

**DIEHL**

**ANNUAL REPORT**

**2023**





**THE STRENGTH  
TO ACT  
FLEXIBLY.**



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## HIGHLIGHTS

### 2023: Another good year under challenging conditions - 2024: Diehl expects further growth and a significant increase in sales despite persistently challenging economic environment.

Diehl has continued its upward trend despite the tough overall economic situation. The Group's sales rose to € 3,882.6 million, and thus were € 376.9 million, i.e. 10.8% above the previous year's value (€ 3,505.7 million). EBIT increased significantly by € 91.1 million to € 257.6 million. This means that the company's growth in 2023 was about the same as the year before; it was another good year, even though it was hard. The targets for the reporting year were largely achieved; sales were in line with expectations, with earnings exceeding the forecast.

In the reporting year, the **Metall Corporate Division** was unable to continue the overall successful development of previous years in all strategic business segments. Despite the bleak economic forecast, Diehl Metall, an automotive supplier with a wealth of development experience, is confident in its ability to remain a reliable partner to the global automotive industry. This includes providing forward-thinking solutions, such as components for cooling systems, power modules, sensor technology, and battery storage contact systems.

**Diehl Controls** recorded a significant drop in sales in 2023, which was largely due to the continuing decline in consumer trends in the key markets. Furthermore, the generally promising heat pump market in Central Europe saw a surprisingly sharp downturn. Nonetheless, Diehl Controls continues to focus on the undeniable advantages and long-term success of the heat pump business segment. There is a positive trend in demand for electronic control panels for water boilers on the newly developed market.

The **Defence Corporate Division** is consistently growing, driven by rising demand for equipment in the NATO countries and those with the same legal export status. Further

contracts, primarily for ground-based air defence systems and ammunition, as well as subsequent purchase of IRIS-T missiles were signed in the reporting year. Under these circumstances, Diehl Defence sees itself ideally positioned with its product portfolio, particularly in the field of ground-based air defence.

Due to the ongoing growth in volumes, **Diehl Aviation** was able to achieve even more impressive business results in the reporting year. This allowed the corporate division to once again generate sales of over one billion euros, the figures not seen ever since the aviation crisis. Diehl Aviation's products and services are in high demand among aircraft manufacturers and airlines, both for original equipment and after-sales support.

**Diehl Metering** was also able to maintain its previous positive growth and even outperform its sales expectations. Water and heat meters, connectivity, and IoT solutions saw particularly strong market growth and increased demand. As cities and municipalities get digitalized, there is a growing global demand for the meter data processing and analyzing solutions. With its innovative technology and software solutions, Diehl Metering believes it is ideally positioned to meet this demand.



## CORPORATE

## MANAGEMENT

**Investments** reached a record high of EUR 230.2 million (previous year: EUR 128.8 million).

In 2023, expenditure on **research and development** increased significantly to EUR 342.5 million from EUR 321.1 million the previous year.

Despite persistently challenging economic environment, Diehl remains optimistic about the future due to the stable sales growth and high volume of incoming orders. The Diehl Group's established position and business mix as an opportunity- and risk-sharing community, as well as the balanced portfolios of the five corporate divisions, remain critical to the company's long-term survival and performance. Diehl expects a significant increase in sales to around € 4.8 billion this year, as well as a slight improvement in earnings.

The management of the limited partnership Diehl Stiftung & Co. KG is in the hands of the general partner Diehl Verwaltungs-Stiftung. The executive bodies of Diehl Verwaltungs-Stiftung are the Executive Board and the Supervisory Board.

### Organization

Within the spectrum of the possible formation of holding companies, Diehl has opted in favor of forming a strategic management holding company as umbrella company with corporate divisions that operationally and strategically manage their businesses in a customer-oriented manner within their product and technology portfolios. This combines the advantages of a globally active large-scale enterprise with smaller business segments operating independently, flexibly and very close to the market.

### Supervisory Board

As one of two executive bodies of the holding company, the Supervisory Board decides on all fundamental matters of Diehl Stiftung & Co. KG; it provides advice and supervises the Executive Board.

In succession to the deceased shareholders Karl Diehl, Peter Diehl and Dr.-Ing E.h. Thomas Diehl, it is composed of the following members: Markus Diehl (Chairman), Werner Diehl (Vice Chairman), Konstantin Diehl, Dr. Herbert Fehrecke and Frank Felix Werdin.

### Executive Board

The Executive Board manages the business operations of Diehl Stiftung & Co. KG and represents it externally. Overall responsibility for issues of strategic importance and topics that are relevant to the entire Group lies in the hands of the Executive Board.

The Executive Board consists of the following members: Jens Böhlke, Dr. Christof Bosbach, Dieter Landgraf, Jürgen Reimer, Dr. Klaus Richter, Helmut Rauch, Dr. Jörg Schuler and Carsten Wolff. The Executive Board circle also includes the Senior Vice Presidents Dr. Elisabeth Hauschild, Bernd Joeris and Michael Prymelski.

Organizational status as of June 2024

# OVERVIEW OF THE DIEHL GROUP

Organizational status as of June 2024

Diehl Metall Stiftung & Co. KG

Diehl AKO Stiftung & Co. KG

**Diehl Brass Solutions**

Röthenbach a. d. Pegnitz

**Diehl Metall Schmiedetechnik**

Röthenbach a. d. Pegnitz

**Diehl Advanced Mobility**

Zehdenick

**Diehl Augé Découpage**

Besançon/France

**Diehl do Brasil Metalúrgica**

São Paulo/Brazil

**Diehl Electronic Components**

Wuxi/China

**Diehl Metal Applications**

Berlin  
Teltow

**Diehl Metal India**

Pune/India

**Diehl Power Electronic**

Siaugues Sainte-Marie/France

**Diehl SynchroTec  
Manufacturing**

Wuxi/China

**Diehl Werkzeugbau Seebach**

Seebach

**Franconia Industries**

Elk Grove Village, Illinois/USA

**SMH Süddeutsche Metall-  
handels-gesellschaft**

Röthenbach a. d. Pegnitz

**Diehl AKO**

Wangen  
Nürnberg

**Diehl Controls Polska**

Namysłów/Poland  
Wrocław/Poland

**Diehl Controls (Nanjing)**

Nanjing/China

**Diehl Controls (Qingdao)**

Qingdao/China

**Diehl Controls Mexico**

Querétaro/Mexico

**Diehl Controls Development**

Center Querétaro  
Querétaro/Mexico

**Diehl Controls North America**

Naperville/USA

**Diehl Controls Romania**

Brasov/Romania



Diehl Defence GmbH & Co. KG

Diehl Aviation Holding GmbH

Diehl Metering GmbH

**Diehl Defence**

Überlingen  
Röthenbach a. d. Pegnitz  
Laupheim  
Nonnweiler-Bierfeld  
Nonnweiler-Mariahütte  
Todendorf  
Büro Berlin  
Büro Koblenz  
Büro Abu Dhabi/U.A.E.  
Büro Bangkok/Thailand

**AIM Infrarot-Module**

Heilbronn

**Diehl Energy Products**

Röthenbach a. d. Pegnitz

**Diehl Retrofit Missile Systeme**

Überlingen

**DD Präzisionsteile**

Überlingen

**DynITEC**

Troisdorf

**EuroSpike**

Röthenbach a. d. Pegnitz

**GIWS**

Nürnberg

**JUNGHANS Microtec**

Dunningen

**JUNGHANS T2M**

La Ferté Saint Aubin/France

**PARSYS**

Schrobenhausen

**RAM-System**

Ottobrunn

**Diehl Defence Verpackungssysteme**

Röthenbach a. d. Pegnitz

**Diehl Aviation Laupheim**

Laupheim  
Debrecen/Hungary  
Hamburg  
Nyírbátor/Hungary  
Querétaro/Mexiko  
Tianjin/China  
Toulouse/France

**Diehl Aviation Gilching**

Gilching  
Dresden

**Diehl Aviation Hamburg**

Hamburg

**Diehl Aerospace**

Überlingen  
Donauwörth  
Everett, Washington/USA  
Frankfurt am Main  
Hamburg  
Nürnberg  
Rostock  
Singapur  
Sterrett, Alabama/USA  
Toulouse/France

**Diehl Aviation**

Büro Dubai/U.A.E.  
Büro Everett, Washington/USA  
Büro North Charleston  
South Carolina/USA  
Büro Peking/China

**Diehl Metering/Germany**

Ansbach  
Nürnberg  
Apolda

**Diehl Metering/China**

Jinan

**Diehl Metering/Denmark**

Esbjerg

**Diehl Metering/Great Britain**

Halifax

**Diehl Metering/Italy**

Mailand

**Diehl Metering/U.A.E.**

Dubai

**Diehl Metering/Austria**

Wien

**Diehl Metering/Poland**

Bažanowice

**Diehl Metering/France**

Saint-Louis

**Diehl Metering/Singapore**

**Diehl Metering/Spain**

Madrid

**Diehl Metering/Sweden**

Karlskrona

**Diehl Metering/USA**

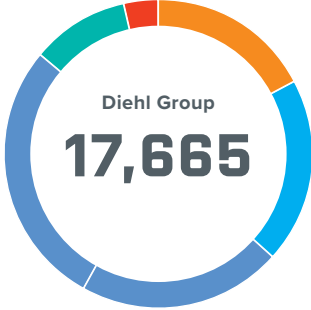
Lisle

# GROUP MANAGEMENT REPORT

**SALES PER CORPORATE DIVISION**  
(in million euros)



**EMPLOYEES PER CORPORATE DIVISION**



Metall	Controls	Defence	Aviation	Metering	Other
800	443	1,142	1,053	435	10
20.6%	11.4%	29.4%	27.1%	11.2%	0.3%

Metall	Controls	Defence	Aviation	Metering	Other
3,055	3,435	3,772	4,950	1,839	614
17.3%	19.4%	21.4%	28.0%	10.4%	3.5%

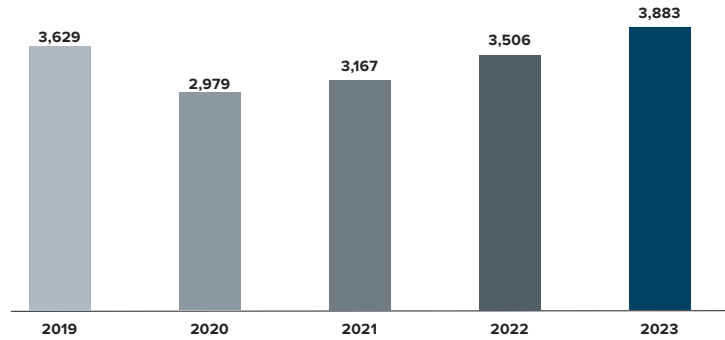
### Basic Economic Conditions

The German government's Annual Economic Report states that, as in the previous year, economic development in 2023 was largely determined by the effects of the energy price crisis in conjunction with a marked weakness of global economy, and the increasingly evident effects of the largely restrictive monetary policy. This was compounded by an exceptionally high sickness rate, which dampened the overall volume of work in the economy. All of these factors had a greater impact on the German economy than would have been anticipated at the beginning of the previous year, which slowed down the country's economic recovery. As a result, the price-adjusted gross domestic product decreased by 0.3 % in 2023 (source: Annual Economic Report of the Federal Government 2024, page 20). The German government has implemented extensive stabilization measures in response to two unprecedented and overlapping crises — the COVID-19 pandemic and the energy price crisis caused by Russia's aggression against Ukraine. In particular, temporary relief was provided in a prompt and targeted manner, to stabilize expectations and prevent supply-side disruptions and high level of uncertainty turning into a self-reinforcing demand slump (source: ibid., pages 21/22).

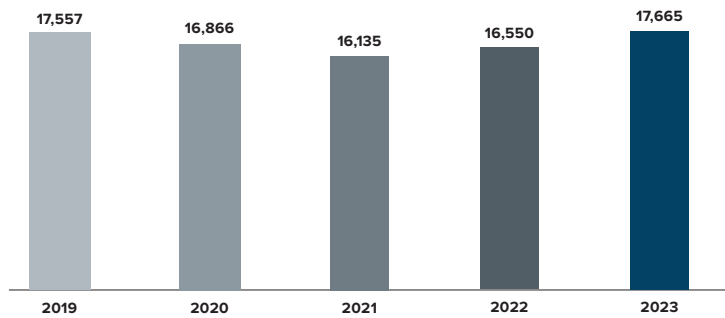
According to the findings of an economic survey that was carried out by the Association of German Chambers of Industry and Commerce (DIHK) at the beginning of 2024, the negative sentiment that has been prevalent throughout the German economy as a whole is continuing to worsen. According to the survey, more than a third of companies expect the situation to deteriorate over the next twelve months, while only 14% anticipate an improvement. The balance of business expectations thus remains relatively stable at a low level. In contrast to this gloomy sentiment, the expectations of companies that can do business internationally are beginning to improve to some degree. While it is common for businesses with a worldwide presence to have more accurate estimates, the difference between businesses that are primarily domestic and those that operate internationally is increasingly evident at the moment. However, it's also obvious that major corporations face the most risks when it comes to economic policy (source: DIHK business survey in February 2024).



## SALES (in MILLION EUROS)



## EMPLOYEES



FISCAL YEAR

2023

### Business Development of the Diehl Group

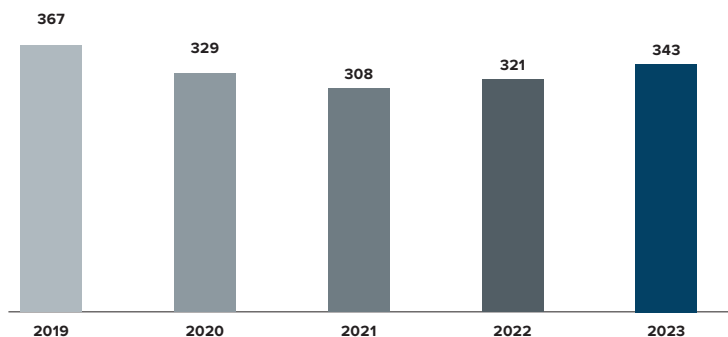
At Group level, the key performance indicators for business development are sales as well as earnings (EBIT).

Despite the challenging macroeconomic conditions, Diehl once again performed well in the reporting year and vigorously continued its upward trend. The Group's corporate sales rose to €3,882.6 million, and thus were over the previous year's value by €376.9 million, i.e. 10.8 % (€3,505.7 million). EBIT increased significantly by € 91.1 million to € 257.6 million. This means that the company's growth in 2023 was about the same as the year before; it was another good year, even though it was hard. Although Diehl Defence stands out as the most successful in terms of its growth when compared to other corporate divisions, it should be noted that all of the units did their absolute best on the market given the many crises that have occurred in recent years. The Group's broad presence on the market has once again proven its worth in efficiently guiding the entire company through challenging times. The targets for the reporting year were largely achieved; sales were in line with expectations, with earnings exceeding the forecast.

The Metall Corporate Division was unable to maintain the overall successful development of previous years in all strategic business areas, and TK Controls also recorded a significant drop in sales due to the continuing decline in consumer sentiment in the home appliance market and customer restraint in the heat pump market. Diehl Defence recorded further significant growth due to sustained demand, particularly for ground-based air defence systems and ammunition. Diehl Aviation was also able to record a further significant improvement in business in the year under review in view of the continuing increase in volumes. For the first time since the aviation crisis, the corporate division managed to generate sales of over 1 billion euros again. In the year under review, Diehl Metering continued its positive development of recent years and exceeded its sales targets.

Compared with the previous year, the number of employees has increased by 1,115 persons, i.e. 6.7 % — to now 17,665 employees due to the continued rise in business volume, particularly in the Defence (582) and Aviation (443) corporate divisions.

## R&D EXPENSES (in MILLION EUROS)

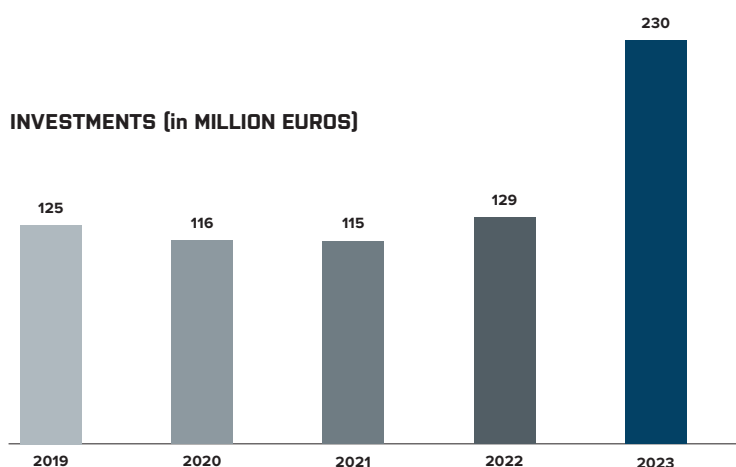


### Aspects of the Financial Situation [Financial Position and Cash Flows]

The Diehl Group's balance sheet was expected to grow in the fiscal year 2023. Due to increased demand in the Defence and Electromobility corporate divisions, property, plant and equipment rose by € 115.4 million as a result of planned investments. Fixed assets grew by a total of € 122.0 million. Inventories excluding advance payments received increased by a further € 323.8 million from € 1,286.2 million in the previous year to a total of € 1,610.0 million. This increase was offset by a significant rise in advance payments received from € 670.9 million to € 2,245.3 million. Trade receivables remained largely at the previous year's level with an increase of € 29.5 million, as the significantly increased business volume was largely prefinanced. On the liabilities side, equity increased by € 140.6 million to € 667.8 million, mainly due to the almost tripling of the annual result to € 174.0 million. The equity ratio fell from 22.6% to 20.2% due to the liquidity-related increase in total assets of € 971.8 million from € 2,331.4 million to € 3,303.2 million. The Diehl Group's provisions increased by € 104.5 million to € 1,299.5 million, which is mainly attributable to provisions from the increased business volume and for structural adjustments.

Trade payables increased by a disproportionately low € 81.7 million to € 380.8 million due to prefinancing by customers. The € 29.1 million increase in deferred income mainly includes grants for investments in fixed assets.

Liquid assets increased significantly by € 1,391.0 million to € 1,645.9 million due to payments received from advance payments in the fiscal year 2023 and, less current financial liabilities of € 22.3 million, resulted in cash and cash equivalents of € 1,623.6 million compared to € 233.3 million in 2022. This corresponds to an increase of € 1,390.3 million compared to the previous year. Cash flow from operating activities rose by € 1,370.9 million from € 287.2 million to € 1,658.1 million due to the increase in advance payments received on orders. After deducting the negative cash flow from investments of € 192.7 million, free cash flow amounted to € 1,465.4 million. In the year under review, there was an outflow of € 74.5 million from cash flow from financing activities.

**INVESTMENTS (in MILLION EUROS)****Advance Investments**

The total value of investments in intangible assets and property, plant and equipment amounted to € 230.2 million in the reporting year (previous year: 128.8 million) and thus reached a record high. The largest investments were made at Diehl Defence KG, Diehl Brass Solutions, Diehl Metal Applications (DMA) and Diehl Controls Polska. With more large-scale strategic projects in the field of infrastructure and new, extremely efficient manufacturing facilities, Diehl Metall has set the stage for additional expansion at Diehl Brass Solutions. A new production building was put into operation at DMA in Teltow. The first punching press was successfully installed at the site in Wuxi, China, and two more are in the pipeline. In addition to the opening of the new plant in Qingdao (China) and the laying of the foundation stone for another new plant in Brasov (Romania), the main focus at Controls was on the start-up of new projects, particularly at Diehl Controls Polska. During the reporting year, the Aviation division initiated a number of projects to enhance production and started making plans for a new manufacturing site in Mexico. As part of the general growth, investment activities at Defence primarily comprised construction for capacity expansions at all locations, particularly in Überlingen, Röthenbach and Nonnweiler. The global manufacturing capacities of the Metering corporate

division were further enlarged through additional special investment program to meet the ever-increasing demand for the product. The expenditure on research and development increased by € 342.5 million in 2023 compared to the previous year (€ 321.1 million). As in previous years, expenditures are mainly associated with developments in the Defense and Aviation corporate divisions.

**Corporate Legal Changes**

The year under review saw the following changes in the corporate structure:

The foundation of Diehl Röthenbach Immobilien GmbH & Co. KG takes account of the extensive construction work being carried out at the Defense site in Röthenbach. Diehl Nürnberg Facility Verwaltungs GmbH, which was created through the merger of Pyrotechnische Fabrik (PYF) GmbH with Neubrandenburger Fahrzeugwerke GmbH, was also added to the Group's scope of consolidation.

Diehl Defence Military Equipments LLC was founded by Diehl Defence in November of the year under review. Shortly before the end of the year under review, the takeover of the Allweier Produktionsteile GmbH business unit in Überlingen by Diehl Defence was finally agreed. Since the turn of the year, business operations have continued under the name DD Präzisionsteile GmbH & Co KG.

Diehl Aviation Operation Support Service (Tianjin) Co. Ltd. was founded in Tianjin, China, to expand the international presence and improve customer proximity of the Diehl Aviation corporate division.

The Metering corporate division has acquired a majority stake in Stackforce GmbH, a company that develops embedded software for the communication of Internet of Things (IoT) devices and related use cases, through Diehl Ventures GmbH.

# **FUTURE- ORIENTED SOLUTIONS.**

**MANAGEMENT REPORT**



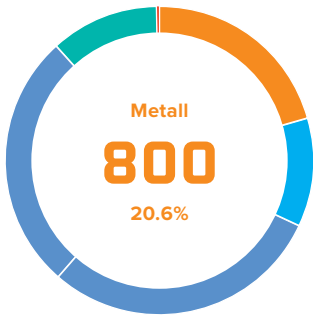
In the reporting year, the Metall corporate division was unable to continue the overall successful development of previous years in all strategic business segments. While Diehl Metal Applications and Diehl Advanced Mobility achieved their sales targets in the Progressive Metal segment, the expected above-average growth in earnings failed to materialize. By contrast, Diehl Brass Solutions and Diehl Metal Forgings in the Classic Metal segment were able to achieve stable results with their basic products in the brass sector. For 2024, it can be assumed that the two business segments in the Classic Metal segment will continue to pursue this strategy, while the two business segments in the Progressive Metal segment will have to adapt more quickly to the specific requirements of their markets. As a result of the corporate division's internal organization's efforts to clarify roles and responsibilities, the company is better equipped to address challenges in its strategic business segments in an efficient and targeted manner.

The year under review was very challenging for the strategic business segment (SBS) Diehl Brass Solutions as a manufacturer of semi-finished brass products. At the end of the previous year, the entire European brass industry was already experiencing significant economic restrictions, which were mainly due to the massive declines in the construction industry and the plumbing sector. The weakening economy had a severe impact on the company, prompting Diehl Brass Solutions to gradually adapt its capacities and respond to the situation by introducing short shifts and/or reducing working hours and thus maintaining its position as a reliable partner in the corporate division's operations. The company's innovative strength is most clearly demonstrated by its strategic focus on lead-free

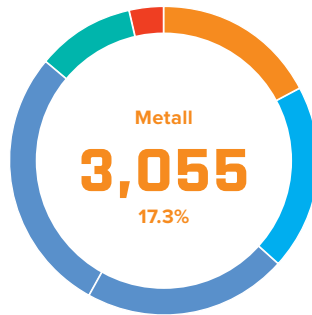
## MANAGEMENT REPORT



### SALES DIEHL METALL (MIO €)



### EMPLOYEES DIEHL METALL



applications. In this context, a new lead-free standard brass alloy named „eZeebrass“ with good market prospects was launched at the end of the reporting year. Major strategic infrastructure projects, which include CO2 reduction and the all-encompassing requirement for more sustainable production (circular economy), have also laid significant groundwork for future growth. These projects are complemented by the planning of new, efficient production facilities.

From a global perspective, SBS Diehl Metal Forgings had a successful reporting year and was once again able to increase its sales compared to the previous year. It is noteworthy that all operational units met or exceeded their primary targets, with China performing exceptionally well. Europe and its relevant markets continue to be heavily burdened by cost increases on a broad scale, which cannot be offset by improved efficiency alone. As expected, business



METALL

2023

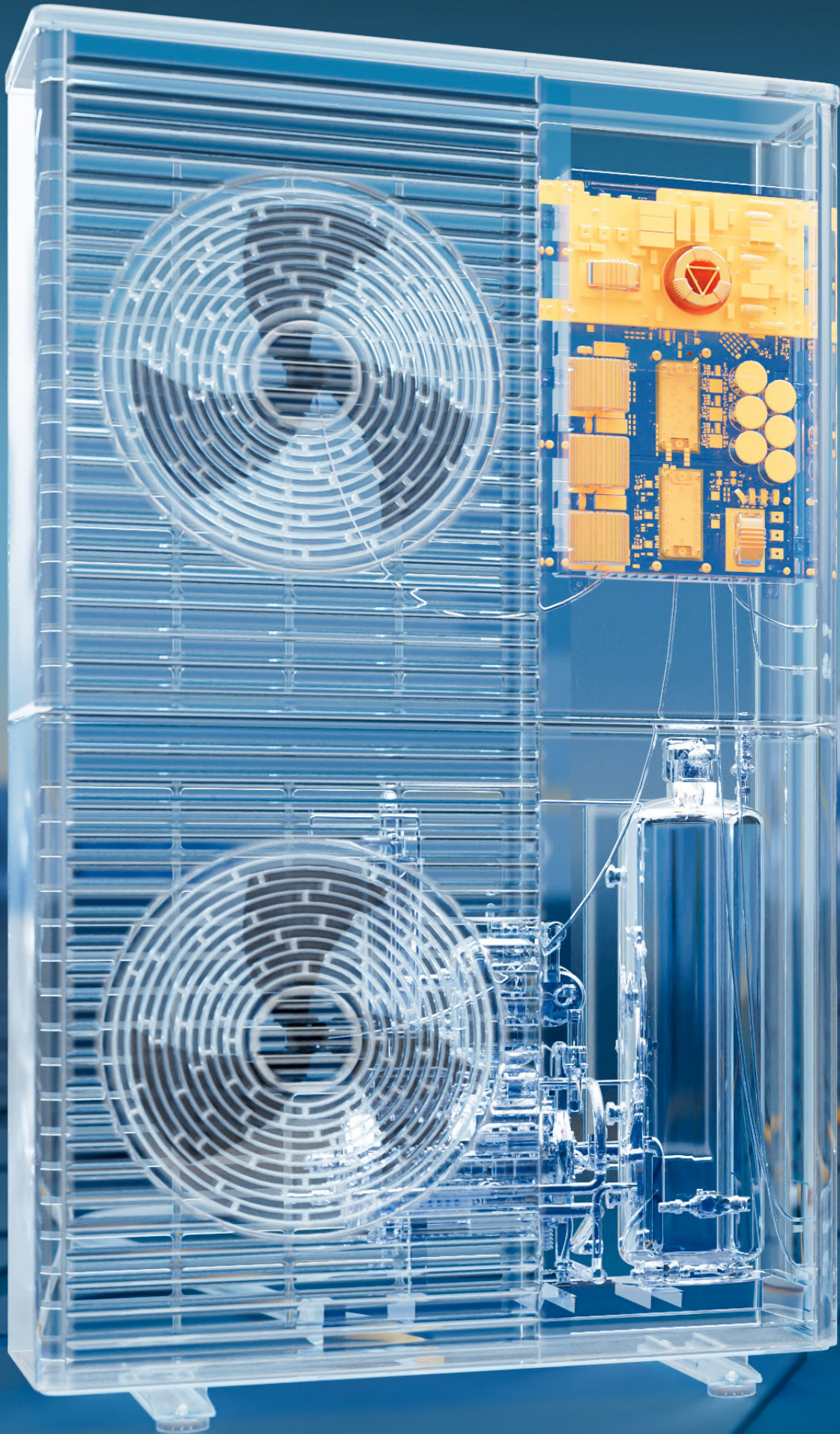
performance in Brazil and India was robust and stable. To further reduce the reliance on the traditional combustion engine in the SBS, the added value in the formed brass parts area was significantly increased in the reporting year due to a higher proportion of machined components in the product portfolio. This successful strategy will be further pursued in 2024.

At SBS Diehl Metal Applications, the new production facility in Teltow for the Sensor Housings product area was put into operation in the second quarter of 2023. The first punching press successfully started production at the Chinese sales and production site in Wuxi, and two more are in the pipeline. In the reporting year, SBS's

German locations in particular were once again severely affected by high costs and the ongoing shortage of skilled workers. Another factor was the sharp drop in orders beginning in August, which mostly occurred in the manufacturing sector. Despite comprehensive measures, the business segment was unable to take decisive countermeasures in the reporting year. On the other hand, the French locations helped maintain the business division's stability through constant development.

SBS Diehl Advanced Mobility, with its core product cell contact system for electric and hybrid drives, saw specific ramp-up issues in the electromobility industry in 2023. Although the business segment managed to further increase sales compared to the previous year despite these circumstances, the ramp-up costs were not at the planned budget level and therefore led to a lower operating result.

The Metall Corporate Division, with its strategic business segments in the areas of Classic Metal and Progressive Metal, made important strategic decisions for a successful future in 2023. However, the gloomy economic outlook for 2024 will continue to pose a major challenge for everyone involved. The sales and earnings are however expected to increase in the current year due to the corporate division's creative innovations, as well as the consistently high level of commitment and motivation of the workforce.





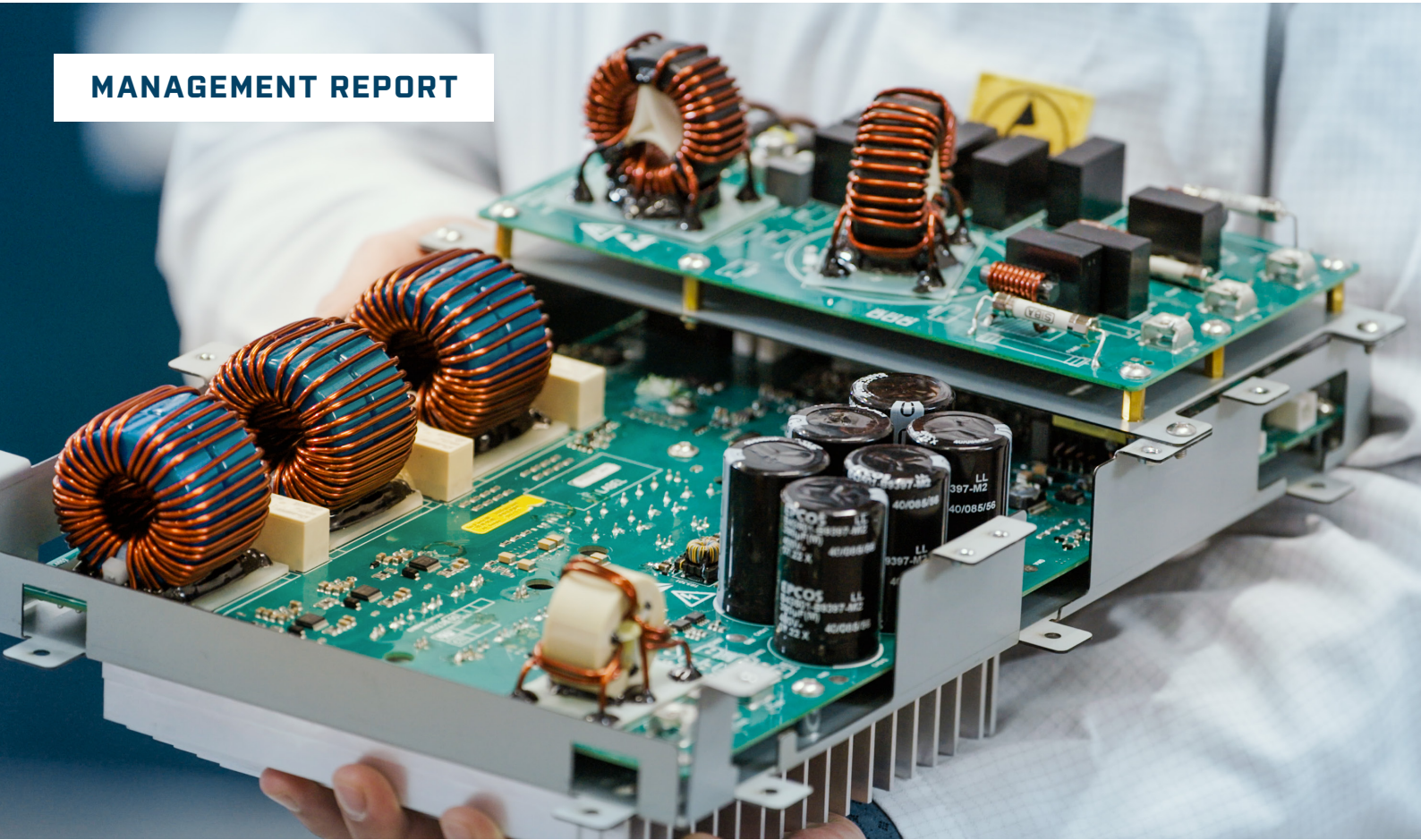
# FEEL THE DNA OF ELECTRONICS.

## MANAGEMENT REPORT

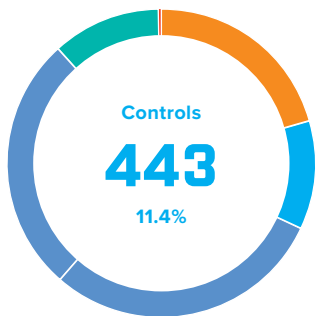
Due to the continuing decline in consumer spending in the key markets, Diehl Controls recorded a significant drop in sales in the year under review. The growth actually planned on the basis of customer information could therefore not be achieved due to considerable reductions in the number of units and postponements of new start-ups. The decline in orders in the Home Appliances division, which has been ongoing since the end of 2022, only stabilized at a low level towards the end of the reporting year. Furthermore, Diehl Controls had to deal with order backlogs at first to make up for the unexpectedly severe decline in the fundamentally promising heat pump sector in Central Europe. Regulatory uncertainty and higher interest rate burdens are causing unexpected distortions in this sector, which, at least temporarily, impede the environmentally sustainable expansion of the European heating sector. Nonetheless, Diehl Controls continues to focus on the undeniable advantages and long-term success of the heat pump business segment.

Diehl Controls also managed to acquire new customers and important projects in the future market of heat pumps in the year under review. The strategic realignment of the corporate division, which, in addition to the previously dominant supplier business for home appliances, also envisages a leading role in supplying European and global manufacturers for heating, ventilation, air conditioning and refrigeration (HVAC/R industry) with human machine interface

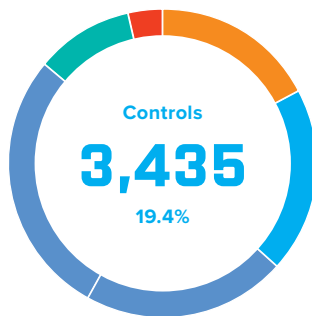
## MANAGEMENT REPORT



### SALES DIEHL CONTROLS (MIO €)

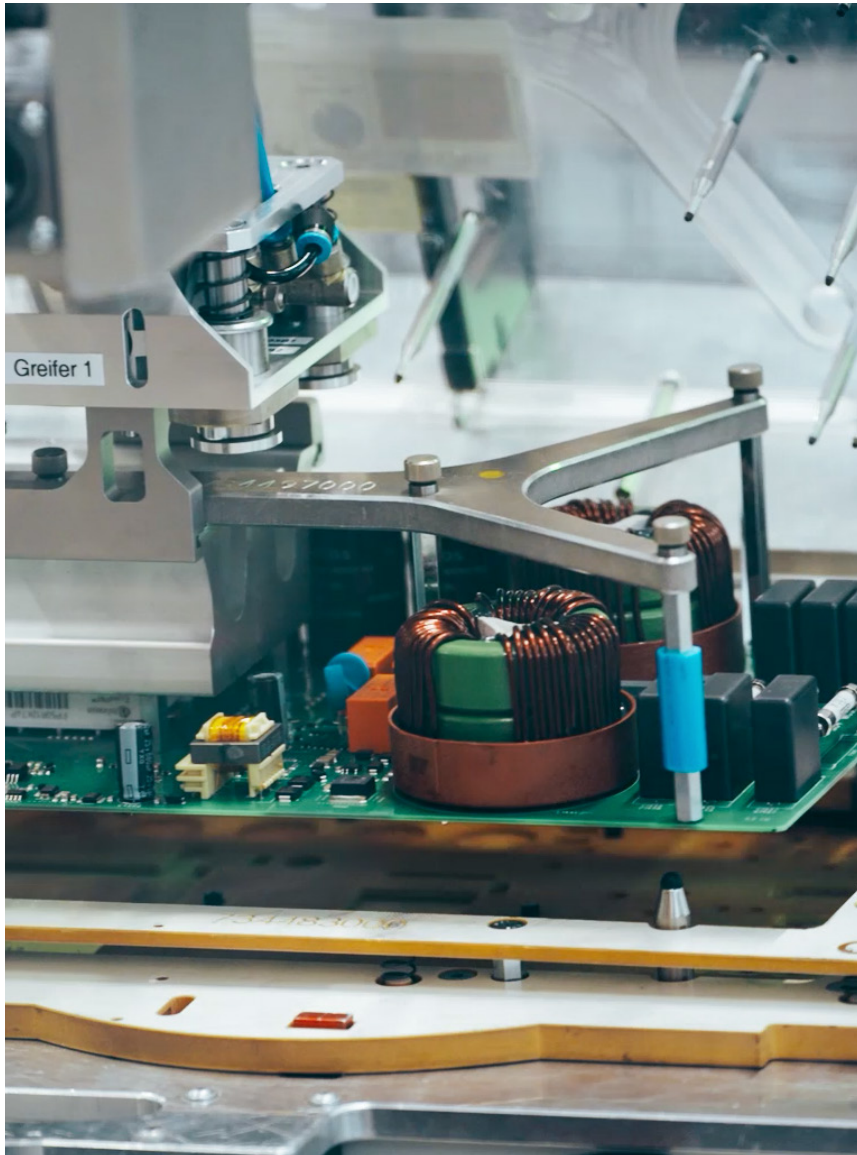


### EMPLOYEES DIEHL CONTROLS



components (HMI) and frequency inverters, has thus been successfully continued. The Home Appliance and Professional Appliance markets also saw significant growth and success. A new facility was opened in Qingdao, China, and a foundation stone was laid for a plant in Brasov, Romania, which is scheduled to start up in 2024. These events highlight the company's worldwide reach, global presence, and a customer-centric business approach.

Unfortunately, the Chinese market, which is important for Diehl Controls in Asia, did not show the expected recovery in the year under review. The first half of the year was dominated by inventory adjustments on the customer side, while the rest of the year was characterized by a slowdown in construction activity and a temporary deterioration in consumer sentiment. By contrast, the HVAC/R business segment developed positively. Business in North America benefited from the slight decline in inflation and the lack of expected increases in key interest rates in the second half of the year.



plicated designs, were also introduced in greater numbers. Diehl Controls is increasingly focusing on providing products for markets and customer solutions that support the decarbonisation of industry and society, thereby placing sustainability at the center of its own focus. Today, Diehl Controls' efficient drive controls are already reducing CO2 emissions from household appliances by hundreds of thousands of tons.

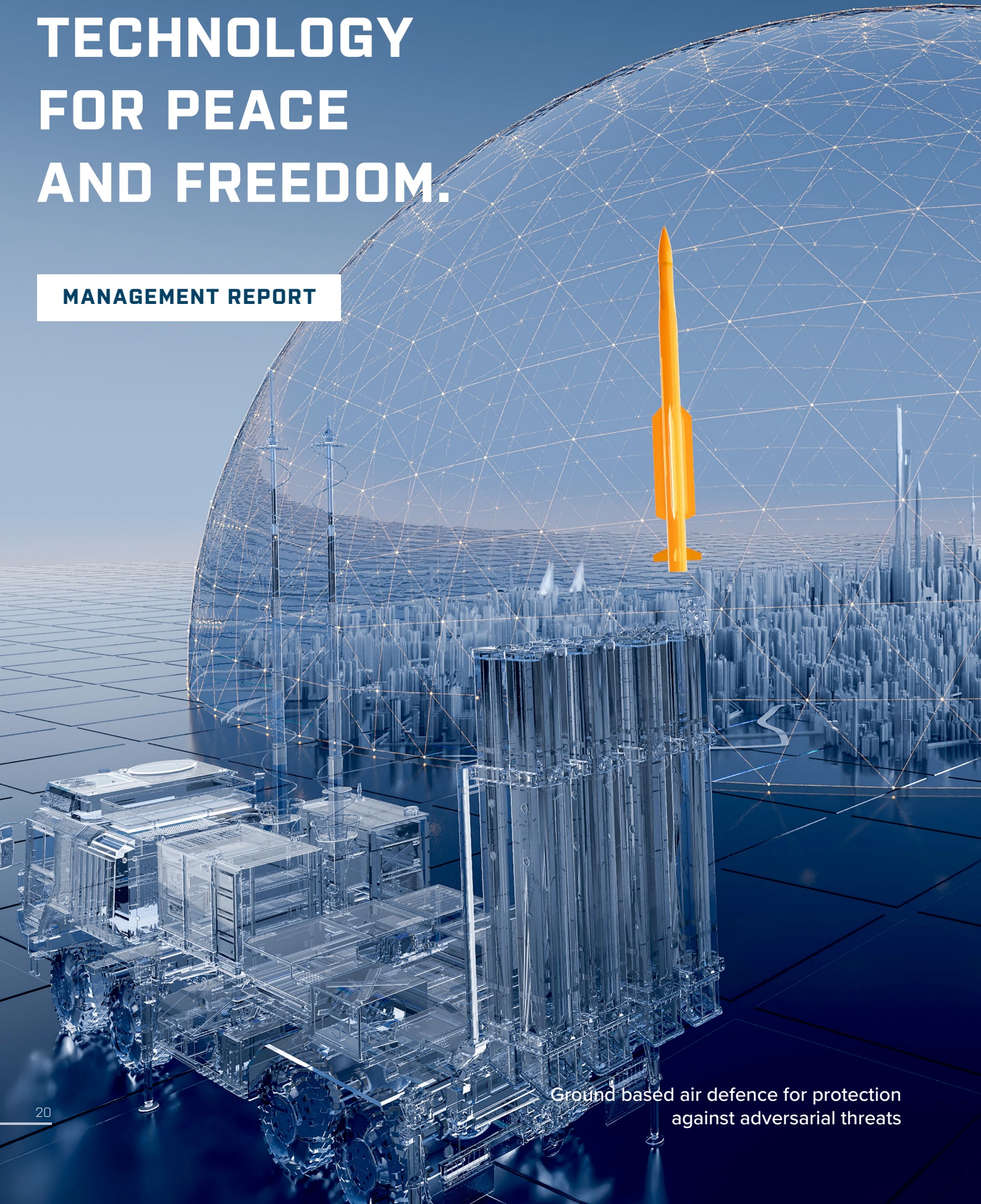
Business development in the year under review clearly demonstrates that the market for Diehl Controls products has undergone long-term change. A trend that will continue in the coming years. Control systems for household appliances can no longer be produced in Germany at competitive prices, as household appliance manufacturers are developing their own control systems and electronics suppliers from outside the industry are entering the highly competitive market. This is forcing Diehl Controls to transform its business and adjust its current personnel capacities. To this end, a socially sustainable downsizing program is planned at the Wangen site in 2024. Overall, Diehl Controls will grow even stronger as it transforms from German business with overseas branches into a worldwide networked enterprise. Diehl Controls' offensive and long-term future medium-term strategy is to grow, both strategically and sustainably, as a proven innovation and development partner for customers in the home appliances and HVAC/R markets in Wangen, as well as all other locations.

The reductions in volumes ordered by customers were thus smaller than in the other regions. The postponement of product launches by an important customer was almost compensated for by the short-term acquisition of new customer business with a production start-up in 2023.

As in previous years, a number of new products for the global HVAC/R and appliance markets were launched at the sites in Germany, Poland, China and Mexico in the reporting year. New, state-of-the-art inverters of the seventh generation will soon be available on the heat pump market, providing consumers with cutting-edge technology that is even more efficient. Electronic control panels for water boilers, a relatively new sector with products made mostly in Asia and featuring ever-more-com-

# TECHNOLOGY FOR PEACE AND FREEDOM.

**MANAGEMENT REPORT**



Ground based air defence for protection against adversarial threats

For Diehl Defence, the year under review was characterized by the ongoing effects of the pivotal point triggered by the war in Ukraine in the previous year. These serious changes have led to a prioritization of national and alliance defence, particularly in the European NATO countries, resulting in a sustained increase in equipment requirements. Germany, in particular, is rigorously reviewing its defence capabilities and the amount of ammunition it needs to purchase, which is why Diehl Defence's customer countries can expect to see rising defence budgets and a similarly rising trend in the availability of funds for the procurement of defence equipment in the foreseeable future.

Concluded contracts for ground-based air defence systems and ammunition, along with a follow-up procurement of IRIS-T missiles from Diehl Defence, demonstrate the German contracting authority's increased procurement activities in the reviewed year. That said, Diehl Defence believes that its product portfolio, particularly in the field of ground-based air defence, is ideally positioned to meet the demand of German customers and countries with similar export rights. The resulting growth strategy that Diehl Defence has pursued for several years has in turn led to rising sales and a large number of new hires. Diehl Defence has launched a change program to improve its position as a leading supplier of air defence and ammunition systems, to get ready for the current and future challenges, and to sustainably implement the growth that is forecast for the next several years.

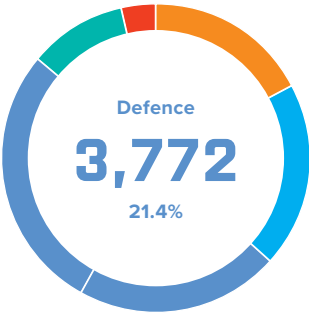


**MANAGEMENT REPORT**

**SALES DIEHL DEFENCE (MIO €)**



**EMPLOYEES DIEHL DEFENCE**



Diehl Defence GmbH & Co. KG's order backlog was largely boosted by contracts for guided missiles and ammunition, as well as sales results for ground-based air defence systems (GBAD). The GBAD IRIS-T SLM system's program highlights during the reporting year included the delivery of two additional fire units to Ukraine and the signing of a contract to supply systems to the German armed services beginning in 2024. The European Sky Shield Initiative (ESSI), launched by Germany, is another source of potential, as are purchases made by member nations. In the year under review, Diehl Defence managed to acquire its first ESSI customers in Estonia and Latvia. Todendorf, which is located on the Baltic Sea, became the joint training facility established by Diehl Defence to strengthen its collaboration with the German Air Force in the area of ground-based air defence. A framework agreement for the procurement of 155mm artillery ammunition, which was signed with the German customer, marked Diehl Defence's continued successful sales performance. The first missile firing from the



KF-21 fighter aircraft, which is now being developed at Korean Aerospace Industry (KAI), is another major accomplishment in the IRIS-T program and a key factor for the company's future success.

AIM Infrarot-Module GmbH managed to significantly increase sales, incoming orders and orders on hand in the year under review, particularly through IRIS-T, RAM and SMart ammunition programs. Efforts were made in the reporting year to boost the production of IRIS-T, SMart, and AIM-9X cooler detectors in line with the forecast growth. JUNGHANS Microtec GmbH also recorded increases in sales, incoming orders and orders on hand of around one third. DynITEC GmbH even managed to double its turnover. The continued growth of business in all strategic

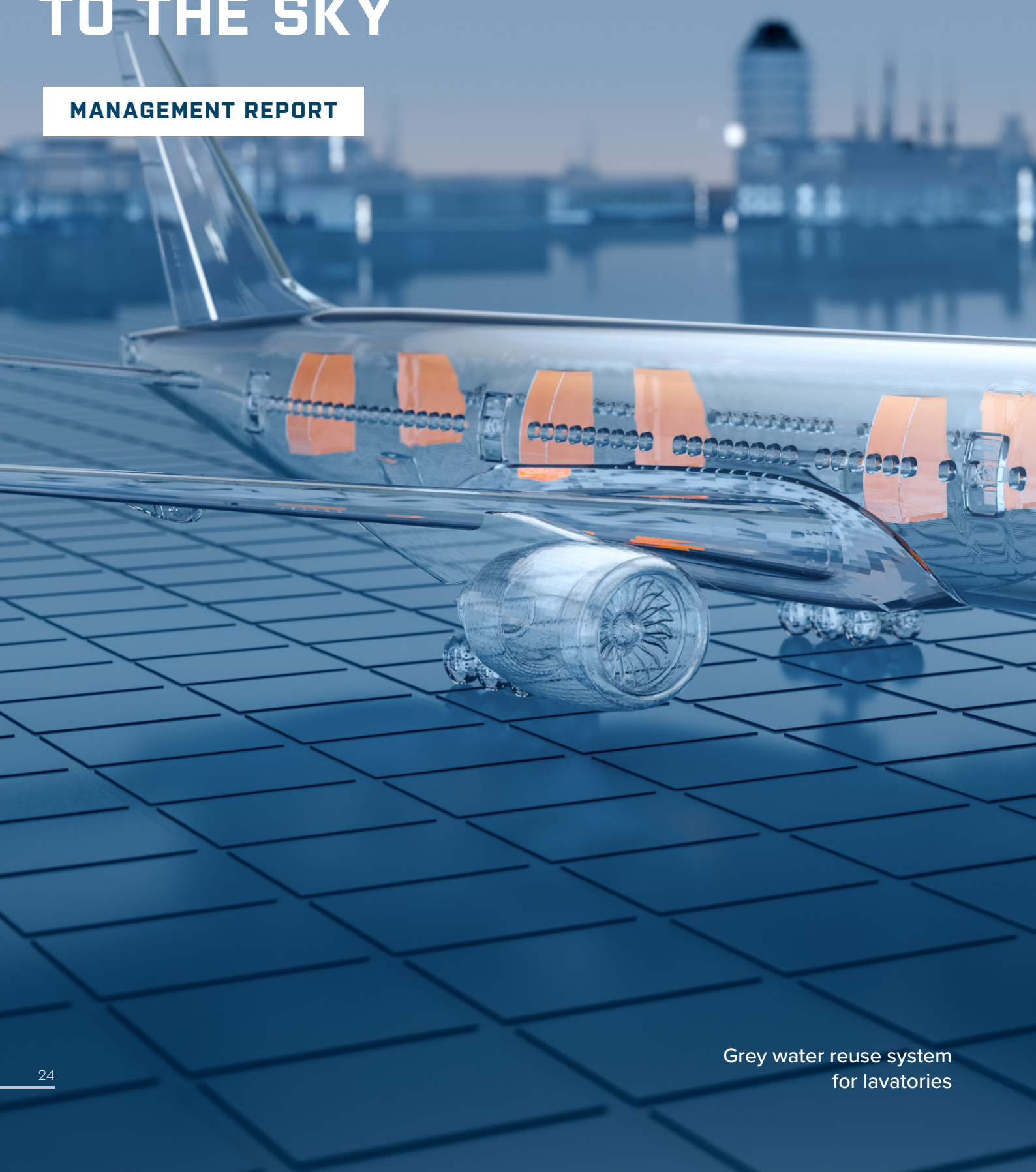
business segments also requires large investments to increase capacity at all corporate division's locations. The reporting year saw the beginning of construction activities in Überlingen, Röthenbach, and Nonnweiler, and these will continue in the years to come. DynITEC continues to negotiate an expansion of its site in Troisdorf with local politicians. In Überlingen, the expansion of the site was contractually agreed with the city of Überlingen in 2023.

Diehl Defence will be a part of a consortium developing hypersonic weaponry as part of HYDEF (Hypersonic Defence Interceptor Study), a cutting-edge technology project that will be underway in the next years alongside FCAS. Chosen as the first European program to fight against hypersonic threats


the year before, the HYDEF consortium signed a corresponding development contract with the OCCAR procurement agency in the reporting year. As an integral part of the family-owned technology Group, Diehl Defence will continue to contribute to the national security and defence precautions. This is being achieved in particular by strengthening the company's own market position in its core business, by consistently expanding its position as a provider of ground-based air defence systems, missiles and ammunition, and by pursuing a tried-and-tested strategy of product-specific cooperation with selected strong partners on international markets.

# VALUE TO THE SKY

**MANAGEMENT REPORT**

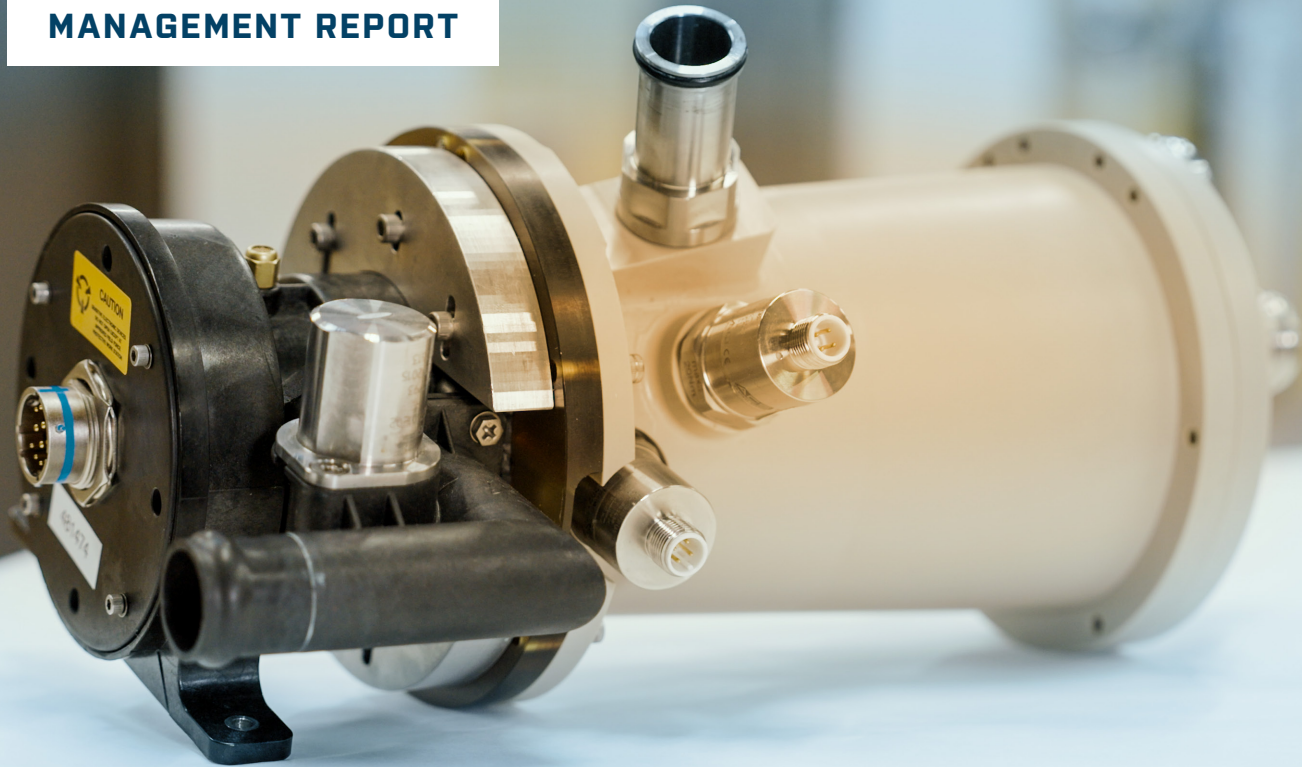






In the year under review, Diehl Aviation managed to achieve even more impressive business results due to the ongoing growth in volumes. For the first time since the aviation crisis, the corporate division managed to generate sales of over 1 billion euros again. Diehl Aviation's products and services are in consistently high demand among aircraft manufacturers and airlines, both for original equipment and after-sales support. Consequently, the aviation sector is getting back on track after taking a brief hiatus due to the COVID-19 outbreak. Passenger numbers in the reporting year have now reached pre-crisis levels. This positive development is primarily based on domestic air traffic in the major domestic markets, where short and medium-haul aircraft are used. The major aircraft manufacturers reported large orders in this segment for 2023, including the record-breaking purchase of 500 Airbus A320neo machines by the Indian airline Indigo. International air traffic, particularly long-haul and wide-body jets, also recorded a positive trend, although it has not yet fully returned to pre-crisis levels. Aircraft manufacturers also recorded an increase in orders in this segment, particularly during major industry events such as the Paris Air Show and the Dubai Air Show. Airlines are benefiting from the continuous rise in demand and are gearing up for the expected growth of the entire industry. This is reflected not only in new aircraft purchases, but also in comprehensive cabin upgrades for existing fleets adding a new dimension to the appeal of the company's services. This also includes the upgrades for Airbus A380 aircraft, which had actually already been planned to be phased out before the crisis.

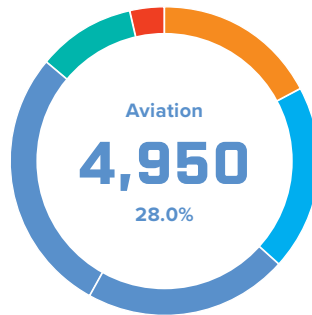
## MANAGEMENT REPORT



### SALES DIEHL AVIATION (MIO €)



### EMPLOYEES DIEHL AVIATION



Airbus, Diehl Aviation's major customer, commissioned it to design and manufacture roomy storage compartments for the Airbus A220 during the previous fiscal year. The luggage compartments offer 20% more storage space and significantly more comfort for passengers. The company also managed to expand its customer base in the air cab sector. Various suppliers already rely on Diehl Aviation's expertise, particularly in the area of flight controls, but also in cabin equipment. The company believes it is well positioned to benefit from the growth market of Advanced Air Mobility (AAM). Given its military expertise, the corporate division was commissioned to develop the Tiger Armament Computer (TAC), which included the operating system for the upcoming Tiger program.

Given the positive results of the previous fiscal year, it is now critical to ensure the simultaneous ramp-up of aircraft manufacturers in nearly all aircraft programs. Diehl Aviation has already demonstrated its ability to successfully accompany such



ramp-ups and has made the requisite organizational arrangements in the reporting year, for example, by implementing projects to improve operational excellence. A new production site in Mexico was planned to be established in 2023 as a medium-term strategy to enhance the company's internationalization. This step is intended in particular to strengthen customer proximity in the Americas, and thus boost the company's overall competitiveness. The location is scheduled to open this year. By establishing a Customer Collaboration Space close to Seattle, Diehl Aviation is bringing its products and solutions closer to clients and expanding its global presence, which will allow the airline and aircraft manufacturer customers to try out Diehl Aviation's products on site. As part of its efforts to broaden its global reach and bring its services closer to its customers, the firm has also established two new represen-

tative offices in Beijing and Tianjin, China, to better assist local clients.

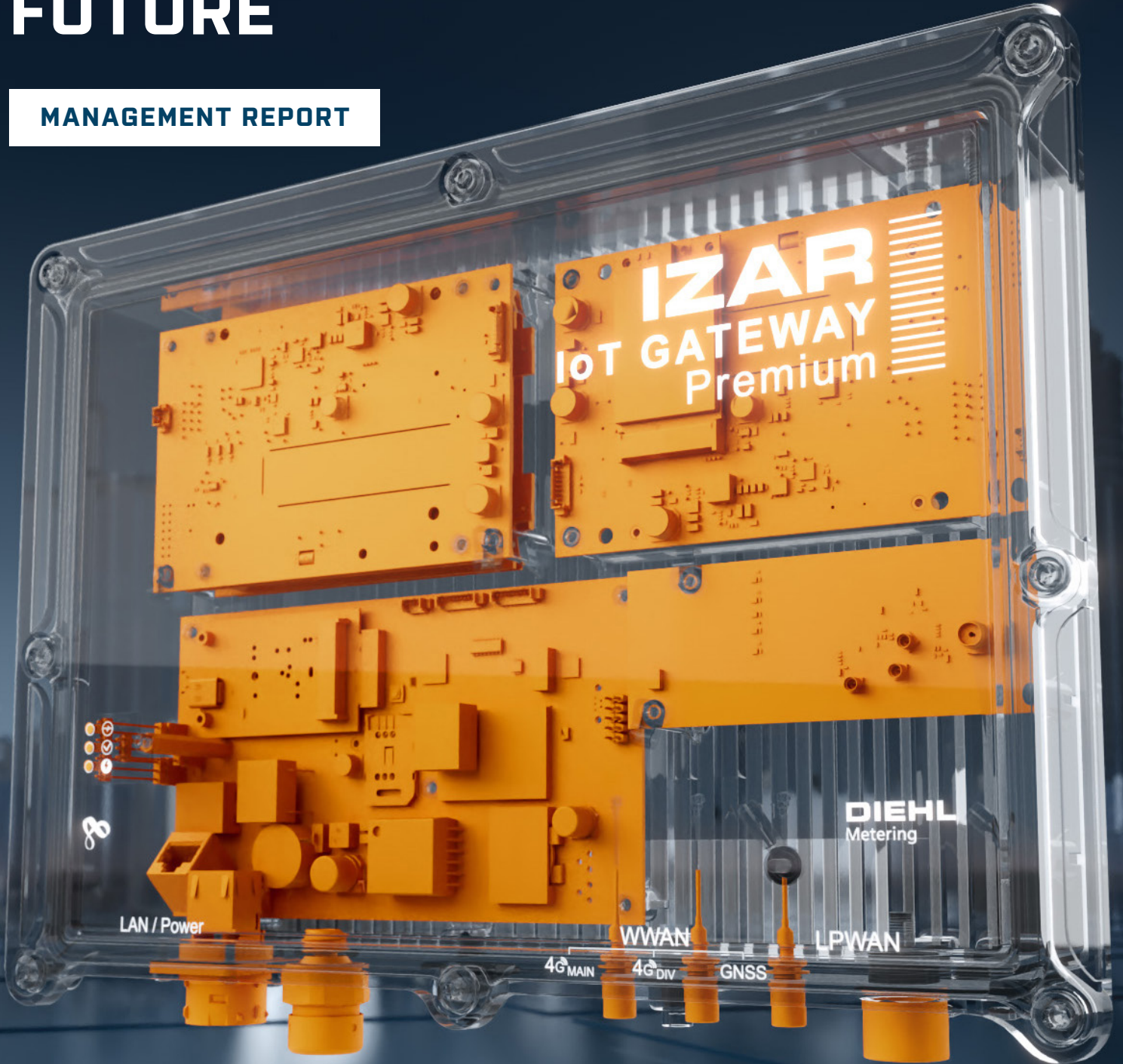
Sustainability is playing an increasingly important role in aviation. As a provider of lightweight construction and electronics solutions, Diehl Aviation managed to promote numerous innovations in this area and thus strengthen its market position. This includes products for electronically operated air cabs as well as alternative, recyclable materials. For example, the corporate division has developed special air outlets made of particle foam, which are already being supplied as weight-saving and recyclable alternatives and are already helping to reduce CO<sub>2</sub> emissions. The corporate division is continuing to streamline the Grey Water Reuse System, which recycles the water used for hand washing to flush toilets. As a co-leader of the i+s Cabin 2.0 research project, which brings together

universities, airlines, suppliers, and aircraft manufacturers, the corporate division made further progress in developing the future networked cabin. This opens up entirely new opportunities for the collection and utilization of valuable cabin data by developing solutions and standards for future applications.

Diehl Aviation faced numerous challenges in the reporting period. Above all, this included stabilizing the supply chain. Supply bottlenecks, limited component availability, inflation, high energy and transportation costs often made it difficult to procure the necessary materials costeffectively. This includes the detrimental consequences of the skilled labor shortage, which is impacting the aviation sector globally. Experts project that the world's aircraft fleet will double by 2040. As an innovative and reliable supplier with a diverse portfolio, Diehl Aviation is well-positioned to benefit from this growth. To do this, the company will keep expanding its global reach to bring its products and services even closer to its customers, as well as boost its competitiveness. Besides, Diehl Aviation is still putting a lot of effort into the ongoing optimization of operational excellence. Recruitment of new specialists has also become one of the top priorities. Despite the numerous challenges, the corporate division remains positive about the future and anticipates further sales growth in the current year.

# EMPOWER A SUSTAINABLE FUTURE

MANAGEMENT REPORT



IZAR IoT GATEWAY Premium for Smart Cities

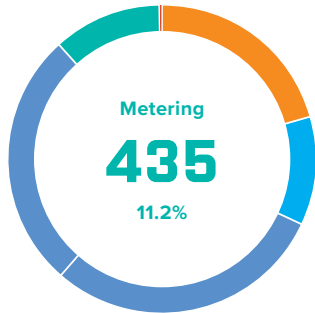
Diehl Metering managed to continue the positive development of recent years in the year under review and even significantly exceed its sales targets. This has to do with an improvement in the global economic situation, the availability of raw materials, and Diehl Metering's focus on changing customer requirements. Water and heat meters, connectivity, and IoT solutions saw particularly strong market growth and increased demand. As cities and municipalities get digitalized, there is a growing global demand for the meter data processing and analyzing solutions. Diehl Metering believes that it is ideally positioned to meet this demand with its innovative technology and software solutions. An additional special investment program increased worldwide production capacities and a customer relationship management (CRM) tool was introduced to further enhance customer cooperation.

The reporting year was characterized by successfully acquired or implemented customer projects in numerous countries worldwide. Several projects have been won in the USA, where customers have opted for the Diehl Metering HYDRUS 2.0 ultrasonic water meter due to its metrological capabilities and connectivity. In Italy, the corporate division was chosen as a one-stop solution provider for a mioty® network, which included Hydrus 2.0 water meters, gateways, and analysis software. In Sweden, Diehl Metering is helping municipalities to digitalize their water networks, while in Saudi Arabia, the company's smart metering technologies have been chosen to implement an innovative smart city project.

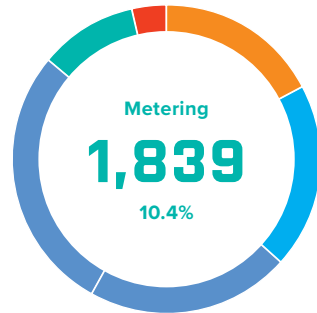


**MANAGEMENT REPORT**

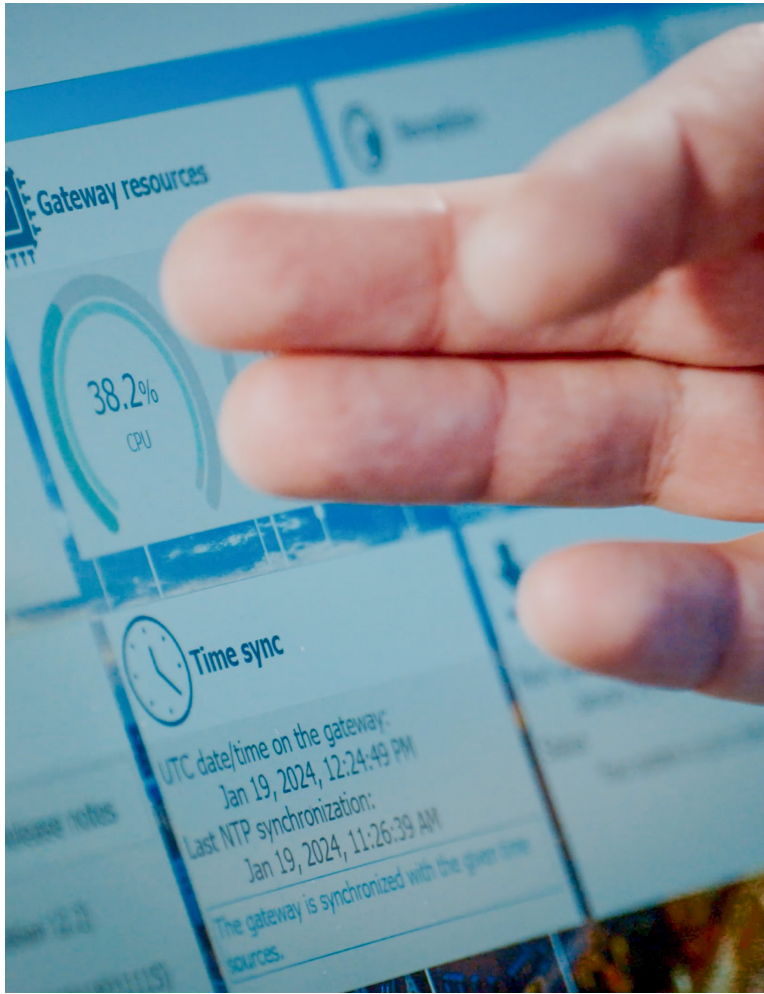
**SALES DIEHL METERING (MID €)**



**EMPLOYEES DIEHL METERING**



Particular emphasis in all implemented projects was placed on the ability to expand existing networks as required and to combine other sensors, including water and heat meters, in one system. The development of a smart city is a major issue in many large cities, but now also in smaller municipalities. The mioty® radio technology co-developed by Diehl Metering offers decisive advantages in terms of multi-connectivity, range and robustness. The IZAR IoT GATEWAY Premium presented by the corporate division at the end of the year is compatible with all conventional wireless technologies. It is also open for future technologies such as OMS5. IZAR IoT GATEWAY Premium can connect up to 100,000 sensors , and ensure that smart



Sustainability also continues to play an important role at Diehl Metering, which includes regular reviews of current processes and ongoing product portfolio improvements to reduce the carbon footprint at all locations worldwide. The ultimate goal is to achieve CO2 neutrality. The release of a new generation of the ALTAIR water meter marked an important milestone, as the new environmentally friendly design greatly improves the product's service life and resistance to wear. The corporate division will further pursue the objectives and the 7-point program to promote sustainability as part of its commitment to the United Nations Global Compact. The following important milestones were reached in the reporting year: All Diehl Metering locations can boast at least the bronze medal in the ECOVADIS rating. The Saint-Louis site in France, which has now been awarded Gold status, deserves particular mention. Diehl Metering will continue to develop its product and software portfolio under these self-imposed framework conditions and respond even more closely to specific customer needs. That said, the corporate division is optimistic about the future of their company and its ability to keep growing in 2024.

city networks can be easily expanded as part of digitization projects, thus saving a lot of money and human resources for the utility. The Analytics & Services business unit, which was founded in 2022, is responsible for processing the data collected, primarily from water meters. The Water Loss Management software solution developed by Diehl Metering allows you to optimize water networks and detect water leaks at an early stage. Utilities can promptly repair damage to the water network and significantly reduce the proportion of non-revenue water by using this software. Initial projects with customers in Europe and other regions help to further optimize the tool and gain important insights into the needs and challenges of the industry. This software solution also contributes to the more sustainable use of water, an increasingly precious resource that is made available to end users as consistently as possible with the best quality.



## OPPORTUNITIES, RISKS AND OUTLOOK

The German government believes that the German economy will continue to face challenges in early 2024 (Source: Annual Economic Report of the Federal Government 2024, page 156). The renewed rise in real wages and the robust labor market trend are expected to promote a domestic economic recovery this year, while the outlook for foreign trade remains subdued due to the numerous geopolitical crises and tensions, as well as the lingering, growth-dampening effects of monetary policy tightening in key trading partners. The Federal Constitutional Court's ruling poses also new challenges, such as the need to adjust or prioritize the federal government's financial planning. Nevertheless, the German government assumes that the negative effects, which will tend to ease over the course of 2024, will soon be replaced by the positive, domestic

economic factors. A slight increase in price-adjusted GDP of 0.2 % is expected for 2024 as a whole (source: *ibid*). According to the DIHK economic survey, businesses continue to have pessimistic expectations and a significant level of uncertainty. Companies were primarily concerned about the state of the domestic economy and its underlying structural issues, such as a lack of qualified personnel, increasing labor costs, and persistently high energy and raw material prices (source: DIHK business survey for February 2024). However, larger companies would particularly benefit from the astonishing resilience of the global economy, which, in addition to optimistic export expectations, would also lead to better business expectations overall than for smaller and medium-sized companies (source: *ibid*). With the implementation of the





Supply chain due diligence act by the German government on January 1st, 2023, German companies are assuming greater responsibility for their suppliers. However, it is expected to take a great deal of time and effort. In addition to bureaucracy, there are significant additional expenditures associated with new workers and external service providers, as well as the continued growth of the compliance area.

As an internationally positioned and broadly diversified company, the Diehl Group has successfully navigated the crises of recent years and their diverse effects, and is now focused on further profitable growth. Diehl anticipates that its Metall and Controls divisions will be adversely affected by the persistently bleak economic forecast, while their Aviation and Metering divisions are likely to benefit from the current trend towards environmentally friendly technolo-

gies and products. Defence will remain at a high level. High energy prices continue to have a significant impact on business in almost all corporate divisions, while the problem of strained supply chains has eased somewhat thanks to better availability of raw materials. The war in Ukraine has led to a reassessment of defence efforts in Europe and beyond, which is why massive investments are now being made in national defence in many countries, including Germany. This will have a long-term impact on the type, scope and speed of procurement measures implemented by the armed forces, both in Germany and in other NATO countries. Under these circumstances, the Diehl Group's orientation as a conglomerate will continue to have a stabilizing effect. The company's risk management procedures enable economic risks to be identified and assessed ahead of time, allowing for the timely implementation of corrective actions.

Diehl has a comprehensive strategy for maintaining and securing IT systems (back-up solutions, emergency data centers) as well as for safeguarding contractual delivery obligations. The central CISO office collaborates closely with IT specialists from all departments to ensure that the company's digital applications and systems are continuously developed and rigorously secured with additional tools. Despite all the measures taken and to be taken in the event of an emergency, there is naturally still a residual risk of temporary business interruptions with possible effects on the Group's sales and earnings.

In addition to the risks described above, the Group's activities have a number of peculiarities:

Traditionally, about half of the business volume in the Metall Corporate Division depends on the market prices for copper and zinc. High volatility leads to fluctuations in sales, without any effect on the employment situation though. Therefore, sales forecasts are generally difficult to make for Diehl Metall. This is especially true when the metal industry's complicated frame-work conditions, which include challenges such as affordable power supply and a continuous shortage of competent personnel, are exacerbated by huge economic uncertainty. According to forecasts (source: M+E Economic Report February 2024), Germany's economic development, which is substantially below average by worldwide standards, will continue in 2024 as industrial production continues to drop. However, Diehl Metall, with its strategic business fields in the Classic and Progressive Metal segments, sees itself well down the road to successfully meeting the changing demands of the markets. The company continues to focus on the socially

desirable transition from the classic combustion engine to environmentally friendly and climate-friendly drives. As an automotive supplier with extensive development expertise, Diehl Metall is a competent partner to the international automotive industry in the development of pioneering solutions, including components for cooling systems and power modules as well as parts for sensor technology and contact systems for battery storage. Our corporate policy is based on environment-oriented approach, which allows us to play a significant role in promoting a sustainable future.

2024 will also be a challenging year for Diehl Controls. Control systems for household appliances can no longer be produced in Germany at competitive prices. The market slump is forcing Diehl Controls to transform its business and adjust its current personnel capacities. In order to become sustainably profitable again, the corporate branch will have grow even stronger as it transforms from German business with overseas branches into a worldwide networked enterprise. The locations in Poland, China and Romania are becoming increasingly important as part of this strategy. In the medium term, Diehl Controls intends to grow again as a proven development partner for customers in the home appliances sector and, in particular, the HVAC/R markets.

Due to the change in the European security situation since the beginning of the war in Ukraine, Diehl Defence is facing a further increase in demand. As a partner of the Bundeswehr since its foundation, Diehl Defence will continue to contribute to the security and defence in Germany and the NATO alliance. This does not only apply to procurement projects but also to development shares in international cooperation



## OPPORTUNITIES, RISKS AND OUTLOOK

projects. The company's growth and the necessary capacity expansion of personnel, infrastructure and suppliers will be a sustainable opportunity and a huge challenge over the next few years. In the near future, Diehl Defence's growth efforts will focus on building up its own capacities and strengthening the supply chain.

Diehl Aviation, as a major supplier to the long-haul market, can still feel the effects of the airline crisis, since demand in this area grows at a slower rate than that for in-country aircraft. The company is looking to establish further cooperation with Boeing, Embraer and Bombardier in an effort to broaden its client base. To do this, the company will keep expanding its global reach to bring its products and services even closer to its customers, as well as boost its competitiveness. Stabilizing the supply chain remains one of the corporate division's major challenges. Supply bottlenecks, limited

component availability, inflation, high energy and transportation costs make it difficult to procure the necessary materials cost-effectively. In view of the predicted doubling of the global aircraft fleet by around 2040, Diehl Aviation, as an innovative and reliable supplier with a diverse portfolio, is well-positioned to benefit from this growth.

Sales at Diehl Metering grew by around 20% from 2022 to 2023 and the trend continues to point upwards. With its products available in numerous markets throughout Europe and the United Arab Emirates, Metering is the industry leader focusing on growing into a solution provider and developing digital business models. Metering and Connectivity will remain at the core of the company's activities and will be increasingly strengthened by Analytics and Service Activities. The corporate division will continue to develop its product range in the future and support its customers in setting up networks and smart

cities. All its activities are focused on sustainability. With its long-standing self-image, which is reflected in the corporate claim „Empower a Sustainable Future,“ and its innovative products, Diehl Metering sees itself well-positioned in the market as environmental, economic, and social sustainability are at the core of all decisions for the company's global customers. However, it is important to further pursue this strategy, as the requirements for greater sustainability in all areas require constant efforts in product development, for example to improve the service life or resistance to wear and tear.

Sustainability is still a top priority for the Group and all corporate divisions. As a family-owned company operating internationally, Diehl has always attached great importance to sustainable and economically efficient approach, using the tried-and-tested method of combining tradition with innovation. The company's mission statement explicitly outlines: „Leading Technologies for a Safe and Sustainable Future“. A Group-wide sustainability structure ensures the overall coordination of the Diehl Group's numerous sustainability efforts, allowing relevant issues to be incorporated as a critical component in all key decisions. In addition, the Diehl Group compiled its first sustainability report, which provided a comprehensive overview of the situation based on publicly available key figures and management practices, and helped understand the material effects of the Company's business activities.

The Diehl Group has very good prospects of significantly increasing sales in the coming years through broad-based growth. This applies in particular to Diehl Defence and Diehl Metering and, in a more challenging market environment, also to Diehl Aviation and Diehl Metall. However, there are numerous hurdles to overcome along the way, because whether it is a ramp-up, restructuring or further strengthening of profitability, every change process demands a great deal from those involved. In addition, there are ongoing uncertainties in planning due to the high energy prices in the wake of the war in Ukraine. The continuing weakness of the global economy, the ongoing tensions between the USA and China, the further course of the war in the Middle East and the outcome of the elections in the USA are also having an impact on the markets. Despite this, the Diehl Group remains optimistic about the future. Having coped with the overlapping crises of the past, the company is now focusing on further expanding its growth strategy. This includes, in particular, the unconditional review of all activities with regard to their long-term prospects and the further expansion of the technology and product portfolio. Diehl's decentralized structure, which has been a crucial formula for success, will be strengthened even further, as will the Group's focus on major future issues, such as digitalization and sustainability. Due to the established risk management system, the risks existing in the corporate divisions are classified as moderate from the Diehl Group's perspective.

Given the ongoing unfavorable conditions, the Diehl Group is in for another tough year in 2024. Considering the Diehl's Group well-established market position and the diverse portfolio of its five corporate divisions, there is a strong belief in the company's ability to maintain steady and sustainable growth, taking into account both the potential opportunities and risks. Diehl expects a significant increase in sales to around € 4.8 billion this year, as well as a slight improvement in earnings.

Nürnberg, April 2nd, 2024

Diehl Verwaltungs-Stiftung

Dr. Klaus Richter	Jürgen Reimer
Jens Böhlke	Dr. Christof Bosbach
Dieter Landgraf	Helmut Rauch
Dr. Jörg Schuler	Carsten Wolff



## EMPLOYEES

FISCAL YEAR

2023

# LIVING A COOPERATIVE CULTURE.

On the reporting date, December 31st, 2023, the Diehl Group employed a total of 17,665 people at its locations around the world. A comparison with the previous year (16,550) shows an increase of 1,115 employees (6.7 %) due to the continued rise in business volume, particularly in the Defence (582) and Aviation (443) corporate divisions. On the reporting date, 11,686 people were employed at the Diehl Group's German locations (previous year: 10,643). In Germany, this means a personnel increase of 1,043, mainly due to the expansion of the Defence (564) and Aviation (270) corporate divisions. The proportion of persons employed domestically has thus increased to 66.2 %.

Qualified dual vocational training in the company as a proven basis for securing the next generation of skilled workers and young academics largely contributes to securing the future demand for skilled workers at the company's locations. Compared to previous years, the number of junior staff currently employed has once again increased to 455 trainees (2022: 400) – of which 387 (2022: 354) in Germany. They are trained in over 20 recognized occupations at 14 training facilities around Germany. A total of 87

junior employees are currently enrolled in the dual study programs offered at nearly all training facilities. In close cooperation with universities, we offer over 10 various career programs that combine studies and advanced on-the-job training placements in the company's locations. 22 more prospective professionals from other affiliated partner companies that do not offer in-house training were enrolled in the career-related basic and specialist training programs to acquire the relevant hands-on skills at Diehl's training facilities.



## EMPLOYEES

Diehl continues to offer young people from crisis-hit regions the chance to get qualified vocational training with subsequent employment in the company to facilitate their integration into society. Eight young refugees are currently undergoing dual vocational training at our training locations.

Over the reporting year, we enhanced and expanded our various training marketing activities at all locations to get as many students as possible enrolled in our career training and dual study programs. Digital information services will further support in-person appointments at schools and other related events such as trade fairs, career guidance days, and brief internships at some locations. Students were excited about the 2023

expansion of the already popular short-term trial work placements, which gave them a taste of the working environment and an overview of the career opportunities.

To encourage young women to pursue technical careers, Diehl has long been an active participant in training programs such as „Girls' Day“ and „Girls for Technology Camp“ run by Bildungswerk der Bayerischen Wirtschaft e. V., as well as similar educational initiatives in other German states. Throughout the reporting year, Diehl continued to update its members on training news and developments by posting a variety of content on numerous social media platforms, covering a wide range of topics related to training and dual studies.



Diehl's future sustainability and appeal as an employer depend heavily on its specialist staff and managers, as well as their qualifications. In order to promote a lively learning culture, it is necessary to increasingly focus on virtual qualification in addition to continuing traditional face-to-face approaches in order to be able to offer suitable measures and learning content. To develop a vibrant learning culture, it is vital to focus more on virtual training while maintaining traditional face-to-face activities and offering appropriate learning content. Whether for employees with required potential for higher-level duties, junior staff or experts, the scope of on-the-job and off-the-job training opportunities at Diehl will continually be adjusted to current requirements and supported by digital tools.

As a family-owned company, Diehl attaches great importance to the compatibility of family and career. While Diehl has come a long way in fostering a family-friendly work environment, there is still much work to be done at the Group's locations to implement a great number of successful strategies that will allow parents to prioritize spending time

with their families without sacrificing their careers. This also includes the goal of hiring more women into managerial positions. The percentage of women does not fall below the quota that has been reached in the relevant managerial levels, as required by law.

Diehl's success can be attributed to the great ideas that our skilled and committed workers all over the world bring to the table. The overlapping crises that have occurred over the past few years have shown that the challenges could only be overcome by exceptionally committed staff. This also holds true for the fiscal year 2023. The Executive Board would like to extend its heartfelt gratitude to all employees and their representatives whose unwavering objectivity and helpful collaboration has guided the company to sustainable, future-proof solutions.

# SUSTAINABLY SHAPING THE FUTURE TOGETHER.


## SUSTAINABILITY

As a family-owned company operating internationally, Diehl has always attached great importance to a sustainable and cost-efficient approach by combining tradition and innovation. The company's mission statement explicitly outlines: „Leading Technologies for a Safe and Sustainable Future“.

To ensure that sustainability considerations are a critical component of all major decisions, the Diehl Group's Group-wide Sustainability Division coordinates the sustainability initiatives undertaken by the Company. This year, the Diehl Group compiled its first sustainability report, which provided a comprehensive overview of the situation based on publicly available key figures and management practices, and helped

understand the material effects of our company's business activities. In doing so, the company has focused on the established Sustainability Reporting Standards. This broad, all-encompassing perspective will be further expanded in the next years in accordance with CSRD requirements. The first Group-wide sustainability strategy cornerstones were developed using a basic materiality analysis. These include sustainable and safe production, corporate governance, supply chain, as well as goods that promote sustainability and safety. This clearly demonstrates the Diehl Group's long-term, Group-wide ultimate objective to ensure sustainability. The company adapts its strategies accordingly so that it can continue to actively make measurable improvements to ensure greater sustainability.





Industrial manufacturing locations are facing increased demands due to the energy transition and climate protection. Diehl will also actively participate in reducing global warming. The CO<sub>2</sub> footprint was therefore established as the first Group-wide key issue where action is needed. Scope 2 (indirect emissions) and Scope 1 (direct emissions) reduction targets have been developed by all corporate divisions based on the measurement results. Diehl is investing more in resource-saving technologies and renewable energy sources in order to meet these objectives. A newly established, Group-wide Energy Consulting Team will ensure the further development of the energy strategies. In addition to CO<sub>2</sub> emissions, Diehl is also focusing on the use of water and waste management in order to reduce the impact on the environment and the consumption of natural resources. In the reporting year, a new wastewater treatment plant was operated for the first time all year round at the metal site in Berlin. An electrolysis station and cutting-edge process design allowed for a significant improvement in the water-intensive surface treatment, causing it to fall far below the thresholds set by law.

The biggest success factor in the Group is the people. Treating employees in a trusting and fair manner is an important part of the company's long-standing culture. This holds

true throughout the entire supply chain. The issue of human rights is prioritized in the updated Code of Conduct. Diehl has established a group-wide organization to implement the human rights strategy. We have drawn up regular or ad hoc risk analyses and trained our employees accordingly. The EcoVadis rating platform and the Supplier Code of Conduct with the Declaration of Recognition have been used throughout the Group since 2023. Sustainability efforts will be further developed in the future. In doing so, we will make sure that our sustainability standards are up-to-date with the Company's business operations and that we are ready to face future challenges. This year's plan is to implement the double materiality analysis and use the results to develop further Group-wide sustainability priorities. We can thus bring the Company's operations in line with sustainability targets and promote the transition to a climate-friendly society.





## BEYOND DAILY BUSINESS

In 2023, the Association of the Old Town Friends of Nürnberg [Nürnberger Altstadt-freunde e.V.] celebrated 50 years of dedicated work to preserve and restore the historic old town of Nürnberg. This also included the presentation of the Pilatushaus historic half-timbered house renovation initiative as a new flagship project of the dynamic association. Diehl has supported this project as part of its decades-long collaboration with the Old Town Friends of Nürnberg by providing extensive start-up funding for the landmark building below the castle.

In 2023, Bernd Regenauer, a Nürnberg cabaret artist, launched the „Helfmer zamm!“ campaign to serve a goose dinner to 600 homeless people from Nürnberg and the Nürnberg area in a cozy setting during the week before Christmas. This volunteer-driven initiative was also supported by Diehl. In the reporting year, we also supported the commendable work of the Nürnberg food bank and the charitable work of „Plast“, the Ukrainian Scout Association in Germany, by financing emergency and medical backpacks for Ukraine.

Sporting activities of clubs at Diehl locations are consistently supported. In the reporting year, the first comprehensive sponsorship agreement with a five-year term was signed. The 1st FC Röthenbach will thus be able to build a new modern club house. The club in its turn will name its facilities „Diehl Sportpark“, indicating that many Röthenbach Diehl employees are actively involved in sports.

As the costs for heating, electricity, and living expenses are constantly rising, there is a growing number of people who are struggling to pay for these costs and who need support. The Karl Diehl Foundation for People in Need [Karl-Diehl-Stiftung für Menschen in Not, KDS] is one of the points of contact for those in need of assistance and is in high demand in these times. Founded in May 1987, KDS has helped nearly 17,000 economically disadvantaged families and individuals.

The Irmgard Diehl Children's Foundation (IDS) also recorded an increase in the number of applications in the year under review. The IDS has been working for many years with around twenty social institutions to help abused, traumatized, socially disadvantaged, sick and disabled children and young people from the Middle Franconia, Upper Franconia and Swabia regions. Funding is provided above all for treatments in the medical/therapeutic field, in particular treatment methods with horses, dogs, and dolphins, the costs of which are usually not covered by health insurers.

# DIEHL VERWALTUNGS- STIFTUNG

## CONSOLIDATED FINANCIAL STATEMENTS

as of December 31, 2023

FISCAL YEAR

2023

# CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2023 OF DIEHL VERWALTUNGS-STIFTUNG

## ASSETS

	Dec. 31, 2023 K€	Dec. 31, 2022 K€
<b>A. Fixed assets</b>		
I. Intangible assets	20,862	20,655
II. Tangible assets	723,738	608,364
III. Financial assets	26,669	20,237
	<b>771,269</b>	<b>649,256</b>
<b>B. Current assets</b>		
I. Inventories		
1. Raw materials and supplies	644,790	509,906
2. Work in process (goods and services)	576,590	492,209
3. Finished goods and merchandise	193,791	189,187
4. Advance payments	194,878	94,902
5. Advance payments received on orders	- 1,610,049	- 670,940
	<b>0</b>	<b>615,264</b>
II. Receivables and other assets		
1. Trade receivables	450,030	420,576
2. Receivables due from affiliated companies	554	220
3. Receivables due from companies in which participations are held	75,180	66,661
4. Other assets	164,196	139,974
	<b>689,960</b>	<b>627,431</b>
III. Securities		
Other securities	1,537	2,951
IV. Cash, bank balances and checks		
	1,645,937	254,943
	<b>2,337,434</b>	<b>1,500,589</b>
C. Prepaid expenses	20,145	17,459
D. Deferred tax assets	174,399	164,134
	<b>3,303,247</b>	<b>2,331,438</b>



## CONSOLIDATED INCOME STATEMENT OF DIEHL VERWALTUNGS-STIFTUNG FOR THE PERIOD FROM JAN. 1 TO DEC. 31, 2023

	2023 K€	2022 K€
1. Sales	3,882,569	3,505,676
2. Increase in finished goods and work in process	89,856	77,353
3. Other capitalized services and materials	12,200	10,945
4. Other operating income	164,320	165,786
5. Cost of materials and services:		
a) Cost of raw materials, supplies and purchased goods	– 1,705,843	– 1,700,545
b) Cost of purchased services	– 290,667	– 254,698
	– 1,996,510	– 1,955,243
6. Personnel expenses:		
a) Wages and salaries	– 972,488	– 879,302
b) Social security and pension costs	– 211,648	– 212,637
– <i>thereof for pensions:</i>	– 31,191	– 50,833
	– 1,184,136	– 1,091,939
7. Amortization and depreciation on intangible assets and tangible assets	– 110,320	– 100,799
8. Other operating expenses	– 600,897	– 447,158
9. Income from investments	404	409
– <i>thereof from affiliated companies:</i>	244	229
10. Income from investments in associated companies	– 5	1,449
11. Income from other securities and loans forming part of financial assets	74	0
12. Other interest and similar income	43,634	4,503
– <i>thereof from affiliated companies:</i>	22	26
13. Writing down of financial assets and marketable securities	–1	0
14. Interest and similar expenses	– 32,394	– 37,311
– <i>thereof to affiliated companies:</i>	– 5	– 2
15. Income tax	– 94,791	– 69,186
– <i>thereof deferred taxes:</i>	11,011	– 115
<b>16. Earnings after tax</b>	<b>174,003</b>	<b>64,485</b>
<b>17. Net income/loss for the year</b>	<b>174,003</b>	<b>64,485</b>
– <i>thereof part of other shareholders:</i>	173,922	64,525

## CONSOLIDATED CASH FLOW STATEMENT OF DIEHL VERWALTUNGS-STIFTUNG FOR THE FISCAL YEAR 2023

	2023 K€	2022 K€
Net income	174,003	64,485
Adjustment to reconcile between closing rate and average rate	- 138	- 346
Depreciations / write-ups on fixed assets	110,501	100,487
Increase / decrease in provisions	- 69,780	- 33,831
Other non-cash expenses / income	13,611	10,947
Gain / loss on disposal of fixed assets	- 413	25
Increase in inventories, trade receivables and other assets	- 423,957	- 364,873
Increase in trade payables and other liabilities	1,705,254	479,702
Interest expenses / interest income	- 11,240	32,807
Other investment earnings	- 1,304	- 1,499
Income tax expenses	109,730	63,071
Income tax payments	- 87,689	- 46,648
Income from grants	0	- 17,145
<b>Cash flow from operating activities</b>	<b>1,658,138</b>	<b>287,182</b>
Proceeds from disposals of tangible and intangible assets	5,922	3,941
Payments for investments in tangible and intangible assets	- 226,943	- 125,746
Payments from disposals of/acquisition of financial assets	- 7,419	- 467
Payments from financial assets from short-term financial management	1,414	- 40
Interest received	32,996	1,951
Dividends received	1,304	1,499
<b>Cash flow from investing activities</b>	<b>- 192,726</b>	<b>- 118,862</b>
Payments to shareholders	- 68,106	- 22,022
Payments from the repayment of bank liabilities and other financial liabilities	- 12,905	- 36,234
Proceeds from bank liabilities and other financial liabilities	24,969	9,454
Proceeds from grants/subsidies received	0	17,145
Interest paid	- 18,482	- 15,115
<b>Cash flow from financing activities</b>	<b>- 74,524</b>	<b>- 46,772</b>
<b>Change in cash and cash equivalents</b>	<b>1,390,888</b>	<b>121,548</b>
Effect of changes in exchange rates, consolidated companies and changes due to valuations	- 636	566
<b>Cash and cash equivalents at beginning of period</b>	<b>233,337</b>	<b>111,223</b>
<b>Cash and cash equivalents at end of period</b>	<b>1,623,589</b>	<b>233,337</b>
<i>Cash and cash equivalents reduced by €22.3 million (31.12. previous year: €21.6 million) of current liabilities due to banks and other short-term financial liabilities.</i>		

# STATEMENT OF CHANGES IN CONSOLIDATED EQUITY OF DIEHL VERWALTUNGS-STIFTUNG

in K€	Equity of parent company				in the capital of
	Capital stock	Reserves	Retained earnings brought forward	Equity of parent company	Non-controlling interests before net income
<b>As of Dec. 31, 2022</b>	<b>511</b>	<b>279</b>	<b>1,409</b>	<b>2,199</b>	<b>720,237</b>
Allocation to reserves		47	– 47		7,070
Distribution of earnings					
Foreign currency translation					– 2,258
Other changes					4
Consolidated net income			81	<b>81</b>	
<b>As of Dec. 31, 2023</b>	<b>511</b>	<b>326</b>	<b>1,443</b>	<b>2,280</b>	<b>725,053</b>



Non-controlling interests						Group equity
corporate division Diehl Stiftung & Co. KG		Other third party shareholders			Equity held by other shareholders	
Gains / losses attributable to non-controlling interests	Total	Non-controlling interests before annual result	Profits / losses due to non-controlling interests	Total		
<b>- 260,456</b>	<b>459,781</b>	<b>18,790</b>	<b>46,419</b>	<b>65,209</b>	<b>524,990</b>	<b>527,189</b>
- 7,070						
- 15,028	<b>- 15,028</b>	- 15,562		<b>- 15,562</b>	<b>- 30,590</b>	<b>- 30,590</b>
	<b>- 2,258</b>	- 493		<b>- 493</b>	<b>- 2,751</b>	<b>- 2,751</b>
	<b>4</b>	- 7		<b>- 7</b>	<b>- 3</b>	<b>- 3</b>
146,305	<b>146,305</b>		27,617	<b>27,617</b>	<b>173,922</b>	<b>174,003</b>
<b>- 136,249</b>	<b>588,804</b>	<b>2,728</b>	<b>74,036</b>	<b>76,764</b>	<b>665,568</b>	<b>667,848</b>

## I. General remarks

Diehl Verwaltungs-Stiftung, headquartered in Nuremberg, is registered in the Commercial Register of the Nuremberg Local Court under number HRA 11756.

The consolidated financial statements of Diehl Verwaltungs-Stiftung have been prepared in accordance with the accounting regulations of the German Commercial Code. The financial statements of the companies included in the consolidated financial statements have been prepared uniformly in accordance with the accounting and valuation methods applicable in the Diehl Group. Accounting for foreign companies is adjusted to the uniform accounting and valuation principles where this is significant for the presentation of the net assets, financial position and results of operations.

## II. Consolidated companies and associated companies

In addition to Diehl Verwaltungs-Stiftung, the consolidated financial statements include 47 domestic and 25 foreign companies, which are under the direct or indirect control of Diehl Verwaltungs-Stiftung. As of fiscal year 2023, the circle of fully consolidated Group companies is extended by the establishment of Diehl Röthenbach Immobilien GmbH & Co. KG, Röthenbach a. d. Pegnitz, Diehl Röthenbach Immobilien Verwaltungs GmbH, Röthenbach a. d. Pegnitz and DD Präzisionsteile GmbH & Co KG, Überlingen. The companies Pyrotechnische Fabrik (PYF) GmbH and Röthenbach a. d. Pegnitz were merged with Neubrandenburger Fahrzeugwerke GmbH, Nuremberg. The company now operates under the name Diehl Nuremberg Facility Verwaltungs GmbH, Nuremberg.

Five domestic shareholdings were included in the consolidated financial statements as associated companies. Due to their minor significance for the presentation of a true and fair view of the Group's net assets, financial position and results of operations, 14 companies were not consolidated. Based on Section 296, Para. 1, No. 1 of the German Commercial Code (HGB), two companies were not included in the consolidated financial statements as their assets are limited to the respective corporate purpose.

An overview of share ownership and the consolidated companies is provided in an appendix to the Notes.

## III. Consolidation principles

For subsidiaries, the revaluation method is applied for capital consolidation. Here the assets and debts are stated at their full fair value and the acquisition cost of the shareholding is offset against the pro rata fair value of the shareholders' equity at the time of acquisition. The difference remaining on the assets side after offsetting is shown as goodwill.

Shares in associated companies are treated in accordance with the principles of the equity method of accounting. They are stated using the book value method at the date of their acquisition.

Intercompany profits and losses, sales, expenses and income as well as receivables and payables between fully consolidated companies are eliminated. Intercompany results in relation to associated companies are not eliminated as their influence on the overall situation is of minor significance.

Deferred taxation is made for consolidation operations affecting the results whenever diverging tax expenses are expected to be compensated for in future fiscal years.

## IV. Accounting and valuation principles, foreign currency translation

As in previous years, the financial statements were prepared on the basis of the following accounting and valuation methods.

### 1. Fixed assets

**Intangible assets acquired for consideration** are valued at acquisition cost, less scheduled or non-scheduled depreciations. The useful life is generally assumed to be 3 years, unless a different period applies, e.g. due to the validity period of rights of use.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF DIEHL VERWALTUNGS-STIFTUNG FOR FISCAL YEAR 2023

**Tangible assets** are valued at the acquisition or production cost, less scheduled or non-scheduled depreciations. In addition to directly attributable costs, the production costs of self-constructed assets also include proportional overhead expenses and depreciation. For new investments, the straight-line method of depreciation is used. Scheduled depreciation of buildings and parts of buildings is based on a useful life ranging from 3 to 50 years, depending on the extent of use. The useful life of technical equipment and machinery and that of other equipment as well as factory and office equipment ranges from 1 to 25 years. Low-value assets with acquisition costs of up to €800 are completely written off in Germany in the year of acquisition. Fixed values are defined for tools and fixtures. Extraordinary value reductions are taken into account by means of non-scheduled depreciation.

**Shares in affiliated companies** and **participations** are valued at acquisition cost or at the lower applicable value.

**Shares in associated companies** are valued using the equity method of accounting, starting with the book value.

Interest-bearing **loans** are stated at their nominal values, non-interest-bearing loans at their cash values.

**Investment securities** are generally valued at acquisition cost or at the lower applicable value.

## 2. Current assets

Under **inventories**, raw materials and supplies as well as merchandise are valued at acquisition cost or at the lower stock exchange or market prices.

In the case of metal inventories valued at the lower of cost or market principle, the contractually agreed sales prices for the metal portion are taken into account if corresponding sales contracts already exist at the balance sheet date.

Work in process and finished goods are valued at production costs. In addition to the directly attributable costs of materials and labor, proportional overheads are included.

Inventory and usability risks are devalued to an appropriate extent.

If, at the time of preparing the balance sheet, a need for devaluation is identified because costs are not fully covered

by the proceeds, appropriate markdowns are made for the purpose of loss-free valuation.

Advance payments made and received are stated at nominal value. Advance payments received are deducted from inventories in accordance with Section 268, Para. 5, Sentence 2 of the German Commercial Code.

**Receivables, other assets and liquid assets** are generally stated at their nominal value. In the case of receivables, allowances are made to appropriately cover identifiable individual risks through individual value adjustments and general credit risks as well as costs of collecting receivables through general value adjustments. Interest-free receivables that are not expected to be received until after a period of 12 months are shown at their cash value. **Marketable securities** are stated at acquisition cost, at lower market price or at redemption value.

## 3. Accruals / Liabilities

**Accruals for pensions and similar liabilities** are actuarially valued using the modified entry-age normal method. Calculations are based on the 2018 G mortality tables published by Prof. Dr. Klaus Heubeck. The valuation takes into account assumptions about the future development of certain parameters. Wage and salary increase of 3.3% p.a. is used as the basis. The dynamic pension increase is assumed to be 2.15% p.a. Discounting of reserves is based on the interest rate of 1.83% p.a. set by the German Central Bank for a remaining term of 15 years.

**Tax accruals** and **other accruals** are set up to cover all contingent liabilities and discernible risks. They are stated at the amount repayable according to prudent business judgment, including future price and cost increases. Accruals with a residual term of more than one year are discounted. The discounting is carried out according to the residual term of the accrual using the average market interest rate of the past 7 fiscal years as determined by the German Central Bank.

If no valuation units are formed between metal purchase contracts and the metal portion of sales contracts, these items are checked for impending losses.

All **liabilities** are stated at the amount repayable.

#### 4. Foreign currency translation

The valuation date for the translation of foreign currencies is generally the date of acquisition in the case of fixed assets, and the date of accrual in the case of receivables and payables. Short-term assets and liabilities with a term of less than one year are translated at the average spot exchange rate on the balance sheet date. Receivables and payables with a remaining term of more than one year are valued at the average spot exchange rate on the reporting date according to the imparity principle.

Balance sheet items in financial statements prepared in foreign currencies are translated at the exchange rates prevailing on the balance sheet date. The individual equity items are translated at historical rates, while the annual result is translated at the average rate for the year.

Income statement items are translated at the average exchange rate for the year. Differences between the closing rate, historical rates and average rates are recognized directly in the equity of the corporate division Diehl Stiftung & Co. KG or in the shares of other third party shareholders. Differences compared to the previous year's statement are recognized directly in equity.

Currency risks are generally hedged as part of a uniform Group-wide risk management strategy. Valuation units are created and documented in accordance with Section 254 of the German Commercial Code. If they are hedged by forward transactions, the respective hedging rates are applied.

Receivables and payables in the same currency and with approximately the same term are combined into valuation units if they are of the same value.

Effective items of the valuation units created are reported in the balance sheet using the freezing method (compensatory valuation). The imparity principle is applied for ineffective items. This means that positive market values are not shown in the balance sheet and provisions for contingent losses are set up for negative market values only if a negative balance results from a valuation unit or if an open item yields a loss.

## V. Notes to the balance sheet

### 1. Fixed assets

The development of fixed assets and depreciations is shown in an appendix to the Notes. The "Changes" column shows all changes in the opening balance due to additions and disposals of the consolidated companies and due to currency translation differences.

### 2. Receivables and other assets

A residual term of more than one year applies for the following amounts under the respective items:

	K€ Dec. 31, 2023	K€ Dec. 31, 2022
Trade receivables	167	259
Receivables due from affiliated companies	100	131
Receivables due from affiliated companies in which participations are held	0	2
Other assets	2336	1812

### 3. Deferred tax assets and liabilities

Deferred taxes (on the assets and liabilities side) result from valuation differences in the commercial and tax balance sheets, tax loss carry-forwards and consolidation measures if the differences are offset in the future. Deferred tax assets and liabilities are not balanced.

For domestic companies, valuation is at tax rates of 12%–15% (partnerships) or 15%–33% (joint-stock companies). For foreign subsidiaries, the individual national statutory tax rates (11%–34%) are applied.

Deferred tax assets amounting to K€174,399 mainly result from the creation of deferred taxes based on different valuation methods in the commercial and tax balance sheets (pension reserves, different valuation methods and depreciation methods or periods in fixed and current assets, and other accruals), tax loss carry-forwards, and the elimination of intercompany profits and losses in fixed assets and inventories.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF DIEHL VERWALTUNGS-STIFTUNG FOR FISCAL YEAR 2023

Deferred tax liabilities of K€13,637 result mainly from special tax depreciation, different valuation methods in the commercial and tax balance sheet, and the recognition of reserves only permitted under tax law (e.g., Section 6b of the Income Tax Act).

	K€ As of Dec. 31, 2023	K€ As of Dec 31, 2022	K€ Change
Deferred tax assets	174,399	164,134	10,265
Deferred tax liabilities	13,637	14,032	– 395

#### 4. Shareholders' equity

The capital of the corporate division Diehl Stiftung & Co. KG consists of the liable limited partnership capital of Diehl Stiftung & Co. KG and the reserves of Diehl Stiftung & Co. KG. The statement of changes in equity is prepared in accordance with the principles of the German Accounting Standards DRS 22.

#### 5. Accruals

Investment securities, which serve to finance lifetime working-time accounts, are valued at their fair value and balanced against the corresponding accruals in the amount of K€10,187 (offsetting of plan assets). The acquisition costs amounted to K€8,417.

Coverage capital for insolvency insurance of lifetime working-time accounts in the amount of K€4,882 was offset against the corresponding accruals in the amount of K€6,067.

Receivables from reinsurance policies for deferred compensation were offset against corresponding pension provisions for reinsured deferred compensation (offsetting of plan assets). The historical acquisition cost and fair value of the receivables from offset reinsurance policies amount to K€13,093. The amount repayable of the pension provision offset for reinsured deferred compensation corresponds to the asset value from the reinsurance policy (K€13,093). Expenses and income in the amount of K€269 were offset.

Other accruals mainly include accruals for warranties, for outstanding invoices, for contingent losses from orders on hand, for bonuses and gratuities, for flexitime surpluses, for long-term working time accounts and for contractual penalties.

#### 6. Liabilities

The total amount of liabilities and the breakdown of the individual liability items according to their remaining term are shown in an appendix to the Notes.

The total amount of **liabilities due to banks** is K€3,970 and is secured by pledged accounts and land charges.

**Other liabilities** include the following items:

	K€ Dec. 31, 2023	K€ Dec 31, 2022
Social security liabilities	9,414	9,206
Tax liabilities	32,883	41,493

#### 7. Derivative financial instruments and valuation units

For its business activities, the Diehl Group uses forward contracts to manage the risks arising from the fluctuations in currencies and metal prices between the balance sheet date and the settlement date.

Forward exchange transactions are concluded by the companies with Diehl Stiftung & Co. KG. The latter, in turn, concludes suitable contracts with banks, which are essentially identical regarding value and term. These contracts are based on uniform guidelines, are subject to internal controls and are limited to hedging transactions in foreign currencies.

The nominal volume and market values of derivative financial instruments existing at the balance sheet date are as follows:

Foreign exchange contracts in million €	Market values		Nominal volume
	positive	negative	
Type			
USD	69	12	1,865
GBP	0	0	23
PLN	1	0	11
MXN	0	0	5
Other currencies	0	0	5
Commodity futures contracts			
Metals exchange	0	0	55

The nominal volume is the sum of all buying and selling values of derivative financial instruments.

The market value of foreign exchange and commodity futures contracts is calculated on the basis of the forward value applicable on the balance sheet date for the respective remaining contract term compared to the contracted forward value (mark-to-market method).

Foreign exchange contracts are used to hedge business transactions in foreign currencies and valuation units are created to cover risks amounting to €70 million as of the balance sheet date. Foreign currency items are valued as part of micro, macro and portfolio hedges. The valuation units include foreign currency receivables (€232.0 million), liquid assets (€33.8 million), foreign currency liabilities (€27.0 million), firmly contracted business not yet included in the balance sheet (€546.4 million) and transactions expected with high probability (€1,197.8 million). The transactions expected with high probability mainly relate to anticipated orders or procurement transactions. Opposing changes in the value and cash flows of these hedged items and hedging instruments are expected to offset each other in full by September 2026.

The transactions combined in the valuation units are subject to the same risk. Accordingly, the opposing changes in value of the hedged items and hedging instruments are expected to fully offset each other in the future for the respective hedged risk. The prospective effectiveness of hedging

relationships is determined on each balance sheet date primarily using the Critical Terms Match method. This ensures that the value-determining factors (nominal value, term, currency) are identical for the hedged item and the hedging instrument. Therefore, the individual hedging relationships are each rated as effective for the entire hedging period. The same applies to the retroactive determination of previous effectiveness. Here, too, it is predominantly demonstrated by the Critical Terms Match method that all value-determining factors between the hedged portion of the hedged items and the hedging portion of the hedging instruments are identical. In these cases, there can be no ineffectiveness that is relevant for the balance sheet with regard to the valuation units.

Metal price risks from metal procurement and metal sales contracts (pending transactions) result from changes in the prices of primary metals, scrap and manufactured semi-finished products between the contract date and the date of performance. Purchase and sales contracts that are not covered by physical countertrades are hedged with corresponding exchange positions.

Commodity futures and forward contracts are concluded to hedge metal price risks (pending transactions). Both micro and portfolio hedges are created as part of the valuation. The hedged items combined in the portfolio hedges have highly homogeneous risks. The contract volume of hedging transactions is chosen so that it corresponds to the contract volume of the hedged items – in terms of the respective primary metal portion.

Hedged items and hedging transactions are included in the valuation units at the following market values (forward value at the balance sheet date compared with the contracted forward value):

	Market value in million €
<b>Metals Dec. 31, 2023</b>	
Pending procurement transactions	0.1
Hedged by commodity futures contracts	0.0
Pending sales transactions	3.1
Hedged by commodity futures contracts	- 2.3

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF DIEHL VERWALTUNGS-STIFTUNG FOR FISCAL YEAR 2023

The changes in value of pending sales and procurement transactions are hedged over a period of up to 12 months for the valuation units.

The opposing changes in the value of these hedged items and hedging transactions are expected to offset each other in full over the next 12 months. The effectiveness of the valuation units employed is measured using the "dollar offset method" in cumulative form, taking into account specified risk limits. Under the "dollar offset method," the cumulative market value changes of the hedged items are compared with the cumulative market value changes of the hedging transactions as of the designated date in absolute amounts of money. The "dollar offset test" is carried out on each closing date.

Provisions in the amount of K€100 were set up as of the balance sheet date. Risks worth €2.6 million were hedged with microhedges and portfolio hedges, thus avoiding corresponding negative changes in value on the accounting date. Transactions expected with high probability with a volume of €5.2 million were included in the valuation units.

## 8. Contingent liabilities

As of the reporting date, there were liabilities from guarantees amounting to €23.8 million (previous year: €40.4 million) and from warranty agreements in the amount of €27.3 million (previous year: €30.9 million).

On the reporting date, there were contingent liabilities of €17.1 million due to associated companies (previous year: €33.2 million).

In view of the business development to date of the individual companies for whose benefit the contingent liabilities exist, no related claims are expected to be raised.

Indirect pension liabilities are not shown in the consolidated balance sheet. The corresponding deficit due to affiliated, non-consolidated companies is included in the contingent liabilities (liabilities from warranty agreements) in the amount of €2.2 million (previous year: €2.4 million).

## 9. Other financial commitments

Financial commitments from long-term contracts amount to €405.2 million. These mainly relate to commitments from quantity contracts for metal (purchasing) for which prices have not yet been fixed, rental and lease agreements, commitments from commodity futures (metal), commitments from open purchase orders, repayment obligations for development cost subsidies and offset obligations.

As of the reporting date, there were other financial commitments to associated companies in the amount of €0.9 million (previous year: €0.3 million).

## VI. Notes to the income statement

### 1. Sales revenue

The breakdown of sales revenue is as follows:

	Total million €	Domestic million €	Foreign million €
<b>2023</b>			
Corporate Division Metal	800	370	430
Corporate Division Controls	443	87	356
Corporate Division Defence	1,142	326	816
Corporate Division Aviation	1,053	413	640
Corporate Division Metering	435	77	358
Services / Other	10	10	0
<b>Total:</b>	<b>3,883</b>	<b>1,283</b>	<b>2,600</b>

	Total million €	Domestic million €	Foreign million €
<b>2022</b>			
Corporate Division Metal	875	475	400
Corporate Division Controls	560	107	453
Corporate Division Defence	810	363	447
Corporate Division Aviation	889	362	527
Corporate Division Metering	361	78	283
Services / Other	11	11	0
<b>Total:</b>	<b>3,506</b>	<b>1,396</b>	<b>2,110</b>

Foreign sales are generated mainly in other European countries, North America and China.

## **2. Other operating income**

Includes income from foreign currency translation in the amount of €23.8 million (previous year: €13.4 million).

## **3. Amortization and depreciation**

Non-scheduled depreciations due to permanent value reduction were made in the amount of €2.5 million (previous year: €0.4 million). This mainly concerns the item "Amortization and depreciation on intangible assets and tangible assets" in the income statement.

## **4. Other operating expenses**

Other operating expenses include expenses from foreign currency translation in the amount of €9.1 million (previous year: €12.4 million) and other taxes in the amount of €5.7 million (previous year: €5.5 million).

## **5. Other interest and similar income / interest and similar expenses**

The item "Other interest and similar income" includes income from the discounting of accruals in the amount of €6.6 million (previous year: €2.0 million).

The item "Interest and similar expenses" includes expenses from the compounding of accruals in the amount of €14.2 million (previous year: €21.7 million).

## **6. Taxes on income**

This item includes corporate income tax, trade income tax, deferred income taxes and comparable foreign income taxes.

The Minimum Tax Act was enacted by the accounting date in accordance with the OECD requirements ("Pillar 2 legislation"). The Minimum Tax Act will become applicable on January 01, 2024. The Group has analyzed the impact of this tax act on the affected companies and expects the impact to be minor.

## **7. Income/expenses relating to other accounting periods**

Income relating to other accounting periods amounted to €79.3 million. This mainly resulted from the reversal of unused accruals.

There were no significant expenses relating to other accounting periods.

## **8. Income and expenses of extraordinary size and significance**

Other operating expenses of an extraordinary size and significance at €24.5 million include the creation of provisions for structural adjustments.

# **VII. Other information**

## **1. Information on the organs of the Foundation**

### **Executive Board**

**Dr. Klaus Richter**, President of the Executive Board, Technology Corporate Section

**Jürgen Reimer**, Vice President of the Executive Board, Finance and Controlling Corporate Section

**Jens Böhlke**, Human Resources and Social Affairs Corporate Section

**Dr. Christof Bosbach**, Metering Corporate Division

**Dieter Landgraf**, Metal Corporate Division

**Helmut Rauch**, Defence Corporate Division

**Dr. Jörg Schuler**, Aviation Corporate Division

**Carsten Wolff**, Controls Corporate Division

### **Supervisory Board**

**Karl Diehl**, Honorary Chairman († January 19, 2008)

**Peter Diehl**, Vice Chairman († February 06, 2016)

**Dr. Thomas Diehl** († April 16, 2017)

**Markus Diehl**, Chairman (from April 01, 2024)

**Werner Diehl**, Vice Chairman

**Konstantin Diehl**

**Dr. Herbert Fehrecke** (Chairman until March 31, 2024)

**Frank Werdin** (from February 20, 2023)



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF DIEHL VERWALTUNGS-STIFTUNG FOR FISCAL YEAR 2023

## 2. Explanations concerning the cash flow statement

The cash flow statement is prepared using the indirect method in accordance with the German Accounting Standards DRS 21. Cash holdings include cash on hand and bank balances after deduction of liabilities due at any time. Payments to shareholders include profit distributions to third-party shareholders as well as withdrawals mainly for the taxation of the shareholders of Diehl Stiftung & Co. KG.

## 3. Employees

	Annual average	
	2023	2022
Corporate Division Metal	2,962	2,817
Corporate Division Controls	3,512	3,640
Corporate Division Defence	3,395	2,933
Corporate Division Aviation.	4,655	4,331
Corporate Division Metering	1,765	1,659
Services/Other	490	477
<b>Employees</b>	<b>16,779</b>	<b>15,857</b>
Apprentices	380	368
<b>Total</b>	<b>17,159</b>	<b>16,225</b>

## 4. Fees paid for services provided by auditors

in K€ Type	Auditor of the consoli- dated financial statements	Other auditors
Annual audit services	1,528	125
Audit-related services	25	7
Tax consultation services	671	11
Other services	407	29
<b>Total:</b>	<b>2,631</b>	<b>172</b>

## 5. Supplementary report

No significant events that would have had an impact on the net assets, financial position and results of the company occurred at the companies included in the consolidated financial statements between the balance sheet date of December 31, 2023 and April 2, 2024.

## 6. Information required pursuant to Section 314, Para. 1, No. 6 of the German Commercial Code

The total remuneration for members of the Executive Board amounted to K€8,519 in the reporting year. Remuneration for former members of the Executive Board and their surviving dependents amount to K€963. Pension liabilities for these persons amount to K€14,589. Emoluments for members of the Supervisory Board amount to K€700.

## 7. Proposal for appropriation of profits of Diehl Verwaltungs-Stiftung

The Executive Board proposes to allocate an amount of K€47 to the capital maintenance reserve in order to maintain the Foundation's assets in real terms.

## 8. Special provisions for commercial partnerships

The following commercial partnerships are exempt from the obligation to publish their annual financial statements pursuant to Section 264b of the German Commercial Code due to their inclusion in and publication of the consolidated financial statements:

Diehl AKO Stiftung & Co. KG, Wangen im Allgäu,  
Diehl Brass Solutions Stiftung & Co. KG, Röthenbach a. d. Pegnitz,  
Diehl Defence GmbH & Co. KG, Überlingen,  
Diehl Metall Stiftung & Co. KG, Röthenbach a. d. Pegnitz,  
Diehl Röthenbach GmbH & Co. KG, Nuremberg,  
Diehl Röthenbach Immobilien GmbH & Co. KG, Röthenbach  
a. d. Pegnitz and  
Diehl Stiftung & Co. KG, Nuremberg.

Nuremberg, April 2<sup>nd</sup>, 2024  
Diehl Verwaltungs-Stiftung

The Executive Board  
Dr. Klaus Richter, Jürgen Reimer, Jens Böhlke,  
Dr. Christof Bosbach, Dieter Landgraf, Helmut Rauch,  
Dr. Jörg Schuler, Carsten Wolff

# STOCK OWNERSHIP OF THE GROUP AS OF DECEMBER 31, 2023

## 1. Consolidated companies

Name and registered office of the company	Share in capital %
<b>Production and sales companies</b>	
<b>Germany</b>	
AIM Infrarot-Module GmbH, Heilbronn	50.0
DD Präzisionsteile GmbH & Co KG, Überlingen	100.0
Diehl Energy Products GmbH, Röthenbach	100.0
Diehl Advanced Mobility GmbH, Zehdenick	100.0
Diehl Aerospace GmbH, Überlingen	51.0
Diehl AKO Stiftung & Co. KG, Wangen im Allgäu	100.0
Diehl Aviation Gilching GmbH, Gauting	100.0
Diehl Aviation Hamburg GmbH, Hamburg	100.0
Diehl Aviation Laupheim GmbH, Laupheim	94.0
Diehl Brass Solutions Stiftung & Co. KG, Röthenbach an der Pegnitz	100.0
Diehl Defence GmbH & Co. KG, Überlingen	100.0
Diehl Metal Applications GmbH, Röthenbach a. d. Pegnitz	100.0
Diehl Metall Messing Beteiligungs GmbH, Röthenbach an der Pegnitz	100.0
Diehl Metall Stiftung & Co. KG, Röthenbach a. d. Pegnitz	100.0
Diehl Metering GmbH, Ansbach	98.8
Diehl Metering Systems GmbH, Nürnberg	100.0
Diehl Retrofit Missile Systeme GmbH, Überlingen	100.0
Diehl Service Modules GmbH, Hamburg	100.0
Diehl Werkzeugbau Seebach GmbH, Seebach	100.0
DynITEC GmbH, Troisdorf	58.8
JUNGHANS Microtec GmbH, Dunningen	55.0
SMH Süddeutsche Metallhandelsgesellschaft mit beschränkter Haftung, Nürnberg	100.0
<b>Other countries</b>	
Diehl Aerospace Pte. Ltd, Singapore	100.0
Diehl Aerospace, Inc, Birmingham / Alabama, USA	100.0
Diehl Augé Découpage SAS, Besançon, France	100.0
Diehl Aviation Hungary Kft, Nyírbátor, Hungary	100.0
Diehl Controls (Nanjing) Co., Ltd, Nanjing, China	100.0
Diehl Controls México S.A. de C.V., El Marqués / Querétaro, Mexico	100.0
Diehl Controls Polska Sp. z o.o., Namysłów, Poland	100.0
Diehl Controls Qingdao Co., Ltd, Qingdao, China	100.0
DIEHL CONTROLS ROMANIA S.R.L., Bucharest, Romania	100.0
Diehl do Brasil Metalúrgica Limitada, São Paulo, Brazil	100.0
Diehl Electronic Components (Wuxi) Co., Ltd., Wuxi, China	100.0
Diehl Metal India Private Limited, Pune, Maharashtra, India	100.0
Diehl Metering (Jinan) Co., Ltd, Jinan, China	100.0
Diehl Metering GesmbH, Wien, Austria	100.0
Diehl Metering LLC, Wilmington/Delaware, USA	100.0

<b>Name and registered office of the company</b>	<b>Share in capital %</b>
<b>Production and sales companies Foreign (continued)</b>	
Diehl Metering S.A.S., Saint-Louis, France	100.0
Diehl Metering Sp. z o.o., Bażanowice, Poland	100.0
DIEHL POWER ELECTRONIC SAS, Siaugues Sainte Marie, France	100.0
Diehl SynchroTec Manufacturing (Wuxi) Co., Ltd, Wuxi / Jiangsu, China	100.0
Franconia Industries, Inc., Albany / New York, USA	100.0
Junghans T2M SAS, La Ferté Saint-Aubin, France	100.0
<b>Management, property and other companies</b>	
<b>Germany</b>	
Afelixa Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz	94.0
Diehl Assekuranz Rückversicherungs- und Vermittlungs-AG, Nürnberg	100.0
Diehl Ausbildungs- und Qualifizierungs-GmbH, Nürnberg	100.0
Diehl Aviation Holding GmbH, Nürnberg	100.0
Diehl Connectivity Solutions GmbH, Nürnberg	100.0
DD Immobilien Troisdorf GmbH, Troisdorf	100.0
Diehl Beteiligungen GmbH, Nürnberg	100.0
Diehl Controls Nuremberg Verwaltungs GmbH, Nürnberg	100.0
Diehl Defence Holding GmbH, Überlingen	100.0
Diehl Defence Land Systems GmbH, Röthenbach a.d. Pegnitz	100.0
Diehl Defence Verwaltungs-GmbH, Überlingen	100.0
DIEHL Informatik GmbH, Nürnberg	100.0
Diehl Nuremberg Facility Verwaltungs GmbH, Nürnberg	100.0
Diehl Röthenbach GmbH & Co. KG, Nürnberg	100.0
Diehl Röthenbach Immobilien GmbH & Co. KG	100.0
Diehl Röthenbach Immobilien Verwaltungs GmbH	100.0
Diehl Röthenbach Verwaltungs GmbH, Nürnberg	100.0
Diehl Stiftung & Co. KG, Nürnberg	0.0
Diehl Track Gesellschaft mit beschränkter Haftung, Nürnberg	100.0
Diehl Ventures GmbH, Nürnberg	100.0
GEBRÜDER JUNGHANS GESELLSCHAFT MIT BESCHRÄNKTER HAFTUNG, Röthenbach a. d. Pegnitz	86.3
Goma GmbH, Röthenbach a. d. Pegnitz	100.0
Gummiwerk Blankenheim GmbH, Nürnberg	100.0
Integra Vermögensverwaltungs- und Beteiligungsgesellschaft mbH, Nürnberg	100.0
Sundwiger Messingwerk Verwaltungs GmbH, Röthenbach an der Pegnitz	100.0
<b>Foreign</b>	
Diehl Americas, Inc., Wilmington/Delaware, USA	100.0
Diehl Controls North America Inc, Wilmington / Delaware, USA	100.0
Diehl Metal Applications France SAS, Besançon, France	100.0
DIEHL METERING INDUSTRIA DE SISTEMA DE MEDICAO LTDA, Recife, Brazil	100.0

## STOCK OWNERSHIP OF THE GROUP AS OF DECEMBER 31, 2023

### 2. Affiliated companies not included in the consolidation

Name and registered office of the company	Share in capital %
Diehl Aviation Middle East FZCO, Dubai, VAE	100.0
Diehl Aviation Operation Support Service (Tianjin) Co., Ltd, China	100.0
Diehl Defence Military Equipment LLC, Saudi Arabia	100.0
Diehl Metering AB, Karlskrona, Sweden	100.0
Diehl Metering ApS, Esbjerg, Denmark	100.0
Diehl Metering FZE, Dubai, United Arab Emirates	100.0
Diehl Metering Limited, Halifax / West Yorkshire, Great Britain	100.0
Diehl Metering Pte. Ltd., Singapore	100.0
Diehl Metering S.L., Madrid, Spain	100.0
Diehl Metering S.R.L., Milano, Italy	100.0
Diehl Middle East GmbH, Nürnberg	100.0
Diehl Services Middle East FZCO, Dubai, UAE	100.0
FFT Fahrzeugbau und Fahrzeugtechnik GmbH, Nürnberg	100.0
Heinrich Diehl Gedächtnisfonds Gesellschaft mit beschränkter Haftung, Nürnberg	100.0
Mauser-Werke Oberndorf Unterstützungskasse Gesellschaft mit beschränkter Haftung, Oberndorf am Neckar	100.0
Stackforce GmbH	50.0

### 3. Associated companies (equity accounting)

Name and registered office of the company	Share in capital %
Diehl VC GmbH, Nürnberg	49.6
EuroSpike GmbH, Röthenbach a.d. Peg.	40.0
GIWS Gesellschaft für Intelligente Wirksysteme mbH, Nürnberg	50.0
PARSYS GmbH, Schrobenhausen	50.0
RAM-SYSTEM Gesellschaft mit beschränkter Haftung, Ottobrunn	50.0

### 4. Investments (shareholdings of 20% or more)

OEM Defence Services SAS, Elancourt, France	20.0
OEMServices SAS, Tremblay-en-France, France	25.0
Schramberger Wohnungsbau, Gesellschaft mit beschränkter Haftung, Schramberg	24.1
Troisdorf Genehmigungshaltergesellschaft mbH, Troisdorf	20.0

## DEVELOPMENT OF THE GROUP'S FIXED ASSETS (K )€

### Cost of acquisition/manufacture

	As of Dec. 31, 2022	Changes	Additions	Write-ups	Disposals	Transfers	As of Dec. 31, 2023
<b>I. Intangible assets</b>							
1. Concessions acquired for consideration, industrial property rights and licenses	157,585	695	6,813	0	3,981	3,387	164,499
2. Goodwill	188,634	0	0	0	849	0	187,785
3. Advance payments	3,122	0	1,922	0	6	– 2,970	2,068
	<b>349,341</b>	<b>695</b>	<b>8,735</b>	<b>0</b>	<b>4,836</b>	<b>417</b>	<b>354,352</b>
<b>II. Tangible assets</b>							
1. Real property, rights equivalent to real property and buildings, including buildings on real property of third-parties	527,561	– 3	18,616	0	1,082	7,336	552,428
2. Technical equipment and machinery	994,920	1,902	58,918	0	27,573	26,749	1,054,916
3. Other equipment, factory and office equipment	557,552	– 385	44,692	0	19,162	5,482	588,179
4. Advance payments and assets under construction	71,740	81	99,479	0	101	– 39,984	131,215
	<b>2,151,773</b>	<b>1,595</b>	<b>221,705</b>	<b>0</b>	<b>47,918</b>	<b>– 417</b>	<b>2,326,738</b>
<b>III. Financial assets</b>							
1. Shares in affiliated companies	4,407	0	1,571	0	0	0	5,978
2. Shares in associated companies	6,807	0	101	– 905	0	0	6,003
3. Other investments	4,963	0	4,840	0	0	0	9,803
4. Loans to companies in which participations are held	0	0	0	0	0	0	0
5. Other loans	9,660	– 149	974	0	0	0	10,485
	<b>25,837</b>	<b>– 149</b>	<b>7,486</b>	<b>– 905</b>	<b>0</b>	<b>0</b>	<b>32,269</b>
<b>Total</b>	<b>2,526,951</b>	<b>2,141</b>	<b>237,926</b>	<b>– 905</b>	<b>52,754</b>	<b>0</b>	<b>2,713,359</b>

## Amortization and depreciation

## Net book value

As of Dec. 31, 2022	Changes	Additions	Write-ups	Disposals	Transfers	Difference between average and Closing rate	As of Dec. 31, 2023	As of Dec. 31, 2023	As of Dec. 31, 2022
140,052	628	8,979	0	3,980	4	22	145,705	18,794	17,533
188,634	0	0	0	849	0	0	187,785	0	0
0	0	0	0	0	0	0	0	2,068	3,122
328,686	628	8,979	0	4,829	4	22	333,490	20,862	20,655
335,768	- 140	10,772	0	113	0	- 8	346,279	206,149	191,793
779,080	987	54,963	0	26,544	0	168	808,654	246,262	215,840
428,479	- 336	34,653	0	15,758	- 4	- 2	447,032	141,147	129,073
82	0	953	0	0	0	0	1,035	130,180	71,658
1,543,409	511	101,341	0	42,415	- 4	158	1,603,000	723,738	608,364
2,700	0	0	0	0	0	0	2,700	3,278	1,707
0	0	0	0	0	0	0	0	6,003	6,807
2,900	0	0	0	0	0	0	2,900	6,903	2,063
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	10,485	9,660
5,600	0	0	0	0	0	0	5,600	26,669	20,237
1,877,695	1,139	110,320	0	47,244	0	180	1,942,090	771,269	649,256

## RESIDUAL TERMS OF THE GROUP'S LIABILITIES AS OF DECEMBER 31, 2023

Liabilities	Total amount as of Dec. 31, 2023 K€	of which with a residual term of up to 1 year K€	of which with a residual term of more than 1 year K€	of which with a residual term of more than 5 years K€
1. Liabilities due to banks	74,988	54,336	20,652	748
2. Advance payments received on orders	635,271	635,271	0	0
3. Trade payables	380,771	380,608	163	0
4. Liabilities due to affiliated companies	1,876	1,876	0	0
5. Liabilities due to companies in which participations are held	87,375	53,657	33,718	0
6. Other liabilities	77,668	75,043	2,625	485
<b>TOTAL</b>	<b>1,257,949</b>	<b>1,200,791</b>	<b>57,158</b>	<b>1,233</b>

Liabilities	Total amount as of Dec. 31, 2022 K€	of which with a residual term up to 1 year K€	of which with a residual term more than 1 year K€	of which with a residual term more than 5 years K€
1. Liabilities due to banks	83,135	50,064	33,071	1,172
2. Trade payables	299,028	298,971	57	0
3. Liabilities due to affiliated companies	763	763	0	0
4. Liabilities due to companies in which participations are held	64,462	35,164	29,298	1,286
5. Other liabilities	112,635	109,193	3,442	354
<b>TOTAL</b>	<b>560,023</b>	<b>494,155</b>	<b>65,868</b>	<b>2,812</b>







# INDEPENDENT AUDITOR'S REPORT

To Diehl Verwaltungs-Stiftung, Nürnberg

## Audit opinions

We have audited the consolidated financial statements of Diehl Verwaltungs-Stiftung, Nürnberg, and its subsidiaries (the Group), which comprise the consolidated balance sheet as of December 31, 2023, the consolidated income statement, the consolidated statement of changes in equity, and the consolidated cash flow statement for the fiscal year from January 1 to December 31, 2023, and notes to the consolidated financial statements, including a description of the accounting and valuation methods. We have also audited the group management report of Diehl Verwaltungs-Stiftung for the fiscal year from January 1 to December 31, 2023.

Based on the findings of our audit, it is our opinion that

- the accompanying consolidated financial statements comply in all material respects with the requirements of German commercial law and give a true and fair view of the assets and financial position of the Group as of December 31, 2023 and results of operations for the fiscal year from January 1 to December 31, 2023 in accordance with German principles of proper accounting and
- the accompanying group management report as a whole provides an accurate picture of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and accurately presents the opportunities and risks of future development.

In accordance with § 322 (3)(1) of the German Commercial Code (HGB), we declare that our audit has not led to any reservations concerning the propriety of the Consolidated Financial Statements or the Group Management Report.

## Basis for the audit opinions

We conducted our audit of the Consolidated Financial Statements and the Group Management Report in accordance with § 317 HGB and in compliance with the German principles of proper audit of financial statements established by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under those provisions and standards is further described in the "Auditor's Responsibility for the Audit of the Consolidated Financial Statements and the Group Management Report" section of our auditor's report. We are independent of the Group companies, in accordance with German commercial and professional regulations, and have fulfilled our other German professional obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and suitable to serve as a basis for our audit opinion on the Consolidated Financial Statements and the Group Management Report.

## Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The legal representatives are responsible for the preparation of the Consolidated Financial Statements, which comply with German commercial law regulations in all material respects, and for ensuring that the Consolidated Financial Statements convey a true and fair view of the Group's net assets, financial position, and results of operations in compliance with the German principles of proper accounting. Furthermore, the legal representatives are responsible for the internal controls that they have determined to be necessary, in accordance with the German principles of proper accounting, in order to enable the preparation of Consolidated Financial Statements that are free from material misstatements due to fraudulent actions (i.e. accounting manipulations or misstatement of assets) or errors.

In preparing the Consolidated Financial Statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They are also responsible for disclosing, as applicable, matters related to the going concern. In addition, they are responsible for preparing the financial statements on the basis of the going concern principle, unless factual or legal circumstances prevent this.

# INDEPENDENT AUDITOR'S REPORT

In addition, the legal representatives are responsible for the preparation of the Group Management Report, which as a whole provides an accurate picture of the Group's position, is consistent in all material respects with the Consolidated Financial Statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) that they have deemed necessary to enable the preparation of a Group Management Report in accordance with the applicable German legal requirements and to provide sufficient appropriate evidence for the statements made in the Group Management Report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the Consolidated Financial Statements and the Group Management Report.

## **Auditor's responsibility for the audit of the Consolidated Financial Statements and the Group Management Report**

Our objective is to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and whether the Group Management Report as a whole provides an accurate picture of the Group's position and is consistent, in all material respects, with the Consolidated Financial Statements and with our audit findings, complies with German legal requirements and appropriately presents the opportunities and risks of future development, and to issue an auditor's report that includes our audit opinion on the Consolidated Financial Statements and on the Group Management Report.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with the German principles of proper auditing of financial statements established by the Institut der Wirtschaftsprüfer (IDW) will always reveal a material misstatement. Misstatements may result 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 addressees taken on the basis of these Consolidated Financial Statements and the Group Management Report.

During the audit, we exercise professional judgment and maintain a critical attitude. Furthermore

- we identify and assess the risks of material misstatement of the consolidated financial statements and the group management report, whether due to fraud or error, we design and perform audit procedures in response to those risks, and we obtain audit evidence that is sufficient and appropriate to serve as the basis for our audit opinions. The risk that material misstatements resulting from fraud will not be detected is higher than the risk that material misstatements resulting from errors will not be detected, as fraud may involve collusion, forgery, intentional omissions, misleading representations, or the override of internal controls.
- we obtain an understanding of the internal control system relevant to the audit of the consolidated financial statements and of precautions and measures relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not with the aim of expressing an audit opinion on the effectiveness of these systems.
- we evaluate the appropriateness of accounting policies used by the legal representatives and the reasonableness of accounting estimates and related disclosures presented by the legal representatives.
- conclude on the appropriateness of the going concern basis of accounting used by the legal representatives 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 our auditor's

report to the related disclosures in the consolidated financial statements and the group management report or, if such disclosures are inadequate, to modify our respective audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

However, future events or circumstances may result in the Group being unable 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 represent the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with German principles of proper accounting.
- we obtain sufficient appropriate audit evidence regarding the accounting information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for directing, supervising, and performing the audit of the consolidated financial statements. We bear sole responsibility for our audit opinions.
- we assess the compliance of the group management report with the consolidated financial statements, its compliance with the law, and the picture it provides of the Group's situation.
- we perform audit procedures on the forward-looking information presented by the legal representatives in the group management report. On the basis of sufficient appropriate audit evidence, we verify, in particular, the significant assumptions made by the legal representatives as a basis for the forward-looking information and assess the proper derivation of the forward-looking information from these assumptions. We do not give an independent audit opinion on the forward-looking information and on the underlying assumptions. There is a considerable unavoid-

able risk that future events may deviate materially from the forward-looking information.

Among other things, we discuss with those charged with governance the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control system that we identify during our audit.

Munich, May 2, 2024

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

Thorsten Dzulko  
auditor

ppa. Harald Hofmeister  
auditor



# SUPERVISORY BOARD REPORT

During 2023, the Executive Board regularly informed the Supervisory Board about the course of business, the situation of the corporate group, and important individual business transactions. The questions and decisions resulting from this reporting were discussed comprehensively in meetings. The Supervisory Board was especially concerned with the market orientation of the Corporate Group and corporate divisions as well as the financial position and results of operations. For these issues, the Supervisory Board again received the Advisory Board's esteemed advice.

The Advisory Board comprises:

Dr. Klaus Probst, (Chairman)  
former CEO of Leoni AG,  
former Chairman of the Supervisory Board of Leoni AG,

Dr. Jakob Baer, (Vice -Chairman)  
former CEO of KPMG Switzerland, among others,  
former Chairman of the Board of Directors at Stäubli Holding AG,  
former Vice-Chairman of the Board  
at Barry Callebaut AG,

Dr. Olaf Berlien,  
President and CEO of INNIO Jenbacher GmbH & Co OG,  
former Chairman of the Executive Board of Osram Licht AG,

Dr. Johannes Bußmann,  
Chairman of the Executive Board of TÜV SÜD AG,  
former CEO at Lufthansa Technik AG

Mr. Karlhermann Jung,  
attorney and notary public (ret.),

The Consolidated Financial Statements and the Group Management Report of Diehl Verwaltungs-Stiftung were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft and certified without qualification. The Supervisory Board has taken note of the audit result.

The Supervisory Board would like to express its thanks to the Advisory Board, the Executive Board, the Works Councils and all employees of the Corporate Group for the work performed in the past fiscal year.

For the Supervisory Board

Markus Diehl  
Chairman

Nürnberg, 2 May, 2024



**DIEHL**

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