RHEINMETALL

2024
ANNUAL REPORT

KEY FIGURES 2024 | RHEINMETALL GROUP

KEY FIGURES 2024

		2024	2023	2022	2021	2020[1]	2019	2018[2]
SALES/EARNINGS								
Sales	€ million	9,751	7,176	6,410	5,658	5,405	6,255	6,148
Of which generated abroad	%	*69.6*	*76.0*	*70.5*	*65.9*	*64.4*	*68.9*	*72.3*
Operating result [3, 6]	€ million	1,478	918	769	594	446	505	491
Operating margin [6]	%	15.2	12.8	12.0	10.5	8.3	8.1	8.0
EBIT pre PPA effects	€ million	1,469	968	747.0	-	-	-	-
EBIT[6]	€ million	1,345	897	738	608	398	512	518
EBIT margin [6]	%	13.8	12.5	11.5	10.8	7.4	8.2	8.4
EBT [6]	€ million	1,229	815	718	582	367	477	485
Earnings from continuing operations [6]	€ million	896	630	534	432	284	-	-
Earnings from discontinued operations [6]	€ million	(87)	(44)	6	(100)	(283)	-	-
Earnings after taxes [6]	€ million	808	586	540	332	1	354	354
Return on capital employed (ROCE) [4, 6, 7]	%	26.4	21.4	21.4	19.5	11.8	15.4	17.1
ORDER INFORMATION								
Booked Business	*€ million*	*2,508*	*3,480*	*3,521*	-	-	-	-
Frame Nomination	*€ million*	*11,518*	*7,362*	*350*	-	-	-	-
Frame Utilization	*€ million*	*(3,738)*	*(2,804)*	-	-	-	-	-
Order Intake	*€ million*	*16,554*	*11,843*	*5,629*	-	-	-	-
Rheinmetall Nomination	€ million	26,843	19,881	9,500	-	-	-	-
Nominated Backlog	*€ million*	*7,712*	*8,381*	*8,056*	-	-	-	-
Frame Backlog	*€ million*	*16,533*	*7,931*	*3,427*	-	-	-	-
Order Backlog	*€ million*	*30,728*	*21,977*	*15,089*	-	-	-	-
Rheinmetall Backlog (December 30)	€ million	54,973	38,290	26,572	-	-	-	-
CASH FLOW								
Cash flow from operating activities	€ million	1,720	743	174	690	453	602	242
Cash flow from investments	€ million	(697)	(398)	(349)	(271)	(237)	(288)	(277)
Operating free cash flow	€ million	1,023	344	(175)	419	217	314	(35)
Of which continuing operations[6]	*€ million*	*1,045*	*356*	*(151)*	*458*	*230*	-	-
Of which discontinued operations[6]	*€ million*	*(22)*	*(12)*	*(24)*	*(38)*	*(13)*	-	-

KEY FIGURES 2024

		2024	2023	2022	2021	2020[1]	2019	2018[2]
STATEMENT OF FINANCIAL POSITION (12/31)								
Equity [6]	€ million	4,465	3,643	3,090	2,620	2,053	2,272	2,173
Total assets [6]	€ million	14,344	11,707	8,096	7,734	7,267	7,415	6,759
Equity ratio [6]	%	31.1	31.1	38.2	33.9	28.2	30.6	32.1
Cash and cash equivalents	€ million	1,184	850	545	1,039	1,027	920	724
Total assets less cash and cash equivalents [6]	€ million	13,159	10,858	7,551	6,695	6,240	6,496	6,035
Net financial debt (-)/Net liquidity (+) [5]	€ million	(1,239)	(1,063)	(426)	118	4	(52)	(30)
HUMAN RESOURCES (FTE 12/31)								
Germany	FTE	14,589	13,449	12,768	11,979	11,592	11,587	11,077
Foreign	FTE	13,950	14,606	12,718	11,966	11,675	12,193	11,822
Rheinmetall Group	FTE	28,539	28,054	25,486	23,945	23,268	23,780	22,899
Of which continuing operations	*FTE*	*28,539*	*24,753*	*21,788*	*20,185*	*19,500*	-	-
Of which discontinued operations	*FTE*	-	*3,301*	*3,697*	*3,760*	*3,768*	-	-
SHARE								
Stock price (12/31)	€	614.60	287.00	186.05	83.06	86.58	102.40	77.16
Basic earnings per share from continuing operations [6]	€	18.52	13.34	10.80	9.04	5.93	-	-
Basic earnings per share [6]	€	16.51	12.32	10.94	6.72	-0.62	7.77	7.10
Diluted earnings per share from continuing operations [6]	€	17.83	13.02	10.80	9.04	5.93	-	-
Diluted earnings per share [6]	€	15.96	12.07	10.94	6.72	-0.62	7.77	7.10
Basic earnings per share pre PPA effects from continuing operations	€	20.75	14.65	10.96	-	-	-	-
Dividend per share	€	8.10	5.70	4.30	3.30	2.00	2.40	2.10
Dividend payout ratio	%	39.0	38.9	39.20	-	-	-	-

[1] The previous year's figures for the comparative period 2020 have been restated accordingly, applying IFRS 5.
[2] Carrying amounts adjusted due to the change in measurement of operating land.
[3] The definition of the key finacial management indicator operating result was adjusted retrospectively in the third quarter of 2023. The figure for the previous year 2022 was also adjusted accordingly.
[4] EBIT/average capital employed. The prior-year figure for 2021 has been adjusted to reflect the new calculation methodology.
[5] Financial liabilities less cash and cash equivalents.
[6] The previous year's figures for 2022 were restated as a result of the amended schedule for the disposal of and the retrospective at-equity valuation of the investment in Shriram Pistons & Rings Ltd.
[7] The previous year figure for 2023 has been adjusted due to the change in the definition of ROCE in fiscal 2024.

CONTENTS

ABOUT THIS ANNUAL REPORT

This report contains the key financial and non-financial information to provide our stakeholders with a comprehensive overview of our performance in fiscal 2024.

Reporting structure

Effective January 1, 2024, the civilian business of Rheinmetall was restructured: Sensors and Actuators and Materials and Trade were combined to form Power Systems. Power Systems is Rheinmetall's organizational umbrella for key technological competencies in civilian markets. At the reporting level, the group structure is divided into Vehicle Systems, Weapon and Ammunition, Electronic Solutions and Power Systems. All disclosures and information in this annual report follow this structure. ››Structure of the Rheinmetall Group

Accounting and data

Rheinmetall AG is the parent company and the management holding company of the Rheinmetall Group with its registered office at Rheinmetall Platz 1, Düsseldorf (Germany, Düsseldorf Commercial Register, HRB 39401). The consolidated financial statements of Rheinmetall AG have been prepared on the basis of the regulations of § 315e(1) of the German Commercial Code (“HGB”) in accordance with IFRS® Accounting Standards adopted by the European Union (EU). The Group management report is combined with the management report of Rheinmetall AG. Unless stated otherwise, the presentation of business development, the situation and the outlook regarding indicators relevant to management relate to the Rheinmetall Group. Information that applies to Rheinmetall AG only is indicated as such. In the economic report, information in accordance with the German Commercial Code (HGB) that relates to Rheinmetall AG is presented in a separate chapter. In addition, the sustainability statement pursuant to § 315 HGB is integrated into the combined management report. The information contained in the superscript labels refers to the disclosure requirement of the Group´s sustainability statement to avoid redundancies in the annual report. There is currently no need to submit a separate sustainability report for Rheinmetall AG. In accordance with IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations), the key financial figures are stated for continuing operations, unless indicated otherwise.

The fiscal year of Rheinmetall AG and the financial statements of subsidiaries included in the consolidated financial statements is the calendar year. This report was published on March 12, 2025. The consolidated financial statements are presented in euros (€). Unless indicated otherwise, all amounts – including those for the previous year – are reported in millions of euro (€ million). All figures have been rounded on a standalone basis. This can result in minor rounding differences when adding figures together or stating them as percentages. To make it easier to read, we may sometimes use the generic masculine in this annual report. However, this always refers to people of any gender identity, i.e. male, female and any other gender identity.

The annual report of Rheinmetall AG is available in German (original version) and English (non-binding translation). Both versions are available at www.rheinmetall.com.

Statements on the future business development and forecasts

This report contains statements and forecasts referring to the future development of the Rheinmetall Group which are based on assumptions made by the management. Many factors are beyond Rheinmetall’s control and influence the business strategy, success and results of the company. Statements regarding the future are based on current plans, targets and forecasts and only take into account findings made before the preparation date this report. If the underlying assumptions do not materialize, the actual figures may differ from the forecasts. Uncertain factors include changes in the political and economic environment, changes to national and international laws, market fluctuations, the development of global market prices for commodities, exchange rate and interest rate fluctuations, the impact of rival products and competitive prices, the acceptance of and demand for new products, and the effect of changes to customer structures and to the business strategy. Rheinmetall does not intend, nor does it undertake a particular commitment, to update statements referring to the future or to adjust these to events or developments after this report goes to press.

Symbols and navigation

For improved navigation within the report, the ›› symbol indicates a link within the report.

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LETTER TO SHAREHOLDER
REPORT OF THE SUPERVISORY BOARD

Cooperation between Supervisory Board and Executive Board

I would like to take a brief look back at the past year in advance of the detailed presentation of the activities of the Supervisory Board (pursuant to § 171 para. 2 AktG) of the Rheinmetall Group in the past fiscal 2024. War events in Ukraine and new sources of crisis, especially in the Middle East, presented major challenges for the international community. The Rheinmetall Executive Board and the management of the company met all challenges decisively, consistently and prudently at the same time. Rheinmetall impresses not only with its resilience, but equally with its operational strength. The turning point in security policy due to Russia's war of attack further heightened newly created awareness of the requirements to secure democratic freedom and security on a national and international basis. In this changing environment, the economic framework conditions for Rheinmetall have changed in a sustainable manner. Rheinmetall has positioned itself from the beginning as a reliable partner which assumes responsibility. Safety is an extremely important asset, especially during these times. Rheinmetall makes a decisive contribution to this.

The Supervisory Board carefully and continuously monitored and accompanied the work of the Executive Board in fiscal 2024. This was done in accordance with the statutory provisions, the articles of association and the rules of procedure on the basis of differentiated reports of the Executive Board and other executive officers of the company, which were made in written and oral form. We received the documents for the preparation of our meetings in a timely manner and thus always had sufficient space to critically acknowledge the reports, presentations and proposed resolutions in the plenary and in the committees, to specifically question them and to check their plausibility. Using this detailed information, we intensively discussed the company's operational, economic and organizational development and its strategic development. At the Supervisory Board and Committee meetings, the Executive Board explained all relevant matters and fully answered our questions. Deviations in the course of business from the established plans were justified in detail by the Executive Board and intensively discussed the causes and the measures taken with the Supervisory Board. The Executive Board took into account the requirements of good corporate governance and the expectations of the Supervisory Board regarding the subject, scope and depth of the reporting. Our own analyses and suggestions could be taken into account in detail before we, after thorough review and consultation, adopted resolutions on submitted transactions or measures of the Executive Board, insofar as they were subject to approval by law, articles of association or rules of procedure.

Meetings of the Supervisory Board shall be prepared as necessary in separate discussions between the Shareholder Representatives and the Employee Representatives with the members of the Executive Board. These preliminary discussions can also take place without the participation of the Executive Board. In the past fiscal year, the Chairman of the Executive Board and I were in regular close exchange. In numerous face-to-face or telephone conversations, we discussed the planned business strategy, the context of the decisions to be made and key business processes that were important for the assessment of the situation and the development of the company. I was also in close contact with the members of the Supervisory Board outside of the Supervisory Board meetings. In these discussions, the consequences of the economic framework conditions and, in particular, the implications of the war in Ukraine and the new focus of the crisis were the main areas of content in the past fiscal year.

The cooperation between the Supervisory Board and the Executive Board was also unchanged in fiscal 2024 and was characterised by trust, openness and constructive dialogue. The Supervisory Board has been involved in all decisions of decisive importance for the Rheinmetall Group immediately and early. Due to our intensive employment and our audits, we are convinced of the legality, purpose and orderliness of the board work as well as of the performance of the organization.

Composition of the Supervisory Board

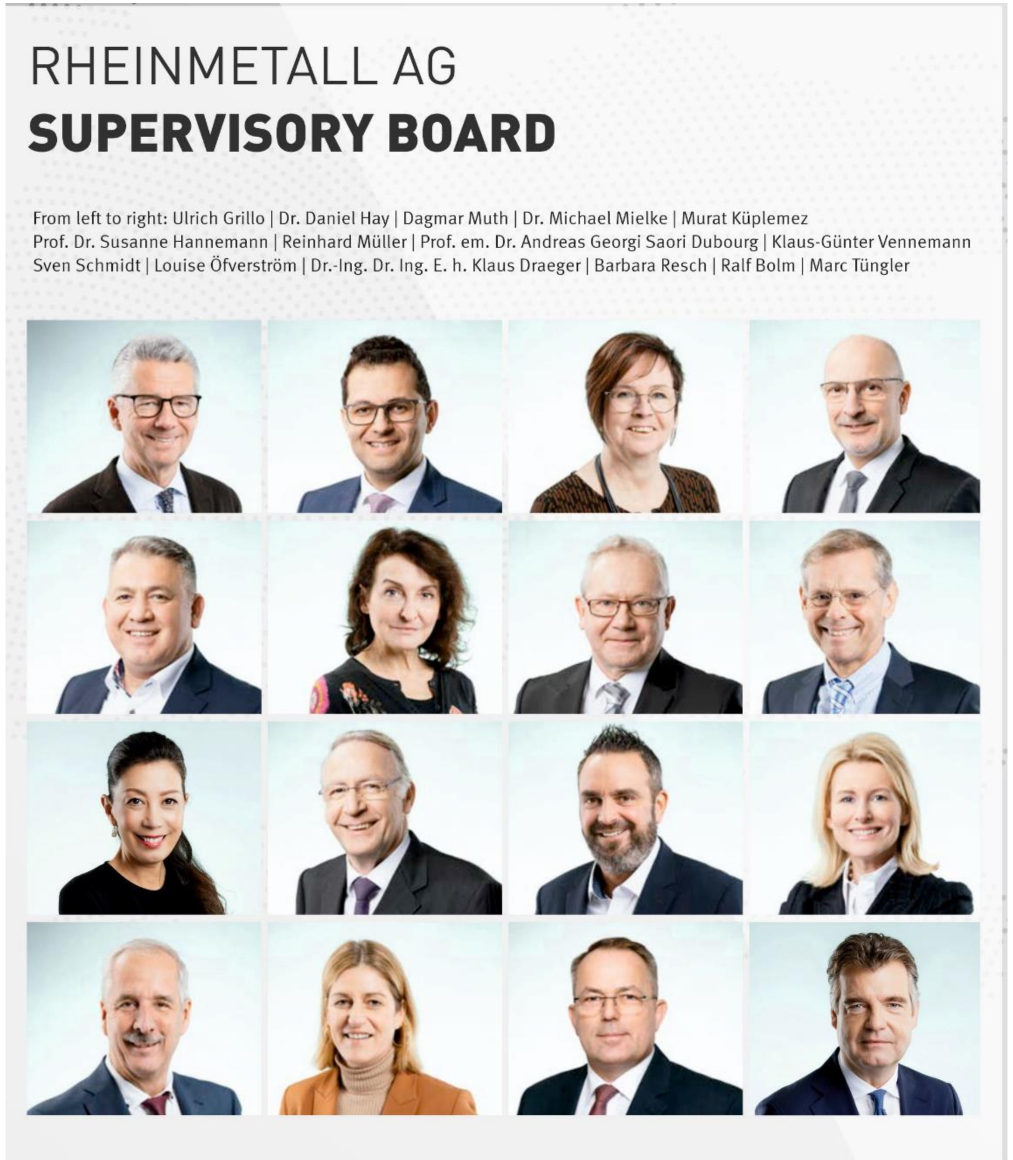
As a result of the resignation of two members of the Supervisory Board on the shareholder side, staffing must be carried out, taking into account the competence profile, the objectives for the composition and the results of the efficiency check. Saori Dubourg and Marc Tüngler took over the mandates of Prof. Dr. Dr. h. c. Sahin Albayrak and Dr. Britta Giesen, who retired from the Supervisory Board on 14 May 2024. After a detailed discussion on the process of finding candidates, as well as the resumes and competencies of the candidates found in the Nomination Committee and on the basis of the explicit recommendation by the Committee, I submitted the proposal for these two changes in the Supervisory Board to the Committee at the Supervisory Board meeting, which were implemented according to the corresponding resolutions of the annual general meeting on 14 May 2024.

Saori Dubourg and Marc Tüngler introduced themselves to the participating shareholders of our company at the virtual Annual General Meeting. On behalf of the Supervisory Board, I would like to thank Prof. Dr. Dr. h. c. Sahin Albayrak and Dr. Britta Giesen for good cooperation on the Supervisory Board and for their professional, committed and solution-oriented work on our committee and on his committees in the interest of the company.

For equally participating supervisory board bodies of publicly traded companies, the German Stock Corporation Act requires a binding female quota of at least 30%. With regard to staffing with women and men, the Supervisory Board complies with the statutory minimum shares pursuant to § 96 para. 2 sentences 1, 3 and 4 AktG.

The panel unanimously appointed Louise Öfverström as the new Chair of the Audit Committee as the successor to Prof. Dr. Susanne Hannemann. On the Strategy, Technology and ESG Committee, Saori Dubourg and Marc Tüngler followed Dr. Britta Giesen and Prof. Dr. Dr. h.c. Sahin Albayrak, who retired from the Supervisory Board effective 14 May 2024. In the Nomination Committee, Dr. Klaus Draeger followed Prof. Dr. Andreas Georgi.

The following overview shows the composition of the Supervisory Board and its committees as of the balance sheet date.



Members of the Supervisory Board

Representatives	Practised Profession	First appointed appointed until [1]	Membership of Committees Chairman[1]	Membership in Supervisory Boards
Dipl.-Kfm. Ulrich Grillo **Chairman of the Supervisory Board** Mülheim an der Ruhr Year of birth 1959 Nationality German	- CEO of Grillo-Werke AG	10.5.2016 » 2025	Audit committee **Personnel and Remuneration committee** **Strategy, Technology and ESG committee** **Nomination committee** **Mediation committee**	E.ON SE
Dr.-Ing. Dr. Ing. E. h. Klaus Draeger Munich Year of birth 1956 Nationality German	- Executive Advisor	9.5.2017 » 2026	Nomination committee Strategy, Technology and ESG committee	No mandates in other Supervisory Boards
Saori Dubourg Heidelberg Year of hirth 1971 Nationality German	- Chairwoman of the Board Greiner AG	14.5.2024 » 2027	Strategy, Technology and ESG committee	No mandates in other Supervisory Boards
Prof. Dr. Andreas Georgi Starnberg Year of birth 1957 Nationality German	- Executive Advisor	10.6.2002 » 2025	Personnel and Remuneration committee Mediation committee	Felix Schoeller Holding GmbH & Co. KG
Prof. Dr. Susanne Hannemann Bochum Year of birth 1964 Nationality German	- Professor of General Business Management, specializing in business tax law and auditing, Bochum University of Applied Sciences	15.5.2012 » 2025	Audit committee	No mandates in other Supervisory Boards
Louise Öfverström Starnberg Year of birth 1975 Nationality Swedish	- CFO of Nemetschek SE	10.5.2022 » 2026	**Audit committee**	Bluebeam Inc., USA[2] Nemetschek Inc., USA[2] Graphisoft SE, Hungary[2]
Marc Tüngler Düsseldorf Year of birth 1968 Nationality German	- Managing Director DSW - Deutsche Schutzvereinigung für Wertpapierbesitz e.V.	14.5.2024 » 2025	Strategy, Technology and ESG committee	freenet AG (Chairman) InnoTec TSS AG
Klaus-Günter Vennemann Waidring, Austria Year of birth 1954 Nationality German	- Consulting Engineer	10.5.2016 » 2025	Nomination committee	No mandates in other Supervisory Boards

[1] Term of office ends at the close of the respective Annual General Meeting
[2] Internal mandates of Nemetschek SE

Members of the Supervisory Board

Representatives	Practised Profession	First appointed appointed until[1]	Membership of Committees	Membership in Supervisory Boards
Dr. Daniel Hay **Deputy Chairman of the Supervisory Board** Essen Year of birth 1979 Nationality German	- Scientific Director of the Institute for Codetermination and Corporate Governance (I.M.U.) of the Hans-Böckler-Stiftung	May 7, 2014 » 2027	Audit committee Personnel and Remuneration committee Strategy, Technology and ESG committee Mediation committee	No mandates in other Supervisory Boards
Ralf Bolm Reinbek Year of birth1964 Nationality German	- Chairman of the Works Council of Rheinmetall Waffe Munition GmbH, Nico Trittau branch - Chairman of the General Works Council of Rheinmetall Waffe Munition GmbH - Deputy chairman of the Group Works Council of Rheinmetall AG	1.7.2020 » 2027	Audit committee	No mandates in other Supervisory Boards
Murat Küplemez Kaarst Year of birth 1970 Nationality Turkish	- Chairman of the Works Council of Pierburg GmbH, Neuss plant - Chairman of the Works Council of Pierburg Pump Technology, Neuss plant	10.5.2022 » 2027		No mandates in other Supervisory Boards
Dr. Michael Mielke Berlin Year of birth 1964 Nationality German	- Head of business unit Hydrogene, Pierburg GmbH, Berlin plant	1.9.2010 » 2027		No mandates in other Supervisory Boards
Reinhard Müller Wabern Year of birth 1960 Nationality German	- Exempted member of the Works Council of Rheinmetall Landsysteme GmbH, Kassel - Member of the General Works Council of Rheinmetall Landsysteme GmbH - Member of the Group's Works Council of Rheinmetall AG - Debuty chairman of the European Works Council	9.5.2017 » 2027	Personnel and Remuneration committee Strategy, Technology and ESG committee	No mandates in other Supervisory Boards
Dagmar Muth Bremen Year of birth 1961 Nationality German	- Chairwoman of the Works Council of Rheinmetall Electronics GmbH, Bremen - Vice Chairwoman of the Group's Works Council Rheinmetall AG	1.7.2015 » 2027	Strategy, Technology and ESG committee Mediation committee	Rheinmetall Electronics GmbH Vice Chairwoman of Supervisory Board
Barbara Resch Stuttgart Year of birth1975 Nationality German	- Secretary for Collective Bargaining at IG Metall Baden-Württemberg	1.7.2020 » 2027		ElringKlinger AG Schaeffler AG
Sven Schmidt Wiesloch Year of birth 1975 Nationality German	- Chairman of the Works Council of KS Gleitlager GmbH, St. Leon-Rot - Chairman of the General Works Council of KS Gleitlager GmbH - Chairman of the Group Works Council of Rheinmetall AG	1.7.2014 » 2027	Audit committee Strategy, Technology and ESG committee	No mandates in other Supervisory Boards

[1] Term of office ends at the close of the respective Annual General Meeting

Focus of the consultations on the Supervisory Board

During the reporting period, the plenary of the Supervisory Board intensively dealt with the political and economic environment of the company in five regular and five extraordinary Supervisory Board meetings. In addition to the development of the Rheinmetall Group as a whole, the focus of our attention was in particular the development in the divisions and ongoing projects in the Group. In this context, we discussed, among other things, in-depth upcoming project awards and large contracts, the ongoing business development of the divisions as well as the current earnings and financial situation. We included political, economic and regulatory requirements, forecasts and challenges in the international competitive environment as well as trends, opportunities and risks in regional growth markets in our discussions. In our discussions, we also discussed strategic, operational and technological priorities and goals in the Supervisory Board, their economic significance and expected influences on the financial position of Rheinmetall. In particular, we thoroughly analysed the corporate orientation of the Group and the further development of the Group structure. In addition, we intensively advised on opportunities and methods to ensure the company’s competitiveness and sustainability, particularly with regard to the effects of the Ukraine war and other current sources of crisis. Other regular topics related to sustainability issues, particularly with regard to the new reporting requirements under CSRD, IT and cybersecurity, questions around the final audit process, and the status of the required recruitment and training of suitable personnel. We also looked at potential acquisition projects, joint ventures and transactions, as well as actual and potential risks to the Company.

In 2024, the Supervisory Board was supported effectively by the various committees in a proven manner. The Chairs of the Committees reported on the preparations for the relevant agenda items, the consultations in general and the decisions taken in each subsequent meeting of the plenary and answered all questions of the members of the Supervisory Board comprehensively.

Session type

	Presence	Video/telephone conference	Hybrid event	Circulation resolution	Total
Plenary assembly	6	3	1	-	10
Strategy, Technology and ESG Committee	2	-	-	-	2
Audit Committee	5	-	-	-	5
Personnel and Remuneration Committee	-	4	3	-	7
Nomination Committee	1	1	-	-	2
Mediation Commmittee	-	-	-	-	-

In addition to the regular topics described above, the Supervisory Board addressed the following individual topics at the individual meetings, shown in chronological order:

The extraordinary meeting of the Supervisory Board on **4 March 2024** served to discuss the results of the HR and Remuneration Committee and its adoption of a resolution. The proposed resolution for the achievement of the STI 2023 (Short Term Incentive) target and for the achievement of the EBT and OFCF target were discussed, which were each accepted with abstention. We also discussed 2024 targets by calibrating ESG targets, the 2024 LTI (Long Term Incentive) tranche and the 2023 Compensation Report. The templates for this were unanimously accepted. The secondary activity of Ms Steinert as a member of the Supervisory Board of Klöckner & Co SE was also unanimously agreed.

At the first regular meeting on **13 March 2024**, we discussed the annual and consolidated financial statements of Rheinmetall AG, provided by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, Düsseldorf branch, with unrestricted audit opinions as of 31 December 2023, with the summarized management report including the non-financial declaration and the proposal of the Executive Board for the use of the balance sheet profit in intensive discussions. Both the Executive Board and the auditors answered our questions comprehensively. Other topics included the virtual annual general meeting on 14 May 2024, the discharge of the Executive Board and the Supervisory Board, the updating of the objectives, the competence profile and the qualification matrix for the Supervisory Board, and the resolution text for the approval of the new remuneration system by the annual general meeting. We discussed the investment program for the new ammunition plant at the Unterlüß site and the increase and update of the commercial paper program as well as the exercise of an increase option of the syndicated credit line. Unanimous consents were made for all decision submissions.

At the extraordinary meeting of the Supervisory Board on **23 March 2024**, we discussed updating the objectives, competency profile and qualification matrix for the Supervisory Board, the virtual annual general meeting and the upcoming Supervisory Board elections.

The meeting on **13 May 2024** was designed to provide in-depth information on the challenges of updated sustainability reporting within the scope of the CSRD and its impact on the Audit Committee. In addition, the succession of the Chief Human Resources Officer Peter S. Krause was discussed by Dr. Ursula Biernert-Kloß, who presented herself to the plenary during the course of the meeting. The unanimous decision was taken to appoint Dr Ursula Biernert-Kloß as a member of the Executive Board (CHRO) and as the Labour Director for a period of three years from 1 October 2024. We were informed that the annual review of the system for compliance with the requirements resulting from § 32 WpHG was carried out without complaints.

The constituent meeting on **14 May 2024** had the election of shareholders' representatives on the Strategy, Technology and ESG Committee, which had become necessary due to the resignation of the former representatives from the Supervisory Board, as well as the election to chair the Audit Committee as the focus areas. Saori Dubourg and Marc Tüngler were unanimously elected, as were Louise Öfverström, who succeeded Prof. Dr. Susanne Hannemann as Chair of the Audit Committee.

The meeting on **29 July 2024** was solely for the purpose of discussing the proposed acquisition of Loc Performance Products LLC in the United States, taking into account the accompanying implications.

The meeting on **13 August 2024** was particularly focused on the discussion of the acquisition of Loc Performance in the US. The proposed resolution was unanimously adopted.

On **14 August 2024**, the revision of the Risk Management Policy and the audit focus of the 2024 audit were discussed in detail. The audit of the reporting obligations from the Corporate Sustainability Reporting Directive (CSRD) should be carried out as well as the audit by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, Düsseldorf branch. We dealt with the business relationship with PL Elektronik, whose audit did not reveal any malus. The possibilities for increasing existing production capacities in the area of the security industry were discussed. The submission of the declaration of conformity pursuant to § 161 AktG was unanimously accepted, as was the present new version of the rules of procedure of the Supervisory Board adopted by the annual general meeting. We discussed the results of the regular internal anonymous employee survey.

The meeting on 6 November 2024 was governed by the Share Ownership Guidelines as well as by the discussion and corresponding resolution regarding the concept of remodeling of the Executive Board as of 1 January 2025. In addition, we discussed the compensation system template for the adoption of a resolution on the approval due to a substantial amendment, the LTI Tranche 2024 regarding LTIR calibration and the appointment of the Nomination Committee.

The Supervisory Board meeting on 5 December 2024 was particularly applicable to the information on the issuance of the audit order for the 2024 annual financial statements, the resolution on STI 2025 and the LTI tranche 2025. Another discussion point was the company's planning for the years 2025 to 2027, including the investment plan for 2025. Other topics focused on digitalisation and artificial intelligence (AI). With regard to the expiring mandates of shareholders and the qualification matrix of the plenary, we discussed the new nominations, which are intended to expand the expertise of the Supervisory Board, especially in the areas of geopolitics as well as digitalization and AI. Ulrich Grillo and Marc Tüngler shall be proposed for election to the Annual General Meeting on 13 May 2025 for the period until the end of the Annual General Meeting, which resolves on the discharge of the Supervisory Board for fiscal 2028, based on the recommendations of the Nomination Committee. We have also unanimously decided to propose for election Prof. Dr. Andreas Georgi, Sigmar Gabriel (expertise geopolitics) and Prof. Dr. Sabina Jeschke (expertise digitization and AI) to the Annual General Meeting on 13 May 2025 for the period until the end of the General Meeting, which resolves on the discharge of the Supervisory Board for fiscal 2027.

In addition, the agenda and execution modalities of the 2025 Annual General Meeting were discussed.

Committee Meetings

The Supervisory Board prepares its work on five committees. There are the following committees whose personnel composition corresponds to the overview shown above:

- Nomination Committee
- Human Resources and Compensation Committee
- Audit Committee
- Strategy, Technology and ESG Committee
- Brokering Committee

These committees have the primary task of pre-structuring complex and time-intensive topics for the meetings of the plenary and to review proposed resolutions submitted by the Executive Board in advance. If certain decision-making powers have been delegated to them by the Supervisory Board, they may also decide in individual cases in place of the Supervisory Board to the extent permitted by law.

The Chairman of the Supervisory Board chairs all committees except the Audit Committee. For more information on the roles and responsibilities of the committees, see the Corporate Governance Statement in Chapter ››Corporate Governance. The Committee Chairs report regularly and in detail to the Supervisory Board on the Committee's work and on the topics covered.

The **Strategy, Technology and ESG Committee** met in March and August during the reporting year. The external framework conditions presented by the Executive Board and the associated challenges or possible disruptive developments were discussed extensively. In-depth discussion included relevant market and technology trends that offer potential for continued profitable growth, the expansion of strategic core competencies and technology positions, potential new business areas, initiatives to expand into emerging markets and regions, and the future positioning of the divisions and resulting objectives and measures.

During the March meeting, the Committee specifically addressed ESG issues, including, but not limited to, the Corporate Sustainability Reporting Directive (CSRD), the reporting obligations associated therewith, conducting a double materiality analysis to determine the relevant factors and aligning the ESG strategy with the company strategy. In addition, the Committee looked in depth at the continuation of the current growth trend and the key drivers (“big tickets”) relevant here. The strategic direction of Weapon and Ammunition and Vehicle Systems Europe was also discussed in more detail.

In the August meeting held at the site in Unterlüss, the committee focused on Weapon and Ammunition’s activities there and on growing capacity across all sites in light of continued growth. Other topics included a strategic collaboration with Leonardo on anticipated Italian tenders for battle tanks and armoured combat vehicles, as well as an outlook on the U.S. strategy and continued growth there, including an expansion of local presence and acquisition.

In particular, the current events in Ukraine and their effects were discussed in detail. The industry’s support options for the federal government were also of interest. Among other things, it was discussed what potential for Rheinmetall arises from needs communicated by the Federal Armed Forces and whether sufficient production capacities are available or can be built up further. In addition, the Federal Armed Forces’ basic planning and procurement process, as well as the impact on the company’s civilian areas, was discussed in terms of raw material imports, international supply chains and rising raw material and energy prices.

In addition, the Executive Board addressed the results of the internal strategy meetings with the individual divisions. The strategic and business direction of the divisions and the options for action to be derived from them were explained in detail. In addition, the strategic highlights were also presented, as well as the resulting growth plans and financial targets at the division level. In addition, an update was given on new strategic orientations in the civil sector and in particular on the consolidation of the divisions, which primarily operate in the civil environment, into a new division Power Systems. The objective of the consolidation of these divisions is to strengthen the civil business, increase the business relevance in the Rheinmetall Group and generate synergy effects.

In the past fiscal year, the **Audit Committee** met in March, May, August, November and December. In addition to the preparatory review of the annual and consolidated financial statements, he made a recommendation to the plenary of the Supervisory Board for the adoption of a resolution pursuant to § 171 AktG.

Within the Committee, we are particularly concerned with the monitoring of the accounting process, the effectiveness and further development of the internal control system (including the sustainability-related internal control system), the risk management system, the internal audit system, the business continuity management and the compliance management system including data protection management. Prior to their publication, the quarterly and/or half-year results were discussed in detail with the Executive Board. The auditor attended the Audit Committee meetings in March, August and December 2024.

We regularly received information on the status of the ongoing IT project, whose focus is on the operational viability of our own data centres and in which a new CIO was hired. Other topics in the meetings included reports on IT transformation and the IT security concept in addition to the treatment of special individual matters in the divisions. In addition, the members dealt with the results of the shareholder structure analysis and the preservation of conflicts of interest.

The audit focus of 2024 was explained. In this context, the new requirements were further addressed by the implementation law on CSRD, the regulations of EU sustainability reporting and the specific aspects of accounting, as well as the audit requirements for the sustainability statement, including the resulting expansion of the task list of the Audit Committee due to CSRD.

In addition, the Audit Committee members dealt with the essential organizational and supervisory obligations for companies in connection with related party transactions (ARUG II). In addition, the Committee was informed by the Executive Board about the situation in large-scale projects that were in the bid or settlement phase. Furthermore, the members of the Audit Committee dealt with the status of the preparations for the holding of the Annual General Meeting on 13 May 2025 and the dividend proposal.

The Audit Committee also decided on the agreements with the auditor, in particular the audit order, the determination of audit focus and the fee agreement. The Executive Board regularly informed about the scope of non-audit services.

The members of the Audit Committee also dealt with the working capital, liquidity and financing situation of the Rheinmetall Group as well as with the positioning of the Group in the competitive environment. We also discussed the implications of the war in Ukraine and other global sources of crisis.

During the year, the members of the Audit Committee were also informed in the meetings by executives of the company on the corporate function Legal, Corporate Sustainability Responsibility (CSR), Compliance and Tax Compliance, Risk Management and Internal Audit in the Rheinmetall Group. In addition to the established standard processes, this involved individual topics in these areas. The members of the Audit Committee were able to gain a deeper impression of the existing structures and organizations, processes and regulations, as well as to question and comment on the further developments and planned improvement measures presented in these topics. As a result, the Audit Committee has not become aware of any circumstances that would contravene the adequacy and effectiveness of these systems in their entirety. The Audit Committee has ensured that the Company continuously reviews the systems and systematically and consistently expands them.

Three members of the Audit Committee have special knowledge and experience in applying accounting principles, sustainability reporting and auditing, auditing, including sustainability reporting and auditing, as well as in internal control procedures (Financial Experts). Professor Dr Susanne Hannemann, Louise Öfverström and Ulrich Grillo are independent and are not former members of the Company's Executive Board.

The **Human Resources and Compensation Committee** prepared for the Supervisory Board plenary in the meetings in February, March, April, September, October and November 2024, among other things, topics such as the content and structure of the target agreements, the degree of achievement for fiscal 2023 as well as the setting of the objectives, ranges and calculation basis for the variable remuneration of the Executive Board in 2024. In addition, specific current topics such as employees in the area of the Executive Board were discussed in detail. The corresponding proposals for the Supervisory Board were unanimously decided in each case.

The **Nominating Committee** met in the past fiscal year in March and November 2024 to prepare election proposals for directorships expiring with the Annual General Meeting. Already at the meeting in August 2023, the Committee discussed, with reference to the technical requirements for the qualification of the Supervisory Board members, to what extent the competence profile may need to be adjusted due to the then ongoing efficiency review of the Supervisory Board and the development of the Rheinmetall Group. In light of the new election of two members of the Supervisory Board pending at the 2024 Annual General Meeting, interviews were conducted with candidates taking into account the requirements of the law, the German Corporate Governance Code (DCGK) and the goals decided by the Supervisory Board for its composition and competence profile. The candidate search also took into account the results of the efficiency review and the composition recommendations, including in particular the aspects of geopolitics and further strengthening ESG competence. In consideration of these requirements, the Committee then made recommendations to the plenary at the meeting on **23 March 2024** on the proposals for election of new shareholder representatives to the Supervisory Board. These election proposals were published with the convening of the 2024 Annual General Meeting. In spring 2024, the competence profile of the Supervisory Board was updated after the Annual General Meeting, taking into account the newly elected representatives.

The adjustments to the competence profile and the qualification matrix of the plenary were revisited in the meeting on **19 November 2024.** The decision on the competence profile was scheduled for the beginning of the year 2025. The November meeting was primarily intended to introduce candidates who would succeed the retiring members of the plenary at the annual general meeting in May. After a thorough discussion, in particular with regard to the required competence profile of the plenary, the Committee has unanimously decided to recommend to the Supervisory Board that the following resolutions be adopted. Ulrich Grillo and Marc Tüngler should be proposed to be voted as directors of the shareholders at the Annual General Meeting on 13 May 2025 until the end of the Annual General Meeting, which resolves to discharge the Supervisory Board for fiscal 2028. Prof. Dr. Georgi, as a member of the Supervisory Board of Shareholders, should be proposed for re-election at this Annual General Meeting until the end of the Annual General Meeting, which resolves on the discharge of the Supervisory Board for fiscal 2027. Sigmar Gabriel and Prof. Dr. Sabine Jeschke were recommended to the Supervisory Board for election by the Nomination Committee for precisely this period for the succession of the departing members Prof. Dr. Susanne Hannemann and Klaus-Günter Vennemann.

The legally provided **committee pursuant to § 27 para. 3 of the Co-Determination Act** did not meet in the past fiscal year.

Composition of the Executive Board

In fiscal 2024, the Executive Board consisted of three members: Armin Papperger, as Chairman of the Executive Board of Rheinmetall AG, as well as the Executive Board members Dagmar Steinert (CFO) and Peter S. Krause (HR) and Dr Ursula Biernert-Kloß, to whom Peter Sebastian Krause's official duties were fully transferred on 1 October 2024.

The accelerated growth dynamics of the Group are expected to be taken into account in 2025 in the form of a comprehensive transformation of the Executive Board. The Supervisory Board readjusted the balance between continuity and innovation. The measures adopted are intended to guarantee organizational viability and reliability in the coming years as well as the necessary ability to innovate and adapt as well as continued entrepreneurial agility.

The transformation of the Executive Board of Rheinmetall AG consists of various individual measures that became effective from 1 January 2025. Armin Papperger, who has been the CEO of Rheinmetall since 1 January 2013, was appointed Chairman of the Executive Board for an additional five years from 1 January 2025. The currently running contract has been extended accordingly by concluding a new contract.

Dagmar Steinert had agreed with the Supervisory Board in good faith to resign her mandate as Chief Financial Officer (CFO) as of 31 December 2024. Her successor, effective 1 January 2025, was Klaus Neumann, previously Head of Central Area Accounting at Rheinmetall AG and has been working for the Group for 12 years.

Also effective 1 January 2025, the newly appointed René Gansauge, previously Head of Weapon and Ammunition, took over the newly created position of Chief Operation Officer (COO). In this role, René Gansauge, who has extensive operational leadership experience in the military and civilian sectors due to his 19 years at Rheinmetall, will drive company-wide alignment, optimization and activation of production and organisational processes.

Dr Ursula Biernert-Kloß completes the Executive Board and will continue to lay the human resources foundations of the committed growth path with her team and manage the growth of the global workforce.

Corporate Governance

The further development of the principles and regulations on corporate governance in the company, in particular the application of the recommendations of the DCGK, is regularly tracked by the Supervisory Board. In August 2024, the Executive Board and Supervisory Board submitted and published their declaration of conformity to the DCGK. We followed all recommendations of the Code during 2024, as amended on 28 April 2022. The full text of the current and previous Code compliance statements can be found on the Company's website under the heading Corporate Governance – Compliance Statement.

In the past fiscal year, there were no indications of actual conflicts of interest of members of the Executive Board or Supervisory Board within the meaning of Principle 20 as well as the recommendations E.1 and E.2 of the DCGK. No former members of the Executive Board of the Company belong to the Board of Directors.

The members of the Supervisory Board undertake training and continuing education measures on their own responsibility. If necessary, they are supported by society.

The Supervisory Board regularly conducts an assessment of its activity, in which, among other things, the procedures in the Supervisory Board, the distribution of tasks and the flow of information between this board and its committees, as well as the information by the Executive Board and the cooperation of the two bodies, are treated. The results of previous efficiency tests, which were carried out either as a self-evaluation or with external support, were consistently positive. The work procedures and processes in the Supervisory Board were classified as goal-oriented and efficient; lessons learned were included in the committee work. After the objectives of the Supervisory Board were updated in the August 2020 meeting and a competence profile for the overall Supervisory Board was adopted, an efficiency review was carried out in fiscal 2023. The competence profile of the plenary was updated in spring 2024, taking into account the election proposals of two new members of the shareholders' representatives on the Supervisory Board. With the election of two new members of the shareholders' representatives in the Supervisory Board at the 2025 Annual General Meeting, the competence profile will be adjusted again.

The declaration on corporate governance pursuant to § 315d HGB in conjunction with § 289f HGB in the chapter ››Corporate Governance –-Corporate Governance Statement contains the wording of the above-mentioned declaration of conformity, which is also published on the company's website. In addition, the way of working of the Executive Board and Supervisory Board as well as that of the established committees is described. In addition, information on the gender ratio can be found here, and the diversity concept for the Executive Board and Supervisory Board is presented.

At 97%, the participation rate of the members of the Supervisory Board in the consultations in the plenary and in the committees was again at a high level. Members prevented from participating in the meeting participated in the decisions by submitting a voice message.

Individual attendance of the members of the Supervisory Board at meetings in fiscal 2024

	Chair | Member		Participation | Meetings	Attendance in %
Plenary assembly	**Ulrich Grillo**		10 | 10	100%
	Prof. Dr. Dr. h.c. Sahin Albayrak	until May 14, 2024	3 | 4	75%
	Saori Dubourg	since May 14, 2024	5 | 6	83%
	Dr.-Ing. Dr.-Ing. E. h. Klaus Draeger		10 | 10	100%
	Prof. Dr. Andreas Georgi		10 | 10	100%
	Dr. Britta Giesen	until May 14, 2024	4 | 4	100%
	Prof. Dr. Susanne Hannemann		9 | 10	90%
	Louise Öfverström		10 | 10	100%
	Marc Tüngler	since May 14, 2024	6 | 6	100%
	Klaus-Günter Vennemann		10 | 10	100%
	Rolf Bolm		10 | 10	100%
	Dr. Daniel Hay		10 | 10	100%
	Murat Küplemez		10 | 10	100%
	Dr. Michael Mielke		10 | 10	100%
	Reinhard Müller		10 | 10	100%
	Dagmar Muth		10 | 10	100%
	Barbara Resch		9 | 10	90%
	Sven Schmidt		10 | 10	100%
Strategy, Technology and ESG Committee	**Ulrich Grillo**		2 | 2	100%
	Prof. Dr. Sahin Albayrak	until May 14, 2024	1 | 1	100%
	Dr.-Ing. Dr.-Ing. E. h. Klaus Draeger		2 | 2	100%
	Saori Dubourg	since May 14, 2024	1 | 1	100%
	Dr. Britta Giesen	until May 14, 2024	1 | 1	100%
	Dr. Daniel Hay		2 | 2	100%
	Reinhard Müller		2 | 2	100%
	Dagmar Muth		1 | 2	50%
	Sven Schmidt		2 | 2	100%
	Marc Tüngler	since May 14, 2024	1 | 1	100%
Audit Committee	**Louise Öfverström**		5 | 5	100%
	Ulrich Grillo		5 | 5	100%
	Prof. Dr. Susanne Hannemann		5 | 5	100%
	Rolf Bolm		5 | 5	100%
	Dr. Daniel Hay		5 | 5	100%
	Sven Schmidt		5 | 5	100%
Personnel and Remuneration Committee	**Ulrich Grillo**		7 | 7	100%
	Prof. Dr. Andreas Georgi		7 | 7	100%
	Dr. Daniel Hay		7 | 7	100%
	Reinhard Müller		7 | 7	100%
Nomination Committee	**Ulrich Grillo**		3 | 3	100%
	Prof. Dr. Andreas Georgi	until November 6, 2024	1 | 1	100%
	Dr.-Ing. Dr.-Ing. E. h. Klaus Draeger	since November 6, 2024	2 | 2	100%
	Klaus-Günter Vennemann		3 | 3	100%
Mediation Committee	**Ulrich Grillo**		0 | 0	n.a.
	Prof. Dr. Andreas Georgi		0 | 0	n.a.
	Dr. Daniel Hay		0 | 0	n.a.
	Dagmar Muth		0 | 0	n.a.

Audit of the annual financial statements

Following our proposal, on 14 May 2024, the Annual General Meeting elected Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, Düsseldorf branch, as the auditor for fiscal 2024.

The auditor, Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, Düsseldorf branch, has audited the single-entity and consolidated financial statements and the combined management report for Rheinmetall AG and the Group for fiscal 2024 and issued an unqualified audit opinion in each case. The sustainability statement, which is integrated into the combined management report, was audited with limited assurance by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, Düsseldorf branch, who issued a corresponding audit opinion. Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, Düsseldorf branch, has been the auditor for Rheinmetall AG and the Rheinmetall Group since fiscal 2020. André Bedenbecker (also the auditor responsible for the audit since fiscal 2023) has signed as auditor since fiscal 2020 and Christian Schmitz has signed as auditor since fiscal 2023.

The annual financial statements prepared by the Executive Board as of December 31, 2024 in accordance with German accounting regulations and the consolidated financial statements prepared on the basis of § 315e HGB (German Commercial Code) in accordance with IFRS® Accounting Standards adopted by the EU together with the summarized management report including the non-financial declaration were audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, Düsseldorf branch, in accordance with the statutory regulations and provided with unrestricted audit opinions, including the accounting. The auditor has carried out the audit in compliance with the German prin-ciples of proper auditing established by the Institute of Auditors (IDW).

The annual and consolidated financial statements, the proposed resolution on the appropriation of net income and the audit reports prepared by the auditors were sent to the members of the Supervisory Board in a timely manner to ensure a thorough and careful audit. These financial statements have been discussed in detail both at the Audit Committee meeting on 10 March 2025 and at the Supervisory Board's balance sheet meeting on 11 March 2025 in the presence and after the reports of the auditors. They informed about the scope, focus and significant results of their audit, answered all questions and provided supplementary infor-mation without restrictions.

We have audited the annual and consolidated financial statements, the consolidated management report, the remuneration report and the proposal for the use of the balance sheet profit. There are no objections. We agree with the outcome of the audit by the auditor. We approved the annual and consolidated financial statements for fiscal 2024 prepared by the Executive Board in today's meeting of the Supervisory Board. According to § 172 AktG, the annual financial statements are thus established. We agree to the pro-posal for the appropriation of profits of the Executive Board, which provides for the distribution of a dividend of €8.10 per share entitled to a dividend to the shareholders for the reporting year, taking into account the income and financial situation of the company, the investment planning as well as the interests of the stake-holders.

This reporting year was also characterized by extraordinary challenges as a result of various global sources of crisis and war events, so that all participants were extremely challenged. The necessary motivation, flexibility, resilience, courage and perseverance in order to master the tasks involved and additional difficulties was clearly noticeable among the members of the Executive Board, the executives, as well as all employees. On behalf of my colleagues on the Supervisory Board, I would like to thank you very much for this. During these busy times, you will ensure the success of Rheinmetall in 2024, even in spite of all adversities, with your dedi-cated work and your high personal commitment. I thank customers, shareholders and business partners for the trust that you have often placed in Rheinmetall for many years and especially during these challenging times.

Düsseldorf, March 11, 2025

On behalf of the Supervisory Board
Ulrich Grillo

EXECUTIVE BOARD **OF RHEINMETALL AG**

From left to right:
Klaus Neumann, Dr. Ursula Biernert-Kloß, Armin Papperger (CEO), René Gansauge

STATEMENT OF THE EXECUTIVE BOARD

Dear Shareholders,

In fiscal 2024, we continued to face the impacts of the ongoing Russian war of aggression against Ukraine and the emergence of other trouble spots. Over the past three years, a fundamental change has taken place due to the pressure of events. Germany and many other countries have since made clear commitments to the role of our industry. This change will be long-lasting because the stockpiles are empty. The war also led to the destruction of existing or newly produced material. Every round of ammunition we produce is currently needed immediately. If the NATO requirement of at least 30 days' worth of ammunition were to remain in place, there would already be a shortfall of tens of millions of artillery ammunition. This number would double if the requirement for at least 60 combat days, which has since been increased, were to come into effect.

Peace was never a matter of course. It requires dialog and, at the decisive moment, the military capability to act. That is why we need armed forces that are ready for defence and capable of deterrence. Rheinmetall plays a decisive role in providing the armed forces in Germany, in the partner countries and especially in Ukraine with modern equipment so that they can successfully master the task of peacekeeping and defence, which is so crucial for us all.

With the realignment of the USA, we Europeans are realizing that we have to close the resulting security gap ourselves. This requires European countries to invest significantly more in their own defence. Europe will have to move closer together in the future, which means that calls for a European defence fund will continue to grow. However, we also look beyond Europe, as evidenced by our activities in the USA and particularly the strategic acquisition of the US vehicle specialist Loc Performance in the past fiscal year.

Rheinmetall recognized the challenge early on and accepted it. Our technology group takes responsibility for our security in a disruptive and dramatically changing world. Our production capacities are already growing strongly to ensure Germany's strategic sovereignty in ammunition production, and also to supply our European partners. In the area of development, we also contribute to our democratic freedom and security through various partnerships. Partnerships and alliances form a stable backbone to support the European strategy. Examples include our new “Lower Saxony plant” as a center for the production of artillery ammunition, explosives and rocket artillery in Germany, our new plants in close cooperation with the governments of Ukraine and Lithuania, and the joint venture with Leonardo as a sign of European consolidation in land systems.

As a technology company, we also take responsibility for another challenge of our modern age. Climate change poses a huge threat to our global livelihood. In the civilian business, our components and systems for the electrification of drive systems and the development of innovative technologies throughout the value chain of the hydrogen economy, which is set to make a decisive contribution to the energy transition, make a particular contribution. We continue to successfully support the transformation of the industry towards sustainable and environmentally friendly forms of mobility.

Operating result again at record level – operating margin continues to rise

In the reporting year, the economic performance at Rheinmetall was once again extremely robust and profitable. Major procurement projects in Germany and important large orders from allied states prove our status as a reliable supplier of cutting-edge technologies. In the past fiscal year, we were once again able to significantly increase sales by 36% to €9,751 million compared to the previous year, in which we achieved a figure of €7,176 million. As a result, the operating result further increased by 61% to a new record of €1,478 million. And our operating margin of 15.2% exceeds the previous year's figure of 12.8%.

We have once again raised our medium-term targets for 2027 to take account of this development. Due to our dynamic sales growth we see the potential for an operating profit margin of around 18% by the end of 2027. At that point, we see potential for the revenue target to be raised to €20 million. The potential operating cash flow target is ›40% of the operating result. The target dividend payout ratio remains unchanged at 35% to 40%.

We remain a sought-after employer with highly qualified job opportunities for the future

In the past fiscal year, we have also grown significantly in terms of personnel as a result of our capacity increases. We currently employ well over 34,000 people. Rheinmetall aims to employ up to 40,000 people worldwide by 2028 at the latest. In doing so, it is important for us to mitigate the transformation in our civilian activities, particularly in the area of mobility, as far as possible in the interests of the employees affected by offering alternative jobs within the Group. We were once again able to improve our position in workplace rankings. We see this as a clear sign that we are perceived as a modern technology group that offers interesting opportunities for highly skilled people who are prepared to take on responsibility.

We consider the education of young people an inherent responsibility. In this way, we can both combat the shortage of skilled workers and fulfill our social responsibility.

We consider our responsibility for the health of our employees an essential group-wide task. Through targeted workplace analyses and structured processes, we are committed to the health, and in particular the mental health, of our employees. We want to recognize and exploit the factors that lead to an improvement in working conditions at an early stage. The sustainable improvements in our employees' health not only benefit the employees themselves but also make an important positive contribution to our productivity.

Against the backdrop of these developments, our share performed very successfully in the past fiscal year. With an increase of more than 100% compared to the year-end 2023, we were among the top performers in the DAX 40, which we had only joined in March 2023.

In light of the enormous growth, rapidly advancing internationalization and expansion of business activities and the increasing demands placed on our company, we decided in 2024 to adjust the structure and composition of the Executive Board. From the beginning of 2025, the Executive Board of Rheinmetall AG will consist of four members in order to meet the challenges of the coming years. After all, Rheinmetall continues to be a company with strong fundamentals, distinguished in a changing world by its broad technological expertise, high innovative capacity, and profitable growth. It remains firmly committed to its responsibility for its products, stakeholders, employees, and customers. With our technologies, products, and systems, we ensure the protection of people and democracies as an indispensable basis for peace, freedom and sustainability.

The Executive Board

CONTENTS

BASIC INFORMATION ON THE RHEINMETALL GROUP

STRUCTURE OF THE RHEINMETALL GROUP

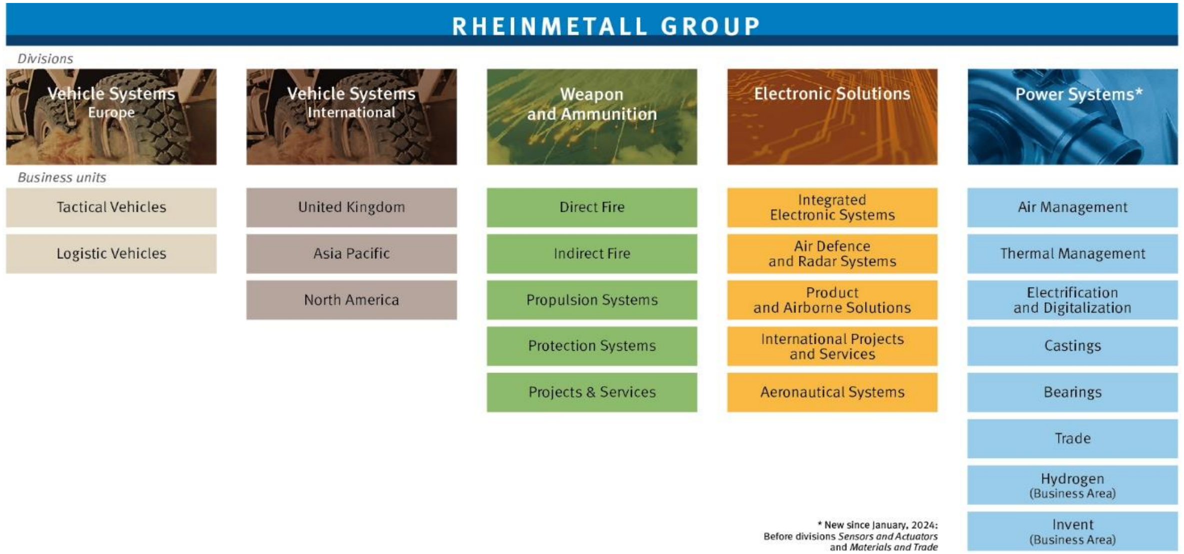
The Rheinmetall Group comprises Rheinmetall Aktiengesellschaft, a listed stock corporation established under the laws of Germany and entered in the commercial register of the District Court of Düsseldorf under the number HRB 39401, and its subsidiaries. The Articles of Association of the company were last amended on May 14, 2024.

Rheinmetall AG is the parent company of the Rheinmetall Group and has its registered office in Düsseldorf, Germany, at the Group headquarters. As the management holding company, it defines long-term strategic orientation and corporate policy of the Rheinmetall Group. It performs control and governance functions and provides services to the Group companies. Its most important tasks include specifying targets and guidelines, optimizing the investment portfolio, central financing, risk management and filling management positions in the Group. Support and service functions, such as finances, HR, corporate communications, law, taxation, internal auditing, compliance, corporate social responsibility and mergers and acquisitions, are performed at Group level. Rheinmetall AG ensures that there is a Group-wide, standardized planning, control and management process in place, and within the context of the compliance management system it monitors the Group-wide implementation of laws, guidelines and regulations in accordance with a set of uniform criteria.

Effective January 1, 2024, the civilian business of Rheinmetall was restructured: Sensors and Actuators and Materials and Trade were combined to form Power Systems. Rheinmetall is taking this step in order to bundle its business models and innovation in the civilian business more effectively. Power Systems forms the organizational umbrella at Rheinmetall for key technological competencies in civilian markets. These range from the traditional combustion engine and commercial business to new technologies such as electromobility and hydrogen, charging infrastructure and lightweight construction through to Warm Home heating systems. Vehicle systems are differentiated at the management level into the divisions Vehicle Systems Europe and Vehicle Systems International. Vehicle Systems Europe concentrates primarily on the European market excluding the UK, while Vehicle Systems International focuses on the Australian, US and UK markets. This will allow the group to better address the specific challenges and opportunities of the respective markets. Both divisions have their own management team and are directly managed by the Executive Board. ››Corporate management system The two divisions are presented jointly as the Vehicle Systems segment for the purposes of the Group's external reporting

The technology transfer between the individual areas is firmly integrated into the structure. The activities are consistently aligned towards the economic regions of Europe, America, Asia and Australia. In the year under review, Rheinmetall was represented at 171 locations worldwide. For information on sales distribution, see ››Sales by region.

The Rheinmetalls Group's corporate structure



December 31, 2024

The small-bore pistons production was sold to April 1 in fiscal 2024 after approval by the supervisory authorities. As a result, Rheinmetall completely separated itself from its piston business after the large piston area had already been sold in January 2023. This separation is part of Rheinmetall's strategic realignment launched in 2021, which aims to reduce Rheinmetall's dependence on combustion engine-related products.

Rheinmetall AG has direct or indirect holdings in 217 companies in Germany and abroad (previous year: 218), that are part of the Rheinmetall Group. The scope of consolidation includes 176 subsidiaries (previous year: 175). In the 2024 financial year, a total of twelve companies were added to the fully consolidated subsidiaries through establishment and one company through acquisition. Furthermore, one joint venture was reclassified as a fully consolidated subsidiary through the purchase of additional shares. The disposals of fully consolidated subsidiaries from the scope of consolidation resulted from sales, one liquidation and one merger. In addition, a further five fully consolidated subsidiaries have been removed from the scope of consolidation. 32 companies are included using the equity method (previous year: 35). The Group also participates in 9 joint operations (previous year: 8).

BUSINESS ACTIVITIES AND MARKETS

Rheinmetall is an international group in various markets with high-tech products and services. The sales focus is on the security technology and mobility. Globalization, protectionism, digitalization as well as disruption and transformation in various sectors and industries as well as the increasing frequency and intensity of conflicts and military disputes are leading to a growing need for modern mobility and security. With its product portfolio, Rheinmetall fulfills these basic key needs of modern society.

Divisions[ESRS 2 SBM-1 40a) | *]

Vehicle Systems Europe, Vehicle Systems International, Weapon and Ammunition and Electronic Solutions offer system and subsystem solutions in the defence and security industry and a broad service portfolio for mobility, surveillance, management, impact and protection. The development of customer-oriented training and simulation solutions and the field of deployment logistics are in the foreground.

Tactics and logistics – Vehicle Systems Europe offers a diverse portfolio of operationally proven wheeled and tracked vehicles, including combat, support, logistics and special vehicles, which is constantly being further developed. Sensors, guidance systems, protection technologies and effectors from the partner divisions turn these Rheinmetall vehicles into highly effective systems. The main focus is on the European market.

Vehicle Systems International has a comparable portfolio but focuses on the markets of Australia, the US and Great Britain in order to provide global customers with more individual support. In addition, together with Vehicle Systems Europe markets in North and South America, Africa and Asia are supported and expanded.

Impact and cover – The portfolio of Weapon and Ammunition comprises solutions for threat-appropriate, effective and accurate firepower as well as comprehensive protection. Whether on land, on water, or in the air, – Rheinmetall delivers systems for the challenges on current and future battlefields and deployment areas.

Digitalization, networking and cyber – Electronic Solutions encompasses the entire chain of effects in the system network – from sensors and the networking of platforms and soldiers to the (partially) automated connection of effectors. This is supplemented by solutions for protection in cyberspace. Other fields of action include extensive training and simulation solutions, in which the company has more than 40 years of experience. It also offers operator solutions for aircraft.

* The information contained in the superscript labels refers to the disclosure requirement of the Group´s sustainability statement to avoid redundancies in the annual report.

Power Systems is a system provider for high-quality and innovative (mobility) solutions, control technologies and digital applications, among other things, for the automotive and energy industry, but also increasingly for industrial applications. Power Systems stands for competence in the following areas: Air management, thermal management, e-mobility and digitization, hydrogen technology, metallic plain bearings, composite materials and lightweight construction. In addition, power systems is increasingly integrated integrally into the value chain of the other divisions. The division represents Rheinmetall Aftermarket activities worldwide.

Areas of activity

Vehicle Systems Europe **Vehicle Systems International**	Armored tracked vehicles CBRN protection systems Artillery Turret systems Wheeled logistics vehicles Wheeled tactical vehicles
Weapon and Ammunition	Weapons and Ammunition Propellants Protection systems International projects and services
Electronic Solutions	Air defence systems Radar technology Soldier systems Command, control and reconnaissance systems Fire control systems Sensors Simulation for the army, air force, navy and civilian applications
Power Systems	Emissions reduction Actuators Solenoid valves Water, oil and vacuum pumps Engine blocks, structural components and cylinder heads Plain bearings and bushes Global replacement parts business

Defence and security technology markets[ESRS 2 SBM-1 40 a) ii]

The product and capability spectrum of Rheinmetall is tailored to the central defence requirements, which result nationally and internationally from the continued high technical modernization or replacement needs of numerous armed forces. Rheinmetall also offers solutions for newly emerging military deployment scenarios that require armies to be more capable of reacting and acting or to be ready and able to deploy - both in national and alliance defence, which has once again become much more of a focus, and in international peacekeeping and stabilization missions. ››Strategy

The market potential for the Vehicle Systems, Weapon and Ammunition and Electronic Solutions divisions is essentially derived from the defence budgets of customer countries. ››General economic conditions A look into the future shows the defence market in a long-term cycle characterized by comparatively high budgets and new procurements in many countries. ››Economic outlook

Focus on defence of nations and alliances

The existing investment backlog in the German armed forces is to be cleared, while also providing them with significantly better equipment overall and establishing a stronger focus on the defence of nations and alliances. The German armed forces, guided by its capability profile must be able to meet its sworn international commitments as a reliable partner. This trend is also being driven by Germany's role as a Framework Nation Concept for the military capabilities and structures of smaller allies, which requires the German armed forces to have a broad mix of military capacities. This is in addition to the German armed forces' responsibility in NATO's Very High Readiness Joint Task Force for protection of the eastern border within the alliance. In the coming years, Rheinmetall will have sustainable business potential as an established partner of the German armed forces, especially among the forces of the state military, due to a significantly increasing need for new and additional equipment.

Key strategic markets in Eastern Europe, the UK and Australia

In the export business in the area of security and defence technology, the markets in Great Britain, Australia, Hungary and various Eastern European NATO member states remain among others of particular strategic importance. Following a home market strategy approach, Rheinmetall aims to create local value added and establish itself as a preferred partner for national armed forces, particularly in Great Britain, Spain, Australia and Hungary.

In Eastern Europe, a number of NATO states will over the coming year be modernizing their still largely Russian-made equipment and gradually adapting to the standards required in the western defence alliance. As a result of the ongoing military conflict between Russia and Ukraine, these efforts are likely to be further increased and sped up considerably. This will offer new opportunities for Rheinmetall to establish itself over the coming years as a long-term partner, especially for equipping armies. In Hungary, a decisive step was taken in this context in 2020 with the order for the new Lynx infantry fighting vehicle. Integration of the Lynx will take place in a local joint venture led by Rheinmetall and is linked to the leveraging of local value added. In addition, Rheinmetall will supply Hungary with radar systems from its Canadian subsidiary as well as ammunition. Corresponding production sites and facilities for this are currently being built in Hungary. Rheinmetall has also been commissioned by the Hungarian government to develop the Panther KF51 battle tank to the stage of readiness for series production. This work will include the construction and qualification of a demonstration product to prepare for series production. The tank factory opened in Zalaegerszeg will play an important role in this development work. In July 2024, the first Lynx KF41 produced at this plant was handed over to the armed forces. The Group also received a development order from Hungary for the Skyranger 30 turret for the Lynx KF41 air defence system as part of the European Sky Shield Initiative (ESSI).

A joint venture with the Ukrainian Defense Industry (UDI) was founded in Kiev in 2023. The first step will involve providing maintenance and other services for Ukraine, before starting the production and development of military vehicles there. The political opening of the Rheinmetall Ukrainian Defense Industry LLC maintenance base took place in June 2024. In mid-2024, Rheinmetall and Ukraine signed an agreement to expand strategic cooperation with the aim of developing deeper cooperation between the Ukrainian defence industry and Rheinmetall. ››Strategy

With the strategic acquisition of the US company Loc Performance Products, which was concluded on November 29, 2024, Rheinmetall is tapping into important capabilities in the USA. With its locally expanded product portfolio and domestic production capacities, the United States is set to become a significant core market. ››Significant events

In Australia, the Military Vehicle Center of Excellence operated by Rheinmetall, which includes development, production and repair capacities, has succeeded in establishing close, long-term customer relationships. In the past fiscal year, Rheinmetall received an order for the production of "heavy infantry fighting vehicles", the majority of which are to be manufactured in Australia and then exported to Germany.

In the UK, the joint venture with BAE Systems, in which Rheinmetall holds a 55% majority stake, has now established itself as an equipment partner for the UK armed forces. At the same time, the joint venture represents another step toward consolidation of the European land systems industry. The Rheinmetall MAN Military Vehi-cles (RMMV UK) joint venture based there, in which Rheinmetall AG holds a 51% stake and MAN Truck & Bus SE a 49% stake, was commissioned in 2023 with the short-term procurement of 500 HX trucks in the hook loading system version for the British Army until March 31, 2024.

Markets for civilian products and mobility applications[ESRS 2 SBM-1 40 a) ii]

The business performance of the product range in the civilian sector and particularly in the area of mobility is largely determined by the production trends of international customers in the automotive industry. ››General economic conditions This applies to existing customer contracts, and to future projects relating to customers' technological requirements. The technologies of tomorrow are largely determined by the ongoing strong trends towards the more efficient use of fuels, the reduction of emissions and alternative drive technologies. ››Economic outlook

The business units of the power systems assume a so-called Tier 1 position within the value chain of automotive production. Automotive manufacturers are generally supplied directly. Despite a relatively small number of international automotive manufacturers, the customer portfolios are highly diversified; this also applies at regional level. Production sites in the key economic areas of Western Europe, USMCA and Asia make it possible to meet customer requirements for local or international production. The customer portfolio is increasingly being expanded to include industrial customers.

In the worldwide spare parts business, a highly diversified customer base in the independent service provider segment is supplied via various sales channels: This includes websites, call centers and online catalogs. In addition to its own products, such as the Pierburg brand, Power Systems also sells products from third-party suppliers with the aim of becoming a one-stop shopping provider for customers and thus increasing customer loyalty and cross-selling of its own products. Automotive manufacturers are also served directly.

Technological upheavals in automotive manufacturing

The automotive industry is facing considerable technological upheaval as demand for mobility continues to grow in the coming years in the face of new mobility concepts and stricter industrial policy targets for the transition to alternative drive technologies. This will also be accompanied by increasing digitalization and a gradual transition to partially and fully autonomous driving. Rheinmetall strategically prepares for these developments – developments that will among other things, lead to a significant structural decline in the number of conventional combustion engines. ››Strategy

The product portfolio has successively been tailored to the strict emission regulations and the product range has been expanded in terms of hybrid technology, all-electric drive systems and fuel cell technology for heavy commercial vehicles. ››Research and development

Rheinmetall wants to direct its expertise in areas such as thermal management, media control and hydrogen technology towards non-automotive applications and leverage sales potential in new markets. The spectrum extends from power generation derived from renewable energies across hydrogen production to its storage and distribution right up to its use. The profound expertise in the field of sensor technology and artificial intelligence, which Rheinmetall already has in military applications, will be used in connection with new mobility concepts in the field of (semi-)autonomous control. ››Strategy

REGULATORY ENVIRONMENT

Legal regulations on exports of military equipment – The Federal Republic of Germany has one of the strictest export control systems in the world. German military equipment exports are governed by the Grundgesetz (GG – German Basic Law), the Gesetz über die Kontrolle von Kriegswaffen (KrWaffKontrG – German War Weapons Control Act) and the Außenwirtschaftsgesetz (AWG – Foreign German Trade and Payments Act) in conjunction with the Außenwirtschaftsverordnung (AWV – German Foreign Trade and Payments Regulation). The "Political Principles Adopted by the Government of the Federal Republic of Germany for the Export of War Weapons and Other Military Equipment" of June 26, 2019, provide the licensing authorities with guidelines.

Numerous bans, licensing and reporting requirements at EU and national level are restricting European and German arms exports. These restrictions allow the authorities to check critical exports and other foreign trade dealings with respect to arms control objectives. EU law takes precedence over national law. Nonetheless, according to Article 346 TFEU (Treaty on the Functioning of the European Union), each member state can take the measures it deems necessary to safeguard its essential national security interests. Decisions on the production of or trade in arms, ammunition and war materials are therefore up to the respective national lawmakers.

War weapons – Article 26(2) of German Basic Law states that the manufacture, transportation and marketing of war weapons requires a license from the German government. Further details are regulated by the War Weapons Control Act (KrWaffKontrG). The War Weapons List, an annex to the KrWaffKontrG, conclusively defines what is to be regarded as a war weapon. War weapons include not only devices such as battle tanks, armored combat support vehicles and machine guns, but also certain types of ammunition such as tank or artillery ammunition. In addition to complete devices and ammunition systems, certain assemblies and components such as the turret and chassis of a battle tank or the projectile, warhead or fuse for certain types of ammunition are also defined as war weapons.

The KrWaffKontrG includes an extensive licensing system for war weapons. Almost every activity relating to these goods requires a license. Thus, the production and also the development of weapons of war is subject to approval. Transfer of the actual control over war weapons also requires a license, as does the purchasing of these weapons. The national transportation as well as the transportation with German ships or aircraft outside the German territory of war weapons requires a license. Trading and brokerage transactions involving war weapons that are not intended to affect German territory are also subject to licensing, as are the import, export and transit of war weapons. In addition to the relevant licenses in accordance with the KrWaffKontrG, an export license in accordance with the Foreign Trade and Payments Act (AWG) / Foreign Trade and Payments Ordinance (AWV) is also required for the export of a war weapon.

Regulations on other military equipment – Other types of military equipment are listed in Part I Section A of the Export List, an annex to the German Foreign Trade and Payments Regulation. The export of these goods requires a license. The term "goods" applies not just to goods, but to technology and software as well. In some cases, licenses are also required for technical support, i.e. the transfer of non-physical knowledge and skills, as well as for individual trading and brokerage transactions. It is generally possible to import other types of military equipment without a license.

National regulations on trade and exports of military equipment – The Federal Republic of Germany is entitled to restrict the foreign trade and – in particular – the export of military equipment (including war weapons) by imposing licensing requirements or bans, for example to safeguard the material security interests of the Federal Republic of Germany, to prevent a disturbance to the peaceful co-existence of nations or a major disruption to the foreign relations of the Federal Republic of Germany, to safeguard the public order or security of the Federal Republic of Germany or another member state of the European Union or in the interests of the European Union; and in addition to implement the decisions of the European Council on economic sanctions within the sphere of Common Foreign and Security Policy, to carry out the obligations of the member states of the European Union that are stipulated in directly applicable binding acts of the European Union on the imposition of economic sanctions in the sphere of Common Foreign and Security Policy, and to implement resolutions of the United Nations Security Council or intergovernmental agreements.

Regulations on trade of military equipment at EU level – The adoption of the "Council Common Position 2008/944/CFSP defining common rules governing control of exports of military technology and equipment" of December 8, 2008, created a legally binding regime for all EU member states. The Council Common Position of December 8, 2008, sets out a total of eight criteria for assessing export license applications. It gives mention to an EU Common Military List, which largely matches the corresponding lists of controlled military equipment of the EU member states. Controlled goods that come under these lists are largely defined and amended by the international export control regime. The Wassenaar Arrangement (WA), in particular, governs the export controls of conventional military equipment and dual-use goods and related technology. The Australia Group (AG) is active in the area of chemical and biological agents and dual-use goods and technologies. Furthermore, the aim of preventing proliferation is pursued by the Missile Technology Control Regime (MTCR) in the area of ballistic missiles and by the Nuclear Suppliers Group (NSG) in the area of nuclear weapons. The goods in the respective item lists in the Annex to the EU Dual-Use Regulation and German export lists are reflected in German law.

International regulations on trade of military equipment – There has been a set of internationally applicable standards for the trade of conventional military equipment since the Arms Trade Treaty (ATT) came into force in December 2014. On April 2, 2013, the United Nations General Assembly approved a resolution, by a large majority, to adopt the text of the Arms Trade Treaty. The treaty came into force on December 24, 2014. A total of 141 countries have signed the treaty to date, including Germany.

Decision of the German government on exports of military equipment – The German government makes decisions on exports of military equipment based on its Political Principles for the Export of War Weapons and Other Military Equipment. These political principles take into account the German War Weapons Control Act and the Foreign Trade and Payments Act in conjunction with the "European Council Common Position of December 8, 2008, defining common rules governing control of exports of military technology and equipment," the Arms Trade Treaty that came into force on December 24, 2014, and any respective subsequent regulations. The principles on the export of military equipment from June 26, 2019, expressly prohibit the export of small arms and light weapons to third countries. Licenses for these weapons and the associated ammunition are now issued by the federal government only in exceptional cases. If the political principles set out more restrictive measures than the "Common Position," they take precedence.

Licenses for the export of war weapons and other military equipment are granted only on the basis of reliable prior knowledge of end use by the intended end-user. This generally requires appropriate written assurance by the end-user in the official end-user certificate. In addition, the consent of the recipient state to on-the-spot inspections of the end use (post-shipment controls) may be required in accordance with the key points for the introduction of post-shipment controls for German arms exports as adopted by the German Federal Government and any subsequent regulations. Shipments of war weapons and other military goods of a quantity or type that could be relevant to war weapons are approved only upon presentation of official end-user certificates that include a reexport ban subject to authority approval. This applies mutatis mutandis to any other military equipment related to war weapons exported in connection with a manufacturing license. Effective end use regulations must be made a pre-condition for these manufactured war weapons.

War weapons and other military equipment related to war weapons may be reexported to third countries or brought into the EU single market only if the federal government has consented to this in writing. A recipient country that flouts an issued end-user certificate to approve the reexport of war weapons or other military equipment related to war weapons or that has knowingly failed to prevent or has not sanctioned an unapproved export of such weapons or equipment will be generally excluded from receiving any further deliveries of war weapons or other military equipment related to war weapons until the situation is resolved. The same applies if post-shipment controls identify violations of the end-user certificate or a country refuses to conduct on-site controls despite making a commitment to this effect in its end-user certificate.

Dual-use items – In addition to war weapons and other military equipment, dual-use items, which can be used for both civilian and military purposes, are also controlled. The export of dual-use items has already been harmonized at the EU level since 1995. The European Parliament and Council Regulation (EU) 2021/821 of May 20, 2021, "setting up a regime for the control of exports, brokering, technical assistance, transit, and transfer of dual-use items" (EU Dual-Use Regulation) applies here. A common list of items lists all dual-use items that are subject to uniform control regulations in EU countries. These are based on the aforementioned international export control regime. The transfer of these goods within the EU is free, apart from a few exceptions. In addition to the EU Dual-Use Regulation, there are further listed dual-use goods in Part I Section B of the Export List to the Foreign Trade and Payments Regulation (AWV) that also require a license to be exported. These are nationally listed dual-use goods.

Export of non-listed goods – To ensure seamless export controls, there are also licensing requirements for goods that are not technically described in any of the aforementioned export lists and are known as "non-listed goods." This involves open-ended lists that prevent low-tech goods from being used for armaments projects. These are referred to as "catch-all clauses." Factors that play a role in licensing approval include the intended purpose of the goods and the respective purchasing country or country of destination. A licensing requirement may exist if the goods are intended to be used or may be used in connection with the development, manufacture, handling, operation, maintenance, storage, tracking, identification or dissemination of chemical, biological or nuclear weapons or other nuclear explosives, or for the development, manufacture, maintenance or storage of missiles for such weapons or are intended to be used for a military end purpose in an arms embargo country, or for use as components of military goods exported without requiring a license or, where the goods are for digital surveillance, the goods are or may be intended, in whole or in part, for use in connection with internal repression and/or the commission of serious violations of human rights and international humanitarian law.

Vehicle emissions – To reduce the negative impact on citizens' health from traffic-related exhaust gases and cut greenhouse gas emissions, legislators in many countries are issuing limits for passenger cars and for light- and heavy-duty commercial vehicles. The focus here is on both CO_2 emissions that are harmful to the climate and on emissions of nitrous gases (NOX), hydrocarbons (HC), carbon monoxide (CO) and particulate matter (PM) that are caused by road traffic and are harmful to health.

Starting from the reference year 2021, CO_2 emissions in the EU are to be reduced by 15% for passenger cars and light-duty commercial vehicles by 2025 and by 55% for passenger cars and 50% for light-duty commercial vehicles by 2030. From 2035 onward, only emission-free new cars can be registered, although there is to be an exception for vehicles powered by e-fuels. A revision of the targets is planned for 2026 in order to ensure new technical developments and a socially just transition to zero emissions. A provisional agreement has already been reached between EU governments and the EU Parliament on the agreed draft law for heavy-duty commercial vehicles. Accordingly, truck manufacturers will have to reduce the average emissions of new trucks by 45% in 2030, 65% in 2035 and 90% in 2040 compared to the reference year 2019. The European Parliament and the Council still have to formally approve the provisional agreement. According to the provisional agreement, the Commission will review the effectiveness and impact of the regulation by 2027. In addition, all city buses should be emission-free by 2035, and 90% emission reduction should be achieved by 2030.

In addition to the targets mentioned above for reducing CO_2 emissions, there are additional regulatory measures and subsidies in almost all relevant markets to stimulate demand for vehicles with electric drives. Programs to ramp up the charging infrastructure are also being implemented to support the market activation of electric vehicles. For example, the Master Plan Charging Infrastructure II was adopted in Germany in October 2022.

Vehicle safety – In recent decades, developments in vehicle safety have significantly contributed to an overall decrease in the number of people killed and seriously injured in road accidents. Regulation 2019/2144 of the European Parliament defined a set of vehicle requirements to further improve the safety characteristics of vehicles as part of an integrated approach to road safety and to better protect vulnerable road users. In particular, this regulation provides for advanced driver assistance systems for all classes of motor vehicles. From July 2024, only vehicles that have installed a warning system for driver fatigue and decreasing driver alertness as well as a system for monitoring driver availability will be registered, and from July 2026 only those that have installed a sophisticated warning system for decreasing driver concentration.

Autonomous driving – On July 28, 2021, the Autonomous Driving Act came into force in Germany. This creates the legal framework for autonomous vehicles (level 4) to be able to drive in regular operation in defined areas on public roads. According to the Federal Ministry of Digital Affairs and Transport (BMVI), Germany is set to become the first country in the world to bring driverless vehicles out of research and into everyday use.

Penal duties – At the beginning of July 2024, the EU Commission announced manufacturer-dependent penal duties of up to 35% on electric cars from China, which came into force at the end of October 2024 and are intended to apply for five years.

In September 2024, the US government decided to raise tariffs on Chinese imports to protect domestic industries. This includes a 100% tariff on Chinese electric vehicles. 50% will be added to solar cells, as well as 25% each on steel, aluminum, batteries for electric vehicles and critical minerals.

Hydrogen Industry – The hydrogen technology sector in Germany and the EU is currently experiencing rapid growth, driven by public funds and strategic initiatives to promote green hydrogen as an important energy source for decarbonization. Germany has provided significant public funds to promote the development of hydrogen technology. In 2024, the EU approved EUR 4.6 billion in German state aid to support 24 hydrogen-related projects with a total investment of EUR 8 billion. This is part of Germany’s more comprehensive national hydrogen strategy, which focuses on the development of the production of green hydrogen, the transport infrastructure and industrial applications in order to achieve CO2 neutrality by 2045. At the EU level, initiatives such as the IPCEI hydrogen (Important Projects of Common European Interest) have played a key role in the promotion of hydrogen projects. These projects, which are co-financed by both national and EU level, aim to strengthen the hydrogen ecosystem throughout Europe. In addition, the EU hydrogen strategy launched in 2020 emphasizes that clean hydrogen is of crucial importance for achieving the climate targets of the European Green Deal, which includes reducing greenhouse gas emissions by 55% by 2030.

Germany is expanding its hydrogen pipeline network and aims to have a core network of 9,700 km by 2032 to connect production sites with industrial centers. The hydrogen market is expected to grow significantly even after 2030, as demand increases from industries that are difficult to electrify, such as the steel and chemical industries. As green hydrogen becomes more and more competitive, it is likely to play a central role in Europe's energy transition.

CORPORATE MANAGEMENT SYSTEM

Management system of the Rheinmetall Group

We have firmly anchored our goal of profitable growth and fulfilling our responsibility to society in our strategy. ››Strategy Therefore, both financial and non-financial indicators are an integral part of our management system.

Most important financial management indicators

As derived from the strategic objectives, in the Rheinmetall Group, the divisions are managed and the economic success of the operational entities is assessed using the three most important financial indicators – i.e. three core performance indicators as defined by the German Accounting Standard No. 20.

Key financial management indicators for the Rheinmetall Group

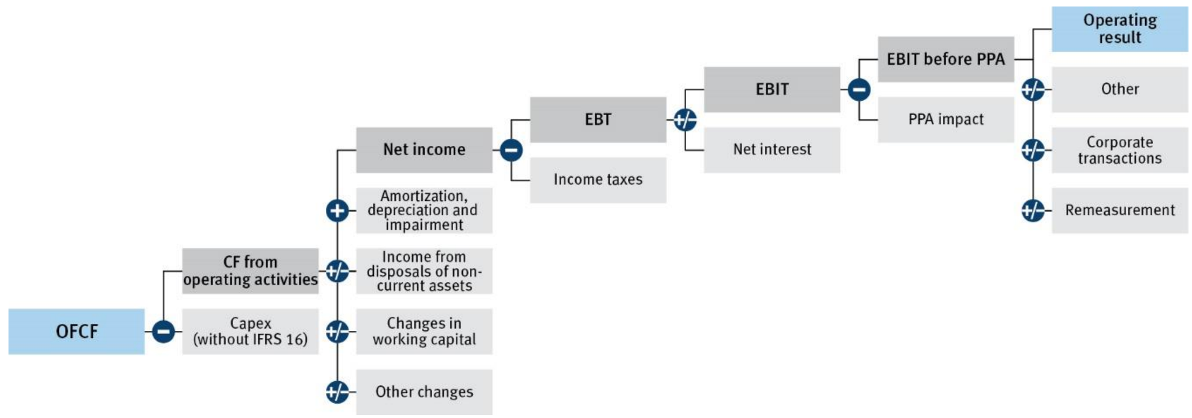
		2024	2023
Sales	€ million	9,751	7,176
Operating result	€ million	1,478	918
Operating free cash flow from from continuing operations (OFCF)	€ million	1,045	356

The definition of the operating result performance indicator is calculated as earnings before interest and taxes (EBIT) adjusted for special items resulting from corporate transactions, remeasurement effects in connection with purchase price allocations, restructuring and other significant items unrelated to operations or the accounting period, in order to take account of the effects of purchase price allocation for transactions if necessary. The operating reult margin corresponds to the operating result in percent of sales. The reconciliation can be found in the economic report under »Rheinmetall Group business performance – results of operations.

Operating free cash flow is defined as net cash provided by operating activities less cash used in investing activities, for investments in intangible assets, property, plant and equipment and investment property, adjusted for cash inflows from government grants for capital expenditure (each from continuing operations). The Group key figure is reported as the cash conversion rate (CCR), which is defined as the relation of operating free cash flow to operating result.

The following chart shows the reconciliation of operating free cash flow to operating result.

Operating free cash flow (OFCF)



Further key figures

Other relevant financial indicators include earnings before interest and taxes (EBIT), earnings before taxes (EBT) and return on capital employed (ROCE). The return on capital employed means, since fiscal 2024, the ratio of EBIT before PPA effects to average capital employed (average of values as of the balance sheet dates January 1 and December 31 of the year under review). Capital employed on a reporting date is the sum of fixed assets, working capital and other assets and other liabilities.

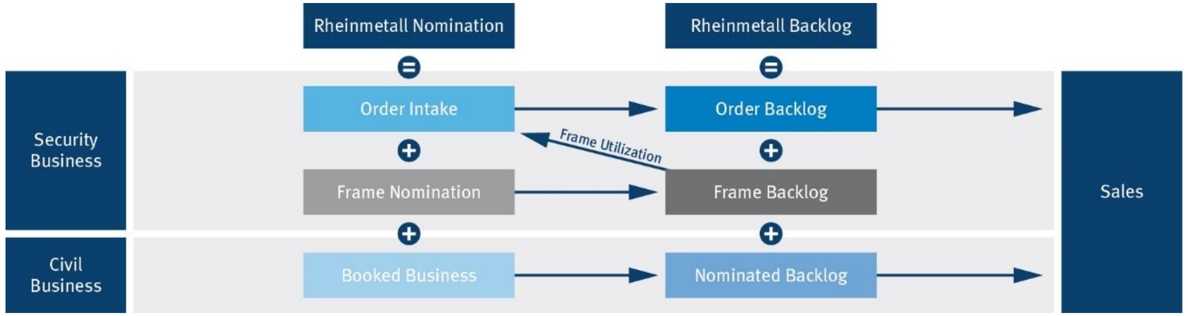
Furthermore, the level of capital expenditure and the research and development expenses are relevant financial indicators for the Rheinmetall Group.

Non-financial indicators for the Rheinmetall Group include the headcount by full-time equivalent (FTE) and the lost time incident rate (LTIR) as well as the reduction of CO_2 emissions.

Key order figures

As an order indicator, Rheinmetall Backlog comprises order backlog key figure as well as the new frame backlog and nominated backlog key figures. The frame backlog reflects the expected future call-offs from existing framework agreements for the security business, which are converted into order backlog when called off by the customer. Based on existing written agreements and framework contracts with customers, the nominated backlog figure shows the future call-offs expected for the civil business from these customer agreements. The sales resulting from the frame backlog and the nominated backlog may differ from the corresponding amounts depending on the final call-off quantities.

The Rheinmetall Nomination indicator is composed of the order intake and booked business indicators as well as the flow indicator for the security business, the frame nomination. Similarly to the booked business indicator used for the civil business, this represents the expected value of new framework agreements concluded with customers. Like booked business, frame nomination does not yet represent binding customer orders, so actual call-off volumes and the resulting sales may vary. The frame backlog is converted into order backlog by way of the call-offs reported as order intake. Within Rheinmetall Nomination, this change is presented as frame utilization.



Financial management indicator for Rheinmetall Aktiengesellschaft

The most important financial management indicator for Rheinmetall Aktiengesellschaft is net income, from which the dividend is paid to shareholders.

STRATEGY

Rheinmetall at a glance

After the establishment of the "Rheinische Metallwaaren- und Maschinenfabrik Actiengesellschaft" by the Hoerder Mining and Smeltery Association in 1889, Rheinmetall developed into a leading, globally active, integrated technology group. As part of continuous analyses and assessments of the product portfolio, the Group's repositioning from a provider of security and mobility applications to a fully integrated technology group was initiated in 2020. Through Group-wide technology transfer, promising developments are introduced into the various divisions in line with demand. Rheinmetall's strategic alignment involves reducing its dependence on combustion engine products and divesting itself of the entire pistons business (small- and large-bore pistons). At the beginning of 2023, the large-bore pistons division was sold, and the transaction of the small-bore piston production area was closed retroactively as of April 1, 2024.

Key market drivers for Rheinmetall

Leap in growth in the defence sector – As a result of the war in Ukraine and other crisis areas, numerous countries around the world have responded by increasing their defence spending. »Global defence spending

Acceleration of technology penetration – In addition to market growth, the war of aggression has also resulted in an acceleration of technology penetration. Thus, as well as the need for conventional land-based weapon systems, demand in the areas of autonomy, digitalization, electrification, networked surveillance and communications is also rising sharply.

Digitalization – The growth of digitalization is continuing apace in both a civilian and security context. The German armed forces describes digitalization as “the key to information, command and combat superiority as well as enforcement and response capability in the battlefield of the future.” The current war in the Ukraine also illustrates the importance of networked operations and information and command superiority. NATO announced its digital transformation vision in 2022: “By 2030, the Alliance should be able to ensure interoperability in all areas, improve situational awareness and facilitate data-driven decision-making.” The need for solutions to protect, support and connect the armed forces of tomorrow has never been greater.

Acceleration of the energy transition – As an indirect consequence of the war, the planned energy transition has also been accelerated in order to reduce dependence on Russia in the energy sector. The industrial policy instrument of the so-called “Green Deal” to reduce net greenhouse gas emissions and the REPowerEU program adopted in May 2022 will result in a tightening of targets as well as expanded measures and funding for the expansion of the hydrogen economy.

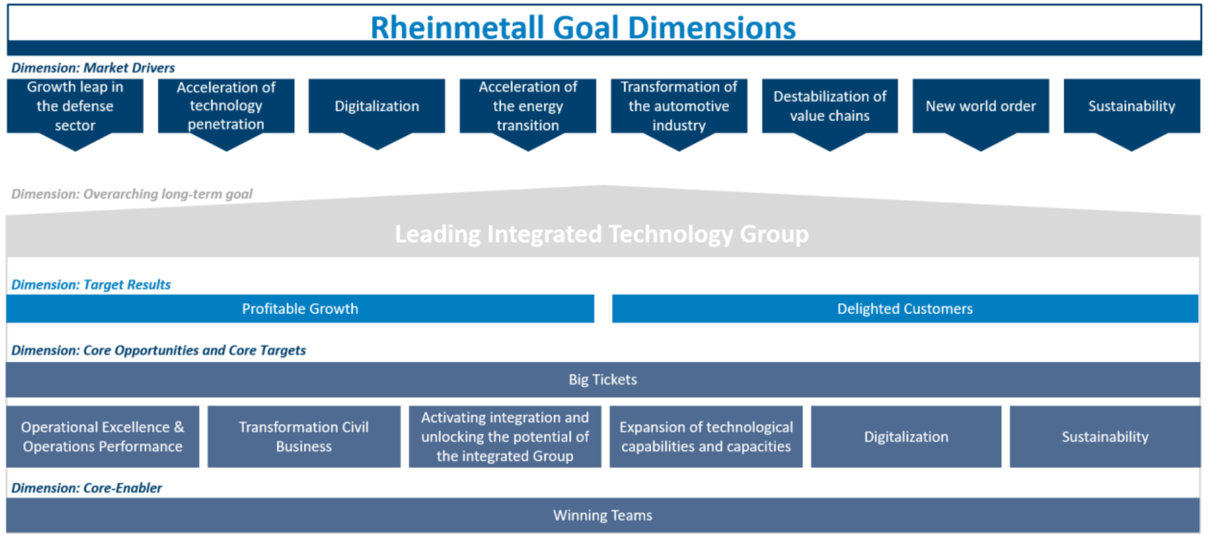
Transformation of the automotive industry – As part of the energy transition, the shift in the vehicle drive mix toward electromobility has also advanced. It is currently assumed that there will be a mix of around 50% electric vehicles worldwide in 2030.

Destabilization of value chains – Geopolitical tensions, economic crises, infections and natural disasters can continue to lead to disruptions in the supply chain and supply bottlenecks. As a result, production and logistics restrictions may be imminent. In addition, the increase in trade duties and trade restrictions can lead to price increases. For example, China has restricted the export of components, software and technology in the aerospace and gas turbine sectors from July 2024 and has already imposed export controls on certain raw materials in the past. At the same time, the USA increased import duties on various products from China, including solar modules and electric vehicles. The EU has also decided on manufacturer-dependent punitive tariffs of up to 35% on electric cars from China from the end of October 2024.

New world order – The geopolitical shifts have led to an increased polarization of the world order. As things stand, it can be assumed that this trend will continue and entail significant geopolitical uncertainty. In combination with the above-mentioned drivers, it may well be that the structure of procurement and sales markets will also be reorganized as a result.

Sustainability – Sustainability has become a guiding principle for countries and economic areas alike and thus an important driving force for society, business and politics. The 2015 climate conference in Paris was of crucial importance: In September, the global community adopted the 2030 Agenda with 17 goals and 169 sub-goals for sustainable development. It marked the beginning of a change towards a world with the goal of net zero emissions. National, European and international legal requirements to mitigate the consequences of climate change, sustainable finance and human rights due diligence, as well as sustainability scores from customers and suppliers and major (ESG) rating agencies, have accelerated the influence of sustainability on the economy since 2015.

Target dimensions of the Rheinmetall growth strategy



The transformation to a fully integrated technology group initiated in 2020 was updated in 2024. In addition to the adjusted divisional structure, Rheinmetall founded a new central digitalization division at the beginning of 2024, which is targeted at promoting digital innovation across divisions and in close collaboration with the divisions. In addition, the strategy is regularly reassessed and adjusted with regard to the opportunities and challenges arising from the market drivers.

Rheinmetall's overarching goal is to be a leading integrated technology group that develops solutions for a secure and livable future. Rheinmetall is pursuing an ambitious growth strategy. This involves both a systematic focus on growth areas on the one hand and a high level of competitiveness in these fields on the other hand.

Rheinmetall's strategy focuses on current and future customers, who need to be convinced of the quality of Rheinmetall products. Rheinmetall is also aiming for long-term profitable growth with the following targets for fiscal 2027:

- Turnover increased to €20 billion
- Profitability (operating margin target): ~18%,
- Cash Conversion Rate (operative free cashflow to operating result): >40%.

The market potential, particularly in the markets of particular relevance to us in Europe, Germany and Ukraine, will continue to increase due to the geopolitical developments of recent weeks. In particular, the revenue target mentioned above does not yet take into account all the opportunities arising from this, meaning that a significantly better revenue performance is possible.

Process improvement and operational performance

- Improving our delivery reliability and quality to remain and become the preferred choice for existing and future customers
- Expanding plant capacities and making them more flexible
- Increasing productivity by making optimum use of available resources, such as by exploiting the potential of digitalization, sharing best practices and automation
- Optimizing the supply chain to ensure the necessary supply in disruptive supply chains
- Operational excellence in all areas of the business, in value-adding processes (e.g. development, production, after-sales service) and in all supporting processes

Transformation of the civil business

- Transforming the automotive portfolio into a long-term profitable and resilient civil portfolio with a focus on future mobility, decarbonization and sustainable industrial solutions
- CORE ICE (internal combustion engine): Utilization of the business potential in the area of the internal combustion engine; ICE innovation through CO_2 reduction requirements
- Electrification: Expansion of electrification portfolio and market penetration
- Diversification: new technologies and industries as innovation enablers
- Continuous portfolio monitoring and divestment of activities with high dependence on the internal combustion engine and low growth opportunities

Activating integration and unleashing the potential of the integrated Group

- Leveraging maximum synergies and unleashing Rheinmetall's full potential through silo-free interaction among the divisions in order to offer civil and security customers the best and most innovative solutions and to strengthen technology transfer.
- Introduction of functional structures
- Bundling and strengthening of international activities

Expanding technological capabilities and capacities

- Systematic technology management for medium-to long-term realization of additional growth potential in order to increase resilience and competitiveness
- Strategic acquisitions, joint ventures and strategic cooperations
- Establishing and expanding the potential markets in the security business
- Expanding capabilities and capacities
- Expansion of management position in the safety business: Rheinmetall will continue to press ahead with the expansion of its systems business. The aim of this strategy is to increase the number of Rheinmetall platforms and systems employed by international armed forces in order to generate from this follow-up business with maintenance, modernization and service. Furthermore, this will help to improve prospects for successfully marketing Rheinmetall's system-independent key components such as electronics, weapon systems, munitions and protection packages.

Digitalization

- In addition to its current business, Rheinmetall recognizes the need to render manageable the digitalized and, in turn, complex battlefield of the future. Rheinmetall's goal is to offer customers leading intelligent and networked systems for battlefield superiority. The digitization of the battlefield is characterized by the following components:
    1. Surveillance of the battlefield (modern, AI-supported sensor technology; intelligent information gathering, -processing and evaluation)
    2. Networking of the battlefield (sensors, effectors and guiding elements)
    3. Automation of the battlefield (e.g. in the form of unmanned systems, intelligent effect, digital soldier systems, digitization of training and training facilities)
- Expanding capabilities, e.g. in the areas of artificial intelligence (AI) and big data through strategic partnerships and acquisitions
- Further development of the core technology of the TACTICAL CORE communication platform and integration of this technology into Rheinmetall products as an extended basis for the digital defence ecosystem

Sustainability

- Respect and protection of human rights: in our own business area and at our suppliers
- Climate change: successive reduction of CO_2 emissions at own sites, through products and in the supply chain
- Responsible management: established business processes and anchoring of sustainability goals in incentive models

Core Enabler: Winning Teams

In order to achieve the ambition to grow, Rheinmetall has defined the core enabler dimension of Winning Teams. The HR strategy, which consists of four pillars of initiatives, has been regularly updated since 2022:

- Best Fit People
- Best Leaders
- Empowering Environment
- Competitive Cost Structure

The HR strategy aims to ensure that Rheinmetall is seen as a highly attractive employer by potential and existing employees and managers. This is a crucial success factor for being able to implement the workforce expansion planned as part of the capacity build-up in the coming years. It also ensures that Rheinmetall's managers are best equipped to challenge and develop their teams. Rheinmetall also aims to provide its employees with a working environment and models that promote employee engagement and satisfaction and link them to Rheinmetall. In order to ensure this, the employee survey "Your Voice" and the standardized exit interviews have been established. The results are presented throughout the Group and the initiatives developed as a result are actively discussed and further developed with the Group's employees. One of these initiatives is the global digital learning suite introduced in 2024, in which employees are offered a variety of e-learning courses and thus have the opportunity for self-determined learning.

Sustainability to form an integral part of the Group’s strategy[ESRS 2 SBM-1 40 g)]

The Group’s increasing focus on sustainability, visible not only in the product portfolio but also with regard to important social and political issues ranging from social responsibility and the fulfillment of human rights to due diligence obligations and climate and environmental protection, is a component of the Group strategy. With our innovative strength, our product portfolio, the international reach of our business and our own activities in the area of sustainability, we want to make our contribution to the 17 UN Sustainable Development Goals of the United Nations.

As a long-standing company, we support the 2015 Paris Climate Agreement’s goal of limiting global warming to below 2°C, or even better to 1.5°C, by 2100 compared with the pre-industrial era (1850). Carbon neutrality refers to CO_2 emissions within our company in a first step (Scope 1) as well as emissions from the generation of our purchased energy (Scope 2). We also plan to further reduce Scope 3 emissions – e.g. in the supply chain and to a certain extent from the use phase – in the medium to long term.

A key building block of the EU Green Deal and the EU Action Plan on Financing Sustainable Growth is the EU’s Taxonomy Regulation, which came into effect in July 2020. It aims to increasingly channel capital flows and investments into environmentally sustainable economic activities and projects in order to achieve the European Union’s environmental and decarbonization targets for 2030 and become the first climate-neutral economic area by 2050. Rheinmetall supports the general objectives of the EU agenda for financing the transition to a sustainable economy and reports on its business activities classified as taxonomy-eligible or taxonomy-compliant in the categories of sales, CapEx and OpEx.

Sustainable management in harmony with the environment is a component of business and production processes and helps to secure the long-term future of the company. In addition to continuity, economic growth and compliance with the principles of good corporate governance, the careful use of natural resources is part of our self-image. We are committed to progressively reducing our environmental footprint, avoiding negative impacts of our business activities on the environment as far as possible and to implementing transformative changes that help protect our planet for the current society and future generations as well as enabling a more sustainable business for the benefit of our stakeholders.

In addition to our principles on social responsibility (Fair2All international framework agreement), we highlight our commitment to business ethics issues with the joint position paper of the Executive Board and the European Works Council on the transformation and internationalization of the Rheinmetall Group. Furthermore, we are a member of the United Nations Global Compact, a globally established sustainability initiative. As a signatory, we pledge to comply with the ten principles on respect for human rights, fair working conditions, environmental protection and anti-corruption. For us, these form an important guide in responsible corporate governance.

Within our sphere of influence, we see it as our responsibility to promote respect for human rights, prevent human rights violations and prevent or mitigate possible adverse effects through various measures. Our commitment relates both to our own business activities and to our suppliers, initially mainly in Tier 1.

Remuneration components, which include sustainability targets, serve to further strengthen sustainable positive corporate development. The implementation of measures in the areas of environmental, social and governance have been taken into account for the members of the Executive Board in the LTI and STI with 20% each since fiscal 2022. For managers, this also applies since fiscal 2022 in the STI and since fiscal 2024 in the LTI.

Strategic growth markets

A significant growth driver in the defence markets served by Rheinmetall results from the “leap in growth in the defence sector” and “new world order” market drivers. »Global defence spending NATO alliance spending increased steadily between 2018 and 2024. In 2024, Germany is set to reach NATO's two percent target for the first time with estimated defence spending of €90.6 billion. This corresponds to a forecast share of the gross domestic product of 2.12%. According to forecasts, 23 of the 32 NATO member states will reach the goal in 2024. Rheinmetall is benefiting from these developments within the defence markets. The backlog in the Group as a whole increased to a record level of €55.0 MrdEURbillion, of which around €46 billion is from the security sector.

Strategic growth markets Ukraine and USA – Since the start of the Russian war of aggression, the Ukraine business in particular has been an important growth market for Rheinmetall. With the expansion of the strategic cooperation between Rheinmetall and Ukraine, Rheinmetall Landsysteme GmbH and the Ukrainian state-owned company Ukrainian Defense Industry have created the basis for further opening up the market and strengthening the Ukrainian defence industry. Sales with Ukraine grew in 2024 to €1,262 million (previous year: €594 million).

In addition, Rheinmetall was able to increase its access to the world's largest defence market USA and achieve growing business success through the full acquisition of the US supplier Loc Performance. The annual turnover increased in the USA from €366 million in 2023 to €493 million (including Loc Performance) in 2024. »Significant events – Rheinmetall agrees to take over the vehicle specialist Loc Performance

Strategic growth areas

Artillery systems, rocket artillery and ammunition – Rheinmetall is investing heavily in expanding production capacities and in product improvements, such as the increased range of our artillery ammunition. In February 2024, the groundbreaking ceremony took place for the new ammunition factory in Unterlüß, with a production capacity of 200,000 rounds per year. The construction of the plant is being carried out according to plan so far, so that the start of production is already planned for 2025. This new “Werk Niedersachsen” in Unterlüß will, among other things, develop expertise in the long-range sector and in a second step in rocket motors. In addition, in November 2024 Rheinmetall and Lithuania signed a contract to build a munitions production plant in the Lithuanian municipality of Baisogala. The production capacity is to be several 10,000 artillery shells per year. Overall, Rheinmetall intends to increase its artillery production capacity globally from over 700,000 shells in 2025 to › 1.1 million by 2027.

In addition, Rheinmetall is successively increasing its propellant powder production capacity from 3,500 tons per year in 2025 to 10,000 tons per year in 2027. Among other things, a new propellant powder plant is planned in Romania, with Rheinmetall as the majority shareholder.

Ground-based Air Defence – The focus here is on expanding core business in the area of (very) short-range air defence (V-SHORAD). The European Sky Shield Initiative opens up new potential, for which Rheinmetall is preparing. Overall, the portfolio is to be expanded, the market share in Europe increased and additional potential countries addressed.

In 2024, Rheinmetall recorded significant successes in the field of air defence, including a triple-digit million euro order volume in Austria, an order volume of almost €600 million in Germany and a further order volume in the low triple-digit million euro range with another European customer country.

Main Fighting Tank and Infantry Fighting Vehicles – These areas of technology form a long-term growth field. In December 2023, Rheinmetall was commissioned by the Hungarian government to develop the Panther KF51 to the stage of readiness for series production. In 2022, Rheinmetall first presented the "Future Gun System" consisting of an unmanned turret with a 130 mm/L51 cannon with automatic charger for the Panther KF51. On the one hand, this closes a capability gap and, on the other, the “Future Gun System” could become the basic technology for the future Main Ground Combat System (MGCS).

As part of this French-German land combat armaments project (MGCS), which is set to replace the German Leopard 2 and the French Leclerc main battle tank product range from 2040, Rheinmetall is engaged as a key partner on the German side alongside KNDS (KMW+NEXTER Defense Systems). Rheinmetall is also a member of a consortium (Rheinmetall, KMW [a company of KNDS], Saab, Leonardo, Indra) that is applying for funding from the European Defense Fund to develop a Future Battle Tank (FmbT). The course has thus been set for us to play a major role in the land combat systems of the future.

In October 2024, Leonardo (Italy) and Rheinmetall announced the establishment of a 50:50 joint venture aimed at developing a European industrial and technological approach in the field of land defence systems. The aim is the industrial development and subsequent marketing of the new Italian Main Battle Tank (MBT) and the new Lynx platform for the Armored Infantry Fighter System (AICS) as part of the Italian army's combat system programs.

Logistics systems (trucks) – The overriding aim in the area of logistics systems is the transformation from the manufacturer of logistics systems to a leading system house partner for logistics military vehicle systems.

Rheinmetall sees great potential in the armed forces, among other things, where truck call-offs can be made directly from the investment trust. The goal is to increase production capacities in the Vienna plant to up to 4,500 vehicles p.a. In addition, Rheinmetall has been awarded the first phase of the U.S. Army's Common Tactical Truck Program tender for the HX3. The acquisition of LOC Performance, USA, was made in 2024 to strengthen Rheinmetall's position in this tender. »Significant events – Rheinmetall agrees to take over the vehicle specialist Loc Performance

Rheinmetall sees further potential in the Rheinmetall MAN User Nations Group, of which 12 nations worldwide are currently members, and in the establishment of the HX truck as NATO's standard military truck to increase and guarantee interoperability within the NATO partners. Automated driving (drive-by-wire) is an integral part of the HX product vision. To this end, a technology roadmap was developed that maps out the roadmap towards autonomous driving and the HX system carrier structure. The customer should be offered a superior platform that enables the mapping of numerous special applications and structures in a strong system partner network.

Aviation – Following the successful start of maintenance operations for CH-53G transport helicopters for the German Armed Forces at the three air force bases in Diepholz (since 2020), Holzdorf and Laupheim (since 2022), Rheinmetall has taken another key step forward in Domain Air. In a state-of-the-art factory at its Weeze site, Rheinmetall will produce center fuselage parts for the F-35A Lightning II, currently the world's most powerful fighter aircraft. This takes the form of an armaments cooperation with the US partners Northrop Grumman and Lockheed Martin. FF-35A-Rumpfmittelteile are to be manufactured in the new plant.

Construction of the new F-35A factory is on schedule so far. As planned, the project will be completed by the end of the first quarter of 2025. This will be followed by the installation of the machines and tools, so that production can start as planned in the second quarter of 2025. Delivery of the first fuselage center sections is already scheduled for the first quarter of 2027. Rheinmetall is thus demonstrating the rapid, successful and timely implementation of this strategically important project.

In 2023, Rheinmetall signed an Agreement with its strategic partners Lockheed Martin, ESG and Lufthansa Technik for the maintenance of the German armed forces future F-35A fleet.

Rheinmetall strives to continuously expand and develop the potential in the Domain Air.

Military Unmanned Air Systems – Thanks to Rheinmetall's surveillance systems such as the LUNA NG and ALADIN as well as the HERO loitering munition in cooperation with U-Vision, Rheinmetall has been a well-known player in the field of military unmanned aerial systems for many years. The market share for unmanned air systems should be expanded by extending the portfolio, increasing added value, expanding cooperations, selling components and positioning the company as a platform-independent system integrator.

Digitalization – Digitalization, as an integrated technology group, has a significant value in the overall strategy for Rheinmetall. As a market driver, digitalization influences both internal technological progress, e.g. with regard to business processes, and Rheinmetall's technology and product portfolio for customers. Rheinmetall has therefore implemented "digitization" as a core goal in the overall strategy. The aim of Rheinmetall on the military side is to achieve superiority on the battlefield through digitization.

As a leading systems supplier in the defence industry, Rheinmetall can cover the entire chain of effects "from Sensor to Shouter" in 2024, both platform-centric and cross-platform in a networked system network. As a system integrator for networking, all players on the battlefield are connected with each other in accordance with the architecture specifications of the Information and Communication Network for the Digitization of Land-Based Operations (D-LBO). With the TACTICAL CORE from blackned GmbH, Rheinmetall is providing the heart of the digitalization of modern armed forces. The TACTICAL CORE is a central component of the German armed forces D-LBO program, which is driving digital transformation and creating a secure, integrated communication and information ecosystem.

As part of internal IT, skills and resources were expanded in 2024 with a focus on service readiness for international requirements. The harmonization and scalability of IT solutions was further accelerated in order to be able to respond efficiently to growth. Due to the high relevance of digitalization and the requirements for the security of IT systems in the defence industry, further critical services were set up in-house and external service offerings were reduced.

In order to support the rapid transfer of knowledge between Rheinmetall's civilian and military expertise and to strengthen cross-divisional cooperation, Rheinmetall is continuously optimizing its IT systems to ensure seamless, highly secure communication.

The development of modern, scalable systems forms the basis for the flexible utilization of both internal and external data, taking security requirements into account. This accelerates the automation and digitization of processes end-to-end in order to achieve an increase in efficiency. AI technologies are increasingly being used here.

Space – This domain also plays an increasingly important role in the Rheinmetall digitization efforts. For Rheinmetall, the focus is primarily on the integration and utilization of space-based reconnaissance data in the tactical battlefield. The first conceptual approaches to space-based tactical surveillance and situation assessment for land forces were presented by Rheinmetall at the International Aerospace Exhibition (ILA) in Berlin in mid-2024. Through collaboration with selected partner companies, state-of-the-art technologies and services from the aerospace sector are provided for the defence sector. An investment in the ICEYE company, the international market leader for LEO-SAR satellites (SAR: synthetic aperture radar) is embedded in Rheinmetall's current space strategy. Strategic collaboration with ICEYE was expanded again in September 2024. For this purpose, a Cooperation Agreement was signed that secures Rheinmetall the exclusive rights to market the ICEYE SAR satellites to military and state end customers in the German and Hungarian markets. Since the beginning of October 2024, Ukraine has been receiving new satellite images taken by the ICEYE company's SAR satellites as part of the collaboration between Rheinmetall and ICEYE.

Civil sector diversification – In 2023 and 2024, the Power Systems division successfully continued its diversification strategy and secured a significant framework order in the triple-digit million euro range, further strengthening its position in the industrial sector. In future, the focus will continue to be on the development and supply of new key industrial components that benefit from the company's extensive technological expertise. The area of hydrogen is of particular importance with activities in the areas of electrolysis, fuel cells and transport solutions.

Within the framework of electrification, Rheinmetall is positioning itself specifically in the development of future-oriented solutions that support the transition to alternative drive systems and environmentally friendly technologies. Rheinmetall wants to contribute to sustainable mobility with innovative concepts and at the same time meet the requirements of the market. An example of this includes a joint venture with the company Polycharge, in which new types of high-voltage capacitors are being developed using NanoLam® technology. In addition to a wider range of applications, they offer significantly increased efficiency, particularly in the field of electromobility.

Rheinmetall achieved further success in 2024 with the Rheinmetall curb charger, an innovative charging concept for electric vehicles. Further pilot projects for the use of this innovative solution have been launched in the Cologne metropolitan area. The curb charger was specially developed for urban areas. This technology makes it possible to integrate charging infrastructure discreetly and easily into the cityscape.

Hydrogen – In the hydrogen area of technology, the product roadmap was expanded in 2024 by booking new orders and new customers, particularly in the area of electrodes for electrolysers. The value of the cumulative booked business (lifetime) in the hydrogen growth market thus increased to a total of around €650 million for various manufacturers of fuel cell systems and electrolyzers by the end of fiscal 2024. Rheinmetall also continued to be successful in the area of recirculation blowers, cathode valves and coolant pumps for fuel cell systems. Further orders are also to follow for the hydrogen tanks and container-based tank systems (MEGC - Multi Element Gas Container) currently under development. Technological innovations in this new market segment are being driven forward by the company's own efforts, but also by using government funding programs.

The secured supply of fuel to the armed forces is a prerequisite for fighting fit. Fossil fuel supply chains established today for “peacetime operations” are logistically complex and fragile. There is no alternative to hydrocarbon-based fuels for the armed forces due to their manageability and high energy density. Rheinmetall's Giga PtX project vision is a network of several hundred decentralized, large-scale production plants for synthetic fuels that can be produced from electricity, water and CO_2 at any location and, due to their properties, can be used as drop-in fuels, in existing logistics systems, vehicles and aircraft.

Acquisitions, joint ventures and strategic alliances

As part of its growth strategy, Rheinmetall continuously screens potential targets and examines strategic partnerships and joint ventures that could potentially support Rheinmetall’s growth strategy. As an important provider of military land systems, Rheinmetall remains committed to playing an active and formative role as part of further industry consolidation and to assuming technological leadership. Rheinmetall is therefore rigorously examining the strengthening of digitalization expertise, technological capabilities and the expansion of capacities in line with demand. In the civilian sector, the focus is on targets to support the transformation.

Acquisition of Loc Performance and Automecanica Medias –With the full acquisition of Loc Performance Products LLC, USA, a renowned vehicle specialist in the field of land vehicles, among other things for military customers, it strengthens its market position in North America and strengthens its position in the competition for large volume orders in the USA. »Significant events

With the acquisition of a majority stake in the military vehicle manufacturer Automecanica Mediaş, Rheinmetall is further expanding its position as manufacturer of military vehicles, strengthening its footprint in Central Europe and opening up promising customer countries in the region. »Significant events – Acquisition of Automecanica Mediaş SRL completed

Strategic cooperations with Leonardo, Lockheed Martin, Andruil and Honeywell – Prior to the announcement of the joint venture with Leonardo in October 2024, Rheinmetall and Lockheed Martin had signed a Cooperation Agreement (MoU) at ILA 2024 to expand their strategic cooperation. The two partners want to develop cooperation fields with regard to land, air and sea forces as well as in the areas of simulation and maintenance. Specifically, this includes missile artillery systems, laser weapon systems, simulation and training for land vehicles and helicopters, close and short-range air defence (SHORAD) and other areas. The intention is to use joint know-how to develop advanced capabilities and defence solutions that will benefit both Germany and international customers.

In June 2024, Rheinmetall and Andruil (USA) signed an MoU for the joint development of integrated solutions (Counter small Unmanned Aerial Systems - C-sUAS) for the defence of small unmanned aerial aircrafts (drones). Andruil is a defence company that develops and produces AI-powered autonomous systems for land, sea and air. Overall, the Cooperation Agreement aims to bring together the complementary capabilities of these two companies.

In September, Rheinmetall and the US industrial group Honeywell announced a letter of intent for strategic cooperation in various areas of technology. Both companies want to cooperate with new vision systems and vehicle auxiliary units, among other things.

Strategic key figures

	Key figure		Result 2024	Target 2027
Growth	Group sales	€billion	9.8	20
Profitability	Operating margin	%	15.2	around 18
	Cash conversion rate	%	70.7	›40

RESEARCH AND DEVELOPMENT

Growth potential through technology and product developments

The advance development of new technical solutions is very important. Group-wide technology transfer and intensive, partnership-based project work in Germany and abroad with customers, industrial partners, renowned research facilities and experienced experts play an important role in this. In the medium to long term, products outside the derivable product portfolio should also contribute to the company's growth. In addition to the core technologies, the focus is on dedicated focus areas including autonomy and robotics, digitalization and connectivity, electrification, hydrogen and decarbonization.

In fiscal 2024, expenditure on research and development within the Rheinmetall Group was €502 million (previous year: €374 million). Of this amount, €171 million was passed on to customers (previous year: €86 million). In the reporting year, €95 million (previous year: €72 million) of the total expenditure for research and development was capitalized as development costs and €235 million (previous year: €217 million) recognized as expenses. Amortization of capitalized development costs recognized in the reporting year amounted to €34 million (previous year: €28 million). The research and development ratio in relation to the Group's total turnover was 5.1% (previous year: 5.2%).

Compared to the previous year, the number of employees entrusted with research and development tasks rose by 394 persons to 4,816 persons at the end of 2024 (previous year: 4,422 persons). In relation to the total workforce, this corresponds to a share of 17% (previous year: 18%).

Research and development

	2024	2023
Employees in research and development (FTE)	4,816	4,422
Employees in research and development as % of total workforce	17	18
R&D: Expenses (€ million)	502	374
of which capitalized	*95*	*72*
R&D ratio (research and development expenses in relation to sales)	5.1	5.2

Research and development expenses once again show a differentiated distribution in fiscal 2024. Vehicle Systems recorded by far the highest expenses at €217 million (previous year: €91 million). The increase at Vehicle Systems is mainly due to the development contract for the XM30 from the U.S. Army's Combat Vehicle Program. For the remaining divisions, research and development expenses were all at the previous year's level.

Research and development expenses

€ million	2024	2023
Rheinmetall Group	**502**	**374**
Vehicle Systems	217	91
Weapon and Ammunition	60	64
Electronic Solutions	35	32
Power Systems[1]	177	179
Consolidation/Others[2]	13	8

[1] Sensors and Actuators and Materials and Trade were combined to form Power Systems effective January 1, 2024.
[2] The previous year's figures have been adjusted to reflect the merger of Sensors and Actuators and Materials and Trade to form Power Systems.

The distribution of the total of 4,816 employees working in research and development in the Rheinmetall Group at the end of 2024 is shown in the table below. The increase in the total number of employees in the group resulted from the rise in the number of employees in the security technology and defence sectors.

Employees in research and development

FTE, 12/31	2024	2023
Rheinmetall Group	**4,816**	**4,422**
Vehicle Systems	1,439	1,295
Weapon and Ammunition	820	673
Electronic Solutions	1,618	1,522
Power Systems[1]	873	885
Others[2]	66	47

[1] Sensors and Actuators and Materials and Trade were combined to form Power Systems effective January 1, 2024.
[2] The previous year's figures have been adjusted to reflect the merger of Sensors and Actuators and Materials and Trade to form Power Systems.

Risks

Information on reducing or avoiding technology and development risks can be found in the »Risks and opportunities section.

Cross-divisional technology development in the New Technologies cluster

The New Technologies cluster comprises Rheinmetall Technology Center GmbH (RTC), MIRA GmbH and Yardstick Robotics GmbH.

As a group-wide unit, Rheinmetall Technology Center GmbH has a technology-oriented focus on Group-wide applications. Of primary importance are the development of innovative technologies and products as well as the creation and technical and economic validation of initial functional models and prototypes. If rated positively, these technologies and products are passed on to existing or even new units within the Group for commercialization. The focuses of development are sensor systems, digitalization, automation and (e-)mobility.

The development and piloting of kerbside charging points for charging electric vehicles in urban areas was successfully continued by the RTC in 2024. Through the intelligent use of existing urban infrastructure and high charging performance, an attractive alternative to conventional charging stations is presented. In particular, the kerbside charging helps to solve the problem of limited space in urban and rural areas and enables fast, easily expandable and cost-effective installation of charging points. In 2024, the relevant conformities (CE and calibration law) for the operation and sale of energy in public spaces were successfully acquired. In addition, since April 2024, the systems have been subjected to extensive tests by users in public spaces as part of two pilot projects. The pilot projects serve to validate the systems from the user's perspective, urban planning and a technical perspective. The findings are incorporated into the further development of the systems. The customer feedback has been very positive so far. In parallel, the commercialization of the charging kerb was prepared. In order to secure the exploitation, Rheinmetall filed further patent applications in 2024. In order to ensure effective and smooth operation for customers, service structures are currently being set up, for example for the simple and cost-efficient replacement of defective modules.

Other focuses of development at the RTC include new applications based on sensor and communication technologies. Radar sensors were used to develop a high-resolution detection method that detects children left behind in parked vehicles and thereby reduces the risk of a possible heat stroke (CPD: Child Presence Detection). The radar sensor also makes it possible to detect an intrusion into a vehicle or a person's sitting position in relation to the front passenger airbag, which can warn of a risk of injury, for example when placing feet on the dashboard.

The teleoperation of vehicles – e.g. in the logistics sector or for passenger transport – offers tremendous application potential and is the enabler for future automated and driverless transportation. The further development and commercialization of civil teleoperated mobility represents the main focus of MIRA GmbH, while RTC promotes pre-competitive development. In order to meet the requirements of an automated vehicle fleet, for example by providing efficient route and fleet management or the real-time processing of large data volumes, the collaboration of MIRA GmbH and Rheinmetall Technology Center GmbH was intensified in the project PoQuaSIA (Post-Quantum Secure generic IoT Application). The project is funded by the Federal Ministry of Economics and Climate Protection within the framework of the European initiative to create a sovereign European cloud infrastructure (IPCEI-CIS) and lays the foundation for a future-ready operation of teleoperation with the development of a cloud-based and scalable IoT platform and a post-quantum-safe data exchange between the participating subsystems. The competencies of Rheinmetall IT Solutions GmbH and Rheinmetall Electronics GmbH are integrated in a targeted manner. After the roll-out of a teleoperation technology approved for public road traffic in Düsseldorf's industrial port and another successful demonstration campaign together with Deutsche Telekom in Bonn, further routes were identified in the Düsseldorf area in 2024. In particular, a longer-term test operation will be prepared with an Public transport operator in 2025. In addition to the commercialization of the overall system, e.g. in the sense of teleoperation-as-a-service for applications in logistics or passenger transport, the further development of individual components, such as the control center as a central control unit or a cyber security unit as a communication manager for the data exchange of video and control signals, is increasingly bringing their commercialization as potentially independent products for other areas of application to the fore.

For the application of teleoperation in civilian and military operations, the RTC has also developed a procedure for identifying the free path in front of a vehicle using the camera technology used, whereby an MRM (Minimal Risk Maneuver) is prepared if the connection is lost. Furthermore, it was possible to calculate the topology of the accessible route in front of a vehicle and to provide information on the surface quality. Control and AI-based software algorithms were used to process the sensor data.

Yardstick Robotics GmbH is working on the development and market launch of AI-based robots and digital services with reference to their design, commissioning and maintenance. The company is currently being funded by the Federal Ministry of Economic Affairs and Climate Protection as part of two projects. The Robot-X project (networked model-based development and operation of robots for industry and SMEs using Catena-X and AI) uses secure data spaces to develop an automated and validated configuration of robotic systems based on a modular principle and to map the entire product life cycle. This is intended to support the flexible development of robotic solutions for various applications as well as reduce development costs and increase the level of technological maturity. In addition, a digital ecosystem for AI-based robotics is being developed in the ROX project. Yardstick Robotics GmbH will implement the application-side integration of model-based robotics using a decentralized data space to demonstrate additional value creation through digital commissioning as well as certification and remote maintenance. In the Seamless-Space project (efficient model-based system development for robotic space applications), funded by the German Center for Aerospace (DLR), a model-based environment is developed to increase the efficiency of the provision of robotic solutions for space applications, thus opening up an additional area of application. The results contribute to the commercialization strategy of robotic solutions and digital services.

Research and development in security technology

Vehicle Systems, Weapon and Ammunition and Electronic Solutions are continuously setting new technological standards with their products: from vehicle, protection and weapon systems through infantry equipment and air defence to the networking of function sequences, as well as in the area of simulation and training. They systematically gear their research and development activities to the main areas of national capability stipulated by the German armed forces and to mission requirements profiles of international armed and security forces facing the growing challenges and complex threats of the 21st century. In addition to multinational deployments for stabilization and crisis management, the focus is particularly on the tasks of the German armed forces and other NATO forces in the area of national and alliance defence. Modern equipment that uses cutting-edge technology and is adequate to the task can lead to vital improvements in ability to lead, stamina, mobility, effectiveness and ability to survive in the deployment scenarios faced by soldiers.

Vehicle Systems

As the digitalization of military vehicles continues, the variety of support and automation functions in the systems is also increasing. These functions have been a focus of Vehicle Systems' Research & Development activities for years. Research and development activities are also focused on how tasks can be simplified and combined for operators in order to ultimately optimize the manning of modern combat vehicles. The focus here is not only on reducing crew size, but also on relieving them of monotonous tasks and reducing the risk to the crew in dangerous situations. In this context, a high degree of automation in the execution of functions can be achieved via appropriate sensor systems and algorithms.

The InterRoC program was continued for the German customer. The customer wants to use the program to develop and define the requirements for (partially) autonomous vehicle systems to be procured in the future and has provided HX trucks (2x 42M, 2x 44M) from its fleet of unprotected transport vehicles (UTV) for this purpose. The TAC business unit (Tactical Wheel and Chain Vehicles) has supported the extensive tests within the framework of the ongoing contract and introduced various improvements to the Rheinmetall Autonomie Kit (Path A-kit) together with Rheinmetall Canada. The highlight was participation in this year's ELROB (international exhibition and competition for autonomous vehicles) and 1st place in the convoy category.

Based on the experience with the camera monitor system (CMS) from the JODAA program, the TAC business unit has prepared a study to define a CMS that enables driving on public roads. The RTC and RME should also participate in the cross-divisional study in order to incorporate the experience gained from their projects.

The development and industrialization of the HX3 is progressing as planned. In February 2024, three prototypes were handed over to the US Army for testing as part of the Common Tactical Truck Program. A total of eight patent applications were filed for the HX3 in 2024, six of which relate to the driver's cab alone. A patent application was filed for each of the chassis and hydraulic assemblies for the HX3. Further applications are being drafted.

The LOG (Wheeled Logistics Vehicles) business unit also made significant progress in the area of automated driving. The project B-Kit for HX generations funded by Austria was completed at the end of 2024. In the project, a B kit was developed with the goals of converting a driving command into a driving action, offering unrestricted off-road operation including waking capability, enabling integration into protected driver's cabs and also not hindering the driver in manual operation. In this connection, Rheinmetall MAN Military Vehicles GmbH also started work on developing a vehicle dynamics computer. This will monitor the vehicle-specific feasibility and safety of drive commands and allow the vehicle configuration (blocking, gear reduction, etc.) to be adjusted automatically and on a situational basis in line with the environmental conditions.

As part of the User Nations Group (exchange of user states), Rheinmetall MAN Military Vehicles (RMMV) and Rheinmetall Canada were able to present their progress in the past months in leader-follower operations under off-road conditions, convoy configuration and teleoperated load handling of flatbeds and containers. Two patent applications were also submitted for these future topics.

In addition, RMMV participates in the cooperative Austrian funding project SIMPAS (simulation of autonomous vehicle control based on passive localization). SIMPAS will be completed in early 2025. The follow-up project UMPAS (implementation of autonomous vehicle control based on passive localization) is currently in preparation.

In the area of health and usage monitoring and fleet management, RMMV is developing a data logger and evaluation solution suitable for military use as well as the integration of modern mirror replacement systems.

Weapon and Ammunition

With the decision to build a German artillery plant in Lower Saxony, in which 200,000 shots of 155 mm artillery ammunition can be produced per anno, a substantial part of the transnational development activities are also concentrated on the area of artillery. In connection with the 155 mmL60 weapons plant under development, which guarantees a future range superiority of over 50% compared to the 155 mm artillery systems (weapon/ammunition/propellant), the design and manufacture of the grenades is already designed for this purpose.

This new weapons concept 155 mmL60, which had already been successfully tested at the end of 2023, with its significant growth in output in caliber 155 mm, was able to be further promoted in 2024. The results confirm the previous predominantly theoretical analyses and predictions. Currently, no technological contraindications are discernible that oppose the proof of feasibility for the announced range gain of around 50% compared to the established L52/23L (series status PzH2000). For example, the innovative seal of the 26% larger charging area for 155 mm has been optimized compared to the 155 mm L52 systems already in use. The boundary conditions for the installation of the power-enhanced weapons plant in the future turret or platform environment was already anticipated in 2024 at Weapon and Ammunition based on information from the Vehicle Systems.

The progress in reaching technological milestones on the path to higher performance data in the artillery is based not least on the synergies with the tank armament and the large charge pressure ratios occurring there, which must be controlled in caliber 130 mm L52. The tried-and-tested electric initiation of the tank weapon's propellant charge was also adopted for the artillery.

Once the qualification maturity of a new 120 mm Pz ammunition for the 120 mm L55 A1 weapon had been achieved, the qualification was started. The development of the 130 mm L52 weapon and the corresponding ammunition types in 130 mm caliber was continued. The new functional principle of the 120 mm ammunition is adapted to the 130 mm caliber. In addition to armor-piercing ammunition, the development also includes explosive ammunition and corresponding exercise variants.

Rheinmetall Waffe Munition GmbH (RWM) participated in the EDF tender “Disruptive EDF research actions” as part of a team of 17 project partners. The consortium's application was successful against other competitors and the project, with the acronym TALOS-TWO, was approved by the European Commission in 2024. TALOS-TWO aims to develop fully European 100 kW class laser weapons by 2030, with a focus on laser sources and beam combining modules. The project will develop two demonstrators for combined high-power 1 µm sources, simulate combination methods with 2 µm laser sources, establish a European supply chain for 1 µm and 2 µm laser sources, develop mature technologies for fully European 2 µm laser sources, pioneer dynamic 3D visualization of hazard zones, investigate the impact of high energy lasers on targets and provide a roadmap for future developments. The total volume of the project is €25.3 million. RWM is one of the largest project partners, in addition to CILAS, MBDA and Leonardo. The TALOS-TWO project was started on 12/01/2024 and has a total term of 36 months.

The analysis of the situation on the battlefield of the Ukraine is another subject of the activities. Threats from top attack systems (e.g. Russian LANCET M Loitering ammunition, or FPV drones with hollow charge heads) that attack vehicles at the weakest point, the roof structures of the hull and turret, are continuously evaluated. The work includes threat analysis, derivation of countermeasures, from detection to associated effectors for defence. Various system approaches from soft to hard kill were examined and evaluated in feasibility studies. The StrikeShield active protection system has demonstrated its ability to combat multicopters and other top attack threats in successful internal trials. Under the working title HEDGEHOG, a system approach was derived that should enable the rapid availability of such an active protection system. Further feasibility studies for different system approaches are being investigated.

Electronic Solutions

Research and development activities in business unit Integrated Electronic Systems (IES) in fiscal 2024 focused on the consideration of system-of-system solution approaches (e.g. MGCS) and future architectures (e.g. UxV). The focus is on automation and hybrid working methods involving humans and assistance systems.

Future generations of combat vehicles in particular are expected to have a greatly reduced number of personnel with an increased complexity of tasks per combat vehicle, which will drastically increase the demands on the assistance systems. In addition, an acceleration of the OODA loop (Observe, Orient, Decide, Act) within the entire battlefield is to be expected, which means that information of higher complexity must be evaluated in a shorter time. In the field of IES, the AT-TAC (Automated Turret - Target Acquisition Component) project is researching hybrid task management by humans and machines with AI support. The AT-TAC system includes the utilization of AI assistance in the LANCE turret system to automatically detect targets during the day and at night, alert the operator and guide them through a potential combating process. Objects can be pre-classified by AI so that the level of threat can be automatically derived. AT-TAC was successfully demonstrated in-house in 2024. The findings from the hybrid distribution of tasks with the help of AI are also being incorporated into other projects in order to make AI widely usable in the division as an AI system provider.

Machine Learning Operations (MLOps) and the respective simulation departments are strengthening AI development as a basic building block for further AI technologies. One project is working on the automated generation of training data to this end. Realistic synthetic data is the key to advanced AI products. For this purpose, improved weather events were integrated into the simulation. The simulation environment has a parametric structure and offers a wide range of options for generalization. A particular focus is on researching the ability to generate realistic infrared images from the simulation.

Introduced European tactical land systems have limitations in areas such as collaborative use of unmanned systems, near real-time AI, high bandwidth connectivity and interoperability within European coalitions. In the international EU research project LATACC of the European Defense Fund, these areas are being conceptualized and evaluated in System of Systems. The core of the research is to create a technical basis for tactical, collaborative cooperation between EU allies within the tactical level in the country domain, so that, among other things, the distributed multinational use of surveillance and combating services is made possible. The targeted distribution of information within a European, multinational Shared Information Space as well as the linking of national BMS systems is the focus of research and development work. The combat effectiveness of the armed forces is increased by vertical acceleration along the command chain. Through a horizontal connection at the tactical level between European units, the interoperability and effectiveness in European missions is significantly improved.

Assistance systems to support operation planning were also further improved as part of research and development. The position selection assistant in the context of 3D4Land calculates possible positions and points of interest with the help of AI support in order to enable the user to work in a hybrid way within the operation planning by analyzing terrain in a short time. The calculation methods were accelerated to also use the evaluation and decision-making on near edge and edge devices. A networking of the position selection assistant with the BMS TacNet is being developed to make the position selection assistance service available to all TacNet users. This proof of concept was also shown at Eurosatory 2024.

Taking into account the requirements in the context of Digital Brigade and SoS (System of System), such as MGCS (Main Ground Combat System) and UxV (unmanned systems), the overall acceleration of operational capability from the vehicle platform to collaborative surveillance and efficient operational planning was researched across sectors.

In order to better coordinate the innovation activities within the Air Defence and Radar Systems (ADRS) business unit and to use synergies from the various organizational units and sites, technology and innovation management has been managed centrally for the business unit since the beginning of 2024.

Relevant new technologies should be quickly recognized and made usable in this way in order to generate significant added value for customers for the products of the ADRS business unit. The main topics are robotics, digitization, artificial intelligence (AI) and autonomous systems.

The introduction of new technologies is in competition with new threats. Against the backdrop of the current war in Ukraine, the rapid development of drones is manifesting itself in all domains. With Oerlikon Skynex and the Skyranger 30, the business unit is already established on the market in the area of drone defence. In addition to the Skyranger 30, the development of the Skyranger 35 will also be driven forward in the future. The Skyranger 35 is a mobile air defence system with a 35 mm x 228 revolver gun, based on the Oerlikon Revolver Gun Mk3.

Another new observation is the appearance of a large number of missiles and drones at the same time, which are either coordinated with each other (as a swarm) or uncoordinated (as a saturation). In order to counter these novel threats, an aircraft is developed together with a partner and integrated into Skynex. This highly developed short-distance air defence system is intended to be used to combat mass targets. At the same time, the Skynex architecture is being further developed with regard to the above-mentioned scenarios in order to be prepared for use with new effectors such as lasers or new types of anti-swarm effectors.

Topics such as operational excellence, increasing complexity and knowledge management are driving digitalization. For this reason, the development of a Digital Twin for the Skyranger 30 of the ADRS business unit has begun. The digital twin should virtually map the skyranger from all available data sources. This makes it possible to significantly simplify and accelerate various labor-intensive and time-consuming processes. Simulations eliminate or at least shorten environmentally harmful tests.

The talking manual is an AI-supported, digital manual that makes operating and maintenance documents intuitively accessible on a laptop. The large amounts of information contained in the increasingly complex systems can thus be made easily accessible to the operator in the field in line with requirements

Research and development for civilian applications

The difficult economic environment and the uncertainty surrounding the increasingly necessary transformation towards a sustainable economy are creating a challenging environment for the Power Systems division. Weak demand in the automotive market as a whole and the weakness of e-mobility in the German market in particular are increasing the pressure on profit margins as well as the uncertainty surrounding investments and development projects in the field of e-mobility. The still-developing hydrogen economy is also affected by the volatility of the market environment.

Power Systems is responding to this challenging situation with a strategy that is based on maintaining and expanding the internationally oriented business area of traditional mobility on the one hand, and on further developing the fields of e-mobility, software-based solutions and new areas of activity in the field of industrial products on the other hand.

In the development field of classic drive technologies, the technology roadmaps are currently being reorganized and development scopes are being reallocated at an international level with the aim of achieving cost-optimized development close to key customers.

In the area of e-mobility, the high-voltage contactor (for a German OEM) has passed the pre-series validation. A complex system for the production of DC link capacitors, a key component for e-mobility inverters, was integrated into a purpose-built hall at the Hartha plant and put into operation.

Power Systems is intensively preparing for the effects of rapid digitization; in particular, software products are being developed that are used in so-called "software defined vehicles". In the first step, products are considered that contain software and hardware. In the second step, pure software products could then be supplied.

The modular refrigerant compressors attracted further customer interest in the demanding industrial environment for Power Systems. Furthermore, the Rheinmetall curb charger has received very positive feedback from practical operation, for which CE certification and calibration law conformity were attained this year.

Power Systems

In the hydrogen business segment, especially with fuel cell components, a Cooperation Agreement with a renowned Canadian fuel cell manufacturer was concluded. The development of a new fuel cell component laboratory creates potential for power systems to further expand activities and gain greater market shares.

The business unit Air Management is a system partner for all matters concerning the precise control of the exhaust gas recirculation rate, regardless of whether diesel or gasoline engines, passenger cars, commercial vehicles or industrial engines are involved. Its portfolio of expertise extends to high-pressure and low-pressure exhaust gas recirculation systems, cold-side or hot-side assembly, “smart” or “non-smart”, and metal or plastic housings.

The business unit Thermal Management continues to pursue the topic of “Integrated Thermo Modules” with cooling water and refrigerant in various combinations. Electric coolant pumps significantly contribute to emissions control in modern engine designs. A delivery volume that is not dependent on the speed of another drive allows for cooling as needed. This reduces power requirements while reducing friction losses, fuel consumption and pollutant emissions. The pumps can be used in both electrical and hybrid applications.

The business unit Electrification and Digitalization has strategically expanded its activities in the area of e-mobility through a memorandum of understanding with an American SiC-MOSFET manufacturer. In this planned cooperation, components for the interior of e-mobility inverters are to be developed and manufactured, which allow OEMs to produce inverters themselves more easily and at lower cost.

In the field of software-based solutions, the first “proof of concept” studies were obtained for a European customer. In doing so, software and hardware for an “Incabin Sensing” application is delivered and tested together with the OEMs. This is an essential step in this future technology, whereby Power System will establish a first product for the so-called "software defined vehicles".

In 2024, the developments for the “New Energy” strategic segment was further promoted in the Bearings business area as well as in the development of components for the hydrogen industry. The continuous testing of the new components in large-scale hydrogen production plants has run smoothly so far. Various innovative bearing solutions have also been successfully validated in planetary gears for wind turbines. These are essential projects for the transformation of the business unit.

The activities for applications in the area of combustion engines were further reduced. Strategic focus is on the market segment for engine-independent, automotive applications and the industrial sector. There is an increased demand for PFAS-free solutions due to the European Union's planned ban on PFAS-containing substances. The product portfolio is therefore specifically supplemented with lead-free and PFAS-free plain bearings, which are developed in particular for interior and chassis applications in the automotive sector or compressors and pumps in the industrial sector.

In the Castings business area, the focus in 2024 was on further expanding the four-pillar strategy of engine applications, e-mobility, structural and chassis components and engineering services. In this regard, the area of the drive-independent components is of particular relevance. On the one hand, the product portfolio and processes for structural components were significantly expanded. The use of large-format, complex, and integrated aluminum components increases manufacturing efficiency by merging multiple components into one functional unit. The use of modern die-casting systems enabled the acquisition of orders for European OEMs for the production of complex lightweight components, which are now being implemented on an industrial scale. Furthermore, the development of the latest generation of an electric motor housing for a German customer was successfully continued. This experience and expertise strengthens the Castings business area in the e-mobility applications segment. In the truck sector, a complex gearbox housing in die-casting was produced in series production. The existing product and customer portfolio represents the basis for the further expansion of the automotive and truck division for applications of complex components. In addition to the application for structural and chassis components, the focus is on the application and expansion of support frames for battery components in various casting processes.

Rheinmetall Invent GmbH further concentrates on the development of new business areas in the future markets of energy and mobility. In the Energy Recovery Systems business area, Invent is now working on a variety of customer application developments. In addition, the basic development of an optimized generation of the IRM (Integrated Refrigerant Modules) was started. The pre-development of the prototype for the cabin air conditioning of larger vehicles was continued and completed with successful test bench tests. In the hydrogen storage systems business segment, further prototypes were implemented in 2024, which serve for material selection, product and process development.

ECONOMIC REPORT
GENERAL ECONOMIC CONDITIONS

The global economy to expand at a moderate pace in 2024

The global economy only grew at a very modest pace in 2024. The global economy was supported in particular by the services sector. However, global industrial production has also been growing noticeably again for some time. Nevertheless, global trade is only slowly catching up with global industrial production. The sluggish growth in global trade is partly due to the fact that intermediate goods are increasingly being produced by some major economies such as China and the USA themselves and less is being imported. Global economic performance is expected to have grown by 3.2% in 2024. In 2023, growth was still 3.3%. In the eurozone, growth in gross domestic product (GDP) was moderate in the reporting year 2024 with an increase of 0.8%. German economic output shrank slightly in 2024, with a GDP decline of 0.2% reported. The continued weak economic development in Germany can be explained in particular by a decline in production and value creation in the manufacturing industry. The US economy developed significantly better. The growth in gross domestic product there was 2.8% in 2024. In China, structural factors such as increasing government regulation and the correction in the real estate sector have limited growth. Overall, the Chinese economy grew by 4.8% in 2024.

Inflation rates continue to fall - easing of monetary policy likely to continue for the time being

Inflation has been falling in the major economies since mid-2022, although this decline slowed in the first half of 2024. In particular, the continued above-average price increases in the services sector contributed to sustained price pressure. Central banks in the eurozone and the UK began to loosen their monetary policy in the summer of 2024. The US Federal Reserve followed in September 2024. Global consumer price inflation is expected to weaken further. The global inflation rate probably came to 6.3% in 2024. For industrialized countries, an inflation rate of 2.7% is expected for 2024. This should bring it even closer to the respective central bank targets. The anticipated inflation rate for emerging and developing countries in 2024 is 8.9%. For Germany, the Federal Statistical Office has reported an inflation rate of 2.5% for last year.

Increase in global defence spending

As a result of the war in Ukraine and other global trouble spots, numerous countries around the world have responded by increasing their defence spending. According to Jane's Defence Budgets (JDB), the worldwide military expenditures were once again expanded in 2024 and thus reached a new high. They increased by 1.1% to $2.48 trillion in 2024.

The USA remained at the forefront. At $931 billion, they alone accounted for more than a third of global military spending – more than three times as much as second place China with an estimated $272 billion. Together, these two countries alone accounted for around half of global expenditure in 2024. Russia is in third place, followed by the UK and India.

Defence budgets of selected countries

$ billion	2024	2023	Veränderung (%)
Global	**2,475.0**	**2,448.7**	**1.1**
USA	931.1	970.0	4.0
China	272.3	251.4	8.3
Russia	122.8	120.3	2.1
India	76.8	79.5	-1.1
Saudi Arabia	68.0	66.9	-3.4
Great Britain	77.8	78.7	19.1
Germany	75.5	63.4	1.6
France	61.7	59.2	4.2
Australia	39.2	38.0	3.2
United Arabian Emirates (UAE)	28.1	26.8	17.3
Poland	33.2	28.3	4.9
Canada	22.4	22.5	-0.4
Algeria	21.6	20.0	29.8
Netherlands	21.8	16.8	8.0
Norway	10.1	8.1	24.7
Hungary	5.2	4.7	10.6

...
Source: Jane's Defence Budgets (JDB), as of January 10, 2025

In 2022, against the backdrop of the war in Ukraine, Germany had already created a credit-financed special fund of €100 billion outside the regular defence budget. The special fund is intended to help the Bundeswehr to procure equipment more quickly than would be possible with the usual annual budget, in order to sustainably strengthen the operational readiness of the Bundeswehr. Last year, the defence budget was further increased. Compared to the previous year, it rose by €1.83 billion. With the defence budget and the German armed forces special fund further important investments can be made in materials and equipment.

Global trouble spots highlight the importance of defence capability – Rheinmetall technology still in high demand

In 2024, Rheinmetall once again impressively demonstrated its capabilities as a supplier of equipment to the German armed forces and a reliable supplier of state-of-the-art defence technology to Germany and its allies. This is evidenced by both major procurement projects in Germany and significant large orders from allied nations. »Significant events

Noticeable decline in global automotive production in 2024

The analysts at IHS Markit have found that the global production of light vehicles (vehicles under 6 t) decreased by 1.6% year-on-year in 2024. A total number of 89.1 million vehicles were produced in the reporting period, around 1.4 million more than in 2023.

On the international automotive markets, the development of production momentum in 2024 varied. In Asia, Japanese production of light vehicles fell significantly by 8.2% compared to the previous year, while China recorded at least a moderate increase in production of 3.0%. In the free trade zone USMCA (formerly NAFTA), production fell by 1.2%. In South America, a slight increase in production of 1.6% was recorded compared to the same period of the previous year. Western Europe (including Germany) recorded a significant drop in production of 8.6% in 2024. A shrinking of 2.1% was reported for Central and Eastern Europe.

IHS Markit is forecasting a 1.5% drop in production in Germany for 2024 as a whole. Compared to the pre-crisis level of 2019 production in the last year remained even 12% below. In terms of exports, around 3 million vehicles were delivered to customers around the world by November 2024, which corresponds to an increase of around 3% compared to the previous year. In terms of new registrations, the total number of vehicles registered up to November 2024 was 2.6 million, roughly the same level as in the previous year.

Production of passenger cars and light-duty commercial vehicles up to 6.0 t in selected countries

mio units	2024	2023	change (%)
Global	**89.1**	**90.5**	**-1.5%**
Western Europe	10.2	11.2	-8.9%
Germany	4.2	4.3	-2.3%
Central- and Eastern Europe	4.1	4.2	-2.4%
USMCA	15.5	15.7	-1.3%
USA	10.2	10.3	-1.0%
Mexico	4.0	3.8	5.3%
Canada	1.3	1.5	-13.3%
Brazil	2.4	2.2	9.1%
Asia	55.1	55.3	-0.4%
Japan	7.9	8.6	-8.1%
China	29.6	28.8	2.8%
India	5.6	5.4	3.7%

Source: IHS Markit, January 6, 2025

EU commercial vehicle market in decline, Germany sees overall growth

New registrations in the EU commercial vehicle market for 2024 were reported to be down 6.3%. The figures for heavyweight trucks fell by 8.5%, those for mediumweight trucks rose by 5.6% and buses increased by 9.2% compared to the same period in the previous year.

According to the industry association VDA, Germany recorded in 2024 an increase of 4.0% in new commercial vehicle registrations, although registrations of trucks over 16 t fell by 13.0%. The increase in commercial vehicles of over 2 t to 3.5 t was 9.0% in this period and 6.0% for commercial vehicles between 6 t and 16 t. New bus registrations were also reported to have decreased by 2.0% year-on-year.

Change in the automotive industry continues

Due to the transformation of the automotive industry regarding alternative drive systems new challenges have to be faced still. Almost all manufacturers now offer corresponding purely battery-electric and plug-in hybrid vehicles. However, in 2024 new registrations of purely battery-electric passenger cars (BEV) in Germany fell by 27.0% compared to the previous year, while plug-in hybrids (PHEV) increased by 9.0% compared to the previous year. A total of around 572,700 electric vehicles have been registered in Germany since the beginning of the year. This corresponds to a decrease of 18.0% compared to the previous year. The decline in registrations is likely due in particular to the fact that the government scrapping premium for electric cars ended on December 18, 2023.

In contrast to the German market, a significant increase in electromobility can still be observed in the international context. According to estimates, sales of electric cars in 2024 were around 17 million units, an increase of around 25.0% compared to the previous year.

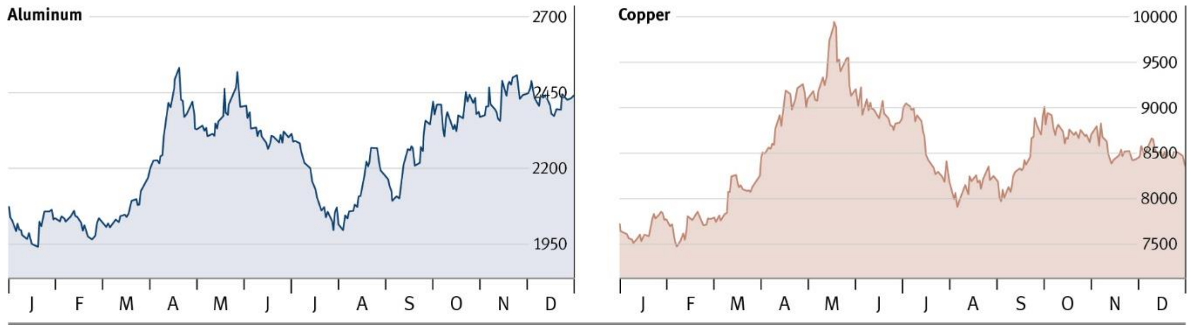
Rheinmetall is likely to benefit at least perspectively from the increasing global electrification and is developing innovative products for this market.

In addition to battery-electric drives, regeneratively produced hydrogen is also becoming increasingly important as an energy source in many countries. Hydrogen will play a key role in industry, shipping and synthetic aviation fuels. As far as passenger and freight transportation on land is concerned, the focus is on the use of hydrogen in fuel cell systems for commercial vehicles to achieve the ranges possible with fossil fuels. At present, however, there is still a lack of a sufficient number of filling stations and affordable series-production vehicles for a broad group of buyers.

Metal and energy markets in 2024

The mood in the metal markets was determined more by macroeconomic factors than by specific news about the individual metals. After a subdued start to the year, market sentiment brightened considerably on the assumption of a strong economic recovery in China. As a result, the all-time high for copper prices on the London Metal Exchange was surpassed. However, the figures from China failed to live up to these high expectations, causing prices to fall again. Nevertheless, news from the People's Republic was like in the previous year the reason for significant price changes and high volatility. In addition, the main focus was on dealing with Russia and the US election.

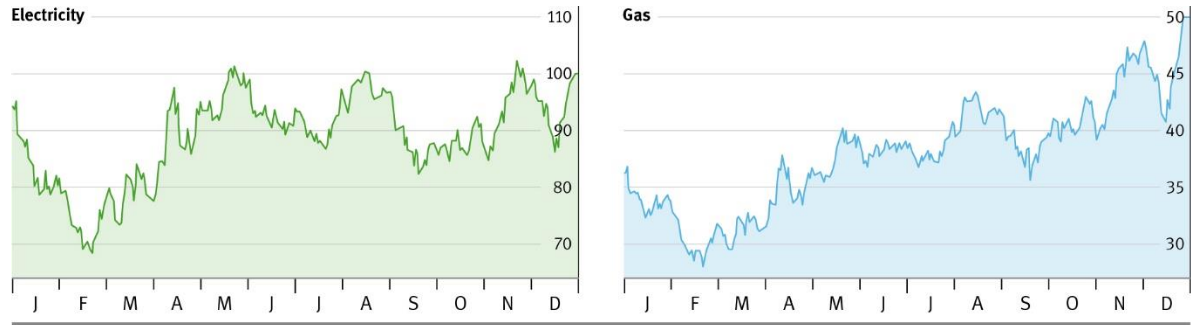
Aluminum and copper prices in 2024 €/t



Source: REFINITIV

Even though concerns about a gas shortage in 2024 receded into the background, price fluctuations of over 5% on a daily basis could be observed. Despite very weak demand from industry in Europe, gas prices in particular rose significantly again. One reason for this was the continued strong competition with the Asian market for the available LNG volumes. The uncertainty on the gas market frequently spilled over into the electricity market as a result of the European market design. Due to the shutdown of coal and nuclear power plant capacities, particularly in Germany, declines in electricity generation from renewable energies in less sunny phases, as well as surpluses in the summer, had a significant impact on spot prices. The expansion of storage and grid capacities will probably not be able to reverse this trend in the coming years.

Electricity and gas prices in 2024 €/MWh



Source: www.eex.com

EXECUTIVE BOARD STATEMENT ON THE GENERAL ECONOMIC SITUATION

Rheinmetall Group – forecast vs. actual business performance in 2024

		2024 Actual	2024 Q3 | November figures compared with previous year	2024 Q2 | August figures compared with previous year	2024 Q1 | May figures compared with previous year	Forecast 2024 Annual Report 2023 figures compared with previous year	2023
Sales							
Group	€ million	**9,751**	sales growth to around €10bn	sales growth to around €10bn	sales growth to around €10bn	sales growth to around €10bn	7,176
Vehicle Systems	€ million	**3,790**	sales growth of 45% to 50%	sales growth of 45% to 50%	sales growth of 45% to 50%	sales growth of 45% to 50%	2,609
Weapon and Amunition	€ million	**2,783**	sales growth of 55% to 60%	sales growth of 55% to 60%	sales growth of 55% to 60%	sales growth of 55% to 60%	1,756
Electronic Solutions	€ million	**1,726**	sales growth of 30% to 35%	sales growth of 30% to 35%	sales growth of 30% to 35%	sales growth of 30% to 35%	1,318
Power Systems[1]	€ million	**2,038**	sales decrease of 0% - 5%	sales growth of around 5%	sales growth of around 5%	sales growth of around 5%	2,084
Operating result margin							
Group	%	**15.2**	operating result marging of 14% to 15%	operating result marging of 14% to 15%	operating result marging of 14% to 15%	operating result marging of 14% to 15%	12.8
Vehicle Systems	%	**11.2**	operating result margin of 12% to 13%	operating result margin of 12% to 13%	operating result margin of 12% to 13%	operating result margin of 12% to 13%	12.4
Weapon and Amunition	%	**28.4**	operating result margin of 25% to 26%	operating result margin of 25% to 26%	operating result margin of 25% to 26%	operating result margin of 25% to 26%	23.0
Electronic Solutions	%	**12.6**	operating result margin of 12% to 13%	operating result margin of 12% to 13%	operating result margin of 12% to 13%	operating result margin of 12% to 13%	11.4
Power Systems[1]	%	**4.2**	operating result margin 4% - 5%	operating result margin around 7%	operating result margin around 7%	operating result margin around 7%	6.4
Cash conversion rate							
Group	%	**70.7**	≥40%	around 40%	around 40%	around 40%	38.8

[1] Sensors and Actuators und Materials and Trade wurden mit Wirkung zum 1. Januar 2024 zu Power Systems zusammengefasst.

Following consolidated sales of €7.176 million in fiscal 2023, on publication of the 2023 annual report, we projected sales growth to a level of around €10 billion for the Rheinmetall Group in the 2024 reporting year. Given the changed security policy situation, the Group saw itself in a promising position to play a key role in the upcoming increase in defence capability with military products in Germany and partner countries. For fiscal 2024, we anticipated sales growth in the area of safety technology of be-tween 45% and 50% for Vehicle Systems, between 55% and 65% for Weapon and Ammunition and between 30% and 35% for Electronic Solutions. In the civil sector, we expected sales growth of around 5% based on the development of international light vehicle production forecast for fiscal 2024 and expected growth in the truck business for Power Systems.

For the Group as a whole, we planned to generate an operating result margin of between 14% and 15%. For Vehicle Systems and Electronic Solutions, we expected an operating result margin of between 12% and 13%, for Weapon and Ammunition between 25% and 26%. For Power Systems, we expected an operating result margin of around 7%.

For the cash conversion rate, we expected an improvement to around 40% (2023: 38.8%).

For the management holding company Rheinmetall AG, we planned to achieve a positive net profit of €250-300 million in fiscal 2024 (net profit in 2023: €393 million). Rheinmetall AG's net income for fiscal 2024 amounted to €447 million. Due to the higher investment result and special dividends received the expected net income was exceeded.

Q1 | 2024 — Under the assumption that our expectations in regard to development prospects remained valid, we retained the full-year forecast for sales growth, operating result margin, and cash conversion rate published in mid-March 2024. We continued to expect positive general conditions in the security technology sector. In the civilian sector, we saw growth opportunities outside the traditional combustion market.

For fiscal 2024, we expected an operative sales growth of around €10 billion (sales 2023: €7,176 million) and an operating result margin between 14% and 15% (2023: 12.8%).

Q2 | 2024 — We assumed that our expectations in regard to development prospects remained valid, and retained the full-year forecast for sales growth, operating result margin, and cash conversion cate published in mid-March 2024. We continued to anticipate positive general conditions in the area of security technology and growth opportunities in the civilian sector outside the traditional combustion engine market.

For fiscal 2024, we expected an operative sales growth of around €10 billion (sales 2023: 7,176 MioEUR) and an operating result margin between 14% and 15% (2023: 12.8%).

Q3| 2024 — Based on the very positive development in the third quarter, we confirmed our sales and earnings forecast for fiscal 2024 as a whole after nine months of fiscal 2024. We continued to expect positive general conditions in the security technology sector. We now expected the civilian business to be slightly below previous assumptions.

With Group sales of around €10 billion (2023 sales: 7,176 MioEUR) and an operating return margin of around 15% (2023: 12.8%), we were now aiming for the upper end of the existing guidance in terms of earnings. We now expected the cash conversion rate to be ≥40%.

All in all the Rheinmetall Group performed favorably in fiscal 2024 and was able to continue its expected growth and expansion. With consolidated sales of €9.8 billion in fiscal 2024, the expected value of around €10 billion was achieved. The operating result of 15.2% meets the guidance of around 15%. The cash conversion rate is also due to unexpectedly good customer payments clearly above the expectations of ≥40%.

Further information on developments in the year under review can be found in »Rheinmetall Group business performance and »Notes on Rheinmetall AG.

SIGNIFICANT EVENTS IN FISCAL 2024

Change in Group structure as of January 1, 2024

Effective January 1, 2024, Rheinmetall's civilian business has been restructured, combining the previous Sensors and Actuators and Materials and Trade divisions to form the new Power Systems division. Rheinmetall is taking this step in order to bundle its business models and innovation in the civilian business more effectively. Power Systems forms the organizational umbrella at Rheinmetall for key technological competencies in civilian markets. These range from the traditional combustion engine and commercial business to new technologies such as electromobility and hydrogen, charging infrastructure and lightweight construction through to warm home heating systems.

Reorganisation of the Rheinmetall Executive Board: Rheinmetall positions itself for further growth

Effective January 1, 2025 changes to the structure and composition of the Executive Board were approved. The Group is thus responding to the increased demands that the enormous growth of Rheinmetall AG has brought in the wake of the much-discussed turning point in history ("Zeitenwende") and against the backdrop of the rapid internationalisation and expansion of Rheinmetall's business activities. It is not only necessary to integrate numerous new production sites into the group, which are being built as part of a consistently implemented internationalisation strategy with a high level of national industrial value added by the commissioning nations. It is also important to effectively integrate the major global acquisitions of recent times into the group's operational structure.

The reorganisation of the Executive Board of Rheinmetall AG consists of various individual measures. Armin Papperger (61), who has been CEO of Rheinmetall since January 1, 2013, remains at the helm of the Group for another five years from January 1, 2025. Dagmar Steinert (59) resigned from her position as Chief Financial Officer (CFO) with effect from 31 December 2024. Her successor is Klaus Neumann (54), who has been with the Group for 12 years. Also appointed to the Executive Board with effect from January 1, 2025 is René Gansauge (51), previously Head of the Weapon and Ammunition division, who will take on the newly created position of Chief Operation Officer (COO). In this role, Mr Gansauge, who has extensive operational management experience in both the military and civilian sectors thanks to his nineteen years of service at Rheinmetall, will drive forward the company-wide alignment, optimisation and activation of production and organisational processes. Dr. Ursula Biernert (55), who was appointed as the new CHRO and Labour Director in October 2024, completes the Executive Board.

Disposal of all shares held in Shriram Pistons & Rings Ltd.

All shares in Shriram Pistons & Rings Ltd., India, still held by the Rheinmetall Group were sold on the Indian stock exchange in the first two months of fiscal 2024. The measurement of the shares at fair value had an effect of €4 million recognized in other net financial income until they were sold.

Acquisition of Dutch start-up REEQ B.V.

On March 15, 2024, Rheinmetall Defence Nederland B.V. acquired 100% of the shares in the Dutch start-up REEQ B.V. With its vehicles, REEQ B.V. has developed a new generation of mobility that combines tactical transport with a mobile energy source and is fully prepared for autonomy. Rheinmetall is thus expanding its portfolio of lightweight tactical vehicles and also taking the step towards hybrid technology with a fully electric drivetrain in a military vehicle.

Small-bore disposal completed

The transaction agreed between Rheinmetall and Comitans Capital AG, Munich, on December 18, 2023 for the sale of the small-bore Pistons business with all production sites in Germany, Mexico, Brazil, the Czech Republic and Japan as well as the investment in the joint venture Kolbenschmidt Huayu Piston Co, Ltd, China, was closed on April 15, 2024. The transaction entails the deconsolidation of the Group companies belonging to small-bore pistons business. Based on the preliminary purchase price and the current estimate of variable purchase price components, the deconsolidation loss amounts to €75 million. This is mainly due to the reclassification of currency translation differences recognized in other comprehensive income in the income statement as part of the deconsolidation. The final purchase price adjustments are still to be determined.

By carrying out this transaction, Rheinmetall - with the exception of potential effects that may arise from variable purchase price components agreed with the buyers - is completing the disposal of the Pistons division, which is classified as non-core business, in conjunction with the Group's repositioning. It is thereby pursuing its strategy of focusing on new areas of technology and alternative drive systems in the future with regard to its civilian activities.

Acquisition of Automecanica Mediaș SRL completed

On April 30, 2024, Rheinmetall completed the acquisition of 72.5% of the shares in Automecanica Mediaș SRL, a Romanian manufacturer of military vehicles, agreed at the beginning of 2024. The other shares in the company will remain with private owners. The purchase price amounts to €5 million. From now on, the company will operate under the name Rheinmetall Automecanica SRL. With this acquisition, Rheinmetall is further expanding its position as a manufacturer of military vehicles and strengthening its activities in Central Europe in line with its strategy.

Virtual Annual General Meeting and dividend distribution

On May 14, 2024, the Rheinmetall AG's Annual General Meeting was again held as a purely virtual event. 51.7% of the share capital was represented. All resolutions proposed by the Executive Board and Supervisory Board were approved, including the dividend proposal of €5.70 per share for fiscal 2023. Based on the closing price on the day of the Annual General Meeting, the dividend yield was 1.1%. The dividend of €248 million was distributed on May 17, 2024.

Call-offs of swap-body systems by the German customer

Rheinmetall has been commissioned by the German armed forces with a further delivery of 1,515 logistics vehicles, 265 of which are protected swap body systems. This is another call-off from the framework agreement for swap body systems signed in June 2020. This large-scale call-off is largely financed by the German armed forces' special fund. The order value of the call-off is over €773 million. Based on the early notification of requirements by the German customer, a large proportion of the required vehicles had already been pre-produced by June 30, 2024. Following the successful conclusion of contract negotiations, delivery of the vehicles began in the second quarter of 2024. This will be fully completed by November 2024.

Rheinmetall plans to acquire the majority interest in Resonant Holdings (Pty) Ltd.

Rheinmetall intends to expand its plant engineering portfolio with a majority stake in Resonant Holdings (Pty) Ltd, a South African specialist in plant engineering for the chemical industry. An agreement has been signed by Rheinmetall Waffe Munition GmbH to aquire 51% of the shares in Resonant Holdings. The existing Resonant Holding shareholders will continue to hold the remaining shares.

With the intended majority stake, Rheinmetall is responding to the increasing global demand in the industry and the resulting customer requirements for the construction of corresponding production systems. Resonant's leading expertise complements Rheinmetall's plant engineering, particularly in the area of chemical, energy and explosives technology, industrialization and manufacturing. Therefore, Rheinmetall is positioning itself more effectively for independent planning, construction and operation of production facilities for the manufacture of chemical precursors such as propellant powder and explosives.

Rheinmetall agrees to take over the vehicle specialist Loc Performance

On August 13, 2024, Rheinmetall signed an agreement to acquire all shares in Loc Performance Products, LLC, a renowned vehicle specialist based in Plymouth, Michigan. With this strategic acquisition in the U.S., Rheinmetall is expanding its position in the world's largest defence market and strengthening its core business in the area of land vehicles for military customers worldwide. Loc Performance will be integrated into Rheinmetall's internal supply chains, among other things, in the maintenance, repair and in the increase in value of military combat vehicles.

Rheinmetall expects the acquisition to provide considerable advantages for both its American and global business. The acquisition provides Rheinmetall with key capabilities in the U.S. and enables American Rheinmetall Vehicles to supply the U.S. Department of Defense more effectively and comprehensively by expanding the company's product portfolio and domestic manufacturing capabilities. The agreed purchase price of Loc Performance, due upon completion of the transaction, is based on an enterprise value of $950 million. The completion of the acquisition is subject to official approvals. The acquisition was completed on November 29, 2024, after approval by the authorities.

Rheinmetall and MBDA Deutschland conclude cooperation agreement

Rheinmetall and MBDA Deutschland decided to continue their successful collaboration in the laser weapons sector. The objective is the introduction of a joint product on the market that opens up new possibilities, especially in the drone defence of ships. A corresponding cooperation agreement has now been concluded between Rheinmetall and MBDA Deutschland.

Rheinmetall and Honeywell sign a Memorandum of Understanding

Rheinmetall and the U.S. industrial group Honeywell have signed a memorandum of understanding for the strategic collaboration in various technological areas. Both companies want to cooperate with new vision systems and vehicle auxiliary units, among other things. The planned strategic collaboration also aims at further opportunities for cooperation between the two companies, such as decentralized maintenance and support of various Honeywell products installed on the tactical platforms of the German Armed Forces, as well as in the field of industrial high-energy applications.

Leonardo and Rheinmetall establish joint venture

Leonardo and Rheinmetall establish a joint venture aiming at forming a new European nucleus for the development and production of military combat vehicles in Europe. The companies had already signed a corresponding Memorandum of Understanding (MoU) in Rome at the beginning of July 2024. The responsible authorities announced the approval of the foundation on January 20, 2025. Rheinmetall AG and Leonardo S.p.A. will be equal shareholders (50% each) in the new company Leonardo Rheinmetall Military Vehicles (LRMV), which will have its legal headquarters in Rome and an operational headquarter in La Spezia.

The primary goal of the joint venture is the industrial development and subsequent marketing of the new Italian main battle tank (MBT) and the new Lynx platform for the Armoured Infantry Combat System (AICS) programme as part of the Italian Army's programme for land systems. The development and production of other vehicles of this family, such as recovery, engineer and bridge-laying vehicles, is also planned. Both partners also expect their joint products to provide extensive sales opportunities in international markets.

Significant major orders

Rheinmetall supplies Skyranger air defence systems to Austria

Rheinmetall has been commissioned to deliver state-of-the-art Skyranger air defence systems in conjunction with the Austrian armed forces’ expansion plan. The order has a volume in the mid-hundreds of million euro. Delivery will take place from 2026.

Major order for mobile air defence

The German armed forces have once again commissioned Rheinmetall for a major air defence project. Rheinmetall will supply the Skyranger 30 mobile air defence system to the German armed forces. The contract, which is worth €595 million gross, provides for the delivery of a prototype and a further 18 series vehicles. There is also the option for 30 further systems.

Delivery of Skynex air defence systems to European customers

Rheinmetall has been contracted to deliver Skynex air defence systems to a European customer. The systems enhance protection against threats from the air. The order has a value in the low hundreds of million euro. The deliveries will take place over the course of 2025.

International automotive manufacturer places order for innovative cooling and lubrication system

One of the world's largest automobile manufacturers has commissioned Rheinmetall to supply several million electric oil pumps. The order has a value in the low hundreds of million euro.

Divert-air valves for leading Asian automobile manufacturers

Rheinmetall’s contract with an existing customer for the production of divert-air valves for various engine variants has been extended. The Group has been supplying the automotive manufacturer, which is one of the largest in Asia, with divert-air valves in series since 2019. Now the manufacturer has seamlessly extended this contract until 2032. This extension is valued at €100 million.

Core components for howitzers

Through Weapon and Ammunition and Vehicle Systems, Rheinmetall has been commissioned to deliver core components for 22 howitzers for the German armed forces. Among other things, the company will provide 22 155mm-caliber L52 weapons systems and the same number of chassis for the PzH 2000 howitzer. Following final system integration and commissioning at Rheinmetall in Unterlüß, the first of these artillery systems are due to be delivered to the German armed forces in the summer of 2025. This order has a total volume of €135 million for Rheinmetall.

Production contract signed for 123 Boxer heavy weapon carrier vehicles

The Commonwealth of Australia has placed an order with Rheinmetall for the production of 123 heavy infantry combat vehicles. The procurement of the heavy weapon carrier infantry is based on an intergovernmental agreement between Germany and Australia. The associated service contract worth over €620 million was already awarded in the first quarter of 2024. The orders have a total volume of €2.7 billion. Deliveries are scheduled to start in 2025.

Rheinmetall wins framework contract with potential order value of €400 million

Rheinmetall has been commissioned by the German armed forces in a key project for tactical communications and has been awarded a framework agreement to supply up to 191,000 sets of the "intercom with hearing protection function". The framework contract has a term of seven years and a potential order volume of up to €400 million.

Rheinmetall wins contracts for exhaust gas recirculation and backpressure valves

Rheinmetall has received a further order from an existing customer in the commercial vehicle sector to supply a six-figure number of high-pressure valves. The order has a value in the low hundreds of million euro. Production of this batch is scheduled to start in January 2027 and end in 2030.

Major order for gun barrels in the low three-digit million euro range for European customer country

Rheinmetall has been commissioned by a European customer country to supply a three-digit number of L52 gun barrel systems for the PzH 2000 self-propelled howitzer. The gun barrels will be delivered in the period 2024-2029.

Major order for air defence munitions

Rheinmetall has been commissioned by a European customer country to supply 35mm AHEAD ammunition for the Skynex air defence system. The order has a value in the low hundreds of million euro. A six-digit number of cartridges will be manufactured in total.

Largest framework agreement for the supply of artillery ammunition

Rheinmetall has been awarded a framework agreement by the German armed forces covering the supply of 155mm artillery ammunition worth up to €8.5 billion gross, which was signed on June, 20 2024. The main purpose of the framework agreement is to replenish the stocks of the German armed forces and its allies as well as to support Ukraine in its defences. The deliveries are scheduled to begin at the start of 2025.

Major order for the supply of electric coolant pumps
Rheinmetall has received a major order for several million electric coolant pumps from a well-known international automotive manufacturer. The order has a value in the low hundreds of million euro. The pumps will be used in the manufacturer's hybrid-powered vehicles. Production has already started and will continue until 2030, with the accompanying service contract running beyond production until 2045.

Framework agreement to supply of up to 6,500 military and unsecured transport vehicles
Rheinmetall has received the largest framework agreement in the company's history from the German Armed Forces in the area of logistic vehicles. A framework agreement was signed in Koblenz covering the supply of up to 6,500 trucks with a gross value of up to €3.5 billion. A first fixed order for 610 vehicles worth €312 million gross was accompanied by signing of the agreement. This call-off is mainly financed through the special fund of the German Armed Forces.

Order for the supply of a production system in Ukraine
As part of the construction of an ammunition factory in Ukraine announced in February 2024, Rheinmetall received the order to supply the factory's complete technical equipment. This entails a total value in the low three-digit million EUR range. Delivery is expected to begin shortly and be completed within a few years. Together with the Ukrainian joint venture partner, Rheinmetall will also be responsible for the operation of the plant.

Rheinmetall concludes a framework agreement for half a million propellants for 155-mm projectiles
The Spanish Army has concluded with Rheinmetall a framework agreement to supply half a million modular propellant charge systems for 155-mm artillery ammunition with increased range. The order is worth up to €205 million gross and provides for a delivery within one and a half years by the end of 2025. The order includes an extension option of two additional years, which could significantly increase its value.

Delivery of further combat and recovery tanks as part of the ring exchange procedure
As part of a ring exchange procedure commissioned by the Federal Government of Germany, Rheinmetall has been commissioned to deliver 14 Leopard 2A4 combat tanks and 3 Buffalo armored recovery vehicles to the Czech republic. In exchange for the tanks supplied by Rheinmetall, the Czech Armed Forces in turn will provide military equipment to support the Ukraine. A corresponding agreement was signed at the end of July 2024 in Prague between representatives of both countries and Rheinmetall. The order has a value in the low hundreds of million euro.

Rheinmetall is awarded a new order for exhaust gas recirculation valves
Rheinmetall will supply exhaust gas recirculation valves (EGR valves) for a renowned car manufacturer from January 2026 over a period of six years until December 2031. The order has a value in the low hundreds of million euro. By being awarded this contract, the Group succeeds in continuing to utilize the division's production capacities until 2031. The supply of spare parts was agreed for an additional 15 years after the completion of the valve production.

Rheinmetall receives a major contract from Denmark
Rheinmetall has been awarded a contract by the Kingdom of Denmark to supply 16 Skyranger 30-turret system and vehicle equipment for an 8x8 wheeled vehicle used by the Danish Armed Forces. The order value is in the low three-figure million euro range. Deliveries of the series towers are scheduled for 2027 and 2028, while delivery of a prototype is expected at the end of 2026.

Rheinmetall receives major order for 81mm Eimos mortar systems for the Spanish Armed Forces
The Spanish government has contracted with Rheinmetall to supply 84 81mm Eimos mortar systems. Worth around €150 million, the framework agreement was signed with Rheinmetall subsidiary Rheinmetall Expal Munitions. It also includes maintenance and training components. The systems are to be delivered to the Spanish Armed Forces until the end of 2027.

Rheinmetall to deliver Canada's Enhanced Recovery Capability project
The Canadian government has awarded Rheinmetall a major order for the production of 85 heavy recovery vehicles to the Canadian Armed Forces (CAF) as part of the Enhanced Recovery Capability (ERC) project. The five-year purchase agreement, worth $325 million CAD (around €215 million), includes vehicles, recovery equipment and other modifications. The first deliveries are scheduled for 2027. A supplementary $28.9 million CAD (around €20 million) multi-year in-service support contract has also been awarded to Rheinmetall.

Rheinmetall and KNDS will equip 10,000 Bundeswehr vehicles with digital radio equipment
The ArGe D-LBO (Working group for digitalizing land-based operations) of KNDS Deutschland and Rheinmetall has been commissioned by the Federal Office of Bundeswehr Equipment, Information Technology and In-Service Support (BAAINBw: Bundesamt für Ausrüstung, Informationstechnik und Nutzung der Bundeswehr) to digitize the command-and-control equipment of the land forces' vehicle systems. The total volume of the contract, which has a term of six years, is €1.98 billion gross. Rheinmetall accounts for half of this amount

Digitalizing Land Forces: Rheinmetall receives large-scale order from Bundeswehr
In cooperation with its partner company blackned, Rheinmetall has received a large-scale order for a major project within the program "Digitalization of landbased operations" (D-LBO) by the German Bundeswehr, worth €1.2 billion gross. The order includes the integration of IT-systems for all vehicle and platform-systems of the land forces. Rheinmetall accounts for around €730 million gross of the contract volume. The remaining share of around €470 million goes to blackned GmbH.

RHEINMETALL GROUP BUSINESS PERFORMANCE – RESULTS OF OPERATIONS

Further development of the Group structure

Effective January 1, 2024, the civilian business of Rheinmetall was restructured: Sensors and Actuators and Materials and Trade were combined to form Power Systems. ››Structure of the Rheinmetall Group

Consolidated sales increased to €9.8 billion

In fiscal 2024, the Rheinmetall Group generated consolidated sales of €9,751 million. This meant that sales were up by €2,575 million or 35.9% on the previous year's figure. Adjusted for exchange rate and M&A effects of €260 million, sales growth was 32.3%.

Sales by segments

€ million	2024	2023
Rheinmetall Group	**9,751**	**7,176**
Vehicle Systems	3,790	2,609
Weapon and Ammunition	2,783	1,756
Electronic Solutions	1,726	1,318
Power Systems[1]	2,038	2,084
Others/Consolidation[2]	(587)	(591)

[1] Sensors and Actuators and Materials and Trade were combined to form Power Systems effective January 1, 2024.
[2] The previous year's figures have been adjusted following the merger of Sensors and Actuators and Materials and Trade into Power Systems.

The segments in the area of security technology, in particular, contributed to the growth in sales in fiscal 2024. Growth was particularly pronounced in Vehicle Systems (€1,182 million, 45.3%) and Weapon and Ammunition (€1,027 million, 58.5%). These segments benefited from rising demand as a result of the turning point in security policy ushered in by the Ukraine war.

Sales by region

€ million	2024	2023
Rheinmetall Group	**9,751**	**7,176**
Germany	2,963	1,723
Other Europe	4,542	3,399
North-, Middle- and South America	746	594
Asia and the Near East	933	817
Other regions	566	642

The domestic share of the Group's sales was 30.4% in the reporting year, which was above the previous year's value of 24.0%. The share of sales generated with customers in the rest of Europe was €4,542 million or 46.6% (previous year: 47.4%). The Americas region has a sales share of 7.7% (previous year: 8.3%) and the Asia region (including the Near East) a share of 9.6% (previous year: 11.4%). In the other regions – above all Australia – sales of €566 million were generated, accounting for 5.8% of total sales (previous year: 8.9%).

Order information

The fiscal 2024 was characterized by significantly increased market demand for security technology products. Rheinmetall was able to benefit from this with its products and significantly increase the Rheinmetall nomination to €26.8 billion compared to the previous year thanks to several major orders. The increase in a multi-year framework agreement for artillery ammunition at Weapon and Ammunition (€7.1 billion), a new framework agreement to supply of unprotected transport vehicles (€2.9 billion) and the commissioning of heavy weapon carriers (€1.7 billion) at Vehicle Systems deserve special mention. The development contract awarded to Electronic Solutions for the close-range and short-range air defence system (€1.0 billion) also contributed to the increase in Rheinmetall's nomination.

The development of the Rheinmetall Backlog in fiscal 2024 to the new record value of €55.0 billion was characterized by the high Rheinmetall Nomination. The sales generated in the reporting year (€9.8 billion) and a noticeable downturn in the civil business area of Power Systems led to a reduction in the Rheinmetall Backlog. Conversely, the Rheinmetall Backlog was positively influenced by acquisitions. The acquisition of Loc Performance, with an addition of €1.2 billion, stands out significantly here. Of the addition from Loc Performance, €398 million is attributable to the order backlog and €821 million to Frame Backlog.

Rheinmetall Nomination

€ million	2024	2023	Change
Booked Business	2,508	3,480	-972
Frame Nomination	11,518	7,362	4,157
Frame Utilization	(3,738)	(2,804)	-934
Order intake	16,554	11,843	4,711
Rheinmetall Nomination	**26,843**	**19,881**	**6,961**

Rheinmetall Backlog

€ million	2024	2024	Change
Nominated Backlog	7,712	8,381	-669
Frame Backlog	16,533	7,931	8,602
Order Backlog	30,728	21,977	8,751
Rheinmetall Backlog	**54,973**	**38,290**	**16,684**

Consolidated operating result sets new record

In fiscal 2024, the Rheinmetall Group achieved a consolidated operating result (EBIT before special items and PPA effects) of €1,478 million, which significantly exceeded the previous year's figure of €918 million by €560 million or 61.0%. A new operating record was thus achieved. At 15.2%, the Group's operating margin was significantly higher than the previous year's figure of 12.8%.

The growth in earnings resulted exclusively from the Group's activities in the area of security technology. Weapon and Ammunition almost doubled its operating result to €790 million (+€387 million, +95.9%) as a result of the significant sales growth, once again making the largest contribution to earnings. In addition, Vehicle Systems recorded a significant increase in earnings of 31.0% to €425 million (previous year: €324 million). Electronic Solutions' operating result also grew by 45.0% to €217 million (previous year: €150 million).

Operating result

€ million	2024	2023
Rheinmetall Group	**1,478**	**918**
Vehicle Systems	425	324
Weapon and Ammunition	790	403
Electronic Solutions	217	150
Power Systems[1]	86	133
Others/consolidation[2]	(40)	(93)

[1] Sensors and Actuators and Materials and Trade were combined to form Power Systems effective January 1, 2024.
[2] The previous year's figures have been adjusted following the merger of Sensors and Actuators and Materials and Trade into Power Systems.

The operating result in fiscal 2024 was adjusted for positive special items totaling €-9 million and PPA effects amounting to €-125 million. The special items from corporate transactions essentially related to transaction costs for the acquisition of Loc Performance (€6 million). The PPA effects in 2024 essentially relate to the acquisition of Expal Systems (€97 million) in 2023 and corresponding effects in the At-Equity investment 4iG Nyrt. (€15 million). The effects at 4iG Nyrt. result mainly from the acquisition of Vodafone Hungary at the end of 2022.

Special items of €49 million and PPA effects of €-70 million were recognized in the previous year. The special items related essentially to income in connection with the sales of the shares in Shriram Pistons & Rings Ltd. (€59 million). The PPA effects in 2023 essentially result from the acquisition of Expal Systems in 2023 (€41 million) and corresponding effects in the At-Equity investment 4iG Nyrt. (€21 million).

Special items and PPA effects in 2024

€ million	Operating result	Corporate transactions	Restruc-turing	Others	Special items	PPA effects	EBIT
Rheinmetall Group	**1,478**	**(7)**	**(7)**	**5**	**(9)**	**(125)**	**1,345**
Vehicle Systems	425	(6)	(1)	-	(6)	(8)	410
Weapon and Ammunition	790	-	-	-	-	(100)	689
Electronic Solutions	217	-	(1)	8	7	(2)	223
Power Systems	86	(3)	(3)	(6)	(11)	-	75
Others/consolidation	(40)	2	(2)	3	2	(15)	(53)

Special items and PPA effects in 2023

€ million	Operating result	Corporate transactions	Restructuring	Others	Special items	PPA effects	EBIT
Rheinmetall Group	**918**	**57**	**(1)**	**(6)**	**49**	**(70)**	**897**
Vehicle Systems	324	-	-	-	-	(3)	321
Weapon and Ammunition	403	-	-	-	-	(44)	360
Electronic Solutions	150	-	-	(1)	(1)	(2)	147
Power Systems[1]	133	-	(1)	(3)	(4)	-	129
Others/consolidation[2]	(93)	57	-	(2)	55	(21)	(59)

[1] Sensors and Actuators and Materials and Trade were combined to form Power Systems effective January 1, 2024. The previous year's figures have been adjusted accordingly.
[2] The previous year's figures have been adjusted following the merger of Sensors and Actuators and Materials and Trade into Power Systems.

Taking into account the special items and PPA effects, EBIT in the Rheinmetall Group was €1,345 million and thus €447 million above the previous year's figure of €897 million. EBIT before PPA effects reached €1,469 million compared to €968 million in the previous year.

Significant income and expenses

Other operating income rose from €153 million to €228 million as a result of higher government grants and reimbursements.

The cost of materials increased to €4,859 million (+23.5%, previous year's figure €3,935 million) in fiscal 2024 as a result of the expansion of the business volume. The cost of materials ratio decreased from 54.8% to 49.8%, due in particular to the lower changes in inventories of unfinished and finished products.

Indicators regarding personnel expenses

		2024	2023
Personnel expenses	€ million	2,373	2,047
Personnel expenses/employees	€ '000	90	89
Sales/employees	€ '000	372	311
Personnel expenses ratio (relating to revenues)	%	24.3	28.5

The rise in personnel expenses resulted essentially from the increase in personnel in continuing operations. Contrary to the personnel reductions due to the sale of the small-bore pistons business, which were managed as discontinued operations (Pistons), personnel increases were recorded, particularly in Weapon and Ammunition and Vehicle Systems, whose average number of employees increased by 30.3% and 12.7%, respectively. As part of the acquisition of Expal Systems S.A.U. by Weapon and Ammunition, 1,196 employees were transferred in the previous year. The acquisition of Loc Performance by Vehicle Systems in fiscal 2024 involved the transfer of 1,109 employees.

The average number of employees in the Rheinmetall Group can be broken down across the individual areas of the Group as follows:

Annual average number of employees

Capacity - Full Time Equivalents (FTE) (annual average)	2024	2023
Vehicle Systems	6,926	6,144
Weapon and Ammunition	7,109	5,457
Electronic Solutions	4,413	3,992
Power Systems[1]	6,759	6,812
Rheinmetall AG/others[2]	1,030	703
Rheinmetall Group (continuing operations)	**26,238**	**23,108**
Discontinued operations (Pistons)[3]	1,007	3,487
Rheinmetall Group (continuing and discontinued operations)	**27,244**	**26,595**

[1] Sensors and Actuators and Materials and Trade were combined to form Power Systems effective January 1, 2024.
[2] The previous year's figures have been adjusted following the merger of Sensors and Actuators and Materials and Trade into Power Systems. The closing of the sale of the small-bore pistons business (discontinued operations) on April 15, 2024, also resulted in the reclassification of individual employees excluded from the transaction into other companies.
[3] The disposal of discontinued operations (Pistons) was completed on April 15, 2024.

Depreciation and amortization (including PPA effects) increased significantly from €308 million to €403 million due to the increased investment volume and PPA effects as a result of the acquisitions of Expal Systems S.A.U. and Loc Performance.

Other operating expenses increased by €231 million to €1,120 million in fiscal 2024. The increase of 26.0% corresponded exactly to the expansion of the overall performance (26.0%). The increase in other operating expenses is shown particularly in operating costs, which increased by 27.2% to €223 million, and in sales and advertising costs, with an increase of 22.7% to €143 million. Among other individual effects, another driver was IT costs, which rose from €159 million to €184 mllion in the context of the ongoing IT transformation.

Income from at-equity investments decreased from €57 million to €-37 million in fiscal 2024. In particular, the negative profit contribution from the investment in 4iG Nyrt., which was burdened with PPA effects of €15 million in 2024, contributed to the result. Additionally, the previous year was positively impacted by a special item with income related to the sale of shares in Shriram Pistons & Rings Ltd. (€59 million). Other financial results reached €-10 million in the reporting year (previous year: €-6 million).

Net income

€ million	2024	2023
Operating result	**1,478**	**918**
Special items	(9)	49
EBIT before PPA effect	**1,469**	**968**
PPA effect	(125)	(70)
EBIT	**1,345**	**897**
Net interest	(116)	(82)
Earnings before Taxes (EBT)	**1,229**	**815**
Income taxes	(333)	(185)
Income from continuing operations	896	630
Income from discontinued operations	(87)	(44)
Earnings after taxes	**808**	**586**
Of which:		
Non-controlling interests	*91*	*51*
Rheinmetall AG shareholders	*717*	*535*
Basic earnings per share	**€ 16.51**	**€ 12.32**
Basic earnings per share from continuing operations	€ 18.52	€ 13.34
Basic earnings per share from discontinued operations	€ (2.01)	€ (1.02)

Net interest income was €-116 million in fiscal 2024, compared to €-82 million in the previous year. The decrease resulted from an increase in interest expenses of €16 million due to financing components under IFRS 15. This is attributable to high customer payments received in the reporting year. In addition, the decrease in interest income from €29 million in the previous year to €19 million in the reporting year affected the interest result.

The Rheinmetall Group's earnings before taxes (EBT) therefore amounted to €1,229 million, compared to €815 million in the previous year.

The tax expense increased from €185 million to €333 million due to the increased earnings before taxes.

Earnings from continued operations improved by 42.0% to €896 million. The result of discontinued operations deteriorated from €-44 million to €-87 million due to the deconsolidation loss resulting from the sale of the small-bore pistons business. The deconsolidation loss is mainly due to the reclassification of the effects from currency conversion recorded as part of the deconsolidation in other comprehensive income in the profit and loss statement.

As a result, earnings after taxes reached €808 million, thus exceeding the previous year's figure of €586 million. After deduction of earnings attributable to non-controlling interests of €91 million (previous year: €51 million), earnings attributable to the shareholders of Rheinmetall AG were €717 million, compared to €535 million in the previous year. Taking into account the weighted number of shares (2024: 43.43 million pieces; 2023: 43.41 million pieces), earnings per share came to €16.51, compared to €12.32 in the previous year. Earnings per share from continuing operations increased from €13.34 to €18.52.

RHEINMETALL GROUP BUSINESS PERFORMANCE – NET ASSETS AND FINANCIAL POSITION

Capital expenditure

The Rheinmetall Group's investment decisions in the 2024 fiscal were again aimed at increasing the performance of the operating units and further expanding its technological expertise.

In the context of the turning point as a result of the Ukraine war, the Group invested more in the expansion of capacity and the construction of new production sites in the 2024 fiscal. This meant that investments of continuing operations on property, plant and equipment and intangible assets in the fiscal 2024 amounted to €766 million, compared to €487 million in the previous year. In terms of consolidated sales, this corresponds to an investment ratio of 7.9% (previous year: 6.8%). €58 million of the capital expenditure volume for continuing operations was attributable to leases under IFRS 16 (previous year: €111 million) and was therefore non-cash. Investments were offset by depreciation of €403 million (previous year: €308 million), of which €102 million (previous year: €47 million) was attributable to PPA effects.

Capital expenditure [1]

€ million	2024	2023
Vehicle Systems	141	168
Weapon and Ammunition	304	112
Electronic Solutions	95	48
Power Systems [2]	99	104
Others/consolidation	128	56
Rheinmetall Group (continuing operations)	**766**	**487**
Discontinued operations (Pistons) [3]	6	24
Rheinmetall Group (continuing and discontinued operations)	**772**	**511**

[1] Net capital expenditure less payments received from customers of €19 million (previous year: €7 million).
[2] Sensors and Actuators and Materials and Trade were combined to form Power Systems effective January 1, 2024.
[3] The disposal of discontinued operations (Pistons) was completed on April 15, 2024.

Vehicle Systems invested a total of €141 million in fiscal 2024, compared to €168 million in the previous year. The decline of €27 million is essentially due to lease agreements concluded in the previous year for plants and facilities for capacity expansion.

A total of €304 million was invested in Weapon and Ammunition in fiscal 2024 (previous year: €112 million). At €124 million, the largest single investment is the construction of a new production facility at the Unterlüß site. A complete production facility for artillery ammunition and the associated infrastructure is planned to be established here by 2025. In addition, various investment programs were launched for capacity expansions at existing plants such as Nitrochemie Aschau, Rheinmetall Expal Munitions in Spain and Rheinmetall Denel Munition in South Africa. Additionally, development costs for future tank ammunition were capitalized.

The total capital expenditure of Electronic Solutions amounted to €95 million in the reporting period, compared to €48 million year-on-year. The new plant in the Weeze site has begun to provide the IT infrastructure and equipment required for the production of center fuselages for the F-35 combat aircraft. At the Bremen site, investments were made in the modernization of IT equipment in addition to the expansion of office and integration space. At the Zurich site, the main investments resulted from the redesign of the premises and the modernization and expansion of machinery. At the Rome site, investment activities also focused on modernizing and expanding the machinery in addition to expanding the product range. Activities relating to the Panther Evo cross-divisional development project were continued.

Power Systems' investments amounted to €99 million in 2024, compared to €104 million in the previous year. In addition to the necessary investments to secure the existing business, the funds invested in 2024 were also used for the technical transformation of business activities towards alternative vehicle drives and non-automotive applications. In the Sensors and Actuators business unit, investment focused on development expenditure for both projects in existing technologies and new customer projects as part of the transformation. In Germany, among other things, new production facilities for hydrogen components have been created. Among other things, the Bearings business unit invested in the production of components for the generation of hydrogen, in the infrastructure for the use of district heating and in tools. In the Trade business unit, investments focused primarily on the expansion and extension of logistics capacities in Germany. In addition, there were rights of use to buildings, equipment and vehicles.

Investments in the “Other/Consolidation” area can be primarily attributed to the companies in Rheinmetall’s real estate area and Rheinmetall’s own IT company Rheinmetall IT Solutions GmbH. Of the total €128 million invested in “Other” in the 2024 fiscal (previous year: €56 million), €106 million (previous year: €38 million) was invested in real estate and €27 million (previous year: €13 million) in IT. The main investments in real estate in fiscal 2024 relate to the construction of the plant at the Weeze site, where the F-35 center fuselage will be produced. The largest investments in IT essentially relate to the purchase of hardware and software licenses.

Statement of Cash Flows

Cash flows from operating activities from continuing operations increased significantly by €740 million from €997 million in the previous year to €1,737 million in the 2024 fiscal. The positive earnings after taxes from continuing operations of €896 million contributed to this. Furthermore, the development of working capital by € 425 million had a positive impact. The change in contract liabilities, which increased due to high customer payments received in the reporting year, contributed €1,236 million (previous year: €1,391 million). This was offset by the cash-effective increase in inventories of €630 million in the reporting year, compared to €1,227 million in the previous year.

The payouts for investments (continuing operations) increased from €384 million to €692 million compared to the previous year as a result of higher investment activity. Operating free cash flow from continuing operations – defined as cash flow from operating activities less investment in intangible assets, property, plant and equipment and investment property – accordingly improved from €356 million to €1,045 million.

Derivation of operating free cash flow – continuing operations

€ million	2024	2023
Earnings from continuing operations (after taxes)	896	630
Amortization, depreciation and impairments	403	308
Payment into external Fund (CTA)	(18)	(20)
Changes in working capital and others	457	(178)
Cash flows from operating activities	**1,737**	**740**
Investments in property, plant and equipment, intangible assets and investment property	(692)	(384)
Operating free cash flow (continuing operations)	**1,045**	**356**

Taking into account the proceeds from the sale of assets, payments from divestments and acquisitions, and payouts for the acquisition of fund units, free cash flow for continuing and discontinued operations amounted to €548 million, which was €980 million higher than the previous year's figure (previous year: €-432 million). The payments for divestitures and acquisitions during the fiscal essentially related to the acquisition of Loc Performance Products, LLC (€499 million). In the previous year, this essentially included the acquisition of Expal Systems S.A.U. and the sale of the large-bore pistons activities and the shares in Shriram Pistons & Rings Ltd.

Derivation of Free Cash Flow – continuing and discontinued operations

€ million	2024	2023
Operating free cash flow (continuing operations)	1,045	356
Operating free cash flow (discontinued operations)	(22)	(12)
Cash receipts from the disposal of property, plant and equipment, intangible assets and investment property	10	2
Net cash outflow from financial investments in/divestments of consolidated subsidiaries and other financial assets	(485)	(909)
Cash in-/outflows from/for strategic liquidity reserve	-	130
Free Cash Flow	**548**	**(432)**

Cash flow from financing activities essentially includes the dividend paid in the reporting year 2023 in the amount of €5.70 per share, compared to €4.30 per share in the previous year. In the previous fiscal, cash flow from financing activities was dominated by the issue of a convertible bond in the amount of €1.0 billion to finance the acquisition of Expal Systems S.A.U..

Cash Flow from financing activities

€ million	2024	2023
Net proceeds from the issue of a convertible bond	-	993
Dividends paid by Rheinmetall AG	(248)	(187)
Cash effective changes of other financial liabilities	20	(78)
Cash in-/outflows from/for strategic liquidity reserve	(7)	18
Cash Flow from financing activities	(234)	746

Asset and capital structure

The Rheinmetall Group's total assets increased by €2,636 million or 22.5% to €14,344 million in the 2024 fiscal. In addition to significant business growth, the acquisition of Loc Performance Products is the main driver of this change. In addition to the investments made in fiscal 2024, this acquisition is also one of the key factors for the increase of long-term assets to €6,112 million. Of this increase by €1,497 million, €909 million is attributable to the acquisition. The share of total assets increased from 39.4% to 42.6%. Current assets increased year on year overall by €1,139 million to €8,231 million. The increase is attributable to inventories of €745 million and contract assets of €175 million. Cash and cash equivalents also increased by €335 million as a result of the positive operating free cash flow despite the acquisition of Loc Performance. Assets held for sale (IFRS 5) decreased to €0 million (previous year: €196 million) due to the sale of the small-bore pistons business completed in April 2024.

Asset and capital structure

€ million	Dec. 31, 2024	%	Dec. 31, 2023	%
Non-current assets	6,112	42.6	4,615	39.4
Current assets	8,231	57.4	7,092	60.6
Total assets	**14,344**	**100.0**	**11,707**	**100.0**
Equity	4,465	31.1	3,643	31.1
Non-current liabilities	3,097	21.6	2,605	22.3
Current liabilities	6,782	47.3	5,459	46.6
Total equity and liabilities	**14,344**	**100.0**	**11,707**	**100.0**

The Rheinmetall Group's equity increased significantly by €821 million or 22.5% to €4,465 million in the 2024 fiscal. This increase is essentially due to the positive earnings after taxes (€808 million) and the positive other result (€191 million). At €165 million, the remeasurement of pensions (after taxes) in particular contributed to the positive other comprehensive income. This was offset by the distribution of the dividend to the shareholders of Rheinmetall AG amounting to €248 million. As a result of the significant increase in equity, the equity ratio remained unchanged from the beginning of the year at 31.1% despite the significant increase in total assets.

The increase in non-current liabilities of €492 million to €3,097 million is essentially attributable to the increase in non-current financial liabilities of €368 million and the increase in deferred tax liabilities of €96 million. The main drivers of the increase in non-current financial liabilities were the non-current shares of the promissory note loans newly taken out in fiscal 2024 (as at December 31, 2024: €527 million), as at December 31, 2023: €291 million) and the increase in non-current liabilities to banks (€66 million). The increase in deferred taxes is the result of €24 million from the valuation of the assets and liabilities taken on as part of the acquisition von Loc Performance.

Current liabilities increased by a considerable €1,323 million to €6,782 million. The main driver was the contract liabilities, which increased by €1,272 million to €3,866 million due to high customer payments received. In addition, an increase in current liabilities to bank of €203 million contributed to the increase. Liabilities directly associated with assets held for sale, which must be reported separately in accordance with IFRS 5, fell to €0 million (previous year: €161 million).as a result of the sale of the small-bore pistons business.

Capital structure

€ million	12/31/2024	%	12/31/2023	%
Equity	4,465	33.9	3,643	33.6
Current financial debts	552	4.2	410	3.8
Non-current financial debts	1,871	14.2	1,503	13.8
Total financial debts	2,423	18.4	1,913	17.6
Cash and cash equivalents	1,184	9.0	850	7.8
Net financial debts (-)/Net liquidity (+)	**(1,239)**	**-9.4**	**(1,063)**	**-9.8**
Total assets adjusted for cash and cash equivalents	**13,159**	**100.0**	**10,858**	**100.0**

In relation to total assets adjusted for cash and cash equivalents, the equity ratio was 33.9%, compared to 33.6% in the previous year. Financial liabilities increased by €511 million or 26.7% to €2,423 million compared to the beginning of the year. As of the end of the reporting period, cash and cash equivalents totaled €1,184 million, compared to €850 million at the end of the previous year. Despite positive operating free cash flow, net financial debt of €-1,239 million was still recognized at the end of the 2024 fiscal (previous year: €-1,063 million). This is due in particular to the liability component of the convertible bond issued in the previous year to finance the acquisition of Expal Systems S.A.U., which continued to exist in the reporting year.

ROCE

€ million	2024	2023
(1) Net financial debts (-)	(1,239)	(1,063)
(2) Assets from pension valuation	275	99
(3) Pension provisions	527	562
(4) Equity	4,465	3,643
(5) Capital employed (= -(1)-(2)+(3)+(4))	**5,956**	**5,169**
(6) Average capital employed	5,563	4,519
(7) EBIT pre PPA effect	1,469	968
(8) ROCE (in %) (quotient of (7)/(6))	**26.4**	**21.4**

[1] The previous year's figure was adjusted as a result of the change to the ROCE definition in the 2024 fiscal.

ROCE increased from 21.4% to 26.4% in the fiscal 2024. The increase is due to the positive development of EBIT before PPA effects, which more than offsets the effects of the increase in capital employed.

FINANCING

Objectives of financial management

Because of its business model, Rheinmetall is exposed to sometimes significant volatility in its cash flows. The primary objective of financial management is to ensure solvency at all times. It also makes a positive contribution to enterprise value through the efficient implementation of financial transactions and the optimization of liquidity, capital structure, and contractual conditions.

Within the scope of global cash management, liquidity at subsidiaries is pooled centrally and made available to Group companies based on their liquidity requirements. In addition to the convertible bond and the promissory note loans, the overriding aim – solvency at all times – is secured on the one hand by means of a sufficient liquidity position and on the other hand by contractually agreed bilateral and syndicated credit facilities with banks. These can always be drawn on at short notice. With its investment grade rating and as a listed stock corporation, Rheinmetall has direct access to the money and capital markets at all times. Liquidity requirements are determined on the basis of rolling twelve-month liquidity outlooks and the three-year Group plan and are subjected to a stress test using actuarial model simulations. The knowledge gained from this is used to ensure solvency at all times, even in worst-case scenarios.

Financial risks from changes in currencies, interest rates, raw material or energy prices are recorded, assessed and managed centrally. This also applies to country and counterparty risks. Risk-mitigating effects are implemented through the management measures, in order to safeguard the profitability of ongoing business operations and Rheinmetall’s assets. Implemented contractual structures and, where required, use of primary and derivative financial instruments serve to mitigate potentially negative effects on earnings or assets.

Rheinmetall follows the principle of financial independence from individual banks and financial service providers and the prevention of cluster risks. For this reason, Rheinmetall has a broadly diversified portfolio of national and international financial partners for every service involved in processing operational business. Financial default risks are limited by creditworthiness-linked counterparty limits.

In addition to the conceptual approaches, financial management also follows strict organizational guidelines, such as strict adherence to the principle of dual control and the separation of implementation, processing, and checking in the front, middle, and back offices. This ensures compliance with legal requirements and that financial instruments are used exclusively in connection with operating business and not for speculative purposes. Other important principles include ensuring that data is secure and that transactions are documented so that they can be traced.

Financing in the Rheinmetall Group

Rheinmetall covers its operating financial requirements using a mix of existing liquidity sources across the Group and external, short- and long-term negotiated financial instruments. Here, the financing elements used are broadly diversified in terms of sources, maturities and instruments, and the associated costs are also optimized. This secures sufficient financing scope at all times, even if conditions change. In addition to the approach described for the operating business, long-term real estate loans are also used for investments or development loans, for example to finance research and development activities.

Rheinmetall's long-term financing essentially consists of four elements: convertible bonds, promissory note loans, development loans from the European Investment Bank (EIB), and project specific loans. In addition, a syndicated credit line is in place to secure the liquidity requirement. This was not utilized in 2024.

The convertible bond was issued in two tranches. The two tranches of € 500 million each are due in 2028 and 2030, respectively.

The volume of promissory note loans amounted to €600 million at the end of the year and covers maturities from 2025 to 2029.

The EIB development loan of €80 million was disbursed in 2022 and will mature in December 2028. The EIB is using these funds to support research and development activities focusing on sustainable and intelligent mobility solutions in the civilian divisions.

The volume of real estate financing increased significantly from € 12 million to € 81 million in the past fiscal year. While the existing loans from the previous year were reduced to € 6 million through repayment, new financing of € 75 million was raised for the construction of the F-35 production plant in Weeze.

The volume of the syndicated credit line amounts to € 750 million. Twelve national and international banks are involved. It mainly serves as a back-up line for the commercial paper program in the same volume and also for general corporate financing

Rheinmetall also has short-term financing programs to finance short-term liquidity requirements resulting from fluctuations in working capital during the year. These are bilaterally promised cash and guarantee credit facilities of various banks and insurance companies in a total volume of €4.1 billion. At the end of 2024, there was use of cash lines of €0.2 million and approximately €1.9 billion of guarantee credit lines used. There are also real estate loans and other development loans totaling €81 million.

The liabilities from the company pension scheme are successively funded within the framework of two trust models. Monthly premiums are paid on an ongoing basis for the pension scheme "Rheinmetall Plus 2.0" introduced in 2022. These premiums are created up to the retirement date for each employee within the framework of a life cycle model. In this model, €13 million were paid net in 2024. The trust assets allocated to Rheinmetall Plus 2.0 amounted to €49 million at the end of the year.

As soon as an employee leaves the active service, shares in the Rheinmetall special fund RHM01 are acquired from the accrued contributions, including the income generated, which collectively serves to finance existing pensions and ongoing pension payments. Funds are also invested in this special fund to cover insolvency protection from partial retirement entitlements or to secure employees' working time accounts. In total, €3 million was added to the Rheinmetall special fund RHM01 in calendar year 2024 – no reimbursement payments were made. As of reporting date, December 31, 2024, the fund assets of RHM01 amounted to €250 million.

Financing activities in fiscal 2024

In fiscal 2024, €136.5 million in promissory note loans due were repaid. At the same time, new promissory note loans of €308.5 million were taken out over the course of the year. The volumes beyond the maturities were included in the context of the acquisition financing Loc Performance. Also against the backdrop of the Loc Performance acquisition, commercial paper with terms of between 3 and 6 months was increasingly issued in the fourth quarter in order to secure payment of the purchase price against the backdrop of upcoming elections in the USA on the one hand and to avoid a volatile market environment for long-term financing on the other. The volume of outstanding commercial paper amounted to €218 million at the end of 2024

Convertible bond to finance the acquisition of Expal Systems

The tranches of the convertible bond issued in 2023 recorded a significant increase in value in 2024. The prices rose from 111.20 (tranche A) or 114.05 (tranche B) to 200.15 (A) bzw. 204.50 (B) by the end of the year. The trigger for this strong increase was the very positive development of the Rheinmetall share, supported by falling capital market interest rates. The two tranches of the convertible bond, each with a nominal volume of EUR 500 million, have a coupon of 1.875% (A) and 2.25% (B) and mature in 2028 (A) and 2030 (B) respectively.

Financing instruments € million

	Term or end of term	Nominal	Financing source
Convertible Bonds			
Tranche A	2028	500	International investors
Tranche B	2030	500	International investors
Promissory note loans	2025-2029	600	International financial institutions
Development loans Research and development I	2028	80	European Investment Bank (EIB)
Commercial paper (CP)	unlimited	750	Money market investors
Syndicated loan	2028	750	12 banks
Real-estate financing and development loans	2025-2035	81	banks
Bilateral line of credit (cash advances and bank guarantees)	2025	4,124	Banks and insurances

Rheinmetall’s rating

The external assessment of Rheinmetall’s creditworthiness has been carried out by the rating agency Moody’s since 2000. Since April 26, 2022, Moody’s has awarded Rheinmetall a rating of “Baa2 stable outlook.” This classification is unchanged with the acquisition of the Spanish Expal Systems. Moody’s commented positively on the strategic dimension of the transaction.

BUSINESS PERFORMANCE **IN THE SEGMENTS**

VEHICLE SYSTEMS

WEAPON AND AMMUNITION

ELECTRONIC SOLUTIONS

POWER SYSTEMS

BUSINESS PERFORMANCE IN THE SEGMENTS

Vehicle Systems

The Vehicle Systems segment consists of the two divisions Vehicle Systems International and Vehicle Systems Europe. In the other segments, the segment corresponds to the respective division. ››Structure of the Rheinmetall Group

Key figures Vehicle Systems

		2024	2023
Sales	€ million	3,790	2,609
Rheinmetall Nomination	€ million	8,349	7,144
Frame Nomination	*€ million*	*2,935*	*2,434*
Frame Utilization	*€ million*	*(1,693)*	*(1,408)*
Order Intake	*€ million*	*7,107*	*6,118*
Rheinmetall backlog (December 31)	€ million	22,199	16,368
Frame Backlog	*€ million*	*5,361*	*3,297*
Order Backlog	*€ million*	*16,838*	*13,071*
Operating results	€ million	425	324
Operating result margin	%	11.2	12.4
Capital expenditure	€ million	141	168
Operating free cash flow	€ million	275	(142)
Employees (December 31)	FTE	8,301	6,437

Sales – Vehicle Systems achieved sales of €3,790 million in fiscal 2024, exceeding the previous year's figure of €2,609 million by 45.3%. Adjusted for currency effects, growth amounted to 45.2%. This increase is mainly due to the delivery of pre-produced swap body systems (trucks) and the start of the tactical vehicle programs.

Rheinmetall Nomination – The Rheinmetall Nomination at Vehicle Systems amounted to €8,349 million, €1,204 million above the previous year's value of €7,144 million. The largest individual projects are a new framework agreement to supply unprotected transport vehicles in the amount of €2,935 million, the commissioning of the heavy weapons carrier worth €1,666 million and the associated service contract for €628 million.

Rheinmetall Backlog – Vehicle Systems recorded a Rheinmetall backlog of €22,199 million, after €16,368 million in the previous year. Of this backlog, €10,195 million is attributable to Germany, €2,546 million to Hungary, €2,492 million to the United Kingdom, and €1,359 million to Australia.

Operating result – In reporting year 2024, Vehicle Systems' operating result improved by €100 million or 31.0% to a total of €425 million. The operating margin of 11.2% was below the previous year's figure of 12.4%, which is mainly due to a change in the product mix compared to the previous year.

Operating free cash flow – Vehicle Systems operating free cash flow significantly improved by €417 million compared to the same period last year to €275 million.

Employees – The Vehicle Systems employed 8,301 employees as of the end of fiscal 2024 (previous year: 6,437). The increase in the number of employees reflects the economic development of the segment and is due in particular to the recruitment of new employees to handle the major orders in Germany, Hungary, the UK and Australia.

Weapon and Ammunition

Key figures Weapon and Ammunition

		2024	2023
Sales	€ million	2,783	1,756
Rheinmetall Nomination	€ million	12,307	8,238
Frame Nomination	*€ million*	*7,610*	*4,927*
Frame Utilization	*€ million*	*(1,539)*	*(1,396)*
Order Intake	*€ million*	*6,237*	*4,706*
Rheinmetall backlog (December 31)	€ million	20,529	11,581
Frame Backlog	*€ million*	*10,529*	*4,460*
Order Backlog	*€ million*	*10,000*	*7,121*
Operating results	€ million	790	403
Operating result margin	%	28.4	23.0
Capital expenditure	€ million	304	112
Operating free cash flow	€ million	754	463
Employees (December 31)	FTE	7,596	6,626

Sales – Weapon and Ammunition generated sales of €2,783 million in the 2024 reporting year. Measured against the previous year, this represents an increase in sales of €1,027 million or 58.5%. In addition to Germany, significant growth impetus came from other NATO member and partner countries. Overall, sales with these countries grew by €294 million. In addition, direct shipments to Ukraine were increased by another €609 million. The Spanish ammunition manufacturer Rheinmetall Expal Munitions made a significant contribution to this by contributing a total of €658 million to the group's consolidated sales for the full fiscal 2024 (previous year: €171 million for five months).

Rheinmetall Nomination – Weapon and Ammunition reached a new record level of €12,307 million and was able to increase nominations again with an increase of €4,070 million compared to the previous year. Of particular note is the increase in a (multi-year) framework agreement for artillery ammunition by €7.1 billion with the German customer. In terms of value, this increase alone significantly exceeds both framework agreements for tank ammunition (€3.2 billion) and artillery ammunition (€1.4 billion) from the previous year. In light of the changed European security situation and the need for artillery ammunition, the framework agreement from 2023 has already been fully utilized, which made it necessary to increase the overall volume.

Rheinmetall Backlog – The order backlog increased significantly as a result of the consistently high Rheinmetall Nominations from countries such as Germany, Ukraine, the Netherlands and Australia. Based on the €2,682 million higher frame nominations and associated outstanding call-offs from framework agreements worth €10,529 million Rheinmetall Backlog has increased by €8,948 million to a record level of €20,529 million.

Operating result – Operating result increased – essentially due to the higher sales volume – by €387 million in fiscal 2024 to €790 million (previous year: €403 million). The operating profit margin improved from 23.0% in the previous year to 28.4% in the reporting year due to the high volume growth in the classic ammunition business. This includes the contribution of Rheinmetall Expal Munitions in the amount of €274 million (previous year for five months: €37 million).

Operating free cash flow – The operating free cash flow increased significantly by €291 million or 62.8% to €754 million compared to the same period in the previous year. At €236 million, the improvement is essentially due to the increase in earnings after taxes, a €159 million improvement in working capital compared to the previous year and public grants received in the amount of €35 million before investments made. This was offset by the significant year-on-year increase in investments for capacity expansions at several sites.

Employees – The division employed a total of 7,596 employees as of the end of fiscal 2024. This corresponds to an increase of 970 employees compared to the previous year's reporting date. The additional expansion goes hand in hand with organic sales growth.

Electronic Solutions

Key figures Electronic Solutions

		2024	2023
Sales	€ million	1,726	1,318
Rheinmetall Nomination	€ million	5,065	2,183
Frame Nomination	*€ million*	*974*	-
Frame Utilization	*€ million*	*(506)*	-
Order Intake	*€ million*	*4,596*	*2,183*
Rheinmetall backlog (December 31)	€ million	7,518	4,287
Frame Backlog	*€ million*	*643*	*174*
Order Backlog	*€ million*	*6,875*	*4,113*
Operating results	€ million	217	150
Operating result margin	%	12.6	11.4
Capital expenditure	€ million	95	48
Operating free cash flow	€ million	200	11
Employees (December 31)	FTE	4,735	4,155

Sales - Electronic Solutions generated sales of €1,726 million in fiscal 2024, exceeding the previous year's figure of €1,318 million by 30.9%. The Integrated Electronic Systems business unit made a significant contribution to this increase in sales through sales from major orders placed in fiscal 2024 for the the Skyranger 30 mobile air defence system and the delivery of air defence systems for close and short-range protection (LVS NNbS), both for the German customer, as well as from the delivery of combat helmets to the German army. Other relevant sales in the Air Defence and Radar Systems business unit resulted from the delivery of additional Skynex air defence systems and for Skyranger air defence systems ordered in the previous and current year, both to European customers.

Rheinmetall Nomination – The Rheinmetall Nomination increased to a record value of €5,065 million in fiscal 2024 (previous year: €2,183 million). The largest individual orders related to the development contract for the short and very short range air defence protection system (Luftverteidigungssystem Nah- und Nächstbereichsschutz, LVS NNbS) and the delivery agreement for the Skyranger 30 mobile air defence system. Also worthy of mention are the German Army's framework assignments for the digitalization of land-based operations (DLBO) and the delivery of headsets with hearing protection function (SmG), the assignment to deliver Skyranger air defence systems for a European customer and the share of the assignment to manufacture and deliver the Boxer Heavy Weapons Carrier.

Rheinmetall Backlog – The Rheinmetall Backlog was €7,518 million, after €4,287 million in the previous year. The Rheinmetall Backlog increased compared to the previous year by €3,230 million or by 75.3%. Significant order backlogs relate to the delivery of air defence systems for close-range and short-range protection and the Skyranger 30 mobile air defence system, as well as the delivery of Skyranger air defence systems. Other relevant order backlogs result from the German Army's framework agreements for the digitalization of land-based operations (DLBO) and for headset sets with hearing protection function, as well as Electronic Solutions' share of the major German order for the Heavy Infantry Weapons Carrier.

Operating result – In fiscal 2024, the operating result increased 45.0% to €217 million due to a higher sales volume. The operating profit margin increased from 11.4% to 12.6% thanks to increased productivity in processing the completion of major orders, too.

Operating free cash flow – The operating free cash flow increased by €189 million to €200 million (previous year: €11 million). Relevant customer payments were made in the projects for air defence systems from European customers and air defence systems for close-range and short-range protection from German customers.

Employees – At the end of fiscal 2024, 4,735 people were employed (previous year: 4,155). This corresponds to an increase of around 581 employees compared with the previous year, which is mainly due to the necessary increase in personnel for the future handling of the major projects acquired.

Power Systems

Key figures Power Systems[1]

		2024	2023
Sales	€ million	2,038	2,084
Booked Business	€ million	2,508	3,480
Nominated Backlog (31.12.)	€ million	7,712	8,381
Operating results	€ million	86	133
Operating result margin	%	4.2	6.4
Capital expenditure	€ million	99	104
Operating free cash flow	€ million	23	52
Employees (December 31)	FTE	6,733	6,720

[1] Sensors and Actuators and Materials and Trade were combined to form Power Systems effective January 1, 2024.

Sales – Power Systems sales decreased by 2.2% or €46 million to €2,038 million in the 2024 reporting year. On an exchange rate basis, the decline in sales was 1% (€20 million).

In the Sensors and Actuators business unit, sales fell by 7.2% or €102 million compared to the previous year. On the one hand, the Air Management product area was affected by the weak truck market. Here, the sales of various exhaust gas regulation products such as exhaust gas back valves and exhaust gas flaps declined. A further decrease was noted in the thermal management product area. Here, sales of oil vacuum and water pumps declined due to the general weakness of the market. New projects for BEV applications have not yet been able to make any significant contributions. Slight growth was achieved in the Electrification and Digitalization product area. Business with the different variants of solenoid valves remained largely stable and even increased in the field of coolant valves.

The Trade business unit achieved the highest sales in the company's history in the past fiscal year. Compared to the previous year, an increase in sales of 13.8% or €68 million was achieved. The Independent Aftermarket division was once again the sales driver, operating successfully in all sales regions.

In the Bearings business unit, sales fell by 4.9% or €13 million compared to the previous year. In a difficult market environment - particularly in the automotive sector - the plain bearings business achieved sales slightly below the previous year's level. In the continuous casting segment, a significant reduction in tonnage - the construction and sanitary industry and mechanical engineering are still in a weak phase - led to a significant drop in sales compared to the previous year.

Booked business – At €2,508 million, booked business in fiscal 2024 was 28% below the previous year's level (previous year: €3,480 million). In fiscal 2024, 54.7% (previous year: 53.6%) of this was attributable to the Internal Combustion Engine (ICE) category, 16.8% (previous year: 14.1%) to Industrial Technology, 17.5% (previous year: 10.9%) to Truck and 11.0% (previous year: 21.5%) to Electrification. The increase in the share of the Industrial Technology category is due, among other things, to an order for the Bearings business unit for cathodes for the production of hydrogen with an order value in the low three-digit million euro range. In absolute terms, significantly less business was booked in the Electrification and ICE categories, which is attributable to the slower development of the market for electric vehicles and the tightened new EU7 emissions standard.

Nominated backlog – The nominated backlog was €7,712 million in fiscal 2024, which was 8.0% below the previous year's level (previous year: €8,381 million). The less stringent EU7 emissions standard led manufacturers to change engine designs. As a result, orders for exhaust gas reduction components were canceled by customers, which is the main reason for the reduction in the nominated backlog.

Operating result – Power Systems achieved operating result of €86 million. This puts the operating result €47 million down on the previous year. The operating margin declined by 2.2 percentage points in 2024 to 4.2%. The lack of earnings contributions from the decline in sales had a negative impact on the result. Furthermore lower own work capitalized for development and inflation-related increases in personnel costs had a negative impact on earnings. Depreciation was again reduced positively compared to the previous year.

Operating free cash flow – The operating free cash flow was €23 million below the previous year (previous year: €52 million). The main reason for the decline in cash flow is the lower result

Employees – Power Systems employed a total of 6,733 employees at the end of 2024. This was around 13 employees more than on the previous year's date. This increase is partly due to the transfer of employees as part of the sale of the former small-bore pistons business unit.

In operational terms, developments in the business units were mixed. While there was an inevitable increase in the number of employees in the Trade business unit due to the very good business development, the number of employees in the other business units fell due to a restrictive recruitment policy in response to the decline in business development.

EXPLANATORY NOTES ON RHEINMETALL AG

Rheinmetall AG as the Group holding company

The single-entity financial statements of Rheinmetall AG for fiscal 2024 have been prepared in accordance with the accounting regulations of the German Commercial Code (HGB) and the additional provisions of the German Stock Corporation Act (Aktiengesetz).

Rheinmetall AG's role as a holding company for the Rheinmetall Group shapes its financial statements. In this role, Rheinmetall AG performs control and governance functions and provides services to the Group companies. Key tasks relating to the financial statements include central financing as well as support and service functions in finances, HR, corporate communications, law and taxation.

Results of operations

Rheinmetall AG's results of operations reflect its function as a holding company. The results of the subsidiaries and the expenses and income from central Group financing determine the financial result. In addition, earnings before taxes are influenced by income from the provision of support and service functions and profit and loss from central currency management. Tax costs are defined by Rheinmetall AG's role as the fiscal entity for income tax purposes in Germany.

Income statement of Rheinmetall AG in accordance with German Commercial Code (HGB)

€ million	2024	2023
Investment income	637	567
Net interest	(46)	(18)
Net financial income	**591**	**549**
Sales	110	84
Other operating income	274	221
Personnel expenses	69	63
Amortization, depreciation and write-downs	4	8
Other operating expenses	366	292
Earnings before Taxes (EBT)	**535**	**491**
Taxes on income and revenue	(88)	(99)
Net profit for the year	**447**	**393**
Appropriations to retained earnings	67	143
Net earnings	**380**	**250**

Net investment income of €637 million was generated in fiscal 2024, compared with €567 million in the previous year. The rise in net investment income results essentially from the business performance of the Rheinmetall Group companies operating in the security technology sector.

Net interest income deteriorated from €-18 million to €-46 million. This is essentially due to higher interest expenses from intra-Group cash pools and for promissory note loans. As a result of the influences outlined, Rheinmetall AG's financial result improved from €549 million to €591 million.

Sales increased from €84 million in fiscal 2023 to €110 million in the reporting year due to increased Group allocations and other services provided to the Group companies. Due to business as a holding company, personnel costs amounted to €69 million (previous year: €63 million). The increase is due to the workforce expansion resulting from group growth.

Other operating income increased by €53 million to €274 million (previous year: €221 million). At the same time, other operating expenses increased by €74 million to €366 million (previous year: €292 million). The main factor for the increases compared to the previous year is a change in the accounting method for derivatives included in macro hedge valuation units, which led to an increase in the amount of both exchange rate gains and exchange rate losses. Furthermore, income and expenses from the intra-Group charging of IT costs have changed significantly compared to the previous year due to the transfer of IT functions to Rheinmetall IT Solutions GmbH.

Amortization of intangible assets and depreciation of property, plant and equipment remained at the previous year's level at €4 million (previous year: €5 million). In the previous year, the depreciation included write-downs on securities held as current assets amounting to €3 million. These securities were sold in full in fiscal 2023.

Earnings before taxes amounted to €535 million (previous year: €491 million). After deducting taxes of €88 million (previous year: €99 million), net profit for the reporting year 2024 amounted to €447 million (previous year: €393 million). As a result, net income significantly exceeded the expected range of €250 million to €300 million. A total of €67 million (previous year: €143 million) of the net income was transferred to retained earnings, resulting in net earnings of €380 million (previous year: €250 million).

Proposed dividend

At the Annual General Meeting on May 13, 2025, the Executive Board and the Supervisory Board of Rheinmetall AG will propose that the net earnings be used to pay a dividend of €8.10 per share (previous year: €5.70 per share), whereby the treasury shares held by Rheinmetall AG (as of December 31, 2024: 121,504; previous year: 141,356) are not entitled to a dividend.

Net assets and financial position

The asset situation of Rheinmetall AG is largely defined by its holding function, i.e. by the management of investments and the financing of Group activities. This is reflected above all in the amount of the investments held and in the receivables due from and liabilities owed to Group companies.

Balance sheet of Rheinmetall AG in accordance with the German Commercial Code (HGB) – Assets

€ million	2024	2023
Intangible assets	4	6
Property, plant and equipment	126	52
Financial assets	3,836	2,949
Fixed assets	**3,965**	**3,007**
Receivables and other current assets	1,746	1,612
Cash and cash equivalents	863	664
Current assets	**2,609**	**2,276**
Deferred income	**55**	**74**
Active difference from asset offsetting	**-**	**-**
Total assets	**6,629**	**5,357**

Financial assets include shares in affiliated companies in the amount of €3,675 million (previous year: €2.788 million) and the investment in 4iG Nyrt. acquired in fiscal 2022. The increase of €887 million essentially results from a capital increase in American Rheinmetall Defense, Inc., Reston/USA, which was indirectly involved in the acquisition of shares in Loc Performance Products, LLC, Plymouth, Michigan/USA. The share of financial assets in total assets subsequently slightly increased from 55.1% to 57.9%.

Receivables and other assets of €1,682 million (previous year: €1,605 million) essentially comprise receivables from affiliated companies. These originate almost exclusively from intra-Group financing and central liquidity management. The share of these receivables in total assets amounted to 26.3% (previous year: 30.1%).

Cash and cash equivalents increased from €664 million in the previous year to €863 million.

Balance sheet of Rheinmetall AG in accordance with the German Commercial Code (HGB) – Equity and liabilities

€ million	2024	2023
Share capital	112	112
Treasury stock (notional value relating to the share capital)	-	-
	111	**111**
Capital reserves	683	670
Retained earnings	514	444
Net earnings	380	250
Equity	**1,688**	**1,475**
Provisions	**110**	**118**
Convertible bonds	1,000	1,000
Liabilities due to banks	1,097	723
Other liabilities	2,733	2,041
Liabilities	**4,830**	**3,764**
Deferred income	**-**	**-**
Total Equity and liabilities	**6,629**	**5,357**

Equity as at December 31, 2024, amounted to €1,688 million compared with €1,475 million at the end of the previous year. This change reflected the fact that the dividend payment for 2023 of €248 million was offset by the net income of €447 million generated in fiscal 2024. In addition, equity increased by €9 million as a result of the reduction in treasury shares (19,852 shares). Due to the increase in total assets, the equity ratio fell to 25.5% (previous year: 27.5%).

Provisions include pension provisions of €26 million (previous year €38 million). Measured defined benefit obligations of €122 million (previous year: €130 million) are covered by plan assets of €96 million (previous year: €92 million) .

Other liabilities include liabilities to affiliated companies of €2,684 million (previous year: €1,973 million). These originate almost exclusively from intra-Group financing and central liquidity management. The share of these liabilities in total assets increased from 36.8% to 40.5%.

RISKS AND OPPORTUNITIES
RISK MANAGEMENT SYSTEM

Entrepreneurial behavior – leverage opportunities, reduce risks

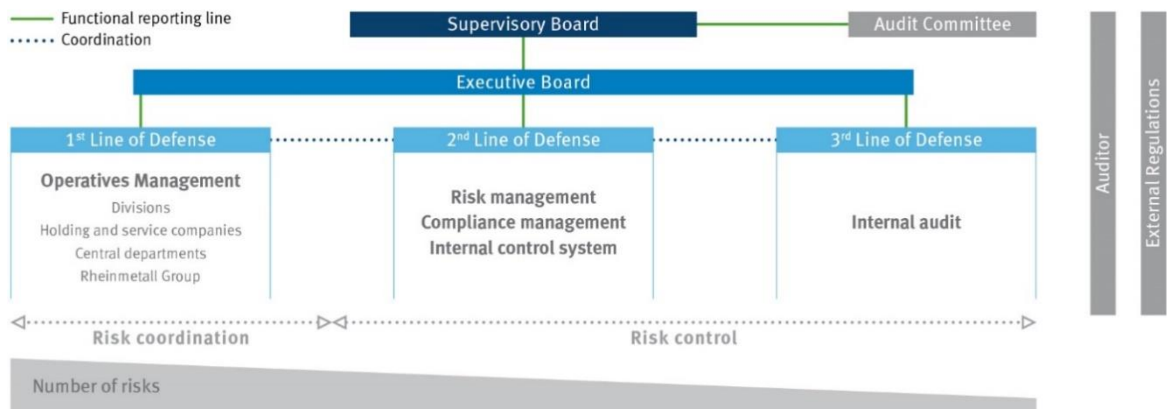
In light of very rapid market changes, increasing uncertainty, the greater complexity of framework conditions that vary significantly from one country to the next and major technological progress, decisions are becoming increasingly dependent on a reliable assessment of the associated opportunities and potential risks. As an internationally active technology group with a heterogeneous product portfolio, Rheinmetall is exposed to risks that vary depending on the business unit, industry and region. Further information on the company goals can be found under »Strategy.

THE RHEINMETALL GROUP'S RISK MANAGEMENT SYSTEM

As part of its principles of corporate governance (»Corporate Governance) , Rheinmetall is committed to a responsible, fair, reliable and transparent corporate policy that is geared toward expanding and leveraging entrepreneurial potential, achieving medium-term financial targets and increasing the company value systematically and over the long term.

The standardized risk management system (RMS) that was introduced throughout the Group corresponds to the scope of consolidation of the consolidated financial statements and is based on principles stipulated by the Executive Board of Rheinmetall AG, which are geared toward financial resources and strategic and operational planning. At the Rheinmetall Group, identified opportunities are considered in terms of their impact on the planned earnings indicators within the framework of existing planning, controlling and strategy processes and assessed and documented in processes that run separately from the risk management system. The Rheinmetall Group's risk management system is designed to systematically identify developments early on that could jeopardize the continued existence of the Group and to control risks that could endanger the company's success. It also helps to ensure that the corporate targets can be met. It provides high-quality information for Group management, clearly defines responsibilities for identifying and controlling risks, ensures effective risk analysis, control and monitoring thanks to clearly defined risk fields and types and closer dovetailing with other corporate governance systems. It comprises the ad hoc, operational and strategic risk management pillars and pursues the "three lines of defence" approach.[ESRS 2 GOV-5 36 a)]

Three lines of defence model[ESRS 2 GOV-5 36 a)]



The first line of defence lies with the management of the operating activities, which is responsible for recording, assessing and managing the risks that arise there. The second line of defence comprises the risk management, the compliance management and the internal control system. Internal Audit is the third line of defence and acts as the independent control organ of the Executive Board and the Supervisory Board of Rheinmetall AG.

The Rheinmetall Group's risk management system is based on auditing standard 981 of the Institute of Public Auditors, Germany, which sets out the generally accepted standards for the auditing of risk management systems and takes into account the legal requirements regarding the monitoring duty of the Supervisory Board in accordance with Section 107(3) of the German Stock Corporation Act as well as the diligence and organizational duties of the Executive Board.

The guideline for the Rheinmetall Group's risk management system describes and defines the regulatory framework conditions, the risk culture and goals of the RMS, the roles and responsibilities, the three pillars of the RMS, the handling, documentation and communication of identified risk issues, and the thresholds for risk assessment with regard to the extent of damage and probability of occurrence.

Identified risks are evaluated in terms of their net value with regard to their extent of loss and probability of occurrence by means of empirical values, expert knowhow and function-specific risk analysis, on the basis of a scenario that is as realistic as possible. This means that established countermeasures and checks are taken into account in the evaluation of the potential extent of loss. This results in an aggregated assessment of the risk types and risk fields as well as an evaluated risk portfolio of the Rheinmetall Group. All information used in the assessment and aggregation of risk types and fields is documented as part of strategic risk management in special risk management software.

Ad hoc risks that are assessed as having an EBIT impact of more than €20 million in the “performance” risk dimension and a “probable” probability of occurrence can generally be identified by any employee during the year between the operational and strategic risk management reporting cycles and communicated as part of a defined process. If it is not possible to immediately control the ad hoc risk, it can be taken into account as part of operational and, if necessary, strategic risk management.

In the analysis and assessment of individual risks in terms of the extent of loss, which must be performed quarterly, operational risk management likewise focuses on the “performance” risk dimension. The thresholds for reporting these individual risks are a potential net extent of loss of more than a €5 million impact on EBIT and a probability of occurrence of more than 30%. The period under review relates to the ongoing fiscal year and the two following years.

The divisions prepare operational risk reports for the central Corporate Controlling and Risk Management department every quarter, while the operational risk situation is reported every month within the divisions. Any relevant individual issues and important, higher-level incidents/issues are discussed in the committee meetings at the level of the divisions and Rheinmetall Group as a whole.

To identify, analyze and assess potential risks – including the addition of new risks – the previous year's risk inventory is updated once a year as part of strategic risk management. This contains all the most important risk types potentially impacting the corporate targets and sub-targets, probabilities of occurrence, the potential level of loss, responsibilities and suitable countermeasures. The extent of loss, which is considered over a period of three years, is evaluated according to a range of quantitative and qualitative parameters. The risk dimensions Performance, Market | Customer | Reputation and Legal are used as a basis here, although not every risk can necessarily be assigned to all three dimensions. If multiple risk dimensions are considered in the evaluation of the extent of loss and different risk impacts are determined, the dimension that was evaluated more highly shall apply. Measures aimed at controlling the risks that were identified and evaluated over a three-year period must be formulated and their implementation systematically monitored.

On this basis, formal reporting takes place to the Executive Board and the heads of the divisions (including in their capacities as respective heads of the relevant legal entities). This risk reporting is based on bundled information on risk types, risk fields and the corresponding countermeasures and, in contrast to ad hoc and operational risk management, not explicitly on individual risks. Reporting from the various entities is concluded with the review of the risk portfolio by the risk managers and the subsequent release by the relevant CFO. Suitable preventive, validation and corrective actions lower the probability of risks occurring or limit the extent of loss. The risk management measures introduced are monitored on an ongoing basis and, where necessary, adjusted in line with a new risk assessment.

The Governance Risk and Compliance Committee set up by Rheinmetall AG's Executive Board and comprising the heads of Controlling and Risk Management, Legal, Compliance, Accounting and Internal Auditing serves as an interface between those functions within the company that are particularly committed to protecting the Rheinmetall Group against risks. In particular, it combines the sub-functions of corporate governance, the internal control system (ICS), the risk management system (RMS), the compliance management system (CMS) and internal auditing. The Committee meets at least once a quarter, discusses and reviews the current risk portfolio and the status of risk management measures.

This ensures that the Executive Board is regularly kept up to date by the central Controlling and Risk Management department about the development of the overall risk situation, the status of and significant changes to important ventures that must be reported as well as the status of countermeasures that have already been introduced. If necessary, additional measures are taken in order to further limit and reduce identified potential risks. Sudden or unexpected risks with significant consequences are reported to the Executive Board on an ad hoc basis. The Supervisory Board is advised of individual operational risks in the quarterly reports that entail a net loss exceeding €5 million of EBIT and also have a probability of occurrence of 30% or more. The thresholds for reporting risks to the Supervisory Board on an ad hoc basis are a net loss of more than €20 million of EBIT and a probability of occurrence of more than 50%.[ESRS 2 GOV-5 36 e)]

In order to calculate the risk-bearing capacity in accordance with IDW PS 340 (as amended, January 2022), a Monte Carlo simulation was performed in 2024 to determine the overall risk situation of the Rheinmetall Group. Risk-bearing capacity within the meaning of the IDW PS 340 n. (as amended) defines the maximum risk that the Rheinmetall Group can bear over time without seriously jeopardizing its existence. This requires both the determination and measurement of an overall risk position and the comparison of overall risk with the business resources available to cover the risk at Rheinmetall with regard to net assets, financial position and results of operations, which can be used to mitigate the effects of the risk. To ensure that we identify at an early stage risks that combined could potentially jeopardize the continued existence of the Rheinmetall Group, the potential aggregate impact of our main risks was estimated based on the aggregated results from the annual strategic risk management assessment process. We compare the resulting aggregated risk situation with the thresholds defined by the Executive Board for critical key figures. On this basis, there is no identifiable risk to the Rheinmetall Group as a going concern from today's perspective and the risk-bearing capacity is given.

In fiscal 2024, in coordination with the Executive Board of Rheinmetall-AG, the ranges of the extent of damages were redefined. The extent of the damage was expanded by “significant” category (>€500 million EBIT impact) and the probability of occurrence to include the “very likely” category (>70%), meaning that the reporting is now based on a 5x5 risk matrix. To enable comparability with the risk assessments for 2023 for the 2024 financial year, the results from the 2023 risk assessment were transformed into the new risk matrix. This leads to a lower risk class for a number of risk fields. The growth of the Rheinmetall Group is decisive for the review, in particular of the extent of damages.

SIGNIFICANT CORPORATE RISKS

On the basis of the risk reporting to the Rheinmetall AG Executive Board, as of the end of the reporting period there was the following risk situation which summarizes the significant corporate risks from a perspective of the Group or Rheinmetall AG in the defined risk fields with their risk impact and risk classification.

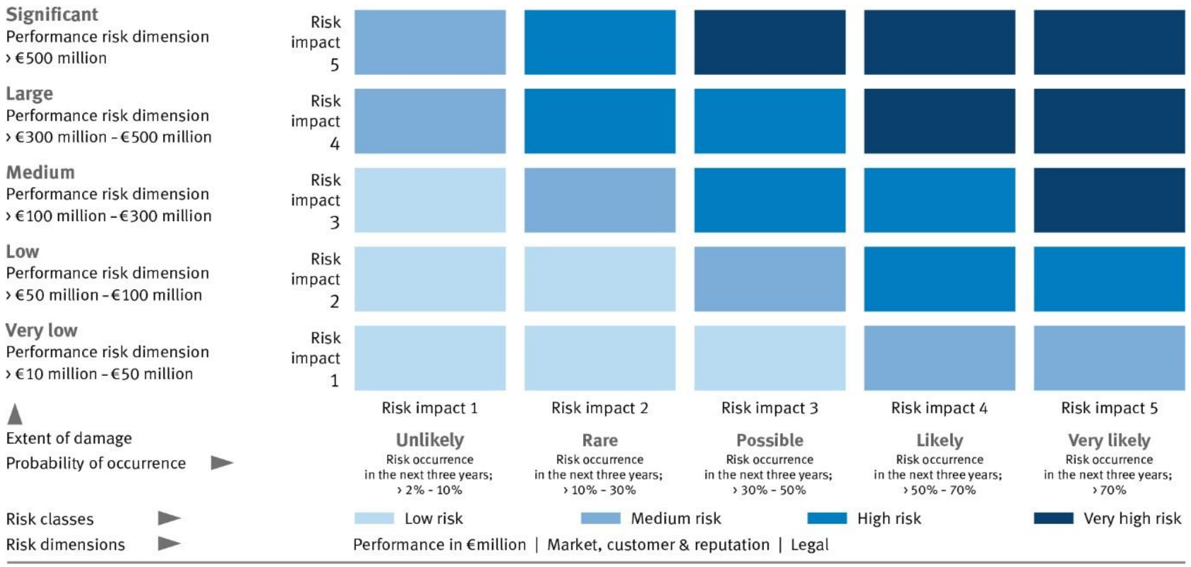
Risk fields

Risk field	**Risk impact**		**Risk class 2024**	Risk class 2023 adjustetd[1]
	Potential damage	**Probability of oc-curence**		
Market and Customer	Low	Possible	unchanged	Low risk
Competition	Low	Rare	unchanged	Low risk
Technology and development	Low	Rare	unchanged	Low risk
Production and project implementation	Low	Possible	unchanged	Low risk
Suppliers and procurement	Low	Possible	unchanged	Low risk
Human resources	Low	Possible	Low	Medium risk
Finances	Low	Rare	unchanged	Low risk
Taxes	Low	Rare	unchanged	Low risk
Legal	Medium	Unlikely	unchanged	Low risk
Compliance	Low	Rare	unchanged	Low risk
Public perception	Low	Unlikely	unchanged	Low risk
Environmental Social Governance	Low	Rare	unchanged	Low risk
Corporate security	Low	Possible	unchanged	Low risk
Information technology and information security	Low	Possible	unchanged	Low risk
Mergers and acquisitions	Low	Rare	unchanged	Low risk
Joint ventures and shareholdings	Low	Possible	unchanged	Low risk

[1] Risk classes 2023 transformed into risk matrix 2024

As of December 31, 2024 no material operational individual risks were identified within the risk fields. Individual circumstances are classified as material individual risks when they have at least a medium extent of loss and at least a possible probability of occurrence.

Risk classification matrix ESRS 2 GOV-5 36 b)



Customer and market

Customer satisfaction is the decisive criterion for our performance. We maintain close customer relations and, even as early as the offer phase, ensure that we focus on the needs and requirements of our customers to the greatest possible extent. Thanks to technical innovation and the ever-expanding breadth of our product portfolio, we can use our various sales channels to position further products with customers. Opportunities also arise through our generally long-term business relations and our global presence. At irregular intervals, we conduct customer satisfaction analyses so that we can identify and implement improvement potential.

Customer risks can result from the dependency on key buyers who use their negotiating power and increase pressure on margins. This can apply in particular to OEMs of Power Systems. The transformation of the automotive industry poses a further risk. As part of the energy transition, the shift in the vehicle drive mix toward electromobility has also advanced. Declines in demand or the loss of these customers can negatively impact the Rheinmetall Group's business and performance. This also applies in view of the weak sales of German and European carmakers and the only moderate growth in the Chinese car market. When competition is particularly intense, it might also be the case that we can no longer assert our target margins in order negotiations. We counter this risk on the one hand with the bundling of our civilian business under Power Systems and on the other hand by examining various German locations in the civil sector to see if they could be suitable for the production of components or products for the Weapon and Ammunition division, for example to manufacture cases for artillery shells (outer casings). »Business activities and markets

The main clients in the field of security and defence are national and international authorities. Risks lie in the dependence on spending patterns for public budgets in Germany and foreign customer nations. In general, this can lead to shifts and cuts in state budgets, which can also affect defence. Political, economic, commercial, regulatory and export control influences and changes in the armaments technology requirements of customer nations, along with budget restrictions resulting from strained budgetary situations, elections and the subsequent formation of governments or general financing problems on the part of customers, can result in risks in the form of delays in the awarding of contracts, time extensions or even the cancellation of orders. Risks also arise from increasing transatlantic competition. Moreover, there is tough international competition on export markets to which the Group has access.

The €100 billion special fund provided by the German government for the German armed forces to strengthen national and alliance defence and the shift triggered by the Ukraine war, there are still opportunities. However, in order to ensure a sustainable turnaround and to be ready for war by 2029, a further funding package from the German government is essential in order to meet NATO's 2% target. In this context, an increase in NATO's 2% target would be seen as an opportunity for Rheinmetall. The Federal Armed Forces Procurement Acceleration Act (Bundeswehrbeschaffungsbeschleunigungsgesetz) also provides opportunities to conclude contracts more quickly through simplified award procedures.

Rheinmetall continued to invest heavily in the expansion of production capacities and inorganic growth together with customers in the 2024 fiscal. This applies to existing plants, but also to investments in new plants in new countries in which we have not hitherto been based. By investing at an early stage, the Group is able to supply large quantities of ammunition and vehicles in particular.

When new business areas are opened up, misjudgments regarding customer requirements, resource deployment, price/margin targets as well as demand, market and competition developments are possible. Through structured analyses and processes with defined milestones from the idea to the commercialization of new business fields, Rheinmetall strives to minimize any associated risks.

The development of the Rheinmetall Group is closely linked with macroeconomic trends and drivers as well as economic cycles on a global level but also in the individual regions and countries in which we operate. It is not possible to completely avoid risks that arise due to economic cycles. A deterioration in statutory, regulatory and/or general economic conditions in the sales regions can adversely impact the sales and earnings situation of the Rheinmetall Group. Geopolitical or economic crises can affect overall global demand, regional markets or individual industries. The consistent alignment of business towards the major economic areas in Europe, the US and Asia reduces dependence on individual customer countries, thereby distributing the risk. The diversified product portfolio of the divisions and consistent internationalization of the Rheinmetall Group help to ensure that temporary economic fluctuations can be offset in part by more favorable developments in other regions and markets.

With advancing globalization and growing competition and market transparency, market risks are becoming more prevalent. Trends such as digitalization, artificial intelligence and the electrification of vehicles require disruptive technologies and lead to new customer requirements that were not anticipated or to which the response was inadequate. Global challenges relating to climate change, pandemic events, interstate conflicts, migration and resource scarcity can lead to changes in customer behavior. This can lead to changes in the portfolio and to fluctuations in prices, quantities and margins.

Focusing on technologically demanding market segments, product innovations, process improvements, production and capacity adjustments and strict cost management all contribute to strengthening competitiveness in each of the company’s industries and securing and building on the profitability of the Rheinmetall Group. In view of the technological progress in our industries as well as the transformation of our former automotive business into a long-term resilient and innovative civilian business, we continue to strive to develop new markets and customer groups in the civilian industries and security segments. This is particularly important in view of the current tense situation in the entire German and European automotive sector. Thanks to our broad international presence, we can respond to market and demand fluctuations and balance out developments in individual regions and industries.

Competition

Rheinmetall’s risk profile can also be negatively impacted by changes in the competition structure. Consolidation trends force competitors to merge, and new competitors can emerge through technological innovations. In their industry and security policies, some countries strive to create highly skilled workforces and a high degree of autonomy from imports. For us, this means building up our own capacities by increasing the percentage of local value added. Furthermore, where competition is fierce, we cannot rule out the possibility of being unable to achieve our margin targets. By systematically monitoring the competitive environment, Rheinmetall is in a position to respond to these changes early on. International partnerships and systematic localization concepts are part of the Group’s »Strategy) and, together with technological market entry barriers, serve to safeguard business.

Technology and development

Our innovative strength is a key success factor. We consider this to be the engine for profitable growth. The future market position, economic development and earnings situation of the Rheinmetall Group also depend on the ability to identify technological trends in good time, correctly assess their impact on operational business, to continually develop marketable new applications, products and systems and to bring them to market maturity within a short period of time. The sometimes long development lead times, continuously changing regulatory and technological framework conditions and intense competition are key factors contributing to the uncertainty regarding the economic success of current or future products. In particular, the changes in the global security environment pose new challenges for Germany, the EU, NATO and NATO-equivalent states. The current complex security threats necessitate a systematic realignment of security and defence policy for the next decade and beyond. The proclaimed turnaround is an expression of these current and future security threats.

In this dynamic environment, the Rheinmetall Group is a reliable partner, assumes responsibility and supports the short-term establishment and expansion of capacities in the provision of security, especially in the area of research and development. However, the successful, targeted and sustainable development of capacity will depend on consistent long-term continuation of the course taken by the politicians. Only then can the planning security required for the process be established on a lasting basis. This applies in particular to the commitment to NATO's 2% target as a lower limit for the defence budget. In view of growing global uncertainties, Germany's and Europe's increasing responsibility for their own security and, in particular, against the background of the expiring special fund, a departure from this objective would represent a potential risk.

In addition, Rheinmetall continuously analyzes the technological developments that emerge particularly in connection with the Ukraine war but also in other conflicts worldwide, such as the threat situation in the Red Sea, in order to identify potential capability gaps and eliminate these by way of targeted technological innovations. The fast pace of the developments observed also poses a challenge and necessitates rapid, targeted decisions.

Besides external factors and observations, the Rheinmetall Group invests in research, development and innovation to develop new, disruptive technologies and make them ready for use so as to ensure its own technological edge in the future, too. To this end, Rheinmetall also leverages synergies between the defence sector and the civilian sector in a targeted way in order to benefit from new ideas, innovative approaches, and fast civilian innovation cycles.

The transformation of the automotive industry regarding alternative drive systems is leading to new challenges. Global climate change in particular is encouraging a change in vehicle drives. The consequence of the corollary decline in vehicles with a combustion engine drive system is the declining market for classical products in the drive area for combustion engines. This transformation also generates potential as hybrid-electric, battery-electric or fuel-cell driven vehicles require electrically driven components and aggregates which can be integrated as needed. As a result of the generally increased share of electronics in these aggregates, this trend brings with it the opportunity of increasing the share of value added. Parallel to this transformation for drives, it is particularly digitalization in vehicles which offers an opportunity to bring new products and product functionalities to the market. On the other hand, this trend also harbors the risk that moving into digital technology and product segments requires high expenditure in establishing expertise for development and production. Furthermore, it should also be taken into account that products with a high share of digitalization generally have shorter product life cycles, which ultimately can result in high expenditure for adjustments, and thus amortization risks.

Misjudgments regarding future market developments or the development of products, systems or services that are not taken up by the market as expected as well as missed development deadlines, fundamental changes in customer demand that were not foreseen or responded to adequately, increased startup costs for new products or delays in launching innovations on the market can lead to a deterioration in our competitive and economic situation. However, intensive market and competitor monitoring and analyses, the market presence and customer proximity associated with international distribution structures as well as regular discussions with customers and suppliers make it possible for us to identify trends on the sales markets in good time and to align product strategies consistently towards new requirements.

Feasibility studies, profitability analyses, modern project management aimed at reviewing the criteria for technical and economic success, bringing the sales and development units closer together, the involvement of customers in the definition, design, development and testing of new products and safeguarding our technological position through property rights, especially patents, reduces possible R&D-specific risks such as misdevelopments and budget overruns.

Thanks to a balanced mix of short-, medium- and long-term projects in a well-filled research and development pipeline, we are making advances in new markets and technological fields and, in doing so, further safeguarding our technology positions. Further information on research and development activities can be found under »Research and development.

Rheinmetall's focus on developing new technologies and innovations outside the existing core business and bringing them to market maturity quickly is particularly on the technology segments of automation, unmanned systems, new sensor technology, artificial intelligence (AI) and new mobility. The latter is particularly supported by targeted activities in the field of electromobility and hydrogen technologies. Further details are presented in the »Research and development chapter.

Despite compliance with the processes and the use of state-of-the-art project management, monitoring and controlling measures, developing new products and launching new technologies and products entail risks in addition to changes to existing product portfolios. These exist not only in the actual design and development phase, but also during market launch, during which startup costs may be higher than expected or unscheduled delays may arise. Risks can also arise following market launch due to the potential need for technical improvements, which come to light only following use in real-life situations or through continuous operation.

Production and project implementation

Rheinmetall counters potential production risks by applying high technical, safety and process standards at its plants in line with the relevant risks. We ensure compliance with regulatory requirements for the product areas through internal policies and procedural instructions as well as by establishing, applying and continuously improving management systems. Our quality management systems have been certified in accordance with the internationally recognized ISO 9001, IATF 16949 and AQAP or EN 9100 standards for many years now, for example. Methods such as Six Sigma, lean management and failure mode and effects analysis (FMEA) are used to prevent quality risks. Appropriate insurance cover is in place for warranty, product liability and recall risks, which is reviewed periodically and adjusted where necessary. Wherever possible, the management systems are run as integrated management systems, meaning that the issue of quality is linked with other issues such as the environment, health and safety, and energy.

Risks could arise from capacity bottlenecks due to staff shortages, technical disruptions, excessive scrap levels, lack of demand availability as a result of failures or partial failures in the supply chains, or excessive reliance on individual production sites. These risks can be mitigated, however, through careful planning and continuous monitoring of the production processes in conjunction with flexible working hour models. Continuous improvement in production – for example, by simplifying processes or increasing the level of automation – helps to further increase production efficiency. The availability of production plants is ensured through preventive maintenance with accompanying checks and through investments and modernizations.

Production can, be impacted by natural disasters, disruptions in the infrastructure, delivery stops or technical failure. Rheinmetall takes this into account through appropriate Business Continuity Management (BCM). For potential damage and associated interruptions to operations or production downtime and for other conceivable loss occurrences and liability risks, insurance cover has been taken out to an economically reasonable degree to ensure that the financial consequences of potential risks are contained or completely ruled out.

Especially in the Vehicle Systems, Weapon and Ammunition and Electronic Solutions divisions, the scope of major projects, their duration over several years and their complexity can give rise to risks from the execution of projects, from planning, costing and implementation. These include not only uncertainty in calculations, but also unexpected technical and/or logistical problems, difficulties surrounding the fulfillment of product specifications, underestimations of the level of complexity (e.g. in technical implementation), project-specific additions and related cost increases, capacity and supply bottlenecks as well as quality problems with business partners or suppliers, unforeseeable developments during assembly and deferred dates of acceptance and settlement. These risks can only be minimized, but not entirely ruled out, through the technical expertise and longstanding project experience of the employees, professional project management, verification levels for each project stage and comprehensive quality management measures as well as the appropriate formulation of contracts.

Suppliers and procurement

The purchasing organization is controlled by the Chief Purchasing Officer (CPO). It is managed via a matrix structure. , with the procurement units in the divisions reporting to the CPO in functional terms while there are also central units in Procurement, such as Governance, ESG and Commodity Management, that cooperate with the divisions. One key element for managing this area is the Rheinmetall Group Purchasing Council (RGP Council). All divisions are represented on the RGP Council in order to improve Rheinmetall's market position with respect to suppliers and achieve better purchasing conditions. This ranges from optimized prices and improved payment and delivery terms to the optimization of the various stages of the supply chain. Another objective of the RGP Council is to transfer expertise and information and to ensure networking within the purchasing organization. Furthermore, regular exchanges in the RGP Council ensure that the purchasing organization is adapted to changing requirements and that both organization and processes are described in sufficient detail.

Within the overarching Group purchasing organization, the central "Governance, Processes and Tools" organizes procurement governance for the Group-wide purchasing organization in consultation with the CPO, defines the systems used within Procurement, and manages and supports measures and projects for improving and further developing processes and systems. Since January 2024, a Group Purchasing Committee has been established in which the relevant purchasing decisions are made with the involvement of CPO and Commodity Management. This ensures that the global purchasing strategies are taken into account in the supplier nominations in the divisions.

Risks can arise in connection with the purchasing of raw materials, parts and components by unexpected supply shortages, delays or bottlenecks in delivery, quality problems or rising purchase prices for intermediate products, raw materials and energy. This is countered through ongoing monitoring of the procurement markets, structured procurement concepts and the avoidance of dependence on individual suppliers. The careful selection of efficient suppliers, ongoing supplier reviews, precise specifications and quality requirements, reliability checks, medium- and long-term supply contracts, bundling of volumes to be procured within the Group, and appropriate safety stock levels reduce the risk potential. Ongoing optimization of our supplier circle can leader to more favorable purchasing conditions. If new suppliers possessing, for example, specialized innovative product knowledge are identified, our competitive situation may improve. Legal bans on substances and/or materials are faced by appropriate measures and cooperation with other specialist areas.

Bottlenecks in supply and sharp fluctuations in prices for raw materials involve significant risks. Price risks for raw materials, particularly aluminum, copper and nickel, are countered with cost escalation clauses in contracts on the sales side. When procuring raw materials that are traded on the stock market, the central Commodities Office manages the timing of purchases and the volume purchased in consultation with the operating units, making use of financial hedging instruments.

An inadequate energy supply for the Rheinmetall companies under cost-efficient conditions constitutes a risk for competitive production at the sites. Electricity and gas purchases in the Group are made in advance on a rolling basis over several years based on the medium-term planning. It is not possible to ensure complete hedging of fluctuations in the price of energy sources or to guarantee that increases in energy prices will be passed on to customers. However, we hold talks with our customers to make the development on the energy markets transparent and to establish corresponding safeguard clauses. Rising energy costs are countered by bundling procurement volumes and through coordinated invitations to tender, long contract durations and optimization of the energy price via the European Energy Exchange in Leipzig. Germany's energy turnaround is expected to lead to the expansion of electricity grids and a significant increase in the share of renewable energies. We believe that constantly rising electricity prices represent a risk – a development that could impact the international competitiveness of industrial companies. We have responded to this partly by investing in renewable energy generation ourselves now.

Crises represent a fundamental risk for supply chains. These can be geopolitical tensions, pandemics or natural events, among other things. We counter these by increasingly endeavoring to ensure transparency in the supply chain and making risk-minimized decisions based on this knowledge. A cross-disciplinary team was already set up in the previous year to respond quickly to changes in the situation and to prevent potential losses and damages due to disruptions in the supply chain.

In addition to general risks in our international procurement activities, country- and supplier-specific risks may also arise. This includes, for example, child labor, the conscious acceptance of environmental damage, or inadequate safety and working conditions. As part of Corporate Social Responsibility (CSR), such risks are ruled out with business partner reviews. Already in 2023, we introduced a system for analyzing human rights and environmental risks in our supply chain. This system forms the basis for the implementation of the German Supply Chain Due Diligence Act at suppliers. »Group Sustainability Statement

There is still no comprehensive easing on the global procurement markets. There are international capacity restrictions and trade barriers, as well as bottlenecks in the procurement of raw materials and energy supply. The geopolitical tensions pose additional risks with regard to the security of existing supply chains. Furthermore, global supply problems in the semiconductor market are ongoing. These can have an impact on both the procurement and sales side. These risks are being counteracted via interdisciplinary teams, the use of alternative and sound requirement forecasts. We also respond by procuring pre-components at an early stage, which are then temporarily stored. Rheinmetall is also exposed to logistics risks due to fluctuations in capacity, non-compliance with transport times and even interruptions in the transportation of goods for all modes of transport. These can have an impact on both transport costs and material availability.

Personnel

In a technology-oriented group such as Rheinmetall, the implementation of the ambitious growth-oriented corporate strategy, the achievement of financial targets and the sustainable economic success hinges on employees with an above-average level of qualifications and a number of experienced specialists from a wide variety of fields. A too high turnover of managers and employees in key positions can lead to a loss of key specialist knowledge and expertise. The ability to fill vacancies with excellently suited people and to respond to emerging needs in good time as part of succession planning is therefore of paramount importance in this phase of the company's development. The same applies with regard to the successful integration of the large number of people who are currently choosing Rheinmetall. »Group Sustainability Statement

We mitigate potential personnel risks, for example, by positioning Rheinmetall globally as a fair and attractive employer with a value-based corporate culture and by using target group-oriented personnel marketing to communicate our strengths to the outside world, in particular to younger people. Further elements to minimize risks include the establishment of a restructuring unit that is able to take action globally, the continuous development of competitive, performance-based pay with performance-based incentive systems, modern HR practices, and structured training and continuing education in specific disciplines and methods based on our competency model. As an international company, we also pursue a diversity-oriented HR policy. The success of these measures is reflected in the high number of applications from qualified people, the low fluctuation over the past few years and a relatively long average tenure within the company. We offer a variety of flexible working time arrangements and the option of working from home on a temporary basis, which are designed to promote a healthy work-life balance.

In light of an aging workforce and the potential resulting skills shortage, age structure analyses – in addition to key function analyses – are conducted at regular intervals as part of Generation Management; the results of the analyses are taken into account in forward-looking staff and department-specific succession planning and training activities. We counteract the demographic change in particular through funding suitable programs for young people, knowledge management and occupational health management organized on a Group-wide basis.

The Group companies face intense competition in attracting qualified employees. Our growth driven by innovation and the transformation of civilian business are changing the requirements for the available expertise in research and development as well as production. Our companies are already discovering that it is becoming more difficult to attract engineers with specialist knowledge in the fields of software and electrical engineering throughout the world. Generally, this situation will get worse as the pressure to innovate in the industry as a whole will increase.

Capacity adjustments, potential efficiency enhancement measures and possible restructuring or reorganization that may be necessary to safeguard long-term competitiveness often require a reconciliation of interests at operating level. We limit the negative impact of such measures on the workforce wherever possible and endeavor to make any job cuts that may become necessary in a socially responsible manner. We traditionally work constructively with employee representatives at our sites.

Finances

Rheinmetall’s business situation, financial position and performance are exposed to financial risks from operating activities. The main financial risks include liquidity risks, counterparty risks and market price risks arising from changes in interest rates, exchange rates or raw material prices.

To manage liquidity risk - the risk of not being able to meet existing or future payment obligations, not being able to meet them on time or only at high cost - all cash transactions are recorded, evaluated and aggregated centrally as part of corporate planning and monthly rolling twelve-month liquidity planning. The values calculated in this way are compared with the available financial scope to identify any potential financing gaps early on.

Scenarios such as catastrophe-related sales slumps and payment defaults, unexpected working capital requirements or reductions in credit facilities are simulated, taking into account worst-case scenarios. When determining the necessary financial scope, Rheinmetall takes great care to ensure that adequate reserves are held at all times.

Counterparty risks arise in connection with deposits, financing commitments or financial receivables such as positive fair values from hedging transactions, as a result of the relevant counterparty’s inability to pay or insolvency. Rheinmetall manages these risks through limit-based, creditworthiness-linked and widely diversified lending from commercial banks. Financial transactions are conducted exclusively with banking or insurance partners that have an investment grade rating from recognized rating agencies or comparable credit ratings. We attach great importance to ensuring that our business allocation is not only sufficiently diversified in terms of counterparties, but also spread at country level.

Default risks from the operating business can generally be assessed as low on account of the customer structure. In the case of large-volume or long-term business relations, potential counterparty risks are individually analyzed and managed by means of prepayments, milestone payments, guarantees, letters of credit or credit default swaps and special individual contractual frameworks. There are no customer or country dependencies that could jeopardize the continued existence of the Rheinmetall Group if they were to take a negative turn.

Interest rate risks arise from volatility on the money and capital markets. These can occur in two forms: Whereas fixed-interest financial instruments can result in fluctuations in fair values and thus to valuation effects that are of relevance to earnings, variable-interest financial instruments are subject to a cash flow risk, as future interest payments can fluctuate in terms of their amount. Both these forms tend to be of secondary importance for Rheinmetall, as the interest rates of the longer-term debt instruments used are already fixed in the original contracts themselves, while the cash flow risk from variable interest is offset by corresponding opposite cash positions in the Group.

Currency risks that Rheinmetall is exposed to in its global business operations can have an adverse effect on the operating result. The Group's risk management unit should therefore be involved early on in large-volume projects or long-term contract negotiations to prevent currency risks from occurring at all by formulating contract currencies or introducing cost escalation clauses. In currency management, simulation calculations are performed to derive hedging strategies and use suitable derivatives that reflect the different business structures of the divisions. Currency risks are identified and assessed by means of regular reporting.

Similar to hedging against interest rate and currency risks, risks from changes in prices are largely avoided in advance in contract negotiations for the procurement of raw materials or significantly restricted through the agreement of cost escalation clauses. In cases in which this is not possible, derivative financial instruments are used. This is the case, for example, for industrial metals and the energy sector. The strategic management of market price risks is carried out at regular financial committee meetings. Hedging decisions are made and documented there.

Regulatory or political interventions can impact the processing of international payment transactions. As a result, Rheinmetall may not be able to meet its contractual payment obligations, or only to a limited extent, and may not receive cash receipts from exports at all, in full or only after a delay. On the whole, this risk should be classified as insignificant for Rheinmetall and would be managed on a case-by-case basis if it should ever occur.

Taxes

Tax risks can result from changes in the legal or tax structure of the Rheinmetall Group or from assessment periods that are still open. The differing assessment of circumstances during audits can lead to claims on the part of the tax authorities. There is also a risk that the tax burden for the Rheinmetall Group may increase as a result of changes to tax legislation for individual countries or court decisions.

To identify and minimize tax risks at an early stage, we have set up a global tax compliance management system and taken organizational measures aimed at ensuring compliance with tax legislation. This system is developed on a regular and systematic basis.

Law

Legal risks can arise in relation to competitors, business partners or customers and as a result of changes to the legal framework in the relevant markets. Not only is the Group supported by detailed advice from its own specialist legal experts, but it also, depending on the case, consults external experts. Furthermore, potential losses, damage and liability resulting from ordinary operations are, wherever possible, appropriately covered by insurance policies or corresponding accounting provisions.

Our goal is to avoid litigation within the limits of what is economically reasonable. However, it is naturally difficult to predict the outcome of pending legal and administrative proceedings in the majority of cases. Costs can arise on the basis of adverse court or official decisions or the conclusion of settlements that are not covered or not fully covered by provisions or insurance policies and thus exceed the provisions that have been made. However, after a thorough review, we do not believe this will occur.

Regulatory and legislative changes at national or European level may involve risks that could negatively affect our earnings situation. This applies, for example, to new laws and other amended legal frameworks (e.g. relating to export controls) or through export restrictions in practice. Embargoes, economic sanctions or other forms of trade restriction could be imposed on countries in which we operate by the EU, the US or other countries or organizations.

Legal risks arising from the violation of legal regulations are avoided or reduced as far as possible within the context of the compliance management system.

Compliance

Compliance violations can cause many different types of damage and can have serious consequences such as the discontinuation of business relationships, exclusion from contract awards, negative assessments on capital markets, the imposition of fines, the absorption of profits, claims for damages, and civil or criminal proceedings.

Furthermore, compliance violations that have a high public profile always pose the risk of significant and lasting damage to the company's reputation. Customers, shareholders, employees, non-governmental organizations, rating agencies and also the general public could lose trust in the Group. The investigation and surveillance of suspected cases alone may result in considerable internal and external costs.

Compliance risks can occur in every area of the company. The aim of the compliance organization is therefore to ensure proper and compliant modes of conduct and behavior on the part of a company and its employees and to make sure that potential or actual infringements of external or internal regulations are responded to appropriately. Group-wide structures, stringent regulations and standardized processes are put in place as far as possible to prevent any liability risks, risks of a penalty or a fine and reputation risks, in addition to other financial disadvantages, loss or damage that the company may incur due to misconduct or violations of the law.

The regular execution of a Group-wide compliance risk assessment and additional regular and case-by-case risk analyses and assessments help to identify systemic and company-specific compliance risks. Measures to introduce or improve international or local structures, guidelines, processes, IT systems and training content are derived from this.

However, despite extensive and multi-level inspection and control mechanisms, the possibility of risks arising from unlawful activities of individual parties cannot be ruled out. Alleged cases are investigated actively. In investigative proceedings we cooperate with the relevant authorities. Proven misconduct results in consequences for those involved and – if necessary – to adjustments in the organization. However, the financial impact of compliance cases on the Group's results is very difficult to estimate. Depending on the case and the circumstances, a considerable range is to be assumed.

The introduction in 2018 of the EU General Data Protection Regulation (GDPR) required EU-based companies also to meet a whole range of obligations concerning data protection. Violations against this are subject to considerable sanctions. Among other things, fines of up to 4% of the Group's total global sales can be imposed. We have established a Group-wide data protection management system (DSMS) to ensure a structured, secure and as uniform a level of data protection as possible. It defines a range of functions and responsibilities and undergoes continuous improvement as part of a "plan–do–check–act" cycle. The effectiveness of the DSMS is monitored on an ongoing basis. Where legally prescribed, data protection officers are appointed in Rheinmetall. Our employees receive regular instruction and training in matters relating to data protection. The content of data protection training is adapted for individual departments in line with the specific requirements in their respective spheres of work. For new employees, this training is an important part of the induction process.

The introduction of the German Supply Chain Due Diligence Act (LkSG) in 2023 has resulted in new, additional due diligence requirements for Rheinmetall that are intended to ensure compliance with specific environmental and human rights standards. With the aid of appropriate risk management systems (for its own business unit and the supply chain), Rheinmetall ensures that the LkSG requirements are implemented in compliance with the law. The Group Social Compliance Officer also assumes the role of Human Rights Officer in accordance with the LkSG.

Public perception

In a time in which markets are interconnected and the flow of information is becoming increasingly globalized, communication is becoming ever more important to the company's success. Shareholders, customers, lenders, employees, the media and the public at large are informed regularly, transparently and quickly about our social and financial status, our key processes and changes as well as the latest news and developments.

In the course of a highly dynamic sustainability debate, the communicative presentation of a medium- and long-term corporate strategy based on responsible action is crucial for the perception and acceptance of the company by a broad public. Protecting and building a positive reputation as a central task of communications is considered essential in order to continue to be recognized and commissioned as a supplier and equipment provider to the public sector and to be able to survive on the money, credit and capital markets. In particular, the impact of our communications and other image-building measures on the general (media) public determines how we are perceived by politicians, administrators, and business and financial players.

Environmental, social, governance[ESRS 2 GOV-5 36 c)]

In addition to our products, compliance-compliant and law-abiding corporate governance is fundamental to us. In addition, measures to combat climate change and the respect and protection of human rights within the company and in the supply chain are of great importance.

Misconduct and non-compliance with legal requirements or the Group's own standards may have effects such as personal injury, environmental, property and reputational damage, production downtime and interruptions to operations, and the obligation to pay damages. This also includes the risk of releasing hazardous substances as a result of a failure in production, the obligation to remove contamination, and risks from the area of compliance with human rights and from potentially addressing these insufficiently. With our principles, standards and measures, we ensure that our requirements are communicated appropriately and implemented in the best possible way.

If we do not comply with the increasing regulatory requirements and fail to meet the expectations and requirements of governments, customers, investors, lenders and other financial institutions in the areas of environmental and social responsibility and governance (ESG) to the required extent or level of detail, this can have a negative impact on the Rheinmetall Group's business and earnings. Customers could refuse to award us contracts, private and institutional investors could refuse to include our company in their portfolios, and financial institutions could either refuse to grant loans or only grant them at increased costs. We counteract these risks by transparent ESG reporting (e.g. ESG Factbook, MSCI, ISS ESG, Sustainalytics, CDP Climate Change and EcoVadis).

Furthermore, the passing of legislation or regulations for the finance sector could cause institutional investors to restructure their portfolios and reduce or terminate their exposures in companies that operate in industries classed as critical. Possible sector exclusions (e.g. for the weapons and defence industry) could also limit our options to raise capital. Changes in the qualification criteria for inclusion or retention in the German DAX share index could also harbor risks for our company.

Business activities that touch on sensitive ESG topics may result in a negative response among stakeholders or trigger negative media reports, which could damage our reputation and jeopardize the achievement of our business goals. This impact could potentially be exacerbated by insufficient crisis communication.

Protecting human rights is part of our social responsibility. It is anchored in our Group guidelines such as the Code of Conduct, the Supplier Code of Conduct, the principles of social responsibility and the policy statement in accordance with the German Supply Chain Due Diligence Act. Rheinmetall aims to prevent the negative consequences of its business activities and in the supply chain impacting its ability to uphold human rights. In addition to the direct risk of sanctions, violations of our own commitments or of laws or corporate policies also entail strategic and operational risks and pose a reputational risk moreover.

At our locations, we are subject during our everyday business to a wide range of legal and regulatory requirements, any of which can be updated, developed or made stricter at ever shorter notice. This applies in particular to provisions relating to not only the environment, chemicals, hazardous substances and critical raw materials, but also occupational and health protection. This also includes regulations relating to air, soil and water pollution and waste disposal, all of which have recently been made stricter by new legislation, particularly in the EU and the US.

Adapting to new requirements could increase operating costs or require unscheduled investments. A whole range of different licenses and approvals are also required for our locations and factories and their provisions have to be met, which are subject to renewal, amendment, suspension and revocation by the issuing authority. Violations of relevant official regulations that apply to how we exercise our business activities or infringement of social, (occupational) safety and environmental standards could harm Rheinmetall's reputation and subsequently result in internal or external investigations, requirements, remediation obligations, claims for damages and, under certain circumstances, substantial fines or penalties. We actively counter these risks in various ways, including through high technical standards, integrated management systems and certification in accordance with international standards such as ISO 14001, ISO 50001, ISO 45001. A large amount of land owned by the Rheinmetall Group has been subject to industrial usage for decades. For this reason, it cannot be ruled out that contamination – for example as a result of production processes or processes to test munitions – has also been generated during this time that Rheinmetall is not yet aware of. Accounting provisions have been recognized for necessary measures to safeguard against or clean up identified pollution. The elimination of leaks or the clean-up of effects resulting from technical failure could give rise to direct costs for the company. It is possible that the relevant authorities may issue regulations that require costly clean-up measures. We counter potential environmental risks by implementing statutory environmental standards, certified environmental management systems, proper and safe storage of hazardous substances, and environmentally friendly disposal of waste and hazardous materials via certified service providers. At our different locations, special organizational units ensure that the relevant legislation and regulations are observed and that further technical options for mitigating environmental risks are identified. The tightening of environmental protection provisions and environmental standards could lead to additional unplanned costs and liability risks. For certain environmental risks, we have taken out liability insurance policies with coverage amounts that we consider customary and appropriate for the industry. Losses could be incurred from environmental damage that exceed the insured amounts or are not covered by insurance.

Risks attributable to climate change are currently already beginning to emerge. These can be chronic and acute physical risks such as the rise in average temperature, rising sea levels, extreme weather events, sharply fluctuating water levels, increasing heat waves and droughts affecting property. Transitory risks from climate change arise from cross-sector structural change due to the transition to a lower-carbon economy. They relate in particular to changes in the legal framework and tighter limits at national or transnational level. These include, for example, increasing efforts by legislators to introduce CO_2 pricing via emissions trading systems, to levy additional taxes and to tighten energy legislation. Climate protection measures also entail financial risks, for example due to increased energy and investment costs, emerging levies for CO_2 emissions or extended specifications for products. We are making a contribution to prevention with some of our products in civil business sectors and by successively reducing our CO_2 emissions as part of energy and carbon management. Environmental opportunities and risks with regard to the climate are analyzed and assessed each year as part of reporting to the British non-government organization CDP and are reported publicly to customers and investors.

With regard to the EU Taxonomy Regulation, we do not expect any additional risks, but also no significant opportunities. In accordance with this framework's requirements, we disclose the economic activities with which we contribute to reducing greenhouse emissions in the industry and the extent of their effects in this regard.

Corporate security

As a company that receives orders from the public sector, Rheinmetall AG sometimes gain access to a range of confidential information and material that are rated as "classified". They are thus subject to the confidentiality of nationally classified information. This places specific requirements on personnel and material protection measures, which vary depending on the degree of confidentiality. Material confidentiality comprises the technical and organizational precautions taken by the company to protect classified information. This includes measures with regard to the manufacture, labeling, processing, duplication, administration, storage, transport and transfer of classified information as well as for securing the IT systems used for this purpose (VS-IT). Access to classified information may only be granted to persons who have undergone a state security check to determine their reliability and who have subsequently been granted a classified information authorization.

As a globally operating technology group and producer of armaments, Rheinmetall AG is exposed to risks due to intentional damage such as cyber attacks, espionage or sabotage. These risks are amplified by the role of our company as a close partner of Ukraine in its ongoing defence against the Russian Federation. This also results in personal safety risks. Due to its strategic agenda of becoming the world's leading economic, industrial and military power by 2049, the People's Republic of China also poses security risks. Although these are currently mainly focused on the area of espionage. The central division works closely with the relevant security authorities to analyze the risk landscape and the measures to be derived from this. A location-specific combination of personnel and organizational measures involving various structural and mechanical property protection and electronic monitoring systems is designed to prevent unauthorized persons from accessing the company premises and/or buildings/building sections and potentially endangering employees, business partners and visitors or even causing them harm.

The personnel, organizational, electronic, structural and technical safeguarding measures that we recommend to protect our employees, facilities and confidential information as well as our intellectual property can only mitigate these risks. Raising our employees' awareness of existing risks and possible countermeasures is therefore an important issue for us. Against the backdrop of the heightened security situation, Corporate Security therefore massively expanded the auditing of security measures at the locations throughout the Group in the reporting year, developed and communicated recommendations for action to close identified gaps and rolled out more awareness measures. Nevertheless, security incidents that do occur can have a negative impact on our access to public sector contracts as well as our reputation and competitiveness. In response to these cases, Group Security has taken organizational and regulatory precautions for crisis team work.

Potential risks associated with business trips and business stays abroad (e.g. health risks and security risks through criminality or terrorism) are countered primarily through preventive measures. Current information on the security situation in the target countries is evaluated and professionally assessed. Travel warnings or even travel bans issued by the Group management could be the result. To provide our employees with not only detailed security, safety and medical advice but also all the support they need before, during and after business trips, we work together with the International SOS organization, which runs a global network supporting business travelers and expatriates in the event of illness, accidents, civil unrest or other incidents occurring abroad.

Information technology and information security

In terms of availability, confidentiality and integrity, information and data are constantly exposed to growing threats.

The organizational and IT networking of locations and complex systems, as well as the growing need for remote access for customers and employees, give rise to risks. In addition, the use of new forms of technology (e.g. cloud technology, software-defined networks) presents opportunities that entail further risks. The use of licensed or self-created software can also harbor potential risks if the license agreements, which are subject to constant amendment, are not observed.

Disruptions to or the failure of application-critical IT systems, IT applications and infrastructure components can severely restrict the management of business and production processes and cause serious harm to the business. External influences or incorrect programming and operation or even manipulation can also expose data to the risk of being falsified, destroyed, spied on or stolen. Blackmail attempts through the installation of ransomware can repeatedly be seen in the press. As a result of its commitment to strengthening Ukraine's defence capabilities, the Rheinmetall Group sees itself increasingly threatened by state or state-subsidized cyber criminals.

Due to the continuously growing dangers, we as a company find ourselves confronted with significantly increased regulatory and legislative requirements. The company's protection requirements grow continuously alongside its success and the evolving political situation.

Due to regular investments and security updates, the installed software and hardware meets the latest technological standards from the Group's perspective. Appropriate back-up and recovery procedures are also implemented, along with virus scanners and firewalls to avert risks.

We are also strengthening our processes and technologies for monitoring our networks and systems so that we can identify anomalies or attacks early on. The technical configuration, functional security structures and efficient operation of the IT architecture are reviewed on a regular basis with competent service providers certified to ISO 27001 and are continuously improved and adapted to the changing regulatory and legislative requirements. The level of protection is implemented and operated uniformly for the entire Rheinmetall company across all divisions. Ensuring the availability, reliability and confidentiality of data is a top priority. In addition, process harmonization is required in some areas of the business to provide a further basis for standardization and harmonization of IT in the future. New business areas are continuously being transferred to the Rheinmetall standard in order to establish a uniform level of protection.

The extensive IT insourcing program launched in the 2021 fiscal was continued in 2024. The continued aim of the program is to once again offer all core IT areas of expertise in full within the company in the medium term. Establishing new structures can temporarily result in additional risks. Furthermore, there is a conflict within IT between establishing operability and growth. The planned and ad-hoc resource requirements push the focus onto operability. In view of current resource availability and business requirements, the focus is on operational reliability. Core action areas here include transition, stabilization and IT governance.

Mergers and acquisitions

Acquisitions remain an important element of the Group’s ongoing internationalization and growth strategy in order to improve and expand its market positioning, supplement existing business and penetrate new segments.

The largest acquisition in fiscal 2024 is the strategic acquisition of vehicle specialist Loc Performance in the USA. The company operates both as a diversified full-service provider for military customers and in the civilian sector and operates under the name American Rheinmetall Vehicles. In particular, the company is the OEM for most military land vehicle track systems in the USA. With this acquisition in the USA, Rheinmetall is expanding its market position in the largest defence market in the world and is strengthening its position in the competition for high-volume large orders in the USA as well as its core business in the field of land vehicles for military customers worldwide. The acquisition substantially strengthens Rheinmetall's existing offering and will be integrated into Rheinmetall’s internal supply chains, among other things, in the maintenance, repair and in the increase in value of military combat vehicles.

Furthermore, divestments of individual business units in the civilian sector have also been driven forward as part of active portfolio management. The transaction agreed on December 18, 2023 between Rheinmetall and Comitans Capital AG, Munich, for the sale of the small-piston unit business was closed on April 15, 2024. Hereby Rheinmetall is completing the disposal of the Pistons division, which is classified as non-core business, in conjunction with the Group’s repositioning. It is thereby pursuing its strategy of focusing on new areas of technology and alternative drive systems in the future with regard to its civilian activities.

Transactions are subjected to a risk/opportunity analysis in accordance with strategic specifications and guidelines using standardized processes, such as extensive due diligence procedures, and evaluated from a risk/return perspective. When necessary, we involve external experts and consultants in the transaction processes. Furthermore, we ensure that contracts are designed in a way that is commensurate with the risk, in particular by obtaining warranties of specific properties or guarantees and by agreeing purchase price mechanisms and liability clauses or taking out appropriate insurance policies. Despite a careful approach, it is always possible that some acquisitions do not ultimately come to fruition – for example, due to regulatory obstacles. Following approval proceedings carried out over several stages, the Executive Board and/or, depending on whether the transaction volume exceeds defined value thresholds, the Supervisory Board of Rheinmetall AG decide on the implementation of the acquisition or divestment project. Acquisitions always harbor business risks because they inherently entail a range of imponderables arising from the integration of new employees, technologies, products and processes. The integration process could, for example, prove to be more difficult, time-consuming and cost-intensive than originally expected. We have put in place the structures and processes required for ensuring the smooth integration of companies and work, for example, according to a standardized post-merger concept. Our many years of experience with the successful integration of companies also serve us well.

It may also be the case that the acquired company does not fare quite as well following integration as was originally hoped or that the targets, synergy potential and cost-savings that the acquisition was expected to bring about are not, or only partially, achieved. During the implementation phase of synergies, there is a risk that the effectiveness and efficiency of existing processes may temporarily not be guaranteed to the usual extent. In addition, risks can arise in connection with the activities of newly acquired companies that were either not previously known or not considered significant. Acquisitions can also negatively impact the debt ratio and financing structure and lead to an increase in assets and divestments, including goodwill. Difficulties may result primarily from impairments of goodwill due to unforeseen business developments. Furthermore, such transactions may well result in considerable acquisition, administration and integration expenses.

Joint ventures and shareholdings

In the current fiscal year, the 50:50 joint venture between Rheinmetall and Leonardo founded on October 14, 2024 is particularly noteworthy. The main objective of the joint venture is the industrial development and subsequent marketing of the new Italian main battle tank (MBT) and the new Lynx platform for the “Armored Infantry Combat Systems (AICS)” program as part of the Italian Army's land systems programs. The joint venture located in Italy will act as primary contractor and system integrator for the two major Italian programs in the field of infantry combat vehicles and will define the roadmap for Leonardo's possible participation in the future European Main Combat System (MGCS).

In addition to improved access to growth markets and new technologies, joint ventures and shareholdings help to leverage synergy effects and improve cost structures so that we can, for example, confront the competitive situation more effectively. Financial obligations or additional financing requirements may arise from the acquisition of a shareholding or the establishment of a joint venture or from their business activities. Joint ventures and shareholdings always harbor risks because it is impossible for us to counter any potential negative impact on our business by exerting sufficient influence over corporate governance processes or business decisions. Joint ventures also harbor risks associated with the integration of employees, technologies, products and processes. Likewise, strategic alliances can entail risks because, in certain areas, we might find ourselves in competition with the same companies with which we are also collaborating. Any necessary portfolio or structural measures could result in additional financing requirements.

Risks affecting Group companies can result in reductions in earnings in the single-entity financial statements of Rheinmetall AG as the parent company. If there are profit transfer agreements or loss-sharing arrangements in place, these reductions in earnings can arise directly from the assumption of losses incurred by the Group companies. Furthermore, loss of assets or a deterioration in future prospects at the Group companies can result in impairment losses.

OPPORTUNITY MANAGEMENT

Opportunity management in the Rheinmetall Group

In order to achieve the company's goals, it is important to systematically identify opportunities at an early stage and exploit the associated potential for success in order to achieve sustainable growth in dynamic markets. To this end, market, industry and technology trends are continually monitored, including as part of integrated strategy and planning processes, and target markets are analyzed intensively and assessed in terms of their strategic and economic significance for the Rheinmetall Group’s areas of business.

To identify and initially assess opportunities and success potential, the operating units are closely linked with functions at Group level, including Corporate Strategy and Development, Digitization and Research, Technology and Innovation. At a functional level, a structured process has been established to specifically identify new opportunities and technological potential, evaluate them in a structured manner and transfer them to business areas that can be commercialized via program management. The operating units are involved in this process at a very early stage in order to increase the probability of success of the business ideas and to support the projects and programs during implementation.

Potential for current business operations is managed, among other things, in regular review sessions between the Executive Board and the heads of the divisions and central departments. Based on an examination of structured assessments of market, industry and competition data, discussions focus on economic, market, industry and sales developments as well as the competitive situation and technological trends. The next step involves defining strategic initiatives and operational measures that are aimed at realizing the potential opportunities that have been identified. This can entail a reallocation of budgets that are provided for exploiting opportunities. In addition, the opportunities that arise are logged and evaluated as part of the forecast prepared three times a year.

Opportunities and potential success deemed strategically important for the medium and long term are included in the three-year medium-term corporate planning on the one hand and, on the other, discussed at the annual Group-wide global strategy meeting, the semi-annual product planning day and division strategy meetings for periods beyond this horizon, where they are assessed and prioritized in terms of their significance for future business development and assigned a budget if necessary.

As a technology group, we follow and promote continual product and technology innovations and their modifications. This is associated with a diversification of our product and service portfolio and the development of new and dynamic markets with the aim of acquiring new customers as well as supporting existing customers with growing challenges and encouraging their confidence in technology.

Opportunities due to increasing defence spending

Triggered by the military conflict between Russia and Ukraine, NATO nations in particular are expected to increase their defence spending further. The conflict has not only led to individual countries in Western and Eastern Europe supporting Ukraine with the delivery of armaments from their own inventories. It has also increased the willingness to improve the quality and quantity of equipment for its own armed forces, particularly with regard to military capabilities for national and alliance defence. In the short and medium term, this will result in a rising number of new, additional armament procurement projects that offer great business potential for Rheinmetall as one of the most important European armed forces suppliers. The latest geopolitical developments will further intensify this trend and thus further increase the business potential for the Rheinmetall Group.

Opportunities in increased ammunition demand and stockpiling due to changes in the global security situation

The changes in the global security situation and the war in Ukraine are leading to significantly increased short-term ammunition requirements, as well as a long-term increase in demand. The immediate demand for ammunition and explosives has thus risen substantially. In particular, demand for stockpiling necessary materials for high-intensity conflicts continues to rise, creating sales potential. These increased demands are exceeding current manufacturing capacities, which can only be met by expanding local production capacities. In addition, global supply shortages necessitate further relocation and insourcing of ammunition supply chains. Rheinmetall has the necessary access to customers and orders to realize its potential. With the acquisition of Expal Systems S.A.U., the planning of new plants in Ukraine, Lithuania and Romania, each as a joint venture and the new construction of the “Lower Saxony” plant in Unterlüß, production capacity can be further expanded, particularly in the rapidly growing market segment of the artillery and mortar ammunition, thus enabling additional demand to be met. In addition, explosives and components for rocket artillery will also be manufactured at the Lower Saxony plant in particular. The weapons, ammunition and propulsion systems business makes a significant contribution to the company's success and has been Rheinmetall's core business since the company was founded.

Internationalization and geographical opportunities

The Ukrainian, US and Italian defence markets in particular represent significant market development opportunities for Rheinmetall. Strategic cooperation between Rheinmetall Landsysteme GmbH and the Ukrainian state-owned company Ukrainian Defence Industry formed the basis for further developing the market and strengthening the Ukrainian defence industry. The 50:50 joint venture with Leonardo, founded in 2024, is of great importance to Rheinmetall in the context of the geopolitical situation, for equipping the armed forces in a manner appropriate to the task – and thus for security in Europe. Rheinmetall is expanding its position in the world's largest defence market through the strategic acquisition in 2024 of vehicle specialist Loc Performance in the United States.

In the US, the world's largest defence market, Rheinmetall has achieved significantly growing business successes. In the period from 2021 to 2024, Rheinmetall Defence achieved a growth rate of 225% in sales in the us, primarily due to participation in the pioneering OMFV (Optionally Manned Fighting Vehicle) and CTT (Common Tactical Truck) projects. XM30 Mechanized Infantry Combat Vehicle (formerly OMFV) is a US Army program to replace the M2 Bradley infantry fighting vehicle. The CTT solution will replace the fleet of heavy and medium wheeled logistics vehicles.

Rheinmetall's new developments from the "Next Generation Vehicle Platforms" defence sector, "Next Generation Ammunition" (indirect fire, Next Gen Ammunition) and "Mission Systems of the Future" will open up additional potential markets for Rheinmetall.

With regard to the automotive markets, Rheinmetall intends to continue to optimize its business activities geographically in line with market requirements.

Opportunities due to automation and digitalization of armed forces

Apart from the additional business potential resulting from increasing defence spending, there are significant opportunities for Rheinmetall, in particular from soon-to-be achieved technology leaps in the areas of automation, robotics, AI, networking, miniaturization, cybersecurity and digitalization at our customers in the security services area. In this respect, Rheinmetall has created structures that identify such technology, market and customer trends at an early stage and have them integrated into in-house research and development projects.

In the portfolio there are already a large number of innovative high-tech solutions for the armed forces of tomorrow. Examples include AI-supported assistance systems for soldiers on deployment, complex simulation solutions, autonomous system solutions for interference-free and fully automated communication or drone defence systems. To supplement its automation portfolio, Rheinmetall is developing autonomous and remote-controlled unmanned ground and air systems which are supplemented for the battlefield on the basis of digitalization solutions. For example, Rheinmetall is further expanding its leading role as a partner for the digitalization of armed forces by the in January 2025 increased to 51% stake in blackned GmbH, which is still subject to approval by the Federal Cartel Office. Blackned is a specialist in mission-critical communication systems for the digitalization and networking of land forces. With this majority interest, Rheinmetall will be in an even better position in the future to implement the end-to-end nature of the tactical information and communications network as well as the chains of effect within the system network.

Opportunities due to fleet renewal

Vehicle Systems is excellently positioned to successfully participate in the tenders for large medium- to long-term military vehicle programs and thus to prospectively provide one of the largest military vehicle fleets worldwide. With a view to the European market, we assume that there will be approximately 4,000 heavy tracked vehicles and over 6,000 medium wheeled and tracked vehicles. In addition, demand for anti-aircraft vehicles is increasing. Against this backdrop, we expect a demand of over 700 Skyrangers. Particularly noteworthy in this regard is the target market of Italy, where we expect a total market potential of €23 billion, with approximately 1,050 medium-sized tracked vehicles and approximately 270 heavy tracked vehicles. In view of the European fleet regeneration in the field of logistical vehicles, we are also assuming over 20,000 trucks. In the United States, we are assuming over 4,000 XM30 armored personnel carriers with a market potential of €43 billion. Fleet regeneration is also on the agenda in the United States in the field of logistical vehicles, involving tens of thousands of units The CTT program is intended to replace trucks that have been in use since the 1980s in some cases. In light of this, we estimate that there are approximately 40,000 trucks with a market potential of €15 billion. Due to the worldwide fleet renewal and the associated increase in the number of Rheinmetall vehicles in service, we also expect a significant increase in service business. In addition, there has been strong growth in demand in the artillery segment, with a market potential of up to €10 billion for the United States alone

This potential, as well as the underlying vehicle quantities, is likely to increase further in Rheinmetall's relevant markets under the impact of the war in the East of Europe and the associated global increase in defence budgets.

Opportunities due to consolidation of the defence market

Other growth opportunities may arise for Rheinmetall as a result of the potential consolidation process in the European defence market. These may occur as a result of targeted acquisitions of products and/or technology on the basis of company acquisitions and strategic cooperations that enable more rapid regional market access.

Opportunities due to conventional drives

The combustion engine is subject to increasingly stringent national and international regulations regarding the emission of pollutants, especially climate-damaging carbon dioxide. This will require ever more complex solutions and, in turn, additional and more sophisticated components. Rheinmetall offers a large range of innovative and competitive components and systems which take account of these rising demands. These include divert-air valves, wastegate actuators and pressure control valves for exhaust gas turbochargers as well as specially coated plain bearings and engine blocks, and variable oil, coolant and vacuum pumps.

The area of the spare parts business for combustion vehicles also opens up further international potential, since it can be assumed that the average vehicle age and combustion vehicle inventory will increase by about 2030.

Opportunities due to expertise in lightweight construction

In parallel with the transition toward electromobility, lightweight construction methods will play an increasingly important role. Rheinmetall offers a wide range of lightweight cast components such as aluminum structural and chassis parts and also holds a strategic investment in Carbon Truck & Trailer GmbH, a startup specializing in the development and production of innovative supporting components made from carbon-fiber-reinforced plastic. With this expertise, Rheinmetall is helping global automotive manufacturers to achieve the increasingly stringent CO_2 targets and to shape the path to sustainable electromobility.

Opportunities due to electrification

We also see significant growth opportunities in the area of electrification. Rheinmetall is positioning itself specifically in the area of developing future-oriented solutions that support the transition to alternative drive systems and environmentally friendly technologies. Rheinmetall wants to contribute to sustainable mobility with innovative concepts and at the same time meet the requirements of the market. Examples of this include a joint venture with the company Polycharge, in which new types of high-voltage capacitors are being developed using NanoLam® technology. In addition to a wider range of applications, they offer significantly increased efficiency, particularly in the field of electromobility. On the other hand, the Rheinmetall charging kerb - an innovative solution specially developed for the urban environment. This technology makes it possible to integrate charging infrastructure discreetly and easily into the cityscape. Charging kerbs have already been installed very successfully in some cities in North Rhine-Westphalia.

Opportunities due to digitalization in the civil area

Rheinmetall is also focusing on digitalization as a key driver of future developments. The strategic partnership with Germany's largest biometrics company Dermalog, allows for a unique market position and promotes innovative solutions in the areas of automotive vehicle interiors (driver monitoring and in-cabin sensing applications), security (facial recognition) and industry (access solutions). This shift towards digitalized processes and products strengthens Rheinmetall's market position and opens up new opportunities for growth and expansion.

Opportunities in the area of ecological and economic sustainability

New drive systems, driven by synthetic fuels, electricity or hydrogen will also play a major role in military vehicles in the future. With its expertise in the civilian business, Rheinmetall can generate extensive synergies here for developing military vehicles. Furthermore, the assessment across the entire life cycle from development, including operations right up to recycling, secures additional opportunities for both ecological and economic sustainability.

Opportunities due to hydrogen technology

The hydrogen technology field is an important element of our strategy. As a proven technology partner, Rheinmetall has been contributing to the optimization of hydrogen use for many years and thus acting in the interests of the desired energy transition – both for vehicles of various categories and for stationary systems. Alongside the secure production and distribution of hydrogen and data security for the hydrogen infrastructure, our commitment will also continue to focus on alternative drive systems and on the fuel cell system itself. Rheinmetall already has technologies and products that are necessary for the further development of tomorrow's energy. The spectrum extends from renewable power generation to the production, storage and distribution of hydrogen and its use. As part of Germany’s national hydrogen initiative, Rheinmetall AG is an industrial partner to the Innovation and Technology Center for Hydrogen Technology in Duisburg. The Power Systems division develops innovative solutions for Rheinmetall to support industry with high-quality hydrogen products. Rheinmetall has now assumed a leading role in the field of recirculation blowers, cathode valves and coolant pumps for fuel cell systems.

CONTROL AND RISK MANAGEMENT SYSTEM ACCOUNTING-RELATED

Internal Control System

Rheinmetall's internal control system aims to ensure the correctness of financial reporting, the security and efficiency of business transactions, and the compliance of all activities with laws and guidelines. An effective and efficient internal control system is crucial to successfully managing risks in our business processes. The internal control system at Rheinmetall goes beyond controls in the accounting process.

Rheinmetall's internal control system (ICS) is based on the internationally recognized ICS framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and auditing standard 982 of the Institute of Public Auditors, Germany (IDW PS 982). The focus of the ICS at Rheinmetall is on appropriate and effective internal controls to ensure proper and reliable financial reporting. In addition to the separation of functions and the application of the principle of dual control, this primarily includes appropriate monitoring measures in the context of period-end closures as well as fixed asset, accounts payable and accounts receivable accounting. However, the ICS at Rheinmetall goes beyond financial reporting in that it also encompasses an effective control environment to ensure compliance with the internal and external legal regulations relevant to the company and the optimization of the effectiveness and efficiency of business activities by increasing the degree of automation and digitalization.

As a central department that is independent in terms of instructions in line with a guideline promulgated by the Executive Board, Internal Audit uses a systematic and targeted approach to examine workflows, structures and policies at Group companies and the Group headquarters for their correctness, effectiveness and economic efficiency on the basis of an audit plan adopted by the Executive Board. The audit plan establishes the focal areas for the risk-oriented audit activities and the scope of the audits to be performed. These are then implemented by Rheinmetall employees or auditing companies as mandated by Rheinmetall AG. If necessary, the Executive Board will also commission Internal Audit to conduct special audits on an ad hoc basis. Risks identified and weaknesses discovered during audits are promptly eliminated by those responsible in each case. The central Internal Audit department follows up on the implementation of the corresponding improvement measures. The Executive Board and Audit Committee of the Supervisory Board are regularly informed of the results of the audit and of the implementation status of improvement measures.

The Governance Risk and Compliance Committee, which comprises the heads of Legal, Compliance, Internal Audit, Accounting, and Controlling and Risk Management, also deals with the implementation, management and compliance of internal processes at its regular meetings. The Executive Board also addresses the company's risk situation at its monthly Executive Board meetings as part of update reports on the business situation. For our assessment of the appropriateness and effectiveness of the risk management system and the internal control system, please refer to the remarks under »Corporate governance statement.

Internal control system in relation to accounting

The Rheinmetall Group's internal control system related to the accounting process includes all principles, procedures and measures which ensure, by both organizational and technical means, that all business processes and transactions are recorded in the accounting system promptly, accurately and consistently. In addition to defined control mechanisms, (e.g. manual coordination processes and technical coordination processes for systems), this includes the separation of administrative, executive, settlement and approval functions together with guidelines and operating instructions. Changes to the economic, legal and regulatory environment of the Rheinmetall Group are analyzed to determine whether adjustments to the accounting-related control system are necessary.

Accounting guidelines – Our IFRS accounting guidelines cover all the regulations of the International Financial Reporting Standards (IFRS) that are of relevance to Rheinmetall AG. They explain the IFRS regulations and specify accounting procedures. The guidelines must be observed by all companies included in the consolidated financial statements, thereby ensuring standardized accounting. The accounting guidelines are reviewed at least once a year and amended where necessary. Companies are informed about specific changes to guidelines. The content of the guidelines is the responsibility of the main Accounting department of Rheinmetall AG.

Accounting processes in companies included in the consolidated financial statements – It is the responsibility of the management of the respective companies to prepare the financial statements of companies included in the consolidated financial statements. The accounts and financial statements are prepared using SAP-based accounting systems (SAP-FI). Procedures, such as document checks for formal and material correctness, the separation of functions and IT-based plausibility checks, are implemented in the accounting process to ensure the correctness of the accounts and financial statements. The management of each Group company monitors compliance with IFRS accounting guidelines and other guidelines and operating instructions in force across the Group. The management must confirm the correctness of the financial statements in a corresponding declaration.

Consolidation and Group accounting process – The main Accounting department of Rheinmetall AG is responsible for central management of the Group accounting process. It stipulates the schedule for the consolidated financial statements and monitors compliance with deadlines.

The consolidated financial statements of Rheinmetall AG are drawn up with the aid of the consolidation software SAP SEM-BCS. A standardized, binding chart of accounts is incorporated into this system, which covers virtually all the information required for the IFRS consolidated financial statements of Rheinmetall AG. The individual companies record the financial statements prepared in accordance with IFRS accounting guidelines in the consolidation software. After this IFRS single-entity financial statement data is recorded, it then undergoes an automatic plausibility check and system-based validation. If error or warning messages are displayed during this process, these are to be analyzed and dealt with by the person responsible for the single-entity financial statements. Employees in the main Accounting department then perform additional automatic and manual checks. The manual and automated consolidation measures undergo system-based checks and automatic plausibility checks.

The consolidated financial statements are also audited on the basis of standardized reports using comparisons of target and actual performance, trend and deviation analyses and detailed evaluations. A check is carried out every quarter to ensure the completeness of the scope of consolidation.

The auditors examine the consolidated financial statements and the combined management report to determine whether they comply with applicable accounting regulations and other relevant provisions. The auditors check whether the IFRS accounting guidelines have been applied to the financial statements prepared for consolidation purposes and establish the correctness of the annual financial statements prepared in accordance with applicable accounting principles. The audit procedures performed by these auditors include both IT general controls over transactions (ITGC) on a sample basis and an assessment of the effectiveness of the accounting-related internal control system.

ASSESSMENT OF THE GENERAL RISK AND OPPORTUNITY SITUATION

Assessment of the general risk and opportunity situation

Potential risks for companies in the Rheinmetall Group include, on the one hand, factors that cannot be influenced, such as the national and international economy and the general economic situation, and, on the other, risks that can be influenced directly, which are generally operational risks. The aforementioned risks are not necessarily the only risks to which the Rheinmetall Group is exposed. Risks that have not yet been identified or that are still deemed insignificant can materialize under altered circumstances, hinder business activities and adversely impact the assets, financial situation and earnings of the Group. Our business policy is geared towards maintaining and expanding our current business liberties and financial flexibility. The goal is to ensure the long-term and economically successful existence of Rheinmetall for the benefit of all stakeholders. Opportunities that present themselves must be identified early and systematically and the accompanying potential for success must be exploited. Overall, the Rheinmetall Group assumes that the outlook for opportunities is good, particularly thanks to the German government's declared intention to increase defence spending significantly. The war in Ukraine is also expected to lead to further increases in defence budgets and business opportunities for Rheinmetall in other European countries.

As part of its audit of the consolidated annual financial statements, the auditor, Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, Düsseldorf branch, examined the early risk identification system of the Rheinmetall Group to ensure that it complies with the requirements of Section 91(2) of the German Stock Corporation Act. In accordance with the basis outlined for the assessment of risk factors and taking into account the overall risk situation, major asset, financial and earnings risks jeopardizing the Rheinmetall Group on a long-term basis were not identifiable during the past fiscal year. Compared with the previous year, the overall risk situation of the Rheinmetall Group did not change significantly in fiscal 2024, despite price increases, for example for raw materials and energy. A large part of these cost increases were hedged using price adjustment clauses. The assessment of the overall risk situation is the product of consolidated consideration of all individual material risks. We are confident that the risks presented are limited and manageable. In our opinion, as of the end of the reporting period, no risks exist from today's perspective on an individual basis, in combination with other risks or as a collectivity that may significantly jeopardize the continued existence of Rheinmetall AG and the Rheinmetall Group as a going concern in the foreseeable future.

REPORT ON EXPECTED DEVELOPMENTS
ECONOMIC OUTLOOK

Global economy set for another year of only moderate growth – momentum waning slightly

Global economic momentum will remain subdued in the current year 2025 and continue to develop little momentum according to the forecast of the International Monetary Fund (IMF). However, recessionary tendencies, as were increasingly feared last summer in view of disappointing economic data in the USA, are unlikely. Rather, production in the services sector is likely to continue to increase significantly, while the manufacturing sector is not expected to gain momentum until later in the year. In view of the robust labor markets in many places and the slow decline in inflation, private consumption is likely to be the main pillar of the economy on the demand side. However, investments remain on an upward trend and should gradually be stimulated by further interest rate cuts.

Growth of the US economy will, according to the IMF forecast, most likely weaken to some extent in 2025, with GDP growth of 2.7%. President Trump is expected to take a business-friendly, neo-liberal approach to the US economy, accompanied by lower corporate taxes and less government regulation. Nevertheless, private consumption in particular is likely to lose momentum, as the labor market is no longer as favorable as before. The growth in real wages and especially in employment has recently declined. Growth of 1.1% is expected for the eurozone in 2025 and thus a slight economic upturn. The further easing of monetary policy will gradually stimulate the economy. The construction industry in particular will pick up again somewhat, leading to an increase in demand for intermediate goods. While monetary policy easing essentially stimulates investments, consumer spending is likely to benefit from real wage increases. In Germany, gross domestic product is expected to grow by only 0.3%. The slight recovery is being driven by rising private consumption, which is being supported by significant growth in real disposable income. German foreign trade should also pick up again somewhat over the next two years. China is expected to see moderate GDP growth of 4.6% in 2025. The ailing real estate market, weakening consumer demand and the strained financial situation of local municipalities are preventing more dynamic growth. After a growth in global economic performance of 3.2% was achieved in 2024, it is also likely to only increase moderately by 3.3% in 2025 and therefore gain only slightly any growth momentum. In 2026 the global growth rate is in turn expected to recover to a level of 3.3%.

Lower inflation rates for 2025

According to IMF projections for the global inflation rate in 2025 currently average 3.9%. In 2024, global inflation was still significantly higher at 5.7%. Germany is expected to see a slightly lower inflation rate of 2.3% in 2025. An inflation rate of 5.9% is expected for the emerging and developing countries and near 2% for the industrialized countries. For 2026, experts expect global inflation to weaken further to 3.5%.

Strengthening of defence capabilities is even more clearly in the political spotlight, especially after the Munich Security Conference and due to the new US administration

In view of the current geopolitical risks and the uncertainties regarding future developments in this context, global defence spending is expected to amount to $2,563 billion this year, according to forecasts by Jane's Defence Budgets (JDB). It will therefore significantly exceed the forecast made before the Ukraine war and reach a level 3.6% higher than that of the previous year (previous year: $2,475 billion).

In particular, the reactions to the war in Ukraine, but also, in particular, the results of the Munich Security Conference in February 2025 and the announcements of the new US administration will lead to higher increase in defence spending in Europe. The other geopolitical trouble spots are a further cause for the global trend towards further increases in defence spending. Jane’s forecasts expenditure of $479 billion for Europe in 2025. According to the draft budget, Germany's defence spending is projected to rise to a record high of roughly €75 billion in the current year. Of this amount, €53.25 billion originates from the regular defence budget and a further €22 billion circa stems from the German armed forces’ special fund for military procurement. The exemption of defence spending above 1% of gross domestic product when calculating the debt brake, which has been discussed by German politicians since the beginning of March 2025, would likely lead to a further increase in Germany's defence spending as early as 2025.

Although European defence budgets will see significant growth rates in 2025 on the whole, North America and Asia-Pacific remain the regions with the highest defence spending this year at $947 billion and $626 billion, respectively. In the US, experts anticipate defence spending of $920 billion in 2025, after $931 billion the year before. China is expected to increase its spending to $292 billion this year, after spending $272 billion last year.

The experts from Jane's Defence Budgets (JDB) will continue to see further growth potential in the years ahead. They expect global spending of $2,604 billion in 2026. By 2030, global defence spending is expected to grow to $2,756 billion. For the US, Jane’s expects spending of $933 billion in 2026. In Germany, the experts foresee spending of circa $80 billion next year.

Defence budgets of selected countries

$ billion	2025	2024	change (%)
Global	**2,563.4**	**2,475.0**	**3.6%**
USA	920.4	931.1	-1.1%
China	291.5	272.3	7.1%
Russia	144.0	122.8	17.3%
India	75.9	76.8	-1.2%
Saudi Arabia	72.5	68.0	6.6%
Great Britain	78.8	77.8	1.3%
Germany	77.8	75.5	3.0%
France	64.2	61.7	4.1%
Australia	41.2	39.2	5.1%
United Arabian Emirates (UAE)	29.9	28.1	6.4%
Poland	30.1	33.2	-9.3%
Canada	27.0	22.4	20.5%
Algeria	24.1	21.6	11.6%
Netherlands	22.8	21.8	4.6%
Norway	10.2	10.1	1.0%
Hungary	5.3	5.2	1.9%

Source: Jane's Defence Budgets (JDB), as of January 10, 2025

Modernizing the armed forces – Rheinmetall is ready to meet current and future needs

In its military business, Rheinmetall still expects to receive stable orders in 2025, partly from the defence budget for the German armed forces. Rheinmetall considers itself well positioned for orders in connection with the procurement of tactical and logistic vehicles and for orders from the Air Defence sector. As Germany's largest defence technology group, Rheinmetall anticipates a strong demand in 2025 due to the existing backlog and modernization requirements of the German armed forces and from the international environment due to an increased need for security.

Only slight growth in global car production expected

The automotive industry continues to face major challenges. In the midst of a period of moderate macroeconomic conditions and acute political risks in key sales markets, the industry must now make a timely switch to electromobility, reorganize production processes accordingly, diversify sales markets, and continue to drive digitalization.

Due to this initial situation, IHS Markit analysts expect global production of passenger cars and light-duty commercial vehicles up to 6.0 t to decrease slightly to 88.7 million units in 2025. This puts production volume 0.4% below the comparable figure for 2024, in which roughly 89.1 million vehicles left the assembly line.

With regard to automotive production in the NAFTA region, IHS Markit is forecasting a decline of 2.4% in 2025, with a fall of 3.0% in the USA and production in Canada expected to shrink by as much as 8.1%. In contrast, a production increase of 0.9% is expected for Mexico.

IHS also expects lower production in Western Europe. where their experts project a 5.7% decline in production in 2025. In Germany, a decrease of 2.3% is expected. A strong increase of 8.2% is expected for France, while a significant decrease of 13.7% is forecast in Spain. According to IHS Markit's forecast, the United Kingdom will see a significant decrease of 13.6%, and production in Italy will decrease by 8.2%. In Central and Eastern Europe, production volume is expected to decrease by 2.0%.

In Asia, IHS Markit is forecasting a slightly higher production volume in the region of 0.9% for 2025. For China, the forecast predicts a minimal increase in production of just 0.1%, and production in Japan will fall by 0.3% in 2025. For the Indian automotive market, growth of 3.8% is estimated for 2025.

Production of passenger cars and light-duty commercial vehicles up to 6.0 t in selected countries

mio units	2025	2024	change (%)
Global	**89.4**	**88.8**	**0.7%**
Western Europe	9.9	10.2	-2.9%
Germany	4.2	4.2	0.0%
Central- and Eastern Europe	4.1	4.1	0.0%
USMCA	15.3	15.5	-1.3%
USA	10.0	10.2	-2.0%
Mexico	4.1	4.0	2.5%
Canada	1.2	1.3	-7.7%
Brazil	2.5	2.3	8.7%
Asia	55.9	55.0	1.6%
Japan	8.0	7.9	1.3%
China	29.8	29.5	1.0%
India	5.8	5.6	3.6%

Source: IHS Markit, as of January 6, 2025

Transformation of the automotive industry – Rheinmetall well-positioned with products for electromobility

In 2025, the trend towards electromobility is likely to continue at least on a global level. The regulatory requirements of policymakers regarding stricter CO_2 limits are already prompting automotive manufacturers to expand their share of electric vehicles in production. Despite the macroeconomic uncertainties, Rheinmetall is confident that it will be able to participate in the market opportunities arising from the increasing electrification of drive systems in 2025.

With its innovative systems and components for electromobility, Rheinmetall is extremely well positioned for this. At the same time, Rheinmetall continues to contribute to the optimization of the combustion engine. Rheinmetall also expects orders on a noteworthy scale in the future, especially in the area of fuel cell technology, which will have a role to play in the medium term, particularly for commercial vehicles.

In addition, Rheinmetall is examining the possibility of converting production at two German plants, in Berlin and Neuss, to weapons production.

RHEINMETALL GROUP EXPECTATIONS

Sought-after system partner for modern defence technology – increasing growth momentum

In the area of security and defence, Rheinmetall is an important system partner in matters of modern defence technology for the German armed forces and for the armed forces of a large number of Germany's partner countries. This is demonstrated by numerous sales successes in recent years, which have moved up Rheinmetall's annual order intake and order backlog to a new quantity level and forms the foundation for sales growth over the new few years. Due to the announcements by many countries that they will be increasing their defence budgets in the wake of the war in Eastern Europe and geopolitical uncertainties in other parts of the world, and against the backdrop of the German government's declared intention to make more funds available for German armed forces equipment projects in the future, growth momentum is likely to increase further. With its international network of locations for munition and vehicle plants, Rheinmetall has sufficient production capacity to react to additional orders in a flexible fashion.

In addition to the German armed forces, which will remain Rheinmetall's most important individual customer in the years ahead in the wake of the announcement of the increase in German defence spending, we have also established ourselves as a preferred partner of local armed forces in additional "home markets" as part of our internationalization strategy. »Significant events

Rheinmetall focuses on growth opportunities outside the traditional combustion market

With its products and innovations, Rheinmetall is well positioned for the further optimization of the combustion engine as well as for alternative drive systems and electromobility. In this context, at its Neuss site Rheinmetall has established a modern technology and industrialization center for mobile, and also for stationary, hydrogen technology applications. In addition to the safe production and distribution of hydrogen and data security for the hydrogen infrastructure, the focus will be on the fuel cell system itself.

EXECUTIVE BOARD STATEMENT ON EXPECTED DEVELOPMENT IN FISCAL 2025

Macroeconomic uncertainty continues to shape the development of general economic conditions

As of the beginning of fiscal 2025, numerous risk factors and thus a relatively high degree of unpredictability apply in regard to the economic situation at the national and international levels. Geopolitical risks in particular remain at a high level. In addition to Russia's ongoing war of aggression against Ukraine, the trouble spots in the Middle East, among other things, continue to create a high potential for conflict. The development of the Chinese economy also continues to pose a significant downside risk to the global economy. Furthermore, potential tariff restrictions imposed by the Trump administration in the US pose risks for the global economy. In the context of this general situation and the resulting potential risks for business development, Rheinmetall is also facing forecast uncertainties with regard to sales and earnings development in the 2025 financial year.

General conditions for security technology remain positive, only slow recovery in the automotive markets

We still consider the general conditions for our defence activities to be highly stable and positive. In the light of actual or potential conflicts, the modernization or replacement of military equipment is still ranked as a priority in many of the countries we supply. In view of the ongoing military conflict in the Ukraine and potential conflicts in other parts of the world, investments in national security are becoming more important in many places. This is reflected particularly in the increased, and in some countries, further increasing defence spending. Our expectations of a continued growth trajectory in business with products for military and civilian security services are based on this and on the historically high order backlog in the area of defence technology.

In contrast, the automotive markets that Rheinmetall supplies continue to face comparatively high volatility risks. In line with expert forecasts, we currently expect international automotive production to show a slightly positive trend in 2025.

Rheinmetall Group Forecast for 2025: Sales growth with increasing return expectations

Based on the current market outlooks, we anticipate significant sales growth and anticipate a rising operating margin combined with an improved operating result in fiscal 2025.

For the Rheinmetall Group, we expect sales to increase by 25% to 30% in fiscal 2025 (fiscal 2024: €9.8 billion). Based on this sales forecast, Rheinmetall anticipates an improvement in the Group’s operating result and on operating return on earnings of ~15.5% in the current fiscal 2025 - including Holding costs (return on earnings for fiscal 2024: 15.2%).

The market potential, particularly in the markets that are especially relevant for us in Europe, Germany and Ukraine, will continue to improve due to the geopolitical developments in recent weeks. Our outlook does not yet take into account all the opportunities arising from this. We assume that the 2025 group outlook will develop correspondingly more positively as the respective requirements become more specific.

We will – in line with current developments – make adjustments to our forecasts as the year progresses if necessary.

Development of segments in fiscal 2025

For the Vehicle Systems segment, we anticipate a considerable increase in sales of 30% to 35% during fiscal 2025, supported in particular by the continued production of the Lynx infantry fighting vehicle for the Hungarian customer and further deliveries of swap body systems for various customers as well as ring exchanges (segment sales in 2024: €3,790 million). The operating margin is expected to range from 12% to 13% (segment margin in 2024: 11.2%).

Due to the very good order situation and increasing sales in the core business (ammunition), we expect sales to grow by 30% to 35% in the Weapon and Ammunition segment during fiscal 2025 (segment sales in 2024: €2,783 million). The operating margin is expected to range from 27% to 29% (segment margin in 2024: 28.4%).

For the Electronic Solutions segment, we anticipate considerable sales growth of 35% to 40% in 2025 (segment sales in 2024: €1,726 million), based on supplies for the major system projects of the Vehicle Systems segment and on business with international customers of our air defence systems and associated follow-on deliveries of components. The operating margin is expected to be in the range of 13% to 14% (segment margin in 2024: 12.6%).

For the Power Systems segment, we expect sales in the current fiscal year to be at the previous year's level (2024 segment sales: €2,084 million) due to the challenging situation and based on the development of international light vehicle and truck production forecast for 2025 and the continued growth of the aftermarket business. The operating margin is expected to range from 4% to 5% (segment margin in 2024: 4.2%).

Development of other Group key performance indicators and control variables in fiscal 2025

In terms of operating free cash flow (OFCF) from continuing operations, we expect to achieve a cash conversion rate (CCR) of >40% of operating result during fiscal 2025.

For the Management Holding Company Rheinmetall AG, a positive annual net income of €450-550 million is expected in fiscal 2025 (annual net income in 2024: €447 million).

Rheinmetall Group – forecast business performance in 2025 (before possible effects from a changed geopolitical situation)

		2025	2024
Sales			
Group	€ million	sales growth 25% - 30%	9,751
Vehicle Systems	€ million	sales growth 30% to 35%	3,790
Weapon and Amunition	€ million	sales growth 30% to 35%	2,783
Electronic Solutions	€ million	sales growth 35% to 40%	1,726
Power Systems		on previous year level	2,038
Operating result margin			
Group	%	operating result margin around 15.5%	15.2
Vehicle Systems	%	operating result margin 12% to 13%	11.2
Weapon and Amunition	%	operating result margin 27% to 29%	28.4
Electronic Solutions	%	operating result margin 13% to 14%	12.6
Power Systems		operating result margin 4% - 5%	4.2
Cash Conversion Rate			
Group	%	Cash Conversion Rate >40%	70.7

GROUP SUSTAINABILITY STATEMENT
GENERAL DISCLOSURES

Basis for preparation

General basis for preparation

The present non-financial Group Sustainability Statement – hereinafter referred to as Sustainability Statement – involves all business activities and was approved in accordance with Sections 315b, 315c in conjunction with 289c to 289e German Commercial Code. The European Sustainability Reporting Standards (ESRS) of the European Commission are used as the reporting framework for the Sustainability Statement. The principle of consistency is broken through by the first-time use of the ESRS. The Sustainability Statement is not subject of the audit of the consolidated financial statements and the combined management report of Rheinmetall AG. A limited assurance engagement was conducted by the auditor.

The Sustainability Statement is prepared on a consolidated basis. The scope of consolidation of the Sustainability Statement corresponds to the scope of consolidation of financial reporting. Joint ventures over which no operational control is exercised are excluded. For Loc Performance Products, LLC, which was acquired on 29th November 2024, quantitative data for the period of affiliation with the Group is part of this declaration. In the case of acquisitions within the fiscal year, existing guidelines are successively replaced by Rheinmetall guidelines, supplemented with content or remain in place due to local laws or requirements.

The double materiality analysis and the Sustainability Statement based on it cover all phases of value creation, both upstream and downstream in the Rheinmetall Group's value chain.

Disclosures in relation to specific circumstances

Information on deviations from the time horizons and estimates is presented in the chapter climate change with regard to the periods within the scope of the climate risk analysis and estimates of CO_2 figures.

Governance

The role of the administrative, management and supervisory bodies

The Executive Board and the Supervisory Board together with their committees are the central administrative, management and supervisory bodies of the Rheinmetall Group. The detailed composition and further information on the diversity of the Supervisory Board can be found in the chapter ››Corporate Governance Statement. The committees of the Supervisory Board and their responsibilities as well as the role of company management to monitor, manage and supervise the impacts, risks and opportunities are also explained there, as well as the expertise and experience that form the basis for entrepreneurial decisions. Information on the determination of goals of the Executive Board can be found in the ››Remuneration Report.

The Executive Board of Rheinmetall AG, which comprised three members at the end of 2024 - Armin Papperger, Dagmar Steinert and Dr. Ursula Biernert - Kloß is the management body of the Rheinmetall Group. The Executive Board consists of 66.7% women. On January 1, 2025, Mr. Klaus Neumann was appointed to the position of Chief Financial Officer. Also since January 2025, the Executive Board now consists of four members in order to meet the challenges of the future and to provide the company with a secure organizational basis for solid and profitable growth. In addition to the roles of Chief Executive Officer, Chief Financial Officer and Chief Human Resources Officer, the function of Chief Operation Officer has been established in the person of Mr. René Gansauge. The Executive Board is responsible for the Group’s strategic orientation and development and for setting and monitoring corporate targets. The divisions, each with their own management and responsibility for their global business operations, are directly managed by the Executive Board. The Executive Board is responsible for the introduction and further development of adequate management, control and monitoring processes, including the risk management system, internal control system, internal auditing and compliance management system and the allocation of resources.

The divisions are equipped with all the necessary functions and report to the Executive Board members on current business developments in regular target-setting, review and strategy meetings as part of the strategies, targets and guidelines determined by the Executive Board, and discuss with them not only strategies and targets but also operational and economic measures. The respective management bodies of the subsidiaries are responsible for operational management of their units. They are supported in their tasks by the service and support functions that have been set up within the management holding company.

The Supervisory Board, which consists of 16 members and is based on joint representation in accordance with the provisions of the 1976 German Codetermination Act, appoints, advises and monitors the Executive Board.

The Supervisory Board consists of 31.3% women and 50% independent members. The group of represantiatives of shareholders consists of 100.0% independent members. The Executive and Supervisory Boards work together closely, constructively and in an atmosphere of trust in order to ensure the continued existence of the company and create sustainable value added. Rules of procedure are in place for both boards, containing regulations on the composition, tasks, responsibilities and areas subject to approval.

Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

At Rheinmetall the responsibility for sustainability lies with the Executive Board as a whole. In consultation with the responsible central department Corporate Social Responsibility, the Executive Board sets the strategic framework for sustainability activities. In cooperation with the divisional sustainability officers and the Executive Board, the Corporate Social Responsibility department bundles and coordinates the respective ESG requirements. From this, it develops the sustainability strategy aligned to the Group strategy and derives the resulting fields of action, measures, targets and indicators.

The Corporate Sustainability Board, which was established in October 2021 and meets every six months, consists of the members of the Executive Board, the CEOs of the divisions, the heads of Corporate Social Responsibility, Accounting, Controlling, Compliance, Strategy, Purchasing, Human Resources, Corporate Communications, the Head of Investor Relations and the Chief Technology Officer, among others. The Corporate Sustainability Board deals with relevant impacts, risks and opportunities, current regulatory developments and trends in the ESG area, as well as the challenges they pose for Rheinmetall.

The members of the Supervisory Board deal with current ESG developments, with their importance for the corporation and its stakeholders and the resulting future challenges and opportunities in various committees.

The Audit Committee, which met five times in 2024, discusses the scope and depth of current and future regulatory requirements and their implementation, as well as the processes and internal controls implemented in collecting the data required for reporting. The audit committee also deals with the risk management system and compliance.

The Strategy, Technology and ESG Committee deals with the strategic further development of the company. The committee advises and monitors the Executive Board with regard to determining business strategies for sustainable development of the company and to establishing processes for planning, implementing, assessing and adjusting strategies, including from an ESG perspective. The committee met twice in 2024.

The Personnel Committee deals with the consideration of ESG objectives in remuneration systems. As part of the Executive Board's remuneration, it defines the ESG criteria, their target values and target achievement ranges on an annual basis and assesses the respective degree of achievement of the non-financial targets. In 2024, it convened seven times.

The management bodies are informed about relevant impacts, risks and opportunities in regular committee meetings, in M&A processes, in the offer approval process and in risk controlling and are therefore in a position to evaluate the results and effectiveness of policies, actions and targets. This also serves to incorporate the significant impacts, risks and opportunities into general decision-making, strategy and risk management processes. The Supervisory Board is informed of risks above a defined threshold on a quarterly basis and is involved on an ad hoc basis above a higher, defined threshold. Further details can be found at ››Risk and opportunities.

The involvement of the Executive Board as the management body and the Supervisory Board as the supervisory body in committees and bodies is based on the statutory provisions as well as the regulations in the company's Articles of Association, the rules of procedure for the Executive Board and the Supervisory Board and, ultimately, the internal Group regulations.

Information on the inclusion of sustainability-related benefits in incentive systems is presented in the chapter ››Remuneration Report.

Risk management and internal controls over sustainability reporting

The scope, the main features, the approach used for risk assessment, and the method for prioritizing risks can be found in ››Risk and opportunities. The most important identified risks, including mitigation strategies and associated controls, are also listed there. The ››Risk and opportunities also explains how the Rheinmetall Group integrates the results of the risk assessment in relation to the sustainability reporting process into relevant internal functions and processes and regularly communicates them to the administrative, management and supervisory bodies.

The internal controls implemented for sustainability reporting are continuously expanded in combination with organizational security measures and integrated into the Rheinmetall Group's internal control system. The starting point here is the existing internal controls within energy management by means of questionnaires and random sample-based checks in order to remedy the risk of insufficient data quality in particular. In future, reporting on the controls associated with sustainability reporting to the administrative, management and supervisory bodies will be integrated into the regular process of the internal control system.

The interaction of the risk management system, the internal controls and the double materiality analysis in the context of sustainability reporting is shown in the following figure.

Interaction of risk management, ICS and double materiality analysis

Strategy

The Rheinmetall Group's business model, as well as its products, markets and customer groups, are presented in the Chapter ››Business activity and markets of the annual report.

Sustainability-related product targets and assessments for individual products can be derived from the Rheinmetall Group's segments Vehicle Systems (VS), Weapon and Ammunition (W&A), Electronic Solutions (ES) and Power Systems (PS). These are presented in the Chapter ››EU Taxonomy.

The sustainability-related elements of the corporate strategy can be found in the chapter ››Strategy of the annual report.

The number of employees in the Rheinmetall Group is divided into the following regions:

Employees[1] by region

Headcount	12/31/2024
Germany	15,130
Other Europe	8,244
North-, Middle- and South America	2,585
Asia and the Near East	1,080
Other regions	2,283
Rheinmetall Group	**29,322**

[1] Not including apprentices, dual students, working students and interns

The Rheinmetall Group's value chain comprises all essential steps required for the development, production and marketing of technologies and products in the areas of defence technology, civilian and dual-use products.

The first step of the value chain is research and development. In the defence technology product range, the focus is on the development of new weapons systems, ammunition and military vehicles. In addition, electronic systems are developed for both defence technology and the civilian sector. In the procurement and raw materials management step, the company procures materials such as metals, electronic components and chemical substances from national and international suppliers. The production and manufacturing step includes the production of military vehicles such as Boxer and Lynx, tanks, air defence systems, drones, ammunition and protection systems. In the spectrum of civilian goods, Rheinmetall manufactures engine parts, pumps and exhaust aftertreatment systems, among other things. In the logistics and distribution step, Rheinmetall must comply with specific export regulations in the defence technology sector that are defined by the regulatory environment of this market. In the civilian spectrum, on the other hand, the company meets the usual logistics requirements of an automobile supplier. Marketing and after-sales services include the provision of maintenance services, spare parts and upgrades. Rheinmetall also offers technical advice and training programs to provide customers with comprehensive support. The previously mentioned phases are based on the performance of the employees of the Rheinmetall Group. In the final step, the focus is on recycling and service life. Rheinmetall is committed to extending the service life of its products and offers corresponding solutions in the field of defence technology.

In the civilian product range, Rheinmetall focuses on efficient drive systems, reducing emissions and researching alternative technologies such as electromobility. As a customer for these products, the automotive industry consists of a complex network of globally active players. A distinction is made between original equipment manufacturers (OEMs), first-tier suppliers and second- and third-tier suppliers. Manufacturers and suppliers are closely linked in working together to develop and produce vehicles. Automotive manufacturers have been working for some time on anchoring economic, ecological and social objectives vertically, i.e. across all stages of the value-added chain. These include respect of international ESG standards and ESG frameworks, reduction of carbon footprint in production, a higher proportion of recyclable material, responsible use of substances and materials, and future carbon-neutral products.

In defence technology, supply chains are characterized by very complex military structures. The high proportion of specific materials and processes combined with a broad product portfolio leads to a high proportion of single sourcing, also because only a few companies throughout the world completely manufacture or command the very specific products and processes. In the defence technology industry, switching to new suppliers is very costly, both from a financial and time-related perspective. The qualification of products carried out by military authorities is linked not only to the performance of the product itself but also to the manufacturing process, manufacturing location and suppliers. A change of suppliers therefore automatically results in costs for requalification. The procurement business in the area of ballistic protection has the characteristics of a project, i.e. it is characterized by intermittent production by our suppliers. This requires a high number of quality assurance measures. Furthermore, specific legislation, such as the War Weapons Control Act, the Foreign Trade and Payments Act and the International Traffic in Arms Regulations (ITAR), to cite just a few, must be taken into consideration when procuring defence technology.

Interests and views of stakeholders

Our key stakeholders include our customers and business partners, shareholders, lenders & investors, employees, suppliers, the public, politicians, the authorities and nature as a silent stakeholder. Each of these stakeholder groups is involved through selected employees who are in regular contact with the respective stakeholders. Nature is taken into account by means of scientific data, studies and analyses. The formats of the exchange with the stakeholder groups are shown in the following figure.

Formats of exchange with the key stakeholders

Group of Stakeholders	Formats of dialog
Customers and business partners	Close contact and intensive consultation with customers, open dialog, customer events, trade fairs, corporate communications media and customer surveys
Shareholders, creditors and investors	Annual General Meeting, capital market conferences and roadshows, analyst and investor meetings, financial ratings, financial communication, investor relations online portal and capital market days, other
Employees	CEO letter, personal discussions, employee survey, internal media, dialog and information events, annual management conference, company suggestion scheme, employee newspaper, works council committees and seminars
Suppliers	Dialog with suppliers, supplier conferences, supplier development, supplier audits and supplier surveys
The public	Public provision of comprehensive information, communication, websites in German, English and other national languages, user-specific services and download options
Government and public administration	Parliamentary evening, representative offices in Berlin, Koblenz and Brussels, among other places, political talks, trade fairs

Through dialog with our key stakeholders, we identify their needs with regard to sustainability for the Rheinmetall Group in order to align our sustainability activities accordingly.

The results of the exchange with the key stakeholder groups are an integral part of our double materiality analyses. The close contact we maintain with our customers and business partners is aimed at long-term successful partnerships. The exchange with our investors and shareholders can provide important insights for the sustainability positioning of the Rheinmetall Group. In addition, our annual employee surveys serve to identify the needs of our own workforce. Viable solutions are to be developed in consultation with politicians and administrators. The results of the exchange formats described inform the administrative, management and supervisory bodies about the views and interests of the key stakeholder groups.

Material impacts, risks and opportunities and their interaction with strategy and business model

The following impacts, risks and opportunities were identified in conjunction with the strategy and business model as part of the double materiality analysis. Due to different perspectives on actions already taken, the risks listed here may differ from those in chapter Risks and opportunities.

The following material impacts, risks and opportunities for the Rheinmetall Group were addressed by the administrative, management and supervisory bodies in the fiscal year:

E1-Climate change

- Scientific studies have shown that greenhouse gas emissions accelerate climate change. Rheinmetall emits greenhouse gases in the categories Scope 1, 2 and 3 as part of its business activities.
- The transition to renewable energies poses a challenge for all stakeholders. Potential energy price increases as part of the transition to renewable energy sources can lead to rising costs.
- Physical climate risks can cause possible consequences at Rheinmetall sites, such as damages to buildings, production facilities and infrastructure. The consequences of climate change can also include increasingly difficult access to resources, for example due to the interruption of supply chains.

E2-Pollution

- Rheinmetall and the upstream and downstream value chain can potentially have a negative impact due to possible leaks and spills of refrigerants, oils and lubricants, solvents and other substances into the soil.

S1-Own workforce

- The positive influence of Rheinmetall extends to the topics of secure employment, training and skills development, appropriate remuneration, data protection and the prevention of violence and harassment in the workplace. The positive effects on employees and their working conditions include dialog with employee representatives and trade unions, respect for freedom of association and the conduct of collective bargaining.
- Equal opportunities, anti-discrimination and diversity in the workplace are core topics for the HR department. Despite its best efforts, Rheinmetall has only limited insight into the specific needs of people with disabilities, as in many countries it is voluntary to disclose a health restriction. Rheinmetall proactively addresses the potential challenge of shift work necessary for operations by focusing on health and safety, flexible working time models and the reconciliation of work and private life. Transparent remuneration structures and the inclusion of job-specific and individual parameters serve to avoid a pay gap.
- Rheinmetall does not tolerate child or forced labor. Although there may be a risk of corresponding human rights risks in some countries in which Rheinmetall operates, Rheinmetall is not aware of any cases in its own area of activity. This confirms the effectiveness of the concepts, measures and controls.

S2-Workers in the value chain

- The purchase of materials for which raw materials are mined in countries with existing human rights risks can have potential negative impacts on workers in the value chain.
- Potential human rights violations within the deeper supply chain can pose risks.

S4 Consumers and end-users

- Rheinmetall ensures a high level of safety for end users (e.g. soldiers in the armed forces) with its innovative products in the field of protected vehicles and complementary protection systems for military applications, thus increasing the personal safety of end users overall.

G1-Business conduct

- Rheinmetall does not tolerate any damage to its reputation as a result of illegal or unethical behavior. The whistleblower system enables anonymous complaints and thus contributes, for example, to the fight against corruption.
- The Supplier Code of Conduct defines the rules for working with suppliers in order to minimize human rights and environmental risks, among other things.
- Rheinmetall is promoting employee knowledge in various subject areas, such as key aspects of corporate culture, the prevention of corruption and bribery, and the reduction of the risk of cyber attacks, by means of training measures, guidelines and internal information dissemination.
- Possible risks can arise from corruption, from damage caused by cyber attacks or from the vulnerability of supply chains.

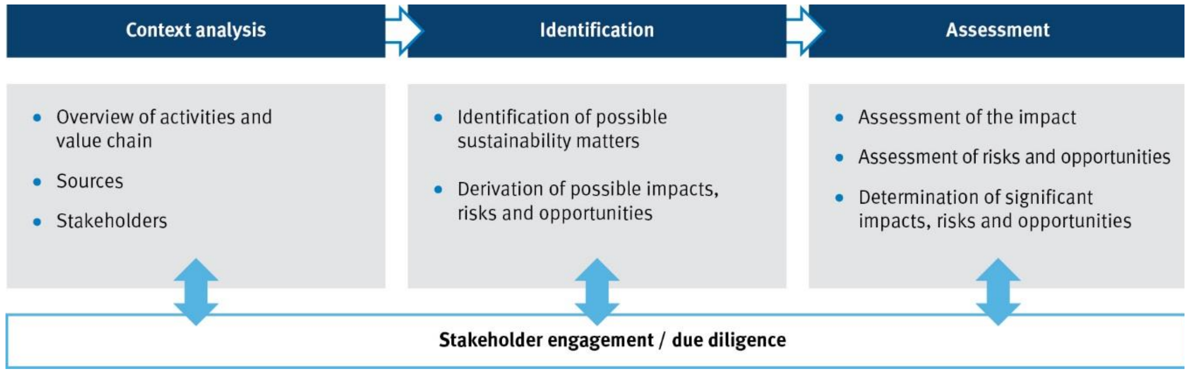
Managing impacts, risks and opportunities

Description of the processes to identify and assess material climate-related impacts, risks and opportunities

Together with the ESG managers of the segments and internal stakeholders, the Sustainability department of the Rheinmetall Group has developed the material topics for the Group as part of sustainability reporting.

To identify the material topics for the Rheinmetall Group, a double materiality analysis was carried out for the first time, which will be reassessed annually in future. This “double materiality” stipulates that impacts on people and the environment must be considered as well as the financial impact on the company. Relevant for the materiality analysis were, on the one hand, Rheinmetall's own business activities at Rheinmetall sites worldwide and, on the other, the entire value chain of the products. The approach chosen corresponds to the combined bottom-up (segment) and top-down (Group level) measurement and is based on EFRAG's Implementation Guidance 1. The materiality analysis is based on the context analysis. In addition, no assumptions are made. The results of the analysis form the basis of the Sustainability Statement.

Method of double materiality analysis



An important part of the context analysis, identification and measurement steps was the regular involvement of technical experts for decision-making, consultation with internal stakeholders for decision-making and internal review of decisions at the beginning, middle and end of the process and, finally, the approval of the Rheinmetall Group's Executive Board as the control instance.

Contextual Analysis

An overview of the activities and business relationships of the Rheinmetall Group was created as part of the context analysis. The value chain described above was an important part of the analysis.

Various sources, factors and aspects were used to identify the relevant topics, including the company's activities and products as well as the sites of its activities, the corporate strategy, the risk management system and the information published in-house. In addition, the legal and administrative regulations as well as media reports, benchmark reports and scientific articles provided insights. Data from the Maplecroft platform was used for a generic assessment of the lower value chain with regard to raw materials.

As part of the consultation, the stakeholders of the Rheinmetall Group were divided into affected groups and users of the Sustainability Statement. In the course of the double materiality analysis, at least one internal contact person was identified for each stakeholder group who is in regular contact with the stakeholders, knows their interests and viewpoints and is reasonably capable of providing information. The relevant topics of the stakeholder groups were then surveyed and collected on the basis of individual interviews. This ensures that the materiality analysis takes into account the potential impact of Rheinmetall's activities on stakeholders as well as the risks and opportunities that may arise for Rheinmetall through its stakeholders.

Identification

The starting point for the identification of possible material sustainability matters was the list of sub-(sub-) topics of the ESRS 1 AR16. Based on the internal and external sources described above, as well as on the consultation with stakeholders, impacts, risks and opportunities were identified in connection with the activities resulting from the business model within the Rheinmetall Group's business area and along the value chain. The resulting risks and opportunities were taken into account in the identification of impacts. The comparison of identified impacts with the entries in the risk management system was helpful here.

Assessment

The severity of an impact was assessed on the basis of the criteria of extent, scope and, in the case of negative impacts, remediability. Potential impacts were also assessed with regard to their likelihood of occurrence. The scaling of the individual criteria was defined in advance and specified using quantitative and qualitative thresholds.

The severity of risks and opportunities was assessed by offsetting the criteria of extent and, with regard to potential risks and opportunities, by means of the additional criterion of likelihood of occurrence. The scaling of the individual criteria was defined based on the quantitative threshold values of the risk management system. Similar to the Rheinmetall risk management system, sustainability risks were not prioritized compared to other types of risks.

Actual impacts, risks and opportunities are identified as material if they exceed a medium level of severity. The identification of the materiality of a potential impact, a potential risk or a potential opportunity results from a correlation between severity and likelihood of occurrence.

The material impacts and risks and their assessment were then compared with the risks of the Rheinmetall Group's existing risk management system.

Based on the material impacts, risks and opportunities, the decisive, central topics for the Rheinmetall Group were defined in various workshops with representatives from all Rheinmetall segments.

Result of double materiality assessment

The following topics have emerged as **material** for the Rheinmetall Group:

- E1 Climate change
- E2 Pollution
- S1 Own workforce
- S2 Workers in the value chain
- S4 Consumers and end-users
- G1 Business Conduct

The following were assessed as **not material**:

- E3 Water and Marine Resources

In order to identify potential impacts, risks and opportunities in the context of the Rheinmetall Group's own business activities and along its upstream and downstream value chain, water risk analyses were carried out in connection with water and marine resources using the Aqueduct water risk atlas. There was no additional consultation with affected communities.

- E4 Biodiversity

The actual and potential effects on biological diversity and ecosystems were considered as part of the materiality analysis. The dependencies on biodiversity and ecosystems and their services along the entire value chain and in the context of the Rheinmetall Group's own business activities were considered. Physical risks, transition risks and systemic risks were also assessed. Consultations with affected communities on sustainability assessments were not carried out.

The Rheinmetall Group has sites in the vicinity of biodiversity sensitive areas. During an investigation, it was determined that no corrective measures need to be taken with regard to these areas.

- E5 Circular economy

The actual and potential impacts, risks and opportunities in connection with the use of resources and the circular economy were considered as part of the materiality analysis. This includes resource inflows, resource outflows and waste along the entire value chain and within the framework of the Rheinmetall Group's own business activities. Consultations with affected communities on sustainability assessments were not carried out.

- S3 Affected communities

The sustainability information with regard to affected communities is part of this Sustainability Statement on the basis of Section 289c German Commercial Code.

We want to live up to our social responsibility, take advantage of growth opportunities and successively anchor ecological and social aspects even more firmly in our business activities. Sustainability management at Rheinmetall takes account of the precautionary principle. Any possible adverse impact on humans and the environment as a result of the Group's operating activities should be considered at an early stage and be excluded or reduced as far as possible. If we know the interests, positions, attitudes, opinions and concerns of our key stakeholders, we can focus our commercial decisions more effectively in line with their expectations. We have a very prominent presence in our markets and enjoy continual and lively dialog with various stakeholders, which include customers and business partners, private shareholders and institutional investors, employees, suppliers, representatives of the media, representatives of the worlds of science and research, society, politicians and authorities as well as representatives from associations and organizations.

We are committed to progressively reducing our environmental footprint, avoiding negative impacts of our business activities on the environment as far as possible and to implementing transformative changes that help protect our planet for the current society and future generations as well as enabling a more sustainable business for the benefit of our stakeholders.

Social acceptance is thereby an important prerequisite for the economic success of companies. Many Rheinmetall companies can look back on a long history. They have been connected with their sites for many years and are strongly rooted in the local community – after all, this is where their employees and business partners live. In some cases, major customers are based there. Rheinmetall is a living, breathing part of society and participates actively in it and not just in a financial sense. We get involved in the areas of education, sport and culture and also provide direct support for local social projects and charitable organizations. By adding value locally, we also contribute to regional development. Flourishing production sites do not only mean attractive, highly skilled jobs and training places close to home but also orders for local suppliers and service providers. In addition, a large part of the sales generated by the companies returns to the respective economies via the employees, public sector and the shareholders.

In this context, Rheinmetall has a long tradition of social engagement. It has always gone beyond the boundaries of the plant. Since the needs and opportunities in the vicinity of the sites where we operate vary greatly, the decision on which local project to support is incumbent on the respective management teams of the companies, the division heads or the Executive Board of Rheinmetall AG. As an expression of our social commitment and in close solidarity with the capital of North Rhine-Westphalia, we support a number of players in Düsseldorf sports. The cooperation between Rheinmetall and the sports city of Düsseldorf includes sports sponsorship of a handball league team. However, parts of the package also focus on promoting Olympic, youth and amateur sports as well as new trend sports. In addition, Rheinmetall has not only been a “Premium Partner” of the eighth German ice hockey master Dusseldorfer EG since 2024, but also a “Champion Partner” in the sporting and social environment of the German soccer Bundesligist Borussia Dortmund (BVB)

Disclosure requirements in ESRS covered by the undertaking’s sustainability statement

The material sustainability matters for the Rheinmetall Group were identified based on the material impacts, risks and opportunities identified by thresholds. The resulting disclosure requirements were determined on the basis of the materiality of the information. To this end, the contents of the material impacts, risks and opportunities were compared with the disclosure requirements of the ESRS at data point level.

The disclosure requirements identified in this way, including disclosure requirements arising from other EU legislation, are listed below and are fulfilled in the subsequent statements. Disclosure requirements that are fulfilled by reference to other sections of the management report are also listed. Finally, the integration of the core elements of due diligence into the sections of the Sustainability Statement is presented.

List of disclosure requirements

Disclosure requirements	Chapter	Subchapter	Pragraph
ESRS 2- General Disclosures			
BP-1 – General basis for preparation of sustainability statements	General Disclosures	Basis for preparation	General basis for preparation of sustainability statements
BP-2 – Disclosures in relation to specific circumstances	General Disclosures	Basis for preparation	Disclosures in relation to specific circumstances
GOV-1 – The role of the administrative, management and supervisory bodies	General Disclosures	Governance	The role of the administrative, management and supervisory bodies
GOV-2 – Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies	General Disclosures	Governance	Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies
GOV-3 - Integration of sustainability-related performance in incentive schemes	General Disclosures	Governance	Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies
GOV-4 - Statement on due diligence	General Disclosures	Governance	Statement on due diligence
GOV-5 - Risk management and internal controls over sustainability reporting	General Disclosures	Governance	Risk management and internal controls over sustainability reporting
SBM-1 – Strategy, business model and value chain	General Disclosures	Strategy	Strategy
SBM-2 – Interests and views of stakeholders	General Disclosures	Strategy	Interests and views of stakeholders
SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	General Disclosures	Impact, risk and opportunity management	Material impacts, risks and opportunities and their interaction with strategy and business model
IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities	General Disclosures	Impact, risk and opportunity management	Description of the processes to identify and assess material impacts, risks and opportunities
IRO-2 – Disclosure requirements in ESRS covered by the undertaking’s sustainability statement	General Disclosures	Impact, risk and opportunity management	Disclosure requirements in ESRS covered by the undertaking’s sustainability statement
E1 - Climate Change			
ESRS 2 GOV-3-E1 – Integration of sustainability-related performance in incentive schemes	Enviroment	Climate Change	Integration of sustainability-related performance in incentive schemes
ESRS 2 SBM-3-E1 – Material impacts, risks and opportunities and their interaction with strategy and business model	Enviroment	Climate Change	Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS 2 IRO-1-E1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities	Enviroment	Climate Change	Description of the processes to identify and assess material climate-related impacts, risks and opportunities
E1-1 – Transition plan for climate change mitigation	Enviroment	Climate Change	Transition plan for climate change mitigation until 2050
E1-2 – Policies related to climate change mitigation and adaptation	Enviroment	Climate Change	Policies related to climate change mitigation and adaptation
E1-3 – Actions and resources in relation to climate change policies	Enviroment	Climate Change	Actions and resources in relation to climate change policies
E1-4 – Targets related to climate change mitigation and adaptation	Enviroment	Climate Change	Targets related to climate change mitigation and adaptation
E1-5 – Energy consumption and mix	Enviroment	Climate Change	Energy consumption and mix
E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions	Enviroment	Climate Change	Gross Scopes 1, 2, 3 and Total GHG emissions

List of disclosure requirements

Disclosure requirements	Chapter	Subchapter	Pragraph
E2 - Pollution			
ESRS 2 IRO-1-E2 – Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	Enviroment	Pollution	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities
E2-1 – Policies related to pollution	Enviroment	Pollution	Policies related to pollution
E2-2 – Actions and resources related to pollution	Enviroment	Pollution	Actions and resources related to pollution
E2-3 – Targets related to pollution	Enviroment	Pollution	Targets related to pollution
E2-4 – Pollution of soil	Enviroment	Pollution	Pollution of soil
S1 - Own Workforce			
ESRS 2 SBM-3-S1 – Material impacts, risks and opportunities and their interaction with strategy and business model	Social	Own Workforce	Material impacts, risks and opportunities and their interaction with strategy and business model
S1-1 – Policies related to own workforce	Social	Own Workforce	Policies related to own workforce
S1-2 – Processes for engaging with own workers and workers' representatives about impacts	Social	Own Workforce	Processes for engaging with own workers and workers' representatives about impacts
S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns	Social	Own Workforce	Processes to remediate negative impacts and channels for own workers to raise concerns
S1-4 – Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Social	Own Workforce	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions
S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Social	Own Workforce	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities
S1-6 – Characteristics of the undertaking's employees	Social	Own Workforce	Characteristics of the undertaking's employees
S1-8 – Collective bargaining coverage and social dialogue	Social	Own Workforce	Collective bargaining coverage and social dialogue
S1-9 – Diversity metrics	Social	Own Workforce	Diversity metrics
S1-10 – Adequate wages	Social	Own Workforce	Adequate wages
S1-14 – Health and safety metrics	Social	Own Workforce	Health and safety metrics
S1-16 – Compensation metrics (pay gap and total remuneration)	Social	Own Workforce	Compensation metric
S1-17 – Incidents, complaints and severe human rights impacts	Social	Own Workforce	Incidents, complaints and severe human rights impacts
S2 - Workers in the Value Chain			
ESRS 2 SBM-3-S2 Material impacts, risks and opportunities and their interaction with strategy and business model	Social	Workers in the Value Chain	Material impacts, risks and opportunities and their interaction with strategy and business model
S2-1 – Policies related to value chain workers	Social	Workers in the Value Chain	Policies related to value chain workers
S2-2 – Processes for engaging with value chain workers about impacts	Social	Workers in the Value Chain	Processes for engaging with value chain workers about impacts
S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns	Social	Workers in the Value Chain	Processes to remediate negative impacts and channels for value chain workers to raise concerns
S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	Social	Workers in the Value Chain	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action
S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Social	Workers in the Value Chain	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

S4 - Consumers and End-Users			
ESRS 2 SBM-3-S4 – Material impacts, risks and opportunities and their interaction with strategy and business model	Social	Consumers and End-Users	Material impacts, risks and opportunities and their interaction with strategy and business model
S4-1 – Policies related to consumers and end-users	Social	Consumers and End-Users	Policies related to consumers and end-users
S4-2 – Processes for engaging with consumers and end users about impacts	Social	Consumers and End-Users	Processes for engaging with consumers and end users
S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	Social	Consumers and End-Users	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns
S4-4 – Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	Social	Consumers and End-Users	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions
S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Social	Consumers and End-Users	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities
G1 - Business Conduct			
ESRS 2 GOV-1-G1 – The role of the administrative, supervisory and management bodies	General Disclosures	Governance	The role of the administrative, supervisory and management bodies
ESRS 2 IRO-1-G1 – Description of the processes to identify and assess material impacts, risks and opportunities	Governance		Description of the processes to identify and assess material impacts, risks and opportunities
G1-1– Business conduct policies and corporate culture	Governance	Business Conduct	Business conduct policies and corporate culture
G1-2 – Management of relationships with suppliers	Governance	Business Conduct	Management of relationships with suppliers
G1-3 – Prevention and detection of corruption and bribery	Governance	Business Conduct	Compliance Compliance | Prevention Training programmes and consulting Compliance | Central Investigations
G1-4 – Incidents of corruption or bribery	Governance	Business Conduct	Compliance | Incidents of corruption or bribery

List of datapoints that derive from other EU legislation

Disclosure Requirement and related datapoint	Materiality	Chapter	Subchapter	Paragraph
ESRS 2 GOV-1 Board's gender diversity (paragraph 21 (d))	Material	General Disclosures	-	Governance
ESRS 2 GOV-1 Percentage of board members who are independent (paragraph 21 e)	Material	General Disclosures	-	Governance
ESRS 2 GOV-4 Statement on due diligence (paragraph 30)	Material	General Disclosures	-	
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities (paragraph 40 (d) i)	Not material	-	-	-
ESRS 2 SBM-1 Involvement in activities related to chemical production (paragraph 40 (d) ii)	Not material	-	-	-
ESRS 2 SBM-1 Involvement in activities related to controversial weapons (paragraph 40 (d) iii)	Not material	-	-	-
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco (paragraph 40 (d) iv)	Not material	-	-	-
ESRS E1-1 Transition plan to reach climate neutrality by 2050 (paragraph 14)	Material			
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks (paragraph 16 (g))	Not material	-	-	-
ESRS E1-4 GHG emission reduction targets (paragraph 34)	Material	Environment	Climate Change	
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) (paragraph 38)	Material	Environment	Climate Change	Energy consumption and mix
ESRS E1-5 Energy consumption and mix (paragraph 37)	Material	Environment	Climate Change	Energy consumption and mix
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors (paragraphs 40 to 43)	Material	Environment	Climate Change	Energy consumption and mix
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions (paragraph 44)	Material	Environment	Climate Change	
ESRS E1-6 Gross GHG emissions intensity (paragraphs 53 to 55)	Material	Environment	Climate Change	Gross Scopes 1, 2, 3 and Total GHG emissions
ESRS E1-7 GHG removals and carbon credits (paragraph 56)	Not material	-	-	-
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks (paragraph 66)	Not material	-	-	-
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk (paragraph 66 (a)) ESRS E1-9 Location of significant assets at material physical risk (paragraph 66 c))	Not material	-	-	-
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes (paragraph 67 c))	Not material	-	-	-
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities (paragraph 69)	Not material	-	-	-
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil (paragraph 28)	Material	Environment	Pollution	Pollution of soil
ESRS E3-1 Water and marine resources (paragraph 9)	Not material	-	-	-
ESRS E3-1 Dedicated policy (paragraph 13)	Not material	-	-	-
ESRS E3-1 Sustainable oceans and seas (paragraph 14)	Not material	-	-	-
ESRS E3-4 Total water recycled and reused (paragraph 28 c)	Not material	-	-	-
ESRS E3-4 Total water consumption in m3 per net revenue on own operations (paragraph 29)	Not material	-	-	-
ESRS 2- IRO 1 - E4 (paragraph 16 (a) i)	Not material	-	-	-
ESRS 2- IRO 1 - E4 (paragraph 16 (b))	Not material	-	-	-
ESRS 2- IRO 1 - E4 (paragraph 16 c)	Not material	-	-	-
ESRS E4-2 Sustainable land / agriculture practices or policies (paragraph 24 (b))	Not material	-	-	-
ESRS E4-2 Sustainable oceans / seas practices or policies (paragraph 24 c)	Not material	-	-	-

List of datapoints that derive from other EU legislation

Disclosure Requirement and related datapoint	Materiality	Chapter	Subchapter	Paragraph
ESRS E4-2 Policies to address deforestation (paragraph 24 (d))	Not material	-	-	-
ESRS E5-5 Non-recycled waste (paragraph 37 (d))	Not material	-	-	-
ESRS E5-5 Hazardous waste and radioactive waste (paragraph 39)	Not material	-	-	-
ESRS 2- SBM3 - S1 Risk of incidents of forced labour (paragraph 14 (f))	Material	Social	Own Workforce	Material impacts, risks and opportunities
ESRS 2- SBM3 - S1 Risk of incidents of child labour (paragraph 14 (g))	Material	Social	Own Workforce	Material impacts, risks and opportunities
ESRS S1-1 Human rights policy commitments (paragraph 20)	Material	Social	Own Workforce	Human rights
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8 (paragraph 21)	Material	Social	Own Workforce	Policies related to own workforce
ESRS S1-1 processes and measures for preventing trafficking in human beings (paragraph 22)	Material	Social	Own Workforce	Policies related to own workforce
ESRS S1-1 workplace accident prevention policy or management system (paragraph 23)	Material	Social	Own Workforce	Policies related to own workforce
ESRS S1-3 grievance/complaints handling mechanisms (paragraph 32 c)	Material	Social	Own Workforce	Processes to remediate negative impacts and channels for own workers to raise concerns
ESRS S1-14 Number of fatalities and number and rate of work-related accidents (paragraph 88 (b) and c)	Material	Social	Own Workforce	Health and safety metrics
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness (paragraph 88 e)	Material	-	-	-
ESRS S1-16 Unadjusted gender pay gap (paragraph 97 (a))	Material	Social	Own Workforce	Compensation metric (pay gap and total remuneration)
ESRS S1-16 Excessive CEO pay ratio (paragraph 97 (b))	Material	Social	Own Workforce	Compensation metric (pay gap and total remuneration)
ESRS S1-17 Incidents of discrimination (paragraph 103 (a))	Material	Social	Own Workforce	Incidents, complaints and severe human rights impacts
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD (paragraph 104 (a))	Material	Social	Own Workforce	Incidents, complaints and severe human rights impacts
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain (paragraph 11 (b))	Material	Social	Workers in the Value Chain	High-risk countries
ESRS S2-1 Human rights policy commitments (paragraph 17)	Material	Social	Workers in the Value Chain	Policies related to value chain workers
ESRS S2-1 Policies related to value chain workers (paragraph 18)	Material	Social	Workers in the Value Chain	Policies related to value chain workers
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines (paragraph 19)	Material	Social	Workers in the Value Chain	Policies related to value chain workers
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8 (paragraph 19)	Material	Social	Workers in the Value Chain	Policies related to value chain workers
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain (paragraph 36)	Material	Social	Workers in the Value Chain	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action
ESRS S3-1 Human rights policy commitments (paragraph 16)	Not material	-	-	-
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines (paragraph 17)	Not material	-	-	-
ESRS S3-4 Human rights issues and incidents (paragraph 36)	Not material	-		-
ESRS S4-1 Policies related to consumers and end-users (paragraph 16)	Material	Social	Consumers and End-Users	Processes for engaging with consumers and end users
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines (paragraph 17)	Material	Social	Consumers and End-Users	Processes for engaging with consumers and end users
ESRS S4-4 Human rights issues and incidents (paragraph 35)	Material	Social	Consumers and End-Users	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

List of datapoints that derive from other EU legislation

Disclosure Requirement and related datapoint	Materiality	Chapter	Subchapter	Paragraph
ESRS G1-1 United Nations Convention against Corruption (paragraph 10 (b))	Material	Governance	Business Conduct	Business conduct policies and corporate culture
ESRS G1-1 Protection of whistle- blowers (paragraph 10 (d))	Material	Governance	Business Conduct	Compliance
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws (paragraph 24 (a))	Material	Governance	Business Conduct	Business conduct policies and corporate culture
ESRS G1-4 Standards of anti- corruption and anti- bribery (paragraph 24 (b))	Material	Governance	Business Conduct	Business conduct policies and corporate culture

List of disclosure requirements incorporated by reference

ESRS	Datapoint	Reference to chapter	Reference to subchapter	Reference to paragraph
ESRS 2	GOV-1 21 c)	Corporate Governance	Corporate governance statement	Members of the Executive Board and mandates of the Executive Qualification matrix
ESRS 2	GOV-1 22 a), c) i,ii	Corporate Governance	Corporate governance statement	Structure and working methods of the Supervisory Board’s committees Description of the working methods of the Executive Board and Supervisory Board
ESRS 2	GOV-1 23 a)	Corporate Governance	Corporate governance statement	Diversity Members of the Executive Board and mandates of the Executive Qualification matrix
ESRS 2	GOV-3 29 a)-e)	Remuneration Report	Remuneration of the executive board	Short-term incentive (STI) Long-term incentive (LTI) Achievement non-financial targets STI LTI Tranche 2023: ESG targets verview of the remuneration system Target total and maximum remuneration of members of the Executive Board
ESRS 2	GOV-5 36 a), b), e)	Risks and Opportunities	The Rheinmetall Group's Risk Management System	Three lines of defence model Risk fields Risk classification matrix
ESRS 2	GOV-5 36 c)	Risks and Opportunities	Significant Corporate Risks	Risk fields Enviromenal, social, governance
ESRS 2	SBM-1 40 a) i, ii	Basic Information on the Rheinmetall Group	Business Activities And Markets	Divisions Defence and security technology markets Markets for civilian products and mobility applications
ESRS 2	SBM-1 40 g)	Basic informaton on the Rheinmetall Group - Strategy	Strategy	Sustainability to form an integral part of the Group's strategy
ESRS E1	GOV-3 13	Remuneration Report	Remuneration of the executive board	Achievement ESG targets STI LTI Tranche 2024: ESG targets

The information listed by reference is identified as separate information elements in the management report by means of a superscript listing of the relevant disclosure requirements.

Due Diligence

Core Elements of Due Dilligence	Chapter	Subchapter	Paragraph
a) Embedding due diligence in governance, strategy and business model	General Disclosures	Governance Impact, risk and opportunity management	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies Material impacts, risks and opportunities and their interaction with strategy and business model
	General Disclosures	Governance Impact, risk and opportunity management	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies Description of the processes to identify and assess material impacts, risks and opportunities
	Enviroment	Climate Change	Policies related to climate change mitigation and adaptation
	Enviroment	Pollution	Policies related to pollution
	Social	Own Workforce	Policies related to own workforce Processes for engaging with own workers and workers' representatives about impacts
	Social	Workers in the Value Chain	Policies related to value chain workers Processes for engaging with value chain workers about impacts
	Social	Consumers and End-Users	Policies related to consumers and end-users Processes for engaging with consumers and end users
b) Engaging with affected stakeholders in all key steps of the due diligence	Governance	Business Conduct	Business conduct policies and corporate culture
c) Identifying and assessing adverse impacts	General Disclosures	Impact, risk and opportunity management	Description of the processes to identify and assess material impacts, risks and opportunities Material impacts, risks and opportunities and their interaction with strategy and business model
	Enviroment	Climate Change	Actions and resources in relation to climate change policies
	Enviroment	Pollution	Actions and resources related to pollution
	Social	Own Workforce	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions
	Social	Workers in the Value Chain	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action
d) Taking actions to address those adverse impacts	Governance	Business Conduct	Incidents of corruption or bribery
	Enviroment	Climate Change	Targets related to climate change mitigation and adaptation GHG Emission Reduction Targets Energy consumption and mix Energy intensity based on net revenue Gross Scopes 1, 2, 3 and Total GHG emissions GHG Intensity based on net revenue
e) Tracking the effectiveness of these efforts and communicating	Enviroment	Pollution	Targets related to pollution Pollution of soil

			Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities Characteristics of the undertaking's employees Diversity metrics Adequate wages Health and safety metrics Compensation metric
	Social	Own Workforce	Incidents, complaints and severe human rights impacts
	Social	Workers in the Value Chain	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities
	Governance	Compliance	Incidents of corruption or bribery

ENVIRONMENTAL PROTECTION AND CONSERVATION

EU-Taxonomy

1. Sustainable Finance

Sustainable finance means taking account of environmental, social and governance (ESG) considerations when making investment decisions in the finance sector, which should lead to longer-term investments in sustainable economic activities and projects. In addition to climate change, ecological aspects include climate change adaptation and environmental factors such as the preservation of biodiversity, the prevention of pollution and the topic of circular economy. Social parameters may, for example, relate to issues of inequality, working conditions, investments in local communities, and human rights. The management of public and private-sector companies and institutions – including management structures, relations between employers and employees, and the remuneration of managers and employees – plays a crucial role when it comes to including social and environmental considerations in decision-making processes.

One important measure of the European Union was therefore the definition of the EU Taxonomy, which is intended to establish a shared understanding of the environmental sustainability of economic activities and capital expenditure. The starting point for defining an economic activity as environmentally sustainable is the six environmental objectives of the Regulation (EU) 2020/852 (EU-Taxonomy Regulation): (1) climate change mitigation, (2) climate change adaptation, (3) sustainable use and protection of water and marine resources, (4) transition to a circular economy, (5) pollution prevention and control and (6) the protection and restoration of biodiversity and ecosystems. The EU Taxonomy distinguishes between taxonomy-eligible economic activities, which correspond to the pure description of a category and thus do not have any significance to sustainability and taxonomy-aligned economic activities. Economic activities are considered environmentally sustainable and thus taxonomy-aligned if they make a significant contribution to one or more of these defined environmental objectives, do not significantly harm the achievement of any environmental objective ("do no significant harm" principle – DNSH) and comply with minimum safeguards for occupational health and safety and human rights, such as those arising from the OECD Guidelines for Multinational Enterprises or the United Nations Guiding Principles on Business and Human Rights. All corporate activities that cannot be assigned to any category are taxonomy-non-eligible.

Based on these complex screening criteria, the extent to which products and individual measures are ecologically sustainable as defined in the EU Taxonomy Regulation is specified. These have been available since the publication of the Delegated Regulation (EU) 2023/2486 by the EU Commission in June 2023 on environmental objectives 3 to 6 (" sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, protection and restoration of biodiversity and ecosystems) now for all six environmental objectives defined in the EU Taxonomy Regulation. The Delegated regulations (EU) 2021/2139, (EU) 2023/2485 and (EU) 2023/2486 contain the technical screening criteria for these six environmental objectives. In addition to these delegated regulations, the EU Taxonomy Regulation provides for the Delegated regulation (EU) 2021/2178 on the so-called taxonomy-related reporting requirements under Art. 8 EU Taxonomy Regulation, which contains more detailed provisions on content, methodology and presentation and was supplemented by Regulation (EU) 2023/2486.

2. Method of determination

The recording of taxonomy-relevant economic activities was carried out using a decentralized top-down approach. The organizational structure of the Rheinmetall Group was the guiding principle here, so the screening and allocation of economic activities took place at division level as well as at the level of the Rheinmetall AG (Rheinmetall Real Estate, Rheinmetall IT Solutions and Rheinmetall Technology Center) business units. As part of this, the determination was divided into three phases: identification of relevant category sets, allocation of economic activities (taxonomy eligibility) and taxonomy conformity testing.

The categories were identified for all six environmental objectives. A comprehensive assessment was carried out last year for the final delegated regulation published by the EU Commission in June 2023 on the environmental objectives (3) sustainable use and protection of water and marine resources, (4) transition to a circular economy, (5) pollution prevention and control and (6) protection and restoration of biodiversity and ecosystems. On this basis, the relevant categories with the associated criteria sets were identified and all non-applicable categories were excluded. For environmental objective (2) climate change adaptation, no economic activity was identified in the "allocation of economic activities" phase this year. As in previous years, this was therefore not taken into account. Similarly, no economic activity could be identified for the environmental objective (3) sustainable use and protection of water and marine resources and environmental objective (6) protection and restoration of biodiversity and ecosystems in the "classification of economic activities" phase. Economic activities with a revenue impact are highlighted in the following sub-chapter 2.1. "Identified criteria sets relevant for sales". Since no economic activities with a sales impact were identified in the context of the environmental goal (5) Prevention and reduction of pollution, this environmental goal will not be discussed further below.

In the Annexes to Environmental Objectives 3 to 6 of the Delegated Regulation, there were also some changes to the wording regarding compliance with the NACE codes, which stipulates a stricter interpretation. While the wording (a) "The economic activities in this category could be associated with several NACE codes" is always used in environmental objectives 1 (climate change mitigation) and 2 (climate change adaptation), the categories in environmental objectives 3 to 6 now often contain the wording (b) "The economic activity relates to [...]

classified under the NACE codes". The wording (a) suggests an optional formulation, so that economic activities that do not fall under the listed NACE codes, but can be clearly assigned to a category on the basis of the other criteria, are considered taxonomy-eligible. Wording (b), on the other hand, can be understood as a mandatory formulation, meaning that economic activities that cannot be assigned to the NACE codes mentioned are considered non-taxonomy-eligible.

According to the Delegated Regulation (EU) 2021/2178 Annex I to the EU Taxonomy Regulation, the "Capital expenditure" and "Operating expenditure" KPIs are subdivided as (A) directly attributable to a taxonomy-eligible or -aligned activity, (B) serving to expand taxonomy-eligible and -aligned activities, or (C) relating to the acquisition of production from taxonomy-aligned economic activities and to individual measures through which the target activities are carried out in a low-carbon manner or the emission of greenhouse gases is reduced. Derived from this, the assignment of the category sets first identified the sales-generating economic activities and the associated capital and operating expenditure. In addition, any values that did not generate sales in the reporting period but could be assigned to categories (B) or (C) were identified.

In a second step, the sets of categories were applied to the economic activities of the divisions. To gain an initial estimate of the taxonomy eligibility in 2024, the expected annual values were also added. In addition, these were used to determine an internal materiality limit, as the granularity in the determination made possible by the EU Taxonomy Regulation, in particular for (C) capital expenditure, cannot yet be fully technically implemented. The materiality limit for comparability is based on the methodology of previous years, which is approximately 1/1000 of the taxonomy-eligible totals of sales, operating expenditure and investments less special effects. Special effects are business activities that are not part of the company's core business, are non-recurring in nature and have a significant impact on earnings. These include, for example, the one-off purchase of buildings by Rheinmetall Immobilien Gesellschaft for rental or resale. No significant deviations in the projected annual value were identified by the materiality limit.

In the third phase, the determined economic activities of Rheinmetall AG were finally checked for their taxonomy conformity. A distinction was made between (1) requirements to be examined for each individual economic activity itself, such as the substantial contribution and specific DNSH criteria, (2) requirements relating to the locations, in which taxonomy-ready economic activities were identified, and (3) requirements covered by Group-wide compliance. The latter particularly applies to the requirements of the minimum safeguards. As the full reporting obligation for taxonomy capability and conformity applies to all environmental objectives from this fiscal year onwards, conformity will also be reported for the first time this year for the appendices to the delegated act on the new environmental objectives published in June 2023 and the additions to the existing appendices to environmental objectives 1 and 2.

This year, the economic activities in the hydrogen sector were also reclassified from category 3.2. "Manufacture of equipment for the production and use of hydrogen" to category 3.1. "Manufacture of renewable energy technologies". After reinterpreting category 3.2, Rheinmetall, in consultation with the auditor, came to the conclusion that only complete systems in this category, but not components of these, are taxonomy-capable. However, the hydrogen components manufactured by Rheinmetall correspond to the description "technologies for renewable energy", so that from this fiscal year onwards they will be assigned to category 3.1. Likewise, following a new interpretation, the curbside charging solution, a charging infrastructure developed by Rheinmetall and installed in a curb, was reclassified from the original category 4.9. "Transmission and distribution of electricity" into category 3.20. "Production, installation and overhaul of high, medium and low-voltage electrical equipment for electrical transmission and distribution that makes a significant contribution to or enables climate protection". These reclassifications will apply from the 2024 financial year and are also taken into account in the investment planning presented in chapter 3.4.

With the results, the KPIs of the EU Taxonomy Regulation have been conclusively evaluated for the Rheinmetall Group.

2.1 Identified criteria sets relevant for sales

Categories	Description of the activity	Affected companies
Environmental objective 1: Climate change mitigation		
3.1. Manufacture of renewable energy technologies	Manufacture of renewable energy technologies, where renewable energy is defined in Article 2(1) of Directive (EU) 2018/2001.	Pierburg GmbH KS Gleitlager GmbH Rheinmetall Invent GmbH
3.3. Manufacture of low carbon technologies for transport	Manufacture, repair, maintenance, retrofitting, repurposing and upgrade of low carbon transport vehicles, rolling stock and vessels.	Rheinmetall MAN Military Vehicles GmbH
3.5. Manufacture of energy efficient equipment for buildings	Manufacture of energy efficient equipment for buildings.	Rheinmetall Invent GmbH Pierburg GmbH
3.6. Manufacture of other low carbon technologies.	Manufacture of technologies aimed at substantial GHG emission reductions in other sectors of the economy, where those technologies are not covered in Sections 3.1 to 3.5 of this Annex.	Rheinmetall Electronics GmbH
3.18. Manufacture of automotive and mobility components	Manufacture of mobility components for zero-emission personal mobility devices and of automotive and mobility systems and components.	Pierburg GmbH Pierburg Pump Technology GmbH
3.21. Manufacture of aircraft	Manufacture of aircraft and aircraft components and equipment.	Rheinmetall Aviation Services GmbH
7.1. Construction of new buildings	Development of building projects for residential and non-residential buildings by bringing together financial, technical and physical means to realize the building projects for later sale as well as the construction of complete residential or non-residential buildings, on own account for sale or on a fee or contract basis.	Rheinmetall Immobilien GmbH
7.7. Acquisition and ownership of buildings	Buying real estate and exercising ownership of that real estate.	Rheinmetall Immobilien GmbH and associated project companies
Environmental objective 4: Circular economy		
5.3 Preparation for reuse of end-of-life products and product components	Preparation for the reuse of products and components at the end of their service life.	MS Motorservice France S.A.S.

2.1.1 Environmental objective 1: Climate change mitigation

Manufacture of renewable energy technologies (3.1.)

This category refers to renewable energies within the meaning of Article 2 number 1 of the Directive (EU) 2018/2001. With the manufacture of bushes for brakes and geared rotor shafts of wind turbines, KS Gleitlager GmbH from Power Systems contributes to the further development of wind power technologies. In terms of the regulation, we classify this as an enabling activity. The requirements of the selected category for taxonomy eligibility are thus fulfilled according to our interpretation. As described in Chapter 2, the technologies manufactured by Rheinmetall in the field of hydrogen are now also assigned to this category. With its current hydrogen product portfolio, which includes, among other things, the recirculation blower distributed by Pierburg GmbH, high-voltage pumps or hydrogen cathode flaps, Rheinmetall offers technologies for the use of hydrogen, which is why we see ourselves as an enabling company. The main contribution to the production of hydrogen-based technologies does not deviate from the requirements for taxonomy capability. In this respect, no separate verification was required.

Manufacture of low carbon technologies for transport (3.3.)

Applying the FAQ of the European Commission from February 2022 as well as after the experiences in the first few years of reporting, it turns out that for the taxonomy eligibility of the mentioned category, the wording “low-carbon vehicles” is not binding, but instead vehicles with the potential to become low-carbon. In our understanding, vehicles are all vehicles that serve to transport persons or objects and participate in traffic on the road. Participation in traffic on the road involves a certain regularity from our point of view. As in previous years, the logistical military vehicles and special vehicles for the civilian sector are therefore reported as taxonomy-eligible in this category in accordance with our interpretation. Due to requirements (h) and (i) of the significant contribution, a further investigation into taxonomy conformity has not been undertaken, as the relevant products do not currently meet the requirements.

Manufacture of energy-efficient building equipment (3.5.)

Pierburg GmbH manufactures a refrigerant compressor with direct current electronics. The sales generated for the development services and the associated investments and operating expenses in 2024 are recognized as taxonomy-aligned in this category. As a supplier of relevant components, we have the role of the enabling company.

Manufacture of other low carbon technologies (3.6.)

During the period under review, Rheinmetall Electronics GmbH made a significant contribution to reducing greenhouse gas emissions by providing individually manufactured simulators as an alternative to the use of vehicles. These are simulators for specific vehicles that are ordered by the customer instead of training vehicles. Standard simulators designed for multiple vehicles were not included, as in this case the comparative solution would have been another simulator. In the case of standard simulators, verification of greenhouse gas savings is not possible.

Manufacture of automotive and mobility components (3.18)

The majority of the taxonomy-eligible products of Pierburg GmbH and Pierburg Pump Technology GmbH relate to the automotive industry. As in the previous year, category 3.18 includes all automotive components for which the target technology is zero-emission vehicles and which make a significant contribution to the provision of the environmental performance of these vehicles. This year, the automotive components were tested for conformity in criteria set 3.18. for the first time. The substantial contribution to the production of automotive and mobility components does not deviate from the taxonomy capability requirements. In this respect, no separate verification was required.

Manufacture of aircraft (3.21)

Rheinmetall Aviation Services generates sales from the manufacture, maintenance, repair and technical support of drones. The EU Commission defines drones as all aircraft that can fly without a pilot on board. These activities can therefore be assigned to the manufacture of aircraft. Rheinmetall Aviation Services is also investing in the future production of military combat aircraft this year. The activities in criteria set 3.21. were first tested for conformity in this fiscal year. Due to the requirements of the significant contribution, a further investigation into taxonomy conformity has not been undertaken, as the relevant products do not currently meet the requirements.

Construction of new buildings (7.1.)

All new construction activities of the Rheinmetall Group have been allocated to the “Construction of new buildings” criteria set. This involves the implementation of construction projects for residential and non-residential buildings for the Group’s own account for resale or on a fee or contract basis. The construction of new buildings for own use should also be included here. For construction of new buildings, comprehensive climate change mitigation requirements must be taken into account for building permits in accordance with statutory regulations. Rheinmetall Immobilien Gesellschaft mbH is also committed to more far-reaching ecological and economic measures in several projects. For example, certifications in accordance with the German Sustainable Building Council (DGNB) – which go beyond the legally required minimum requirements through strict specifications and test criteria – serve as a benchmark. In Düsseldorf, Rheinmetall Immobilien Gesellschaft mbH implemented a new construction project named “Stadtgärten Unterrath” with approximately 30 condominiums for sale. The building will be constructed in accordance with the KfW 55 standard. It can be assumed that the requirements for the KfW 55 standard do not meet the required criteria of the EU Taxonomy Regulation.

Acquisition of and ownership of buildings (7.7.)

Activities in the field of acquisition and management of property in buildings fall under Category 7.7 of the EU Taxonomy Regulation. Here, in particular, sales from the rental of buildings or the sale of properties are to be recognized as taxonomy-eligible. Likewise, the purchase of properties and the exercise of ownership of them is taxonomy-eligible. The majority of the economic activities assigned to this category do not meet the criteria for a significant contribution. In Düsseldorf, however, Rheinmetall Immobilien Gesellschaft mbH generates taxonomy-aligned sales from the rental of the DeltaD office building. As this was built in accordance with the DGNB Gold standard, it can be assumed that the building meets the criteria for the significant contribution.

2.1.2 Environmental objective 4: Circular economy

Preparation for reuse of end-of-life products and product components (5.3)

This category includes the preparation for reuse of end-of-life products and product components at the end of their service life. MS Motorservice France S.A.S. (MSF) procures end-of-life turbochargers, reconditions them and sells them as refurbished. Without the reconditioning described above, the turbochargers would either be partially recycled or disposed of as waste and would therefore be at the end of their service life. As part of the reconditioning process, they are prepared so that they can be reused in a vehicle without further processing. The sales associated with the described activity are therefore to be regarded as taxonomy-aligned in the present category. The activities in the criteria set were first tested for conformity in this fiscal year. The requirements are currently not met.

2.2 Do no significant harm to any of the environmental objectives (DNSH)

This approach can essentially be divided into three phases: centralized evaluation, location-specific verification and individual consideration. For the environmental objectives to be verified, not only individual activity-related requir ements but also separate Appendices (A-D) were published as part of Annex 1 of the Delegated Regulation (EU) 2021/2139, its supplementary Regulation (EU) 2023/2485 and the other Annexes to Regulation (EU) 2023/2486, which apply to a large number of activities and prescribe site-specific requirements. The survey on the requirements of these appendices was prepared centrally. In this context, the Appendices (A) “Generic criteria for DNSH to climate change adaptation”, (B) “Generic criteria for DNSH to sustainable use and protection of water and marine resources,” and (D) “Generic criteria for DNSH to protection and restoration of biodiversity and ecosystems” were evaluated for the economic activities concerned and made available to the sites for verification. After verification and any necessary adjustments as well as documentation of evidence, this package was merged centrally. Appendix (C) “Generic criteria for DNSH to pollution prevention and control regarding use and presence of chemicals” required a more comprehensive consideration and interpretation. In this context, the terms “production,” “placing on the market” and “use” were defined as follows:

- Production: A harmful substance is produced for the first time in one’s own company. This does not yet include an external effect.
- Placing on the market: The harmful substance is introduced onto the market for the first time by the own company and thus has an external effect.
- Use: A harmful substance or a product containing the harmful substance is introduced into a product by the company for the first time in production, manufacturing or assembly. It should be noted that traceability over several stages of the value chain cannot currently be guaranteed.

With this determination, the examination of the requirements of Appendix (C) was handed over to the divisions and examined there for each individual taxonomy asset. The result was then made available again centrally, added to the package for evaluation of the DNSH criteria and thus ended the review process.

2.3 Minimum Safeguards

Minimum safeguards, as defined in the EU Taxonomy Regulation (Article 18(1)), are “procedures implemented by an undertaking that is carrying out an economic activity to ensure the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organization on Fundamental Principles and Rights at Work and the International Bill of Human Rights”.

Details of the exact requirements for minimum safeguards that companies must investigate were first published by the European Commission in July 2022 as part of a “Draft Report on Minimum Safeguards” and subsequently in October 2022 as part of the “Final Report on Minimum Safeguards”. They relate to:

1. Human rights
2. Taxation
3. Corruption and bribery
4. Fair competition

For each of these topics, a proposal for the implementation of the criteria is explained, which can be followed until the Corporate Social Responsibility Directive (CSRD) has been implemented into German law. For each of these topics, a proposal for the implementation of the criteria is explained in a single chapter. The criteria mentioned are also presented in an overview table, which formed the basis for the evaluation within the Group. A document was created to review the criteria for Rheinmetall AG, in which the information in the table was adopted and responsibilities from the HR, Compliance, Legal and CSR departments were initially assigned for the various criteria. The type of evidence for each criterion was also noted in the document. Documents used as evidence include the annual report and the non-financial statement for 2024, risk analyses, due diligence activities in the context of the German Supply Chain Due Diligence Act (LkSG) as well as reference documents such as the International Framework Agreement Fair2All and the Code of Conduct. Furthermore, the Compliance department has been using the “Ethical” tool, which carries out surveys on various compliance topics every two months for all Rheinmetall AG operating companies. Extracts from the results of these surveys were also used as evidence.

2.4 Avoiding double counting

While recording this, a distinction was made between business activities that are always or not associated with the intention of generating external sales. The activities aimed at generating sales – regardless of whether sales, capital expenditures or operating expenditures were concerned – were examined for possible double-counting effects, as there is a risk of this with regard to internal value added in particular. This approach has eliminated existing uncertainties. In the case of manufacturing overheads, procedures were applied that assumed an interdependence between sales and operating costs of the respective product. It was not possible to break down the overhead costs separately. However, this procedure ensured that there was no double counting. Activities that pursue a goal other than generating sales – particularly energy-related measures – were analyzed on the basis of itemizations. This did not reveal any anomalies.

3. Result

The consolidated financial statements of Rheinmetall AG have been prepared in accordance with the regulations of section 315e(1) German Commercial Code (“HGB”) and the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). Further information on the accounting standards can be found in the notes to the consolidated financial statements under ››Summary of accounting principles. In its core indicators, the EU Taxonomy Regulation distinguishes between sales, capital expenditure and operating expenditure. Here, the respective main unit, the denominator, is specified by Delegated Regulation EU 2021/2178 in Annex I.

3.1 Sales

Net sales comprise sales within the meaning of Article 2(5) of Directive 2013/34/EU, i.e. the amounts derived from the sale of products and the rendering of services after deducting sales allowances and value-added tax and other taxes directly related to sales. Furthermore, the taxonomy states that sales comprise revenue recognized in accordance with International Accounting Standard (IAS) 1, paragraph 82(a) as amended by Commission Regulation (EC) No. 1126/2008. Rheinmetall records its sales in accordance with this standard so that Group sales also correspond to all taxonomy sales to be considered. Further information on the group's sales revenues can be found in the notes to the consolidated financial statements under ››Note (3) Accounting policies and ››Note (9) Sales.

The sales analysis for taxonomy-eligible products was carried out for all companies in the Rheinmetall Group, with Electronic Solutions, Vehicle Systems and Power Systems standing out. The increase in the total amount is due to the sale of an Electronic Solutions property by Rheinmetall Immobiliengesellschaft. Simulators, which meet the requirements of taxonomy conformity and were already included in the previous fiscal year, also account for a significant proportion this year. Electronic Solutions' activities in the area of aircraft also make a significant contribution to the sales KPI. In the area of components for electric vehicles, such as electric water pumps used to cool batteries, considerable sales were again generated in the series production business this fiscal year. As in the previous fiscal year, considerable taxonomy-eligible sales were also generated through the production of civilian, logistics and special vehicles.

Sales

Fiscal 2024	Year			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code(s)	Sales	Proportion of sales 2024	Climate Change Mitigation	Climate Change adaptation	Water	Pollution	Circular ecomoy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular ecomoy	Biodiversity	Minimum Safeguards	Proportion of taxonomy aligned (A.1.) or eligible (A.2.) turnover, 2023	Category enabling activity	Category transitional activity
		€ mio.	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 . Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of renewable energy technologies	CCM 3.1.	11.95	0.12	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.08[2]	E	-
Manufacture of energy efficiency equipment for buildings	CCM 3.5.	0.04	0.00	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.01	E	-
Manufacture of other low carbon technologies	CCM 3.6.	51.69	0.53	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.94	E	-
Manufacture of automotive and mobility components	CCM 3.18.	26.09	0.27	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.00	E	-
Acquisition and ownership of buildings	CCM 7.7.	0.45	0.00	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.01	-	-
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	-	90.24	0.93	0.93%	0.00%	0.00%	0.00%	0.00%	0.00%	Y	Y	Y	Y	Y	Y	Y	1.04[1]	-	-
of which enabling	-	89.79	0.92	0.92%	0.00%	0.00%	0.00%	0.00%	0.00%	Y	Y	Y	Y	Y	Y	Y	1.03[1]	E	-
of which transitional	-	0.00	0.00	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-	-	-	-	-	-	-	-	-	T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of low carbon technologies for transport	CCM 3.3.	25.95	0.27	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	0.66	-	-
Manufacturing of aircraft	CCM 3.21.	40.69	0.42	EL	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	0.47	-	-
Preparation for re-use of end-of-life products and product components	CE 5.3.	0.75	0.01	N/EL	N/EL	N/EL	N/EL	EL	N/EL	-	-	-	-	-	-	-	0.01	-	-
Construction of new buildings	CCM 7.1.	3.72	0.04	EL	EL	N/EL	N/EL	EL	N/EL	-	-	-	-	-	-	-	0.07	-	-
Acquisition and ownership of buildings	CCM 7.7.	67.89	0.70	EL	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	0.01	-	-
Turnover of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	-	139.01	1.43	1.42%	0.00%	0.00%	0.00%	0.01%	0.00%	-	-	-	-	-	-	-	1.79[1]	-	-
A. Turnover of Taxonomy eligible activities (A.1+A.2)	-	229.25	2.35	2.34%	0.00%	0.00%	0.00%	0.01%	0.00%	-	-	-	-	-	-	-	2.83[1]	-	-
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
B. Turnover of Taxonomy non-eligible activities	-	9,521.53	97.65	-	-	-	-	-	-	-	-	-	-	-	-	-	97.17	-	-
Total	-	9,750.77	100.00	-	-	-	-	-	-	-	-	-	-	-	-	-	100.00	-	-

[1] This is the total value reported for the previous year. Due to deviations between the categories reported this year and those of the previous year, the total value does not correspond to the total of the individual values shown here.
[2] This year's reclassification of CCM 3.2. to CCM 3.1. is taken into account here retroactively for the year 2023. For more information, see Chapter 2. “Determination Methodology”.

3.2 Investments

In contrast to sales, capital and operating expenditures are specifically defined by the EU Taxonomy Regulation. Accordingly, capital expenditure comprises all additions to property, plant and equipment and intangible assets during the fiscal year before amortization, depreciation and remeasurement, including additions from business combinations. Leases that do not result in recognition of a right of use of the asset are excluded. For this purpose, Rheinmetall has recognized the IFRS items listed in the EU Taxonomy Regulation: additions to property, plant and equipment, intangible assets, investment property and rights of use as well as the relevant transaction types such as additions to company acquisitions, intragroup additions, additions to government grants and external additions. Further information on the IFRS items mentioned can be found in the consolidated financial statement under ››Note (3) Accounting policies and ››Note (20) Property, plant and equipment, ››Note (18) Goodwill, other intangible assets, ››Note (21) Investment Property und ››Note (19) Right-of-use assets zu finden. The acquisition of Loc Performance resulted in a one-off significant increase in the denominator value in the 2024 fiscal. This means that this year’s KPI for investment expenditure is not very comparable with that of the previous and future fiscal year.

CapEx

Fiscal 2024	Year			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code(s)	CapEx	Proportion of CapEx 2024	Climate protection	Climate change adaption	Water	Pollution	Circular ecomoy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular ecomoy	Biodiversity	Minimum Safeguards	Proportion of taxonomy aligned (A.1.) or eligible (A.2.) CapEx, 2023[1]	Category enabling activity	Category transitional activity
		€ mio.	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 . Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of renewable energy technologies	CCM 3.1.	13.56	1.00	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.60[3]	E	-
Manufacture of energy efficiency equipment for buildings	CCM 3.5.	8.44	0.62	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.37	E	-
Manufacture of other low carbon technologies	CCM 3.6.	0.79	0.06	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.03	E	-
Manufacture of automotive and mobility components	CCM 3.18.	8.55	0.63	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	-	E	-
Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that results in or enables a substantial contribution to climate change mitigation	CCM 3.20.	0.06	0.00	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	-[2]	E	-
District heating/cooling distribution	CCM 4.15.	0.77	0.06	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	-	-	-
Installation and operation of electric heat pumps	CCM 4.16.	0.42	0.03	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	-	-	-
Production of heat/cool from bioenergy	CCM 4.24.	3.71	0.27	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.27	-	-
Construction, extension and operation of waste water collection and treatment	CCM 5.3.	0.21	0.02	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.03	-	-
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3.	2.99	0.22	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.07	E	-
Installation, maintenance and repair of renewable energy technologies	CCM 7.6.	1.21	0.09	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.07	E	-
Acquisition and ownership of buildings	CCM 7.7.	0.10	0.01	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	-	-	-
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	-	40.83	3.01	3.01%	0.00%	0.00%	0.00%	0.00%	0.00%	Y	Y	Y	Y	Y	Y	Y	1.93[2]	-	-
Of which Enabling	-	35.61	2.62	2.62%	0.00%	0.00%	0.00%	0.00%	0.00%	Y	Y	Y	Y	Y	Y	Y	1.29[2]	E	-
Of which transitional activities	-	0.00	0.00	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-	-	-	-	-	-	-	0.07[2]	-	T

CapEx

Fiscal 2024	Year			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code(s)	CapEx	Proportion of CapEx 2024	Climate protection	Climate change adaptation	Water	Pollution	Circular ecomomy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular ecomomy	Biodiversity	Minimum Safeguards	Proportion of taxonomy aligned (A.1.) or eligible (A.2.) CapEx, 2023[1]	Category enabling activity	Category transitional activity
		€ mio.	%	Y/N		%		E	T	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Production of low-CO2 transport technologies	CCM 3.3.	0.58	0.04	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	0.07	-	-
Manufacture of aircraft	CCM 3.21.	21.87	1.61	EL	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	0.01	-	-
District heating/cooling distribution	CCM 4.15.	0.20	0.01	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	-	-	-
Installation and operation of electric heat pumps	CCM 4.16.	0.19	0.01	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	-	-	-
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1.	0.10	0.01	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	-	-	-
Construction, extension and operation of waste water collection and treatment	CCM 5.3.	0.10	0.01	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	0.04	-	-
Operation of personal mobility devices, cycle logistics	CCM 6.4.	0.06	0.00	EL	EL	N/EL	N/EL	N/EL	N/EL								-	-	-
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5.	10.87	0.80	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	0.75	-	-
Construction of new buildings	CCM 7.1.	176.90	13.04	EL	EL	N/EL	N/EL	EL	N/EL	-	-	-	-	-	-	-	0.35	-	-
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3.	0.73	0.05	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	0.03	-	-
Installation, maintenance and repair of renewable energy technologies	CCM 7.6.	1.76	0.13	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	0.11	-	-
Acquisition and ownership of buildings	CCM 7.7.	39.12	2.88	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	2.62	-	-
Data processing, hosting and related activities	CCM 8.1.	2.61	0.19	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	1.02	-	-
Remediation of contaminated sites and areas	PPC 2.4.	0.16	0.01	N/EL	N/EL	N/EL	EL	N/EL	N/EL	-	-	-	-	-	-	-	0.03	-	-
CapEx of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	-	255.25	18.82	18.80%	0.00%	0.00%	0.01%	0.00%	0.00%	-	-	-	-	-	-	-	7.07[2]	-	-
A. CapEx of Taxonomy eligible activities (A.1+A.2)	-	296.08	21.83	21.81%	0.00%	0.00%	0.01%	0.00%	0.00%	-	-	-	-	-	-	-	9.00[2]		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		-	-
B. CapEx of Taxonomy non-eligible activities	-	1,060.52	78.17	-	-	-	-	-	-	-	-	-	-	-	-	-	91.00	-	-
Total	-	1,356.59	100.00	-	-	-	-	-	-	-	-	-	-	-	-	-	100.00	-	-

[1] The previous year's figures were adjusted for the goodwill attributable to the acquisition of Expal Systems in the previous year.
[2] This is the total value reported for the previous year. Due to deviations between the categories reported this year and those of the previous year, the total value does not correspond to the total of the individual values shown here.
[3] This year's reclassification of CCM 3.2. to CCM 3.1. is taken into account here retroactively for the year 2023. For more information, see Chapter 2. “Determination Methodology”.

As explained in the section on method of determination, capital expenditure is broken down by origin type. The majority of taxonomy-eligible investments arose from the Group's revenue-generating economic activities, i.e. those that make a significant contribution to future sales. In particular, new construction activities in Category 7.1. for future taxonomy-capable production and economic activities in Category 3.18. with investments in the development of pioneering products such as the high-voltage water pump, economic activities in Category 3.2. with investments in products including the innovative hydrogen recirculation blower for use in fuel cell-powered vehicles or economic activities in Category 3.21. with investments in the manufacture of aircraft, which generated investments of over €120 million, should be mentioned here. Rheinmetall Immobiliengesellschaft accounted for a further share with investments in the acquisition and construction of new buildings. This capital expenditure primarily related to energy optimization measures at the Group's locations. Both the efficient use of electricity and water and the use of waste heat in our production to save natural resources for heat generation were focus areas of the further taxonomy-eligible capital expenditure.

3.3 Operating expenditures

The denominator of operating expenditures is limited to certain expenses. Consequently, the taxonomy-relevant transactions are also only a subset of this limited unit. The denominator must include direct, non-capitalized expenses incurred for research and development, building renovation measures, short-term leasing, maintenance and repair and all other direct expenses from the maintenance of property, plant and equipment to ensure operational readiness. Here, too, we have used standardized reporting formats and thus include maintenance costs, expenses for short-term and low-value leases, and non-capitalized expenses for research and development. The additional determination of expenses for the daily maintenance of assets has been carried out since 2021. Rheinmetall understands this to mean internal expenses incurred in connection with maintenance and repair by its own personnel and therefore not included in other operating expenditure. When evaluating the cost centers, care is taken to ensure that the total costs are adjusted for individual costs where necessary for the required data reporting in order to avoid double counting when determining the key figures.

OpEx

Fiscal 2024	Year			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code(s)	OpEx	Proportion of OpEx 2024	Climate protection	Climate change adaption	Water	Pollution	Circular ecomoy	Biodiversity	Climate change mitigation	Climate change adaption	Water	Pollution	Circular ecomoy	Biodiversity	Minimum Safeguards	Proportion of taxonomy aligned (A.1.) or eligible (A.2.) OpEx, 2023	Category enabling activity	Category transitional activity
		€ mio.	%	Y/N		%		E	T	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 . Environmentally sustainable activities (Taxonomy-aligned)																			
Afforestation	CCM 1.1.	0.13	0.03	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	-	-	-	-
Forest management	CCM 1.3.	0.28	0.06	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	-	-	-	-
Conservation forestry	CCM 1.4.	0.06	0.01	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	-	-	-	-
Manufacture of renewable energy technologies	CCM 3.1.	15.29	3.37	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1.89[2]	E	-
Manufacture of energy efficiency equipment for buildings	CCM 3.5.	0.74	0.16	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.41	E	-
Manufacture of other low carbon technologies.	CCM 3.6.	14.03	3.10	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.32	E	-
Manufacture of automotive and mobility components	CCM 3.18.	30.85	6.81	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	-	0.00	E	-
Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that results in or enables a substantial contribution to climate change mitigation	CCM 3.20.	5.55	1.23	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	-	0.58[2]	E	-
Production of heat/cool using waste heat	CCM 4.25.	0.09	0.02	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	-	-	-	-
Construction, extension and operation of water collection, treatment, supply systems	CCM 5.1.	0.57	0.13	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	-	-	-	-
Construction, extension and operation of waste water collection and treatment	CCM 5.3.	0.02	0.00	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	-	-	-	-
Renewal of waste water collection and treatment	CCM 5.4.	0.10	0.02	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	-	-	-	-
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3.	0.12	0.03	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.02	E	-
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5.	0.09	0.02	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	-	-	E	-
Installation, maintenance and repair of renewable energy technologies	CCM 7.6.	0.14	0.03	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.05	E	-
Acquisition and ownership of buildings	CCM 7.7.	0.20	0.04	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	-	-	-	-
Remediation of legally non-conforming landfills, abandoned or illegal waste dumps	PPC 2.3.	0.05	0.01	N/EL	N/EL	N/EL	Y	N/EL	N/EL	Y	Y	Y	Y	Y	Y	-	-	-	-

OpEx

Fiscal 2024	Year			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code(s)	OpEx	Proportion of OpEx 2024	Climate protection	Climate change adaption	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum Safeguards	Proportion of taxonomy aligned (A.1.) or eligible (A.2.) OpEx, 2023	Category enabling activity	Category transitional activity
		€ mio.	%	Y/N		%		E	T	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
Turnover of ecologically sustainable activities (taxonomy compliant) (A.1)	-	68.32	15.08	15.07	0.00	0.00	0.01	0.00	0.00	Y	Y	Y	Y	Y	Y	Y	3.29[1]	-	-
of which enabling	-	66.82	14.75	14.75	0.00	0.00	0.00	0.00	0.00	Y	Y	Y	Y	Y	Y	Y	3.26[1]	E	-
of which transitional	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-	-	-	-	-	-	-	-	-	T
A.2 Taxonomy-compliant but not environmentally sustainable activities (non-taxonomy-compliant activities)																			
Forest management	CCM 1.3.	0.14	0.03	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	0.04	-	-
utilisation of hydrogen"	CCM 3.3.	0.38	0.08	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	0.43	-	-
Construction, extension and operation of waste water collection and treatment	CCM 5.3.	0.07	0.02	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	-	-	-
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5.	0.12	0.03	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	0.03	-	-
Infrastructure for rail transport	CCM 6.14.	0.24	0.05	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	-	E	
Construction of new buildings	CCM 7.1.	0.08	0.02	EL	EL	N/EL	N/EL	N/EL	N/EL								-		
Renovation of existing buildings	CCM 7.2.	1.10	0.24	EL	EL	N/EL	N/EL	N/EL	N/EL								-		T
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3.	6.28	1.39	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	0.18	-	-
Installation, maintenance and repair of renewable energy technologies	CCM 7.6.	3.27	0.72	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	-	E	-
Acquisition and ownership of buildings	CCM 7.7.	0.81	0.18	EL	EL	N/EL	N/EL	N/EL	N/EL								-		
Data processing, hosting and related activities	CCM 8.1.	5.56	1.23	EL	EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	1.54	-	-
Maintenance of roads and highways	CE 3.4.	0.20	0.04	N/EL	N/EL	N/EL	N/EL	EL	N/EL	-	-	-	-	-	-	-	-	-	-
OpEx of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	-	18.25	4.03	3.99%	0.00%	0.00%	0.00%	0.04%	0.00%	-	-	-	-	-	-	-	11.06[1]	-	--
A. OpEx of Taxonomy eligible activities (A.1+A.2)	-	86.57	19.11	19.06%	0.00%	0.00%	0.01%	0.04%	0.00%	-	-	-	-	-	-	-	14.35[1]	-	-
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
B. OpEx of Taxonomy non-eligible activities	-	366.52	80.89	-	-	-	-	-	-	-	-	-	-	-	-	-	85.65[1]	-	-
Total	-	453.09	100.00	-	-	-	-	-	-	-	-	-	-	-	-	-	100.00	-	-

[1] This is the total value reported for the previous year. Due to deviations between the categories reported this year and those of the previous year, the total value does not correspond to the total of the individual values shown here.
[2] This year's reclassification of CCM 3.2. to CCM 3.1. is taken into account here retroactively for the year 2023. For more information, see Chapter 2. "Determination Methodology".

A portion of the taxonomy-eligible and taxonomy-aligned operating expenditure could be allocated to sales-related activities. The majority of our taxonomy-eligible operating expenditure relates to areas in research and development that serve to expand taxonomy-eligible and-aligned activities. They are intended to lead to additional taxonomy-eligible sales and thus underscore the importance already attached to alternative drive technologies. In addition, operating expenditure for building refurbishment measures as well as maintenance and repair of property, plant and equipment has been identified that could be classified as taxonomy-eligible or -aligned within the meaning of the EU Taxonomy Regulation.

3.4 Investment planning

Non-financial undertakings must disclose material information on investment planning for each of their specified economic activities. There is currently no clear interpretation of what the investment plan includes, meaning that different interpretations exist with regard to the market. As part of its investment planning, Rheinmetall considers all investments that are planned for current and future taxonomy-aligned activities. Investments that serve to convert current taxonomy-eligible business into future taxonomy-aligned business are also considered. The resulting planned capital expenditure is reported at aggregated economic activity level.

The current investment planning refers to the core business relating to the environmental objective of climate change mitigation, as investments in other activities, such as the acquisition of real estate or the construction of photovoltaic plants, cannot always be planned over a longer period of time and prices are subject to strong market fluctuations. The investment plan covers a period of three years, i.e. the period between 2025 and 2027 for the reporting period. In the category “3.1. Manufacture of renewable energy technologies” further taxonomy-aligned investments of around €13.9 million is planned for the coming years in order to expand the product portfolio as part of our hydrogen strategy. Investments of around “€23.2 million are planned for the business activities in category 3.5 “Energy-efficient equipment for buildings” in order to expand our taxonomy-aligned business activities. Investments of around €0.8 million are expected in the coming years for economic activities in the Category 3.6 “Other low carbon technologies”. The product portfolio in Category 3.18 “Manufacture of automotive and mobility components” is to be further expanded in the coming years with investments of around €53.8 million. The product portfolio in the category “3.20 Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that results in or enables a substantial contribution to climate change mitigation” is planned to include further taxonomy-compliant investments totaling around EUR 1.5 million.

4. Standard disclosure templates for disclosure under Article 8 Sections 6 and 7

Disclosure template for acitivities in the field of nuclear energy and fossil gas

Line	Activities in the field of nuclear energy	
1.	The company is involved in the research, development, demonstration and deployment of innovative power-generating facilities that produce energy from nuclear products with minimal waste from the fuel cycle, finances such activities or holds risk positions related to such activities.	N
2.	The company is involved in the construction and safe operation of new nuclear facilities for the generation of electricity or process heat – including for district heating or industrial processes such as hydrogen production – as well as in their safety improvement using the best available technologies, financing such activities or holding risk positions related to these activities.	N
3.	The company is active in the safe operation of existing nuclear facilities for the generation of electricity or process heat – including for district heating or industrial processes such as hydrogen production – as well as in their safety-related improvement, finances such activities or holds risk positions in connection with these activities.	N
	Activities in the field of fossil gas	
4.	The company constructs and operates facilities that generate electricity from fossil gaseous fuels, finances such activities or holds risk positions related to these activities.	N
5.	The company is involved in the construction, modernization and operation of plants for combined heat and power/cooling with fossil gaseous fuels, finances such activities or holds risk positions in connection with these activities.	N
6.	The company is involved in the construction, modernization and operation of plants for heat generation, which generate heat/cold from fossil gaseous fuels, or finances or holds risk positions related to such activities.	N

5. Conclusion

In the first year of collecting all data to determine taxonomy-aligned economic activities, a system has already been developed that sets comparable standards for all divisions. For the delegated regulation on environmental objectives 3 to 6 published in June 2023, reporting on taxonomy capability and conformity was carried out for the first time this year. As of this fiscal year, there is therefore a complete reporting obligation for all six environmental objectives for the first time. It can be assumed that the KPIs are therefore generally comparable from this reporting year onwards. The increased denominator of investment expenditure due to the acquisition of Loc Performance however leads to a distortion of the KPIs and thus to a low comparability of this year’s KPIs for investment expenditure with those of the previous and future fiscal years. A comparable effect could already be seen in the previous year as a result of the acquisition of the company Expal. For reasons of transparency and comparability with the previous year, the capital expenditures for the 2024 financial year are therefore shown below both including and excluding Loc Performance and compared with the previous year's result including and excluding Expal.

	Revenue		Capital expenditure				Operating expenditure	
in %	2024	2023	2024	2023[1]	2024	2023	2024	2023
			(incl. Loc Performance)	(incl. Expal)	(excl. Loc Performance)	(excl. Expal)		
Taxonomy-aligned economic activities	0.9	1.0	3.0	1.9	3.7	4.7	15.1	3.3
Taxonomy-eligible economic activities	2.4	2.8	21.8	9.0	26.8	22.8	19.1	14.4
Taxonomy-non-eligible economic activities	97.7	97.2	78.2	91.0	73.2	77.2	80.9	85.6

[1] The previous year's figures were adjusted for the goodwill attributable to the acquisition of Expal Systems in the previous year.

In terms of sales, 2.35% of our business activities fall under the classification system of the EU Taxonomy Regulation. 0.93% of total sales fulfill the requirements for taxonomy conformity. With the possible upcoming revisions of the legal texts and interpretations of the industries, future changes to the classifications cannot be ruled out at the present time. We will continue to take into account the requirements for taxonomy conformity in all process steps in order to adapt them continuously in subsequent years in line with the applicable legal requirements.

Climate change

Description of the processes to identify and assess material climate-related impacts, risks and opportunities

The assessment of the material climate-related impacts, risks and opportunities took place at Rheinmetall as part of the double materiality analysis along the entire value chain. In accordance with the assessment methodology described in the chapter ››Managing impacts, risks and opportunities, the sub-topic "climate change mitigation" was classified as material in the area of climate change due to its potential impacts. The sub-topics "Climate change adaptation" and "Energy" were assessed as material due to the possible risks.

Rheinmetall's major production sites are already certified in accordance with the ISO 50001 standard. At these sites, a continuous management takes place with regard to energy consumption and energy efficiency. In addition to the climate risk analysis carried out by an external provider, the available data from the existing energy management system was used to identify and assess the material climate-related impacts, risks and opportunities. Energy consumption data are systematically collected at site level and reported to the Executive Board of Rheinmetall AG. Based on the collected energy consumption data, the greenhouse gas (GHG) emissions on the company level were calculated and taken into consideration for the assessment of the material climate impacts. The impacts were assessed company-wide with the involvement of all divisions.

The term "climate change mitigation" refers to actions that are intended to counteract global warming and to mitigate or prevent possible consequences. The emissions resulting from numerous business activities of the Rheinmetall Group, which are categorized as Scope 1, Scope 2 and Scope 3 emissions, result in the assessment of the sub-topic being considered material. An analysis was carried out to assess GHG emissions in relation to sales revenue and compare them with other large German companies. In particular, the emissions in Scope 3 were above the benchmark determined for large German companies as part of the evaluation.

Potential changes on the energy markets may pose risks for Rheinmetall. The sub-topic "Energy" was therefore identified as material. Physical climate risks can cause potential consequences at Rheinmetall's sites, including damages to buildings, production facilities and infrastructure. The consequences of climate change may also affect access to resources, for example due to the interruption of supply chains or a lack of water. Given the potential risks, the sub-topic “Climate change adaptation” was also assessed as material.

Climate-related physical risks as well as transition risks and opportunities were assessed as part of the resilience analysis. The methodology applied and further information regarding the scenarios used are provided in the following paragraph. The scenarios used are consistent with the underlying assumptions in the chapter ››Risks and Opportunities.

Material impacts, risks and opportunities and their interaction with strategy and business model

In the fiscal year, Rheinmetall carried out a resilience analysis that went beyond the established risk management system and which considered both physical and transition risks along the entire value chain. Risks resulting from climate change are already beginning to emerge. These can be chronic and acute physical risks such as the rise in average temperature, rising sea levels, extreme weather events, heavily fluctuating water levels, increasing heat waves and droughts affecting property. Potential risks for production sites include production interruptions, delivery delays or delivery failures. These may be exacerbated by increasingly intense and frequent extreme weather events such as tornadoes and severe flooding. Transition risks from climate change arise from a cross-sector structural change due to the transition to a lower-carbon economy. They relate in particular to changes in the legal framework and stricter regulations at national or transnational level. These include, for example, increasing efforts by legislators to introduce carbon pricing via emissions trading systems, to levy additional taxes and to tighten energy legislation. Furthermore, increased GHG emissions can lead to a negative perception and limited attractiveness among stakeholder groups such as customers, employees and investors. Climate protection measures also entail potential risks, for example due to increased energy and investment costs, emerging levies for GHG emissions or extended specifications for products.

In order to identify and assess climate change risks more reliably, Rheinmetall once again subjected its production sites to a comprehensive site-specific assessment, including consideration of material assets, by an external provider in the fiscal year in accordance with the parameters of the Task Force on Climate-Related Financial Disclosure (TCFD). The physical climate risks were assessed using an established scenario analysis based on the parameters of the Shared Socioeconomic Pathways (SSP). Specifically, the 2-°C scenario (SSP1-2.6) and the 4-°C scenario (SSP5-8.5) were used for the evaluation. The material risks of temperature changes, flooding, forest fires and tornadoes were identified using the 4°C scenario (SSP5-8.5) at the Rheinmetall sites. The scenario analysis was carried out using geospatial coordinates with a granularity of 12 km in Europe and 25 km in the rest of the world. For the time horizon under consideration, the period up to 2040 was classified as short-term, the period between 2041 and 2060 as medium-term and the period between 2081 and 2100 as long-term, with a reference period from 1971 to 2000. Such long observation periods are necessary to meet the long-term nature of climate risks, but these are associated with increased uncertainty. In some cases, the certainty associated with the forecasts by the external provider is classified as low, even for short-term periods, because the probability of some extreme weather events is difficult to forecast. The scenarios correspond to the current state of scientific knowledge, but are limited by methodological and data-related uncertainties. Rheinmetall's climate risk analysis focuses on a short-term observation period due to the increasing uncertainty in long-term climate scenarios. The future and the underlying capital values of individual sites during the aforementioned long-term observation period of up to 75 years are also uncertain.

In the upstream value chain, the raw materials supply disruptions and the disruption to the international transportation of goods were identified as a material physical risk in the medium term. The material potential physical climate risks in the downstream value chain concern disruptions to the international transportation of goods and future conditions on the sales markets. The risk analysis carried out is based on the results of the external climate risk analysis and, in addition, on publications of the German Federal Environment Agency regarding physical climate risks. The financial effects of climate risks have not been analyzed yet; a more in-depth analysis is required with regard to the climate risks identified. The inclusion of climate risks in the strategy and the risk management continuously contributes to the increase of resilience and the derivation of mitigation measures.

An analysis of the transition risks was conducted internally in cooperation with the individual Rheinmetall divisions, during cross-divisional workshops and interdisciplinary workshops, literature research, peer benchmarks and detailed climate simulations. The 1.5 °C scenario up to 2050 was used to determine the transition risks. The applied period for the risk assessment is short- to medium-term in line with the previous definition. The analysis carried out corresponds to the current state of scientific knowledge and the assumptions made include the 1.5 °C scenario, which is particularly severe in terms of transition risks, with moderate uncertainties due to the medium-term time horizon. The climate related targets defined by Rheinmetall were developed independently of this analysis of transition risks and the time horizons on which they are based.

The material transition risks identified are volatility in the upstream value chain, increasing regulatory complexity, the pricing of GHG emissions, the recruitment of new employees and talent, as well as the technical requirements of a sustainable energy supply. A detailed assessment of the extent to which the assets and business activities of Rheinmetall may be affected by identified transition risks is still pending.

In accordance with the assessment of the transition and physical climate risks, Rheinmetall currently assumes that the necessary adjustments to business operations can be carried out and that the financial effects can be mitigated by the Group. Strategic acquisitions, joint ventures and strategic cooperations are being examined in order to further expand our leading position in the security business. These established processes promote the development of sustainable technologies and products. Analyses that are more extensive will be carried out as knowledge increases.

Transition plan for climate change mitigation until 2050

A transition plan to achieve carbon neutrality by 2050 is being drawn up and is expected to be published when the European Corporate Sustainability Due Diligence Directive (CSDDD) comes into force. At Rheinmetall, the careful use of natural resources and the economical use of energy is of great importance. Corresponding goals are already being pursued and comprehensive actions are being taken.

Rheinmetall’s target is to reduce the carbon footprint in production and the supply chain. The approach to climate change mitigation involves several stages, including the reduction of energy consumption, conversion to regenerative energy sources and reduction of GHG emissions in Scope 1, Scope 2 and Scope 3. A summary of the targets set by Rheinmetall is presented in the paragraph ››Targets related to climate change mitigation and adaptation.

The energy demand at Rheinmetall sites is increasingly being supplied by renewable energies. Rheinmetall is reshaping its energy supply worldwide and is striving, among other things, for a renewable electrical energy supply in the coming years. Rheinmetall is focusing on the use of renewable energies at newly established sites and is continuously promoting the switch to renewable energy sources at existing sites. The successive expansion of the certified energy management system to new production sites is planned.

In Scope 1 and Scope 2, Rheinmetall is focusing on a constant reduction in GHG emissions with the target of achieving carbon neutrality in 2035. Despite all efforts, Rheinmetall will emit greenhouse gases in Scope 1 and Scope 2 after 2035. Rheinmetall plans to offset these emissions in part by investing in certified carbon sequestration projects. Significant actions to reduce GHG emissions have been initiated; further information can be found in the section ››Actions and resources in relation to climate change policies. A comprehensive CapEx plan is not available.

Rheinmetall has surveyed CO_2 emissions in the supply chain (Scope 3, Cat. 1) and identified potential for reduction. Rheinmetall is in contact with its suppliers regarding this topic. Emissions from the upstream value chain should be an integral part of the procurement strategy in the future. The integration of the Supplier Code of Conduct into supplier contracts should lead to further information regarding emissions in the supply chain for Rheinmetall and enable an expansion of sustainable efforts.

Emissions from the use of the manufactured products (Scope 3 Cat. 11) account for a significant proportion of Rheinmetall's total emissions. Rheinmetall's sphere of influence on the downstream value chain is limited due to the customer relationship with states and governments. Furthermore, developments towards decarbonization in the defence sector are not yet as advanced as in other industries due to the prolonged development times of the products. Rheinmetall is investing in product developments in the areas of electrification and fuel cells, among other things. New drive systems, powered by synthetic fuels, electricity or hydrogen will also play a major role in military vehicles in the future. With its expertise in the civilian business, Rheinmetall can also generate extensive synergies for developing military vehicles.

Policies related to climate change mitigation and adaptation

The challenges of today include mitigating climate change as far as possible and adapt to its consequences and impacts. As an environmentally responsible company with a global value chain, Rheinmetall attaches great significance to this global challenge. The targets for GHG emissions are defined in total for Scope 1 and Scope 2 (market-based method) as part of the strategy for carbon neutrality by 2035. The Executive Board of Rheinmetall AG sets the targets.

Increasing energy efficiency and reducing energy consumption are essential climate change mitigation actions for Rheinmetall. The Energy Management Guideline specifies the implementation, monitoring and further development of the energy management system. Sites of fully consolidated companies with an energy consumption of more than 3,500 megawatt hours (MWh) per year are obligated to implement an energy management system in accordance with ISO 50001 standard. The Energy Management Policy was adopted by the Executive Board of Rheinmetall AG.

The purchase of renewable energy is an essential part of Rheinmetall's strategy to reduce CO_2 emissions. The department of Strategic Energy Procurement develops the foundations for a unified, economical, secure and sustainable energy procurement within the Group. The strategy for procuring renewable energy envisages switching individual countries and regions gradually to renewable energy. By concluding long-term energy supply contracts, in particular with a direct connection at the sites, as well as expanding in-house generation of renewable energy, the goal is to convert the entire electrical energy consumption in the medium term. Regular reviews regarding the progress of renewable energy procurement are carried out by the Corporate Social Responsibility department as part of its review concerning compliance with GHG reduction targets. The department reports directly to the Executive Board of Rheinmetall AG.

The effects of climate change have already begun to emerge, therefore Rheinmetall has analyzed the physical and transitory climate risks along the entire value chain. Rheinmetall has not yet defined climate change adaptation in corresponding guidelines, but the Executive Board of Rheinmetall AG has decided to examine these risks further and mitigate them if necessary.

As part of the Supplier Code of Conduct, suppliers are required to mitigate climate change and comply with the applicable national environmental laws, regulations and standards. Suppliers are also required to ensure effective environmental protection, the use of energy management systems and energy efficiency.

Actions and resources in relation to climate change policies

In addition to the Corporate Social Responsibility department, the Energy Management department works on Group-wide monitoring and deriving measures to achieve the climate targets. The colleagues are supported by the respective ESG managers from the individual divisions. For each site with significant energy consumption, local energy officers are appointed for the continuous recording of energy data and the local implementation of the specified actions. The production sites certified in accordance with the energy management guidelines account for 45.9% of the total energy consumption. By the end of 2025, the goal is to increase the share of certified sites in total consumption to over 80.0%. The purchase of renewable electricity was increased from 67,068 MWh in 2023 to 138,221 MWh in 2024 and was thus significantly expanded. The gradual conversion to 100% renewable electrical energy is planned over the next few years.

As part of the decarbonization strategy, GHG reduction projects have already been implemented at numerous Rheinmetall sites. In the fiscal year, a photovoltaic system with a maximum output of 5 MWp was put into operation in South Africa. Other installations are currently being planned. For further defossilization at the Unterlüß site, Rheinmetall uses wood as an energy source for the heat supply. A wood chip plant enables Rheinmetall to use the wood from its own forest stock in a sustainable manner. Rheinmetall plans to supply new sites and expansions of production sites primarily with carbon neutral renewable energy sources. The investments will be covered from ongoing operations budget and the necessary resources will be provided. The threshold for significant investments derived from risk management was €20 million in the fiscal year and was not exceeded by any individual investment. The measures implemented in the fiscal year led to a reduction in GHG emissions by 7,360 tons of CO_2 equivalents (CO_2e) in the fiscal year. The expected reduction in GHG emissions in the future due to the measures carried out in the fiscal year amounts to 9,384 tons of CO_2e annually.

A software solution is to be implemented as a foundation to further reduce GHG emissions in the upstream supply chain, which will make it possible to collect suppliers' GHG emissions in more detail. By incorporating the Supplier Code of Conduct, which was revised in the fiscal year, into supply contracts, more information from the upstream supply chain should be available in the future and thus enable compliance with sustainability-related requirements in the supply chain.

Targets related to climate change mitigation and adaptation

Rheinmetall's overarching goal concerning climate change mitigation is carbon neutrality by 2035 in Scope 1 and Scope 2 (market-based). To successfully realize this ambition, Rheinmetall is pursuing the following core targets throughout the Group:

- Rheinmetall is striving for an average annual reduction in CO_2 emissions of 4.2% combined in Scopes 1 and 2 (market-based) in relation to the base year 2022
- Rheinmetall is striving to recertify the existing energy management systems, which requires an annual, measure-oriented reduction in energy consumption of 1.7% in relation to the base year 2022
- Rheinmetall is striving to procure electricity from 100% renewable energy sources in the coming years

The recertification of the existing energy management systems and the procurement of electricity from 100% renewable energy sources contribute positively to the annual CO_2 reduction target.

Rheinmetall also strives to improve sustainability performance and transparency in the supply chain, align sites and business processes towards sustainability, review and develop mitigation measures for the material physical climate risks and develop and promote sustainable technologies and products. Progress is continuously tracked and reported to the Executive Board of Rheinmetall AG. In addition to reducing energy consumption, the main decarbonization levers for achieving the CO_2 reduction targets are the switch to renewable energy sources in electricity procurement and the substitution of fossil fuels.

Rheinmetall's limited sphere of influence on the downstream value chain (Scope 3) does not enable a comprehensive target definition that envisions compliance with the 1.5°C target. The defined reduction targets include the greenhouse gases regulated in the Kyoto Protocol and refer to Scopes 1 and 2 (market-based) in all companies in which Rheinmetall has operational control. This also corresponds to the level of the reported emissions in those scopes. The target of carbon neutrality in Scope 1 and 2 (market-based) by 2035 is more ambitious for these scopes than the European Union's timeline for carbon neutrality by 2050. As a result of the undefined targets for Scope 3, Rheinmetall is not yet striving for complete carbon neutrality; hence no external validation of the reduction targets has been carried out.

The targets set by Rheinmetall have been developed by taking the requirements of the stakeholders into consideration. Due to Rheinmetall's strong growth and the associated structural changes within the Group, the base year 2022 was chosen, as it is the most accurate reflection of the status quo. The base year is continuously adjusted for acquisitions and sales. No climate-related adjustment is made due to the production-dependent nature of the energy consumption.

GHG reduction targets

In the fiscal year, the sum of Scope 1 and Scope 2 emissions (market-based) amounted to 209,699 tons of CO_2e. Taking 2022 as the base year and factoring in the overall annual reduction target of 4.2% in Scopes 1 and 2 (market-based), emissions are expected to fall to 163,893 tons of CO_2e by 2030. There are no separate reduction targets defined for Scopes 1 and 2. The actions currently being considered are expected to lead to a reduction of Scope 1 and Scope 2 emissions (market-based) by 82,934 tons of CO_2e. The reduction in energy consumption accounts for 29,309 tons of CO_2e and 43,475 tons of CO_2e for the switch to renewable energy. The substitution of fossil fuels is intended to achieve a reduction of 9,150 tons of CO_2e. In order to achieve the emission reduction targets, additional actions are continuously being evaluated and implemented as needed in the context of the company's sustained strong growth. The average reduction in Scope 1 and Scope 2 emissions (market-based) in the fiscal year is 7.5% in relation to the base year. Due to the reduction in GHG emissions achieved in previous years, Rheinmetall's GHG emissions in the fiscal year are below the derived GHG target. Rheinmetall is therefore on track to achieve the defined climate targets. A detailed list of all GHG emissions can be found below.

Energy consumption and mix

The energy consumption of Rheinmetall in the fiscal year is shown in the following table.

Energy consumption and mix

MWh	2024
(1) Fuel consumption from coal and coal products	173,407
(2) Fuel consumption from crude oil and petroleum products	64,490
(3) Fuel consumption from natural gas	193,434
(4) Fuel consumption from other fossil sources	11,889
5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	122,731
(6) Total fossil energy consumption (calculated as the sum of lines 1 to 5)	**565,951**
Share of fossil sources in total energy consumption (%)	*61.0*
(7) Consumption from nuclear sources	**34,096**
Share of consumption from nuclear sources in total energy consumption (%)	*3.7*
(8) Fuel consumption for renewable sources, including biomass	9,471
(9) Consumption of purchaes or acquired electricity, heat, steam and colling from renewable sources	309,273
(10) Consumption of self-generated non-fuel renewable energy	9,437
(11) Total renewable energy consumption (calculated from (8) to (10)	**328,181**
Share of renewable sources in total energy consumption (%)	*35.4*
Total energy consumption (calculated from (6), (7) and (11))	**928,227**

Data on energy consumption and energy generation is collected in a central database using an energy management software. All relevant energy sources of fully consolidated Rheinmetall companies are included. The total energy consumption in the fiscal year was 928,227 MWh, while the energy generation from renewable sources was 18,908 MWh. In the fiscal year, 443,220 MWh of Rheinmetall's energy was generated from non-renewable sources. The energy data was collected from invoices of the energy suppliers and meter readings. Energy consumption was estimated at a few smaller sites where no energy data was available.

Energy intensity is calculated from the total energy consumption of activities in high climate impact sectors in relation to net sales from activities in high climate impact sectors. The company's own activities were categorized in accordance with Regulation (EC) No. 1893/2006 of the European Parliament and of the Council. Business activities from the high climate impact sector C “Manufacturing/production of goods”, from the high climate impact sector G “Trade, maintenance and repair of motor vehicles” and from the high climate impact sector L “Real estate and housing” were used to determine the energy intensity. This procedure was applied to Rheinmetall companies with a share of more than 99.0% of the Rheinmetall Group´s total energy consumption of the Rheinmetall Group which corresponds to a sales share of more than 97.0 % of total sales. For the remaining Rheinmetall activities, the share of climate-intensive business purposes was extrapolated.

Energy intensity

	Unit	2024
(1) Total energy consumption from activities in high climate impact sectors C, G, L	MWh	917,657
(2) Net revenue from activities in high climate impact C, G, L	€ million	8,465
(3) Net revenue from no high climate impact sectors (other)	€ million	1,450
(4) Total net revenue (Financial Statements) plus net revenue from discontinued operations (sale of piston business) (total of (2) and (3))	€ million	9,916
of which net revenue from discontinued operations (sale of piston business)	*€ million*	*165*
of which total net revenue (Financial Statements)	*€ million*	*9,751*
(5) Energy intensity for activities in sector C, G, L (Quotient (1) and (2))	**MWh/€ million**	**108**

Gross Scopes 1, 2, 3 and Total GHG emissions

The greenhouse gas emissions were determined in accordance with the Greenhouse Gas Protocol. For the recognition of Scope 1 and 2 emissions, the subsidiaries of the Rheinmetall Group were taken into account according to the operational control approach. The base year for the calculations is 2022. In the case of acquisitions and divestures of companies or parts of companies, the base year is adjusted retrospectively if the structural changes affect the total Scope 1 and Scope 2 emissions (location-based) by at least 5%. In the fiscal year, the biogenic emissions in Scope 1 were 107 tons of CO_2e, while the biogenic Scope 2 emissions for the fiscal year could not be determined. Rheinmetall was able to reduce GHG emissions in relation to the base year by, among other things, purchasing electricity from renewable sources. Market-based Scope 2 emissions were determined by taking the corresponding certificates of origin into account. The share of contractual instruments in market-based Scope 2 emissions accounted for 55.2% in the fiscal year. Only electricity with unbundled certificates of origin was purchased. Scope 1 emissions were calculated using the emission factors from the database of the Intergovernmental Panel on Climate Change (IPCC). Scope 2 emissions (location-based) were determined based on the emission factors of the International Energy Agency (IEA). Scope 2 (market-based) emissions were calculated using emission factors from energy suppliers at the location level based on availability. When this data is not available, the databases of the Association of Issuing Bodies (AIB), the IEA and the United States Environmental Protection Agency have been used. The emissions for refrigerants were calculated in accordance with the IPCC Fourth Assessment Report. The split between renewable and fossil fuels was calculated based on information provided by the energy suppliers. If this data was not available, the residual mix of the AIB and the IEA databases were used.

The year 2023 was defined as the base year for determining Scope 3 emissions along the value chain because the data for the fiscal year 2023 was validated externally for the first time. An analysis of Scope 3 emissions from previous years revealed that more than 80.0% of total Scope 3 emissions are attributable to category 1 “Purchased goods and services” and category 11 “Use of products sold”. Based on this result, the categories 1 and 11 were identified as significant. No biogenic GHG emissions from the incineration or biodegradation of biomass were reported for these categories. To determine the emissions in category 1, all goods and services purchased in the fiscal year were assessed separately by product and supplier group using the corresponding expenditure-driven emission factors. The emissions in category 11 were calculated using the emission factors of the Department for Environment, Food & Rural Affairs and the Association of Issuing Bodies. The lifetime and operating hours were defined depending on the end products. Due to its activities as a supplier, some of Rheinmetall's products are semi-finished products. The weight of the semi-finished product in relation to the total weight of the end product was used to determine the respective share of emissions in the end products. Where data was not available, a revenue-based extrapolation was carried out. The data consists of secondary data. The reduction in Scope 3 emissions compared to the base year is a result of changes in volume within the product portfolio.

In the fiscal year, the market-based GHG intensity was 620 tons of CO_2e per million euros of sales revenue. The location-based GHG intensity amounted to 629 tons of CO_2e per million euros of sales revenue in the fiscal year.

Total GHG emissions

tonnes CO_2e	Retrospective		Actual		Milestones and target years[5]		
	Base year 2022[1,2]	2023[1,2,3]	2024[4]	Change in relation to previous year in %	2025	2030	Annual % target/ base year
Scope 1 GHG emissions							
Gross Scope 1 GHG emissions	114,005	129,800	139,801	0.1	-	-	-
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	-	-	-	-	-	-	-
Scope 2 GHG emissions							
Gross location-based Scope 2 GHG emissions	131,728	133,768	152,924	0.1	-	-	-
Gross market-based Scope 2 GHG emissions	132,821	68,896	69,897	0.0	-	-	-
Significant scope 3 GHG emissions							
Total Gross indirect (Scope 3) GHG emissions	5,965,213	5,965,213	5,838,481	(0.0)	-	-	-
Category 1: Purchased goods and services	1,870,909	1,870,909	2,100,461	0.1	-	-	-
Category 11: Use of sold products	4,094,304	4,094,304	3,738,020	(0.1)	-	-	-
Total GHG emissions							
Total GHG emissions (location-based)	**6,210,946**	**6,228,781**	**6,131,206**	**(0.0)**	**-**	**-**	**-**
Total GHG emissions (market-based)	**6,212,039**	**6,163,909**	**6,048,180**	**(0.0)**	**-**	**-**	**-**

1 The greenhouse gas emissions for 2022 and 2023 were retrospectively adjusted to include emissions from acquired companies (Expal Systems) and to exclude divestures (large and small piston business).
2 For significant Scope 3 greenhouse gas emissions, 2023 is defined as the base year.
3 The greenhouse gas emissions for 2023 were not audited by the auditor.
4 The greenhouse gas emissions for the fiscal year 2024 include the emissions of the small piston business up to the date of divesture and the emissions of Loc Performance from the date of acquisition.
5 Rheinmetall has not defined any separate reduction targets for individual scopes; there is a holistic target for Scopes 1 and 2 (market-based).

Integration of sustainability-related performance in incentive schemes

Climate-related considerations are an integral part of the variable remuneration of Executive Board members in 2024 and account for 50% each in the Short Term Incentive (STI) and Long Term Incentive (LTI) programs with regard to ESG targets. In the STI 2024, the climate-related targets refer to the criterion “Innovation/technology projects for CO_2 avoidance/reduction” of the STI criteria catalog. In the LTI 2024, the climate-related targets relate to the criterion “Reduction of CO_2 emissions/contribution to carbon neutrality” in the LTI criteria catalog. The ESG targets as part of the variable remuneration call for a reduction in CO_2 emissions for the fiscal year, but these targets are not congruent with the targets defined under ››Targets related to climate change mitigation and adaption. Further information regarding the inclusion of sustainability and climate-related benefits in incentive systems can be found in the ››Remuneration Report.

Pollution

Description of the processes to identify and assess material pollution-related impacts, risks and opportunities

The assessment of the material impacts, risks and opportunities in relation to pollution was carried out by Rheinmetall as part of the double materiality analysis by the ESG managers of the divisions. Our own business activities at production sites as well as activities along the entire value chain were evaluated. In accordance with the assessment methodology described in the chapter ››Managing impacts, risks and opportunities the sub-topic pollution of soil was classified as material due to the potential impacts.

A large amount of land owned by Rheinmetall has been used for industrial purposes for decades. It can therefore not be ruled out that previously unknown contamination was caused during this time, e.g. by production processes. Process-related emissions into the soil represent a potential impact on humans and the environment despite compliance with the duty of care. Possible leaks and spillages of refrigerants, oil and lubricants, solvents and other substances into the soil can result in negative impacts.

All Rheinmetall production sites with more than 400 employees are already certified according to the ISO 14001 standard. At these sites a continuous monitoring with regard to possible pollution is ongoing. The available documentation from the previous environmental management certifications was used for identifying and assessing the material impacts, risks and opportunities with regard to pollution at site level. The environmental management officer of a site carried out assessments of potential pollution at the respective site. These assessments covered the sub-topics pollution of air, pollution of soil, pollution of water, pollution of living organisms and food resources, microplastics, substances of concern and substances of very high concern. Consultations with affected communities as defined by the ESRS on sustainability assessments were not carried out.

Policies related to pollution

Rheinmetall collaborates with the responsible local institutions to comply with international, European or national environmental standards. In addition, Rheinmetall strives to minimize the environmental impact of its own activities and has implemented corresponding policies and guidelines for this purpose.

Rheinmetall identifies, assesses, manages and/or eliminates material impacts, risks and opportunities from pollution as part of the certified environmental management systems. In 2022, the Executive Board of Rheinmetall AG decided to extend ISO 14001 certification to all since then existing production sites with more than 400 employees. This decision, which applies to the divisions, and the resulting external recertification audits have defined a company-wide strategy to prevent and reduce pollution, particularly soil pollution.

Based on the Supplier Code of Conduct (SCoC), compliance with Rheinmetall's standards and values in the upstream value chain is contractually agreed with suppliers by the Purchasing department. Among other things, the SCoC contains requirements for the suppliers with regard to prevention and reduction of pollution. The requirements for suppliers include, for example, a ban on causing harmful changes to the soil.

Actions and resources related to pollution

Rheinmetall addresses potential environmental risks by implementing statutory environmental protection requirements and certified environmental management systems, including emergency precautions and hazard prevention. The safe storage of hazardous substances and the environmentally friendly disposal of waste and hazardous substances via certified service providers are also part of the environmental management systems. Organizational units responsible for environmental protection at the respective sites ensure that local laws and regulations are complied with and that further technical and organizational options for limiting environmental risks are identified. Given that the sites have been certified for several years in terms of the environmental management system, the actions taken in the fiscal year are mainly organizational. In the fiscal year, operating instructions were optimized and existing documentation, for example on systems for handling substances hazardous to water (AwSV), was updated at numerous sites. This reduces the risk of leaks and spills of refrigerants, oils and lubricants, solvents and other substances in order to further minimize soil pollution, which has been identified as a material potential impact.

The ESG managers in the divisions ensure the exchange of information and cross-site coordination in the divisions as well as the Group. This is intended to pass on the findings of individual sites and strengthen company-wide monitoring. Meetings of ESG managers are held every two weeks, in which the Head of Corporate Social Responsibility participates and regularly reports the results of those meetings to the Executive Board of Rheinmetall AG. According to current information, no action is required beyond the existing environmental management system to prevent soil pollution, which has been assessed as material. These actions are continuously reviewed and implemented on a project-specific basis as required.

As part of construction activities to expand production capacities, as well as acquisition activities, the soil is analyzed in advance in accordance with local regulations and any necessary soil remediation is carried out. This may be necessary in the context of land purchases or also in the context of the development of existing business premises. During soil remediation, layers of soil containing pollutants such as heavy metals, mineral oil or polycyclic aromatic hydrocarbons (PAHs) are removed and replaced with uncontaminated soil. Soil remediation work was carried out at Rheinmetall sites in the fiscal year. Accounting provisions have been recognized for necessary measures to safeguard against or clean up identified pollution.

The existing SCoC was revised in the fiscal year. The requirements for suppliers were specified and extended obligations were defined for the provision of data to Rheinmetall. The new SCoC applies from January 1, 2025 and forms an essential part of the subsequently agreed supplier contracts.

Targets related to pollution

Rheinmetall has defined the following voluntary targets in order to reduce pollution, in particular the as material assessed pollution of soil, beyond the measures already implemented by the existing environmental management system.

The environmental management systems of the Rheinmetall companies are an integral part of environmental protection at Rheinmetall and the scope of corresponding certifications in accordance with the ISO 14001 standard is to be extended to all sites with more than 100 employees by 2028. The goal is among other things to reduce the potential impact of leaks and accidents involving refrigerants, oil and lubricants, solvents and other substances. The effectiveness of operational measures in dealing with material impacts, risks and opportunities continues to be reviewed as part of the environmental management system.

The new SCoC adopted in the fiscal year is intended to provide Rheinmetall with deeper insights into the upstream value chain with regard to environmental protection in future due to the requirements for suppliers to provide data. This should enable further involvement and monitoring of suppliers with regard to Rheinmetall's sustainability efforts.

Pollution of soil

To identify soil pollution in the fiscal year, the environmental management officers at Rheinmetall's production sites assessed the emissions into the soil. The relevant soil emissions and their threshold values are defined in the European Pollutant Release and Transfer Register (E-PRTR regulation, Annex 2 (EC Regulation 166/2006)). Emissions are recorded in accordance with the measurement, calculation and estimation methods permitted under the E-PRTR regulation. If the emissions determined for a site are below the threshold values or no emissions are known, the environmental management officer of the respective site reports no pollutant emissions into the soil and documents this accordingly. Using the documentation, the ESG managers of the divisions are able to perform a plausibility check. The recorded emissions of sites that report emissions above the threshold values from the E-PRTR Regulation are aggregated at Group level.

The necessary procedure in the event of a leakage is documented in an operating instruction associated with workplaces, which identifies internal and external reporting points as well as immediate measures. If contamination of the soil due to leaks and spillages cannot be ruled out, the soil is sampled by an external expert in order to assess the extent of possible contamination. Subsequently, if necessary, appropriate actions are derived based on the results of the sampling. Measured values from soil samples are used by the environmental management officers of the respective site as part of the reporting process. On test sites, an estimate of soil pollution is made by experts as part of the regular operation of testing products due to the low level of contamination, which is subject to minor uncertainties.

In the fiscal year, no pollutant emissions into the soil were recorded at Rheinmetall's sites that exceeded the threshold values of the E-PRTR Regulation. In accordance with the previously defined recording methodology, this results in a zero report for all pollutant loads into the soil, which is why the pollutant loads into the soil are not presented in tabular form.

SOCIAL INFORMATION

Own workforce

Material impacts, risks and opportunities and their interaction with strategy and business model

The material impacts, risks and opportunities resulting from the double materiality analysis are described below.

The term own workforce within the meaning of the ESRS is referred to as the workforce at Rheinmetall. Rheinmetall's workforce comprises people who are employed by Rheinmetall (“employees”) as well as non-employees, such as self-employed persons and contingent workers.

Material positive impacts

The expected growth in sales and earnings has a positive impact on the job security and remuneration of Rheinmetall's workforce.

Corporate co-determination has a long-standing tradition at Rheinmetall. Rheinmetall strives for fair cooperation and a trusting and constructive exchange with employee representatives in Germany and abroad in order to harmonise the interests of the company with the needs its employees. Rheinmetall respects the right of employees to elect representatives, to form employee representative bodies, to join them, to be represented by them and to conduct collective bargaining to regulate working conditions.

Work-life balance is a high priority for Rheinmetall. The principle applies that working hours are based on local legal requirements and the regulations of national industry sectors or industry standards. Respectively the needs of the company and of the individual are taken into account.

The existing skills and knowledge of employees at all Rheinmetall sites worldwide are of great importance for shaping future business, which is why employee qualifications are supported and promoted. Their qualification is an opportunity for Rheinmetall and a central element of sustainable business. Qualification promotes innovation, efficient and sustainable processes, adaptability to change, supports a sustainable corporate culture and thus serves to retain employees in the company.

Diversity is one of Rheinmetall’s core values and, in times of transformation, a key factor for innovation and continuous growth. Rheinmetall values all people regardless of gender, age, sexual identity, educational background, health condition, disability, ethnic or social origin, skin color, religion, cultural background, national origin, ideology and political opinion or other personal characteristics. Rheinmetall creates a safe, inclusive and respectful working environment in which everyone is treated equally and fairly and can fulfil their potential.

Rheinmetall is committed to protecting personal data and personal rights. The locally applicable data protection regulations are observed and adhered to.

Material negative impacts

Necessary shift work at production facilities can have health and social effects and could thus lead to potentially negative impacts on the workforce. Through meassures such as a company health management or rotating shift schedules, Rheinmetall endeavours to mitigate or completely prevent these potential effects.

Systematic data collection on persons with disabilities is voluntary or only partially regulated by law in many countries. Without sufficient knowledge of such data at Rheinmetall, targeted inclusion measures are difficult.

On the basis of abstract data analyses and in dialog with those responsible at site level, Rheinmetall has gained an understanding of the hazards of certain activities and sites. Local audits, evaluations of industry risks and exchanges with associations contribute to further development of this understanding. Work-related health hazards are typically more relevant to workers at manufacturing sites.

It is Rheinmetall's firm believe that the employees gender is irrelevant for the amount of compensation. Measured in terms of the gross hourly earnings of all female and male employees, there is a gender-specific income difference (“unadjusted pay gap”) of 17.0%. This corresponds approximately to the statistical wage gap of 18% in 2023 as reported by the Federal Anti-Discrimination Agency. To determine the unadjusted gender pay gap, only the average gross hourly earnings of male employees are subtracted from the gross hourly earnings of female employees, in line with the ESRS definition. The result is divided by the average gross hourly earnings of male employees and the ratio is calculated. The number of employees on which this calculation is based does not include trainees, dual students, interns and working students. However, this legally prescribed definition for reporting purposes, does not allow the determination of any actual gender pay gap for work of equal value between female and male employees (“adjusted pay gap”), as further job-specific and individual parameters must be compared.

Material risks and opportunities

The implementation of Rheinmetall's ambitious growth-oriented corporate strategy, the achievement of its financial targets and its sustained economic success are supported, among other, by highly qualified employees from a wide range of disciplines.

In countries such as India, South Africa, Brazil and Mexico, where Rheinmetall has sites, there is a theoretical risk of child and forced labor. However, both internal and external reviews show that this risk does not actually exist for employees at Rheinmetall. No activities have been identified at Rheinmetall that display an increased risk of child or forced labor.

Policies related to own workforce

The guidelines published by Rheinmetall reflect the company's sense of responsibility towards its workforce. They include topics such as working conditions, diversity, health and safety as well as training and skills development. The guidelines not only offer insights into the corporate culture, but are also a benchmark for social responsibility at Rheinmetall. The clear and comprehensible design of the guidelines promote employees' understanding of the guidelines, build trust among stakeholders and ensure competitiveness.

- The following principles and international guidelines built the foundation of Rheinmetall's HR strategy:
- Corporate philosophy with vision, mission and the corporate values of respect, trust and openness
- Code of Conduct with binding rules, on topics such as human rights, anti-corruption, compliance and adherence to competition and antitrust law
- Global Framework Agreement on Principles of Social Responsibility (FAIR2ALL)
- Declaration of Principles on Respect for Human Rights and the Environment pursuant to Section 6 (2) of the German Supply Chain Due Diligence Act, published in December 2023, Version 1.0 (hereinafter referred to as Declaration of Principle)
- Position paper of the Executive Board of Rheinmetall AG and the European Works Council on the transformation and internationalization of the Rheinmetall Group
- Ten Principles of the United Nations Global Compact on human rights, working standards, environmental protection and anti-corruption
- Charta der Vielfalt e.V. (engl.: Diversity Charta) – a corporate initiative to promote diversity in companies
- Framework Agreement on Health Management of the Rheinmetall Group between Rheinmetall AG and the European Works Council
- Luxembourg Declaration on the promotion of occupational health

The HR strategy promotes the perception of Rheinmetall as an attractive employer among potential and existing employees. The Executive Board of Rheinmetall AG and its central departments, in particular Human Resources and Compliance, are responsible for implementing the personnel strategy. For more information, see ››Strategy.

On October 12, 2018, the Executive Board of Rheinmetall AG and the European Works Council (EWC) signed a global framework agreement on the principles of social responsibility (FAIR2ALL) together with the international trade union federation “IndustriAll Global Union”. It contains regulations for respecting human rights. FAIR2ALL, the Code of Conduct and the Statement of principles explicitly include the topics of child and forced labor as a framework for action. The prohibition against human trafficking is also addressed in the Code of Conduct.

Rheinmetall is aware of its responsibility towards its employees and strives to ensure a safe and healthy working environment. In order to ensure occupational safety and health protection, Rheinmetall companies with more than 100 employees were required to implement an externally certified management system in accordance with ISO standard 45001 by the end of 2024.

The “Inclusion Agreement” was concluded on September 26, 2023 between Rheinmetall AG, the Rheinmetall Group Representative Body for Severely Disabled Employees and the Group Works Council with the goal of improving the professional inclusion of persons with disabilities and supporting their inclusion in the workforce. The German General Act on Equal Treatment strives to prevent or eliminate discrimination on the grounds of gender, religion or belief, disability, age or sexual identity, for example.

In addition, Rheinmetall has a diversity policy since 2017, which stipulates that no one may be treated unfairly, disadvantaged, harassed or marginalized in an unlawful manner due to their nationality, skin color, ethnic or social origin, marital or family status, pregnancy or maternity, religion or belief, age, disability, physical constitution, appearance, sexual orientation, ideology and political opinion, gender or membership in a political party or company or trade union representation.

Policies | Secure employment

Rheinmetall recognizes the importance of secure and permanent employment. Rheinmetall strives to ensure that all work is carried out in accordance with the applicable legal framework and acts accordingly within its own sphere of influence. These principles are anchored in FAIR2ALL, among others.

The Executive Board of Rheinmetall AG and the European Works Council promote the dialog on the topics of transformation and internationalization in order to effectively address the resulting challenges. The goal is to manage the extensive tasks that Rheinmetall will face. Possible negative impacts need to be mitigated and additional potential utilized in order to create sustainable prospects for Rheinmetall employees. The goal is to achieve successful corporate development with viable prospects for sustainable employment.

Rheinmetall also recognizes the importance of secure employment during and after structural changes. In the event of unavoidable actions such as staff reductions or the relocation or closure of sites, Rheinmetall complies with national legal requirements regarding the involvement of employee representatives (including trade unions) as a matter of course. The necessary dialog should be guided by the idea of a socially responsible approach in order to circumvent redundancies as much as possible.

In an environment of dynamic developments, growing demands and the increasing complexity of technologies, products and processes, experienced managers, highly qualified specialists and ambitious young professionals make a significant contribution to achieving corporate goals with their knowledge, experience and motivation, thereby securing long term employment opportunities. In view of demographic transformation and the widespread shortage of skilled employees, the tailored and future proof development of employees, including managers and skilled workers, is an important success factor for Rheinmetall's continued growth and viability. A key element of the future and transformation concept is the tailored training of employees with the goal of providing them long-term employment opportunities.

In addition to traditional and modern means of recruiting employees, Rheinmetall relies on its inhouse training and personal development of young professionals and is in close contact with universities, technical colleges and research institutes. This enables Rheinmetall to attract suitable graduates at an early stage, particularly from science, technology and economics .

Policies | Adequate wages

Rheinmetall offers attractive remuneration conditions that are intended to make a significant contribution to promoting social sustainability and long-term corporate success. The basis for the adequate wage of employees is a regular base salary. It is established on a market basis and takes into account factors such as qualification, experience and area of responsibility. The base salary may be supplemented by further salary components in accordance with the respective regulations applicable to the employment relationship.

If there are no statutory or collective regulations, remuneration and benefits are based on market conditions. Wages and reimbursement of expenses are paid in recognized currencies and can only be withheld if there is a sufficient legal basis and a corresponding justification in the payroll accounting. Employees receive a written or digital pay slip when their wages are paid, insofar as this is customary in the region, which clearly shows all wages, fringe benefits and any deductions. If an appropriate statement is not common regional practice, employees can receive one on request. If necessary, a verbal explanation is provided. The principles of adequate wage are defined in the FAIR2ALL and the Declaration of Principle.

Policies | Social dialog

Rheinmetall observes the statutory information and participation rights of employee representatives when planning organizational and technical changes. Rheinmetall grants employees a free and fair decision as to whether they wish to form or join a representative body. Rheinmetall and its managers must remain neutral in this regard and may not influence the employees' decision.

Policies | Freedom of association

Rheinmetall respects the rights to freedom of association and strike, insofar as they are exercised in accordance with national laws, regulations and practices. Rheinmetall is guided by ILO Convention 98 and accepts the freedom of collective bargaining and the results of collective bargaining based on national regulations.

Policies | Work-life balance

Rheinmetall places great importance on the work-life balance. The FAIR2ALL strives to ensure safe and healthy working conditions, compliance with statutory working time regulations and those applicable at the place of employment, in particular the relevant ILO conventions, and the granting of public holidays and regular paid leave. The principles for organizing working hours are also defined in the Declaration of Principle.

Policies | Health and safety

Rheinmetall strives to minimize any risks and hazards as far as possible that could lead to a possible impairment of the health and safety of employees. Rheinmetall maintains and promotes the health, performance and job satisfaction of its employees through continuous improvements to the working environment, suitable work equipment (such as ergonomic aids and protective equipment as well as a wide range of prevention programs and health promotion measures). Rheinmetall has also committed to these principles in the FAIR2ALL and in the European Framework Agreement on Health Management.

Rheinmetall is aware of its responsibility towards its employees and strives to ensure a safe and healthy working environment. Rheinmetall guarantees occupational health and safety at the workplace in compliance with the regulations applicable at the respective sites. Workplaces are designed in accordance with the legally and generally recognized safety-related and occupational health requirements, thereby allowing everyone to perform their work without incident and with as little strain as possible.

With regard to occupational safety, the ISO 45001 certification is an important element at the operational sites of Rheinmetall. It describes the requirements for an effective and efficient occupational health and safety management system. Employees are accountable and obliged to familiarize themselves with all relevant safety regulations and to apply them consistently and with due care in their own work area. Rheinmetall undertakes targeted health promotion activities to prevent and counteract health hazards caused by workload and stress. The Rheinmetall AG signed the Luxembourg Declaration on Workplace Health Promotion at the annual meeting of the European Works Council. This obliges companies to promote health in the workplace through safe working conditions and health-conscious actions.

When deploying its own or external security personnel to protect the sites, Rheinmetall does not tolerate any unlawful behavior by these personnel towards employees or third parties. Rheinmetall creates framework conditions according to which security forces respect human rights and do not act unlawfully. These include in particular the integrity of life and the prohibition of humiliating treatment. Rheinmetall is also committed to this in the Declaration of Principles on Respect for Human Rights and the Environment

Policies | Anti-discrimination and diversity

Rheinmetall regards an appreciative and unprejudiced corporate culture as a core value of its diversity. It is important for Rheinmetall to create a safe, inclusive and respectful working environment in which everyone is treated fairly and can unfold their potential.

In times of accelerated technological, economic and social change, ensuring equal opportunities and promoting diversity are among the key tasks of human resources work at Rheinmetall. Diversity is a core element for Rheinmetall and, in times of transformation, a significant factor for innovation, sustainable growth and economic success.

The corporate values of respect, trust and openness, the Code of Conduct, FAIR2ALL and the Diversity Policy form the general conditions for the promotion of diversity and equal opportunities as well as action against discrimination. By signing the Diversity Charter in 2017, Rheinmetall set an example and committed itself to complying with the principles described therein.

The diversity concept defines the key topics of generations, cultures and gender. As part of this, an open, inclusive and appreciative corporate culture is promoted for the conscious handling of cultural diversity and individuality.

Policies | Inclusion

Rheinmetall promotes self-determined and equal participation and creates the necessary general conditions for this. Initial principles and goals were already formulated in 2002 together with the Executive Board of Rheinmetall AG, the Group Representative Body for Severely Disabled Employees and the Group Works Council in a framework integration agreement. In 2017, the German Rheinmetall companies developed a guideline for the employment of persons with disabilities. In September 2023, an inclusion agreement was concluded with the Group representative body for severely disabled employees with the involvement of the Group Works Council, which strives to achieve an employment quota for persons with disabilities.

In FAIR2ALL and the Declaration of principles, Rheinmetall defines projects relating to equal opportunities. Rheinmetall respects and protects the rights of vulnerable persons or groups, such as people with health impairments or disabilities and persons with limited resilience due to other characteristics.

Policies | Skill development

Rheinmetall’s success depends to a great extent on the ideas, expertise, motivation and commitment of its employees. Rheinmetall is in increasingly intense competition with other companies for skilled workers. It is a central task of human resources to attract and develop qualified employees. Rheinmetall is committed to this claim in the FAIR2ALL. In addition to performance-based pay and social benefits, Rheinmetall focuses in particular on a wide range of career prospects. Training, assuming responsibility and promotion opportunities have a high degree of relevance for the commitment and satisfaction of the employees. Rheinmetall therefore supports and promotes actions for raising the level of expertise of its employees.

Rheinmetall's commitment to recruiting and developing qualified employees is set out in the position paper of the Executive Board of Rheinmetall AG and the European Works Council on transformation and internationalization. From the perspective of the Executive Board of Rheinmetall AG and the European Works Council, the development and expansion of employees' existing skills and knowledge are of crucial importance for a successful transformation process, which Rheinmetall supports and promotes through targeted actions for employee qualification.

As part of the Declaration of Principles, Rheinmetall is committed to promoting working conditions in which all employees at Rheinmetall can realize their potential. A wide range of further training opportunities help Rheinmetall employees to plan their own development, achieve individual learning goals and expand their skills for the requirements of their current job or for new tasks, activities or job profiles.

Policies | Child and forced labor

The minimum age of workers is determined by the relevant laws and, where applicable, collective bargaining agreements, insofar as these do not fall below the minimum employment age stipulated in ILO Convention 138. Child labor is prohibited (ILO Conventions 138 and 182) and the employment of young people must not endanger their physical and mental development. Rheinmetall does not tolerate the employment of children and is committed to this in its Code of Conduct.

Rheinmetall is committed to respecting human rights in the FAIR2ALL, the Declaration of Principles, and strictly rejects any form of forced labor, human trafficking, slavery or slavery-like practices. Respect for applicable laws and regulations as well as corporate values is a central component of the corporate culture and the mission statement for corporate governance.

Policies | Privacy

Rheinmetall is committed to the protection of personal data. The protection of the personal rights of employees and other business partners with regard to the use of their personal data is essential for Rheinmetall.

The processing of personal data always requires a legal basis, a contractual provision or the consent of the data subject. Rheinmetall maintains a data protection culture that ensures the compatibility of operational requirements for the processing of personal data with the interests of the data subjects worthy of protection. Rheinmetall complies with the locally applicable data protection regulations of the countries in which Rheinmetall operates. Irrespective of its geographical and material scope of application, the GDPR is recognized as the standard for interpreting and evaluating data protection requirements for all Rheinmetall companies. Rheinmetall thus works to protect the rights and freedom of every individual, including the right to information, correction, blocking or deletion of their personal data.

The data protection guideline and the data protection manual are the central regulations for data protection at Rheinmetall. With the data protection guideline, the Executive Board of Rheinmetall AG defines how the group companies comply with the set data protection targets and the statutory provisions on data protection. It describes the implementation of data protection regulations for the handling of personal data throughout the Group worldwide and describes the central targets, principles and organizational structures for this purpose. The data protection manual specifies Rheinmetall's data protection management system (DSMS) for the EU/EEA legal area and provides orientation for the structure of the DSMS with regard to other legal systems. It also describes processes and the organizational requirements for both the Data Privacy Organization and the specialised departments for processing data protection requirements and updating these regulations.

Policies | Human rights

Rheinmetall supports the protection of human rights within its own sphere of influence. This commitment is reflected in the signing of the UN Global Compact and in the Code of Conduct as well as in the FAIR2ALL, which sets out the agreed principles of social responsibility. The documentation of human rights due diligence obligations in Rheinmetalls own business area and the risk management procedure are set out in the instructions for implementing the German Supply Chain Due Diligence Act (LkSG) in its own business area. Rheinmetall has also established the Corporate Social Integrity department in order to strengthen the importance of human rights and the key topics of anti-discrimination, diversity and global occupational health and safety.

Processes for engaging with own workers and workers’ representatives about impacts

Local works councils and central works councils form the basis of co-determination in Germany. Topics that need to be regulated uniformly for all group companies in Germany are discussed in the Group Works Council. The European Works Council exercises the rights of European employees to information, consultation and advice in cross-border European matters. Rheinmetall has also signed the FAIR2ALL agreement with the international trade union organization IndustriAll Global Union. Accordingly, Rheinmetall respects the fundamental right of employees to form, join and be represented by trade unions within the framework of freedom of association and the respective national regulations.

In the Supervisory Board of Rheinmetall AG, which is based on joint representation, the employees of the German companies are also represented by two elected trade union representatives, five elected workers’ representatives and one elected representative of the managerial staff. Workers’ representatives are also members of the existing Supervisory Boards of the German group companies.

Workers’ representatives | Worker Representative Involvement

The majority of Rheinmetall companies in Germany have local works councils, several general works councils and a Group works council as well as economic committees. The formation and participation rights of German works council committees are governed by the German Works Constitution Act. Rheinmetall also has a Group works agreement on the structure of the Group Works Council.

The meetings of the Group Works Council as a whole take place several times a year with the participation of the Director for Industrial Relations at Rheinmetall AG, including the associated central department, as well as other employer representatives on selected specialist topics. In addition, the Group Works Council currently has specialist committees on the topics of pensions, profit-sharing, performance-related remuneration, HR management, health management (Germany) and information and communication technology. The committees meet several times during the year, either internally or with employer representatives from the central departments and/or the respective specialist functions, as well as with the additional involvement of external experts as required. Quarterly meetings are also held between the Group Works Council Executive Board, the Director for Industrial Relations and the relevant central department. Additional meetings are held to negotiate cross-company restructurings.

The European Works Council meets annually for a one-week meeting with the participation of the Director for Industrial Relations and the associated central department to discuss selected topics. A meeting of the Executive Committee of the European Works Council (currently three delegated members from German sites and two members from international sites) is held four times a year and is attended by the Director for Industrial Relations and the associated central department. In addition, the European Works Council has project groups that meet twice a year with the participation of the relevant central department. There are currently project groups on the topics of health management (global) and transformation and internationalization.

The Director for Industrial Relations bears operational responsibility for ensuring that the results of the dialog with employee representatives and employee surveys are brought to the full Executive Board of Rheinmetall AG and management meetings and taken into account as part of the HR strategy.

Chief Human Resources Officers (CHROs) are defined for each division reporting to the Director for Industrial Relations. The CHROs manage HR issues in the Group's national and international companies. The HR managers of the respective national and international group companies and sites report to them. The Director for Industrial Relations prepares topics for the joint meetings with the CHROs and the responsible central departments of Rheinmetall AG. The CHROs are in close consultation with the local HR managers, who in turn are in close contact with the local employee representatives, in particular the local works councils.

Workers' representatives | Agreements

The FAIR2ALL described above applies to all Rheinmetall companies in Germany and abroad in which Rheinmetall exercises industrial management. Rheinmetall is also committed to ensuring that the agreed principles of social responsibility are applied or that comparable rules of conduct are introduced and followed in companies in which Rheinmetall does not exercise industrial management or in which it holds a minority interest. In this sense, FAIR2ALL helps to guarantee the rights of employees and trade unions.

On July 6, 2022, the Executive Board of Rheinmetall AG and the European Works Council adopted a position paper on the transformation and internationalization of the Rheinmetall Group, which is directed at all Rheinmetall companies and sites in Europe. It contains principles for securing the site and employment, for the use of political framework conditions, for the impacts of new technologies and alternative products, for skills development, for demographic change and for dealing with the impacts of the internationalization of the Rheinmetall Group. Among other things, it provides for the production and location strategies of the respective units to be presented transparently and discussed in terms of their impact on employees at the annual meeting of the European Works Council. In particular, the motives and backgrounds of technologies, products and product segments at European sites are presented transparently.

Persons with health impairments or disabilities are integrated into working life at Rheinmetall and represented by the Group Representative Body for Severely Disabled Employees and the Local Representative Bodies for Severely Disabled Employees.

The Group works agreements applicable to the German companies are negotiated and concluded with the Group Works Council, currently for example on the topics of company pension schemes through the Rheinmetall Plus 2.0 pension system, profit-sharing for employees covered by collective agreements and performance-related and success-based remuneration for employees not covered by collective agreements.

Employees representatives | Social dialog with employees and their representatives

Workers' representatives play an active role in representing the interests of employees. They are available to employees as contact persons at group, company and site level on the basis of the applicable statutory regulations.

Rheinmetall conducts regular dialog processes and surveys to obtain the opinions of employees and constructively involve them directly in business processes. The anonymous YOUR VOICE survey in particular enables all employees to express their opinions directly. It is a tool for obtaining direct feedback on topics such as job satisfaction, working conditions and corporate culture. The results of these surveys are made known to employees and workers' representatives, provide valuable insights into the perception and acceptance of cooperation and reveal potential for improvement. By combining these approaches, Rheinmetall can continuously evaluate, optimize and strengthen the quality of cooperation with the workforce.

Rheinmetall also offers a family service throughout Germany, which provides employees with advice and support on issues relating to the compatibility of work and children as well as work and care. Rheinmetall also provides a company social counseling service to help with personal, family and psychological concerns and conflicts in Germany.

To ensure that the health of employees can be promoted at each site, managers and contact persons have also been appointed to coordinate activities relating to health in the respective business area. Rheinmetall has also created a Think Healthy Committee consisting of the Global Health Manager, a link to the European Works Council and the divisional health coordinators. It is responsible for the development and implementation of the Global Health Management (GHM) strategy, the annual planning of group-wide GHM targets, the binding definition of international health management measures and compliance with the framework agreement on health management at Rheinmetall between the Executive Board of Rheinmetall AG and the European Works Council. The Think Healthy Committee regularly evaluates group-wide health issues, from which recommendations for action are derived for the Executive Board of Rheinmetall AG.

The GHM also takes into account the needs of persons with disabilities or people with special requirements. Through the central management of health-related measures and the creation of responsibility structures, such as local health coordinators, the GHM offers a point of contact for the concerns of individuals with special requirements.

Processes to remediate negative impacts and channels for own workers to raise concerns

Rheinmetall has developed and established a group-wide, transparent and effective procedure for eliminating negative impacts on employees on the basis of applicable laws and regulations.

The manual for the Rheinmetall whistleblower system and the misconduct response policy define binding general conditions for the procedures through which the own workforce can raise concerns, the documentation process and derived actions. For more information, see chapter ››Corporate Governance.

If negative impacts are identified, Rheinmetall takes actions to end or mitigate them. The type of action varies depending on the situation. The internal processing is carried out for the whistleblower by the responsible departments, usually by the local and central compliance department, if necessary with the involvement of other specialised departments. Furthermore, remedial measures at Rheinmetall may include optimizing work processes or adapting group-wide, company-wide or operational regulations or guidelines, adapting or introducing new training courses or providing compensation.

Rheinmetall monitors and evaluates the effectiveness of the actions taken. In particular, Rheinmetall incorporates feedback from employees to ensure that the actions fulfill their intended purpose.

Allegation management | Process

Several communication channels have been set up for reporting rule violations. Rheinmetall relies on open communication with employees in order to identify concerns and obstacles at an early stage. Employees are offered the opportunity to communicate their concerns to Rheinmetall via various channels, including internal and external grievance mechanisms. The various communication channels consist of central and decentralized reporting offices and ombudspersons. They can be contacted in person on site (if available), by telephone, post, email and web application, or anonymously if preferred.

Employees can turn to internal complaints offices to address their concerns. This includes the direct communication to the respective supervisor by means of a personal meeting, telephone call or in text form. In addition, there are other communication channels through which employees can submit any complaints to Rheinmetall - also completely anonymously. A complaints procedure has been set up for this purpose in accordance with the German Whistleblower Protection Act and the LkSG. This includes a report to the local or central compliance organization or to the Group-wide electronic whistleblower system. If data protection violations are suspected, it is also possible to contact the Data Privacy Organization. Rheinmetall ensures the implementation of the procedure for each site by appointing responsible compliance officers and monitoring the implementation of internal regulations. In addition, the central department is responsible for these processes and their availability centrally.

Rheinmetall conducts various dialog processes and surveys in order to obtain employee feedback and constructively incorporate it into business processes. As part of the YOUR VOICE survey, awareness of the reporting channels of the Rheinmetall whistleblower system was surveyed.

In addition to the internal channels described above, Rheinmetall enables employees to contact external complaints offices operated by independent third parties. To this end, Rheinmetall employs external lawyers as ombudspersons who specialize in reporting procedures and are subject to legal confidentiality. The ombudspersons forward the reports - anonymized if desired - to the Compliance department.

Workers and worker representatives are free to access all legally mandated grievance mechanisms, as well as third-party mechanisms operated by governments, non-governmental organizations, industry associations and other collaborative initiatives.

Allegation management | Whistle-blower protection

Any form of reprisal against persons who report actual or suspected misconduct will not be tolerated. No person who submits a report in good faith within the scope of the Whistleblower Protection Act or the Rheinmetall Whistleblower System Manual may suffer any disadvantage as a result of this report. This includes protection against dismissal, salary cuts or other disadvantages in the workplace. Details on whistle-blower protection can be found in Chapter ››Corporate Governance.

Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

The procedure for determining the impact on employees in our own business area is based on an existing risk management system. The core elements are the identification of risks and the derivation of preventive and corrective measures, including their effectiveness test.

The implementation and planning of actions relating to the impacts is assigned to the responsible central and specialised departments. No extraordinary expenses were incurred in connection with necessary actions in the fiscal year. The effectiveness of the actions is monitored by the specialised departments. The review is carried out annually in dialog with employees and by the central departments as part of the human rights due diligence obligations.

Actions | Secure employment

Rheinmetall's considerable growth also means an increased need for labour. The Global Talent Acquisition, Employer Branding & Diversity department is responsible for the internal and external recruitment of employees. The user-friendly career website offers extensive information and insights into Rheinmetall as an employer. The “Careers worldwide” section provides career information about 21 countries in Europe, North and South America, Africa, Asia and Australia. In addition, potential applicants are given the opportunity to access existing job advertisements quickly and easily.

In addition to the intensive activities in marketing directed at future apprentices, previous marketing measures were expanded at selected universities. Marketing measures have also been expanded to include additional communication channels. With a focus on the important target groups of engineers, IT professionals and skilled workers, Rheinmetall has drawn attention to itself as an attractive employer with campaigns placed in online and specialised media. Rheinmetall was also increasingly represented at recruitment and trade fairs throughout Germany, which are directed specifically at engineers, IT specialists and soldiers. Rheinmetall is present in important job portals, in professional social networks and on employer rating platforms.

In the internal international Global Employer Branding and Strategic Recruiting Community, country managers come together to learn from each other and regularly exchange information on effective recruiting and employer branding measures. The community is managed by the Global Talent Acquisition, Employer Branding & Diversity department.

Actions | Adequate wages

For the Executive Board of Rheinmetall AG, managers and non-tariff employees, variable performance and/or success-related remuneration components are provided that are designed to reward individual and company-related success. The criteria for calculating the variable remuneration components are determined by pre-defined targets, which may include both financial and ESG targets. In this respect, a distinction is made between short-term incentive and - applicable only to senior management and the Executive Board of Rheinmetall AG - long-term incentive.

Rheinmetall's success also benefits employees in Germany who are covered by collective agreements in two ways: Firstly, an additional bonus in the form of a profit share is paid to the majority of employees covered by collective agreements, depending on the Group result. Secondly, almost all employees receive an employer-financed company pension, the amount of which is partly not performance-related and is performance-related. Rheinmetall also offers an allowance for deferred compensation as part of the Rheinmetall Plus 2.0 company pension scheme. This should lead to an improved level of security during retirement.

It is decided annually whether employees of participating Group companies are also granted the opportunity to acquire Rheinmetall shares (share purchase program “Mein Stück Rheinmetall 2.0”). In the fiscal year, Rheinmetall AG once again offered the share purchase program in the Group companies in Germany, Austria, Switzerland and parts of Italy, which provides for an individual monthly savings plan. Through an employer subsidy, employees can acquire shares subject to a holding period at favorable conditions and participate in Rheinmetall's economic success as shareholders.

Actions | Social dialog

Rheinmetall acknowledges the importance of freedom of association, underlined by the FAIR2ALL. Important bodies for communication between the employer and employees are the Group Works Council, the European Works Council and the works councils of the individual legal entities, which promote the exchange of information between management and employees and exercise co-determination rights.

In addition, Rheinmetall uses surveys as a tool to obtain direct feedback from employees on topics such as job satisfaction, working conditions and corporate culture. Collaboration with external stakeholders and exchanges in internal networks provide opportunities for professional and personal exchange.

Actions | Freedom of association

Rheinmetall respects the right of employees to elect their own representatives, to form, join and be represented by employee representative bodies and to engage in collective bargaining. Detailed information can be found in section ››Processes for engaging with own workers and workers’ representatives about impacts.

Actions | Work-life balance

Working hours and shift schedules are continuously optimized in dialog with employees and their representatives. In addition, the group companies ensure compliance with local legal requirements and regulations regarding working hours.

Depending on the activity performed, employees are given flexible working hours and thus flexibility. These include working time models with different weekly working hours, various part-time options, trust-based working hours and the option to work remotely on a certain number of working days per month. These options allow employees to organize their working hours, enables working parents to take advantage of career opportunities also allows employees to devote themselves to caring for close relatives. The Germany-wide family service supports employees in matters relating to work and family.

Actions | Health and safety

The importance of occupational safety for Rheinmetall is underlined by the consideration of the Lost Time Incident Rate (LTIR) in the remuneration of Executive Board members since 2022.

One element in promoting health and safety was the obligation of the operating units to implement an externally certified management system in accordance with ISO standard 45001 by the end of 2024. The implementation took place in the operating units, with the exception of one international unit, which applies the relevant provisions under local law.

The Global Health Manager works together with the divisional and local health coordinators in the Think Healthy Committee. Thus, Rheinmetall is focusing on promoting employee health and creating a platform for bundling and managing of actions in the group-companies. The goal is to create uniform structures for the implementation of targeted actions, to develop a common understanding of healthy leadership and to support health-promoting action. This is used to continuously identify areas for action and define meassures. A group-wide workshop was held with the Director of Industrial Relations to reconcile and plan the focus topics in the fiscal year: nutrition, exercise, prevention and mental health.

At the company level, working groups evaluate relevant health management data, advise on health promotion activities and support their implementation. The working groups are made up of representatives of the company management and employee representatives.

In addition to medical check-ups, employees can also take advantage of various prevention programs on an ongoing basis. The spectrum includes everything from free vaccinations and regular health check-ups, through internal and external sporting offers and consulting services including medically appropriate reintegration following a period of long illness. Rheinmetall organizes global awareness campaigns throughout the Group, e. g. Mental Health Day and World Heart Day.

Actions | Skill development

Rheinmetall offers talented individuals special development programs at various levels. The programs are individually tailored to the three career paths - management, project and expert careers - and successively prepare high performers and high potentials at various career levels to take on management, project or expert functions. The basis is the Rheinmetall competency model, which is oriented towards the competencies relevant to Rheinmetall. The competency model comprises the four areas Shape the Future, Empower People, Develop the Business and Strive for Excellence. Regular meetings between managers and employees are used to discuss performance, targets and individual development opportunities.

Rheinmetall employees are given a wide range of training opportunities to plan their personal development, achieve individual learning goals and expand their skills for their current or future tasks. The provision of personnel development and qualification measures is based on regular needs assessments in the companies.

The Rheinmetall Academy in Düsseldorf is the Rheinmetall training center. The Academy offers not only classroom training, but also blended learning and remote training. It forms the basis for personnel and management development and offers Group-wide further training opportunities in the form of training courses, seminars and workshops for employees and managers.

Actions | Anti-discrimination and diversity

Discrimination in the workplace, on social media and on other public platforms will not be tolerated. Rheinmetall is committed to ensuring that no one is disadvantaged or harassed on the basis of protected personal characteristics.

Developing further understanding between the generations and emphasising opportunities for cross generational working and learning play an important role. Rheinmetall supports employees with further training on dealing with diversity at work, e. g. through various seminars and e-learning courses on cooperation between generations in the workplace and intercultural skills.

Based on detailed analyses and calculations, interdisciplinary teams develop new programs that take into account the different needs of national and international sites as well as the age structure of employees. The tailored actions include, in particular, the targeted transfer of knowledge between employees, the formation of diverse teams, the consistent training of young professionals and the tailored recruitment and marketing activities. Adjustments to work and organizational processes as well as additional actions and offers to promote health are also included.

Rheinmetall valuesto the internationality of its employees, particularly at management level. When filling management positions in the individual countries, local talent is encouraged. Rheinmetall motivates employees to network and move to other areas or sites.

Female employees in particular can exchange ideas in the international community women@Rheinmetall. It offers its members a forum for knowledge transfer and exchange of experience as well as support in professional matters. Among other things, the community promotes the cooperation and visibility of women at Rheinmetall and coordinates the exchange in regular network meetings and a global annual conference.

Rheinmetall's strategy is to attract women to work at Rheinmetall and to support female talent also in management positions. The Talent Acquisition, Employer Branding & Diversity department works closely with people development to develop systematic recruiting approaches, training concepts and development measures that support the increasing participation of women in management and prepare them for future management roles.

Actions | Inclusion

Due to the open corporate culture, people with health restrictions and disabilities are integrated into working life at Rheinmetall. They can contribute their talents and develop their skills. The focus is on promoting existing strengths and potential. An important prerequisite for this are jobs that are individually adapted to the type and degree of health impairment or disability.

In Germany, the representatives of severely disabled persons ensure that all persons with disabilities have effective representation of their interests. They are committed to the rights, promotion and integration and provide advice and support. The general representative bodies for employees with disabilities and the Group representative body for employees with disabilities ensure that the interests of persons with disabilities are represented in all German group companies.

The inclusion agreement describes an employment quota for persons with disabilities. Each company strives to achieve an employment rate of at least 5% for persons with disabilities. The inclusion team will advise on appropriate actions. If the employment rate falls below 3%, the introduction of special measures is discussed.

Actions | Child and forced labor

The prohibition of child labor under the minimum permissible age is ensured by internal processes and monitored by means of a risk management system. In addition, audits were carried out at seven international sites in the reporting year with the help of an external provider to prevent child and forced labor. As a result, no remedial measures were necessary with regard to child and forced labor, as no child and forced labor takes place.

Actions | Privacy

In order to identify potential data protection incidents at an early stage, mitigate them appropriately and, if necessary, report them to the responsible data protection supervisory authorities, Rheinmetall maintains an open and transparent culture and offers various channels for reporting such incidents. This includes the central whistleblower system and direct contact with the data privacy or compliance organization. For more information, see chapter ››Corporate Governance.

In addition, data protection is integrated into central processes and structures as an stakeholder or review body to ensure compliance with requirements in operational business, e. g. when introducing IT applications, commissioning data processing service providers or designing new processes.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The existing targets are continuously reviewed and updated with the involvement of employee representatives, the central and specialised departments and the results of surveys. Setting sustainability targets is also part of Rheinmetall's sustainability strategy.

Rheinmetall's strong market position and the associated influence on secure employment makes Rheinmetall an attractive employer. To ensure this in the long term, the goal is to continiously attract suitable applicants and to retain employees at Rheinmetall.

Rheinmetall stands for fair cooperation and a trusting and constructive exchange with employee representatives and trade unions in Germany and abroad. The goal of social dialog is to reconcile the interests of the employer and the needs of the employees. A good work-life balance is essential for Rheinmetall. Rheinmetall always strives for adequate wage and modern remuneration systems.

The goal of health promotion is not only to avoid hazards and risks, but also to design workplaces in such a way that healthy working practices and health-conscious behavior are guaranteed in the workplace. The central management of occupational safety strives to strengthen networks and create a group-wide exchange forum. .

Rheinmetall's strategic objectives are used to derive training opportunities that contribute to skills development, such as the increased internationalization of the Group and the transformation of the automotive business. Rheinmetall's goal is to develop employees' skills so that they can develop their individual strengths, fulfil their potential and actively contribute to Rheinmetall's strategic economic goals.

Persons with disabilities are particularly dependent on the protection and solidarity within the company. Their inclusion in training and work is a prerequisite for equal participation in social life. The Corporate Social Integrity department strives to develop and implement meassures in the area of anti-discrimination and diversity.

The rejection and thus also the prevention of child and forced labor are firmly anchored as a clear goal at Rheinmetall.

The data protection regulations are intended to protect the personal data of people in the context of data processing by Rheinmetall.

Characteristics of the undertaking’s employees

The key employee figures presented in this Sustainability Statement are based on a headcount at the reporting date of December 31, 2024 while key figures outside of the Sustainability Statement may be based on full-time equivalents (FTE).

The employees listed in these key figures include persons with an active employment relationship at the reporting date (salary recipients), including temporary staff and employees on leave, but exclude non-employees, trainees, dual students, interns and working students. The non-employees in this context are contingent workers and external employees.

The total number of employees by gender is shown below.

Total number of employees[1] by gender

Headcount	12/31/2024
Male	22,956
Female	6,365
Not reported or diverse	1
Total employees	**29,322**

[1] Not including trainees, dual students, working students and interns

With the exception of Germany, no country employs more than 10% of the employees. The number of employees in Germany is 15,130 .

The following key figures on employees are broken down by gender and type of employment contract.

Employees[1] by contact type broken down by gender

Headcount	12/31/2024			
	Number of employees	Number of permanent employees	Number of temporary employees	Number of non-guaranted hours employees
Male	22,956	22,417	539	-
Female	6,365	6,254	111	-
Not reported or diverse	1	1	-	-
Total employees	**29,322**	**28,672**	**650**	**-**

[1] Not including trainees, dual students, working students and interns

The above-mentioned fixed-term employees include persons with a fixed-term employment contract and without special protection against dismissal. This includes employees who are subject to regular taxation (full-time and part-time), short-term employees with a low number of hours stipulated in their employment contract in accordance with Section 40 of the German Income Tax Act, students who are employed as temporary staff during the school vacations and do not receive a trainee contract, and trainees who receive a fixed-term employment contract.

The total number of employees who left the company voluntarily or due to dismissal, retirement or death during the financial year is 3,951 . This corresponds to a rate of 13.5%.

Collective bargaining coverage and social dialog

The percentage of employees in Germany covered by collective agreements is 58.4%. In addition, all employees in Germany are represented by employee representatives.

Diversity metrics

Management functions across the Rheinmetall Group are classified on a hierarchical basis into eight management levels which correlate to the five management clusters. Among others, the degree of operational, technical and disciplinary management responsibility determines the classification of a position in a management cluster. The top management level of the Rheinmetall Group shown here consists of management levels one to four, which are divided into executives and top management. The Executive Board and the heads of the divisions form the executive level. Top management consists of the heads of the central departments and the members of the business units and divisional management teams.

The gender distribution at the top management level is shown below.

Gender distribution at top management level

Headcount	12/31/2024	
	Number of employees	Percentage
Male	103	88.0%
Female	14	12.0%
Not reported or diverse	-	-

The employees of the Rheinmetall Group are divided into the following age groups.

Distribution of employees[1] by age group

Headcount	12/31/2024	
	Total employees	Precentage
Under 30 years old	4,028	13.7%
Between 30 and 50 years old	16,702	57.0%
Over 50 years old	8,592	29.3%

[1] Not including trainees, dual students, working students and interns

Adequate wages
All employees receive an adequate wage in accordance with the applicable reference values in the fiscal year 2024.

Health and safety metrics
The percentage of employees covered by the company's health and safety management system implemented on the basis of legal requirements or recognized standards is 97.7%.

There were no fatalities among employees as a result of work-related injuries and illnesses.

The number of reportable accidents at work among employees is 386 . The quota is 6.8 and corresponds to the Lost Time Incident Rate relevant to Rheinmetall's remuneration. The figures are based on the employees' planned working hours.

Compensation metric
The annual total remuneration for the highest-paid person is divided by the median of the annual total remuneration of the employees minus the highest-paid person. The ratio thus determined is 5,977%.

Incidents, complaints and severe human rights impacts
The number of employee complaints received via the grievance mechanism channels in the fiscal year amounted to 146 . A total of nine cases of discrimination, including harassment, were confirmed during the reporting period. There were no complaints submitted to the OECD National Contact Points for Multinational Enterprises. There were no significant fines, sanctions or claims for damages in connection with aforementioned incidents and complaints. The reconciliation of the monetary amounts stated with the most meaningful amount stated in the financial statements is 0 (zero).

There were no serious incidents relating to human rights in connection with labor. There were no complaints regarding violations of the United Nations Guiding Principles on Business and Human Rights or the OECD Guidelines for Multinational Enterprises. There were no fines, sanctions or compensation payments for human rights-related incidents described. The reconciliation of the monetary amounts stated with the most meaningful amount stated in the financial statements is 0 (zero).

Workers in the value chain

Impacts, risks and opportunities and their interaction with strategy and business model
Value chain workers within the meaning of the ESRS are persons who work in the company's value chain, regardless of the existence or nature of a contractual relationship with the company.

Rheinmetall maintains business relationships with numerous suppliers for the manufacture of its products. The Rheinmetall Group Purchasing department, which is described in more detail under ››Governance, is responsible for cooperation with suppliers. The aim of Group Purchasing is to establish and maintain long-term supplier relationships. As explained below, there is a transparent overview of those suppliers with whom there are direct contractual relationships. So far, there is little insight into the deeper supply chains where potential risks may lie. The mining of raw materials such as bauxite, nitrocellulose (linters), tin, tungsten, copper, cobalt, gold, aluminum and the processing of raw materials such as plastics and semiconductors (mica) in various regions around the world such as Guinea, Brazil, the People's Republic of China, Indonesia, Myanmar, Peru, the Democratic Republic of Congo and Vietnam poses a potential risk of human rights violations. Cases of child and forced labour, lack of health and safety protection, violence and harassment have become known through media reports and pose potential negative impacts through the use or extraction of materials. The generic analysis of the deeper value chain (Tier N suppliers and their employees) confirmed these poten-tial risks, although no specific group of affected parties was identified. Rheinmetall plans to gain more com-prehensive insights into the upstream value chain at the Tier N supplier level from 2025 onwards. On this basis, corresponding targets are to be derived and potential risks in this area are to be minimized as far as possible.

Rheinmetall does not tolerate human rights violations and strives to counteract any potentially negative impacts on value chain workers within its own sphere of influence. Guidelines such as the supplier Code of Conduct (SCoC) and specifications such as the instruction on supplier screening in accordance with the German Supply Chain Due Diligence Act (LkSG) state that Rheinmetall expects suppliers to have the same understanding with regard to respecting human rights, for example by agreeing on disclosure clauses. The aforementioned guideline or requirement relates to workers in the upstream value chain (Tier 1) with whom contractual relationships exist. Human rights violations can affect workers in the far upstream value chain who are involved in the extraction or processing of raw materials in the relevant regions. Rheinmetall's Responsible Minerals Sourcing Policy from 2022 ensures that no raw materials are sourced from conflict regions.

In addition to the SCoC, which must be signed by the Tier 1 supplier at the beginning of each business relationship, Purchasing has implemented a comprehensive supplier risk process. The ESG Supply Chain team at Group headquarters carries out regular risk analyses together with the divisions. The corresponding regular reporting takes place on a quarterly basis and is presented to the Chief Purchasing Officer and the divisional purchasing managers as part of the operational Rheinmetall Group Purchasing Council (RPG Council). The strategic RPG Council also decides on topics such as a possible adjustment to the supplier risk analysis. The risk analysis is supported by the software provider EcoVadis and is carried out on an ongoing basis. In addition, the Risk Management Council (a cross-divisional council of the Rheinmetall Group) is working on a list of criteria that defines when a supplier's supply chain should be examined more closely. The result will be available in the course of the 2025 fiscal year.

Policies related to value chain workers

The SCoC and the instructions for supplier audits in accordance with the German Supply Chain Duties Act are updated regularly by Group Purchasing, with the ScoC being updated for the last time on January 1, 2025. Both documents have an effect on Tier 1 to Tier N suppliers and their employees. At the same time, they are a central working tool for those at Rheinmetall who make purchasing decisions. Signing the SCoC is mandatory for direct suppliers as part of the onboarding process. Only in exceptional cases and in consultation with the legal department or compliance can minor adjustments to the SCoC or equivalent agreements be accepted as an alternative. New supplier systems are checked and approved at divisional level. The RGP Council is responsible for the implementation accordingly. Among other things, the SCoC refers to the OECD Guidelines for Multinational Enterprises, the ILO Core Conventions, the United Nations Sustainable Development Goals, the 10 principles of the UN Global Compact and the Diversity Charter, which stand for the prevention of human rights violations such as human trafficking and child and forced labour.

The SCoC is available on the Rheinmetall website. The instruction on supplier screening in accordance with LKSG is an internal document. Both documents are available to employees on the intranet. The SCoC defines the requirements for suppliers with regard to human rights, working conditions, environmental protection and business integrity. The process for monitoring effectiveness is described in the instruction for the supplier screening. If a supplier is in breach of its obligations under this SCoC or if a breach is imminent, appropriate remedial action must be taken to prevent, terminate or minimize the extent of the breach.

In case of an LkSG relevant infringement, Group Purchasing informs the responsible divisional ESG Supply Chain Officer, who notes and processes the information in the electronic whistleblower system in consultation with Compliance Central Investigations. If knowledge is obtained through the whistleblower system, for example through the whistleblower system, Group Purchasing is informed by Compliance Central Investigations. The process for reviewing the suspected case includes the following steps:

Three internal escalation steps are designed to ensure that potential or identified breaches of due diligence are remedied or prevented. As a first action, the Division ESG Supply Chain Officer demands an immediate termination of breach at the immediate supplier if it has occurred in the supplier's own business area. If an indirect supplier is affected, the direct contractual partners are obliged to remedy the situation. Continuous documentation of the individual steps takes place throughout the entire process. The supplier reports its remedial measures by means of an action plan.

In the second escalation step, the follow-up of the action plan is reviewed by the ESG Supply Chain Officer. An ESG audit can also be conducted. The Group Social Compliance Officer must be involved in the audit in the event of serious breaches of due diligence.

If the violation persists, the operational RPG Council is involved in the final escalation step. The supplier's management is contacted in order to obtain the cessation of the violation. If this is not successful, the operational RGP Council will decide on the potential blacklisting of the supplier. In order to ensure that the cause of the breach has been permanently eliminated, the supplier must provide appropriate proof after six months to prove the effectiveness of the actions taken.

The double materiality analysis did not identify any material impacts, risks and opportunities in connection with the exchange with labour in the value chain or with remedial measures. There is no general approach to the exchange with workers in the value chain. Compliance with the human rights conventions of the OECD Guidelines for Multinational Enterprises, UN Guiding Principles and ILO Core Conventions mentioned in the SCoC is monitored by the ESG supplier risk analysis, which is carried out in two stages.

In the first stage, an abstract risk analysis is carried out using established, external software solutions to examine country and sector risks with regard to environmental, social and governance issues. The country risk assessment consists of the areas of environment, ethics and labour and human rights. Information such as the Environmental Performance Index, HDI Development Index, control of corruption, rule of law, Corruption Perception Index, women's rights and other criteria are included in the country evaluation. For the industry risk assessment, the supplier's International Standard Industrial Classification (ISIC) category is examined in detail and evaluated in terms of the environment, ethics, labour and human rights and sustainable procurement.

In the second stage, the specific risk analysis is carried out using EcoVadis ratings. The supplier itself is involved and asked to provide information and proof. At the end of the process, the so-called scorecard is produced, which shows an overall score and topic scores in the areas of environment, labour and human rights, ethics and sustainable procurement. Here, the topics of environmental, labour and human rights include the requirements of the German Supply Chain Due Diligence Act.

Suppliers are approved for procurement if they are classified as low risk. If, on the other hand, the risk classification is high, the operational RPG Council is involved and takes the decision on how to proceed. Possible decisions include requiring the supplier to provide evidence of an EcoVadis scorecard within a certain period of time, or not entering into a business relationship with the supplier.

Processes for engaging with value chain workers over impacts

Rheinmetall is actively involved in the Automotive Sector Dialogue. The National Action Plan (NAP) for Business and Human Rights adopted in 2016 enshrined the responsibility of German companies to respect human rights along their supply chain for the first time. Companies have been called upon to implement the United Nations Guiding Principles on Business and Human Rights in Germany as part of this, the Federal Ministry of Labour and Social Affairs (BMAS) commissioned the German Supply Chain Due Diligence Act (Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH) to conduct industry dialogs. The first dialog in this series is the Automotive Sector Dialogue, which was introduced in 2020. The members of this multi-stakeholder initiative develop a common understanding of possible sector-specific human rights risks, draw up implementation-oriented publications and implement joint pilot projects. Rheinmetall takes part in these regular meetings together with other companies, trade associations, trade unions and non-governmental organizations as well as institutions from other ministries outside the BMAS. In addition, the Automotive Industry dialog organizes cross-industry professional events on the topic of implementing due diligence obligations in global supply chains. The members of the Automotive Sector Dialogue exchange information on a quarterly basis.

Rheinmetall is a member of the United Nations Global Compact, a globally established sustainability initiative. The signatories undertake to comply with the 10 principles of the UN Global Compact, to respect human rights, to ensure fair working conditions, to protect the environment and to fight corruption. They serve as important signposts for responsible corporate governance. The UN Global Compact platform offers a wide range of training and networking opportunities that also touch on the topic of the deeper supply chain and its workforce.

The framework agreement on the principles of social responsibility concluded together with the international trade union federation IndustriALL Global Union in 2018 not only holds Rheinmetall's managers and employees accountable in this regard, but also encourages business partners and suppliers to apply these principles accordingly.

In addition, Rheinmetall uses the services of the “Helpdesk for Business and Human Rights” to further expand the exchange with legitimate representatives. The Helpdesk is located in the Agency for Economic Cooperation and Development and is funded by the Federal Ministry for Economic Cooperation and Development.

Rheinmetall is also involved in the German Institute for Compliance (DICO) and regularly participates in the “ESG Corporate Sustainability” and “Human Rights in Companies” working groups, in which topics relating to supply chains and the local workforce are also addressed.

In the 2024 fiscal year, there was no general procedure for working with value chain workers and therefore no insight into the perspectives of particularly vulnerable groups.

Processes to remediate negative impacts and channels for value chain workers to raise concerns

Like other external third parties, value chain workers can report to the Compliance department via the whistleblowersystem and the Integrity Line. More detailed information on the whistleblower system can be found in the chapter ››Corporate governance statement.

The electronic whistleblower platform Integrity Line allows value chain workers to communicate their complaints, concerns and needs anonymously and with a low threshold. Contact can be made online, by telephone or by e-mail to the external ombudsperson. According to the SCoC, the supplier must inform its employees and suppliers of the accessibility and anonymous usability of the complaints mechanism and ask them to pass on the information along the supply chain. The supplier shall refrain from taking any discriminatory or disciplinary action against the whistleblower in connection with the processing of such information. The external ombudsperson is also available to receive information from third parties. In the 2024 fiscal year, there were no indications of negative impacts on workers in the value chain. There were therefore no remedial measures that could have been tested for effectiveness.

In the event of suspected non-compliance with the SCoC, Rheinmetall requests information on the relevant facts and carries out audit procedures. Where appropriate, Rheinmetall may audit the supplier regularly, at least once a year and more than once a year if necessary, for compliance with the obligations under this SCoC.

The audit is to be conducted during the supplier's normal business hours and does not have to be announced in advance for the purpose of effective control. The supplier shall grant access to all documents, business areas and premises relevant for the audit and cooperate to the best of its ability. Appropriate consideration must be given to the legitimate business interests of the supplier and to data protection. Rheinmetall is also legally obligated to maintain confidentiality regarding the subject matter and results of the audit with respect to third parties. Rheinmetall is entitled to have the audit carried out by a third-party company, whereby the supplier's legitimate business interests and data protection aspects must also be protected. Supplier audits do not check whether value chain workers know and trust the grievance procedures.

Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of action

Since 2023, the ESG Supply Chain team function has been responsible for the topic of social responsibility in the supply chain, with an initial focus on direct suppliers. In order to address the potential impact on the value chain, the ESG Supply Chain team function will be fully dedicated to the topic of supply chain management and relationships with suppliers in the future. Identified potential risks such as human rights violations will be taken into account. In addition, the SCoC was updated as of January 1, 2025.

The establishment of the ESG Supply Chain team and the risk analysis as part of the LkSG are aimed at minimizing negative impacts on the value chain workers and minimizing potential risks for Rheinmetall There are no additional measures for positive impacts on workers in the deeper value chain. As no opportunities for or impact on value chain workers were identified, no impacts were taken and no performance test was carried out. In the 2024 fiscal year, no procedures were implemented for identifying actions.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Respect for applicable laws and regulations as well as social and environmental values is a central component of Rheinmetall's corporate culture and a guiding principle for corporate governance. Rheinmetall expects the same from its suppliers. In the event of any irregularities, strategies are developed for the affected suppliers in the monthly operational RPG Council. Potential risks lie in the far upstream value chain at Tier N level of the suppliers. Due to the complexity of the supply chain, risks cannot be quantified at present. No targets were therefore set in connection with the Tier N level. From 2025, Rheinmetall plans to gain a deeper insight into the supply chain beyond the direct suppliers in order to derive corresponding targets. In addition, procedures and strategies for identifying necessary and appropriate actions are to be established from the coming fiscal year in order to be able to react to potential negative impacts on the value chain workers.

Consumers and end-users

Material impacts, risks and opportunities and their interaction with strategy and business model

Rheinmetall operates a B2B (Business to Business) business in the automotive sector as a supplier of vehicle components and a B2G (Business to Government) business in the defence technology sector. In the civilian sector, end-users are private and commercial vehicle users; in the military sector, end-users are soldiers or, for example, police officers of the respective government customers.

The products of the Rheinmetall Group are intended to ensure the protection of end-users, so that both actual and potential impacts exist in this context. In the defence technology sector, development, production and service activities are geared towards ensuring the best possible protection for soldiers.

Policies related to consumers and end-users

The Corporate Safety Product Safety Directive describes how the safety of Rheinmetall products is ensured in accordance with current standards and methods. It therefore has an impact on all end-users. The target of the directive is to consolidate the safety culture at Rheinmetall in the long term in order to provide both users and bystanders with the best possible protection when using products. For a holistic approach, system security is the focus of activities here, for which all relevant norms and standards are also included beyond the European Economic Area. Important components of the mission statement include a consistent process, a systematic approach to risks and hazards, the Group-wide exchange of technical experts and independent product safety management to be ensured by the respective management to validate the safety record. Product safety engineering is an integral part of development in order to incorporate safety requirements as early as the design phase. All activities and resources required to ensure product safety must be taken into account from the planning phase onwards.

Operational product responsibility lies with the management of the respective Group companies, who in turn appoint product safety experts to carry out their duties throughout the entire product life cycle, starting with development. These experts act independently of the organization and can report directly to their respective management. For projects with safety-critical features, they are also involved in regular status reporting to the Rheinmetall Group's central Research, Technology and Innovation department.

The compliance and effectiveness of the entire process is ensured by audits, whereby audits are conducted by the product safety management of the respective organization, by the central Research, Technology and Innovation department of the Rheinmetall Group and by independent safety experts.

Detailed descriptions of the overarching human rights obligations, which are also relevant for end-users, can be found in the chapters ››Own workforce and ››Workers in the value chain.

Processes for engaging with consumers and end-users

User stakeholders on the customer side, such as procurement authorities or subordinated users themselves, are directly involved in the product development process in firmly agreed technical milestone reviews and continuous System Safety Working Groups in order to be able to take their interests into account in the best possible way and to ensure their safety. The most important elements here are the use of design and simulation tools, which are used at an early stage, and testing in test facilities.

In the defence-related environment, studies are generally commissioned by the customer before the tender of a system, which are intended to investigate the closure of a capability gap determined by the customer. These analyses sometimes deal with risk-reducing actions. For example, one project investigated the risks to the eyes from laser reflections, during operation and maintenance or the impairment of other airspace users. The results are incorporated into a later procurement as a guideline. Rheinmetall is involved in many of these studies. Furthermore, a Human Factors Analysis is carried out during system design, whether for studies or product development, which considers the main factors influencing the system on the user (e.g. load, ergonomics, usability).

In the area of defence technology in particular, field testing is also carried out together with government customers in order to take their requirements and change requests into account as effectively as possible. The entire process is accompanied by internal and external audits to ensure compliance with quality specifications and the Corporate Safety Product Safety Guideline. The Head of the Rheinmetall Group's central Research, Technology and Innovation department is responsible for this guideline, which has been approved by the executive board.

Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

During the product development process, there is a regular exchange at defined milestones. In the area of defence technology, a regular exchange takes place within the framework of working groups together with system experts from government customers. For the Rheinmetall Group's B2B and B2G customers, direct contacts have also been defined for reporting product safety-related incidents after delivery. In addition, market and field observations are carried out using public sources such as specialist articles or subject-specific databases. Reported or otherwise known safety-related incidents are analyzed by the product safety staff in the respective Rheinmetall companies in order to be able to take appropriate countermeasures if necessary. Depending on the incident, this may include issuing further safety information for end-users, temporary restrictions on product use until possible product revisions have been completed or even recall campaigns. In addition to the aforementioned reporting channels and own observations, user surveys are also carried out and exchanges of experience with users are initiated.

In addition, the Rheinmetall Group's publicly accessible whistleblower system is also available for all concerns and can therefore also be used by end-users of Rheinmetall products or possible representatives in the event of safety-related incidents. The detailed description can be found in the section ››Corporate Governance Statement. No complaints relating to product safety were received from consumers or end-users in the fiscal year. No determination was made as to whether consumers or end-users know or trust the whistleblower system.

Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

During the past fiscal year, Rheinmetall has taken actions to maintain product safety. This includes periodic evaluations of the implementation of the Product Safety Directive at existing Rheinmetall companies and at new companies such as Rheinmetall Expal Munitions, as well as the initial training and onboarding of new employees in the area of product safety, e.g. through training on product liability, risk tracking and risk minimization. The actions to ensure the safety of the products of the Rheinmetall Group should also be continued in the coming years. In 2025, evaluations are planned for the implementation of the product safety guideline at other group companies such as Rheinmetall Hungary and new product safety experts are being trained. Possible deviations with regard to compliance with the Corporate Safety Product Safety Directive are recorded in reports and their processing is tracked. Participation in training measures for safety experts is documented via participation certificates. No significant funds were allocated to the management of the material impact beyond the product safety budget. Maintaining a safety culture is a fundamental part of the Rheinmetall Group's business activities.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The fundamental objective of product safety is to protect users when handling Rheinmetall Group products and to fulfill the legal obligation in the context of product liability. There are no quantitative targets in relation to the security of end-users.

GOVERNANCE

Description of the processes to identify and assess material impacts, risks and opportunities

To identify and assess the main impacts, risks and opportunities, interviews were conducted with internal stakeholders and risk control was utilised.

Business conduct

Business conduct policies and corporate culture

Business conduct

Rheinmetall is committed to a responsible, fair, reliable and transparent corporate policy. In a changing world, Rheinmetall assumes responsibility and contributes to the defence of freedom and democracy with technologies, products and systems. The companies of the Rheinmetall Group have a particular responsibility with regard to exports. The strict provisions of German and European foreign trade law as well as the War Weapons Control Act and other applicable regulations must be complied with. In Germany, all exports of war weapons and other military weapons are subject to the export policy of the Federal Government. The Federal Government ensures that its export licenses comply with international law, the Arms Trade Treaty (ATT), the “Common Position of the Council of the European Union of December 8, 2008 on common rules governing control of exports of military technology and equipment” (CFSP), the War Weapons Control Act, the Foreign Trade and Payments Act and the Foreign Trade and Payments Ordinance as well as the “Political Principles of the Federal Government for the Export of War Weapons and Other Military Equipment” in the version dated June 26, 2019. Neither Rheinmetall AG nor its subsidiaries or joint ventures develop, produce or distribute anti-personnel mines, biological, chemical or nuclear weapons, cluster munitions or depleted uranium ammunition. More information on corporate governance can be found in the chapter ››Corporate Governance Statement.

Corporate values

The values of the Rheinmetall Group are respect, trust and openness. Each person is treated with appreciation and respect. Communication is open and transparent.

Values must be exemplified in order to create a sense of identity. The Executive Board therefore communicates regularly, at least every other month, to the workforce. All Executive Board members inform the workforce about the latest developments via CEO letters, video messages and other formats. One of the concerns of the Executive Board is to ensure that communication with all Rheinmetall employees is appropriate for the target audience. As an industrial group, Rheinmetall employs people in various forms of work: some work in offices, many others work in production halls. In order to reach them as well, the company relies on printed site newsletters, notices with up-to-date information and stories in the Rheinmetall app, which employees in the DACH region can use. The Executive Board also regularly visits the plants and engages in discussions with local people.

In addition to joint activities, traditional company celebrations are also essential for promoting the corporate culture. For several years now, an annual soccer tournament has also been held, which offers the opportunity to get to know colleagues from other countries worldwide. Employees are also involved in sports and cultural sponsoring activities. Large numbers of tickets are raffled off and partners are involved in celebrations and activities, sometimes with their own initiatives.

Twice a year, an anonymous survey is conducted to gauge the mood within the company. For the Executive Board, the results serve as an important indicator of possible changes that can then be addressed. The results are made available and discussed internally.

Compliance

The reputation of Rheinmetall, the success of the business and the trust of customers, investors, employees and the general public depend not only on the quality of our products and services, but also on good corporate governance and effective compliance processes. In accordance with the corporate values and the Code of Conduct, Rheinmetall is committed to conduct characterized by responsibility, integrity, respect and fairness. Compliance is an integral part of the corporate culture.

The binding compliance requirements serve to safeguard the business success on a lasting basis. The members of the Executive Board, managers, executives and employees are obliged to comply at all times in their working environment with all the applicable counry-specific laws, external and internal regulations and other provisions and to behave impeccably in business relationships. The tangible and intangible assets must be protected and image damage or operational or financial disadvantages for individual companies or the Rheinmetall Group must be avoided. No damage to the company’s standing and reputation of employees or agents through unlawful and/or unethical behavior or corrupt business practices will be tolerated. In view of deliveries to many countries around the world, reliable compliance guidance in the national and international environment is indispensable.

The Rheinmetall Group's strategy for combating corruption and bribery in business dealings is in line with the United Nations Convention against Corruption.

In the fiscal year, the Chief Compliance Officer and the central Compliance department reported to the Chairman of the Executive Board. With effect from January 1, 2025, the department is assigned to the Director of Industrial Relations. The central Compliance department is divided into the areas of Prevention, Regulation, Business Partners, Central Investigations (consisting of the Investigation Office and Allegation Management), Social Compliance, Group Data Privacy and Group Data Protection. Compliance focuses on the areas of anti-corruption, data protection and the implementation of statutory monitoring and control tasks as part of the German Supply Chain Duties Act (LkSG, Lieferkettensorgfaltspflichtengesetz).

For the implementation of the LkSG, the Chief Compliance Officer also assumes the role of Group Social Compliance Officer, thereby implementing the legally required control body of the so-called “Human Rights Officer” within the meaning of the LkSG.

The Chief Compliance Officer is also responsible for the Compliance field organization, comprising the divisional Compliance teams, the Regional Compliance Officers abroad and the central holding support, as part of the strongly normative management. The roles of the Corporate Compliance Officer for Central Europe with a focus on Hungary and of the Corporate Compliance Officer for Southern Europe with a focus on Spain were also established to support the increasingly important sites and major projects in other European countries.

The Chief Compliance Officer informs the Executive Board and the Supervisory Board’s Audit Committee on a regular basis on the status and effectiveness of the compliance management system and on the latest developments. In serious cases, the committees are immediately consulted. In addition, the heads of the divisions are also kept apprised monthly by the responsible Compliance Officers of current developments, new rules, planned training measures and possible compliance infringements as well as the status of possible investigations.

Compliance is taken into account as an aspect of risk in decision-making processes, not only when it comes to considerations regarding the strategic and operational alignment of the Rheinmetall Group, but also in day-to-day business. The central compliance management system, with its integrated and dynamic focus on constantly updated key risk aspects, such as corruption, data protection violations or attempted fraud, is firmly anchored in the Group-wide management and control structures and includes all instruments, processes and extensive actions intended to ensure that procedures in the companies of the Rheinmetall Group comply with the applicable country-specific legislation, general legal conditions, regulatory provisions and the company’s own regulations. It also creates an organizational structure that allows the applicable standards to be publicized across the divisions and their implementation status to be tracked. If binding legal regulations in individual countries deviate from the rules set out in the compliance management system, the stricter regulation shall apply where permissible. In the case of changes to the content, the Chief Compliance Officer’s approval is also required.

The compliance management system is updated at regular intervals, not only in line with the applicable legal requirements but also in the light of new findings from reporting, comparisons with other compliance systems and the assessment of external specialists (benchmarking). It is also reviewed on an ad-hoc basis if any breach of compliance regulations is suspected or discovered. Implementation of the compliance management system is monitored by regular reports to Corporate Compliance and by routine and special audits conducted by internal auditing and the compliance organization.

Compliance officers also monitor important transactions in the companies, such as mergers and acquisitions, the establishment of joint ventures, pre-employment checks, and the integration of sales brokers, thereby supporting the respective departments in their work. In addition, compliance officers advise the people responsible in the operational units on how to take compliance into account in operational business processes.

In the area of sales support, there is a platform containing compliance-relevant information on around 160 countries and regions. In the field of security and defence technology, compliance is part of the bid process for bid/no bid decisions. In addition, various IT tools are used throughout the Group to support compliance processes.

Compliance | Prevention

A compliance risk prevention directive ensures a uniform approach to systematic risk prevention and creates the necessary structural and organizational conditions at all levels of the company. Procedures for taking an initial inventory of compliance risks, deriving response measures and plan regular repeat measures are defined for different applications.

To help continuously identify compliance risks and to develop and improve mitigation measures, the Prevention team was established, which focuses on structural prevention topics on an ongoing or project basis. The roll-out of the regulatory compliance project launched in 2020, which is intended to expand the “litigation-proof organization,” was driven forward in the fiscal year. In the next step, an IT application is already being introduced to make it easier and safer for employees in over 30 countries, who increasingly come into contact with liability-prone regulatory areas in their day-to-day and project business, to deal with the complex regulatory framework.

The target of rendering the processes, projects and tasks anchored in the compliance management system more measurable and transparent is served by a reporting tool that offers a wide range of options for tracking, evaluating and managing the status of a large number of compliance-relevant processes and projects at various organizational levels of the Rheinmetall Group. These include reporting on the status quo of training courses, audits, risk analyses, consulting focal points, processes, compliance levels for guideline roll-outs, and the recording of project statuses. The associated evaluation options will now enable compliance reporting to the Executive Board and Supervisory Board to focus on identified compliance risk areas and the mitigation measures established, as well as the related KPIs.

Compliance | Training programmes and consulting

To make the workforce at all levels of the company aware of compliance risks, numerous introduction events, training seminars and workshops are held, some of which are tailored to specific functions such as management, buyers or sales staff. Legislation and important regulations are explained and further content is provided at these sessions. Attention is also drawn to internal compliance requirements, risks and possible sanctions and, based on case studies, practical advice is given on appropriate conduct in specific situations during everyday work. These classroom training sessions, which also serve as a practical forum for discussions, are accompanied by interactive online programs. Every year, employees at domestic and foreign sites receive compliance awareness training not only on general compliance topics, but in particular on the prevention of corruption and bribery, conflicts of interest, money laundering, forms of fraud by e-mail or telephone through third parties, export control and antitrust and competition law. With regard to corruption and bribery, all employees with contact to business partners and those who can directly or indirectly influence selection decisions and could abuse their decision-making powers for personal gain are particularly at risk. This results from numerous laws, whereby in most jurisdictions corruption by public officials is punishable by higher fines or prison sentences. As a result, the focus is on employees of the indirect area. In contrast, there are employees of the direct area who are involved in value creation and are therefore not exposed to an increased risk of corruption or bribery.

The topics of anti-corruption and bribery are covered in the Code of Conduct training, both in web-based training and in face-to-face sessions. The training, which lasts about an hour and is mandatory, covers topics such as the definition of corruption and bribery, the reasons for and effects of corruption and bribery, and the procedures for dealing with suspected cases and uncovering corruption and bribery. Within a three-year period, 100% of employees in risk-prone functions will be trained. In the fiscal year, 38.0% of employees in risk-prone functions participated in training in face-to-face or remote sessions. As the eLearning platform is further developed, additional digital training courses will be made possible, which will lead to an expansion of the database. The Executive Board is part of the general training activity. The Supervisory Board has access to training opportunities that members can take up at their own discretion. There is not yet a requirement as to whether or within what period members take up the opportunities. Once a year, the Supervisory Board is informed by the Chief Compliance Officer about the compliance management system and measures taken in the last twelve months at the Audit Committee meeting.

At regular intervals, at least every three years, all own workers who regularly work with personal data are trained in data protection via eLearning. In addition, individual departments that are subject to specific requirements in the respective area of work are trained individually in line with their area of work. The relevant departments here were selected on the basis of data protection and compliance risks. General data protection training is part of the onboarding process for new employees. In addition, a new e-learning module was rolled out in the past fiscal year, which is available in numerous languages. In addition, all levels of the company are provided with data protection advice on an ad hoc basis.

Compliance | Regulation

The Executive Board of Rheinmetall AG issues internal regulations for the Rheinmetall Group - taking into account or based on external general conditions such as laws, regulations, standards, etc. and internal organizational requirements - so that all affected own workers act in accordance with uniform procedures. Regulation Management, which is based in the Central Compliance department, provides support with the preparation and management of conduct- and process-related regulations for the Rheinmetall Group. To ensure a standardized procedure, the Regulation Management Manual is available. This manual is aimed essentially at publishers and authors as well as members of the Executive Board and management bodies, but also includes several interfaces at all organizational levels.

All regulations approved by the Executive Board can be accessed at any time in a central location on the Group intranet in the Group's central list of regulations, which is generally available in German and English in accordance with the Group languages. Using a continuously updated summary, all employees can obtain a quick overview of the professionally regulated topics.

Compliance | Social compliance

“Taking Responsibility in a changing world” also stands for the assumption of social responsibility by the Executive Board of Rheinmetall AG for employees, shareholders, customers, suppliers and other business partners within the meaning of the German LkSG.

The German Supply Chain Due Diligence Act (LkSG) addresses topics including not only the prevention of child and forced labor but also occupational health and safety, the right to organize and freedom of association, enforcing and respecting human rights in the supply chain and the prohibition of unequal treatment in employment. The relevant specialist departments, including Corporate Social Integrity, Purchasing, Corporate Social Responsibility, Compliance, Occupational Health and Safety and Environmental Protection, must therefore be involved and are responsible for implementing the necessary steps in their respective areas of responsibility.

Rheinmetall maintains a risk management system for compliance with due diligence obligations, which includes risks in the supply chain as well as risks in its own business unit. Corresponding responsibilities have been defined for this purpose, which means that risk management is anchored in all relevant areas and, accordingly, in all relevant business processes. Escalation processes have been defined for our own business area and the supply chain, for both mandatory preventive measures and remedial action. These come into force if preventive or remedial measures do not have the intended effect.

The function of the Group Social Compliance Officer (Human Rights Officer within the meaning of the LkSG) is of central importance for implementation. He was appointed by the Executive Board as the Group Compliance Officer and heads the Social Compliance Office. He is the first point of contact for all human rights-related issues brought to Rheinmetall by the authorities, society and politics. He is supported in his work by the Social Compliance Manager at Group level and by the Social Compliance Officers in the divisions and subsidiaries.

The Group Social Compliance Officer is primarily responsible for monitoring the appropriateness and effectiveness of risk management to ensure compliance with due diligence obligations under the LkSG and the implementation of risk-based control measures in the relevant specialist departments. Implementation takes place within the framework of the LkSG Steering Committee, which meets regularly under his leadership with representatives from the specialist departments. Based on his monitoring function regarding the appropriateness and effectiveness of risk management, the Group Social Compliance Officer reports to the Executive Board of Rheinmetall AG on a regular and ad hoc basis.

Compliance | Business partners

As a shared service center, the central Compliance Due Diligence (CDD) center of expertise conducts not only pre-employment checks on applicants for key positions, but also all compliance due diligence checks on new and existing business partners (e.g. procurement, cooperation and sales partners) on a Group-wide basis. The focus lies here on determining whether the commitment is legally permissible, whether all attributable people can be identified (“know your customer – KYC” and “know your supplier – KYS”) and whether conflicts of interest are excluded. The general performance and integrity of the business partner are also assessed. The local compliance organization will continue concentrating on assessing the transaction-specific compliance risk associated with the commitment of a business partner at company level. The integration of the competence center into day-to-day operations is realized through various technical and procedural interfaces. There is already a high degree of digitalization in the Compliance Due Diligence organization. In addition to a specific management database for selecting, managing and monitoring cooperation and sales partners, the whole integrity due diligence process can now be performed via a secure online platform as well. As part of special projects, large quantities of data from business partners were migrated to the electronic third-party management system again in the fiscal year. Numerous due diligence reviews in the context of M&A were also supported.

Compliance | Central investigations

In the event of reports of questionable processes, specific breaches of rules or possible improper business practices, employees can contact various internal offices in addition to their line manager, confidentially and anonymously if necessary, and so prevent damage to the company. These offices are primarily the employees of the Compliance Organization and the independent ombudspersons (law firm).

The Rheinmetall whistleblower system is supported by the electronic whistleblower system “Integrity Line” (whistleblowing platform), which has been implemented throughout the Group. In addition, employees can contact the compliance organization directly if they suspect or know of breaches of regulations or business practices. In addition to own workers, external parties can also contact the ombudsperson by telephone or e-mail, send an e-mail to speakup@rheinmetall.com or contact a specialist compliance officer by telephone.

The protection of all whistleblowers against disadvantages due to the submission of information is guaranteed by strictly safeguarding the confidentiality of personal identities. Only authorized persons have access to whistleblower data. This is ensured, among other things, by an internal ban on the disclosure of such information to persons not involved in the process and by limiting technical access rights to the facts in case management to the group of persons actually authorized. Members of the workforce who are involved in investigations into possible breaches of compliance will be assumed to be innocent until proven otherwise. Any information that is received will be systematically analyzed.

The manual for the Rheinmetall whistleblower system for dealing with suspected cases and for the standardized processing of compliance cases is intended to ensure that whistleblowing is always handled independently, transparently and fairly and is subject to a high standard that is comparable throughout the Group. Furthermore, the directive offers legal certainty when carrying out investigations, so that the interests of the own workforce and the employer can be taken into account in an appropriate manner.

Systematic follow-up checks are performed on the basis of the internal incident management guideline and appropriate actions are taken to properly clarify the facts that have been reported, if necessary with the involvement of external specialists. Confidentiality and discretion take top priority here. If required, the responsible authorities are called in and cooperated with to clarify the matter. Proven misconduct is sanctioned and entails organizational measures and, for the employees who committed the offense(s), consequences under labor law, civil law and criminal law. The Investigation Response Committees established throughout the Group for such reports support prompt investigations, particularly in the identification of remedial measures. The separation of the investigative officers from the management chain involved in the matter is described in the incident management guideline.

The new requirements for Compliance Management Systems established by the legislator, in particular by the LkSG and the Whistleblower Protection Act (HinSchG), were reflected in an amendment to the incident management guideline.

With the aim of raising awareness of the Rheinmetall whistleblower system, Rheinmetall carried out a poster campaign in fall 2024. The posters illustrated graphically and in simple language how to proceed in the event of a suspected unlawful incident: “Your tip-off is the first step towards uncovering grievances here at Rheinmetall” and “every tip-off helps”. The procedure was explained in a sequence of steps and the various contacts and transmission channels were named. QR codes and the reproduction of the posters in 16 languages were intended to complete the low-threshold access for all workers. Depending on the office building or production site, posters were displayed in the primary languages spoken. In addition, the poster was enclosed with the pay slip in September 2024.

Compliance | Incidents of corruption or bribery

There were no convictions or fines for breaches of corruption and bribery regulations in the fiscal year. Should internal investigations lead to confirmed cases, the employees concerned will be subject to disciplinary action independently of court rulings and/or official investigations. In the event of violations of corruption or bribery regulations by business partners, these partners will be excluded from all business relationships with companies of the Rheinmetall Group. In the fiscal year, this affected one business partner.

Compliance | Data privacy

The Executive Board is responsible for setting up a Group-wide data protection management system (DPMS). Within the compliance organization, the structures required for the Group-wide implementation of legal data protection requirements were established and an effective DPMS was introduced. The Group Data Privacy Officer manages the data privacy officers at the company divisions, liaises with them to manage the implementation of the DPMS and further develops the DPMS where required. He reports regularly to the Chief Compliance Officer and, where required, to the Executive Board and Supervisory Board directly.

Data protection management relates to the organizational setup and processes required to safeguard the implementation of legal requirements involved in the planning, organization, management and shutdown of automated or data-protection-compliant personal data processing operations. The Rheinmetall Group companies that process personal data or arrange to have it processed are responsible for ensuring that the procedures in place for processing this personal data function reliably and appropriately. To ensure effective implementation of data protection requirements, the DPMS sets out the possibilities and limitations for allocation and responsibilities for processes and requirements.

The companies of the Rheinmetall Group take a range of actions to ensure the protection of personal data. The DPMS contains standards for data-protection-related processes. The implementation of data protection regulations for the global handling of personal data is governed in the Rheinmetall Group by the data protection guideline and specified in the data protection manual for the DSMS for the legal area of the EU/EEA. By means of the DPMS, Rheinmetall establishes an appropriate level of data protection worldwide for processing personal data.

To improve the internationalization of data protection in the Group, contacts have been identified in the relevant Group companies around the world who will be available as contact and coordination points for the implementation of data protection requirements. Intensive data protection training courses have been held to assist them.

The DSMS is monitored by the Group Data Protection Officer, who uses various audits to check the data protection compliance of processing activities as well as the effectiveness of the DSMS.

Management of relationships with suppliers

Rheinmetall Group Purchasing

The relationships with suppliers are managed by the central Rheinmetall Group Purchasing department.

The aim of the purchasing organization is to make procurement efficient, cost-effective and sustainable. It should ensure high-quality products and services, strategically maintain supplier relationships and minimize risks in the supply chain. In addition, software is increasingly being used to make the processes in purchasing more efficient and compliant. As a central function, the Rheinmetall Group Purchasing manages the purchasing organizations of the Rheinmetall divisions via the establishment of standards, sourcing boards for contract-awarding decisions, the sharing of best practices, collaboration in the development and implementation of joint purchasing strategies.

Purchasing projects are carried out within product group teams. The group of possible suppliers is defined based on the required specifications and technical requirements. The number of possible suppliers should be large enough to enable competitive offers. In addition to traditional criteria such as creditworthiness and price, ESG requirements are also relevant when evaluating offers.

The Strategic Group Purchasing Council forms the highest level in the central governance structure of the Rheinmetall Group for meeting the requirements of the LkSG in the supply chain. In addition to purchasing managers, the members of this decision-making body also include the Corporate Social Responsibility and Compliance Officers as well as the ESG Supply Chain Officers responsible for purchasing. This includes the Operative Rheinmetall Group Purchasing Council, which is responsible for carrying out ESG-related tasks. This includes, for example, remedial measures in the event of breaches of due diligence and the commissioning of ESG audits of suppliers. Audits and risk analyses in accordance with the LkSG are carried out at company level. In the event of critical results, the Strategic Rheinmetall Group Purchasing Council decides on how to proceed.

Rheinmetall Group Purchasing | Sustainability matters

The Rheinmetall Group's purchasing organization plays a decisive role in the economic success of a company, not only by contributing to cost optimization and efficiency, but also by ensuring security of supply. It also ensures compliance with national and international laws as well as trade restrictions (sanctions) and export control requirements by means of standardized processes, specifications in purchasing guidelines, the dual control principle, tool support and approval committees, among other things. For example, the Rheinmetall Group's Supplier Code of Conduct defines compliant cooperation with suppliers in order to minimize human rights and environmental risks.

Purchasing must be involved in all types of procurement. The procurement guideline describes this requirement as well as the purchasing procedure in accordance with the principle of a prudent businessman pursuant to Section 347 (1) German Commercial Code.

All own workers must conduct themselves in accordance with the legal, ethical and compliance principles when in contact with suppliers - as well as for others.

In addition, conflicts of interest must be avoided: personal interests or connections to suppliers or their employees that could influence the neutrality and objectivity of an employee in the procurement process from the perspective of a third party must be avoided or reported directly.

In order to avoid distortion of competition, communication with potential suppliers is reserved for the purchasing department until a decision is made regarding the placement of the order. Every order placed and obligation to the supplier is made according to the four-eyes principle.

Depending on the supplier class, the current business situation of the supplier is reviewed prior to the start of the business relationship in accordance with the Business Partner Policy, e.g. economic information is obtained from neutral providers and evaluated. In addition, risk analyses are carried out in accordance with the LkSG as well as an audit by the compliance organization to ensure compliance with legal requirements such as the prevention of money laundering. To ensure the stability of the supply chain, Rheinmetall must avoid becoming dependent on individual suppliers.

Geopolitical changes can have a major impact on the supply chain. With regard to China in particular, restrictions on trade opportunities would result in additional financial expenses because supply chains for the necessary materials would have to be reorganised and new suppliers found.

Risk analyses as defined by the LkSG are an integral part of the procurement process. These are carried out as part of the purchasing risk management system, which was established to identify human rights and environmental risks in the supply chain and minimize them as far as possible. Existing suppliers are also part of the risk analyses. In the event of significant changes to the risk planning, the Operative Rheinmetall Group Purchasing Council decides on the further procedure, whereby the termination of the business relationships is also possible.

Rheinmetall Group Purchasing | ESG criteria in procurement

ESG criteria are part of the supplier award decision. For example, an Ecovadis rating is an important prerequisite for the award decision. Not all manufacturers are yet offering a decarbonization roadmap, but this is also already being requested and could possibly be the deciding factor for a contract award if there is commercial parity between the offers. It is to be expected that the suppliers will increasingly agree on schedules in terms of their decarbonization in the next few years, that product carbon footprints will then be available on a large scale and will become more important as decision criteria.

CORPORATE GOVERNANCE
CORPORATE GOVERNANCE STATEMENT

In this chapter, the Executive Board and Supervisory Board report on corporate governance in the Rheinmetall Group in accordance with the fundamental principles of the German Corporate Governance Code (GCGC), specifically principle 23 of the GCGC. The corporate governance statement in accordance with Sections 289f and 315d of the German Commercial Code can also be found here.

Corporate Governance

Rheinmetall AG has traditionally been committed to a responsible, fair and reliable corporate policy that is geared towards the use and expansion of entrepreneurial potential, achieving medium-term financial targets and increasing the value of the company on a systematic and sustainable basis.

The law on stock corporations, capital market law and the right of co-determination, the company's Articles of Association and the German Corporate Governance Code, which is based on internationally recognized standards, form the basis for the organization of management and monitoring at the company, with the aim of making structures transparent and thus strengthening the trust of national and international investors, business partners, analysts, media, employees and the public in Rheinmetall AG's business policy, management and supervision and securing it in the long term.

Declaration of conformity in accordance with Section 161 AktG

The implementation of the recommendations of the GCGC at the Rheinmetall Group was discussed at the Supervisory Board meeting on August 14, 2024. The Executive Board and the Supervisory Board issued the following "Declaration of the Executive Board and the Supervisory Board in accordance with Section 161 of the German Stock Corporation Act (AktG) on the recommendations of the Government Commission on the German Corporate Governance Code," which can be found (together with older versions) on the company's website.

> "The Executive Board and the Supervisory Board issue the following declaration on the recommendations of the Government Commission on the German Corporate Governance Code (as amended on April 28, 2022 – the "Code") in accordance with Section 161 of the German Stock Corporation Act (AktG):
> Since the last Declaration of Conformity was issued by the Executive Board and Supervisory Board of Rheinmetall Aktiengesellschaft on August 18, 2023, all recommendations of the Code have been and are being complied with.
>
> Düsseldorf, August 14, 2024
> Rheinmetall Aktiengesellschaft
>
> The Executive Board The Supervisory Board"

Rheinmetall does not implement some suggestions from the DCGK: Pursuant to recommendation A.8 of the GCGC, in the event of a takeover offer, the Executive Board should convene an Extraordinary General Meeting at which the shareholders will discuss the offer and possibly adopt corporate law measures. Convening a General Meeting is an organizational challenge for large listed companies – even taking into account the shorter deadlines provided for in the German Securities Acquisitions and Takeover Act (WpÜG). It is questionable whether the level of effort involved is even justified in such cases where there are no relevant resolutions put forward for the General Meeting. Convening an Extraordinary General Meeting should therefore be reserved for appropriate cases only.

Description of the working methods of the Executive Board and Supervisory Board

With its Executive Board and Supervisory Board, Rheinmetall AG has a two-tier management and monitoring structure. Both bodies are responsible for and obligated to operate in the interests of the shareholders and the well-being of the company. They work together closely and trustfully in the interests of Rheinmetall.

The Supervisory Board and its committees have adopted rules of procedure that set forth, among other things, the supply of information to the Supervisory Board by the Executive Board. In accordance with recommendation D.1 of the GCGC, the Rules of Procedure of the Supervisory Board have been made permanently available to the public on the company's website. [ESRS 2 GOV-1 22 c) ii]

The Executive Board reports on current developments in the meetings of the Supervisory Board and committees. The chairs of the Executive Board and Supervisory Board also maintain regular contact between the scheduled meetings and discuss issues relating to strategy, business development, planning, risk management and compliance within the company.

Based on the referral to the internal control and risk management system and the reporting of the Internal Audit function, the Executive Board is not aware of any relevant circumstances up to the time of preparation that speak against the appropriateness and effectiveness of these systems in their entirety.*

* The information in this paragraph is not part of the so-called management report information.

Contents not reviewed by the auditor

Remuneration system and remuneration of Executive Board members

The remuneration system for Rheinmetall AG's Executive Board members was last approved by the 2024 Annual General Meeting with 92.49% votes in favor. The remuneration report for fiscal 2023, which was prepared and audited in accordance with Section 162 of the German Stock Corporation Act, was approved by the 2024 Annual General Meeting with 90.93% votes in favor. In addition, the remuneration report including the auditor's report, the applicable remuneration system and the last remuneration resolution of the Annual General Meeting are published on our website.

Composition of the Executive Board

In accordance with Article 6(1) of the Articles of Association, the Executive Board of the company is composed of at least two persons. The number of members is determined by the Supervisory Board. The service contracts of the members of the Management Board include a retirement age limit, such that the contract ends at the end of the month without notice being required, in which the respective member of the Management Board reaches the standard retirement age in the statutory pension insurance or at the time from which he or she draws a statutory retirement pension (Sections 35 - 42 of the German Social Security Code (SGB VI)), regardless of the legal basis, before reaching the standard retirement age. Mr. Papperger's service agreement, by contrast, will end at the close of December 31, 2029, and thus one month after this date. In the reporting year, Armin Papperger, Dagmar Steinert, Peter Sebastian Krause (until September 30, 2024) and Dr. Ursula Biernert-Kloß (from October 1, 2024) were appointed as members of the Executive Board.

Members of the Executive Board and mandates of the Executive Board members[ESRS 2 GOV-1 21 c), 23 a)]

	Position/area	Appointments	Membership in Supervisory Boards
Armin Papperger **Engineering graduate**	Chairman	January 1, 2012, to December 31, 2029	Rheinmetall Automotive AG[1] Chairman
Nationality | German Born 1963			Rheinmetall Landsysteme GmbH1 Chairman
			The Dynamic Engineering Solution Pty Ltd
			Rheinmetall MAN Military Vehicles GmbH[1] Chairman
			Rheinmetall Denel Munition (Pty) Ltd[1] Chairman
			Rheinmetall Waffe Munition GmbH1 Chairman
			Rheinmetall Expal Munitions S.A.U.[1]
Peter Sebastian Krause **Lawyer**	Director of Industrial Relations	January 1, 2017, to September 30, 2024	Rheinmetall Electronics GmbH[1]
Born 1960 Nationality | German	Human Resources		Rheinmetall Waffe Munition GmbH[1]
			Rheinmetall Landsysteme GmbH[1]
Dr Ursula Biernert-Kloß **Diploma in International Cultural and Business Studies**	Director of Industrial Relations	October, 1, 2024 to September, 30, 2027	
Born 1969 Nationality | German	Human Resources		
Dagmar Steinert **Business graduate**	CFO	December, 1, 2022 to December 31, 2024	4iG Nyrt.
Born 1964 Nationality | German	Finance and Controlling		Klöckner & Co. SE

[1] Internal mandates

Contents not reviewed by the auditor

In accordance with Article 6 (4) of the Articles of Association in the version dated May 14, 2024, the Executive Board shall adopt its own rules of procedure. In accordance with the Rules of Procedure for the Executive Board, the responsibilities were defined as follows as of December 31, 2024:

Responsibilities of members of the Executive Board of Rheinmetall AG

Armin Papperger	Dagmar Steinert	Dr. Ursula Biernert-Kloß
		Director of Industrial Relations
Electronic Solutions Vehicle Systems Weapon and Ammunition Sensors and Actuators Materials and Trade	Accounting	Corporate HR Projects & Solutions
Corporate Communications	Controlling and Risk Management	Labour Law and Labour Relations
Corporate Social Responsibility	Treasury	Total Rewards
Corporate Strategy and Development	Tax	People Development
Legal	Information Technology/RITS[2]	Corporate Global Talent Acquisition, Employer Branding and Diversity
Research, Technology and Innovations/NT[3]	Insurance[1]/RIS[2]	Executives and Global Mobility
Security	Offset Management	Payroll
Internal Audit		
Real Estate[1]/RIG[2]		
Business Excellence[1]		
Group Purchasing		
Compliance		
Investor Relations		

[1] mostly shared service
[2] RIG = Rheinmetall Immobilien GmbH, RIS = Rheinmetall Insurance Services GmbH, RITS = Rheinmetall IT Solutions GmbH
[3] allocation to reporting clusters, NT = New Technologies

As of December 31, 2024

As Head of the Executive Board HR area, the Director of Industrial Relations is appointed in accordance with Section 33 of the German Codetermination Act (MitbestG).

With the support of members of the Personnel and Remuneration Committee and the Executive Board, the Supervisory Board is responsible for long-term successor planning for the Executive Board. In addition to the provisions of the Stock Corporation Act, German Corporate Governance Code and Rules of Procedure for the Personnel and Remuneration Committee, the target defined by the Supervisory Board regarding the number of women on the Executive Board and the criteria for the composition of the Executive Board for successor planning of Executive Board positions are taken into account.

Under consideration of the different requirements – depending on the Executive Board area – regarding specialist qualifications, character, skills and experience, an ideal profile is drawn up that can be used as a basis – when the need for a successor on the Executive Board becomes apparent – for checking potential internal candidates or, with the support of external consultants, searching for external candidates. The Supervisory Board is then given a recommendation for their consideration. If necessary, external consultants help the Supervisory Board/the Personnel and Remuneration Committee to draw up the requirements profiles and select ideal candidates.

Working methods of the Executive Board

The Executive Board is responsible for the overall management of the company. It defines long-term strategic orientation and corporate policy as well as the structure and organization of the Rheinmetall Group and allocates resources. The Executive Board manages the company on its own initiative in the interests of the company, i.e. taking into consideration the concerns of shareholders, customers, employees and other groups connected to the company (stakeholders), with the aim of creating sustainable value added free from instructions of third parties in accordance with the relevant laws, the company's Articles of Association and the applicable Rules of Procedure and having regard for the resolutions of the Annual General Meeting. It represents the company to third parties.

Contents not reviewed by the auditor

The Rules of Procedure for the Executive Board govern the Board's work, the allocation of duties among the respective Executive Board members, matters reserved for the Executive Board as a whole and the majority required for Executive Board resolutions. In accordance with the Rules of Procedure for the Executive Board, each member of the Executive Board manages the area of responsibility assigned to them under the business distribution plan independently and on their own responsibility, whereby the Executive Board as a whole must be informed on an ongoing basis of key processes and developments relating to business and important measures. Any matters that are of fundamental importance or that have far-reaching consequences require a resolution to be passed by the Board as a whole.

The Executive Board develops the strategic orientation of the company, agrees it with the Supervisory Board and ensures its implementation. It decides on basic issues relating to business policy and on annual and multi-annual planning. In addition to effective management of opportunities, it establishes risk controlling at the company. It implements appropriate measures to ensure that laws, provisions, official regulations and internal corporate guidelines are observed and helps to ensure that subsidiaries comply with these. Furthermore, the Executive Board keeps diversity in mind when filling management positions at the company and also makes sure that sufficient attention is given to women (diversity).

Details of cooperation between the Executive and Supervisory Boards can be found in the company's Articles of Association and the Rules of Procedure for the Supervisory Board of Rheinmetall AG, which govern the Executive Board's information and reporting requirements as well as transactions and measures requiring approval. This applies, for example, to the acquisition and sale of shareholdings, investment planning, issuing bonds and taking out long-term loans. The Executive Board informs the Supervisory Board regularly, promptly and comprehensively regarding business performance, financial position and results of operations, planning and achievement of targets, as well as regarding compliance issues, strategy and the risk situation. On the basis of these reports, the Supervisory Board monitors the legality, correctness, appropriateness and economic efficiency of management by the Executive Board.

The Chair of the Supervisory Board is informed immediately by the Executive Board of any important events or business developments that could have a significant influence on the company's financial position, results of operations and net assets.

Composition of the Supervisory Board

In accordance with Sections 96 (1) and (2) and 101 (1) AktG in conjunction with Section 7 (1) no. 2 of the German Codetermination Act (MitbestG), the Supervisory Board of Rheinmetall AG consists of eight shareholder representatives and eight employee representatives.

The shareholder representatives are selected by the Annual General Meeting. The nominations to the Shareholders' Meeting are based on the recommendations of the Nomination Committee, which take account of balance and the differences in the knowledge, skills and experience of the shareholder representatives proposed for election to the Supervisory Board. Supervisory Board members cannot be appointed for a period that extends beyond the end of the Annual General Meeting that votes on the discharge for the fourth financial year after the start of the term of office; the financial year in which the term of office begins is not counted (Section 102 (1) AktG). As a rule, the shareholder representatives are elected for three to four years. They may be re-elected. Details of the length of time the individual members have belonged to the Supervisory Board can be found in the overview in the section ››Supervisory Board report.

The employee representatives are elected by the workforce of the domestic companies/factories of the Rheinmetall Group through delegates in a delegates meeting for a period of five years in each case. These are two trade union representatives, five employee representatives and one representative of the managerial staff.

When members are proposed for election to the Supervisory Board, attention is paid to their professional qualifications and personal skills, as well as to legal regulations (in particular the gender quota) and the recommendations of the GCGC. The Supervisory Board members have the same rights and obligations, are required to perform their mandate in the best interests of the company, and are not bound by any orders or instructions.

The Supervisory Board must be filled with persons who provide a balanced mix of all the qualifications, knowledge, skills and personal characteristics needed for the supervision of a capital market-oriented, large and globally active technology company.

The members of the Supervisory Board should possess, individually and collectively, the necessary prerequisites and experience, which are appropriate to the type, scope and complexity of the business as well as the risk structure of the company so that they can act as constructive supervisors and competent advisors to the Executive Board. The fulfillment of this requirement and further information on the individual members of the Supervisory Board are presented in the ››Report of the Supervisory Board section in the ››Members of the Supervisory Board overview.

New members of the Supervisory Board familiarize themselves with the company's business activities while preparing for their mandate on the Supervisory Board. By consulting written documentation and talking to other members of the Supervisory Board and Executive Board, they can familiarize themselves with the relevant issues and learn about the working methods of the Supervisory Board and its committees.

Contents not reviewed by the auditor

To ensure the prevention of potential conflicts of interest, the Supervisory Board does not include any members who hold board positions or perform advisory activities for key competitors of Rheinmetall AG and its Group companies. Former Executive Board members of Rheinmetall AG are not represented on the Supervisory Board.

According to the rules of the German Corporate Governance Code, a person is considered to be independent above all if they have no business or personal relationship with Rheinmetall AG or with its bodies, with a controlling shareholder or any company associated with it that could constitute a significant or longer-term conflict of interest. According to the assessment of the shareholder representatives in the Supervisory Board, on the shareholder side the Supervisory Board has a sufficient number of independent members. Even though Ulrich Grillo and Professor Susanne Hannemann formerly held management positions in the Rheinmetall Group (1993–2001 and 2003–2007 respectively), on the shareholder side the Supervisory Board considers these two Supervisory Board members to be independent due to their now many years of work outside the Group. Professor Dr. Andreas Georgi is also considered to be independent. He may have been a member of the Supervisory Board for more than 12 years, but in the view of the members of the Supervisory Board he continued to provide highly professional support for the work of the Executive Board as Chair of the Audit Committee from May 2017 to May 2022 with his critical judgment skills and, as a sparring partner to the Executive Board, compellingly represents the interests of the shareholders through his farsightedness and sound judgment. His experience and expertise obtained through his former position as a member of the Executive Board of Dresdner Bank AG and his current position as a professor specializing in corporate management and control problems at the Ludwig-Maximilians-Universität Munich also serve him well. The professional, specialized qualifications more than outweigh any doubts concerning his independence due to the mere length of service. The composition of the Supervisory Board and the terms of office of the members of the Supervisory Board are presented in an overview in ››Report of the Supervisory Board.

Working methods of the Supervisory Board

The Supervisory Board performs its activities in accordance with statutory provisions, the Articles of Association of Rheinmetall AG and its Rules of Procedure. The main contents of the Rules of Procedure, which are published on the company's website, concern the composition, tasks and responsibilities of the Supervisory Board, the convention, preparation and chairing of meetings, the rules pertaining to committees and quorum requirements. The Chair of the Supervisory Board coordinates the work of the Supervisory Board, chairs its meetings and represents the Board externally. Each year, he explains the activities of the Supervisory Board and its committees in the report of the Supervisory Board printed within the annual report and orally at the Annual General Meeting.

The Supervisory Board advises the Executive Board on the management of the company and monitors its management activities. The Chair of the Supervisory Board is elected from among its members. Supervisory Board meetings are held in accordance with the provisions of the German Stock Corporation Act. As a general rule, four Supervisory Board meetings take place each calendar year, which are attended by members of the Executive Board unless otherwise stipulated by the Chair of the Supervisory Board. Resolutions may be passed in writing, by telex (fax or e-mail) or by telephone. The Supervisory Board passes its resolutions by means of a simple majority of members participating in the passing of the resolution. In the event of a tied vote, the Chair of the Supervisory Board has the casting vote.

The Supervisory Board of Rheinmetall AG reviews the efficiency of its activities at regular intervals either internally or with the support of external consultants, as required by the provisions of the German Corporate Governance Code. Here, the working methods of the Supervisory Board and its committees, the routing of information from the Executive Board to the Supervisory Board and the interaction of the two boards is discussed and evaluated. The plenary assembly debates possible improvements in an open discussion and decides on any measures.

The Supervisory Board also governs the remuneration of the Executive Board members. Details of Executive Board remuneration can be found in the ››remuneration report.

The remuneration of the Supervisory Board members is determined by the Annual General Meeting. It was most recently approved by the Annual General Meeting on May 14, 2024, with a majority of 98.82% of the share capital represented at the Annual General Meeting. The remuneration attributable to the individual members is presented in the remuneration report.

No consultancy agreements or other service contracts existed between members of the Supervisory Board and Rheinmetall AG during the period under review.

Structure and working methods of the Supervisory Board's committees [ESRS 2 GOV-1 22 a)]

In compliance with legislation and commercial interests, the Supervisory Board has created five committees to perform its control and monitoring tasks efficiently. In doing so, it pursues the aim of making its work more efficient by having complex, time-consuming matters requiring extensive discussion dealt with in smaller groups and prepared for the entire Supervisory Board in the same way as proposed resolutions for decision by the Supervisory Board as a whole. In individual cases, the committees also have decision-making powers if these have been transferred by the Supervisory Board. The meetings are convened by the committee chair.

Contents not reviewed by the auditor

With the exception of the Nomination Committee, which solely consists of three shareholder representatives, the committees are based on joint representation and have an equal number of shareholder and employee representatives. An overview of the members of the respective committees can be found under ››Members of the Supervisory Board.

Each of these committees has adopted rules of procedure that set forth their composition, their responsibilities and rules of procedure for resolutions in these bodies.

Strategy, Technology and ESG Committee – The committee deals with the strategic prospects, focus and further development of the Rheinmetall Group. It discusses the principles for the Rheinmetall Group's overall strategy including the business policy and corporate orientation of the company and its divisions with the Executive Board and addresses significant, specific strategic programs and measures. The committee advises and monitors the Executive Board with regard to determining business strategies for sustainable development of the company and to establishing processes for planning, implementing, assessing and adjusting strategies. As part of this, it also deals in particular with aspects relating to ESG.

As of the reporting date, the following people were members of the Strategy, Technology and ESG Committee: Ulrich Grillo (Chair), Dr. Ing. Dr.-Ing. E. h. Klaus Draeger, Marc Tüngler, Saori Dubourg, Dr. Daniel Hay, Dagmar Muth, Sven Schmidt and Reinhard Müller. Ms. Dubourg was also nominated as the ESG representative on the Supervisory Board.

Audit Committee – The Audit Committee has the task of supporting the Supervisory Board when performing its supervisory functions. It looks in particular at the consolidated and single-entity financial statements, sustainability reporting and quarterly financial statements, and – in addition to the accounting process – the adequacy and effectiveness of the internal control system, internal auditing, the risk management system and the compliance management system, including relevant IT security aspects. In addition to the qualifications and independence of the auditor, the Audit Committee checks the services performed by the auditor in terms of the quality and effectiveness of the audit and is responsible for issuing the audit engagement to the auditor, determining the focal points of the audit and agreeing the fees. [ESRS 2 GOV-1 22 c) i]

In accordance with the Stock Corporation Act, at least one member of the Supervisory Board must also sit on the Audit Committee, acting as a financial expert in the areas of accounting and auditing. With Louise Öfverström as Chairman and Prof. Dr. Susanne Hannemann, two members of the Audit Committee possess specialized knowledge and experience in the application of accounting principles and internal control processes. In accordance with the German Corporate Governance Code, the Chair of the Audit Committee is to possess extensive knowledge and experience in the application of accounting principles and internal control processes and know the details of the audit. They are also to be independent and not a former Executive Board member whose tenure ended fewer than two years prior. This is the case.

As of the reporting date, the Audit Committee comprised the following members: Louise Öfverström (Chair), Ulrich Grillo, Prof. Dr. Susanne Hannemann, Ralf Bolm, Dr. Daniel Hay (Deputy Chair) and Sven Schmidt.

Personnel and Remuneration Committee – Tasks that are the responsibility of this committee include selecting suitable candidates to fill Executive Board positions, making preparations for the appointment and withdrawal of Executive Board members and concluding, amending and terminating employment contracts for members of the Executive Board and other agreements with them. It is also responsible for appraising the performance of the Executive Board, regularly examining the amount, suitability and customary level of Executive Board remuneration and overseeing the structure of the Executive Board remuneration system.

As of the reporting date, the Personnel and Remuneration Committee comprised the following members: Ulrich Grillo (Chair), Prof. Dr. Andreas Georgi, Dr. Daniel Hay (Deputy Chair) and Reinhard Müller.

Nomination Committee – The Nomination Committee submits recommendations to the shareholder representatives on the Supervisory Board for the nomination of shareholder representative candidates for election to the Supervisory Board by the Annual General Meeting.

As of the reporting date, the Nomination Committee comprised the following members: Ulrich Grillo (Chair), Prof. Dr. Ing. Dr.-Ing. E. h. Klaus Draeger and Klaus-Günter Vennemann.

Mediation Committee – The Mediation Committee must be established by law in accordance with Section 27(3) of the German Codetermination Act (MitbestG). In accordance with Section 31(3) of the German Codetermination Act, it submits the Supervisory Board a slate of candidates if in the first ballot the required two-third majority of Supervisory Board member votes is not received for the appointment or dismissal of Executive Board members. The Mediation Committee convenes only when required.

As of the reporting date, the Mediation Committee comprised the following members: Ulrich Grillo (Chair), Prof. Dr. Andreas Georgi, Dr. Daniel Hay (Deputy Chair) and Dagmar Muth.

The Supervisory Board is regularly informed by the chairs of the committees in the subsequent plenary meeting of the activities of the committees and of the content and outcome of discussions held in the respective committee meetings.

Contents not reviewed by the auditor

Supervisory Board and Executive Board members' membership of other supervisory boards

In accordance with recommendation C.5 of the German Corporate Governance Code, none of the Executive Board members performed more than two mandates on supervisory boards of listed stock corporations that were not part of the Group or on supervisory boards of companies external to the Group with comparable requirements. An overview of the memberships of members of the Executive Board of Rheinmetall AG in other statutory supervisory boards and comparable control bodies of commercial enterprises in Germany and abroad can be found in the overview earlier in this section. An overview of the memberships of members of the Supervisory Board of Rheinmetall AG in other statutory supervisory boards and comparable control bodies of commercial enterprises in Germany and abroad can be found under ››Members of the Supervisory Board.

Diversity

By law, at least 30% of the members of Rheinmetall AG's Supervisory Board must be women and at least 30% men. In the reporting year, the Supervisory Board had two female members representing the employees and three female members representing the shareholders, so that the minimum share of women and men on the Supervisory Board required by law is complied with, taking into account the provisions of Section 96(2) sentence 3 of the German Stock Corporation Act.

In its Rules of Procedure, the Supervisory Board has stipulated that, as a rule, consideration cannot be given in the nominations to people who have reached the age of 75 at the date of the election. It takes the view that a mixed age structure in the Supervisory Board serves the interests of the company more effectively. On average, the members of the Supervisory Board were aged around 57 at the end of the reporting year, with the youngest and oldest members aged 45 and 70 respectively.

In March 2024, the Supervisory Board adopted amended goals for its composition, including an adapted competence profile for the overall committee, in accordance with Recommendation C.1 DCGK, which takes into account governance, structural and functional aspects as well as strategic and ESG competencies.

The composition of the Supervisory Board of Rheinmetall AG – focused on the specific requirements of the company – is balanced as a whole and thus serves to ensure that qualified individuals advise the Executive Board and monitor its management activities effectively. Individually and as a whole, the members of the Supervisory Board have the necessary qualifications, knowledge, skills and specialist and professional experience to perform their advisory and monitoring duties properly in an international technology group, and they possess the necessary qualities to successfully carry out the activities of the Supervisory Board. In addition to commitment, the ability to work as a team and debating skills as well as having adequate time available, these include integrity and confidentiality in particular.

The members of the Supervisory Board reflect the international activities of Rheinmetall AG. Supervisory Board members have in-depth knowledge of the branches of industry, sectors and core areas of expertise that are key to the company. They have managerial experience in a corporate or operational context and complement each other in terms of their different educational and professional background, age structure, professional career and qualifications.

Contents not reviewed by the auditor

The following qualification matrix shows the implementation of the skills profile for the members of the Supervisory Board in its current version:

Qualification matrix ESRS 2 GOV-1 21 c), 23 a)

	Independence[1]	Corporate governance, experience from supervisory board work	Board experience in listed companies	Availability, mandate load	Financial/business expertise (audit committee/risk management)	Functional expertise (human resources, social affairs, etc.) (Media-tion/Nomination Committee)	Sales-side and operational functions	Environmental, Social, Governance (ESG)	Sector expertise: Defence	Sector expertise: Automotive	Digitalization/IT	Technology expertise/innovation	Knowledge of international/regulated markets	Industrial management experience
Dr.-Ing. Dr.-Ing. E.h. Klaus Draeger	+	+	+	+			+			+		+	+	+
Saori Dubourg	+	+	+	+				+						
Prof. Dr. Andreas Georgi	+	+	+	+	+	+							+	
Ulrich Grillo	+	+		+	+	+	+		+			+	+	+
Prof. Dr. Susanne Hannemann	+	+		+	+			+	+				+	
Louise Öfverström	+	+	+	+	+				+		+		+	+
Marc Tüngler	+	+		+				+						
Klaus-Günter Vennemann	+	+		+		+	+			+		+	+	+
Ralf Bolm	+	+		+	+				+					
Dr. Daniel Hay	+	+		+	+	+			+	+				
Murat Küplemez	+	+		+						+				
Dr. Michael Mielke	+	+		+			+			+		+	+	+
Reinhard Müller	+	+		+					+					
Dagmar Muth	+	+		+		+			+					
Barbara Resch	+	+		+										
Sven Schmidt	+	+		+	+					+				

[1] The criterion of independence within the meaning of recommendations C.6 and C.7 of the German Corporate Governance Code applies to the members representing shareholders. The information on members representing employees is based on an independent self-assessment.

+ Criterion met, based on a self-assessment by the Supervisory Board. A + means at least “Good knowledge” and thus the ability to understand the relevant issues well and make informed decisions on the basis of existing qualifications, knowledge and experience acquired in the course of work as a member of the Supervisory Board (for example, many years of service on the Audit Committee) or the training measures regularly attended by all members of the Supervisory Board.

Contents not reviewed by the auditor

In accordance with Article 6(1) of the Articles of Association, the Executive Board of the company is composed of at least two persons. The number of members of the Executive Board is determined by the Supervisory Board. The Executive Board of Rheinmetall AG comprised three members in the reporting year. Peter Sebastian Krause left the Executive Board on September 30, 204; Dr. Ursula Biernert-Kloß has been a member of the Executive Board since October 1, 2024. The current allocation of responsibilities as at the reporting date is shown on the third page of this chapter.

The Supervisory Board of Rheinmetall AG set 0% as the target for the share of women on the Executive Board of Rheinmetall AG for the period from July 1, 2017 to June 30, 2022. This target was achieved as of June 30, 2022. In May 2022, the Supervisory Board made the decision that a target for the share of women on the Executive Board of Rheinmetall AG of one person would be set for the period from July 1, 2022 to June 30, 2025. This target value was already met with the appointment of Dagmar Steinert as a new member of the Board of Management of Rheinmetall AG with effect from December 1, 2022 and was even exceeded with the appointment of Dr. Ursula Biernert-Kloß as a further new member of the Board of Management of Rheinmetall AG on October 1, 2024.

The weighting and nature of diversity criteria on the Executive Board are based on the specific Executive Board position to be filled and the associated tasks within the specialist areas. The Supervisory Board of the company is of the opinion that in the reporting year, the members of the Executive Board of Rheinmetall AG form a managing committee with strong leadership qualities and, considering the respective requirements profile of the area of responsibilities and in light of their character, training, professional qualifications, expertise, management qualities, previous performance, experience and success, have proven the best choice, both professionally and personally, for the company and believes that they are appropriate appointments for the respective management areas. The Supervisory Board considers relative continuity in terms of staffing in the top management in the best interests of the company and additionally a key component for the further sustainable economic success of Rheinmetall AG.

Armin Papperger, Dagmar Steinert, Peter Sebastian Krause and Dr. Ursula Biernert-Kloß have been systematically prepared for many years for further management tasks in their various functions and hierarchical levels. In their respective careers, they have always assumed more responsibility for larger business units. They know the relevant industries, the industry cycles of the entities and the challenges facing an international technology group today, and are confronting future issues such as digitalization and transformation, especially in the automotive industry. They also have the ability to align business models and processes in a dynamically changing world. Furthermore, the Supervisory Board gives attention to supplementary profiles and professional experience as well as an adequate age mix. On the reporting date, ages in the Executive Board ranged from 54 to 64. The average age was around 59.[ESRS 2 GOV-1 23 a)]

The targets for the period from July 1, 2017, to June 30, 2022, for the share of women at the first and second management levels below the Executive Board of Rheinmetall AG were set at 14.8% for the first management level and 27.3% for the second management level. At the first management level below the Executive Board of Rheinmetall AG, the target set for this period was exceeded. By contrast, the target for the share of women at the second management level below the Executive Board of Rheinmetall AG was not fulfilled. One reason for this is that vacancies at Rheinmetall are filled by the candidate that is the most suitable both professionally and personally, irrespective of gender and of the target figures set. Male applicants were better qualified for many of the second level management positions at Rheinmetall AG filled during the target period. There are no changes to management positions solely on the basis of gender. Another key reason for not achieving the set target was the now uniform Group definition for the two levels of management below the Executive Board and the management teams in all companies of the Rheinmetall Group affected by the legal target requirements for management levels. In the definition of management levels used at Rheinmetall AG at the time the target was set on July 1, 2017, the targets set as of June 30, 2022, would have been met at a higher percentage.

The Executive Board of Rheinmetall AG decided that for a subsequent target period from July 1, 2022 to June 30, 2027, a share of women at the first management level below the Executive Board of Rheinmetall AG of 16.13% and at the second management level of 15.22% should be achieved.

In addition, other co-determined companies of the Rheinmetall Group have resolved targets for the share of women on the Supervisory Board, the Executive Board and in the two management levels below, as well as a deadline for their achievement, and have published both in line with statutory requirements. The implementation deadline is June 30, 2027, in each case. Details can be found on the Rheinmetall AG website.

See ››Group Sustainability Statement for more information on diversity.

Preventing conflicts of interest

In making decisions and performing their duties, members of the Executive and Supervisory Boards must not pursue their personal interests or take advantage of any business opportunities arising for the company for their own personal gain, or grant unfair advantages to other persons. In accordance with recommendations E.1 and E.2 of the GCGC, any potential conflicts of interest involving members of the Supervisory Board or Executive Board must be disclosed immediately. No conflicts of interest were reported to the company by any members of the Executive or Supervisory Board in the reporting year. The business relationship between Rheinmetall and PL Elektronik GmbH, a related party of the CEO, was approved by the Supervisory Board and is monitored by it. The scope of the business relationship is reported in the notes to the consolidated financial statements.

Shareholders and Annual General Meeting

Shareholders of Rheinmetall AG exercise their rights within the framework of the options provided by law or the company's Articles of Association before or during the Annual General Meeting, which is convened by the Executive Board or Supervisory Board as prescribed by law, or when it appears necessary in the interests of the company.

The Annual General Meeting is convened, the agenda items on which a vote will be taken are announced, and the conditions of participation and rights of shareholders are explained within the deadlines prescribed by law and the company's Articles of Association. All documents and reports required by stock corporation law, supplementary information on the Annual General Meeting and explanations of shareholder rights will be made available on the company's website, on which any countermotions or nominations from shareholders will also be published. Each share grants one vote in ballots. This does not include treasury shares held by the company. Further information on treasury shares held by the company is provided in the notes to the consolidated financial statements under ››note (26) Equity.

On the basis of the authorization in Section 15 (3) of the Articles of Association, the Executive Board decided to hold the company's Annual General Meeting on 14 May 2024 in the form of a virtual Annual General Meeting in accordance with Section 118a of the German Stock Corporation Act (AktG) without the physical presence of shareholders or their authorized representatives (with the exception of the company's proxies) at the venue of the Annual General Meeting. The location of the Annual General Meeting as defined in the German Stock Corporation Act was Rheinmetall Platz 1, 40476 Düsseldorf. Up to 22,528,614 shares (previous year: 26,076,060) and up to 51.72% of the share capital (previous year: 59.86%) were represented in the votes. The shareholders and shareholder representatives voted with majorities of between 90.93% and 99.99% in favor of the 15 resolutions on the agenda that were proposed by the management. Information about attendance and the results of votes were published online on Rheinmetall's website after the Annual General Meeting.

D&O insurance

Rheinmetall has taken out Directors' and Officers' liability insurance (D&O insurance), which covers the activities of members of the Executive Board and Supervisory Board. This insurance provides for the statutory deductible for the Executive Board under Section 93(2) sentence 3 of the German Stock Corporation Act.

Compliance

An essential requirement for sustainable economic success is consistent attention to comprehensive compliance. This also includes integrity in dealings with employees, business partners, shareholders and the public, which is expressed through exemplary conduct.

Compliance includes all instruments, guidelines and measures that ensure procedures in the companies of the Rheinmetall Group comply with country-specific legislation, general legal conditions, regulatory provisions and the company's internal directives and that ensure conduct is based on values and conforms to the law and regulations.

Compliance activities focus on corruption prevention (business partner audit; investigation) and data protection. The function of the Chief Compliance Officer is performed by Michael Salzmann, Düsseldorf.

For more information, see ››Compliance.

Accounting and auditing

Rheinmetall AG prepares the single-entity financial statements that are relevant for the dividend payment in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act. The company's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union and in accordance with the supplementary provisions of Section 315e(1) of the German Commercial Code. Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, Düsseldorf branch, was elected by the Annual General Meeting on May 14, 2024, to audit the single-entity and consolidated financial statements for 2024. The Audit Committee had previously satisfied itself that the auditor was independent.

Contents not reviewed by the auditor

Transparency in reporting

In a time in which markets are interconnected and the flow of information is becoming increasingly globalized, communications and the quality of information are becoming more and more important to the company's success. Rheinmetall AG communicates openly, actively and in detail. Investors, potential investors, customers, employees, lenders, business partners, analysts and interested members of the public are informed regularly, promptly and without discrimination of the company's economic and financial situation, key developments, significant changes in business and any facts of relevance to valuation on the Internet at www.rheinmetall.com.

Facts and circumstances that may influence the share price on the stock market are published immediately in ad hoc notifications in accordance with the legal regulations.

Rheinmetall AG publishes securities transactions subject to reporting requirements in the media required by law and on its website. Transactions involving related third parties are listed in the notes to the consolidated financial statements under ››Other information on related parties.

Contents not reviewed by the auditor

DISCLOSURES REQUIRED BY TAKEOVER LAW

Explanatory report by the Executive Board in accordance with Section 176(1) sentence 1 of the German Stock Corporation Act on disclosures required under takeover law in accordance with Sections 289a(1) and 315a(1) of the German Commercial Code as of December 31, 2024.

Composition of the subscribed capital

The subscribed capital (share capital) of Rheinmetall AG amounted to €111,510,656 as of the reporting date (previous year: €111,510,656), and was divided into 43,558,850 (previous year: 43,558,850) ordinary bearer shares with no nominal value (no-par value shares), each of which represented €2.56 of the share capital. The shares are fully paid. Different classes of shares do not exist. In accordance with Article 5(2) of the Articles of Association, no shareholder is entitled to a physical share certificate. The company is authorized to issue bearer share certificates that document several shares.

Shareholder rights and obligations

The same rights and obligations are attached to all shares, as set out in the German Stock Corporation Act, in particular Sections 12, 53a et seq., 118 et seq. and 186. The shareholder is entitled to asset-related and administrative rights. Asset-related rights primarily include the right to a share in the profits under the terms of Section 58(4) of the German Stock Corporation Act, the right to net liquidation assets following the dissolution of the company in accordance with Section 271 of the German Stock Corporation Act and share subscription rights in the event of capital increases in accordance with Section 186(1) of the German Stock Corporation Act.

Administrative rights comprise the right to attend the Annual General Meeting and the right to speak there, ask questions, submit motions and exercise voting rights. Any shareholder may enforce such rights, in particular through actions for information, avoidance or rescission.

Each share in Rheinmetall AG grants one vote at the Annual General Meeting. This does not include treasury shares held by the company in accordance with Section 71b of the German Stock Corporation Act, which do not entitle the company to any rights, particularly any voting rights.

The Annual General Meeting elects shareholder representatives on the Supervisory Board as well as the auditor. It decides on the appropriation of net income and approval of the activities of the members of the Executive Board and Supervisory Board. The Annual General Meeting passes resolutions on the Articles of Association and the objective of the company, key corporate measures such as affiliation agreements and conversions, the issuing of new shares, convertible bonds and bonds with warrants and authorization to acquire treasury shares, as well as the performance of a special audit, the early removal of Supervisory Board members and the dissolution of the company.

Subject to other overriding legal provisions, the Annual General Meeting adopts its resolutions by means of a simple majority of votes cast and, where the law prescribes both a voting and shareholding majority, by means of a simple majority of the share capital represented in the passing of the resolution.

On April 3, 2024, the invitation to the Annual General Meeting of Rheinmetall AG on May 14, 2024, in Düsseldorf as a virtual Annual General Meeting without the physical presence of its shareholders or their authorized representatives (with the exception of company-appointed proxies) was published in the electronic Federal Gazette.

There was a video and sound broadcast of the entire meeting via the Rheinmetall AG shareholder portal. Shareholders were able to exercise their voting rights in text form or using electronic communication (absentee ballot) ahead of the Annual General Meeting and on the shareholder portal during the Annual General Meeting, as well as by issuing powers of attorney to company-appointed proxies or other authorized representatives. Up until midnight on May 8, 2024 (CEST), properly registered shareholders were given the right to submit statements on items of the agenda using electronic communication via the Rheinmetall AG shareholder portal.

Restrictions on voting rights and share transfer

The shares of Rheinmetall AG were not subject to any voting restrictions under the Articles of Association or legislation as of the reporting date. To the extent that Rheinmetall AG issues shares under its long-term incentive program to Executive Board members and other senior management staff, these shares are subject to a four-year lock-up period, although this ends automatically on retirement. As part of the employee participation program, eligible staff in Germany were offered Rheinmetall AG shares to purchase on preferential terms by way of a contribution by the respective employer company during the period under review. A lock-up period of two years after the end of the respective calendar year of participation applies to these shares.

In the case of acquisition of shares in defence technology companies in Germany, Sections 60 et seq. of the German Foreign Trade and Payments Regulation allow the German government to prohibit foreign investors from acquiring 10% or more of the shares. This regulation aims to safeguard material security interests of the Federal Republic of Germany.

Shareholdings exceeding 10% of voting rights

In the year under review, the company did not receive any notifications from investors pursuant to Sections 33 and 34 of the German Securities Trading Act (WpHG) stating that their shareholdings had risen above the threshold of 10%.

Shares with special rights conferring controlling privileges

None of the shares issued by Rheinmetall AG vest rights that confer special control privileges on their holders.

Type of voting control if employees have shareholdings and do not exercise their rights of control directly

To the extent that Rheinmetall AG issues shares under its long-term incentive program, these shares are directly transferred to these individuals subject to a resale lock-up period of four years. The lock-up period for shares under the employee share purchase program ends two years after the end of the respective calendar year of participation. The lock-up period ends automatically on retirement.

As with other shareholders, these beneficiaries are also able to directly exercise the rights of control to which they are entitled based on the transferred shares, subject to the provisions of the law and Articles of Association.

Appointment and removal of Executive Board members, amendments to the Articles of Association

As with other shareholders, these beneficiaries are also able to directly exercise the rights of control to which they are entitled based on the transferred shares, subject to the provisions of the law and Articles of Association.

Appointment and removal of Executive Board members, amendments to the Articles of Association

The appointment and removal of the members of the Executive Board of Rheinmetall AG is based on Sections 84 and 85 of the German Stock Corporation Act and Section 31 of the 1976 German Codetermination Act in conjunction with Article 6 of the Articles of Association. Executive Board members are appointed by the Supervisory Board for a maximum of five years and may be reappointed or have their term of office renewed, for a maximum period of five years in each case.

The provisions of Sections 179 et seq. of the German Stock Corporation Act apply to any amendment of the Articles of Association of Rheinmetall AG.

In accordance with Article 12 of the Articles of Association, amendments that affect only the version or wording of the Articles of Association with regard to the amount and utilization of authorized capital can be performed by the Supervisory Board without the passing of a resolution by the Annual General Meeting.

Executive Board authorizations to issue new shares and repurchase treasury shares

According to Section 202 of the German Stock Corporation Act, the Annual General Meeting can authorize the Executive Board for a maximum period of five years to increase the share capital by issuing new shares in return for capital contributions (authorized capital). The Annual General Meeting on May 14, 2024 authorized the Executive Board, with the approval of the Supervisory Board, to increase the company's share capital in the period up to the end of May 13, 2029, by issuing, once or several times, new no-par bearer shares in return for contributions in cash and/or in kind up to a maximum total of €22,302,100.00 (Authorized Capital 2024). The new shares can also be issued to employees of Rheinmetall AG or any subsidiary it controls. The disapplication of pre-emption rights that the Executive Board can resolve with the approval of the Supervisory Board is governed by Article 4(3) of the Articles of Association. Further information on treasury shares held by the company is provided in the notes to the consolidated financial statements under ››note (26) Equity.

For the purpose of granting shares when exercising conversion, option or profit bonds, profit participation rights or combinations of these instruments (collectively "bonds") or when fulfilling bonds to the holders of the bonds issued on the basis of the authorization, the share capital of the company was conditionally increased by up to €22,302,100.00 by resolution of the Annual General Meeting on May 14, 2024 (Conditional Capital 2024). The Annual General Meeting on May 14, 2024, authorized the Management Board by resolution, with the approval of the Supervisory Board and in accordance with the following provisions, to issue bearer, subordinated or non-subordinated (i) convertible bonds, (ii) profit participation rights, which may also be linked to conversion or option rights or conversion obligations, or (iii) combinations of these instruments (collectively “bonds”), once or several times, also simultaneously in different series, until May 13, 2029, (ii) profit participation rights, which may also be combined with conversion or option rights or conversion obligations, or (iii) combinations of these instruments (together “bonds”) with or without a limited term in a total nominal amount of up to €7,400,000,000.000. In accordance with the terms and conditions of the bonds (“bond conditions”), the respective partial bonds with equal rights may grant or impose option or conversion rights or conversion or option obligations for no-par value bearer shares in the company with a proportionate amount of the share capital of up to €22,302,100, corresponding to around 20% of the share capital existing at the time of the resolution by the Annual General Meeting. The bonds may bear interest at a variable rate instead of a fixed rate, in which case the interest rate may also be fully or partly dependent on the amount of the company's dividend, as with an income bond. The disapplication of pre-emption rights that the Executive Board can resolve with the approval of the Supervisory Board arises from the authorization resolution of the Annual General Meeting on May 14, 2024.

The Annual General Meeting on May 14, 2024 authorized the Management Board in accordance with Section 71 (1) no. 8 AktG to acquire treasury shares in the company in an amount of up to 10% of the company's share capital until May 13, 2029 for any permissible purpose within the scope of the statutory provisions (i) via the stock exchange, (ii) by means of a public purchase offer addressed to all shareholders, (iii) by means of a public invitation to submit offers to sell, (iv) by means of a public exchange offer for shares in a company listed on the stock exchange within the meaning of Section 3 (2) of the German Stock Corporation Act or (v) by granting tender rights. The decisive figure for the company's share capital here is the lowest level either when the Annual General Meeting adopted the resolution on this authorization or at the time this authorization was exercised.

Together with other company shares that the company has already purchased and still owns or that are attributable to it, the shares purchased on the basis of this authorization must not account for more than 10% of the share capital at any time.

Significant agreements of the company subject to a change of control due to a takeover offer

The granting of extraordinary rights of termination in the event of a change of control is standard practice especially in long-term credit business.

The syndicated loan of €750 million provides for negotiations on the continuation of the credit line if more than half of the shares in Rheimetall AG are held directly or indirectly by a person or persons acting in concert or if the person or persons acting in concert fulfill the requirement to appoint members of the Supervisory Board. In the event of a change of control such as this, the lending banks may terminate the agreement in part or in full.

The “change of control” clause in the existing loan agreement with the European Investment Bank for €80 million provides for the possibility of negotiations on continuation of the loan, after which the loan is repaid early in full if more than half of the Rheinmetall AG shares are held directly or indirectly by one person or several persons acting in concert, or if the person or persons acting in concert fulfill the conditions for appointing members of the Supervisory Board (change of control). The contracts relating to the promissory note loans totaling €600 million outstanding as of December 31, 2024, which mature between 2025 and 2029, include an extraordinary right of termination in the event of a change of control. For the convertible bonds of €500 million each with terms of 5 years and 7 years that were issued on January 31, 2023, it has also been agreed that in the event of a change of control it will be possible either to terminate the convertible bonds or to convert them into Rheinmetall shares within certain deadlines. A change of control is considered to have occurred if one or more persons or a partnership or third parties acting on their behalf gain control of Rheinmetall, or if in the event of a mandatory offer for ordinary shares a situation arises in which ordinary shares that are already legally and/or economically owned by the bidder, either directly or indirectly, and (y) ordinary shares for which the mandatory offer has already been accepted together grant 50% or more of the voting rights in Rheinmetall.

No precautions have been taken against a public takeover bid, the successive acquisition of a controlling stake via share purchases on the stock markets or control being gained by buying blocks of shares.

Compensation arrangements of the company in the event of a change of control due to a takeover offer

There are no compensation arrangements with members of the Executive Board or employees in the event of a change of control due to a takeover offer.

REMUNERATION REPORT

The remuneration report explains the remuneration systems for the Executive Board and Supervisory Board of Rheinmetall AG and reports on the level and structure of the remuneration for the executive bodies. To this end, the individual remuneration granted and owed to current and former members of the Executive Board Supervisory Board in the 2024 fiscal is disclosed. The remuneration granted and owed that is shown is the remuneration for which the underlying activity was fully completed as of the end of fiscal 2024. With the explanation of the remuneration system for the individual remuneration components, particular attention is paid to the transparency of the resulting remuneration and its promotion of Rheinmetall AG's long-term development. The report is based on Section 162 of the German Stock Corporation Act (AktG) and the recommendations and suggestions of the German Corporate Governance Code (GCGC) in the version dated April 28, 2022.

The remuneration report for fiscal 2023 was presented to the Annual General Meeting on May 14, 2024 in accordance with Section 120a (4) of the German Stock Corporation Act (Aktiengesetz, AktG) and approved by a clear majority of 90.93%. The very good voting result clearly shows that the fundamental structure, comprehensibility and transparency of last year's remuneration report met with a high level of acceptance among shareholders. This confirms that the Executive and Supervisory Boards of Rheinmetall AG can continue the report for fiscal 2024 in this proven form. To make the report even more comprehensible and easy to follow, further explanations have been added at certain points.

The remuneration report below and the current remuneration system for the Executive Board and the Supervisory Board are available on Rheinmetall AG's website. Beyond the requirements of Section 162(3) AktG, an audit of the remuneration report was also conducted in a material respect by Deloitte GmbH Wirtschaftsprüfungsgesellschaft. The corresponding report on this audit can be accessed at the address above.

REMUNERATION OF THE EXECUTIVE BOARD

Executive Summary

Armin Papperger Chairman of the Executive Board

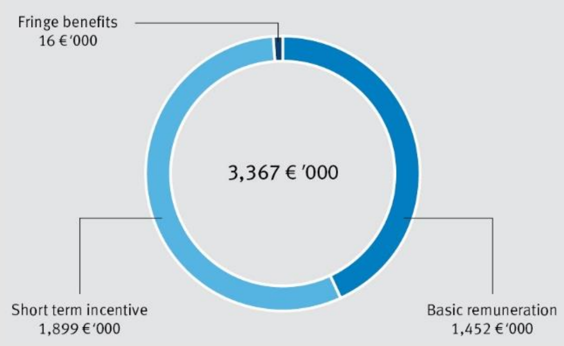
Short biography

- With Rheinmetall since 1990
- Member of the Executive Board since 1 January 2012
- Chairman of the Executive Board since 1 Januar 2013
- Appointed up to 31 December 2029

Remuneration decisions 2024

- Increase of 12% in basic remuneration and short term incentive target amount
- Earnings before taxes of €1,360 million and operating free cash flow of €1,049 million, together with ESG target achievement of 218.75%, result in an overall target achievement of 196% in the short term incentive
- Allocation of a new tranche of virtual shares as part of the long term incentive; payment only after the end of the 2027 financial year

Paid and owed remuneration 2024



Peter Sebastian Krause Member of the Executive Board

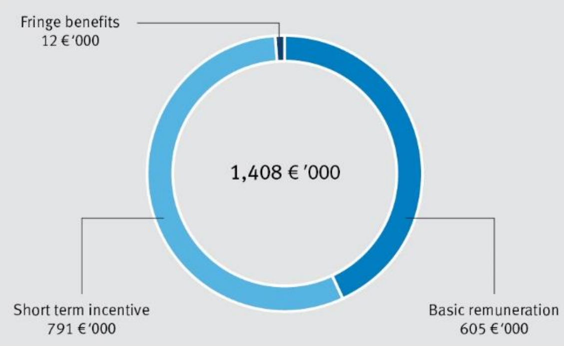
Short biography

- With Rheinmetall since 1997
- Member of the Executive Board since 1 January 2017
- Resignation from the Executive Board effective 30 September 2024

Remuneration decisions 2024

- Increase of 12% in basic remuneration and short term incentive target amount
- Earnings before taxes of €1,360 million and operating free cash flow of €1,049 million, together with ESG target achievement of 218.75%, result in an overall target achievement of 196% in the short term incentive
- Allocation of a new tranche of virtual shares as part of the long term incentive; payment only after the end of the 2027 financial year

Paid and owed remuneration 2024



Dagmar Steinert Member of the Executive Board

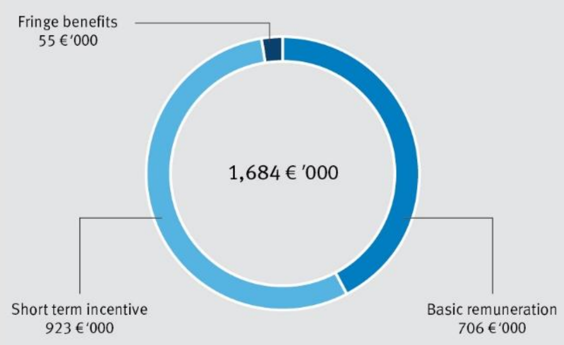
Short biography

- With Rheinmetall since 2022
- Member of the Executive Board since 1 December 2022
- Resignation from the Executive Board effective 31. Dezember 2024

Remuneration decisions 2024

- Increase of 12% in basic remuneration and short term incentive target amount
- Earnings before taxes of €1,360 million and operating free cash flow of €1,049 million, together with ESG target achievement of 218.75%, result in an overall target achievement of 196% in the short term incentive
- Allocation of a new tranche of virtual shares as part of the long term incentive; payment only after the end of the 2027 financial year

Paid and owed remuneration 2024



Dr. Ursula Biernert-Kloß Member of the Executive Board

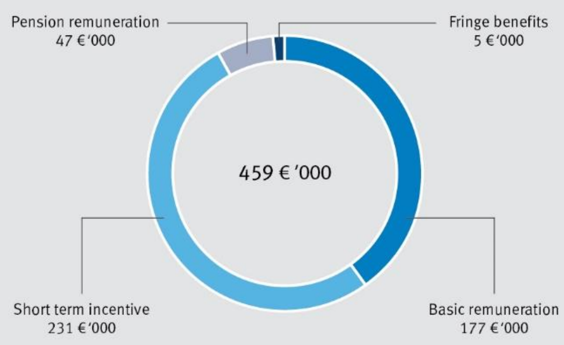
Short biography

- With Rheinmetall since 2024
- Member of the Executive Board since 1 October 2024
- Appointed up to 30 September 2027

Remuneration decisions 2024

- Pro rata remuneration in the financial year 2024
- Earnings before taxes of €1,360 million and operating free cash flow of €1,049 million, together with ESG target achievement of 218.75%, result in an overall target achievement of 196% in the short term incentive
- Allocation of a new tranche of virtual shares as part of the long term incentive; payment only after the end of the 2027 financial year

Paid and owed remuneration 2024



In the 2023 fiscal, the Supervisory Board resolved a revised remuneration system for the members of the Executive Board of Rheinmetall AG and submitted it to the Annual General Meeting on May 14, 2024 for approval under agenda item 8. The Annual General Meeting approved the remuneration system for members of the Executive Board by a significant majority of 92.49%. The revised remuneration system has applied since January 1, 2024 for all current members of the Executive Board as well as for all new appointments and reappointments and forms the basis for the remuneration granted and owed in the 2024 fiscal.

The significant changes compared to the previous basic remuneration system are in particular:

- Adjustment of the weighting of the financial success goals in the short-term variable remuneration
- Consideration of ESG targets in short-term variable remuneration with a weighting of 20%
- Operation of half of the long-term variable remuneration in Rheinmetall AG shares
- Introduction of the possibility of responding appropriately to extraordinary developments
- Standardization of the calculation methods of the success goals in long-term variable remuneration
- Change in the comparison index for determining the relative total shareholder return
- Adjustment of the amount of the maximum remuneration

The Executive Board remuneration at Rheinmetall AG firstly provides for remuneration not linked to performance (fixed remuneration), which consists of three components: the basic remuneration, fringe benefits, and a company pension. Secondly, it includes performance-related remuneration (variable remuneration) comprising two components: the one-year short-term incentive (STI) and the long-term incentive (LTI). In addition, the remuneration system provides for further regulations such as Malus and Clawback, Share Ownership Guidelines, services at contract termination and the handling of internal and external mandate remuneration. An overview of the current structure of Executive Board remuneration valid since January 1, 2024 is provided in the following chart.

Overview of the remuneration system[ESRS 2 GOV-3 29 c), d)]

Fixed remuneration	Basic remuneration		• Annual salary paid in twelve monthly installments
Fixed remuneration	Fringe benefits		• Subsidies for health and long-term care insurance, subsidy for private pension scheme, accident insurance and provision of a company car for private use
Fixed remuneration	Pension commitments/ pension remuneration		• Modular capital plan • Annual basic contribution of 16% of the basic remuneration and the STI on 100% target achievement • Where applicable, additional performance-based supplementary contribution (capped at 30% of the basic contribution) • The basic contribution and any performance-based supplementary contribution are converted by way of capitalization factor within the capital component • Payment in the form of a life-long pension (the retirement age is 65) • Alternatively, pension renumeration in cash for Executive Board Member's own provision for the future
Variable remuneration	STI	Plan type	• Target bonus
Variable remuneration	STI	Performance period	• 1 year
Variable remuneration	STI	Performance targets	• 60% EBT (0%-250% target achievement) • 20% OFCF (0%-250% target achievement) • 20% ESG (0%-250% target achievement)
Variable remuneration	STI	Payment	• Cash after the end of each fiscal year (0%-250% of the target amount)
Variable remuneration	LTI	Plan type	• Performance share plan
Variable remuneration	LTI	Performance period	• 4 years
Variable remuneration	LTI	Performance targets	• 40% rTSR (0%-200% target achievement) • 40% ROCE (0%-200% target achievement) • 20% ESG (0%-200% target achievement)
Variable remuneration	LTI	Payment	• 50% in cash and 50% in shares after end of four-year performance period (0%-250% target achievement)
Maximum remuneration			• Chairman of the Executive Board: €8,500,000 • Ordinary Executive Board member: €4,250,000
Penalty and clawback provisions			• Reduction of any variable remuneration that has not yet been paid and reclaim of any variable remuneration that has already been paid in the event of breaches of compliance and incorrect consolidated financial statements
Share ownership guidelines (SOG)			Share purchase and holding obligations of: • 200% of the annual gross basic remuneration for the Chairman of the Executive Board • 100% of the annual gross basic remuneration for ordinary Executive Board members
Remuneration-related legal transactions			• Executive Board employment contracts are concluded for a fixed term for the duration of the Executive Board member's appointment, so for a maximum term of five years • Severance payment cap: In the event of premature termination of the Executive Board employment contract, payments, including fringe benefits, must not exceed the value of two annual remuneration payments and must not remunerate more than the remaining term of the Executive Board employment contract
Remuneration for mandates			• Remuneration for mandates at affiliated companies is offset against the basic remuneration; the Supervisory Board decides how remuneration for mandates at non-affiliated companies is offset

1. Principles of Executive Board remuneration

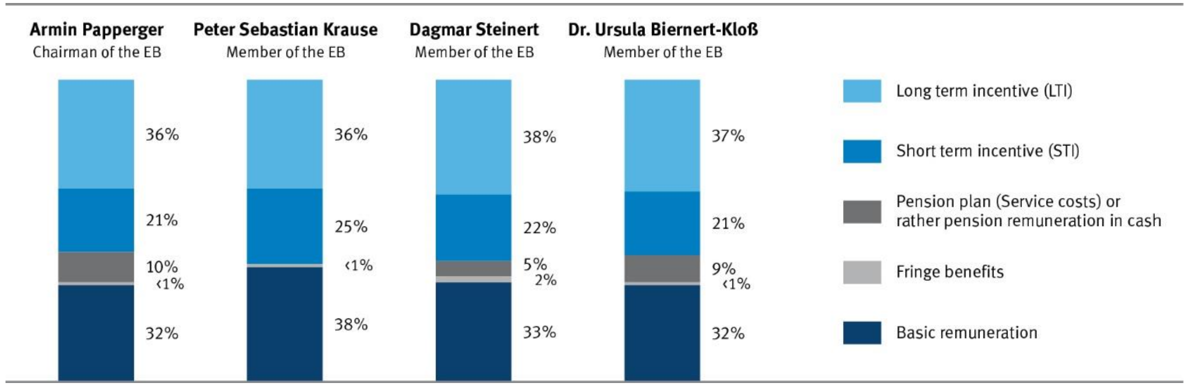
The remuneration for members of the Executive Board of Rheinmetall AG is geared towards sustainable and long-term corporate development. In this respect, it contributes to the promotion of the business strategy and provides incentives for the value-creating and long-term development of Rheinmetall AG. The members of the Executive Board are properly remunerated according to their sphere of activity and responsibility, taking into reasonable account both the personal performance of each and every Executive Board member as well as the economic situation and success of the company. The intention is to ensure that the remuneration is competitive on a national and international scale and thus creates incentives for dedicated and successful work.

1.1 Target total and maximum remuneration of members of the Executive Board

The Supervisory Board defines a target total remuneration for each Executive Board member, which is the sum of the fixed remuneration components (basic remuneration, fringe benefits, and company pension) and variable remuneration components (STI and LTI in the event of 100% target achievement). The maximum total remuneration for each individual member of the Executive Board corresponds to the amount calculated from the sum of all remuneration components for the fiscal in question, taking into account the defined maximum caps (STI and LTI at maximum target achievement in each case) on variable remuneration.[ESRS 2 GOV-3 29 e)]

In addition, maximum remuneration in accordance with Section 87a(1) Sentence 2 No. 1 AktG has been defined for the sum of all remuneration components. Since January 1, 2024, this amounted to €8,500,000 for the Chairman of the Executive Board and €4,250,000 for ordinary members of the Executive Board. The maximum remuneration relates to the sum of all payments resulting from the remuneration regulations for a fiscal year. If the sum of the payments from a fiscal year exceeds this defined maximum remuneration, then the remuneration component due to be paid out last (usually the LTI) is reduced. For an explanation of how the defined maximum remuneration of the Executive Board members was complied with in the 2024 fiscal, please refer to item 3.4.

The figure below shows the relative shares of the remuneration components in the target total remuneration (remuneration structure) for fiscal 2024:



1.2 Appropriateness of Executive Board remuneration

The Supervisory Board – with the support of the Personnel and Remuneration Committee – regularly reviews the appropriateness of the Executive Board remuneration, with the Supervisory Board receiving advice from an independent external remuneration expert.

The detailed examination of the Executive Board remuneration primarily includes a horizontal remuneration comparison, in which the level of the target and maximum remuneration received by the members of the Executive Board is compared with the usual remuneration for comparable companies. The DAX companies are used as the relevant comparative market. This comparison also took into account sales, number of employees, stock market value, internationality and complexity of the Rheinmetall Group.

In recent years, the economic situation of the Rheinmetall Group has been characterized by extremely positive corporate performance and extraordinary growth. In the past fiscal year, this was reflected, among other things, in an increase in the operating result of 61 % to a new record of €1,478 million. In terms of the year as a whole, Rheinmetall stock also closed with a significant increase of 114% compared to the previous year and thus significantly outperformed the DAX. The extraordinary growth of recent years, combined with strategic expansion into emerging markets and regions, has also led to a significant increase in the responsibilities of the members of the Executive Board. In light of this, the Supervisory Board has increased the basic remuneration and the STI target amount for Armin Papperger, Peter Sebastian Krause and Dagmar Steinert by 12% each for the 2024 fiscal. This corresponds to an increase in target direct remuneration (basic remuneration and STI as well as LTI in the event of 100% target achievement) of around 7%. It is still guaranteed that the LTI target amount makes up the majority of the performance-related compensation. Taking into account the size performance of Rheinmetall AG, measured by sales, number of employees and stock exchange value, the new remunerations of the Executive Board members remain within the standard market range and significantly below the median in the DAX reference group.

In addition, a vertical comparison of remuneration is carried out regularly, analyzing the ratio of renumeration levels between the CEO, the ordinary Executive Board members, the three levels of management below the Executive Board, and the pay-scale employees of the Rheinmetall Group in Germany, not only during the fiscal year but also over time. The Supervisory Board did not identify any inappropriate remuneration changes in the comparison. The average remuneration of Rheinmetall employees on a full-time equivalent basis has also increased by 7% over the last three years.

2. Remuneration components in detail

The following section describes the remuneration components in detail and shows how the performance criteria and targets for variable remuneration were applied in fiscal 2024. All remuneration decisions were made in accordance with the remuneration system for the members of the Executive Board valid since January 1, 2024 and approved by the Annual General Meeting. There are no deviations to report.

2.1 Basic remuneration

Each Executive Board member receives a basic remuneration not linked to performance, which is paid every month in twelve equal parts.

2.2 Fringe benefits

In addition to basic remuneration, the Executive Board members receive fringe benefits. Fringe benefits include not only the reimbursement of reasonable expenses, but also subsidies for health and long-term care insurance and the provision of a company car that can also be used privately in accordance with current guidelines. Accident insurance is also taken out for each Executive Board member, which may also include a payment to heirs of the Executive Board member in the event of his/her death. The Executive Board member concerned shall bear the tax burden for these fringe benefits. The expenses for the ancillary benefits granted in fiscal 2024 can be found in the individualized remuneration tables under Clause 3.

2.3 Company pension plan

Executive Board members receive a company pension in the form of a modular capital plan. They receive an annual basic contribution of 16% of the respective basic remuneration and 100% of the target amount of the STI. The basic contribution may also be supplemented by a performance-related additional contribution. The additional contribution is capped with an upper limit equal to 30% of the basic contribution.

The basic contribution and, if applicable, a performance-related additional contribution are converted annually to a capital component with a capitalization factor linked to the benefits age. The pension capital is then derived from capital components acquired in the individual calendar years. The pension capital is converted into a lifelong annuity when the benefits fall due. The retirement age is 65.

For Executive Board members who had acquired pension claims before January 1, 2014 or were previously a member of the Executive Board of Rheinmetall Automotive AG, a transitional regulation applies. The average defined benefit for these Executive Board members is 27.5% of the respective basic remuneration and the respective 100% target amount of the STI before retirement. The retirement age is 63.

Newly appointed Executive Board members can also be granted pension remuneration in cash rather than a pension commitment so that they can make their own provision for the future. For example, Dr. Ursula Biernert-Kloß will receive a gross pension remuneration of €47,040 for the 2024 fiscal.

The expenses and present values of the defined benefit obligations for Executive Board members active in fiscal 2024 are shown below.

Executive Board pensions

	Expenses in fiscal year					
	Total		Of which interest payable		Settlement amount of pension obligation as of December 31[1]	
€ '000	2024	2023	2024	2023	2024	2023
Armin Papperger	1,214	1,002	373	355	12,435	11,765
Peter Sebastian Krause[2]	-	496	149	154	4,909	4,698
Dagmar Steinert	117	85	3	-	209	102
Total	**1,331**	**1,583**	**525**	**509**	**17,553**	**16,565**

[1] Refers to the amount of the cumulative pension obligations measured on the respective balance sheet date. Depending on the Executive Board member, the provisions have been recognized since they joined the Executive Board and thus over a long period.
[2] Peter Sebastian Krause had already passed the previously set retirement age of 63 by December 31, 2023, so that he was valued as a technical retiree with a service cost of EUR 0.

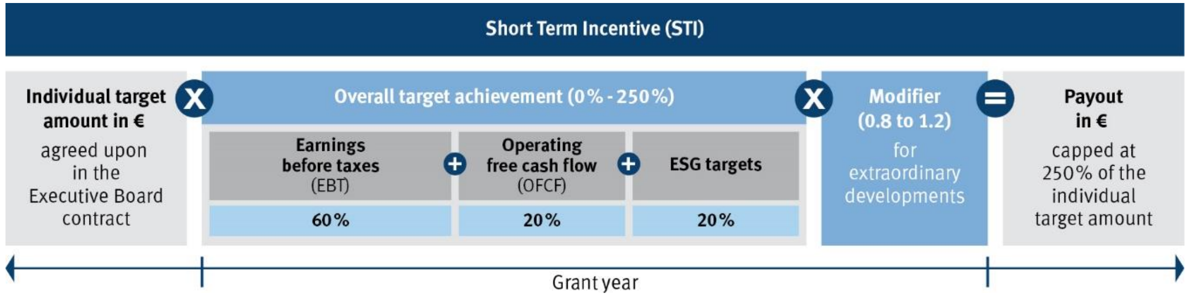
2.4 Short-term incentive (STI)

The remuneration system provides for a one-year STI, the level of which depends on an individual target amount in euro agreed in the Executive Board employment contracts and on the achievement of financial and non-financial targets. The STI for fiscal 2024, which is to be disclosed in fiscal 2024 as remuneration granted and owed, corresponds to the remuneration system presented to and approved by the Annual General Meeting on May 14, 2024.[ESRS 2 GOV-3 29 a)]

The two key performance indicators earnings before taxes (EBT) with a weighting of 60% and operating free cash flow (OFCF) are taken into account as financial targets, with a weighting of 20%. EBT is particularly well-suited for assessing the economic success of the Rheinmetall Group's operational entities. In addition, OFCF is used as a key figure to ensure liquidity and entrepreneurial flexibility.

In addition, ESG targets are taken into account with a weighting of 20% in the STI. The inclusion of ESG targets in the STI serves to create incentives for sustainable corporate development and to promote the implementation of the sustainability strategy. The underlying targets are determined by the Supervisory Board for the respective fiscal year. The weighted sum of the target achievements of the financial targets and the ESG targets results in the overall target achievement.

Structure of the STI



For each financial target, a target figure is determined each year on the basis of operating planning.

Target achievement is capped at 2.5 times the target value, with this figure being achieved with a +15% target overachievement (maximal target fulfillment). If the target achievement is -10% or lower (minimal target achievement), the STI for the fiscal year in question is €0. The table below shows the specific target achievement levels depending on the deviation from the target value, with target achievements between the key figures shown being determined using linear interpolation. The target achievement curves for earnings before taxes and operating free cash flow are shown below.

The following table shows the respective minimum value, target value and maximum value for the EBT and the OFCF from continuing operations, the actual value achieved in fiscal 2024 as well as the target achievements resulting from this. Target achievement, which is relevant for determining the amount paid out under the STI, is determined by comparing the actual value with the target value and applying the benchmark figures shown above.

Achievement financial targets STI

	Minimum value (0%)	Target value	Maximum value (250%)	Actual value	Achievement
	€ million	€ million	€ million	€ million	%
Earnings before taxes	1,143	1,270	1,460	1,360	170.8
Operating free cashflow	347	385	443	1,049	250.0

At the time the planning for 2024-2026 was adopted, Rheinmetall had not yet signed the contract to acquire Loc Performance and the planning for 2024-2026 was prepared without the possible effects of the acquisition. The targets for 2024 therefore also do not take this acquisition into account. For the purposes of target achievement, the actual values are therefore adjusted to present earnings before taxes and operating free cash flow as if the acquisition of Loc Performance LLC had not taken place in 2024. Accordingly, earnings contributions from acquired companies, including the effects of purchase price allocation, are excluded from earnings before taxes. Operating free cash flow from continuing operations is adjusted in a similar manner.

Adjustments for the purpose of targets

€ million	EBT	OFCF
Reported figure	1,229	1,045
PPA effects	125	-
Figure before PPA-effects	1,353	1,045
Operating result/OFCF of Loc Performance	-3	-3
Transaction costs	6	4
Other effects	3	2
Total adjustment for Loc Performance	6	4
Figure for target achievement	1,360	1,049

For fiscal year 2024, the Supervisory Board set the following ESG targets for the Executive Board members and identified target achievements levels that are relevant for calculating the payment amount from the STI:

Achievement ESG targets ESRS 2 GOV-3 29 b), ESRS E1 GOV-3 13

Target	Explanation of achievement	Achievement	Weighting
		%	%
Innovation/technology project for CO2 avoidance/reduction: electrodes for the production of green hydrogen	The goal was achieved with great success. The pilot production line was realized and put into operation. Furthermore, the decision to enter into a large-scale electrode production on the basis of a framework agreement was positive.	250	50.0
Compliance/ICS: Health Check Compliance Management System	The objective was achieved with great success. An external audit was used to examine whether the compliance management system is appropriate with regard to regulatory requirements and internal company standards. The “health check” was carried out on the basis of an evaluation of seven basic elements (compliance culture, compliance objectives, compliance risks, compliance program, compliance organization, compliance communication, and compliance monitoring and improvement).	187.5	50.0
Overall target achievement non-financial targets		218.75	-

In accordance with recommendation G.11 Sentence 1 GCGC, the Supervisory Board may, at its reasonable discretion, add or deduct up to 20% from the calculated achievement of the financial and ESG targets to take account of extraordinary developments. The Supervisory Board will only make use of this modifier to take extraordinary developments and events into account within reason. Justified exceptional circumstances that would permit such an adjustment to be made are limited to external developments and events that distort the ratio of Executive Board performance to the STI payment amount (such as extraordinary and far-reaching changes to the economic situation), and only provided that the Supervisory Board did not foresee these circumstances or their specific impacts at the time the targets were set. Generally favorable or unfavorable market developments do not explicitly qualify as extraordinary developments or events. Even if the modifier is applied, the maximum payment amount cannot exceed 250% of the target STI.

The Supervisory Board did not make use of the modifier for fiscal 2024.

The individual payment amounts for the members of the Executive Board shown below result from the target achievements presented.

Payment amount STI

	Target amount	Target achievement EBT (60%)	Target achievement OFCF (20%)	Target achievement ESG (20%)	Overall target achievement	Payment amount
	€ '000	%	%	%	%	€ '000
Armin Papperger	968	170.8	250.0	218.75	196.2	1,899
Peter Sebastian Krause	403	170.8	250.0	218.75	196.2	791
Dagmar Steinert	470	170.8	250.0	218.75	196.2	923
Dr. Ursula Biernert-Kloß[1]	118	170.8	250.0	218.75	196.2	231

[1] Member of the Executive Board since October 1, 2024

Following approval of the Consolidated Financial Statements by the Supervisory Board, the resulting payment amount for the STI is transferred to the relevant Executive Board member with the next salary statement.

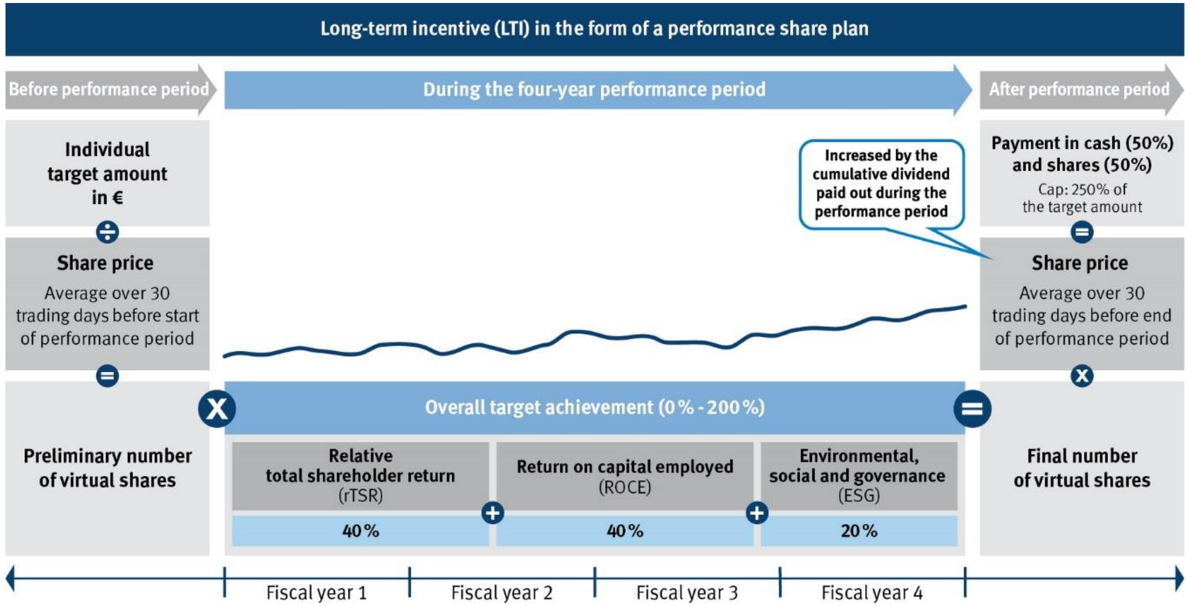
2.5 Long-term incentive (LTI)

The Executive Board remuneration system makes a significant contribution to promoting the business strategy and sets incentives for the Executive Board that serve the sustainable and long-term development of Rheinmetall AG. To this end, Executive Board members are allocated an annual LTI in the form of a performance share plan, i.e. on the basis of virtual shares, each with a four-year term or performance period. Since January 1, 2024, half of the amount paid out at the end of the four-year performance period has been serviced in shares of Rheinmetall AG.[ESRS 2 GOV-3 29 a)]

The Executive Board members also received an allocation from the performance share plan for fiscal 2024. As the four-year performance period does not end until fiscal 2027, the 2024 tranche is not to be disclosed as remuneration granted and owed until fiscal 2027. For reasons of transparency, however, the operating principle and allocation amounts for each Executive Board member are reported below.

At the beginning of each fiscal year, the Executive Board members are allocated a new tranche of virtual shares under the performance share plan. An individual target amount corresponding to 100% target achievement has been agreed in the Executive Board employment contracts. The individual target amount is divided by the average closing price of Rheinmetall shares over the last 30 stock market trading days prior to the start of the performance period to obtain a preliminary number of virtual shares. At the end of the four-year performance period, the final number of virtual shares is determined based on the weighted target achievement of the three additively linked performance targets – relative total shareholder return (TSR) with a 40% weighting, return on capital employed (ROCE) with a 40% weighting and environmental, social and governance (ESG) with a 20% weighting. At the end of the performance period, the final number of virtual shares is multiplied by the sum of the average closing price of Rheinmetall shares over the last 30 stock market trading days before the end of the four-year performance period and the cumulative dividend paid out during the performance period to determine the final payment amount. Taking into account the distributed dividends reflects the way real shares work and ensures that the compensation of the Management Board is neutral in terms of dividends (absolute total shareholder return approach). There is no guaranteed or early payment of dividends. The amount paid out is capped at 250% of the individual target amount (Cap). Half of the final payment amount is paid in Rheinmetall AG shares, with the number of shares calculated from the ratio of half the virtual final amount to the average closing price of Rheinmetall AG shares over the last 30 stock market trading days before the end of the four-year performance period. The other 50% of the final disbursement amount will be paid out in cash to the Executive Board members and will essentially be used to repay the tax burden arising from the receipt of the shares and the cash share. The payment amount can therefore be between 0% and 250% of the original target amount.

Structure of the LTI



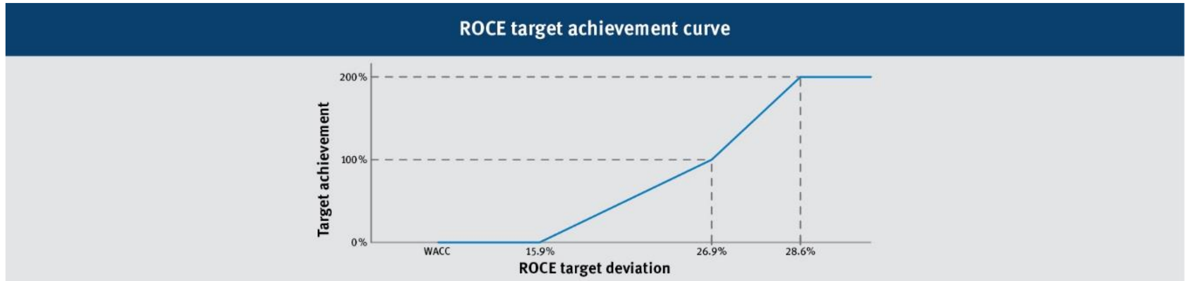
The first performance target of the LTI is Rheinmetall AG's relative TSR over the four-year performance period. Rheinmetall AG's TSR is compared with the companies of the STOXX Europe Total Market Aerospace & Defense Index. The TSR indicates the increase in the value of shares over a defined period, assuming that gross dividends are directly reinvested. The start value for determining the TSR of Rheinmetall AG and the peer companies is based on the arithmetic mean of the closing share price over the last 30 stock market trading days before the end of a performance period. The end value for determining the TSR of Rheinmetall AG and the peer companies is based in each case on the arithmetic mean of the closing share price over the last 30 stock market trading days before the end of a respective year of the performance period. The increase in value is calculated by comparing the start value and the respective end value, assuming that gross dividends are directly reinvested. To determine the relative TSR, the respective TSR values for Rheinmetall AG and the peer companies are then placed in order and assigned to percentiles. If the average TSR of the Rheinmetall share is at the 50th percentile (median), the target achievement is 100%. If the average TSR is at or below the 25th percentile, the target achievement is 0%. With an average TSR at the 75th percentile, the target achievement is 200%. Above the 75th percentile, a higher positioning does not lead to a further increase in target achievement. Between the 25th and 75th percentiles, target achievement is calculated using linear interpolation. The resulting symmetrical target achievement curve corresponds with German market practice and guarantees a balanced opportunity/risk profile. This creates incentives for the members of the Executive Board to outperform the competition and at the same time does not encourage them to take inappropriate risks.

Target achievement curve relative to TSR

The second performance target of the LTI is the Rheinmetall Group's return on capital employed (ROCE), which corresponds to the ratio of EBIT to average capital employed. At the beginning of each LTI tranche, the Supervisory Board sets a minimum value, a target value and a maximum value for the performance period. When determining these values, the Supervisory Board is guided by Rheinmetall's medium-term planning, where the minimum value is always higher than Rheinmetall's weighted average cost of capital (WACC) including an appropriate surcharge value. The ROCE actually achieved is determined annually on the basis of the Rheinmetall consolidated financial statements. Subsequently, the average ROCE during the four-year performance period is calculated, i.e. for the 2024 installment, the ROCE actually achieved in fiscal years 2024, 2025, 2026 and 2027 is decisive. If the average ROCE actually achieved corresponds exactly to the target value, target achievement is 100%. If the average ROCE is exactly or below the minimum value, the target achievement is 0%. If the average ROCE corresponds to the maximum level, the target achievement is 200%. If the target achievement of 200% is reached, further increases in the ROCE actually achieved do not lead to any further increase in target achievement. Between the above points, target achievement is calculated using linear interpolation.

The ROCE target achievement curve for the 2024 LTI tranche, including the target and threshold values, is as follows:

ROCE target achievement curve



The third performance target is made up of the environmental, social and governance (ESG) targets. The ESG targets set incentives for sustainable corporate development, promote the implementation of Rheinmetall AG's sustainability strategy and take into account the business' impact on the environment. For the annual determination of the relevant and measurable ESG targets, the Supervisory Board is guided by a catalog of criteria defined in advance. For each tranche, other criteria or targets can be selected from the catalog of criteria, the achievement of which is measured during the four-year performance period and, analogously to the financial targets, can range from 0% to 200% per ESG target. The ESG targets for the 2024 LTI tranche are listed below:

LTI Tranche 2024: ESG targets[ESRS 2 GOV-3 29 b), ESRS E1 GOV-3 13]

LTI tranche 2024: ESG targets
• Reduction of CO_2 emissions/contribution to CO_2 neutrality: decarbonizing in the supply chain (Scope 3.1) • Safety at the workplace/health: reduction of lost time incident rate

The individual target amount, the average closing price of Rheinmetall shares over the last 30 stock market trading days prior to the start of the performance period, and the resulting preliminary number of virtual shares per Executive Board member are shown in the table below for all current tranches.

Performance Share Plan - current tranches

	Tranche	Performance period	Target value	Starting price Rheinmetall share	Number of shares allotted
			€ '000	€	
	2022	01.01.2022 - 31.12.2025	1,650	82.04	20,112
	2023	01.01.2023 - 31.12.2026	1,650	192.71	8,562
Armin Papperger	2024	01.01.2024 - 31.12.2027	1,650	283.00	5,830
	2022	01.01.2022 - 31.12.2025	825	82.04	10,056
	2023	01.01.2023 - 31.12.2026	-	-	-
Helmut P. Merch	2024	01.01.2024 - 31.12.2027	-	-	-
	2022	01.01.2022 - 31.12.2025	578	82.04	7,039
	2023	01.01.2023 - 31.12.2026	578	192.71	2,996
Peter Sebastian Krause	2024	01.01.2024 - 31.12.2027	578	283.00	2,040
	2022	01.01.2022 - 31.12.2025	69	82.04	838
	2023	01.01.2023 - 31.12.2026	825	192.71	4,281
Dagmar Steinert[1]	2024	01.01.2024 - 31.12.2027	825	283.00	2,915
	2022	01.01.2022 - 31.12.2025	-	-	-
	2023	01.01.2023 - 31.12.2026	-	-	-
Dr. Ursula Biernert-Kloß[2]	2024	01.01.2024 - 31.12.2027	206	283.00	728

[1] Since December 1, 2022; target amount for the 2022 tranche corresponds to 1/12 of the corresponding annual value of €825,000.
[2] Since October 1, 2024; target amount for the 2024 tranche corresponds to 3/12 of the corresponding annual value of €825,000.

Further details on targets set, target achievements, and payment amounts of the performance share plan tranches are provided in the remuneration report covering the final fiscal year of the respective performance period.

No LTI tranche awarded in the past expired in the 2024 financial year, so no LTI tranche was paid out.

2.6 Malus and clawback

To further ensure the sustainable successful development of the company and the appropriateness of Executive Board remuneration, the STI and LTI are subject to penalty and clawback regulations. If, after payment of the performance-related variable remuneration (STI and LTI), it transpires that the consolidated financial statements were incorrect, the Supervisory Board may demand partial or full repayment of variable remuneration already paid out (performance clawback). The amount of the claim for repayment shall be determined on the basis of the corrected and audited consolidated financial statements. The fault of the Executive Board member is irrelevant in this case.

If a member of the Executive Board intentionally violates the Code of Conduct, the compliance guidelines or a significant contractual obligation, or commits significant breaches of their duty of care as defined in Section 93 of the German Stock Corporation Act (AktG), the Supervisory Board may also, at its reasonable discretion, reduce to zero any variable remuneration not yet paid out (compliance malus) and demand the return of any variable remuneration already paid out (compliance clawback). The obligation of the Executive Board member to pay damages to Rheinmetall AG in accordance with Section 93(2) AktG, the right of Rheinmetall AG to revoke the appointment in accordance with Section 84 AktG, and the right of Rheinmetall AG to terminate the Executive Board member's employment contract for cause (Section 626 BGB) remain unaffected by the clause.

There were no circumstances either in fiscal 2024 or in fiscal 2023 that would have justified withholding or reclaiming the variable remuneration under the penalty and clawback provisions.

2.7 Share ownership guidelines (SOG)

To further align the interests of the Executive Board and shareholders, the Executive Board members are required to make a significant personal investment in Rheinmetall shares. The Executive Board members are accordingly required to invest an amount equivalent to 200% of the annual gross basic remuneration in the case of the Chair of the Executive Board, and 100% of the annual gross basic remuneration in the case of the ordinary Executive Board members, in Rheinmetall shares and to hold these shares until the end of their Executive Board activity. As of December 31, 2024, Armin Papperger had already invested the required amount in Rheinmetall shares and fulfilled the holding obligation. Peter Sebastian Krause and Dagmar Steinert had also already invested the required amount in Rheinmetall shares and fulfilled the holding obligation. Following their departure from the Executive Board, Peter Sebastian Krause and Dagmar Steinert no longer have a holding obligation. Dr. Ursula Biernert-Kloß must have built up the required number of shares within the next four years, i.e. by September 30, 2028.

2.8 Payments in the event of premature termination of the Executive Board contract

In the event that either Rheinmetall AG or the Executive Board member does not wish to be reappointed or the Supervisory Board recalls the Executive Board member, it may be agreed that the Supervisory Board releases the Executive Board member from their service obligation while otherwise continuing to apply the contract. Termination of the Executive Board service contract with notice is excluded. However, both the respective Executive Board member and Rheinmetall AG may terminate the service contract for a compelling reason. Automatic termination is also provided for in the event that the Executive Board member becomes unfit for work during the term of his/her contract. The Executive Board contracts stipulate that the contract shall end automatically at the latest at the end of the month in which the Executive Board member reaches the standard retirement age under the statutory pension scheme or at the time when they draw a statutory retirement pension before reaching the standard retirement age.

In the event of termination of an Executive Board employment contract, any outstanding variable remuneration components attributable to the period up to termination of the contract are paid out in accordance with the originally agreed targets and comparison parameters and in accordance with the due dates or holding periods specified in the contract.

The remuneration system also provides for a severance payment cap. Under this, payments to an Executive Board member that are agreed upon with the member concerned in the event of premature termination without cause of the Executive Board contract, including fringe benefits, must not exceed the value of two annual remuneration payments and must not remunerate more than the remaining term of the Executive Board member's contract.

The Executive Board contracts do not provide for any special arrangements for a severance payment in the event of a change of control.

2.9 Remuneration for mandates

The Executive Board remuneration covers all activities for Rheinmetall AG and for services performed with Rheinmetall AG in accordance with Sections 15 et seqq. of the German Stock Corporation Act. If remuneration is agreed for mandates at affiliated companies, this is offset against the basic remuneration. For mandates at companies that are not affiliated companies or for functions in associations or similar groups to which Rheinmetall AG or one of its affiliated companies belongs, the Supervisory Board decides whether to credit the mandate.

In the past fiscal 2024, the members of the Executive Board held the following mandates at affiliated and non-affiliated companies.

Members of the Executive Board and mandates of the Executive Board members[ESRS 2 GOV-1 21 c), 23 a)]

	Position/area	Appointments	Membership in Supervisory Boards
Armin Papperger **Engineering graduate**	Chairman	January 1, 2012, to December 31, 2029	Rheinmetall Automotive AG[1] Chairman
Nationality | German Born 1963			Rheinmetall Landsysteme GmbH1 Chairman
			The Dynamic Engineering Solution Pty Ltd
			Rheinmetall MAN Military Vehicles GmbH[1] Chairman
			Rheinmetall Denel Munition (Pty) Ltd[1] Chairman
			Rheinmetall Waffe Munition GmbH1 Chairman
			Rheinmetall Expal Munitions S.A.U.[1]
Peter Sebastian Krause **Lawyer**	Director of Industrial Relations	January 1, 2017, to September 30, 2024	Rheinmetall Electronics GmbH[1]
Born 1960 Nationality | German	Human Resources		Rheinmetall Waffe Munition GmbH[1]
			Rheinmetall Landsysteme GmbH[1]
Dr Ursula Biernert-Kloß **Diploma in International Cultural and Business Studies**	Director of Industrial Relations	October, 1, 2024 to September, 30, 2027	
Born 1969 Nationality | German	Human Resources		
Dagmar Steinert **Business graduate**	CFO	December, 1, 2022 to December 31, 2024	4iG Nyrt.
Born 1964 Nationality | German	Finance and Controlling		Klöckner & Co. SE

[1] Internal mandates

2.10 Third-party payments

In fiscal year 2024, no Executive Board member received payments from a third party with regard to their work as an Executive Board member.

3. Itemized total remuneration for 2024

3.1 Target remuneration for fiscal 2024

In order to ensure transparent reporting of Executive Board remuneration, the table below first shows the contractually agreed target amounts of the individual remuneration components for each active Executive Board member, plus the expenses for fringe benefits and the company pension in accordance with IAS 19 (service cost). The target amount for the STI or LTI reflects the contractually regulated STI or LTI target amount in the case of 100% target achievement.

Contractual target remuneration

	Armin Papperger		Peter Sebastian Krause		Dagmar Steinert		Dr. Ursula Biernert-Kloß[2]	
	CEO since January 1, 2013[1]		Member of the Executive Board since January 1, 2017		Member of the Executive Board since December 1, 2022		Member of the Executive Board since October 1, 2024	
	2024	2023	2024	2023	2024	2023	2024	2023
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Basic remuneration	1,452	1,296	605	540	706	630	177	-
Fringe benefits	16	20	12	29	55	58	5	-
Pension fee	-	-	-	-	-	-	47	-
Total fixed remuneration	**1,468**	**1,316**	**617**	**569**	**761**	**688**	**229**	**-**
Short-term variable remueration (STI)								
STI 2023	-	864	-	360	-	420	-	-
STI 2024	968	-	403	-	470	-	118	-
Long-term variable remuneration (LTI)								
LTI tranche 2023	-	1,650	-	578	-	825	-	-
LTI tranche 2024	1,650	-	578	-	825	-	206	-
Total	**4,086**	**3,830**	**1,598**	**1,507**	**2,056**	**1,933**	**553**	**-**
Pension contribution	841	647	-	343	113	85	-	-
Total (including pension contribution)	**4,927**	**4,477**	**1,598**	**1,850**	**2,169**	**2,018**	**553**	**-**

[1] Member of the Executive Board since January 1, 2012
[2] Dr. Ursula Biernert-Kloß receives pro rata remuneration due to her joining the Executive Board during the year.

3.2 Remuneration granted and owed in fiscal 2024 – Executive Board members active in fiscal 2024

The table below discloses the remuneration granted and owed in accordance with Section 162 AktG both in the fiscal year under review and in the previous year. In addition, the expenses in accordance with IAS 19 for the company pension plan in the respective fiscal year are shown (service cost).

In accordance with the vesting-based interpretation, the payment amounts of the STI allocation for fiscal 2024 are shown in the 2024 remuneration report, as the underlying activity for the remuneration was already fully completed at the end of fiscal 2024. The relevant results for determining the target achievement levels can already be determined as of the end of fiscal 2024, although the actual payment will not take place until the following year, i.e. in fiscal 2025. No remuneration granted and owed is yet reported for the tranches of the newly structured LTI first allocated in fiscal 2022, as target achievement and the potential payout amount can only be made after the end of the respective four-year performance period and will then also be reported according to the vesting-based interpretation.

Paid and owed remuneration for members of the Executive Board active in financial year

	Armin Papperger			Peter Sebastian Krause[2]			Dagmar Steinert			Dr. Ursula Biernert-Kloß		
	CEO since January 1, 2013[1]			Member of the Executive Board since January 1, 2017			Member of the Executive Board from December 1, 2022			Member of the Executive Board from October 1, 2024		
	2024	2024	2023	2024	2024	2023	2024	2024	2023	2024	2024	2023
	€ '000	%	€ '000	€ '000	%	€ '000	€ '000	%	€ '000	€ '000	%	€ '000
Basic remuneration	1,452	35	1,296	605	43	540	706	39	630	177	38	-
Fringe benefits	16	-	20	12	1	29	55	3	58	5	1	-
Pensoin fee	-	-	-	-	-	-	-	-	-	47	10	-
Total	**1,468**	**35**	**1,316**	**617**	**44**	**569**	**761**	**42**	**688**	**229**	**50**	**-**
Short-term variable remueration (STI)												
STI 2023	-	-	1,599	-	-	666	-	-	777	-	-	-
STI 2024	1,899	45	-	791	56	-	923	51	-	231	50	-
Total of paid and owed remuneration	**3,367**	**80**	**2,915**	**1,408**	**80**	**1,235**	**1,684**	**80**	**1,465**	**459**	**100**	**-**
Service costs	841	20	647	-	-	343	113	6	85	-	-	-
Total remuneration	**4,208**	**100**	**3,561**	**1,408**	**100**	**1,578**	**1,798**	**100**	**1,550**	**459**	**100**	**-**

[1] Member of the Executive Board since January 1, 2012
[2] Resignation from the board of directors as of September 30, 2024

3.3 Remuneration granted and owed in fiscal 2024 – former Executive Board members

The remuneration granted and owed in fiscal 2024 to former Executive Board members who were active within the past ten years is shown below.

Paid and owed remuneration of former members of the Executive Board

	Helmut P. Merch	Horst Binnig
	Leaving date Dezember 31, 2022	Resignation date Dezember 31, 2019
	2024	2024
	€ '000	€ '000
Pension payments	454	215
Total	**454**	**215**

Eight former Executive Board members who have not been active in the last ten years received pension payments totaling €1,473 thousand.

3.4 Compliance with the maximum remuneration in accordance with section 87a(1) sentence 2 no. 1 AktG

The maximum remuneration in accordance with Section 87a(1) Sentence 2 Clause 1 AktG shall include all remuneration components allocated for fiscal 2024. The maximum remuneration for fiscal 2024 therefore also includes the 2024 performance share plan tranche, although the amount paid out will not be known until the end of the 2027 financial year. This means that the sum of all remuneration components allocated for year 2024 can only be determined after the end of fiscal 2027 . In principle, the appropriateness of the possible payment amounts is ensured by limiting the STI and LTI payments in each case to a maximum of 250% of the individual target amount. If the sum of the payments from a fiscal year exceeds this defined maximum remuneration, then the remuneration component due to be paid out last (usually the LTI) is reduced.

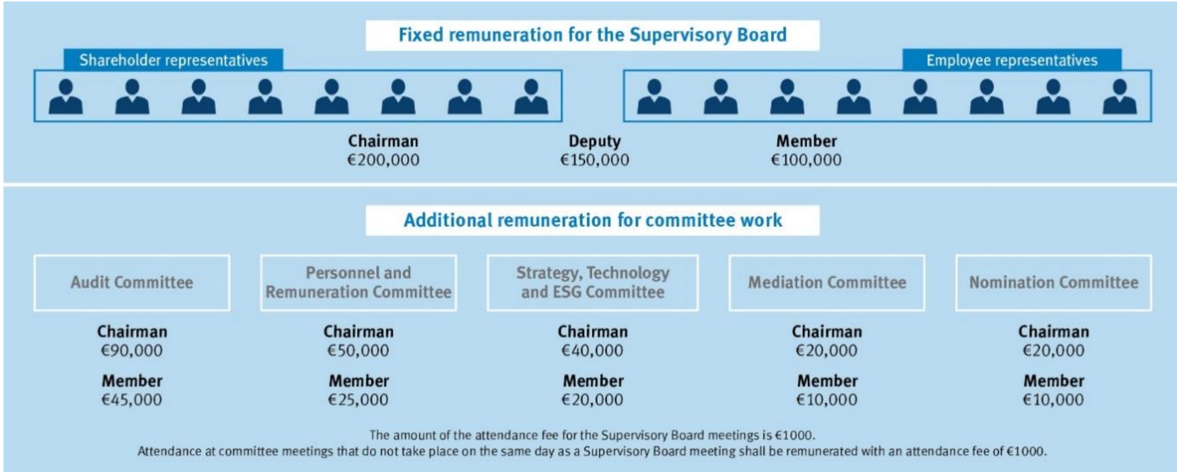
REMUNERATION OF THE SUPERVISORY BOARD

Remuneration of the Supervisory Board

In accordance with Section 113(3) Sentence 1 AktG, the Annual General Meeting of a listed company must resolve on the remuneration and the remuneration system for the members of the Supervisory Board at least every four years. On May 14, 2024, Rheinmetall AG's Annual General Meeting approved the Supervisory Board remuneration regulation put to the vote under agenda item 9 with a clear majority of 98.82%. The aim of the remuneration is to strengthen the independence of the Supervisory Board as a supervisory body and to take into account the function-specific time burdens and responsibilities. This is achieved through the highlighted remuneration for the Chair and Vice Chair of the Supervisory Board and the additional remuneration for work on committees. In the opinion of the Supervisory Board and the Management Board, the constant competition for qualified and experienced candidates for the Supervisory Board, as well as the increased demands on the Supervisory Board's activities, made it necessary to increase the Supervisory Board's remuneration compared to the remuneration previously granted, within the scope of what is customary in the market To this end, the remuneration for work on the Supervisory Board and its committees was increased moderately, taking into account the general price increases of recent years. The concept of Supervisory Board remuneration was not changed.

The remuneration regulations for the Supervisory Board applicable for fiscal 2024 are set out in Article 13 of the Articles of Association of Rheinmetall AG and are shown in the diagram below.

Remuneration of the members of the Supervisory Board and its committees



Each member of the Supervisory Board receives an attendance fee of € 1,000.00 for each Supervisory Board meeting attended by the member, regardless of whether in person, by telephone or by other means, but not for mere participation in the adoption of resolutions, and an attendance fee of € 1,000.00 for each committee meeting attended in person, which do not take place on the same day as a Supervisory Board meeting. Supervisory Board and committee members who have only belonged to the Supervisory Board or a committee for part of the financial year receive pro-rata compensation.

Each member of the Supervisory Board – with the exception of the employee representatives – is required to deploy 25% of the fixed remuneration paid for acquiring shares in Rheinmetall AG and to hold the shares for the length of the membership in the Supervisory Board. Compliance with the holding obligation is to be demonstrated to Rheinmetall AG. This obligation to buy shares does not apply to remuneration that has not yet been paid at the time of departure from the Supervisory Board. The claim to the part of the remuneration referred to in Article 13(6) Sentence 1 of the Articles of Association does not apply retroactively if the member of the Supervisory Board partly or fully sells or loans the acquired shares before his departure from the Supervisory Board.

The Supervisory Board members are covered by any directors' and officers' liability insurance that has been taken out by Rheinmetall AG in its own interests in an appropriate amount and with an appropriate deductible for members of management bodies and certain other managers. The premiums for this are paid by Rheinmetall AG.

The shareholder representatives on the Supervisory Board in office as of December 31, 2024, received the following remuneration for fiscal 2024.

Compensation granted and owed (earnings-oriented interpretation) to shareholders in office on the Supervisory Board as of December 31, 2024

		Fixed remuneration		Committee remuneration		Attendence fee		Total remuneration
		EUR	%	EUR	%	EUR	%	EUR
Ulrich Grillo	2024	200,000	50.4	175,000	44.1	22,000	5.5	397,000
Chairman of the Supervisory Board	2023	180,000	54.4	130,000	39.3	21,000	6.3	331,000
Prof. Dr. Dr. h.c. Sahin Albayrak[1]	2024	36,885	78.0	7,377	15.6	3,000	6.3	47,262
	2023	90,000	79.6	15,000	13.3	8,000	7.1	113,000
Dr.-Ing. Dr.-Ing. E. h. Klaus Draeger	2024	100,000	74.9	21,530	16.1	12,000	9.0	133,530
	2023	90,000	78.9	15,000	13.2	9,000	7.9	114,000
Saori Dubourg[2]	2024	63,388	78.2	12,678	15.6	5,000	6.2	81,066
	2023	-	-	-	-	-	-	-
Prof. Dr. Andreas Georgi	2024	100,000	62.3	43,388	27.1	17,000	10.6	160,388
	2023	90,000	65.7	35,000	25.5	12,000	8.8	137,000
Dr. Britta Giesen[1]	2024	36,885	74.9	7,377	15.0	5,000	10.1	49,262
	2023	90,000	78.9	15,000	13.2	9,000	7.9	114,000
Prof. Dr. Susanne Hannemann	2024	100,000	57.6	61,475	35.4	12,000	6.9	173,475
	2023	90,000	54.9	60,000	36.6	14,000	8.5	164,000
Louise Öfverström	2024	100,000	53.6	73,525	39.4	13,000	7.0	186,525
	2023	90,000	66.7	30,000	22.2	15,000	11.1	135,000
Marc Tüngler[2]	2024	63,388	77.2	12,678	15.4	6,000	7.3	82,066
	2023	-	-	-	-	-	-	-
Klaus-Günter Vennemann	2024	100,000	82.6	10,000	8.3	11,000	9.1	121,000
	2023	90,000	82.6	10,000	9.2	9,000	8.3	109,000

[1] Up to and including May 14, 2024
[2] Since May 14, 2024

Figures exclude value-added tax

The employee representatives on the Supervisory Board in office as of December 31, 2024, received the following remuneration for fiscal 2024.

Compensation granted and owed (earnings-oriented interpretation) for employee representatives on the Supervisory Board in office as of December 31, 2024

		Fixed remuneration		Committee remuneration		Attendence fee		Total renumeration
		EUR	%	EUR	%	EUR	%	EUR
Dr. Daniel Hay[1]	2024	150,000	54.7	100,000	36.5	24,000	8.8	274,000
Deputy chairman of the Supervisory Board	2023	135,000	60.8	70,000	31.5	17,000	7.7	222,000
Ralf Bolm[1]	2024	100,000	63.3	45,000	28.5	13,000	8.2	158,000
	2023	90,000	67.2	30,000	22.4	14,000	10.4	134,000
Murat Küplemez[1]	2024	100,000	90.9	-	-	10,000	9.1	110,000
	2023	90,000	92.8	-	-	7,000	7.2	97,000
Dr. Michael Mielke	2024	100,000	90.9	-	-	10,000	9.1	110,000
	2023	90,000	92.8	-	-	7,000	7.2	97,000
Reinhard Müller[1]	2024	100,000	61.3	45,000	27.6	18,000	11.0	163,000
	2023	90,000	68.7	30,000	22.9	11,000	8.4	131,000
Dagmar Muth[1]	2024	100,000	71.4	30,000	21.4	10,000	7.1	140,000
	2023	90,000	73.2	25,000	20.3	8,000	6.5	123,000
Barbara Resch[1]	2024	100,000	93.5	-	-	7,000	6.5	107,000
	2023	90,000	93.8	-	-	6,000	6.3	96,000
Sven Schmidt[1]	2024	100,000	55.9	65,000	36.3	14,000	7.8	179,000
	2023	90,000	59.6	45,000	29.8	16,000	10.6	151,000

[1] These employee representatives in the Supervisory Board and the trade union representatives in the Supervisory Board have declared that they will transfer most of their remuneration to the Hans Böckler Foundation in accordance with the trade union regulations.
[2] Includes three attendance fee settlements settled from 2022 in 2024 (€3,000)

Figures exclude value-added tax

COMPARISON OF YEAR-ON-YEAR CHANGE IN REMUNERATION

The table below shows the year-on-year change in remuneration, Rheinmetall's earnings development, and the average remuneration of Rheinmetall employees on the basis of full-time equivalents.

Comparative representation Executive Board

	2024	Change 2024/2023[1]	2023	Change 2023/2022[1]	2023	Change 2022/2021[1]	2021	Change 2021/2020[1]	2020
	€ '000	%	€ '000	%	€ '000	%	€ '000	%	TEUR
On December 31, 2024 incumbent members of the Executive Board									
Armin Papperger	3,367	15.5	2,915	15.3	2,527	-45.0	4,595	-0.6	4,622
Dr. Ursula Biernert-Kloß[2]	459	-	-	-	-	-	-	-	-
Peter Sebastian Krause	1,408	14.0	1,235	14.5	1,079	-43.5	1,910	-1.5	1,940
Dagmar Steinert	1,684	14.9	1,465	1,302.6	104	-	-	-	-
Former members of the Executive Board									
Helmut P. Merch	454	1.0	450	-67.7	1,394	-43.1	2,451	-0.6	2,467
Jörg Grotendorst	-	-	-	- 100.0	600	-81.1	3,170	493.6	534
Klaus Eberhardt	494	-	494	14.0	433	-	433	-	433
Horst Binnig	215	1.0	213	-	213	1.0	211	0.5	210

[1] The change in percent is based on exact, non-rounded figures in euro
[2] Since October 1, 2024

Comparative representation Supervisory Board

	2024	Change 2024/2023[1]	2023	Change 2023/2022[1]	2023	Change 2022/2021[1]	2021	Change 2021/2020[1]	2020
	€ '000	%	€ '000	%	€ '000	%	€ '000	%	TEUR
On December 31, 2024 incumbent Supervisory Board members									
Dipl.-Kfm. Ulrich Grillo	397	19.9	331	-	331	10.9	299	2.1	293
Dr.-Ing. Dr. Ing. E.h. Klaus Draeger	134	17.1	114	-0.9	115	8.5	106	2.4	104
Saori Dubourg[2]	81	-	-	-	-	-	-	-	-
Prof. Dr. Andreas Georgi	160	17.1	137	-13.2	158	-0.7	159	8.1	147
Prof. Dr. Susanne Hannemann	173	5.8	164	7.6	152	33.7	114	3.2	111
Louise Öfverström	187	38.2	135	59.6	85	-	-	-	-
Marc Tüngler[2]	82	-	-	-	-	-	-	-	-
Klaus-Günter Vennemann	121	11.0	109	-0.9	110	9.5	101	3.6	97
Dr. Daniel Hay[3]	274	23.4	222	0.9	220	11.4	198	34.9	146
Ralf Bolm	158	17.9	134	0.8	133	16.7	114	112.6	54
Murat Küplemez	110	13.4	97	51.1	64	-	-	-	-
Dr. Michael Mielke	110	13.4	97	-2.0	99	8.8	91	4.6	87
Reinhard Müller	163	24.4	131	-1.0	132	10.7	120	12.7	106
Dagmar Muth	140	13.8	123	-0.4	123	18.7	104	4.0	100
Barbara Resch	107	11.5	96	-3.0	99	11.2	89	105.9	43
Sven Schmidt	179	18.5	151	-	151	21.6	124	12.9	110
In fiscal year 2024 retired members of the Supervisory Board									
Prof. Dr. Dr. h.c. Sahin Albayrak	47	-58.2	113	-2.6	116	76.7	66	-	-
Dr. Britta Giesen	49	-56.8	114	-1.7	116	74.0	67	-	-
Employees									
Ø remuneration of employees	93	2.4	91	4.5	87	1.3	86	3.9	83
Earnings trend									
Net income Rheinmetall AG in € million	-	-100.0	403	109.1	193	7.0	180	-	-
Adjusted EBT of Rheinmetall Group € million	-	-100.0	841	15.0	731	30.8	559	36.0	411

[1] The change in percent is based on exact, non-rounded figures in euro
[2] Since May 14, 2024
[3] Includes three attendance fee statements billed from 2022 in 2024 (€3,000)

The remuneration of Rheinmetall employees is shown on the basis of average personnel expenses for employees (full-time equivalents) of the Rheinmetall Group in Germany, not including the Pistons business unit. The salaries include performance-based remuneration, additional payments, fringe benefits, social security and special payments. In line with the remuneration granted and owed in accordance with Section 162 AktG, pension expenses are not included.

Düsseldorf, March 10, 2025

The Executive Board
Rheinmetall AG

Supervisory Board
Rheinmetall AG

SUPPLEMENTARY REPORT

Events after the end of the reporting period are explained in the notes to the consolidated financial statements under ››note (41) “Events after the end of the reporting period.”

Düsseldorf/Germany, March 10, 2025

Rheinmetall Aktiengesellschaft

The Executive Board

Armin Papperger Dagmar Steinert Peter Sebastian Krause

CONSOLIDATED **FINANCIAL STATEMENTS**

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

Income statement of the Rheinmetall Group for fiscal 2024

€ million	Notes	2024	2023
Sales	(9)	**9,751**	**7,176**
Changes in inventories and work performed by the enterprise and capitalized	(10)	167	696
Total operating performance		**9,918**	**7,872**
Other operating income	(11)	228	153
Cost of materials	(12)	4,859	3,935
Personnel costs	(13)	2,373	2,047
Amortization, depreciation and impairment	(14)	403	308
Other operating expenses	(15)	1,120	889
Result from investments accounted for using the equity method		(37)	57
Other financial result		(10)	(6)
Earnings before interest and taxes (EBIT)		**1,345**	**897**
Interest income		19	29
Interest expenses		135	111
Earnings before taxes (EBT)		**1,229**	**815**
Income taxes	(16)	(333)	(185)
Earnings from continuing operations		**896**	**630**
Earnings from discontinued operations		(87)	(44)
Earnings after taxes		**808**	**586**
Of which:			
Non-controlling interests		*91*	*51*
Rheinmetall AG shareholders		*717*	*535*
Basic earnings per share	(17)	**€ 16.51**	**€ 12.32**
Basic earnings per share from continuing operations		€ 18.52	€ 13.34
Basic earnings per share from discontinued operations		€ (2.01)	€ (1.02)
Diluted earnings per share	(17)	**€ 15.96**	**€ 12.07**
Diluted earnings per share from continuing operations		€ 17.83	€ 13.02
Diluted earnings per share from discontinued operations		€ (1.87)	€ (0.95)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Statement of comprehensive income of the Rheinmetall Group for fiscal 2024

€ million	2024	2023
Earnings after taxes	**808**	**586**
Remeasurement of net defined benefit liability from pensions	165	30
Other comprehensive income from investments accounted for using the equity method	(2)	-
Amounts not reclassified to the income statement	**164**	**30**
Change in value of derivative financial instruments (cash flow hedge)	11	(19)
Currency translation difference	12	7
Other comprehensive income from investments accounted for using the equity method[1]	4	(8)
Amounts reclassified to the income statement	**27**	**(19)**
Other comprehensive income after taxes	**191**	**11**
Total comprehensive income	**999**	**597**
Of which:		
Non-controlling interests	98	39
Rheinmetall AG shareholders	901	558

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Statement of financial position of Rheinmetall Group as of December 31, 2024

€ million	Notes	12/31/2024	12/31/2023
Assets			
Goodwill	(18)	1,426	1,125
Other intangible assets	(18)	1,376	952
Right-of-use assets	(19)	334	271
Property, plant and equipment	(20)	1,853	1,370
Investment property	(21)	20	22
Investments accounted for using the equity method	(22)	346	373
Other non-current assets	(24)	585	339
Deferred taxes	(16)	172	164
Non-current assets		**6,112**	**4,615**
Inventories	(23)	3,989	3,244
Contract assets	(9)	692	516
Trade receivables	(9)	1,959	2,021
Other current assets	(24)	350	251
Income tax receivables		57	13
Cash and cash equivalents	(25)	1,184	850
Assets held for sale	(8)	-	196
Current assets		**8,231**	**7,092**
Total assets		**14,344**	**11,707**

Statement of financial position of Rheinmetall Group as of December 31, 2024

€ million	Notes	12/31/2024	12/31/2023
Equity and liabilities			
Share capital		112	112
Capital reserves		696	676
Retained earnings		3,247	2,533
Treasury shares		(4)	(5)
Rheinmetall AG shareholders' equity		**4,050**	**3,316**
Non-controlling interests		414	327
Equity	(26)	**4,465**	**3,643**
Provisions for pensions and similar obligations	(27)	527	562
Other non-current provisions	(28)	285	230
Non-current financial debts	(29)	1,871	1,503
Other non-current liabilities	(30)	58	51
Deferred taxes	(16)	356	260
Non-current liabilities		**3,097**	**2,605**
Other current provisions	(28)	807	690
Current financial debts	(29)	552	410
Contract liabilities	(9)	3,866	2,594
Trade liabilities		1,151	1,222
Other current liabilities	(30)	288	274
Income tax liabilities		118	108
Liabilities directly associated with assets held for sale	(8)	-	161
Current liabilities		**6,782**	**5,459**
Total equity and liabilities		**14,344**	**11,707**

CONSOLIDATED STATEMENT OF CASH FLOWS

Statement of cash flows of Rheinmetall Group for fiscal 2024

€ million	2024	2023
Earnings after taxes	808	586
Amortization/depreciation/impairment of property, plant and equipment, intangible assets and investment property	403	308
Impairment/reversal of impairment of non-current assets of discontinued operations	-	63
Allocation of CTA assets to secure pension and partial retirement obligations	(18)	(20)
Proceeds from reimbursements of pension payments made from CTA assets	-	8
Other changes in pension provisions	(6)	(48)
Income/expenses from disposals of non-current assets and disinvestments in consolidated companies	103	(59)
Changes in other provisions	135	29
Changes in working capital	407	(217)
Changes in receivables, liabilities (without financial debt) and prepaid & deferred items	(102)	39
Pro rata income/loss from investments accounted for using the equity method	15	(4)
Dividends received from investments accounted for using the equity method	16	29
Other non-cash expenses and income	(42)	28
Cash flow from operating activities[1]	**1,720**	**743**
Of which continuing operations	*1,737*	*740*
Of which discontinued operations	*(17)*	*3*
Cash outflows for property, plant and equipment, intangible assets and investment property	(732)	(398)
Cash inflows from government grants for investments	35	-
Cash inflows from the disposal of property, plant and equipment, intangible assets and investment property	10	2
Cash inflows/outflows from disinvestments in consolidated companies and financial assets	24	155
Cash outflows for investments in consolidated companies and financial assets	(508)	(1,064)
Cash in-/outflows from/for securities held for trade	-	130
Cash flow from investing activities	**(1,172)**	**(1,175)**
Of which continuing operations	*(1,165)*	*(1,224)*
Of which discontinued operations	*(7)*	*49*

Statement of cash flows of Rheinmetall Group for fiscal 2024

€ million	2024	2023
Dividends paid out by Rheinmetall AG	(248)	(187)
Other profit distributions	(29)	(3)
Increase in shares in consolidated subsidiaries	22	21
Borrowing of other financial debts[2]	793	407
Repayment of other financial debts[2]	(773)	(485)
Cash inflows from the issuance of convertible bonds - Addition to equity	-	113
Cash inflows from the issuance of convertible bonds - Fair value financial liability	-	887
Transaction costs for the issuance of convertible bonds	-	(7)
Cash flow from financing activities	**(234)**	**746**
Of which continuing operations	*(112)*	*721*
Of which discontinued operations	*(123)*	*26*
Changes in cash and cash equivalents	**313**	**314**
Changes in cash and cash equivalents due to exchange rates	(2)	(9)
Total change in cash and cash equivalents	**312**	**305**
Opening cash and cash equivalents January 1	**873**	**568**
Closing cash and cash equivalents December 31	**1,184**	**873**
Closing cash and cash equivalents December 31 from discontinued operations	-	23
Cash and cash equivalents as per consolidated statement of financial position December 31	**1,184**	**850**

[1] Of which: Net interest of €-65 million (previous year: €-43 million), net income taxes of €-351 million (previous year: €-157 million)
[2] The previous year was adjusted due to reclassification.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Development of equity

€ million	Share capital	Capital reserve	Total retained earnings	Treasury shares	Rheinmetall AG shareholders' equity	Non-controlling interests	Equity
As of 1/1/2023	**112**	**566**	**2,147**	**(6)**	**2,819**	**271**	**3,090**
Earnings after taxes	-	-	535	-	535	51	586
Other comprehensive income after taxes	-	-	23	-	23	(12)	11
Total comprehensive income	**-**	**-**	**558**	**-**	**558**	**39**	**597**
Dividend payout	-	-	(187)	-	(187)	(3)	(190)
Disposal of treasury shares	-	-	-	1	1	-	1
Convertible Bond	-	104	-	-	104	-	104
Change in basis of consolidation	-	-	11	-	11	22	32
Book transfers	-	-	2	-	2	(2)	-
Other changes	-	6	2	-	7	1	8
As of 12/31/2023	**112**	**676**	**2,533**	**(5)**	**3,316**	**327**	**3,643**
As of 1/1/2024	**112**	**676**	**2,533**	**(5)**	**3,316**	**327**	**3,643**
Earnings after taxes	-	-	717	-	717	91	808
Other comprehensive income after taxes	-	-	183	-	183	7	191
Total comprehensive income	**-**	**-**	**901**	**-**	**901**	**98**	**999**
Dividend payout	-	-	(248)	-	(248)	(29)	(276)
Disposal of treasury shares	-	-	-	1	1	-	1
Convertible Bond	-	-	-	-	-	-	-
Change in scope of consolidation	-	-	48	-	48	(5)	43
Book transfers	-	-	-	-	-	-	-
Other changes	-	20	13	-	33	22	55
As of 12/31/2024	**112**	**696**	**3,247**	**(4)**	**4,050**	**414**	**4,465**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SEGMENT REPORT

Segment report 2024

€ million	Vehicle Systems	Weapon and Ammunition	Electronic Solutions	Power Systems	Others/ Consolidation	Group (continued operations)
Income statement						
External sales	*3,769*	*2,535*	*1,316*	*2,032*	*99*	*9,751*
Internal sales	*21*	*248*	*410*	*6*	*(686)*	*-*
Segment sales	3,790	2,783	1,726	2,038	(587)	9,751
Operating result	425	790	217	86	(40)	1,478
Special items	(6)	-	7	(11)	2	(9)
PPA effects	8	100	2	-	15	125
EBIT	410	689	223	75	(53)	1,345
Of which:					-	
At-equity result	*2*	*3*	*4*	*(4)*	*(43)*	*(37)*
Amortization and depreciation	*83*	*151*	*32*	*99*	*20*	*385*
Impairment	*-*	*-*	*-*	*18*	*-*	*18*
Cost of materials	*2,309*	*1,212*	*841*	*1,171*	*(674)*	*4,859*
Personnel costs	*666*	*505*	*522*	*523*	*157*	*2,373*
Interest income	10	17	14	17	(39)	19
Interest expenses	37	39	12	17	30	135
EBT	383	668	225	75	(122)	1,229
Other data						
Operating free cash flow	275	754	200	23	(206)	1,045
Employees Dec. 31 (FTE)	8,301	7,596	4,735	6,733	1,174	28,539

Segment report 2023

€ million	Vehicle Systems	Weapon and Ammunition	Electronic Solutions	Power Systems[1]	Others/ Consolidation[2]	Group (continued operations)
Income statement						
External sales	*2,577*	*1,481*	*1,018*	*2,081*	*18*	*7,176*
Internal sales	*32*	*275*	*300*	*3*	*(610)*	-
Segment sales	2,609	1,756	1,318	2,084	(591)	7,176
Operating result	324	403	150	133	(93)	918
Special items	-	-	(1)	(4)	55	49
PPA effects	(3)	(44)	(2)	-	(21)	(70)
EBIT	321	360	147	129	(59)	897
Of which:					-	
At-equity result	*3*	*4*	*5*	*4*	*41*	*57*
Amortization and depreciation	*64*	*84*	*31*	*103*	*20*	*302*
Impairment	-	-	-	*5*	-	*6*
Cost of materials	*1,823*	*839*	*640*	*1,238*	*(605)*	*3,935*
Personnel costs	*591*	*399*	*453*	*498*	*106*	*2,047*
Interest income	11	7	7	14	(11)	29
Interest expenses	24	32	12	10	32	111
EBT	307	335	142	133	(102)	815
Other data						
Operating free cash flow	(142)	463	11	52	(28)	356
Employees Dec. 31 (FTE)	6,437	6,626	4,155	6,720	816	24,753

[1] Sensors and Actuators and Materials and Trade were combined to form Power Systems effective January 1, 2024.
[2] The previous year's figures have been adjusted following the merger of Sensors and Actuators and Materials and Trade into Power Systems.

Further information and reconciliations can be found under note (32) Notes to the segment report.

SUMMARY OF ACCOUNTING PRINCIPLES

(1) General information

Rheinmetall AG (District Court of Düsseldorf, HRB 39401) is the parent company of the Rheinmetall Group and has its registered office at Rheinmetall-Platz 1 in Düsseldorf (Germany). The consolidated financial statements of Rheinmetall AG are prepared on the basis of section 315e para. 1 of the HGB (Handelsgesetzbuch [German Commercial Code]) in accordance with the IFRS® accounting standards (hereinafter “IFRS Accounting Standards”) adopted by the EU. The consolidated financial statements and the Group management report, which is summarized with the management report of Rheinmetall AG, are published in the company register. The consolidated financial statements were prepared by the Executive Board on March 10, 2025. The prepared financial statements were subsequently submitted to the Supervisory Board for audit and approval and released for publication.

The Rheinmetall Group is an internationally active group for leading technologies in the areas of security technology and mobility. In addition, the Group is active in the real estate development sector. The fiscal year for Rheinmetall AG and the financial statements of its subsidiaries included in the consolidated financial statements corresponds to the calendar year. The consolidated financial statements are prepared in euros (€). All amounts, including previous years’ figures, are reported in millions of euros (€ million), unless otherwise stated. All values in these consolidated financial statements are individually rounded up. This can lead to minor deviations during addition.

The consolidated income statementhas been prepared according to the total cost method. The Group Annex only explains matters that are essential for the presentation of the asset, financial and earnings situation of the Rheinmetall Group.

(2) New and amended accounting standards

The following amendments to standards were applied for the first time in fiscal 2024:

Accounting standards, amendments to IFRS Accounting Standards and IFRIC ® Interpretations applied for the first time in fiscal 2024

Standard	Name	Effective date
Amendments to IAS 1	Classification of Liabilities as Current or Non current	1/1/2024
Amendments to IAS 1	Non-current Liabilities with Covenants	1/1/2024
Amendments to IFRS 16	Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback	1/1/2024
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	1/1/2024

The **amendments to IAS 1** specify the regulations for classifying liabilities as short-term or long-term in the event of uncertainty regarding the settlement amount. In particular, it is clarified that the classification is based on the rights that the company has at the closing date.

The **amendments to IAS 1**, which are also published, relate to the classifications of liabilites (as short-term or long-term) for which certain credit conditions (covenants) have been agreed. With the published amendments, the IASB clarifies that only those credit conditions that a company must comply with on or before the closing date affect the classification of a liability as short-term or long-term. In addition, the amendments provide additional disclosure obligations for long-term liabilites with credit conditions.

The **amendments to IFRS 16** include standardizing requirements for the subsequent valuation of leases under a sale-and-leaseback for seller lessees. It requires a seller-lessee to subsequently evaluate lease liabilities arising from a sale-and-leaseback transaction so as not to recognize any amount of profit or loss related to the retained right of use asset. The subsequent valuation of lease liabilities under a sale and leaseback must take into account the payments expected at the start of the term. In each period, the lease liability is reduced by the expected payments and the difference from the actual payments is recognized as profit or loss.

The **amendments to IAS 7** supplement the disclosure provisions in connection with supplier financing agreements (reverse factoring agreements). As a result of the changes, the terms and conditions of supplier financing agreements must be specified. In addition to the carrying amounts of the liabilities that form part of such agreements, it must be disclosed for which part of these liabilities the suppliers have already received payments and under which balance sheet items these liabilities are reported. In addition, information must be provided on the payment term ranges for these financial liabilities as well as for comparable trade payables that are not part of such financing agreements with suppliers. As a result of the amendments to IFRS 7, information concerning liquidity risk must also be provided for supplier financing agreements.

The application of the amended standards had no material effect on the presentation of the Rheinmetall Group’s net assets, financial position and results of operations.

In addition, there are the following published but not yet applied accounting regulations and changes to regulations and interpretations in the 2024 fiscal:

Accounting standards, amendments to IFRS Accounting Standards and IFRIC Interpretations published but not yet applied

Standard	Name	Effective date
Endorsed by the EU		
Amendments to IAS 21	The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	1/1/2025
Endorsement by the EU pending[1]		
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1/1/2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	1/1/2026
Annual Improvements Volume 11	IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	1/1/2026
IFRS 18	Presentation and Disclosure in Financial Statements	1/1/2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1/1/2027
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date of initial application postponed indefinitely

[1] For the standards and statements not yet endorsed by the EU, the date planned by the IASB as the initial date of application is assumed as the first date of application for the Rheinmetall Group.

Unless otherwise described below, the application of the new or amended accounting regulations and interpretations in advance envisages no significant impact on the presentation of the asset, financial and earnings situation of the Rheinmetall Group.

The **amendments to IAS 21** create regulations that can be used to determine whether two currencies can be exchanged with one another and how the exchange rates are to be determined if a currency is not exchangeable. A currency is considered exchangeable if a company can exchange one currency for another via markets or exchange mechanisms at the valuation point. If a company can only receive an insignificant amount of the other currency, one currency is not exchangeable to another currency. In this case, the closing rate is estimated by the Company. The rate that would have applied for a proper transaction between market participants and that would reflect the prevailing economic framework conditions must be used.

The **amendments to IFRS 9 and IFRS 7 – Classification and valuation of financial instruments** create an option to derecognize a financial liability that has been repaid by electronic payment transactions in relation to the derecognition date. In addition, the application of the cash flow criterion with regard to the categorization of financial instruments is addressed. The amendments thereto relate to guidelines for assessing whether contractual cash flows of a financial asset are consistent with a fundamental credit agreement, the description of non-rescissive financial assets, and the characteristics of contractually linked instruments. The amendments also supplement the disclosure requirements in IFRS 7 regarding the reporting of equity instruments classified as “at Fair Value through Other Comprehensive Income” and financial instruments with cash flows, the amount or timing of which is dependent on the occurrence or non-occurrence of a conditional event.

The **amendments to IFRS 9 and IFRS 7 - Nature-dependent power supply contracts** include in particular “power purchase agreements” (PPAs), which are an integral part of the sustainability strategies for many companies. The objective of these proposed changes is to optimize the accounting recognition of the impact of these contracts, in particular in light of the existing challenges in the application of the own-use exemption and the accounting for hedging transactions in accordance with IFRS 9. The scope of application includes contracts in which companies are subject to fluctuations in the amount of electricity to be reduced due to natural factors. With the adjusted own demand exception, companies have the option, under certain conditions, to apply the own demand exception even if they are forced to sell unused electricity. In addition, the amendments provide that contracts for nature dependent electricity can be used as a hedging instrument under certain conditions. In addition, new disclosure obligations are introduced for contracts for nature-dependent power supply.

The **annual improvements to IFRS – Volume 11** represent a streamlined process for efficiently addressing a number of small changes to IFRS. The changes made to IFRS 1, IFRS 7 and IFRS 10 address ambiguities from outdated references and terms, as well as inconsistencies between different standards. In addition, changes are being made to IFRS 9 to provide clarity in the application of the balance sheet in the termination of a lessee’s lease liability and the definition of the transaction price.

The **new IFRS 18 standard** will replace the IAS 1 standard in the future and make adjustments to IAS 7. The standard introduces three new categories for the distribution of the profit and loss statement: the operating category, the investment category and the financing category. The previously existing income tax category and discontinued operations category will be maintained. In addition, two new mandatory subtotals (operating income and earnings before financing and income taxes) are provided for in the profit and loss statement. In the future, the assignment of income and expenses to the individual categories depends significantly on the main business activity of a company. The result from equity balanced investments is classified under IFRS 18 in the investing category.

In addition, in accordance with IFRS 18, information on management-defined performance measures (MPMs) and corresponding reconciliation invoices to the nearest comparable IFRS-compliant subtotal must be provided in the notes. In addition, IFRS 18 includes principles for the aggregation and disaggregation of items.

The amendments to IAS 7 associated with IFRS 18 introduce operating income as a mandatory starting point for the statement of cash flows when the cash flow from operating activities is presented using the indirect method.

The Rheinmetall Group is currently analyzing the potential impact of the new IFRS 18 standard. Based on current findings, impacts are expected, in particular, with respect to the structure of the consolidated statements of income, with the Group's overall results remaining unchanged. In addition, Rheinmetall also examines the effects on the consolidated statement of cash flows, the additional disclosure obligations for MPMs and the requirements for the aggregation and disaggregation of information contained in the consolidated financial statements.

The new introduction of **IFRS 19** creates significant relief in reporting obligations for subsidiaries that are not subject to their own public accountability and whose parent companies prepare their disclosed consolidated financial statements in accordance with IFRS. There is no public accountability if the subsidiary does not have listed equity and debt instruments or is not in the process of issuing such instruments or holding any assets in trust for a broad group of outsiders.

(3) Accounting policies

The key accounting policies and measurement principles applied to Rheinmetall AG's consolidated financial statements are described below.

Costs – Cost include purchase prices and all incidental costs directly attributable (with the exception in the case of acquisitions under IFRS 3 and in the case of fair value instruments). In the event of an exchange, cost equals the fair value of the asset given in an exchange of assets transaction as of the date of the exchange, whereby any cash compensation is accounted for accordingly.

Cost includes all expenditures that are directly attributable to the production process and an appropriate share of production-related overheads. The latter comprise material and production overheads including production-related depreciation and social security expenses as well as pro rata administrative costs. Overheads are allocated to production costs on the basis of the production facilities' normal capacity utilization.

Financing costs are capitalized as costs if they relate to assets which are produced or purchased over a period exceeding one year.

Grants and subsidies – Government grants received made for the acquisition of an asset are deducted from the corresponding investments. If the grants received exceed the related investments, the excess amount is recognized under deferred income. Any government grants for expenses for purposes other than investment activities are recognized as deferred income and amortized to profit via other operating income when the related expenses are incurred. Private investment-related grants from customers are also recognized as deferred income and amortized to profit over the contract term. If economic ownership of the subsidized asset is transferred to the customer, sales are recognized on the date of the transfer.

Impairment of Assets or Cash Generating Units (Impairment) – If there are indications of an impairment of an asset or cash generating unit and the recoverable amount is less than the amortized cost of acquisition or manufacture, an impairment is applied to the asset or cash generating unit. If the reasons for impairment are eliminated, appropriate reversals of value are made, with the exception of goodwill. The attribution is made up to the maximum continuing carrying amount s that would have resulted without the impairment.

Goodwill – Goodwill in the amount of the potential benefit is allocated to the cash-generating units or groups of cash-generating units at the level of which management monitors goodwill. It is not amortized, but instead is tested for impairment once a year at the end of the reporting period and during the year if there are indications of impairment. The impairment test compares the carrying amount to the recoverable amount. Fair value less costs to sell determined applying the discounted cash flow method based on the current corporate planning is used as the recoverable amount. If this value is below the carrying amount, a check is made as to whether the value in use results in a higher recoverable amount. If the carrying amount exceeds the recoverable amount, impairment is recognized down to the recoverable amount, which is reported as a write-down. The subsequent reversal of write-downs is not permitted.

Other Intangible Assets – Intangible assets are capitalized at cost. Research costs are always recognized as expenses. Development costs are only capitalized if a newly developed product or process can be clearly differentiated, is technically feasible and either its own use or marketing is planned. Furthermore, capitalization requires that the costs can be reliably assessed and that a future economic inflow of benefits is achieved with sufficient probability. All other development costs are immediately expensed.

Intangible assets with a finite life are amortized systematically over their economic useful life from the beginning of use. The following periods of useful life are regularly based on the measurement:

Useful life of intangible assets

	Years
Concessions and industrial property rights	3-15
Development costs	3-10
Customer relations	5-15
Technology	3-15

Property, plant and equipment – Property, plant and equipment are carried at cost less accumulated depreciation and any impairment. Depreciation is recognized on a straight-line basis over the expected useful life:

Useful life of property, plant and equipment

	Years
Buildings	20-50
Other structures	8-30
Equivalent titles	5-15
Production plant and machinery	3-20
Other plant, factory and office equipment	3-15

Leases – Agreements that transfer the right to use assets for a specified period of time against a payment or series of payments are qualified as a lease.

Rheinmetall, as a lessee, recognizes a financial liability in the amount of the present value of the lease payments to be made over the term of the contract. The present value determination takes into account fixed lease payments, variable index-based payments, expected payments for residual value guarantees, exercise fair value prices of purchase options, provided the exercise is sufficiently secure, and payments from early termination of the lease less any rental incentives to be received. The calculated lease payments are discounted at the date of commencement of the lease by the appropriate incremental borrowing rate specific to the lease term. The lease liability is reduced by the repayment portion of the lease payment until the lease expires

At the same time, Rheinmetall as lessee recognizes a right-of-use asset equal to the cost at the date of commencement of the lease. Starting at the value of the lease liability, the cost is increased in some circumstances by initial direct costs, dismantling costs, and lease payments that are made by the lessee before or at the commencement of the transfer of use and therefore not included in the lease liability. The right-of-use assets are amortized over the shorter of the remaining term of the leases and the useful life of the relevant leased asset.

In the case of leases with a term of less than one year, lease payments are recognized directly in other operating expenses. The same applies to leases for low-value assets whose value is less than €50 thousand and which are not land, buildings, or vehicles

Investment property – Investment property (properties held as a financial investment) includes property held for the purpose of generating rental income or long-term appreciation and is not for production or administrative purposes.

Investment property is carried at cost less cumulative depreciation and impairment. Depreciation is recognized on a straight-line basis over a useful life of 20 to 50 years.

Financial instruments – The initial recognition of financial instruments is at fair value. In the case of a financial asset that is not measured at fair value through profit or loss, incidental acquisition costs are included in the initial recognition. Fair market purchases and sales of financial assets are recognized for the first time on the settlement date. This is the day on which the financial instrument is delivered or payment is made. In deviation from this, derivatives are initially recognized at the time the contract is concluded or on the trading day.

There are three valuation categories for the subsequent measurement of financial instruments: (1) measurement at amortized cost, (2) measurement at fair value through other comprehensive income (FVOCI), and (3) measurement at fair value through profit and loss (FVTPL). The measurement category relevant to a financial instrument depends on the characteristics of the contractual cash flows of the financial asset and the business model of the company to manage financial assets.

If the contractual cash flows consist only of principal and interest (SPPI criterion meets [Solely Payments of Principal and Interest]) and the business model is “hold”, then financial instruments are valued at amortized cost. Financial instruments with cash flows of principal and interest, but the business model "hold and sell", are calculated at fair value with no effect on profit or loss. If the SPPI criterion is not met, the financial instruments are also measured at fair value, however, the changes in value are recognized in the income statement. In the case of third-party capital instruments, the changes in value can be recognized in profit or loss despite the fulfillment of the SPPI criterion by the application of the fair value option. Currently, there are no circumstances in which the fair value option is applied to debt instruments. In the case of equity instruments, it is possible to record changes in value in other comprehensive income without effecting profit or loss by applying the fair value OCI option.

Trade Receivables as well as cash-related financial assets are measured at amortized cost. Trade receivables classified by group companies as available for sale are to be calculated at fair value without effecting profit or loss. The other financial assets calculated at amortized cost are discounted at the initial recognition at the interest rates corresponding to their remaining maturity and are carried forward using the effective interest method. At the balance sheet date, the risk of default of the financial assets is reviewed and, if applicable, impairment is recognized due to expected losses. For trade receivables, the simplified procedure is applied taking into account the customer quality or specific country risks. The allowance for expected bad debt is recognized in the income statement.

Cash and cash equivalents are valued at amortized cost. Cash equivalents include all cash-related assets that have a residual term of less than three months at the time of purchase.

Changes in the fair value of derivative financial instruments are recognized in profit or loss in the income statement. If the conditions specified in IFRS 9 are met, the accounting is carried out within the framework of the cash flow hedge. In doing so, the effective portion of changes in the fair value of the designated hedging instrument is recognized directly in equity in the hedge reserve. The accumulated changes in fair value are reclassified from equity to profit and loss account when the hedged underlying transaction is recognized in the profit and loss statement. Changes in fair value attributable to the ineffective portion of the hedging relationship are always recognized in profit or loss.

Financial liabilities are measured at amortized cost, taking into account the effective interest rate method.

Compound financial instruments – Rheinmetall has issued a compound financial instrument in the form of a convertible bond. The convertible bond grants the holder the right to convert the convertible bond into a certain number of shares if certain conditions are met.

The liability component of the compounded financial instrument is initially calculated at the fair value of a similar bond without conversion rights. The equity component is calculated as the difference between the fair value of the total financial instrument compound and the fair value of the liability component. Directly attributable transaction costs are allocated to the liability and equity components in proportion to their carrying amount s on initial recognition.

The subsequent measurement of the liability component is carried out at amortized cost using the effective interest rate method. The equity component, however, remains unchanged during the term of the compound financial instrument. Upon exercise of the conversion right at the end of the term, the component of the liability is transferred to equity without effect on profit or loss.

The interest incurred in connection with the compound financial instrument is recognized through profit or loss.

Inventories – Inventories are carried at cost, usually using the weighted average. Inherent risks due to reduced utility or to obsolescence are adequately allowed for. If the net realizable value of inventories is lower than their carrying amount as of the end of the reporting period, they are written down to net realizable value. The write-down is recognized either as cost of materials (raw materials and supplies) or a change in inventories of finished products and work in progress. If the net realizable value of inventories previously written down increases, the ensuing reversal is routinely offset against cost of materials (raw materials and supplies) or recognized as a change in inventories of finished products and work in progress.

Assets held for sale and associated liabilities in discontinued operations – Discontinued operations are a separate, significant line of business or geographic area of business; which has either been designated for sale or has already been sold and can be clearly separated from the rest of the company’s activities, for both operational and financial reporting purposes.

A discontinued operation that has been determined to be held for sale in accordance with IFRS 5 criteria is reported as a discontinued operation in the consolidated financial statements. At the time of the reclassification, the discontinued operations are valued at the lower of carrying amount and fair value less sales costs. Scheduled depreciation is suspended from the time of the reclassification. The assets and liabilities that do not fall within the scope of the measurement regulations of IFRS 5 are valued in accordance with the regulations relevant to them. The elimination accounting entries for transactions between continuing and discontinued operations are allocated in full to discontinued operations. The activities of the discontinued operations are not allocated to any reportable segment in the reporting procedure.

Assets and liabilities of discontinued operations are reclassified to the “assets held for sale” and “liabilities directly associated with assets held for sale” items in the statement of financial position. The previous year’s statement of financial position items are not reclassified. In the income statement, the earnings after taxes of the discontinued operations are combined in a separate item as “Earnings from discontinued operations." The previous year’s figures in the income statement are restated accordingly. The statement of cash flows continues to comprise the cash flows of the entire Group and is supplemented by an “of which” item for the net cash flows of discontinued operations.

Contract assets and Contract liabilities – Contract assets are recognized in connection with contracts with customers if, in the case of contract manufacturing, the cumulative sales recognized over time exceed the sum of the advance payments received and progress billings. As of the end of the reporting period, this asset item is tested for impairment, and, if necessary, an impairment is recognized on the basis of expected losses. If the recognized sales are lower than the sum of the advance payments received and progress billings, a contract liability is recognized. A contract liability is also recognized if advance payments are received and consideration has not yet been provided.

Deferred Taxes – Deferred taxes are recognized for temporary measurement differences between items shown in the statement of financial position under IFRS and according to the local tax laws of the individual companies. Deferred tax assets also include the tax assets receivable from the expected future utilization of tax loss carryforwards (if their realization is reasonably certain). Deferred taxes are calculated on the basis of the tax rates applicable or announced in each country as of the end of the reporting period.

Income tax liabilities are recognized on the basis of appropriate estimates for obligations to the respective national tax authorities that are uncertain in terms of amount and probability of occurrence. The tax rate specific to the company effective at the end of the reporting period is used. Other factors are also taken into account, such as experience from previous external audits and different legal interpretations between taxpayers and the tax authorities with regard to the issue at hand. Uncertain income tax items are recognized at the most likely amount.

Share-based compensation – Share-based compensation plans are reported in the balance sheet in accordance with IFRS 2 “Share-based Compensation”.

The members of the Executive Board are granted virtual shares as part of the long-term incentive program (hereafter LTI 2.0). On the basis of an individual target amount, the beneficiaries are promised a special payment at the end of the term, which depends, among other things, on the share price performance of Rheinmetall AG. From fiscal 2024, the remuneration granted will consist of a cash component and a component settled in shares. The remuneration expense is recognized in profit or loss until the vesting date. For further information, please refer to the details in the remuneration report.

Since the 2024 fiscal, the long-term incentive compensation program for the executives of the Rheinmetall Group has generally followed the design applicable to the members of the Executive Board. The compensation granted is partially paid in cash and partially in shares for the eligible persons in Germany. For the eligible persons with an employment relationship abroad, the compensation will be paid in full in shares. Compensation expense is recognized in profit or loss until the vesting date.

As part of the extant long-term incentive compensation program for executives up to the end of the 2023 fiscal, the eligible persons were paid compensation in the following year for the expired business year on the basis of a result-dependent assessment basis. The compensation was paid partially in cash and partially in shares.

Since the 2018 fiscal, employees of participating group companies have had the option to purchase Rheinmetall shares at discounted prices. The benefit represents a share-based compensation with compensation by equity instruments for services or work rendered. Thus, the compensation falls within the scope of IFRS 2 and is recognized in personnel expenses.

Pensions – Pension provisions for defined benefit plan obligations are calculated using the projected unit credit method. The amount of obligations is calculated based on assumptions concerning mortality, expected future pay and pension increases, plan participant turnover rates, the discount rate and other actuarial parameters. The fair value of the plan assets is deducted from the DBO volume. Any excess of plan assets over the DBO volume (a defined benefit asset) is only recognized if and to the extent that it can actually be utilized. If there are deviations between the actuarial assumptions and the actual development of underlying parameters used to calculate the projected unit credits of the pension assets, gains and losses arise from remeasurement of the net defined benefit liability. These effects arising from remeasurement and the asset cap are recognized directly in equity under retained earnings in the year they occur.

Under defined contribution plans, the company incurs no obligations other than to pay the contributions to earmarked post-employment benefit plans. The payments incurred are recognized in personnel expenses.

The Rheinmetall Group also participates in multi-employer pension plans. As these are defined benefit plans, they are accounted for accordingly.

Provisions – Other provisions take into account all identifiable commitments and obligations to third parties if based on past transactions or events and if it is probable that an outflow of resources (which can be reliably estimated) embodying economic benefits results. If the time value of money is material, provisions are discounted to their settlement amount as of the end of the reporting period. The settlement amount also accounts for identifiable future cost increases.

Sales recognition – Sales are recognized when the promised goods or services are transferred to the customer and the customer obtains control over them. Sales are measured at the transaction price that is expected to be received as consideration. The transaction price is lowered by variable consideration (e.g. rebates, bonuses, and penalties for late deliveries) or increased by agreed and estimated price adjustments. If, especially in the case of longer-term contracts with customers, the sale is recognized and the payments are received at different times, the contract is examined to determine whether it contains a significant financing component, which must be accounted for in the calculation of the transaction price.

If a contract with a customer relates to contract manufacturing, in which customer-specific products including a significant integration service are provided, the sale is recognized over time. The sale to be recognized is determined by the percentage of completion of the respective contract. This is calculated as the ratio of costs actually incurred to the estimated total costs. The costs associated with the customer contract are recognized in the income statement when incurred. In the case of service contracts, the sale for the period is usually determined pro rata temporis.

Expenses – Operating expenses are recognized when caused or when the underlying service is used.

Interests and dividends – Interest income and expense are recognized on an accrual basis. Dividends are recognized in income when the legal claim to payment is established.

Summary of main measurement methods

Assets	
Goodwill	Cost (subsequent measurement: impairment test)
Other intangible assets	(Amortized) cost
Right-of-use assets	(Amortized) cost
Property, plant and equipment	(Amortized) cost
Investment property	(Amortized) cost
Investments accounted for using the equity method	Equity method
Inventories	(Amortized) cost
Trade receivables	(Amortized) cost / FVOCI[1]
Cash and cash equivalents	(Amortized) cost
Other financial assets	
"Hold" business model, SPPI[2] met	(Amortized) cost
Hold and sell business model, SPPI[2] met	Fair value through other comprehensive income
Derivatives	Fair value through profit or loss
All other financial assets	Fair value through profit or loss
Equity and liabilities	
Provisions for pensions and similar obligation	Present value of DBO
Other provisions	Discounted settlement amount
Financial liabilities	(Amortized) cost
Trade liabilities	(Amortized) cost
Other liabilities	
Derivatives	Fair value
Miscellaneous	(Amortized) cost

[1] FVOCI – fair value through other comprehensive income.
[2] SPPI – solely payments of principal and interest.

Estimates – The preparation of the consolidated financial statements requires assumptions and estimates affecting the application of accounting principles within the Group and the disclosure of assets, liabilities, income and expenses.

When examining the recognition of goodwill of €1,426 million as at December 31, 2024 (previous year: €1,125 million), assumptions and estimates were made to evaluate the recoverable amount of the relevant (groups of) cash generating units to predict and discount future cash flows. Details of the parameters used are included in the explanations in Note ››(18) Goodwill.

The carrying amounts of the other intangible assets of €1,376 million (previous year: €952 million), rights-of-use assets of €334 million (previous year: €271 million), property, plant and equipment of €1,853 million (previous year: €1,370 million) investment property of €20 million (previous year: €22 million) are assessed as of December 31, 2024 to determine whether there are indications of a possible impairment and wether the recoverable amount is lower than the carrying amount. When calculation the recoverable amount, assumptions and estimates are made regarding cash flows from recoverable selling prices, costs and discount rates. The yield curves used in the measurement of derivatives contain assumptions about the expected future development of interest rates, taking into account estimated maturity-dependent liquidity risks. In addition, the measurement models used also incorporate parameters that are based on assumptions about volatility and discount rates.

Discontinued operations as at December 31, 2023 are stated at the lower of carrying amount and fair value less costs to sell. The measurement of fair value less costs to sell is based on assumptions and estimates and takes value-related information from the ongoing selling process into account. Due to the sale of the Pistons division, which was managed as a non-core business and was concluded in the 2024 fiscal with the sale of the small-bore pistons division, the net book value of the discontinued operations as of the balance sheet date is € 0 million (previous year: €34 million).

The measurements of pension provisions and similar obligations of €527 million as at December 31, 2024 (previous year: 562 MioEUR) are based on the determination of actuarial parameters such as discount rate, pension development and mortality probability. The effects of the changes in the parameters set at the balance sheet date on the projected present value are shown in Note ››(27) Provisions for pensions and similar obligations. A discrepancy from the parameters assumed at the beginning of the fiscal from the conditions actually incurred at the balance sheet date has no impact on earnings after tax, as gain and losses due to the remeasurement of the net defined benefit liability from the discrepancy though other comprehensive income in the statement of comprehensive income.

For sales recognition of €2,639 million over time in the 2024 fiscal (previous year: €1,961 million), is based on estimates of the expected total contract costs and contract revenue. The comparison of the contract costs actually incurred with the expected total costs results in the percentage of completion on the balance sheet date, on the basis of which the pro rata sales for the period are calculation.

The calculation of the future tax benefits reflect in the deferred tax asset approach of €172 million as of December 31, 2024 (previous year: €164 million) is based on assumptions and estimates regarding the future development of tax income over a planning period of generally five years and tax legislation in the countries where the Group companies are domiciled.

In the assessment and accounting for legal risks and opportunities, assessments are made regarding the possible occurrence and the amount of expected obligations. Management relies on both the internal legal assessment and the assessment of external lawyers.

The respective assumptions and estimates are based on premises that take into account the most current findings. The actual developments can lead to amounts that deviate from the estimated values. Adjustments to accounting estimates are accounted for in the period in which the change occurs, provided the change affects only that period. If changes in estimates affect both the current period and future periods, these are recognized in the relevant periods.

Judgements – Alongside the impact of estimates on the presentation of assets and liabilities and income and expenses in the consolidated financial statements, the application of accounting principles is subject in part to discretionary decisions.

A significant portion of the business in the Vehicle Systems, Weapon and Ammunition and Electronic Solutions divisions includes long-term customer contracts with varying performance obligations. Revenue is often recognized over a period of time. The application of the accounting methods may require discretionary decisions in determining the type of revenue recognition and the identification of (individual) performance obligations.

With the acquisition of the shares in Rheinmetall BAE Systems Land Ltd. in 2019, Rheinmetall is required to make payments for earned claims of the acquired employees into the pension fund of the BAE Group. If the accounted pension obligations of Rheinmetall BAE Systems Land Ltd. are not covered by plan assets, Rheinmetall has an equal claim for reimbursement against the BAE Group. If the plan assets exceed the recognized pension obligations of Rheinmetall BAE Systems Land Ltd., this amount is not recognized as an asset (asset ceiling). Taking into account the relevant accounting principles, the obligation and the first payment claim are shown gross in the balance sheet.

(4) Currency conversion

In the separate financial statements of consolidated companies, each foreign currency transaction is recognized at the historical rate. Monetary assets and liabilities denominated in a foreign currency are translated at the closing rate. Other assets and liabilities are translated at the rate prevailing at the time of the transaction if they are accounted for using the historical cost convention. These assets and liabilities are translated at the rate prevailing at the respective measurement date if they are measured at fair value. Any currency translation differences that arise are duly recognized in the net financial result.

The single-entity financial statements of Group companies whose functional currency is not the euro are translated into euro as the Group currency. Assets and liabilities are translated at the middle spot exchange rate as of the end of the reporting period and the income statement items at the average annual rate. The translation differences resulting from this are recognized in, and only in, equity as other comprehensive income (OCI).

(5) Consolidation principles

Subsidiaries – Besides Rheinmetall AG, the consolidated financial statements include all domestic and foreign subsidiaries over which Rheinmetall AG can exercise direct or indirect controlling influence. Rheinmetall AG controls an entity if it holds the majority of voting rights or other rights and is therefore able to steer the significant activities of the investee, is exposed to the risk of variable returns from the investment and can use its power over the investee to influence its returns.

Receivables and liabilities, expenses and income as well as interim results between the fully consolidated companies are eliminated. Taxes are deferred for all temporary differences from the consolidation of receivables/payables, income/expenses, and the elimination of intercompany profits/losses.

The first consolidation of a subsidiary is carried out according to the acquisition method. The acquired assets and liabilities are to carried at the fair value at the acquisition date. A positive difference between the acquisition costs and the pro rata net assets of the acquired company is recognized as goodwill under the intangible assets of the fixed assets. A negative difference is recorded in other operating income in profit or loss. The cost of the acquired subsidiary equals the fair values of the assets given, liabilities assumed, and equity instruments issued by the acquirer in exchange for the acquisition. Any acquisition-related costs incurred are recognized as other operating expenses

Joint ventures and associated companies – Jointly controlled entities in which Rheinmetall has rights to the net assets of the investee (joint venture) are included in the consolidated financial statements according to the equity method. Entities over which Rheinmetall can exercise significant influence (associated companies) are also accounted for using the equity method.

On first-time inclusion, based on the cost at the time the investment interest is acquired, the respective investment carrying amount is increased or decreased by changes in equity of the joint venture or associate to the extent these can be attributed to equity interest of the Rheinmetall Group. Goodwill for these investments is determined in accordance with the principles applicable to the full consolidation. Any resulting goodwill is included in the carrying amount of the investment. If interim profits have arisen from transactions between the Rheinmetall Group and the joint undertaking or associated companies, these are eliminated on a pro rata basis.

Joint Activities – For joint activities (joint operation), the jointly controlling parties have rights to the assets and liabilities of the joint agreement. In the consolidated financial statements, the assets and liabilities attributable to the jointly controlling parties as well as expenses and income are recognized on a pro rata basis.

(6) Scope of consolidation

The scope of consolidation with fully and proportionally consolidated companies as well as companies accounted for using the equity method developed as follows in fiscal 2024:

Scope of consolidation – companies included

	12/31/2023	Additions	Reductions	12/31/2024
Fully consolidated subsidiaries				
Germany	*61*	*1*	*1*	*61*
Foreign	*114*	*14*	*13*	*115*
	175	**15**	**14**	**176**
Joint Operations				
Germany	*8*	*1*	*-*	*9*
	8	**1**	**-**	**9**
Investments accounted for using the equity method				
Germany	*17*	*1*	*-*	*18*
Foreign	*18*	*-*	*4*	*14*
	35	**1**	**4**	**32**

In fiscal 2024, a total of twelve companies were added to the group of consolidated subsidiaries through being acquired and one through being founded. Further information on material acquisitions can be found under ››note (7) Material acquisitions. In addition, a joint venture was reclassified as a fully consolidated subsidiary through the purchase of further shares. The disposals of fully consolidated subsidiaries from the scope of consolidation result from sales, a liquidation and a merger. In addition, a further five fully consolidated subsidiaries left the scope of consolidation. For further information on the sales, see ››note (8) Discontinued operation. Furthermore, due to the relocation of the registered office of a fully consolidated subsidiary, there was a shift from abroad to Germany.

In fiscal 2024, the scope of consolidation was expanded by one addition to joint operations in the form of newly founded entity.

With regard to the investments accounted for using the equity method, one associated company was acquired. The sale of shares in a joint venture and an associated company, as well as the dissolution of a joint venture, led to the deconsolidation of the investments accounted for using the equity method.

The companies included in the consolidated financial statements and all shareholdings in accordance with section 313 (2) HGB are listed in the list of shareholdings under ››note (42) of the notes to the consolidated financial statements.

(7) Material acquisitions

Acquisition of vehicle specialist Loc Performance – On November 29, 2024, Rheinmetall completed the acquisition of 100% of the shares in Loc Performance Products, LLC, a vehicle specialist based in Plymouth, Michigan, USA, which was announced in August 2024. The preliminary purchase price of USD 593 million (€563 million at the time of acquisition) was paid in cash in November 2024.

To hedge the currency risk associated with the purchase price obligation, a foreign currency forward with a nominal amount of USD 950 million and a maturity date of December 20, 2024, was entered into on August 29, 2024 and accounted for as a cash flow hedge in a designated hedging relationship. Due to the change in expectations regarding the closing date of the transaction, an offsetting position was entered into on November 19, 2024. When the acquisition of Loc Performance was completed on November 29, 2024, the hedge accounting reserve of €44 million recognized in equity up to this point was derecognized and included in the cost of acquisition for Loc Performance. This resulted in a reduction in the goodwill arising from the acquisition.

With this strategic acquisition in the USA, Rheinmetall is expanding its position in the world's largest defence market and strengthening its core business in the field of land vehicles for military customers worldwide. Among other things, Loc Performance will be integrated into Rheinmetall's internal supply chains for the maintenance, repair and modernization of military combat vehicles. Rheinmetall expects the acquisition to provide significant benefits for both its US and global business. The acquisition provides Rheinmetall with important capabilities in the US and enables American Rheinmetall Vehicles to supply the US Department of Defence more effectively and comprehensively by expanding the company's product portfolio and domestic manufacturing capabilities.

The following overview shows the net cash outflow resulting from the acquisition:

Net cash outflow

€ million	2024
Payment of purchase price	563
Acquired cash and cash equivalents	(20)
Cash inflow from currency hedging transactions	(44)
Net cash outflow	**499**

The following table shows a breakdown of the assets and liabilities acquired:

Assets acquired and liabilities assumed at fair value

€ million	2024
Intangible assets	406
Property, plant and equipment	91
Right-of-use assets	59
Other non-current assets	1
Inventories	109
Receivables and contract assets	45
Cash and cash equivalents	20
Liabilities	(479)
Deferred tax liabilities (offset)	(24)
Total identifiable net assets acquired	**228**
Consideration transferred	563
Inclusion of hedge accounting reserve	(44)
Goodwill	**290**

These figures are to be regarded as preliminary, as the final valuation of the assets and liabilities in the context of the purchase price allocation has not yet been completed.

Different valuation procedures were used to determine the fair value of the material assets acquired:

Intangible assets – determined in particular with the help of multi-period excess earnings method, but also using the relief from royalty method. The multi-period excess earnings method takes into account the present value of the net cash flows generated by the intangible asset being valued. As intangible assets often only generate cash flows in combination with other assets, the relevant cash surpluses are adjusted to take cash flows resulting from the supporting assets into account. When the relief from royalty method is applied, the fair value is calculated as the present value of the anticipated savings in license payments.

Property, plant and equipment – determined based on market comparison methods and cost-based methods. Where available, market prices for similar assets and, if necessary, amortized replacement costs that reflect adjustments for physical deterioration, functional or economic obsolescence, are used.

Inventories – determined using market comparison methods. With these methods, the fair value is determined based on an estimated sales price under normal business conditions less the expected completion and selling costs and appropriate profit margins.

The goodwill of €290 million resulting from the acquisition is justified by the synergy effects that are expected to be generated as a result of the acquisition. The goodwill, which is partially tax-deductible, was allocated to Vehicle Systems International.

As part of the acquisition, a loan of €350 million was taken over, which was repaid by Rheinmetall immediately after the transaction was completed.

Costs of €6 million were incurred in connection with the acquisition in fiscal 2024. These costs are reported in the income statement under other operating expenses.

In the period from November 29, 2024 to December 31, 2024, Loc Performance contributed sales of €32 million and an operating result of €3 million to the consolidated result in this period.

If the acquisition had already been concluded on January 1, 2024, consolidated sales as of December 31, 2024 would have amounted to €10,084 million and the operating result would have been €1,500 million.

(8) Discontinued operations

The sale of the Pistons business unit, which was classified as a non-core business as part of the realignment of the Rheinmetall Group, was completed – with the exception of potential effects that may arise from variable purchase price components agreed with the buyers – in the first half of fiscal 2024 with the sale of the small-bore pistons business. The sale of the large- and small-bore pistons business and the shares in Riken Automobile Parts (Wuhan) Co., Ltd. resulted in a total deconsolidation loss of €63 million as of December 31, 2024. Of this amount, a deconsolidation gain of €13 million is attributable to the previous year and a deconsolidation loss of €75 million to fiscal 2024.

Earnings after taxes of the Pistons business unit, which has been classified as held for sale and reported as a discontinued operation in the consolidated financial statements since May 1, 2021, are still recognized in the income statement as of December 31, 2024, in the separate item “Earnings from discontinued operations”. These are composed as follows:

Key information on discontinued operations (income statement)

€ million	2024	2023
Revenues	172	564
Expenses	(250)	(623)
Earnings from discontinued operations before taxes	**(78)**	**(59)**
Income taxes	(9)	15
Earnings from discontinued operations after taxes	**(87)**	**(44)**
Of which:		
Non-controlling interests	-	-
Rheinmetall AG shareholders	*(87)*	*(44)*

The earnings of the previous year include a reduction in earnings before taxes of €63 million and a tax benefit of €9 million from the write-down of the small-bore pistons business and the investment in Kolbenschmidt Huayu Piston Co., Ltd., China, to fair value less costs to sell. The result for fiscal 2024 includes the deconsolidation loss resulting from the disposal of the small-bore pistons business.

Sale of the small-bore pistons business – On April 15, 2024, Rheinmetall completed the sale of the small-bore piston business, which was contractually agreed on December 18, 2023, along with all production sites in Germany, Mexico, Brazil, the Czech Republic and Japan as well as the investment in the joint venture Kolbenschmidt Huayu Piston Co. Ltd., China.

In the reporting year, the sale led to a deconsolidation loss of €75 million, which was recognized in full in the earnings from discontinued operations. The deconsolidation loss is primarily attributable to the reclassification of currency translation differences recognized in other comprehensive income to the income statement as part of the deconsolidation. The final purchase price adjustments are still to be determined.

The sale involved the disposal of the following assets and liabilities:

Assets and liabilities disposed (4/15/2024) / held for sale (12/31/2023) of small-bore pistons disposal group

€ million	15/04/2024	31/12/2023
Property, plant and equipment and right-of-use assets	2	-
Investments accounted for using the equity method	-	-
Other non-current assets	4	-
Non-current assets	**6**	**-**
Inventories	68	67
Trade receivables	93	75
Other current assets	48	53
Current assets	**208**	**195**
Provisions	22	41
Other non-current liabilities	3	8
Non-current liabilities	**25**	**49**
Provisions	17	22
Trade liabilities	55	58
Other current liabilities	15	31
Current liabilities	**87**	**112**
Net assets and liabilities	102	34
Consideration received / to be received, satisfied in cash[1]	72	-
Cash and cash equivalents disposed of	28	-
Net cash inflows[1]	**44**	**-**

[1] Rheinmetall will receive a part of the consideration at a later date. In this context, as of December 31, 2024, receivables amounting to €50 million have been recorded.

In addition, cumulative expenses recognized within equity in other comprehensive income of €107 million (previous year: €106 million) were allocated to the disposal group small-bore pistons business.

NOTES TO THE INCOME STATEMENT

(9) Sales

The Group generates sales from the transfer of goods and services in areas of security technology and mobility. Sales from the real estate development sector are also recognized in the other companies. The following table shows the timing of sales recognition broken down by segment.

Disaggregation of sales by point in time and over time

€ million	2024			2023		
	At a point in time	Over time	Total	At a point in time	Over time	Total
Vehicle Systems	2,030	1,760	3,790	1,199	1,409	2,609
Weapon and Ammunition	2,753	30	2,783	1,746	10	1,756
Electronic Solutions	716	1,009	1,726	639	679	1,318
Power Systems[1]	2,038	-	2,038	2,084	-	2,084
Other/Consolidation[2]	(427)	(161)	(587)	(454)	(138)	(591)
Group (continued operations)	**7,111**	**2,639**	**9,751**	**5,215**	**1,961**	**7,176**

[1] Sensors and Actuators and Materials and Trade were combined to form Power Systems effective January 1, 2024.
[2] The previous year's figures have been adjusted following the merger of Sensors and Actuators and Materials and Trade into Power Systems.

Customer contracts in security technology include the manufacture and supply of goods, service contracts for service and maintenance activities and the provision of development services. Sales are realized at the time of transfer of control, which is agreed individually. In particular, sales are recognized at a point in time in the case of orders for protection and weapon systems and for ammunition.

In the business areas of civilian mobility, contracts with customers relate essentially to serial deliveries of modules and systems for engine technology. The customers are predominantly large automotive manufacturers. As a rule, sales are recognized at the time of delivery.

In the case of customer-specific contract manufacturing, sales are recognized over time. This predominantly applies to contracts with customers in the Electronic Solutions division, to development and pilot production contracts and to the delivery of vehicle programs.

The sales for 2024 include €17 million (previous year: €3 million), which resulted from the inclusion of a financing component.

The following contract balances result from contracts with customers:

Contract balances resulting from contracts with customers

€ million	12/31/2024	12/31/2023
Trade receivables	1,959	2,021
Contract assets	692	516
Contract liabilities	3,866	2,594

Trade receivables are recognized as soon as the goods and services have been transferred to the customer and there is an unconditional legal entitlement to the corresponding consideration. The credit term for contracts with customers is predominantly 90 days.

Contract assets exist for contracts with customers under which sales are recognized over time and the performance rendered has not yet been billed. Contract assets increased by €175 million as against the previous year to €692 million (previous year: €516 million).

Contract liabilities result from the excess of advance payments received and other customer payments over the performance already rendered. Approximately two thirds of contract liabilities included in the items at the beginning of the fiscal year were recognized as income in fiscal 2024. The contract liabilities increased by €1,272 million to €3,866 million (previous year: €2,594 million).

In addition, there are assets in connection with the acquisition of contracts with customers, which are as follows:

Assets recognized from the costs to obtain a contract with a customer

€ million	2024	2023
As of 1/1	**93**	**94**
Addition	71	31
Write-down	(21)	(34)
Reversal	(3)	(5)
Adjustment in scope of consolidation	-	6
Currency differences	-	1
As of 12/31	**139**	**93**

The assets from contract acquisition (see ››Note (24) Other assets) relate to contracts with customers in security technology and essentially comprise commissions for agents and indirect offset costs. Offset costs are usually incurred for contracts with customers in which the customer wishes to support the local economy in order to offset an import business through an additional agreement. Indirect offset costs are costs that are incurred in addition to the manufacturing-related costs. The assets are capitalized at the time the costs are incurred and depreciated over the period of order processing in line with revenue recognition.

The order backlog as of December 31, 2024 reflects the total of performance obligations not fulfilled or partly not yet fulfilled. Besides the contract value, the order backlog also includes adjustments from variable remuneration, such as index-based price adjustment clauses, which are customary in the case of longer-term orders. Future sales from the order backlog are expected for the following periods:

Future sales from the order backlog

€ million	Order backlog	Expected sales		
	12/31/2024	2025	2026	from 2027
Rheinmetall Group[1]	30,728	8,164	6,932	15,632

[1] The order backlog and corresponding effect on sales result from Weapon and Ammunition, Electronic Solutions and Vehicle Systems. The performance obligations of Power Systems are generally less than one year and are therefore not included in this disclosure.

The increase in the order backlog is mainly attributable to the security technology business. Order backlog increased by 28.8 % to €16,838 million at Vehicle Systems in fiscal 2024. A new major order for the digitalization of the German Armed Forces (Bundeswehr) and the commissioning of heavy weapon carriers deserve special mention. In addition, the order backlog increased due to the acquisition of Loc Performance. In Weapon and Ammunition, the order backlog increased by 40.4% to €10,000 million. A major order for artillery shells from Lithuania contributed significantly to the increase. The order backlog for Electronic Solutions increased by 67.1% to €6,875 million. Two major orders are for the delivery of air defense systems for close-range and short-range protection.

(10) Changes in inventories and work performed by the enterprise and capitalized

Composition of changes in inventory and work performed by the enterprise and capitalized

€ million	2024	2023
Increase in inventory of finished and unfinished products	9	607
Other work performed by the enterprise and capitalized	158	89
	167	**696**

(11) Other operating income

Composition of other operating income

€ million	2024	2023
Reversal of provisions	63	53
Government grants	35	16
Refunds	21	5
Residual/scrap disposal	11	6
Reversal of assets (excl. financial assets)	7	2
Sundry rental agreements and leases	6	8
Disposal of fixed assets/divestments	4	-
Miscellaneous operating income	81	64
	228	**153**

(12) Cost of materials

Composition of costs of materials

€ million	2024	2023
Cost of raw materials supplies, and merchandise purchased	3,568	2,883
Cost of services purchased	1,291	1,053
	4,859	**3,935**

(13) Personnel expenses

Personnel expenses for the Rheinmetall Group break down as follows:

Composition of personnel expenses

€ million	2024	2023
Wages and salaries	1,954	1,711
Social security and related employee benefits	254	205
Pension expenses	137	115
Expenses for redundancy plans, termination indemnities, partial retirement	27	16
	2,373	**2,047**

The rise in personnel expenses in fiscal 2024 is attributable to the increase in personnel in continuing operations. The average number of employees in the Rheinmetall Group is divided among the segments and other business areas as follows:

Annual average number of employees

Capacity - Full Time Equivalents (FTE) (annual average)	2024	2023
Vehicle Systems	6,926	6,144
Weapon and Ammunition	7,109	5,457
Electronic Solutions	4,413	3,992
Power Systems[1]	6,759	6,812
Rheinmetall AG/others[2]	1,030	703
Rheinmetall Group (continuing operations)	**26,238**	**23,108**
Discontinued operations (Pistons)[3]	1,007	3,487
Rheinmetall Group (continuing and discontinued operations)	**27,244**	**26,595**

[1] Sensors and Actuators and Materials and Trade were combined to form Power Systems effective January 1, 2024.
[2] The previous year's figures have been adjusted following the merger of Sensors and Actuators and Materials and Trade into Power Systems. In addition, as a result of the completion of the sale of the small-bore pistons business (discontinued operations) on April 15, 2024, individual employees who were excluded from the transaction were reclassified to other companies.
[3] The disposal of discontinued operations (Pistons) was completed on April 15, 2024.

(14) Amortization, depreciation and impairment

Composition of amortization, depreciation and impairment

€ million		2024	2023
Goodwill	(18)	-	-
Other intangible assets	(18)	149	87
Right-of-use assets	(19)	52	47
Property, plant and equipment and Investment properties	(20), (21)	202	174
		403	**308**

€102 million (previous year: €47 million) of the amortization relates to adjustments recognized as part of purchase price allocations.

In fiscal 2024, amortization, depreciation and impairment includes impairment losses of €18 million (previous year: €6 million). These break down as follows:

Composition of impairment

€ million	2024	2023
Other intangible assets	4	1
Property, plant and equipment and Investment properties	13	5
	18	**6**

(15) Other operating expenses

Composition of other operating expenses

€ million	2024	2023
Operating Costs and maintenance	223	175
IT costs	184	159
Distribution and advertising costs	143	117
Incidental personnel costs	89	74
General administrative expenses	70	54
Travel expenses	64	58
Audit, legal and consultancy fees	56	50
Insurances	50	43
Rents, leases and ancillary costs	30	31
Warranties	27	13
Disposal of non-current assets (excluding financial assets)	23	8
Additions to and utilization of other provisions	20	4
Patent and licensing fees (Others)	15	11
Other taxes	11	10
Write-downs of receivables	4	7
Miscellaneous operating expenses	112	75
	1,120	**889**

(16) Income taxes

Composition of income taxes

€ million	2024	2023
Current income tax expense	319	223
Earlier-period income taxes	(6)	(3)
Deferred taxes	20	(35)
	333	**185**

As in the previous year, a single corporate income tax rate of 15% plus the solidarity surcharge of 5.5% is used to calculate deferred income taxes for Germany. Including the respective trade tax gives the recognized total tax rate, which in Germany is predominantly 30%. At foreign companies, deferred taxes are calculated using country-specific tax rates. These range from 9% to 34% (previous year: 9% to 34%).

The table below presents a reconciliation of expected tax expense to actual reported tax expense. Rheinmetall AG’s tax rate of 30% is applied to earnings before taxes in order to calculate the expected tax expense. This includes German corporate income tax, the solidarity surcharge and trade tax.

Reconciliation of tax expenses

€ million	2024	2023
Earnings before taxes	1,229	815
Expected income tax expense (tax rate of 30%; previous year: 30%)	**369**	**245**
Foreign tax rate differentials	(49)	(30)
Effects of unrecognized loss carryforwards and temporary differences	10	(22)
Reduction of tax expense due to previously unrecognized loss carryforwards and temporary differences	(16)	(9)
Tax-exempt income	(12)	(20)
Non-deductible expenses	26	15
Earlier-period income taxes	(6)	(3)
Taxes on entities carried at equity	7	1
Taxes on dividends and other withholding taxes	5	6
Other	(1)	2
Actual income tax expense	**333**	**185**

Allocation of deferred taxes to items in the statement of financial position

€ million	12/31/2024		12/31/2023	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Loss carryforwards and tax credits	67	-	66	-
Fixed assets	88	453	21	338
Inventories and receivables	72	161	72	93
Pension provisions	77	1	88	-
Other provisions	67	8	57	12
Liabilities	124	58	91	52
Other	3	1	5	1
Subtotal	**498**	**682**	**400**	**496**
Set off	(326)	(326)	(236)	(236)
Deferred taxes according to the statement of financial position	**172**	**356**	**164**	**260**

Due to the business combination with Loc Performance in the reporting year, Rheinmetall is recognizing deferred tax assets of €8 million that had not previously been recognized or that had been deemed to be non-recoverable.

In addition to capitalized deferred tax assets from loss carryforwards and tax credits from continuing operations, further tax loss carryforwards and tax credits exist in Germany and abroad totaling €330 million (previous year: €266 million), which cannot be utilized or whose deferred tax assets were adjusted by value adjustments. €137 million (previous year: €140 million) of this relates to German loss carryforwards, €186 million (previous year: €125 million) to foreign loss carryforwards and €7 million to tax credits (previous year: €1 million). The German loss carryforwards, and €177 million of the foreign loss carryforwards (previous year: €116 million), are not subject to expiration. As in the previous year, the limited foreign loss carryforwards can still be utilized for up to eight years. Within the Group, €35 million (previous year: €40 million) in deferred tax assets were recognized at companies of continuing operations with losses in the current year or in the previous year due to positive corporate planning. These relate in particular to companies with start-up losses and companies at which the business outlook has experienced a sustained improvement. Deferred tax liabilities of €4 million (previous year: €5 million) were recognized for temporary differences in connection with shares in subsidiaries and associates from continuing operations insofar as the Group is unable to control the timing of the reversal of the temporary differences or the reversal is not expected in the foreseeable future. Deferred tax liabilities of €18 million (previous year: €13 million) would be attributable to material differences for which a reversal is not expected in the foreseeable future or for which the Group can control the reversal.

The Rheinmetall Group is subject to the regulations on global minimum tax (Pillar 2). According to these, an additional tax is incurred for jurisdictions that are taxed at an effective tax rate of less than 15%. The Group has come to the conclusion that the global minimum tax payable under national legislation for Pillar 2 is an income tax within the scope of IAS 12. The Group has applied the temporary, mandatory exemption regarding the recognition of deferred taxes resulting from the introduction of global minimum taxation and recognizes these as current tax expense/income at the time they arise. According to the calculation for the Rheinmetall Group, these regulations will result in an additional tax burden of €0.6 million for the year 2024.

(17) Earnings per share

Earnings per share are calculated as a ratio of the consolidated result of the shareholders of Rheinmetall AG and the weighted average number of shares in circulation during the fiscal year. As a result of the convertible bond issued in February 2023, diluted earnings per share are calculated in addition to basic earnings per share. The calculation of diluted earnings per share is based on the assumption that all potentially dilutive instruments are converted into ordinary shares at the time of issue, resulting in an increase in the number of shares. At the same time, earnings after taxes are reduced by the effect on earnings of these instruments, such as interest costs. Treasury shares reduce the respective weighted number of shares.

Diluted earnings per share are calculated as follows:

Derivation of diluted earnings per share

	Continuing Operations	Discontinued Operations	2024	Continuing Operations	Discontinued Operations	2023
Earnings after taxes in € million - Rheinmetall AG shareholders	**804**	**(87)**	**717**	**579**	**(44)**	**535**
Adjustment for interest expense in respect of the convertible bond in € million	39	-	39	35	-	35
Tax effects on the adjustment for interest expense in respect of the convertible bond and on the effect on personnel expenses in € million	(12)	-	(12)	(10)	-	(10)
Diluted earnings after taxes in € million - Rheinmetall AG shareholders	**832**	**(87)**	**745**	**603**	**(44)**	**559**
Weighted number of shares in millions - basic		**43.43**			**43.41**	
Effect from the potential conversion of the convertible bond in millions		3.23			2.93	
Weighted number of shares in millions - diluted		**46.66**			**46.34**	
Basic earnings per share	**€ 18.52**	**€ (2.01)**	**€ 16.51**	**€ 13.34**	**€ (1.02)**	**€ 12.32**
Diluted earnings per share	**€ 17.83**	**€ (1.87)**	**€ 15.96**	**€ 13.02**	**€ (0.95)**	**€ 12.07**

NOTES TO THE STATEMENT OF FINANCIAL POSITION

(18) Goodwill, other intangible assets

Cost

€ million	Goodwill	Development costs	Sundry other intangible assets	Total
As of 1/1/2023	**486**	**455**	**420**	**1,361**
Additions	-	72	17	89
Disposals	-	(19)	(7)	(26)
Book transfers	-	(4)	(1)	(5)
Adjustment in scope of consolidation	644	78	621	1,342
Currency differences	(1)	(1)	(3)	(6)
As of 12/31/2023 and 1/1/2024	**1,128**	**581**	**1,047**	**2,756**
Additions	-	95	48	143
Disposals	-	(20)	(7)	(27)
Book transfers	-	37	(9)	28
Adjustment in scope of consolidation	311	(1)	407	718
Currency differences	(11)	2	8	(2)
As of 12/31/2024	**1,429**	**694**	**1,494**	**3,617**

Amortization and depreciation/impairment

€ million		Goodwill	Development costs	Sundry other intangible assets	Total
As of 1/1/2023		**3**	**202**	**335**	**540**
Current period		-	28	60	87
Reversals		-	-	1	1
Disposals		-	(13)	(7)	(20)
Book transfers (IFRS 5)		-	-	1	-
Adjustment in scope of consolidation		-	69	4	73
Currency differences		-	-	(4)	(4)
As of 12/31/2023 and 1/1/2024		**3**	**286**	**389**	**678**
Current period	(14)	-	34	115	149
Disposals		-	(12)	(2)	(14)
Adjustment in scope of consolidation		-	-	1	1
As of 12/31/2024		**3**	**308**	**504**	**815**
Carrying amount as of 12/31/2023		1,125	295	658	2,077
Carrying amount as of 12/31/2024		**1,426**	**386**	**990**	**2,802**

With effect from January 1, 2024, Sensors and Actuators and Materials and Trade were combined to form the devision Power Systems. This change to the Group structure also had an impact on the internal management and monitoring of goodwill allocated to the two cash-generating units: Since the start of the 2024 fiscal year, the Executive Board has monitored goodwill at the level of Power Systems and no longer at the level of Sensors and Actuators and Materials and Trade. Goodwill has therefore been managed at the level of the Rheinmetall Group's five divisions since January 1, 2024 and is tested for impairment at least once a year.

Goodwill recognized for continuing operations was tested for impairment as of December 31, 2024. No impairment loss was required. The impairment test uses the fair value less costs to sell of the cash generating units, which is calculated using the discounted cash flow method based on a three-year detailed planning period. For Power Systems, a five-year detailed planning period was assumed as at December 31, 2024, as this better reflects the special characteristics of the Sensors and Actuators business unit, which is currently in a transformation phase. In the Rheinmetall Group, the corporate plan is prepared on the basis of empirical and current forecast data. These underlying assumptions include intra-Group estimates as well as external sources of information. In security technology, planning is predicated on projects already included in its order backlog, on customer inquiries and, most importantly, on national defense budgets of relevant customers. Key planning assumptions in the area of the automotive industry are based on the sector forecasts underlying sales plans and covering the worldwide automotive market trend, the planned engine programs of carmakers, specific customer commitments to individual projects and adjustments specific to Automotive to allow for planned product innovations and cost savings. For periods after the detailed planning phase, cash flows are extrapolated from the last planning period, taking into account growth rates based on long-term business expectations, which are guided by the long-term inflation forecast. The measurement of fair value less costs to sell is therefore essentially based on unobservable inputs and allocated to level 3 of the fair value hierarchy.

The discount rates used and the carrying amounts of the goodwill of the five divisions are shown below. The prior-year figures have not been restated to reflect the new Group structure.

Carrying amounts and discount rates

€ million	12/31/2024			12/31/2023		
	Carrying amount	WACC before taxes	WACC after taxes	Carrying amount	WACC before taxes	WACC after taxes
Vehicle Systems Europe	93	10.8%	8.3%	86	10.2%	8.0%
Vehicle Systems International	306	8.8%	7.5%	12	9.8%	8.0%
Weapon and Ammunition	798	9.9%	7.7%	798	10.0%	7.8%
Electronic Solutions	146	10.2%	7.8%	147	9.8%	7.7%
Power Systems	82	13.3%	9.0%	-	-	-
Sensors and Actuators	-	-	-	67	11.6%	8.9%
Materials and Trade	-	-	-	15	12.4%	9.4%
Group	1,426	10.8%	8.4%	1,125	10.9%	8.3%

For the period after the last planning year, an unchanged growth rate of 1.0% (previous year: also 1.0%) was deducted from the risk-specific pre-tax discount rate.

In addition to the impairment test, each cash-generating unit or group of cash-generating units was subjected to sensitivity analyses. These analyses assumed scenarios based firstly on a 0.5 percentage point higher discount rate after taxes and secondly a 0.5 percentage point lower growth rate. For further sensitivity, the cash flows used to calculate the terminal value were reduced by a flat rate of 10%. For four of the five divisions, none of the sensitivity calculations would lead to an impairment of the goodwill recognized. The headroom for Power Systems amounted to €73 million as at the reporting date. With the changes in the individual parameters described above, the sensitivity calculations show a potential impairment risk in the lower double-digit million range. Based on the sensitivity calculations, the recoverable amount would reach the carrying amount as at December 31, 2024 if the WACC after taxes increases to 9.5%, the cash flows in the terminal value are 7.7% lower or a growth rate of 0.4% is assumed.

In addition to capitalized development costs of €95 million (previous year: €72 million) €235 million was recognized as expenses for research and development costs of continuing operations in 2024 (previous year: €217 million).

(19) Right-of-use assets

The capitalized right-of-use assets from leases primarily relate to rented office and production space at various sites in Germany and abroad. The rental agreements for property usually include options for renewals and index-based rent price adjustment clauses.

Cost

€ million	Property (land)	Property (buildings)	Passenger cars	Other right-of-use assets	Total
As of 1/1/2023	**36**	**295**	**29**	**15**	**374**
Additions	10	85	9	7	111
Disposals	-	(3)	(2)	-	(5)
Book transfers	-	-	-	-	-
Adjustments in scope of consolidation	-	-	-	9	9
Currency differences	-	(4)	-	-	(4)
As of 12/31/2023 and 1/1/2024	**45**	**373**	**36**	**31**	**484**
Additions	9	29	12	7	58
Disposals	-	(15)	(9)	(5)	(29)
Book transfers	-	-	-	(1)	(1)
Adjustments in scope of consolidation	-	69	-	2	72
Currency differences	-	1	-	-	1
As of 12/31/2024	**54**	**458**	**39**	**34**	**584**

Amortization and depreciation/impairment

€ million		Property (land)	Property (buildings)	Passenger cars	Other right-of-use assets	Total
As of 1/1/2023		**4**	**132**	**21**	**8**	**165**
Current period		2	34	6	5	47
Disposals		-	(2)	(2)	-	(5)
Book transfers		-	-	-	-	-
Adjustments in scope of consolidation		-	-	-	7	7
Currency differences		-	(1)	-	-	(1)
As of 12/31/2023 and 1/1/2024		**6**	**163**	**25**	**20**	**213**
Current period	(14)	2	38	8	5	52
Disposals		-	(12)	(8)	(5)	(25)
Book transfers		-	-	-	(2)	(2)
Adjustments in scope of consolidation		-	10	-	1	11
Currency differences		-	-	-	-	-
As of 12/31/2024		**8**	**198**	**24**	**20**	**250**
Carrying amount as of 12/31/2023		39	210	11	11	271
Carrying amount as of 12/31/2024		**46**	**259**	**15**	**14**	**334**

Expenses and payments in connection with leases were incurred as follows:

Leases - expenses and payments

€ million	2024	2023
Expenses from short-term leases	5	4
Expenses for low-value leased assets	5	5
Interest expenses from lease liabilities	12	10
Repayment of lease liabilities	52	43
Total lease payments	**75**	**62**

On the recognition of lease liabilities of €343 million (previous year: €271 million), interest rates of appropriate terms and currencies were used to calculate the present values. Lease liabilities have the following maturity structure:

Maturity structure of lease liabilities

€ million	12/31/2024				12/31/2023			
	2025	2026 -2029	from 2030	Total	2024	2025 -2028	from 2029	Total
Right-of-use asset – property (land)	1	5	28	35	2	5	21	28
Right-of-use asset – property (buildings)	40	130	110	281	35	105	82	220
Right-of-use asset – passenger cars	6	7	-	13	5	5	-	10
Right-of-use asset – others	6	7	2	14	4	7	1	13
	54	**149**	**140**	**343**	**46**	**122**	**104**	**271**

Nominal future lease payments amount to €423 million as of the end of the reporting period (previous year: €326 million).

Maturity structure of nominal future lease payments

€ million	12/31/2024				12/31/2023			
	2025	2026 -2029	from 2030	Total	2024	2025 -2028	from 2029	Total
Right-of-use asset – property (land)	2	9	53	64	3	8	41	52
Right-of-use asset – property (buildings)	46	135	147	328	38	116	94	249
Right-of-use asset – passenger cars	7	7	2	16	6	5	-	11
Right-of-use asset – others	6	7	3	16	5	8	1	15
	61	**158**	**205**	**423**	**52**	**138**	**137**	**326**

(20) Property, plant and equipment

Cost

€ million	Land, land rights and buildings	Production plant and machinery	Other plant, factory and office equipment	Prepayments made and construction in progress	Total
As of 1/1/2023	**1,147**	**1,847**	**761**	**162**	**3,917**
Additions	40	50	61	144	294
Disposals	(2)	(10)	(22)	(1)	(35)
Book transfers	6	55	42	(94)	9
Adjustments in scope of consolidation	60	72	46	17	195
Currency differences	20	6	(2)	(2)	22
As of 12/31/2023 and 1/1/2024	**1,271**	**2,020**	**886**	**226**	**4,402**
Additions	25	65	73	435	597
Goverment grants	-	-	-	(12)	(12)
Disposals	(22)	(30)	(53)	(3)	(108)
Book transfers	14	85	21	(115)	5
Adjustment in scope of consolidation	16	174	44	6	241
Currency differences	(4)	4	(1)	2	-
As of 12/31/2024	**1,300**	**2,318**	**970**	**539**	**5,126**

Amortization and depreciation/impairment

€ million		Land, land rights and buildings	Production plant and machinery	Other plant, factory and office equipment	Prepayments made and construction in progress	Total
As of 1/1/2023		**690**	**1,493**	**592**	**5**	**2,780**
Current period		22	86	64	1	173
Reversal		-	-	-	(1)	(1)
Disposals		(1)	(9)	(21)	-	(31)
Book transfers		-	-	1	-	1
Adjustment in scope of consolidation		19	39	30	-	88
Currency differences		16	8	(1)	-	24
As of 12/31/2023 and 1/1/2024		**746**	**1,617**	**664**	**6**	**3,033**
Current period	(14)	24	98	73	7	201
Reversal		(3)	(2)	-	-	(5)
Disposals		(9)	(28)	(44)	-	(82)
Book transfers		-	(5)	(2)	-	(7)
Adjustment in scope of consolidation		2	97	38	-	137
Currency differences		(5)	1	(1)	-	(4)
As of 12/31/2024		**755**	**1,778**	**728**	**13**	**3,273**
Carrying amount as of 12/31/2023		525	403	222	220	1,370
Carrying amount as of 12/31/2024		**545**	**540**	**242**	**526**	**1,853**

As of December 31, 2024, land and buildings with a carrying amount of €115 million (previous year: €100 million) are encumbered with mortgages to secure bank loans, which are described under ››Note (29) Financial debts.

(21) Investment property

Development of Investment property

€ million		2024	2023
Cost			
As of 1/1		**33**	**37**
Disposals		(2)	-
Book transfers		2	-
Book transfers (IFRS 5)		-	(3)
As of 12/31		**33**	**33**
Amortization and depreciation/impairment			
As of 1/1		**12**	**13**
Current period	(14)	1	1
Book transfers		2	-
Book transfers (IFRS 5)		-	(2)
Additions		(1)	-
As of 12/31		**13**	**12**
Carrying amount as of 12/31		**20**	**22**

In the 2024 fiscal year, building components with a carrying amount of €2 million were reclassified to property, plant and equipment (previous year: no reclassification). The rebooking in the previous year in accordance with IFRS 5 relates to the sale of land from a company that is not part of the discontinued business area. Investment property has a fair value of €31 million (previous year: €30 million). The fair value is calculated on the basis of generally accepted measurement methods using multiples. The methods used come under level 3 of the measurement hierarchy in IFRS 13.

(22) Investments accounted for using the equity method

One of the major investments accounted for using the equity method is the joint venture HASCO KSPG Nonferrous Components (Shanghai) Co., Ltd., based in Shanghai, China. The objective of the joint venture is to strengthen the market position on the Chinese market for pumps in the context of automotive applications and other engine parts. The joint venture KOLBENHÖFE GmbH & Co. KG, based in Hamburg, is operated for the purpose of developing and constructing as well as marketing and selling land and buildings. The associate 4iG operates in the telecommunications market and offers IT solutions. 4iG is listed on the Budapest Stock Exchange and the fair value of the share in 4iG is €169 million (previous year: €156 million) as at December 31, 2024.

Development of the major investments accounted for using the equity method

	HASCO KSPG Nonferrous Components		KOLBENHÖFE		4iG[2]	
€ million	2024	2023	2024	2023	2024[1]	2023
Net assets Jan. 1	**162**	**200**	**55**	**49**	**329**	**370**
Additions	-	-	-	-	-	-
Total comprehensive income	(5)	(16)	3	4	(84)	(74)
Earnings after taxes	*(10)*	*(4)*	*3*	*4*	*(86)*	*(68)*
Other comprehensive income	*5*	*(12)*	*-*	*-*	*3*	*(6)*
Capital increase/Purchase of treasury shares	-	-	7	2	(20)	(6)
Dividend	13	22	-	-	-	-
Net assets Dec. 31	**144**	**162**	**65**	**55**	**226**	**290**
Investment in %	50	50	50	50	25.12	25.12
Carrying amount of investment Dec. 31	72	81	27	19	121	141
Dividend received	7	11	-	-	-	-

[1] The information on the 4iG for fiscal 2024 relates to September 30, 2024.
[2] The figures refer to net assets before minority interests.

Financial information on the major investments accounted for using the equity method (100% basis)

€ million	HASCO KSPG Nonferrous Components 2024	HASCO KSPG Nonferrous Components 2023	KOLBENHÖFE 2024	KOLBENHÖFE 2023	4iG 2024[1]	4iG 2023
Summarized financial statement of financial position (Dec. 31)						
Cash and cash equivalents	20	37	22	26	266	140
Other current assets	245	233	112	135	495	552
Total current assets	**265**	**270**	**134**	**161**	**761**	**692**
Non-current assets	**239**	**249**	**-**	**-**	**3,036**	**3,435**
Financial liabilities	105	94	-	-	230	95
Other current liabilities	210	203	20	19	537	605
Total current liabilities	**315**	**298**	**20**	**19**	**767**	**699**
Financial liabilities	41	56	49	83	2,145	2,266
Other non-current liabilities	3	3	-	4	74	80
Total non-current liabilities	**45**	**60**	**49**	**87**	**2,219**	**2,345**
Income statement information						
Sales	428	507	44	63	1,282	1,555
Amortization and depreciation	28	32	-	-	341	459
EBIT	(5)	3	3	6	87	58
Net interest	(5)	(6)	(1)	(1)	(141)	(122)
Income taxes	-	-	(1)	1	13	20
Earnings after taxes	(10)	(4)	3	4	(66)	(84)

[1] The information on the 4iG for fiscal 2024 relates to September 30, 2024.

The following table shows the financial information for the investments accounted for using the equity method that, considered individually, are immaterial for the Rheinmetall consolidated financial statements. The amounts given all relate to the share held by Rheinmetall:

Financial information of the immaterial investments accounted for using the equity method

€ million	2024 Joint ventures	2024 Associated companies	2023 Joint ventures	2023 Associated companies
Carrying amount of shares	62	64	73	59
Earnings after taxes	14	4	15	6
Other comprehensive income	3	-	(3)	-
Total comprehensive income	17	5	11	6

The schedule for the disposal of the shares in the associate Shriram Pistons & Rings Ltd., India, was amended in fiscal 2023. As a result, the shares in this at-equity accounted investment were no longer a component of the discontinued operations. In accordance with the requirements of IAS 28, a retrospective at-equity valuation of the investment was therefore calculated from the time of its initial classification as held for sale.

The sale of several share packages caused the interest held by Rheinmetall in Shriram Pistons & Rings Ltd. to fall from more than 20% to 3.99% by the end of fiscal 2023. Furthermore, Rheinmetall's co-determination options on the Board of Directors of Shriram Pistons & Rings Ltd. were restricted by a contractual agreement entered in conjunction with the sale of the small-bore pistons business. Consequently, the Rheinmetall Group no longer assumed that it could exercise significant influence over Shriram Pistons & Rings Ltd. and therefore no longer accounted for the investment as an associate as of December 31, 2023, but rather as a securities measured at fair value.

The profit of €31 million resulting from the sale of the share packages was included in the result from investments accounted for using the equity method in the previous year. The same applied to the initial assessment of securities at fair value (€22 million).

(23) Inventories

Classification of inventories

€ million	12/31/2024	12/31/2023
Raw materials and supplies	1,658	1,245
Work in process	1,486	1,251
Finished products	189	293
Merchandise	195	162
Prepayments made	462	294
	3,989	**3,244**

Additions to write-downs totaled €44 million (previous year: €46 million).

(24) Other assets

Classification of other assets

€ million	12/31/2024	Of which current	Of which non-current	12/31/2023	Of which current	Of which non-current
Derivatives	41	32	9	25	18	7
Receivables from contracts with customers	12	12	-	12	12	-
Receivables from finance leases	12	1	11	12	1	12
Bonds	19	-	19	39	28	11
Other	119	69	50	60	37	23
Financial assets	**203**	**113**	**90**	**147**	**95**	**53**
Other taxes	114	112	2	83	70	13
Contract acquisition costs	139	-	139	93	-	93
Contract costs	44	-	44	41	-	41
Subsidies/grants receivable	15	15	-	18	12	6
Prepaid expenses	80	54	26	67	48	18
Net definded benefit from plan assets	275	-	275	99	-	99
Reimbursement claims from insurances	-	-	-	3	3	-
Other	65	55	10	39	23	15
Non-financial assets	**732**	**237**	**495**	**443**	**157**	**286**
Other assets	**935**	**350**	**585**	**590**	**251**	**339**

The finance lease receivables result from the leasing of properties to the joint venture KS HUAYU AluTech GmbH, Neckarsulm. The following table provides information on the minimum lease payments in relation to the leases:

Finance lease receivables

€ million	12/31/2024			12/31/2023		
	2025	2026 - 2029	from 2030	2024	2025 - 2028	from 2029
Minimum lease payments	1	4	9	1	5	10
Present value of minimum lease payments	1	4	6	1	4	7

The €20 million decrease in current securities is due to the sale of all shares in Shriram Pistons & Rings Ltd, India, which were still held by the Rheinmetall Group at the beginning of the 2024 fiscal year. The valuation of the shares at fair value had an effect of €4 million recognized in other net financial result until the sale. Please refer to the information under ››Note (22) Investments accounted for using the equity method.

The unrealized financial income amounted to €4 million as of December 31, 2024 (previous year: €4 million).

The increase in the net defined benefit from plan assets is explained under Note ››(27) Provisions for pensions and similar obligations.

The contract acquisition costs are described in ››Note (9) Sales.

The subsidies/grants receivables essentially relate to grants paid by public administrative bodies to subsidize the in-house development of new technologies.

Prepaid expenses include advance payments for insurance and other services in particular.

(25) Cash and cash equivalents

Classification of cash and cash equivalents

€ million	12/31/2024	12/31/2023
Bank balances in credit institutions, checks, cash in hand	1,184	850
Short term investments (up to 3 months to maturity)	-	-
	1,184	**850**

(26) Equity

Subscribed capital – The subscribed capital of Rheinmetall AG is unchanged at €111,510,656 and is divided into 43,558,850 no-par bearer shares (shares with no nominal value). The notional value per share is €2.56.

Authorized capital – By resolution of the Annual General Meeting on May 14, 2024, the Executive Board was authorized, with the approval of the Supervisory Board, to increase the company's share capital in the period up to the end of May 13, 2029 by issuing new no-par value bearer shares on one or more occasions, but by no more than €22,302,100 in total, in return for cash and/or non-cash contributions (Authorized Capital 2024). As a rule, shareholders have pre-emption rights. The Executive Board is authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights, in particular (i) to exclude fractional amounts from subscription rights, (ii) to grant holders or creditors of option and/or conversion rights an exchange or subscription right to new shares, (iii) in the event of a capital increase against cash contributions, if the proportionate amount of the share capital attributable to the new shares does not exceed 10% of the share capital and the issue price is not significantly lower than the stock market price within the meaning of Sections 203 Para. 1 and 2, 186 Para. 3, Sentence 4 Stock Corporation Act, (iv) to use the new shares with the approval of the Supervisory Board for the benefit of persons who are or were in an employment relationship with the company or one of its Group companies within the meaning of Section 18 Stock Corporation Act, as well as for the benefit of board members of corresponding Group companies and (v) for the purpose of acquiring companies, parts of companies or investments.

Conditional capital – The authorization granted by the Annual General Meeting on May 11, 2021 and limited until the end of May 10, 2026 to issue convertible bonds, bonds with warrants or participating bonds, profit participation rights or combinations of these instruments and to exclude subscription rights was revoked by resolution of the Annual General Meeting on May 14, 2024. Although the conditional capital 2021 was maintained to service the convertible bonds issued in January 2023, it does not give the Executive Board any further scope to issue bonds due to the cancellation of the previous authorization.

By resolution of the Annual General Meeting on May 14, 2024, the Executive Board was authorized to issue convertible bonds, bonds with warrants or participating bonds, profit participation rights or combinations of these instruments (together bonds) with or without a limited term in a total nominal amount of up to €7,400,000,000 in the period up to May 13, 2029 with the approval of the Supervisory Board. To service the aforementioned authorization, the company's share capital was conditionally increased by up to €22,302,100 by issuing new no-par value bearer shares by resolution of the Annual General Meeting on May 14, 2024 (Conditional Capital 2024). The Executive Board is authorized, with the approval of the Supervisory Board, to determine the further details for the implementation of the contingent capital increase.

As a rule, shareholders have pre-emption rights to the bonds. The Executive Board is authorized, with the approval of the Supervisory Board, to exclude the subscription right, in particular (i) to exclude fractional amounts from the subscription right, (ii) to grant holders or creditors of option and/or conversion rights or the debtors of corresponding option and/or conversion obligations from bonds with warrants and/or convertible bonds and/or profit participation rights previously issued by the company or its Group companies within the meaning of Section 18 Stock Corporation Act (iii) if bonds are issued as consideration especially for the purpose of acquiring companies, parts of companies or investments and (iv) if the bonds are issued against cash payment and the Executive Board believes that the issue price of the bond is not significantly lower than its theoretical market value calculated using recognized, especially actuarial methods. The calculated share of the share capital that is attributable to shares that are to be issued or granted on the basis of debt securities that are issued under the authorization under exclusion of the subscription right pursuant to Section 186 Para. 3 Sentence 4

Stock Corporation Act may not exceed 10% of the share capital. The share capital is decisive for the calculation of the 10% limit at the time of the effective date of the authorization or - if this value is lower - at the time this authorization is exercised. If, during the term of this authorization until it is exercised, another authorization to issue or sell shares in the company or to issue rights that enable or obligate the subscription of shares in the company is exercised and the subscription right is excluded in accordance with or pursuant to Section 186 Para. 3 Sentence 4 Stock Corporation Act, this must be offset against this 10% limit.

Bonds may only be issued with the exclusion of subscription rights in accordance with the authorization if the shares to be issued to service the conversion and/or option rights or obligations thereby established do not exceed a proportionate amount of the share capital of 10% in total. The share capital is decisive for the calculation of the 10% limit at the time of the effective date of the authorization or - if this value is lower - at the time this authorization is exercised. If, during the term of this authorization until it is exercised, another authorization to issue shares in the company or to issue rights that enable or obligate the subscription of shares in the company is exercised and the subscription right is excluded, this must be offset against this 10% limit.

Capital reserve – The capital reserve includes an amount of €104 million to be assigned to the equity component to be recognized in connection with the convertible bond issued by Rheinmetall AG on January 31, 2023. Transaction costs amounting to €1 million were deducted from the calculated equity component amount.

Retained earnings – The retained earnings include earnings generated by the Rheinmetall Group in the past less profit distributed.

Effects from the currency translation of subsidiaries' financial statements not prepared in euro, from the remeasurement of pension plans recognized in other comprehensive income, from the measurement of derivatives in the cash flow hedge and other comprehensive income from investments accounted for using the equity method (other income) are also reported here.

Retained earnings break down as follows:

Composition of retained earnings

€ million	Currency translation differences	Remeasurement of net defined benefit liability from pensions	Hedges	OCI from investments accounted for using the equity method	Other reserves	Total retained earnings
As of 1/1/2023	**33**	**(276)**	**11**	**15**	**2,364**	**2,147**
Earnings after taxes	-	-	-	-	535	535
Other comprehensive income after taxes	12	33	(14)	(8)	-	23
Total comprehensive income	**12**	**33**	**(14)**	**(8)**	**535**	**558**
Dividend payout	-	-	-	-	(187)	(187)
Change in basis of consolidation	1	(6)	-	10	6	11
Book transfers	-	-	-	3	(1)	2
Other changes	-	-	-	-	2	2
As of 12/31/2023	**46**	**(248)**	**(3)**	**20**	**2,718**	**2,533**
As of 1/1/2024	**46**	**(248)**	**(3)**	**20**	**2,718**	**2,533**
Earnings after taxes	-	-	-	-	717	717
Other comprehensive income after taxes	10	167	4	2	-	183
Total comprehensive income	**10**	**167**	**4**	**2**	**717**	**901**
Dividend payout	-	-	-	-	(248)	(248)
Change in scope of consolidation	47	-	-	(1)	2	48
Book transfers	-	-	-	-	-	-
Other changes	-	-	-	-	13	13
As of 12/31/2024	**102**	**(80)**	**1**	**21**	**3,203**	**3,247**

Treasury shares – By resolution of the Annual General Meeting of May 14, 2024, the Executive Board of the Company is authorized to acquire its own shares of the Company up to 10% of the share capital of the Company for any permissible purpose, within the framework of the statutory provisions and in accordance with the following provisions, by May 13, 2029 pursuant to Section 71 Para. 1 no. 8 Stock Corporation Act. The decisive figure for the company's share capital here is the lowest level either when the Annual General Meeting adopted the resolution on this authorization or at the time this authorization was exercised. Together with other company shares that the company has already purchased and still owns or that are attributable to it, the shares purchased on the basis of this authorization must not account for more than 10% of the respective share capital at any time. The authorization may be exercised, individually or jointly, by the company or by Group companies of the company within the meaning of Section 18 Stock Corporation Act or by third parties for the account of the company or one of its Group companies within the meaning of Section 18 Stock Corporation Act if the legal requirements, in particular Section 71 Para. 2 Stock Corporation Act, are met. At the discretion of the Executive Board, the shares may be acquired (i) via the stock exchange, (ii) by means of a public purchase offer addressed to all shareholders, (iii) by means of a public invitation to submit offers to sell, (iv) by means of a public exchange offer for shares in a listed company within the meaning of Section 3 Para. 2 Stock Corporation Act or (v) by granting tender rights. In the event of acquisition via the stock exchange, the purchase price per share (excluding incidental acquisition costs) may not be more than 10% higher or 20% lower than the average closing price of the no-par value shares on the Frankfurt Stock Exchange in Xetra trading (or a comparable successor system) on the three preceding trading days. In the event of a public bid, the purchase price offered and paid (not including ancillary acquisition costs) must not be more than 10% higher or 20% lower than the average closing price of the no-par shares in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange on the respective three preceding trading days prior to publication of the purchase bid. In the event of a public invitation to submit offers for sale or acquisition by granting put options, the equivalent value paid by the company per share (not including ancillary acquisition costs) must not be more than 10% higher or 20% lower than the average closing price of the no-par shares in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange on the three preceding trading days prior to the day the offers for sale are accepted or the day of the Executive Board’s final decision on the granting of put options. If, following the publication of a public purchase offer, a public invitation to submit offers to sell or the granting of tender rights, there are significant price deviations from the purchase or sale price offered or from the limits of any purchase or sale price range, the public purchase offer, the invitation to submit offers to sell or the tender rights may be adjusted. In this case, the relevant amount is determined by the corresponding price on the last stock exchange trading day prior to the publication of the adjustment; the 10% or 20% limit for exceeding or falling below this amount is to be applied to this amount. If the acquisition is made via a public exchange offer for shares in a listed company within the meaning of Section 3 Para. 2 Stock Corporation Act (“exchange shares”), the exchange price paid by the company (in the form of one or more exchange shares, any notional fractions and any cash component) per Rheinmetall AG share (excluding incidental acquisition costs) may not exceed the relevant value of a Rheinmetall AG share by more than 10% or fall below it by more than 20%. The basis for calculating the relevant value for each Rheinmetall AG share and for each exchange share is the average closing price in Xetra trading (or a comparable successor system) on the three respective stock exchange trading days prior to the Executive Board's decision on the offer or the acceptance of offers from shareholders. If the exchange shares are not traded in Xetra trading, the closing price of the stock exchange on which the exchange shares achieved the highest trading volume in the previous calendar year is decisive.

The Executive Board is authorized to use the treasury shares acquired on the basis of this authorization or earlier authorizations for any legally permissible purpose, especially as follows:

(i) The shares can be sold via the stock exchange or, with the approval of the Supervisory Board, by means of a public offer to all shareholders in compliance with the principle of equal treatment pursuant to Section 53a Stock Corporation Act.

(ii) The treasury shares can also be sold with the approval of the Supervisory Board through channels other than the stock exchange or by offering them to all shareholders, provided they are sold against cash payment and at a price that is not significantly lower than the stock market price of company shares with the same terms at the time of the sale (simplified disapplication of pre-emption rights in accordance with Section 186 Para. 3 Sentence 4 Stock Corporation Act). The total number of shares sold with the exclusion of subscription rights in accordance with Section 186 Para. 3 Sentence 4 Stock Corporation Act may not exceed 10% of the share capital. The share capital is decisive for the calculation of the 10% limit at the time of the effective date of this authorization or - if this value is lower - at the time this authorization is exercised. If, during the term of this authorization until it is exercised, another authorization to issue or sell shares in the company or to issue rights that enable or obligate the subscription of shares in the company is exercised and the subscription right is excluded in accordance with or pursuant to Section 186 Para. 3 Sentence 4 Stock Corporation Act, this must be offset against this 10% limit.

(iii) The treasury shares can, with the approval of the Supervisory Board, be transferred to third parties against contributions in kind, in particular as (partial) consideration for the indirect or direct acquisition of companies, parts of companies or investments in companies or in connection with business combinations and the acquisition of other assets including rights and receivables.

(iv) The treasury shares can be used to fulfill options and/or conversion rights, options and/or conversion obligations or a share delivery right of the company from bonds with warrants and/or convertible bonds and/or participation rights, which the company or one of its Group companies within the meaning of Section 18 Stock Corporation Act issues or has issued on the basis of an authorization by the Annual General Meeting.

(v) The treasury shares can, with the approval of the Supervisory Board, be used to the benefit of people who are or were in an employment contract with the company or one of its Group companies within the meaning of Section 18 Stock Corporation Act, as well as to the benefit of board members of corresponding Group companies, whereby the employment contract, other employment relationship or board membership must be in place at the time of the offer or commitment. The further details of any commitments and transfers, including any direct consideration, any claim requirements, holding or lock-up periods and expiry or compensation rules, especially for special cases such as retirement, disability or death, are defined by the Executive Board.

(vi) They can be used to introduce the company's shares on foreign stock exchanges where they have not yet been admitted to trading.

(vi) The treasury shares can be canceled without an additional Annual General Meeting resolution. As a rule, the cancellation results in a capital reduction. In deviation from this, the Executive Board can determine that the share capital remains unchanged and the cancellation instead increases the share of the remaining shares in the share capital in accordance with Section 8 Para. 3 Stock Corporation Act. In this case, the Executive Board is authorized to amend the number of shares stated in the articles of association.

As in the previous year, no treasury shares were acquired in the reporting year. Disposals related to the long-term incentive program which is described under ››Note (35) Share programs. Sales proceeds from the disposals are used for general financing purposes. As at December 31, 2024, the portfolio of treasury shares amounted to 121,504 shares (previous year: 141,356 shares) at an acquisition cost of €4 million (previous year: €5 million). The amount of subscribed capital attributable to treasury shares is €311 thousand (previous year: €362 thousand). This represents a share in subscribed capital of 0.3% (previous year: 0.3%).

Other comprehensive income (including minority interests)

€ million	2024			2023		
	Gross amount	Tax effect	Net amount	Gross amount	Tax effect	Net amount
Remeasurement of net defined benefit liability from pensions	207	(41)	165	35	(5)	30
Other comprehensive income from investments accounted for using the equity method	(2)	-	(2)	-	-	-
Amounts not reclassified to the income statement	**205**	**(41)**	**164**	**35**	**(5)**	**30**
Change in value of derivatives (Cash flow hedges)	16	(5)	11	(25)	6	(19)
Currency translation difference	12	-	12	7	-	7
Other comprehensive income from investments accounted for using the equity method	4	-	4	(8)	-	(8)
Amounts reclassified to the income statement	**32**	**(5)**	**27**	**(26)**	**6**	**(19)**
Other comprehensive income	**238**	**(47)**	**191**	**9**	**2**	**11**

In fiscal 2024, Rheinmetall AG paid a dividend of €248 million or €5.70 per share (previous year: €187 million or €4.30 per share) to its shareholders from current earnings. The Executive Board and Supervisory Board propose to the Annual General Meeting on May 13, 2025 to pay a dividend of €8.10 per share to the holders entitled to dividends for fiscal 2024. Based on the shares entitled to a dividend as of December 31, 2024, this corresponds to a dividend payment totaling €352 million.

Significant non-controlling interests – Significant non-controlling interests of other shareholders exists in the subgroup of Rheinmetall MAN Military Vehicles GmbH, Munich. Here other shareholders hold an interest of 49%. The Group’s financial information is shown below.

Significant non-controlling interests

€ million	2024	2023
Non-controlling interests included in equity (Dec. 31)	207	170
Assets (Dec. 31)	915	1,113
Of which non-current	*139*	*157*
Of which inventories	*381*	*549*
Liabilities (Dec. 31)	476	745
Of which non-current	*72*	*98*
Sales	1,396	902
Earnings after taxes	114	76
Of which from minority interests	*58*	*38*
Total comprehensive income	112	74
Of which from minority interests	*55*	*36*
Cash flows from operating activities	275	(53)

Non-controlling interests in earnings after taxes – The table below shows the earnings after taxes attributable to shareholders that hold non-controlling interests in Group companies.

Earning after taxes of non-controlling interests

€ million	Non-controlling interests	2024	2023
Subgroup of Rheinmetall MAN Military Vehicles GmbH	49%	58	38
Rheinmetall Denel Munition Pty. Ltd.	49%	18	4
Nitrochemie Aschau GmbH	45%	4	3
Rheinmetall BAE Systems Land Ltd.	45%	1	2
Nitrochemie Wimmis AG	45%	7	6
Other		2	(2)
		91	**51**

Capital management – Capital management is geared towards sustainably increasing enterprise value, securing sufficient liquidity and preserving the Rheinmetall Group's credit standing. The Group manages and monitors its capital structure in order to achieve its business targets regarding operations, necessary investments and strategic acquisitions and to optimize capital costs. Debt management pursues a diversified financing strategy to guarantee continual access to liquid funds both via money and capital markets and via bank financing.

The key figures for capital management in the Rheinmetall Group are net financial debts or net liquidity and the equity ratio. The debt repayment period is also disclosed, which is calculated as the ratio of financial debts to EBITDA.

Key figures of capital management

€ million	12/31/2024	12/31/2023
Cash and cash equivalents	1,184	850
Financial liabilities	2,423	1,913
Net financial debt (-)/Net liquidity (+)	(1,239)	(1,063)
Equity	4,465	3,643
Equity ratio	31.1%	31.1%
Leverage (in years)	1.4	1.6

Further information on the financing strategy and on the asset and capital structure is contained in the combined management report.

(27) Provisions for pensions and similar obligations

Rheinmetall's company pension systems consist of both defined contribution and defined benefit plans.

Defined contribution plans – Under defined contribution plans, the relevant company pays contributions to earmarked pension institutions, which are reported in personnel expenses. The company does not enter into any further obligations; a provision is not recognized.

In continuing operations, personnel expenses of €104 million (previous year: €90 million) were incurred in the reporting year for defined contribution pension commitments, which essentially relate to payments to statutory pension institutions in Germany.

Defined benefit plans – Under its defined benefit plans, Rheinmetall is required to meet confirmed benefit obligations to active and former employees. Provisions are recognized for obligations under vested rights and current pensions payable to eligible active and former employees, retirees and surviving dependents, taking into account any plan assets. There are material pension plans at the Rheinmetall Group's German and Swiss companies and at Rheinmetall BAE Systems Land Ltd. in the United Kingdom.

With effect as of January 1, 2022, Rheinmetall has restructured the defined benefit plan for Group companies based in Germany. It comprises a basic plan and a corporate performance-related intermediate plan, each of which is financed by the employer, and a supplementary plan financed through deferred compensation. The supplementary plan is subsidized by an employer contribution of 20% to the deferred compensation amount (for deferred compensation up to 4% of the West or East assessment ceiling in the statutory pension scheme). The respective plan components are paid into a fund managed by a trustee. The beneficiaries are entitled to the amounts derived from the plan assets. There is also a nominal contribution guarantee. The agreed retirement benefits comprise old-age pensions, invalidity pensions and pensions for surviving dependents. The pension capital is paid out in the form of a life-long pension, payment in installments over 10 years, or a lump sum. As agreed, the life-long pension and the payment in installments are increased by 1% each year.

The defined benefit plan that applied for Group companies based in Germany until the end of fiscal 2021 likewise consisted of three elements: a basic plan and a corporate performance-related intermediate plan, each of which was financed by the employer, and a supplementary plan financed through deferred compensation. The agreed retirement benefits comprise old-age pensions, invalidity pensions and pensions for surviving dependents. The annual pension contribution or the amount of deferred compensation for each beneficiary in accordance with actuarial principles is converted into a capital component. The total pension capital when benefits become due is based on the sum of all capital components. In the case of the basic plan and intermediate plan, pension capital is paid out in the form of a life-long pension that increases by 1% each year in accordance with an agreement. In the case of the supplementary plan financed solely by the employee, the pension capital is paid out as a lump sum or in three or five equal installments when benefits become due. When the new plan was introduced, the previous plan was converted to the new pension plan. The entitlements from the previous pension plan remain in place.

Other pension plans exist in Germany, but these are no longer available to new employees joining the Group. The agreed retirement benefits comprise old-age pensions, invalidity pensions and pensions for surviving dependents. Depending on the plan, these are based on agreed fixed amounts per year of service or on a percentage of the employee's final salary before leaving the Rheinmetall Group. Ongoing retirement benefits are subject to compensation for inflation.

The pension obligations of the German companies are largely financed internally. Rheinmetall has set up a contractual trust arrangement (CTA) with the aim of spreading the financing of its pension and partial retirement obligations across several pillars over the long term. Since 2016, a total of €274 million has been paid into a fund managed by a trustee for the continuing operations. Of this amount, €254 million is attributable to pension obligations and €19 million to partial retirement obligations. Pension payments to the beneficiaries are made by the respective Group companies.

There are pension plans at the Swiss subsidiaries, each of which is managed via pension funds for several companies (multi-employer plans). These are defined benefit plans used to cover pensions and risks arising from invalidity and death for former employees, their relatives and surviving dependents. On retirement, the pension is based on the available retirement assets multiplied by conversion rates determined by pension fund regulations, whereby payment can take place monthly or in certain cases as a lump sum. Pension plans are financed by contributions made by the employer and employee, primarily at a rate of 50% each, which are paid into pension funds. The pension funds are independent foundations that do not belong to the Rheinmetall Group, whose funds are due solely to pension beneficiaries. Any return of assets and income to the contributing companies is excluded. The top bodies in the foundations comprise equal numbers of employer and workers' representatives of the relevant companies. The foundations are responsible for investments. Principles of security, risk distribution, yield and liquidity must be observed in this process in order to be able to render the agreed benefits from the foundation's assets when due. Both contributions paid into the pension funds and future benefits arising from these are reviewed regularly by the foundation's bodies and may be changed after taking into account the foundation's financial options. In the event of a shortage of cover, the pension funds can levy remedial contributions from all associated employers if other actions do not lead to the desired result. Liability of the Swiss subsidiaries towards the companies belonging to the pension funds is excluded. At one Swiss subsidiary, benefits from the pension fund provided for in accordance with the pension plan are also covered by an insurance policy.

The acquisition of the shares in Rheinmetall BAE Systems Land Ltd. requires Rheinmetall to make payments to the BAE Group's pension fund for the entitlements earned by the acquired employees. It is not possible to withdraw from the pension fund. If the recognized pension obligations of Rheinmetall BAE Systems Land Ltd. that are not covered by plan assets, Rheinmetall a claim to reimbursement from the BAE Group in the same amount (see ››Note (24) Other assets), which compensates for the remeasurement of the net defined benefit liability from pensions. In addition, the BAE Group is obliged to make the ongoing pension payments to retirees. Excess or deficient cover of the pension fund and its performance are therefore neutral in terms of earnings and risk. By acquiring the shares, Rheinmetall took on full joint liability for the BAE Group's pension agreements. The occurrence of a liability claim is considered to be highly unlikely.

The present value of the DBO, plan assets and the net liability for defined benefit obligations developed as follows:

Present value, plan assets and net liability for defined benefit obligations

€ million	2024			2023		
	Present value of DBO	Plan assets (at fair value)	Net liability for defined benefit obligations	Present value of DBO	Plan assets (at fair value)	Net liability for defined benefit obligations
As of 1/1	**2,323**	**(2,031)**	**291**	**2,088**	**(1,901)**	**187**
Current service cost	35	-	35	28	-	28
Past service cost	-	-	-	-	-	-
Interest cost	57	-	57	62	-	62
Interest income	-	(45)	(45)	-	(52)	(52)
Entry benefits/leaving benefits	-	-	-	-	-	-
Amounts recognized in the income statement	**93**	**(45)**	**49**	**90**	**(52)**	**38**
Expense (income) from plan assets (excluding interest income)	-	(63)	(63)	-	(42)	(42)
Actuarial gains (-) and losses (+)						
Change in financial assumptions	11	-	11	131	-	131
Change in demographic assumptions	(5)	-	(5)	-	-	-
Empirical adjustments	(14)	-	(14)	7	-	7
Other comprehensive income from remeasurement of net defined benefit	**(8)**	**(63)**	**(72)**	**138**	**(42)**	**96**
Employer contributions	-	(26)	(26)	-	(30)	(30)
Employee contributions	19	(18)	1	15	(16)	(1)
Pension payments	(143)	99	(44)	(119)	83	(36)
Adjustment in scope of consolidation	40	(38)	1	-	-	-
Reclassification IFRS 5	15	-	15	40	-	40
Currency differences/Other	-	2	2	71	(73)	(2)
As of 12/31	**2,338**	**(2,121)**	**217**	**2,323**	**(2,031)**	**291**

Reconciliation of net liability for defined benefit obligations to the balance sheet amount

€ million	12/31/2024					12/31/2023				
	DE	CH	UK	Other	Total	DE	CH	UK	Other	Total
Defined benefit obligation	785	1,119	347	87	2,338	797	1,097	383	46	2,323
Plan assets	(295)	(1,389)	(382)	(55)	(2,121)	(263)	(1,338)	(412)	(18)	(2,031)
Net liability for defined benefit obligations	**491**	**(269)**	**(35)**	**31**	**217**	**534**	**(241)**	**(29)**	**28**	**291**
Changes in the effect of the asset ceiling	-	-	36	-	36	-	143	29	-	172
Balance sheet amount	**491**	**(269)**	**-**	**31**	**253**	**534**	**(99)**	**-**	**28**	**463**
thereof provision	*491*	*6*	*-*	*31*	*528*	*534*	*-*	*-*	*28*	*562*
thereof net asset value	*-*	*275*	*-*	*-*	*275*	*-*	*99*	*-*	*-*	*99*

The present value of the DBO from discontinued operations was €0 million as of December 31, 2024 (previous year: €29 million). The change results from the sale of the small-bore pistons business completed on April 15, 2024 (see the comments under ››Note (8) Discontinued operations). In this context, defined benefit obligations attributable to pensioners in the amount of €15 million (previous year: €40 million) were reclassified from discontinued operations to continuing operations in fiscal 2024.

The changes in financial assumptions and the empirical adjustments in the actuarial gains and losses arose across all companies. Other comprehensive income from the remeasurement of net debt in the 2024 fiscal year is essentially characterized by the positive development of plan assets.

At the Swiss companies, the value of the plan assets exceeds the present value of the DBO. As at December 31, 2024, no asset ceiling is applied as the future economic benefit is higher than the asset surplus (previous year: partial application of the asset ceiling). As a result, a net asset value from plan assets of €275 million (previous year: €99 million) is reported under other non-current non-financial receivables as at December 31, 2024 (see ››Note (24) Other assets). In the United Kingdom, the asset ceiling again resulted in a full asset ceiling as it did in the previous year. As Rheinmetall has no claim to reimbursements from the excess cover of the pension plans in the United Kingdom and the future contributions to the plans must not be reduced as a result of the excess cover, the asset value must be limited.

The service cost and the balance of entry/leaving benefits are reported under personnel expenses.

The interest expense and interest income from pensions are netted in net interest income.

Employers and employees made total payments of €44 million to plan assets (previous year: €46 million). €13 million (previous year: €19 million) of this relates to the allocation to CTA assets for pension obligations in Germany.

Key pension plans – The statements below refer to the pension plans of Group companies based in Germany, Switzerland and the UK.

The pension plans of continuing operations relate to the following beneficiaries:

Beneficiaries

Number of people	12/31/2024		12/31/2023	
	Germany	Switzerland	Germany	Switzerland
Active employees	15,487	1,345	12,956	1,314
Vested rights of former employees not subject to expiration	3,551	-	2,161	-
Pensioners	10,326	1,488	10,823	1,570
Total	**29,364**	**2,833**	**25,940**	**2,884**

In the reporting year, there are 135 (previous year: 152) active employees entitled to a pension in the United Kingdom. Rheinmetall is obliged to pay into a pension fund for these employees.

The average durations of pension obligations are 13 years (previous year: 13 years) at the German companies, 11 years (previous year: 13 years) at the companies in the United Kingdom and 10 years (previous year: 10 years) at companies based in Switzerland.

In order to determine the present value of the DBO in due consideration of actuarial factors, measurement assumptions were made according to standard principles and per country, taking into account the respective economic circumstances. Discount rates are derived from yields on fixed-interest corporate bonds with a suitable duration and currency which are rated "AA" or better. To determine the discount rate for Germany, a more detailed granular approach is used (often also called the "spot-rate approach"). This means that both the contractual obligation of the weighted defined benefit obligation as well as the current service cost and the net interest expense are calculated using the entire yield curve of the Group's actuary as of December 31, 2024. The following table presents the key underlying actuarial parameters:

Actuarial parameters

	12/31/2024			12/31/2023		
	Germany	Switzerland	United Kingdom	Germany	Switzerland	United Kingdom
Discount rate in %	3.42	1.00	5.50	3.17	1.50	4.50
Pension development in %	2.10	0.00	2.90	2.20	0.00	2.80
Life expectancy	Richttafeln 2018G Heubeck	BVG2020 Generationen-tafeln	CMI 2023 projection tables	Richttafeln 2018G Heubeck	BVG2020 Generationen-tafeln	CMI 2022 projection tables

The following table shows the parameters where a change in values determined as of the end of the reporting period would have a significant impact on the present value of DBO. The sensitivities were calculated using the same methods as the recognized provisions. The ranges used for the calculation of the sensitivities are based on the changes considered possible by the end of the next reporting period on the basis of historical experience. These methods could be limited by the significance of historical experience for the projection of future developments and the disregard for impacts of simultaneous changes in several parameters. Pension commitments in Switzerland are excluded from changes in the present value of the DBO based on assumptions on pension development, as the pension funds' regulations do not stipulate ongoing adjustment to future pensions. Instead, the foundation board decides on any adjustments.

Change in present value of DBO

€ million	12/31/2024			12/31/2023		
	Germany	Switzerland	United Kingdom	Germany	Switzerland	United Kingdom
Discount rate -0.25%	22	28	10	24	28	12
Discount rate +0.25%	(21)	(27)	(9)	(22)	(27)	(11)
Pension development -0.50%	(19)	-	(11)	(21)	-	(13)
Pension development +0.50%	21	-	11	23	-	14
Increase in life expectancy by 1 year	37	53	11	40	52	13

By making defined benefit pension commitments, the Rheinmetall Group is exposed to various risks. As well as general actuarial risks arising from the measurement of DBO, the plan assets harbor investment risks. The investment strategy and composition of assets managed by pension funds are geared towards yield targets, risk tolerance and short-term and medium-term liquidity requirements.

Classification of the plan assets

in %	12/31/2024	12/31/2023
Properties	30	34
Shares, funds	39	37
Corporate bonds	17	18
Other	14	11
Total	**100**	**100**

The fair values of shares, fund units, fixed-interest securities and other investments are determined based on market prices in an active market. The fair values of property are not based on market prices in an active market.

For the following year, the estimated cash outflows of continuing operations for contributions to plan assets are shown below.

Estimated cash outflows to plan assets

€ million	2025
Employer contributions to plan assets	27
Employee contributions to plan assets	20

The following cash outflows for the payout of pensions from the pension plans of continuing operations are expected for the following periods:

Cash outflows for payments of pensions from pension plans

€ million	Payments from plan assets	Payments from companies
2025	74	46
2026	69	45
2027	69	42
2028	67	44
2029	63	42
2030-2034	287	206

(28) Other provisions

Classification of other provisions

€ million	Human Resources	Structural measures	Guarantees	Identifiable losses	Contract-related costs	Other provisions	Total
As of 1/1/2023	**226**	**55**	**80**	**21**	**364**	**132**	**878**
Utilization	(155)	(25)	(16)	(5)	(101)	(53)	(354)
Reversal	(4)	(5)	(8)	-	(24)	(18)	(60)
Added / provided for	193	21	19	9	119	60	422
Adjustments in scope of consolidation	1	-	-	-	10	19	30
Currency differences / Other	-	(1)	-	-	3	-	3
As of 12/31/2023	**261**	**46**	**75**	**26**	**372**	**140**	**920**
Of which current	*227*	*9*	*44*	*24*	*283*	*102*	*690*
Of which non-current	*34*	*36*	*31*	*1*	*88*	*38*	*230*
As of 1/1/2024	**261**	**46**	**75**	**26**	**372**	**140**	**920**
Utilization	(168)	(18)	(13)	(7)	(94)	(46)	(347)
Reversal	(10)	(3)	(12)	-	(29)	(15)	(69)
Added / provided for	206	30	42	8	187	115	588
Adjustments in scope of consolidation	9	17	2	-	-	3	31
Currency differences / Other	(10)	(19)	(1)	-	(13)	12	(32)
As of 12/31/2024	**289**	**52**	**93**	**27**	**423**	**209**	**1,092**
Of which current	*235*	*12*	*62*	*24*	*308*	*165*	*807*
Of which non-current	*53*	*40*	*31*	*3*	*114*	*44*	*285*

The provisions for human resources essentially relate to variable remuneration of €156 million (previous year: €137 million) and obligations from vacation, overtime and flexitime accounts of €79 million (previous year: €69 million).

Provisions for structural measures essentially relate to termination settlements and expenses for partial retirement obligations.

Provisions for order-related costs include offset obligations of €169 million (previous year: €118 million), contractual penalties of €4 million (previous year: €33 million), price audit risks of €11 million (previous year: €10 million), order-related commissions of €55 million (previous year: €66 million) and other order costs of €184 million (previous year: €144 million).

Miscellaneous provisions relate to environmental risks at €41 million (previous year: €24 million), rebates and bonuses at €24 million (previous year: €19 million) as well as other individual provisions.

(29) Financial debts

Classification of financial debts

€ million	12/31/2024	Of which current	Of which non-current	12/31/2023	Of which current	Of which non-current
Convertible bond	915	-	915	897	-	897
Promissory note loans	600	73	527	428	137	291
Bank liabilities	361	208	153	92	6	86
Leasing	327	53	274	272	46	226
Commercial paper	217	217	-	215	215	-
Other	3	1	2	9	7	3
	2,423	**552**	**1,871**	**1,913**	**410**	**1,503**

Convertible bond – On January 31, 2023, Rheinmetall AG issued a convertible bond with a total nominal value of €1 billion in two tranches of €500 million. The first tranche, maturing on February 7, 2028, has an annual coupon of 1.875%. The second tranche with an annual coupon of 2.250% matures on February 7, 2030. The convertible bond can be converted into a maximum of 3.2 million no-par value shares of Rheinmetall AG during an extraordinary conversion period (March 20, 2023, to February 6, 2027, for Tranche A and March 20, 2023, to February 6, 2028, for Tranche B) provided that certain criteria are met and during an ordinary conversion period (from February 7, 2027, for Tranche A and February 7, 2028, for Tranche B) on the basis of the conversion price of €309.36 that has applied since May 2024. From the end of February 2026 (Tranche A) and the end of February 2028 (Tranche B), Rheinmetall can redeem the outstanding convertible bond ahead of schedule at the nominal amount plus any interest accrued up until the redemption date if Rheinmetall AG's share price amounts to 130% of the applicable conversion price on at least 20 trading days within a period of 30 consecutive trading days. With the exception of liabilities that have priority by law, the convertible bond is unsecured and is ranked equally with all other current and future unsecured and non-subordinated liabilities of Rheinmetall AG.

When the convertible bond was issued, €104 million (after deferred taxes) attributable to the conversion right was recognized in the capital reserve. The liability component of the convertible bond is recognized at amortized cost using the effective interest method. As at December 31, 2024, the carrying amount of this liability was €915 million (previous year: €897 million).

Promissory note loans – As of the end of the reporting period, there are various promissory note loans with a nominal value totaling €600 million, that serve the Group's general corporate financing.

Overview of promissory note loans

Interest terms	Year concluded	Currency	Nominal value in € million	Maturity	Average weighted nominal interest rate (in %)
Fixed rate			**85**		
	2018	€	42	2025	1.67
	2019	€	23	2026-2029	1.20
	2024	€	20	2029	3.02
3 or 6-month EURIBOR + spread			**516**		
	2018	€	32	2025	6-month EURIBOR + 1.06
	2019	€	21	2026	6-month EURIBOR + 1.05
	2023	€	65	2026-2028	3-month EURIBOR + 1.41
	2023	€	110	2028	6-month EURIBOR + 1.35
	2024	€	289	2027-2029	6-month EURIBOR + 0.97
			600		

Bank liabilities

€ million			12/31/2024	12/31/2023
Maturing in	**Type of loan**	**Interest terms**	**Nominal value**	**Nominal value**
December 2028	EIB loan	0.472%	80	80
2035	Real estate loan	4.28%	75	-
January 2025	Term loans	Ø 3.66%	200	-
2025	Construction loan	1.90%	6	9
2023-2025	Various – medium-term	Ø 1.93%	1	1
2023/2022	Various – short-term		-	1
			361	**92**

The loan from the European Investment Bank (EIB), Luxembourg, in place as of December 31, 2024 is a project-related loan granted to finance research and development activities, specifically in connection with projects for alternative drive technologies.

The real estate loan is related to the plant for the production of F-35A fuselage center sections.

Liabilities to banks of €81 million (previous year: €12 million) are secured by land charges and similar rights. The carrying amount of the secured assets is described under ››Note (20) Property.

Commercial paper – There are various commercial paper instruments with a nominal value of €217 million, in total that serve the Group’s general corporate financing as of the end of the reporting period.

The cash and non-cash changes in financial liabilities are shown below.

Cash and non-cash changes in financial debts

€ million	Convertible bond	Promissory note loans		Bank liabilities		Leasing	Commercial paper[1]	Other	Total
		< 1 year	> 1 year	< 1 year	> 1 year				
As of 1/1/2023	**-**	**-**	**253**	**284**	**92**	**211**	**128**	**4**	**971**
Cash changes	880	-	175	(286)	(5)	(45)	87	3	808
Borrowing of financial debts	880	-	175	(8)	-	-	215	15	1,276
Repayment of financial debts	-	-	-	(278)	(5)	(45)	(128)	(12)	(468)
Non-cash changes	16	137	(136)	8	(1)	107	-	3	133
Currency differences	-	-	-	(1)	-	(3)	-	134	130
Adjustment in scope of consolidation	-	-	-	8	-	2	-	(131)	(121)
Interest	16	-	-	-	-	1	-	-	17
Addition of right-of-use assets	-	-	-	-	-	107	-	-	107
Book transfers	-	137	(137)	1	(1)	-	-	-	-
As of 12/31/2023 and 1/1/2024	897	**137**	**291**	**6**	**86**	**272**	**215**	**9**	**1,913**
Cash changes	-	(137)	309	167	(247)	(53)	2	(7)	34
Borrowing of financial debts	-	-	309	200	75	-	217	-	800
Repayment of financial debts	-	(137)	-	(33)	(322)	(53)	(215)	(7)	(766)
Non-cash changes	19	73	(73)	36	314	108	-	-	477
Currency differences	-	-	-	-	(8)	1	-	-	(7)
Adjustment in scope of consolidation	-	-	-	28	331	60	-	1	419
Interest	19	-	-	-	-	2	-	-	21
Addition of right-of-use assets	-	-	-	-	-	44	-	-	44
Book transfers	-	73	(73)	9	(9)	-	-	-	-
As of 12/31/2024	915	**73**	**527**	**208**	**153**	**327**	**217**	**3**	**2,423**

[1] The previous year was adjusted due to reclassification.

(30) Other liabilities

Classification of other liabilities

€ million	12/31/2024	Of which current	Of which non-current	12/31/2023	Of which current	Of which non-current
Derivatives	22	14	9	24	17	8
Other	77	62	16	97	79	18
Financial liabilities	**99**	**75**	**24**	**122**	**96**	**26**
Liabilities from other taxes	102	100	2	113	112	-
Liabilities from social security	14	14	-	14	14	-
Other	130	99	31	77	52	25
Non-financial liabilities	**246**	**212**	**34**	**203**	**178**	**25**
Other liabilities	**345**	**288**	**58**	**325**	**274**	**51**

Other non-financial liabilities include €35 million (previous year: €0 million) for deferrals from government grants for investments not yet made.

OTHER EXPLANATORY INFORMATION

(31) Notes to the statement of cash flows

€18 million (previous year: €29 million) of the net interest income included in the cash flow from operating activities related to interest payments received and €83 million (previous year: €71 million) to interest payments made.

The cash changes for investments in consolidated companies and other financial assets amounted to €-508 million (previous year: €1,064 million). Of this, €518 million is attributable to the acquisition of the vehicle specialist Loc Performance Products, LLC, Plymouth/USA. A payment of €20 million resulted from the addition of cash and cash equivalents from Loc Performance. €20 million is attributable to a subsequent purchase price payment for the acquisition of the Spanish ammunition manufacturer Expal Systems S.A.U., Madrid/Spain, in fiscal 2023. An additional €5 million is attributable to the acquisition of 72.5% of the shares in Automecanica Mediaș SRL, Medias/Romania, a manufacturer of military vehicles.

Proceeds from divestments in consolidated companies and other financial assets amounted to €24 million (previous year: €155 million). The sale of the small-bore pistons business to Comitans AG, Munich, accounts for a purchase price payment of €25 million and the disposal of €28 million cash and cash equivalents. €27 million relates to the sale of all shares in Shriram Pistons & Rings Ltd, New Delhi, India, still held by the Rheinmetall Group at the beginning of fiscal 2024.

(32) Notes to the segment report

The Vehicle Systems division was split to create the Vehicle Systems Europe and Vehicle Systems International divisions effective October 1, 2023. The Vehicle Systems Europe division primarily focuses on the European market, not including Great Britain, while the Vehicles Systems International division concentrates on the markets of Australia, the US, and Great Britain.

In addition, Sensors and Actuators and Materials and Trade were combined into Power Systems with effect from January 1, 2024. The internal control was also adjusted accordingly.

As a result of these changes to the Group structure, Rheinmetall's organizational structure will comprise five divisions from January 1, 2024, which will be managed directly by the Executive Board of Rheinmetall AG. For the purpose of presenting the consolidated financial statements, the two divisions Vehicle Systems Europe and Vehicle Systems International are combined into one segment. This summary is based on the expectation that both divisions will achieve similar gross margins and report similar sales trends over the long term. The divisions are also very similar with regard to other factors such as their market position, the type of products and production processes, production conditions, their customers, the sales methods used and the regulatory environment.

The four reportable segments Vehicle Systems, Weapon and Ammunition, Electronic Solutions and Power Systems differ in terms of their respective technologies, products and services.

Vehicle Systems offers a diverse portfolio of vehicles that includes combat, support, logistics and special vehicles. The Weapon and Ammunition portfolio comprises products and solutions for threat-appropriate, effective and accurate firepower as well as comprehensive protection. Electronic Solutions offers the entire chain of effects in the system network – from sensors and the networking of platforms and soldiers to the (partially) automated connection of effectors – as well as solutions for protection in cyberspace. Electronic Solutions also offers extensive training and simulation solutions.

Power Systems is a system provider for high-quality and innovative (mobility) solutions, control technologies and digital applications for the automotive and energy industries, among others. The segment also contains Rheinmetall’s global aftermarket activities.

In addition to the Group holding company (Rheinmetall AG), “Other/Consolidation” includes Group service companies and other non-operating companies, the companies operating in the area of real estate development plus consolidation transactions. Moreover, the Pistons business unit (non-core business) has been classified as a discontinued operations since May 1, 2021, and is not part of a segment or the segment reporting. The Pistons business unit bundled the small- and large-bore pistons business.

In the Rheinmetall Group, the segments are managed on the basis of sales, operating result (EBIT before PPA effects and special effects) and operating free cash flow (OFCF) for continuing operations. Operating free cash flow comprises the cash flow from operating activities and capital expenditure on property, plant and equipment, intangible assets, and investment property.

The indicators for internal control and reporting are based on the accounting principles described under ››Note (3).

The reconciliation of segment EBIT to consolidated EBT is shown below:

Reconciliations of segment results to earning before taxes (EBT)

€ million	2024	2023
EBIT of segments[1]	1,397	956
Others	(79)	(54)
Consolidation[1]	26	(5)
Group EBIT	**1,345**	**897**
Group net interest	(116)	(82)
Group Earnings before taxes (EBT)	**1,229**	**815**

[1] The previous year's figures have been adjusted following the merger of Sensors and Actuators and Materials and Trade into Power Systems.

In the following presentation of information by geographical region, foreign sales of Vehicle Systems, Weapon and Ammunition and Electronic Solutions are reported based on the country of destination, while external sales of Power Systems are reported according to where the customer is based. Non-current assets include intangible assets, right-of-use assets, property, plant and equipment and investment property according to the respective site of the company.

Disclosures according to geographical areas

	Germany		Other Europe		North-, Middle- and South America		Asia and the Near East		Other regions		Worldwide (Group)	
€ million	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
External Sales Vehicle Systems	1,626	629	1,523	1,357	212	55	34	28	374	507	3,769	2,577
External Sales Weapon and Ammunition	430	414	1,584	759	49	56	331	162	141	90	2,535	1,481
External Sales Electronic Solutions	511	346	546	341	56	79	183	225	20	28	1,316	1,018
External Sales Power Systems[1]	321	324	872	934	430	405	382	393	27	26	2,032	2,081
Others/Consolidation	74	11	18	7	-	-	3	10	4	(9)	99	18
Group sales	2,963	1,723	4,542	3,399	746	594	933	817	566	642	9,751	7,176
in % of worldwide Group sales	30	24	47	47	8	8	10	11	6	9	100	100
Non-current assets	1,800	1,446	1,929	1,932	1,026	132	66	66	189	163	5,009	3,740

[1] Sensors and Actuators and Materials and Trade were combined to form Power Systems effective January 1, 2024.

Of the sales in the Vehicle Systems, Weapon and Ammunition, and Electronic Solutions divisions approximately €2.5 billion (previous year: €1.3 billion) relate to sales with the Group's largest customer. No other single customer contributed 10% or more to Group sales in fiscal 2024 or 2023.

(33) Contingent liabilities

Several guarantees were issued in favor of third parties as part of joint projects, which are primarily carried out in the form of joint ventures. A letter of comfort was issued to secure the obligation of a third party for a joint venture to fulfill a contract. No cash outflows are expected. In addition, commitments exist for credit and guarantee facilities granted and pro rata accession of liability in favor of joint ventures and associates. Rheinmetall's liability is equal to the equity interest held. Here too, no cash outflows are expected.

In addition to these obligations, there are further contingent liabilities from legal disputes. No material cash outflows are expected here.

Contingent liabilities

€ million	12/31/2024	12/31/2023
Letters of comfort	2,341	2,455
Other	21	17
	2,362	**2,472**

There are also obligations in connection with service agreements and other purchase commitments of €239 million (previous year: €278 million). The purchase commitment from firm capital expenditure contracts totals €197 million (previous year: €75 million). The increase in the above obligations relates to the Group's growth and the positive order trend.

(34) Additional information on financial instruments

Financial instruments according to the measurement categories of IFRS 9

	12/31/2023				
	Measurement category in accordance with IFRS 9				
€ million	Amortized cost	Fair value/OCI	Fair value/PL	No category	Total
Trade receivables	2,021	-	-	-	2,021
Cash and cash equivalents	850	-	-	-	850
Derivatives without hedge accounting	-	-	12	-	12
Derivatives with cash flow hedge	-	-	-	13	13
Other financial assets	72	2	36	-	110
Financial assets	**2,943**	**2**	**48**	**13**	**3,006**
Convertible bond	897	-	-	-	897
Promissory note loans	428	-	-	-	428
Commercial paper	215	-	-	-	215
Other financial debts	101	-	-	-	101
Trade liabilities	1,222	-	-	-	1,222
Derivatives without hedge accounting	-	-	7	-	7
Derivatives with cash flow hedge	-	-	-	18	18
Other financial liabilities	97	-	-	-	97
Financial liabilities	**2,960**	**-**	**7**	**18**	**2,984**

	12/31/2024				
	Measurement category in accordance with IFRS 9				
€ million	Amortized cost	Fair value/OCI	Fair value/PL	No category	Total
Trade receivables	1,959	-	-	-	1,959
Cash and cash equivalents	1,184	-	-	-	1,184
Derivatives without hedge accounting	-	-	12	-	12
Derivatives with cash flow hedge	-	-	-	29	29
Other financial assets	132	2	16	-	150
Financial assets	**3,275**	**2**	**28**	**29**	**3,334**
Convertible bond	915	-	-	-	915
Promissory note loans	600	-	-	-	600
Commercial paper	217	-	-	-	217
Other financial debts	364	-	-	-	364
Trade liabilities	1,151	-	-	-	1,151
Derivatives without hedge accounting	-	-	7	-	7
Derivatives with cash flow hedge	-	-	-	15	15
Other financial liabilities	77	-	-	-	77
Financial liabilities	**3,325**	**-**	**7**	**15**	**3,347**

With trade receivables measured at amortized cost, the carrying amount approximates the fair value.

The market value of financial assets and liabilities measured at fair value is determined on the basis of input factors observed directly or indirectly on the market (level 2). The foreign exchange rates applicable at the end of the reporting period and the yield curves are key inputs in calculating the fair value of derivatives for currency hedges. The discounted cash flow method is used for currency swaps and currency forwards. The fair value of the commodity futures is derived from the market price as of the measurement date. In the previous year the other financial assets measured at fair value through profit or loss include the shares in Shriram Pistons & Rings Ltd. As these are traded on the Indian stock exchange, the input factors can be directly observed on the market (Level 1). Please refer to the information under see ››Note (24) Other assets. The net result from financial assets and liabilities allocated to the category at fair value through profit or loss amounted to a loss of €19 million (previous year: income of €4 million); there was a loss of €2 million (previous year: income of €1 million) for financial assets and liabilities that were not allocated to a measurement category in accordance with IFRS 9.

The carrying amounts and fair values of financial instruments that are measured at amortized cost and whose carrying amounts do not approximate fair value are shown below.

Carrying amount and fair value of financial instruments that are measured at amortized cost

		12/31/2024		12/31/2023	
€ million		Carrying amount	Fair value	Carrying amount	Fair value
Convertible bond	Level 2	915	2,027	897	1,129
Promissory note loans	Level 2	600	602	428	432
Other financial debts	Level 2	364	370	101	103

The fair value of the convertible bond is derived from market value reported by the market data provider Bloomberg. The fair value of the promissory note loans and the other financial liabilities was determined by discounting the associated future cash flows at rates that match the time to maturity of similar debts.

Net result from financial instruments

€ million	2024	2023
Interest income	17	27
Interest expenses	(79)	(74)
Guarantee commission	(11)	(8)
Currency result	12	1
Loss allowances on trade receivables	(1)	1
Other	(3)	(4)
	(65)	**(58)**

The items relate to financial instruments measured at amortized cost.

Financial risks - The Rheinmetall Group's operating business and financing transactions as an internationally active group of companies are subject to financial market risks. These are risks arising in particular from liquidity risk, counterparty default risk, electricity, gas and raw material price risk, exchange rate fluctuations and changes in interest rates. In accordance with the Group-wide risk management system of Rheinmetall AG, such risks are not only identified, analyzed and measured, but also managed by taking actions to avoid, contain or limit such risks. Inherent financial risks are actively managed to ensure that no material risks arise from financial instruments as of the end of the reporting period.

Derivative financial instruments – Derivative financial instruments are used to reduce currency and commodity price risks. Provided value changes of the hedged item and the hedging instrument are not recognized in profit and loss at the same time, and the necessary conditions are met, changes in the fair value of hedging transactions are recognized in the hedge reserve in the context of cash flow hedge accounting. The effectiveness of these transactions is subject to ongoing monitoring, using the critical terms match method prospectively. Ineffective portions to be recognized are determined using the dollar offset testing method.

The table below shows the fair value of all hedges accounted for as financial assets or financial liabilities as of the end of the reporting period.

Fair value of hedges

	12/31/2024		12/31/2023	
€ million	Assets	Liabilities	Assets	Liabilities
Currency hedges	12	(7)	12	(6)
Commodity hedges	-	-	-	-
Without hedge accounting	**12**	**(7)**	**12**	**(7)**
Currency hedges	26	(14)	12	(15)
Commodity hedges	3	(1)	1	(3)
With hedge accounting	**29**	**(15)**	**13**	**(18)**

In the reporting year, total positive changes in the fair value of derivatives before deduction of deferred taxes of €57 million (previous year: total negative changes in fair value of €11 million) were recognized directly in equity in the reserve for hedging transactions. In the reporting year, €6 million income (previous year: €1 million income) was reclassified from the reserve to sales, €1 million income (previous year: €2 million income) to cost of materials, €0 million positive fair value (previous year: €0 million positive fair value) to inventories and a positive fair value of €44 million (previous year: no amount) to an investment.

For derivatives, the nominal volumes for currency and commodity price hedges are shown below. For significant currency pairs and commodity hedges, the average hedging rates are also shown.

Nominal volumes and average hedging rate of derivatives

	12/31/2024			12/31/2023		
	2025	2026	from 2027	2024	2025	from 2026
Currency hedges						
Nominal volumes (gross, in € million)	1,485	390	116	1,577	291	129
Average hedging rate						
Average rate EUR/ZAR	21.44	22.30	22.76	20.36	22.35	23.58
Average rate EUR/CHF	0.94	0.92	0.92	0.95	0.95	0.94
Average rate EUR/USD	1.07	1.13	1.14	1.10	1.12	1.14
Average rate EUR/AUD	1.67	1.71	-	1.63	1.68	-
Average rate EUR/GBP	0.85	-	-	0.87	0.92	-
Commodity hedges						
Nominal volumes (gross, in € million)	34	19	5	36	21	8
Average hedging rate						
Average rate aluminum (EUR/ton)	2,314	2,286	2,415	2,244	2,285	2,253
Average rate copper (EUR/ton)	7,921	8,284	8,671	7,988	7,744	7,743

There were only immaterial ineffective portions, so the fair value changes of the hedged item and the hedging instrument essentially cancel each other out.

Currency risk – Owing to the international nature of the Rheinmetall Group's business, certain operational currency risks arise from the fluctuating exchange rates between the functional currencies of Group companies and other currencies. Open positions subject to currency risk are generally hedged with derivative financial instruments. In principle, forward exchange transactions and swaps are used for this purpose. Where legally possible, these are contracted between the Rheinmetall Group companies and Rheinmetall AG. The resulting foreign currency position in Rheinmetall AG is closed out via banks, either directly or as part of a portfolio approach. The most important currency hedges in the Group refer to Swiss franc, US dollar, Australian dollar, pound sterling and South African rand transactions. These hedging transactions are measured on the reporting dates and recognized in the statement of financial position at their fair value determined using the discounted cashflow method.

Commodity price risks – The Rheinmetall Group is exposed to price volatility risks from commodity buying, such as metals. By means of materials cost escalator agreements with customers, the major part of these risks from volatile metal prices is shifted to customers, albeit with a time lag. In addition, derivative financial instruments are also used in the Power Systems division, where these risks are concentrated. These are swaps with maturities up to and including 2027, which are settled on the basis of a financial settlement.

Sensitivity analysis – As part of sensitivity analyses for the risk variables concerned, the impacts that a change in the relevant underlying instruments as of the end of the reporting period would have on other net financial income and the hedge reserve, before taking deferred taxes into account, are examined.

Sensitivity analysis of derivatives

		Other net financial result		Cash flow hedge reserve	
€ million		12/31/2024	12/31/2023	12/31/2024	12/31/2023
Currency	Exchange rates (total) -10%/+10%	+9 / -9	+7 / -7	-53 / +53	-49 / +49
Commodity	Price curve for material prices -10%/+10%	- / -	- / -	-6 / +6	-6 / +6

Default risk (expected credit risk) – The default risk from financial assets is that the other contractual party does not fulfill its obligations. The maximum risk is the carrying amount recognized. In order to minimize the default risk with derivative financial instrument contracts, the Rheinmetall Group sets high requirements in respect of its business partners, restricting itself exclusively to banks with impeccable ratings.

In the Rheinmetall Group, the monitoring and recording of default risk from customer receivables is decentralized in the operating divisions, with guidelines providing a general conditions for proper debtor management. Individual assessments (where appropriate, based on current trends and qualitative information) can be used in addition to database-supported rating and default data of an external data supplier. Current del credere risks are covered by valuation allowances.

There are no significant valuation allowances for customer receivables at the Rheinmetall Group. Given the type of business and the customer structure, default rarely occurs and instead there are only delays in payment. There were no other material impairments not recognized on the basis of collateral. In addition, potential default risks are assessed on an individual basis in connection with long-term orders and reduced or hedged by means of prepayments, credit insurance, guarantees or letters of credit. The risk provision for the general default risk calculated using the simplified method for the measurement of trade receivables amounted to €10 million in 2024 (previous year: €18 million). €1 million of this relates to receivables more than 180 days past due (previous year: €4 million). The risk calculated using business model-specific default rates for receivables up to 30 days past due is less than 0.6% (previous year: less than 0.8%). As of the end of the reporting period, there were no indications that the debtors of any receivables past due will fail to make payment. Because of the customer structure, the risk does not significantly increase even when the receivables are a long time past due.

Default risk of trade receivables, amount before loss allowance

€ million	12/31/2024	12/31/2023
Not past due and less than 30 days past due	1,649	1,708
Up to 180 days past due	128	98
More than 180 days past due	202	241
	1,979	**2,046**

No important credit concentrations exist in the Rheinmetall Group.

Liquidity risk – In particular, the Rheinmetall Group ensures sufficient liquidity at all times by a cash budget and forecast over a specified time horizon, and through existing, partly unutilized finance facilities. In addition to credit lines granted by banks on a syndicated and bilateral basis, a commercial paper program and various loans. For further details of such credit facilities, see the “Financing” section of the management report.

The undiscounted contractually agreed payments from repayment and interest components in connection with financial liabilities and derivative financial instruments as of the end of the reporting period are listed below.

Cash outflows

	12/31/2024			12/31/2023		
€ million	2025	2026-2029	from 2030	2024	2025-2028	from 2029
Convertible bond	21	565	501	21	574	512
Promissory note loans	95	584	-	152	314	12
Commercial paper	217	-	-	215	-	-
Bank liabilities	212	106	71	6	88	-
Other financial debts	1	1	-	8	1	-
	546	**1,256**	**572**	**401**	**977**	**524**
Derivatives with positive fair value						
Cash outflow	811	207	-	797	223	-
Cash inflow	1,897	527	-	816	239	-
Derivatives with negative fair value						
Cash outflow	654	284	-	782	180	-
Cash inflow	695	566	-	764	188	-

The fair values of the derivative financial instruments as at the reporting date must be viewed in connection with the associated hedged items. Their values generally move in the opposite direction to the derivative financial instruments, regardless of whether they are already recognized in the balance sheet or are still pending. The derivatives would produce a cash outflow at the amount shown above only if they were terminated early.

The Group's financial resources comprise cash and cash equivalents, current available-for-sale financial assets and cash inflows from operating activities. In contrast, capital requirements include the repayment of financial liabilities, interest payments, investments and the ongoing financing of operating activities.

(35) Share programs

In fiscal year 2024, the expense for share-based payment for the Rheinmetall Group totaled €36 million (previous year: €23 million). €18 million (previous year: €17 million) of this is attributable to equity-settled commitments and €18 million (previous year: €6 million) to cash-settled commitments. The carrying amount of the Rheinmetall Group's liabilites recognized for share-based payments amounted to €31 million as at December 31, 2024 (previous year: €12 million). In addition, €20 million (previous year: €6 million) was recorded in the capital reserve for commitments settled in equity instruments.

Long-Term Incentive Program 2.0 – As of the 2024 fiscal year, the Long-Term Incentive Program (LTI 2.0) will apply not only to members of the Executive Board but also to managers of the Rheinmetall Group. The remuneration program makes a significant contribution to promoting the business strategy and is geared towards sustainable and profitable growth. Based on an individual target amount, the beneficiaries are granted subscription rights to shares and virtual shares, hereinafter referred to as performance share units (PSUs).

This target amount is divided by the average closing price of Rheinmetall AG shares in the last 30 trading days before the start of the performance period to obtain the preliminary number of PSUs granted. The PSUs have a vesting period of one fiscal year. At the end of a four-year performance period, the final number of PSUs is determined based on the weighted target achievement of the three performance targets relative total shareholder return (TSR) with a 40% weighting, return on capital employed (ROCE) with a 40% weighting and environmental, social and governance (ESG) with a 20% weighting.

For the TSR performance target, the growth in the value of Rheinmetall AG shares is compared with the companies in the STOXX Europe Total Market Aerospace & Defense Index. It is assumed that gross dividends are reinvested. The TSR is calculated in all four years of the performance period. The TSR values of Rheinmetall and the peer companies are ranked for the respective assessment period and assigned to percentiles. If Rheinmetall's average percentile value is 50, the target achievement is 100%. The target achievement is limited to 200%.

The second performance target, ROCE, is determined annually on the basis of Rheinmetall's consolidated financial statements. The average ROCE is calculated during the four-year performance period, i.e. for the 2024 tranche, the actual ROCE achieved in fiscal years 2024, 2025, 2026 and 2027 is decisive. The average ROCE is compared with the average of the planned ROCE figures in accordance with the medium-term plan. If the average ROCE corresponds to the planned ROCE, the target achievement is 100%. The target achievement for ROCE is also limited to 200%.

The ESG targets are set by the Supervisory Board before the start of the performance period of each LTI tranche. The target achievement can be between 0% and 200% per ESG target.

The overall target achievement is the sum of the weighted target achievement of relative TSR, ROCE and ESG. The preliminary number of PSUs granted is multiplied by the overall degree of target achievement. The virtual cash value of the PSUs is calculated on the basis of the average closing price of Rheinmetall AG shares in the last 30 trading days before the end of the performance period plus the cumulative dividends distributed during the performance period. It is capped at 250% of the individual target amount.

Since January 1, 2024, 50% of the share-based payment granted to domestic beneficiaries has been settled in shares and 50% in cash. Managers who do not work in Germany receive their remuneration exclusively in shares. In addition, the company assumes the tax expense arising from the claims of foreign beneficiaries (net commitment). The share-based payment granted to the members of the Executive Board in the 2022 and 2023 fiscal years will be paid out entirely in cash.

Up to the reporting date, the following tranches of LTI 2.0 and thus the following number of allocated PSUs were provisionally granted:

Amount of PSUs

Tranche	Number of PSUs granted at vesting date
2022	38,045
2023	15,839
2024	51,523
2025	1,228

The number of PSUs remains constant over the performance period until the final allocation.

For PSUs of the 2024 tranche to be settled in shares, the fair value at the grant date amounted to €287.07 for shares granted to members of the Executive Board and € 499.34 for shares granted to managers.

The entitlement to the 2025 tranche was already recognized in the 2024 fiscal year as part of a severance agreement concluded with an Executive Board member. Further explanations on this and the PSUs attributable to the Executive Board members are presented in the remuneration report included in the combined management report.

A Monte Carlo simulation is used to determine fair value. Among other things, the model considers the above vesting conditions, the terms and the share price performance of Rheinmetall AG. The following table shows the main valuation parameters per tranche:

Valuation parameters

Tranche	Share Price	Risk free interest rate	Volatility	Residual term	Fair Value
2022	€ 614.60	2.07%	32.98%	1	€ 200.88
2023	€ 614.60	1.97%	35.88%	2	€ 444.03
2024	€ 614.60	1.98%	35.86%	3	€ 560.33
2025	€ 614.60	2.03%	35.30%	4	€ 611.63

Expenses totaling €32 million (previous year: €6 million) were recognized for the LTI 2.0 in the 2024 fiscal year. As at December 31, 2024, commitments amounting to €31 million (previous year: €12 million) were recorded in the provision and €14 million (previous year: €0 million) in the capital reserve. The total amount of €45 million is made up as follows:

Total amount LTI 2.0

Tranche (in € million)	Capital Reserve as at Dec 31, 2024	Liability as at Dec 31, 2024	Expenses 2024
2022	-	8	-
2023	-	7	2
2024	14	16	28
2025	-	-	1
Total	**14**	**31**	**32**

Until the introduction of the LTI 2.0, a long-term incentive remuneration program (LTI) based on the average adjusted EBT of the Rheinmetall Group over the past three fiscal years, subject to a maximum cap of €400 million, was in place for managers of the Rheinmetall Group. The individual remuneration was calculated by multiplying this amount by a personal factor in accordance with an individual commitment.

Expenses of €13 million were recognized for the LTI program (excluding LTI 2.0) in the previous year.

The reference price in March 2024 was €476.60. For the 2023 fiscal year, a total of 19,852 shares were transferred to the eligible participants in the LTI program on 22 March 2024 (previous year: on March 23, 2023, a total of 35,828 shares were transferred for the 2022 fiscal year at a reference price of €254.80).

Employee share purchase program – A share purchase program has been in place for Rheinmetall employees in Germany since 2018, under which employees of participating Group companies can purchase Rheinmetall shares at discounted prices.

The program is a monthly savings plan in which participants determine the amount of their individual savings for a year. Employees can purchase Rheinmetall shares for a monthly amount of at least €30. Rheinmetall grants a subsidy of 30% on the defined savings amount. For example, a monthly savings amount of €100 comprises €70 from the employee and the employer’s contribution of €30. The monthly savings amount can be a maximum of 10% of the annual gross salary divided by 12, with an upper limit of €400 per month.

Until the end of the 2023 fiscal year, the program consisted of a monthly basic savings plan and a monthly extra savings plan. As part of the basic savings plan, employees could purchase Rheinmetall shares for a minimum monthly amount of €30 and a maximum of €100. The extra savings plan enabled the acquisition of further Rheinmetall shares. The monthly accumulation savings amount could be a maximum of 10% of the annual gross salary divided by 12, with an upper limit of €900 per month. Here too, Rheinmetall granted a subsidy of 30% on the specified savings amounts.

In 2024, employees acquired a total of 29,638 shares (previous year: 47,818 shares) as part of this share purchase program. The employer contribution amounted to €4 million (previous year: €4 million). The shares acquired under the share purchase program within a year are subject to a lock-up period of two years starting on January 1 of the following year.

(36) Other information on related parties

The Rheinmetall Group's corporate related parties are the joint ventures and associated companies accounted for using the equity method. The products/services provided essentially relate to recognized sales proceeds from the sale of finished and unfinished goods and from construction contracts with project companies. The receivables mainly include trade receivables, contract assets and prepayments made. The liabilities essentially relate to trade payables and contract liabilities. The scope of related-party transactions is shown in the table below.

Transactions with related parties

	Joint ventures		Associated companies	
€ million	2024	2023	2024	2023
Products/services provided[1]	489	324	7	14
Products/services received[1]	31	6	2	19
Receivables incl. contract assets Dec. 31[2]	446	255	71	67
Liabilities incl. contract liabilities Dec. 31[2]	58	64	3	5
Receivables from finance leases Dec. 31	12	12	-	-

[1] The disclosures on associates for fiscal 2023 include the delivery and service relationships with Shriram Pistons & Rings Ltd.
[2] The receivables, contract assets, liabilities and contract liabilities existing between Rheinmetall and Shriram Pistons & Rings Ltd. are not included in the disclosures on associates as at December 31, 2023 due to the change in status at the end of fiscal 2023.

Please see ››Note (24) Other assets for information on the finance lease receivables.

Contingent liabilities of the Rheinmetall Group in connection with joint ventures are explained under ››Note (33) Contingent liabilities.

Business relationships exist between a subsidiary of Rheinmetall AG and PL Elektronik GmbH, Lilienthal, whose indirect majority shareholder is Mr. Armin Papperger (Chairman of the Executive Board of Rheinmetall AG). PL Elektronik GmbH provides development services and produces and supplies electric igniters to order. The volume of products/services received in fiscal 2024 amounts to €1 million (previous year: €4 million).

In the previous year, business relationships existed between Pfeiffer Vacuum Technology AG, whose CEO was Dr. Britta Giesen (member of the Supervisory Board of Rheinmetall AG until May 14, 2024). As a provider of vacuum solutions, Pfeiffer Vacuum Technology AG develops and manufactures components and systems for vacuum generation, measurement and analysis. The volume of products/services received in the previous year amounted to €8 thousand. No products/services were received from Pfeiffer Vacuum Technology AG in fiscal 2024.

Remuneration of the Executive Board and the Supervisory Board – The reportable remuneration of senior management within the Group comprises that paid to Executive Board and Supervisory Board members.

The remuneration of members of the Executive Board active in the fiscal year breaks down as follows:

Renumeration of the Executive Board

€ thousand	2024	2023
Short-term benefits	6,919	5,614
Post-employment benefits	954	1,075
Share-based payments	8,456	5,671
Termination benefits	1,274	-
Total	**17,602**	**12,360**

The present value of the pension commitments, which corresponds to the amount of the provisions, totaled €17,553 thousand (previous year: €16,565 thousand) for the Executive Board members active at the end of the year. There are provisions of €3,844 thousand (previous year: €3.042 thousand) for the short-term variable remuneration of the Executive Board. A total of 12,741 virtual share options (PSUs) (previous year: 15,839 PSUs) were allocated to the Executive Board as part of the forward-looking LTI program. As an expense for this share-based remuneration was already recognized, it must – in deviation from the remuneration report, which follows a vesting-focused interpretation – be included in Executive Board remuneration in accordance with IFRS. Further information on this share-based program can be found under ››Note (35) Share programs.

The remuneration of the Supervisory Board, including attendance fees, amounted to €2,673 thousand (previous year: €2,268 thousand). In addition to Supervisory Board remuneration, those employees representatives who are employees of the Rheinmetall Group also receive compensation unrelated to their service on the Supervisory Board. In total, the employees representatives received €768 thousand (previous year: €816 thousand) from such activities.

For further details and itemization of each member's remuneration, see the Board remuneration report within the combined management report of the Rheinmetall Group and Rheinmetall AG.

€2,480 thousand (previous year: €2,514 thousand) was paid to former members of the Executive Board and their surviving dependents. Pension provisions amounting to €29,905 thousand (previous year: €33,317 thousand) exist for this group of persons. Payments to former Executive Board members of Rheinmetall DeTec AG (merged with Rheinmetall AG in 2005) or their surviving dependents amounted to €57 thousand (previous year:

€699 thousand). Pension provisions amounting to €5,240 thousand (previous year: €5,954 thousand) exist for this group of persons.

There are employment relationships between close family members of Mr. Peter Sebastian Krause (member of the Executive Board of Rheinmetall AG until September 30, 2024), Prof. Dr. Andreas Georgi (Supervisory Board member of Rheinmetall AG), Mr. Murat Küplemez (employees representative on the Supervisory Board of Rheinmetall AG) and Mr. Sven Schmidt (employees representative on the Supervisory Board of Rheinmetall AG) and companies of the Rheinmetall Group. The remuneration is customary for the employment in question. In fiscal 2024, the close family members were paid €212 thousand in total (previous year: €138 thousand). The previous year's figure was corrected as an employment relationship already existed in the previous year between a Rheinmetall Group company and close family members of Mr. Murat Küplemez.

(37) Auditor’s fees

The following global fees of the auditor Deloitte GmbH Wirtschaftsprüfungsgesellschaft and its network companies have been recorded as expenses:

Auditor's fees

	Fees
€ million	2024
Audit services	6.2
of which Deloitte GmbH Wirtschaftsprüfungsgesellschaft	*3.4*
Other attestation services	0.5
of which Deloitte GmbH Wirtschaftsprüfungsgesellschaft	*0.5*
Tax services	0.1
of which Deloitte GmbH Wirtschaftsprüfungsgesellschaft	-
Other services	0.4
of which Deloitte GmbH Wirtschaftsprüfungsgesellschaft	*0.3*
Total fee	**7.2**
of which Deloitte GmbH Wirtschaftsprüfungsgesellschaft	*4.2*

The following services were provided by Deloitte GmbH Wirtschaftsprüfungsgesellschaft to Rh AG and the companies it controls: The fees for the audit services comprise primarily remuneration for the audit of the consolidated annual financial statements and the audit of the financial statements of Rheinmetall AG and its subsidiaries. They also include audit reviews. The other attestation services relate to the limited assurance engagement on the group sustainability statement, the audit in accordance with section 32 (1) of the German Securities Trading Act (WpHG), energy law audits and voluntary limited assurance engagements. In addition, tax services exclusively for employees of the Rheinmetall Group and other accounting and compliance-related project services were provided.

(38) Voting rights notifications

In accordance with Section 21 of the German Securities Trading Act (WpHG), the Federal Financial Supervisory Authority (BaFin) monitors the reporting limits for share ownership. Rheinmetall AG therefore regularly informs the capital markets about voting rights notifications. Rheinmetall AG reports not only when the reporting limits for the ownership of shares are exceeded or not met, but also when financial and other instruments are acquired that entitle the holder to purchase shares (Sections 25 and 25a of the German Securities Trading Act (WpHG)).

Up to the point of preparing the financial statements, the following shareholdings in the company existed, which were disclosed in accordance with Section 33 et seq. German Securities Trading Act (WpHG):

Voting rights notifications in accordance with section 33 et seq. of the German Securities Trading Act

Shareholders	Reason for the notification	Threshold	Total voing rights	Total voting rights in %	Voting rights according to Sec. 33, 34 WpHG	Voting rights according to Sec. 33, 34 WpHG in %	Instruments according to Sec. 38 WpHG	Instruments according to Sec. 38 WpHG in %	Date of threshold touch	Publication Rheinmetall
Société Générale S.A., Paris, France	Acquisition/disposal of shares/instruments with voting rights	Falling below 10%	4,092,197	9.39	295,418	0.67	3,796,779	8.72	18/02/2025	21/02/2025
The Goldman Sachs Group, Inc., Wilmington, DE, USA	Acquisition/disposal of shares/instruments with voting rights	Exceeding 5%	2,714,772	6.23	351,734	0.81	2,363,038	5.43	17/02/2025	24/02/2025
BlackRock, Inc., Wilmington, DE, USA	Acquisition/disposal of shares/instruments with voting rights	Exceeding 5%	2,217,916	5.09	2,175,219	4.99	42,697	0.10	03/03/2022	09/03/2022
Bank of America Corporation, Wilmington, DE, USA	Acquisition/disposal of shares/instruments with voting rights	Falling below 5 %	2,021,700	4.64	656,919	1.51	1,364,781	3.13	23/04/2024	25/04/2024
Morgan Stanley, Wilmington, DE, USA	Acquisition/disposal of shares/instruments with voting rights	Falling below 5 %	1,747,107	4.01	543,363	1.25	1,203,744	2.76	27/01/2025	31/01/2025
FMR LLC, Wilmington, DE, USA	Acquisition/disposal of shares/instruments with voting rights	Exceeding 3%	1,308,024	3.00	1,308,024	3.00	-	0.00	11/09/2020	15/09/2020
UBS Group AG, Zürich, Switzerland	Acquisition/disposal of shares/instruments with voting rights	Exceeding 3%	1,493,929	3.43	1,386,921	3.18	107,008	0.25	24/03/2022	30/03/2022

(39) Exercise of exemption provisions under German Commercial Code (HGB)

The following German enterprises are exercising the exemption provisions under section 264 (3) HGB for corporations and section 264b HGB for partnerships for fiscal year 2024:

Amprio GmbH, Neuss
BF Germany GmbH, Tamm
EMG EuroMarine Electronics GmbH, Neckarsulm
GVMS Grundstücksverwaltung Service GmbH & Co. KG, Neckarsulm
KS ATAG Beteiligungsgesellschaft mbH, Neckarsulm
KS Gleitlager GmbH, St. Leon-Rot
KS Grundstücksverwaltung Beteiligungs-GmbH, Neckarsulm
KS Grundstücksverwaltung GmbH & Co. KG, Neckarsulm
KS Kolbenschmidt GmbH, Neckarsulm
MEG Marine Electronics Holding GmbH, Düsseldorf
MIRA GmbH, Düsseldorf
MS Motorservice Deutschland GmbH, Tamm
MS Motorservice International GmbH, Neuenstadt
Pierburg GmbH, Neuss
Pierburg Pump Technology GmbH, Neuss
Rheinmetall Automotive AG, Neckarsulm
Rheinmetall Aviation Services GmbH, Bremen
Rheinmetall Berlin Verwaltungsgesellschaft mbH, Berlin
Rheinmetall Brandt GmbH, Neuss
Rheinmetall Eastern Markets GmbH, Düsseldorf
Rheinmetall Electronics GmbH, Bremen
Rheinmetall Financial Services GmbH, Düsseldorf
Rheinmetall Immobilien Flensburg GmbH & Co. KG, Düsseldorf
Rheinmetall Immobilien GmbH, Düsseldorf
Rheinmetall Immobilien Hafenmole GmbH, Düsseldorf
(vormals Kolbenschmidt Liegenschaftsverwaltung GmbH Berlin, Neckarsulm)
Rheinmetall Immobilien Hamburg Friedensallee GmbH, Düsseldorf
Rheinmetall Immobilien Hamburg GmbH, Düsseldorf
Rheinmetall Immobilien Neckarsulm GmbH, Düsseldorf
Rheinmetall Immobilien Neuss GmbH, Düsseldorf
Rheinmetall Immobilien St. Leon-Rot GmbH, Düsseldorf
Rheinmetall Immobilien VEGA GmbH & Co. KG, Düsseldorf
Rheinmetall Immobilien Weeze GmbH, Düsseldorf
Rheinmetall Industrietechnik GmbH, Düsseldorf
Rheinmetall Insurance Services GmbH, Düsseldorf
Rheinmetall Invent GmbH, Neuss (vormals: Neckarsulm)
Rheinmetall IT Solutions GmbH, Düsseldorf
Rheinmetall Landsysteme GmbH, Südheide
Rheinmetall Liegenschaften und Vermietung GmbH, Düsseldorf
Rheinmetall Maschinenbau GmbH, Düsseldorf
Rheinmetall Project Solutions GmbH, Düsseldorf
Rheinmetall Protection Systems GmbH, Bonn
Rheinmetall Soldier Electronics GmbH, Stockach
Rheinmetall Technical Assistance GmbH, Kassel
Rheinmetall Technical Publications GmbH, Bremen
Rheinmetall Technology Center GmbH, Düsseldorf
Rheinmetall Verwaltungsgesellschaft mbH, Düsseldorf
Rheinmetall Waffe Munition GmbH, Südheide
SUPRENUM Gesellschaft für numerische Superrechner mbH, Bremen
Unternehmerstadt GmbH, Düsseldorf
Unternehmerstadt Verwaltungsges. mbH, Düsseldorf

(40) Corporate Governance

In August 2024, Rheinmetall AG published its declaration of conformity in accordance with the German Corporate Governance Code pursuant to Section 161 of the Aktiengesetz (AktG – German Stock Corporation Act) on the Internet at www.rheinmetall.com in the section “Company – Corporate Governance – Declaration of conformity”, thus making it available to shareholders.

(41) Events after the end of the reporting period

As decided by the Supervisory Board of Rheinmetall AG on November 6, 2024, the structure and composition of the Executive Board was adjusted with effect from January 1, 2025. This is intended to take account of the enormous growth of the Rheinmetall Group and the rapid internationalisation and expansion of Rheinmetall's business activities. Armin Papperger, who has been Chief Executive Officer (CEO) of Rheinmetall since January 1, 2013, was appointed as Chairman of the Executive Board for a further five years from January 1, 2025. In addition, Dagmar Steinert had agreed with the Supervisory Board, by mutual and amicable consent, to resign from her position as Chief Financial Officer (CFO) with effect from December 31, 2024. Her successor from January 1, 2025 is Klaus Neumann, previously Head of Accounting at Rheinmetall AG, who has been with the Group for twelve years. Also as of January 1, 2025, René Gansauge, previously Head of Weapon and Ammunition, has been appointed to the Executive Board in the newly created position of Chief Operation Officer (COO).

At the beginning of January 2025, Rheinmetall Electronics GmbH, based in Bremen, acquired a further 11% of the shares in the Bavarian software developer blackned GmbH by way of a share purchase agreement. Rheinmetall Electronics GmbH has previously held 40% of the shares in blackned. After the fulfillment of conditions precedent and approval by the Federal Cartel Office, blackned is included in the Rheinmetall Group as a fully consolidated subsidiary of Electronic Solutions since the beginning of March 2025. It is not possible to estimate the financial impact on the Rheinmetall Group.

On January 20, 2025, the Federal Cartel Office approved the establishment of a 50:50 joint venture between Rheinmetall AG, Düsseldorf, and Leonardo S.p.A., Rome (Italy). The joint venture will operate under the name Leonardo Rheinmetall Military Vehicles (LRMV) and will have its headquarters in Rome and an operational center in La Spezia. 60% of the joint venture's work is to be carried out in Italy. It is not possible to estimate the financial impact on the Rheinmetall Group.

On January 23, 2025, KNDS Germany, KNDS France, Rheinmetall Landsysteme and Thales signed a partnership agreement for the “MGCS Project Company GmbH”, Cologne. MGCS (Main Ground Combat System) is a Franco-German armaments program that aims to replace the Leopard 2 and Leclerc main battle tanks with a cross-platform ground combat system by 2040. The new project company will be responsible for implementing the next phase of the MGCS program as the industrial prime contractor. Rheinmetall Landsysteme will hold 25% of the shares in the new project company. It is not possible to estimate the financial impact on the Rheinmetall Group.

In line with the positive performance of Rheinmetall's share price, convertible bonds with a volume of €260 million were converted up to the beginning of March 2025. As a result, the number of shares issued increased by 841,092 to 44,399,942. The conversion is associated with a reduction in the corresponding financial liability of €242 million and an increase in equity.

The inauguration of Donald Trump as the 47th president of the United States of America on January 20, 2025 has significantly changed the dynamics of global security policy. The change in attitude towards security policy issues was clearly evident in the speeches of US Vice President Vance at the Munich Security Conference on February 14, 2025 and during Ukrainian President Selenskyj's visit to the White House. As a result, several European states have already announced that they will increase their defence budgets. German politicians are discussing an exemption for defence spending above 1% of gross domestic product when determining the debt brake, which is supposed to be decided by the current german parliament (Bundestag) in March 2025. On March 4, 2025, the EU presented a plan to rearm Europe. This plan, known as ReArm Europe, is expected to have a volume of up to €800 billion.

Düsseldorf, March 10, 2025

Rheinmetall Aktiengesellschaft
The Executive Board

Armin Papperger | Klaus Neumann | Dr. Ursula Biernert-Kloß | René Gansauge

(42) Shareholdings

Shareholdings 2024

Company		Direct share of capital in %	Indirect share of capital in %	Equity in € thousand	Net income for the year after PLTA in € thousand
Fully consolidated subsidiaries					
Holding companies/service companies/others					
Contraves Advanced Devices Sdn Bhd, Melaka/Malaysia		51	34	-	10,742
EMG EuroMarine Electronics GmbH, Neckarsulm/Germany		-	100	183,086	7,175
Eurometaal N.V., Hengelo/Netherlands		-	100	(182)	(14)
GVMS Grundstücksverwaltung Service GmbH & Co. KG, Neckarsulm/Germany		-	100	10,921	(438)
KS Grundstücksverwaltung Beteiligungs GmbH, Neckarsulm/Germany		-	100	128	(7)
KS Grundstücksverwaltung GmbH & Co. KG, Neckarsulm/Germany		-	100	25,834	1,786
KS Kolbenschmidt GmbH, Neckarsulm/Germany	(1)	-	100	77,436	-
KSPG Holding USA Inc., Marinette/USA		-	100	275,735	7,254
KSPG Netherlands Holding B.V., Ede/Netherlands		-	100	77,918	243
MEG Marine Electronics Holding GmbH, Dusseldorf/Germany		-	100	12,835	321
MIRA GmbH, Dusseldorf/Germany		-	100	9	4
Prime Real Estate Holdco, LLC, Plymouth/USA		-	100	56	(9)
RD Investment AG, Zurich/Switzerland		-	69	10,555	10,522
Rheinmetall Automotive AG, Neckarsulm/Germany	(1)	-	100	278,558	-
Rheinmetall Berlin Verwaltungsgesellschaft mbH, Berlin/Germany	(1)	100	-	213,750	-
Rheinmetall China Holding GmbH, Dusseldorf/Germany	(1)	21	79	60,830	-
Rheinmetall Eastern Markets GmbH, Dusseldorf/Germany	(1)	100	-	757	-
Rheinmetall Financial Services GmbH, Dusseldorf/Germany	(1)	100	-	336,961	-
Rheinmetall Immobiliare Roma S.R.L., Rome/Italy		-	100	25,059	879
Rheinmetall Immobilien Flensburg GmbH & Co. KG, Dusseldorf/Germany		-	100	2,792	156
Rheinmetall Immobilien GmbH, Dusseldorf/Germany		100	-	189,454	5,753

Shareholdings 2024

Company		Direct share of capital in %	Indirect share of capital in %	Equity in € thousand	Net income for the year after PLTA in € thousand
Rheinmetall Immobilien Hafenmole GmbH, Dusseldorf/Germany	(1)	-	100	8,666	-
Rheinmetall Immobilien Hamburg Friedensallee GmbH, Dusseldorf/Germany	(1)	-	100	28,187	-
Rheinmetall Immobilien Hamburg GmbH, Dusseldorf/Germany		100	-	1,792	54
Rheinmetall Immobilien Kassel GmbH & Co. KG, Dusseldorf/Germany	(3)	11	89	2,752	114
Rheinmetall Immobilien Neckarsulm GmbH, Dusseldorf/Germany	(1)	-	100	7,152	-
Rheinmetall Immobilien Neuss GmbH, Dusseldorf/Germany	(1)	-	100	7,625	-
Rheinmetall Immobilien Schutzanlagen GmbH, Dusseldorf/Germany	(1)	-	100	6,725	-
Rheinmetall Immobilien St. Leon-Rot GmbH, Dusseldorf/Germany	(1)	-	100	6,547	-
Rheinmetall Immobilien VEGA GmbH & Co. KG, Dusseldorf/Germany		-	100	4,516	(253)
Rheinmetall Immobilien Weeze GmbH, Dusseldorf/Germany	(1)	-	100	9,129	-
Rheinmetall Industrietechnik GmbH, Dusseldorf/Germany	(1)	100	-	3,526	-
Rheinmetall Insurance Services GmbH, Dusseldorf/Germany	(1)	100	-	505	-
Rheinmetall International Services Limited, Abu Dhabi/United Arab Emirates		-	100	(10,491)	(1,020)
Rheinmetall IP Management GmbH, Zurich/Switzerland		100	-	21	-
Rheinmetall IT Solutions GmbH, Dusseldorf/Germany	(1)	100	-	13,917	-
Rheinmetall Liegenschaften und Vermietung GmbH, Dusseldorf/Germany	(1)	100	-	19,466	-
Rheinmetall Maschinenbau GmbH, Dusseldorf/Germany		-	100	183,198	7,808
Rheinmetall Netherlands B.V., Hengelo/Netherlands		-	100	403	(83)
Rheinmetall Real Estate Bristol Ltd, Bristol/United Kingdom		-	100	(437)	(140)
Rheinmetall Real Estate South Africa (Pty) Ltd., Somerset West/South Africa		-	100	(2)	(2)
Rheinmetall Real Estate SPS Kft., Budapest/Hungary		-	100	248	(479)
Rheinmetall Singapore Pte. Ltd., Singapore/Singapore		-	100	16,629	812
Rheinmetall Technology Center GmbH, Dusseldorf/Germany	(1)	-	100	20	-

Shareholdings 2024

Company		Direct share of capital in %	Indirect share of capital in %	Equity in € thousand	Net income for the year after PLTA in € thousand
Rheinmetall Verwaltungsgesellschaft mbH, Dusseldorf/Germany	(1)	-	100	733,843	-
RM Euro B.V., Hengelo/Netherlands		100	-	60,414	1,829
SUPRENUM Gesellschaft für numerische Superrechner mbH, Bremen/Germany		-	100	185	6
Unternehmerstadt GmbH, Dusseldorf/Germany		-	100	3	-
Unternehmerstadt Verwaltungsgesellschaft mbH, Dusseldorf/Germany		-	100	37	-
YardStick Robotics GmbH, Bremen/Germany		-	65	1,598	(1,650)
Vehicle Systems					
American Rheinmetall Defense, Inc., Reston/USA		100	-	29,238	(2,346)
American Rheinmetall Vehicles LLC, Sterling Heights/USA		-	100	838,100	(16,855)
CP Prime Holdings, LP, Plymouth/USA		-	100	-	-
CP Prime Intermediate II, LLC, Plymouth/USA		-	100	-	-
CP Prime Intermediate, LLC, Plymouth/USA		-	100	-	-
CP VII Prime - A Corp., Plymouth/USA		-	100	(1)	(1)
CP VII Prime Corp., Plymouth/USA		-	100	(18)	(105)
CP VII Prime EU, LP, Plymouth/USA		-	100	(26)	(29)
Loc Performance Products, LLC, Plymouth/USA		-	100	358,684	776
Patton GP, LLC, Plymouth/USA		-	100	2	-
Prime Buyer, LLC, Plymouth/USA		-	100	-	-
Rheinmetall - Ukrainian Defense Industry LLC, Kyiv/Ukraine		-	51	423	345
Rheinmetall Automecanica SRL, Medias/Romania		-	73	5,843	(4,735)
Rheinmetall BAE Systems Land Ltd, Telford/United Kingdom		-	55	65,059	11,076
Rheinmetall Ceska Republika s.r.o., Prague/Czech Republic		-	100	46	40
Rheinmetall Defence Australia Pty Ltd, Redbank/Australia		100	-	8,636	10,852
Rheinmetall Defence Nederland B.V., Ede/Netherlands		-	100	(29,030)	(7,695)
Rheinmetall Defence UK Ltd, Bristol/United Kingdom		100	-	23,581	(6,759)
Rheinmetall Hungary Zrt., Zalaegerszeg/Hungary		-	51	15,370	7,917

Shareholdings 2024

Company		Direct share of capital in %	Indirect share of capital in %	Equity in € thousand	Net income for the year after PLTA in € thousand
Rheinmetall International Defence and Security Ltd., Riyadh/Saudi Arabia		-	100	(4,342)	(861)
Rheinmetall Landsysteme GmbH, Südheide/Germany	(1)	100	-	307,631	-
Rheinmetall Landsysteme s.r.o., Prague/Czech Republic	(7)	-	100	-	-
Rheinmetall MAN Military Vehicles Australia Pty Ltd, Redbank/Australia		-	51	37,041	3,479
Rheinmetall MAN Military Vehicles Canada Ltd., Ottawa/Canada		-	51	526	5
Rheinmetall MAN Military Vehicles GmbH, Munich/Germany		51	-	207,310	166,443
Rheinmetall MAN Military Vehicles Österreich GesmbH, Vienna/Austria		-	51	344,008	95,964
Rheinmetall MAN Military Vehicles Österreich Holding GesmbH, Vienna/Austria		-	51	198,318	140,043
Rheinmetall MAN Military Vehicles UK Ltd, Bristol/United Kingdom		-	51	19,927	6,318
Rheinmetall Polska Sp. z o.o., Warsaw/Poland		-	100	691	248
Rheinmetall Technical Assistance GmbH, Kassel/Germany	(1)	-	100	25	-
Rheinmetall Vehicles Romania SRL, Medias/Romania		-	100	2,445	43
Weapon and Ammunition					
American Rheinmetall Munition Inc., Stafford/USA		-	100	(35,343)	(7,726)
Expal USA Inc., Hooks/USA		-	100	(17,511)	(13,409)
Nitrochemie Aschau GmbH, Aschau am Inn/Germany		-	55	57,156	9,791
Nitrochemie South Africa (Pty) Ltd., Somerset West/South Africa		-	55	610	28
Nitrochemie Wimmis AG, Wimmis/Switzerland		-	55	77,053	16,599
Rheinmetall Combat Platforms North America Inc., Reston/USA		-	100	(286)	(56)
Rheinmetall Defence Lietuva, UAB, Ruklos/Lithuania		-	100	(9)	284
Rheinmetall Denel Munition (Pty) Ltd., Somerset West/South Africa		-	51	148,850	37,491
Rheinmetall Expal Munitions S.A.U., Madrid/Spain		100	-	340,491	218,248
Rheinmetall Fraen Fuzes LLC, Reading/USA		-	51	-	-

Shareholdings 2024

Company		Direct share of capital in %	Indirect share of capital in %	Equity in € thousand	Net income for the year after PLTA in € thousand
Rheinmetall Hungary Munitions Zrt., Zalaegerszeg/Hungary		-	51	86,570	(1,800)
Rheinmetall Laingsdale (Pty) Ltd., Cape Town/South Africa		-	76	4,755	(1,950)
Rheinmetall Mobile Systeme GmbH, Meckenbeuren/Germany	(1)	-	100	4,979	-
Rheinmetall NIOA Munitions Pty Ltd, Maryborough West/Australia		-	51	(11,255)	(3,959)
Rheinmetall Project Solutions GmbH, Dusseldorf/Germany	(1)	-	100	8,591	-
Rheinmetall Projects Development Consultancy LLC, Abu Dhabi/United Arab Emirates	(2)	49	-	1,114	-
Rheinmetall Protection Systems GmbH, Bonn/Germany		-	100	66,106	1,668
Rheinmetall Protection Systems Gulf (FZE), Sharjah/United Arab Emirates		-	100	(2,461)	(639)
Rheinmetall Protection Systems Nederland B.V., Ede/Netherlands		-	100	1,353	859
Rheinmetall Savunma Sanayi A.S., Ankara/Turkey		-	90	3,654	3,161
Rheinmetall Shieldwall Advanced Technologies LLC, Troy/USA		-	65	263	11
Rheinmetall Waffe Munition ARGES GmbH, Schwanenstadt/Austria		-	100	1,947	2,762
Rheinmetall Waffe Munition GmbH, Südheide/Germany	(1)	100	-	246,794	-
Rheinmetall Waffe Munition South Africa (Pty) Ltd., Somerset West/South Africa		-	100	3,220	5,793
RWM Beteiligungsverwaltung Austria GmbH, Schwanenstadt/Austria		-	100	13,287	2,751
RWM Italia S.p.A., Ghedi/Italy		-	100	189,034	36,606
RWM Schweiz AG, Zurich/Switzerland		-	100	211,052	34,686
RWM Zaugg AG, Lohn-Ammannsegg/Switzerland		-	100	30,467	5,361
Electronic Solutions					
American Rheinmetall Systems, LLC, Biddeford/USA		-	100	48,833	5,307
Benntec Systemtechnik GmbH, Bremen/Germany	(2)	-	49	3,134	(41)
Logistic Solutions Australasia Pty Ltd, Southbank/Australia		-	100	3,018	301
Oerlikon Contraves GmbH, Zurich/Switzerland		100	-	21	-

Shareholdings 2024

Company		Direct share of capital in %	Indirect share of capital in %	Equity in € thousand	Net income for the year after PLTA in € thousand
Provectus Robotics Solutions Inc., Ottawa/Canada		-	100	3,055	(672)
RH Mexico Simulation and Training S.A. de C.V., Queretaro/Mexico		-	100	604	(6,810)
Rheinmetall (Shanghai) Aviation Consulting Co., Ltd., Shanghai/China		-	100	(264)	(128)
Rheinmetall Air Defence AG, Zurich/Switzerland		100	-	373,980	125,821
Rheinmetall Aviation Services GmbH, Bremen/Germany	(1)	-	100	18,805	-
Rheinmetall Canada Inc., Saint-Jean-sur-Richelieu/Canada		100	-	84,767	(5,472)
Rheinmetall Communication and Simulation Technology Pte. Ltd., Singapore/Singapore		-	100	1,282	786
Rheinmetall Digital GmbH, Bremen/Germany		100	-	102	(4)
Rheinmetall Electronic Solutions AG, Zurich/Switzerland		100	-	198	49
Rheinmetall Electronics France SAS, Paris/France		-	100	118	50
Rheinmetall Electronics GmbH, Bremen/Germany	(1)	100	-	120,433	-
Rheinmetall Electronics Hungary Kft., Budapest/Hungary		-	100	350	60
Rheinmetall Electronics UK Ltd, Newport/United Kingdom		-	100	6,308	2,584
Rheinmetall Italia S.p.A., Rome/Italy		-	100	154,203	24,366
Rheinmetall Nordic AS, Duken/Norway		100	-	32,456	8,105
Rheinmetall Soldier Electronics GmbH, Stockach/Germany	(1)	100	-	7,576	-
Rheinmetall Technical Publications GmbH, Bremen/Germany	(1)	100	-	15,299	-
Rheinmetall Technical Publications Schweiz AG, Zurich/Switzerland		-	100	1,599	218
RTP-UK Ltd, Bristol/United Kingdom		-	100	10,060	439
Power Systems					
Amprio GmbH, Neuss/Germany	(1)	-	100	315	-
BF Engine Parts LLC, Istanbul/Turkey		-	100	3,074	1,333
BF Germany GmbH, Tamm/Germany	(1)	-	100	3,223	-
Karl Schmidt Unisia Michigan LLC, Marinette/USA	(7)	-	100	-	-
Kolbenschmidt USA Inc., Marinette/USA	(7)	-	100	-	-

Shareholdings 2024

Company		Direct share of capital in %	Indirect share of capital in %	Equity in € thousand	Net income for the year after PLTA in € thousand
KS ATAG Beteiligungsgesellschaft mbH, Neckarsulm/Germany	(1)	-	100	10,263	-
KS CZ Motorservice s.r.o., Chabař ovice/Czech Republic		-	100	12,327	5,039
KS France SAS, Basse-Ham/France		-	100	20,461	1,171
KS Gleitlager de México S. de R.L. de C.V., Celaya/Mexico		-	100	24,383	1,810
KS Gleitlager GmbH, St. Leon-Rot/Germany	(1)	-	100	40,060	-
KS Gleitlager North America LLC, Marinette/USA		-	100	3,875	78
KS Kolbenschmidt France SAS, Basse-Ham/France		-	100	7,928	444
KS Kolbenschmidt US Inc., Marinette/USA		-	100	(19,761)	(16,165)
KSG Pistons Inc., Marinette/USA	(7)	-	100	-	-
KSPG Automotive Brazil Ltda, Nova Odessa/Brazil		-	100	14,191	(29,070)
KSPG Automotive India Private Ltd., Pune/India		-	100	46,389	5,636
MS Motorservice Aftermarket Iberica S.L., Abadiano/Spain		-	100	26,894	5,255
MS Motorservice Asia Pacific Co., Ltd., Shanghai/China		-	100	9,865	2,707
MS Motorservice Deutschland GmbH, Tamm/Germany	(1)	-	100	4,090	-
MS Motorservice France SAS, Villepinte/France		-	100	37,101	3,908
MS Motorservice International GmbH, Neuenstadt/Germany	(1)	-	100	57,590	-
MS Motorservice Istanbul Dis Ticaret ve Pazarlama A.S., Istanbul/Turkey		-	51	6,686	1,910
MS Motorservice Trading (Asia) Pte. Ltd., Singapore/Singapore		-	100	1,826	556
MS Motorservice Training OOO, Moscow/Russian Federation		-	100	346	8
ORR Training Systems OOO, Moscow/Russian Federation	(7)	-	100	16	-
Pierburg China Ltd., Kunshan/China		-	100	29,840	5,696
Pierburg Gestion S.L., Abadiano/Spain		-	100	13,487	12,246
Pierburg GmbH, Neuss/Germany	(1)	-	100	165,924	-
Pierburg Japan Corporation, Odawara/Japan		-	100	942	(5)
Pierburg Korea, Ltd., Seoul/South Korea		-	100	133	12
Pierburg Mexico Trading Company S. de R.L de C.V., Celaya/Mexico		-	100	-	-
Pierburg Pump Sales (Shanghai) Co., Ltd., Shanghai/China		-	100	7,709	520
Pierburg Pump Technology France SARL, Basse-Ham/France		-	100	38,275	(5,178)

Shareholdings 2024

Company		Direct share of capital in %	Indirect share of capital in %	Equity in € thousand	Net income for the year after PLTA in € thousand
Pierburg Pump Technology GmbH, Neuss/Germany	(1)	-	100	122,067	-
Pierburg Pump Technology Italy S.p.A., Lanciano/Italy		-	100	51,030	(980)
Pierburg Pump Technology México S.A. de C.V., Celaya/Mexico		-	100	10,856	1,504
Pierburg Pump Technology US LLC, Fountain Inn/USA		-	100	57,743	(5,488)
Pierburg S.A., Abadiano/Spain		-	100	63,366	16,210
Pierburg s.r.o., Usti nad Labem/Czech Republic		-	100	45,318	12,807
Pierburg US LLC, Fountain Inn/USA		-	100	67,181	10,336
Rheinmetall (China) Investment Co., Ltd., Shanghai/China		-	100	95,218	1,340
Rheinmetall Advanced Technology Solutions Kft., Budapest/Hungary		-	100	(518)	(545)
Rheinmetall Brandt GmbH, Neuss/Germany	(1)	-	100	252	-
Rheinmetall Brandt Romania SRL, Sibiu/Romania	(7)	-	99	483	(68)
Rheinmetall Dermalog SensorTec GmbH, Hamburg/Germany		-	65	(6,454)	(3,825)
Rheinmetall Invent GmbH, Neuss/Germany	(1)	-	100	2,098	-
Rheinmetall PolyCharge GmbH, Neuss/Germany		-	78	(14,155)	(7,452)
Rheinmetall PolyCharge Hungary Kft., Budapest/Hungary		-	78	(55)	(60)
Rheinmetall R&D, S.L., Amorebieta/Spain		-	100	2,999	185
Société Mosellane de Services SCI, Basse-Ham/France		-	100	4,464	(9)
Investments carried at equity					
Holding companies/service companies/others					
4iG NyRt., Budapest/Hungary		25	-	811,365	(86,211)
BHIC Systems Integration Sdn Bhd, Kuala Lumpur/Malaysia		-	34	(97)	(1)
casa altra development GmbH, Dusseldorf/Germany		-	35	41	(14)
Ingenhovenpark Quartier GmbH & Co. KG, Dusseldorf/Germany	(5)	-	50	493	(96)
KOLBENHÖFE GmbH & Co. KG, Hamburg/Germany	(5)	-	50	65,324	3,366
LFT Holding GmbH, Markdorf/Germany	(6)	-	25	10,210	(1,825)
LIGHTHOUSE Development GmbH, Duesseldorf/Germany	(4)	-	10	38	(8)

Shareholdings 2024

Company		Direct share of capital in %	Indirect share of capital in %	Equity in € thousand	Net income for the year after PLTA in € thousand
Rheinmetall 4iG Digital Services Kft., Budapest/Hungary	(5)	49	13	2,832	624
Vehicle Systems					
ARTEC GmbH, Munich/Germany	(5)	-	64	4,305	(2,297)
PSM Projekt System & Management GmbH, Kassel/Germany	(5)	-	50	7,561	4,882
The Dynamic Engineering Solution Pty Ltd, Holden Hill/Australia		-	49	7,716	772
UAB Lithuania Defense Services, Ruklos/Lithuania	(5)	-	50	3,440	2,002
Weapon and Ammunition					
Advanced Pyrotechnic Materials Pte. Ltd., Singapore/Singapore	(5)	-	49	5,690	2,321
DynITEC GmbH, Troisdorf/Germany		-	35	10,889	9,345
GIWS Gesellschaft für Intelligente Wirksysteme mbH, Nuremberg/Germany	(5)	-	50	1,899	515
Hartchrom Defense Technology AG, Steinach/Switzerland		-	38	2,032	(2)
RDZM, LLC, Middletown/USA	(5)	-	50	1,304	(77)
Rheinmetall Barzan Advanced Technologies QSTP, LLC, Doha/Qatar		-	49	14,799	(2,839)
Werk Aschau Lagerverwaltungsgesellschaft mbH, Aschau am Inn/Germany	(5)	-	28	25	-
Electronic Solutions					
AIM Infrarot-Module GmbH, Heilbronn/Germany		-	50	23,625	5,620
ARGE RME/CAE (GbR), Bremen/Germany	(5)	-	50	3	402
ARGE TATM, Bremen/Germany	(5)	-	50	(1)	-
Blackned GmbH, Heimertingen/Germany	(6)	-	40	2,305	763
EuroSpike GmbH, Röthenbach an der Pegnitz/Germany	(5)	-	40	10,981	2,656
HFTS Helicopter Flight Training Services GmbH, Halbergmoos/Germany	(5)	-	25	67,365	(5,167)
Oy Finnish Defence Powersystems Ab, Helsinki/Finland		-	30	28	8
RADARABIA for Industry LLC, Riyadh/Saudi Arabia	(6)	-	20	(459)	(933)

Shareholdings 2024

Company		Direct share of capital in %	Indirect share of capital in %	Equity in € thousand	Net income for the year after PLTA in € thousand
Rheinmetall Arabia Simulation and Training LLC, Riyadh/Saudi Arabia	(5)	-	40	12,618	4,503
Power Systems					
Carbon Truck & Trailer GmbH, Buxtehude/Germany	(6)	-	25	(1,330)	50
HASCO KSPG Nonferrous Components Co., Ltd., Shanghai/China	(5)	-	50	144,132	(9,898)
KS HUAYU AluTech GmbH, Neckarsulm/Germany	(5), (6)	-	50	24,817	1,003
Pierburg Huayu Pump Technology Co., Ltd., Shanghai/China	(5)	-	50	51,777	8,496
Joint Operations					
ARGE D-LBO IT-SysInt, Bremen/Germany			70	-	-
ARG D-LBO, Koblenz/Germany			50	-	-
ARGE Franco-German C-130J, Bremen/Germany			50	-	-
ARGE FüInfoSys Heer, Kassel/Germany			50	-	-
ARGE Hochenergie-Laser Marinedemonstrator, Südheide/germany			50	-	-
ARGE NNbS, Bremen/Germany			33	-	-
ARGE RME/CAE Austria (GbR), Bremen/Germany			50	-	-
Leopard 2 Service ARGE, Suedheide/Germany			50	-	-
MGCS SADS 1 ARGE, Koblenz/Germany			25	-	-

Other Investments					
Société Algérienne de Fabrication de Véhicules Spéciaux Rheinmetall Algérie SPA, Constantine/Algeria	(6)		5	69	6
PolyCharge America Inc., Tucson/USA			13	-	-

[1] Profit transfer agreement.
[2] Included in consolidation due to majority of voting rights.
[3] Structured entity (real estate management company).
[4] Significant influence due to distribution of voting rights.
[5] Joint ventures.
[6] Equity and result from previous years.
[7] Subsidiaries not included in the consolidated financial statements due to minor significance.

INDEPENDENT AUDITOR’S REPORT

Independent auditor’s report

To Rheinmetall Aktiengesellschaft, Düsseldorf/Germany

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of Rheinmetall Aktiengesellschaft, Düsseldorf/Germany, and its subsidiaries (the Group) which comprise the consolidated statement of financial position as at December 31, 2024, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the financial year from January 1 to December 31, 2024, and the notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the combined management report for the parent and the group of Rheinmetall Aktiengesellschaft, Düsseldorf/Germany, including the remuneration report included in the combined management report, including the related disclosures, for the financial year from January 1 to December 31, 2024. In accordance with the German legal requirements, we have not audited the content of the “Group Sustainability Statement” of the combined management report as well as the corporate governance statement pursuant to Sections 289f and 315d German Commercial Code (HGB), including the further reporting on corporate governance included therein, which is included in the section “Corporate governance” of the combined management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS® Accounting Standards issued by the International Accounting Standards Board (IASB) (hereinafter “IFRS Accounting Standards”) as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at December 31, 2024 and of its financial performance for the financial year from January 1 to December 31, 2024, and
- the accompanying combined management report as a whole provides an appropriate view of the Group’s position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of the statements referred to above..

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as “EU Audit Regulation”) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report” section of our auditor’s report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following we present the key audit matters we have determined in the course of our audit:

1. Recoverability of goodwill

2. Revenue recognition over a period of time

3. Accounting treatment of the acquisition of Loc Performance.

Our presentation of these key audit matters has been structured as follows:

a) description (including reference to corresponding information in the consolidated financial statements)

b) auditor's response

1. Recoverability of goodwill

a) In the consolidated financial statements of Rheinmetall Aktiengesellschaft, an amount of mEUR 1,426 is recognized as goodwill under the corresponding item of the consolidated statement of financial position (10.0% of total assets). Goodwill is tested for impairment at least once a year or if there is any indication that the item may be impaired. In these impairment tests, in the area of security technology the carrying amounts of the cash-generating units, or in the case of the Power Systems division the carry amounts of a group of cash-generating units, are compared with their respective recoverable amount. For this purpose, the expected future cash flows are discounted using a discounted cash flow method. The cash flow projections are based on the corporate planning for the upcoming period of three years valid at the time the impairment test is carried out, with expectations on future market developments and country-specific assumptions being also taken into account. The detailed planning period for the Power Systems division was extended to cover five years with the executive board arguing that this will take better account of the properties of the Sensors & Actuators business unit, which is in a transition phase. Planning periods further in the future from which a significant potion of the recoverable amount results (perpetuity phase) are included by extrapolating the cash flows from the respective last detailed planning year, taking into account a growth rate. The cash flows are discounted using the weighted cost of capital of the respective cash-generating unit or group of cash-generating units.

No need for impairment was determined in the reporting year.

The outcome of these impairment tests is highly dependent on the executive board's assessment of the future cash flows and on the used discount rate and is therefore subject to great uncertainty. Therefore, this matter was of particular significance in the context of our audit.

For information provided by the Company on goodwill, please refer to the sections "Accounting policies" and "Goodwill, other intangible assets" of the notes to the consolidated financial statements.

b) During our audit, we obtained an understanding of the method applied to carry out the impairment tests, evaluated the determination of the weighted cost of capital and assessed the calculation method in consultation with our internal valuation specialists and on the basis of the understanding we obtained of the processes. We examined whether the corporate planning underlying the impairment tests is consistent with the corporate planning for the upcoming three years prepared by the executive board and acknowledged by the supervisory board. In assessing the quality and reliability of the corporate planning, we compared the planning of the previous financial years with the results that were actually realized and analyzed any deviations (adherence to the plan). Together with the persons in charge, we discussed the assumptions and premises underlying the planning and examined them for plausibility. For this purpose, we, among other things, reconciled the assumptions made with macroeconomic and industry-specific market expectations. We also examined whether the future cash flows have been appropriately derived from the assumptions and premises made. In respect of the Power Systems division, we checked the assumptions on which the detailed planning period was extended to cover five years for plausibility. In addition, our audit included an examination of whether the cost of group functions has been properly considered in the impairment testing of the respective cash-generating units..

As relatively small variations of the used discount rate may already have material effects on the value of the recoverable amount thus determined, we assessed the parameters that were relied on for determining the respective discount rate, including the cost of capital, and verified that they were within the normal market ranges. In each case, we assessed the appropriateness of calculation of the measurement scheme for determining the recoverable amount. Furthermore, due to the material significance of goodwill for the Group's assets and liabilities, we performed a complementary sensitivity analysis in order to be able to assess a possible impairment risk in case of a potential change of material assumptions concerning the valuation parameters. In the case of estimates made by the executive board, we assessed the reasonableness of the methods applied, the assumptions made and the data used

In addition, we audited the completeness and correctness of the disclosures in the notes to the consolidated financial statements required under IAS 36.

2. Revenue recognition over a period of time

a) In the consolidated financial statements of the Company as at December 31, 2024, an amount of mEUR 9,751 is recognized as revenue in the statement of profit or loss, of which mEUR 2,639 were recognized according to the percentage of completion method. A material part of the activities in the business with safety technology is realized under long-term customer-specific agreements. The balance sheet as at December 31, 2024 states contract assets and contract liabilities of mEUR 692 and mEUR 3,866, respectively. Revenue from the long-term customer-specific agreements is generally recognized over the period in which the relevant asset was created unless the Rheinmetall Group has an alternative possibility to use the asset and is legally entitled to receive payment for the services already rendered. Also, if an asset is created or enhanced and the customer gains control over the asset as the asset is created or enhanced, revenue is recognized over a period of time. When recognizing revenue over a period of time, revenue is recognized according to the percentage of completion, which is calculated as the ratio of the actually incurred contract cost to the estimated total cost to complete the contract.

From our point of view, recognizing revenue over a period of time is subject to a considerable risk of material misstatement due to fraud or error and is therefore of particular importance in the context of our audit. Management estimates have a significant impact on the determination of the percentage of completion, the expected total cost and the cost of orders that is still to be incurred until completion, including any contract risks and their probability of occurrence. Due to new evidence obtained on the cost development and changes in the ordered project scope over the multi-year terms of the contract and the rendering of the services, revenue, estimated contract cost and completion of the contract may sometimes deviate considerably from the original project calculation.

For information provided by the Company on revenue recognition, please refer to the sections “Accounting policies” and “Sales” in the notes to the consolidated financial statements.

b) After having initially obtained an overview of the business development and the changed framework conditions during our audit, we consulted the parts of the underlying contracts relevant to revenue recognition over a period of time and evaluated the process of proper identification of the performance obligation and classification of satisfying the performance obligation over a given period of time. Based on the understanding we have obtained of the processes, we evaluated the design of identified internal controls relevant to the audit and ascertained whether they had been appropriately established. We focused our audit of these control procedures on the controls for approval of the project valuation taking into account the percentage of completion and the projected project margin. To the extent that we relied on identified controls, we also assessed the effectiveness of those controls.

We evaluated the appropriateness of the project calculation and the assessment of the percentage of completion by means of long-term customer-specific agreements that were selected based on risk-based aspects. The key criteria for the selection of our project samples were the amount of the total contract value and of the contract volume, the revenue realized with the project in the reporting year, as well as amount and development of the project margin in the reporting year. In addition, some contracts were randomly selected on a sample basis. Besides gaining an understanding of the underlying parts of the contract, our audit procedures included inquiries of the project management, the division management and the executive board into the development of the projects, the current evaluation of the expected cost still to be incurred until completion as well as the estimate of the probability of occurrence of contract risks and opportunities. Moreover, we reconstructed the proper recognition and netting of direct cost as well as the amount and netting of overheads. In the case of management estimates, we assessed the reasonableness of the methods applied, the assumptions made and the data used.

In addition, we audited the completeness and correctness of the corresponding disclosures in the notes to the consolidated financial statements.

3. Accounting treatment of the acquisition of Loc Performance.

a) On August 13, 2024, Rheinmetall signed an agreement on the acquisition of all shares in Loc Performance Products LLC, a vehicle specialist with registered office in Plymouth, Michigan/USA, the related property company Prime Real Estate HoldCo LLC as well as some holding companies (hereafter referred to as “Loc Performance”). The company's business focuses on defense technology and agriculture. The provisional purchase price after repayment of existing liabilities is mUSD 593 (mEUR 563) and was paid in cash in November 2024.

The assets acquired and liabilities assumed were recognized at the acquisition date at fair values determined in a purchase price allocation by an external expert commissioned by Rheinmetall who used plans made by the executive board in determining the fair values. Intangible assets totaling mEUR 406 were recognized in this purchase price allocation, which are mainly attributable to the existing customer relationships and, to a lesser extent, to a brand, technologies and the order backlog. In addition, hidden reserves were identified in the acquired company's fixed assets and inventories. The portion of the purchase price that was not allocated to the assets and liabilities amounts to mEUR 290 and is recognized as goodwill in the statement of financial position.

The accounting treatment of the acquisition of Loc Performance was classified as provisional within the meaning of IFRS 3.45, arguing that the valuation of assets and liabilities as part of the purchase price allocation is not yet complete.

The accounting treatment of the acquisition of Loc Performance Products LLC and the further acquired companies was particularly important in the context of our audit as no market values were available for the identified intangible assets in particular, meaning that complex, assumption-based valuation models and methods were to be used to determine the fair values. The result of the valuation is highly dependent on the forecast of future cash flows and the discount rates used and is subject to corresponding uncertainty due to the scope of discretion for the executive board. In addition, there is a risk that the disclosures in the notes required under IFRS 3 may not be complete or correct.

The Company's disclosures on the acquisition of Loc Performance Products LLC and the further acquired companies are included in the section "Material acquisitions" in the notes to the consolidated financial statements.

b) As part of our audit of the accounting treatment of the acquisition of Loc Performance Products LLC and the further acquired companies, we examined, obtained an understanding of, and assessed the underlying contractual agreements. We also matched the purchase price paid by Rheinmetall Aktiengesellschaft to date with corresponding evidence of the payments made.

In connection with the audit of the purchase price allocation, we assessed the work of the external expert commissioned by the executive board, taking account of its competence, capabilities and objectivity. One focus of our audit was on identifying and evaluating the intangible assets recognized as a result of the purchase price allocation and their value-driving factors. With the support of our internal valuation specialists, we assessed the appropriateness of the valuation models and methods applied. We evaluated the plausibility of the assumptions made in the executive board's planning based on independently determined marked expectations as well as discussions with the executive board, the division management and the external expert. In the case of estimates made by the executive board, we assessed the reasonableness of the methods applied, the assumptions made and the data used.

We also assessed whether the related disclosures in the notes to the consolidated financial statements are complete and correct.

Other Information

he executive board and/or the supervisory board is responsible for the other information. The other information comprises

- the report of the supervisory board,
- the "Group Sustainability Statement", which contains the disclosures of the non-financial group reporting pursuant to Sections 315b and 315c HGB,
- the corporate governance statement, including the further reporting on corporate governance included therein,
- the executive board's confirmations pursuant to Sections 297 (2) sentence 4 and 315 (1) sentence 5 HGB regarding the consolidated financial statements and the combined management report, and
- all other parts of the annual report,
- but not the consolidated financial statements, not the audited content of the disclosures in the combined management report and not our auditor's report thereon..

The supervisory board is responsible for the report of the supervisory board. The executive board and the supervisory board are responsible for the statement according to Section 161 German Stock Corporation Act (AktG) on the German Corporate Governance Code, which is part of the corporate governance statement. Otherwise, the executive board is responsible for the other information.

- Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the audited content of the disclosures in the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Board and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The executive board is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive board is responsible for such internal control as it has determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive board is responsible for assessing the Group's ability to continue as a going concern. It also has the responsibility for disclosing, as applicable, matters related to going concern. In addition, it is responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive 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. In addition, the executive 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 Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

The executive board and the supervisory board are further responsible for the preparation of the remuneration report, including the related disclosures, which is included in a separate section of the combined management report and which complies with the requirements of Section 162 AktG. In addition, they are responsible for such internal control as they have determined necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional 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 audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of internal control or these arrangements and measures of the Group.
- evaluate the appropriateness of accounting policies used by the executive board and the reasonableness of estimates made by the executive board and related disclosures.

- conclude on the appropriateness of the executive 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 audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS Accounting Standards as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) HGB
- plan and perform the audit of the consolidated financial statements in order to obtain sufficient appropriate audit evidence regarding the financial information of the entities or of the business activities within the Group, which serves as a basis for forming audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and inspection of the audit procedures performed for the purposes of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group’s position it provides.
- perform audit procedures on the prospective information presented by the executive board in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive 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 audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current period and are therefore the key audit matters. We describe these matters in the auditor’s report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Audit of the Electronic Reproductions of the Consolidated Financial Statements and of the Combined Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB

Audit Opinion

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the consolidated financial statements and of the combined management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the file, which has the SHA-256 value f8c6061478f517445c03e90e3278ec7317d279e45b244b1306ebf8fd56885fdf, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the consolidated financial statements and of the combined management report prepared for publication contained in the file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the financial year from January 1 to December 31, 2024 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

Basis for the Audit Opinion

We conducted our audit of the electronic reproductions of the consolidated financial statements and of the combined management report contained in the file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (06.2022)). Our responsibilities in this context are further described in the "Group Auditor's Responsibilities for the Audit of the ESEF Documents" section. Our audit firm has applied the requirements of the IDW Quality Management Standards.

Responsibilities of the Executive Board and the Supervisory Board for the ESEF Documents

The executive board of the Parent is responsible for the preparation of the ESEF documents based on the electronic files of the consolidated financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements according to Section 328 (1) sentence 4 no. 2 HGB.

In addition, the executive board of the Parent is responsible for such internal control that it has considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process

Group Auditor's Responsibilities for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional 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 audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited combined management report.

- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the general meeting on May 14, 2024. We were engaged by the supervisory board on November 06, 2024. We have been the group auditor of Rheinmetall Aktiengesellschaft, Düsseldorf/Germany, without interruption since the financial year 2020.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as with the audited ESEF documents. The consolidated financial statements and the combined management report converted into the ESEF format – including the versions to be submitted for inclusion in the Company Register – are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is André Bedenbecker.

Düsseldorf, March 10, 2025

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

signed André Bedenbecker	signed Christian Schmitz
Wirtschaftsprüfer (German Public Auditor)	Wirtschaftsprüfer (German Public Auditor)

ASSURANCE REPORT OF THE GROUP SUSTAINABILITY STATEMENT

ASSURANCE REPORT OF THE INDEPENDENT GERMAN PUBLIC AUDITOR ON A LIMITED ASSURANCE ENGAGEMENT IN RELATION TO THE GROUP SUSTAINABILITY STATEMENT

To Rheinmetall Aktiengesellschaft, Düsseldorf/Germany

Assurance Conclusion

We have conducted a limited assurance engagement on the Group Sustainability Statement of Rheinmetall Aktiengesellschaft, Düsseldorf/Germany, for the financial year from January 1 to December 31, 2024, included in section "GROUP SUSTAINABILITY STATEMENT" of the combined management report for the parent and the group. The Group Sustainability Statement was prepared to fulfill the requirements of Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022 (Corporate Sustainability Reporting Directive, CSRD) and Article 8 of Regulation (EU) 2020/852 and Sections 315b and 315c German Commercial Code (HGB) for a consolidated non-financial statement.

Not subject to our assurance engagement are the prior year's disclosures marked as unassured.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the accompanying Group Sustainability Statement is not prepared, in all material respects, in accordance with the requirements of the CSRD and Article 8 of Regulation (EU) 2020/852, Sections 315b and 315c HGB for a consolidated non-financial statement, and the specifying criteria presented by the executive directors of the Company. This assurance conclusion includes that nothing has come to our attention that causes us to believe

- that the accompanying Group Sustainability Statement does not comply, in all material respects, with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the entity to identify information to be included in the Group Sustainability Statement (the materiality assessment) is not, in all material respects, in accordance with the description set out in section "Description of the processes to identify and assess material impacts, risks and opportunities" of the Group Sustainability Statement, or
- that the disclosures in the Group Sustainability Statement do not comply, in all material respects, with Article 8 of Regulation (EU) 2020/852.

We do not express an assurance conclusion on the abovementioned parts of the Group Sustainability Statement that were not covered by our assurance engagement.

Basis for the Assurance Conclusion

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) are further described in section "German Public Auditor's Responsibilities for the Assurance Engagement on the Group Sustainability Statement".

We are independent of the entity 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. Our audit firm has applied the requirements of the IDW Quality Management Standards and of the International Standard on Quality Management (ISQM) 1 issued by the IAASB. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

Responsibilities of the Executive Directors and the Supervisory Board for the Group Sustainability Statement

The executive directors are responsible for the preparation of the Group Sustainability Statement in accordance with the requirements of the CSRD and the applicable German legal and other European requirements as well as with the specifying criteria presented by the executive directors of the Company and for designing, implementing and maintaining such internal control as they have considered necessary to enable the preparation of a group sustainability statement in accordance with these requirements that is free from material misstatement, whether due to fraud (i.e. fraudulent reporting in the Group Sustainability Statement) or error.

This responsibility of the executive directors includes establishing and maintaining the materiality assessment process, selecting and applying appropriate reporting policies for preparing the Group Sustainability Statement as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The supervisory board is responsible for overseeing the process for the preparation of the Group Sustainability Statement.

Inherent Limitations in Preparing the Group Sustainability Statement

The CSRD and the applicable German legal and other European requirements contain wording and terms that are subject to considerable interpretation uncertainties and for which no authoritative comprehensive interpretations have yet been published. The executive directors have disclosed interpretations of such wording and terms in the Group Sustainability Statement. The executive directors are responsible for the reasonableness of these interpretations. As such wording and terms may be interpreted differently by regulators or courts, the legality of measurements or evaluations of the sustainability matters based on these interpretations is uncertain. The quantification of non-financial performance indicators disclosed in the Group Sustainability Statement is also subject to inherent uncertainties.

These inherent limitations also affect the assurance engagement on the Group Sustainability Statement.

German Public Auditor's Responsibilities for the Assurance Engagement on the Group Sustainability Statement

Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the Group Sustainability Statement has not been prepared, in all material respects, in accordance with the CSRD, the applicable German legal and other European requirements and the specifying criteria presented by the executive directors of the Company and to issue an assurance report that includes our assurance conclusion on the Group Sustainability Statement.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional skepticism. We also

- obtain an understanding of the process used to prepare the Group Sustainability Statement, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the Group Sustainability Statement.
- identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. In addition, the risk of not detecting a material misstatement in information obtained from sources not within the entity's control (value chain information) is ordinarily higher than the risk of not detecting a material misstatement in information obtained from sources within the entity's control, as both the entity's executive directors and we as practitioners are ordinarily subject to restrictions on direct access to the sources of the value chain information.
- consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

Summary of the Procedures Performed by the German Public Auditor

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgment.

In performing our limited assurance engagement, we

- evaluated the suitability of the criteria as a whole presented by the executive directors in the Group Sustainability Statement.
- inquired of the executive directors and relevant employees involved in the preparation of the Group Sustainability Statement about the preparation process, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the Group Sustainability Statement, and about the internal controls relating to this process.
- evaluated the reporting policies used by the executive directors to prepare the Group Sustainability Statement.

- evaluated the reasonableness of the estimates and related information provided by the executive directors. If, in accordance with the ESRS, the executive directors estimate the value chain information to be reported for a case in which the executive directors are unable to obtain the information from the value chain despite making reasonable efforts, our assurance engagement is limited to evaluating whether the executive directors have undertaken these estimates in accordance with the ESRS and assessing the reasonableness of these estimates, but does not include identifying information in the value chain that the executive directors were unable to obtain.
- performed analytical procedures or tests of details and made inquiries in relation to selected information in the Group Sustainability Statement.
- conducted site visits.
- considered the presentation of the information in the Group Sustainability Statement.
- considered the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Group Sustainability Statement.

Restriction of Use

We issue this report as stipulated in the engagement letter agreed with the Company (including the “General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms)” dated January 1, 2024 of the Institut der Wirtschaftsprüfer (IDW)). We draw attention to the fact that the assurance engagement was conducted for the Company’s purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other than the aforementioned purpose. Accordingly, the report is not intended to be used by third parties as a basis for making (financial) decisions.

Our responsibility is to the Company alone. We do not accept any responsibility to third parties. Our assurance conclusion is not modified in this respect.

Düsseldorf/Germany, March 10, 2025

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

signed André Bedenbecker	signed Christian Schmitz
Wirtschaftsprüfer (German Public Auditor)	Wirtschaftsprüfer (German Public Auditor)

RESPONSIBILITY STATEMENT

To the best of our knowledge and in accordance with the applicable accounting principles, the consolidated financial statements of Rheinmetall AG give a true and fair view of the net assets, financial position and results of operations of the Group, and the management report of Rheinmetall AG includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Düsseldorf, March 10, 2025

Rheinmetall Aktiengesellschaft
The Executive Board

Armin Papperger | Klaus Neumann | Dr. Ursula Biernert-Kloß | René Gansauge

FINANCIAL CALENDER AND LEGAL INFORMATION

This annual report was published on March 12, 2025.

May 8, 2025
Statement on the 1st quarter 2025

May 13, 2025
Annual General Meeting Rheinmetall AG

August 7, 2025
Report on the 1st half-year 2025

November 6, 2025
Statement on the 3rd quarter 2025

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RHEINMETALL

TAKING RESPONSIBILITY IN A CHANGING WORLD