

TECHNOLOGY  
EFFICIENCY  
GROWTH

Interim Report

**Q1 2020**

**STAHL**

This report is available in German and English language. Both versions can also be found online on our corporate website [www.r-stahl.com](http://www.r-stahl.com) under Corporate/Investor Relations/Financial Reports. It contains forward-looking statements based on assumptions and estimates of R. STAHL's management. Although we assume that the expectations of these forward-looking statements are realistic, we cannot guarantee that these expectations will prove to be correct. The assumptions may involve risks and uncertainties that could cause the actual results to differ materially from the forward-looking statements. Factors that may cause such discrepancies include: changes in the macroeconomic and business environment, exchange rate and interest rate fluctuations, the roll-out of competing products, a lack of acceptance of new products or services, and changes in business strategy. R. STAHL does not plan to update these forward-looking statements nor does it accept any obligation to do so.

The contents of this press release are intended to address all genders. For the sake of readability and without any intent to discriminate, only the male form will be used.

#### **Rounding differences and rates of change**

Percentages and figures in this report may include rounding differences. The signs used to indicate rates of change are based on economic aspects: improvements are indicated by a "+" sign, deteriorations by a "-" sign. Rates of change >+100% are shown as >+100%, rates of change <-100% as "n/a" (not applicable).

# R. STAHL GROUP

## Key Figures

in € million	Q1 2020	Q1 2019	Change in %
Sales	65.1	67.5	-3.6
Germany	16.9	16.2	+4.2
Central region <sup>1)</sup>	29.2	29.5	-1.1
Americas	7.2	7.6	-4.5
Asia/Pacific	11.8	14.2	-17.2
Order backlog as of 31 March	79.9	75.8	+5.4
EBITDA pre exceptionals <sup>2)</sup>	4.7	7.7	-38.6
<i>EBITDA margin pre exceptionals <sup>2)</sup></i>	7.3%	11.4%	
EBITDA	4.7	6.3	-25.7
EBIT	0.5	1.0	-48.6
Net profit	-0.6	0.1	n/a
Earnings per share (in €)	-0.10	0.02	n/a
Cashflow from operating activities	0.9	6.9	-86.6
Depreciation and amortization	4.2	5.3	-21.4
Capital expenditures	2.3	2.6	-10.6
	<b>31 Mar. 2020</b>	<b>31 Dec. 2019</b>	<b>Change in %</b>
Total assets	261.1	259.4	+0.7
Equity	59.9	58.4	+2.5
<i>Equity ratio</i>	22.9%	22.5%	
Net financial debt <sup>3)</sup>	7.7	4.2	+84.8
Net financial debt incl. lease liabilities pursuant to IFRS 16	37.3	36.0	+3.8
Employees <sup>4)</sup>	1,686	1,669	+1.0

<sup>1)</sup> Africa and Europe excl. Germany

<sup>2)</sup> Exceptionals: restructuring charges, non-scheduled depreciation and amortization, charges for design and implementation of IT-projects, M&A costs as well as profit and loss from the disposal of non-current assets no longer required for business operations

<sup>3)</sup> excl. pension provision and excluding lease liabilities

<sup>4)</sup> excl. apprentices

# INTERIM REPORT

of R. Stahl Aktiengesellschaft for the period 1 January 2020 through 31 March 2020

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# GROUP MANAGEMENT REPORT

- > Sales in Q1 2020 declined by 3.6% to €65.1 million (Q1 2019: €67.5 million) – coronavirus pandemic delays deliveries
- > EBITDA pre exceptionals fell by €3.0 million to €4.7 million (Q1 2019: €7.7 million)
- > Q1 2020 without any notable exceptionals (Q1 2019: €-1.4 million)
- > Financial result improved to €-0.4 million (Q1 2019: €-0.9 million)
- > Earnings per share declined to €-0.10 (Q1 2019: €0.02)
- > Delayed deliveries led to an increase in working capital and net financial debt

## Business performance

### Sales

In Q1 2020, R. STAHL realized sales of €65.1 million, which represents a decrease of 3.6% year-on-year

(Q1 2019: €67.5 million). The key factor in this development was the worldwide restrictions on public life relating to the unexpectedly rapid global spread of the coronavirus as from February 2020, which also caused delays in transport and goods acceptance at several of our customers. Sales performance declined in all regions except Germany.

**Germany** registered an increase in sales by 4.2% to €16.9 million (Q1 2019: €16.2 million). Sales in the **Central region** – consisting of Africa and Europe excluding Germany – fell by 1.1% to €29.2 million (Q1 2019: €29.5 million). The regions of the **Americas** and **Asia/Pacific** registered a downturn in sales with a loss of 4.5% to €7.2 million (Q1 2019: €7.6 million) and a decrease of 17.2% to €11.8 million (Q1 2019: €14.2 million) respectively.

In contrast to sales, orders performed well in the quarter under review with a significant increase of 14.2% to €78.8 million (Q1 2019: €69.0 million), achieving the highest quarterly order intake for about four years. Compared to the seasonally weak previous quarter, this represents an increase of 19.7% (Q4 2019: €65.8 million). As a result, the order backlog increased significantly as at the end of the reporting period to €79.9 million (31 December 2019: €67.3 million).

### Sales by region

in € million	Q1 2020	Q1 2019	Change in %	in % of Group sales
Germany	16.9	16.2	+4.2	26
Central region	29.2	29.5	-1.1	45
Americas	7.2	7.6	-4.5	11
Asia/Pacific	11.8	14.2	-17.2	18
<b>Total</b>	<b>65.1</b>	67.5	-3.6	100

### EBITDA and EBIT

The downturn in the sales performance was also reflected in the earnings before interest, taxes, depreciation, and amortization (EBITDA) pre exceptionals, which fell in the quarter under review by €3.0 million to €4.7 million (Q1 2019: €7.7 million). In the reporting period, there were

immaterial exceptionals in the amount of €-0.1 million (Q1 2019: -€1.4 million), which resulted in EBITDA of €4.7 million (Q1 2019: €6.3 million).

The delayed deliveries of goods led to an increase in finished and unfinished products to €4.1 million (Q1 2019: €2.1 million), yielding an operating performance of €70.2 million in the quarter under review (Q1 2019:

€70.7 million). The cost of materials matched the level of the previous year at €24.3 million.

A slight decrease to €31.5 million was recorded for personnel expenses (Q1 2019: €31.7 million). Due to annual salary increases that are standard in the industry, a fall in severance pay was more than compensated in the quarter under review.

The increase in other operating income to €3.4 million (Q1 2019: €3.0 million) essentially reflected the positive effects arising from changes in the foreign currency rates.

Other operating expenses increased to €13.1 million (Q1 2019: €11.5 million). Apart from the disadvantageous

changes in the foreign currency rates, the organizational measures to combat the coronavirus pandemic also made an impact and led to an increased need for temporary staff. Moreover, costs were incurred for the pre-financing of the replacement of the light fittings that were recalled in June 2019. These costs will only be refunded by the insurance company at a later date.

Depreciation and amortization stood at €4.2 million in the quarter under review (Q1 2019: €5.3 million). In total, EBIT fell by €0.5 million to €0.5 million (Q1 2019: €1.0 million).

#### Reconciliation of EBITDA pre exceptionals to EBIT

in € million	Q1 2020	Q1 2019	Change	included in income statement under
<b>EBITDA pre exceptionals</b>	<b>4.7</b>	<b>7.7</b>	<b>-3.0</b>	
<b>Exceptionals <sup>1)</sup></b>	<b>-0.1</b>	<b>-1.4</b>	<b>+1.4</b>	
<b>Restructuring charges</b>	<b>-0.1</b>	<b>-1.4</b>	<b>+1.4</b>	
Severance pay	0.0	-0.8	+0.8	Personnel costs
Legal and consulting costs	0.0	-0.6	+0.6	Other operating expenses
Other	0.0	0	0.0	Other operating expenses
<b>EBITDA</b>	<b>4.7</b>	<b>6.3</b>	<b>-1.6</b>	
<b>Depreciation and amortization</b>	<b>-4.2</b>	<b>-5.3</b>	<b>+1.1</b>	
<b>EBIT</b>	<b>0.5</b>	<b>1.0</b>	<b>-0.5</b>	

<sup>1)</sup> Exceptionals: restructuring charges, non-scheduled depreciation and amortization, charges for design and implementation of IT-projects, M&A costs as well as profit and loss from the disposal of non-current assets no longer required for business operations

## Financial result

The financial result improved by €0.5 million to €-0.4 million (Q1 2019: €-0.9 million). Apart from the higher income from the ZAVOD Goreltex investment, lower interest expenses as a result of a year-on-year decrease of the pension provisions contributed to this.

quarter under review (Q1 2019: €0.1 million). Income taxes of €0.7 million were incurred (Q1 2019: €0.0 million) with about equal contributions from effective and deferred taxes.

## Earnings before income taxes

Earnings before income taxes of €0.1 million remained on the same level as the previous year in the

## Net profit / Earnings per share

The increased tax expenses led to net profit in the quarter under review in the amount of €-0.6 million (Q1 2019: €0.1 million). This corresponds to earnings per share of €-0.10 (Q1 2019: €0.02).

**Reconciliation of EBIT to earnings per share**

in € million	Q1 2020	Q1 2019	Change
<b>EBIT</b>	<b>0.5</b>	<b>1.0</b>	<b>-0.5</b>
Financial result	-0.4	-0.9	+0.5
<b>Earnings before income taxes</b>	<b>0.1</b>	<b>0.1</b>	<b>+0.0</b>
Income taxes	-0.7	0.0	-0.8
<b>Net profit</b>	<b>-0.6</b>	<b>0.1</b>	<b>-0.7</b>
thereof			
attributable to other shareholders	0.0	0.0	+0.0
attributable to shareholders of R. STAHL AG	-0.6	0.1	-0.8
<b>Earnings per share (in €)</b>	<b>-0.10</b>	<b>0.02</b>	<b>-0.12</b>
Average number of shares outstanding (weighted, in million units)	6.44	6.44	0

## Net assets and financial position

### Balance sheet structure

As of the reporting date 31 March 2020, the balance sheet total of R. STAHL Group increased slightly to €261.1 million compared to previous year's end (31 December 2019: €259.4 million), particularly due to the above-mentioned increase in finished and unfinished products.

Non-current assets declined to €151.8 million as of the reporting date (31 December 2019: €157.5 million). Apart from the scheduled depreciation of rights of use from leases, lower deferred taxes relating to reduced pension provisions that were impacted by a renewed increase in the interest rate to 1.80% (31 December 2019: 1.37%), particularly contributed to this development. Current assets registered an increase to €109.3 million (31 December 2019: €101.8 million), primarily due to the

buildup of inventories and a higher balance of cash and cash equivalents.

Despite negative net profit, equity increased to €59.9 million as of the end of the reporting period (31 December 2019: €58.4 million). This was primarily driven by the reduced pension provisions. As a result, the equity ratio improved to 22.9% (31 December 2019: 22.5%).

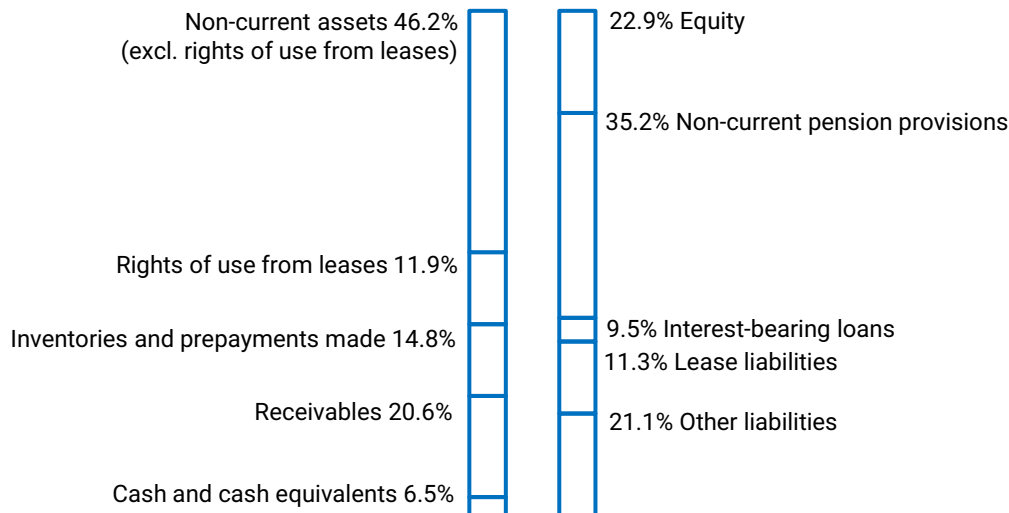
Non-current liabilities decreased to €129.9 million as of the reporting date (31 December 2019: €138.8 million). Again, this was impacted in particular by the reduction of pension provisions. In addition, liabilities from leases decreased similarly to the related rights of use.

There was a considerable increase in current liabilities to €71.3 million (31 December 2019: €62.2 million). Apart from the increase in deferred liabilities due to seasonally higher provisions for vacation and vacation pay, this reflects the increased utilization of loans for financing the working capital. Net financial debt (excluding pension provisions and leasing liabilities) therefore rose to €7.7 million as of the end of the reporting period (31 December 2019: €4.2 million). As of 31 March 2020, the R. STAHL Group held cash and cash equivalents amounting to €17.0 million (31 December 2019: €15.0 million).

## Asset and capital structure

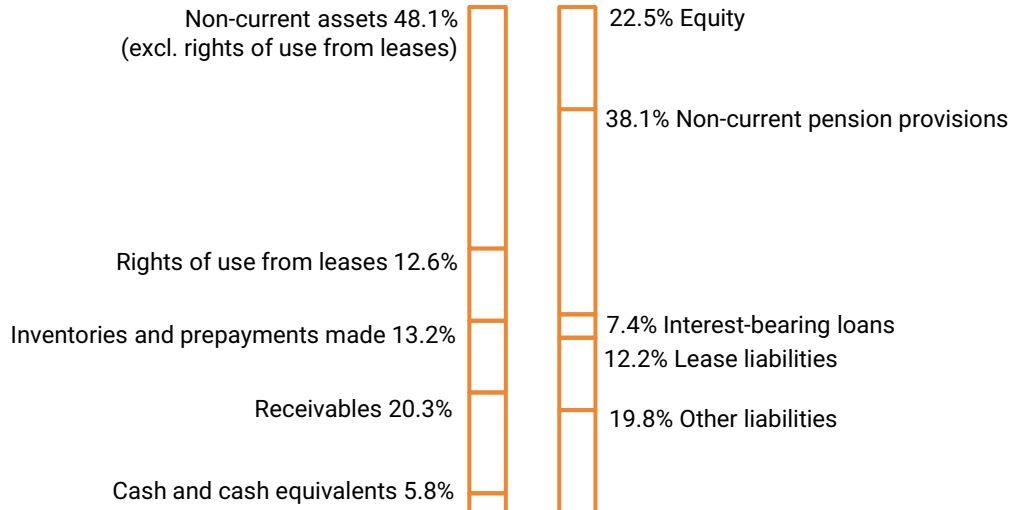
31 March 2020

Balance sheet total €261.1 million



31 December 2019

Balance sheet total €259.4 million



## Financial position and investments

Lower earnings led to a decline in cash flow to €4.1 million in Q1 2020 (Q1 2019: €5.2 million). Thanks to the above-mentioned buildup of finished and unfinished

products, working capital increased by €3.2 million compared to the start of the reporting period (Q1 2019: decline by €1.7 million), whereby the cash flow from operating activities fell in total by €6.0 million to €0.9 million.

Cash outflow for investing activities registered a slight increase in the quarter under review to €-2.2 million (Q1 2019: €-2.0 million), however, the previous year's fig-



ure included a cash inflow of €0.6 million from the disposal of a business no longer required from a strategic perspective. In total, free cash flow of €-1.3 million was generated in the quarter under review (Q1 2019: €4.9 million).

The increase in cash flow from financing activities to €3.8 million (Q1 2019: €-8.5 million) reflected the above-mentioned higher utilization of loans.

## Opportunities and risks

All R. STAHL subsidiaries regularly compile an opportunities and risks report, in which the opportunities and risks in the company are taken into account. All managing directors are required to inform the department responsible for opportunity and risk management if significant events occur, including during the course of the quarter. The relevant statements made starting on page 60 of the 2019 Annual Report continue to apply unchanged.

## Outlook

We have presented our detailed outlook of the anticipated development of the R. STAHL Group in the current year in the forecast report starting on page 70 of the 2019 Annual Report, which was published on 21 April 2020. We continue to adhere to this outlook. Thus, we anticipate a year-on-year sales decline of a maximum of 5% to a range between €260 million and €275 million in the year 2020, and an EBITDA pre exceptionals in the low double-digit million Euro range. Moreover, we continue to expect a positive free cash flow and a stable equity ratio compared with 2019.

### Outlook 2020

in € million	2020	2019	Change
<b>Sales</b>	<b>260 - 275</b>	<b>274.8</b>	<b>-5% - 0%</b>
<b>EBITDA pre exceptionals <sup>1)</sup></b>	<b>low double-digit million Euro</b>	<b>30.4</b>	<b>decline</b>
Free cash flow	positive	8.5	decline
Equity ratio	stable	22.5%	unchanged

<sup>1)</sup> Exceptionals: restructuring charges, non-scheduled depreciation and amortization, charges for design and implementation of IT-projects, M&A costs as well as profit and loss from the disposal of non-current assets no longer required for business operations

# CONSOLIDATED FINANCIAL STATEMENTS R. STAHL

## Income statement

1 January through 31 March

in €000	Q1 2020	Q1 2019	Change in %
<b>Sales</b>	<b>65,104</b>	<b>67,544</b>	<b>-3.6</b>
Change in finished and unfinished products	4,108	2,056	+99.8
Other own work capitalized	1,022	1,104	-7.4
<b>Total operating performance</b>	<b>70,234</b>	<b>70,704</b>	<b>-0.7</b>
Other operating income	3,371	2,977	+13.2
Cost of materials	-24,259	-24,253	0.0
Personnel costs	-31,537	-31,679	+0.4
Other operating expenses	-13,134	-11,460	-14.6
<b>Earnings before financial result, income taxes and depreciation and amortization (EBITDA)</b>	<b>4,675</b>	<b>6,289</b>	<b>-25.7</b>
Depreciation and amortization	-4,169	-5,304	+21.4
<b>Earnings before financial result and income taxes (EBIT)</b>	<b>506</b>	<b>985</b>	<b>-48.6</b>
Result from companies consolidated using the equity method	385	197	+95.4
Investment result	0	0	n/a
Interest and similar income	42	7	>+100
Interest and similar expenses	-835	-1,124	+25.7
<b>Financial result</b>	<b>-408</b>	<b>-920</b>	<b>+55.7</b>
<b>Earnings before income taxes</b>	<b>98</b>	<b>65</b>	<b>+50.8</b>
Income taxes	-734	41	n/a
<b>Net profit</b>	<b>-636</b>	<b>106</b>	<b>n/a</b>
thereof attributable to other shareholders	4	-5	n/a
thereof attributable to shareholders of R. STAHL AG	-640	111	n/a
<b>Earnings per share (in €)</b>	<b>-0.10</b>	<b>0.02</b>	<b>n/a</b>

## CONSOLIDATED FINANCIAL STATEMENTS R. STAHL

### Statement of comprehensive income

1 January through 31 March

in €000	Q1 2020	Q1 2019	Change in %
<b>Net profit</b>	<b>-636</b>	<b>106</b>	<b>n/a</b>
Gains/losses from currency translation of foreign subsidiaries, recognized in equity	-2,674	773	n/a
Deferred taxes on gains/losses from currency translation	0	0	0
<b>Currency translation differences after taxes</b>	<b>-2,674</b>	<b>773</b>	<b>n/a</b>
Gains/losses from the subsequent measurement of cash flow hedges, recognized in equity	0	0	0
Recognized in profit or loss	0	0	0
Deferred taxes on cash flow hedges	0	0	0
<b>Cash flow hedges after taxes</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other comprehensive income with reclassifications to profit for the period</b>	<b>-2,674</b>	<b>773</b>	<b>n/a</b>
Gains/losses from the subsequent measurement of pension obligations, recognized in equity	6,700	-7,444	n/a
Deferred taxes from pension obligations	-1,956	2,195	n/a
<b>Other comprehensive income without reclassifications to profit for the period</b>	<b>4,744</b>	<b>-5,249</b>	<b>n/a</b>
<b>Other comprehensive income (valuation differences recognized directly in equity)</b>	<b>2,070</b>	<b>-4,476</b>	<b>n/a</b>
thereof attributable to other shareholders	-87	12	n/a
thereof attributable to shareholders of R. STAHL AG	2,157	-4,488	n/a

# CONSOLIDATED FINANCIAL STATEMENTS R. STAHL

## Balance Sheet

in €000	31 March 2020	31 Dec. 2019	Change
<b>ASSETS</b>			
Intangible assets	40,434	41,424	-990
Property, plant & equipment	83,435	85,959	-2,524
Investments in associated companies	9,219	8,834	+385
Other financial assets	32	32	0
Other assets	3,848	3,945	-97
Real estate held as a financial investment	4,862	4,914	-52
Deferred taxes	9,937	12,417	-2,480
<b>Non-current assets</b>	<b>151,767</b>	<b>157,525</b>	<b>-5,758</b>
Inventories and prepayments made	38,758	34,180	+4,578
Trade receivables	41,727	42,489	-762
Contract receivables	517	622	-105
Income tax claims	740	959	-219
Other receivables and other assets	10,572	8,631	+1,941
Cash and cash equivalents	16,987	14,966	+2,021
<b>Current assets</b>	<b>109,301</b>	<b>101,847</b>	<b>+7,454</b>
<b>Total assets</b>	<b>261,068</b>	<b>259,372</b>	<b>+1,696</b>
<b>EQUITY AND LIABILITIES</b>			
Subscribed capital	16,500	16,500	0
Capital reserves	13,457	13,457	0
Revenue reserves	62,915	63,555	-640
Accumulated other comprehensive income	-33,364	-35,521	+2,157
<b>Equity attributable to shareholders of R. STAHL AG</b>	<b>59,508</b>	<b>57,991</b>	<b>+1,517</b>
Non-controlling interests	366	449	-83
<b>Equity</b>	<b>59,874</b>	<b>58,440</b>	<b>+1,434</b>
Pension provisions	92,022	98,717	-6,695
Other provisions	2,042	2,031	+11
Interest-bearing financial liabilities	9,823	10,193	-370
Lease liabilities	23,302	25,056	-1,754
Other liabilities	73	87	-14
Deferred taxes	2,611	2,677	-66
<b>Non-current liabilities</b>	<b>129,873</b>	<b>138,761</b>	<b>-8,888</b>
Provisions	7,384	8,118	-734
Trade payables	14,524	15,092	-568
Interest-bearing financial liabilities	14,896	8,957	+5,939
Lease liabilities	6,295	6,727	-432
Deferred liabilities	18,243	14,186	+4,057
Income tax liabilities	893	791	+102
Other liabilities	9,086	8,300	+786
<b>Current liabilities</b>	<b>71,321</b>	<b>62,171</b>	<b>+9,150</b>
<b>Total equity and liabilities</b>	<b>261,068</b>	<b>259,372</b>	<b>+1,696</b>

## CONSOLIDATED FINANCIAL STATEMENTS R. STAHL

### Cash flow statement

1 January through 31 March

in €000	Q1 2020	Q1 2019	Change
<b>Net profit</b>	<b>-636</b>	<b>106</b>	<b>-742</b>
Depreciation, amortization and impairment of non-current assets	4,169	5,304	-1,135
Changes in long-term provisions	11	10	+1
Changes in deferred taxes	393	-133	+526
Equity valuation	-385	215	-600
Other income and expenses without cash flow impact	657	183	+474
Result from the disposal of non-current assets	-99	-463	+364
<b>Cash flow</b>	<b>4,110</b>	<b>5,222</b>	<b>-1,112</b>
Changes in short-term provisions	-619	13	-632
Changes in inventories, trade receivables and other non-capex or non-financial assets	-7,766	-2,229	-5,537
Changes in trade payables and other non-capex or non-financial liabilities	5,200	3,911	1,289
<b>Changes in working capital</b>	<b>-3,185</b>	<b>1,695</b>	<b>-4,880</b>
<b>Cash flow from operating activities</b>	<b>925</b>	<b>6,917</b>	<b>-5,992</b>
Cash outflow for capex in intangible assets	-1,153	-1,364	+211
Cash inflow from the disposals of non-current intangible assets	0	560	-560
Cash outflow for capex on property, plant & equipment	-1,195	-1,261	+66
Cash inflow from the disposals of property, plant & equipment and real estate held as a financial investment	122	24	+98
Cash outflow for the purchase of shares in associated companies excluding acquired cash and cash equivalents	0	0	0
<b>Cash flow from investing activities</b>	<b>-2,226</b>	<b>-2,041</b>	<b>-185</b>
<b>Free cash flow</b>	<b>-1,301</b>	<b>4,876</b>	<b>-6,177</b>
Cash outflow for repayment of lease liabilities	-1,838	-1,891	+53
Cash inflow from interest-bearing financial debt	11,783	278	+11,505
Cash outflow for repayment of interest-bearing financial debt	-6,170	-6,844	+674
<b>Cash flow from financing activities</b>	<b>3,775</b>	<b>-8,457</b>	<b>+12,232</b>
Changes in cash and cash equivalents	2,474	-3,581	+6,055
Foreign exchange and valuation-related changes in cash and cash equivalents	-453	248	-701
Cash and cash equivalents at the beginning of the period	14,966	14,629	+337
<b>Cash and cash equivalents at the end of the period</b>	<b>16,987</b>	<b>11,296</b>	<b>+5,691</b>

## CONSOLIDATED FINANCIAL STATEMENTS R. STAHL

### Statement of changes in equity

1 January through 31 March

in €000	Equity attributable to shareholders									Equity
	Accumulated other comprehensive income							Total	Non-controlling interests	
	Subscribed capital	Capital reserves	Revenue reserves	Currency translation	Unrealized gains/losses from cash flow hedges	Unrealized gains/losses from pensions	Total accumulated other comprehensive income			
<b>1 Jan. 2019</b>	<b>16,500</b>	<b>13,457</b>	<b>62,216</b>	<b>-3,558</b>	<b>0</b>	<b>-26,490</b>	<b>-30,048</b>	<b>62,125</b>	<b>133</b>	<b>62,258</b>
Net profit			111				0	111	-5	106
Accumulated other comprehensive income				761		-5,249	-4,488	-4,488	12	-4,476
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>111</b>	<b>761</b>	<b>0</b>	<b>-5,249</b>	<b>-4,488</b>	<b>-4,377</b>	<b>7</b>	<b>-4,370</b>
Dividend distribution							0	0		
<b>31 March 2019</b>	<b>16,500</b>	<b>13,457</b>	<b>62,327</b>	<b>-2,797</b>	<b>0</b>	<b>-31,739</b>	<b>-34,536</b>	<b>57,748</b>	<b>140</b>	<b>57,888</b>
<b>1 Jan. 2020</b>	<b>16,500</b>	<b>13,457</b>	<b>63,555</b>	<b>-3,358</b>	<b>0</b>	<b>-32,163</b>	<b>-35,521</b>	<b>57,991</b>	<b>449</b>	<b>58,440</b>
Net profit			-640				0	-640	4	-636
Accumulated other comprehensive income				-2,587		4,744	2,157	2,157	-87	2,070
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-640</b>	<b>-2,587</b>	<b>0</b>	<b>4,744</b>	<b>2,157</b>	<b>1,517</b>	<b>-83</b>	<b>1,434</b>
Dividend distribution							0	0		0
<b>31 March 2020</b>	<b>16,500</b>	<b>13,457</b>	<b>62,915</b>	<b>-5,945</b>	<b>0</b>	<b>-27,419</b>	<b>-33,364</b>	<b>59,508</b>	<b>366</b>	<b>59,874</b>

# SELECTED EXPLANATORY NOTES

## 1. Accounting in accordance with International Financial Reporting Standards (IFRS)

The consolidated interim financial statements of R. STAHL AG have been prepared in accordance with International Financial Reporting Standards (IFRS) as mandated for EU companies in compliance with IAS 34 "Interim Reports".

These consolidated interim financial statements have not been audited.

## 2. Consolidation

In addition to the Group's parent company, R. STAHL AG, the consolidated interim financial statements include 32 domestic and foreign companies in which R. STAHL AG may exert a controlling influence.

Companies in which the company can exert a substantial influence are consolidated as associated enterprises in the consolidated financial statements using the equity method. As of 2016, ZAVOD Goreltex Co. Ltd., Saint Petersburg, Russia is included in the consolidated financial statements as an associated enterprise using the equity method.

## 3. Accounting and valuation methods

The consolidated interim financial statements and comparison figures for the previous year's period have essentially been prepared and calculated using the same accounting and valuation methods as the consolidated financial statements for fiscal year 2019. The underlying principles are published in the notes to our consolidated financial statements for 2019. The latter are available on our corporate website [www.r-stahl.com](http://www.r-stahl.com).

Further explanation of the different accounting and valuation methods as a result of adopting IFRS 16 can be found under "[1] Basis of preparation" in the notes to the 2019 consolidated financial statements.

We use the historical cost approach in preparing our consolidated financial statements. The accounting for derivative financial instruments is an exception to this rule, as these must be accounted for at their applicable fair value. The positive fair values of derivative financial instruments on the balance sheet date

amounted to €33 thousand (31 December 2019: €89 thousand). We recognized negative fair values of €-166 thousand (31 December 2019: €-12 thousand).

The carrying amounts of cash and cash equivalents, as well as current account loans closely approximate their fair value given the short maturity of these financial instruments. The carrying values of receivables and liabilities are based on historical costs, subject to usual trade credit terms, and also closely approximate their fair value.

The fair value of non-current liabilities is based on currently available interest rates for borrowing with the same maturity and credit rating profiles. The fair value of external liabilities is currently about the same as the carrying amounts.

In order to present the reliability of the valuation of financial instruments at fair value in a comparable manner, IFRS introduced a fair value hierarchy with the following three levels:

- > Valuation on the basis of exchange price or market price for identical assets or liabilities (Level 1)
- > Valuation on the basis of exchange price or market price for similar instruments or on the basis of assessment models that are based on input parameters observable on the market (Level 2)
- > Valuation on the basis of assessment models with significant input parameters that are not observable on the market (Level 3)

Derivative financial instruments measured at fair value of the R. STAHL Group are rated solely according to the fair value hierarchy Level 2.

In the first three months of 2020, there were no reclassifications between different fair value hierarchies.

## 4. Cash flow statement

Our cash flow statement according to IAS 7 shows the changes in cash inflows and outflows of the R. STAHL Group in the period under review.

The liquidity shown in the cash flow statement comprises cash on hand, checks, and credit balances at banks. It also includes securities with original maturities of up to three months.

## 5. Earnings per share

Earnings per share are calculated by dividing consolidated earnings – net of minority interests – by the

average number of shares. Our diluted earnings per share are the same as our earnings per share.

#### **6. Number of employees**

The company employed 1,686 persons (excluding apprentices) as of the reporting date on 31 March 2020 (31 December 2019: 1,669).

#### **7. Legal liabilities and other financial obligations**

There have been no material changes in our legal liabilities and other financial obligations since 31 December 2019.

**Waldenburg, 13 May 2020**

R. Stahl Aktiengesellschaft

**Dr. Mathias Hallmann**

Chief Executive Officer

#### **8. Transactions with related persons**

There were no material transactions with related persons in the period under review.

#### **9. Events after the end of the reporting period**

In April 2020, R. STAHL AG acquired a further 40% of the shares carrying voting rights of OOO R. Stahl, Moscow (Russian Federation). The shareholding is now 100%.



# FINANCIAL CALENDAR 2020

## to be announced

27<sup>th</sup> Ordinary Annual General Meeting

## 6 August

Interim Report Q2 2020

## 12 November

Interim Report Q3 2020

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