Stabilus can therefore still issue 7.4 million shares (each share with a nominal value of €1.00), which represents 30% of the shares issued to date. By way of resolution of the Extraordinary General Meeting on August 11, 2022, the authorized capital of the Company was set at €2,470 thousand.

AUTHORIZATION TO ACQUIRE TREASURY SHARES

Furthermore, the Annual General Meeting on February 15, 2023 resolved to cancel the resolution to acquire and use treasury shares adopted under Luxembourg law on February 12, 2020, and to revise this resolution in line with the provisions of German corporate law in accordance with sections 71 et seq. of the Aktiengesetz (AktG – German Stock Corporation Act). Stabilus SE was newly authorized until February 14, 2028 to acquire and use treasury shares in line with the provisions of German corporate law. The treasury shares must not exceed 10% of the share capital of the Company at any time.

The Company did not acquire any treasury shares in fiscal 2023 or fiscal 2022.

CAPITAL RESERVES

The capital reserves amounted to €201,395 thousand as of September 30, 2023 (September 30, 2022: €201,395 thousand). The capital reserves are reported separately to show the total amount of capital that shareholders have contributed to the Company in addition to the Company's issued capital.

RETAINED EARNINGS

Retained earnings amounted to €458,285 thousand as of September 30, 2023 (PY: €421,129 thousand) and included the Group's net result for fiscal 2023 of €101,784 thousand. An existing put option of €21,403 thousand concluded as part of the business combination with the current minority shareholders of the Cultraro Group was recognized in fiscal 2023. This put option can result in an obligation to purchase all of the non-controlling interests (40%) (for more information see Note 25).

DIVIDENDS

By way of resolution of the Annual General Meeting on February 15, 2023, a dividend distribution of €1.75 per share (PY: €1.25 per share) was resolved; the distribution ratio is 42.0% (PY: 42.1%) of the consolidated profit attributable to the shareholders of Stabilus SE. A dividend of €43.23 million (PY: €30.88 million) was thus paid to our shareholders in the first half of fiscal 2023. Dividends of €257 thousand (PY: €790 thousand) were also paid to non-controlling shareholders of a Stabilus subsidiary in fiscal 2023.

The Management Board and the Supervisory Board have resolved to propose a unchanged dividend distribution of €1.75 per share (PY: €1.75 per share) to the Annual General Meeting to be held in Frankfurt / Main on February 7, 2024. The total dividend will thus amount to €43.23 million (PY: €43.23 million) and the distribution ratio will be 42.5% (PY: 42.0%) of the consolidated profit attributable to the shareholders. Corresponding liabilities have not been recognized in the consolidated financial statements as of September 30, 2023 as this dividend is subject to shareholder approval at the Annual General Meeting.

NON-CONTROLLING INTERESTS

Non-controlling interests amounted to €28,271 thousand as of September 30, 2023 (September 30, 2022: €4,165 thousand). Changes in fiscal 2023 related to the addition of the non-controlling interest following the acquisition of the Cultraro Group in the amount of €22,629 thousand, the profit from operating activities attributable to non-controlling interests and the change from currency translation.

OTHER RESERVES

The following table shows a breakdown of the line item "Other reserves" and the movements in such reserves during the reporting period.

Exchange differences arising on the translation of the financial statements of the Group's foreign operations are recognized in other comprehensive income and shown in a separate reserve within equity which is reported in the table as the cumulative foreign currency translation adjustment. On disposal of a foreign operation, the related amount is reclassified out of the cumulative foreign currency translation adjustment into profit or loss where it is recognized as part of the gain or loss on disposal.

Hedge accounting is used for hedges of cash flows from financial instruments. When hedge accounting for cash flow hedges ends, the amount cumulatively recognized in other comprehensive income remains there if the hedged future cash flows are still expected to occur; otherwise, the amount is immediately reclassified to profit or loss as a reclassification adjustment. The ineffective portion is recognized directly in profit or loss.

The unrealized actuarial gains and losses relate to the Stabilus defined benefit pension plan which is further explained in Note 28.

Other reserves

T_066

IN € THOUSANDS	Cumulative foreign currency translation adjustment	Unrealized actuarial gains and losses	Hedge of cash flows from financial instruments	Other reserves attributable to shareholders of Stabilus	Non-controlling interests	Total
Balance as of Sept 30, 2021	**(21,009)**	**(14,582)**	–	**(35,591)**	**(2,531)**	**(38,122)**
Before tax	42,230	16,691	–	58,921	(1,215)	57,706
Tax (expense) / benefit	–	(5,029)	–	(5,029)	–	(5,029)
Other comprehensive income / (expense), net of taxes	42,230	11,662	–	53,892	(1,215)	52,677
Balance as of Sept 30, 2022	**21,221**	**(2,920)**	**–**	**18,301**	**(3,746)**	**14,555**
Before tax	(18,463)	(900)	203	(19,160)	(10)	(19,170)
Tax (expense) / benefit	–	282	(73)	209	–	209
Other comprehensive income / (expense), net of taxes	(18,463)	(618)	130	(18,951)	(10)	(18,961)
Balance as of Sept 30, 2023	**2,758**	**(3,538)**	**130**	**(650)**	**(3,756)**	**(4,406)**

24 Financial liabilities

Financial liabilities comprise the following items:

Financial liabilities T_067

IN € THOUSANDS	Sept 30, 2023 Current	Sept 30, 2023 Non-current	Sept 30, 2023 Total	Sept 30, 2022 Current	Sept 30, 2022 Non-current	Sept 30, 2022 Total
Senior facilities	–	100,000	100,000	–	100,000	100,000
Promissory note loan	–	150,000	150,000	–	150,000	150,000
Revolving credit facility	–	–	–	–	–	–
Other facilities	6,974	1,077	8,051	1,730	5,118	6,848
Financial liabilities	**6,974**	**251,077**	**258,051**	**1,730**	**255,118**	**256,848**

On June 28, 2022, Stabilus entered into a new facilities agreement with Commerzbank Aktiengesellschaft, DZ Bank AG, Landesbank Baden-Württemberg, Landesbank Hessen-Thüringen Girozentrale and UniCredit Bank AG as the mandated lead arrangers and facility agent. The facilities agreement is for an amount of €450.0 million with a basic term of five years and a prolongation option of two additional years until not longer than 2029. The facilities comprise a syndicated loan facility of €100.0 million and a syndicated revolving loan facility of €350.0 million. Depending on the Company's gearing, the facility bears interest at between 50 and 150 basis points above Euribor. The Group's liabilities under the senior facility (the non-current loan of €100.0 million) are measured at amortized cost. The first prolongation option until June 28, 2028 was drawn in May 2023.

On March 4, 2021, Stabilus issued a promissory note loan (Schuldscheindarlehen) with a total volume of €95.0 million through its subsidiary Stabilus GmbH and with Stabilus SE acting as guarantor. The tranches of the promissory note loan with maturities of five and seven years bear variable interest rates.

On January 28, 2022, Stabilus issued a second promissory note loan with a volume of €55.0 million through its subsidiary Stabilus GmbH. Stabilus SE serves as the guarantor. This promissory note loan has a maturity of five years and bears interest at a floating rate.

Stabilus now has a total promissory note loan volume of €150.0 million. Further details are described in the table below:

Overview of promissory note loan tranches T_068

IN € THOUSANDS

Tranche	Volume	Interest rate	Expiry date
5 years variable	83,000	6M Euribor + 100bps	March 4, 2026
5 years variable	55,000	6M Euribor + 80bps	January 28, 2027
7 years variable	12,000	6M Euribor + 125bps	March 4, 2028
Total	**150,000**		

In fiscal 2018, Stabilus US Inc. entered into a $7.8 million loan agreement which defines monthly installments (interest and repayments). The effective interest rate for this loan is 3.95% and it matures on January 15, 2025. The outstanding nominal amount as of September 30, 2023 is $1.7 million (PY: $2.8 million). Furthermore, as part of a business combination in fiscal 2019, the Group entered into bank loans with an outstanding nominal amount at the end of fiscal 2022 of €3.0 million; this amount was fully repaid on time in fiscal 2023. In addition, the Group recognized purchase price obligations amounting to €0.2 million (PY: €0.8 million) for the acquired entity Clevers in fiscal 2019.

As of September 30, 2023, the Group had no liability under the committed revolving credit facility of €350.0 million (PY: -). The Group utilized €0.8 million of the revolving credit facility of €350.0 million to secure existing guarantees.

25 Other financial liabilities

Other financial liabilities include lease liabilities and a put option concluded as part of the business combination with the Cultraro Group for 40% of the non-controlling interests. The increase essentially reflects the put option concluded with the current minority shareholders of the Cultraro Group. The calculation of fair value is described in the accounting policies under liabilities of a put option and in financial instruments (Level 3). In addition, liabilities to employees and social security contributions were still reported under other financial liabilities as of September 30, 2022 but have been reported under other liabilities since March 31, 2023.

Other financial liabilities T_069

IN € THOUSANDS	Sept 30, 2023 Current	Sept 30, 2023 Non-current	Sept 30, 2023 Total	Sept 30, 2022 Current	Sept 30, 2022 Non-current	Sept 30, 2022 Total
Lease liabilities	7,975	25,402	33,377	7,877	25,678	33,555
Put option	–	21,404	21,404	–	–	–
Other financial liabilities [1]	**7,975**	**46,806**	**54,781**	**7,877**	**25,678**	**33,555**

[1] See description of change in reporting.

26 Leases

In the ordinary course of business, the Stabilus Group is the lessee of property, plant and equipment (e.g. IT hardware, cars, and other machinery and equipment). When determining lease terms, management considers all facts and circumstances that create an economic incentive with sufficient certainty to exercise extension options or not exercise termination options. The use of such lease term options provides the Group with the greatest possible flexibility concerning its leased assets. The majority of the current options to extend or terminate the leases can only be exercised by the Group and not by the respective lessor. Within the Stabilus Group, the extension options are solely used for the asset class "buildings". For all other leases the minimum term of lease is considered. The Stabilus Group applied the practical expedient in IFRS 16.6 by not accounting for short-term leases (leases with a lease term less than twelve months) and low-value assets (underlying asset < €5,000, e.g. printers and copiers) as right-of-use assets.

Lease payments of €7.8 million were made in fiscal 2023 (PY: €8.2 million).

Future lease payments are expected to amount to €37.5 million in the next few years (PY: €36.9 million). €9.1 million (PY: €8.9 million) of this is payable during fiscal 2024.

The Stabilus Group expects interest expenses on lease liabilities of €1.2 million (PY: €1.0 million) for fiscal 2024.

The lease liabilities amounted to €33.4 million (PY: €33.6 million) as of September 30, 2023. €8.0 million (PY: €7.9 million) of this is payable within fiscal 2024.

In fiscal 2023, the Group made lease payments of €0.4 million (PY: €0.4 million) for low-value leases and €0.3 million (PY: €0.3 million) for short-term leases.

Outflows for lease payments T_070

IN € THOUSANDS	Sept 30, 2023	Sept 30, 2022
Within one year	9,134	8,914
After one year but not more than five years	20,176	21,790
More than five years	8,174	6,191
Total	**37,484**	**36,895**

Interest expense on lease liabilities T_071

IN € THOUSANDS	Sept 30, 2023	Sept 30, 2022
Within one year	1,159	1,037
After one year but not more than five years	2,405	2,052
More than five years	543	251
Total	**4,107**	**3,340**

Maturity of lease liabilities T_072

IN € THOUSANDS	Sept 30, 2023	Sept 30, 2022
Within one year	7,975	7,877
After one year but not more than five years	17,771	19,738
More than five years	7,631	5,940
Total	**33,377**	**33,555**

Expenses related to short-term and low-value leases T_073

IN € THOUSANDS	Sept 30, 2023	Sept 30, 2022
Expenses related to short-term leases	285	298
Expenses related to low-value leases	387	444
Total	**672**	**742**

27 Provisions

Provisions T_074

IN € THOUSANDS	Sept 30, 2023			Sept 30, 2022		
	Current	Non-current	Total	Current	Non-current	Total
Anniversary benefits	11	148	159	18	109	127
Early retirement contracts	1,386	1,200	2,586	1,379	1,236	2,615
Employee-related costs	9,736	5,103	14,839	15,135	–	15,135
Remediation	2,375	1,241	3,616	465	779	1,244
Purchase commitments	2,783	–	2,783	3,965	–	3,965
Legal and litigation costs	75	–	75	76	–	76
Warranties	8,942	7,145	15,637	20,173	–	20,173
Other Miscellaneous	6,513	408	6,921	6,992	566	7,558
Provisions	**31,371**	**15,245**	**46,616**	**48,203**	**2,690**	**50,893**

The discount rate used for the calculation of non-current provisions for early retirement contracts (3.99%) was taken from the external actuarial opinion (FY 2022: 4.01%). For all other non-current provisions, the interest rate was between 4.8% and 5.8% as of September 30, 2023 (FY 2022: 0.0%). Non-current provisions developed as follows:

Changes in non-current provisions

T_075

IN € THOUSANDS	Anniversary benefits	Early retirement contracts	Remediation	Employee-related costs	Warranties	Other Miscellaneous	Total
Balance as of Sept 30, 2021	**146**	**1,638**	**1,041**	–	–	**393**	**3,218**
Reclassifications	–	(262)	(411)	–	–	–	(673)
Foreign currency translation differences	8	–	149	–	–	54	211
Costs paid	(122)	(140)	–	–	–	(166)	(428)
Release to income	–	–	–	–	–	–	–
Additions	77	–	–	–	–	285	362
Balance as of Sept 30, 2022	**109**	**1,236**	**779**	–	–	**566**	**2,690**
Additions from business combination	–	–	–	1,118	–	6	1,124
Reclassifications	–	(36)	–	3,237	8,374	(59)	11,516
Foreign currency translation differences	(3)	–	(58)	136	124	(34)	165
Costs paid	(3)	–	–	–	(1,572)	(107)	(1,682)
Release to income	(1)	–	–	–	(1,312)	–	(1,313)
Additions	46	–	520	612	1,531	36	2,745
Balance as of Sept 30, 2023	**148**	**1,200**	**1,241**	**5,103**	**7,145**	**408**	**15,245**

The development of current provisions is set out in the table below:

Changes in current provisions T_076

IN € THOUSANDS	Employee-related costs	Remediation	Purchase commitments	Legal and litigation costs	Anniversary benefits	Early retirement contracts	Warranties	Other Miscellaneous	**Total**
Balance as of Sept 30, 2021	**15,329**	**268**	**6,926**	**64**	**14**	**1,360**	**18,932**	**6,372**	**49,265**
Foreign currency translation differences	1,347	65	220	12	3	–	2,235	379	4,261
Reclassifications	–	411	–	–	–	262	–	–	673
Costs paid	(11,816)	(279)	(4,268)	–	(7)	(243)	(6,813)	(4,438)	(27,864)
Release to income	(132)	–	(2,698)	–	–	–	(3,452)	(2,922)	(9,204)
Additions	10,407	–	3,785	–	8	–	9,271	7,601	31,072
Balance as of Sept 30, 2022	**15,135**	**465**	**3,965**	**76**	**18**	**1,379**	**20,173**	**6,992**	**48,203**
Additions from business combination	–	–	–	–	–	–	–	198	198
Foreign currency translation differences	(12)	(21)	(40)	(1)	(1)	–	(521)	(158)	(754)
Reclassifications	(3,237)	–	–	–	–	36	(8,374)	(378)	(11,953)
Costs paid	(11,679)	–	(3,713)	–	(11)	(274)	(1,799)	(5,645)	(23,121)
Release to income	(1,074)	–	–	–	–	–	(3,056)	(74)	(4,204)
Additions	10,603	1,931	2,571	–	5	245	2,069	5,578	23,002
Balance as of Sept 30, 2023	**9,736**	**2,375**	**2,783**	**75**	**11**	**1,386**	**8,492**	**6,513**	**31,371**

The provision for employee-related expenses comprises employee bonuses and termination benefits.

The provision for remediation relates to the former Stabilus Inc. US site in Colmar, PE, USA at the North Penn Area 5 that was vacated in 1985. This North Penn Area 5 was identified by the United States Environmental Protection Agency (EPA) as an area requiring environmental remediation. In 2011, the EPA contacted seven companies in the North Penn Area 5 as potential responsible parties for cost sharing, Stabilus being one of them. The Group is currently unable to develop a reasonable estimate of its share of the ultimate obligation. The cost apportionment method of the EPA and Stabilus' insurance reimbursement are unclear at this time. The discount rate with matching maturity to be applied is determined based on the latest reliable market data over an extended period under review. The settlement amount also covers the cost increases at the end of the reporting period. As such, a liability for an EPA reimbursement was not recognized in the statement of financial position as of September 30, 2023.

A current provision of €2,375 thousand (PY: €465 thousand) and a non-current provision of €1,241 thousand (PY: €779 thousand) were recognized as of September 30, 2023 for the corresponding ongoing long-term remediation.

The provision for other risks from purchase commitments represents expected customer bonuses and other revenue-based liabilities.

The provision for legal and litigation costs represents costs of legal advice and notary charges as well as the costs of litigation.

The provision for warranties represents the accrued liability for pending risks from warranties offered by the Group for their products. The Group issues various types of contractual warranties under which it generally guarantees the performance of products delivered and services rendered. The Group accrues for costs associated with product warranties at the date products are sold. This also comprises provisions that are calculated for individual cases. Insurance reimbursements related to individual cases are reported in other financial assets if the recognition criteria are met.

28 Pension plans and similar obligations

Liabilities for the Group's pension benefit plans and other post-employment plans comprise the following:

Pension plans and similar obligations T_077

IN € THOUSANDS	Sept 30, 2023	Sept 30, 2022
Principal pension plan	37,542	36,986
Deferred compensation	127	172
Pension plans and similar obligations	**37,669**	**37,158**

Defined benefit plans and deferred compensation

DEFINED BENEFIT PLAN

The Stabilus Group granted post-employment pension benefits to employees in Germany. The level of post-employment benefits is generally based on eligible compensation levels or seniority within the Group hierarchy and years of service.

In order to mitigate future liquidity risk, the Group's pension policies for one major plan granted to employees who joined the Group prior to January 1, 2006 were amended as of December 21, 2010 and the entitlement earned in the former defined benefit plan was frozen. Going forward, no additional defined benefit entitlements can be earned except by certain older employees. At the same time, the Group introduced a defined contribution plan in which direct payments to an external insurer are made.

Liabilities for principal pension plans amounting to €37,542 thousand (PY: €36,986 thousand) result from unfunded accumulated benefit obligations.

The weighted average duration of the defined benefit obligations in fiscal 2023 is 12.26 years (PY: 13.46 years), based on actuarial calculations.

DEFERRED COMPENSATION

Deferred compensation is a form of retirement pay which is financed by the employees, where, based on an agreement between the Group and the employees, part of their income is retained by the Group and paid to the respective employees after retirement.

The total deferred compensation as of September 30, 2023 amounts to €127 thousand (PY: €172 thousand).

The unfunded status is as follows:

Unfunded status T_078

	Fiscal year ended September 30	
IN € THOUSANDS	2023	2022
Present value of defined benefit obligations	39,012	38,434
Less: Fair value of plan assets	(1,343)	(1,276)
Unfunded status	**37,669**	**37,158**

The plan assets are invested as savings contributions in the traditional cover fund of ERGO Lebensversicherung.

The present value of the net pension liability developed as follows:

Present value of the net pension liability obligations T_079

	Fiscal year ended September 30	
IN € THOUSANDS	2023	2022
Present value of net pension liability as of beginning of fiscal year	**37,158**	**54,689**
Service cost	139	275
Interest cost	1,378	603
Effect of change in financial assumptions	(2,405)	(15,648)
Experience assumptions	3,306	(1,043)
Actuarial (gains) / losses	901	(16,691)
Pension benefits paid	(1,907)	(1,718)
Present value of net pension liability as of fiscal year-end	**37,669**	**37,158**

The pension cost in the consolidated statement of comprehensive income includes the following expenses for defined benefit plans:

Pension cost for defined benefit plans T_080

IN € THOUSANDS	Fiscal year ended September 30 2023	2022
Service cost	139	275
Interest cost	1,378	603
Pension cost for defined benefit plans	**1,517**	**878**

The present value of the defined benefit obligation and the experience adjustments arising on the plan liabilities are as follows:

Present value of the defined benefit obligation and experience adjustments on plan liabilities T_081

IN € THOUSANDS	Defined benefit obligation	Experience adjustments	Change in demographic assumptions
Sept 30, 2019	59,893	(605)	–
Sept 30, 2020	57,029	347	–
Sept 30, 2021	54,689	(1,315)	
Sept 30, 2022	37,158	(1,043)	–
Sept 30, 2023	**37,669**	**3,306**	**–**

Generally, the measurement date for the Group's pension obligations is September 30. The measurement date for the Group's net periodic pension cost is generally the beginning of the period. Assumed discount rates, pension increases and long-term return on plan assets vary according to the economic conditions in the country in which the pension plan is situated.

The following assumptions (measurement factors) were used to determine the pension obligations:

Significant factors for the calculation of pension obligations T_082

IN % P. A.	Fiscal year ended September 30 2023	2022
Discount rate	4.61%	4.11%
Pension increases	2.00%	2.00%
Turnover rate	4.00%	4.00%
Biometric assumptions	**Heubeck mortality table 2018G**	**Heubeck mortality table 2018G**

The discount rates for the pension plans are determined annually as of September 30, 2023 on the basis of first-rate, fixed-interest industrial bonds with maturities and values matching those of the pension payments.

Sensitivity analysis

If the discount rate were to differ by +0.5%/–0.5% from the interest rate used as of the end of the reporting period, the defined benefit obligation for pension benefits would be an estimated €50 thousand lower or €4,816 thousand higher respectively. If the future pension increase used were to differ by +0.2%/–0.2% from management's estimates, the defined benefit obligation for pension benefits would be an estimated €3,088 thousand lower or €1,453 thousand higher respectively. The reduction/increase of the mortality rates by one year results in an increase/decrease of life expectancy depending on the individual age of each beneficiary. The effects on the defined benefit obligation (DBO) to a 1-year decrease/increase in life expectancy as of September 30, 2023 would result in an increase of €3,785 thousand or €709 thousand respectively.

When calculating the sensitivity of the DBO to significant actuarial assumptions, the same method (present value of the DBO calculated using the projected unit credit method) has been applied as when calculating the post-employment benefit obligation recognized in the consolidated statement of financial position. Increases and decreases in the discount rate or the rate of pension progression which are used in determining the DBO do not have a symmetrical effect on the DBO due to the compound interest effect created when determining the net present value of the future benefit. If more than one of the assumptions are changed simultaneously, the combined impact due to the changes would not necessarily be the same as the sum of the individual effects due to the changes. If the assumptions change at a different level, the resulting effect on the DBO is not necessarily linear.

Expected pension benefit payments for fiscal 2024 amount to €2,284 thousand (PY: €1,986 thousand).

Defined contribution plans

The expenses incurred under defined contribution plans are primarily related to government-run pension plans. Expenses for these plans amounted to €12,755 thousand in the reporting period (PY: €12,966 thousand).

29 Trade accounts payable

Trade accounts payable amount to €124,291 thousand (PY: €120,257 thousand) as of the end of the fiscal year. The outstanding costs previously reported in other liabilities (September 30, 2022: €6,181 thousand) are now reported in full under trade payables (see description of change in reporting). Trade accounts payable of €841 thousand were assumed in connection with the Cultraro Group business combination. The full amount is due within one year. The liabilities are measured at amortized cost. For information on liquidity and exchange rate risks for trade accounts payable, please see Note 34.

30 Income tax liabilities

Current income tax liabilities amounted to €20,069 thousand (PY: €14,231 thousand) and relate to corporate and trade taxes.

31 Other liabilities

The following table sets out the breakdown of the Group's other current and non-current liabilities:

Other liabilities T_083

	Sept 30, 2023			Sept 30, 2022		
IN € THOUSANDS	Current	Non-current	Total	Current	Non-current	Total
Liabilities to employees	13,317	–	13,317	10,625	–	10,625
Social security contributions	2,634	–	2,634	2,736	–	2,736
Advance payments received	5,389	–	5,389	3,349	–	3,349
Vacation expenses	4,642	–	4,642	4,329	–	4,329
Other personnel-related expenses	9,953	–	9,953	8,129	–	8,129
Other Miscellaneous	367	–	367	403	–	403
Other liabilities [1)]	**36,302**	**–**	**36,302**	**29,571**	**–**	**29,571**

[1)] See description of change in reporting.

32 Contingent liabilities and other financial commitments

Contingent liabilities

A contingent liability is: a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or b) a present obligation that arises from past events but is not recognized because

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

Further information regarding actual and constructive obligations imposed by the US EPA for the former Stabilus site in Colmar can be found in Note 27.

Guarantees

On September 22, 2005, Stabilus S. A. de C. V. ("STMX") entered into a lease agreement with Deutsche Bank Mexico, S. A., and Kimex Industrial BEN, LLC, for a production facility with an area of 28,951 square meters of land and 5,881 square meters of construction buildings in Ramos Arizpe, State of Coahuila, Mexico. The lease agreement had an initial term of ten years and has already been extended. Stabilus GmbH, Koblenz, issued a declaration of entry for the event that STMX will be unable to pay.

On October 11, 2005, Stabilus Romania S.R.L., Brasov, Romania, ("STRO") entered into a rental agreement with ICCO SRL (ICCO) for a production facility with an area of 8,400 square meters. The initial lease agreement had a term of seven years which has been extended. STAB Dritte Holding GmbH, Koblenz, which has merged into Stable Beteiligungs GmbH, Koblenz, a wholly owned subsidiary of the Company, issued a bank guarantee of €600 thousand (PY: €600 thousand) for the event that STRO will be unable to pay. Stabilus GmbH, Koblenz, issued a declaration of entry for the event that STRO will be unable to pay.Given a normal course of economic development and a normal course of business, management believes these guarantees should not result in a material adverse effect for the Group.

Other financial commitments

The purchase commitment for property, plant and equipment and other intangible assets decreased from €8,975 thousand as of September 30, 2022 to €8,459 thousand as of September 30, 2023.

The nominal values of other financial commitments are as follows:

Contingent liabilities and other financial commitments T_084

IN € THOUSANDS	Sept 30, 2023			
	Within one year	After one year but not more than five years	More than five years	Total
Purchase commitment for non-current assets	7,378	–	–	7,378
Purchase commitment for other intangible assets	1,081	–	–	1,081
Total	**8,459**	**–**	**–**	**8,459**

IN € THOUSANDS	Sept 30, 2022			
	Within one year	After one year but not more than five years	More than five years	Total
Purchase commitment for non-current assets	7,339	–	–	7,339
Purchase commitment for other intangible assets	1,636	–	–	1,636
Total	**8,975**	**–**	**–**	**8,975**

33 Financial instruments

The following table shows the carrying amounts and fair values of the Group's financial instruments within the meaning of IFRS 7 and by measurement category. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial instruments T_085

IN € THOUSANDS	Measurement category acc. to IFRS 9	Sept 30, 2023 Carrying amount	Sept 30, 2023 Fair value [1]	Sept 30, 2022 Carrying amount	Sept 30, 2022 Fair value [1]
Other investments	FVtPL	6,000	6,000	6,000	6,000
Trade and other receivables	AC	197,989	–	197,656	–
Cash and cash equivalents	AC	193,099	–	168,352	–
Other financial assets	AC	63	–	62	–
Derivatives designated as hedges	n/a	455	–	–	–
Contingent consideration	FVtPL	538	538	538	538
Total financial assets		**398,144**	**6,538**	**372,608**	**6,538**
Financial liabilities	FLAC	257,997	267,592	256,848	258,448
Trade accounts payable	FLAC	124,291	–	114,076	–
Lease liabilities	n/a	33,377	–	33,555	–
Liabilities from put option	FVtPL	21,404	21,404	–	–
Total financial liabilities		**437,069**	**288,996**	**404,479**	**258,448**
Aggregated according to IFRS 9 categories:					
Financial assets measured at amortized cost (AC)		391,151	–	366,070	–
Financial assets measured at fair value through profit or loss (FVtPL)		6,538	6,538	6,538	6,538
Financial liabilities measured at fair value through profit or loss (FVtPL)		21,404	21,404	–	–
Financial liabilities measured at amortized cost (FLAC)		382,288	267,592	370,924	258,448

[1] The simplification option under IFRS 7 was utilized. This does not apply to contingent consideration.

The following table provides an overview of the classification of financial instruments presented above in the fair value hierarchy (Level 1 to Level 3), except for financial instruments with fair values corresponding to the carrying amounts (i.e. trade accounts receivable and payable, cash and other financial liabilities):

Financial instruments T_086

IN € THOUSANDS	Sept 30, 2023 Total	Sept 30, 2023 Level 1[1]	Sept 30, 2023 Level 2[2]	Sept 30, 2023 Level 3[3]	Sept 30, 2022 Total	Sept 30, 2022 Level 1[1]	Sept 30, 2022 Level 2[2]	Sept 30, 2022 Level 3[3]
Financial liabilities								
Senior facilities	101,694	–	101,694	–	98,651	–	98,651	–
Promissory note loan	158,567	–	158,567	–	152,456	–	152,456	–
Liabilities from put option	21,404	–	–	21,404	–	–	–	–
Other facilities	7,331	–	7,331	–	7,341	–	7,341	–
Financial assets								
Investments	6,000	–	–	6,000	6,000	–	6,000	–
Derivatives designated as hedges	455	–	240	215	–	–	–	–
Contingent consideration	538	–	538	–	538	–	538	–

[1] Fair value measurement based on quoted prices (unadjusted) in active markets for these or identical instruments.
[2] Fair value measurement based on inputs that are observable on active markets either directly (i.e. as prices) or indirectly (i.e. derived from prices).
[3] Fair value measurement based on inputs that are not observable market data.

The hierarchy level to which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the measurement in its entirety. In the event of circumstances requiring a different categorization, these are reclassified as of the reporting date. It is the Group's policy to recognize transfers into and out of a level of the fair value hierarchy at the date of the event or change in circumstances that caused the transfer. There was a transfer between Level 2 and Level 3 of the fair value hierarchy in the current fiscal 2023 and a liability from a put option was also assigned to Level 3. There were no transfers between Level 2 and Level 3 in the prior fiscal year.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair values in the prior fiscal year:

- The senior secured notes and the promissory note loan are categorized within Level 2 of the fair value hierarchy as the instruments themselves are not traded in an active market, but as all significant inputs required for their fair value measurement are observable in active markets. Their fair value is estimated using a present value technique by discounting the contractual cash flows using the implied yields for similar instruments of entities with a similar standing and marketability. The most significant input is the discount rate that reflects the credit risk of the issuer. The Group obtains the valuation for its senior secured notes from an independent service provider on a quarterly basis. The fair value of the contingent consideration is not subject to any variation. The recognized amount is fixed in the purchase agreement. The carrying amounts of trade accounts receivable, cash, other financial assets and trade accounts payable closely approximate their fair value due to their predominantly short-term nature.
- The interest rate swap is measured according to Level 2 on the basis of its nature. Standard market methods are used in which the valid market interest rates (3M/6M Euribor and €STR interest rate) as of the measurement date are used as inputs.
- Gains and losses in connection with financial instruments recognized in Level 3 are accounted for through profit or loss in the other financial result. The financial instruments reported within Level 3 include an investment for which sensitivity cannot be reliably determined. Risks essentially result from changes to planning assumptions regarding future business performance. Level 3 also includes a liability from a put option resulting from the acquisition of an interest in the Cultraro Group as part of a business combination. This option is measured using unobservable market data.

The market value of the interest, which is based on an agreed EBITDA multiplier, also constitutes a lower limit. If there is a higher market multiplier, the EBITDA multiplier agreed in the contract can also be increased to a certain extent in accordance with a contractually agreed calculation formula. The assumed EBITDA market multiplier was determined based on a peer group. The present value of the purchase price liability from the shareholders' put option as of the measurement date was calculated using a Monte Carlo simulation. The simulation was carried out until 2036 using adjusted inputs. For each simulation, the present value of the purchase price liability resulting from the shareholders' put option was used by applying the contractually agreed formula and the EBITDA market multipliers and the target company's EBITDA.

DERIVATIVE FINANCIAL INSTRUMENTS

The following table contains the carrying amounts and market values of the individual classes of financial instruments. The market value of the interest rate swaps was determined based on the interest rates applicable at the end of the reporting date for corresponding maturities / repayment structures, based on available market information.

The nominal volume of these interest rate swaps as of September 30, 2023 was €83 million. In the reporting period, all gains and losses were recognized upon initial recognition of financial assets and liabilities, as fair value could be reliably determined using market data.

Fair value T_087

	Sept 30, 2023	
IN € THOUSANDS	Carrying amount	Fair value
Derivative financial assets		
Interest rate swaps	240	240
thereof current	–	–
thereof non-current	240	240

	Sept 30, 2022	
IN € THOUSANDS	Carrying amount	Fair value
Derivative financial assets		
Interest rate swaps	–	–
thereof current	–	–
thereof non-current	–	–

SENSITIVITY ANALYSIS

The sensitivity analysis below shows how the market values of interest derivatives would change if the interest rate identified as the price risk variable were different as of the reporting date. A change in interest rates of more than 50 basis points was not considered probable and so the change in the interest rate was limited to this value.

Change in fair value T_088

	Sept 30, 2023	
IN € THOUSANDS	+50 bp	–50 bp
Derivative financial assets		
Interest rate swaps	9	(8)

The yield curve risks would therefore result in an overall change in equity due to the changes in value assumed in the sensitivity analysis (not accounting for tax effects).

MARKET VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS USED FOR HEDGING

To hedge risks from changes in interest rates for a promissory note loan, hedges (interest rate swaps) were in place as of the end of the reporting date that are designated as hedging instruments and changed as follows in the fiscal year:

Derivative financial instruments used for hedging purposes T_089

IN € THOUSANDS	Sept 30, 2023 Interest rate swap
Cash flow hedges	
Positive market values	240
Negative market values	–
Fair value change in hedging instrument – designated risk	240
Fair value change in hedging instrument – non-designated risk	–
OCI – cash flow hedge reserve	73
OCI – cost of hedging	–
Hedge ineffectiveness recognized through profit or loss – designated risk	53
OCI recycling earnings contribution	–

Stabilus designates interest rate swaps as cash flow hedges and recognizes them accordingly. Inefficiencies are essentially to be expected as a result of different basic parameters for the hedged item and the hedge (e.g. fixed interest rates) and potential initial fair values of the hedging instruments. In accordance with IFRS 9, we will carry out a rebalancing in subsequent years if material ineffectiveness is identified.

Value changes for hedged items designated in hedge accounting are calculated using the hypothetical derivative method.

Hedged items designated in hedge accounting 2023 T_090

IN € THOUSANDS	Sept 30, 2023 Fair value change in hedged item – designated risk	 Fair value change in hedged item – non-designated risk
Cash flow hedges		
Promissory note loan (Helaba)	480	–

The net gains and losses on financial instruments in the fiscal year ended September 30, 2023 result from currency translation and changes in the estimate of future cash flows of financial assets measured at amortized cost and financial liabilities measured at amortized cost, as well as gains from changes in the fair value of derivative instruments. They are set out in Notes 10 and 11. The net foreign exchange loss came to €(11,800) thousand (PY: gain of €12,851 thousand).

Total interest income and expense from financial instruments are reported in Notes 10 and 11.

34 Risk reporting

Internal risk management

Within the budgeting process, the Group employs an integrated system for the early identification and monitoring of risks specific to the Group in order to identify changes in the business environment and deviations from targets at an early stage and to initiate countermeasures in advance. This also includes the monthly short- and medium-term analysis of the order intake, inventories and the accounts receivable and accounts payable balances. Based on the results of this initial assessment, further evaluations are frequently conducted for individual companies if deemed appropriate. Customer behavior is ascertained and analyzed continuously, and the information obtained from these serves as an early warning indicator for possible changes in demand patterns. Interest rate and currency risks, as well as developments on currency exchange markets, are monitored continuously in conjunction with risk management.

In addition, significant KPIs are reported monthly by all Group companies and are assessed by the Group's management.

Financial risks

The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group. These risks include credit risk, liquidity risk and market risk (including currency risk and fair value interest rate risk).

The Group seeks to minimize the effects of financial risks by using derivative financial instruments wherever this is considered economically reasonable. The use of financial derivatives is governed by the Group's policies released by the Management Board, which provide principles on foreign currency risk, interest rate risk, credit risk and non-derivative financial instruments, and the investment of excess liquidity. The Group does not enter into or trade highly speculative derivative financial instruments. The Group had one derivative financial instrument (interest rate swap) as of September 30, 2023, compared to the previous fiscal year in which it did not have any derivative financial instruments.

Credit risks

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted a policy of dealing only with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from payment defaults. The Stabilus Group does not hold any collateral as of the end of the reporting period. The Group's exposure and the credit ratings of its counterparties are monitored, and the aggregate value of transactions entered into is spread amongst approved counterparties.

There are trade accounts receivable from a large number of customers, spread across diverse industries and geographical areas. Credit evaluation is performed on the financial condition of accounts receivable and, where this is considered appropriate, credit guarantee insurance cover is purchased. Besides this, commercial considerations are taken into account when determining the maximum volume of the credit lines granted to each customer. The Group has established a policy to writing down all trade receivables when there is no reasonable expectation of payment. Among others, the failure to make payments within 360 days from the invoice date or the initiation of bankruptcy proceedings are considered indicators of no reasonable expectation of recovery. In addition, the Group has recognized an allowance for receivables based on historically observed default rates adjusted for forward-looking estimates to accrue for expected credit losses. To determine the forward-looking economic conditions, the Group considers in particular the credit default swaps (CDS) of the respective client's geographical location, which ensures the risks of the counterparty in the respective country are taken into account.

There was no significant increase in defaulted trade account receivables or other receivables in connection with the Russia-Ukraine war and no additional allowances for receivables were recognized. In addition, the Group has taken out trade credit insurance to insure against the default risk.

The maximum exposure to credit risk is reflected by the carrying amounts of the following financial assets:

Credit risks included in financial assets T_091

IN € THOUSANDS	Sept 30, 2023 Neither past due nor impaired	< 30 days	30 – 60 days	60 – 90 days	90 – 360 days	> 360 days	Total
Financial assets							
Trade and other receivables	177,463	14,531	2,038	1,338	2,636	(18)	197,988
Other Miscellaneous	601	–	–	–	–	–	601
Cash and cash equivalents	193,099	–	–	–	–	–	193,099
Total	**371,163**	**14,531**	**2,038**	**1,338**	**2,636**	**(18)**	**391,688**

IN € THOUSANDS	Sept 30, 2022 Neither past due nor impaired	< 30 days	30 – 60 days	60 – 90 days	90 – 360 days	> 360 days	Total
Financial assets							
Trade and other receivables	181,223	12,227	1,564	759	1,873	10	197,656
Other Miscellaneous	600	–	–	–	–	–	600
Cash and cash equivalents	168,352	–	–	–	–	–	168,352
Total	**350,175**	**12,227**	**1,564**	**759**	**1,873**	**10**	**366,608**

Credit risk resulting from other financial assets, which comprise cash and cash equivalents and miscellaneous financial assets, arises from a possible default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Group does not have any critical credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies and are also typically lenders to the Group. Therefore, the credit quality of financial assets which are neither past due nor impaired is considered to be high.

In fiscal 2023, the Group had one customer which accounted for about 10% of total external revenue, one customer which accounted for about 6% and one customer which accounted for about 5% of total external revenue. The revenue with these customers amounted to €124,057 thousand (PY: €106,982 thousand), €77,086 thousand (PY: €81,377 thousand) and €62,087 thousand (PY: €58,090 thousand), respectively. Revenue was generated in all three operating segments in fiscal 2023 and 2022 and no single customer in a region accounted for more than 10% of total consolidated revenue.

Liquidity risks

The Management Board has established an appropriate liquidity risk management framework for the management of the Group's short-, medium-and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate banking facilities and reserve borrowing facilities and by monitoring the forecast cash flow of the Group entities at regular intervals.

The following maturities summary shows how the cash flow from the Group's liabilities as of September 30, 2023 will influence its liquidity position. The summary describes the course of the undiscounted principal and interest outflows of the financial liabilities and the undiscounted cash outflows of the trade accounts payable. The undiscounted cash outflows are subject to the following conditions:

- If the counterparty can request payment at different dates, the liability is included on the basis of the earliest payment date. The underlying terms and conditions are described in Note 24 and Note 26.

In fiscal 2022 and 2023, the COVID-19-pandemic and the Russia-Ukraine war did not have any material adverse effects on the liquidity of the Stabilus Group.

Liquidity outflows for liabilities T_092

IN € THOUSANDS	Senior facilities	Promissory note loan	Other facilities	Lease liabilities	Trade accounts payable	Total
Within one year	4,772	7,381	1,376	9,134	124,291	146,955
After one year but not more than five years	122,667	165,814	1,088	20,176	–	309,746
More than five years	–	–	21,403	8,174	–	29,577
Total	**127,439**	**173,195**	**23,868**	**37,484**	**124,291**	**486,277**

FINANCIAL MARKET RISKS

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see below) and interest rates (see below). The Group concluded one derivative financial instrument (interest rate swap) in fiscal 2023. The Group monitors closely its exposure to interest rate risk and foreign currency risk and regularly checks the opportunities of entering into derivative financial instruments.

MARKET RISKS

The Stabilus Group is exposed to various market risks. Market crises for Stabilus chiefly comprise changes to stock market prices, changes to the prices of goods and raw materials and price fluctuations on energy markets. Stabilus hedges the prices of goods and raw materials through long-term supply contracts that include price adjustment clauses. In addition, the Group has not concluded any forward contracts in relation to energy price risks. For more information, please see the Report on risks and opportunities.

FOREIGN EXCHANGE RISKS

As a result of its subsidiaries, the Group has significant assets and liabilities outside the euro area, especially in US dollars. These assets and liabilities are denominated in local currencies. When the net asset values are converted into euro, currency fluctuations result in period-to-period changes in those net asset values. The Group's equity position reflects these changes in net asset values. The Group does not hedge these currency risks.

The Group also has transactional currency exposures which arise from sales or purchases denominated in currencies other than the functional currency and loans denominated in foreign currencies. In order to mitigate the impact of currency exchange rate fluctuations for the operating business, the Group continually assesses its exposure and attempts to balance revenue and costs in a currency to thus reduce the currency risk.

Besides the statement of financial position, the Group's revenue and costs are also impacted by currency fluctuations.

Stabilus' main exposure to currency risk is $42 million as of the end of the reporting period. An increase / decrease in the value of the US dollar compared to the euro of 10% would lead to an increase / decrease in EBIT of approximately €3.9 million.

HYPERINFLATION

The Group has entities located in Argentina and Turkey, countries where inflation has been high for several years. Given that the cumulative inflation rate in Argentina and Turkey over a three-year period has exceeded 100% and the qualitative indicators of hyperinflation are, to varying degrees, also present, we consider Argentina and Turkey to be hyperinflationary economies. Accordingly, IAS 29 has to be applied, which requires that the financial statements of subsidiaries reporting in the currencies of hyperinflationary economies are restated by applying a suitable general price index. This requirement also applies to our subsidiaries New CLEVERS S.A. and Piston Amortisör Sanayi ve Ticaret Anonim Şirketi. The effects of the application of IAS 29 have no material impact on the consolidated financial statements of the Stabilus Group as the revenue of the Argentinian and Turkish companies accounts for less than 1% of the Group's total revenue. We are continuously monitoring the development of our Argentine and Turkish operations.

INTEREST RATE RISKS

The Group is exposed to interest rate risks that mainly relate to debt obligations as the Group's financing is primarily based on Euribor-based credit agreements (for details see Financial liabilities Note 24).

The interest rate risk is assessed and managed by central financial risk management by analyzing the cash flow sensitivity of the Group's cash flows due to floating interest loans.

Stabilus' exposure to interest rate risk includes variable-rate liabilities with a notional amount of €250.0 million. Since March 2023, Stabilus has had an interest rate swap with a nominal volume of €83 million, which was entered into with a term matching the promissory note loan (maturing March 2026) with a nominal volume of €83 million. The fixed interest rate for the interest rate swap is 3.484%. The interest rate swap hedges the Euribor interest rate risk until March 2026, leaving an interest rate risk of €167.0 million without interest rate swap coverage. An increase in variable interest rates (Euribor) of +/−1% would lead to an increase/decrease in finance costs of around €1.7 million.

35 Capital management

The Stabilus Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to maintain an optimal capital structure through a balanced mix of debt and equity considering the positive effects of the debt tax shield and the additional costs of financial distress that result from increased leverage. To accomplish this objective, the Group monitors various internal factors like the development of some financial ratios over time but also considers external factors like changes in the competitive environment or in the overall economic conditions.

The Stabilus Group is not subject to any externally imposed capital requirements.

Given its broad product range and well-balanced global presence, under normal economic conditions the Stabilus Group generates predictable and sustainable cash flows.

For monitoring our capital structure, we utilize, among others, the ratio of "equity" to "total capital" as well as the ratio of "net debt" to "adjusted EBITDA (earnings before interest, taxes, depreciation and amortization)". The latter is also used as a covenant in the senior facilities agreement and its development is further explained in the management report. The Company does not expect a breach of this covenant.

The development of the equity ratio is set out in the table below:

Equity ratio T_093

	Fiscal year ended September 30	
IN € THOUSANDS	2023	2022
Equity	712,001	669,690
Total assets	1,334,305	1,266,573
Equity ratio	53.4%	52.9%

In order to maintain or adjust the capital structure, the Stabilus Group can increase or decrease its dividend, issue new shares or return capital to its shareholders, and raise additional or reduce elements of its outstanding debt.

36 Notes to the consolidated statement of cash flows

The statement of cash flows is prepared in compliance with IAS 7. The statement of cash flows of the Stabilus Group shows the development of the cash flows from operating, investing and financing activities. Inflows and outflows from operating activities are presented in accordance with the indirect method and those from investing and financing activities by the direct method.

The cash funds reported in the statement of cash flows comprise all liquid funds, cash balances and cash at banks reported in the statement of financial position.

Interest payments of €10,769 thousand (PY: €5,108 thousand) are reflected in cash outflows from financial activities. Income tax payments of €25,517 thousand (PY: €33,860 thousand) are recognized in cash flow from operating activities.

The table below shows the details of changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows will be classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

Reconciliation of financing activities T_094

IN € THOUSANDS	Senior facilities	Promissory note loan	Other facilities	Lease liabilities
Balance as of Sept 30, 2022	**100,000**	**150,000**	**6,848**	**33,555**
Cash receipts	–	–	–	–
Cash payments	–	–	(4,339)	(7,827)
Changes from financing cash flows	–	–	(4,339)	(7,827)
Effect of changes in foreign exchange rates	–	–	108	(1,999)
Other changes	–	–	5,380	9,648
Balance as of Sept 30, 2023	**100,000**	**150,000**	**7,997**	**33,377**

37 Segment reporting

The Stabilus Group is organized and managed primarily on a regional level. The three reportable operating segments of the Group are EMEA (Europe, Middle East and Africa), the Americas (North and South America) and APAC (Asia-Pacific). Based on Stabilus' guiding strategy of "in the region, for the region", we have established our locations near the Group's customers and have continuously expanded this approach in recent years. The segment reporting structure is based on management reporting. In fiscal 2023 and 2022, no single customer in a region accounted for more than 10% of total consolidated revenue. The customer structure, products and services offered (product portfolio) are largely the same in all three regional segments.

The Group measures the performance of its operating segments through a measure of segment profit or loss (key performance indicator) which is referred to as "adjusted EBIT". Adjusted EBIT represents EBIT adjusted for exceptional non-recurring items (e.g. restructuring or one-time advisory costs) and depreciation / amortization of fair value adjustments resulting from purchase price allocation (PPA).

Segment information for the fiscal years ended September 30, 2023 and 2022 is as follows:

Segment reporting

T_095

IN € THOUSANDS	EMEA		Americas		APAC	
	Fiscal year ended September 30		Fiscal year ended September 30		Fiscal year ended September 30	
	2023	2022	2023	2022	2023	2022
External revenue [1]	496,608	469,420	450,438	387,479	268,208	259,446
Intersegment revenue [1]	38,375	34,197	30,892	31,790	1,834	299
Total revenue [1]	534,983	503,617	481,330	419,269	270,042	259,745
Depreciation and amortization (incl. impairment losses)	(36,449)	(35,173)	(17,720)	(17,538)	(12,214)	(11,631)
EBIT	50,087	48,499	42,495	48,350	49,213	49,525
Adjusted EBIT	60,505	54,685	48,553	51,805	49,373	49,686
Adjusted EBIT as % of external revenue	12.2%	11.7%	10.8%	13.4%	18.4%	19.2%

IN € THOUSANDS	Segment total		Other / consolidation		Stabilus Group	
	Fiscal year ended September 30		Fiscal year ended September 30		Fiscal year ended September 30	
	2023	2022	2023	2022	2023	2022
External revenue [1]	1,215,254	1,116,345	–	–	1,215,254	1,116,345
Intersegment revenue [1]	71,101	66,286	(71,101)	(66,286)	–	–
Total revenue [1]	1,286,355	1,182,631	(71,101)	(66,286)	1,215,254	1,116,345
Depreciation and amortization (incl. impairment losses)	(66,383)	(64,342)	(4,658)	(4,658)	(71,041)	(69,000)
EBIT	141,796	146,874	(4,658)	(4,658)	137,137	142,216
Adjusted EBIT	158,431	156,176	–	–	158,431	156,176
Adjusted EBIT as % of external revenue	13.0%	14.0%	–	–	13.0%	14.0%

[1] Revenue breakdown by location of Stabilus company (i.e. "billed-from view").

The column "Other / Consolidation" includes among others the effects from the purchase price allocation for the April 2010 business combination.

The EBIT of the EMEA operating segment in the fiscal year ended September 30, 2023 includes impairment losses of €(1,013) thousand (PY: €(541) thousand), while the Americas operating segment includes impairment losses of €(244) thousand (PY: €-) in the fiscal year ended September 30, 2023. The amounts presented in the column "Other / Consolidation" above include the elimination of transactions between the segments and certain other corporate items which are related to the Stabilus Group as a whole and are not allocated to the segments, e.g. depreciation from purchase price allocations.

The following table sets out the reconciliation of the total segments' profit (adjusted EBIT) to profit before income tax:

Reconciliation of the total segments' profit to profit / (loss) before income tax

T_096

IN € THOUSANDS	Fiscal year ended September 30	
	2023	2022
adjusted EBIT ot Total segments'	**158,431**	**156,176**
Other / consolidation	–	–
Group adjusted EBIT	**158,431**	**156,176**
Adjustments to EBIT	(21,294)	(13,960)
Profit from operating activities (EBIT)	**137,137**	**142,216**
Finance income	6,869	15,202
Finance costs	(24,681)	(14,167)
Profit / (loss) before income tax	**119,325**	**143,251**

The information about geographical areas is set out in the following tables:

Geographical information: Revenue by country (by country of domicile of the Stabilus company) T_097

IN € THOUSANDS	Fiscal year ended September 30 2023	2022
Germany	348,029	336,801
Romania	132,841	116,616
United Kingdom	4,315	4,969
Turkey	8,576	10,217
Italy	1,937	–
Netherlands	909	817
EMEA	**496,607**	**469,420**
Mexico	249,716	207,677
United States	186,300	167,984
Brazil	10,040	8,790
Argentina	4,381	3,028
Americas	**450,438**	**387,479**
China	209,544	215,935
South Korea	48,040	32,081
Australia	3,004	3,112
Japan	5,727	6,304
New Zealand	1,894	2,014
APAC	**268,209**	**259,446**
Revenue	**1,215,254**	**1,116,345**

Geographical information: Non-current assets by country (by country of domicile of the Stabilus company) T_098

IN € THOUSANDS	Fiscal year ended September 30 2023	2022
Germany	233,450	225,170
Romania	35,611	32,557
Netherlands	0	0
United Kingdom	4,449	4,797
Turkey	1,438	1,997
France	50	63
Italy	5,679	–
Goodwill	147,812	122,000
EMEA	**428,488**	**386,584**
United States	66,984	76,342
Mexico	47,115	44,810
Brazil	3,802	3,027
Argentina	403	746
Goodwill	76,285	82,038
Americas	**194,589**	**206,963**
China	71,768	68,847
South Korea	9,735	9,009
Australia	1,045	1,178
Singapore	228	49
Japan	1,556	1,317
New Zealand	618	339
India	302	–
Goodwill	12,523	12,768
APAC	**97,777**	**93,507**
Total	**720,853**	**687,054**

The non-current assets do not include financial instruments, deferred tax assets, post-employment benefit assets or rights arising under insurance contracts.

Geographical information: Non-current liabilities by country (by country of domicile of the Stabilus company) T_099

IN € THOUSANDS	Fiscal year ended September 30 2023	2022
Germany	315,200	295,520
Romania	4,927	4,678
Netherlands	0	119
United Kingdom	34	1,074
Turkey	683	–
France	15	–
Italy	2,275	26
EMEA	**323,132**	**301,418**
United States	5,033	4,226
Mexico	9,345	3,422
Brazil	101	–
Argentina	36	129
Americas	**14,514**	**7,778**
China	11,766	10,866
South Korea	359	295
Australia	167	231
Singapore	169	(7)
Japan	401	18
New Zealand	289	46
India	0	–
APAC	**13,150**	**11,449**
Total	**350,797**	**320,644**

Non-current liabilities do not include deferred tax liabilities.

38 Share-based payments

The Group established share-based payment arrangements for members of the Management Board (Matching Stock Program). The Matching Stock Program was discontinued in prior years and no further tranches have been granted. The Performance Share Plan is the current share-based payment agreement for members of the Management Board and senior management employees. Both systems are cash-settled share-based payment.

Matching Stock Program

The variable compensation for the individual members of the Management Board includes a matching stock program. The Matching Stock Program (the "MSP") provides for four annual tranches granted each year during the fiscal year ended September 30, 2014 until September 30, 2017. The program "MSP A" was extended by one year to September 30, 2018. Owing to the unpredictable and extraordinary impact of COVID-19 on the share price development of Stabilus, which was beyond management's influence, the Supervisory Board had decided to extend the two-year exercise period for the tranches 2016 to 2018 by two years for the current Management Board members. This measure retains the incentive effect of the MSP tranches. However, the performance targets (including number of options and exercise prices) remain unchanged. Participation in the Matching Stock Program requires Management Board members to invest in shares of the Company. The investment must generally be held for the lock-up period.

As part of the Matching Stock Program A ("MSP A"), for each share the Management Board invests in the Company in the specific year (subject to the general cap), the Management Board members receive a certain number of fictitious options to acquire shares in the Company for each tranche of the Matching Stock Program. The amount of stock options received depends upon a factor to be set by the Supervisory Board annually in a range between 1.0 and 1.7 times for a certain tranche. Thus, if a Management Board member were to buy 1,000 shares under the MSP A in the Company, they would receive 1,000 to 1,700 fictitious options for a certain tranche.

The Matching Stock Program B (MSP B) expired in full at the end of fiscal 2022.

The fictitious options are subject to a lock-up period of four years and can be exercised during a subsequent two-year exercise period. The options may be exercised only if the stock price of the Company exceeds a set threshold for the relevant tranche, which the Supervisory Board will determine at the time of granting the options, and which needs to be between 10% and 50% growth over the base price, which is the share price on the grant date. If exercised, the fictitious options are transformed into a gross amount equaling the difference between the option price and the relevant stock price multiplied by the number of exercised options. The Company is planning a cash settlement. The maximum gross amounts resulting from the exercise of the fictitious options of one tranche in general is limited in amount to 50% of the base price. The reinvestment of IPO proceeds from previous equity programs is not taken into account for MSP A.

Measurement of fair values

The fair value of the share-based payments of the MSP has been measured using a binomial simulation (Black-Scholes).

The inputs used in the measurement of the fair values at the grant date and the measurement date of the MSP include market conditions and were as follows. The expected volatility is based on the historical volatility of the three-year period ending September 30, 2023.

Input parameters for fair value measurement of MSP T_100

MEASUREMENT DATE	Sept 30, 2023	Sept 30, 2022	Sept 30, 2021
MSP A (2017)			
Fair value	€1.80	€2.50	€6.52
Share price	€52.95	€45.30	€60.55
Expected annual volatility	26.0%	33.0%	32.0%
Expected annual dividend yield	2.0%	2.0%	2.0%
Expected remaining duration (exercise date)	–	–	–
Risk-free interest rate	3.19%	1.77%	(0.71%)
Exercise price	€74.74	€74.74	€74.74
MSP A (2018)			
Fair value	€3.03	€3.35	€9.00
Share price	€52.95	€45.30	€60.55
Expected annual volatility	26.0%	33.0%	40.0%
Expected annual dividend yield	2.0%	2.0%	2.0%
Expected remaining duration (exercise date)	–	–	1.0 years
Risk-free interest rate	2.92%	1.85%	(0.73%)
Exercise price	€74.22	€74.22	€74.22

Number of share options

T_101

	MSP A / B (2016)		MSP A (2017)		MSP A (2018)	
	Number of options	Exercise price	Number of options	Exercise price	Number of options	Exercise price
Outstanding as of October 1, 2020	**16,017**	**€48.64**	**7,238**	**€74.74**	**10,423**	**€74.22**
Granted during the year	–	–	–	–	–	–
Forfeited during the year	–	–	764	–	–	–
Exercised during the year	12,808	–	–	–	–	–
Outstanding as of September 30, 2021	**3,209**	**€48.64**	**6,474**	**€74.74**	**10,423**	**€74.22**
Exercisable as of September 30, 2021	**3,209**	**€48.64**	**–**	**–**	**–**	**–**
Outstanding as of October 1, 2021	**3,209**	**€48.64**	**6,474**	**€74.74**	**10,423**	**€74.22**
Granted during the year	–	–	–	–	–	–
Forfeited during the year	3,209	–	–	–	–	–
Exercised during the year	–	–	–	–	–	–
Outstanding as of September 30, 2022	**–**	**–**	**6,474**	**€74.74**	**10,423**	**€74.22**
Exercisable as of September 30, 2022	**–**	**–**	**6,474**	**€74.74**	**10,423**	**€74.22**
Outstanding as of October 1, 2022	**–**	**–**	**6,474**	**€74.74**	**10,423**	**€74.22**
Granted during the year	–	–	–	–	–	–
Forfeited during the year	–	–	5,134	–	–	–
Exercised during the year	–	–	–	–	–	–
Outstanding as of September 30, 2023	**–**	**–**	**1,340**	**€74.74**	**10,423**	**€74.22**
Exercisable as of September 30, 2023	**–**	**–**	**1,340**	**€74.74**	**10,423**	**€74.22**

Performance Share Plan

The members of the Management Board of Stabilus SE and individual senior management employees received allocations under the Performance Share Plan ("PSP") in the form of virtual shares. The virtual shares of the Performance Share Plan are based on an annual target amount granted at the beginning of a three-year performance period as a future entitlement. In order to determine the target number of virtual shares granted, the annual target amount is divided by the start share price, whereby the start share price refers to the arithmetic mean of the Company's share closing price over the last 60 trading days prior to the respective performance period start date.

The performance factor that determines the final number of virtual shares is calculated at the end of the three-year performance period via the relative total shareholder return (weighted with 70%) and the adjusted EBIT margin (weighted with 30%).

The target achievement for the relative total shareholder return (TSR) is based on a comparison with the constituents of the MDAX index. In order to determine the relative TSR, firstly, the absolute TSR values of Stabilus as well as each index constituent of the MDAX over the respective performance period are calculated. The absolute TSR value of each company equals the theoretical growth in value of a share holding over the performance period, assuming that (gross) dividends are directly reinvested. Secondly, the calculated absolute TSR values of Stabilus and each index constituent are ranked by size in order to calculate the target achievement.

The target achievement for adjusted EBIT margin is based on a comparison with a strategic target. To determine the percentage of target achievement, the actual adjusted EBIT margin at the end of the respective performance period is compared with the strategic adjusted EBIT margin defined for the respective performance period.

The final number of virtual shares is determined by multiplying the overall target achievement by the target number of virtual shares granted. The final number of virtual shares is capped at 150% of the target number of virtual shares granted. The payout of the respective tranche of the Performance Share Plan is calculated by multiplying the final number of virtual shares with the relevant end share price including any dividends paid during the performance period. The end share price refers to the arithmetic mean of the Company's share closing price during the last 60 trading days prior to the respective performance period end date. The payout amount is limited to a maximum of 250% of the target amount (payout cap). The Performance Share Plan is paid out in cash at the end of the performance period.

Performance Share Plan T_102

MEASUREMENT DATE	Sept 30, 2022	Sept 30, 2023	Sept 30, 2023
Performance period	Oct 1, 2021 – Sept 30, 2024	Oct 1, 2021 – Sept 30, 2024	Oct 1, 2022 – Sept 30, 2025
Price of the Stabilus share	€45.30	€52.95	€52.95
"Initial price" of the Stabilus share	€65.10	€65.10	€51.89
Expected annual dividend yield	2.0%	2.0%	2.0%
Remaining duration of granted performance shares	2.0 years	1.0 years	2.0 years
Risk-free annual interest rate (duration 2.0 years)	1.67%	3.58%	3.19%
Expected target achievement for internal target EBIT	100%	100%	100%
Cap per performance share used in the valuation	250% x €65.10	250% x €65.10	250% x €51.89

Measurement of fair values

The fair value of the share-based payments of the PSP has been measured using a binomial simulation (Black-Scholes).

Options for the PSP were issued as follows in fiscal 2023:

Number of share options T_103

	PSP (2021)		PSP (2022)		PSP (2023)	
	Number of options	Fair value	Number of options	Fair value	Number of options	Fair value
Outstanding as of October 1, 2021	**20,900**	**€51.18**	**–**	**–**	**–**	**–**
Granted during the year	–	–	19,239	€57.43	–	–
Forfeited during the year	–	–	589	–	–	–
Exercised during the year	–	–	–	–	–	–
Outstanding as of September 30, 2022	**20,900**	**€51.18**	**18,650**	**€49.84**	**–**	**–**
Exercisable as of September 30, 2022	**–**	**–**	**–**	**–**	**–**	**–**
Outstanding as of October 1, 2022	**20,900**	**€51.18**	**18,650**	**€49.84**	**–**	**–**
Granted during the year	3,254	–	–	–	21,159	€51.89
Forfeited during the year	–	–	–	–	–	–
Exercised during the year	24,128	–	–	–	–	–
Outstanding as of September 30, 2023	**–**	**–**	**18,650**	**€59.04**	**21,159**	**€54.41**
Exercisable as of September 30, 2023	**–**	**–**	**–**	**–**	**–**	**–**

ESG LTI (ESG = environmental, social and governance)

Remuneration for the members of Stabilus SE's Management Board was expanded to include long-term sustainability objectives. The ESG LTI is long-term variable remuneration with a particular focus on sustainability objectives. Tranches, each of which have a four-year term / performance period, are allocated each year. The payout of the respective tranche of the ESG LTI is calculated by multiplying an individual target amount by the target achievement of relevant sustainability objectives determined according to the strategy. The target amount is agreed with each Management Board member in the service agreement and generally amounts to 20% of individual basic remuneration. The sustainability objectives, including measurement methods and targets, are defined by the Supervisory Board before each tranche and are based on a catalog of environmental, social and governance criteria. Further details can be found in the Remuneration of Management Board members section at IR.STABILUS.COM/INVESTOR-RELATIONS/CORPORATE-GOVERNANCE.

The Supervisory Board can decide the number of sustainability objectives with different weightings for each tranche. Target achievement for each sustainability objective can be between 0% and 150%. Payment is also restricted to 150% of the individual target amount and is made in cash after the four-year performance period. The Supervisory Board ensures that the sustainability objectives are relevant to the strategy and, where possible, can be quantified. The selected sustainability objectives, including their weighting, are published in the remuneration report, which provides information on the allocation of an ESG LTI tranche (IR.STABILUS.COM/INVESTOR-RELATIONS/CORPORATE-GOVERNANCE). Targets for each sustainability objective and the resulting target achievement are disclosed in the remuneration report detailing the payment.

Expenses recognized in profit or loss

An amount of €1,190 thousand (PY: €586 thousand) was recognized in employee benefit expenses and an amount of €973 thousand (PY: €800 thousand) in provisions for employee-related expenses. The provisions recognized as of September 30, 2023 came to €3.3 million (PY: €3.2 million).

39 Auditor's fees

The audit firm Deloitte GmbH, Frankfurt / Main, has been appointed the Group auditor since fiscal 2023. As the German Public Auditors responsible, Mr. Stefan Dorissen and Mr. Sven Henrich therefore sign the auditor's report for the consolidated financial statements for the first time. The following auditor's fees were reported in the fiscal year.

Auditor's fees T_104

IN € THOUSANDS (EXCLUDING VAT)	Fiscal year ended September 30 2023
Audit fees	779
Confirmation services	104
Tax fees	–
Other fees	–
Total	**883**

For the fiscal year ended September 30, 2023, a fee (excluding VAT) of €883 thousand was agreed with the Group auditors for the audit of the consolidated and annual financial statements of the Stabilus entities. These fees are included in the Group's administrative expenses. The fee for auditing services provided by Deloitte GmbH Wirtschaftsprüfungsgesellschaft related primarily to the audit of the consolidated financial statements and the annual financial statements together with the combined management report of Stabilus SE and various audits of the annual financial statements of its subsidiaries. The other services provided by Deloitte GmbH Wirtschaftsprüfungsgesellschaft relate to the audit of the separate non-financial report, the material audit of the remuneration report and agreed investigations into contractual obligations.

40 Related party disclosures

According to IAS 24, the reporting entity has to disclose specific information on transactions between the Group and other related parties. Balances and transactions between the Company and its consolidated subsidiaries, which constitute related parties within the meaning of IAS 24, have been eliminated in the course of consolidation and are therefore not commented on in this note. To our knowledge, no individual shareholder of Stabilus SE can exercise significant influence over the Company or the Group. None of the Group entities can exercise significant influence over entities not included in consolidation.

Until July 31, 2023, the consolidated financial statements included an associate (Cultraro Automazione Engineering S.r.l.) that was accounted for using the equity method (see Note 4 "Business combination"). Three transactions (two dividend payments and one development service) were performed with the associate in fiscal 2023 in the amount of €1.1 million. There were no amounts due to the associate as of the end of the reporting date. The transactions with associates are carried out under the same conditions as for unrelated parties.

Related parties of the Stabilus Group primarily comprise members of key management personnel at the Stabilus Group and their close relatives. At the Stabilus Group, members of the Management Board, regional managers (EMEA, Americas and APAC), the Supervisory Board and key management personnel, as well as their close family members, are considered related parties.

The remuneration of and other transactions with key managers of the Company constitute related party transactions pursuant to IAS 24. For related party transactions with members of the Management Board, regional managers and members of the Supervisory Board, please refer to the Notes "Share-based payment" and "Remuneration of key management personnel".

41 Remuneration of key management personnel

The key management personnel are the members of the Management Board, Dr. Michael Büchsner (CEO) and Stefan Bauerreis (CFO).

Stabilus is required by the European Directive to establish a remuneration policy for the Supervisory Board and the Management Board. The principles and the evaluation of the remuneration policy for the Management Board and the Supervisory Board of Stabilus SE are prepared in accordance with the Second Shareholders' Directive (ARUG II) and the recommendations of the German Corporate Governance Code (GCGC) as amended. The remuneration report is published separately from this annual report and is available on the Company's website at IR.STABILUS.COM/INVESTOR-RELATIONS/CORPORATE-GOVERNANCE.

The total remuneration paid to key management personnel of the Group is calculated as the amount of remuneration paid in cash, benefits in kind and expenses for share-based payments. Benefits in kind primarily comprise the provision of company cars and pensions.

The total remuneration of the Management Board and regional managers at the Stabilus Group in the reporting period is as follows:

Remuneration T_105

IN € THOUSANDS	Fiscal year ended September 30 2023	2022
Benefits due in the short term	1,792	1,664
Post-employment benefits	–	–
Other benefits due in the long term	–	–
Early termination benefits [1]	–	260
Share-based payments[2]	1,768	1,755
Total	**3,560**	**3,679**

[1] Settlement of the contractually agreed remuneration commitments and non-compete clause.
[2] Expenses for share-based payments.

The total remuneration for the members of the Supervisory Board, which comprised exclusively short-term payments, came to €688 thousand (PY: €579 thousand).

The total remuneration for the members of the Management Board and the Supervisory Board and regional managers amounted to €4,248 thousand (PY: €4,258 thousand).

The members of the Management and Supervisory Board have a combined direct interest in Stabilus SE of around 0.1% (PY: 0.3%) of the total shares outstanding.

42 Subsequent events

On October 12, 2023, Stabilus SE signed an agreement to acquire the DESTACO Group, an automation specialist, with the goal of significantly expanding its industrial automation business. Together with DESTACO, Stabilus wants to further drive growth with its intelligent motion control applications and become a leading global company in motion control solutions. DESTACO already enjoys a strong position on the industrial automation growth market. This megatrend will be further strengthened by reshoring of production sites from emerging economies back to industrialized countries, especially because production processes need to be further automated due to the shortage of skilled workers. This is exactly where DESTACO's core competence lies. DESTACO products can help customers to significantly increase their productivity, which makes them a perfect complement to Stabilius's product range. Thanks to this, the Group expects to the acquisition to generate significant revenue growth and have a direct positive impact on its adjusted EBIT margin after the transaction closes and DESTACO is fully consolidated.

This marks a successful and important next step by the Stabilus Group in implementing its STAR 2030 strategy. The closing of the transaction is expected at the end of February 2024 and, as explained, is subject to regulatory approvals and other customary closing conditions.

DESTACO is one of the world's leading companies in the development and manufacturing of automation, clamping and remote handling solutions and is headquartered in Auburn Hills (USA). The company was previously part of the Dover Corporation, a US industrial products manufacturer, and serves customers in many different markets, including automotive, biosciences, consumer goods, packaging, aerospace and nuclear technology. DESTACO generated revenue of USD 213 million in 2022 with around 650 employees at 13 locations in the US, Europe, India, China and Thailand.

The acquisition price is USD 680 million. Financing for the transaction comes from own cash, an unutilized revolving credit facility and a bridge loan.

Given the size and significance of the planned acquisition, there could be both opportunities and risks. For more details, please see the "Opportunities and risks in connection with the acquisition of the DESATCO Group" section of the annual report.

As of December 13, 2023, there were no additional events or developments that could have materially affected the measurement and presentation of the Group's assets and liabilities as of September 30, 2023.

Koblenz, December 13, 2023

Stabilus SE Management Board

RESPONSIBILITY STATEMENT

We, Dr. Michael Büchsner (Chief Executive Officer) and Stefan Bauerreis (Chief Financial Officer), confirm, to the best of our knowledge, that the consolidated financial statements which have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of Stabilus SE and the undertakings included in the consolidation taken as a whole and that the combined management report includes a fair review of the development and performance of the business and the position of Stabilus SE and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Koblenz, December 13, 2023

DR. MICHAEL BÜCHSNER **STEFAN BAUERREIS**

Stabilus SE
The Management Board

MANAGEMENT BOARD OF STABILUS SE

The Management Board has two members:

Dr. Michael Büchsner (born 1975, Austrian citizen) is the Chief Executive Officer. Over the past 20 years, he held a number of senior positions at components supplier TRW in Austria, Germany and the United States, and, following its takeover of TRW, at ZF Friedrichshafen AG. Most recently, he was global head of the Passive Safety Systems division. The main focus of his activities were strategy, finances, investments, and customer relations. Dr. Michael Büchsner holds a degree in chemical engineering from the Technical University of Graz, at which he later completed a doctorate, and an Executive MBA awarded by the St. Gallen Institute.

Stefan Bauerreis (born 1972, German citizen) is Chief Financial Officer (CFO) of Stabilus SE. He joined the company's Management Board in June 2022. Previously, he worked for the Schaeffler Group since 2000, where he held various management positions in finance and was most recently CFO of the Europe region (incl. Africa, Arab countries as well as India up to and including 2019) from 2014 until he joined Stabilus. Prior to this, he was CFO of the Germany region for a total of six years and, from 2003 to 2009, he was Head of Corporate Accounting and Chief Accountant of the Schaeffler Group. He started his career in 1998 at Mannesmann Internal Audit GmbH. Stefan Bauerreis holds a degree in business administration from Otto Friedrich University of Bamberg with a focus on finance, corporate management and controlling as well as taxes and auditing.

SUPERVISORY BOARD OF STABILUS SE

The Supervisory Board has five members:

Dr. Stephan Kessel (born 1953, German citizen) has served as a member of the Supervisory Board since 2014 and as the Chairman of the Supervisory Board since 2018. From August 2018 to July 2019, he led Stabilus as interim CEO and then returned to the position as Chairman of the Supervisory Board. For many years, he was a member of the Executive Board at Continental AG, and the company's CEO until 2002. Since then Dr. Kessel has taken up a number of board positions at European companies including Stabilus from 2008 onwards. In addition to his position at Stabilus, he currently serves as Chairman of the Supervisory Board of Novem Group S.A. and member of the Advisory Board of svt GmbH. He also holds the position Chairman of the Management Board of Hitched Holdings 1 B.V., the holding company of ACPS.

Dr. Ralf-Michael Fuchs (born 1958, German citizen) has served as a member of the Supervisory Board since 2015 and as the Deputy Chairman of the Supervisory Board since September 2022. He was also the Chief Executive Officer of Carl SCHENCK AG and Chairman of the Supervisory Board at several Dürr companies. Prior to this, he served in various executive positions, including posts at IWKA AG and AGIV AG. From 2004 until 2018, he was a member of the Board of Directors of Nagahama Seisakusho Ltd., Japan.

Dr. Joachim Rauhut (born 1954, German citizen) has served as a member of the Supervisory Board since May 12, 2015. He was a member of the Executive Board of Wacker Chemie AG until October 31, 2015. He joined the Management Board of Wacker Chemie GmbH in 2001 and supported Wacker Chemie's initial public offering in 2006. Previously, he served in various leading corporate positions, including posts at Mannesmann AG and Krauss-Maffei AG. He is a member of the Supervisory Board of MTU Aero Engines AG. Until July 4, 2023 he was a member of the Supervisory Board of creditshelf AG.

Dr. Dirk Linzmeier (born 1976, German citizen) has served as a member of the Supervisory Board since 2018. He is CEO of the TTTech Auto AG. From 2017 until 2022, he was the CEO of Osram Continental Group (joint venture). From 2006 to 2017, he held several leading positions in the development of driver assistance systems and automotive electronics at Robert Bosch GmbH. From 2014 to 2017, he served as Managing Director and Business Unit Leader Automotive Electronics and as Vice President of Corporate Start-up Management. Prior to that, he worked as a research engineer in Advanced Development at DaimlerChrysler AG.

Inka Koljonen (born 1973, Finnish citizen) has been a member of the Supervisory Board since February 16, 2022. As a member of the Executive Board, she has been responsible for Finance, IT and Legal Affairs at MAN Truck & Bus SE since February 2022. Previously, she was Chief Financial Officer at SAF-HOLLAND SE and, among other positions, CFO for the Catalysts business unit at Clariant AG and CFO of the Russia region for Siemens AG. She has been a member of the Board of Directors and Chair of the Audit & Finance Committee of OC Oerlikon Corporation AG since March 2023. Inka Koljonen holds a degree in business administration from Ludwig Maximilian University in Munich.

INDEPENDENT AUDITOR'S REPORT

To Stabilus SE, Frankfurt am Main / Germany

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

AUDIT OPINIONS

We have audited the consolidated financial statements of Stabilus SE, Frankfurt am Main / Germany, and its subsidiaries (the Group) which comprise the consolidated statement of financial position as at 30 September 2023, 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 October 2022 to 30 September 2023, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report for the parent and the group of Stabilus SE, Frankfurt am Main / Germany, for the financial year from 1 October 2022 to 30 September 2023. In accordance with the German legal requirements, we have not audited the content of the separate non-financial group report pursuant to Sections 315b and 315c German Commercial Code (HGB), to which reference is made in the section "Non-financial Group report" of the combined management report, and the combined corporate governance statement pursuant to Sections 289f, 315d HGB contained in the section "Corporate governance statement" of the combined management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS 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 30 September 2023 and of its financial performance for the financial year from 1 October 2022 to 30 September 2023, 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 German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the contents of the separate non-financial group report and the combined corporate governance statement referred to above.

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; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the 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 auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 October 2022 to 30 September 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following, we present the issue of recoverability of the accounted goodwill, which we have identified in the course of our audit to be a key audit matter.

Our presentation of this key audit matter has been structured as follows:

a) description (including reference to corresponding information in the consolidated financial statements)
b) auditor's response

RECOVERABILITY OF THE ACCOUNTED GOODWILL

a) As of 30 September 2023, the carrying value of the goodwill within the consolidated financial statements amounts to m€236,6 (corresponding to 17,7% of the consolidated balance sheet total). The impairment test is conducted at the level of the operative segments, which represent the cash-generating unit or a group of cash-generating units, by determining the corresponding realisable amount and comparing that realisable amount with the corresponding carrying value. The recoverable amount is determined based on the fair value less cost of disposal. As no market values are generally available, the recoverable amount is determined based on the planning of Stabilus SE for the next five years, which is the responsibility of the executive directors and approved by the Supervisory Board, using the discounted cash flow method.

The result of this valuation is highly dependent on the assessment of the future cash inflows of the respective operating segments by the executive directors as well as the discounting rate used in each case and is therefore subject to considerable uncertainty. Against this background and due to the underlying complexity of the valuation model, this matter was of particular importance in the context of our audit.

The Company's disclosures regarding goodwill are included in section 3 and 15 of the notes to the consolidated financial statements.

b) In our audit, we have, among other things, traced the methodical procedure for performing the impairment test, the planning process of Stabilus SE and the determination of the weighted average cost of capital. In this context, we considered the Group's adherence to the planning process over the past years.

Within the scope of our audit, we integrated internal valuation specialists into our audit team and, with their support, tested the valuation model and the key parameters underlying the calculations for appropriateness. We have reconciled the expected future cash inflows with the planning for which the executive directors are responsible and which has been approved by the Supervisory Board, and have carried out plausibility checks of the key assumptions made and parameters applied with general and sector-specific market expectations. Since a significant portion of the fair value is determined based on projected cash flows for the period following the five-year budget (period of perpetuity), we also examined in particular the sustained growth rate applied for the period of perpetuity based on industry-specific market expectations. Furthermore, we verified the region-specific discount rates used in the impairment testing (weighted average cost of capital – WACC) by means of our own control and comparative calculations and checked their plausibility on the basis of market data.

In addition, we performed sensitivity analyses both with regard to the growth expectations of the future cash inflows of the operative segments and with regard to the discount rates applied and assessed whether the methods applied, assumptions made, data used and parameters applied by the executive directors are justifiable.

Finally, we reviewed the disclosures in the notes to the consolidated financial statements on the recoverability of goodwill for completeness and compliance with the requirements of IAS 36.

OTHER INFORMATION

The executive directors and / or the Supervisory Board are responsible for the other information. The other information comprises

- the report of the Supervisory Board,
- the separate non-financial group report to which reference is made within the combined management report in section "Non-financial Group report",
- the combined corporate governance statement included in the combined management report,
- the executive directors' confirmation regarding the consolidated financial statements and / or the annual financial statements and the combined management report pursuant to Section 297 (2) sentence 4, Section 264 (2) sentence 3, Section 315 (1) sentence 5, and Section 289 (1) sentence 5 HGB, and
- all other parts of the annual report,
- but not the consolidated financial statements and the annual financial statements, not the audited content of the combined management report and not our auditor's report thereon.

The Supervisory Board is responsible for the report of the Supervisory Board. The executive directors and the Supervisory Board are responsible for the statement according to Section 161 German Stock Corporation Act (AktG) concerning the German Corporate Governance Code, which is part of the combined corporate governance statement included in the combined management report. Otherwise the executive directors are responsible for the other information.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the audited content of the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial 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 assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e. fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in

the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

– evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
– obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
– evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
– perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current reporting period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

REPORT ON THE AUDIT OF THE ELECTRONIC REPRODUCTIONS OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT PREPARED FOR PUBLICATION PURSUANT TO SECTION 317 (3A) HGB

Audit Opinion

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the consolidated financial statements and of the combined management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the file, which has the SHA-256 value 841424c75-77c08d4efebeeb97c1fa6a9738af3731a45b8064921b363523db35c, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the consolidated financial statements and of the combined management report prepared for publication contained in the file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the financial year from 1 October 2022 to 30 September 2023 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

Basis for the Audit Opinion

We conducted our audit of the electronic reproductions of the consolidated financial statements and of the combined management report contained in the file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (06.2022)). Our responsibilities in this context are further described in the "Group Auditor's Responsibilities for the Audit of the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the parent are responsible for the preparation of the ESEF documents based on the electronic files of the consolidated financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements according to Section 328 (1) sentence 4 no. 2 HGB.

In addition, the executive directors of the parent are responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The Supervisory Board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited combined management report.
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as Group auditor by the general meeting on 15 February 2023. We were engaged by the Supervisory Board on 31 May 2023. We have been the auditor of Stabilus SE, Frankfurt am Main/Germany, since the financial year 2022/2023.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as with the audited ESEF documents. The consolidated financial statements and the combined management report converted into the ESEF format – including the versions to be submitted for inclusion in the Company Register – are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

German Public Auditor Responsible the Engagement

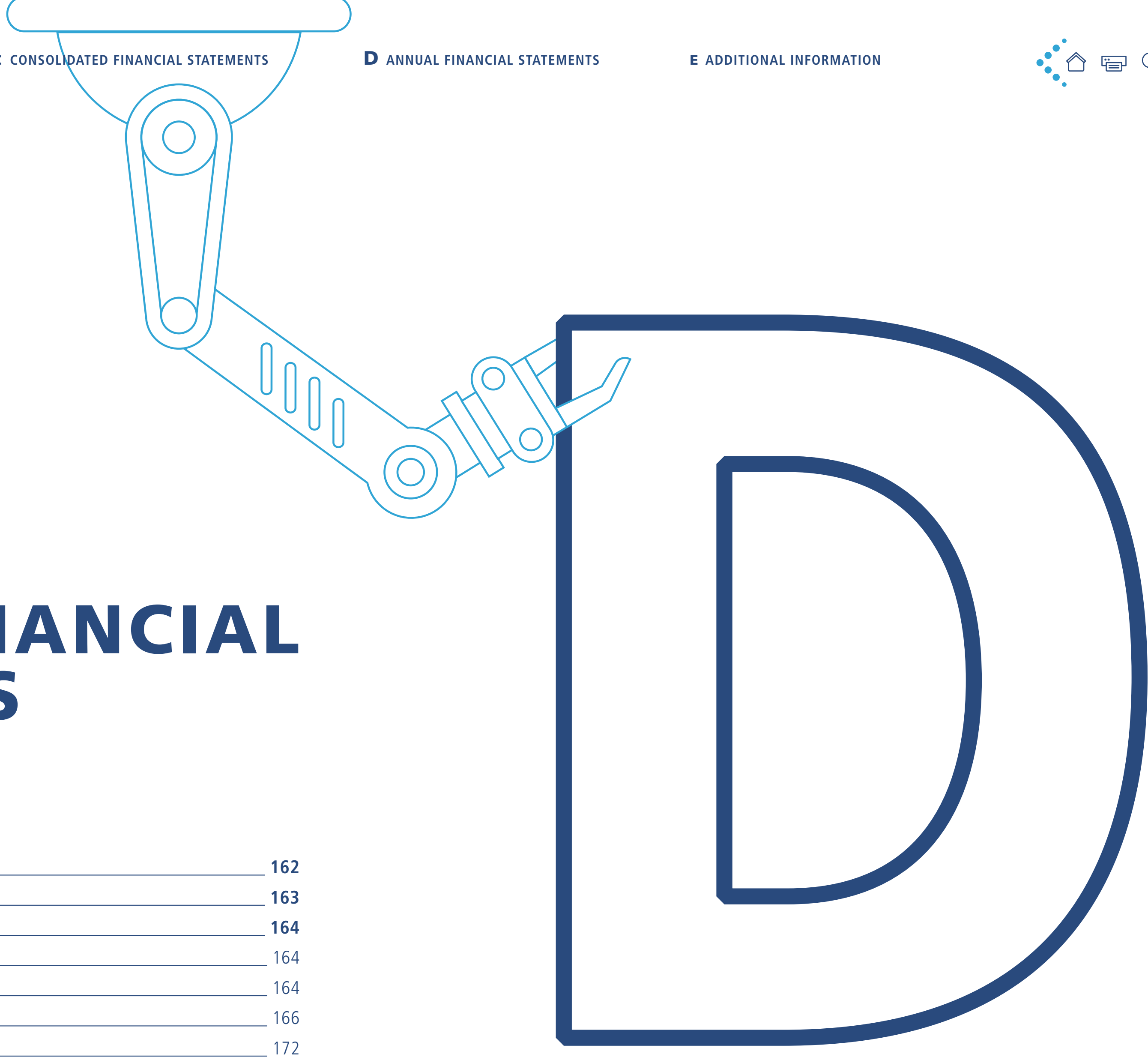
The German Public Auditor responsible for the engagement is Stefan Dorissen.

Frankfurt am Main/Germany, 13 December 2023

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

(STEFAN DORISSEN)
German Public Auditor

(SVEN HENRICH)
German Public Auditor



ANNUAL FINANCIAL STATEMENTS

for fiscal 2023

BALANCE SHEET

Balance sheet as of September 30, 2023

Assets

T_106

	IN €	Sept 30, 2023	Sept 30, 2022
A.	**Fixed assets**		
I.	**Intangible assets**		
1.	Purchased concessions, industrial and similar rights and assets and licenses in such rights and assets	24,366.61	31,166.65
II.	**Tangible assets**		
1.	Other equipment, operating and office equipment	61,937.42	0.00
III.	**Financial assets**		
1.	Investments in affiliated companies	775,218,357.31	775,218,357.31
		775,304,661.34	**775,249,523.96**
B.	**Current assets**		
I.	**Receivables and other assets**		
1.	Receivables from affiliated companies	862,389.62	1,532,880.66
2.	Other assets	136,564.24	265,697.89
		998,953.86	1,798,578.55
II.	**Bank balances**	0.00	1,494,757.05
		998,953.86	**3,293,335.60**
C.	**Prepaid expenses**	**136,780.65**	**179,091.48**
		776,440,395.85	**778,721,951.04**

Equity and liabilities

T_106

	IN €	Sept 30, 2023	Sept 30, 2022
A.	**Equity**		
I.	**Issued capital**	**24,700,000.00**	**24,700,000.00**
II.	**Capital reserves**	**395,348,036.99**	**395,348,036.99**
III.	**Retained earnings**		
1.	Legal reserve	1,597,044.22	1,597,044.22
2.	Other revenue reserves	4,835,499.99	4,835,499.99
IV.	**Retained profits**	**306,520,676.94**	**77,390,145.25**
V.	**Net income/(loss) for the period**	**(7,103,199.84)**	**272,355,531.69**
		725,898,058.30	**776,226,258.14**
B.	**Provisions**		
1.	Other provisions	7,007,619.54	1,875,978.66
		7,007,619.54	**1,875,978.66**
C.	**Liabilities**		
1.	Trade accounts payable	552,845.92	610,349.23
2.	Liabilities to affiliated companies	42,981,872.09	6,543.41
3.	Other liabilities	0.00	2,821.60
		43,534,718.01	**619,714.24**
		776,440,395.85	**778,721,951.04**

INCOME STATEMENT

Income statement for the fiscal year from October 1, 2022 to September 30, 2023

Income statement

T_107

	IN €	Fiscal year ended September 30			
		2023		2022	
1.	**Other operating income**	8,063,006.00		6,802,077.00	
			8,063,006.00		**6,802,077.00**
2.	**Staff costs**				
	a) Wages and salaries	(4,140,741.74)		(974,161.91)	
	b) Social security, post-employment and other employee benefit costs	300.03		(59,251.66)	
			(4,140,441.71)		**(1,033,413.57)**
3.	**Depreciation and amortization**				
	a) Amortization of intangible assets	(25,364.25)		(2,833.35)	
4.	**Other operating expenses**	(9,955,962.06)		(7,401,987.93)	
			(9,981,326.31)		**(7,404,821.28)**
5.	**Interest and similar expenses**	(788,160.41)		(5,470.53)	
6.	**Other interest and similar income**	1,816.51		–	
7.	**Income from investments**	0.00		274,150,186.57	
			(786,343.90)		**274,144,716.04**
8.	**Income taxes**	(258,093.92)		(153,026.50)	
			(258,093.92)		**(153,026.50)**
9.	**Result after taxes**		**(7,103,199.84)**		**272,355,531.69**
10.	**Net income/(loss) for the period**		**(7,103,199.84)**		**272,355,531.69**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

of Stabilus SE, Frankfurt/Main for the fiscal year from October 1, 2022, to September 30, 2023

1 GENERAL INFORMATION

By way of resolution of the Extraordinary General Meeting on March 24, 2022, and the subsequent entry in the Luxembourg Trade and Companies Register on April 5, 2022, Stabilus SE, Frankfurt/Main, transformed its legal form from that of a Société Anonyme (S. A.) under Luxembourg law to a European Company (Societas Europaea (SE)). Its registered office was located at 2, rue Albert Borschette, 1246 Luxembourg, until September 1, 2022. Until that date, the Company was entered in the Luxembourg commercial register under no. B151589. The relocation of the registered office from Luxembourg to Frankfurt/Main, Germany, was resolved by the extraordinary general meeting on August 11, 2022. Since September 2, 2022, having been entered in the commercial register of the Frankfurt/Main Local Court under no. HRB 128539, the registered office of the Company has been in Frankfurt/Main with the business address Wallersheimer Weg 100, 56070 Koblenz, Germany. The Company was originally founded as Servus HoldCo S.à r.l., Luxembourg, on February 26, 2010.

The shares of Stabilus SE, Frankfurt/Main, (hereinafter referred to as "Stabilus SE") are listed in the MDAX (PY: MDAX) of the Frankfurt Stock Exchange at the end of the reporting period. From September 7, 2022, as a result of the registered office changing from Luxembourg to Germany in fiscal 2022, the shares of the Company (ISIN: LU1066226637) have been listed in the regulated market of the Frankfurt Stock Exchange and in the Prime Standard, which entails further post-admission requirements, as no-par value bearer shares of Stabilus SE with the ISIN DE000STAB1L8. The previous ticker symbol (STM) has been retained unchanged. The share capital of the Company is represented by a global certificate and has been deposited.

The purpose of the Company is the management of a group of German and international companies, operating especially in the area of developing, manufacturing and selling gas springs, dampers, lid opening systems, vibration isolation products and industrial components in the area of motion control, as well as providing related consulting and other services. The Company is authorized to engage in all transactions in connection with the company purpose or to undertake all measures which appear suitable directly or indirectly for doing so. For this purpose, it may also set up branches in Germany and abroad, establish or acquire other companies or take equity interests in them.

The annual financial statements of Stabilus SE are prepared in line with German accepted accounting principles in line with the provisions of the Handelsgesetzbuch (HGB – German Commercial Code) on accounting for large corporations and the supplementary provisions of the Aktiengesetz (AktG – German Stock Corporation Act) under the going concern assumption. In accordance with Regulation (EC) No 1606/2002, Stabilus SE prepares IFRS consolidated financial statements in accordance with section 315e HGB, which includes the parent company and all its subsidiaries (largest and smallest consolidated group). In accordance with section 315 (5) in connection with section 298 (2) HGB, the management report of Stabilus SE was combined with the Group management report of Stabilus SE. All Stabilus SE documents which are subject to disclosure are submitted to the operator of the Company Register and also made available on the website at IR.STABILUS.COM.

For classifying the income statement, the nature of expense method in accordance with section 275 (2) HGB was selected. The fiscal year of Stabilus SE begins on October 1 and ends on September 30 of the following year. The prior-year period covers the period from October 1, 2021, through September 30, 2022. The reporting currency for the Stabilus SE annual financial statements is the euro (€). Unless indicated otherwise, all amounts are shown in thousands of euro (€ thousand). For arithmetical reasons, the information presented in the notes to the annual financial statements can contain rounding differences of +/– one unit (€ thousand, % etc.).

We would like to point out that all links to the Company's website and the information to which the links refer have not been subject to the audit by the auditor.

2 ACCOUNTING POLICIES

2.1. PRESENTATION OF THE MATERIAL ACCOUNTING POLICIES

Intangible assets and **tangible assets** are recognized at cost less scheduled amortization. Scheduled amortization is recognized on a straight-line basis over a useful life between three and five years. Intangible assets are amortized over three years and tangible assets are expected to have a useful life of between three and five years.

Low-value fixed assets up to a value of €1,000 are expensed directly in the fiscal year of acquisition. Low-value assets between €150 and up to €1,000 are written down immediately in the year of acquisition.

To the extent required under commercial law, **unscheduled write-downs** are recognized for both intangible and tangible assets. Reversals are recognized if the reasons for unscheduled write-downs recognized in previous years no longer apply.

Financial assets (which include investments in affiliated companies) are recognized at cost or the lower fair value. Cost comprises not only the acquisition price, but also incidental acquisition costs and subsequent acquisition costs. The fair values of investments in affiliated companies are calculated using the discounted cash flow method. Impairment to a lower value is recognized only if the impairment is expected to be permanent. Impairment is expected to be permanent if the fair value determined on the basis of company planning (discounted cash flow method) as of the reporting date is below the carrying amount of the investments in affiliated companies. Reversals are recognized to the extent the reasons for previous unscheduled write-downs no longer exist.

Receivables and other assets are recognized at nominal values or the lower fair value and – if non-interest bearing – are discounted to the reporting date where they have a remaining duration of over a year. Account is taken of all discernible individual risks.

Cash balances and **bank balances** are recognized at nominal value.

Prepaid expenses comprise expenses before the reporting date to the extent these relate to expenses for a certain subsequent period.

Subscribed capital is recognized at nominal value. **Equity** is recognized and presented in accordance with section 272 HGB.

In accounting for **share-based remuneration commitments** a differentiation is made between cash-settled and equity-settled transactions. The latter are irrelevant for Stabilus SE as there are currently no rights with possible equity settlement. For both instruments, the fair value is determined as of the grant date. As remuneration this is distributed over the period within which the employee has an unrestricted claim to the instruments. At each reporting date, cash-settled commitments are reassessed at fair value until the commitment is settled. To the extent Stabilus SE has an option to fulfill the commitments either on the basis of cash settlement or by providing equity instruments (shares), Stabilus SE recognizes the commitment as an equity-settled transaction if there is no current obligation to cash settlement. The fair values are determined using a suitable option price model. Accounting in accordance with HGB is thus largely similar to accounting in accordance with IFRS 2 Share-based Payment.

Provisions cover all identifiable risks and uncertain obligations and are recognized at the necessary settlement amount according to prudent business judgment. Account is taken of future price and cost increases at the time the obligation is fulfilled. In accordance with section 253 (2) sentence 1 HGB, material provisions with a remaining term exceeding one year are discounted according to the average market interest rate of the past seven fiscal years published by Deutsche Bundesbank in line with the individual remaining term.

Liabilities are recognized at their settlement amounts on the reporting date.

Foreign currency assets and liabilities with a term of less than one year are translated at the middle spot rate as of the reporting date. Foreign currency receivables and liabilities with a remaining term exceeding one year are recognized at the middle spot rate, providing that the original exchange rates were not lower (in the case of asset items) or higher (in the case of liability items). Gains and losses resulting from the translation of foreign currency transactions in the reporting currency (€) are taken to profit or loss and recognized in the income statement separately under "Other operating income" or "Other operating expenses".

When preparing the annual financial statements, the management has to make **estimates** and **assumptions** which impact the recognition and measurement of the assets and liabilities as of the reporting date as well as the expenses and revenue for the reporting period, in addition to providing information on risks and uncertainties. Accordingly, actual results can deviate from these estimates. In particular, fiscal 2023 at Stabilus SE was once again shaped by geopolitical uncertainties resulting from the Russia-Ukraine war and, to some extent, by the global effects of the COVID-19 pandemic. High rates of inflation and rising staff costs in relation to this also resulted in major cost increases.

3 NOTES ON THE BALANCE SHEET

3.1. FIXED ASSETS

As of the reporting date, Stabilus SE has holdings in the following companies in accordance with section 271 (1) HGB:

List of shareholdings T_108

		Registered office		Holding in %		Equity in € thousand [2)]	Annual result in € thousand [2)]
Number	Company	Town / city	Country	Direct holding	Indirect holding [1)]	Fiscal 2023	Fiscal 2023
1	Stable II GmbH	Frankfurt / Main	Germany	100.00		301,607	(45)
2	Stable Beteiligungs GmbH	Koblenz	Germany		100.00	336,372	31,202
3	Stabilus UK Ltd.	Banbury	United Kingdom		100.00	1,241	87
4	Stabilus GmbH	Koblenz	Germany		100.00	209,520	9,528
5	Stabilus Ltda.	Itajubá	Brazil		99.99	7,872	1,098
6	Stabilus Co. Ltd.	Busan	South Korea		100.00	15,505	5,976
7	Stabilus S.A. de C.V.	Ramos Arizpe	Mexico		100.00	137,467	14,345
8	Stabilus Limited	Auckland	New Zealand		80.00	1,055	236
9	Stabilus Japan Corp.	Yokohama	Japan		100.00	2,382	386
10	New Clevers S.A.	Buenos Aires	Argentina		60.00	1,314	1,501
11	Piston Amortisör Sanayi ve Ticaret Anonim Şirketi	Bursa	Turkey		53.00	3,413	1,941
12	Stabilus France S.à r.l.	Poissy	France		100.00	271	19
13	Stabilus Romania S.R.L.	Brasov	Romania		100.00	104,420	13,454
14	Stabilus (Jiangsu) Ltd.	Wujin	China		100.00	72,373	10,458
15	Stabilus Mechatronics Service Ltd.	Shanghai	China		100.00	19	(36)
16	Stabilus PTE Ltd.	Singapore	Singapore		100.00	150	24
17	Stabilus (Zhejiang) Ltd.	Pinghu	China		100.00	56,263	20,722
18	Stable HoldCo Australia Pty. Ltd.	Dingley	Australia	100.00		9,348	(18)
19	Stabilus Pty. Ltd.	Dingley	Australia		100.00	1,368	419
20	Stabilus US Holding Corporation	Wilmington	United States	100.00		191,203	8,712
21	Stabilus Inc.	Gastonia	United States		100.00	(13,882)	(324)
22	Fabreeka Group Holdings, Inc.	Stoughton	United States		100.00	0	2,435

List of shareholdings (continued)

T_108

		Registered office		Holding in %		Equity in € thousand [2]	Annual result in € thousand [2]
Number	Company	Town / city	Country	Direct holding	Indirect holding [1]	Fiscal 2023	Fiscal 2023
23	ACE Controls Inc.	Farmington Hills	United States		100.00	18,012	9,565
24	ACE Controls International Inc.	Wilmington	United States		100.00	2,472	627
25	Fabreeka International Holdings Inc.	Stoughton	United States		100.00	6,796	4,154
26	Fabreeka International Inc.	Stoughton	United States		100.00	0	0
27	Tech Products Corporation	Miamisburg	United States		100.00	5,005	2,064
28	Fabreeka GmbH Deutschland	Büttelborn	Germany		100.00	2,939	329
29	ACE Controls Japan L.L.C.	Farmington Hills	United States		100.00	0	(2)
30	Stabilus Motion Controls GmbH	Langenfeld	Germany	100.00		108,051	12,012
31	General Aerospace GmbH	Eschbach	Germany		95.00	3,877	(507)
32	General Aerospace Inc.	Lynnwood	United States		95.00	(13)	39
33	ACE Stoßdämpfer GmbH [3]	Langenfeld	Germany	5.10	94.90	14,021	29
34	HAHN-Gasfedern GmbH [3]	Aichwald	Germany		100.00	12,919	(307)
35	YAKIDO B.V.	Zwijndrecht	Netherlands		50.00	429	493
36	Cultraro Automazione Engineering S.r.l.	Rivoli	Italy		60.00	10,172	320
37	Firs Stampi S.r.l.	Rivoli	Italy		60.00	1,013	(26)
38	Cultraro Shanghai Company Ltd.	Shanghai	China		100.00	528	30
39	Cultraro Autocomp Solutions Private Ltd.	New Delhi	India		51.00	759	18
40	Synapticon GmbH [4, 5]	Schönaich	Germany		10.86	7,777	(2,163)

[1] The indirect holdings via Stabilus SE subsidiaries are shown with the respective stake of the respective parent company.
[2] The figures shown are based on unconsolidated IFRS figures. When converting into euro, the spot price on the reporting date is used for equity, the annual average price for the result.
[3] There is a profit transfer agreement.
[4] Investment.
[5] Based on annual financial statements 2022.

Through its subsidiary Stabilus Motion Controls, Stabilus acquired a majority interest in the Cultraro Group. In addition, one Group company was merged with another Group company.

There were no further changes against the annual financial statements for fiscal 2022.

The impairment test for fiscal 2023 confirmed that the carrying amounts of the financial assets held by Stabilus SE are fully recoverable and are not impaired.

Development of fixed assets

of Stabilus SE for the fiscal year from October 1, 2022, to September 30, 2023

Development of fixed assets

T_109

IN € THOUSANDS		Acquisition / production cost: As of Sept 30, 2022	Additions	Reclassi-fications	Disposals	As of Sept 30, 2023	Cumulative depreciation and amortization: As of Sept 30, 2022	Additions	Reversals	Disposals	As of Sept 30, 2023	Carrying amounts: As of Sept 30, 2023	As of Sept 30, 202
I.	**Intangible assets**												
1.	Purchased concessions, industrial and similar rights and assets and licenses in such rights and assets	57	0	0	0	57	26	7	0	0	32	24	31
		57	**0**	**0**	**0**	**57**	**26**	**7**	**0**	**0**	**32**	**24**	**31**
II.	**Tangible assets**												
1.	Other equipment, operating and office equipment	43	81	0	0	124	43	19	0	0	62	62	0
		43	**81**	**0**	**0**	**124**	**43**	**19**	**0**	**0**	**62**	**62**	**0**
III.	**Financial assets**												
1.	Investments in affiliated companies	775,218	0	0	0	775,218	0	0	0	0	0	775,218	775,218
		775,218	**0**	**0**	**0**	**775,218**	**0**	**0**	**0**	**0**	**0**	**775,218**	**775,218**
		775,319	**81**	**0**	**0**	**775,399**	**69**	**25**	**0**	**0**	**94**	**775,305**	**775,250**

Development of fixed assets

T_110

IN € THOUSANDS		Acquisition / production cost					Cumulative depreciation and amortization					Carrying amounts	
		As of Oct 1, 2021	Additions	Reclassifications	Disposals	As of Sept 30, 2022	As of Oct 1, 2021	Additions	Reversals	Disposals	As of Sept 30, 2022	As of Sept 30, 2022	As of Sept 30, 2021
I.	**Intangible assets**												
1.	Purchased concessions, industrial and similar rights and assets and licenses in such rights and assets	23	34	0	0	57	23	3	0	0	26	31	0
		23	**34**	**0**	**0**	**57**	**23**	**3**	**0**	**0**	**26**	**31**	**0**
II.	**Tangible assets**												
1.	Other equipment, operating and office equipment	43	0	0	0	43	43	0	0	0	43	0	0
		43	**0**	**0**	**0**	**43**	**43**	**0**	**0**	**0**	**43**	**0**	**0**
III.	**Financial assets**												
1.	Investments in affiliated companies	531,916	454,700	0	(211,398)	775,218	0	0	0	0	0	775,218	531,916
		531,916	**454,700**	**0**	**(211,398)**	**775,218**	**0**	**0**	**0**	**0**	**0**	**775,218**	**531,916**
		531,982	**454,734**	**0**	**(211,398)**	**775,319**	**66**	**3**	**0**	**0**	**69**	**775,250**	**531,916**

3.2. CURRENT ASSETS

Receivables from affiliated companies of €862 thousand (September 30, 2022: €295 thousand) result from receivables for providing administrative services for affiliated companies. In the previous year, there were also receivables from cash pooling with an affiliated company of €1,238 thousand. There were no receivables with a remaining duration exceeding a year, neither as of September 30, 2023, nor as of September 30, 2022.

Other assets consist primarily of a tax receivable of €81 thousand (September 30, 2022: €266 thousand) and insurance receivables of €55 thousand (September 30, 2022: €– thousand).

For purposes of central liquidity management, a cash concentration agreement was concluded with Stable Beteiligungs GmbH as the cash pool leader as of July 1, 2023, which leads to a daily transfer of the bank balance.

3.3. PREPAID EXPENSES

The prepaid expenses item relates primarily to advance payments for insurance contracts amounting to €136 thousand (September 30, 2022: €179 thousand).

3.4. EQUITY

There were the following changes in equity in fiscal 2023 and 2022:

Equity T_111

IN € THOUSANDS	Sept 30, 2022	Net income / (loss) for the period	Distribution / dividends	Transfer to reserves	Withdrawals from reserves	Sept 30, 2023
Issued capital	24,700	–	–	–	–	24,700
Capital reserves	395,348	–	–	–	–	395,348
Legal reserve	1,597	–	–	–	–	1,597
Other revenue reserves	4,835	–	–	–	–	4,835
Unappropriated surplus	349,746	(7,103)	(43,225)	–	–	299,417
Total	**776,226**	**(7,103)**	**(43,225)**	**–**	**–**	**725,898**

IN € THOUSANDS	Oct 1, 2021	Net income / (loss) for the period	Distribution / dividends	Transfer to reserves	Withdrawals from reserves	Sept 30, 2022
Issued capital	247	–	–	–	24,453	24,700
Capital reserves	419,801	–	–	–	(24,453)	395,348
Legal reserve	1,597	–	–	–	–	1,597
Other revenue reserves	4,835	–	–	–	–	4,835
Unappropriated surplus	108,265	272,356	(30,875)	–	–	349,746
Total	**534,746**	**272,356**	**(30,875)**	**–**	**–**	**776,226**

As of September 30, 2023, the share capital is €24,700 thousand (September 30, 2022: €24,700 thousand), divided into 24.7 million bearer shares each with a notional value of €1.00. Each share is entitled to a dividend and grants one vote at the general meeting. All Stabilus SE shares are fully paid in.

By way of resolution of the Annual General Meeting on February 15, 2023, the authorized capital (Authorized Capital 2023 / 1) of the Company was increased by €4,940 thousand until February 14, 2028 and now amounts to €7,410 thousand (September 30, 2022: €2,470 thousand). Stabilus SE can therefore still issue 7.4 million shares (each with a nominal value of €1.00), which corresponds to 30% of the shares issued to date. By resolution of the Annual General Meeting on August 11, 2022, the Company's authorized capital was set at €2,470 thousand.

Furthermore, it was resolved to cancel the resolution to acquire and use treasury shares adopted under Luxembourg law on February 12, 2020, and to revise this resolution in line with the provisions German corporate law in accordance with sections 71 et seq. of the Aktiengesetz (AktG – German Stock Corporation Act). Stabilus SE was authorized until February 14, 2028 to acquire and use treasury shares in line with the provisions German corporate law. The treasury shares must not exceed 10% of the share capital of the Company at any time.

The Company did not acquire any treasury shares in fiscal 2023 or in the whole of fiscal 2022.

The Annual General Meeting on February 15, 2023, resolved a dividend of €1.75 per share. The total distribution was €43,225 thousand.

In fiscal 2023, the unappropriated surplus developed as follows:

Reconciliation of unappropriated surplus T_112

IN € THOUSANDS	Sept 30, 2023	Sept 30, 2022
Unappropriated surplus as of September 30	349,746	108,265
Dividend payments	(43,225)	(30,875)
Net income / (loss) for the period	(7,103)	272,356
Total	**299,417**	**349,746**

3.5. PROVISIONS

Provisions primarily comprise outstanding invoices of €4,359 thousand (September 30, 2022: €865 thousand), provisions for bonuses of €2,271 thousand (September 30, 2022: €500 thousand) as well as for auditing and preparing the consolidated and annual financial statements of €353 thousand (September 30, 2022: €430 thousand).

The development of other provisions is set out in the table below:

Development of statement of changes in provisions for the fiscal year from October 1, 2022, to September 30, 2023 T_113

IN € THOUSANDS		As of Oct 1, 2022	Costs paid	Addition	Reclassification	Reversal: Expense	Reversal: Income	Foreign currency measurement	As of Sept 30, 2023
I.	**Provision for management bonus**								
1.	Management bonus (short-term)	500	(349)	2,057	(715)	0.00	0.00	0.00	1,493
	Management bonus (long-term)	0	0.00	80	715	0.00	(17)	0.00	778
		500	**(349)**	**2,137**	**0.00**	**0.00**	**(17)**	**0.00**	**2,271**
II.	**Provision for termination benefits**								
1.	Termination benefits	48	(48)	0.00	0.00	0.00	0.00	0.00	0.00
		48	**(48)**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
III.	**Provision for other expenses**								
1.	Preparation of annual financial statements	37	(37)	72	0.00	0.00	0.00	0.00	72
2.	Audit of annual financial statements	393	(393)	281	0.00	0.00	0.00	0.00	281
		430	**(430)**	**353**	**0.00**	**0.00**	**0.00**	**0.00**	**353**
IV.	**Provision for unrealized costs**								
1.	Unrealized costs	865	(865)	4,359	0.00	0.00	0.00	0.00	4,359
		865	**(865)**	**4,359**	**0.00**	**0.00**	**0.00**	**0.00**	**4,359**
V.	**Provision for holiday wages and salaries**								
1.	Holiday wages and salaries	33	0.00	25	0.00	0.00	(33)	0.00	25
		33	**0.00**	**25**	**0.00**	**0.00**	**(33)**	**0.00**	**25**
		1,876	**(1,692)**	**6,874**	**0.00**	**0.00**	**(50)**	**0.00**	**7,008**

3.6. LIABILITIES

Liabilities essentially comprise liabilities to affiliated companies of €42,982 thousand (September 30, 2022: €7 thousand), predominately liabilities from cash pooling. Trade accounts payable come to €553 thousand (September 30, 2022: €610 thousand). There were no liabilities with a remaining term of more than one year as at September 30, 2023 or September 30, 2022.

Notes on the income statement

3.7. OTHER OPERATING INCOME

As the parent company of the Stabilus Group, within the framework of corporate management Stabilus SE provides services in the areas of Public Relations, Treasury, Legal, Tax, Compliance, Internal Audit, and management. In fiscal 2023, Stabilus SE generated other operating income of €8,063 thousand (2022: €6,802 thousand). This exclusively comprises costs chargeable to subsidiaries under the service agreement. In fiscal 2023, other operating income of €2,244 thousand (2022: €3,750 thousand) was generated in Germany, €934 thousand (2022: €515 thousand) in Europe outside Germany, €1,861 thousand (2022: €1,037 thousand) in Asia and €3,023 thousand (2022: €1,500 thousand) in North America.

3.8. OTHER OPERATING EXPENSES

Other operating expenses essentially include expenses related to acquisitions announced in October 2023 of €3,897 thousand. They also include other consulting costs of €2,402 thousand, Group insurance of €1,276 thousand and costs for fees in connection with the half-year and annual financial statements of €637 thousand. It also includes Supervisory Board remuneration of €688 thousand (2022: €579 thousand).

3.9. INCOME FROM INVESTMENTS

Income from investments in the previous year related solely to Stable II GmbH and contained dividend distributions. There are no comparable distributions in this fiscal year.

3.10. INTEREST AND SIMILAR EXPENSES

Interest and similar expenses included in net interest income include interest expenses of €788 thousand (2022: €5 thousand) resulting primarily from interest expenses from cash pooling with subsidiaries and guaranteed commissions.

3.11. INCOME TAXES

Income tax comprises non-deductible withholding taxes from administrative expense allocations within the Group of €258 thousand (2022: €153 thousand).

4 SUPPLEMENTAL DISCLOSURES

4.1 EMPLOYEES

In fiscal 2023 an average of seven employees worked at Stabilus SE (2022: three).

4.2 SHARE-BASED PAYMENT COMMITMENTS

Matching Stock Program (MSP)

Variable remuneration for members of the Stabilus SE Management Board included a Matching Stock Program (MSP). This provides for four annual tranches, granted within a period from September 30, 2014 to September 30, 2017. The program "MSP A" was extended by one year to September 30, 2018. Owing to the unpredictable and extraordinary impact of the COVID-19 pandemic on the share price development of Stabilus SE, which was beyond management's influence, the Supervisory Board decided to extend the two-year exercise period for the tranches 2016 to 2018 by two further years for the Management Board members concerned. This measure retains the incentive effect of the MSP tranches. However, the performance targets including number of share options and exercise prices remain unchanged. The impact of these programs are recognized in the income statement in personnel expenses and in the balance sheet under other liabilities. In previous years, MSP was discontinued, and no further tranches have currently been approved. Instead, there is now share-based remuneration for members of the Stabilus SE Management Board in accordance with the Performance Share Plan (PSP). Participation in the MSP requires Management Board members to invest in shares of Stabilus SE. The shares must generally be held for a specific lock-up period.

As part of the Matching Stock Program A ("MSP A"), for each share a member of the Management Board invests in Stabilus SE in the fiscal year (subject to the general cap), the Management Board member receives a certain number of fictitious share options to acquire shares in Stabilus for each tranche of the Matching Stock Program. The number of stock options received depends upon a factor to be set annually by the Supervisory Board (Remuneration Committee) which is in a range between 1.0 and 1.7 times for a certain tranche. For example, if a member of the Management Board acquired 1,000 Stabilus SE shares in the MSP A, they would receive 1,000 to 1,700 fictitious share options for a specific tranche.

The Matching Stock Program B (MSP B) expired in full at the end of fiscal 2022.

The fictitious share options are subject to a lock-up period of four years and can be exercised during a subsequent two-year exercise period. The share options may be exercised only if the stock price of Stabilus SE exceeds a set threshold for the relevant tranche, which the Supervisory Board will determine at the time of granting the share options, and which needs to be between 10% and 50% growth over the base price (share price on the grant date). At exercise, the fictitious share options are transformed into a gross amount equaling the difference between the share option price and the relevant stock price multiplied by the number of exercised share options. Stabilus SE plans cash settlement of the share options granted.

The maximum gross amounts which can result from the exercise of the fictitious share options of one tranche in general is limited in amount to 50% of the base price. The reinvestment of IPO proceeds from previous equity programs is not taken into account for MSP A.

In fiscal 2023, the number of MSP A share options developed as shown in the table below:

Number of share options

T_114

	MSP A (2017)		MSP A (2018)	
	Number of options	Exercise price	Number of options	Exercise price
Outstanding as of October 1, 2022	**6,474**	**€74.74**	**10,423**	**€74.22**
Granted during the year	–	–	–	–
Forfeited during the year	5,134	–	–	–
Exercised during the year	–	–	–	–
Outstanding as of September 30, 2023	**1,340**	**€74.74**	**10,423**	**€74.22**
Exercisable as of September 30, 2023	**1,340**	**€74.74**	**10,423**	**€74.22**

Performance Share Plan (PSP)

The members of the Management Board of Stabilus SE receive allocations under the Performance Share Plan ("PSP") in the form of virtual shares. The virtual shares of the PSP are based on an annual target amount granted at the beginning of a three-year performance period as a future entitlement. In order to determine the target number of virtual shares granted, the annual target amount is divided by the start share price, whereby the start share price refers to the arithmetic mean of the Stabilus SE's share closing price over the last 60 trading days prior to the respective performance period start date. The performance factor that determines the final number of virtual shares is calculated at the end of the three-year performance period via the relative total shareholder return (weighted with 70%) and the adjusted EBIT margin (weighted with 30%).

The target achievement for the relative total shareholder return (TSR) is based on a comparison with the constituents of the MDAX index. In order to determine the relative TSR, firstly, the absolute TSR values of Stabilus SE as well as each index constituent of the MDAX over the respective performance period are calculated. The absolute TSR value of each company equals the theoretical growth in value of a share holding over the performance period, assuming that (gross) dividends are directly reinvested. The calculated absolute TSR values of Stabilus SE and each index constituent are ranked by size in order to calculate the target achievement.

The target achievement for adjusted EBIT margin is based on a comparison with a strategic target. To determine the percentage of target achievement, the actual adjusted EBIT margin at the end of the respective performance period is compared with the strategic adjusted EBIT margin defined for the respective performance period.

The final number of the virtual shares is determined by multiplying the overall target achievement with the target number of virtual shares granted. The final number of virtual shares is capped at 150% of the target number of virtual shares granted. The payout of the respective tranche of the PSP is calculated by multiplying the final number of virtual shares by the relevant end share price including any dividends paid during the performance period. The end share price refers to the arithmetic mean of the Stabilus SE's share closing price during the last 60 trading days prior to the respective performance period end date. The payout amount is limited to a maximum of 250% of the target amount (payout cap). The PSP is paid out in cash at the end of the performance period.

The number of performance shares developed as follows in fiscal 2023:

Performance Share Plan T_115

MEASUREMENT DATE	Sept 30, 2022	Sept 30, 2023	Sept 30, 2023
Performance period	Oct 1, 2021 – Sept 30, 2024	Oct 1, 2021 – Sept 30, 2024	Oct 1, 2022 – Sept 30, 2025
Price of the Stabilus share	€45.30	€52.95	€52.95
"Initial price" of the Stabilus share	€65.10	€65.10	€51.89
Expected annual dividend yield	2.0%	2.0%	2.0%
Remaining duration of granted performance shares	2.0 years	1.0 years	2.0 years
Risk-free annual interest rate (duration 2.0 years)	1.67%	3.58%	3.19%
Expected target achievement for internal target EBIT	100%	100%	100%
Cap per performance share used in the valuation	250% x €65.10	250% x €65.10	250% x €51.89

Number of share options T_116

	PSP (2021)		PSP (2022)		PSP (2023)	
	Number of options	Fair value	Number of options	Fair value	Number of options	Fair value
Outstanding as of October 1, 2022	**1,757**	**€51.18**	**978**	**€49.84**	**–**	**–**
Transferred [1]	9,441	€51.18	8,576	€49.84	–	–
Granted during the year	1,746	–	–	–	16,304	€51.89
Forfeited during the year	–	–	–	–	–	–
Exercised during the year	12,944	–	–	–	–	–
Outstanding as of September 30, 2023	**–**	**–**	**9,554**	**€59.04**	**16,304**	**€54.41**
Exercisable as of September 30, 2023	**–**	**–**	**–**	**–**	**–**	**–**

[1] Options were issued at the level of a subsidiary in the previous year.

ESG LTI (ESG = environmental, social and governance)

Remuneration for the members of Stabilus SE's Management Board was expanded to include long-term sustainability objectives. The ESG LTI is long-term variable remuneration with a particular focus on sustainability objectives. Tranches, each of which have a four-year term / performance period, are allocated each year. The payout of the respective tranche of the ESG LTI is calculated by multiplying an individual target amount by the target achievement of relevant sustainability objectives determined according to the strategy. The target amount is agreed with each Management Board member in the service agreement and generally amounts to 20% of individual basic remuneration. The sustainability objectives, including measurement methods and targets, are defined by the Supervisory Board before each tranche and are based on a catalog of environmental, social and governance criteria. Further details can be found in the Remuneration of Management Board members section at IR.STABILUS.COM/INVESTOR-RELATIONS/CORPORATE-GOVERNANCE.

The Supervisory Board can decide the number of sustainability objectives with different weightings for each tranche. Target achievement for each sustainability objective can be between 0% and 150%. Payment is also restricted to 150% of the individual target amount and is made in cash after the four-year performance period. The Supervisory Board ensures that the sustainability objectives are relevant to the strategy and, where possible, can be quantified. The selected sustainability objectives, including their weighting, are published in the remuneration report, which provides information on the allocation of an ESG LTI tranche (IR.STABILUS.COM/INVESTOR-RELATIONS/CORPORATE-GOVERNANCE). Targets for each sustainability objective and the resulting target achievement are disclosed in the remuneration report detailing the payment.

4.3. EXECUTIVE BODIES

Members of the Management Board in fiscal 2023

Dr. Michael Büchsner (Chairman of the Management Board) since October 1, 2019

Stefan Bauerreis (Management Board CFO) since June 1, 2022

Members of the Supervisory Board

Dr. Stephan Kessel (Chairman of the Supervisory Board, Chairman of the Remuneration and Nomination Committee until February 2023, member of the Remuneration and Nomination Committee since February 2023 and member of the Audit Committee).

- Executive at Hitched Holdings 1 B.V., Schiphol, Netherlands

Additional memberships on supervisory boards and executive bodies in accordance with section 125 (1) sentence 5 AktG:

- Novem Group S.A., Luxembourg (Chairman of the Supervisory Board)
- svt GmbH, Schwelm, Germany (member of the Advisory Board)

Dr. Ralf-Michael Fuchs (Deputy Chairman of the Supervisory Board since September 2022, member of the Remuneration and Nomination Committee until February 2023, since February 2023 Chairman of the Remuneration and Nomination Committee).

Dr. Joachim Rauhut (Deputy Chairman of the Supervisory Board until September 2022, Chairman of the Audit Committee)

Additional memberships on supervisory boards and executive bodies in accordance with section 125 (1) sentence 5 AktG:

- MTU Aero Engines AG, Munich, Germany (member of the Supervisory Board)
- creditshelf AG, Frankfurt / Main, Germany (member of the Supervisory Board until July 4, 2023)

Dr. Dirk Linzmeier (member of the Remuneration and Nomination Committee since September 2022)

- CEO of TTTech Auto AG, Vienna, Austria

Inka Koljonen (member of the Audit Committee)

- Member of the Executive Board at MAN Truck & Bus SE, Munich, Germany
- Member of the Board of Directors and Chairman of the Audit and Finance Committee at OC Oerlikon Corporation AG, Pfäffikon, Switzerland

Detailed information on the remuneration system and the remuneration components are shown in the Stabilus SE Remuneration Report.

4.4. RELATED PARTIES

Total remuneration of members of the Management Board T_117

IN € THOUSANDS	Fiscal 2023	Fiscal 2022
Benefits due in the short term	1,182	533
Share-based payments	1,489	(78)
Post-employment benefits	–	48
Early termination benefits	–	212
Other benefits due in the long term	–	26
Total[1]	**2,672**	**741**

[1] Share of Management Board remuneration attributable to the respective fiscal year.

Total remuneration of members of the Supervisory Board T_118

IN € THOUSANDS	Fiscal 2023	Fiscal 2022
Fixed remuneration	688	579
Total[1]	**688**	**579**

[1] Share of Supervisory Board remuneration attributable to the respective fiscal year.

Neither in fiscal 2023 nor 2022 were there any related party transactions which were not implemented on an arms-length basis.

4.5. AUDITOR'S FEES

The fee for auditing services provided by Deloitte GmbH Wirtschaftsprüfungsgesellschaft related primarily to the audit of the consolidated financial statements and the annual financial statements together with the (Group) management report of Stabilus SE and various audits of the annual financial statements of its subsidiaries. The other services provided by Deloitte GmbH Wirtschaftsprüfungsgesellschaft relate to the audit of the separate non-financial report, the material audit of the remuneration report and agreed investigations into contractual obligations. The information on the auditor's fees is contained in the consolidated financial statements of Stabilus SE. Disclosure in these annual financial statements is waived due to the exempting group clause of section 285 No. 17 HGB.

4.6. CONTINGENCIES AND OTHER FINANCIAL COMMITMENTS

On June 28, 2022, Stabilus entered into a new facilities agreement with Commerzbank Aktiengesellschaft, DZ Bank AG, Landesbank Baden-Württemberg, Landesbank Hessen-Thüringen Girozentrale and UniCredit Bank AG as the mandated lead arrangers and facility agent. The facilities agreement is for an amount of €450.0 million with a basic term of five years and a prolongation option of two additional years until not longer than 2029. The facilities comprise a syndicated loan facility of €100.0 million and a syndicated revolving loan facility of €350.0 million. Depending on the Company's gearing, the facility bears interest at between 50 and 150 basis points above Euribor. The Group's liabilities under the senior facility (the non-current loan of €100.0 million) are measured at amortized cost. The first prolongation option until June 28, 2028 was drawn in May 2023.

On March 4, 2021, and on January 28, 2022, via its subsidiary Stabilus GmbH, Koblenz, Germany, Stabilus SE issued two promissory note loans with a total volume of €150 million. The tranches of the promissory note loan with maturities of five and seven years bear variable interest rates. Stabilus SE is guarantor for the syndicated loan facility and for the promissory note loan. The economic situation of the affiliated companies for which the contingent liabilities exist is positive. In this respect, the Executive Board assumes a low probability of utilization.

4.7. APPROPRIATION OF NET PROFIT

The Management Board and the Supervisory Board of Stabilus SE propose using the unappropriated surplus as of September 30, 2023, as follows:

Appropriation of net profit T_119

IN € THOUSANDS	
1. Net loss for the period	(7,103)
2. Profit carried forward from previous years	306,521
3. Dividend distributed to shareholders (€1.75 per share)	(43,225)
4. Unappropriated surplus as of September 30, 2023	256,192

4.8. DISCLOSURES IN ACCORDANCE WITH SECTION 160 AKTG

In fiscal 2023, Stabilus received the following notifications in accordance with section 33 WpHG:

Voting rights notifications in accordance with section 33 WpHG T_120

NOTIFYING PERSON / ENTITY AND REGISTERED OFFICE	Threshold crossed (from below or above)	Date threshold crossed	Share of voting rights in %	Voting rights (number)
The Goldman Sachs Group, Inc., Wilmington, United States	Over 10%	April 11, 2022	11.02%	2,722,563
Allianz Global Investors GmbH, Frankfurt / Main, Germany	Over 10%	March 15, 2023	10.06%	2,485,396
NN Group N.V., Amsterdam, Netherlands	Over 10%	September 2, 2022	10.05%	2,482,445
FMR LLC, Wilmington, United States	Over 5%	September 25, 2023	6.77%	1,671,301
Teleios Capital Partners LLC, Zug, Switzerland	Over 5%	March 27, 2022	5.03%	1,242,713
Marathon Asset Management Limited, London, United Kingdom	Over 3%	April 17, 2023	5.00%	1,234,866
Allianz SE, Munich, Germany	Over 3%	May 10, 2023	4.07%	1,006,234
Fidelity Investment Trust, Boston, United States	Over 3%	September 2, 2022	3.70%	912,724
Norwegian Ministry of Finance, Oslo, Norway	Over 3%	November 25, 2022	3.31%	818,501
Ameriprise Financial, Inc., Wilmington, United States	Over 3%	November 11, 2022	3.25%	803,409

4.9. DECLARATION OF COMPLIANCE IN ACCORDANCE WITH SECTION 161 AKTG

The Management Board and the Supervisory Board of Stabilus SE issued the declaration of compliance on the recommendations of the German Corporate Governance Code (DCGC) in accordance with section 161 AktG (section 285 (16) HGB) and made this available to shareholders. The full declaration is permanently available on the Stabilus SE website under IR.STABILUS.COM/INVESTOR-RELATIONS/CORPORATE-GOVERNANCE.

4.10. SUBSEQUENT EVENTS

On October 12, 2023, Stabilus SE signed an agreement to acquire the DESTACO Group, an automation specialist, with the goal of significantly expanding its industrial automation business. Together with DESTACO, Stabilus wants to further drive growth with its intelligent motion control applications and become a leading global company in motion control solutions. DESTACO already enjoys a strong position on the industrial automation growth market. This megatrend will be further strengthened by reshoring of production sites from emerging economies back to industrialized countries, especially because production processes need to be further automated due to the shortage of skilled workers. This is exactly where DESTACO's core competence lies. DESTACO products can help customers to significantly increase their productivity, which makes them a perfect complement to Stabilius's product range. Thanks to this, the Group expects to the acquisition to generate significant revenue growth and have a direct positive impact on its adjusted EBIT margin after the transaction closes and DESTACO is fully consolidated.

This marks a successful and important next step by the Stabilus Group in implementing its STAR 2030 strategy. The closing of the transaction is expected at the end of February 2024 and, as explained, is subject to regulatory approvals and other customary closing conditions.

DESTACO is one of the world's leading companies in the development and manufacturing of automation, clamping and remote handling solutions and is headquartered in Auburn Hills (USA). The company was previously part of the Dover Corporation, a US industrial products manufacturer, and serves customers in many different markets, including automotive, biosciences, consumer goods, packaging, aerospace and nuclear technology. DESTACO generated revenue of USD 213 million in 2022 with around 650 employees at 13 locations in the US, Europe, India, China and Thailand.

The acquisition price is USD 680 million. Financing for the transaction comes from own cash, an unutilized revolving credit facility and a bridge loan.

Given the size and significance of the planned acquisition, there could be both opportunities and risks. For more details, please see the "Opportunities and risks in connection with the acquisition of the DESATCO Group" section of the annual report.

As of December 13, 2023, there were no further events of material importance for the annual financial statements of Stabilus SE in the period after September 30, 2023 and up until the approval of the annual financial statements.

Koblenz, December 13, 2023

DR. MICHAEL BÜCHSNER **STEFAN BAUERREIS**
Stabilus SE
The Management Board

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, we, Dr. Michael Büchsner (Chief Executive Officer) and Stefan Bauerreis (Chief Financial Officer), confirm that the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the management report, which is combined with the Group management report of Stabilus SE, includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company for the remaining months of the fiscal year.

Koblenz, December 13, 2023

DR. MICHAEL BÜCHSNER **STEFAN BAUERREIS**
Stabilus SE
The Management Board

INDEPENDENT AUDITOR'S REPORT

To Stabilus SE, Frankfurt am Main / Germany

Report on the Audit of the Annual Financial Statements and of the Combined Management Report

OPINIONS

We have audited the annual financial statements of Stabilus SE, Frankfurt am Main / Germany, which comprise the balance sheet as at 30 September 2023, and the statement of profit and loss for the financial year from 1 October 2022 to 30 September 2023, and the notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the combined management report for the parent and the group of Stabilus SE, Frankfurt am Main / Germany, for the financial year from 1 October 2022 to 30 September 2023. In accordance with German legal requirements, we have not audited the content of the separate non-financial group report pursuant to Sections 315b and 315c German Commercial Code (HGB), to which reference is made in the section "Non-financial Group report" of the combined management report, and the combined corporate governance statement pursuant to Sections 289f, 315d HGB contained in the section "Corporate governance statement" of the combined management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 30 September 2023 and of its financial performance for the financial year from 1 October 2022 to 30 September 2023 in compliance with German Legally Required Accounting Principles, and
- the accompanying combined management report as a whole provides an appropriate view of the Company's position. In all material respects, this combined management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the contents of the separate non-financial group report and the combined corporate governance statement referred to above.

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 annual financial statements and of the combined management report.

BASIS FOR THE OPINIONS

We conducted our audit of the annual financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537 / 2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the combined management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements for the financial year from 1 October 2022 to 30 September 2023. These matters were addressed in the context of our audit of the annual financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following, we present the issue of recoverability of the shares in affiliated companies, which we have identified in the course of our audit to be a key audit matter.

Our presentation of this key audit matter has been structured as follows:

a) description (including reference to corresponding information in the annual financial statements)

b) auditor's response

RECOVERABILITY OF THE SHARES IN AFFILIATED COMPANIES

a) As of 30 September 2023, the book value of the shares in affiliated companies within the annual financial statements is m€775,2 (corresponding to 99,8% of the balance sheet total).

Once a year, the shares in affiliated companies are tested for expected permanent impairment and thus for any need for recognising a write-down to the lower fair value. Valuation is made by applying the discounted cash flow method.

Due to the extraordinary significance of the shares in affiliated companies for the annual financial statements as well as the discretionary estimates to be made by the executive directors in their valuation, this matter was of particular significance within the scope of our audit.

The disclosures made by the Company on the shares in affiliated companies are included in section 2.1 (Presentation of material accounting policies) and 3.1 (Fixed assets) of the notes to the financial statements.

b) As part of our test for permanent impairment of shares in affiliated companies, we traced the valuation process implemented by the executive directors of Stabilus SE.

In accordance with our audit strategy, we performed audit procedures in line with our risk assessment, which was based in particular on headroom and sensitivity analyses as well as our assessment of past adherence to planning. In our impairment testing, we integrated internal valuation specialists into our audit team and, with their support, tested the valuation model and the key parameters underlying the calculations for appropriateness. Furthermore, we tested the expected future cash inflows from the planning for which the executive directors are responsible and which has been approved by the Supervisory Board, as well as the perpetuity on the basis of general and industry-specific market expectations. In our audit steps, we included the adherence to planning in relation to the individual affiliated companies in our assessment. Furthermore, we verified the country-specific discount rates used in the valuation (weighted average cost of capital – WACC) by means of our own control and comparative calculations and checked their plausibility on the basis of market data. Finally, we performed sensitivity analyses both with regard to the growth expectations of the future cash inflows of the affiliated companies and with regard to the discount rates applied and assessed whether the methods applied, assumptions made, data used and parameters applied by the executive directors are justifiable.

OTHER INFORMATION

The executive directors and / or the Supervisory Board are responsible for the other information. The other information comprises:

- the report of the Supervisory Board,
- the separate non-financial group report to which reference is made in the combined management report in section "Non-financial Group report",
- the combined corporate governance statement included in the combined management report,
- the executive directors' confirmation regarding the annual financial statements and / or the consolidated financial statements and the combined management report pursuant to Section 264 (2) sentence 3, Section 297 (2) sentence 4, Section 289 (1) sentence 5 and Section 315 (1) sentence 5 HGB,
- all other parts of the annual report,
- but not the annual financial statements and the consolidated financial statements, not the audited content of the combined management report and not our auditor's report thereon.

The Supervisory Board is responsible for the report of the Supervisory Board. The executive directors and the Supervisory Board are responsible for the statement according to Section 161 German Stock Corporation Act (AktG) concerning the German Corporate Governance Code, which is part of the combined corporate governance statement included in the combined management report. Otherwise the executive directors are responsible for the other information.

Our audit opinions on the annual financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the audited content of the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE ANNUAL FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the combined management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the annual 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 appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the combined management report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

– identify and assess the risks of material misstatement of the annual financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
– obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
– evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
– conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
– evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in

compliance with German Legally Required Accounting Principles.
- evaluate the consistency of the combined management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements for the current reporting period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

REPORT ON THE AUDIT OF THE ELECTRONIC REPRODUCTIONS OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT PREPARED FOR PUBLICATION PURSUANT TO SECTION 317 (3A) HGB

Opinion

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the annual financial statements and of the combined management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the file, which has the SHA-256 value b8b2d50bdfd5bd66d-9b30f70835b10783a3f7487c6e980a7ccdb26474aa29903, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the annual financial statements and the combined management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the annual financial statements and of the combined management report prepared for publication contained in the file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying annual financial statements and on the accompanying combined management report for the financial year from 1 October 2022 to 30 September 2023 contained in the "Report on the Audit of the Annual Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

Basis for the Audit Opinion

We conducted our audit of the electronic reproductions of the annual financial statements and of the combined management report contained in the file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (06.2022)). Our responsibilities in this context are further described in the "Auditor's Responsibilities for the Audit of the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibility of the legal representatives and the Supervisory Board for the ESEF documents

The executive directors of the Company are responsible for the preparation of the ESEF documents based on the electronic files of the annual financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB.

In addition, the executive directors of the Company are responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The Supervisory Board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Auditor's Responsibilities for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- obtain an understanding of internal control relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited annual financial statements and to the audited combined management report.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as auditor by the general meeting on 15 February 2023. We were engaged by the Supervisory Board on 31 May 2023. We have been the auditor of Stabilus SE, Frankfurt am Main/Germany, since the financial year 2022/2023.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited annual financial statements and the audited combined management report as well as with the audited ESEF documents. The annual financial statements and the combined management report converted into the ESEF format – including the versions to be submitted for inclusion in the Company Register – are merely electronic reproductions of the audited annual financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Stefan Dorissen.

Frankfurt am Main/Germany, 13 December 2023

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

(STEFAN DORISSEN)
German Public Auditor

(SVEN HENRICH)
German Public Auditor

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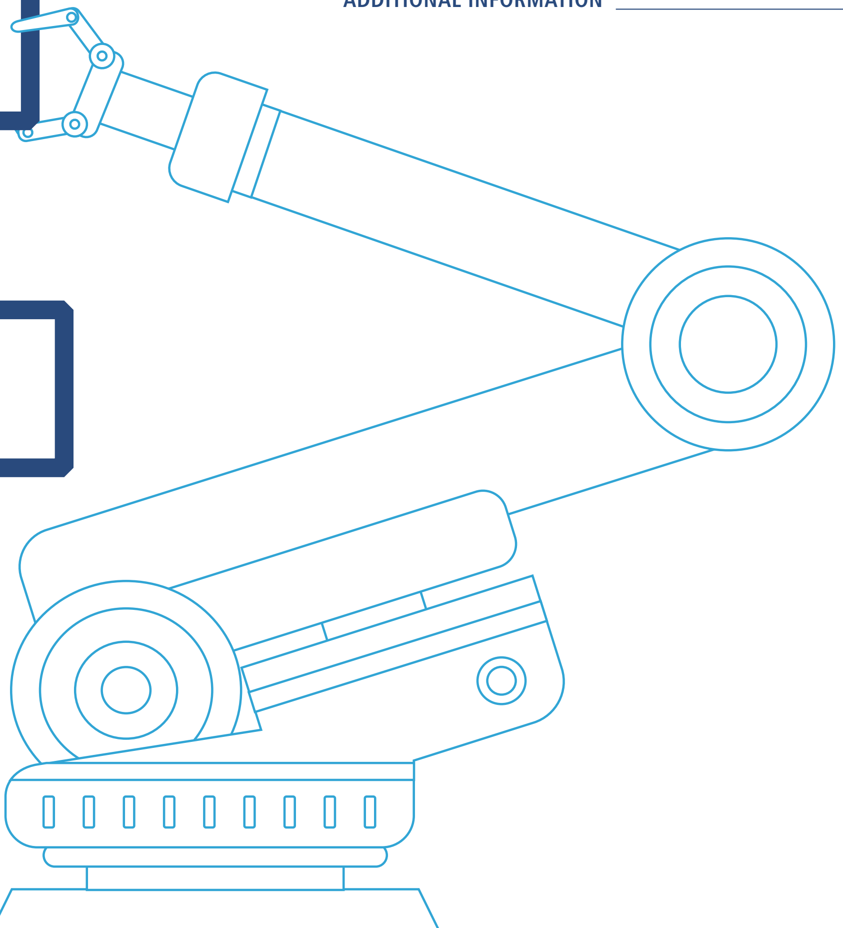

ADDITIONAL INFORMATION

FINANCIAL CALENDAR

Financial calendar T_121

DATE[1),2)]	PUBLICATION / EVENT
December 15, 2023	Publication of 2023 annual report
January 29, 2024	Publication of quarterly statement Q1 FY2024
February 7, 2024	2024 General Meeting
May 8, 2024	Publication of interim statement Q2 FY2024
July 29, 2024	Publication of quarterly statement Q3 FY2024
November 11, 2024	Publication of provisional annual results for FY2024
December 9, 2024	Publication of 2024 annual report

[1)] We cannot rule out changes of dates. We recommend looking at the information in the Investors / Financial Calendar section of our website (ir.stabilus.com/investor-relations/financial-calendar).
[2)] Please note that our fiscal year (FY) ends in September (e.g. FY2024 comprises a twelve-month period from October 1, 2023 to September 30, 2024).

DISCLAIMER

This Annual Report is also published in English. The German version takes precedence in case of doubt.

Forward-looking statements

This Annual Report contains forward-looking statements that relate to the current plans, objectives, forecasts and estimates of the management of Stabilus SE. These statements take into account only information that was available up and including the date that this Annual Report was prepared. Stabilus SE management does not guarantee that these forward-looking statements will prove correct. The future performance of Stabilus SE and its subsidiaries and the results actually achieved are subject to a number of risks and uncertainties that could cause actual events or results to deviate from the forward-looking statements.

Many of these factors are beyond the control of Stabilus SE and its subsidiaries and so cannot be predicted accurately. These factors include changes in economic circumstances and the competitive situation, changes in the law, fluctuations in interest or exchange rates, legal disputes and investigations and the availability of funding. These and other risks and uncertainties are set forth in the Combined Management Report. Other factors can also have a negative impact on our performance and results.

Stabilus SE neither intends to nor assumes any separate obligation to update forward-looking statements or to change these to reflect events or developments that occur after the publication of this Annual Report.

Rounding

Certain numbers in this Annual Report have been rounded up or down. There may therefore be discrepancies between the actual totals of the individual amounts in the tables and the totals shown as well as between the numbers in the tables and the numbers given in the corresponding analyses in the text of the Annual Report. All percentage changes and key figures in the Combined Management Report were calculated using the underlying data in millions of euros (€ millions) to one decimal place.

QUARTERLY OVERVIEW

Quarterly overview [1]

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IN € MILLIONS	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Revenue	307.5	306.5	310.6	290.7
EBIT	32.5	38.4	37.1	29.1
Adjusted EBIT	43.2	41.9	40.8	32.6
Profit / (loss) for the period	23.5	21.7	42.6	15.5
Capital expenditure (capex)	(28.2)	(22.1)	(10.5)	(12.9)
Free cash flow (FCF)	3.9	48.3	12.1	32.4
Adjusted free cash flow	14.2	48.3	12.1	32.7
EBIT as % of revenue	10.6%	12.5%	11.9%	10.0%
Adjusted EBIT margin as % of revenue	14.0%	13.7%	13.1%	11.2%
Profit as % of revenue	7.6%	7.1%	13.7%	5.3%
Capital expenditure as % of revenue	9.2%	7.2%	3.4%	4.4%
FCF as % of revenue	1.3%	15.8%	3.9%	11.1%
Adjusted FCF as % of revenue	4.6%	15.8%	3.9%	11.2%
Net leverage ratio	0.3x	0.3x	0.5x	0.3x
Employees [2]	7,426	7,091	7,110	6,992
Total assets [3]	1,334.3	1,256.2	1,227.4	1,235.1
Equity [3]	712.0	679.3	659.5	657.4
Equity ratio [3]	53.4%	54.1%	53.7%	53.2%

[1] The sum totals of quarterly figures may deviate slightly from the figures for the year as a whole due to rounding.
[2] Active and inactive employees excluding temporary workers, apprentices, trainees and graduates.
[3] Figures at the end of the quarter.

MULTI-YEAR OVERVIEW

Multi-year overview

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IN € MILLIONS	2023	2022	2021	2020	2019
Revenue	1,215.3	1,116.3	937.7	822.1	951.3
EBIT	137.1	142.2	121.3	56.0	124.0
Adjusted EBIT	158.4	156.2	135.0	96.7	142.7
Profit / (loss) for the period	103.3	104.3	73.8	30.0	80.9
Capital expenditure (capex)	(73.7)	(45.1)	(40.6)	(47.6)	(56.5)
Free cash flow (FCF)	96.7	58.2	88.6	61.2	48.5
Adjusted free cash flow	107.3	81.7	88.6	62.3	89.9
EBIT as % of revenue	11.3%	12.7%	12.9%	6.8%	13.0%
Adjusted EBIT as % of revenue	13.0%	14.0%	14.4%	11.8%	15.0%
Profit/loss for the period as % of revenue	8.5%	9.3%	7.9%	3.6%	8.5%
Capital expenditure as % of revenue	6.1%	4.0%	4.3%	5.8%	5.9%
FCF as % of revenue	8.0%	5.2%	9.4%	7.4%	5.1%
Adjusted FCF as % of revenue	8.8%	7.3%	9.4%	7.6%	9.5%
Net leverage ratio	0.3x	0.4x	0.6x	1.2x	1.0x
Employees [1]	7,426	6,840	6,573	6,433	6,696
Total assets	1,334.3	1,266.6	1,166.6	1,083.6	1,099.2
Equity	712.0	669.7	544.3	469.6	499.6
Equity ratio	53.4%	52.9%	46.7%	43.3%	45.5%

[1] Active and inactive employees excluding temporary workers, apprentices, trainees and graduates.

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ADDITIONAL INFORMATION

Further information including news, reports and publications can be found in the Investors section of our website at IR.STABILUS.COM.

INVESTOR RELATIONS

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STABILUS