STABILUS

2022

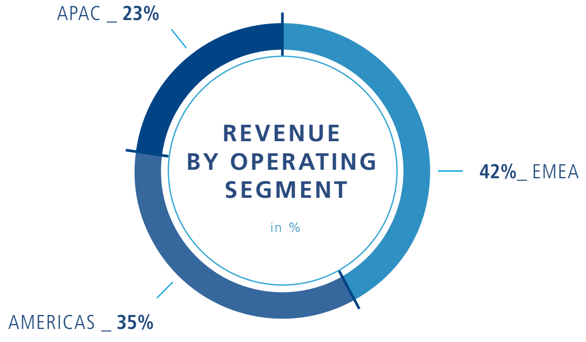
ANNUAL REPORT

FOCUS ON STRATEGY

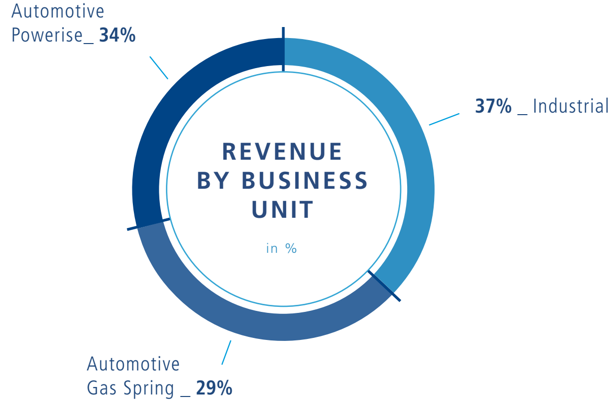
KEY FIGURES

IN € MILLIONS	Year ended Sept 30, 2022	2021	Change	% change
Revenue	1,116.3	937.7	178.6	19.0%
EBIT	142.2	121.3	20.9	17.2%
Adjusted EBIT	156.2	135.0	21.2	15.7%
Profit for the period	104.3	73.8	30.5	41.3%
Capital expenditure	(45.1)	(40.6)	(4.5)	11.1%
Free cash flow (FCF)	58.2	88.6	(30.4)	(34.3)%
Adjusted FCF	81.7	88.6	(6.9)	(7.8)%
EBIT as % of revenue	12.7%	12.9%		
Adjusted EBIT as % of revenue	14.0%	14.4%		
Profit in % of revenue	9.3%	7.9%		
Capital expenditure as % of revenue	4.0%	4.3%		
FCF in % of revenue	5.2%	9.4%		
Adjusted FCF in % of revenue	7.3%	9.4%		
Net leverage ratio	0.4x	0.6x		

Revenue by operating segment (i.e. region, location of Stabilus company)



Revenue by business unit



OUR GLOBAL FOOTPRINT

EMEA

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

AMERICAS

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

APAC

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

A TO OUR SHAREHOLDERS

B COMBINED MANAGEMENT REPORT

C CONSOLIDATED FINANCIAL STATEMENTS

D ANNUAL ACCOUNTS

E ADDITIONAL INFORMATION

TO OUR SHAREHOLDERS

LETTER FROM THE CEO

Dr. Michael Büchsner
Chief Executive Officer

Dear shareholders, customers, business partners and employees, ladies and gentlemen,

One year ago, I wrote to you about the pandemic and how it would continue to impact our lives for years to come. Certainly no one could have imagined what we are seeing today, as war in Europe, an energy crisis not seen for decades, and double-digit inflation are added to the mix. With this in mind, we are pleased that Stabilus was once again able to demonstrate its resilience in 2022.

Given this demanding situation, the fact that we were able to close our most successful fiscal year to date reflects a successful strategy and testifies to the exceptional performance of our employees. We achieved record-breaking Group revenue of €1,116.3 million in fiscal 2022, and Stabilus reached and exceeded the €1 billion threshold for the first time. We also significantly increased adjusted EBIT to €156.2 million. Our forecast for revenue, which was specified in the third quarter, thus came in ahead of expectations, and the projected adjusted EBIT margin of 14% was fully attained.

Two developments stand out in this successful track record. Firstly, growth in the Asia-Pacific region, where revenue increased by 72.7% year-on-year to €259.4 million. The growth was mainly organic (+60.1%) and, to a lesser extent, benefited from currency effects. Secondly, the continued organic growth of the Automotive Powerise® product line, which was 34% this year, lifting revenue to €374.6 million. In Asia-Pacific, organic growth in this division was as high as 148%. Stabilus' revenue performance in the Americas region was also very encouraging, with growth of 19.8% to €387.5 million. By contrast, in the EMEA region, the crisis-related spending restraint was reflected in only moderate revenue growth of 1.2% to €469.4 million. In addition to Automotive Powerise®, Automotive Gas Springs and our Industrial activities also developed positively, with organic growth of 3.9% to €326.0 million and 8.6% to €415.8 million, respectively. The Industrial business grew in almost all market segments and performed particularly strongly in the EMEA region, where it even outperformed the growth of Automotive Powerise®. This shows that the transfer of successful automotive products, such as Powerise®, to industry is bearing fruit.

"We achieved record-breaking Group revenue of €1,116.3 million in fiscal 2022, and Stabilus reached and exceeded the €1 billion threshold for the first time."

The achieved results confirm our STAR strategy, which we defined for the first time in 2011 and with STAR 2030 have now updated until 2030. In this strategy, we have defined four main objectives: First, we want to continue to achieve profitable and sustainable growth and see particular opportunities in the Asia-Pacific region and in the industrial business. Second, we want to further expand our position as the Company of Choice for customers and employees. Third, we want to continue to offer first-class motion control solutions via innovations and fourth, positively influence our environment as a Model Corporate Citizen. As at the close of fiscal 2022, we have laid the essential foundations for all of these plans: by exceeding the €1 billion revenue threshold, we have taken a first step towards our goal of €2 billion in 2030. With the growth achieved in Asia-Pacific, we are fully on track to consolidate our status as an innovative global player in this region as well, which Stabilus already enjoys today with its customers in Europe and America. This year's results of the Industrial business unit also speak for themselves and show that the targeted broadening of the customer base is progressing successfully with the help of the transfer of applications from the Automotive Powerise® sector and product innovations. We will also continue to use access to equity and debt capital via the capital market for investment, growth and the achievement of our strategic goals. The recent inclusion in the MDAX increases our visibility among investors.

In view of our long-term goals, we believe we are in a good position. With Powerise®, for example, we have been successful in the automotive sector for many years. Demand for high-quality electromechanical drives is also growing in other sectors such as commercial vehicles, furniture and medical technology. We are making good progress in tapping into this demand by developing tailored solutions for industrial applications. But that is not all: on the way to becoming the world market leader in motion control, product and process innovation are crucial. By 2030, a quarter of Group revenue is to be generated with new products and solutions. One of the keys to this is the advancing integration of software. A growing number of industries and applications require complex overall solutions in which Stabilus' mechanical and electronic components are integrated and interconnected. That is why Stabilus is expanding its expertise in intelligent motion software in order to generate greater added value as a system supplier.

"Demand for high-quality electromechanical drives is also growing in other sectors such as commercial vehicles, furniture and medical technology. We are making good progress in tapping into this demand by developing tailored solutions for industrial applications."

How we realize these plans is also important to us. Our strategy states that we want to be the Company of Choice for our customers and employees and a Model Corporate Citizen. What does this mean for our actions?

Stabilus' customers expect leading development know-how, first-class support, top product quality, and high reliability in logistics and application. We want to be measured against this and are striving for a Net Promoter Score (NPS) of 50 as part of the STAR 2030 strategy. This key figure provides information on the willingness of customers to recommend our products and services to others – a value of 50 corresponds to a very high level of customer satisfaction. The goal is that anyone looking for a motion control solution will first have one name in mind: Stabilus. We can only meet this expectation with motivated and committed employees.

That is why we build our corporate culture on the values of trust, reliability, honesty, fairness and respect. We are convinced that a positive working environment has a significant effect on performance and the development of new ideas.

"The goal is that anyone looking for a motion control solution will first have one name in mind: Stabilus."

Value-based corporate governance is also at the core of our sustainability strategy. Ecological, economic and social sustainability are the key to a world worth living in tomorrow. We accept this responsibility wherever our company operates. This relates in particular to the significant reduction in the Stabilus Group's CO_2 emissions worldwide by 2030. We are expanding existing climate-friendly projects and launching new ones. Wherever possible, Stabilus makes use of renewable energy. Other environmentally friendly measures include consistent conservation and recycling of resources to the greatest extent possible. We have also committed ourselves to assuming social responsibility at our operating sites worldwide and in their surrounding areas. Respect for human rights and the highest level of occupational safety have always been non-negotiable factors for the Stabilus Group. This also includes integrity and diversity as components of our corporate culture.

Let me now turn my attention to the current fiscal year 2023, for which we expect revenue of €1.1 billion to €1.2 billion and adjusted EBIT margin in a range of 13% to 14%. This reflects the fact that on the one hand we expect global light vehicle production to increase by around 4% in fiscal 2023. On the other hand, current macroeconomic and geopolitical uncertainties require us to factor in a wider range of scenarios that affect the accuracy of our forecast. Global supply chains and price developments for energy, raw materials and components will remain challenging for the foreseeable future and will require smart management, stringent cost management and flexible action. In view of how we mastered these challenges in the past fiscal year, I am confident that we will also be able to meet our targets in 2023.

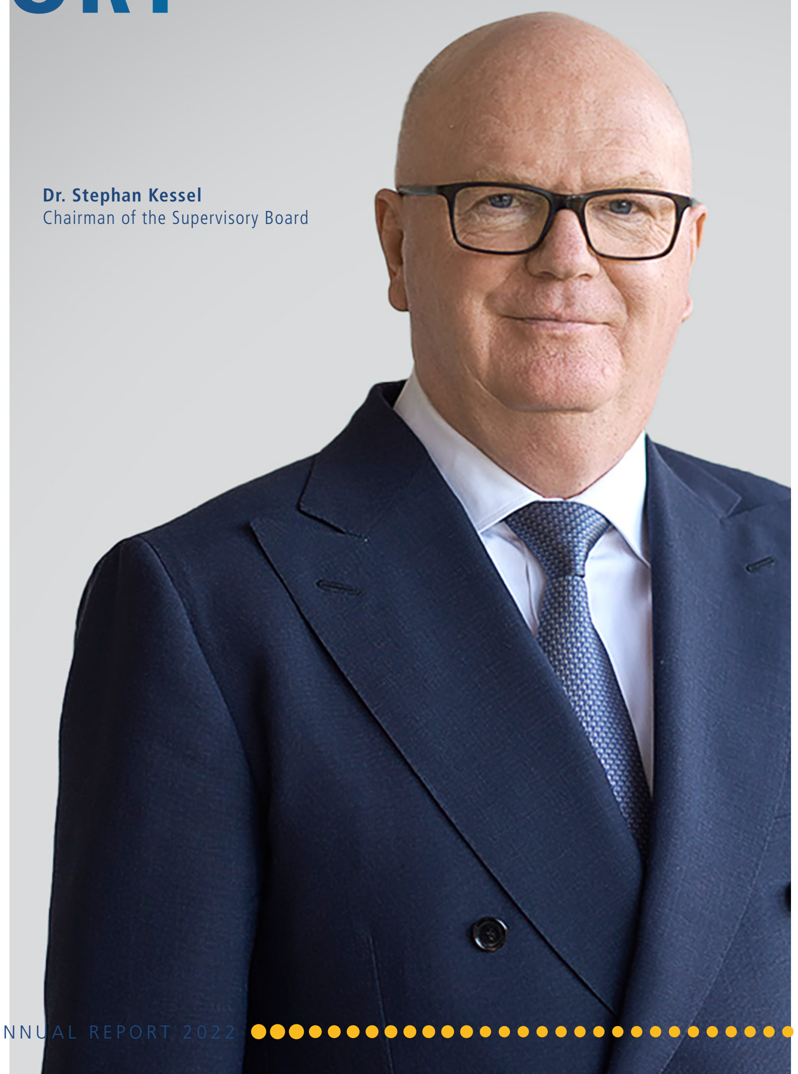
Especially in times like these, it is good to know that Stabilus SE has loyal and committed shareholders at its side. On behalf of the Management Board and our more than six and a half thousand employees, I would like to thank our shareholders for the trust they have placed in us, and I look forward to the continuing cooperation and exchange in the new fiscal year.

We hope that you will continue to place this confidence in us, as we are dedicating all our energy and passion into meeting your expectations and achieving our goals, even in these far-from-easy times. The preconditions for doing this are good because Stabilus is stronger today than ever before.

Yours sincerely,

DR. MICHAEL BÜCHSNER
Chief Executive Officer

SUPERVISORY BOARD REPORT



Dr. Stephan Kessel
Chairman of the Supervisory Board

Dear Shareholders,

Stabilus SE's fiscal year, from October 1, 2021 until September 30, 2022, was characterized by far-reaching changes – changes concerning both the Company itself as well as its business environment. The Company first completed its change in legal form from a Luxembourg S.A. to a European Company (Societas Europaea, SE) and then, in the summer of this year, the relocation of its registered office to Germany. Since September 2, 2022, the Company has had its administrative and registered office in Germany. Working closely with the Company's Management Board, the Supervisory Board supported and actively promoted this project.

Prior to the headquarters' relocation, the Supervisory Board also advocated for a structural reorganization of the Stabilus SE Management Board, including its composition. On the one hand, the Management Board was downsized, from five to two individuals, to create efficiencies following the elimination of the Luxembourg location; on the other, Stefan Bauerreis joined the Company to serve as the new CFO, and we are convinced that he will keep the Company on its successful path.

On the Supervisory Board, too, we welcomed a new member: Ms. Inka Koljonen was appointed a member of the Supervisory Board on February 16, 2022 and is now adding strength to the Audit Committee as well.

In a challenging business environment, which continued to be marred by an ongoing scarcity of resources, the war in Ukraine as well as the effects of the COVID-19 pandemic, the Company's Management Board succeeded in boosting the Company growth at high profitability.

On the occasion of the annual Strategy Day, when the Supervisory Board exchanged opinions with the Company's leadership team, especially with respect to corporate strategy and technical innovations, the topics discussed at length included the issue of sustainability, which resulted in ambitious CO_2 reduction targets being defined for the Company.

During the reporting year, the Supervisory Board diligently performed the tasks assigned to it by law, the articles of association and the rules of procedure and advised the Management Board and monitored the Company's corporate governance. In doing so, the Supervisory Board relied on the detailed reports provided by the Management Board in oral and written form. In addition, the Management Board and the chairman of the Supervisory Board engaged in a continuous dialog about questions of strategy, business development, risks and risk management, compliance, financial and investment planning, HR policy as well as the Company's profitability, to the effect that the Supervisory Board was informed about the Company's situation as well as impending decisions at all times. Insofar as the Supervisory Board's approval was required by law, the articles of association or the rules of procedure for actions to be taken by Management Board, the Supervisory Board discussed such actions and granted its consent. In all ordinary meetings, the Management Board informed the Supervisory Board of the course of business as well as the Company's situation and explained current trends in sales and profits. Aside from the reorganization of the Management Board mentioned above, the Supervisory Board during the reporting year was focused on the regulatory changes associated with the relocation of the Company's seat to Germany, especially as regards corporate governance and the audit, which were discussed with the Management Board and among members of the Supervisory Board at length.

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

Supervisory Board's work

Four ordinary in-person meetings, two ordinary meetings by video conference only and two extraordinary meetings (each by video conference) took place over the reporting year; one of the two extraordinary meetings took the form of an inaugural meeting (on August 15, 2022) following a resolution adopted by the Extraordinary General Meeting of August 11, 2022 on the relocation of Company seat to Germany. Two resolutions were adopted by way of the circulation procedure. None of the members of the Supervisory Board attended only half or fewer of the meetings of the Supervisory Board and the committees to which they belong. A detailed overview of the number of meetings of the Supervisory Board and its committees attended by the individual members is to be found under "Individualized Disclosure of Meeting Attendance" below.

On the occasion of the meeting of November 10, 2021, the budget for the 2022 fiscal year was discussed and the preliminary results of the audit of the annual accounts were debated, among other items. In addition, we talked through in detail the change in legal form of Stabilus S.A. into the legal form of a SE and discussed the individual steps of the Company seat's relocation.

On December 9, 2021, at a meeting conducted by video conference, the Supervisory Board closely examined the annual accounts for Stabilus S.A. for the fiscal year from October 1, 2020 until September 30, 2021 as well as the consolidated accounts, including the combined management report, the supervisory board report and the proposal for the allocation of profits, in addition to establishing the agendas for the imminent Annual General Meeting as well as the Extraordinary General Meeting scheduled for March 24, 2022. The budget was finalized and approved, and also the individual targets for the Management Board were defined.

The meeting of the Supervisory Board (by video conference) on February 15, 2022, was dedicated largely to a discussion of the current financial and business situation following the end of the first quarter. Members also explored a special topic: the implementation of various IT projects pursued by the Company (among others, introduction of TISAX).

Ms. Inka Koljonen was appointed to the Supervisory Board as a new additional member by the Annual General Meeting on February 16, 2022, while the resolution to change the legal form of Stabilus S.A. into Stabilus SE was adopted by the Extraordinary General Meeting of March 24, 2022.

During the extraordinary meeting of the Supervisory Board of March 25, 2022, which was held by video conference, members engaged in an in-depth debate of the impact on the Company of the war in Ukraine and formulated appropriate measures. In addition, it was resolved that the Company's refinancing will begin as soon as this quarter and the next. Members also discussed the individual steps of the Company seat's relocation.

On the occasion of the meeting of the Supervisory Board of April 29, 2022, the Management Board presented a report on the Company's situation, along with financial indicators for the second quarter. In addition, an intense debate took place regarding the status of the new organization within the Company's Industrial Business Unit. The Supervisory Board further examined the Company's new financing concept and approved it by way of resolution.

On the occasion June 22, 2022, the Management Board, the Supervisory Board and senior management met for Strategy Day in order to discuss strategic and technical projects and to define the Company's sustainability objectives on such occasion as well. In the meeting of the Supervisory Board of June 23, 2022, members focused on the issue of the Company seat's relocation as well as such changes to the Company's structure under corporate law as may precede and the Company's relocation. In the course of the meeting, the Supervisory Board approved the recommendation of the Management Board that the Company's structure under corporate law be realigned by means of the intra-Group sale of some entities.

On August 11, 2022, the Extraordinary General Meeting adopted a resolution to move the Company's seat from the Grand Duchy of Luxembourg to Germany and, in this context, also confirmed the mandates of the members of the Company's Supervisory Board.

On August 15, 2022, the Supervisory Board convened for an inaugural meeting, which was held by video conference. Dr. Stephan Kessel was confirmed in his role as chairman of the Supervisory Board, and Dr. Ralf-Michael Fuchs was appointed to serve as his deputy. In addition, the Supervisory Board adopted rules of procedure for the Management Board as well as for the Supervisory Board, among other items. The committees were staffed pursuant to the new rules of procedure for the Supervisory Board, with Dr. Rauhut being confirmed as member and chairman of the Audit Committee, and Inka Koljonen and Dr. Stephan Kessel being elected members of the Audit Committee. Dr. Stephan Kessel was confirmed as member and chairman of the Remuneration and Nomination Committee, and Dr. Ralf-Michael Fuchs as well as Dr. Dirk Linzmeier were elected members. With mandates confirmed and new elections completed (all with effect for the period starting with the Company's entry into the German register of companies), the meeting further occasioned – on the sidelines, as it were – a self-evaluation of the Supervisory Board's work as well as a debate of the diversity concept and the competence profile.

At the meeting of September 15, 2022, the Supervisory Board focused on the budget for the 2023 fiscal year, the business situation and the financial indicators for the third quarter, giving special consideration to the report of the Management Board on measures to counter the increase in raw material prices. The Management Board further reported on the state of the reorganization of the plant in Koblenz, Germany. In addition, various investments requiring approval were discussed and approved.

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

Work in and by Supervisory Board Committees

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

The **Audit Committee** is currently composed of Dr. Joachim Rauhut (chair), Ms. Inka Koljonen and Dr. Stephan Kessel. It held five meetings during the reporting period, all but one of which were in-person meetings. In the presence of the auditor and the Management Board, the Audit Committee examined the Company's annual accounts, the consolidated accounts as well as the management report in the course of the reporting year. For this purpose, it repeatedly exchanged opinions with the auditor in the absence of the Management Board. In view of the Company seat's relocation from Luxembourg to Germany, the Audit Committee kept abreast of and monitored the court appointment of the auditor for the fiscal year from October 1, 2021 until September 30, 2022; it defined areas of emphasis for the audit in advance and monitored the quality and efficiency of the audit, among other items. In addition, it regularly exchanged opinions with the Management Board and the Chief Compliance Officer about questions related to corporate governance issues and requested reports about the effectiveness of the compliance system, the internal audit system and risk management. The Audit Committee also regularly took a look at the accounting and the accounting process as well as the audit plan of the internal audit department and its findings.

Another focus of the work of the Audit Committee during the reporting year consisted of the preparation and completion of a transparent, non-discriminatory process for the selection of the auditor for the fiscal year from October 1, 2022 until September 1, 2023, given that the current legal situation mandates auditor rotation. For this purpose, the Audit Committee on the occasion of its meeting of July 28, 2022 determined that a tender procedure was to be initiated pursuant to Art. 16 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

The **Remuneration and Nomination Committee** is composed of Dr. Stephan Kessel (chair), Dr. Ralf-Michael-Fuchs and Dr. Dirk Linzmeier. It convened four times over the reporting period. All of the meetings were conducted by telephone / video conference. Members focused on finding a new CFO, setting variable compensation targets, formulating a new compensation strategy for the board of management and developing a diversity strategy. In addition, nominations were considered in the context of the imminent re-election of four members of the Supervisory Board by the Annual General Meeting in February of 2023.

Individualized disclosure of meeting attendance

	Supervisory Board	Audit Committee	Remuneration and Nomination Committee
Dr. Stephan Kessel [1]	8 / 8	3 / 5 (*3)	4 / 4
Dr. Joachim Rauhut	8 / 8	5 / 5	
Dr. Ralf-Michael Fuchs	8 / 8		4 / 4
Dr. Dirk Linzmeier [2]	7 / 8		2 / 4 (*2)
Inka Koljonen [3]	4 / 8 (*5)	2 / 5 (*2)	

*Meetings that took place during tenure

Annual accounts and consolidated accounts

KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Germany, which the register court of Frankfurt am Main appointed as auditor of the accounts for the fiscal year from October 1, 2021 until September 30, 2022 by order dated October 7, 2022, audited the annual accounts for the fiscal year from October 1, 2021 until September 30, 2022 as prepared by the Management Board pursuant to the rules of the German Handelsgesetzbuch (the Commercial Code, "HGB"). The auditor issued an unqualified audit certificate.

[1] Member of Audit Committee from 1 September 2021 until February 16, 2022, and again since 2 September 2022
[2] Member of Remuneration and Nomination Committee since September 2, 2022
[3] Member of Supervisory Board and Audit Committee since February 16, 2022

Stabilus SE's consolidated accounts for the fiscal year from October 1, 2021 until September 30, 2022 as well as the group's management report, which is combined with the Stabilus SE management report, were prepared pursuant to § 315e HGB on the basis of the IFRS international accounting standards as they are to be applied within the European Union. The consolidated accounts and the combined management report were likewise approved in an unqualified audit opinion issued by KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Germany. The auditor further found that the Management Board has established an adequate information and monitoring regime that, based on how it was conceived and is implemented, appears likely to detect developments endangering the Company's continued existence early.

The auditor reviewed the remuneration report prepared by the Management Board and the Supervisory Board for completeness and accuracy of information pursuant to § 162 (1) and (2) of the German Aktiengesetz (the Stock Corporation Act, "AktG") and certified a corresponding opinion.

The consolidated accounts and Stabilus SE's annual accounts for the fiscal year from October 1, 2021 until September 30, 2022 were discussed at length on the occasion of the meeting of the Audit Committee and the meeting of the Supervisory Board that followed, both of December 8, 2022, which were attended by all members of the Audit Committee and the Supervisory Board, along with the auditor. During the meeting of the Audit Committee, which was attended by the full Supervisory Board, the auditor reported on material audit findings. The Audit Committee once more directed its attention to the key audit items at its meeting. In addition, the group's non-financial statement was discussed as part of this meeting in the presence of the auditor, which also reviewed the non-financial statement subject to "limited assurance." At its subsequent meeting, the Supervisory Board reviewed the annual accounts and the consolidated accounts along with the combined management report, including the separate non-financial statement, noted with approval the outcome of the audits and did not raise any objection after its own review. The annual accounts, the consolidated accounts and the non-financial statement were thus approved. As a result, the annual accounts prepared by the Management Board of Stabilus SE are thus adopted.

Following its own thorough review, the Supervisory Board endorsed the recommendation of the board of management for the appropriation of profits to the general meeting of February 15, 2023, which provides for the distribution of a dividend payment for the fiscal year from October 1, 2021 until September 30, 2022 in the amount of €1.75 per no-par share.

Changes to Management Board and Supervisory Board

Stefan Bauerreis has been a full member of the Management Board since June of 2022. Andreas Sievers and Andreas Schröder ceased being members of Management Board in August of 2022. As of September 30, 2022, moreover, Mark Wilhelms entered retirement upon the expiration of his tenure as a member of the board of management. The Supervisory Board thanks Mark Wilhelms for his long-term service.

The Annual General Meeting of February 16, 2022 appointed Inka Koljonen member to the Supervisory Board. There were no other changes to the Supervisory Board during the reporting year. The Extraordinary General Meeting of August 11, 2022 confirmed the mandates of the members of the Company's Supervisory Board in connection with the intended relocation of the Company's seat to Germany.

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

DR. STEPHAN KESSEL
Chairman of the Supervisory Board

OUR STRATEGY STAR 2030

Vision

GLOBAL LEADER IN INTELLIGENT MOTION CONTROL TECHNOLOGIES

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

2030

OUR VISION
Global leader in intelligent motion control technologies

OUR PURPOSE
We make motion easy and safe – each and every day

OUR MISSION
WE DELIVER WORLD CLASS MOTION CONTROL SOLUTIONS

OUR VALUES
CODE-S:
Commitment | Open | Delight | Ethical

OUR GOALS

Profitable and Sustainable Growth	Company of Choice	Next Level Motion Control Solutions	Model Corporate Citizen

OUR KPIs

Total Sales €2bn@15% adj. EBIT margin	Employee & Customer Net Promoter Score >50	€0.5bn Sales with New Innovative Solutions	Company with Top Sustainability Ratings

MOTION CONTROL INNOVATIONS | MOTION ECOSYSTEM | SUSTAINABLE PROFITABLE COMPANY | ASIAN CENTER OF GRAVITY | OPERATIONAL AGILITY

Purpose

WE MAKE MOTION EASY AND SAFE – EACH AND EVERY DAY

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

Mission

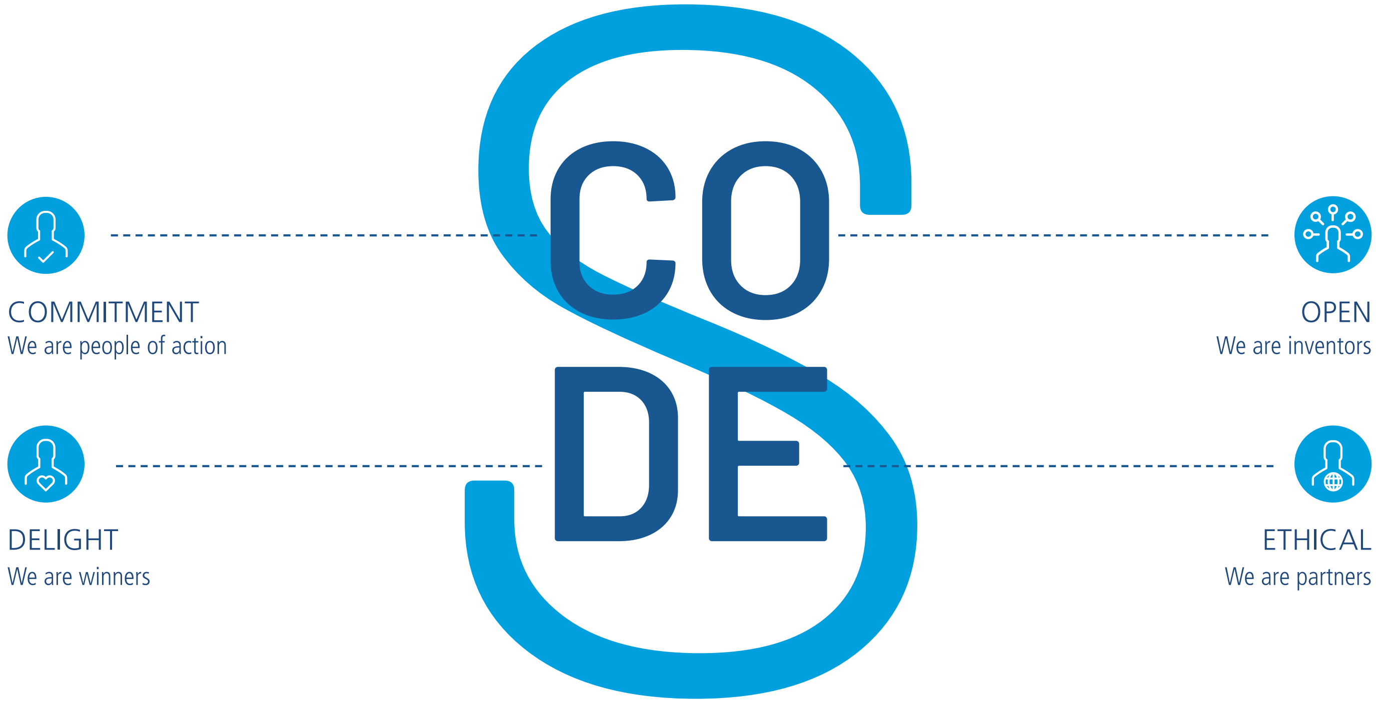
WE DELIVER WORLD-CLASS MOTION CONTROL SOLUTIONS

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

Values

CODE-S: THE INNER COMPASS OF OUR WORK

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



PROFITABLE AND SUSTAINABLE GROWTH

TO DRIVE FORWARD GLOBAL GROWTH WITH A FOCUS ON ASIA-PACIFIC – TO DEVELOP A BROAD INDUSTRY PORTFOLIO – TO REINFORCE TRUST IN THE CAPITAL MARKET

Over the past ten years, Stabilus has achieved strong profitable growth. Stabilus wants to maintain its course of profitable growth and is targeting sales of €2 billion with a margin of 15% in 2030. The strategy envisages solid, profitable growth in all regions where the company is represented to serve its customers worldwide.

TO ACCELERATE GROWTH – WITH PARTICULAR OPPORTUNITIES IN ASIA-PACIFIC

Asia-Pacific constitutes a special regional focus of the growth strategy. According to all forecasts, the economies of this region will grow much faster than the global average in the coming years. Stabilus is already well positioned there and, with its solutions, meets the growing demand of people in Asia and the Pacific for safe, convenient solutions for motion control. The aim is to achieve the same status as an innovative global player in Asia-Pacific that the company already enjoys with its customers in Europe and America.

TO EXPAND THE INDUSTRY BUSINESS – AND WIDEN THE CUSTOMER BASE

Another key component of the growth strategy is the expansion of the industrial business. This growth is mainly supported by the expert brands ACE, HAHN-Gasfedern, Fabreeka, Tech Products and General Aerospace, which enjoy a high level of confidence in the core markets due to their specialized motion control solutions. For this reason, we are retaining these brands under the umbrella of the Stabilus Group, where their know-how is bundled in the Industrial business unit. This strengthens Stabilus' position as an innovative solution provider with a broad customer base in various market segments.

TO INCREASE ROBUSTNESS – AND GAIN SCOPE FOR STRATEGIC ACQUISITIONS

A broad positioning makes our success less dependent on market cycles. Profitable, sustainably growing and broadly positioned technology companies are valued higher by the capital market. A long-term increasing stock price will not only enable our shareholders to participate in the success of the Stabilus Group, it also gives us more scope in our acquisition of additional companies. Therefore, our growth is based on two pillars: organic expansion from our own strength and accelerating our access to new technologies and markets through acquisitions.

COMPANY OF CHOICE

COMPANY OF CHOICE – FOR CUSTOMERS AND EMPLOYEES: TO EXPAND CUSTOMER ORIENTATION – TO INSPIRE EMPLOYEES – TO BECOME THE COMPANY OF CHOICE

Stabilus aspires to be a "Company of Choice" in every respect: both for its employees and for its customers worldwide.

TO ACHIEVE THE HIGHEST CUSTOMER SATISFACTION – IN EVERYTHING WE DO

Stabilus' customers expect nothing less than in-depth development expertise, short communication lines, creativity in our solutions, the best product quality and reliable logistics. To ensure a high level of customer satisfaction, Stabilus measures this at regular intervals using the Net Promoter Score (NPS), which provides information about customers' willingness to recommend the products and services to others. As part of the STAR 2030 strategy, the company is aiming for an NPS of 50, which corresponds to a very high level of customer satisfaction. The goal is for everyone looking for a motion control solution to first have one name in mind – the Stabilus Group.

TO BE AN OUTSTANDING EMPLOYER – FOR MOTIVATED EMPLOYEES

Motivated and committed employees are the basis for top performance, which is a strong argument for the Group's products, solutions and services. Only with top performance can Stabilus further expand its market position in the competitive environment. That is why Stabilus takes a critical look at itself and cultivates a culture of open dialogue and an intensive exchange of ideas with all employees. Their opinions, ideas and active participation are crucial for the success of the company and for the goal of being a "Company of Choice" at all times.

NEXT LEVEL MOTION CONTROL SOLUTIONS

TO DIGITIZE THE PORTFOLIO – TO USE ACTUATION KNOW-HOW ACROSS ALL SECTORS – TO ACCELERATE INNOVATIONS

Markets and customer expectations are changing rapidly. In order to meet these requirements, the targeted expansion of the product range of system solutions and software competence forms a central pillar of the corporate strategy. There will continue to be great demand and innovation potential for mechanical products from Stabilus in the future. At the same time, new applications are being developed: smart, digital and automated.

TO EXPAND SOLUTION COMPETENCE – WITH SOFTWARE AS THE KEY

Whether it's a question of new mobility concepts, renewable energies or robotics: More and more industries and applications require complex complete solutions in which the mechanical and electrical components from Stabilus are incorporated and networked. The key to this is software. It is essential for achieving the desired further development from a component supplier to a system supplier in order to create higher added value. Stabilus is therefore consistently expanding its expertise in intelligent motion software – including control systems.

TO OPEN UP NEW MARKETS WITH OUR ACTUATOR COMPETENCE

The Powerise® product line is a long-standing success story for Stabilus in the automotive industry. The demand for high-quality electromechanical drives is also growing in other industries, such as commercial vehicles, furniture or medical technology. There are great opportunities for Stabilus to use its comprehensive know-how even more broadly and to open up new markets. The company is therefore developing a tailor-made Powerise® portfolio specifically for industrial customers in order to provide them with the best possible support in their product innovations.

TO ACHIEVE 25% OF REVENUE WITH INNOVATIONS – USING MOTION CONTROL ECOSYSTEM

Product and process innovation are the key to taking a leading role in motion control. For this reason, Stabilus aims to achieve a quarter of the Group's revenue with new products and solutions by 2030. This requires a full innovation pipeline and consistent implementation. Stabilus goes one step further and, together with its partners, contributes diverse know-how to a growing motion control ecosystem.

MODEL CORPORATE CITIZEN

TO LIVE SUSTAINABILITY IN ALL ITS FACETS – TO PROTECT THE CLIMATE – TO DEMONSTRATE VALUES-BASED LEADERSHIP

Awareness of environmental, economic and social sustainability has increased dramatically worldwide. All three factors are the key to an even more livable world of tomorrow. Stabilus, too, sees its active responsibility for the environment, people and good corporate governance as a mission and believes it is important that the company live up to its role as a “model citizen” wherever it operates.

TO ADDRESS CO_2 REDUCTION – BY CONSERVING RESOURCES

A key goal in this regard is to significantly reduce the Stabilus Group's CO_2 emissions worldwide by 2030. On the way to achieving this goal, existing climate-friendly projects will be expanded and new ones tackled. Wherever possible, the Group uses renewable energies. Consistent resource preservation and the recycling of water, oil and heat are further essential measures that Stabilus is actively implementing as part of STAR 2030.

TO BE A MODEL CORPORATE CITIZEN – WITH RESPECT FOR EVERY INDIVIDUAL

As part of its strategy, Stabilus has also committed itself to assuming social responsibility – both globally and locally in the regions. Respect for human rights and the highest level of occupational safety have always been non-negotiable factors for the Stabilus Group. Integrity and diversity are central components of the corporate culture. The mission statement of the company's management is based on the values of trust, reliability, honesty, fairness and respect. Because only in a positive working environment can top performances and new ideas evolve.

TO SECURE COMMERCIAL SUCCESS – FOR THE LONG TERM

Compliance with ESG criteria (environmental, social and corporate governance) is playing an increasingly important role for our corporate development and for various stakeholders of Stabilus. All three pillars of ESG form a central basis for constant, solid and sustainable growth at Stabilus.

A SHORT INTERVIEW WITH DR. MICHAEL BÜCHSNER

— Dr. Büchsner, with STAR 2030 you have presented a concrete strategic plan for the coming years. Your goal is to attain global market leadership in intelligent motion control. From your point of view, what are the essential steps on the path to that goal?

Demographic change, digitalization and modern mobility are key social developments that are driving the growth of our Group. In many areas, we see a steadily increasing need for comfort and convenience, for which motion control is an indispensable technological component. Today, the use of software and the miniaturization of solutions also open up countless possibilities for integrating motion control into people's everyday lives, thus offering enormous growth potential. Our innovative strength is a decisive competitive advantage for organic growth. The acquisition of complementary technologies and products plus the establishment of strategic partnerships will also help us to assume a leading global position in the field of motion control by 2030. The key topics on our way to global leadership in intelligent motion control are therefore: developing intelligent software solutions, continuously driving innovation and thus enabling both organic growth, global partnering and acquisitions.

— What role does innovation play at Stabilus in order to remain competitive?

Innovation is a very important aspect of our strategy. By 2030, we will generate a good share of our revenue with products that are just now being developed today or will only find their way onto the drawing board in the years to come. Our goal is to achieve revenue of €500 million with new and innovative products by 2030. An important factor is the interchange of products and solutions between our business units Automotive Powerise®, Automotive Gas Spring and Industrial, which allows several areas to benefit from our innovations and new applications.

— What is the current situation of the product pipeline at Stabilus and what can we expect in the coming fiscal year?

Our pipeline of new products and developments is well filled. In fiscal year 2023, we will introduce the second generation of our electric door drive, DA90.2. Among other things, the DA90.2 is an important technological component for autonomous driving and is also already being used in current production vehicles. With the LOM X, we are launching a gas spring based on the LIFT-O-MAT that can compensate for temperature fluctuations and thus ensure reliable performance regardless of the outside temperature. Further innovations from Stabilus are speed bumps on streets equipped with gas springs, allowing them to be lowered to pavement level if the speed limit is maintained. Thus, the impact that is supposed to lead to braking only occurs in the case of speed violations. Our solution protects the driver, equipment and the environment.

— You entered into partnerships with Cultraro and Synapticon last year. How is the cooperation developing?

We are very satisfied with the development of the partnerships. Both companies serve important trends in motion control. On the one hand, in the field of miniaturization where Cultraro has great expertise. On the other hand, in the increasingly important integration of software into motion control solutions. Besides our own developments, we have an innovative partner at our side in Synapticon.

— In the Asia-Pacific region, you expect the Stabilus Group to continue to see above-average growth in the coming years. Which segments do you think have the greatest potential in this region?

Asia continues to be a strong growth driver for our business. The Automotive Powerise® division in particular recorded exceptionally strong growth in the past fiscal year 2022. With our plant in Pinghu in China, we already laid an important foundation for this development at the beginning of 2021. We expect strong growth in both Automotive and Industrial in the region in the coming years and see ourselves well positioned for this. As far as the individual countries are concerned, we of course continue to expect strong growth in China. But we also see increasing demand for our products and considerable potential for further growth in South Korea, Japan and the ASEAN countries.

— In your long-term strategy, you have also stated that you want Stabilus to be the Company of Choice. What does this mean in concrete terms?

Our primary goal is to be the preferred partner for our customers and suppliers as well as an attractive employer for our employees. We are already on the right track in all these aspects and would like to further increase our attractiveness in the coming years. In concrete terms, this means continuing to offer our customers a broad product portfolio with high quality and attractive prices and developing solutions for very different areas of motion control. We offer continuity for our suppliers and are a valued development partner for new materials and components. And of course, it is the employees who make the Stabilus Group what it is today: a globally recognized technology specialist for intelligent motion control. Only with a high motivation to provide top performance for the company and its customers will we be able to maintain and even expand our market position vis-à-vis the competition. Appreciation, a culture of open communication, responsiveness and active employee participation are key factors towards making us the Company of Choice on the job market.

A SHORT INTERVIEW WITH STEFAN BAUERREIS

— Dr. Bauerreis, this summer you took over from long-standing CFO Mark Wilhelms. What impulses would you like to set in the coming years?

Our long-term strategy envisages stable and sustainable growth in the coming years. The aim here is to identify and exploit new market opportunities in a difficult market environment. My main focus will be on maintaining the balance between growth on the one hand and profitability on the other, so that we will meet both our revenue and margin targets. Last but not least, we continue to be very well positioned in terms of our financing. In addition, sustainability will be the focus of our actions. For us, ESG (Environmental, Social, Governance) is not a trend, but a commitment and a conviction.

— With a targeted revenue of two billion euros in 2030, you are taking over an ambitious goal. Where will the lion's share of the growth come from?

Our growth target is ambitious, but quite realistic. The revenue of two billion euros will be the result of organic growth and acquisitions. We can envisage acquisitions, especially in the Industrial division. They give us access to technologies that complement our present market positioning. We see growth opportunities in all our business units. The past fiscal year was characterized in particular by the strong growth in the Powerise® business. Regionally, we expect above-average growth, especially in Asia-Pacific and North America.

— STAR 2030 is projecting strong annual revenue growth. How will this affect the development of the Group's profitability?

Achieving profitable growth is one of our main goals, which is reflected not least in our adjusted EBIT margin of 15% for 2030. We will continue to invest part of our earnings in research and development in the coming years, as innovations ultimately maintain our competitive advantage and are the key to global market leadership in motion control.

— What significance does the change of legal form to an SE resolved in fiscal year 2022 and the transfer of the registered office from Luxembourg to Germany have for your long-term strategy?

The conversion to a Societas Europaea and subsequent relocation of the headquarters lead to a simplification of the group structures, reduce complexity and ultimately enable efficiency gains that support our profitable growth. I would therefore like to express my sincere thanks to all shareholders for their approval of our plans.

— In your strategy statement for STAR 2030, you stated that being a model corporate citizen is one of the fundamental goals of the Group. What do you mean by this?

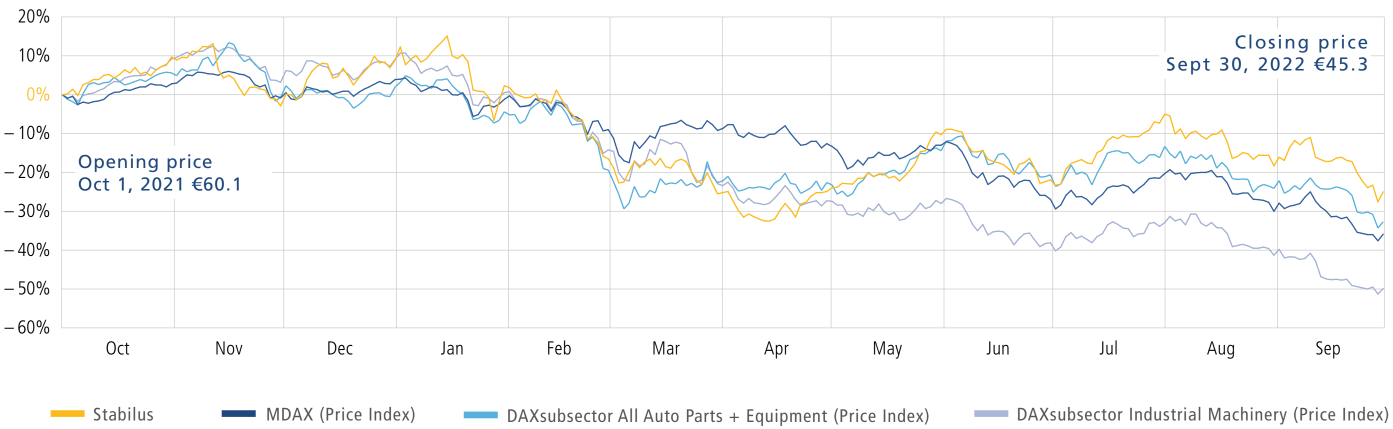
Worldwide awareness of environmental, economic and social sustainability has increased considerably in recent years. At Stabilus, we are aware of our responsibility for the environment and people and want to play an active role in shaping a future worth living. Last year, for example, we set a goal for ourselves to drastically reduce our CO_2 emissions by 2030. Compliance with ESG standards has also become an important criterion for our customers, cooperation partners, talents and investors. All three pillars – environmental, social and governance – are important drivers for us to grow sustainably and profitably.

STABILUS SHARE

Stabilus share data

Ticker symbol	STM
Bloomberg ticker symbol	STM:GR
Reuters ticker symbol	STAB.DE
German security identification number (WKN)	STAB1L
ISIN	DE000STAB1L8
Number of shares outstanding (Sept 30, 2022)	24,700,000
Type of shares	Ordinary bearer shares in the form of no-par-value shares
Capital stock (Sept 30, 2022)	€247,000
Index memberships (selection)	MDAX, DAXsubsector Industrial Machinery

Share price development



Stabilus share price performed better than the peer indices

In 2022 fiscal year (October 2021 – September 2022), Stabilus' share price dipped by 25%, performing better than its peer indices DAXsubsector All Auto Parts + Equipment (– 33%), MDAX (– 36%) and DAXsubsector Industrial Machinery (– 50%) in the same period.

General Meetings in FY2022

A total of 56.6% of equity capital was represented at our Annual General Meeting which was held on February 16, 2022. Each resolution proposed by the company's management was approved a large majority of Stabilus shareholders. Among other things, the shareholders appointed Ms. Inka Koljonen as new member of the Supervisory Board.

An Extraordinary General Meeting was held on March 24, 2022 and resolved, with an attendance rate of 77.4% and an approval rate of 100%, to change the legal form of the Company from Société Anonyme (S.A.) under Luxembourg law to a European Company (Societas Europaea, SE). In addition, the nominal value per share was increased from €0.01 to €1 and the share capital was increased from €247 thousand to €24.7 million. The total number of shares outstanding remained unaffected and is unchanged at 24.7 million shares.

Two additional Extraordinary General Meetings were held on August 11, 2022. They resolved with an attendance rate of 78.3% and an approval rate of 100.0%, to transfer the registered office of the Company from Luxembourg to Germany. In addition to the relocation of the registered office, the new Articles of Association of Stabilus SE, the new authorized capital and the conversion of dematerialized shares into bearer shares were approved. The new Articles of Association authorize the Management Board, with the approval of the Supervisory Board, to increase the Company's share capital in the next five years by a maximum of €2.47 million, i.e., by a maximum of 10%, through the issuance of new shares. Furthermore, the Extraordinary General Meeting confirmed the mandates of the Supervisory Board with an approval rate of 99.6%.

Relocation of the registered office to Germany, new Home Member State and new security identification numbers

The relocation of the registered office from Luxembourg to Germany and the new Articles of Association became effective with the registration of the Company in the Commercial Register of the Local Court of Frankfurt/Main on September 2, 2022. With the effectiveness of the relocation of the registered office, the dematerialized shares of Stabilus SE were converted into bearer shares.

The shares continue to be listed on the Frankfurt Stock Exchange and are now listed under the new German securities identification number (WKN) STAB1L and the new international securities identification number (ISIN) DE000STAB1L8. With the registration in Germany and following the notification according to Section 5 WpHG, Germany became the Home Member State of Stabilus SE.

All documents and information regarding the General Meetings can be found on company's website at **WWW.STABILUS.COM/INVESTORS/GENERAL-MEETING.**

Inclusion in MDAX

On September 19, 2022, the shares of Stabilus SE were included in the German mid-cap index MDAX for the first time. As of September 30, 2022, Stabilus SE was ranked 84th out of 90 companies (DAX40 + MDAX50) by free-float market capitalization.

Regular dialog with investors and analysts

In fiscal 2022 we continued to pursue our goal of providing all market participants with relevant and reliable information. We participated in fourteen international investor conferences and conducted roadshows in major global financial centers.

The following equity analysts publish regular assessments and recommendations on Stabilus stock:

Equity research

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

Shareholder structure

Stabilus has a broad shareholder base with investors from more than forty different countries. Approximately 62% of company's shares are held by investors from the EMEA region, primarily Germany, the United Kingdom, the Netherlands as well as Luxembourg, approximately 37% are held by investors from the Americas, primarily the United States, and approximately 1% of total shares is in the hands of shareholders from the Asia-Pacific region. Institutional investors hold around 98% and retail investors around 2% of Stabilus shares. Stabilus management owns 0.3% of total shares.

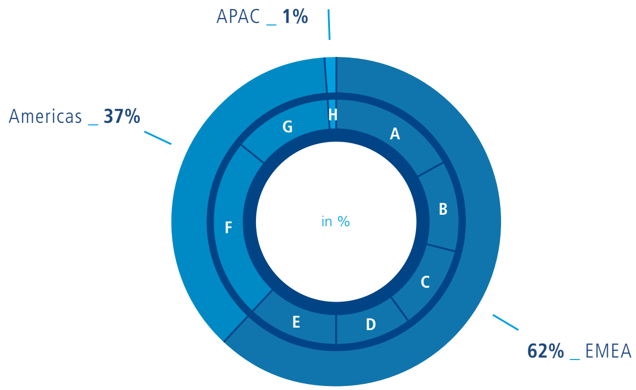
According to the voting rights notifications received until September 30, 2022, Allianz Global Investors GmbH and NN Group N.V. (with The Goldman Sachs Group, Inc. through NNIP) each control more than 10% of voting rights attached to Stabilus shares, Marathon Asset Management Limited, FMR LLC and Teleios Capital Partners LLC each control between 5% and 10% of voting rights, Allianz SE, Fidelity Investment Trust and Ameriprise Financial, Inc. control between 3% and 5% of total voting rights.

All notifications of major shareholdings and of management transactions can be viewed on Stabilus website at **WWW.STABILUS.COM/INVESTORS**.

Dividend proposal of €1.75 per share

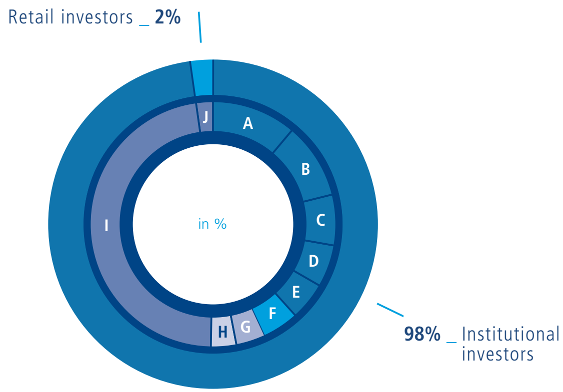
The Management Board and the Supervisory Board resolved to propose a dividend distribution of €1.75 (PY: €1.25) per share to the Annual General Meeting to be held on February 15, 2023. It corresponds to a total dividend of €43.2 million (PY: 30.9 million) and the distribution ratio of around 42% (PY: 42%) of the consolidated profit attributable to the Stabilus shareholders.

Shareholder structure by region



A _ Germany 18%
B _ Great Britain 11%
C _ Netherlands 11%
D _ Luxembourg 10%
E _ Rest of EMEA 12%
F _ USA 25%
G _ Rest of Americas 12%
H _ APAC 1%

Shareholder structure by type of shareholder



A _ Allianz Global Investors GmbH 11%
B _ NN Group N.V. 10%
C _ Marathon Asset Management Limited 7%
D _ FMR LLC 6%
E _ Teleios Capital Partners LLC 5%
F _ Allianz SE 5%
G _ Fidelity Investment Trust 4%
H _ Ameriprise Financial, Inc. 3%
I _ Other institutional investors 47%
J _ Retail investors 2%

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

COMBINED MANAGEMENT REPORT

from October 1, 2021, to September 30, 2022

GENERAL INFORMATION

Reporting entity

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

The shares of Stabilus SE, Frankfurt / Main, (hereinafter referred to as "Stabilus SE") are listed in the MDAX (PY: SDAX) of the Frankfurt Stock Exchange at the end of the reporting period. From September 7, 2022, as a result of the registered office changing from Luxembourg to Germany in fiscal 2022, the shares of the Company (ISIN: LU1066226637) have been listed in the regulated market of the Frankfurt Stock Exchange and in the Prime Standard, which entails further post-admission requirements, as no-par value bearer shares of Stabilus SE with the ISIN DE000STAB1L8. The previous ticker symbol (STM) has been retained unchanged. On September 8, 2022, the custodian banks reclassified their holdings of shares in the Company (ISIN: LU1066226637) as no-par value bearer shares with the new ISIN DE000STAB1L8 at a ratio of 1:1. The share capital of the Company is represented by a global certificate and has been deposited.

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

Basis for presentation

ACCOUNTING AND AUDITING

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

DISTINCTION BETWEEN PARENT COMPANY AND GROUP

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

FISCAL YEAR

Stabilus SE's fiscal 2022 (the "reporting period") began on October 1, 2021, and ended on September 30, 2022. The corresponding prior-year period (comparative period) therefore covers the period from October 1, 2020, through September 30, 2021.

ROUNDING DIFFERENCES

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

USE OF ALTERNATIVE PERFORMANCE MEASURES (APMS)

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

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

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

GENDER FORM

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

LINKS TO THE WEBSITE

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

Forward-looking statements

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

CORPORATE PROFILE

Corporate structure and organization

LEGAL CORPORATE STRUCTURE

Stabilus SE is the parent company of the Stabilus Group, consisting of Stabilus SE and the subsidiaries it controls (referred to below as the "Stabilus Group"). The Stabilus Group is a leading supplier of gas springs, dampers and vibration isolation products to automotive and industrial customers. The Stabilus Group is also successfully established into the production and distribution of automatic, electromechanical opening and closing systems (motion control solutions) that are mainly used for installation in tailgates. The Stabilus Group has expanded its product range and its regional presence with the acquisition of HAHN-Gasfedern GmbH, Aichwald, Germany, the ACE Group in fiscal 2016 and the acquisition of General Aerospace GmbH, Eschbach, Germany, Piston Amortisör Sanayi ve Ticaret A.S. (53%), Bursa, Turkey, and New Clevers S.A. (60%) Buenos Aires, Argentina, in fiscal 2019. Overall, the Stabilus Group offers a broad range of solutions for motion control, including damping vibration insulation solutions. The products offered by the Stabilus Group are used in a variety of applications in the automotive industry and in the industrial business. Stabilus products are typically used to support the lifting and lowering or dampening of movements. As the world market leader for gas springs, the Stabilus Group ships to all major vehicle manufacturers. The customer base of the Stabilus Group is diversified by a broad range of industrial customers.

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

STABILUS SE

STABILUS US HOLDING CORP.

- Stabilus US Holding Corp.
- Fabreeka Group Holdings, Inc.
- Fabreeka International Holdings Inc.
- Stabilus Inc.
- ACE Controls Inc.
- ACE Controls International Inc.
- ACE Controls Japan L.L.C.
- Fabreeka International Inc.
- Fabreeka GmbH Deutschland
- Tech Products Corporation

STABLE II GMBH

STABLE BETEILIGUNGS GMBH

Stable Beteiligungs GmbH	Stabilus S.A. de C.V.
Stabilus UK Ltd.	Stabilus GmbH
Stabilus Ltda.	Stabilus Limited
Stabilus Co. Ltd.	Stabilus PTE Ltd.
Stabilus Japan Corp.	Stabilus France S.à. r.l.
Stabilus Romania S.R.L.	Stabilus (Jiangsu) Ltd.
Stabilus Mechatronics Service Ltd.	Stabilus (Zhejiang) Ltd.
New Clevers S.A.	Piston Amortisör Sanayi ve Ticaret Anonim Sirketi

STABILUS MOTION CONTROLS GMBH

- Stabilus Motion Controls GmbH
- ACE Stoßdämpfer GmbH
- HAHN-Gasfedern GmbH
- General Aerospace GmbH
- General Aerospace Inc.
- YAKIDO B.V.

STABLE HOLDCO AUSTRALIA PTY. LTD.

- Stable HoldCo Australia Pty. Ltd.
- Stabilus Pty. Ltd.

GROUP MANAGEMENT

The Articles of Association of Stabilus SE are based on the dual system, consisting of the Management Board (management body) and the Supervisory Board (supervisory body). The Management Board is responsible for managing the Company and is monitored by the Supervisory Board. The following personnel change took place in the Supervisory Board in fiscal 2022:

The Supervisory Board of Stabilus SE was joined by Ms. Inka Koljonen, who is a member of the Audit Committee.

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

CHANGES IN CORPORATE STRUCTURE

In the fiscal year 2022, one associated company and one investment were acquired and one Group entity was merged with another (Stabilus Actio GmbH with HAHN-Gasfedern GmbH). Furthermore, one non-operative entity was liquidated (Stabilus Espana S.L., Lezama, Spain). The changes did not cause a significant change of the Group's structure.

OPERATING SEGMENTS

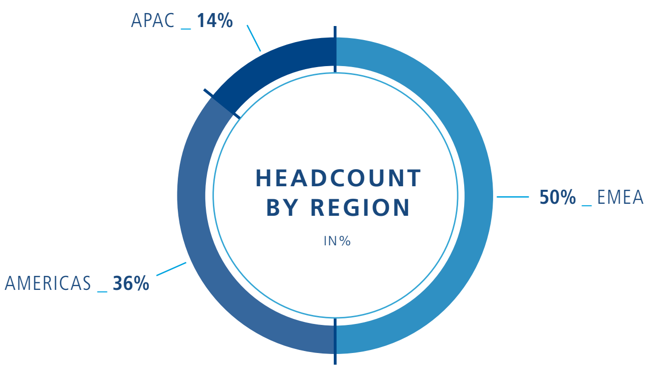
The Stabilus Group is organized and managed primarily on a regional level. The Stabilus Group is therefore managed on the basis of the three operating segments of EMEA (Europe, Middle East and Africa), the Americas (North and South America) and APAC (Asia-Pacific). The EMEA segment bundles the activities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

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

EMPLOYEES

Personnel (Stabilus Group)

Headcount by region (not including temporary workers, apprentices or trainees)



Full-time / part-time headcount, thereof women / men
(not including temporary workers, apprentices or trainees)

Corporate culture & organizational structure

One of the goals of the Stabilus Group is to be the Company of Choice, and not just for its customers, but also and especially for its employees.

The employees of the Stabilus Group are a core component of the Group and make a key contribution to its business success. Stabilus therefore wishes to be an outstanding employer for excellently motivated employees. Promoting of employee satisfaction (one of the four top objectives of the 2030 corporate strategy) is rated very highly in the Stabilus Group.

The corporate values of the Stabilus Group are referred to as CODE-S and are firmly embedded in its corporate strategy. "CODE-S" is the inner compass – the "S" stands for the Stabilus Group. "CODE" is made up of the four values "Commitment, Openness, Delight and Ethical". In this context "Commitment" stands for the will to master tasks with ambition even in a difficult environment. "Openness" is the starting point for curiosity, constant learning and positive development. "Delight" highlights the enthusiasm and joy or work, while "Ethical" expresses moral conviction and responsibility.

Satisfied, motivated employees guarantee business success. The health of our employees in particular is very close to our hearts as well. Occupational health management comprises systematic and sustainable efforts to create work structures and processes that promote health while also inspiring employees to take care of their own health. A number of offers are available to motivate employees to join in – the goal is for healthy employees in a healthy company.

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

COVID-19 pandemic

At the start of the COVID-19 pandemic, the Stabilus Group formed a global, interdisciplinary crisis management team to cope with the effects of the pandemic and that monitored the situation on an ongoing basis. Weekly monitoring at local and global level helped to keep the situation under control and to operate and implement countermeasures efficiently. Having been maintained and expanded over the past two years, this team still exists today. The health of employees is essential for a successful corporate culture. Employees were therefore given free self-tests and vaccinations were offered at work. Furthermore, all employees are excellently informed about safety measures at work and in their personal lives, and the continued use of remote working reduces the risk of a further spread of the virus.

HR development

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

As an attractive employer, the management of the Stabilus Group is strongly committed to the development of our employees and thus makes an important contribution to reducing the skills shortage.

The Stabilus Group is highly committed to training. Throughout the Group, apprenticeships are offered for various vocations and there are cooperations with local universities. In Germany, the Group also offers integrated degree programs in addition to supervising semester, bachelor and master theses. Furthermore, some locations offer students orientation days and internships, and have developed specific programs for apprentices and trainees to help meet the high demand for skilled workers with practical training. The Stabilus Group had 94 (PY: 111) apprentices, trainees and interns in the current fiscal year.

Stabilus offers all employees dedicated and ongoing training and qualification programs. In fiscal 2022, Stabilus implemented a Group-wide learning management system (LMS) to optimize comprehensive access, standardization, quality and training sessions. As of the end of the fiscal year, 89% of all Stabilus employees had access to the digital learning management platform, which hosts initial training and study plans. The global LMS is the foundation for developing further performance indicators for employee training in future years.

In addition to the ongoing and dedicated qualification programs that Stabilus offers its employees at the individual sites, the Company has also implemented programs specifically tailored to various groups on the basis of the Stabilus Leadership Map. The Stabilus Leadership Map makes distinctions between the different employee management levels (such as talents, team leaders, department leaders and general managers) and defines corresponding programs for ongoing development.

The "YoungSTARs" program supports dual students who are studying and undergoing professional apprenticeship at the same time in their targeted further development. This program is only offered by Stabilus in Germany.

The "STARt up" program guides young executives and project managers in their first major leadership positions. With around 100 participants in Germany since being launched in 2015, this is a cornerstone of executive development at Stabilus. Since then, the program has also been rolled out to various locations around the world, and expanded once again globally in the reporting period, with the result that it has now been introduced at all of Stabilus' material international locations.

"STARq", another tailored development program, focuses on training shift leaders to enhance and expand leadership and management skills. This program is in use in both Germany and China.

The "Rising STARS" program for high-potential employees offers another structured approach for the most talented young employees around the globe who should become future leaders at Stabilus. Participants complete a two-year development program, work together on far-reaching projects within the Company and experience high visibility within corporate management. They also work with a mentor from the Management Board who individually guides their development.

High-potential Stabilus employees for top management are addressed with the "Top STAR" program, which was introduced in 2020 and is implemented in person and virtually. Eight high-performing talents from senior management worldwide work on various topics and projects in joint training sessions and workshops over a period of three year, are mentored by the Management Board and receive individual coaching to prepare them for potential future positions in the top management of the Stabilus Group.

Diversity

The Group is pursuing the ambitious goal of recruiting around 80% of its succession positions from within its own ranks by 2025. This process is supported by annual talent and succession conferences that are held locally and globally and that – besides the current succession issues – also provide an overview of the HR development situation in the respective countries, regions and the Company as a whole. Diversity aspects play an important role as well. Qualifications, functional aptitude and "cultural fit" are key criteria at the Stabilus Group for appointing jobs and positions. The Stabilus Group therefore promotes the equal participation of men and women in leadership positions and – in addition to its internal recruitment goal of 80% – is aiming to increase the share of female high-potential employees to 30% by 2025 as well in order to achieve a higher share of women in management functions in the long term.

Personnel (Stabilus Group)

The Stabilus Group employed 7,342 people (including temporary workers, apprentices and trainees) as of September 30, 2022 (2021: 7,012).

Strategy and business model

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

PROFITABLE AND SUSTAINABLE GROWTH

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

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

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

A broadly diversified industrial business will increase robustness and make us less dependent on market cycles. Growing the Company's value also gives us more scope in the acquisition of additional companies. Our growth is based on two pillars: organic expansion from our own strength and accelerating our access to new technologies and markets through acquisitions.

COMPANY OF CHOICE

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

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

NEXT LEVEL MOTION CONTROL SOLUTIONS

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

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

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

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

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

MODEL CORPORATE CITIZEN

Our goal is to be a Model Corporate Citizen, a company with top sustainability ratings.

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

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

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

Stabilus assumes social responsibility – both globally and locally in our regions. Respect for human rights and the highest level of occupational safety have always been non-negotiable factors for the Stabilus Group. Integrity and diversity are central components of the corporate culture. Stabilus' management team is guided by trust, reliability, honesty, fairness and respect. This enables us to create a positive working environment in which top performances are achieved and new ideas can evolve.

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

Management system – Financial and non-financial objectives

KEY FINANCIAL PERFORMANCE INDICATORS

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

– revenue
– adjusted EBIT margin

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

OTHER FINANCIAL PERFORMANCE INDICATORS

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

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

NON-FINANCIAL PERFORMANCE INDICATORS

In addition to the financial performance indicators, the management of the Stabilus Group also uses non-financial performance indicators that play a meaningful role in the ongoing successful development of the Group. In conjunction with standardized reports, various indicators are calculated throughout the year in this context. Please refer to the non-financial report. Other non-financial indicators based on the four action areas of the sustainability strategy are assessed for sustainability management. The four central action areas are environment, health and safety, employee matters, sustainability in procurement and compliance / anti-corruption and bribery. These indicators are used in conjunction with the operational management of sustainability activities. In conjunction with corporate governance, the Company's management places great emphasis on all employees of the Stabilus Group aligning their actions closely with the legal framework and the standards of the code of conduct. In this way, Stabilus is striving for recognition of the Business Partner Code of Conduct by all its series suppliers (see non-financial report) WWW.STABILUS.COM/INVESTORS/NON-FINANCIAL-REPORTS.

Research and development

MOTION CONTROL IS GETTING SMART

As the undisputed market leader in a number of segments, Stabilus is continuously investing in research and development in order to remain the preferred partner in the field of motion control solutions for customers in all sectors and regions moving ahead.

New products and applications are guided by global and regional megatrends, which are increasingly being defined by sustainability and resource awareness. Integrated system solutions, in which mechanical or electromechanical components are supplemented with sensor systems, control units and software, are becoming more significant all the time. This trend is manifesting itself in both the automotive and industrial sectors, for example in regenerative energies. To be able to access the latest technologies, Stabilus relies on the active expansion of its innovation ecosystem through acquisitions, equity investments and development partnerships, and most especially the systematic development of what is by far the most vital guarantee of success: its employees.

Research and development are a central pillar of Stabilus' STAR 2030 strategy – the basis for the Group's perpetual profitable growth and competitive capability.

STRATEGIC FOCUS ON MARKETS AND REGIONS

Stabilus is continuously transforming research and development from an organization to a business process that incorporates a number of functional units of the Company. This not only improves cross-functional cooperation and enlivens a new culture of innovation within the Company, but also ensures that development is systematically geared towards customer requirements and fulfils the qualitative, commercial and scheduling requirements of various target markets.

In order to further expand the market intelligence for this, Stabilus continued the strategic development of the Industrial business segment in fiscal 2022 as well as expanded and largely completed the regional management through global business segment structures. Market requirements issues already apparent and anticipated are assessed and filtered into the Stabilus innovation pipeline; the level of the innovation pipeline serves business units as an indicator of future revenue.

While new applications for existing products are implemented directly in application development by the business units, central research and development is responsible for the design and series maturity of new products and functions. For gas springs and Powerise® drives alike, the two product groups that generate by far the highest revenue, the strategy of functional assembly development leads to the utmost possible standardization and thus contributes to operational excellence at the manufacturing plants.

In its research and development, Stabilus pursues a strategy of systematic regionalization to guarantee maximum customer proximity – developed in the region for the region. In 2022, Stabilus had employees in the three regions of the Americas, EMEA and APAC working on central research and development as well as application development. The ongoing establishment of personnel and functionality at the Asian development center in China continued in line with planning in 2022. In addition to components development with the regional supplier network, project services such as finite element calculations and parts testing for Asian projects are now also performed in the region. Eminent customer advantages include more effective communication, improved responsiveness and shorter turnaround times. Thanks to transparent design sovereignty for each subassembly, Stabilus uses maturity management within the development system to ensure that global standards are upheld even when development is regional.

AN OPEN DEVELOPMENT SYSTEM FOR VARIOUS BUSINESS MODELS

The Stabilus development system STAB.3P integrates customer and system projects with product and process development and ensures that assembly and applications developers around the world speak the same language. Maturity management initiates investment, for example, according to status, and renders critical project situations transparent in good time to facilitate their resolution.

As Stabilus products increasingly comprise digital solutions, the development system was extended in the years 2021 and 2022 to incorporate functional safety aspects in accordance with ISO 26262. Another new development in 2022 was the incorporation of TISAX requirements on the basis of ISO / IEC 27001 that regulate the handling of sensitive information, such as prototype protection.

The business activities of the Stabilus Group in 27 market segments entail a variety of business models. Stabilus has crucially recognized that the maturity management of the development system must be tailored to the respective business model and the underlying regulations of the target market, for example the automotive IATF 16949. The diversification of requirements places challenges on central systems, but in turn provides approaches for cost-cutting potential along the supply chain as part of the Stabilus innovation ecosystem.

INNOVATION ECOSYSTEM

Global, regional and local supplier companies are essential of the Stabilus innovation ecosystem. 2022 was defined by geopolitical challenges as well as delivery and liquidity bottlenecks in the supply chain. Along the supply chain, components were relocated in order to safeguard reliable deliveries to customers of the Stabilus Group. A forward-looking aspect of this cooperation is the stronger focus on development suppliers as compared to conventional build-to-print. Suppliers' expert knowledge is thereby utilized even more proactively to accelerate development times and cut costs.

Besides the supply chain, the year 2022 was also defined by new paths in the cooperation with research institutions and industrial partners: Basic research in the field of mobility tolerance was performed with RWTH Aachen University.

In 2022, Stabilus used matching procedures to develop partnerships with industrial companies focused on various innovation projects where developing internal resources did not seem appropriate in terms of development times and costs. For example, a traffic flow management system is being designed with a road-building company to position Stabilus for the megatrend of future urban mobility.

Investments in other companies have also helped to expand the Stabilus innovation ecosystem: Through its equity investment in Synapticon GmbH, Stabilus is cultivating future potential for integrated electromechanical applications at the interface between mechanics, electronics and software. The holding in the Cultraro Group means synergies for both partners thanks to the extended portfolio of dampening technology, such as rotary dampers, with which a wide range of interior applications and vehicle seats can be comfortably brought to their final position.

SUSTAINABILITY BECOMING A CORE ELEMENT OF DEVELOPMENT WORK

Stabilus is responding to the global challenges of climate change and resource depletion. In addition to extensive energy-saving programs at its own locations, sustainability plays a major role in the assessment of new products and the associated value chain, including Scope 3.

For research and development, this specifically means that greenhouse gas emissions, including the carbon footprint, are assessed as a component of project goals and maturity management.

Stabilus continued to establish the expertise for emissions assessment at the development site in Brasov (Romania) in fiscal 2022. It conducted pilot projects including for Powerise® drives and LIFT-O-MAT gas springs to quantify the carbon footprint of machinery as a basis for future optimization and to generate an understanding for contributions of components produced in-house and those delivered as well as production processes.

KEY AREAS OF DEVELOPMENT IN THE AUTOMOTIVE SECTOR

In the fiscal year, besides challenges in the supply chain and materials procurement, automotive development work was dominated by the issues of comfort, safety and cost savings.

Stabilus extended its range of motion control solutions for vehicles with the series start-up of the compact rotary damper for a BEV chassis trunk in the Americas. The stator / rotor principle enables customized moment distribution in the 30 Nm class and is therefore also applicable for motion control for heavy-duty pickup tailgates.

Thanks to the ongoing development of the proven Powerise® spindle drive for door applications, Stabilus is excellently positioned for the easy entry system market, which is growing rapidly in Asia in particular. Such systems extend from smooth-action to automatic vehicle doors. The successful conclusion of the DA.90's development and its series start-up is the starting point for further growth, including in combination with internal control, software and sensor systems.

The significant increase in electric vehicle (EV) registrations is supporting the growth in classic Powerise® business with rising numbers of powered front trunks, also known as frunks.

The Stabilus Group is continuing to develop its product portfolio in the area of classic LIFT-O-MAT gas springs as well. In the new LOM X, which provides extension force at almost any temperature and a wide spectrum of insertion damping forces, Stabilus is already working on a particularly cost-effective solution for the ongoing development of electric tailgate systems in conjunction with a customer order. As a winning project in the Stabilus Innovation Race, LOM X is also a symbol of Stabilus' corporate culture, in which innovation is everyone's business.

KEY AREAS OF DEVELOPMENT IN INDUSTRIAL TECHNOLOGY

Research and development work in the Industrial business in 2022 is mainly guided by the current megatrends of new mobility, the changing world of work, the challenges of an aging society and the energy sector:

The (urban) mobility of the future increasingly needs robust cargo bicycles that require chassis dampers for comfort and structural reasons. Furthermore, gas springs and rotary dampers offer opportunities for motion control for flaps on BEV charging stations. Air spring systems, a core competence of the Stabilus subsidiary Fabreeka, are sought after for the growing demand for BEV battery inspection technology. The growth rates in recreational vehicles are opening up opportunities for modified Powerise® drives and systems that are customized for industrial applications.

The COVID-19-pandemic has changed the world of work and made remote working or working from home part of the new normal. Accordingly, demand is also rising for flexible office concepts at companies, and also for adjustable office chairs and desks for private households. With Stab-O-Mat gas springs and electric actuators from its subsidiary HAHN-Gasfedern, Stabilus has the right products for both applications, and is refining them all the time.

Stabilus' solutions help people with injuries and impairments to achieve greater independence. In the field of medical and rehabilitation technology, Stabilus is developing linear and rotary dampers for orthoses that can enable a significant tremor reduction in patients with Parkinson's disease, for example. One of the main thrusts in development at the subsidiary ACE is to customize damping characteristics as simply and as precisely as possible to individual patients. For rehabilitation and recreational sports as well, Stabilus develops bespoke power assistance and damping for exercise machines.

The installed output on the US solar market is forecast to triple over the next five years. Rotationally mounted solar panels that enable a greater energy yield than rigidly mounted panels are especially sought after in the Americas region. In addition to the increased area, there is also a trend towards significantly larger panels. Without the right damping technology, rotating solar panels are at high risk of structural damage due to wind. This does not just happen during strong wind events, but can also occur at relatively low wind speeds if the aerodynamic excitation finds the natural frequency of the panel's structure. Stabilus is therefore developing a new generation of dampers for large panels that will weigh 30% less than the previous generation thanks to structural changes, without any sacrifices in transmitted power.

INNOVATION PROTECTION WITH PATENTS

Innovation and the associated expertise are major contributors to the success of the Stabilus Group. For this reason, Stabilus systematically protects its proprietary knowledge with patents. Motivated by its own growth, Stabilus is stepping up its central patent system, which protects the Group's IP interests with a network of law firms in the Americas, EMEA and APAC. 31 new patents were filed in 2022 (2021: 39). Stabilus thus had 654 active patents worldwide at the end of the 2022 reporting period (2021: 699).

STABLE EXPENSES FOR RESEARCH AND DEVELOPMENT

The Stabilus Group's research and development expenses increased by 8.0% year-on-year to €46.2 million in fiscal 2022. Given the significant growth in revenue, this translates into an R&D ratio of 4.1% in fiscal 2022 (2021: 4.6%).

The capitalization rate, which reflects the share of own work capitalized in research and development expenditure, was 36.2% in 2022 and thus marginally lower than in the prior year (2021: 37.6%).

Research and development indicators T_001

FISCAL YEAR	2022	2021	2020	2019	2018	2017
Research and development expenses (€ thousand)	46,201	42,775	40,645	39,150	42,031	38,194
R&D ratio (R&D expenses as% of revenue)	4.1	4.6	4.9	4.1	4.4	4.2
Average number of employees in R&D	418	402	398	372	342	309

RESEARCH AND DEVELOPMENT HEADCOUNT VIRTUALLY UNCHANGED

On average, the Stabilus Group employed 418 people in research and development in fiscal 2022, 16 more than in the prior year. Research and development therefore accounts for around 7% of the Group's global headcount.

ECONOMIC REPORT

Stabilus has a global presence with a focus on the Automotive and Industrial sector. We design and construct all of our own production technologies and machinery. This enables us to guarantee a high quality standard worldwide for all of our products. We have established ourselves as a global player, backed up by our close distribution and service network as well production facilities in Germany, Romania, Turkey, China, Korea, the United States, Mexico, Brazil, Australia and New Zealand. Stabilus represents expertise in the field of motion control. We offer a wide range of reliable products and develop tailor-made solutions for our customers for optimum motion sequences that inspire users.

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

Economic environment

GENERAL ECONOMIC DEVELOPMENTS

The world economy is again facing challenges, after GDP had grown by 6.0% in the preceding 2021 calendar year despite of contervailing factors.

For the 2022 calendar year, the International Monetary Fund (IMF) is forecasting global economic growth of 3.2% (World Economic Outlook – October 2022). The performance on Stabilus' core markets of Europe, the United States and China will vary in 2022, according to the IMF. Within the European Union, economic growth of 1.5% is forecast for Germany, while growth of 3.1% is projected for the Euro Area. The IMF is anticipating growth of 3.2% for China in 2022. Within the Americas region, growth of 1.6% is assumed for the United States with the Middle and South America region expected to grow by 3.5% in the 2022 calendar year (Brazil: 2.8%; Mexico: 2.1%).

The defining factors are the ongoing impact of the COVID-19 pandemic (including China's zero-COVID strategy in particular) and supply problems, while the availability of raw materials and semiconductors was further exacerbated by the Russia / Ukraine war. Internationally, Russia and Ukraine are major contributors to the supply of raw materials and energy, and are the catalyst of muted economic growth. Long waiting times at the world's ports have contributed to a large number of bottlenecks, thereby further impacting the security of supply of raw materials and precursors in the first half of the calendar year.

The shortages of energy, raw materials and supplier products are causing substantial price increases across all areas of the economy. According to estimates by the ifo Institute ("Institut für Wirtschaftsforschung" – ifo) as of the time of reporting, the average global rate of inflation forecast for the 2022 calendar year will be around 9.5%. An inflation rate of 7.3% is anticipated for Western Europe. In September 2022, inflation

Latest growth projections for selected economies T_002

% YEAR-ON-YEAR CHANGE IN THE CALENDAR YEAR	2022*	2021
World	**3.2**	**6.0**
European Union	**3.2**	**5.4**
thereof Euro Area	3.1	5.2
thereof Germany	1.5	2.6
thereof United Kingdom	3.6	7.4
United States	**1.6**	**5.7**
Latin America	**3.5**	**6.9**
thereof Brazil	2.8	4.6
thereof Mexico	2.1	4.8
Emerging and Developing Asia	**4.4**	**7.2**
thereof China	3.2	8.1

Source: International Monetary Fund, World Economic Outlook, October 2022.
* Projections.

in the European Union has already risen to 10.9% as against the same month of the prior year. This is reflected, for instance, in German producer prices for commercial products, which were up by 45.8% on the value for 2021 as of September 2022. The highest monthly increases since records began were observed in August and September 2022. An inflation rate of 7.8% is forecast for Germany as a whole in 2022. In the Americas region, inflation of 7.2% is expected for North America (United States: 8.1% – as of November 2022) with inflation of 30% predicted for South America in the 2022 calendar year. Slightly lower rates of inflation are expected for the APAC region (Southeast Asia: 5.6%; East Asia: 5.9%), with inflation of 2.2% (as of November 2022) for the 2022 calendar year anticipated for Stabilus' core market of China.

Financing environment

The high inflation prompted leading central banks to begin reversing interest rates. The European Central Bank (ECB) raised the key interest rate in the Euro Area by 0.75 percentage points in September 2022. This has increased the key interest rate for commercial banks to 1.25%. The ECB is thereby following the lead of the Federal Reserve (Fed), which raised its interest rate for the fifth time this year in September 2022. The key interest rate for the United States was lifted by 0.75 percentage points in September, bringing it to 3.25% as of the end of the fiscal year and thus significantly higher than the ECB's rate. After another interest rate hike by both the ECB and the Fed in October 2022, the key interest rates currently stand at 2.0% (ECB) and 4.0% (Fed). In October 2022, returns on ten-year US treasuries rose to their highest level since 2008. Returns on ten-year treasuries were also at their highest level since 2011 at around 2.5%.

SECTOR DEVELOPMENTS

Business and general environment

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

Development of vehicle markets

Despite the global COVID-19 restrictions, supply problems, semiconductor shortage and the Russia / Ukraine war, +1.8 million more vehicles (light vehicles) were produced in fiscal 2022 than in the prior year, according to IHS figures, bringing the total number of vehicles produced to 81.4 million (as of October 2022) (PY: 79.6 million).

At +2.5 million units, the APAC region enjoyed the highest increase in the number of automobiles produced in fiscal 2022. Vehicle production in the Americas region rose by +0.6 million units, while vehicle production was in decline in the EMEA region in fiscal 2022. Approximately (1.4) million fewer cars were produced here than in the same period of the prior year. Stabilus' core markets of Germany, the United States and China confirm the developments in their respective regions. While China produced around +1.8 million more vehicles in fiscal 2022 and the United States roughly +0.4 million more, Germany reported a decline of approximately (0.2) million in the number of vehicles produced.

According to the European Automobile Manufacturers' Association (ACEA), new car registrations in the European Union (EU) were down by around (13.9)% fiscal 2022 (October 1, 2021 to September 30, 2022) compared to previous year. The main reason cited by the ACEA were the problems in supply chains, which allowed only limited production. There was an opposite trend in China where, according to the China Association of Automobile Manufacturers (CAAM), new car registrations rose by +9.1% over the same period and confirmed the positive impression of vehicle production in China.

Production of light vehicles* T_003

IN MILLIONS OF UNITS PER FISCAL YEAR	2022**	2021
EMEA	**17.8**	**19.2**
thereof Germany	3.4	3.6
Americas	**16.9**	**16.3**
thereof United States	9.6	9.2
APAC	**46.7**	**44.2**
thereof China	26.5	24.7
Worldwide production of light vehicles*	**81.4**	**79.6**

Source: IHS Automotive / Light Vehicle Production Forecast (October 2022).
* Passenger cars and light commercial vehicles (<6t)
** IHS forecast as of October 2022

According to Country Economy, the United States experienced the sharpest decline in new car registrations among the sales markers referred to above, falling by around (23)% in fiscal 2022. The main arguments given for buyer restraint are the high inflation and the tightening of monetary policy.

Development of industrial production

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

According to Eurostat (the Statistical Office of the European Union), adjusted for seasonal effects, industrial production (development of the volume of production for industry excluding construction, based on data adjusted for calendar and seasonal effects) in the European Union climbed by around +5.7% as against September 2021 in September 2022. Germany achieved an increase of around +3.6% In particular, double-digit year-on-year growth rates were achieved in the Stabilus sector of distributors, independent aftermarket and e-commerce, while healthcare, medical technology and furniture were in decline following the sharp rise in demand in the prior year as a result of the COVID-19 pandemic.

In the United States, industrial production was up by around +5.3% in September 2022 compared to previous year, after adjustment for seasonal effects. The manufacturing sector reported growth in industrial production of around +4.8%. Like the EMEA region, the Americas region saw significant expansion in distributors, independent aftermarket and e-commerce. In addition, sales in the energy and mechanical engineering sectors increased significantly compared to the previous year.

In China, industrial production grew by around +6.3% in September 2022 as compared to September 2021. In the APAC region, all industrial lines achieved double-digit growth rates, thereby reflecting the highly positive trend in this area.

Development of the procurement markets

The shortage of raw materials and supply chain bottlenecks insecure caused by disrupted transport routes and the ongoing COVID-19 pandemic, exponential escalation in prices for energy and raw materials through to supply shortfalls, coupled with the Russia / Ukraine war and high inflation are all factors that are currently hampering access to various procurement markets. Despite the supply bottlenecks that occurred on the raw materials market, Stabilus was able to counteract this with its procurement strategy and strategic inventory build-up. At no time was the Group affected by production downtimes due to shortages.

To manufacture its products, the Stabilus Group mainly uses plastics, metals and steel, some of which underwent substantial rates of increase compared to prior years. A further significant cost driver was the steady rise in energy prices (gas and electricity). In addition escalating freight costs had a negative impact on the economy as a whole.

The current supply problems on the procurement markets, caused by the volatile raw materials market, have a significant effect on the procurement prices for the Stabilus Group. Prices for plastics thus rose by around +5.6% in the past fiscal year, while metals are up by price increases by +4.5%. Prices for steel-bearing raw materials and components for further processing rose on average by +32.4% for rods and +25.6% for tubes.

Overall assessment of business performance

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

In view of the challenging market conditions, the Stabilus Group performed very well overall in fiscal 2022. It generated revenue of €1,116,345 thousand (2021: €937,668 thousand), which translates into significant revenue growth of +19% (organic growth rate: +14.2%) and comfortably outperformed the prior year. Taking the tough market landscape and the difficult geopolitical situation into account, Stabilus achieved solid results in fiscal 2022 and thereby demonstrated the Company's stability even in times of economic volatility.

The Automotive Powerise® division generated significant organic revenue growth of +34.0%, thanks in particular to high customer demand for the product series. Overall, the Automotive Powerise® division once again comfortably outperformed global vehicle production, which rose by just +2.3% in fiscal 2022. The positive trend is also evident in the Automotive Gas Spring division, which exceeded global market expectations and achieved organic growth of +3.9% as against the prior year. After a weak performance in the prior year, our Industrial division is still on a strong growth trajectory with organic growth of +8.6% in fiscal 2022.

Looking to our regions, revenue in the APAC region rose organically by +60.1% to €259.4 million. The opening of the new Powerise® production facility at the Pinghu site, China, in 2021 allowed the Group to serve the strong Chinese demand for the Automotive Powerise® product series. Revenue in the Americas region climbed organically by +9.3% to €387.4 million. Despite the harsh market environment, the EMEA region achieved organic revenue growth of +2.8% to €469.4 million (please refer to the notes on the operating segments from page 42).

In conjunction with the ongoing recovery of business activities, adjusted EBIT improved significantly and the Group ended fiscal 2022 with adjusted EBIT of €156.2 million (2021: €135.0 million). This relates to an adjusted EBIT ratio of 14.0% to revenue (PY: 14.4%).

The loss of revenue to customers in Russia and Ukraine had only a minor impact on the Group's operational development. Separate from this, however, a possible gas shortage could have a negative impact on the operations of the plants. Stabilus has prepared appropriate countermeasures for this, which could then be implemented in the short term and thus significantly reduce the risk of a gas shortage. The risks of the reduced availability of important production components were also secured due to strict management of the supply chain. The supply problems and price increases described above have led to cost inflation, which we have been able to counter by increasing our customer prices and by stringent cost management.

In order to monitor the situation closely, the Group has expanded its global, interdisciplinary crisis management team that was initiated at the start of the COVID-19 pandemic and has been continued in the past two years. One aspect of our work is to monitor and analyze the effects of the COVID-19 pandemic and the Russia / Ukraine war on our organization in terms of customer communication, IT security and risk management, and to take any measures that may be necessary at a local or global level to mitigate the risks identified.

In addition to the measures in connection with the COVID-19 pandemic and the Russia / Ukraine war, Stabilus is focusing closely on its sustainability initiatives for the coming fiscal years. We believe that sustainability will be one of the big issues of the coming decades. One of our goals is to significantly reduce carbon emissions by 2030 and to obtain the majority of our energy from renewable sources. In terms of sustainability objectives, for example, we have installed solar cells on the roof of the plant in Pinghu, China, and are currently planning further steps in the Group in the near future (please refer to the separately published non-financial reporting on our homepage WWW.STABILUS.COM/INVESTORS/NON-FINANCIAL-REPORTS).

As reported on October 7, 2021, the Stabilus Group has entered into a partnership with the technology company Synapticon GmbH, Schönaich (near Stuttgart), Germany. For this strategic partnership, Stabilus acquired a minority interest of around 12% of the shares in Synapticon by way of a capital increase by Synapticon. The partnership will allow Stabilus to expand its digital expertise, which means significant opportunities for its Powerise® product line in particular. The transaction was closed in October 2021. The agreed purchase price for the approximately 12% of shares was €6.0 million.

As reported on November 22, 2021, the Stabilus Group has entered into a partnership with Cultraro Automazione Engineering S.r.l., Rivoli (near Turin), Italy, effective November 25, 2021. For this strategic partnership, Stabilus acquired 32.0% of the shares from the company's founders. The finally agreed purchase price for the 32.0% of the shares was €17.2 million. The partnership is focused on the expansion of the product range in the field of motion control. The transaction was closed in November 2021.

On January 28, 2022, Stabilus issued a second promissory note loan (Schuldscheindarlehen) with a total volume of €55.0 million through its subsidiary Stabilus GmbH and with Stabilus SE (formerly: Stabilus S. A.) acting as guarantor. This promissory note loan has a term of five years and bears interest at a floating rate (6M Euribor +80bps). Stabilus now has a total promissory note loan volume of €150.0 million.

On March 24, 2022, Stabilus' shareholders resolved in an Extraordinary General Meeting to change the legal form of the Company from that of a Société Anonyme (S. A.) under Luxembourg law to a European Company (Societas Europaea (SE)). Having been entered in the Luxembourg commercial register on April 5, 2022, the Company now trades as Stabilus SE. The further Extraordinary General Meeting on August 11, 2022, resolved to relocate the registered office from Luxembourg to Germany. This took legal effect on entry in the commercial register of the Frankfurt / Main commercial register on September 2, 2022.

As reported on July 5, 2022, Stabilus has secured new long-term financing with new credit facilities effective June 28, 2022. Stabilus signed an agreement for credit facilities of €450.0 million with a term of five years (plus a prolongation option for two additional years). The facilities comprise a syndicated term loan facility of €100.0 million and a syndicated revolving credit facility of €350.0 million with variable interest rates of between 50bps and 150bps above Euribor, depending on the Company's leverage ratio. The committed revolving credit facility of €350.0 million had not been utilized as of September 30, 2022. The financial covenants of the previous senior facility agreement and the new credit facility were complied with at all times and reflect the financial stability of the Stabilus Group with a net debt ratio of 0.4x (PY: 0.6x) (please refer to the information on the net leverage ratio on page 48).

The Group tests goodwill, capitalized development costs and other non-financial assets for impairment annually or more frequently if there are indications that the carrying amount may not be recoverable. As in the prior year, no impairment was recognized on goodwill in fiscal 2022. The respective underlying assumptions are described in Note 14. The impairment test for fiscal 2022 confirms that the recoverability of the carrying amount of goodwill is fully recoverable and that the goodwill attributable to the individual operating cash-generating units (CGUs) is not impaired. Furthermore no intangible assets from purchase price allocations were impaired beyond current amortization.

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

The Management Board of Stabilus SE still considers the economic situation of the Stabilus Group to be consistently solid. Beyond the end of fiscal 2022, the Management Board of Stabilus SE – after the initial weeks of fiscal 2023 – feels that the economic situation of the Stabilus Group is still very solid. Uncertainty for the new fiscal year remains high owing to the cost inflation for materials and energy, supply chain problems, the tense geopolitical situation regarding the unknowable course of the Russia / Ukraine war and how the COVID-19 pandemic will continue to unfold.

FORECAST AND ACTUAL PERFORMANCE OF THE STABILUS GROUP

The Stabilus Group outperformed or complied with the forecasts issued by its management, which had been subject to high uncertainty on account of the COVID-19 pandemic and the effects of the Russia / Ukraine war, for revenue and adjusted EBIT margin for fiscal 2022.

On November 12, 2021, when publishing the preliminary figures for fiscal 2021, the Management Board of the Stabilus Group had projected guidance for revenue of between €940 million and €990 million as well as an adjusted EBIT margin in the range of 14% to 15%. On August 1, 2022, when it published the quarterly statement for Q3 2022, the Management Board concretized the revenue and earning targets for fiscal 2022. While the revenue forecast was raised to €1,070 million the adjusted EBIT margin was set at approximately 14%.

With significant revenue growth of 19.0% to €1,116.3 million, the Stabilus Group surpassed both the forecast of November 12 and the revised projection of August 1, 2022. The adjusted EBIT margin of the Stabilus Group was 14.0% in fiscal 2022 and thus exactly confirmed the earnings forecast of 14% that was specified on August 1, 2022.

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

Like the Stabilus Group, the parent company Stabilus SE performed well overall in fiscal 2022 in view of the challenging market conditions. It generated other operating income of €6,802 thousand (2021: €4,243 thousand) and outperformed the prior year.

Income from equity investments, in the form of dividend payments, of €274,150 thousand was received in fiscal 2022; there were no comparable dividend payments in the prior year. The net income for fiscal 2022 thus improved significantly to €272,356 thousand (2021: €81 thousand).

Taking all the facts and circumstances into account, the Management Board of Stabilus SE still considered the economic situation (financial position and financial performance) of Stabilus SE to be very solid after the opening weeks of fiscal 2023.

Comparison of actual and forecast performance in fiscal 2022 T_004

	Forecast November 12, 2021	Forecast August 1, 2022	Actual performance 2022	Comparison
Stabilus Group				
Revenue	€940 million to €990 million	€1,070 million	€1,116.3 million	Outperformed
Adjusted EBIT margin	14% to 15%	approx. 14%	14.0%	Achieved

Results of operations of the Stabilus Group

ANALYSIS OF REVENUE DEVELOPMENT

The revenue of the Stabilus Group climbed by +€178.6 million or +19.0% as against fiscal 2021 to €1,116.3 million in fiscal 2022 (2021: €937.7 million). Adjusting for exchange rate effects, which amounted to +€45.5 million, the Stabilus Group achieved organic growth of +€133.0 million or +14.2% in fiscal 2022. The strong increase in revenue is thanks firstly to higher demand for the Stabilus product portfolio and secondly to price increases for our customers in order to compensate the high material price increases.

The rise in the revenue of the Stabilus Group in fiscal 2022 was largely due to the revenue growth in the APAC region (up by +€109.2 million or +72.7%). The region's performance was embossed by the relative strength of the Chinese renminbi. The organic growth rate in APAC was consequently +60.1%.

Revenue in the EMEA region climbed by +€5.4 million or +1.2%; the organic growth rate was +2.8%. Stabilus was able to further expand its market position despite the harsh market environment in the region, with supply chain problems for our customers on account of the Russia / Ukraine war.

The revenue of the Americas region climbed by +€64.0 million or +19.8% and was supported by the stronger Mexican peso and US dollar compared to the euro. An organic growth rate of +9.3% was achieved.

Revenue by region and business unit T_005

IN € MILLIONS	Year ended Sept 30, 2022	2021	% change	% currency effect	% organic growth
EMEA					
Automotive Gas Spring	115.2	123.0	(6.3)%	0.0%	(6.3)%
Automotive Powerise®	95.8	93.1	2.9%	(0.8)%	3.7%
Industrial	258.4	247.9	4.2%	(2.7)%	6.9%
Total EMEA[1)]	**469.4**	**464.0**	**1.2%**	**(1.6)%**	**2.8%**
Americas					
Automotive Gas Spring	106.5	91.9	15.9%	10.5%	5.4%
Automotive Powerise®	146.8	121.0	21.3%	10.4%	10.9%
Industrial	134.1	110.6	21.2%	10.5%	10.7%
Total Americas[1)]	**387.5**	**323.5**	**19.8%**	**10.5%**	**9.3%**
APAC					
Automotive Gas Spring	104.2	82.5	26.3%	9.0%	17.3%
Automotive Powerise®	132.0	49.2	168.3%	20.3%	148.0%
Industrial	23.2	18.5	25.4%	8.2%	17.2%
Total APAC[1)]	**259.4**	**150.2**	**72.7%**	**12.6%**	**60.1%**
Stabilus Group					
Total Automotive Gas Spring	326.0	297.4	9.6%	5.7%	3.9%
Total Automotive Powerise®	374.6	263.3	42.3%	8.3%	34.0%
Total Industrial	415.8	377.0	10.3%	1.7%	8.6%
Revenue[1)]	**1.116.3**	**937.7**	**19.0%**	**4.8%**	**14.2%**

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

EARNINGS ANALYSIS

The following table shows the condensed consolidated income statement of the Stabilus Group for fiscal 2022 compared to fiscal 2021.

Income statement T_006

IN € MILLIONS	Year ended Sept 30, 2022	2021	% change
Revenue	1,116.3	937.7	19.0%
Cost of sales	(805.1)	(657.4)	22.5%
Gross profit	**311.2**	**280.3**	**11.0%**
Research and development expenses	(46.2)	(42.8)	7.9%
Selling expenses	(87.0)	(81.7)	6.5%
Administrative expenses	(39.6)	(38.4)	3.1%
Other income	4.8	6.0	(20.0)%
Other expenses	(1.1)	(2.1)	(47.6)%
Income / (expense) from equity-accounted investments	0.1	–	n/a
Profit from operating activities (EBIT)	**142.2**	**121.3**	**17.2%**
Finance income	15.2	0.7	< (100.0)%
Finance costs	(14.2)	(14.0)	1.4%
Profit / (loss) before income tax	**143.3**	**108.0**	**32.7%**
Income tax income / (expense)	(38.9)	(34.3)	13.4%
Profit / (loss) for the period	**104.3**	**73.8**	**41.3%**

Cost of sales

The cost of sales increased by 22.5% from €(657.4) million in fiscal 2021 to €(805.1) million in fiscal 2022. In particular, this development is due to the rapid growth in business volumes compared to the prior year. Furthermore, the cost of sales was influenced by high material price inflation over recent months (e.g. for steel, plastic and resin). Besides this, the sharp rise in energy costs also affected the cost base and had a negative impact on the margin. Compared to the growth in the cost of sales (+22.5%), revenue has risen at a slower rate (+19.0%). This is mainly on account of the high increases described in the cost of materials in virtually all areas and the consistently challenging conditions on the procurement market. As a result, the cost of sales as a percentage of revenue rose by +2.0 percentage points from 70.1% in the prior year to 72.1% in fiscal 2022. Accordingly, the gross profit margin deteriorated from 29.9% in the prior year to 27.9% in fiscal 2022.

R&D expenses

R&D expenses (less capitalized development costs) climbed by 7.9% from €(42.8) million in fiscal 2021 to €(46.2) million in fiscal 2022. The Stabilus Group is continuing to invest in the development of new products and product applications, e.g. in the ongoing development of the Powerise® product range in order to cultivate new business areas. This is also reflected by the slight rise in R&D headcount. As a result of the high level of investment in development, depreciation and amortization climbed by +€1.3 million year-on-year. The capitalization of development costs (less services for customers) rose marginally from €15.9 million in fiscal 2021 to €16.1 million in fiscal 2022. Moreover, impairment losses of €(0.5) million were recognized on capitalized development costs in fiscal 2022. These had amounted to €(0.8) million in fiscal 2021. As a percentage of revenue, R&D expenses decreased by (0.5) percentage points from 4.6% in fiscal 2021 to 4.1% in fiscal 2022.

Selling expenses

Selling expenses rose by +6.5% as against fiscal 2021, from €(81.7) million to €(87.0) million in fiscal 2022. The increase is essentially due to the growth in business volumes and higher freight rates. As a percentage of revenue, selling expenses fell by (0.9) percentage points from 8.7% in fiscal 2021 to 7.8% in fiscal 2022.

Administrative expenses

Administrative expenses rose by 3.1% as against fiscal 2021, from €(38.4) million to €(39.6) million in fiscal 2022. This was caused by the growth in headcount and higher salaries. The Group is also investing in its digital expansion and continuing to grow its cloud-based solutions. As a percentage of revenue, administrative expenses decreased by (0.6) percentage points from 4.1% in fiscal 2021 to 3.5% in fiscal 2022.

Other income and expense

Other income declined by €(1.2) million from +€6.0 million in fiscal 2021 to +€4.8 million in fiscal 2022. This development is due to a non-recurring effect of €1.6 million in connection with a reimbursement relating to the acquisition of SKF Group entities in 2016. The miscellaneous other income mainly relates to proceeds from scrap. Furthermore, foreign currency translation gains from operating business amounting to +€0.4 million are included in fiscal 2022.

Other expenses decreased by €1.0 million year-on-year from €(2.1) million to €(1.1) million. The decline is essentially due to the prior year's currency translation losses from operating business of €(1.4) million, which were mainly incurred in the Americas. The increase in miscellaneous other expenses relates to the addition to allowances for bad debts in the course of the expansion of business activities at various locations.

Finance income and costs

Finance income increased from +€0.7 million in fiscal 2021 to +€15.2 million in fiscal 2022. The main effect, +€12.8 million, derives from the net foreign exchange gains from the translation of internal loans, as well as from the translation of cash and cash equivalents and from other financial liabilities (lease liabilities).

Finance costs increased by €(0.2) million from €(14.0) million in fiscal 2021 to €(14.2) million in fiscal 2022. The is essentially due to the rise in interest expenses on financial liabilities of €(1.4) million. In the prior year there had also been net foreign exchange losses of €(0.8) million from the translation of internal loans, as well as from the translation of cash and cash equivalents and from other financial liabilities (lease liabilities).

Finance costs primarily contain ongoing interest expense. The interest expense of €(13.8) million in fiscal 2022 (PY: €(12.5) million) relates in particular to the term loan facility, €(5.1) million (PY: €(5.4) million) of which relates to interest paid. In addition, an amount of €(5.5) million (PY: €(7.1) million) is due to the amortization of the adjustment of the carrying amount using the effective interest rate method and the derecognition of unamortized transaction costs. This became necessary in connection with the closing of the new financing in June 2022. The same applies to the transaction costs for the new loan in the amount of €(2.9) million, which was also recognized as an expense. In the quarterly statement (Q3 FY 2022), these expenses were still recognized as liabilities.

Income tax expense

The income tax expense rose by €(4.6) million from €(34.3) million in fiscal 2021 to €(38.9) million in fiscal 2022, in particular as a result of the year-on-year improvement in operating performance. The effective tax rate of the Stabilus Group is 27.2% in fiscal 2022 (2021: 31.8%). In the prior year, the tax rate had been negatively affected by withholding tax charges on intragroup dividends, essentially from Mexico and China.

Operating segments T_007

IN € MILLIONS	Year ended Sept 30, 2022	2021	% change
EMEA			
External revenue [1]	469.4	464.0	1.2%
Intersegment revenue [1]	34.2	29.9	14.4%
Total revenue [1]	503.6	493.9	2.0%
Adjusted EBIT	54.7	66.9	(18.2)%
as% of total revenue	10.9%	13.5%	
as% of external revenue	11.7%	14.4%	
Americas			
External revenue [1]	387.5	323.5	19.8%
Intersegment revenue [1]	31.8	25.3	25.7%
Total revenue [1]	419.3	348.7	20.2%
Adjusted EBIT	51.8	43.6	18.8%
as% of total revenue	12.4%	12.5%	
as% of external revenue	13.4%	13.5%	
APAC			
External revenue [1]	259.4	150.2	72.7%
Intersegment revenue [1]	0.3	0.2	50.0%
Total revenue [1]	259.7	150.4	72.7%
Adjusted EBIT	49.7	24.5	102.9%
as% of total revenue	19.1%	16.3%	
as% of external revenue	19.2%	16.3%	

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

REVENUE AND EARNINGS DEVELOPMENT BY SEGMENT

The Stabilus Group is organized and managed primarily on a regional level. The three reportable operating segments of the Group are EMEA (Europe, Middle East and Africa), the Americas (North and South America) and APAC (Asia-Pacific). The following table shows the development of the revenue and adjusted EBIT of the operating segments of the Stabilus Group for fiscal 2022 and fiscal 2021:

EMEA

The external revenue of the EMEA region rose by +€5.4 million or +1.2% as against fiscal 2021, from €464.0 million to €469.4 million in fiscal 2022. Adjusting for exchange rate effects of €(7.3) million, organic growth amounts to 2.8%. This growth was largely driven by industrial business, which rose by +€10.5 million or +4.2% from €247.9 million to €258.4 million. The organic growth rate of industrial business is 6.9%. Industrial business recovered in fiscal 2022 as compared to fiscal 2021. The operating segment's expansion highlights the broad product portfolio of the Stabilus Group with double-digit growth rates in virtually all sub-sectors and illustrates the significance of the ongoing development of this market segment. In particular, the market segments of distributors, independent aftermarket and e-commerce made a significant contribution to growth, while healthcare, medical technology and furniture were in decline following the sharp rise in demand in the prior year as a result of the COVID-19 pandemic. The Automotive Gas Spring unit contracted by €(7.8) million or (6.3)% from €123.0 million to €115.2 million. The organic growth in Automotive Gas Spring business amounts to (6.3)%. Automotive Gas Spring business was partially compensated by the growth in Automotive Powerise® business, where revenue increased by +€2.7 million or +2.9% from €93.1 million to €95.8 million. The organic growth rate of Automotive Powerise® business is +3.7%. Automotive business continues to be affected by the COVID-19 pandemic and its corollaries, and it has been further disrupted since the end of February 2022 by the Russia / Ukraine war. The shortage of electronic components (semiconductors) and the reduced availability of key production components (e.g. wiring harness systems) for vehicle production influenced the business of our customers and reduced the production of light vehicles throughout the EU. Aside from these factors, inflation has risen sharply in Europe in the last few months. In the second quarter of fiscal 2022 in particular, the consequences of this included temporary plant closures for multiple OEMs, fewer shifts and, in some case, reduced working hours. It was not possible to entirely offset this lost time by the end of the year. The market environment remained challenging and very tense on account of uncertainty in the global supply chain and shortages in electronic components (semiconductors). The adjusted EBIT margin for the EMEA region decreased owing to the negative effects of higher materials prices on the procurement market and rising freight and energy costs. The adjusted EBIT of the EMEA region contracted by €(12.2) million or (18.2)% from €66.9 million in fiscal 2021 to €54.7 million in fiscal 2022, while the adjusted EBIT margin declined by (2.7) percentage points from 14.4% in fiscal 2021 to 11.7% in fiscal 2022.

AMERICAS

The external revenue of the Americas region rose by +€64.0 million or +19.8% as against fiscal 2021, from €323.5 million to €387.5 million in fiscal 2022. Adjusting for exchange rate effects of €33.9 million, due in particular to the relatively strong Mexican peso and the US dollar, organic growth amounts to +9.3%. The main factor driving this growth was our Automotive Powerise® business, which rose by +€25.8 million or +21.3% from €121.0 million to €146.8 million in the Americas operating region in fiscal 2022. The organic growth in Automotive Powerise® business amounts to +10.9%. In addition to the positive trend in Automotive Powerise® business, Automotive Gas Spring business also performed positively and grew by +€14.6 million or +15.9% from €91.9 million to €106.5 million. The organic growth rate of Automotive Gas Spring business is +5.4%.

However, US car sales declined at double-digit rates compared to the prior year in fiscal 2022, and impacted the automotive industry owing to the uncertainty in the global supply chain and the severe shortage of electronic components (semiconductors) as well as the sharp rise in inflation in the United States in recent months. This resulted in reduced customer demand. The economic landscape remained difficult and challenging, and affected production capacity. The US automotive market is also being affected by the Russia / Ukraine war. The key factor is the reduced availability of imported manufacturing components for automotive production. Nonetheless, the very positive trend in Stabilus' automotive market share indicates a solid performance in the region and outperformed market expectations, illustrating the excellent market presence of Stabilus products. Industrial business developed well and grew by +€23.5 million or +21.2% from €110.6 million to €134.1 million. The organic growth for industrial business amounts to +10.7%. Above all, industrial business benefited from the diversification of the product portfolio and growth in all sub-segments: There was strong growth in distributors, independent aftermarket and e-commerce as well as double-digit growth rates in the energy & consumption sub-segment. Our Americas region was also impacted by material price increases and rising energy costs, which slightly reduced the segment's adjusted EBIT margin. The adjusted EBIT of the Americas region climbed by +€8.2 million or +18.8% from €43.6 million in fiscal 2021 to €51.8 million in fiscal 2022, while the adjusted EBIT margin fell marginally by (0.1) percentage points from 13.5% in fiscal 2021 to 13.4% in fiscal 2022.

APAC

The external revenue of the APAC region rose by +€109.2 million or +72.7% from €150.2 million to €259.4 million in fiscal 2022. Adjusting for exchange rate effects of €18.9 million, organic growth amounts to +60.1%. This strong increase was thanks in particular to Automotive Powerise® business, which contributed growth of +€82.8 million or +168.3% from €49.2 million to €132.0 million. The organic growth amounts to +148.0%. Automotive Gas Spring business expanded by +€21.7 million or +26.3% from €82.5 million to €104.2 million. The organic growth rate of Automotive Gas Spring business is +17.3%. The Chinese automotive market in particular achieved strong year-on-year growth in 2022. According to IHS figures (as of October 2022), the production of light vehicles climbed by +5.7% in fiscal 2022 as against fiscal 2021, which is reflected in the revenue figures for the Automotive Powerise® product range and Automotive Gas Spring business. The highly positive overall trend in revenue figures extended over the whole of fiscal 2022. The economy was assisted by the Chinese government, which initiated various economic programs to kick-start the recovery from the various regional lockdowns and to counteract the temporary closure of factories and ports. The region continued to be impacted by problems in the supply chain, in particular for electronic components (semiconductors). Nevertheless, Stabilus further grew its market share by securing new OEM platforms, which resulted in a higher rate of sales for our product range and for Automotive Powerise® in particular. Industrial business climbed by +€4.7 million or +25.4% from +€18.5 million in fiscal 2021 to €23.2 million in fiscal 2022. Organic growth for industrial business amounts to +17.2%. The industrial market reported strong growth in all sub-areas of its market segments, thereby continuing the highly positive trend of recent years. The adjusted EBIT of the APAC region climbed by +€25.2 million or +102.9% from €24.5 million in fiscal 2021 to €49.7 million in fiscal 2022, and the adjusted EBIT margin rose by +2.9 percentage points from 16.3% in fiscal 2021 to 19.2% in fiscal 2022.

RECONCILIATION OF ADJUSTED EBIT

The following table shows the reconciliation to adjusted EBIT for fiscal 2022 and fiscal 2021. Adjusted EBIT is EBIT adjusted for non-recurring items (e.g. restructuring expenses or non-recurring consulting expenses) and depreciation / amortization of fair value adjustments from purchase price allocation (PPA). The Stabilus Group reports adjusted EBIT as its management is of the opinion that adjusted EBIT is more meaningful, and therefore contributes to a better understanding of the operating performance of the Stabilus Group on the part of users of the financial statements. Further details of segment reporting can be found in the notes to the consolidated financial statements under Note 36.

The effects from PPAs of the past company acquisitions amount to €14.0 million in fiscal 2022 (2021: €13.8 million). This is the straight-line depreciation of revaluation of assets. €4.7 million of this amount (2021: €4.7 million) stems from purchase price allocation in fiscal 2010 and €8.5 million (2021: €8.2 million) from purchase price allocation in fiscal 2016. The increase in PPA effects compared to the previous year is due to currency effects (euro to USD) against the euro. Furthermore, €0.8 million (2021: €0.9 million) relates to purchase price allocation in fiscal 2019.

Reconciliation of EBIT to adjusted EBIT T_008

IN € MILLIONS	Year ended Sept 30, 2022	2021	Change	% change
Profit from operating activities (EBIT)	**142.2**	**121.3**	**20.9**	**17.2%**
PPA adjustments – depreciation and amortization	14.0	13.8	0.2	1.4%
Adjusted EBIT	**156.2**	**135.0**	**21.2**	**15.7%**

Balance sheet T_009

IN € MILLIONS	2022	2021	% change
Assets			
Non-current assets	701.9	669.7	4.8%
Current assets	564.7	496.9	13.6%
Total assets	**1,266.6**	**1,166.6**	**8.6%**
Equity and liabilities			
Total equity	669.7	544.3	23.0%
Non-current liabilities	375.0	428.8	(12.5)%
Current liabilities	221.9	193.5	14.7%
Total liabilities	596.9	622.3	(4.1)%
Total equity and liabilities	**1,266.6**	**1,166.6**	**8.6%**

Financial position of the Stabilus Group

ANALYSIS OF NET ASSETS

Total assets

As of September 30, 2022, the total assets of the Stabilus Group increased by +€100.0 million as against the prior year (September 30, 2021) from €1,166.6 million to €1,266.6 million.

Non-current assets

As of September 30, 2022, the non-current assets of the Stabilus Group increased by +€32.2 million or +4.8% as against the prior year (September 30, 2021) from €669.7 million to €701.9 million. This growth is essentially due to the investment in Cultraro, which added +€17.2 million (investment accounted for using the equity method), and the investment in Synapticon, which added +€6.0 million (equity investment). This development was partially compensated by the amortization on other intangible assets of €(30.5) million, which essentially results from purchase price allocation of the past fiscal year, and depreciation on property, plant and equipment of €(38.5) million. This was countered by capital expenditure of €29.2 million for ongoing capacity expansions of projects and purchases of intangible assets of €18.6 million. Furthermore, non-current assets were influenced by carrying amount adjustments due to exchange rate effects (e.g. an increase in goodwill of +€8.7 million).

Current assets

As of September 30, 2022, the current assets of the Stabilus Group increased by +€67.8 million or +13.6% as against the prior year (September 30, 2021) from €496.9 million to €564.7 million. This was thanks to growth of +€60.9 million in trade receivables compared to the prior year, in particular as a result of the sharp rise in business volumes and the ongoing market recovery following the global COVID-19 pandemic in prior years. Furthermore, inventories were increased by +€30.6 million in order to safeguard our global supply chains and to allow for short-term changes in customer call-offs. Higher purchase prices for raw materials and components also played a part. This was countered by the reduction in cash and cash equivalents, which declined by €(24.8) million as against fiscal 2021. This was due to the net repayment of the senior facility of €(95.0) million in June 2022, which was paid in connection with the refinancing, and a voluntary repayment of €(2.6) million in January 2022 on the one hand, and to the dividend payment of €(30.9) million in February 2022 on the other. Furthermore, there was the reduced effect of the payments for the investments in Cultraro Automazione Engineering S.r.l. and Synapticon GmbH of €(23.2) million. Aside from this, cash and cash equivalents were positively influenced by the proceeds of €55.0 million from the promissory note loan in January 2022.

Equity

As of September 30, 2022, the equity of the Stabilus Group increased by +€125.4 million or +23.0% as against the prior year (September 30, 2021) from €544.3 million to €669.7 million. This is essentially as a result of the profit for fiscal 2022 of €104.3 million and other comprehensive income, which rose by +€52.7 million to €14.6 million compared to fiscal 2021. Furthermore the equity comprises unrealized actuarial gains on pensions (after taxes) of €11.7 million and unrealized gains from foreign currency translation of €41.0 million. This increase was partially offset by the dividend payment to the shareholders of Stabilus SE of €(30.9) million in total in the second quarter of fiscal 2022 and the distribution of a dividend to non-controlling shareholders of €(0.8) million.

Non-current liabilities

As of September 30, 2022, the non-current liabilities of the Stabilus Group decreased by €(53.8) million or (12.5)% as against the prior year (September 30, 2021) from €428.8 million to €375.0 million. Non-current liabilities were influenced by several transactions, including the issue of a promissory note loan of +€55.0 million, return of the senior facility of €(2.6) million in January 2022 and the net repayment of €(95.0) million in June 2022. The write-down on transaction costs and the adjustment of the carrying amount using the effective interest rate method and the derecognition of the remaining transaction costs due to the refinancing in June 2022 amounted to €5.1 million in total. Other financial liabilities decreased by €(4.1) million as a result of the repayment of lease liabilities. This reduction is offset by an increase in new leases with a volume of +€2.8 million. Furthermore, pension obligations decreased by €(17.5) million as a result of the higher discount rate, which rose from 1.31 % as of September 30, 2021, to 4.11 % as of September 30, 2022. Deferred tax liabilities increased by €6.7 million in fiscal 2022.

Current liabilities

As of September 30, 2022, the current liabilities of the Stabilus Group increased by +€28.4 million or +14.7% as against the prior year (September 30, 2021) from €193.5 million to €221.9 million. This is essentially as a result of higher trade payables of +€23.7 million. Furthermore, other liabilities rose as a result of outstanding costs of +€0.8 million and liabilities to employees of +€0.6 million as well as income tax liabilities of +€2.3 million. This development is countered by a net drop in provisions of €(1.1) million, essentially for warranties (which rose by +€1.2 million) and revenue-based provisions (which declined by €(3.0) million).

ANALYSIS OF THE FINANCIAL POSITION

Cash flow from operating activities

Cash flow from operating activities declined by €(3.3) million or (2.6)% from €129.0 million in fiscal 2021 to €125.7 million in fiscal 2022. This is essentially due to higher working capital (including a rise in trade receivables).

Cash flow from investing activities

Cash flow from investing activities changed by €(27.1) million or +67.1% from €(40.4) million in fiscal 2021 to €(67.5) million in fiscal 2022.In particular, this was as a result of the acquisition of the investment accounted for at equity (Cultraro Automazione Engineering S.r.l., €(17.2) million) and other equity investments (Synapticon GmbH, €(6.0) million). Purchases of intangible assets declined by €(1.5) million while capital expenditure for property, plant and equipment climbed by +€6.1 million as against the prior year.

Cash flow from financing activities

Cash flow from financing activities changed by €(31.1) million or +51.4% from €(60.5) million in fiscal 2021 to €(91.6) million in fiscal 2022. The main reasons for this were the lower proceeds from promissory note loans (fiscal 2022: +€55.0 million; fiscal 2021: +€95.0 million) and higher dividend payments of €18.5 million (fiscal 2022: €(30.9) million; fiscal 2021: €(12.4) million). This was partially compensated by the repayment of the short-term credit facility in the prior year of €(30.6) million; there was no utilization in fiscal 2022.

Cash flows T_010

	Year ended Sept 30,		
IN € MILLIONS	2022	2021	% change
Cash flow from operating activities	125.7	129.0	(2.6)%
Cash flow from investing activities	(67.5)	(40.4)	67.1%
Cash flow from financing activities	(91.6)	(60.5)	51.4%
Net increase / (decrease) in cash	**(33.4)**	**28.2**	**<(100.0)%**
Effect of movements in exchange rates on cash held	8.6	2.6	>100.0%
Cash as of beginning of the period	193.2	162.4	19.0%
Cash as of end of the period	**168.4**	**193.2**	**(12.8)%**

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

Free cash flow

The free cash flow is defined as the total of cash flows from operating activities and cash flows from investing activities. Management reports free cash flow as this alternative performance measure aids in assessing the ability of the Stabilus Group to generate cash flows that can be used, for example, for investment or distributions. The free cash flow declined by €(30.4) million or (34.3)% from €88.6 million in fiscal 2021 to €58.2 million in fiscal 2022. This is mainly as a result of increased investing activity in the past fiscal year. The calculation of free cash flow for fiscal 2022 and fiscal 2021 is shown in the table below.

Adjusted free cash flow

Adjusted free cash flow is defined as the total of cash flows from operating activities and cash flows from investing activities before acquisitions. Management reports adjusted free cash flow as this alternative performance measure aids in assessing the ability of the Stabilus Group to generate cash flows from organic growth (i.e. disregarding acquisitions). Adjusted cash flow declined by €(6.9) million or (7.8)% from €88.6 million in fiscal 2021 to €81.7 million in fiscal 2022, mainly due to the increased investment activity in the past business year. The adjustment relates to the investments in Cultraro Automazione Engineering S.r.l. and Synapticon GmbH. The calculation of adjusted cash flow for fiscal 2022 and fiscal 2021 is shown in the table below.

Free cash flow T_011

IN € MILLIONS	Year ended Sept 30, 2022	2021	% change
Cash flow from operating activities	125.7	129.0	(2.6)%
Cash flow from investing activities	(67.5)	(40.4)	67.1%
Free cash flow	**58.2**	**88.6**	**(34.3)%**

Adjusted free cash flow T_012

IN € MILLIONS	Year ended Sept 30, 2022	2021	% change
Cash flow from operating activities	125.7	129.0	(2.6)%
Cash flow from investing activities	(67.5)	(40.4)	67.1%
Free cash flow	**58.2**	**88.6**	**(34.3)%**
Acquisition of equity-accounted and other investments	23.5	–	n/a
Adjusted FCF	**81.7**	**88.6**	**(7.8)%**

Net leverage ratio T_013

IN € MILLIONS	Year ended Sept 30, 2022	2021	% change
Financial debt	256.8	300.2	(14.5)%
Cash and cash equivalents	(168.4)	(193.2)	(12.8)%
Net financial debt	88.4	107.0	(17.4)%
Adjusted EBITDA	211.2	185.1	14.1%
Net leverage ratio	**0.4x**	**0.6x**	

Financial debt T_014

IN € MILLIONS	Year ended Sept 30, 2022	2021
Financial liabilities (non-current)	255.1	293.4
Financial liabilities (current)	1.7	1.5
Adjustment carrying value	–	5.4
Financial debt	**256.8**	**300.2**

Adjusted EBITDA T_015

IN € MILLIONS	Year ended Sept 30, 2022	2021	Change	% change
Profit from operating activities (EBIT)	**142.2**	**121.3**	**20.9**	**17.2%**
Depreciation	38.7	36.3	2.4	6.6%
Amortization	16.3	13.9	2.4	17.3%
PPA adjustments – depreciation and amortization	14.0	13.8	0.2	1.4%
EBITDA	**211.2**	**185.1**	**26.1**	**14.1%**
Purchase price adjustment	–	–	–	–
Adjusted EBITDA	**211.2**	**185.1**	**26.1**	**14.1%**

Net leverage ratio

The net leverage ratio is defined as net financial debt divided by adjusted EBITDA. Net financial debt is the nominal amount of financial liabilities, i.e. current and non-current financial liabilities less cash and cash equivalents. Adjusted EBITDA is defined as adjusted EBIT before depreciation / amortization and before extraordinary non-recurring items (e.g. restructuring expenses or non-recurring consulting expenses). Management reports the net leverage ratio as this alternative performance measure is a reasonable indicator for assessing the debt and financing structure of the Stabilus Group. The net leverage ratio declined from 0.6x in fiscal 2021 to 0.4x in fiscal 2022. This is mainly due to the strong increase in adjusted EBITDA and the further reduction in borrowing. The calculation of the net leverage ratio for fiscal 2022 and fiscal 2021 is shown in the table below.

PRINCIPLES AND OBJECTIVES OF FINANCIAL MANAGEMENT

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

Financial position and financial performance of Stabilus SE

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

KEY FINANCIAL PERFORMANCE INDICATOR

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

– Annual result

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

ANALYSIS OF THE RESULTS OF OPERATIONS

The following table shows the condensed income statement of Stabilus SE for fiscal 2022 compared to fiscal 2021. The prior-year figures were adapted from the 2021 annual financial statements of Stabilus S.A. in accordance with the *Code de Commerce* (Luxembourg Commercial Code) in line with the provisions of German commercial law.

In performing the duties of a holding company for the Stabilus Group, the Stabilus SE incurred other operating income of €6,802 thousand (2021: €4,243 thousand). The increase essentially resulted from a higher intra-group management fee. For fiscal 2022, the Management Board and the Supervisory Board propose to the Annual General Meeting to distribute a dividend of €1.75 (2021: €1.25) per share and to carry forward the remaining net retained profits of €306,521 thousand (2021: €108,265 thousand) to new account.

The other operating expenses rose to €(7,402) thousand (2021: €(3,113) thousand). This was mainly due to the refinancing of the credit facilities and to consulting costs for the transformation into a European Company (SE) and the subsequent relocation of the registered office from Luxembourg to Germany. Personnel expenses increased by 18% to €(1,033) thousand (2021: €(876) thousand).

The income from investments exclusively relates to the payments to Stable II GmbH (formerly: Stable II S.à. r.l., Luxembourg); there were no such dividend payments in the prior year.

The net income for fiscal 2022 amounts to €272,356 thousand (2021: €81 thousand).

Profit and loss account of Stabilus SE (condensed) T_016

IN € MILLIONS	Year ended Sept 30, 2022	2021	% change
Other operating income	6,802	4,243	60.3%
Staff costs	(1,033)	(876)	18.0%
Depreciation and amortization	(3)	–	n/a
Other operating expense	(7,402)	(3,113)	>100.0%
Interest payable and similar expenses	(5)	(15)	(66.5)%
Income from participating interests	274,150	0	n/a
Income taxes	(153)	(157)	(2.4)%
Profit after taxes	**272,356**	**81**	**>100.0%**
Net income / (loss) for the period	272,356	81	>100.0%

ANALYSIS OF FINANCIAL POSITION AND FINANCIAL PERFORMANCE

Balance sheet of Stabilus SE (condensed)

T_017

IN € THOUSANDS	Sept 30, 2022	Sept 30, 2021	% change
Assets			
Fixed assets	775,250	531,916	45.7%
Current assets	3,293	4,464	(26.2)%
Prepayments	179	191	(6.3)%
Total assets	**778,722**	**536,571**	**45.1%**
Equity and liabilities			
Equity	776,226	534,746	45.2%
Provisions	1,876	1,770	6.0%
Liabilities	620	56	>100.0%
Total liabilities	**778,722**	**536,571**	**45.1%**

As of September 30, 2022, the total assets of Stabilus SE increased by +45.1% as against the prior year to €788,722 thousand (September 30, 2021: €536,571 thousand). Fixed assets essentially comprise shares in affiliated companies, which rose from €531,916 thousand as of September 30, 2021, to €775,218 thousand as of September 30, 2022. The increase is due to the acquisition of four companies from the subsidiary of Stable II GmbH (formerly: Stable II. S.à. r.l., Luxembourg) in the amount of €454,700 thousand. Furthermore, Stabilus SE reduced its investment in Stable II GmbH (formerly: Stable II S.à. r.l., Luxembourg) by return in capital in an amount of €(211,398) thousand (PY: €(14,000) thousand) from the paid-in premium.

Current assets declined from €4,464 thousand as of September 30, 2021 to €3,293 thousand as of September 30, 2022. This was caused by a reduction in cash pool receivables from an affiliated company of €2,249 thousand, offset by a rise in bank balances of €961 thousand. The Company's equity rose from €534,746 thousand as of September 30, 2021 to €776,226 thousand as of September 30, 2022 as a result of the net income for fiscal 2022 of €272,356 thousand, offset by the dividend payment of €(30,875) thousand (2021: €(12,350) thousand).

PRINCIPLES AND OBJECTIVES OF FINANCIAL MANAGEMENT

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

OUTLOOK OF STABILUS SE

Decisive for the financial position and financial performance of Stabilus SE are the economic developments and the success of its operating subsidiaries, in whose development it participates through distributions. The management of Stabilus SE expects a significantly reduced net income for fiscal 2023 compared to fiscal 2022. We anticipate lower distributions from the main subsidiaries.

RISKS AND OPPORTUNITIES

As a strategic management holding company, Stabilus SE depends on a significant extent on the development of its global subsidiaries and is therefore essentially subject to the same risks and opportunities as the Stabilus Group. The risks and opportunities are presented accordingly in the Group's opportunities and risk report.

REPORT ON RISKS AND OPPORTUNITIES

Risk and opportunity management system

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

ORGANIZATION OF RISK AND OPPORTUNITY MANAGEMENT AND RESPONSIBILITIES

Risk management at the Stabilus Group comprises all activities for a systematic approach to risks. In this context, risks are identified and analyzed early on according to a uniform system and procedures for the optimization of the risk situation are derived. Risk management is an integral component of the Group-wide corporate governance structure.

The Management Board of Stabilus SE is responsible for an effective risk management system. Risk management is organizationally and systematically embedded in the department Corporate Accounting (risk manager), which allows the risk management system to be holistically designed and integrated into planning, controlling and reporting processes. This enables the Stabilus Group to detect and actively identify potential risks at an aggregate level early on and enhances the planning security of future developments. The top priority when using risk management instruments is to assess possible deviations in the key performance indicators of revenue and adjusted EBIT.

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

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

PROCESS OF RISK MANAGEMENT IN THE STABILUS GROUP

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

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

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

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

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

RISK PROFILE OF THE STABILUS GROUP

The Stabilus Group assesses the identified risks (net, i.e. taking any risk-mitigating countermeasures into account) in terms of their probability of occurrence and their impact on the financial position and financial performance as per the overviews below.

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

The severity of the identified risks and their extent of damage can extend from "low" to "high" according to the scale below. For reasons of practicality and continuity, risks have been classified purely qualitatively in line with the methods below, which have been applied consistently throughout the Group. This approach also enables better comparability of risk developments over multiple years, in particular if the financial position and financial performance should change more significantly. Risks that are more difficult to classify, such as reputation risks, can be tracked and controlled more consistently as well. The period of impact assessment is at least the forecast period indicated in the report on expected developments. The Stabilus Group combines the two assessments – probability of occurrence and severity as well as extent of damage – in the form of risk priority indicators in the risk matrix below. This way, the corresponding risk class can be determined for each individual risk. This extends from "low risk" to "medium risk" to "high risk".

Probabilities of occurrence T_018

Very high	> 50% to 100%	Very likely
High	> 20% to 50%	Likely
Medium	> 5% to 20%	Possible
Minor	> 0% to 5%	Unlikely

Risk matrix T_019

Probability of occurrence				
Very high (> 50% to 100%)				
High (> 20% to 50%)			High risk	
Medium (> 5% to 20%)		Medium risk		
Minor (> 0% to 5%)	Low risk			
	Low	Moderate	Material	High
				Impact

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

Risk atlas T_020

BUSINESS ENVIRONMENT RISKS
Risks of social, political, macroeconomic and regulatory developments
Market risks / sector risks
Environmental risks
Russia / Ukraine war

FINANCIAL RISKS
Financial and liquidity risks
Risks of bad debts and customer insolvencies
Tax risks
Inflation risks
Currency risks

STRATEGIC RISKS
Risks of competitive situations with strategic partners
Insufficient strategy implementation

OPERATING RISKS
Quality risks
Customer risks
Supplier risks
Compliance risks / legal risks
Supply-chain risks (procurement risks, delivery performance)
Material risks
IT risks (hardware / software / cyber risks)
Staff risks / human resources risks
Price risks
COVID-19 risks
Energy risks

The respective risks identified and continuously monitored by the Stabilus Group in conjunction with its risk management system for the fiscal year 2022 are presented (in condensed form) below.

Individual risks[1)] T_021

	Probability of occurrence in%	Severity / extent of damage in €	Risk class
Business environment risks			
Market risks / sector risks	Possible	Moderate	Medium
Environmental risks	Very likely	Moderate	Medium
Russia / Ukraine war	–	Material	High
Operating risks			
Quality risks	Likely	Moderate	High
Supply-chain risks (procurement risks, delivery performance)	Unlikely	Low	Low
Material price risks	Very likely	Material	High
Staff risks / human resources risks	Possible	Low	Low
Price risks (sales view)	Likely	Material	High
COVID-19 risks	Possible	Material	Medium
Energy risks	Likely	Material	High

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

Internal control system

ACCOUNTING-RELATED INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

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

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

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

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

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

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

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

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

RISK REPORTING IN RELATION TO THE USE OF FINANCIAL INSTRUMENTS

The risks of financial instruments are explained in detail in Note 33 of the notes to the IFRS consolidated financial statements of the Stabilus Group.

Opportunities of future business performance

OPPORTUNITIES IN CONNECTION WITH THE STABILUS GROUP'S OPERATING ACTIVITIES

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

The steady rise in demand for comfort around the world could give rise to megatrends in specific sectors. The ongoing development of the product range of system solutions and software expertise is a central pillar of the Stabilus Group's corporate strategy. Together with the actuator expertise from the Group's many years of success in the automotive sector, demand for high-quality electromechanical drives in other sectors also entails a major opportunity to tap new markets.

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

Risks of future business performance of the Stabilus Group

RISKS IN CONNECTION WITH MARKETS IN WHICH THE STABILUS GROUP OPERATES

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

Although the global economy has recovered considerably from the severe downturn in 2008 and 2009, the recent volatility of the financial markets and also the slower than expected economic growth in Asia show that there can be no assurance that any recovery is sustainable or that there will be no recurrence of the global financial and economic crisis or similar adverse market conditions. In addition, the ongoing uncertainty in the market environment due to the COVID-19 pandemic is omnipresent. Even though the economic recovered, the general development of the world economy is subject to substantial risk, given the prevalent uncertainty concerning the further progression of the COVID-19 pandemic (regional lockdowns in China). The Stabilus Group manages and diversifies these risks by operating in various regions and markets for local and global customers.

Extreme risks such as pandemics or acts of war can no longer be ruled out in the future, and can also influence the future business developments of the Stabilus Group. Examples of this include the current Russia / Ukraine war and the prolonged COVID-19 pandemic.

The management keeps a particularly close eye on geopolitical risks and tensions. The Group's strong regional positioning and global customer structure minimize the global impact.

RISKS IN CONNECTION WITH CYCLICAL INDUSTRIES

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

The Stabilus Group generated approximately 63% of its revenue from automotive business in fiscal 2022 (2021: 60%). In its automotive business, the Stabilus Group primarily sells its products to original equipment manufacturers (OEMs) in the automotive industry. These sales are cyclical and, among other things, are dependent on general economic conditions as well as consumer spending and preferences, which can be affected by a number of factors, including employment, consumer confidence and income, energy costs, interest rates and the availability of consumer financing. Given the variety of such economic parameters influencing global automotive demand, the volume of automotive production has historically been, and will continue to be, characterized by a high level of fluctuation, making it difficult for the Stabilus Group to accurately predict demand levels for products aimed at automotive OEMs.

The Stabilus Group generated approximately 37% (2021: 40%) of its revenue from sales to industrial customers in fiscal 2022. In its industrial business, the Stabilus Group sells its products to customers in various industries, including agricultural machinery, renewable energy (the solar and wind energy sector in particular), railway, aircraft applications, commercial vehicles, marine, furniture, healthcare. The revenue generated from industrial business is dependent on the industrial production level in general and, specifically, the development of new products and technologies by customers of the Stabilus Group that include Stabilus products as components. The Stabilus Group manages and diversifies these risks as well by operating in various regions and markets for local and global customers.

The business environment in which the Stabilus Group operates is characterized by strong competition, which affects some Stabilus products and markets, and which could reduce the revenue of the Stabilus Group or put continued pressure on sales prices. The markets on which the Stabilus Group operates are competitive and have been characterized by changes in market penetration, increased price competition, the development and launch of new products, product designs and technologies by existing and new competitors. The majority of gas springs and electromechanical lifting and closing systems manufactured globally are used for either automotive, industrial or commercial furniture applications, which are core markets for the Stabilus Group. The Stabilus Group primarily competes on the basis of price, quality, delivery punctuality and design as well as the ability to provide engineering support and services on a global basis. If the Stabilus Group fails to secure the quality of Stabilus products and the reliability of supply in the future, current customers of the Stabilus Group could decide to procure products from competitors.

The Stabilus Group’s efforts to expand in certain markets are subject to a variety of business, economic, legal and political risks. The Stabilus Group manufactures its products in several countries and sells Stabilus products worldwide. The Stabilus Group is actively working on expanding its operations in various markets, with a focus on the rapidly growing and emerging markets in the APAC region, where the Stabilus Group has production facilities (in China and South Korea) as well as a wide network of sales offices and its own distribution network. The Stabilus Group plans to expand its Asian production capacity to meet growth expectations and to extend the range of Stabilus products with other regional production facilities.

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

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

As personnel costs have a significant effect on business, the Stabilus Group is exposed to the risks of labor cost inflation and limited employment contract flexibility in the countries in which the Stabilus Group's production facilities are located and where the Stabilus Group has sales personnel as well. Any of these risks could have a material adverse effect on the business, financial position and financial performance of the Stabilus Group.

RISKS IN CONNECTION WITH MARKET TRENDS AND DEVELOPMENTS

Management can give no assurance that:

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

The Stabilus Group develops appropriate strategies as a response to these or similar risks and market trends and to enhance existing products, develop new products or keep pace with developing technologies, to counter the loss of growth opportunities, pressure on margins or the loss of existing customers. The Stabilus Group devotes its resources to the pursuit of new technologies and products. In addition, technological advances and wider market acceptance of the Stabilus Group's Powerise® automatic drive systems (or the development and wider market acceptance of similar automatic lid drive systems by the Stabilus Group's competitors) could result in the cannibalization of the gas spring applications marketed by the Stabilus Group.

RISKS IN CONNECTION WITH THE BUSINESS OF THE STABILUS GROUP

The Stabilus Group is exposed to fluctuations in prices of prefabricated materials and components. The Stabilus Group procures large quantities of prefabricated materials and components from third-party suppliers. The prices of prefabricated materials, components and manufacturing services that the Stabilus Group purchases from suppliers depend on a number of factors, including to a limited extent the development of prices of raw materials used in Stabilus products, such as steel, copper, rubber and water, as well as energy, which have been volatile in the past. The current development of the raw material and procurement markets led to price increases, some of them considerable, compared to previous year. It cannot be ruled out that the prevalent volatility on the raw materials and supplier markets could result in future cost increases. To counteract the price increases, the Stabilus Group has entered price negotiations with its customers. If the Stabilus Group is unable to compensate for potential cost increases or pass them on to customers, such price increases could have a material adverse impact on the financial results of the Stabilus Group. Even to the extent that the Stabilus Group is successful in compensating for or passing on its increased costs to customers by increasing prices on new products, the positive effects of such price increases may not occur in the periods in which the additional expenses have been incurred, but rather in later periods. If the costs of raw materials and energy continue to rise, and if the Stabilus Group is unable to implement cost-cutting measures elsewhere in its operations or to increase the selling prices of Stabilus products to an adequate level, the Stabilus Group will not be able to compensate for such cost increases, which could have a material adverse effect on the business, financial position and financial performance of the Stabilus Group. The long-term increase in costs (and the resultant rise in the price of Stabilus products) could also negatively impact demand for products of the Stabilus Group.

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

LEGAL, TAXATION AND ENVIRONMENTAL RISKS

The Stabilus Group is exposed to warranty and product liability claims.

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

The aforementioned scenarios could result in loss of market acceptance, loss of revenue and loss of customers, in particular against the background that many of Stabilus' products are components which often have a major impact on the overall safety, durability and performance of the end product. The risks arising from such warranty and product liability lawsuits, proceedings and other claims are insured as the Stabilus Group considers economically reasonable, but the insurance coverage could prove insufficient in individual cases. Any major defect in a Stabilus product could also have a material adverse effect on the reputation and market perception of the Stabilus Group, which in turn could have a significant adverse effect on revenue and EBIT.

Further risks can also arise from the fact that the Stabilus Group manufactures many products individually according to the specifications and quality requirements of OEM customers. If the products manufactured and delivered by the Stabilus Group are deemed unfit for purpose by OEM customers at the agreed date of delivery, the customer's production of the relevant products is generally interrupted until the cause of the product defect has been identified and remedied. If these defects are traced to Stabilus products, OEM customers could potentially bring claims for damages. In addition, failure to perform with respect to quality requirements could negatively affect the market acceptance of other products offered by the Stabilus Group and the reputation of the Company as a whole in various market segments.

The Stabilus Group is and can become party to certain disadvantageous contracts under which it is required to sell certain products at a loss or to agree to extensive indemnities.

The Stabilus Group is exposed to certain risks with regard to its intellectual property, its validity and the intellectual property of third parties.

Stabilus' products and services are highly dependent on the technological expertise of the Stabilus Group and the scope and limitations of its proprietary rights. The Stabilus Group has obtained or applied for a number of intellectual property rights, which can be difficult, lengthy and expensive to procure. In addition, where the development of Stabilus products incorporates the input of an individual customer, there is also the risk that such customer will claim ownership rights in the associated intellectual property. Competitors, suppliers, customers of the Stabilus Group and other third parties also submit a large number of intellectual property protection applications. Such other parties could hold effective and enforceable intellectual property rights to certain processes, methods or applications and consequently could enforce against the Stabilus Group.

A large amount of the Stabilus Group's expertise is not patented and cannot be protected by intellectual property rights. Consequently, there is a risk that third parties, including competitors in particular, could utilize this expertise without incurring the relevant costs.

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

The Stabilus Group is subject to risks from legal, administrative and arbitration proceedings.

The Stabilus Group is involved in a number of legal and administrative proceedings related to products, patents and other matters incidental to the business activities of the Stabilus Group and could become involved in additional legal, administrative and arbitration proceedings in the future. These proceedings or potential proceedings could involve, in the United States in particular, substantial claims for damages or other payments. The Stabilus Group could be required to pay substantial damages based on a judgment or settlement agreement. The litigation costs of the Stabilus Group and those of third parties could also be significant.

Due to its high market share, the Stabilus Group could be exposed to legal risks regarding anti-competition fines and related claims for damages.

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

The Stabilus Group could be held liable for soil, water or groundwater contamination or for risks related to hazardous materials.

Many of the sites at which the Stabilus Group operates have been used for industrial purposes for many years, leading to risks of contamination and the resulting site restoration obligations. In addition, the Stabilus Group could be held responsible for the remediation of areas adjacent to its sites if these areas were potentially contaminated due to its activities. Groundwater contamination was discovered at a site in Colmar, Pennsylvania operated by the Stabilus Group from 1979 to 1998. In June 2012, the U.S. Environmental Protection Agency (EPA) issued an administrative order against the U.S. subsidiary of the Stabilus Group in question and determined requirements in respect of the remedy and the remedy cost. The subsidiary, together with the other responsible parties, is requested to reimburse the EPA for past and current expenses and to bear the remediation costs. If additional contamination is discovered in the future, the competent authorities could make further claims against the Stabilus Group, as the owner or tenant of the affected plots, for the examination or remediation of such soil or groundwater contamination or order the Stabilus Group to dispose of or treat contaminated soil excavated in the course of construction. The Stabilus Group could also be required to indemnify the owners of plots leased or of other properties, if the authorities were to pursue claims against the relevant owner of the property and if the Stabilus Group caused the contamination. Costs typically incurred in connection with such claims are generally difficult to predict. Also, if any contamination were to become the subject of a more intense public discussion, there is a risk that the reputation of the Stabilus Group or relations with customers could be harmed.

Furthermore, at some of the sites at which the Stabilus Group operates or at which it has operated in the past, small quantities of hazardous materials were used in the past (such as asbestos-containing building materials used for heat insulation). While management considers it unlikely, it cannot be ruled out that the health and safety of third parties (such as former employees) could have been affected due to the use of such hazardous materials or that other claims could be made, and the Stabilus Group could therefore be exposed to related claims for damages in the future. Even though the Stabilus Group has contractually excluded or limited its liability in connection with the sale of such properties, the Stabilus Group could be held responsible for currently unknown contamination on properties which it previously owned or used. The in-house legal department of the Stabilus Group monitors these risks continuously and regularly reports to the Management Board and the Supervisory Board of Stabilus SE.

RISKS AND OPPORTUNITIES RELATED TO THE CAPITAL STRUCTURE OF THE STABILUS GROUP

Since its IPO, Stabilus SE has been able to continuously reduce its leverage, which also supported the objective of actively managing and reducing the Stabilus Group's liquidity risks. Nevertheless, the cash flow from operating activities, current cash resources and existing sources of external financing could be insufficient to meet the further capital requirements of the Stabilus Group, especially in the event of a significant reduction in revenue. Moreover, disruptions on the financial markets, including the bankruptcy, insolvency or restructuring of a number of financial institutions, and the restricted availability of liquidity could adversely impact the availability and cost of additional financing for the Stabilus Group and could adversely affect the availability of financing already arranged or committed. The liquidity of the Stabilus Group could also be adversely impacted if suppliers tighten terms of payment as the result of any decline in the financial condition of the Stabilus Group or if customers were to extend their normal payment terms. The Stabilus Group has established an appropriate liquidity risk management framework for the management of the short-, medium- and long-term funding and liquidity requirements of the Group as a whole. The long-term refinancing is subject to future interest rate risks due to the dependence on the development of the Euribor (Euribor-related loan agreements). The management of the Stabilus Group has taken measures and manages its liquidity risk by regular reviews and by maintaining certain cash reserves and open credit lines.

Furthermore, the Stabilus Group is exposed to risks and opportunities associated with changes in currency exchange rates. The Stabilus Group operates worldwide and is therefore exposed to financial risks that arise from changes in exchange rates. Currency exchange fluctuations could cause losses if assets denominated in currencies with a falling exchange rate lose value, respectively liabilities denominated in currencies with a rising exchange rate appreciate. In addition, fluctuations in foreign exchange rates could enhance or minimize fluctuations in the prices of materials as the Stabilus Group purchases a considerable share of its prefabricated materials in foreign currency. As a result of these factors, fluctuations in exchange rates could affect the results of operations of the Stabilus Group.

External and internal transactions involving the delivery of products and services to or by third parties result in cash inflows and outflows which are denominated in currencies other than the functional currency of the respective company of the Stabilus Group. In particular, the Stabilus Group is exposed to fluctuations of net inflows in US dollars and net outflows in Romanian leu. To the extent that cash outflows are not offset by cash inflows resulting from operational business in such currency, the remaining net foreign currency exposure is not hedged as of September 30, 2022, as in the previous year, due to minor economic significance.

Although the Stabilus Group could enter into certain hedging arrangements in the future, there can be no assurance that hedging will be available or continue to be available on commercially reasonable terms. In addition, such transactions can result in mark-to-market losses. As in the previous year, these foreign exchange risks are not hedged by the use of derivative financial instruments as of September 30, 2022. The net foreign investments of the Stabilus Group are not generally hedged against exchange rate fluctuations. In addition, a number of consolidated companies report their results in currencies other than the euro, which requires the Stabilus Group to convert the relevant items into euro when preparing the IFRS consolidated financial statements. Such risks are typically not hedged.

OTHER RISKS

At the start of the first quarter of the 2020 calendar year, the global COVID-19 pandemic crisis significantly impaired the macroeconomic environment, and the global economy is still marred by the resulting uncertainty, which entails various risks for the Stabilus Group as well. All employees are excellently informed about safety measures at work and in their personal lives, and the continued use of remote working reduces the risk of a further spread of COVID. The Stabilus Group is continuing to use its global interdisciplinary crisis management team to monitor and analyze the situation and to take any measures that may be necessary at a local or global level on a permanent basis to mitigate the risks identified.

The risks of material prices in the global supply chain, e.g. steel and plastic, as well as the shortage of electronic components (semiconductors) are having a negative impact on the business, financial position and financial performance of the Stabilus Group. To counteract the price increases, the Stabilus Group has entered into price negotiations with its customers.

Furthermore, the management of the Stabilus Group attaches great importance to the very strict monitoring of cost, liquidity and impairment risks.

Overall assessment of risks and opportunities

The Management Board does not anticipate any individual or aggregate risk that could endanger the future of Stabilus SE or the Stabilus Group as a going concern in any material way. The risk-bearing capacity of the Stabilus Group is linked to the Group's financial covenants (net leverage ratio) and is continuously monitored. The aggregated total risk level had no material impact on the risk-bearing capacity in fiscal 2022.

REPORT ON EXPECTED DEVELOPMENTS

General economic outlook

The development of the world economy in fiscal 2023 (Stabilus fiscal year: from October 1, 2022, to September 30, 2022) is largely dependent on the Russia / Ukraine war, the further progression of the COVID-19 pandemic and the escalating energy crisis, and is thus still subject to elevated risk. In particular, other risks to the development of the world economy include the continued disruption of global supply chains and consistently high inflation pressure. Furthermore, the tightening of monetary policy could also weigh on the development of financial markets and the world economy.

The macroeconomic headwind is reflected in the forecast recently published by the International Monetary Fund (October 2022 World Economic Outlook), which predicts an increase in global gross domestic product of 2.7% in the 2023 calendar year. Within the European Union, very low growth of just +0.5% is forecast for the Euro Area, while momentum in Germany is set to drop by (0.3)%. Within the Americas region, growth of +1.0% is assumed for the United States with Middle and South America expected to grow by +1.7% (Brazil: +1.0%; Mexico: +1.2%). Significantly higher growth rates are projected in the APAC region. For instance, gross domestic product of +4.4% is expected for Stabilus' core market of China.

Future inflation rates will continue to affect general economic performance as well. The global rate of inflation for the 2023 calendar year is forecast by the ifo Institute ("Institut für Wirtschaftsforschung" – ifo) to average +7.5%, before falling to an average level of around +5% by 2026. Inflation on Stabilus' core markets of Germany, the United States and China is estimated at +5.7%, +3.5% (as of November 2022) and +2.2% (as of November 2022) for 2023. A key factor in this will be the key interest rates of the ECB and the US Federal Reserve. To counteract inflation, the ECB again raised interest by 0.75% to 2.0% in October. The Fed likewise recently again raised its key interest rate, also by 0.75%, now bringing it to 4.0%. Both the ECB and the Fed have indicated further interest rate hikes.

Based on the technical guidance of the Institute of Public Auditors in Germany ("Institut der Wirtschaftsprüfer" – IDW) on the development of the economic environment and its effects on financial reports as of or after September 30, 2022 (as of September 30, 2022), the general economic outlook must be regarded as highly volatile, accompanied by various sources of uncertainty and geopolitical risks entailed by current developments, including in particular Russia's aggression against Ukraine and the potential supply shortages associated with this, in particular for energy and raw materials. Also, the expected recession in Europe (including Germany in particular) will lead to further challenges to the economy as a whole in the forthcoming months and years.

Latest growth projections for selected economies

T_022

% YEAR-ON-YEAR CHANGE IN THE CALENDAR YEAR	2022*	2023*
World	**3.2%**	**2.7%**
European Union	**3.2%**	**0.7%**
thereof Euro Area	3.1%	0.5%
thereof Germany	1.5%	–0.3%
thereof United Kingdom	3.6%	0.3%
United States	**1.6%**	**1.0%**
Latin America	**3.5%**	**1.7%**
thereof Brazil	2.8%	1.0%
thereof Mexico	2.1%	1.2%
Emerging and Developing Asia	**4.4%**	**4.9%**
thereof China	3.2%	4.4%

Source: International Monetary Fund, World Economic Outlook, October 2022.
* Projections.

Forecast industry development

FORECAST DEVELOPMENT IN THE AUTOMOTIVE INDUSTRY

Based on the IHS Markit forecasts for the automotive sector (October 2022), the Stabilus Group is anticipating growth in global automotive production, as measured by the number of vehicles produced with a total weight of up to six tonnes, of +4% to around 84.6 million units in fiscal 2023. According to IHS, all three regions will produce more vehicles in fiscal 2023 than in the past year of fiscal 2022. The Americas region is expected to take the lead, producing +1.3 million more vehicles, followed by EMEA (+1 million) and APAC (+0.9 million).

Production of light vehicles* T_023

IN MILLIONS OF UNITS PER FISCAL YEAR	2022**	2023**	2024**	2025**	2026**	2027**
EMEA	**17.8**	**18.8**	**19.8**	**20.4**	**20.3**	**20.4**
thereof Germany	3.4	4.1	4.8	5.1	4.9	5.0
Americas	**16.9**	**18.2**	**19.0**	**19.6**	**19.7**	**20.0**
thereof United States	9.6	10.5	10.9	11.2	11.0	11.0
APAC	**46.7**	**47.6**	**48.6**	**49.9**	**51.3**	**52.3**
thereof China	26.5	26.3	27.4	28.6	29.5	30.3
Worldwide production of light vehicles*	**81.4**	**84.6**	**87.4**	**89.8**	**91.3**	**92.7**

Source: IHS Automotive / Light Vehicle Production Forecast (October 2022).
* Passenger cars and light commercial vehicles (<6t)
** IHS forecast as of October 2022

FORECAST DEVELOPMENT IN THE INDUSTRIAL SECTOR

The shortage of raw materials and input materials as well as price increases will continue to influence industrial production in the 2023 fiscal year. Added to this are geopolitical uncertainties and high energy prices. Especially in the manufacturing and energy-intensive industries, energy prices will lead to additional burdens. The resulting decline in demand tends to cloud the outlook for development in the industrial sector. Nevertheless, the industrial sector has very high order backlogs that have not yet been processed due to the uncertainties. From a regional perspective, in particular the core market of Germany will be strongly affected by the high inflation rates and a possible recession in 2023.

FORECAST DEVELOPMENT ON THE PROCUREMENT MARKETS

The current developments on the procurement markets (including in particular shortages and high price increases) will continue, and will significantly impact the development of procurement prices for the Stabilus Group. The Stabilus Group is forecasting that the price of direct materials such as plastics, metals and steel will rise by around +5% in fiscal 2023. Energy prices will continue to be highly volatile. Stabilus expects average energy prices to remain at the same level in the early summer of 2022 throughout the course of the 2023 fiscal year.

Forecast development of the Stabilus Group and Stabilus SE

Looking at the slowing momentum of the economic landscape, exacerbated by further uncertainty on the sales and procurement markets, an escalating energy crisis and price increases due to advancing inflation, negative repercussions are possible for the business performance of the Stabilus Group. Nevertheless, the Stabilus Group considers itself well prepared for the coming fiscal year with sales that will be close to or slightly above the previous year's level.

The projections for revenue in fiscal 2023 are based on the IHS Markit light vehicle production forecast of October 2022 for automotive business and IHS Markit GDP forecast of October 2022 for industrial business.

The management of the Stabilus Group is anticipating revenue growth of a range between (1.5)% and 7.5% in fiscal 2023. This corresponds into revenue of between around €1,100.0 million and €1,200.0 million. At the same time, management is assuming adjusted EBIT margin in the range of 13% to 14% in fiscal 2023. In particular, this takes into account higher costs of materials than in the prior year of 2022. The Stabilus Group anticipates inflation in the cost of materials of around +5% for fiscal 2023. Furthermore, growth in staff costs of approximately +6% is also planned. In its budget for 2023, the Group is planning high capital expenditure in some cases of up to €75 million, in particular for the further expansion of the Automotive Gas Spring and Automotive Powerise® lines in Europe and Asia.

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

For the region EMEA (Europe, Middle East and Africa), the management of the Stabilus Group is forecasting revenue growth of around (2.0)% to 6.0% in fiscal 2023. This corresponds into revenue for the EMEA segment of between €455.0 million and €492.0 million. At the same time, management is assuming an adjusted EBIT margin in the range of 8.0% to 9.5% in fiscal 2023. The revenue growth in the EMEA region is based on the IHS forecast figures (increase of +1.0 million units in planned car sales) and the contracts signed with major OEMs (including Renault and PSA). We also hope to be able to implement further price increases owing to the further rise in the cost of materials, largely driven by the high inflation in the Euro Area and the Russia / Ukraine war. Owing to protracted negotiations, especially with the major OEMs, price increases will not be enacted until after a certain delay. As stated above, the region's cost of materials ratio is very high and the Stabilus Group expects a soft increase in fiscal 2023. In addition to the rising cost of materials ratios, the Group expects personnel costs to increase in all areas, also in particular due to the collective bargaining negotiations recently concluded with IG Metall Germany.

For the region Americas (North and South America), the management of the Stabilus Group is forecasting revenue growth of 0.0% to 7.5% in fiscal 2023. This translates into revenue for the Americas segment of between €388.0 million and €417.0 million. At the same time, management is assuming an adjusted EBIT margin in the range of 12.0% to 12.5% in fiscal 2023. The Group is facing a volatile market environment in the Americas region as well. Nonetheless, we anticipate further revenue growth from new business in the Automotive Powerise® unit (independent aftermarket) and an increase in solar damper business in the industrial sector. As in Europe, the Group expects to be able to implement individual price increases in all areas of the market. Driven by the strong planned revenue growth, the Americas region expects to reduce its cost of materials ratio through fixed cost degression, leading to an overall improvement in adjusted EBIT. We expect staff costs in the region to rise by up to around 6%, essentially as a result of the inflation expected in the United States in particular.

For the region APAC (Asia-Pacific), the management of the Stabilus Group is forecasting revenue growth of 2.0% to 8.5% in fiscal 2023. This translates into revenue for the APAC segment of between €265.0 million and €282.0 million. At the same time, management is assuming an adjusted EBIT margin in the range of 16.0% to 19.0% in fiscal 2023. The APAC region's success story is expected to continue. We continue to anticipate double-digit growth rates in our Automotive Powerise® unit in particular. In addition, products such as the DA90 are due to be launched and become established on the market. We expect costs of materials to remain at the same price level as in fiscal 2022 with low double-digit increases in staff costs.

Forecast of expected development in fiscal 2023 T_024

IN € MILLION (UNLESS INDICATED OTHERWISE)	Forecast for 2023	Actual performance 2022
Stabilus Group		
Revenue	1,100 to 1,200	1,116.3
Adjusted EBIT margin	13% to 14%	14.0%

Outlook of Stabilus SE

Decisive for the financial position and financial performance of Stabilus SE are the economic developments and the success of its operating subsidiaries, in whose development it participates through distributions. The management of Stabilus SE expects a significantly reduced net income for fiscal 2023 compared to fiscal 2022. We anticipate lower distributions from the main subsidiaries.

Overall statement of the Management Board on the expected development

In view of the demanding and challenging market conditions, macroeconomic and geopolitical uncertainties, the Management Board of the Stabilus Group considers the economic situation for fiscal 2023 to be very solid. Uncertainties for the new financial year remain high due to cost inflation for materials and energy, supply chain problems, the tense geopolitical situation regarding the uncertain course of the Russia / Ukraine war and the further development of the COVID-19 pandemic. As a result of these uncertainties, Stabilus has considered a wider range of scenarios, which influence the accuracy of the forecast. The positive developments from the regional segments in the fiscal 2022 are expected to continue in the fiscal 2023 despite the uncertainties. The new STAR 2030 strategy provides solid, profitable growth in all regions where the company is represented by its customers worldwide.

TAKEOVER DISCLOSURES

Disclosure of takeover-related Information and Explanatory Report of Management Board on information pursuant to §§ 289a and 315a HGB (the German Commercial Code)

COMPOSITION OF ISSUED CAPITAL (NO. 1)

As of 30 September 2022, the share capital of Stabilus SE equals EUR 24,700,000.00 and is divided into 24,700,000 no-par value bearer shares with a notional value of EUR 1.00 each. Each such share is eligible for dividends, and grants one vote at the general meeting.

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

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

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

According to the voting-rights notifications received by 30 September 2022, the following shareholders held more than 10% of the total voting rights associated with Stabilus shares of stock: Allianz Global Investors GmbH, Frankfurt / Main, Germany (11.29%), The Goldman Sachs Group, Inc., Wilmington, USA (11.02%), NN Group N.V., Amsterdam, the Netherlands (10.05%).

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

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

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

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

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

a) Appointment of members of the Management Board

The appointment and removal of members of the Stabilus SE Management Board are governed by Arts. 39 (2) and 46 of the Council Regulation (EC) on the Statute for a European Company (SE Regulation), § 16 of the SE Implementation Act, §§ 84, 85 AktG as well as § 8 of the Stabilus SE articles of association. Accordingly, the Management Board shall be composed of at least two (2) members; the Supervisory Board may increase the number of members of the Management Board. The Supervisory Board may appoint a chairperson as well as one or several deputy chairpersons of the Management Board. Members of the Management Board shall be appointed for a term of no more than four years; reappointments of members of the Management Board are admissible. The Supervisory Board may remove a member of the Management Board if and when there is cause for removal.

b) Amending Company's articles of association

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

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

a) Issuing shares of stock

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

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

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

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

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

b) Power to repurchase shares of stock

Under the resolution adopted by the ordinary general meeting of February 12, 2020 prior to the relocation of the Company's seat and still under Luxembourg law, the Company's Management Board has authorization to buy the Company's own shares of stock until 12 February 2025. Such power is limited to the acquisition of a maximum of two (2) million shares. The purchase may be effected either via the stock exchange or on the basis of a public offer to all shareholders. The price per share must not exceed the arithmetic mean of the closing prices in XETRA trading on the Frankfurt Stock Exchange for the three trading days immediately preceding the decision on the purchase of own shares of stock, by more than 10%, or fall below such arithmetic mean by more than 20%. The shares acquired using such power may be put to any purpose permitted by law. The power to buy and use own shares of stock has not been exercised to date.

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

At this time, Stabilus SE is a party to a syndicated loan agreement that the creditor may terminate in the event of a change of control if the change of control entails a fundamental adjustment to the Company's business strategy, or the creditor is categorically barred for reasons of law (sanctions) from continuing such agreement. As defined in such syndicated loan agreement, a change of control means that a shareholder or several shareholders acting in concert have either acquired control by holding more than 50% of the voting rights for the Company or exercise control through the composition of the Company's Management Board.

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

There are compensation agreements that the Company has concluded with the members of the Management Board in the event of a takeover bid. Should a change of control occur, members of the Management Board whose employment agreements already include such clause are given the right to resign for cause on three months' notice within six months of the change of control, and to terminate the employment agreement with effect at such time (special right of termination). According to the contractual provision, a change of control is to be assumed whenever a shareholder or several shareholders acting in concert have acquired control by holding more than 50% of the voting rights for the Company. When exercising such special right of termination or if the service agreement is suspended by mutual agreement within six months from the time the change of control occurred, members of the Management Board are entitled to have their contractual claims for compensation under the service agreement for the remainder of the term of the service agreement disbursed in a single payment. Such claim is capped at 150% of the severance limit.

There are no compensation agreements that the Company has concluded with employees in the event of a takeover bid.

CORPORATE GOVERNANCE STATEMENT*

pursuant to § 289f and § 315d HGB

Stabilus SE (the "Company"), whose shares are admitted to trading on the regulated market at the Frankfurt Stock Exchange, on 2 September 2022 effectively relocated its seat from the Grand Duchy of Luxembourg to the Federal Republic of Germany. As a European Company (Societas Europaea, SE) with its seat in Germany, the Company has since been governed by European and German SE regulations as well as German (stock corporation) law. Accordingly, Stabilus SE's corporate governance is now aligned with the German Corporate Governance Code, and the Company is obligated under §§ 289f and 315d of the Handelsgesetzbuch (the Commercial Code, "HGB") to submit a corporate governance statement. Previously, the Management Board only issued a statement on corporate governance pursuant to Luxembourg law as part of the annual accounts. At Stabilus SE, corporate governance stands for the kind of leadership and control of the Company and its group divisions that is geared toward responsible and sustainable value creation, and the effective implementation of the corporate governance principles is a central element of the Company's policy.

With this statement, the Management Board and the Supervisory Board of Stabilus SE present a report pursuant to §§ 289f and 315d HGB on the Company's corporate governance, the diversity concept as well as the work and composition of both the Management Board and the Supervisory Board (including its committees) in the business year from 1 October 2021 until 30 September 2022.

*unaudited

1. Statement of compliance with German Corporate Governance Code

ON 30 NOVEMBER 2022, THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD OF STABILUS SE ISSUED THE FOLLOWING STATEMENT PURSUANT TO § 161 OF THE AKTIENGESETZ (THE STOCK CORPORATION ACT, "AKTG"):

Statement of Compliance by Stabilus SE Management Board and Supervisory Board on German Corporate Governance Code pursuant to § 161 AktG

Stabilus SE (the "Company"), whose shares are admitted to trading on the regulated market at the Frankfurt Stock Exchange, on 2 September 2022 effectively relocated its seat from the Grand Duchy of Luxembourg to the Federal Republic of Germany. Since then, the Company is required under § 161 (1) sentence 1 AktG to submit an annual statement declaring that the recommendations of the Government Commission on the Deutscher Corporate Government Code (the German Corporate Government Code ("DCGK" or the "Code") published by the German Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette have been and are being implemented – and setting out any recommendation that has not been or is not being met and why. To date, the Management Board and the Supervisory Board of the Company used to issue only a substitute statement of compliance for the individual Code recommendations – most recently, in February of 2022.

Pursuant to § 161 AktG both the Management Board and the Supervisory Board of Stabilus SE declare that the Code recommendations as amended by 16 December 2019 ("the Code, old version") were implemented since the last substitute statement of compliance was issued in February of 2022, and that the recommendations of the new version of the Code of 28 April 2022, which was entered into force on 27 June 2022 (the Code, new version), have been implemented and will also be implemented in the future – in each instance, save for the following deviations:

- **Recommendation A.3 of the Code, new version:** Pursuant to Recommendation A.3 of the Code, the internal control and risk-management systems are to cover goals related to sustainability as well. In the present internal control and risk-management systems, goals related to sustainability have not fully been integrated with all pertinent processes. At this time, risks related to sustainability are tracked as part of non-financial risk analysis and reporting using separate processes of its own. The final integration of goals related to sustainability into the internal control and risk-management systems will occur in the 2022 23 business year. This is why this statement hereby notes an instance of deviation from this recommendation.
- **Recommendation B.1 of the Code, old version / new version:** Pursuant to B.1 of the Code, the Supervisory Board is to be mindful of diversity when it comes to the composition of the Management Board. The Supervisory Board expressly welcomes the Code's commitment to diversity on managing boards and considers the prospective increase in the representation of women at all levels of the enterprise an important cause. With respect to the composition of the Management Board, however, the Supervisory Board is primarily concerned with the personal qualifications, including but not limited to experience, skills and knowledge, of candidates, with the criterion of diversity being given secondary consideration. As part of the relocation of the Company's seat from the Grand Duchy of Luxembourg to the Federal Republic of Germany, the Management Board was downsized from five to two individuals, which further complicates the realization of diversity with regard to sex. The appointment of women to the Management Board has not been given priority as doing so does not represent a chief criterion in staffing decisions for the Management Board, as explained above. The presiding members of the Management Board represent a mix of experience and educational backgrounds, providing critical competencies and qualifications.
- **Recommendation B.3 of the Code, old version / new version:** Pursuant to Recommendation B.3 of the Code, no one is to be appointed to the Management Board for an initial term longer than three years. In deviation from this rule, Dr. Büchsner's initial appointment to the Management Board – still under Luxembourg law – was for a four-year term starting on 1 October 2019. This was primarily done in the interest of a robust leadership structure benefitting from continuity in terms of staffing, and is deemed appropriate in view of Dr. Büchsner's qualifications and experience as well.
- **Recommendation C.2 of the Code, old version / new version:** Pursuant to Recommendation C.2 of the Code, an age limit is to be set for members of the Supervisory Board and disclosed in the corporate governance statement. This recommendation has not been and is not currently being implemented as the introduction of a rigid age limit would indiscriminately and improperly restrict the selection of suitable candidates. The members of the Stabilus SE Supervisory Board are chosen solely on the basis of such personal and professional knowledge, skills and experience as may be needed for them to discharge their responsibilities. The Supervisory Board should be able to tap into the expertise of experienced and proven members, too.
- **Recommendation G.1, first bullet point, of the Code, old version / new version:** Pursuant to Recommendation G.1, first bullet point, of the Code, the remuneration system is to specify for individual members of the Management Board which amount their total remuneration must not exceed (maximum amount of compensation). This recommendation was not implemented for the business year that ended on 30 September 2022 – and is not currently implemented, either. The reason owes to the fact that no such requirement existed under the pertinent Luxembourg regulations ahead of the relocation of the Company's seat. On the occasion of the ordinary general meeting in February of 2023, the Supervisory Board will propose a remuneration system for the members of the Management Board that specifies a maximum amount of compensation, thus bringing the remuneration system into full compliance with Code recommendations.
- **Recommendation G.10 sentence 2 of the Code, old version / new version:** Pursuant to Recommendation G.10 sentence 2 of the Code, members of the Management Board are to be denied access to any portion of their long-term variable compensation for a period of four years. This recommendation was not implemented in the past and is not yet implemented now as the option to dispose of such monies already arises after three years for the Company's Management Board. The reason owes to the fact that no such requirement existed under the pertinent Luxembourg regulations ahead of the relocation of the Company's seat. On the occasion of the 2023 ordinary general meeting, however, the Supervisory Board will propose a compensation system for the members of the Management Board that provides for a four-year waiting period until long-term variable compensation shall be available, thus bringing the compensation system into full compliance with Code recommendations.
- **Recommendation G.13 sentence 2 of the Code, old version / new version:** Pursuant to Recommendation G.13 sentence 2 of the Code, any compensation provided on account of a non-compete clause is to be adjusted by the severance payment made to members of the Management Board, whose tenure on the Management Board ends prematurely. To date, the service agreements entered into with members of the Management Board under Luxembourg law did not provide for such an adjustment. When the Management Board was downsized in the course of the seat's relocation, compensation was provided on account of a non-compete clause in addition to a one-time payment settling the claim for compensation at the contractually agreed rate in one case, and the former was not adjusted by the latter. However, the new compensation system the Supervisory Board will propose to the 2023 ordinary general meeting calls for such an adjustment in order to bring the compensation system into full compliance with Code recommendations.

Koblenz, 30 November 2022

Management Board Supervisory Board

The current statement of compliance is published on the Company's website under WWW.STABILUS.COM/INVESTORS/CORPORATE-GOVERNANCE. The substitute statement of compliance for the last business year, the Company's articles of association as well as the rules of procedure for the Management Board and the Supervisory Board can be found there as well.

2. Remuneration Report / Remuneration System

The remuneration report pursuant to § 162 of the Aktiengesetz (the Stock Corporation Act, "AktG") for the business year from 1 October 2021 until 30 September 2022, including the audit opinion, may be viewed on the Company's website under WWW.STABILUS.COM/INVESTORS/CORPORATE-GOVERNANCE. The Company's website further makes available to the public under WWW.STABILUS.COM/INVESTORS/CORPORATE-GOVERNANCE the remuneration system in effect for the Management Board as well as the most recent compensation resolution concerning the remuneration of the members of the Supervisory Board. The remuneration system in effect for the Management Board and the last resolution concerning the remuneration of the members of the Supervisory Board were made subject to Luxembourg law prior to the relocation of the Company's seat.

3. Relevant information on corporate governance practices

Stabilus' global business activities are characterized by corporate action meeting applicable law and regulations as well as ethical standards and principles. Stabilus has embedded these principles and standards in its code of conduct as the central document of the Stabilus compliance regime. The Stabilus code of conduct defines the corporate culture as well as the rules applicable to each employee, thereby creating a framework for lawful and responsible action. It governs all of the Stabilus group's business activities, both internally and in interaction with external parties, such as stakeholders, customers, suppliers and other business partners. The Stabilus code of conduct may be viewed under WWW.STABILUS.COM/COMPANY/COMPLIANCE/CODE-OF-CONDUCT.

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

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

In addition, the corporate leadership is committed to sustainability. For this purpose, the Management Board introduced a comprehensive sustainability strategy, which especially prioritizes the reduction of CO_2 emissions and supply-chain responsibility. For details, please see our non-financial statement, which may be viewed under WWW.STABILUS.COM/INVESTORS/NON-FINANCIAL-REPORTS.

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

Since the relocation of its seat, which took effect on 2 September 2022 upon the Company's entry into the register of companies, Stabilus SE has been subject to German stock corporation law and incorporates a dual leadership structure characterized by the organizational separation of management (represented by the Management Board) and supervision (represented by the Supervisory Board). Aside from applicable legal regulations, both the functioning as well as the cooperation of the Management Board and the Supervisory Board are governed by the articles of association, the rules of procedure and, in the case of the Management Board, the schedule of responsibilities.

MANAGEMENT BOARD

The Stabilus SE Management Board is currently composed of two members, Dr. Michael Büchsner (chairman of the Management Board) and Stefan Bauerreis. During the business year from 1 October 2021 until 30 September 2022, the following individuals sat on the Management Board: Dr. Michael Büchsner, Stefan Bauerreis (since 1 June 2022), Mark Wilhelms (until 30 September 2022), Andreas Sievers (until 5 August 2022) and Andreas Schröder (until 5 August 2022). With the exception of Mark Wilhelms, who serves on the Supervisory Boards of Norma Group SE, Novem Car Interior Design S.A. and Kongsberg Automotive ASA, none of the members of the Management Board held a position with an enterprise outside of the group.

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

The Management Board directs the enterprise on its own responsibility in the service of sustainable value creation. It ensures compliance with legal provisions, settles fundamental issues of business policy, develops the corporate strategy and consults with the Supervisory Board in these matters. During the past business year, emphasis was placed, among other things, on the change in legal form from a Luxembourg S.A. into a SE and the Company seat's subsequent relocation to Germany, as well as the development of sustainability goals and a corresponding sustainability strategy.

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

The Management Board conducts meetings on a regular basis – typically, every other week – to discuss questions related to the general business situation. Meetings must be convened whenever the Company's well-being so requires, or a member of the Management Board so demands.

The Supervisory Board and the Management Board work together closely and based on mutual trust in directing the enterprise. The Management Board provides the Supervisory Board with regular reports on the enterprise's financial indicators, questions of compliance and risk management as well as relevant issues related to general business development, strategy and planning.

SUPERVISORY BOARD

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

In the business year from 1 October 2021 until 30 September 2022, the Supervisory Board of Stabilus SE counted four members until the general meeting of 16 February 2022 when Ms. Inka Koljonen was appointed to the Supervisory Board as its fifth member. Since then, the Supervisory Board has been composed as follows:

– Dr. Stephan Kessel (born 1953, German citizen), independent consultant; has served as member of the Supervisory Board since 2014 and as chairman of the Supervisory Board since 2018. Dr. Kessel's appointment ends with the general meeting tasked with the discharge for the business year ended September 2022. He also serves as the chairman of the Supervisory Board of Novem Group S.A. and as a member of the advisory board of svt GmbH. In addition, he is a member of the management of Hitched Holdings 1 B.V., ACPS' holding Company.
– Dr. Ralf-Michael Fuchs (born 1958, German citizen), independent consultant; has served as member of the Supervisory Board since 2015, and as deputy chairman of the Supervisory Board since September of 2022. Dr. Fuchs' appointment ends with the general meeting tasked with the discharge for the business year ended September 2022.
– Dr. Joachim Rauhut (born 1954, German citizen), independent consultant; has served as member of the Supervisory Board since 2015. Dr. Rauhut's appointment ends with the general meeting tasked with the discharge for the business year ended September 2022. He is a member of the Supervisory Boards of MTU Aero Engines AG and creditshelf AG, and served on the advisory board of J. Heinrich Kramer Holding GmbH until 31 March 2022.
– Dr. Dirk Linzmeier (born 1976, German citizen), chairman of the Management Board of TTTechAuto AG, has served as a member of the Supervisory Board since 2018. Dr. Linzmeier's appointment ends with the general meeting tasked with the discharge for the business year ended September 2022.
– Inka Koljonen (born 1973, Finnish citizen), member of the Management Board of MAN Truck & Bus SE, has served as a member of the Supervisory Board since 16 February 2022. Ms. Koljonen's appointment ends with the general meeting tasked with the discharge for the business year ended September 2026.

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

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

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

The Supervisory Board's meetings typically take the form of in-person meetings. However, members of the Supervisory Board may also attend meetings by video conference. When necessary, the Supervisory Board convenes in the absence of the members of the Management Board. The members of the Supervisory Board are obligated to disclose any conflicts of interest. The Supervisory Board will state such conflicts of interest in its report, which also provides additional details on the activities of the Supervisory Board during the business year from 1 October 2021 until 30 September 2022.

Supervisory Board committees

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

Pursuant to § 14 para. 1 of the current rules of procedure for the Supervisory Board, the Audit Committee is composed of three members of the Supervisory Board; at this time, they are: Dr. Joachim Rauhut as chairman, Inka Koljonen and Dr. Stephan Kessel. At least one member of the audit committee must have expertise in the area of financial reporting, and at least one more member must have expertise in the area of audits. All of the members must be familiar with the industry in which the Company does business (§§ 107 (4), 100 (5) AktG). In Dr. Rauhut, the audit committee has a member with special knowledge in the areas of financial reporting and audits. And Ms. Koljonen provides the Audit Committee with another member well-versed in the areas of financial reporting and audits. The Audit Committee sets the stage for the Supervisory Board's negotiations and decisions, including but not limited to the Company's annual accounts and consolidated accounts, including the non-financial statement, the selection of the auditor to be nominated to the general meeting, and also enters into the contractual arrangements with the auditor regarding the fee for and the areas of emphasis of the audit. It discusses the audit plan for an internal review with the Management Board, along with questions related to the internal control system, risk management and compliance.

Pursuant to § 14 para. 1 of the current rules of procedure for the Supervisory Board, the **Remuneration and Nomination Committee** is composed of three members of the Supervisory Board; at this time, they are: Dr. Stephan Kessel as chairman (pursuant to § 15 para. 2 of the rules of procedure for the Supervisory Board, this committee's chair must be the Supervisory Board's chair), Dr. Ralf-Michael Fuchs, and Dr. Dirk Linzmeier (since September 2022). The Remuneration and Nomination Committee is tasked with selecting suitable candidates for positions on the Supervisory Board on the basis of extensive prior research as well as in accordance with the Supervisory Board's competence profile and the adopted diversity concept, and to submit the Supervisory Board's recommendations to the general meeting for purposes of the election of members of the Supervisory Board. The committee is further responsible for selecting candidates for the Company's Management Board. Finally, it creates the remuneration system for the Management Board in cooperation with the same, and reviews the remuneration of members of the Supervisory Board.

Supervisory Board's self-assessment

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

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

REPRESENTATION OF WOMEN ON MANAGEMENT BOARD

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

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

REPRESENTATION OF WOMEN AT UPPER MANAGEMENT LEVELS

When staffing leadership positions in the enterprise, the Management Board is mindful of diversity – especially as regards sex and internationality. In the year 2022, the Management Board, working closely with HR, developed a new diversity guideline that sets target quotas for middle-management in addition to the levels for target quotas as imposed by legal regulations.

For both management levels just below the Management Board, it set a target of 10% and determined that such target is to be reached by 30 September 2027. Management Level 1 is the Stabilus Management Board (SMB), which includes the executive positions of particular relevance to corporate leadership. These executives deliberate on and determine long-term strategic goals on the occasion of the annual strategy session with the Management Board. Management Level 1 currently counts ten male members and no female member. Management Level 2 is composed of employees who either report to Management Level 1 and oversee staff of their own, or report directly to the Management Board without serving on the SMB. Management Level 2 currently counts 67 employees, 5 of whom are female, which corresponds with a current quota of 7.5%.

DIVERSITY CONCEPT FOR COMPOSITION OF MANAGEMENT BOARD

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

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

In its current composition, the Management Board meets the requirements of the diversity concept. The two members of the Management Board together cover a remarkably broad spectrum of knowledge and professional experience and even offer extensive international experience.

LONG-TERM SUCCESSION PLANNING

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

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

REPRESENTATION OF WOMEN ON SUPERVISORY BOARD

With respect to the representation of women on the Supervisory Board, the Supervisory Board has set a target of 20% and determined that such target is to be reached by 30 September 2027. Ms. Inka Koljonen has been a member of the Stabilus SE Supervisory Board – presently composed of five members – since 16 February 2022, which means that the aforementioned target was met for the business year from 1 October 2021 until 30 September 2022.

COMPETENCE PROFILE

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

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

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

Competence profile of the body T_025

Member	Leadership experience	Inter-nationality	Digitization	R&D	Industry knowledge	Finance	Corporate Governance & Compliance	Sustaina-bility
S. Kessel	●	●		●	●	●	●	
J. Rauhut	●	●	●			●	●	●
R.-M. Fuchs	●	●	●	●	●	●	●	●
D. Linzmeier	●	●	●	●	●		●	●
I.Koljonen	●	●	●		●	●	●	●

DIVERSITY CONCEPT FOR COMPOSITION OF SUPERVISORY BOARD

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

- at least one woman and at least one man for a body of up to 5 members;
- at least half of the members have international experience given their origin or work;
- at least half of the members combine various training and professional backgrounds;
- at least one member is less than 60 years of age; and
- as a rule, no member older than 70 years will be appointed or re-appointed.

INDEPENDENCE

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

7. Stock transactions of board members

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

8. General meetings, shareholder rights and communication

On the occasion of the general meeting, shareholders exercise their rights, including but not limited to their rights to vote and to obtain information. At the general meeting, each share conveys one vote; the voting right may also be exercised by representatives. The ordinary general meeting ordinarily takes place within the first five months of the business year. The ordinary general meeting will typically adopt resolutions on the use of profits, on approving the actions of both the members of the Management Board and of the Supervisory Board, on electing the auditor and endorsing the compensation report. Furthermore, the general meeting may pass resolutions to amend the articles of association or adopt capital measures, among other items. In connection with the general meeting, shareholders are entitled to various rights; for instance, they may – subject to certain conditions – file motions with respect to resolutions proposed by the Management Board and the Supervisory Board, or challenge resolutions of the general meeting. On the Company's website, shareholders have access to the documents and information on the general meeting that are required by law. Due to the COVID-19 pandemic, the ordinary and both extraordinary general meetings were held virtually during the business year from 1 October until 30 September 2022.

As part of our investor relations work, we inform ourselves about developments in the enterprise. Aside from quarterly notices, six-month financial reports and annual reports, earnings releases, ad-hoc notifications, analyst presentations and press statements are published, along with the financial calendar for the current year, which contains the publication dates of significance to financial communication as well as the date of the general meeting. Such information may be viewed under WWW.STABILUS.COM/INVESTORS.

NON-FINANCIAL DECLARATION

Stabilus SE will approved its unaudited sustainability report for fiscal 2022 on December 8, 2022. The non-financial declaration for the Group will be issued at the same time that the sustainability report is published. In accordance with Sections 315c in conjunction with 289c to 289e HGB and Article 8 of Regulation (EU) 2020 / 852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019 / 2088, the 2022 sustainability report will be published on the website of Stabilus SE at WWW.STABILUS.COM/INVESTORS/NON-FINANCIAL-REPORTS.

Koblenz, December 8, 2022

DR. MICHAEL BÜCHSNER **STEFAN BAUERREIS**

Stabilus SE
The Management Board

CONSOLIDATED FINANCIAL STATEMENTS

for the fiscal year 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the fiscal year ended September 30, 2022

Consolidated statement of comprehensive income

T_026

IN € THOUSANDS	Note	Year ended Sept 30, 2022	2021
Revenue	4	1,116,345	937,668
Cost of sales	5	(805,123)	(657,407)
Gross profit		**311,222**	**280,261**
Research and development expenses	5	(46,201)	(42,775)
Selling expenses	5	(87,035)	(81,650)
Administrative expenses	5	(39,574)	(38,408)
Other income	6	4,820	5,975
Other expenses	7	(1,145)	(2,145)
Income / (expense) from equity-accounted investments	8	129	–
Profit from operating activities		**142,216**	**121,258**
Finance income	9	15,202	700
Finance costs	10	(14,167)	(13,953)
Profit / (loss) before income tax		**143,251**	**108,005**
Income tax income / (expense)	11	(38,910)	(34,250)
Profit / (loss) for the period		**104,341**	**73,755**
thereof attributable to non-controlling interests		1,380	361
thereof attributable to shareholders of Stabilus		102,961	73,394
Other comprehensive income / (expense)			
Foreign currency translation difference[1)]	22	41,015	13,073
Unrealized actuarial gains and losses[2)]	22	11,662	925
Other comprehensive income / (expense), net of taxes		**52,677**	**13,998**
Total comprehensive income / (expense) for the period		**157,018**	**87,753**
thereof attributable to non-controlling interests		165	(2,170)
thereof attributable to shareholders of Stabilus		156,853	89,923
Earnings per share (in €):			
basic	12	4.17	2.97
diluted	12	4.17	2.97

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

[1)] Item that may be reclassified ("recycled") to profit and loss at a future point in time when specific conditions are met.

[2)] Item that will not be reclassified to profit and loss.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of September 30, 2022

Consolidated statement of financial position T_027

IN € THOUSANDS	Note	Sept 30, 2022	Sept 30, 2021
Assets			
Property, plant and equipment	13	228,879	223,150
Goodwill	14	216,806	208,067
Other intangible assets	15	216,857	222,622
Equity-accounted and other investments	8	23,099	–
Other assets	17	1,413	1,182
Deferred tax assets	11	14,850	14,700
Total non-current assets		**701,904**	**669,721**
Inventories	18	167,451	136,890
Trade and other receivables	19	197,656	136,686
Current tax assets	20	8,074	7,965
Other financial assets	16	600	601
Other assets	17	22,536	21,577
Cash and cash equivalents	21	168,352	193,189
Total current assets		**564,669**	**496,908**
Total assets		**1,266,573**	**1,166,629**

Consolidated statement of financial position T_027

IN € THOUSANDS	Note	Sept 30, 2022	Sept 30, 2021
Equity and liabilities			
Issued capital	22	24,700	247
Capital reserves	22	201,395	225,848
Retained earnings	22	421,129	348,746
Other reserves	22	18,301	(35,591)
Equity attributable to shareholders of Stabilus		**665,525**	**539,250**
Non-controlling interests		4,165	5,087
Total equity		**669,690**	**544,337**
Financial liabilities	23	255,118	293,394
Other financial liabilities	24	25,678	29,795
Provisions	26	2,690	3,218
Pension plans and similar obligations	27	37,158	54,689
Deferred tax liabilities	11	54,370	47,704
Total non-current liabilities		**375,014**	**428,800**
Trade accounts payable	28	114,076	90,364
Financial liabilities	23	1,730	1,461
Other financial liabilities	24	21,238	18,972
Current tax liabilities	29	14,231	11,884
Provisions	26	48,203	49,265
Other liabilities	30	22,391	21,546
Total current liabilities		**221,869**	**193,492**
Total liabilities		**596,883**	**622,292**
Total equity and liabilities		**1,266,573**	**1,166,629**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the fiscal year ended September 30, 2022

Consolidated statement of changes in equity T_028

IN € THOUSANDS	Note	Issued capital	Capital reserves	Retained earnings	Other reserves	Equity attributable to shareholders of Stabilus	Non-controlling interests	Total equity
Balance as of Sept 30, 2020		**247**	**225,848**	**287,702**	**(52,120)**	**461,677**	**7,921**	**469,598**
Profit / (loss) for the period		–	–	73,394	–	73,394	361	73,755
Other comprehensive income / (expense)	22	–	–	–	16,529	16,529	(2,531)	13,998
Total comprehensive income for the period		–	–	73,394	16,529	89,923	(2,170)	87,753
Dividends	22	–	–	(12,350)	–	(12,350)	(664)	(13,014)
Change in ownership interest in subsidiaries without a change of control		–	–	–	–	–	–	–
Balance as of Sept 30, 2021		**247**	**225,848**	**348,746**	**(35,591)**	**539,250**	**5,087**	**544,337**
Profit / (loss) for the period		–	–	102,961	–	102,961	1,380	104,341
Other comprehensive income / (expense)	22	–	–	–	53,892	53,892	(1,215)	52,677
Total comprehensive income for the period		–	–	102,961	53,892	156,853	165	157,018
Dividends	22	–	–	(30,875)	–	(30,875)	(790)	(31,665)
Reclassification		24,453	(24,453)	–	–	–	–	–
Change in ownership interest in subsidiaries without a change of control		–	–	297	–	297	(297)	–
Balance as of Sept 30, 2022		**24,700**	**201,395**	**421,129**	**18,301**	**665,525**	**4,165**	**669,690**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the fiscal year ended September 30, 2022

Consolidated statement of cash flows

T_029

IN € THOUSANDS	Note	Year ended Sept 30, 2022	2021
Profit / (loss) for the period		104,341	73,755
Income tax expense		38,910	34,250
Net finance result	9 / 10	(1,035)	13,253
Interest received		1,314	700
Net result from equity-accounted investments	8	(129)	–
Dividends received	8	205	–
Depreciation and amortization (incl. impairment losses)	13 / 15	69,000	63,833
Gains / losses from the disposal of assets		(342)	(236)
Changes in inventories		(30,561)	(39,653)
Changes in trade accounts receivable		(60,970)	(19,615)
Changes in trade accounts payable		23,712	19,284
Changes in other assets and liabilities		17,811	5,946
Changes in provisions		(2,663)	7,147
Income tax payments	35	(33,860)	(29,685)
Cash flow from operating activities		**125,733**	**128,979**
Proceeds from disposal of property, plant and equipment		1,005	154
Purchase of intangible assets	15	(18,711)	(20,264)
Purchase of property, plant and equipment	13	(26,365)	(20,254)
Acquisition of assets and liabilities within the business combination, net of cash acquired		(295)	–
Acquisition of equity-accounted and other investments	8	(23,175)	–
Cash flow from investing activities		**(67,541)**	**(40,364)**
Receipts under credit facility		100,000	–
Receipts under financial liabilities		55,000	95,000
Payments for redemption of financial liabilities		(1,094)	(31,569)
Payments for redemption of senior facilities		(197,643)	(97,358)
Payments for lease liabilities	35	(8,177)	(8,096)
Payments for transaction costs		(2,914)	–
Dividends paid	22	(30,875)	(12,350)
Dividends paid to non-controlling interests		(790)	(664)
Payments for interest	35	(5,108)	(5,422)
Cashflow from financing activities		**(91,601)**	**(60,459)**
Net increase / (decrease) in cash and cash equivalents		**(33,409)**	**28,156**
Effect of movements in exchange rates on cash held		8,573	2,602
Cash and cash equivalents as of beginning of the period		193,189	162,431
Cash and cash equivalents as of end of the period		**168,352**	**193,189**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as of and for the fiscal year from October 1, 2021, to September 30, 2022

1 General information

REPORTING ENTITY

By way of resolution of the Extraordinary General Meeting on March 24, 2022 and the subsequent entry in the Luxembourg Trade and Companies Register on April 5, 2022, Stabilus SE, Frankfurt/Main (formerly: Stabilus S.A., Luxembourg) transformed its legal form from that of a Société Anonyme (S. A.) under Luxembourg law to a European Company (Societas Europaea, SE). Its registered office was located at 2, rue Albert Borschette, L-1246 Luxembourg, until September 1, 2022. Until that date, the Company was entered in the Luxembourg Commercial Register under no. B151589. The relocation of the registered office from Luxembourg to Frankfurt/Main, Germany, was resolved by the Extraordinary General Meeting on August 11, 2022. Since September 2, 2022, having been entered in the commercial register of the Frankfurt/Main Local Court under no. HRB 128539, the registered office of the Company has been in Frankfurt/Main with the business address Wallersheimer Weg 100, 56070 Koblenz, Germany. The Company was originally founded as Servus HoldCo S.à. r.l., Luxembourg, on February 26, 2010. The shares of Stabilus SE, Frankfurt/Main, (hereinafter referred to as "Stabilus SE") are listed in the MDAX (PY: SDAX) of the Frankfurt Stock Exchange at the end of the reporting period. From September 7, 2022, as a result of the registered office changing from Luxembourg to Germany in the fiscal year 2022, the shares of the Company (ISIN: LU1066226637) have been listed in the regulated market of the Frankfurt Stock Exchange and in the Prime Standard, which entails further post-admission requirements, as no-par value bearer shares of Stabilus SE with the ISIN DE000STAB1L8. The previous ticker symbol (STM) has been retained unchanged. On September 8, 2022, the custodian banks reclassified their holdings of shares in the Company (ISIN: LU1066226637) as no-par value bearer shares with the new ISIN DE000STAB1L8 at a ratio of 1:1. The share capital of the Company is represented by a global certificate and has been deposited.

The Company's fiscal year is from October 1 to September 30 of the following year (twelve-month period). The corresponding prior-year period (comparative period) therefore covers the period from October 1, 2020 through September 30, 2021. The consolidated financial statements of Stabilus SE (formerly: Stabilus S. A.) include Stabilus and its subsidiaries (hereafter also referred to as "Stabilus Group" or the "Group").

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

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

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

The consolidated financial statements of Stabilus and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, for the fiscal year ended September 30, 2022 applying section 15e of the *Handelsgesetzbuch* (HGB – German Commercial Code).

The consolidated financial statements were authorized for issue by the Management Board on December 8, 2022.

2 Basis for presentation

PREPARATION

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

MEASUREMENT

The consolidated financial statements have been prepared on a historical cost basis, except for certain items that are measured at fair value, like derivative financial instruments. The exceptions are described below.

Use of estimates and judgments

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

Judgments are subject to elevated uncertainty in conjunction with the unforeseeable repercussions of the COVID-19 pandemic, Russia / Ukraine war, the effects of the supply chain situation and the further increase in inflation.

The assumptions and estimates made in the past did not lead to any significant effect in the fiscal 2022.

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

- Income taxes (Note 11)
- Property, plant and equipment and other intangible assets, in particular assumptions about the useful lives and impairment losses, if any (Notes 13 and 15)
- Estimates of impairment of goodwill, especially judgments underlying the recoverable amounts (Note 14)
- Estimates and judgments of credit risk and expected credit loss on trade and other receivables (Note 19)
- Estimation uncertainties regarding the terms of leases, particularly with regards to renewal and termination options (Note 25)
- Estimates for provisions for guarantees and warranties, in particular regarding actual cash outflows due to utilization (Note 26)
- Pension obligations, in particular judgments of discount rates, pension increases and mortality rates (Note 27)

IMPAIRMENT OF NON-FINANCIAL ASSETS

Stabilus monitors whether there are indications that its non-financial assets may be impaired. Goodwill and internally generated intangible assets are tested for impairment annually. Further tests are carried out if there are indications of impairment. Other non-financial assets are tested for impairment if there are indications that the carrying amount may not be recoverable. If the fair value less costs to sell is calculated, management must estimate the expected future cash flows from the asset or the cash-generating unit and select an appropriate discount rate in order to determine the present value. We refer to the Notes "14 Goodwill" and "15 Other intangible assets".

TRADE AND OTHER RECEIVABLES

The allowance for doubtful accounts requires management judgment and review of individual receivables based on individual customer creditworthiness, current economic trends, analysis of historical allowances and determination of expected credit losses (ECL) on financial assets. Details of the bad debt allowance on trade receivables are presented in Note 19.

DEFERRED TAX ASSETS

The measurement of deferred tax assets is based on medium-term business plans of the entities carrying the deferred tax asset. The medium-term business plans range from three to five years and include various assumptions and estimates relating to the business development, strategic changes, cost optimization and business improvement and also general market and economic development. Deferred tax assets are recognized to the extent that sufficient taxable profit will be available for the utilization of the deductible temporary differences. Stabilus recognizes a valuation allowance for deferred tax assets when it is unlikely that sufficient future taxable profit will be available. Please also refer to Note 11.

PROVISIONS

Significant estimates are required in the determination of provisions related to pensions and other obligations, contract losses, warranty costs and legal proceedings. Please also refer to Notes 26 and 27.

Risks and uncertainties

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

Subsidiaries

T _ 030

No.	Name of the company	Registered office of the entity	Interest and control held by	Holding in %
1	Stable II GmbH	Frankfurt/Main, Germany	Stabilus SE	100.00%
2	Stable Beteiligungs GmbH	Koblenz, Germany	Stable II GmbH	100.00%
3	Stable HoldCo Australia Pty. Ltd.	Dingley, Australia	Stabilus SE	100.00%
4	Stabilus UK Ltd.	Banbury, UK	Stable Beteiligungs GmbH	100.00%
5	Stabilus GmbH	Koblenz, Germany	Stable Beteiligungs GmbH	100.00%
6	Stabilus Pty. Ltd.	Dingley, Australia	Stable HoldCo Australia Pty. Ltd.	100.00%
7	Stabilus Ltda.	Itajubá, Brazil	Stabilus GmbH	99.9999%
8	Stabilus Co. Ltd.	Busan, South Korea	Stabilus GmbH	100.00%
			Stabilus GmbH	99.9998%
9	Stabilus S.A. de C.V.	Ramos Arizpe, Mexico	Stabilus UK Ltd.	0.0002%
10	Stabilus Inc.	Gastonia, USA	Stabilus US Holding Corp.	100.00%
11	Stabilus Limited	Auckland, New Zealand	Stabilus GmbH	80.00%
12	Stabilus Japan Corp.	Yokohama, Japan	Stable Beteiligungs GmbH	100.00%
13	New Clevers S.A.	Buenos Aires, Argentina	Stable Beteiligungs GmbH	60.00%
14	Piston Amortisör Sanayi ve Ticaret Anonim Şirketi	Bursa, Turkey	Stable Beteiligungs GmbH	53.00%
15	Stabilus France S.à r.l.	Poissy, France	Stabilus GmbH	100.00%
			Stable Beteiligungs GmbH	0.001%
16	Stabilus Romania S.R.L.	Brasov, Romania	Stabilus GmbH	99.999%
17	Stabilus (Jiangsu) Ltd.	Wujin, China	Stabilus GmbH	100.00%
18	Stabilus Mechatronics Service Ltd.	Shanghai, China	Stabilus (Jiangsu) Ltd.	100.00%
19	Stabilus PTE Ltd.	Singapore	Stabilus GmbH	100.00%
20	Stabilus (Zhejiang) Ltd.	Pinghu, China	Stable Beteiligungs GmbH	100.00%
21	Stabilus US Holding Corporation	Wilmington, USA	Stabilus SE	100.00%
22	Stabilus Motion Controls GmbH	Langenfeld, Germany	Stabilus SE	100.00%
23	General Aerospace GmbH	Eschbach, Germany	Stabilus Motion Controls GmbH	95.00%
24	General Aerospace Inc.	Lynnwood, USA	General Aerospace GmbH	95.00%
25	Fabreeka Group Holdings, Inc.	Stoughton, USA	Stabilus US Holding Corp.	100.00%
26	ACE Controls Inc.	Farmington Hills, USA	Stabilus US Holding Corp.	100.00%

Subsidiaries (continued)

T _ 030

No.	Name of the company	Registered office of the entity	Interest and control held by	Holding in %
27	ACE Controls International Inc.	Farmington Hills, USA	Stabilus US Holding Corp.	100.00%
28	Fabreeka International Holdings Inc.	Stoughton, USA	Fabreeka Group Holdings Inc.	100.00%
29	Fabreeka International Inc.	Stoughton, USA	Fabreeka International Holdings Inc.	100.00%
30	Tech Products Corporation	Miamisburg, USA	Fabreeka International Holdings Inc.	100.00%
31	Fabreeka GmbH Deutschland	Büttelborn, Germany	Fabreeka International Holdings Inc.	100.00%
32	ACE Controls Japan L.L.C.	Farmington Hills, USA	ACE Controls Inc.	100.00%
			Stabilus Motion Controls GmbH	94.90%
33	ACE Stoßdämpfer GmbH	Langenfeld, Germany	Stabilus SE	5.10%
34	HAHN-Gasfedern GmbH	Aichwald, Germany	Stabilus Motion Controls GmbH	100.00%
35	YAKIDO B.V.[1)]	Zwijndrecht, Netherlands	HAHN-Gasfedern GmbH	50.00%
36	Cultraro Automazione Engineering S.r.l.[2)]	Rivoli, Italy	Stabilus Motion Controls GmbH	32.00%
37	Synapticon GmbH[3)]	Schönaich, Germany	Stabilus Motion Controls GmbH	10.86%

1) The entity has been included in consolidation as the Stabilus Group can exercise control over the company in the meaning of IFRS 10.
2) Associated company, according to the equity-method.
3) Investment

Going concern

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

Consolidated entities

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

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

The results of subsidiaries acquired or sold during the period are included in the consolidated statement of comprehensive income from the date of acquisition or until the date of disposal, as appropriate. In addition to Stabilus SE (formerly: Stabilus S. A.), 35 subsidiaries in total (PY: 37), one associated company (PY: –) and one investment (PY: –) are included in the consolidated financial statements as of September 30, 2022 (see list above).

In fiscal 2022, one associated company and one investment were acquired and one Group entity was merged with another (Stabilus Actio GmbH with HAHN-Gasfedern GmbH). Furthermore, one non-operative entity was liquidated (Stabilus Espana S.L., Lezama, Spain). The changes did not cause a significant change of the Group’s structure.

Principles of consolidation

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

Business combination

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

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

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

Non-controlling interests

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

Investments in associates

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

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

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

Foreign currency translation

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

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

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

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

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

Translation differences arising from the translation of the financial statements of the Group's foreign operations are recognized in other comprehensive income and reported in a separate reserve in equity. On disposal of a foreign operation, the corresponding amount from the cumulative currency translation adjustment is reclassified to the income statement when it is recognized as part of the gain on disposal.

In fiscal 2022, two functional currencies, Turkish lira (TRY) and Argentine peso (ARS), of two entities included in consolidation were classified as hyperinflationary as referred to by IAS 29 (Financial Reporting in Hyperinflationary Economies); further details can be found in Note 33, "Risk reporting".

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

Exchange rates T _ 031

Country	ISO code	Closing rate Sept 30, 2022	Closing rate Sept 30, 2021	Average rate for the year ended Sept 30, 2022	Average rate for the year ended Sept 30, 2021
Australia	AUD	1.5076	1.6095	1.5211	1.5905
Argentina	ARS	144.3958	114.3838	124.0207	107.4239
Brazil	BRL	5.2584	6.2631	5.6964	6.3953
China	CNY	6.9368	7.4847	7.0943	7.7803
South Korea	KRW	1,400.6900	1,371.5800	1,350.0014	1,348.7593
Mexico	MXN	19.6393	23.7439	22.1137	24.1861
Romania	RON	4.9490	4.9475	4.9387	4.9016
Turkey	TRY	18.0841	10.2981	15.8271	9.6238
USA	USD	0.9748	1.1579	1.0847	1.1957

Changes in accounting policies / new Standards issued

The accounting policies applied in the consolidated financial statements comply with the IFRSs required to be applied in the EU as of September 30, 2022. In the fiscal year 2022, the following new and revised standards and interpretations had to be applied for the first time in the Stabilus Group's financial statements. In the fiscal year 2022, the Stabilus Group applied the amendments to IFRS 16 – COVID-19-Related Rent Concessions beyond June 30, 2021.

Amendments to IFRS 16: COVID-19-Related Rent Concessions beyond June 30, 2021

On March 31, 2021, the International Accounting Standards Board (IASB) published the application to extend COVID-19-related rent concessions by another year until June 30, 2022. The amendment covers only rent concessions that reduce lease payments due on or before June 30, 2022. The original amendment was published by the IASB in May 2020.

The amendment can be applied by all lessees, but not by lessors, and permits an optional practical expedient that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification in accordance with IFRS 16. Instead, lessees are to be granted the option to treat such rent concessions as if they were not lease modifications. The exemption would apply only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before June 30, 2022;
- there is no substantive change to other terms and conditions of the lease.

Lessees that apply the exemption must disclose that fact. Furthermore, this practical expedient must be applied consistently to all contracts with similar characteristics and in similar circumstances. The amendment is effective for annual periods beginning on or after April 1, 2021, with early application permitted. Lease reductions reduce lease expenses. The Stabilus Group was not granted any rent reductions from its lessor in the fiscal year 2022 (PY: –).

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform (Phase 2)

In August 2020, the IASB issued Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, the Interest Rate Benchmark Reform (Phase 2). The amendments are effective for annual periods beginning on or after January 1, 2021. Earlier adoption is permitted. The amendments complement those issued in 2019 and focus on the effects of the interest rate benchmark reform on a company's financial statements. The Phase 2 amendments, Interest Rate Benchmark Reform – Phase 2, address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues).

The objectives of the Phase 2 amendments are to assist companies in applying IFRS Standards when changes are made to contractual cash flows or hedging relationships because of the interest rate benchmark reform and to provide useful information to users of financial statements.

In Phase 2 the following requirements were amended: IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; hedge accounting; and disclosures. IFRS 16 was amended to require lessees to apply similar relief in accounting for modifications to lease agreements that change the determination of future lease payments as a result of IBOR reform (e.g. when lease payments are indexed to an IBOR rate). The Phase 2 amendments apply only to changes required by the interest rate benchmark reform to financial instruments and hedging relationships.

Based on our assessments, the regulations do not have a significant impact on the consolidated financial statements of the Stabilus Group. Hedge accounting is not currently used within the Group and none of the IFRS 16 leasing contracts is indexed to an IBOR rate.

New standards, interpretations and amendments in the 2022 fiscal year T _ 032

Standard / Interpretation / Amendment	Definition	Effective date stipulated by IASB	Effective date stipulated by EU	Impact on Stabilus financial statements
Amendments to IFRS 4	Deferral of IFRS 9 (issued on June 25, 2020)	January 1, 2021	January 1, 2021	No impact
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform (Phase 2) (issued on August 27, 2020)	January 1, 2021	January 1, 2021	Reference is made to the descriptions above
Amendments to IFRS 16	COVID-19-Related Rent Concessions beyond June 30, 2021 (issued on March 31, 2021)	April 1, 2021	April 1, 2021	Reference is made to the descriptions above

The effective date presented above is the date of mandatory application in annual periods beginning on or after that date.

The IASB issued new standards and amendments which have been endorsed by the EU and whose application accordingly is not yet compulsory in the fiscal year 2022. The Stabilus Group is not planning the early application of these standards, amendments and interpretations.

New standards, interpretations and amendments issued and endorsed by the EU (not yet adopted) T _ 033

Standard / Interpretation / Amendment	Definition	Effective date stipulated by IASB	Effective date stipulated by EU	Impact on Stabilus financial statements
Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements 2018 – 2020	All issued on May 14, 2020	January 1, 2022	January 1, 2022	Reference is made to the descriptions below
IFRS 17	Insurance Contracts (issued on May 18, 2017); including Amendments to IFRS 17 (issued on June 25, 2020)	January 1, 2023	January 1, 2023	No impact
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies (issued on February 12, 2021)	January 1, 2023	January 1, 2023	Reference is made to the descriptions below
Amendments to IAS 8	Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on February 12, 2021)	January 1, 2023	January 1, 2023	Reference is made to the descriptions below
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on May 7, 2021)	January 1, 2023	January 1, 2023	Reference is made to the descriptions below
Amendments to IFRS 17	Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on December 9, 2021)	January 1, 2023	January 1, 2023	No impact

The effective date presented above is the date of mandatory application in annual periods beginning on or after that date.

Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements 2018–2020

On May 14, 2020 the IASB issued several small amendments to the IFRS Standards IFRS 3 Business Combination, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets, and Annual Improvements 2018–2020. The package of amendments includes narrow-scope amendments to the three Standards as well as Annual Improvements, which are changes that clarify the wording or correct minor consequences, oversights or conflicts between requirements in the Standards. The amendments are effective for annual periods beginning on or after January 1, 2022:

- The Amendments to IFRS 3 Business Combinations update a reference in IFRS 3 to the 2018 Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- The Amendments to IAS 16 Property, Plant and Equipment prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related costs in profit or loss.
- The Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets specify which costs a company includes when assessing whether a contract will be loss-making. The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.
- The Annual Improvements 2018-2020 make minor amendments to IFRS 1 First-time Adoption of Internal Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

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

Amendments to IAS 1 and IFRS Practice Statement 2

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

The amendment comprises the disclosure of material accounting policies rather than significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence users' decisions. It can also be considered material if users would otherwise be unable to clearly understand. Similarly, immaterial accounting policy information should not be disclosed and it should not obscure material accounting policy information.

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

Amendments to IAS 8

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

The amendments to IAS 8 help entities to distinguish between amendments to accounting policies and accounting estimates. The distinction is essential as there are differences in application. Changes in estimates apply to future transactions and events, while changes in accounting policies must be applied retrospectively to past transactions and the current period.

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

Amendments to IAS 12

On May 7, 2021, the IASB published amendments to IAS 12 Income Taxes in relation to assets and liabilities arising from a single transaction.

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

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

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

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

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

The new and revised standards and amendments issued but not yet endorsed by the EU mentioned in the table below are currently being evaluated. Based on our current assessments, the new and revised standards and interpretations in the table below will probably have no material impact on the Stabilus Group's consolidated financial statements.

Standards, interpretations and amendments issued but not yet endorsed by the EU T _ 034

Standard / Interpretation / Amendment	Definition	Effective date stipulated by IASB	Effective date stipulated by EU	Impact on Stabilus financial statements
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and Deferral of Effective Date (issued on January 23, 2020 and July 15, 2020 respectively) and Non-current Liabilities with Covenants (issued on October 31, 2022)	January 1, 2024	Pending	Evaluating
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback (issued on September 22, 2022)	January 1, 2024	Pending	Evaluating

The effective date presented above is the date of mandatory application in annual periods beginning on or after that date.

3 Accounting policies

Revenue

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

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

Accordingly, Stabilus typically has only one performance obligation: delivery of the ordered goods. Shipping and handling activities are fulfillment activities and no warranty in excess of legal obligations is provided. Stabilus does not involve third parties in fulfilling its performance obligation.

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

Revenue is measured at the fair value of the consideration received or receivable and recognized upon delivery, i.e. when the goods are shipped. Customer bonuses, discounts, rebates, and other sales taxes or duties are typically recorded as a reduction of the recognized revenue. The expected discounts are taken into consideration according to the expected value method and based on historical date and expectations in respect of the individual customer. The Group accrues such amounts on a monthly basis. Warranty obligations are recognized in accordance with IAS 37 (refer to the accounting policy to other provisions on page 93). The Group typically offers warranties prescribed by law to rectify defects that existed as of the time of sale. These assurance-type warranties are recognized as warranty provisions.

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

Cost of sales

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

Research expenses and non-capitalized development expenses

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

Selling expenses

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

Borrowing costs

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

Interest income and expense

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

Other financial income and expense

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

Income taxes

Income tax expense comprises current and deferred tax.

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

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

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

Deferred tax assets are recognized for deductible temporary differences, tax loss carryforwards and tax credits to the extent that it is probable that future taxable profit will be available against which they can be utilized. Deferred tax assets are reviewed at the end of each reporting period to determine whether it is probable that the related tax benefit will be realized. The carrying amount is adjusted accordingly.

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

Goodwill

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

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

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

Other intangible assets

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

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

- software (3 to 5 years);
- patented technology (16 years);
- customer relationships (19 to 24 years);
- unpatented technology (6 to 10 years); and
- trade names (7 years).

Research and development expenses

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

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

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

Property, plant and equipment

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

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

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

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

Depreciation is primarily based on the following useful lives:

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

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

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

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

Leases

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

Respective lease options (e.g. renewal options) are taken into account for all leases. The use of such lease term options provides the Group with the greatest possible flexibility concerning its leased assets. The majority of the current options to extend or terminate the leases can only be exercised by the Group and not by the respective lessor. Within the Stabilus Group the extension options are solely used for the asset class "buildings". For all other leases the minimum term of lease is considered.

The residual terms of the lease agreements are as follows:

- Building and land improvements (IFRS 16): 2 to 15 years
- Machinery and equipment (IFRS 16): 2 to 8.5 years
- Other tangible equipment (IFRS 16): >1 to 8 years

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

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

The Stabilus Group acts only as a lessee.

For COVID-19-related rent concessions, the Stabilus Group uses the practical expedient issued by the IASB. Such rent concessions are not treated as a lease modification. Lease reductions reduce the rental expenses.

Impairment of non-financial assets

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

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

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

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

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

Inventories

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

Government grants

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

The accounting for government grants related to the purchase or production of fixed assets is separately described in the notes section "Property, plant and equipment " (Note 13).

Financial instruments

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

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

Financial assets

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

Financial assets measured at amortized cost

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

Impairment of financial assets

Under IFRS 9, valuation allowances for expected credit losses ("expected loss model") must be recognized for all financial assets measured at amortized cost and for all debt instruments measured at fair value through other comprehensive income. IFRS 9 provides a three-level method for this purpose. Risk provisions are recognized on the basis either of the 12 months expected losses (Level 1), or of the lifetime expected losses if the credit risk has increased significantly since initial recognition (Level 2), or if the credit rating has been downgraded significantly (Level 3). The simplified approach is adopted for trade accounts receivable with no material financing component. As such, the expected credit losses are always determined for the lifetime expected losses of the financial instruments.

Financial assets measured at amortized cost

For trade accounts receivable the Stabilus Group elects to use the simplified approach based on expected credit losses over relevant terms. Default rates are based on historical losses and forward-looking expectations under consideration of the relevant economic environment to determine regional risks. To determine the forward-looking economic conditions, the Group considers in particular the credit default swaps (CDS) of the respective client's geographical location that ensures the risks of the counterparty in the respective country are taken into account. In addition, the Group has taken out trade credit insurance to insure against the default risk. Trade accounts receivable impaired due to insolvency or other similar situations or significantly overdue are written off on a case by case basis. The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Impaired debts are derecognized when they are assessed as uncollectible. Cash and cash equivalents are measured using the general impairment approach. Details of the impairment approach of cash and cash equivalents are presented in Note 21.

Derivative financial instruments

The Stabilus Group did not have any derivative financial instruments as of September 30, 2022 or September 30, 2021.

Financial liabilities and equity instruments

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

Equity instruments

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

Financial liabilities

IFRS 9 largely retains the existing requirements of IAS 39 for the classification of financial liabilities. Financial liabilities primarily include a term loan, trade accounts payable and other financial liabilities.

FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST

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

Pensions and similar obligations

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

Other provisions

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

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

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

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

4 Revenue

The Group's revenue developed as follows:

Revenue by region and business unit T _ 035

IN € THOUSANDS	Year ended Sept 30, 2022	2021
EMEA		
Automotive Gas Spring	115,185	122,993
Automotive Powerise®	95,818	93,093
Industrial	258,417	247,907
Total EMEA[1]	**469,420**	**463,993**
Americas		
Automotive Gas Spring	106,539	91,902
Automotive Powerise®	146,793	120,996
Industrial	134,147	110,588
Total Americas[1]	**387,479**	**323,486**
APAC		
Automotive Gas Spring	104,238	82,483
Automotive Powerise®	131,981	49,223
Industrial	23,227	18,483
Total APAC[1]	**259,446**	**150,189**
Stabilus Group		
Total Automotive Gas Spring	325,962	297,378
Total Automotive Powerise®	374,592	263,312
Total Industrial	415,791	376,978
Revenue[1]	**1,116,345**	**937,668**

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

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

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

Expenses by function T _ 036

IN € THOUSANDS	Year ended Sept 30, 2022 Cost of sales	Research and development expenses	Selling expenses	Administrative expenses	Total
Capitalized development cost	–	16,712	–	–	**16,712**
Personnel expenses	(196,395)	(29,742)	(33,597)	(30,285)	**(290,019)**
Material expenses	(541,345)	(9,579)	(13,261)	(8,397)	**(572,582)**
Depreciation and amortization	(34,603)	(16,279)	(14,642)	(3,476)	**(69,000)**
Other miscellaneous	(32,780)	(7,313)	(25,535)	2,584	**(63,044)**
Total	**(805,123)**	**(46,201)**	**(87,035)**	**(39,574)**	**(977,933)**

IN € THOUSANDS	Year ended Sept 30, 2021 Cost of sales	Research and development expenses	Selling expenses	Administrative expenses	Total
Capitalized development cost	–	16,073	–	–	**16,073**
Personnel expenses	(181,501)	(27,707)	(31,891)	(29,503)	**(270,602)**
Material expenses	(435,769)	(9,251)	(11,346)	(8,257)	**(464,623)**
Depreciation and amortization	(32,646)	(13,872)	(14,361)	(2,954)	**(63,833)**
Other miscellaneous	(7,491)	(8,018)	(24,052)	2,306	**(37,255)**
Total	**(657,407)**	**(42,775)**	**(81,650)**	**(38,408)**	**(820,240)**

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

Personnel expenses T _ 037

IN € THOUSANDS	Year ended Sept 30, 2022	2021
Wages and salaries	(207,920)	(193,981)
Compulsory social security contributions	(60,848)	(56,033)
Pension cost	(13,832)	(13,399)
Other social benefits	(7,419)	(7,189)
Personnel expenses	**(290,019)**	**(270,602)**

The Group recognizes +€0.5 million (PY: +€0.4 million) grants for short time work and social security contributions in the fiscal year 2022. These grants are directly recognized in the various functional areas in which they were incurred as a direct deduction from the related expenses. The following table shows the Group's average number of employees:

Average number of employees T _ 038

	Year ended Sept 30, 2022	2021
Wage earners	4,793	4,825
Salaried staff	1,599	1,556
Trainees and apprentices	97	106
Average number of employees	**6,489**	**6,487**

6 Other income

Other income decreased by €(1.2) million from €6.0 million in the fiscal year 2021 to €4.8 million in the fiscal year 2022. This decrease is due to a non-recurring effect of €1.6 million in connection with a reimbursement relating to the acquisition of SKF Group entities in 2016. The miscellaneous other income mainly relates to proceeds from scrap. Furthermore, foreign currency translation gains from operating business amounting to €0.4 million are included in the fiscal year 2022.

Other income T _ 039

IN € THOUSANDS	Year ended Sept 30, 2022	2021
Net foreign currency translation gains	383	–
Gains on sale / disposal of assets	442	250
Income from the release of other accruals	386	668
Miscellaneous other income	3,609	5,057
Other income	**4,820**	**5,975**

7 Other expenses

Other expenses decreased by €1.0 million year-on-year from €(2.1) million to €(1.1) million. The decline is essentially due to the prior year's currency translation losses from operating business of €(1.4) million which were mainly incurred in the Americas. The increase in miscellaneous other expenses relates to the addition to allowances for bad debts in the course of the expansion of business activities at various locations.

Other expenses T _ 040

IN € THOUSANDS	Year ended Sept 30, 2022	2021
Net foreign currency translation losses	–	(1,444)
Losses on sale / disposal of tangible assets	(100)	(14)
Miscellaneous other expenses	(1,045)	(687)
Other expenses	**(1,145)**	**(2,145)**

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

INVESTMENT IN COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

Effective November 25, 2021, the Stabilus Group entered into a partnership with Cultraro Automazione Engineering S.r.l., (Cultraro) domiciled in Rivoli (near Turin), Italy. Cultraro is a leading manufacturer of dampers. Cultraro's products, such as rotary and linear dampers, are used in a variety of compact motion control applications in the automotive and other industries.

Cultraro employs more than 400 people at its development, production and test facilities and is represented at its own sites and through partners in the US, China, India and Germany.

The aim of the partnership is to expand the product range in the field of motion control. In conjunction with this strategic partnership, Stabilus has acquired 32.0% of the shares from the company's founders in a share deal. The finally agreed cash purchase price for 32.0% of the shares was €17.2 million (purchase price payment of €16.6 million and net working capital payment of €0.6 million after closing). The results of the equity-accounted investment will be recognized from the acquisition date, November 25, 2021. The following tables contain the financial information from Cultraro's financial statements as of August 31, 2022, adjusted for fair value adjustments. The tables also contain the summary financial information of the carrying amount of the Stabilus Group's equity investment in Cultaro.

Investments in companies accounted for using the equity method T _ 041

IN € THOUSANDS	Year ended Sept 30, 2022	2021
Summary		
Non-current assets	23,164	–
Current assets	10,449	–
Non-current liabilities	6,331	–
Current liabilities	3,473	–
Net assets of the associate (100%)	**23,809**	**–**
Revenue	**13,119**	**–**
Net profit from continuing operations	1,169	–
Total comprehensive income	**1,169**	**–**
Stabilus' share in total comprehensive income	374	–
Net assets of the associate (100%)	**23,809**	**–**
Equity interest of Stabilus	32.0%	–
Carrying amount of the investment in Cultraro	**7,619**	**–**
PPA adjustments	(245)	–
Stabilus' share in total comprehensive income	374	–
Goodwill	9,351	–
Carrying amount of the investment in Cultraro	**17,099**	**–**

OTHER EQUITY INVESTMENTS

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

9 Finance income

Finance income increased from +€0.7 million in the fiscal year 2021 to +€15.2 million in the fiscal year 2022. The main effect, +€12.8 million, derives from the net foreign exchange gains from the translation of internal loans, as well as from the translation of cash and cash equivalents as well as from other financial liabilities (lease liabilities).

Finance income T _ 042

IN € THOUSANDS	Year ended Sept 30, 2022	2021
Interest income on loans and financial receivables not measured at fair value through profit and loss	936	376
Net foreign exchange gain	12,851	–
Other interest income	1,415	324
Finance income	**15,202**	**700**

10 Finance costs

Finance costs increased by €(0.2) million from €(14.0) million in the fiscal year 2021 to €(14.2) million in the fiscal year 2022. The increase is essentially due to the rise in interest expenses on financial liabilities of €(1.4) million. In the prior year there had also been net foreign exchange losses of €(0.8) million from the translation of internal loans, as well as from the translation of cash and cash equivalents and from other financial liabilities (lease liabilities).

Finance costs primarily contain ongoing interest expense. Interest expense in the fiscal year 2022 of €(13.8) million (PY: €(12.5) million) relates in particular to the term loan facility, €(5.1) million (PY: €(5.4) million) of which is interest paid. In addition, an amount of €(5.5) million (PY: €(7.1) million) is due to the amortization of the adjustment of the carrying amount using the effective interest rate method and the derecognition of unamortized transaction costs. The new financing arrangement agreed in June 2022 relates to the derecognition of transaction costs. Furthermore, the finance costs of €(2.9) million include transaction costs in connection with the new financing arrangement agreed in June 2022, which were still reported as liabilities in the quarterly statement (Q3 FY2022).

Finance costs T _ 043

IN € THOUSANDS	Year ended Sept 30, 2022	2021
Interest expense on financial liabilities not measured at fair value through profit and loss	(12,574)	(11,164)
Net foreign exchange loss	–	(824)
Interest expenses lease liabilities	(1,267)	(1,305)
Other interest expenses	(326)	(660)
Finance costs	**(14,167)**	**(13,953)**

11 Income tax expense

Income taxes comprise current taxes on income (paid or owed) in the individual countries and deferred taxes. The tax rates which are applicable at the end of the reporting period are used for the calculation of current taxes. For the calculation of deferred taxes, tax rates for the expected period of reversal are used that are enacted or substantively enacted at the balance sheet date and will apply shortly. Deferred taxes are recognized as deferred tax expenses or income in the statement of comprehensive income, either through profit or loss or other comprehensive income, depending on the underlying transaction. For potential risks related to uncertain tax positions, the Group has recognized provisions in accordance with IFRIC 23. The measurement is based on either the most probable amount or the expected value, depending on which amount best reflects the expectations. The respective local rates have been used to calculate the deferred taxes. The current income taxes comprise prior-year taxes amounting to €(357) thousand (PY: €1,528 thousand).

Income tax expense T _ 044

IN € THOUSANDS	Year ended Sept 30, 2022	2021
Current income taxes	(37,180)	(35,084)
Income taxes prior year	357	1,528
Deferred taxes	(2,087)	(694)
Income tax expense	**(38,910)**	**(34,250)**

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

Tax expense reconciliation (expected to actual) T _ 045

IN € THOUSANDS	Year ended Sept 30, 2022	2021
Profit / (loss) before income tax	**143,251**	**108,005**
Expected income tax expense	**(35,727)**	**(26,936)**
Foreign tax rate differential	97	(312)
Tax-free income	146	751
Non-deductible expenses	(5,278)	(7,824)
Prior year taxes	1,749	(143)
Change of the valuation allowance on deferred tax assets	(391)	224
Tax rate changes	259	(148)
Other miscellaneous	235	138
Actual income tax expense	**(38,910)**	**(34,250)**
Effective tax rate	**(27.2)%**	**(31.8)%**

The actual income tax expense of €(38,910) thousand is higher than the expected income tax expense of €(35,727) thousand that results from applying the Company's combined income tax rate of 24.9% to the Group's consolidated profit before income tax.

The tax effect reported as a foreign tax rate differential reflects the difference between the combined income tax rate of 24.9% relevant to Stabilus SE (formerly: Stabilus S. A.) and the combined income tax rates applicable to the individual subsidiaries in varying countries. The combined statutory income tax rate that is applicable to Stabilus SE (formerly: Stabilus S. A.) remained unchanged at 24.9% in the fiscal year 2022. The tax effect of non-deductible expenses consists primarily of expenses that are non-deductible in the determination of the taxable profits in Germany.

From today's perspective, the retained earnings at foreign subsidiaries are to remain predominantly invested. No deferred tax liabilities have been calculated on retained earnings at foreign subsidiaries of €587.7 million (2021: €464.6 million) that are not intended for distribution. In the event of distribution, the profits would be subject to German taxation at 5%; if applicable, foreign withholding taxes would be incurred. In addition, if the profits of a foreign subsidiary were distributed to a foreign intermediate holding company, further income tax consequences might have to be taken into account. Distributions would therefore generally lead to an additional tax expense. The determination of taxable temporary differences would involve a disproportionately high effort.

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

Deferred tax assets and liabilities T _ 046

IN € THOUSANDS	Sept 30, 2022			Sept 30, 2021		
	DTA	DTL	Total	DTA	DTL	Total
Intangible assets	268	(55,265)	(54,997)	159	(56,319)	(56,160)
Property, plant and equipment	7,221	(11,722)	(4,501)	5,958	(11,595)	(5,637)
Inventories	4,128	(461)	3,667	4,066	(363)	3,703
Receivables	767	(2,845)	(2,078)	476	(825)	(349)
Other assets	354	(214)	140	324	(319)	5
Provisions and liabilities	16,678	(648)	16,030	21,663	(817)	20,846
Tax loss and interest carryforward	2,219	–	2,219	4,588	–	4,588
Subtotal	**31,635**	**(71,155)**	**(39,520)**	**37,234**	**(70,238)**	**(33,004)**
Netting	(16,785)	(16,785)	–	(22,534)	22,534	–
Total	**14,850**	**(54,370)**	**(39,520)**	**14,700**	**(47,704)**	**(33,004)**

Deferred income tax assets and liabilities developed as follows in the fiscal year 2022:

Reconciliation movement in deferred tax assets and liabilities T _ 047

IN € THOUSANDS	2022	2021
Deferred tax liabilities (net) – as of Oct 1,	**33,004**	**32,507**
Deferred tax income	2,088	694
Taxes recognized in other comprehensive income	5,029	415
Taxes on business combination	–	–
Foreign exchange rate differences	(601)	(612)
Deferred tax liabilities (net) – as of Sept 30,	**39,520**	**33,004**

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

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

Tax loss and interest carryforwards

T _ 048

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

	Year ended Sept 30, 2021					
IN € THOUSANDS	Tax loss and interest carryforwards	Tax rate	Deferred tax asset (gross)	Valuation allowance	Deferred tax asset (net)	Expiration date
Germany	16,644	27.0 – 31.0%	4,538	–	4,538	Indefinite
Spain	5,237	28.0%	1,309	(1,309)	–	Indefinite
South Korea	225	34.0%	50	–	50	Indefinite
Total	**22,106**		**5,897**	**(1,309)**	**4,588**	

As of September 30, 2022, the Group has unused tax loss and interest carryforwards in Germany in an amount of €8,407 thousand (PY: €22,106 thousand).

The interest carryforward comes from our German entities in the amount of €1,799 thousand and a gross deferred tax asset of €483 thousand as well as an unused tax loss carryforward from our entities in Germany relating to corporate tax and trade tax of €6,608 thousand and a gross deferred tax asset of €1,736 thousand. The amount recognized as a deferred tax asset is calculated under consideration of the actual corporate planning and its utilization within the planning period.

12 Earnings per share

The weighted average number of shares used to calculate earnings per share in the fiscal years ended September 30, 2022 and 2021 is shown in the following table:

Weighted average number of shares T _ 049

DATE	Number of days	Transaction	Change	Total shares	Total shares (time-weighted)
September 30, 2020				**24,700,000**	**24,700,000**
October 1, 2020	365			24,700,000	24,700,000
September 30, 2021				**24,700,000**	**24,700,000**
October 1, 2021	365			24,700,000	24,700,000
September 30, 2022				**24,700,000**	**24,700,000**

The earnings per share for the fiscal years ended September 30, 2022 and 2021 were as follows:

Earnings per share T _ 050

	Year ended Sept 30, 2022	2021
Profit / (loss) attributable to shareholders of the parent (in € thousand)	102,961	73,394
Weighted average number of shares	24,700,000	24,700,000
Earnings per share (in €)	**4,17**	**2,97**

Basic and diluted earnings per share are calculated by dividing the profit attributable to the shareholders of the Company by the weighted average number of shares outstanding.

13 Property, plant and equipment

Property, plant and equipment are presented in the following table:

Property, plant and equipment T _ 051

IN € THOUSANDS	Land, equivalent rights to real property	Buildings and land improvements	Technical equipment and machinery	Other tangible equipment	Construction in progress	Total
Gross value						
Balance as of Sept 30, 2020	**17,421**	**96,784**	**230,943**	**66,540**	**32,330**	**444,018**
Foreign currency difference	12	1,775	7,978	961	1,670	12,396
Additions	–	3,005	7,219	6,294	7,121	23,639
Disposals	–	(696)	(6,138)	4,859	–	(11,693)
Reclassifications	45	2,696	13,335	2,379	(18,926)	(471)
Balance as of Sept 30, 2021	**17,478**	**103,564**	**253,337**	**71,315**	**22,195**	**467,889**
Foreign currency difference	287	7,036	24,950	6,191	1,615	40,079
Additions	–	2,234	7,367	6,933	12,649	29,183
Disposals	–	(2,145)	(6,148)	(2,962)	(237)	(11,492)
Reclassifications	(761)	1,902	7,395	4,746	(13,320)	(38)
Balance as of Sept 30, 2022	**17,004**	**112,591**	**286,901**	**86,223**	**22,902**	**525,621**
Accumulated depreciation						
Balance as of Sept 30, 2020	**–**	**(26,036)**	**(139,652)**	**(48,521)**	**–**	**(214,209)**
Foreign currency difference	–	(442)	(4,394)	(746)	–	(5,582)
Depreciation expense	–	(9,016)	(18,364)	(8,727)	–	(36,107)
Thereof impairment loss	–	–	*(3)*	–	–	*(3)*
Disposals	–	249	6,137	4,726	–	11,112
Reclassifications	–	(11)	14	44	–	47
Balance as of Sept 30, 2021	**–**	**(35,256)**	**(156,259)**	**(53,224)**	**–**	**(244,739)**
Foreign currency difference	–	(3,201)	(16,105)	(5,062)	–	(24,368)
Depreciation expense	–	(8,693)	(19,513)	(10,304)	–	(38,510)
Thereof impairment loss	–	–	*(57)*	–	–	(57)
Disposals	–	1,984	6,137	2,754	–	10,875
Reclassifications	–	–	–	–	–	–
Balance as of Sept 30, 2022	**–**	**(45,166)**	**(185,740)**	**(65,836)**	**–**	**(296,742)**
Carrying amount						
Balance as of Sept 30, 2021	**17,478**	**68,308**	**97,078**	**18,091**	**22,195**	**223,150**
Balance as of Sept 30, 2022	**17,004**	**67,425**	**101,161**	**20,387**	**22,902**	**228,879**

Property, plant and equipment include right-of-use assets due to the application of IFRS 16 (Leases). Please refer to Note 25 "Leases" for additional information on future lease payments.

The Group invested €26,355 thousand (PY: €19,520 thousand) in property, plant and equipment in the fiscal year 2022. Furthermore, the Group entered into new leases amounting to €2,830 thousand (PY: €4,119 thousand), in particular for other tangible equipment of €2,058 thousand (PY: €3,305) and for buildings €772 thousand (PY: €814 thousand).

The government grants received for the Powerise® production building in Pinghu, China, amounted to €933 thousand (PY: €3,586 thousand) in the fiscal year 2022.

Contractual commitments for the acquisition of property, plant and equipment amount to €7,339 thousand (PY: €3,080 thousand).

Prepayments by the Stabilus Group for property, plant and equipment and intangible assets of €775 thousand (PY: €762 thousand) are included in other non-current assets. Larger prepayments are typically secured by a bank guarantee or an in-depth check of the relevant supplier.

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

Property, plant and equipment – carrying amount T _ 052

IN € THOUSANDS	Sept. 30, 2022	Sept. 30, 2021
Land, equivalent rights to real property	17,004	17,478
Buildings and land improvements	41,393	39,054
Technical equipment and machinery	100,224	95,909
Other tangible equipment	15,736	13,504
Construction in progress	22,902	22,195
Right-of-use-asset – Building and land improvements	26,031	29,254
Right-of-use-asset – Technical equipment and machinery	937	1,169
Right-of-use-asset – Other tangible equipment	4,652	4,587
Total	**228,879**	**223,150**

Reconciliation depreciation expense for property, plant and equipment T _ 053

	Year ended Sept 30,	
IN € THOUSANDS	2022	2021
Cost of sales	(32,464)	(30,295)
Research and development expenses	(1,791)	(1,802)
Selling expenses	(2,057)	(2,043)
Administrative expenses	(2,198)	(1,967)
Depreciation expense	**(38,510)**	**(36,107)**

Right-of-use-assets

T _ 054

IN € THOUSANDS	Buildings and land improvements	Technical equipment and machinery	Other tangible equipment	Total
Gross value				
Balance as of Sept 30, 2020	**41,134**	**1,724**	**5,203**	**48,061**
Foreign currency difference	1,116	11	81	1,208
Additions	814	–	3,305	4,119
Disposals	(689)	–	(1,581)	(2,270)
Reclassifications	–	–	–	–
Balance as of Sept 30, 2021	**42,375**	**1,735**	**7,008**	**51,118**
Foreign currency difference	2,808	103	396	3,307
Additions	772	–	2,058	2,830
Disposals	(2,136)	–4	(903)	(3,043)
Reclassifications	–	–	–	–
Balance as of Sept 30, 2022	**43,819**	**1,834**	**8,559**	**54,212**
Accumulated depreciation				
Balance as of Sept 30, 2020	**(7,310)**	**(281)**	**(1,920)**	**(9,511)**
Foreign currency difference	(164)	(5)	(35)	(204)
Depreciation expense	(5,882)	(280)	(1,934)	(8,096)
Thereof impairment loss	–	–	–	–
Disposals	246	–	1,457	1,703
Reclassifications	(11)	–	11	–
Balance as of Sept 30, 2021	**(13,121)**	**(566)**	**(2,421)**	**(16,108)**
Foreign currency difference	(765)	(46)	(211)	(1,022)
Depreciation expense	(5,881)	(289)	(2,100)	(8,270)
Thereof impairment loss	–	–	–	–
Disposals	1,979	4	825	2,808
Reclassifications	–	–	–	–
Balance as of Sept 30, 2022	**(17,788)**	**(897)**	**(3,907)**	**(22,592)**
Carrying amount				
Balance as of Sept 30, 2020	**29,254**	**1,169**	**4,587**	**35,010**
Balance as of Sept 30, 2021	**26,031**	**937**	**4,652**	**31,620**

14 Goodwill

The total goodwill of €216.8 million (PY: €208.1 million) is allocated to the operating segments (CGUs) on the relevant acquisition date, based on their relative fair value.

The table below sets out the development of the goodwill:

Goodwill T _ 055

IN € THOUSANDS	EMEA	Americas	APAC	Total
Gross value				
Balance as of Sept 30, 2020	**124,094**	**70,945**	**12,622**	**207,661**
Foreign currency difference	–120	450	76	406
Additions	–	–	–	–
Disposals	–	–	–	–
Impairment losses	–	–	–	–
Reclassifications	–	–	–	–
Balance as of Sept 30, 2021	**123,974**	**71,395**	**12,698**	**208,067**
Foreign currency difference	(1,974)	10,643	70	8,739
Additions	–	–	–	–
Disposals	–	–	–	–
Impairment losses	–	–	–	–
Reclassifications	–	–	–	–
Balance as of Sept 30, 2022	**122,000**	**82,038**	**12,768**	**216,806**
Carrying amount				
Balance as of Sept 30, 2021	**123,974**	**71,395**	**12,698**	**208,067**
Balance as of Sept 30, 2022	**122,000**	**82,038**	**12,768**	**216,806**

The fair value less cost of disposal for each cash-generating unit as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or other groups of assets is measured by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions: the underlying cash flow forecasts which are based on the five-year medium-term plan ("MTP") approved by the Management Board and the Supervisory Board. The cash flow planning implies price agreements based on experience and anticipated efficiency enhancements as well as average total revenue growth of approximately 5.5% (PY: 5.7%) for EMEA, 6.6% (PY: 8.1%) for the Americas and 11.5% (PY: 15.9%) for APAC on average based on the strategic outlook resulting in a higher average growth rate for the free cash flow. The higher free cash flow growth rate is also impacted by the product mix effects and the assumed stable gross profit margins and improved fixed costs absorption. While the macroeconomic outlook is volatile, the Group believes that its market-oriented approach and leading products and services allow for some revenue growth. Cash flows after the five-year period were extrapolated by applying a 1% (PY: 1%) terminal growth rate. This growth rate was based on the expected consumer price inflation for the countries included in the respective cash-generating units, adjusted for expected technological progress and efficiency gains in the overall economy. Furthermore, the Group uses inflation deltas to cover the several forward rate risks, 0.94% (PY: 0.63%) for EMEA, 0.96% (PY: 1.40%) for the Americas and (1.21)% (PY: 0.30%) for APAC. Moreover the Group incorporated country risk premiums into its projections to reflect the varying volatility expected in the individual country risks, 0.75% (PY: 0.78%) for EMEA, 1.05% (PY: 0.98%) for the Americas and 0.66% (PY: 0.63) for APAC. The Group's weighted average cost of capital (WACC) has been used as the discount rate for the operating segments. The Stabilus Group uses the recommendation of the Institut der Wirtschaftsprüfer (IDW) to determine a proxy for the risk-free rate and the market risk premium. The beta factor represents the individual risk of a share compared to a market index.

Stabilus evaluated the beta factors used by a group of comparable companies (peer group) on an average of the past five years. The cost of debt was derived from a number of peers with publicly traded debt. The following assumptions (measurement factors) were used to determine the WACC:

Weighted average cost of capital (WACC) T _ 056

IN %	Year ended Sept 30, 2022 EMEA	Americas	APAC
Market risk premium	8.00	8.00	10.00
Beta factor Stabilus Group	1.03	1.03	1.03
Interest base rate	1.44	1.44	1.44
Inflation deltas	0.94	0.96	(1.21)
Country risk	1.25	1.55	2.16
Debt ratio	13.14	13.14	13.14
Cost of debt after tax	2.90	2.80	1.30
WACC	**10.83**	**11.10**	**11.36**

IN %	Year ended Sept 30, 2021 EMEA	Americas	APAC
Market risk premium	6.50	6.50	6.50
Beta factor Stabilus Group	1.09	1.09	1.09
Interest base rate	0.14	0.14	0.14
Inflation deltas	0.63	1.40	0.30
Country risk	0.78	0.98	0.63
Debt ratio	22.60	22.60	22.60
Cost of debt after tax	1.60	2.00	1.30
WACC	**7.40**	**8.20**	**6.90**

The discount rates applied also reflect the individual country risk of each operating CGU. The discount rate on cash flow projections is 10.83% (PY: 7.4%) for EMEA, 11.10% (PY: 8.2%) for the Americas and 11.36% (PY: 6.9%) for APAC.

The following table shows the input data to selected key figures required for the respective recoverable amounts to equal the carrying amount. In management's view this change is not reasonably possible.

Goodwill sensitivity analysis T _ 057

IN %	Year ended Sept 30, 2022		
	Input parameters for the fair value to equal the carrying amount		
	EMEA	Americas	APAC
WACC	14.9	18.5	26.8
Planned gross margin reduction to budget (%-points)	3.9	5.0	9.3

The impairment test for the fiscal year 2022 confirms that the book value of goodwill is fully recoverable and that the goodwill attributable to the individual operating CGUs is not impaired.

15 Other intangible assets

Other intangible assets are presented in the following table:

Intangible assets T _ 058

IN € THOUSANDS	Development cost	Development cost under construction	Software	Patents	Customer relationships	Technology	Trade name	Total
Gross value								
Balance as of Sept 30, 2020	**76,058**	**24,399**	**17,058**	**2,671**	**243,260**	**69,313**	**17,573**	**450,332**
Foreign currency difference	296	29	193	(3)	664	88	(40)	1,227
Additions	3,787	12,117	4,168	2	–	–	–	20,074
Disposals	(9,266)	–	(4,797)	–	–	–	–	(14,063)
Reclassifications	15,480	(16,007)	999	–	–	–	–	472
Balance as of Sept 30, 2021	**86,355**	**20,538**	**17,621**	**2,670**	**243,924**	**69,401**	**17,533**	**458,042**
Foreign currency difference	4,663	311	860	(7)	6,686	1,498	122	14,132
Additions	2,986	13,102	2,507	20	–	–	–	18,614
Disposals	(9,170)	–	(730)	(2)	–	–	–	(9,902)
Reclassifications	8,875	(11,218)	2,381	–	–	–	–	39
Balance as of Sept 30, 2022	**93,709**	**22,733**	**22,639**	**2,681**	**250,610**	**70,899**	**17,655**	**480,926**
Accumulated depreciation								
Balance as of Sept 30, 2020	**(43,714)**	**–**	**(14,122)**	**(2,172)**	**(94,112)**	**(56,661)**	**(10,300)**	**(221,081)**
Foreign currency difference	(293)	–	(36)	–	(279)	(31)	(7)	(646)
Amortization expense	(11,488)	–	(2,284)	(80)	(11,365)	(1,200)	(1,309)	(27,726)
Thereof impairment loss	*(760)*	–	–	–	–	–	–	*(760)*
Disposals	9,259	–	4,788	–	–	–	–	14,047
Reclassifications	–	–	(14)	–	–	–	–	(14)
Balance as of Sept 30, 2021	**(46,236)**	**–**	**(11,668)**	**(2,252)**	**(105,756)**	**(57,892)**	**(11,616)**	**(235,420)**
Foreign currency difference	(4,084)	–	(498)	7	(2,800)	(441)	(126)	(7,942)
Amortization expense	(12,784)	–	(3,495)	(44)	(11,610)	(1,239)	(1,318)	(30,490)
Thereof impairment loss	*(484)*	–	–	–	–	–	–	*(484)*
Disposals	9,119	–	664	–	–	–	–	9,783
Reclassifications	–	–	–	–	–	–	–	–
Balance as of Sept 30, 2022	**(53,985)**	**–**	**(14,997)**	**(2,289)**	**(120,166)**	**(59,572)**	**(13,060)**	**(264,069)**
Carrying amount								
Balance as of Sept 30, 2021	**40,119**	**20,538**	**5,953**	**418**	**138,168**	**11,509**	**5,917**	**222,622**
Balance as of Sept 30, 2022	**39,724**	**22,733**	**7,642**	**392**	**130,444**	**11,327**	**4,595**	**216,857**

Additions to intangible assets amounted to €18,614 thousand in the fiscal year 2022 compared to €20,074 thousand in the fiscal year 2021. Costs of €16,088 thousand (PY: €15,904 thousand) (less related customer contributions) were capitalized for development projects in the fiscal year 2022.

Amortization of capitalized internal development projects amounted to €(12,784) thousand (PY: €(11,488) thousand). The borrowing costs capitalized in the period amounted to €97 thousand (PY: €190 thousand). A capitalization rate was used to determine the amount of borrowing costs. The capitalization rate used in the fiscal year 2022 was 0.95% (PY: 0.95%). The total amortization expense and impairment loss for intangible assets is included in the consolidated statements of comprehensive income in the following line items:

Amortization expense for intangible assets T _ 059

IN € THOUSANDS	Year ended Sept 30, 2022	2021
Cost of sales	(2,139)	(2,351)
Research and development expenses	(14,488)	(12,070)
Selling expenses	(12,585)	(12,318)
Administrative expenses	(1,278)	(987)
Amortization expense (incl. impairment losses)	**(30,490)**	**(27,726)**

Other intangible assets – carrying amount T _ 060

IN € THOUSANDS	Sept 30, 2022	Sept 30, 2021
Development cost	39,724	40,119
Development cost under construction	22,733	20,538
Software	7,642	5,953
Patents	392	418
Customer relationships	130,444	138,168
Technology	11,327	11,509
Trade name	4,595	5,917
Total	**216,857**	**222,622**

Amortization expenses on development costs include impairment losses of €(484) thousand (PY: €(760) thousand) due to the withdrawal of customers from the respective projects. The impairment loss is included in the research and development expenses.

Previously recognized impairment on other intangible assets is reversed if the reason for the impairment no longer exists. In this case, the Group would recognize a reversal of the impairment loss up to a maximum of the amortized historical cost.

Contractual commitments for the acquisition of intangible assets amount to €1,636 thousand (PY: €1,185 thousand).

16 Other financial assets

Other financial assets T _ 061

	Sept 30, 2022			Sept 30, 2021		
IN € THOUSANDS	Current	Non-current	Total	Current	Non-current	Total
Other miscellaneous	600	–	600	601	–	601
Other financial assets	**600**	**–**	**600**	**601**	**–**	**601**

OTHER MISCELLANEOUS

Other miscellaneous financial assets in the fiscal year 2022 comprise €538 thousand (PY: €538 thousand) from the contingent consideration from the business combination with General Aerospace GmbH. Furthermore, an amount of €62 thousand (PY: €64 thousand) relates to the security retention amount of the sale of trade accounts receivable from a factoring arrangement (€12.7 million (PY: €9.7 million)). Stabilus considers that its other financial assets have a low credit risk based on the external credit ratings of the customers and impairments were insignificant.

17 Other assets

Non-current prepayments comprise prepayments on property, plant and equipment.

Other assets T _ 062

IN € THOUSANDS	Sept 30, 2022			Sept 30, 2021		
	Current	Non-current	Total	Current	Non-current	Total
VAT	7,025	–	7,025	9,949	–	9,949
Prepayments	3,124	775	3,899	2,447	762	3,209
Deferred charges	9,915	–	9,915	7,653	–	7,653
Other miscellaneous	2,472	638	3,110	1,528	420	1,948
Other assets	**22,536**	**1,413**	**23,949**	**21,577**	**1,182**	**22,759**

18 Inventories

Inventories T _ 063

IN € THOUSANDS	Sept 30, 2022	Sept 30, 2021
Raw materials and supplies	85,643	67,205
Finished products	32,308	31,536
Work in progress	23,369	20,841
Merchandise	26,131	17,308
Inventories	**167,451**	**136,890**

Inventories that are expected to be turned over within twelve months amounted to €167,451 thousand (PY: €136,890 thousand). Impairments on inventories to net realizable value amounted to €(15,254) thousand (PY: €(17,843) thousand). The raw materials, consumables and changes in finished goods and work in progress recognized as cost of sales amounted to €(541,345) thousand (PY: €(435,769) thousand) in the reporting period.

The Stabilus Group’s prepayments for inventories amounting to €1,649 thousand (PY: €1,339 thousand) are included in prepayments in other current assets.

19 Trade and other receivables

Trade accounts receivable and other receivables include the following items:

Trade and other receivables T _ 064

IN € THOUSANDS	Sept 30, 2022	Sept 30, 2021
Trade accounts receivable	195,087	133,852
Other receivables	6,148	4,936
Allowance for doubtful accounts	(3,579)	(2,102)
Trade and other receivables	**197,656**	**136,686**

Trade accounts receivable increased in the fiscal year ended September 30, 2022, mainly as a result of the market recovery from the COVID-19 pandemic and the solid business performance of the Stabilus Group in the past fiscal year. Other receivables contain bills of exchange guaranteed by a bank for trade receivables of our Chinese clients.

The Stabilus Group uses an allowance matrix to measure expected credit losses (ECLs) over the remaining life of trade accounts receivable segmented by geographic region (EMEA, Americas and APAC). Loss rates are based on actual credit loss experience over the past years. These rates take into account the current conditions and the Group's view of economic conditions over the expected lives of the receivables. The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held), or the financial asset is more than 360 days past due. The gross carrying amount of a trade account receivable is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as of September 30, 2022:

Exposure to credit risk and ECLs T _ 065

	Sept 30, 2022		
IN € THOUSANDS	Weighted average loss rate	Gross carrying amount	Loss allowance
Region			
EMEA	0.58%	52,209	301
Americas	0.10%	74,420	77
APAC	0.50%	74,606	376
Total		**201,235**	**754**

	Sept 30, 2021		
IN € THOUSANDS	Weighted average loss rate	Gross carrying amount	Loss allowance
Region			
EMEA	0.24%	45,474	110
Americas	0.04%	49,911	18
APAC	0.15%	43,403	63
Total		**138,788**	**192**

Individual loss allowances of €(3,579) thousand (PY: €(2,102) thousand) were recognized as of the end of the reporting period.

The Group provides payment to its customers in the normal course of business and performs ongoing credit evaluations on certain customers' financial condition, but generally does not require collateral to support such receivables. The Group has recognized an allowance for doubtful accounts based on historically observed default rates adjusted for forward-looking estimates to accrue for expected credit losses. To determine the forward-looking economic conditions, the Group considers in particular the credit default swaps (CDS) of the respective client's geographical location that ensures the risks of the counterparty in the respective country are taken into account. In the course of the COVID-19-pandemic there were no significant defaulted trade account receivables and no additional allowances for doubtful accounts were recorded. In addition, the Group has taken out trade credit insurance to insure against the default risk.

The allowances for doubtful accounts developed as follows:

Allowance for doubtful accounts T _ 066

IN € THOUSANDS	Sept 30, 2022	Sept 30, 2021
Allowance for doubtful accounts as of Sept 30, 2021	**(2,102)**	**(2,822)**
Foreign currency differences	(141)	(76)
Increase in the allowance	(1,357)	(346)
Decrease in the allowance	21	1,142
Allowance for doubtful accounts as of Sept 30, 2022	**(3,579)**	**(2,102)**

20 Current tax assets

Current tax assets amounted to €8,074 thousand (PY: €7,965 thousand) and are measured at the amount expected to be recovered from the taxation authorities when the amount already paid in respect of current and prior periods exceeds the amount due for those periods.

21 Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks liquid funds and demand deposits. It amounted to €168,352 thousand (PY: €193,189 thousand) as of September 30, 2022. Cash in banks earned marginal interest at floating rates based on daily bank deposit rates.

The cash and cash equivalents are held with bank and financial institution counterparties, which are investment grade rated as of the end of the reporting period. The estimated impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflect external credit ratings of the counterparties and the short remaining maturities of the exposures. The Stabilus Group believes that the credit risk pertaining to its cash and cash equivalents is low. No significant impairments on cash and cash equivalents were identified in the fiscal year 2022.

22 Equity

The development of the equity is presented in the statement of changes in equity.

ISSUED CAPITAL

Issued capital as of September 30, 2022 amounted to €24.7 million (PY: €247 thousand) and was fully paid in. It is divided into 24,700,000 no-par value bearer shares, each of €1.00 (PY: €0.01). In conjunction with the Extraordinary General Meeting on March 24, 2022 on the change of the legal form to a European Company (Societas Europaea, SE), it was resolved to increase the nominal value per share from €0.01 to €1.00, thereby increasing the share capital from €247,000 to €24,700,000. The resolved increase was implemented using the Company's own funds from capital reserves.

By way of resolution of the Extraordinary General Meeting on August 11, 2022, the authorized capital of the Company was set at €27,170 thousand (PY: €271 thousand), represented by a maximum of 27.1 million shares, each with nominal value of €1.00 (PY: €0.01).

AUTHORIZATION TO ACQUIRE OWN SHARES

Based on the resolution of the Annual General Meeting on February 12, 2020, the Company is still authorized under Luxembourg law to acquire treasury shares until 12 February 2025. The authorization is limited to an acquisition of a maximum of 2 million shares at a price that should not fall below 10% of the average closing price of the last three trading days prior to the repurchase resolution in XETRA trading on the Frankfurt Stock Exchange and should not exceed 20%. The shares acquired on the basis of this authorization may be used for any purpose permitted by applicable law.

The Company did not acquire any treasury shares in the 2022 fiscal year.

CAPITAL RESERVES

The capital reserves amounted to €201,395 thousand as of September 30, 2022 (PY: €225,848 thousand). The capital reserves are reported separately to show the total amount of capital that shareholders have contributed to the Company in addition to the Company's issued capital. In conjunction with the Extraordinary General Meeting on March 24, 2022 on the change of the legal form to a European Company (Societas Europaea, SE), an amount of €24,453,000 was transferred to issued capital.

RETAINED EARNINGS

Retained earnings amounted to €421,129 thousand as of September 30, 2022 (PY: €348,746 thousand) and included the Group's net result for the fiscal year 2022 of €102,961 thousand.

DIVIDENDS

A dividend amounting of €30.88 million (PY: €12.35 million) was paid to our shareholders in the second quarter of the fiscal year 2022. A dividend of €790 thousand (PY: €664 thousand) was paid to non-controlling shareholders of a Stabilus subsidiary in the fiscal year 2022.

The Management Board and the Supervisory Board have resolved to propose a dividend distribution of €1.75 per share (PY: €1.25 per share) to the Annual General Meeting to be held Frankfurt on February 15, 2023. The total dividend will thus amount to €43.23 million (PY: €30.88 million) and the distribution ratio will be 42.0% (PY: 42.1%) of the consolidated profit attributable to the shareholders of Stabilus SE (formerly: Stabilus S. A.). Liabilities have not been recognized in the consolidated financial statements as of September 30, 2022 as this dividend is subject to shareholder approval at the Annual General Meeting.

OTHER RESERVES

The following table shows a breakdown of the line item "Other reserves" and the movements in such reserves during the reporting period. A description of the nature and purpose of each reserve is provided in the table below.

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

The unrealized actuarial gains and losses relate to the Stabilus defined benefit pension plan which is further explained in Note 27.

Accumulated other comprehensive income / (expense) T _ 067

IN € THOUSANDS	Cumulative foreign currency translation adjustment	Unrealized actuarial gains and losses	Total
Balance as of Sept 30, 2020	**(36,613)**	**(15,507)**	**(52,120)**
Before tax	15,604	1,340	16,944
Tax (expense) / benefit	–	(415)	(415)
Other comprehensive income / (expense), net of taxes	15,604	925	16,529
Non-controlling interests	(2,531)	–	(2,531)
Balance as of Sept 30, 2021	**(23,540)**	**(14,582)**	**(38,122)**
Before tax	42,230	16,691	58,921
Tax (expense) / benefit	–	(5,029)	(5,029)
Other comprehensive income / (expense), net of taxes	42,230	11,662	53,892
Non-controlling interests	(1,215)	–	(1,215)
Balance as of Sept 30, 2022	**17,475**	**(2,920)**	**14,555**

23 Financial liabilities

The financial liabilities comprise the following items:

Financial liabilities T _ 068

IN € THOUSANDS	Sept 30, 2022 Current	Sept 30, 2022 Non-current	Sept 30, 2022 Total	Sept 30, 2021 Current	Sept 30, 2021 Non-current	Sept 30, 2021 Total
Senior facilities	–	100,000	100,000	–	192,282	192,282
Promissory note loan	–	150,000	150,000	–	95,000	95,000
Revolving credit facility	–	–	–	–	–	–
Other facilities	1,730	5,118	6,848	1,461	6,112	7,573
Financial liabilities	**1,730**	**255,118**	**256,848**	**1,461**	**293,394**	**294,855**

On June 28, 2022, Stabilus entered into a new facilities agreement with Commerzbank Aktiengesellschaft, DZ Bank AG, Landesbank Baden-Württemberg, Landesbank Hessen-Thüringen Girozentrale and UniCredit Bank AG as the mandated lead arrangers and facility agent. The facilities agreement is for an amount of €450.0 million with a basic term of five years and a prolongation option of two additional years until not longer than 2029. The facilities comprise a syndicated loan facility of €100.0 million and a syndicated revolving loan facility of €350.0 million. Depending on the Company's gearing, the facility bears interest at between 50 and 150 basis points above Euribor.

This new agreement was used to replace the previous senior facilities agreement for €640.0 million entered into on June 7, 2016. This agreement comprised a term loan facility of €455.0 million, an equity bridge facility of €115.0 million and a revolving credit facility of €70.0 million. In addition to the payments of principal amounting to €257.4 million by September 30, 2021, Stabilus also paid a further €97.6 million to the syndicate of banks in the fiscal year 2022. The residual nominal amount of €100.0 million was repaid by the new facility. The Group's liabilities under the senior facility (the non-current loan of €100.0 million) are measured at amortized cost.

The new loan facility also replaced the amendment to the senior facility agreement of June 7, 2016 signed on July 31, 2020. The amendment provided for an additional committed credit line of €50.0 million (until June 2023) and a temporary increase of the maximum leverage ratio permitted under the senior facility agreement.

On March 4, 2021, Stabilus issued a promissory note loan (*Schuldscheindarlehen*) with a total volume of €95.0 million through its subsidiary Stabilus GmbH and with Stabilus SE (formerly: Stabilus S. A.) acting as guarantor. The tranches of the promissory note loan with maturities of five and seven years bear variable interest rates.

On January 28, 2022, Stabilus issued a second promissory note loan with a volume of €55.0 million through its subsidiary Stabilus GmbH. Stabilus SE (formerly: Stabilus S. A.) serves as the guarantor. This promissory note loan has a maturity of five years and bears interest at a floating rate.

Stabilus now has a total promissory note loan volume of €150.0 million. Further details are described in the table below:

Overview tranches of promissory note loan T _ 069

IN € THOUSANDS

Tranche	Volume	Interest rate	Expiry date
5 years variable	83,000	6M-Euribor + 100bps	March 4, 2026
5 years variable	55,000	6M-Euribor + 80bps	January 28, 2027
7 years variable	12,000	6M-Euribor + 125bps	March 4, 2028
Total	**150,000**		

In the fiscal year 2018, Stabilus US Inc. entered into a $7.8 million loan agreement which defines monthly installments (interest and repayments). The effective interest rate for this loan is 3.95% and it matures on January 15, 2025. The outstanding nominal amount as of September 30, 2022 is $2.8 million (PY: $4.0 million). Furthermore, as part of the business combination in the fiscal year 2019, the Group entered into several bank loans with an outstanding nominal amount as of September 30, 2022 of €3.0 million (PY: €3.1 million). The effective interest rates are between 2.12% and 2.23%. The maturities of these loan agreements are between June 30, 2023 and September 30, 2023. In addition, the Group recognized purchase price obligations amounting to €0.8 million (PY: €1.0 million) for the acquired entities Piston and Clevers in the fiscal year 2019.

As of September 30, 2022, the Group had no liability under the committed revolving credit facility of €350.0 million (PY: -). The Group utilized €0.9 million out of the €350.0 million revolving credit facility to secure existing guarantees.

24 Other financial liabilities

The decrease is mainly due to payments of lease liabilities. The liabilities to employees mainly comprise outstanding salaries and wages.

Other financial liabilities T _ 070

IN € THOUSANDS	Sept 30, 2022			Sept 30, 2021		
	Current	Non-current	Total	Current	Non-current	Total
Liabilities to employees	10,625	–	10,625	9,417	–	9,417
Social security contributions	2,736	–	2,736	2,352	–	2,352
Lease liabilities	7,877	25,678	33,555	7,203	29,795	36,998
Other financial liabilities	**21,238**	**25,678**	**46,916**	**18,972**	**29,795**	**48,767**

25 Leases

In the ordinary course of business, the Stabilus Group is the lessee of property, plant and equipment (e.g. IT hardware, cars, and other machinery and equipment). Corresponding lease term options (e.g. renewal options) are taken into account for all leases. The use of such lease term options provides the Group with the greatest possible flexibility concerning its leased assets. The majority of the current options to extend or terminate the leases can only be exercised by the Group and not by the respective lessor. Within the Stabilus Group the extension options are solely used for the asset class "buildings". For all other leases the minimum term of lease is considered. The Stabilus Group applied the practical expedient in IFRS 16.6 by not accounting for short-term leases (leases with a lease term less than twelve months) and low-value assets (underlying asset < €/$5,000, e.g. printers and copiers) as right-of-use assets.

The future minimum lease payments under non-cancellable leases are expected to amount to €36.9 million (PY: €41.2 million) in the next few years. €8.9 million (PY: €8.3 million) of this is payable within the fiscal year 2023.

The Stabilus Group expects interest expenses on lease liabilities of €1.0 million (PY: €1.1 million) for the fiscal year 2023.

The lease liabilities amounted to €33.6 million (PY: €37.0 million) as of September 30, 2022. €7.9 million (PY: €7.2 million) of this is payable within the fiscal year 2023.

In the fiscal year 2022, the Group made lease payments of €0.4 million (PY: €0.5 million) for low-value leases and €0.3 million (PY: €0.7 million) for short-term leases.

Outflows for lease payments T _ 071

IN € THOUSANDS	Sept 30, 2022	Sept 30, 2021
Within one year	8,914	8,347
After one year but not more than five years	21,790	23,014
More than five years	6,191	9,820
Total	**36,895**	**41,181**

Interest expense on lease liabilities T _ 072

IN € THOUSANDS	Sept 30, 2022	Sept 30, 2021
Within one year	1,037	1,144
After one year but not more than five years	2,052	2,545
More than five years	251	494
Total	**3,340**	**4,183**

Maturity of lease liabilities T _ 073

IN € THOUSANDS	Sept 30, 2022	Sept 30, 2021
Within one year	7,877	7,203
After one year but not more than five years	19,738	20,469
More than five years	5,940	9,326
Total	**33,555**	**36,998**

Expenses of short-term and low-value leases T _ 074

IN € THOUSANDS	Sept 30, 2022	Sept 30, 2021
Expenses related to short-term leases	298	742
Expenses related to low-value leases	444	471
Total	**742**	**1,213**

26 Provisions

Provisions T _ 075

IN € THOUSANDS	Sept 30, 2022			Sept 30, 2021		
	Current	Non-current	Total	Current	Non-current	Total
Anniversary benefits	18	109	127	14	146	160
Early retirement contracts	1,379	1,236	2,615	1,360	1,638	2,998
Employee-related costs	15,135	–	15,135	15,329	–	15,329
Environmental protection	465	779	1,244	268	1,041	1,309
Other risks	3,965	–	3,965	6,926	–	6,926
Legal and litigation costs	76	–	76	64	–	64
Warranties	20,173	–	20,173	18,932	–	18,932
Other miscellaneous	6,992	566	7,558	6,372	393	6,765
Provisions	**48,203**	**2,690**	**50,893**	**49,265**	**3,218**	**52,483**

The discount rate used for early retirement contracts used for the calculation of non-current provisions was applied in accordance with the expert opinion. For all other provisions as of September 30, 2022 the discount rate was 0.0% (PY: 0.0%). The non-current provisions developed as follows:

Changes of non-current provisions T _ 076

IN € THOUSANDS	Anniversary benefits	Early retirement	Environmental protection	Other miscellaneous	Total
Balance as of Sept 30, 2020	**154**	**2,046**	**1,051**	**448**	**3,699**
Reclassifications	–	–	(21)	–	(21)
Foreign currency differences	–	–	11	1	12
Costs paid	(10)	–	–	(56)	(66)
Release to income	–	(410)	–	–	(410)
Additions	2	2	–	–	4
Balance as of Sept 30, 2021	**146**	**1,638**	**1,041**	**393**	**3,218**
Reclassifications	–	(262)	(411)	–	(673)
Foreign currency differences	8	–	149	54	211
Costs paid	(122)	(140)	–	(166)	(428)
Release to income	–	–	–	–	–
Additions	77	–	–	285	362
Balance as of Sept 30, 2022	**109**	**1,236**	**779**	**566**	**2,690**

The development of current provisions is set out in the table below:

Changes of current provisions

T _ 077

IN € THOUSANDS	Employee-related costs	Environmental protection	Other risks	Legal and litigation costs	Anniversary benefits	Early retirement	Warranties	Other miscellaneous	**Total**
Balance as of Sept 30, 2020	**12,893**	**460**	**3,719**	**60**	**21**	**1,350**	**15,676**	**5,989**	**40,168**
Foreign currency differences	554	(1)	79	4	–	–	504	62	1,202
Reclassifications	–	21	–	–	–	–	–	(56)	(35)
Costs paid	(7,297)	(212)	(1,413)	–	(10)	(635)	(4,969)	(4,951)	(19,487)
Release to income	(3,584)	–	–	–	–	–	(870)	(422)	(4,876)
Additions	12,763	–	4,541	–	3	645	8,591	5,750	32,293
Balance as of Sept 30, 2021	**15,329**	**268**	**6,926**	**64**	**14**	**1,360**	**18,932**	**6,372**	**49,265**
Foreign currency differences	1,347	65	220	12	3	–	2,235	379	4,261
Reclassifications	–	411	–	–	–	262	–	–	673
Costs paid	(11,816)	(279)	(4,268)	–	(7)	(243)	(6,813)	(4,438)	(27,864)
Release to income	(132)	–	(2,698)	–	–	–	(3,452)	(2,922)	(9,204)
Additions	10,407	–	3,785	–	8	–	9,271	7,601	31,072
Balance as of Sept 30, 2022	**15,135**	**465**	**3,965**	**76**	**18**	**1,379**	**20,173**	**6,992**	**48,203**

The provision for employee-related expenses comprises employee bonuses and termination benefits.

The provision for environmental protection measures relate to the former Stabilus Inc. US site in Colmar, PE, USA at the North Penn Area 5 that was vacated in 1985. Since then, this North Penn Area 5 has been identified by the United States Environmental Protection Agency (EPA) as an area requiring environmental remediation. In 2011, the EPA contacted seven companies in the North Penn Area 5 as potential responsible parties for cost sharing, Stabilus being one of them. The Group is currently unable to develop a reasonable estimate of its share of the ultimate obligation as cost apportionment method of the EPA and Stabilus' insurance reimbursement are unclear at this time. As such, a liability for an EPA reimbursement was not recognized in the statement of financial position as of September 30, 2022. A current provision of €465 thousand (PY: €268 thousand) and a non-current provision of €779 thousand (PY: €1,041 thousand) were recognized as of September 30, 2022 for the corresponding ongoing long-term bioremediation.

The provision for other risks from purchase and sales commitments represents expected sales discounts, expected losses from pending deliveries of goods and other revenue-based liabilities.

The provision for legal and litigation costs represents costs of legal advice and notary charges as well as the costs of litigation.

The provision for warranties represents the accrued liability for pending risks from warranties offered by the Group for their products. The Group issues various types of contractual warranties under which it generally guarantees the performance of products delivered and services rendered. The Group accrues for costs associated with product warranties at the date products are sold. This also comprises provisions that are calculated for individual cases. Insurance reimbursements related to individual cases are reported in other financial assets if the recognition criteria are met.

27 Pension plans and similar obligations

Liabilities for the Group's pension benefit plans and other post-employment plans comprise the following:

Pension plans and similar obligations T _ 078

IN € THOUSANDS	Sept 30, 2022	Sept 30, 2021
Principal pension plan	36,986	54,512
Deferred compensation	172	177
Pension plans and similar obligations	**37,158**	**54,689**

Defined benefit plans and deferred compensation

DEFINED BENEFIT PLAN

The Stabilus Group granted post-employment pension benefits to employees in Germany. The level of post-employment benefits is generally based on eligible compensation levels or seniority within the Group hierarchy and years of service.

In order to mitigate future liquidity risk, the Group's pension policies for one major plan granted to employees who joined the Group prior to January 1, 2006 were amended as of December 21, 2010 and the entitlement earned in the former defined benefit plan was frozen. Going forward, no additional defined benefit titles can be earned except for certain older employees. At the same time, the Group introduced a defined contribution plan in which direct payments to an external insurer are made.

Liabilities for principal pension plans amounting to €36,986 thousand (PY: €54,512 thousand) result from unfunded accumulated benefit obligations.

The weighted average duration of the defined benefit obligations in the fiscal year 2022 is 13.0 years (PY: 15.6 years).

DEFERRED COMPENSATION

The deferred compensation is a form of retirement pay which is financed by the employees, where, based on an agreement between the Group and the employees, part of their income is retained by the Group and paid to the respective employees after retirement.

The total deferred compensation as of September 30, 2022 amounts to €172 thousand (PY: €177 thousand).

The unfunded status is as follows:

Unfunded status T _ 079

	Year ended Sept 30,	
IN € THOUSANDS	2022	2021
Present value of defined benefit obligations	38,434	55,918
Less: Fair value of plan assets	(1,276)	(1,229)
Unfunded status	**37,158**	**54,689**

The plan assets are invested as savings contributions in the traditional cover fund of ERGO Lebensversicherung.

The present value of the net pension liability developed as follows:

Present value of the net pension liability obligations T _ 080

IN € THOUSANDS	Year ended Sept 30, 2022	2021
Present value of net pension liability as of beginning of fiscal year	**54,689**	**57,029**
Service cost	275	279
Interest cost	603	613
Effect of change in financial assumptions	(15,648)	(25)
Experience assumptions	(1,043)	(1,315)
Actuarial (gains) / losses	(16,691)	(1,340)
Pension benefits paid	(1,718)	(1,892)
Present value of net pension liability as of fiscal year-end	**37,158**	**54,689**

The pension cost in the consolidated statement of comprehensive income includes the following expenses for defined benefit plans:

Pension cost for defined benefit plans T _ 081

IN € THOUSANDS	Year ended Sept 30, 2022	2021
Service cost	275	279
Interest cost	603	613
Pension cost for defined benefit plans	**878**	**892**

The present value of the defined benefit obligation and the experience adjustments arising on the plan liabilities are as follows:

Present value of the defined benefit obligation and the experience adjustments on the plan liabilities T _ 082

IN € THOUSANDS	Defined benefit obligation	Experience adjustments	Change in demographic assumptions
Sept 30, 2018	52,180	(107)	533
Sept 30, 2019	59,893	(605)	–
Sept 30, 2020	57,029	347	–
Sept 30, 2021	54,689	(1,315)	
Sept 30, 2022	**37,158**	**(1,043)**	**–**

Generally, the measurement date for the Group's pension obligations is September 30. The measurement date for the Group's net periodic pension cost generally is the beginning of the period. Assumed discount rates, pension increases and long-term return on plan assets vary according to the economic conditions in the country in which the pension plan is situated.

The following assumptions (measurement factors) were used to determine the pension obligations:

Significant factors for the calculation of pension obligations T _ 083

IN % P. A.	Year ended Sept 30, 2021	2020
Discount rate	4.11%	1.31%
Pension increases	2.00%	1.50%
Turnover rate	4.00%	4.00%
Biometric assumptions	**Heubeck Mortality Table 2018G**	**Heubeck Mortality Table 2018G**

The discount rates for the pension plans are determined annually as of September 30, 2022 on the basis of first-rate, fixed-interest industrial bonds with maturities and values matching those of the pension payments.

Sensitivity analysis

If the discount rate were to differ by +0.5% / –0.5% from the interest rate used as of the end of the reporting period, the defined benefit obligation for pension benefits would be an estimated €2,354 thousand lower or €2,622 thousand higher. If the future pension increase used were to differ by +0.2% / –0.2% from management's estimates, the defined benefit obligation for pension benefits would be an estimated €848 thousand lower or €819 thousand higher. The reduction/increase of the mortality rates by one year results in an increase / decrease of life expectancy depending on the individual age of each beneficiary. The effects on the defined benefit obligation (DBO) due to a 1-year decrease / increase in life expectancy as of September 30, 2022 would result in an increase of €1,509 thousand or in a decrease of €1,524 thousand.

When calculating the sensitivity of the DBO to significant actuarial assumptions the same method (present value of the DBO calculated with the projected unit credit method) has been applied as when calculating the post-employment benefit obligation recognized in the consolidated statement of financial position. Increases and decreases in the discount rate or the rate of pension progression which are used in determining the DBO do not have a symmetrical effect on the DBO due to the compound interest effect created when determining the net present value of the future benefit. If more than one of the assumptions are changed simultaneously, the combined impact due to the changes would not necessarily be the same as the sum of the individual effects due to the changes. If the assumptions change at a different level, the effect on the DBO is not necessarily in a linear relation.

Expected pension benefit payments for the fiscal year 2023 amount to €1,986 thousand (PY: €1,910 thousand).

Defined contribution plans

The expenses incurred under defined contribution plans are primarily related to government-run pension plans. Expenses for these plans amounted to €12,966 thousand in the reporting period (PY: €12,418 thousand).

28 Trade accounts payable

Trade accounts payable amount to €114,076 thousand (PY: €90,364 thousand) as of the end of the fiscal year. The full amount is due within one year. The liabilities are measured at amortized cost. For information on liquidity and exchange rate risks for trade accounts payable, please see Note 33.

29 Current tax liabilities

The current tax liabilities amounted to €14,231 thousand (PY: €11,884 thousand) and relate to income and trade taxes.

30 Other liabilities

The following table sets out the breakdown of the Group's other current and non-current liabilities:

Other liabilities T _ 084

	Sept 30, 2022			Sept 30, 2021		
IN € THOUSANDS	Current	Non-current	Total	Current	Non-current	Total
Advance payments received	3,349	–	3,349	3,958	–	3,958
Vacation expenses	4,329	–	4,329	4,302	–	4,302
Other personnel-related expenses	8,129	–	8,129	7,521	–	7,521
Outstanding costs	6,181	–	6,181	5,431	–	5,431
Other miscellaneous	403	–	403	334	–	334
Other liabilities	**22,391**	**–**	**22,391**	**21,546**	**–**	**21,546**

31 Contingent liabilities and other financial commitments

Contingent liabilities

Contingent liabilities are possible obligations whose existence has yet to be confirmed by the occurrence or non-occurrence of uncertain future events that are not wholly within the control of the entity. If the outcome is probable and can be estimated, the liability is reported in the statement of financial position.

Further information regarding actual and contingent obligations imposed by the US EPA for the former Stabilus site in Colmar can be found in Note 26.

Guarantees

On October 11, 2005, Stabilus Romania S.R.L., Brasov, ("STRO") entered into a rental agreement with ICCO SRL (ICCO) for a production facility with an area of 8,400 square meters. The initial rental agreement had a contract period of seven years which has been extended. STAB Dritte Holding GmbH, Koblenz, which has merged into Stable Beteiligungs GmbH, Koblenz, a wholly owned subsidiary of the Company, issued a bank guarantee of €600 thousand (PY: €600 thousand), for the event that STRO will be unable to pay. Stabilus GmbH, Koblenz, issued a declaration of entry for the event that STRO will be unable to pay.

On September 22, 2005, Stabilus S. A. de C. V. ("STMX") entered into a lease agreement with Deutsche Bank Mexico, S. A., and Kimex Industrial BEN, LLC, for a production facility with an area of 28,951 square meters of land and 5,881 square meters of construction buildings in Ramos Arizpe, State of Coahuila, Mexico. The lease agreement had an initial contract period of ten years and has already been extended. Stabilus GmbH, Koblenz, issued a declaration of entry for the event that STMX will be unable to pay.

Given a normal course of economic development and a normal course of business, management believes these guarantees should not result in a material adverse effect for the Group.

Other financial commitments

The capital commitments for property, plant and equipment and other intangible assets increased from €4,265 thousand as of September 30, 2021 to €8,975 thousand as of September 30, 2022. The commitment for investments of €6,000 thousand was paid in full in the first quarter of the fiscal year 2022. There are currently no other subscript obligations of this kind within the Group.

The nominal values of other financial commitments are as follows:

Contingent liabilities and other financial commitments T _ 085

IN € THOUSANDS	Sept 30, 2022 Less than 1 year	Sept 30, 2022 1 to 5 years	Sept 30, 2022 More than five years	Sept 30, 2022 Total
Capital commitments for fixed assets	7,339	–	–	7,339
Capital commitments for other intangible assets	1,636	–	–	1,636
Capital commitments for investments	–	–	–	–
Total	**8,975**	**–**	**–**	**8,975**

IN € THOUSANDS	Sept 30, 2021 Less than 1 year	Sept 30, 2021 1 to 5 years	Sept 30, 2021 More than five years	Sept 30, 2021 Total
Capital commitments for fixed assets	3,080	–	–	3,080
Capital commitments for other intangible assets	1,185	–	–	1,185
Capital commitments for investments	6,000	–	–	6,000
Total	**10,265**	**–**	**–**	**10,265**

32 Financial instruments

The following table shows the carrying amounts and fair values of the Group's financial instruments within the meaning of IFRS 7 and by measurement category. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial instruments

T _ 086

IN € THOUSANDS	Measurement category acc. to IFRS 9	Sept 30, 2022 Carrying amount	Sept 30, 2022 Fair value[1]	Sept 30, 2021 Carrying amount	Sept 30, 2021 Fair value[1]
Other investments	FVtPL	6,000	6,000	–	–
Trade and other receivables	AC	197,656	–	136,686	–
Cash	AC	168,352	–	193,189	–
Other financial assets	AC	62	–	63	–
Contingent consideration	FVtPL	538	538	538	538
Total financial assets		**372,608**	**6,538**	**330,476**	**538**
Financial liabilities	FLAC	256,848	258,448	294,855	300,161
Trade accounts payable	FLAC	114,076	–	90,364	–
Lease liabilities	n/a	33,555	–	36,998	–
Total financial liabilities		**404,479**	**258,448**	**422,217**	**300,161**
Aggregated according to categories in IFRS 9:					
Financial assets measured at amortized cost (AC)		366,070	–	329,938	–
Financial assets measured at fair value through profit or loss (FVtPL)		6,538	6,538	538	538
Financial liabilities measured at amortized cost (FLAC)		370,924	258,448	385,219	300,161

[1] The simplification option under IFRS 7.29a was utilized. This does not apply to contingent consideration.

The following table provides an overview of the classification of financial instruments presented above in the fair value hierarchy, except for financial instruments with fair values corresponding to the carrying amounts (i.e. trade accounts receivable and payable, cash and other financial liabilities):

Financial instruments T _ 087

IN € THOUSANDS	Sept 30, 2022 Total	Sept 30, 2022 Level 1[1]	Sept 30, 2022 Level 2[2]	Sept 30, 2022 Level 3[3]	Sept 30, 2021 Total	Sept 30, 2021 Level 1[1]	Sept 30, 2021 Level 2[2]	Sept 30, 2021 Level 3[3]
Financial liabilities								
Senior facilities	98,651	–	98,651	–	197,865	–	197,865	–
Promissory note loan	152,456	–	152,456	–	94,500	–	94,500	–
Other facilities	7,341	–	7,341	–	7,796	–	7,796	–
Investments	6,000	–	6,000	–	–	–	–	–
Contingent consideration	538	–	538	–	4,538	–	4,538	–

[1] Fair value measurement based on quoted prices (unadjusted) in active markets for these or identical instruments.
[2] Fair value measurement based on inputs that are observable on active markets either directly (i.e. as prices) or indirectly (i.e. derived from prices).
[3] Fair value measurement based on inputs that are not observable market data.

It is the Group's policy to recognize transfers into and out of a level of the fair value hierarchy at the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 2 and Level 3 of the fair value hierarchy in the current and the prior fiscal year.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair values in the prior fiscal year:

– The senior secured notes and the promissory note loan are categorized within Level 2 of the fair value hierarchy as the instruments themselves are not traded in an active market, but as all significant inputs required for their fair value measurement are observable in active markets. Their fair value is estimated using a present value technique, by discounting the contractual cash flows using the implied yields for similar instruments of entities with a similar standing and marketability. The most significant input is the discount rate that reflects the credit risk of the issuer. The Group obtains the valuation for its senior secured notes from an independent service provider on a quarterly basis. The fair value of the contingent consideration does not underlie any variation. The recognized amount is fixed in the purchase agreement. The carrying amounts of trade accounts receivable, cash, other financial assets and trade accounts payable closely approximate their fair value due to their predominantly short-term nature.

The net gains and losses on financial instruments result in the fiscal year ended September 30, 2022 from the currency translation and changes in the estimate of future cash flows of financial assets measured at amortized cost and financial liabilities measured at amortized cost, as well as gains from changes in fair value of derivative instruments. They are set out in Notes 9 and 10. The net foreign exchange gain amounted to €12,851 thousand (PY: loss of €(824) thousand).

Total interest income and expense from financial instruments are reported in Notes 9 and 10.

33 Risk reporting

Internal risk management

Within the budgeting process the Group employs an integrated system for the early identification and monitoring of risks specific to the Group, in order to identify changes in the business environment and deviations from targets at an early stage and to initiate countermeasures in advance. This includes monthly short- and medium-term analysis of the order intake and of the accounts receivable balance. Based on the results of this initial assessment further evaluations are frequently conducted for individual companies if deemed appropriate. Customer behavior is ascertained and analyzed continuously, and the information obtained from these serves as an early warning indicator for possible changes in demand patterns.

In addition, significant KPIs (order intake, revenue and EBIT, staffing level, quality indicators) are reported monthly by all Group companies and are assessed by the Group's management.

Financial risks

The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group. These risks include credit risk, liquidity risk and market risk (including currency risk and fair value interest rate risk).

The Group seeks to minimize the effects of financial risks by using derivative financial instruments to hedge these exposures wherever considered economically reasonable. The use of financial derivatives is governed by the Group's policies released by the Management Board, which provide principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Group does not have any derivative financial instruments as of September 30, 2022.

Credit risks

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted a policy of dealing only with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from payment defaults. The Stabilus Group does not hold any collateral as of the end of the reporting period. The Group's exposure and the credit ratings of its counterparties are monitored, and the aggregate value of transactions entered into is spread amongst approved counterparties.

Trade accounts receivable consist of a large number of customers, spread across diverse industries and geographical areas. Credit evaluation is performed on the financial condition of accounts receivable and, where viewed appropriate, credit guarantee insurance cover is purchased. Besides this, commercial considerations are taken into account when determining the maximum volume of the credit lines granted to each customer. The Group has established the policy to write off all trade receivables when there is no reasonable expectation of payment. Among others, the failure to make payments within 360 days from the invoice date or the initiation of bankruptcy proceedings are considered indicators of no reasonable expectation of recovery. In addition, the Group has recognized an allowance for doubtful accounts based on historically observed default rates adjusted for forward-looking estimates to accrue for expected credit losses. To determine the forward-looking economic conditions, the Group considers in particular the credit default swaps (CDS) of the respective client's geographical location that ensures the risks of the counterparty in the respective country are taken into account.

There has not been a significant increase in defaulted trade account receivables in conjunction with the COVID-19-pandemic or the war in Ukraine and an additional allowance for doubtful accounts has not been recognized. In addition, the Group has taken out trade credit insurance to insure against the default risk.

The maximum exposure to credit risk is reflected by the carrying amounts of the following financial assets:

Credit risks included in financial assets T _ 088

IN € THOUSANDS	Neither past due nor impaired	< 30 days	30 – 60 days	60 – 90 days	90 – 360 days	> 360 days	Total
	Sept 30, 2022						
Financial assets							
Trade and other receivables	181,223	12,227	1,564	759	1,873	10	197,656
Other miscellaneous	600	–	–	–	–	–	600
Cash and cash equivalents	168,352	–	–	–	–	–	168,352
Total	**350,175**	**12,227**	**1,564**	**759**	**1,873**	**10**	**366,608**

IN € THOUSANDS	Neither past due nor impaired	< 30 days	30 – 60 days	60 – 90 days	90 – 360 days	> 360 days	Total
	Sept 30, 2021						
Financial assets							
Trade and other receivables	125,540	8,469	838	563	1,269	7	136,686
Other miscellaneous	601	–	–	–	–	–	601
Cash and cash equivalents	193,189	–	–	–	–	–	193,189
Total	**319,330**	**8,469**	**838**	**563**	**1,269**	**7**	**330,476**

Credit risk resulting from other financial assets, which comprise cash and cash equivalents and miscellaneous financial assets, arises from a possible default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Group does not have any critical credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies and are also typically lenders to the Group. Therefore, the credit quality of financial assets which are neither past due nor impaired is considered to be high.

In the fiscal year 2022, the Group had one customer which accounted for about 10% of total external revenue, one customer which accounted for about 7% and one customer which accounted for about 5% of total external revenue. The revenue with these customers amounted to €106,982 thousand (PY: €111,773 thousand), €81,377 thousand (PY: €79,312 thousand) and €58,090 thousand (PY: €57,074 thousand), respectively. Revenue was generated in all three operating segments in the fiscal years 2022 and 2021.

Liquidity risks

The Management Board has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate banking facilities and reserve borrowing facilities and by monitoring forecast cash flow of the Group entities at regular intervals.

The following maturities summary shows how cash flow from the Group's liabilities as of September 30, 2022 will influence its liquidity position. The summary describes the course of the undiscounted principal and interest outflows of the financial liabilities and the undiscounted cash outflows of the trade accounts payable. The undiscounted cash outflows are subject to the following conditions:

If the counterparty can request payment at different dates, the liability is included on the basis of the earliest payment date. The underlying terms and conditions are described in Note 23 and Note 25.

In the fiscal years 2021 and 2022, the COVID-19-pandemic and the Russia / Ukraine war did not have any material adverse effects on the liquidity of the Stabilus Group.

Liquidity outflows for liabilities T _ 089

IN € THOUSANDS	Senior facilities	Promissory note loan	Other facilities	Lease liabilities	Trade accounts payable	Total
Within one year	800	1,420	1,671	8,914	114,076	126,881
After one year but not more than five years	103,000	142,435	5,252	21,790	–	272,477
More than five years	–	12,075	–	6,191	–	18,266
Total	**103,800**	**155,930**	**6,923**	**36,895**	**114,076**	**417,624**

FINANCE MARKET RISKS

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see below) and interest rates (see below). The Group has not entered into any derivative financial instruments as of September 30, 2022. The Group monitors closely its exposure to interest rate risk and foreign currency risk and regularly checks the opportunities of entering into derivative financial instruments.

EXCHANGE RATE RISK

As a result of its subsidiaries, the Group has significant assets and liabilities outside the euro area, especially in US dollars. These assets and liabilities are denominated in local currencies. When the net asset values are converted into euro, currency fluctuations result in period to period changes in those net asset values. The Group's equity position reflects these changes in net asset values. The Group does not hedge these structural currency risks.

The Group also has transactional currency exposures which arise from sales or purchases denominated in currencies other than the functional currency and loans denominated in foreign currencies. In order to mitigate the impact of currency exchange rate fluctuations for the operating business, the Group continually assesses its exposure and attempts to balance revenue and costs in a currency to thus reduce the currency risk.

Besides the balance sheet, the Group's revenue and costs are also impacted by currency fluctuations.

Stabilus' main exposure to currency risk is $52 million as of the end of the reporting period. An increase / decrease in the value of the US dollar compared to the euro of 1% would lead to an increase/decrease in EBIT of approximately €0.5 million.

HYPERINFLATION

The Group has one entity which is located in Argentina, a country where the inflation has been high for several years. After Argentina's cumulative inflation rate over a three-year period has exceeded 100% and as the qualitative indicators of hyperinflation are, to varying degrees, also present, we consider Argentina to be a hyperinflationary economy. The Group also has a company domiciled in Turkey. Turkey has been considered hyperinflationary since June 30, 2022. Accordingly, IAS 29 has to be applied which requires that the financial statements of subsidiaries reporting in the currencies of hyperinflationary economies are restated by applying a suitable general price index. This requirement also applies to our subsidiaries New CLEVERS S.R.L. and Piston Amortisör Sanayi ve Ticaret Anonim Şirketi. The effects of the application of IAS 29 have no material impact on the consolidated financial statements of the Stabilus Group as the revenue of the Argentinian and Turkish companies accounts for less than 1% of the Group's total revenue. We are continuously monitoring the development of our Argentine and Turkish operations.

INTEREST RATE RISK

The Group is exposed to interest rate risks that mainly relate to debt obligations as the Group's financing is primarily based on Euribor-based credit agreements.

The interest rate risk is assessed and managed by central financial risk management by analyzing the cash flow sensitivity of the Group's cash flows due to floating interest loans.

Stabilus' interest rate risk comprises variable-rate liabilities with a nominal amount of €250.0 million. An increase in variable interest rates (Euribor) of 1% would lead to an increase in finance costs of around €2.8 million. As the Euribor is at 0.225% as of September 30, 2022, a decrease has only a very minor impact on finance costs.

34 Capital management

The Stabilus Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to maintain an optimal capital structure through a balanced mix of debt and equity considering the positive effects of the debt tax shield and the additional costs of financial distress that result from increased leverage. For the accomplishment of this objective the Group monitors various internal factors like the development of some financial ratios over time but also considers external factors like changes in the competitive environment or in the overall economic conditions.

The Stabilus Group is not subject to any externally imposed capital requirements.

Given its broad product range and well-balanced global presence, under normal economic conditions the Stabilus Group generates predictable and sustainable cash flows.

For monitoring our capital structure, we utilize, among others, the ratio of "equity" to "total capital" as well as the ratio of "net debt" to "adjusted EBITDA (earnings before interest, taxes, depreciation and amortization)". The latter is also used as a covenant in the senior facilities agreement and its development is further explained in the management report. The Company does not expect a breach of this covenant.

The development of the equity ratio is set out in the table below:

Equity ratio T _ 090

	Year ended Sept 30,	
IN € THOUSANDS	2022	2021
Equity	669,690	544,337
Total assets	1,266,573	1,166,629
Equity ratio	52.9%	46.7%

In order to maintain or adjust the capital structure, the Stabilus Group can increase or decrease its dividend, issue new shares or return capital to our shareholders, and raise additional or reduce elements of our outstanding debt.

35 Notes to the consolidated statement of cash flows

The statement of cash flows is prepared in compliance with IAS 7. The statement of cash flows of the Stabilus Group shows the development of the cash flows from operating, investing and financing activities. Inflows and outflows from operating activities are presented in accordance with the indirect method and those from investing and financing activities by the direct method.

The cash funds reported in the statement of cash flows comprise all liquid funds, cash balances and cash at banks reported in the statement of financial position.

Interest payments of €5,108 thousand (PY: €5,422 thousand) are reflected in cash outflows from financial activities. Income tax payments of €33,860 thousand (PY: €29,685 thousand) are recognized in cash flow from operating activities.

The table below shows the details of changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows will be classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

Reconciliation financing activities T _ 091

IN € THOUSANDS	Senior facilities	Promissory note loan	Other facilities	Lease liabilities
Balance as of Sept 30, 2021	**192,282**	**95,000**	**7,573**	**36,998**
Cash receipts	100,000	55,000	–	–
Cash payments	(197,643)	–	(1,389)	(8,177)
Changes from financing cash flows	(97,643)	55,000	(1,389)	(8,177)
Effect of changes in foreign exchange rates	–	–	664	1,904
Other changes	5,361	–	–	2,830
Balance as of Sept 30, 2022	**100,000**	**150,000**	**6,848**	**33,555**

36 Segment reporting

The Stabilus Group is organized and managed primarily on a regional level. The three reportable operating segments of the Group are EMEA (Europa, Middle East, Africa), the Americas (North and South America) and APAC (Asia-Pacific). Based on the Stabilus guiding strategy "in the region, for the region", we have established our locations near the Group's customers and have continuously expanded this in recent years. Management reporting is based on the segment reporting structure. The customer structure, products and services offered (product portfolio) is largely similar in these three regional segments.

The Group measures the performance of its operating segments through a measure of segment profit or loss (key performance indicator) which is referred to as "adjusted EBIT". Adjusted EBIT represents EBIT, adjusted for exceptional non-recurring items (e.g. restructuring or one-time advisory costs) and depreciation/amortization of fair value adjustments resulting from purchase price allocations (PPAs).

Segment information for the fiscal years ended September 30, 2022 and 2021 is as follows:

Segment reporting T _ 092

IN € THOUSANDS	EMEA Year ended Sept 30, 2022	EMEA 2021	Americas Year ended Sept 30, 2022	Americas 2021	APAC Year ended Sept 30, 2022	APAC 2021
External revenue[1]	469,420	463,993	387,479	323,486	259,446	150,189
Intersegment revenue[1]	34,197	29,885	31,790	25,253	299	235
Total revenue[1]	503,617	493,878	419,269	348,739	259,745	150,424
Depreciation and amortization (incl. impairment losses)	(35,173)	(34,336)	(17,538)	(15,764)	(11,631)	(9,075)
EBIT	48,499	61,120	48,350	40,493	49,525	24,303
Adjusted EBIT	**54,685**	66,921	**51,805**	43,643	**49,686**	24,455

IN € THOUSANDS	Total segments Year ended Sept 30, 2022	Total segments 2021	Other / Consolidation Year ended Sept 30, 2022	Other / Consolidation 2021	Stabilus Group Year ended Sept 30, 2022	Stabilus Group 2021
External revenue[1]	1,116,345	937,668	–	–	1,116,345	937,668
Intersegment revenue[1]	66,286	55,373	(66,286)	(55,373)	–	–
Total revenue[1]	1,182,631	993,041	(66,286)	(55,373)	1,116,345	937,668
Depreciation and amortization (incl. impairment losses)	(64,342)	(59,175)	(4,658)	(4,658)	(69,000)	(63,833)
EBIT	146,874	125,916	(4,658)	(4,658)	142,216	121,258
Adjusted EBIT	**156,176**	135,019	**–**	–	**156,176**	135,019

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

The column "Other/Consolidation" includes among others the effects from the purchase price allocation for the April 2010 business combination. The effects from the purchase price allocation for the June 2016 and April 2019 business combinations are included in the regions.

The EBIT of the EMEA operating segment in the fiscal year ended September 30, 2022 includes impairment losses of €(541) thousand (PY: €(763) thousand). The amounts presented in the column "Other/ Consolidation" above include the elimination of transactions between the segments and certain other corporate items which are related to the Stabilus Group as a whole and are not allocated to the segments, e.g. depreciation from purchase price allocations.

The following table sets out the reconciliation of the total segments' profit (adjusted EBIT) to profit before income tax:

Reconciliation of the total segments' profit to profit / (loss) before income tax T _ 093

IN € THOUSANDS	Year ended Sept 30, 2022	2021
Total segments' profit (adjusted EBIT)	**156,176**	**135,019**
Other / consolidation	–	–
Group adjusted EBIT	**156,176**	**135,019**
Adjustments to EBIT	(13,960)	(13,761)
Profit from operating activities (EBIT)	**142,216**	**121,258**
Finance income	15,202	700
Finance costs	(14,167)	(13,953)
Profit before income tax	**143,251**	**108,005**

The information about geographical areas is set out in the following tables:

Geographical information: Revenue by country T _ 094

IN € THOUSANDS	Year ended Sept 30, 2022	2021
Germany	336,801	337,886
Romania	116,616	114,878
UK	4,969	4,556
Turkey	10,217	5,946
Netherlands	817	727
EMEA	**469,420**	**463,993**
Mexico	207,677	167,547
USA	167,984	147,287
Brazil	8,790	7,098
Argentina	3,028	1,554
Americas	**387,479**	**323,486**
China	215,935	121,044
South Korea	32,081	16,612
Australia	3,112	3,223
Japan	6,304	7,414
New Zealand	2,014	1,896
APAC	**259,446**	**150,189**
Revenue	**1,116,345**	**937,668**

Geographical information: Non-current assets by country T _ 095

IN € THOUSANDS	Year ended Sept 30, 2022	2021
Germany	225,170	220,548
Romania	32,557	32,730
Spain	–	730
Luxembourg	–	594
Netherlands	0	0
UK	4,797	5,274
Turkey	1,997	2,054
France	63	90
Goodwill	122,000	123,974
EMEA	**386,584**	**385,994**
USA	76,342	70,014
Mexico	44,810	37,559
Brazil	3,027	1,260
Argentina	746	674
Goodwill	82,038	71,395
Americas	**206,963**	**180,902**
China	68,847	65,151
South Korea	9,009	7,270
Australia	1,178	1,198
Singapore	49	93
Japan	1,317	1,287
New Zealand	339	428
Goodwill	12,768	12,698
APAC	**93,507**	**88,125**
Total	**687,054**	**655,021**

The non-current assets do not include financial instruments, deferred tax assets, post-employment benefit assets or rights arising under insurance contracts.

37 Share-based payments

The Group established share-based payment arrangements for members of the Management Board (Matching Stock Program) and for senior management employees (Phantom Stock Program). The Matching Stock Program and the Phantom Stock Program were discontinued in prior years and no further tranches have been granted. The current share-based payment arrangement is the Performance Share Plan.

Matching Stock Program

The variable compensation for the individual members of the Management Board includes a matching stock program. The Matching Stock Program (the "MSP") provides for four annual tranches granted each year during the fiscal year ending September 30, 2014 until September 30, 2017. The program "MSP A" was extended by one year to September 30, 2018. Owing to the unpredictable and extraordinary impact of COVID-19 on the share price development of Stabilus, which was beyond management's influence, the Supervisory Board decided to extend the two-year exercise period for the tranches 2016 to 2018 by two years for the current Management Board members. This measure retains the incentive effect of the MSP tranches. However, the performance targets including number of options and exercise prices remain unchanged. Participation in the Matching Stock Program requires Management Board members to invest in shares of the Company. The investment must generally be held for the lock-up period.

As part of the Matching Stock Program A (the "MSP A"), for each share the Management Board invests in the Company in the specific year (subject to general cap), the Management Board members receive a certain number of fictitious options to acquire shares in the Company for each tranche of the Matching Stock Program. The amount of stock options received depends upon a factor to be set by the Supervisory Board annually in a range between 1.0 and 1.7 times for a certain tranche. Thus, if a Management

Board member were to buy 1,000 shares under the MSP A in the Company, he would receive 1,000 to 1,700 fictitious options for a certain tranche. The fictitious options are subject to a lock-up period of four years and can be exercised during a subsequent two-year exercise period.

As part of Matching Stock Program B (the "MSP B"), for each share the Management Board holds in the Company in the specific year (subject to a general cap), the Management Board members receive a certain number of fictitious options to acquire shares in the Company for each tranche of the Matching Stock Program. The amount of stock options received depends upon a factor to be set by the Supervisory Board (Remuneration Committee) annually which will be in a range between 0.0 and 0.3 times for a certain tranche. Thus, if a Management Board member were to be holding 1,000 shares under the MSP B in the Company, he would receive 0 to 300 fictitious options for a certain tranche.

The fictitious options are subject to a lock-up period of four years and can be exercised during a subsequent two-year exercise period. The options may be exercised only if the stock price of the Company exceeds a set threshold for the relevant tranche, which the Supervisory Board will determine at the time of granting the options, and which needs to be between 10% and 50% growth over the base price, which is the share price on the grant date. If exercised, the fictitious options are transformed into a gross amount equaling the difference between the option price and the relevant stock price multiplied by the number of exercised options. The Company is planning a cash settlement. The maximum gross amounts resulting from the exercise of the fictitious options of one tranche in general is limited in amount to 50% of the base price. The reinvestment of IPO proceeds from previous equity programs is not taken into account for MSP A.

Measurement of fair values

The fair value of the share-based payments of the MSP has been measured using a binomial simulation.

The inputs used in the measurement of the fair values at the grant date and the measurement date of the MSP include market conditions and were as follows. The expected volatility has been based on the historical volatility of the three-year period ending September 30, 2022.

Input parameters for fair value measurement of MSP T _ 096

VALUATION DATE	Sept 30, 2022	Sept 30, 2021	Sept. 30, 2020
MSP A (2017)			
Fair value	€2.50	€6.52	€7.01
Share price	€45.30	€60.55	€50.15
Expected annual volatility	33.0 %	32.0 %	47.0 %
Expected annual dividend yield	2.0 %	2.0 %	2.0 %
Expected remaining duration (timing of exercise)	–	–	1.0 year
Risk-free interest rate	1.77 %	(0.71) %	(0.67) %
Exercise price	€74.74	€74.74	€74.74
MSP A (2018)			
Fair value	€3.35	€9.00	€7.03
Share price	€45.30	€60.55	€50.15
Expected annual volatility	33.0 %	40.0 %	45.0 %
Expected annual dividend yield	2.0 %	2.0 %	2.0 %
Expected remaining duration (timing of exercise)	–	1.0 year	2.0 years
Risk-free interest rate	1.85 %	(0.73) %	(0.73) %
Exercise price	€74.22	€74.22	€74.22

Number of share options T _ 097

	MSP A/B (2016)		MSP A (2017)		MSP A (2018)	
	Number of options	Exercise price	Number of options	Exercise price	Number of options	Exercise price
Outstanding as of October 1, 2019	**20,129**	**€48.64**	**7,238**	**€74.74**	**10,423**	**€74.22**
Granted during the year	–	–	–	–	–	–
Forfeited during the year	4,112	–	–	–	–	–
Exercised during the year	–	–	–	–	–	–
Outstanding as of September 30, 2020	**16,017**	**€48.64**	**7,238**	**€74.74**	**10,423**	**€74.22**
Exercisable as of September 30, 2020	**16,017**	**€48.64**	**–**	**–**	**–**	**–**
Outstanding as of October 1, 2020	**16,017**	**€48.64**	**7,238**	**€74.74**	**10,423**	**€74.22**
Granted during the year	–	–	–	–	–	–
Forfeited during the year	–	–	764	–	–	–
Exercised during the year	12,808	–	–	–	–	–
Outstanding as of September 30, 2021	**3,209**	**€48.64**	**6,474**	**€74.74**	**10,423**	**€74.22**
Exercisable as of September 30, 2021	**3,209**	**€48.64**	**–**	**–**	**–**	**–**
Outstanding as of October 1, 2021	**3,209**	**€48.64**	**6,474**	**€74.74**	**10,423**	**€74.22**
Granted during the year	–	–	–	–	–	–
Forfeited during the year	3,209	–	–	–	–	–
Exercised during the year	–	–	–	–	–	–
Outstanding as of September 30, 2022	**–**	**–**	**6,474**	**€74.74**	**10,423**	**€74.22**
Exercisable as of September 30, 2022	**–**	**–**	**6,474**	**€74.74**	**10,423**	**€74.22**

Performance Share Plan

The members of the Management Board of Stabilus SE (formerly: Stabilus S. A.) and individual senior management employees received allocations under the Performance Share Plan ("PSP") in the form of virtual shares. The virtual shares of the Performance Share Plan are based on an annual target amount granted at the beginning of a three-year performance period as a future entitlement. In order to determine the target number of virtual shares granted, the annual target amount is divided by the start share price, whereby the start share price refers to the arithmetic mean of the Company's share closing price over the last 60 trading days prior to the respective performance period start date.

The performance factor that determines the final number of virtual shares is calculated at the end of the three-year performance period via the relative total shareholder return (weighted with 70%) and the EBIT margin (weighted with 30%).

The target achievement for the relative total shareholder return (TSR) is based on a comparison with the constituents of the MDAX index. In order to determine the relative TSR, firstly, the absolute TSR values of Stabilus as well as each index constituent of the MDAX over the respective performance period are calculated. The absolute TSR value of each company equals the theoretical growth in value of a share holding over the performance period, assuming that (gross) dividends are directly re-invested. Secondly, the calculated absolute TSR values of Stabilus and each index constituent are ranked by size in order to calculate the target achievement.

The target achievement for EBIT margin is based on a comparison with a strategic target. To determine the percentage of target achievement, the actual EBIT margin at the end of the respective performance period is compared with the strategic EBIT margin defined for the respective performance period.

The final number of virtual shares is determined by multiplying the overall target achievement with the target number of virtual shares granted. The final number of virtual shares is capped at 150% of the target number of virtual shares granted. The payout of the respective tranche of the Performance Share Plan is calculated by multiplying the final number of virtual shares with the relevant end share price including any dividends paid during the performance period. The end share price refers to the arithmetic mean of the Company's share closing price during the last 60 trading days prior to the respective performance period end date. The payout amount is limited to a maximum of 250% of the target amount (payout cap). The Performance Share Plan is paid out in cash at the end of the performance period.

Performance Share Plan T _ 098

VALUATION DATE	Sept 30, 2021	Sept 30, 2022	Sept 30, 2022
Performance period	Oct 1, 2020 – Sept 30, 2023	Oct 1, 2020 – Sept 30, 2023	Oct 1, 2021 – Sept 30, 2024
Price of the Stabilus share	€60.55	€45.30	€45.30
"Initial Price" Stabilus share	€45.76	€45.76	€65.10
Expected annual dividend yield	2.0 %	2.0 %	2.0 %
Remaining duration of granted performance shares	2.0 years	1.0 year	2.0 years
Risk-free annual interest rate (duration 2.0 years)	(0.73) %	1.54 %	1.67 %
Expected target achievement for internal target EBIT	100 %	100 %	100 %
Cap per performance share used in the valuation	250 % x €45.67	250 % x €45.76	250 % x €65.10

Options for the PSP were issued as follows in the fiscal year 2022:

Number of share options T _ 099

	PSP (2020)		PSP (2021)		PSP (2022)	
	Number of options	Fair value	Number of options	Fair value	Number of options	Fair value
Outstanding as of October 1, 2020	**23,162**	**€ 47.30**	**–**	**–**	**–**	**–**
Granted during the year	–	–	21,306	€ 44.19	–	–
Forfeited during the year	–	–	–	–	–	–
Exercised during the year	–	–	–	–	–	–
Outstanding as of September 30, 2021	**23,162**	**€ 62.04**	**21,306**	**€ 56.07**	**–**	**–**
Exercisable as of September 30, 2021	**–**	**–**	**–**	**–**	**–**	**–**
Outstanding as of October 1, 2021	**23,162**	**€ 62.04**	**–**	**–**	**–**	**–**
Granted during the year	4,308	–	–	–	18,135	€ 57.43
Forfeited during the year	–	–	406	–	589	
Exercised during the year	27,470	–	–	–	–	
Outstanding as of September 30, 2022	**–**	**–**	**20,900**	**€ 51.18**	**17,546**	**€ 49.84**
Exercisable as of September 30, 2022	**–**	**–**	**–**	**–**	**–**	**–**

Expense recognized in profit or loss

An amount of €586 thousand (PY: €1,146 thousand) was recognized in employee benefit expenses and an amount of €800 thousand (PY: €1,272 thousand) in provisions for employee-related expenses.

38 Auditor's fees

KPMG Luxembourg Société coopérative Cabinet de révision agréé was appointed as Stabilus' auditor for all financial statements since the 2014 fiscal year (year of the IPO on the Frankfurt Stock Exchange). In the context of the transfer from Stabilus SE registered office from Luxembourg to Germany, KPMG AG Wirtschaftsprüfungsgesellschaft was appointed as auditor.

For the fiscal year ended September 30, 2022, a fee (excluding VAT) of €864 thousand was agreed with the Group auditors for the audit of the consolidated and annual financial statements of the Stabilus entities. These fees are included in the Group's administrative expenses. The fee for

Auditor's fees

IN € THOUSANDS (EXCLUDING VAT)	Year ended Sept 30, 2022
Audit fees	730
Confirmation services	126
Tax fees	–
Other fees	8
Total	**864**

auditing services provided by KPMG AG Wirtschaftsprüfungsgesellschaft related primarily to the audit of the consolidated financial statements and the annual financial statements together with the combined management report of Stabilus SE and various audits of the annual financial statements of its subsidiaries. The other services provided by KPMG AG Wirtschaftsprüfungsgesellschaft relate to the audit of the separate non-financial report, the material audit of the remuneration report and agreed investigations into contractual obligations.

39 Related party relationships

According to IAS 24 the reporting entity has to disclose specific information of transactions between the Group and other related parties. Balances and transactions between the Company and its consolidated subsidiaries, which constitute related parties within the meaning of IAS 24, have been eliminated in the course of consolidation and are therefore not commented on in this note. To our knowledge, no individual shareholder of Stabilus SE (formerly: Stabilus S. A.) can exercise significant influence over the Company or the Group. The consolidated financial statements also include an associate (Cultraro Automazione Engineering S.r.l.) that is accounted for using the equity method. None of the Group entities can exercise significant influence over entities not included in consolidation. No transactions were performed with the associate in the fiscal year 2022.

Related parties of the Stabilus Group primarily comprise members of the Stabilus Group's management, who also holds an investment in the Company. The remuneration of and other transactions with key managers of the Company constitute related party transactions pursuant to IAS 24. For related party transactions with members of the Management Board and the Supervisory Board, please refer to the Notes "Share-based payment" and "Remuneration of key management personnel".

40 Remuneration of key management personnel

The key management personnel are the members of the Management Board, Dr. Michael Büchsner (CEO) and Stefan Bauerreis (CFO). The following directors were also employed in the fiscal year 2022: Mark Wilhelms (CFO until May 31, 2022 and Director of EMEA and HR until September 30, 2022), Andreas Schröder (Group Financial Reporting Director until August 31, 2022), Andreas Sievers (Director Group Accounting and Strategic Finance Projects until August 31, 2022).

Stabilus is required by the European Directive to establish a remuneration policy for the Supervisory Board and the Management Board. The principles and the evaluation of the remuneration policy for the Management Board and the Supervisory Board of Stabilus SE (formerly Stabilus S. A.) are prepared in accordance with the Second Shareholders' Directive (ARUG II) and the recommendations of the German Corporate Governance Code (GCGC) as amended. The remuneration report will be published separately from this annual report and is available on the Company's website at **WWW.STABILUS.COM/INVESTORS/CORPORATE-GOVERNANCE**.

The total remuneration paid to key management personnel of the Group is calculated as the amount of remuneration paid in cash, benefits in kind and expenses for share-based payments. Benefits in kind primarily comprise the provision of company cars and pensions.

The total remuneration of the above key management personnel at the various key Stabilus Group affiliates in the reporting period is as follows:

Remuneration T _ 101

	Year ended Sept 30,	
IN € THOUSANDS	2022	2021
Base salary	1,310	1,170
Fringe benefits	53	66
Pension expenses	301	254
Other remuneration[1]	260	–
Short-term incentive	1,169	1,272
Long-term incentive[2]	586	1,146
Total	**3,679**	**3,908**

[1] Settlement of the contractually agreed remuneration commitments and non-competition clause
[2] Expenses for share-based payments

Total remuneration decreased from €3,908 thousand in the fiscal year 2021 to €3,679 thousand in the fiscal year 2022.

The total remuneration for the members of the Supervisory Board amounts to €579 thousand (PY: €477 thousand).

The members of the Management and Supervisory Board have a combined direct interest in Stabilus SE (formerly: Stabilus S. A.) of around 0.3% (PY: 0.3%) of the total shares outstanding.

41 Subsequent events

As of December 8, 2022, there were no further events or developments that could have materially affected the measurement and presentation of the Group's assets and liabilities as of September 30, 2022.

Koblenz, December 8, 2022

Stabilus SE (formerly: Stabilus S. A.)
The Management Board

RESPONSIBILITY STATEMENT

We, Dr. Michael Büchsner (Chief Executive Officer) and Stefan Bauerreis (Chief Financial Officer), confirm, to the best of our knowledge, that the consolidated financial statements which have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of Stabilus SE (formerly: Stabilus S. A.) and the undertakings included in the consolidation taken as a whole and that the combined management report includes a fair review of the development and performance of the business and the position of Stabilus SE (formerly: Stabilus S. A.) and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Koblenz, December 8, 2022

DR. MICHAEL BÜCHSNER **STEFAN BAUERREIS**

Stabilus SE
The Management Board

MANAGEMENT BOARD OF STABILUS SE (FORMERLY STABILUS S. A.)

The Management Board has two members:

Dr. Michael Büchsner (born 1975, Austrian citizen) is the Chief Executive Officer. Over the past 20 years, he held a number of senior positions at components supplier TRW in Austria, Germany and the USA, and, following its takeover of TRW, at ZF Friedrichshafen AG. Most recently, he was global head of the Passive Safety Systems division. The main focus of his activities were strategy, finances, investments, and customer relations. Dr. Michael Büchsner holds a degree in chemical engineering from the Technical University of Graz, at which he later completed a doctorate, and an Executive MBA awarded by the St. Gallen Institute.

Stefan Bauerreis (born 1972, German citizen) is Chief Financial Officer (CFO) of Stabilus SE. He joined the company’s Management Board in June 2022. Previously, he worked for the Schaeffler Group since 2000, where he held various management positions in finance and was most recently CFO of the Europe region (incl. Africa, Arab countries as well as India up to and including 2019) from 2014 until he joined Stabilus. Prior to this, he was CFO of the Germany region for a total of six years and from 2003 to 2009 he was Head of Corporate Accounting and Chief Accountant of the Schaeffler Group. He started his career in 1998 at Mannesmann Internal Audit GmbH. Stefan Bauerreis holds a degree in business administration from Otto Friedrich University of Bamberg with a focus on finance, corporate management and controlling as well as taxes and auditing.

SUPERVISORY BOARD OF STABILUS SE (FORMERLY STABILUS S. A.)

The Supervisory Board has five members:

Dr. Stephan Kessel (born 1953, German citizen) has served as a member of the Supervisory Board since 2014 and as the Chairman of the Supervisory Board since 2018. From August 2018 to July 2019, he led Stabilus as Interim CEO and then returned to the position as Chairman of the Supervisory Board. For many years, he was a member of the managing board at Continental AG, and the company's CEO until 2002. Since then Dr. Kessel has taken up a number of board positions at European companies including Stabilus from 2008 onwards. In addition to his position at Stabilus, he currently serves as Chairman of the Supervisory Board of Novem Group S.A. and member of the Advisory Board of svt GmbH. Further he holds the position as a chairman of the board of Hitched Holdings 1 B.V., the holding company of ACPS.

Dr. Ralf-Michael Fuchs (born 1958, German citizen) has served as a member of the Supervisory Board since 2015 and as the Deputy Chairman of the Supervisory Board since September 2022. He was member of the Dürr Senior Executive Board and Chief Executive of Division Measuring and Process Systems until 2017. He served as Chairman of the board of various Dürr companies and as Chairman of the management board of Carl SCHENCK AG. Before he joined Dürr AG in 2000, he held various leading positions at IWKA AG and AGIV AG. From 2004 until 2018 he was member of the Board of Directors of Nagahama Seisakusho Ltd., Japan.

Dr. Joachim Rauhut (born 1954, German citizen) has served as a member of the Supervisory Board since May 12, 2015. He was a member of the Executive Board of Wacker Chemie AG until October 31, 2015. He joined the Management Board of Wacker Chemie GmbH in 2001 and supported Wacker Chemie's initial public offering in 2006. Previously, he served in various leading corporate positions, including posts at Mannesmann AG and Krauss-Maffei AG. He is a member of the Supervisory Board of MTU Aero Engines AG, creditshelf AG and was a member of the Advisory Counsel of J. Heinrich Kramer Holding GmbH until March 31, 2022.

Dr. Dirk Linzmeier (born 1976, German citizen) has served as a member of the Supervisory Board since 2018. He is CEO of the TTTech Auto AG. From 2006 to 2017 he held several leading positions in the development of driver assistance systems and automotive electronics at Robert Bosch GmbH. From 2014 to 2017 he served as Managing Director and Business Unit Leader Automotive Electronics and as Vice President of Corporate Start-up Management. Prior to that, he worked as a research engineer in Advanced Development at DaimlerChrysler AG.

Inka Koljonen (born 1973, Finnish citizen) has been a member of the Supervisory Board since February 16, 2022. As a member of the Executive Board, she has been responsible for Finance, IT and Legal Affairs at MAN Truck & Bus SE since February 2022. Previously, she was Chief Financial Officer at SAF-HOLLAND SE and, among other positions, CFO for the Catalysts business unit at Clariant AG and CFO of the Russia region for Siemens AG. Inka Koljonen holds a degree in business administration from Ludwig Maximilian University in Munich.

INDEPENDENT AUDITOR'S REPORT

To Stabilus SE, Frankfurt am Main

Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report

OPINIONS

We have audited the consolidated financial statements of Stabilus SE, Frankfurt am Main (until April 5, 2022: Stabilus S.A.; until September 1, 2022: Luxembourg), and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at September 30, 2022, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from October 1, 2021, to September 30, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the management report of Stabilus SE and the Group (hereinafter "combined management report") for the financial year from October 1, 2021, to September 30, 2022.

In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the "Other Information" section of our auditor's report.

The combined management report contains cross-references that are not provided for by law and which are marked as unaudited. In accordance with German legal requirements, we have not audited the cross-references and the information to which the cross-references refer.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 30 September 2022, and of its financial performance for the financial year from October 1, 2021, to September 30, 2022, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those components of the combined management report specified in the "Other Information" section of the auditor's report. The combined management report contains cross-references that are not provided for by law and which are marked as unaudited. Our audit opinion does not extend to the cross-references and the information to which the cross-references refer.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

BASIS FOR THE OPINIONS

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation No 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from October 1, 2021, to September 30, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

IMPAIRMENT TESTING OF GOODWILL

Please refer to the information in Sections 3 and 14 of the notes to the consolidated financial statements for information on the accounting policies applied and the assumptions made.

The financial statement risk

Goodwill amounted to EUR 216.8 million as of September 30, 2022, and accounts for a considerable share (17.1%) of the assets.

Goodwill is tested for impairment annually at the level of the relevant CGUs, irrespective of any indication of impairment. If impairment triggers arise during the financial year, an event-driven goodwill impairment test is also carried out during the year. For goodwill impairment testing, the carrying amount is compared to the recoverable amount of the respective CGU. If the carrying amount exceeds the recoverable amount, there is a need for impairment. The recoverable amount is the higher of the CGUs' fair value less costs to sell and its value in use. Goodwill was tested for impairment as of September 30, 2022.

Impairment testing is complex and based on a range of assumptions that require judgment. These include the expected business and earnings performance for the next 5 years, the assumed long-term growth rates and the discount rate used.

Based on the impairment tests conducted, the Company did not identify any need to recognize impairment losses. Furthermore, the Company's sensitivity analysis indicated that a reasonably possible change in the discount rate or the planned gross margin would not cause any goodwill impairment for individual CGUs.

There is the risk for the consolidated financial statements that an existing need to recognize impairment losses is not identified. There is also the risk that the disclosures in the notes to the consolidated financial statements are not appropriate.

Our audit approach

We evaluated the Company's assessment of whether there were any indications of impairment for goodwill-carrying CGUs.

We analyzed the budget prepared by the Management Board and approved by the Supervisory Board, which provides the basis for testing the goodwill for impairment. With the involvement of our valuation specialists and based on external market data and analyst estimates, we determined our own expected values for the recoverable amounts of the CGUs of Stabilus SE and compared these to the Company's measurements. Furthermore, with the help of our valuation specialists, we assessed the appropriateness of the Company's calculation method. To ensure the computational accuracy of the valuation method used, we verified the Company's calculations on the basis of selected risk-based elements. We evaluated the accuracy of the previous forecasts by comparing the budgets of previous financial years with actual results and by analyzing deviations. We compared the enterprise values resulting from the Company's budgets with the market capitalization figures to take into account expectations of external market participants concerning the feasibility of the budget.

Since changes to the discount rate can have a significant impact on the results of impairment testing, with the involvement of our valuation specialists we compared the components underlying the discount rate, in particular the risk-free rate, the CGU-specific risk premium and the beta coefficient, to our own assumptions and publicly available data.

In order to take forecast uncertainty into account, we examined the effects of potential changes in the gross margin after the end of the planning period on the recoverable amount.

Finally, we assessed whether the disclosures in the notes regarding impairment of goodwill were appropriate. This also included an assessment of the appropriateness of the disclosures pursuant to IAS 36.134(f) on sensitivities in the event of a reasonably possible change in key assumptions underlying the evaluation.

Our conclusions

The calculation method used for impairment testing of goodwill is appropriate and in line with the applicable accounting policies.

The assumptions and data used by the Company for measurement are reasonable overall.

The related disclosures in the notes are appropriate.

OTHER INFORMATION

The Management Board and/or the Supervisory Board are responsible for the other information. The other information comprises the following components of the combined management report, whose content was not audited:

- the Group's separate non-financial report, which is referred to in the combined management report, and
- the combined corporate governance statement of the Company and the Group, which is contained in the "Corporate governance statement" section of the combined management report.

The other information also includes the remaining parts of the annual report. The other information does not include the consolidated financial statements, the combined management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

The Management Board is responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the Management Board is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. Furthermore, the Management Board is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. Furthermore, the Management Board is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Management Board is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the Management Board and the reasonableness of estimates made by the Management Board and related disclosures.
- Conclude on the appropriateness of the Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material

uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the Management Board in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Management Board as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

REPORT ON THE ASSURANCE ON THE ELECTRONIC RENDERING OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT PREPARED FOR PUBLICATION PURPOSES IN ACCORDANCE WITH SECTION 317 (3A) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the combined management report (hereinafter the "ESEF documents") contained in the electronic file ESEF_StabilusSE_KA_2022-09-30.zip (SHA256-Hashwert: 32a8785a-f3aa2c415afaaee12b1a781b62e6f6d27f43bcbaa4f4c095a751c0d3) made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from October 1, 2021, to September 30, 2022, contained in the "Report on the Audit of the Consolidated Financial Statements and the Combined Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the consolidated financial statements and the combined management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (10.2021)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company's Management Board is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the Company's Management Board is responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, as amended as of the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and the audited combined management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, as amended as of the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

KPMG Luxembourg S.A., Luxembourg, was elected at the annual general meeting on February 16, 2022, as auditor of Stabilus S.A., Luxembourg for the financial year ended September 30, 2022. An extraordinary general meeting was held on March 24, 2022, during which it was resolved to change the legal form from the previous Société Anonym or S.A. to Societas Europaea or SE. The register entry was made via the competent Luxembourg court of registration on April 5, 2022. It was resolved at the extraordinary general meeting held on August 11, 2022, to move the Company's registered office from Luxembourg to Germany. The change of the registered office's location was entered into the commercial register of Frankfurt am Main on September 2, 2022.

By resolution of the district court of Frankfurt am Main dated October 7, 2022, we were appointed auditor pursuant to Section 318 (4) HGB. We were engaged by the Supervisory Board on November 2, 2022. We have thereby been group auditor of Stabilus SE since financial year 2021/2022.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the examined ESEF documents. The consolidated financial statements and combined management report converted to the ESEF format – including the versions to be published in the German Federal Gazette [Bundesanzeiger] – are merely electronic renderings of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Marcus Rohrbach.

Frankfurt am Main, December 8, 2022

KPMG AG Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

ROHRBACH	**SCHWARTZ**
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

ANNUAL ACCOUNTS STABILUS SE

for the fiscal year 2022

BALANCE SHEET

Balance sheet as of September 30, 2022

Assets

T_102

	IN €	Sept 30, 2022	Sept 30, 2021
A.	**Fixed assets**		
I.	**Intangible assets**		
1.	Purchased concessions, industrial and similar rights and assets and licenses in such rights and assets	31,166.65	0.00
II.	**Property, plant and equipment**		
1.	Other equipment, operating and office equipment	0.00	0.00
III.	**Financial assets**		
1.	Investments in affiliated companies	775,218,357.31	531,915,920.74
		775,249,523.96	**531,915,920.74**
B.	**Current assets**		
I.	**Receivables and other assets**		
1.	Receivables from affiliated companies	1,532,880.66	3,702,215.22
2.	Other assets	265,697.89	227,552.16
		1,798,578.55	**3,929,767.38**
II.	**Bank balances**	**1,494,757.05**	**534,214.34**
		3,293,335,60	**4,463,981,72**
C.	**Deferred income**	**179,091.48**	**191,174.38**
		778,721,951.04	**536,571,076.84**

Equity and liabilities

T_102

	IN €	Sept 30, 2022	Sept 30, 2021
A.	**Equity**		
I.	**Subscribed capital**	**24,700,000.00**	**246,999.96**
II.	**Capital reserves**	**395,348,036.99**	**419,801,037.03**
III.	**Revenue reserves**		
1.	Legal reserve	1,597,044.22	1,597,044.22
2.	Other revenue reserves	4,835,499.99	4,835,499.99
IV.	**Retained profits**	**77,390,145.25**	**108,183,294.26**
V.	**Net income**	**272,355,531.69**	**81,850.99**
		776,226,258.14	**534,745,726.45**
B.	**Provisions**		
1.	Other provisions	1,875,978.66	1,769,741.22
		1,875,978.66	**1,769,741.22**
C.	**Liabilities**		
1.	Trade accounts payable	610,349.23	39,797.55
2.	Liabilities to affiliated companies	6,543.41	3,061.00
3.	Other liabilities	2,821.60	12,750.62
		619,714.24	**55,609.17**
		778,721,951.04	**536,571,076.84**

INCOME STATEMENT

Income statement for the fiscal year from October 1, 2021 to September 30, 2022

Income statement T_103

	IN €	Fiscal year ended September 30, 2022		2021	
1.	**Other operating income**	6,802,077.00		4,242,587.00	
			6,802,077.00		**4,242,587.00**
2.	**Personnel expenses**				
	a) Wages and salaries	(974,161.91)		(807,408.88)	
	b) Social security, post-employment and other employee benefit costs	(59,251.66)		(68,336.74)	
			(1,033,413.57)		**(875,745.62)**
3.	**Depreciation and amortization**				
	a) Amortization of intangible assets	(2,833,35)		0.00	
4.	**Other operating expenses**	(7,401,987.93)		(3,113,285.99)	
			(7,404,821.28)		**(3,113,285.99)**
5.	**Interest and similar expenses**	(5,470.53)		(14,930.93)	
6.	**Income from investments**	274,150,186.57		0,00	
			274,144,716.04		**(14,930.93)**
7.	**Income taxes**	(153,026.50)		(156,773.47)	
			(153,026.50)		**(156,773.47)**
8.	**Result after taxes**		**272,355,531.69**		**81,850.99**
9.	**Net income**		**272,355,531.69**		**81,850.99**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

of Stabilus SE, Frankfurt/Main (formerly: Stabilus S. A., Luxembourg) Fiscal year from October 1, 2021, to September 30, 2022

1 GENERAL INFORMATION

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

The shares of Stabilus SE, Frankfurt/Main, (hereinafter referred to as "Stabilus SE") are listed in the MDAX (PY: SDAX) of the Frankfurt Stock Exchange at the end of the reporting period. From September 7, 2022, as a result of the registered office changing from Luxembourg to Germany in the fiscal year 2022, the shares of the Company (ISIN: LU1066226637) have been listed in the regulated market of the Frankfurt Stock Exchange and in the Prime Standard, which entails further post-admission requirements, as no-par value bearer shares of Stabilus SE with the ISIN DE000STAB1L8. The previous ticker symbol (STM) has been retained unchanged. On September 8, 2022, the custodian banks reclassified their holdings of shares in the Company (ISIN: LU1066226637) as no-par value bearer shares with the new ISIN DE000STAB1L8 at a ratio of 1:1. The share capital of the Company is represented by a global certificate and has been deposited.

The purpose of the company is the management of a group of German and international companies, operating especially in the area of developing, manufacturing and selling gas springs, dampers, lid opening systems, vibration isolation products and industrial components in the area of motion control, as well as providing related consulting and other services. The company is authorized to engage in all transactions in connection with the company purpose or to undertake all measures which appear suitable directly or indirectly for doing so. To do this is can also set up branches in Germany and abroad, establish or acquire other companies or take equity interests in them.

The annual financial statements of Stabilus SE are prepared in line with German accepted accounting principles in line with the provisions of the Handelsgesetzbuch (HGB – German Civil Code) on accounting for large corporations and the supplementary provisions of the Aktiengesetz (AktG – German Stock Corporation Act) under the going concern assumption. In accordance with Regulation (EC) No 1606/2002, Stabilus SE prepares IFRS consolidated financial statements in accordance with Section 315e HGB, which includes the parent company and all its subsidiaries (largest and smallest consolidated group). In accordance with Section 315 (5) in connection with Section 298 (2) HGB, the management report of Stabilus SE was combined with the Group management report of Stabilus SE. All Stabilus SE documents which are subject to disclosure are announced in the electronic Federal Gazette and also made available on the website at WWW.STABILUS.COM/INVESTORS.

For classifying the income statement, the nature of expense method in accordance with Section 275 (2) HGB was selected. The fiscal year of Stabilus SE begins on October 1 and ends on September 30 of the following year. The prior-year period covers the period from October 1, 2020, through September 30, 2021. The reporting currency for the Stabilus SE annual financial statements is the euro (€). Unless otherwise stated, all amounts are shown in thousands of euro (€ thousand). For arithmetical reasons, the information presented in the notes to the annual financial statements can contain rounding differences of +/– one unit (€ thousand, % etc.).

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

2 ACCOUNTING POLICIES

2.1. FIRST-TIME ADOPTION OF HGB REGULATIONS

In fiscal year 2022, as a result of transferring its registered office from Luxembourg to Germany, as described in Section 1, Stabilus SE has prepared its annual financial statements in line with German commercial law for the first time.

As no asset transfer in civil law is required for the change of registered office, under commercial law the change of registered office does not trigger a requirement to prepare a transformation balance sheet. As the change in registered office does not result either in a purchase or new establishment, the carrying amounts under Luxembourg commercial law (Code de Commerce) are to be continued unchanged. The prior-year figures were transferred from the 2021 annual financial statements of Stabilus S.A. in line with Luxembourg commercial law (Code de Commerce) to the German commercial law as follows.

Balance sheet – assets of Stabilus SE (formerly: Stabilus S. A., Luxembourg) as at September 30, 2021

T_104

		Fixed assets			Current assets			Prepayments	Total assets
FIGURES IN € THOUSAND		Intangible assets	Tangible assets		Debtors	Cash at bank & in hand			
CLASSIFICATION AND FIGURES FROM LUXEMBOURG COMMERCIAL LAW		Concessions, patents, licenses, trademarks and similar rights and assets, if they were acquired for valuable consideration and need not be shown under C.I.3	Other fixtures and fittings, tools and equipment	Shares in affiliated undertakings	Amounts owed by affiliated undertaking	Other debtors			
Total assets		**–**	**–**	**531,916**	**3,702**	**228**	**534**	**191**	**536,571**
A.	**Fixed assets**								
I.	Intangible assets								
	1. Purchased concessions, industrial and similar rights and assets and licenses in such rights and assets	–							**–**
II.	Property, plant and equipment								
	1. Other equipment, operating and office equipment		–						**–**
III.	Financial assets								
	1. Investments in affiliated companies			531,916					**531,916**
B.	**Current assets**								
I.	Receivables and other assets								
	1. Receivables from affiliated companies				3,702				**3,702**
	2. Other assets					228			**228**
II.	Bank balances						534		**534**
C.	**Deferred income**							191	**191**
Total assets		**–**	**–**	**531,916**	**3,702**	**228**	**534**	**191**	**536,571**

Balance sheet – equity and liabilities of Stabilus SE (formerly: Stabilus S. A., Luxembourg) as at September 30, 2021

T_105

		Capital and reserves						Creditors				Total liabilities
FIGURES IN € THOUSAND		Subscribed capital	Share premium account	Reserves		Profit or loss brought forward	Profit or loss for the financial year	Trade creditors	Amounts owed to affiliated undertakings	Other creditors		
CLASSIFICATION AND FIGURES FROM LUXEMBOURG COMMERCIAL LAW				Legal reserve	Other reserves, including the fair value reserve			becoming due and payable within one year	becoming due and payable within one year	Social security authorities	Other creditors	
Total liabilities		**247**	**419,801**	**1,597**	**4,835**	**108,183**	**82**	**1,063**	**3**	**13**	**747**	**536,571**
A.	**Equity**											
I.	Subscribed capital	247										**247**
II.	Capital reserves		419,801									**419,801**
III.	Revenue reserves											
	1. Legal reserve			1,597								**1,597**
	2. Other revenue reserves				4,835							**4,835**
IV.	Retained profits / accumulated losses brought forward					108,183						**108,183**
V.	Net income / loss for the fiscal year						82					**82**
B.	**Provisions**											
	1. Other provisions							1,023			747	**1,770**
C.	**Liabilities**											
	1. Trade accounts payable							40				**40**
	2. Liabilities to affiliated companies								3			**3**
	3. Other liabilities									13		**13**
Total liabilities		**247**	**419,801**	**1,597**	**4,835**	**108,183**	**82**	**1,063**	**3**	**13**	**747**	**536,571**

Income statement of Stabilus SE (formerly: Stabilus S. A., Luxembourg) fiscal year from October 1, 2021, to September 30, 2021

T_106

FIGURES IN € THOUSAND		Other operating income	Raw materials and consumables and other external expenses	Staff costs		Other operating expenses	Interest payable and similar expenses		Tax on profit or loss	Profit or loss for the financial year
CLASSIFICATION AND FIGURES FROM LUXEMBOURG COMMERCIAL LAW			Other external expenses	Wages and salaries	Social security on salaries and wages		Concerning affiliated undertakings	Other interest and similar expenses		
Total		**4,243**		**(807)**	**(68)**	**(470)**	**–**	**(15)**	**(176)**	**82**
1.	Other operating income	4,243								**4,243**
2.	Personnel expenses									
	b) Wages and salaries			(807)						**(807)**
	c) Social security, post-employment and other employee benefit costs				(68)					**(68)**
3.	Other operating expenses		(2,625)			(470)			(19)	**(3,114)**
4.	Interest and similar expenses						–	(15)		**(15)**
5.	Income taxes								(157)	**(157)**
6.	**Net income for the fiscal year**									**82**

2.2. PRESENTATION OF THE MATERIAL ACCOUNTING POLICIES

Intangible assets and **property, plant and equipment** are recognized at cost less scheduled amortization. Scheduled amortization is taken on a straight-line basis over a useful life between three and five years. Intangible assets are amortized over three years and property, plant and equipment are expected to have a useful life of between three and five years.

Low-value fixed assets up to a value of €1,000 are expensed directly in the fiscal year of acquisition. Low-value assets between €150 and up to €1,000 are written down immediately in the year of acquisition.

To the extent required under commercial law, **unscheduled write-downs** are taken, both for intangible assets and also for property, plant and equipment. Reversals are recognized if the reasons for unscheduled write-downs taken in previous years no longer apply.

Financial assets (which include investments in affiliated companies) are recognized at cost or the lower fair value. Cost comprises not only the acquisition price, but also incidental acquisition costs and subsequent acquisition costs. The fair values of the investments in affiliated companies are calculated using the discounted cash flow method. Impairment to a lower value is recognized only if the impairment is expected to be permanent. There is permanent impairment if the fair value determined on the basis of company planning (discounted cash flow method) as of the reporting date is below the carrying amount of the investments in affiliated companies. Reversals are recognized to the extent the reasons for previously taken unscheduled write-downs no longer apply.

Receivables and other assets are recognized at nominal values or the lower fair value and – if non-interest bearing – for remaining durations of over a year discounted to the reporting date. Account is taken of all discernible individual risks.

Cash balances and **bank balances** are recognized at nominal value.

Prepaid expenses recognize expenses before the reporting date to the extent these relate to expenses for a certain subsequent period.

Subscribed capital is recognized at nominal value. **Equity** is recognized and presented in accordance with Section 272 HGB.

In accounting for **share-based remuneration commitments** a differentiation is made between cash-settled and equity-settled transactions. The latter are irrelevant for Stabilus SE as there are currently no rights with possible equity settlement. For both instruments the fair value is determined as of the grant date. As remuneration this is distributed over the period within which the employee has an unrestricted claim to the instruments. At each reporting date, cash-settled commitments are reassessed at fair value until the commitment is settled. To the extent Stabilus SE has an option to fulfill the commitments either on the basis of cash settlement or by providing equity instruments (shares), Stabilus SE recognizes the commitment as an equity-settled transaction if there is no current obligation to cash settlement. The fair values are determined using a suitable option price model. Accounting in accordance with HGB is thus largely similar to accounting in accordance with IFRS 2 Share-based Payment.

Provisions cover all identifiable risks and uncertain obligations and are recognized at the necessary settlement amount according to prudent business judgment. Account is taken of future price and cost increases at the time the obligation is fulfilled. In accordance with Section 253 (2) sentence 1 HGB, material provisions with a remaining term exceeding one year are discounted according to the average market interest rate of the past seven fiscal years published by Deutsche Bundesbank in line with the individual remaining term.

Liabilities are recognized at their settlement amounts on the reporting date.

Foreign currency assets and liabilities with a term of less than one year are translated at the middle spot rate as of the reporting date. Foreign currency receivables and liabilities with remaining term exceeding one year are recognized at the middle spot rate, providing that the original exchange rates were not lower (with assets) or higher (with liabilities). Gains and losses resulting from the translation of foreign currency transactions in the reporting currency (€) are taken to profit or loss and recognized in the income statement separately under "Other operating income" or "Other operating expenses".

When preparing the annual financial statements, the management has to make **estimates** and **assumptions** which impact the recognition and measurement of the assets and liabilities as of the reporting date as well as the expenses and revenue for the reporting period, in addition to providing information on risks and uncertainties. Thus actual results can deviate from these estimates. The fiscal year 2022 of Stabilus SE continues to be shaped primarily by uncertainty relating to the global COVID-19 pandemic and the Russia / Ukraine war. For this reason, Stabilus SE is retaining the global and multidisciplinary crisis management team it established in order to monitor and analyze the situation on a permanent basis at local and global level and to take measures to address and mitigate the risks identified.

3 NOTES ON THE BALANCE SHEET

3.1. FIXED ASSETS

As of the reporting date, Stabilus SE has holdings in the following companies in accordance with Section 271 (1) HGB:

List of shareholdings T_107

		Registered office		Share in %		Equity in € thousand [2]	Annual result in € thousand [2]
No.	Company	Town/city	Country	Direct holding	Indirect holding [1]	Fiscal year 2022	Fiscal year 2022
1	Stable II GmbH	Frankfurt/Main	Germany	100.00		301,653	205,406
2	Stable Beteiligungs GmbH	Koblenz	Germany		100.00	304,206	27,144
3	Stabilus UK Ltd.	Banbury	Great Britain		100.00	1,136	3
4	Stabilus GmbH	Koblenz	Germany		100.00	200,079	9,153
5	Stabilus Ltda.	Itajubá	Brazil		99.9999	6,814	1,184
6	Stabilus Co. Ltd.	Busan	South Korea		100.00	9,809	3,060
7	Stabilus S.A. de C.V.	Ramos Arizpe	Mexico		100.00	113,605	28,242
8	Stabilus Limited	Auckland	New Zealand		80.00	958	224
9	Stabilus Japan Corp.	Yokohama	Japan		100.00	9,809	3,060
10	New Clevers S.A.	Buenos Aires	Argentina		60.00	864	471
11	Piston Amortisör Sanayi ve Ticaret Anonim Şirketi	Bursa	Turkey		53.00	2,943	2,224
12	Stabilus France S.à. r.l.	Poissy	France		100.00	252	27
13	Stabilus Romania S.R.L.	Brasov	Romania		100.00	91,606	19,802
14	Stabilus (Jiangsu) Ltd.	Wujin	China		100.00	86,583	13,880
15	Stabilus Mechatronics Service Ltd.	Shanghai	China		100.00	61	–14
16	Stabilus PTE Ltd.	Singapore	Singapore		100.00	127	25
17	Stabilus (Zhejiang) Ltd.	Pinghu	China		100.00	40,277	20,760
18	Stable HoldCo Australia Pty. Ltd.	Dingley	Australia	100.00		9,343	768
19	Stabilus Pty. Ltd.	Dingley	Australia		100.00	1,415	470
20	Stabilus US Holding Corporation	Wilmington	USA	100.00		183,139	15,053
21	Stabilus Inc.	Gastonia	USA		100.00	(14,025)	(1,442)

List of shareholdings (continued)

T_107

		Registered office		Share in %		Equity in € thousand [2]	Annual result in € thousand [2]
No.	Company	Town/city	Country	Direct holding	Indirect holding [1]	Fiscal year 2022	Fiscal year 2022
22	Fabreeka Group Holdings, Inc.	Stoughton	USA		100.00	0	6,822
23	ACE Controls Inc.	Farmington Hills	USA		100.00	15,756	7,223
24	ACE Controls International Inc.	Farmington Hills	USA		100.00	2,643	1,361
25	Fabreeka International Holdings Inc.	Stoughton	USA		100.00	5,503	6,567
26	Fabreeka International Inc.	Stoughton	USA		100.00	0	0
27	Tech Products Corporation	Miamisburg	USA		100.00	3,795	1,732
28	Fabreeka GmbH Deutschland	Büttelborn	Germany		100.00	2,610	523
29	ACE Controls Japan L.L.C.	Farmington Hills	USA		100.00	659	59
30	Stabilus Motion Controls GmbH	Langenfeld	Germany	100.00		96,039	11,245
31	General Aerospace GmbH	Eschbach	Germany		95.00	4,735	(264)
32	General Aerospace Inc.	Lynnwood	USA		95.00	(57)	31
33	ACE Stoßdämpfer GmbH [3]	Langenfeld	Germany		100.00	13,992	15
34	HAHN-Gasfedern GmbH [3]	Aichwald	Germany		100.00	12,914	(141)
35	YAKIDO B.V.	Zwijndrecht	Netherlands		50.00	406	453
36	Cultraro Automazione Engineering S.r.l. [4, 6]	Rivoli	Italy		32.00	15,584	1,169
37	Synapticon GmbH [5, 6]	Schönaich	Germany		10.8641	3,795	(5,032)

[1] The indirect holdings via Stabilus SE subsidiaries are shown with the respective stake of the respective parent company.
[2] The figures shown are based on unconsolidated IFRS figures. When converting into euro, the spot price on the reporting date is used for equity, the annual average price for the result.
[3] There is a profit transfer agreement.
[4] Associated company, in line with the equity method
[5] Stake
[6] Annual financial statements for 2022 not yet prepared.

In fiscal year 2022, Stabilus SE acquired four companies from its subsidiary Stable II GmbH (formerly Stable II. S.à. r.l., Luxembourg) in an amount of €454,700 thousand. Furthermore, Stabilus SE reduced its holding in Stable II GmbH (formerly Stable II S.à. r.l., Luxembourg) on the basis of a capital reduction of €(211,398) thousand (PY: €(14,000) thousand). There were no further changes against the annual financial statements for fiscal year 2022.

The impairment test for fiscal year 2022 confirmed that the carrying amounts of the financial assets held by Stabilus SE are fully recoverable and are not impaired.

Development of fixed assets at Stabilus SE (formerly: Stabilus S. A., Luxembourg) fiscal year from October 1, 2021 to September 30, 2022

T_108

IN € THOUSAND		Acquisition / production cost					Cumulative depreciation and amortization					Carrying amounts	
		As of Oct 1, 2021	Additions	Reclassifications	Disposals	As of Sept 30, 2022	As of Oct 1, 2021	Additions	Reversals	Disposals	As of Sept 30, 2022	As of Sept 30, 2022	As of Sept 30, 2021
I.	**Intangible assets**												
1.	Purchased concessions, industrial and similar rights and assets and licenses in such rights and assets	23	34	0	0	57	23	3	0	0	26	31	0
		23	**34**	**0**	**0**	**57**	**23**	**3**	**0**	**0**	**26**	**31**	**0**
II.	**Property, plant and equipment**												
1.	Other equipment, operating and office equipment	43	00	0	0	43	43	0	0	0	43	0	0
		43	**0**	**0**	**0**	**43**	**43**	**0**	**0**	**0**	**43**	**0**	**0**
III.	**Financial assets**												
1.	Investments in affiliated companies	531,916	454,700	0	(211,398)	775,218	0	0	0	0	0	775,218	531,916
2.	Loans to affiliated companies	0	0	0	0	0	0	0	0	0	0	0	0
		531,916	**454,700**	**0**	**(211,398)**	**775,218**	**0**	**0**	**0**	**0**	**0**	**775,218**	**531,916**
		531,982	**454,734**	**0**	**(211,398)**	**775,319**	**66**	**3**	**0**	**0**	**69**	**775,250**	**531,916**

T_108

IN € THOUSAND		Acquisition / production cost					Cumulative depreciation and amortization					Carrying amounts	
		As of Oct 1, 2020	Additions	Reclassifications	Disposals	As of Sept 30, 2021	As of Oct 1, 2020	Additions	Reversals	Disposals	As of Sept 30, 2021	As of Sept 30, 2021	As of Sept 30, 2020
I.	**Intangible assets**												
1.	Purchased concessions, industrial and similar rights and assets and licenses in such rights and assets	23	0	0	0	23	23	0	0	0	23	0	0
		23	**0**	**0**	**0**	**23**	**23**	**0**	**0**	**0**	**23**	**0**	**0**
II.	**Property, plant and equipment**												
1.	Other equipment, operating and office equipment	43	0	0	0	43	43	0	0	0	43	0	0
		43	**0**	**0**	**0**	**43**	**43**	**0**	**0**	**0**	**43**	**0**	**0**
III.	**Financial assets**												
1.	Investments in affiliated companies	545,916	0	0	(14,000)	531,916	0	0	0	0	0	531,916	545,916
2.	Loans to affiliated companies	0.00	0	0	0	0	0	0	0	0	0	0	0
		545,916	**0**	**0**	**(14,000)**	**531,916**	**0**	**0**	**0**	**0**	**0**	**531,916**	**545,916**
		545,982	**0**	**0**	**(14,000)**	**531,982**	**66**	**0**	**0**	**0**	**66**	**531,916**	**545,916**

3.2. CURRENT ASSETS

Receivables from affiliated companies of €1,238 thousand (September 30, 2021: €3,487 thousand) result from cash pooling receivables from affiliated companies and of €295 thousand (September 30, 2021: €215 thousand) from receivables for providing administrative services for affiliated companies. There were no amounts with a remaining duration exceeding a year, neither as of September 30, 2022, nor as of September 30, 2021.

Other assets consist primarily of a tax receivable of €266 thousand (September 30, 2021: €228 thousand).

3.3. PREPAID EXPENSES

The prepaid expenses item relates primarily to advance payments for insurance contracts amounting to €179 thousand (September 30, 2021: €191 thousand).

3.4. EQUITY

There were the following changes in equity in fiscal years 2022 and 2021:

T_109

IN €	Oct 1, 2021	Net income for the fiscal year	Distribution/ dividends	Transfer to reserves	Withdrawals from reserves	Sept 30, 2022
Subscribed capital	247	–	–	–	24,453	24,700
Capital reserves	419,801	–	–	–	(24,453)	395,348
Legal reserve	1,597	–	–	–	–	1,597
Other revenue reserves	4,835	–	–	–	–	4,835
Unappropriated surplus	108,265	272,356	(30,875)	–	–	349,746
Total	**534,746**	**272,356**	**(30,875)**	**–**	**–**	**776,226**

IN €	Oct 1, 2020	Net income for the fiscal year	Distribution/ dividends	Transfer to reserves	Withdrawals from reserves	Sept 30, 2021
Subscribed capital	247	–	–	–	–	247
Capital reserves	419,801	–	–	–	–	419,801
Legal reserve	1,597	–	–	–	–	1,597
Other revenue reserves	4,835	–	–	–	–	4,835
Unappropriated surplus	120,533	82	(12,350)	–	–	108,265
Total	**547,014**	**82**	**(12,350)**	**–**	**–**	**534,746**

As of September 30, 2022, the share capital is €24,700 thousand (September 30, 2021: €247 thousand), divided into 24.7 million bearer shares each with a notional value of €1.00. All Stabilus SE shares are fully paid in. Each share is entitled to a dividend and grants one vote at the general meeting.

The Management Board is authorized, subject to the approval of the Supervisory Board, to increase the share capital of the Company in the period up to August 10, 2027, once or in partial amounts by up to a total of €2,470,000 by issuing new shares in exchange for cash or non-cash contributions (Authorized Capital 2022).

At the Extraordinary General Meeting on March 24, 2022, there was a capital increase from retained earnings of €24,453 thousand from €247 thousand to €24,700 thousand. The notional value per share increased from €0.01 per share to €1.00 per share, as the capital increase did not change the number of shares.

The Annual General Meeting on February 16, 2022, resolved a dividend of €1.25 per share. The total distribution was €30,875 thousand.

In fiscal year 2022, the unappropriated surplus developed as follows:

Reconciliation of unappropriated surplus T_110

IN € THOUSAND	Sept 30, 2022	Sept 30, 2021
Unappropriated surplus as of September 30	108,183	122,415
Dividend payments	(30,875)	(12,350)
Net income for the fiscal year	272,356	82
Total	**349,746**	**108,265**

3.5. PROVISIONS

Provisions comprise primarily outstanding invoices of €865 thousand (September 30, 2021: €685 thousand), provisions for bonuses of €500 thousand (September 30, 2021: €677 thousand) as well as for auditing and preparing the consolidated and annual financial statements of €430 thousand (September 30, 2021: €338 thousand).

3.6. LIABILITIES

Liabilities consist primarily of trade accounts payable amounting to €610 thousand (September 30, 2021: €40 thousand).

Liabilities to affiliated companies of €7 thousand (September 30, 2021: €3 thousand) relate predominately to liabilities resulting from supplies and services. Other liabilities consist solely of social insurance contributions.

Notes on the income statement

3.7. OTHER OPERATING INCOME

As the parent company of the Stabilus Group, within the framework of corporate management Stabilus SE provides services in the areas of Public Relations, Treasury, Legal, Tax, Compliance, Internal Audit, and management. In fiscal year 2022, Stabilus SE generated other operating income of €6,802 thousand (2021: €4,243 thousand). This contains solely oncharges to subsidiaries. In fiscal year 2022, other operating income of €3,750 thousand (2021: €1,509 thousand) was generated in Germany, €515 thousand (2021: €573 thousand) in Europe outside Germany, €1,037 thousand (2021: €635 thousand) in Asia and €1,500 thousand (2021: €1,525 thousand) in North America.

3.8. OTHER OPERATING EXPENSES

Operating expenses primarily include expenses for the refinancing in June 2022 and consulting costs for the transformation into a European Company (SE) and the subsequent relocation of the registered office from Luxembourg to Germany. It also includes Supervisory Board remuneration of €579 thousand (2021: €477 thousand).

3.9. INCOME FROM EQUITY INVESTMENTS

Income from equity investments relate solely to Stable II GmbH (formerly Stable II S.à. r.l., Luxembourg) and contain dividend distributions.

3.10. NET INTEREST INCOME

Interest and similar expenses included in net interest income include interest expenses of €5 thousand (2021: €15 thousand) resulting primarily from guaranteed commissions.

3.11. INCOME TAXES

Income tax comprises non-deductible withholding taxes from administrative expense allocations within the group of €153 thousand (2021: €157 thousand).

4 SUPPLEMENTAL DISCLOSURES

4.1 EMPLOYEES

In fiscal year 2022 an average of three employees worked at Stabilus SE (2021: three).

4.2 SHARE-BASED PAYMENT COMMITMENTS

Matching Stock Program (MSP)
Variable remuneration for members of the Stabilus SE Management Board included a Matching Stock Program (MSP). This provides for four annual tranches, granted within a period from September 30, 2014 to September 30, 2018. The program "MSP A" was extended by one year to September 30, 2018. Owing to the unpredictable and extraordinary impact of the COVID-19 pandemic on the share price development of Stabilus SE, which was beyond management's influence, the Supervisory Board decided to extend the two-year exercise period for the tranches 2016 to 2018 by two further years for the Management Board members concerned. This measure retains the incentive effect of the MSP tranches. However, the performance targets including number of share options and exercise prices remain unchanged. The impact of these programs are recognized in the income statement in personnel expenses and in the balance sheet under other liabilities. In previous years, MSP was discontinued, and no further tranches have currently been approved. Instead, there is now share-based remuneration of members of the Stabilus SE Management Board in accordance with the Performance Share Plan (PSP). Participation in the MSP requires Management Board members to invest in shares of Stabilus SE. The shares must generally be held for a specific lock-up period.

As part of the Matching Stock Program A ("MSP A"), for each share a member of the Management Board invests in Stabilus SE in the fiscal year (subject to general cap), the Management Board member receive a certain number of fictitious share options to acquire shares in Stabilus for each tranche of the Matching Stock Program. The number of stock options received depends upon a factor to be set annually by the Supervisory Board (Remuneration Committee) which is in a range between 1.0 and 1.7 times for a certain tranche. For example, if a member of the Management Board acquired 1,000 Stabilus SE shares in the MSP A, this Management Board member would receive 1,000 to 1,700 fictitious share options for a specific tranche. The fictitious share options are subject to a lock-up period of four years and can be exercised during a subsequent two-year exercise period.

As part of Matching Stock Program B (the "MSP B"), for each share a member the Management Board holds in Stabilus SE in the fiscal year (subject to a general cap), the Management Board members receive a certain number of fictitious options to acquire shares in Stabilus SE for each tranche of the MSP B. The number of stock options received depends upon a factor to be set by the Supervisory Board (Remuneration Committee) annually which is in a range between 0.0 and 0.3 times for a certain tranche. For example, if a member of the Management Board acquired 1,000 Stabilus SE shares in the MSP B, this Management Board member would receive 0 to 300 fictitious share options for a specific tranche.

The fictitious share options are subject to a lock-up period of four years and can be exercised during a subsequent two-year exercise period. The share options may be exercised only if the stock price of Stabilus SE exceeds a set threshold for the relevant tranche, which the Supervisory Board will determine at the time of granting the share options, and which needs to be between 10% and 50% growth over the base price (share price on the grant date). At exercise, the fictitious share options are transformed into a gross amount equaling the difference between the share option price and the relevant stock price multiplied by the number of exercised share options. Stabilus SE plans cash settlement of the share options granted.

The maximum gross amounts which can result from the exercise of the fictitious share options of one tranche in general is limited in amount to 50% of the base price. The reinvestment of IPO proceeds from previous equity programs is not taken into account for MSP A.

In fiscal year 2022, the number of MSP A and MSP B share options developed as follows:

Performance Share Plan (PSP)

The members of the Management Board of Stabilus SE receive allocations under the Performance Share Plan ("PSP") in the form of virtual shares. The virtual shares of the PSP are based on an annual target amount granted at the beginning of a three-year performance period as a future entitlement. In order to determine the target number of virtual shares granted, the annual target amount is divided by the start share price, whereby the start share price refers to the arithmetic mean of the Stabilus SE's share closing price over the last 60 trading days prior to the respective performance period start date. The performance factor that determines the final number of virtual shares is calculated at the end of the three-year performance period via the relative total shareholder return (weighted with 70%) and the EBIT margin (weighted with 30%).

The target achievement for the relative total shareholder return (TSR) is based on a comparison with the constituents of the MDAX index. In order to determine the relative TSR, firstly, the absolute TSR values of Stabilus SE as well as each index constituent of the MDAX over the respective performance period are calculated. The absolute TSR value of each company equals the theoretical growth in value of a share holding over the performance period, assuming that (gross) dividends are directly re-

Number of share options T_111

	MSP A/B (2016)		MSP A (2017)		MSP A (2018)	
	Number of options	Exercise price	Number of options	Exercise price	Number of options	Exercise price
Outstanding as of October 1, 2021	**3,209**	**€48.64**	**6,474**	**€74.74**	**10,423**	**€74.22**
Granted during the year	–	–	–	–	–	–
Forfeited during the year	3,209	–	–	–	–	–
Exercised during the year	–	–	–	–	–	–
Outstanding as of September 30, 2022	**–**	**–**	**6,474**	**€74.74**	**10,423**	**€74.22**
Exercisable as of September 30, 2022	**–**	**–**	**6,474**	**€74.74**	**10,423**	**€74.22**

invested. The calculated absolute TSR values of Stabilus SE and each index constituent are ranked by size in order to calculate the target achievement.

The target achievement for EBIT margin is based on a comparison with a strategic target. To determine the percentage of target achievement, the actual EBIT margin at the end of the respective performance period is compared with the strategic EBIT margin defined for the respective performance period.

The final number of the virtual shares is determined by multiplying the overall target achievement with the target number of virtual shares granted. The final number of virtual shares is capped at 150% of the target number of virtual shares granted. The payout of the respective tranche of the PSP is calculated by multiplying the final number of virtual shares with the relevant end share price including any dividends paid during the performance period. The end share price refers to the arithmetic mean of the Stabilus SE's share closing price during the last 60 trading days prior to the respective performance period end date. The payout amount is limited to a maximum of 250% of the target amount (payout cap). The PSP is paid out in cash at the end of the performance period.

The number of performance shares developed as follows in fiscal year 2022:

Performance Share Plan T_112

VALUATION DATE	Sept 30, 2021	Sept 30, 2022	Sept 30, 2022
Performance period	Oct 1, 2020 – Sept 30, 2023	Oct 1, 2020 – Sept 30, 2023	Oct 1, 2021 – Sept 30, 2024
Price of the Stabilus share	€60.55	€45.30	€45.30
"Initial price" of the Stabilus share	€45.76	€45.76	€65.10
Expected annual dividend yield	2.0%	2.0%	2.0%
Remaining duration of granted performance shares	2.0 years	1.0 year	2.0 years
Risk-free annual interest rate (duration 2.0 years)	(0.73)%	1.54%	1.67%
Expected target achievement for internal target EBIT	100%	100%	100%
Cap per performance share used in the valuation	250% x €45.67	250% x €45.76	250% x €65.10

Number of share options T_113

	PSP (2020)		PSP (2021)		PSP (2022)	
	Number of options	Fair value	Number of options	Fair value	Number of options	Fair value
Outstanding as of October 1, 2021	**3,986**	**€62.04**	**2,163**	**€56.07**	**–**	**–**
Granted during the year	778	–	–	–	1,567	€57.43
Forfeited during the year	–	–	406	–	589	–
Exercised during the year	4,764	–	–	–	–	–
Outstanding as of September 30, 2022	**–**	**–**	**1,757**	**€51.18**	**978**	**€49.84**
Exercisable as of September 30, 2022	**–**	**–**	**–**	**–**	**–**	**–**

4.3. EXECUTIVE BODIES

Members of the Management Board in fiscal year 2022

Dr. Michael Büchsner (Chairman of the Management Board) since October 1, 2019

Stefan Bauerreis (Management Board CFO) since June 1, 2022

Mark Wilhelms (Management Board EMEA & Human Resources) until September 30, 2022
Additional memberships on supervisory boards and executive bodies in accordance with Section 125 (1) sentence 5 AktG:

- NORMA Group SE, Maintal, Germany (member of the Supervisory Board)
- Novem Group S. A., Contern, Luxembourg (Deputy Chairman of the Stabilus Supervisory Board and Chairman of the Remuneration Committee)
- Kongsberg Automotive ASA, Kongsberg Norway (member of the Supervisory Board)

Andreas Sievers (Management Board Group Accounting & Strategic Finance Projects) until August 31, 2022

Andreas Schröder (Management Board Group Financial Reporting) until August 31, 2022

Members of the Supervisory Board

Dr. Stephan Kessel (Chairman of the Supervisory Board, Chairman of the Remuneration and Nomination Committee, member of the Audit Committee)

- Executive at Hitched Holdings 1 B.V., Schiphol, Netherlands

Additional memberships on supervisory boards and executive bodies in accordance with Section 125 (1) sentence 5 AktG:

- Novem Group S.A., Luxembourg (Chairman of the Supervisory Board)
- svt GmbH, Schwelm, Germany (member of the Advisory Board)

Dr. Joachim Rauhut (Deputy Chairman of the Supervisory Board until September 2022, Chairman of the Audit Committee)
Additional memberships on supervisory boards and executive bodies in accordance with Section 125 (1) sentence 5 AktG:

- MTU Aero Engines AG, Munich, Germany (member of the Supervisory Board)
- creditshelf AG, Frankfurt/Main, Germany (member of the Supervisory Board)
- J. Heinrich Kramer Holding GmbH, Bremerhaven, Germany (member of the Advisory Counsel until March 31, 2022)

Dr. Ralf-Michael Fuchs (Deputy Chairman of the Supervisory Board since September 2022, member of the Remuneration and Nomination Committee)

Dr. Dirk Linzmeier (member of the Remuneration and Nomination Committee since September 2022)

- CEO of TTTech Auto AG, Vienna, Austria

Inka Koljonen (member of the Audit Committee)

- Member of the Executive Board at MAN Truck & Bus SE, Munich, Germany

Detailed information on the remuneration system and the remuneration components are shown in the Stabilus SE Remuneration Report.

Total remuneration of members of the Management Board T_114

IN € THOUSAND	Fiscal year 2022	Fiscal year 2021
Benefits due in the short-term	533	594
Share-based payments	(78)	325
Post-employment benefits	48	–
Early termination benefits	212	–
Other benefits due in the long term	26	28
Total[1)]	**741**	**947**

[1)] Share of Management Board remuneration attributable to the respective fiscal year.

Total remuneration of members of the Supervisory Board T_115

IN € THOUSAND	Fiscal year 2022	Fiscal year 2021
Fixed remuneration	579	477
Total[1)]	**579**	**477**

[1)] Share of Supervisory Board remuneration attributable to the respective fiscal year.

4.4. RELATED PARTIES

Neither in fiscal year 2022 nor in fiscal year 2021 were there related party transactions which were not implemented on an arms-length basis.

4.5. AUDITOR’S FEES

The fee for auditing services provided by KPMG AG Wirtschaftsprüfungsgesellschaft related primarily to the audit of the consolidated financial statements and the annual financial statements together with the (group) management report of Stabilus SE and various audits of the annual financial statements of its subsidiaries. The other services provided by KPMG AG Wirtschaftsprüfungsgesellschaft relate to the audit of the separate non-financial report, the material audit of the remuneration report and agreed investigations into contractual obligations. The information on the auditor’s fees is contained in the consolidated financial statements of Stabilus SE. The publication at this point is waived due to the exempting group clause of Section 285 No. 17 HGB.

4.6. CONTINGENCIES AND OTHER FINANCIAL COMMITMENTS

On June 28, 2022, Stabilus entered into a facilities agreement with Commerzbank Aktiengesellschaft, DZ Bank AG, Landesbank Baden-Württemberg, Landesbank Hessen-Thüringen Girozentrale and UniCredit Bank AG as the mandated lead arrangers and facility agent. The facilities agreement is for an amount of €450.0 million with a basic term of five years and a prolongation option of two additional years until no later than 2029. The facilities comprise a syndicated loan facility of €100.0 million and a syndicated revolving loan facility of €350.0 million. Depending on the Company's gearing, the facility bears interest at between 50 and 150 basis points above Euribor.

The senior facility of €640 million consisting of a senior A facility of €455 million, an equity bridge facility of €115 million and a revolving facility of €70 million, which were concluded in fiscal year 2016, were fully repaid in fiscal year 2022 and cleared.

The commitment from the equity bridge facility was repaid as early as September 30, 2016.

The change to the senior facility of June 7, 2016, signed on July 31, 2020, with an additional committed credit facility of €50 million to June 2023 was also cleared as part of the refinancing.

On March 4, 2021, and on January 28, 2022, via its subsidiary Stabilus GmbH, Koblenz, Deutschland, Stabilus SE issued two promissory note loans with a total volume of €150 million. The tranches of the promissory note loan with maturities of five and seven years bear variable interest rates. Stabilus SE is guarantor for the syndicated loan facility and for the promissory note loan.

4.7. APPROPRIATION OF NET PROFIT

The Management Board and the Supervisory Board of Stabilus SE propose using the unappropriated surplus as of September 30, 2022, as follows:

Appropriation of net profit T_116

IN € THOUSAND	
1. Shareholder distribution (€1.75 dividend per share)	(43,225)
2. Appropriation to revenue reserves	77,390
3. Carryforward to new account	272,356
4. Unappropriated surplus as of September 30, 2022	306,521

4.8. DISCLOSURES IN ACCORDANCE WITH SECTION 160 AKTG

When the transfer of the registered office became effective, the dematerialized Stabilus SE shares were converted into bearer shares. The shares remain listed on the Frankfurt Stock Exchange and will be traded under the German securities identification number (WKN) STAB1L and the international securities identification number (ISIN) DE000STAB1L8. With the registration in Germany and publication in accordance with Section 5 WpHG, Germany is the country of origin for Stabilus SE. As a result, the German Securities Trading Act (WpHG) applies to the company and its shareholders. This states 3% of voting rights as the lowest threshold value for voting right notifications (previously: 5% of the voting rights in accordance with the Luxembourg Transparency Act). As a result of the move from Luxembourg to Germany on September 2, 2022, the 3% threshold value become legally effective. For this reason, the date when the threshold was reached may not correspond to the actual date when the threshold was first reached. In fiscal year 2022, Stabilus received the following notifications in accordance with Section 33 WpHG:

T_117

NOTIFYING PERSON/ENTITY AND REGISTERED OFFICE	Threshold crossed (from below or above)	Date threshold crossed	Share of voting rights in %	Voting rights (number)
Allianz Global Investors GmbH, Frankfurt/Main, Germany	Over 10%	September 2, 2022	11.29%	2,788,473
The Goldman Sachs Group, Inc., Wilmington, United States of America	Over 10%	April 11, 2022	11.02%	2,722,563
NN Group N.V., Amsterdam, Netherlands	Over 10%	September 2, 2022	10.05%	2,482,445
Marathon Asset Management Limited, London, Great Britain	Over 5%	August 23, 2021	6.63%	1,637,422
FMR LLC, Wilmington, United States of America	Over 5%	September 2, 2022	5.74%	1,417,112
Teleios Capital Partners LLC, Zug, Switzerland	Over 5%	March 27, 2022	5.03%	1,242,713
Allianz SE, Munich, Germany	Below 5%	September 2, 2022	4.72%	1,166,977
Fidelity Investment Trust, Boston, United States of America	Below 5%	September 2, 2022	3.70%	912,724
Ameriprise Financial, Inc., Wilmington, United States of America	Below 5%	September 2, 2022	3.41%	841,913

4.9. DECLARATION OF COMPLIANCE IN ACCORDANCE WITH SECTION 161 AKTG

The Management Board and the Supervisory Board of Stabilus SE issued the declaration of compliance on the recommendations of the German Corporate Governance Code (DCGC) in accordance with Section 161 AktG (Section 285 (16) HGB) and made this available to shareholders. The full declaration is permanently available on the Stabilus SE website under WWW.STABILUS.COM/INVESTORS/CORPORATE-GOVERNANCE.

4.10. SUBSEQUENT EVENTS

As of December 8, 2022, in the period after September 30, 2022 and before the release of the annual financial statements there were no further events of material importance for the annual financial statements of Stabilus SE.

Koblenz, December 8, 2022

DR. MICHAEL BÜCHSNER **STEFAN BAUERREIS**

Stabilus SE
The Management Board

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the company, and the management report, which is combined with the Group management report of Stabilus SE includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company for the remaining months of the fiscal year.

Koblenz, December 8, 2022

DR. MICHAEL BÜCHSNER **STEFAN BAUERREIS**

Stabilus SE
The Management Board

INDEPENDENT AUDITOR'S REPORT

To Stabilus SE, Frankfurt am Main

Report on the Audit of the Annual Financial Statements and of the Combined Management Report

OPINIONS

We have audited the annual financial statements of Stabilus SE, Frankfurt am Main (until April 5, 2022: Stabilus S.A.; until September 1, 2022: Luxembourg), which comprise the balance sheet as of September 30, 2022, the income statement for the financial year from October 1, 2021, to September 30, 2022, and the notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Stabilus SE and the Group (hereinafter "combined management report") for the financial year from October 1, 2021, to September 30, 2022.

In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the "Other Information" section of our auditor's report.

The combined management report contains cross-references that are not provided for by law and which are marked as unaudited. In accordance with German legal requirements, we have not audited the cross-references and the information to which the cross-references refer.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as of September 30, 2022, and of its financial performance for the financial year from October 1, 2021, to September 30, 2022, in compliance with German legally required accounting principles, and
- the accompanying combined management report as a whole provides an appropriate view of the Company's position. In all material respects, this combined management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those components of the combined management report specified in the "Other Information" section of the auditor's report. The combined management report contains cross-references that are not provided for by law and which are marked as unaudited. Our audit opinion does not extend to the cross-references and the information to which the cross-references refer.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the combined management report.

BASIS FOR THE OPINIONS

We conducted our audit of the annual financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation No 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the combined management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements for the financial year from October 1, 2021, to September 30, 2022. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

IMPAIRMENT TESTING OF SHARES IN AFFILIATED COMPANIES

Please refer to disclosure 3 in the notes to the financial statements for more information on the accounting policies applied.

The financial statement risk

In the annual financial statements of Stabilus SE as of September 30, 2022, shares in affiliated companies in the amount of EUR 775.2 million are recognized under financial assets. This amounts to 99.6% of total assets and thus has a material influence on the Company's net assets.

Shares in affiliated companies are recognized at cost or, if they are expected to be permanently impaired, at their lower fair value. The Company calculates the fair value of the shares in affiliated companies using the discounted cash flow method. If the fair value is lower than the carrying amount, qualitative and quantitative criteria are used to assess whether or not the impairment is expected to be permanent.

The cash flows used for this valuation method are based on individual projections for each investment for the next five years which are extrapolated based on assumptions of long-term growth rates. The respective discount rate is derived from the return on a risk-adjusted alternative investment.

The Company did not recognize any impairment losses on shares in affiliated companies in financial year 2021/2022.

Given the uncertainties surrounding how the economy will develop and, by extension, the earnings positions of the investment companies, there is a risk for the financial statements that shares in affiliated companies are impaired.

Our audit approach

We analyzed the budget prepared by the Management Board and approved by the Supervisory Board, which provides the basis for testing the shares in affiliated companies for impairment. With the involvement of our valuation specialists and based on external market data and analyst estimates, we examined the earnings planning and the Company's measurements derived from that. Furthermore, with the help of our valuation specialists, we assessed the appropriateness of the Company's calculation method. To ensure the computational accuracy of the valuation method used, we verified the Company's calculations on the basis of selected risk-based elements.

We evaluated the accuracy of the previous forecasts in the business planning by comparing the budgets of previous financial years with actual results and by analyzing deviations.

Since changes to the discount rate can have a significant impact on the results of impairment testing, with the involvement of our valuation specialists we compared the components underlying the discount rate, in particular the risk-free rate, the company-specific risk premium and the beta coefficient, with our own assumptions and publicly available data.

Our observations

The approach used for impairment testing of shares in and loans to affiliated companies is appropriate and in line with the accounting policies. The Company's assumptions and data are reasonable overall.

OTHER INFORMATION

The Management Board and/or the Supervisory Board are responsible for the other information. The other information comprises the following components of the combined management report, whose content was not audited:

- the Group's separate non-financial report, which is referred to in the combined management report, and
- the combined corporate governance statement of the Company and the Group, which is contained in the "Corporate governance statement" section of the combined management report.

The other information also includes the remaining parts of the annual report. The other information does not include the annual financial statements, the combined management report information audited for content and our auditor's report thereon.

Our opinions on the annual financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD FOR THE ANNUAL FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

The Management Board is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the Management Board is responsible for such internal control as it, in accordance with German legally required accounting principles, has determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the Management Board is responsible for assessing the Company's ability to continue as a going concern. It also has the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the Management Board is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the Management Board is responsible for such arrangements and measures (systems) as it has considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the combined management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these annual financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the Management Board and the reasonableness of estimates made by the Management Board and related disclosures.
- Conclude on the appropriateness of the Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.

- Evaluate the consistency of the combined management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the Management Board in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Management Board as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

REPORT ON THE ASSURANCE ON THE ELECTRONIC RENDERING OF THE ANNUAL FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT PREPARED FOR PUBLICATION PURPOSES IN ACCORDANCE WITH SECTION 317 (3A) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the annual financial statements and the combined management report (hereinafter the "ESEF documents") contained in the electronic file ESEF_StabilusSE_EA_2022-09-30.zip (SHA256-Hashwert: e1656616bf-33c3b2e23c9a5dee10b23d553623fe8cf70e18a154465fb6b0fea0) made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the annual financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the annual financial statements and the combined management report contained in the electronic file made available identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying annual financial statements and the accompanying combined management report for the financial year from October 1, 2021, to September 30, 2022, contained in the "Report on the Audit of the Annual Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the annual financial statements and the combined management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (10.2021)) and the International Standard on Assurance Engagements 3000 (Revised)]. Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company's Management Board is responsible for the preparation of the ESEF documents including the electronic renderings of the annual financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 HGB.

In addition, the Company's Management Board is responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, as amended as at the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited annual financial statements and the audited combined management report.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

KPMG Luxembourg S.A., Luxembourg, was elected at the annual general meeting on February 16, 2022, as auditor of Stabilus S.A., Luxembourg for the financial year ended September 30, 2022. An extraordinary general meeting was held on March 24, 2022, during which it was resolved to change the legal form from the previous Société Anonym or S.A. to Societas Europaea or SE. The register entry was made via the competent Luxembourg court of registration on April 5, 2022. It was resolved at the extraordinary general meeting held on August 11, 2022, to move the Company's registered office from Luxembourg to Germany. The change of the registered office's location was entered into the commercial register of Frankfurt am Main on September 2, 2022.

By resolution of the district court of Frankfurt am Main dated October 7, 2022, we were appointed auditor pursuant to Section 318 (4) HGB. We were engaged by the Supervisory Board on November 2, 2022. We have thereby been the auditor of Stabilus SE since financial year 2021/2022.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited annual financial statements and the audited combined management report as well as the examined ESEF documents. The annual financial statements and the combined management report converted into ESEF format – including the versions to be published in the German Federal Gazette [Bundesanzeiger] – are merely electronic renderings of the audited annual financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Marcus Rohrbach.

Frankfurt am Main, December 8, 2022

KPMG AG Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

ROHRBACH
Wirtschaftsprüfer
[German Public Auditor]

SCHWARTZ
Wirtschaftsprüfer
[German Public Auditor]

ADDITIONAL INFORMATION

for the fiscal year ending September 30, 2022

FINANCIAL CALENDAR

Financial calendar T _ 118

DATE[1)2)]	PUBLICATION / EVENT
December 9, 2022	Publication of full year results for fiscal year 2022 (Annual Report 2022)
January 30, 2023	Publication of the first-quarter results for fiscal year 2023 (Quarterly Statement Q1 FY2023)
February 15, 2023	Annual General Meeting
May 2, 2023	Publication of the second-quarter results for fiscal year 2023 (Interim Report Q2 FY2032)
July, 31 2023	Publication of the third-quarter results for fiscal year 2023 (Quarterly Statement Q3 FY2023)
November 10, 2023	Publication of preliminary full year results for fiscal year 2023
December 8, 2023	Publication of full year results for fiscal year 2023 (Annual Report 2023)

[1)] We cannot rule out changes of dates. We recommend checking them on our website in the Investors / Financial Calendar section (www.stabilus.com/investors/financial-calendar).
[2)] Please note that our fiscal year (FY) ends in September (e.g. FY2023 comprises a twelve-month period from October 1, 2022 until September 30, 2023).

DISCLAIMER

This annual report is also published in English. In case of doubt, the German version shall take precedence.

Forward-looking statements

This annual report contains forward-looking statements that relate to the current plans, objectives, forecasts and estimates of the management of Stabilus S.A. These statements take into account only information that was available up and including the date that this annual report was prepared. The management of Stabilus S. A. makes no guarantee that these forward-looking statements will prove to be right. The future development of Stabilus S. A. and its subsidiaries and the results that are actually achieved are subject to a variety of risks and uncertainties which could cause actual events or results to differ significantly from those reflected in the forward-looking statements. Many of these factors are beyond the control of Stabilus S. A. and its subsidiaries and therefore cannot be precisely predicted. Such factors include, but are not limited to, changes in economic conditions and the competitive situation, changes in the law, interest rate or exchange rate fluctuations, legal disputes and investigations, and the availability of funds. These and other risks and uncertainties are set forth in the combined management report. However, other factors could also have an adverse effect on our business performance and results. Stabilus S. A. neither intends to nor assumes any separate obligation to update forward-looking statements or to change these to reflect events or developments that occur after the publication of this annual report.

Rounding

Certain numbers in this annual report have been rounded up or down. There may therefore be discrepancies between the actual totals of the individual amounts in the tables and the totals shown as well as between the numbers in the tables and the numbers given in the corresponding analyses in the text of the annual report. All percentage changes and key figures in the combined management report were calculated using the underlying data in millions of euros to one decimal place (€ millions).

TABLE DIRECTORY

INFORMATION RESOURCES

Further information including news, reports and publications can be found in the Investors section of our website at WWW.STABILUS.COM/INVESTORS.

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