

2024

Annual financial statements

Management report

for the 2024 financial year

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Basic principles of the company

Establishment, purpose and business model of the RAG-Stiftung

On the basis of the agreements on coal policy, the RAG-Stiftung was established on 26 June 2007 with an endowment capital of EUR 2.0 million as a legally capable foundation under civil law with its headquarters in Essen. Guided by the principles of corporate responsibility, its mandate is to manage the transition process from German coal mining until the end of 2018 and, beyond this, to ensure the further development of what is now the Evonik Group.

The RAG-Stiftung's objective lies in the transition, management and support of the German coal mining industry bundled in the RAG Group, subject to the legal and other conditions for the socially responsible discontinuation of subsidised coal mining in Germany. This also involves support within RAG for the elimination and avoidance of subsequent consequences of coal mining for the environment and nature within the scope of the legal obligations. A further purpose of the RAG-Stiftung is the promotion of education, science and culture in connection with German coal mining in the mining regions of North Rhine-Westphalia and Saarland.

The RAG-Stiftung's business model aims to ensure the financing of perpetual obligations of RAG's coal mining activities with proceeds from the sale and reinvestment of shares in Evonik Industries AG, with dividends from Evonik Industries AG and other investment income, and with income generated from diverse financial assets. In accordance with this business model, our primary objective is to finance the cash outflow, which has increased with the respective inflation rate since 2019, for the sustainable financing of perpetual obligations from investment income and financial assets.

Responsibilities of the RAG-Stiftung's management bodies

According to the articles of association, the Board of Trustees monitors the Foundation's Board of Executives in its management of the RAG-Stiftung's operations.

The Foundation's Board of Executives manages the RAG-Stiftung's business operations and is its legal and extrajudicial representative. The Foundation's Board of Executives manages the RAG-Stiftung on its own responsibility according to the Foundation's purpose and articles of association.

Management bodies of the RAG-Stiftung

The RAG-Stiftung Board of Trustees in 2024 included the following ex officio (in the order specified in the articles of association):

- Hendrik Wüst, Member of State Parliament and Premier of the State of North Rhine-Westphalia
- Anke Rehlinger, Member of State Parliament and Premier of the State of Saarland
- Dr. Jörg Kukies, Member of the German Bundestag and Federal Minister of Finance (since 7 November 2024)
- Christian Lindner, Member of the German Bundestag and Federal Minister of Finance (until 6 November 2024)
- Dr. Robert Habeck, Member of the German Bundestag and Federal Minister for Economic Affairs and Climate Action
- Michael Vassiliadis, Deputy Chairman of the Board of Trustees of the RAG-Stiftung
Chairman of the Mining, Chemical and Energy Industrial Union





The group of other members of the Board of Trustees comprises:

- Martin Albers, Chairman of the Working Group of Works Councils in the RAG-Stiftung and Chairman of the General Works Council at Evonik Industries AG
- Annemarie Lütkes, former District President of Düsseldorf
- Heiko Maas, former Federal Foreign Minister
- Hildegard Müller, President of the German Association of the Automotive Industry
- Thomas Kufen, Mayor of the City of Essen
- Reiner Priggen, Former Chairman of the Board of the NRW State Association for Renewable Energy
- Armin Laschet, Member of the German Bundestag, Chairman of the Board of Trustees of the RAG-Stiftung; former Premier of the State of North Rhine-Westphalia
- Dr. Andreas Reichel, Chairman of the Board of Management of STEAG GmbH

The Board of Trustees is currently chaired by Armin Laschet; Michael Vassiliadis is Deputy Chairman. There were no changes to the Board of Executives of the RAG-Stiftung. Its members are:

- Bernd Tönjes, Chief Executive Officer
- Dr. Jürgen-Johann Rupp, Chief Financial Officer
- Bärbel Bergerhoff-Wodopia, Chief Human Resources Officer, responsible for Education, Science and Culture

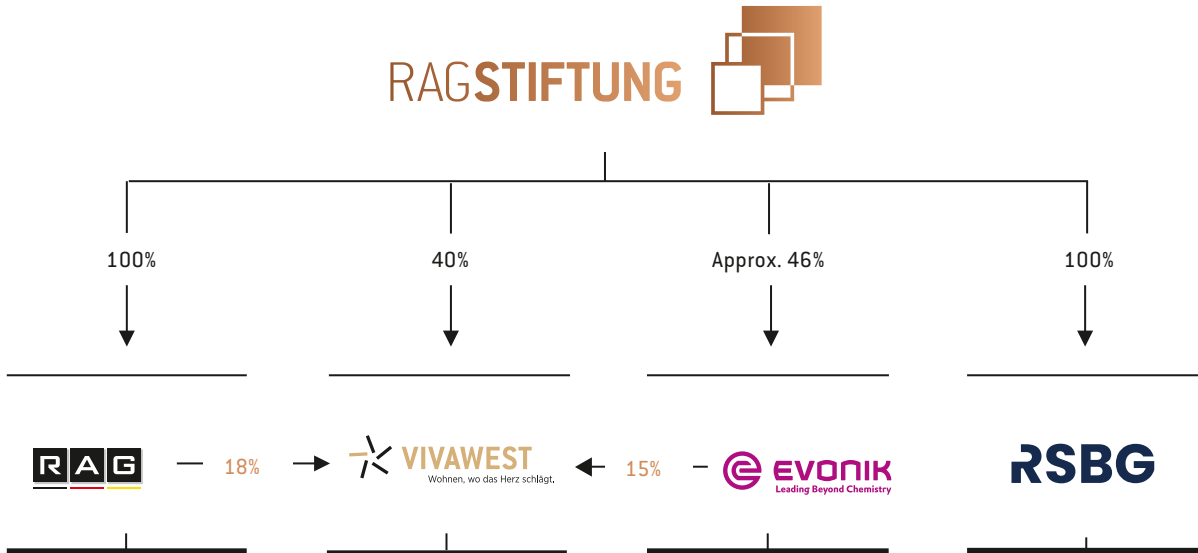
BOARD OF TRUSTEES AND BOARD OF EXECUTIVES OF THE RAG-STIFTUNG AS OF 31 DECEMBER 2024

BOARD OF TRUSTEES		BOARD OF EXECUTIVES
Chairpersons Armin Laschet Michael Vassiliadis (Deputy)		Chief Executive Officer Bernd Tönjes
Members <div>Hendrik Wüst Armin Laschet Thomas Kufen Annemarie Lütkes Hildegard Müller</div> <div>Dr. Jörg Kukies Dr. Robert Habeck Reiner Priggen Dr. Andreas Reichel</div>		Chief Financial Officer Dr. Jürgen-Johann Rupp
<div>Anke Rehlinger Heiko Maas</div> <div>Michael Vassiliadis Martin Albers</div>		Chief Human Resources Officer Education, Science, Culture Bärbel Bergerhoff-Wodopia

■ Members ex officio

As of 31 December 2024

RAG-STIFTUNG: STRATEGIC HOLDINGS



Investment portfolio

The RAG-Stiftung's strategic holdings are RAG Aktiengesellschaft (RAG), Essen; Evonik Industries AG (Evonik), Essen; Vivawest GmbH (Vivawest), Essen; and RSBG SE, Essen.

The RAG-Stiftung holds all direct shares in RAG. Coal mining in Germany was the RAG Group's primary business activity. Following the scheduled cessation of active mining in December 2018, the Company's focus has been on processing the residual pollution and perpetual obligations from mining.

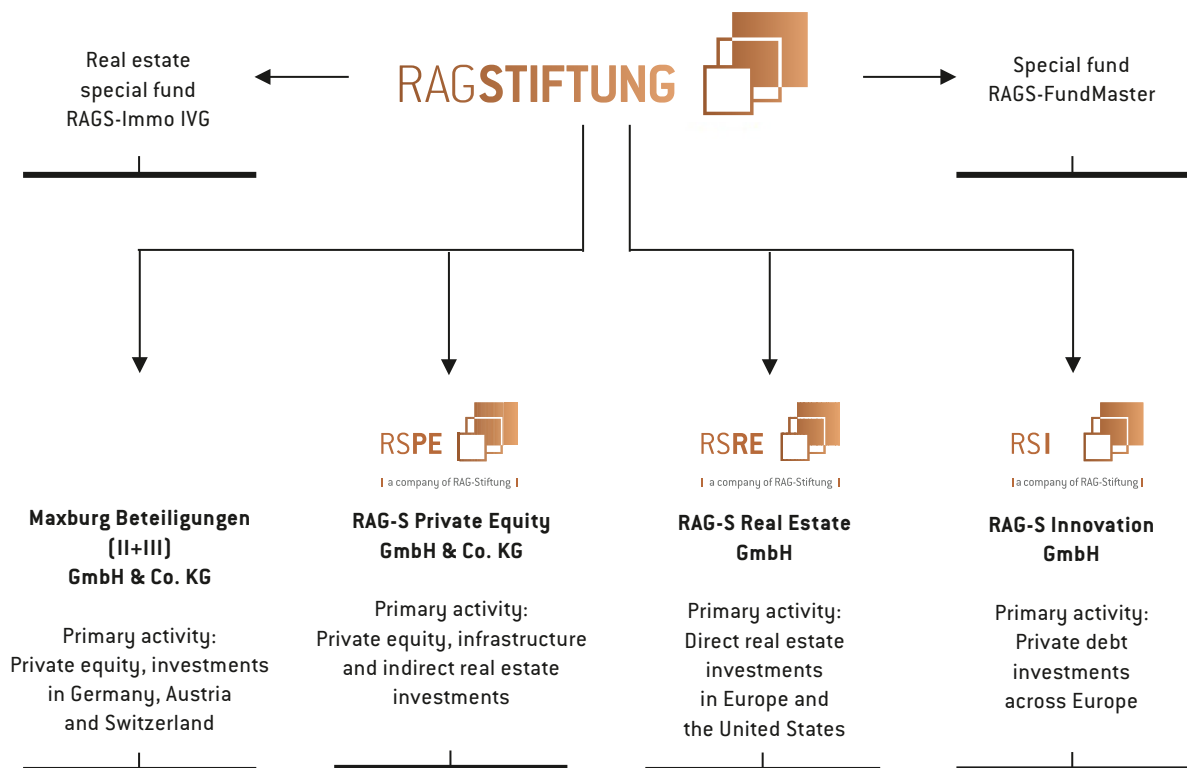
On 31 December 2024, the RAG-Stiftung directly held approximately 46% (31 December 2023: around 53%) of the shares in Evonik Industries AG, of which around 21% are being held for sale. Evonik Industries AG is the holding company of the global Evonik Group, which focuses on special chemicals.

The RAG-Stiftung continued to have a direct holding of 40% in Vivawest in 2024. A further 18% is held by RAG and 15% by Evonik. With around 119,000 apartments in its portfolio, Vivawest is a large housing provider in Germany.

RSBG SE is a holding company. The RAG-Stiftung continues to hold 100% of the shares. The investment strategy of RSBG SE is to maintain the company as a holding company that acquires minority or majority holdings in specialised medium-sized engineering, automation and industrial service companies. The investment objective is to generate ongoing income and increase the value of the invested capital over the medium and long term.

Various investment vehicles are used for the RAG-Stiftung's financial assets:

VEHICLES OF THE RAG-STIFTUNG FOR CAPITAL INVESTMENTS



In the **RAGS-FundMaster special fund** managed by the capital management company Deka Investment GmbH, assets with a market value of approximately EUR 4.5 billion are administered by external managers, each with their own specific investment mandate. The majority of the special fund is invested in liquid assets (liquid return portfolio). There are mandates issued to manage global government bonds, international corporate bonds from Europe, the United States and emerging markets, and global and European shares. There is also one mandate for global inflation-linked bonds and another mandate for high-yield bonds. A small portion, the illiquid return portfolio, combines the aim of protecting against inflation with achieving returns above the money market interest rate. It includes investments in commercial real estate, which are performed as indirect investments via special funds.

In addition, European real estate investments are made in the **special real estate fund RAGS-Immo IVG** managed by PATRIZIA Immobilien Kapitalverwaltungsgesellschaft mbH, and European and American direct investments are made in **RAG-S Real Estate GmbH (RSRE)**. **RAG-S Innovation GmbH (RSI)** invests in private debt investments through a Luxembourg-based vehicle (**RAG-S Lending S.C.S, SICAV-RAIF**).

The RAG-Stiftung's international private equity, infrastructure activities and other non-European real estate investments are pooled in **RAG-S Private Equity GmbH & Co. KG (RSPE)**. With investments in the private equity asset class, the RAG-Stiftung decides on investments in funds administered by external managers. Critical factors for success in these cases include selection of the managers, sufficient diversification across different managers and various investment styles and, above all, diversification across various fund ages (vintage years). Decisions on investment in companies or other funds are made exclusively by the manager. Infrastructure and real estate funds of the RAG-Stiftung that are unsuitable for special funds are also held in RSPE.

Maxburg Beteiligungen II GmbH & Co. KG and **Maxburg Beteiligungen III GmbH & Co. KG** ("**Maxburg KG**") are also private equity funds which were set up exclusively for the RAG-Stiftung. Both funds are in the disinvestment phase. Maxburg Capital Partners GmbH manages Maxburg KG. It identified and assessed potential investment projects and prepared decisions on acquisition and possible disposal. Following a positive decision by Maxburg KG's investment committee, Maxburg Capital Partners GmbH also carried out the acquisition. The task of Maxburg Capital Partners GmbH in the disinvestment phase is the sale of the investment projects.

Investment report

Overall statement on the course of business

2024 was a good year for the RAG-Stiftung despite the many geopolitical uncertainties, weak economic growth and receding, but stagnating inflation. We again fulfilled our primary task, which was to secure the capital stock to finance the perpetual obligations.

CENTRAL KEY PERFORMANCE INDICATORS: FORECAST AND ACTUAL VALUES

In EUR million

	2024	Forecast for 2024	2023
Financial performance indicators			
Net profit for the year	0	Stable	0
Addition to provision for perpetual obligations	965	Approx. 376	394

The addition to the provision for perpetual obligations, which was considerably higher than the original forecast for 2024, was due mainly to the fact that other operating income was much higher than in the previous year and that impairments on holdings and amortisation of financial assets were well below the high figure of the previous year.

Development of our capital investments

Capital investments in the RAGS-FundMaster special fund performed positively overall towards the end of 2024.

The RAGS-FundMaster closed 2024 with a return of 2.7% due to the high bond component in it. The global government bond mandates fell by 1.3% and 1.2% respectively. The inflation-linked bond mandate remained constant. Both European Corporate bond mandates increased by 3.7%. The US Corporate mandate rose by 0.8%. The Global High-Yield mandate and the Emerging Market mandate increased by 5.5% and 2.7% respectively.

The two Equity mandates achieved returns of 10.3% (European Equity) and 13.3% (Global Equity).

Economic conditions

The global economy in 2024 was impacted by three main factors: a declining but persistent inflation, a less restrictive monetary policy, and significant geopolitical changes and uncertainties.

Due to the recent decline in inflation, central banks in Europe and the United States lowered key interest rates further in 2024. Companies and private households are experiencing falling inflation rates, attributable among other things to lower commodity prices and a cooling of labour markets. Nevertheless, inflation remains high in some emerging and developing countries.

Politically, 2024 saw a number of upheavals and changes, including in Syria and Israel. Another occurrence of particular note was the presidential elections in the United States, the outcome of which is likely to have a significant impact on the global economy in 2025.

The current challenge for Europe is to combat uncertainties in the short term through political measures, restore price stability and promote sustainable growth in the medium term.

According to estimates by the World Economic Outlook compiled by the International Monetary Fund (IMF), the global economy grew in 2024 by 3.2% overall (2023: 3.3%).

United States of America

According to the IMF, the United States economy grew by 2.8% in 2024 and thus more strongly than originally expected. The United States economy proved to be very resilient. This is mainly attributable to stable consumer spending and interest rate cuts by the Federal Reserve. The United States economy also benefited from a robust labour market and receding inflation. However, inflation in the United States remained fairly high: The inflation rate at the end of 2024 was around 2.9%, lower than at the end of 2023 (approximately 3.4%).

Europe

The economic development in Europe in 2024 varied greatly compared to in the United States. While the United States economy remained robust, the European economy weakened. Germany recorded the weakest growth in the eurozone, as falling exports and declining investment weighed on the economy despite an increase in consumption. The inflation rate in the eurozone fell to around 2.4% at the end of 2024 compared with 2.9% in the previous year. Overall, GDP growth was 1.0% in the EU and 0.8% in the eurozone (2023: 0.4%).

China

China's economic performance in 2024 was more sluggish than expected. The country had to contend with high youth unemployment and a decline in retail sales. In addition, problems persist in the real estate sector, particularly due to the financial difficulties the real estate developer Country Garden faced in 2023. Since a large share of the Chinese population's assets is invested in real estate, this led to a general slowdown in consumption. In conclusion the Chinese economy, the engine of global growth, performed more weakly than expected in 2024 and struggled with the problem of emerging deflation. According to the IMF, China's economy grew by 4.8% in 2024 (2023: 5.2%).

Monetary policy

Core inflation in the eurozone and the United States fell in 2024, but only to a small extent. This is due in particular to the continuing high inflation rates in the service sector. In addition, inflation rose slightly again recently in both the eurozone and the United States, with inflation figures in the United States exceeding those in the eurozone over the course of the year.

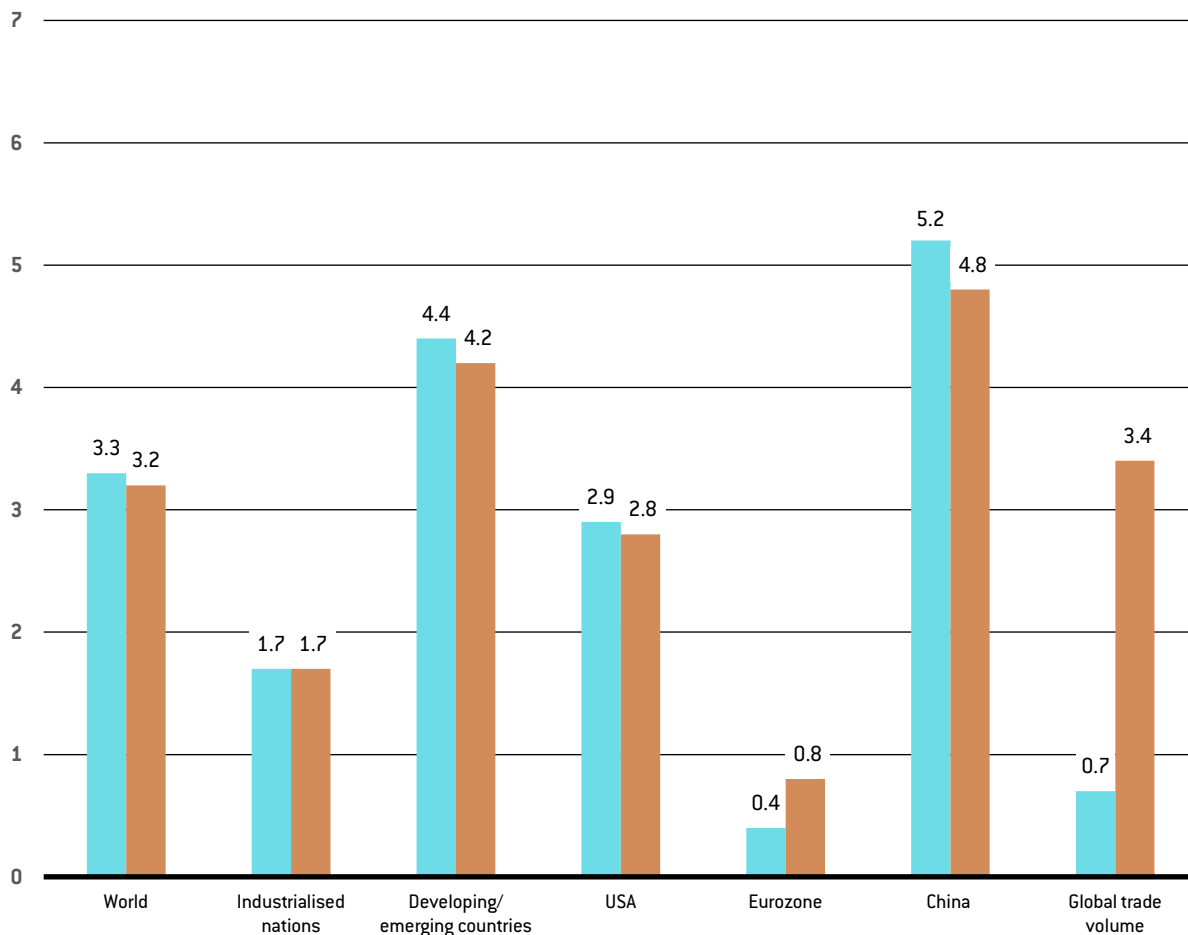
Prices for fuels and other commodities fell in many areas in 2024, which reduced headline inflation, particularly in the United States and the eurozone. However, there is still heightened inflationary pressure in some countries, such as in Latin America. Underlying global core inflation stood at just over 2% at the end of the year.

Monetary policy developments could vary in the future. A general decline in inflation rates is expected, which could lead to interest rate cuts, particularly due to falling energy prices and robust labour markets. However, in countries with persistently higher inflation, central banks might pursue a more restrictive monetary policy and raise interest rates again. Moreover, if geopolitical tensions escalate, there is a risk that inflation will rise again, accompanied by interest rate hikes.

GDP GROWTH RATES, WORLD AND COUNTRIES FOR 2023 AND 2024

In %

■ 2023 ■ 2024



Source: IMF, World Economic Outlook Update, January 2025

Industry situation of the strategic holdings**Coal/mining**

Since the end of subsidised German coal mining on 31 December 2018, RAG's core business has encompassed the processing of residual pollution liabilities and perpetual obligations. It also includes implementation of the process of shutting down operations. This includes necessary closure plans in line with the provisions of the German Federal Mining Act (Bundesberggesetz – BBergG). The economic framework for the company's activities is formed by the principle of strict cost discipline, the authorisations, the coal guidelines and the approval procedures for the implementation of pit water management concepts. These and the development of interest rates and prices on the market are significant factors that affect the Company's success.

Special chemicals

Global industrial production grew only insignificantly again in 2024, with clear regional differences. Robust growth was recorded solely in Asia-Pacific, while industrial production declined significantly in Europe and slightly in North America.

Evonik's end customer markets grew moderately overall in 2024. Activity in the food and feed industry increased year over year in all regions except North America. There was also robust growth in demand for personal hygiene and care products in all regions, with the exception of Europe, where it stagnated. Production in automotive manufacturing and mechanical engineering declined slightly as a global average, with Europe showing the weakest momentum.

The **chemical industry's** performance in 2024 varied very greatly from region to region. Global chemical production (excluding pharmaceuticals) increased by just under 5%. Starting from a low level, chemical production (excluding pharmaceuticals) grew by around 2% in the EU and by around 4% in Germany. However, this was not enough to offset the energy price-related declines in production of 8.5% (EU) and 12.1% (Germany) in the previous year. In 2024, chemical production stagnated in the United States, but grew by around 8% in China.

Evonik-specific commodity prices in the 2024 financial year were slightly lower than in the previous year.

Against the most important foreign currency for Evonik – the US dollar – the euro traded at an average of 1.08 US dollars in 2024 and thus at the average level of the previous year (1.08 US dollars).

Residential property in Germany

The German residential property investment market recovered significantly in 2024. The transaction volume in the residential property segment was EUR 9.8 billion, a year-over-year increase of 20.6%. The number of residential units traded was around 61,600 apartments.

The demand for residential space is directly connected to the number of private households and their available income. Due to the continuing high level of immigration from abroad, the population and number of households in Germany have risen steadily in past years. The trend of increasing household numbers is being reinforced by the ageing population and the associated increase in one- and two-person households (singularisation). By 2040, the number of households in Germany is expected to increase by 3% to 42.6 million due to the continuing reduction in the average number of people per household. Forecasts suggest that the number of private households in North Rhine-Westphalia will likewise increase by 3% by 2045.

Net basic rents in the portfolio rose by 2.1% in 2024 according to calculations by the German Federal Statistical Office. The index of advertised rents increased sharply for new buildings. The increase across Germany in the reporting year was 5.1% compared with the previous year. This means that rents for new buildings have risen by 49% in the last ten years. After two years of significant increases, energy prices fell by 3.2% in 2024, with prices for household energy dropping by 3.1%. However, the market for rented accommodation in Germany continued to develop unevenly. While the markets in some rural and structurally weak regions stagnated, demand for apartments in large cities and metropolitan areas far outstrips supply.

From January to November 2024, building permits were issued for around 193,700 apartments in the whole of Germany, 18.9% or around 45,200 less compared to the previous year. Only 250,000 new apartments are expected to be completed in 2024. The target of 400,000 new apartments a year set in the coalition agreement will therefore be missed again by a wide margin. The German Property Federation (ZIA) estimates that there is already a shortage of 600,000 apartments at present and, without additional efforts, the deficit will increase to 830,000 units by 2027. Given that demand on the market for rented accommodation remains high, this will result in growing tensions.

Several successive years of persistently high construction, energy and material costs, rising interest rates, lengthy construction and planning processes due to more stringent building regulations and uncertain prospects for obtaining subsidies again exerted heavy pressure on the willingness to invest in real estate in 2024. Although there are signs of some easing on the interest rate market, associations and studies assume that the challenging general conditions for real estate investments will not fundamentally improve in the foreseeable future, either.

Capital market situation

The situation on the capital markets is extremely relevant to the RAG-Stiftung as a large institutional investor.

2024 was marked by significant economic developments, including global interest rate cuts, record highs for stocks, gold and Bitcoin, as well as persistent, albeit receding, inflation and the end of negative interest rates in Japan.

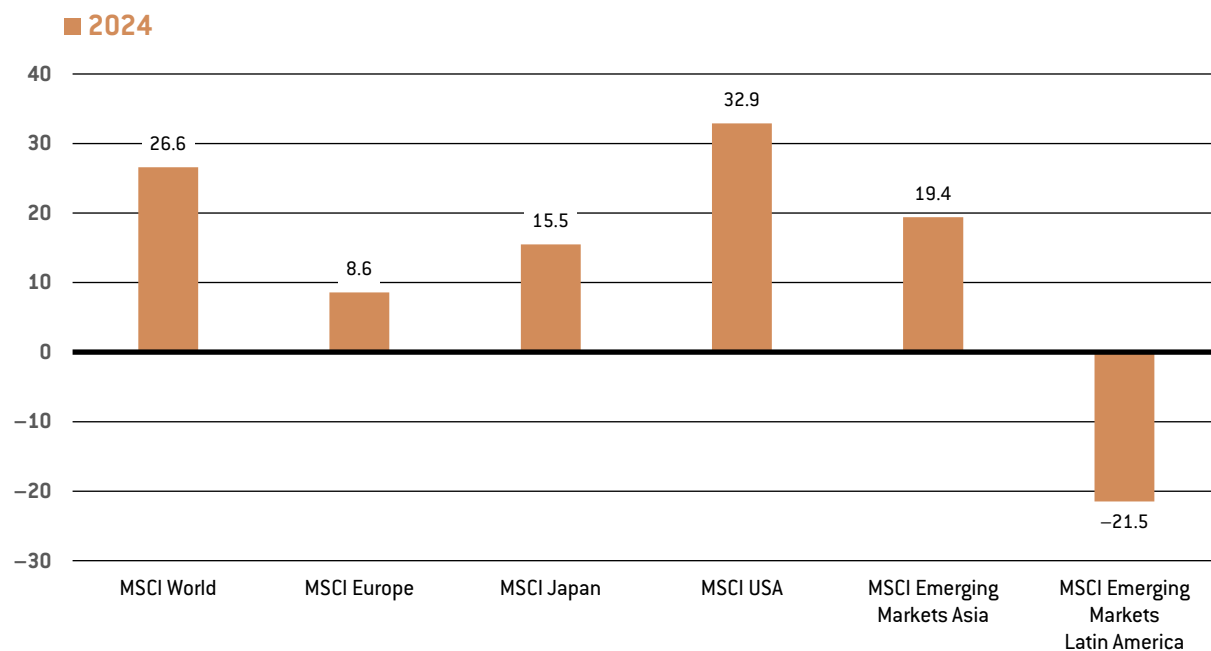
US equities reached record highs caused by the United States' robust economy, while European equities lagged behind due to weaker growth and political uncertainties, but still managed to end the year on a positive note. In China, a series of economic countermeasures, such as interest rate cuts on mortgages, sparked only a brief stock market rally.

2024 proved all in all to be a good year for investments, although there were large differences from region to region. The MSCI World rose by almost 27%, while the MSCI USA posted the strongest growth at over 33%. The DAX rose by just under 19%, and the MSCI Japan gained almost 16%. Equities from China and the emerging markets underpinned a gain of just under 15% for the MSCI World Emerging Markets Index, while the MSCI Emerging Markets Latin America Index recorded a significant loss of almost 22%.

The individual indexes:

PERFORMANCE OF STOCK MARKETS IN EUROS

In %



Source: Bloomberg, status: December 2024

Euro weakens against the US dollar and British pound

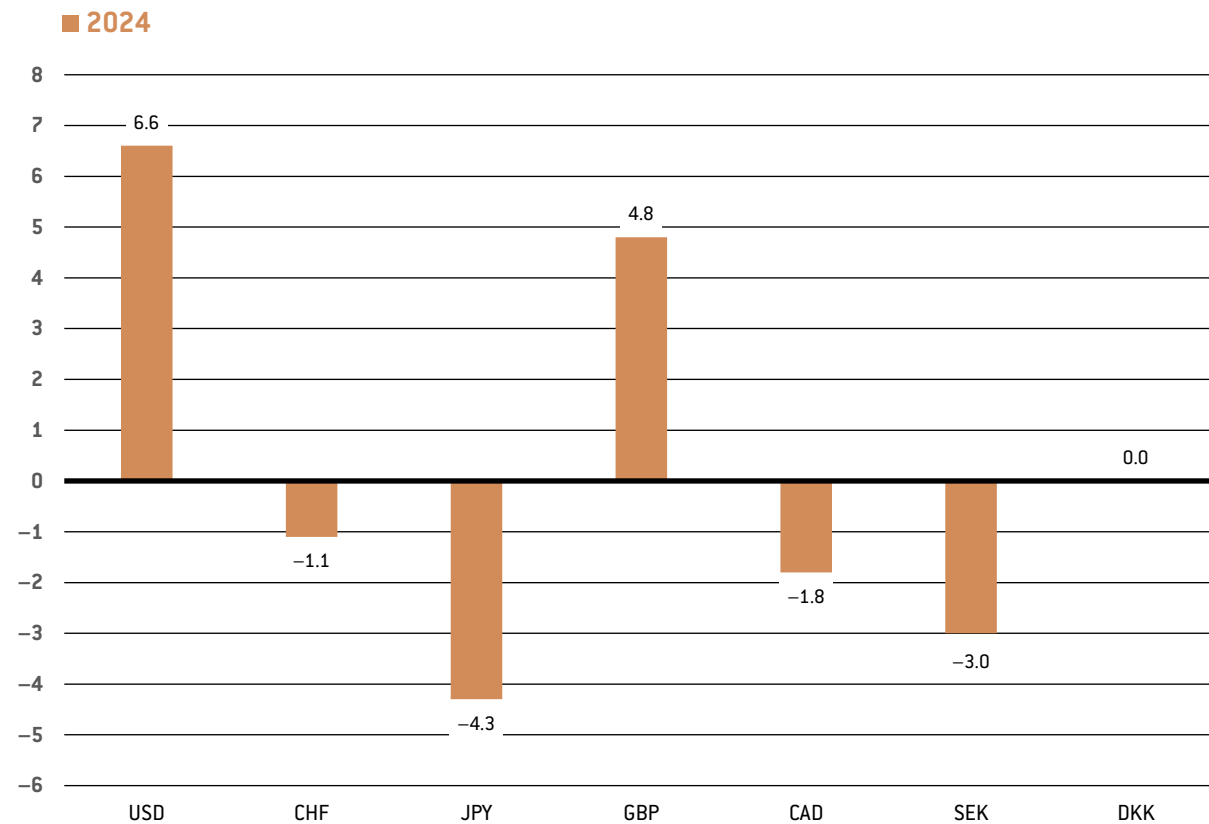
The euro depreciated against the US dollar in the reporting year, but held its own against the other European and Asian currencies.

The US dollar recorded a year-on-year gain of 6.6% against the euro at year-end 2024, which corresponds to a closing exchange rate of 1.04 EUR/USD.

While the British pound rose by 4.8%, the Swiss franc fell by 1.1%, the Japanese yen by 4.3%, the Canadian dollar by 1.8%, and the Swedish krona by 3.0% against the euro.

CHANGE IN KEY EXCHANGE RATES AGAINST THE EURO

End of 2024 vs end of 2023 in %



Source: Bloomberg

Development of bond markets in 2024 in detail

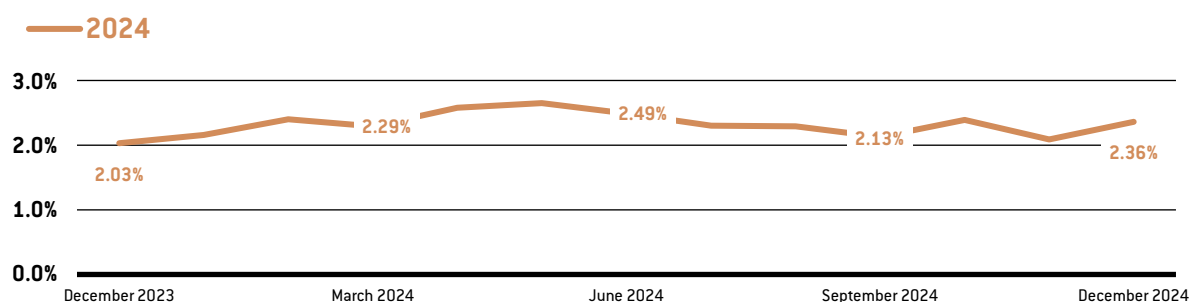
In 2024, global bond markets posted a slight positive performance of plus 0.2% (JPM¹ Global Bond Index). Falling core inflation rates and the related prospect of interest rate cuts in the second half of 2024 caused yields on government bonds to fall. This general trend of falling interest rates and inflation also had a positive impact on the performance of corporate bonds.

- Anyone investing solely in German federal bonds across all maturities recorded a gain of 0.5% in 2024.
- The return on the German ten-year benchmark bond increased by 33 basis points (bp) during the course of the year. After the benchmark yielded 203 bp at the end of 2023, the return at the end of 2024 stood at 236 bp.
- The spreads of the European countries on ten-year bonds approached those of the German government bond in just about all countries as per the end of the year. Greece's spread fell from 105 bp to 89 bp. The spread on Italian government bonds decreased from 167 bp to 116 bp. Spain's risk premium decreased from 96 bp to 70 bp. Eurozone bonds generated a wide-scale gain of 1.8% in 2024.
- US Treasury bonds gained 0.7% in local currency and 7.4% in euros.

¹ J. P. Morgan is a US financial services provider that calculates and publishes numerous international bond indexes.

YIELD DEVELOPMENT OF THE TEN-YEAR FEDERAL BOND

In %



- Emerging-market bonds were up 5.3% in local currency and 4.1% in euros.
- The real interest rates (in France and Germany) over the ten-year period were at 1.03% at the end of 2024 and therefore above the previous year-end figure of 0.74%. A 30-year maturity generated a positive real interest rate of 1.13% at the end of 2024, above the figure of the previous year of 0.58%
- Inflation swaps, which reflect the course of inflation expected by the market, were at 1.97% for ten years at the end of December 2024 in the eurozone and thus below the previous year's figure of 2.17%

Development of the investment companies

RAG

In line with expectations and in view of the regulations stipulated by the agreements on coal policy, RAG's 2024 financial year developed satisfactorily. The financial year ended with an amount of EUR 0.0 million.

Evonik

KEY FIGURES FOR THE EVONIK GROUP (IFRS)

In EUR million

	2024	2023	Change in %
Sales	15,157	15,267	–0.7
EBITDA (adjusted)	2,065	1,656	+24.7
Group result	222	–465	n/a
Dividend (per share, in EUR)	1.17	1.17	0.0

Evonik made important strategic decisions in 2024. They include swift implementation of the internal Evonik Tailor Made programme, which aims to ensure leaner structures, faster decisions and more efficient processes. Key tasks will be bundled systematically and the number of hierarchical levels reduced to achieve that. Evonik will adjust its group structure to reflect its strategic further development and also adopt a significantly leaner management model with effect from 1 April 2025. In the future, operating business will be managed directly by members of the Board of Executives in two segments and controlled in a differentiated manner according to their business models and strategic roles. The level of the previous division heads will be eliminated. Evonik Tailor Made is expected to generate annual cost savings of around EUR 400 million from 2026 onwards, significantly improving Evonik's profitability. Another important project relates to dividing the existing Technology & Infrastructure division into cross-location technology and location-specific infrastructure activities effective 1 January 2025. As regards infrastructure activities, the large locations in Marl and Wesseling will each have an independent setup; they will become part of the new Infrastructure division on 1 January 2025. Other smaller sites, which often serve only a single business area, have been assigned directly to the chemical divisions. In addition, projects to optimise individual businesses were launched in order to improve results. All the measures are intended to make Evonik more agile, more focused and more profitable.

In a difficult environment, operating business in 2024 developed better than expected at the beginning of the year. Since there was still no broad macroeconomic recovery, company-specific factors were the main factors behind this pleasing business performance. In addition to continued strict cost discipline, positive drivers included good volume growth in Specialty Additives, a recovery in prices in Animal Nutrition and lower production costs. Since the business performance was better than originally expected, Evonik revised the forecast for adjusted EBIT upwards in the summer of 2024 and achieved this revised forecast.

Overall, Group sales decreased by 0.7% to EUR 15.2 billion despite greater volumes, mainly due to the disposal of activities. Adjusted EBITDA increased by 24.7% to EUR 2.1 billion. The adjusted EBITDA margin increased to 13.6% (previous year: 10.8%) and was thus well below the medium-term target range of 18% to 20%. ROCE increased significantly to 7.1% and was therefore below the level of capital expenditure of 10% and the medium-term target of 11%. The Group result rose from EUR –465 million to EUR 222 million. Once adjusted for extraordinary items, the Group's result from ongoing operations improved by 110% to EUR 777 million. Thanks to focused liquidity management, Evonik generated a free cash flow of EUR 873 million. The cash conversion rate was 42% and thus above the target of 40%.

The Executive Board and Supervisory Board will again propose a dividend of EUR 1.17 per share to the Annual General Meeting.

Evonik has had a solid investment-grade rating for many years. Net financial debt is still at a moderate level. In addition to comfortable liquidity, it also has access to a large non-utilised credit lines.

Vivawest

KEY FIGURES FOR THE VIVAWEST GROUP (IFRS)

In EUR million

	2024	2023	Change in %
Sales	1,015.4	993.7	+2.2%
EBITDA (adjusted)	452.0	432.8	+4.4%
Income after tax	135.6	91.3	+48.5%
FFO	277.7	266.7	+4.1%
NAV	6,982.4	6,558.1	+6.5%

The Vivawest Group was able to keep up its positive business performance in the 2024 financial year, despite all the challenges associated with the current difficult macroeconomic and political conditions. The positive development in the Real Estate segment was supported by stable income levels from the core business area of portfolio management, together with the income and earnings contributions from real estate sales generated as a result of the ongoing process of portfolio restructuring. Together with the Real Estate Services segment, financial expectations were outperformed significantly.

With a good letting performance, combined with a moderate turnover rate, the demand-related vacancy rate was still very low at 1.0% as of year end (previous year: 0.8%). Along with vacancies due to modernisation and pre-sales measures, which came in at 1.1% and were on a par with the previous year's figure, a total vacancy rate of just 2.1% (previous year: 2.0%) was reported as of the balance sheet date. Vivawest was again able to use the continuing good management situation and significantly better rental trend in large part on improving the quality of the portfolio.

Together with the earnings contributions from the sale of real estate, which benefited from continued high demand for detached and semi-detached houses and undeveloped land, the Real Estate segment generated adjusted EBITDA of EUR 428 million. This is significantly higher than the previous year's result of EUR 404 million.

The Real Estate Services segment also made a reasonable contribution to the Group result in the 2024 financial year. Despite additional earnings in green area management, the adjusted EBITDA of EUR 24 million was below the previous year's result of EUR 29 million, which included one-off income.

Together with the results from the handling of obligations in the mining follow-up management segment, the Vivawest Group generated adjusted EBITDA totalling EUR 452 million in the 2024 financial year on sales of EUR 1,015 million. Both figures were higher than the comparative prior-year figures (EUR 994 million and EUR 433 million) due to the strong course of business in the Real Estate segment.

Group earnings after tax were EUR 136 million and thus up on the previous year (EUR 91 million) despite a sharp increase in interest expenses. This is attributable to lower scheduled depreciation and amortisation on investment property as a result of the review of the remaining useful life in the reporting year.

The standard industry indicator funds from operations (FFO), which measures the performance of portfolio management after interest and tax expenses, not accounting for the book profits from the disposal of investment properties, stood at EUR 278 million; it was thus likewise well above the forecast figure of EUR 259 million and above the prior-year figure of EUR 267 million.

At EUR 6,982 million, the net asset value (NAV) as of 31 December 2024 was EUR 424 million above the prior-year figure. In addition to the market value of investment property, the NAV includes the Group's net financial indebtedness as well as provisions for pensions and long-term obligations from the area of mining follow-up management. The increase is attributable to the effect on the value of the real estate portfolio resulting from the positive balance of value-increasing investments and targeted disinvestments as well as the further improvement in management performance in the reporting year.

RSBG SE

RSBG SE KEY INDICATORS

In EUR million

	2024	2023	Change in %
Investment income	5.3	3.8	39.5
Net loss for the year	-44.8	-7.2	n/a

The 2024 financial year of RSBG SE was impacted by the strained global economic situation. In addition, developments on the interest rate markets and inflation continue to influence RSBG's portfolio.

Investment income in 2024 increased from EUR 3.8 million to EUR 5.3 million. It exclusively comprises income relating to profit-and-loss transfer agreements.

The net loss for the year stood at EUR -44.8 million, compared with EUR -7.2 million in the previous year.

The RSBG Group regards itself as well positioned in terms of markets and regions. Despite the continuing economic policy uncertainty and the pretty difficult market conditions, RSBG is robustly positioned with its portfolio and sees not only risks in the current trends, but also opportunities, which it intends to leverage by means of pinpointed strategies.

The opportunities for RSBG's holdings lie in the ever-increasing pace of technological progress in conjunction with growing sustainability awareness in all key markets. Risks are seen in political stability, subdued market growth in Europe, persistently high interest rates and, in particular, the shortage of qualified workers.

Demographic change and the associated shortage of skilled workers will therefore lead to greater demand for automation systems in the long term, which the Hahn Group is well placed to meet. Following a high order intake in 2024, Dorsch Global expects growth in its total operating performance for 2025. The economic performance of the ICT Group remains largely subdued. Regardless of that, the ICT Group anticipates growth in sales and total operating performance for 2025. Although the ICT Group operates in a challenging macroeconomic environment, the long-term prospects for profitable growth are regarded as intact. The growth expectations for LAB14 are mainly based on positive signals in the global semiconductor market.

In addition to the right products and the further development of highly promising technologies, RSBG is continuously working to optimise structures, processes and costs so as to improve productivity. In principle, optimisation and concentration of the portfolio through active portfolio management throughout RSBG is of strategic importance.

A significant increase in the value of the RSBG subgroup is expected for 2025 and 2026, as the Hahn, ICT and Lab14 Groups are working with the Boston Consulting Group to develop value enhancement measures that will ensure sustainable profitability and improved liquidity in the coming years.

The United Robotics Group (URG) intensified the radical restructuring of its operational business from the third quarter of 2024 onward. After a careful examination of all the options for URG, insolvency under self-administration proved to be the preferred solution. URG filed an application for the instigation of insolvency proceedings under self-administration with Bochum Local Court on 6 March 2025 and it was approved on 10 March 2025.

Earnings position

Income statement

RAG-STIFTUNG: INCOME STATEMENT

In EUR million

	2024	2023	Change
Revenue	2.3	2.3	0.0
Other operating income	548.0	233.6	314.4
Personnel expenses	-10.2	-10.2	0
Amortisation of intangible assets and depreciation of property, plant and equipment	-1.3	-1.3	0
Other operating expenses	-1,011.0	-448.9	-562.1
Investment income	493.6	614.6	-121.0
Expenses relating to the assumption of losses	-53.4	-112.6	59.2
Income from other securities and loans held as financial assets, including interest income and amortisation of financial assets and securities held as current assets	46.7	-276.6	323.3
Income taxes	-14.3	-0.1	-14.2
Income after tax	0.4	0.8	-0.4
Other taxes	-0.4	-0.8	0.4
Annual net profit (+)/loss (-)	0.0	0.0	0

Revenue in 2024 remained at around the previous year's level of EUR 2.3 million. Other operating income of EUR 548 million in the reporting year stemmed primarily from the sale of Evonik shares, maturing bonds purchased at a discount, exercised Evonik options, and the receipt of option premiums.

Of the EUR 10.2 million reported for personnel expenses, EUR 1.0 million was attributable to the addition to the provisions for pensions and EUR 0.5 million to social security.

Other operating expenses amounting to EUR 1,011.0 million primarily concerned the addition to the provision for perpetual obligations of EUR 964.8 million (2023: EUR 393.7 million). Other operating expenses also include expenses for education, science and culture – one of the goals of the articles of association – in the amount of EUR 32.0 million.

The investment income of EUR 493.6 million includes the dividend distribution of Evonik Industries AG of EUR 253.7 million, as well as the distribution of RAG-S Private Equity GmbH in the amount of EUR 60.0 million. Further distributions were from Vivawest GmbH (EUR 59.6 million), RSBG SE (EUR 37.0 million) and Maxburg Beteiligungen II GmbH & Co KG (EUR 77.3 million).

Expenses relating to the assumption of losses of EUR 53.4 million are attributable to RAG-S Real Estate GmbH, where there were impairments on real estate investments.

Other financial income² amounted to EUR 46.7 million in the reporting year. This stemmed mainly from income from securities and special real estate funds in the direct ownership of the RAG-Stiftung and from the dividend of the RAGS-FundMaster special fund. Conversely, there were negative interest income and impairments on financial assets.

Income taxes came in at EUR 14.3 million.

As in the previous year, the RAG-Stiftung allocated the full amount to the provision for perpetual obligations in the amount of EUR 964.8 million (2023: EUR 393.7 million) as a result of the system of creating provisions with its otherwise accrued earnings, ensuring that the result under commercial law was balanced.

² Income from other securities and loans held as financial assets, including interest income and amortisation of financial assets and securities held as current assets.

Financial position

Principles and objectives of the RAG-Stiftung's financial management

The RAG-Stiftung's principal task is to ensure the financing of RAG's perpetual obligations following the discontinuation of subsidised coal mining in Germany.

Pursuant to section 3, paragraph 6, of the articles of association, the RAG-Stiftung's assets must be invested in such a way as to ensure the greatest possible security and return with sufficient liquidity, while preserving an appropriate mix and diversification. The primary aim of the investment is the sustainable financing of the perpetual obligations. The risks and opportunities within the investment portfolio are optimised with the proviso that these obligations will remain covered. The cornerstones of the investment are therefore the assets and the expected inflow of funds and the cash outflows covered by the payments for perpetual obligations to RAG AG. The RAG-Stiftung's strategic capital investment is therefore based on an asset/liability approach, which takes into account the long-term payment obligations and the incoming payments expected on an ongoing basis.

The RAG-Stiftung's investment strategy also provides for a wide diversification of the investments across the various asset classes and investment markets and the systematic further development of the diversification strategy. The objective is to stabilise earnings and to be able to react to the current uncertainties on the financial markets.

The standards for capital investment – that is, the principles of investment policy and risk controlling – are laid out in a set of General Investment Guidelines for the RAG-Stiftung (*Allgemeine Kapitalanlagerichtlinie – KARL*). Capital investments include all investments, with the exception of the holdings in Evonik and Vivawest. According to market values at the end of 2024, around 40% of the financial assets were invested in RAGS-FundMaster, a special fund managed by a capital management company pursuant to the German Capital Investment Act (*Kapitalanlagegesetzbuch – KAGB*).

By using a single custodian bank as global custodian and a single master capital management company for the liquid financial assets, the foundations have been laid for uniform risk controlling and transparent presentation.

As part of an annually updated asset/liability study, the structures of the liabilities from the perpetual obligations are analysed, and the profile of the payment streams to be paid by the RAG-Stiftung is determined. Against this background, the capital investment strategy of the RAG-Stiftung, which is strategic asset allocation (SAA), is reviewed and adjusted on an annual basis.

In its own holdings, investments are made according to a buy-and-hold strategy. In addition to liquidity on the bond side, it contains both nominal securities predominantly of very good or good creditworthiness as well as bonds coupled with the development of inflation, and thus interest-income-generating bonds predominantly of sovereign borrowers. In addition to a real estate special fund set up exclusively for the RAG-Stiftung, its own portfolio also includes companies that invest in private equity investments, real estate and infrastructure.

Another EUR 250 million was added to the RAGS-FundMaster special fund managed by the master capital management company in 2024, ensuring the carrying amount totalled EUR 4.0 billion as of 31 December 2024. The market value at the end of 2024 was around EUR 4.5 billion.

The objective of risk controlling is to manage the results of investments and to cushion any impairments incurred. Regular risk reporting is made in a weekly and monthly risk report. The risk budget forms the basis for the management of the return portfolio, which is oriented to the risk-bearing capability. The capacity of the risk budget is regularly calculated and documented, while the respective risk result of the investment is measured using the value-at-risk (VAR) approach. In addition, the RAG-Stiftung's financial assets are analysed monthly in relation to a number of key risk indicators such as rating, duration, modified duration and credit risk.

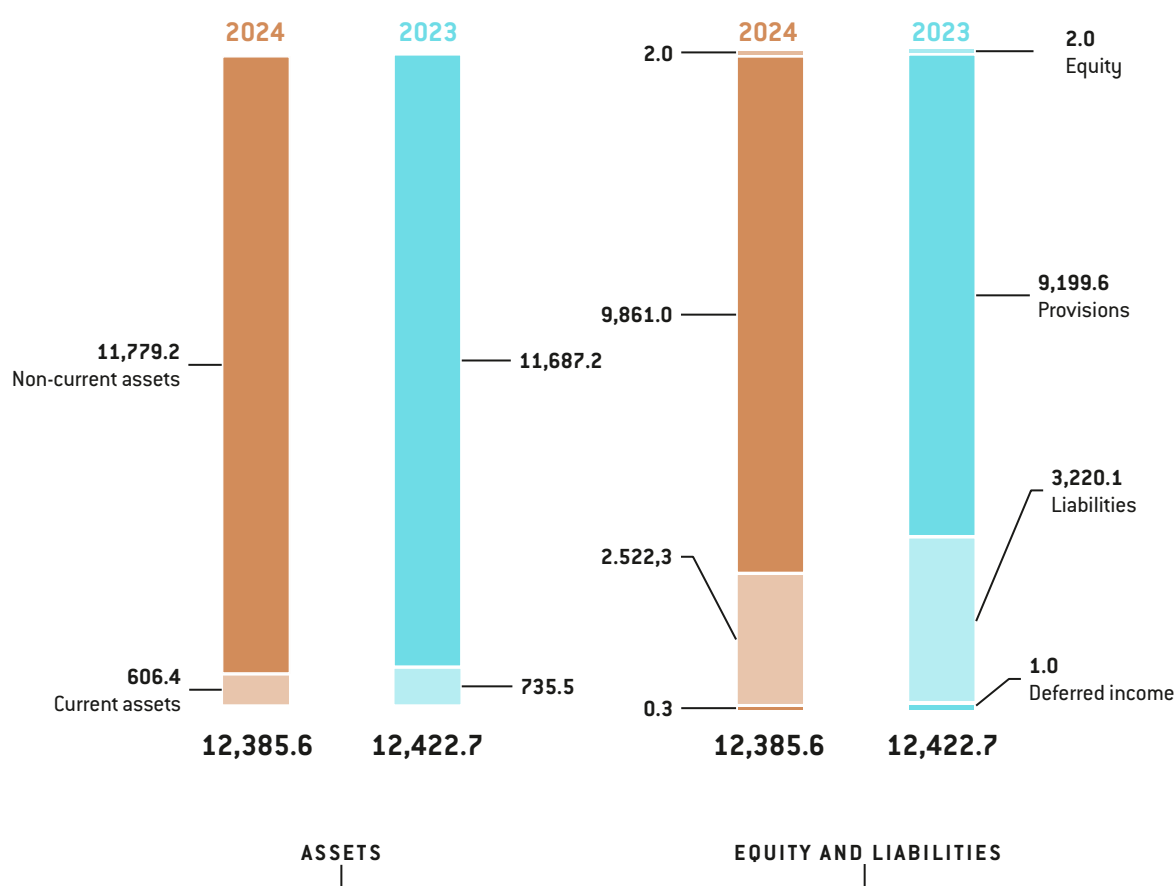
A coordinated capital investment takes place with the affiliated subsidiary RAG to optimise the available resources via a controlling and profit-and-loss transfer agreement. The same bank limits therefore apply to the term deposit investments of the RAG-Stiftung and RAG, and are regularly reviewed. The RAG-Stiftung's risk reporting system is also applied to the financial assets of RAG.

Capital structure

As of the end of 2024, the RAG-Stiftung recognised financial liabilities from three exchangeable bonds on Evonik shares of EUR 1.5 billion. The liabilities side of the balance sheet is dominated by the provision for perpetual obligations amounting to EUR 9.8 billion as a result of the business model of the RAG-Stiftung. The term of this obligation is infinite. The increase in the provision for perpetual obligations amounted to EUR 676.7 million compared with the previous year.

BALANCE SHEET STRUCTURE

In EUR million



Investments

The RAG-Stiftung invested EUR 93.0 million in the financial assets in 2024.

Liquidity

Liquidity was ensured at all times due to securities that could be sold at short notice.

Net assets

At the end of the reporting year, the total assets of the RAG-Stiftung amounted to EUR 12,385.6 million. This represents a decrease of EUR 37.1 million in total assets over the previous year's figure.

ASSETS – FIXED AND CURRENT ASSETS

In EUR million

	31/12/2024	31/12/2023	Change
Non-current assets	11,779.2	11,687.2	92.0
Property, plant and equipment and intangible assets	51.9	52.9	-1.0
Financial assets	11,727.3	11,634.3	93
Current assets	606.4	735.3	-128.9
Receivables and other assets	347.1	397.6	50.5
Securities	259.2	337.6	78.4
Liquid assets	0.1	0.1	0.0
Prepaid expenses	0.0	0.2	-0.2
Total assets	12,385.6	12,422.7	-37.1

At the end of 2024, financial assets of EUR 6,139.8 million were attributable to affiliated companies through which the RAG-Stiftung invests in private equity, real estate, infrastructure and holdings. EUR 4,033.6 million was attributable to the special investment fund managed by the master capital management company.

The 40% holding in Vivawest GmbH, with acquisition costs of EUR 1,390.2 million, was also reported in the financial assets. Shares in Evonik Industries AG in the amount of 25.1% are reported at EUR 305.5 million under financial assets due to the planned long-term retention of these shares. The remaining Evonik shares (21.3%) are reported under securities held as current assets, as these shares are being held for sale.

Receivables and other assets primarily include receivables for imputable tax of EUR 289.9 million and a total of EUR 44.5 million in receivables due from affiliated companies.

EQUITY AND LIABILITIES – EQUITY, PROVISIONS AND OBLIGATIONS

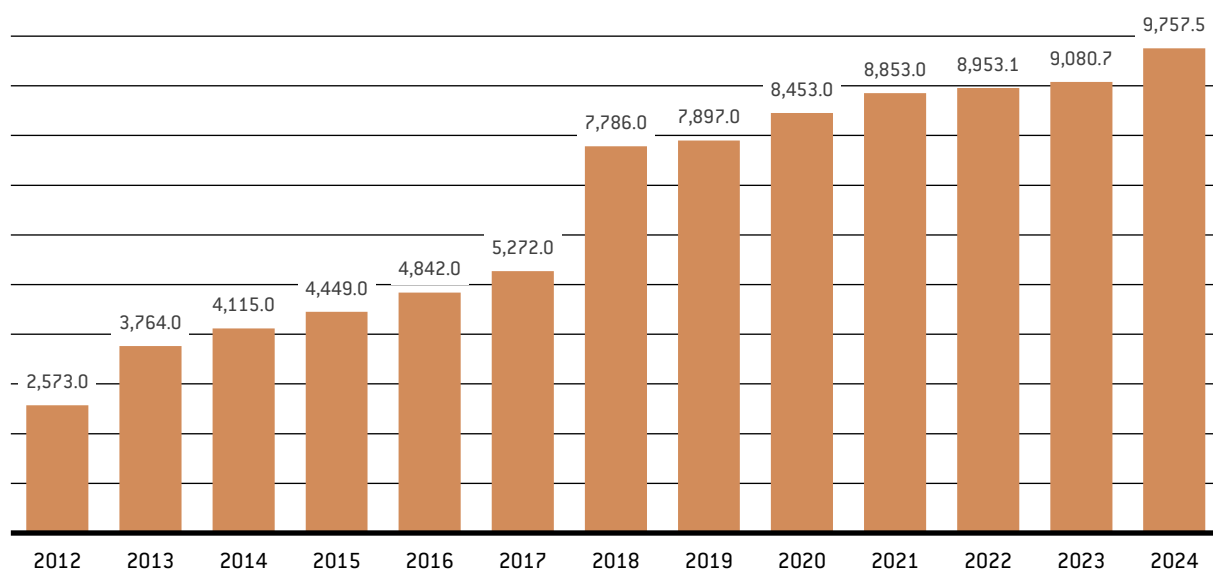
In EUR million

	31/12/2024	31/12/2023	Change
Equity	2.0	2.0	0.0
Endowment capital	2.0	2.0	0.0
Provisions	9,861.0	9,199.6	661.4
Pension provisions	21.0	19.7	1.3
Tax provisions	60.3	76.0	–15.7
Provisions for perpetual obligations	9,757.5	9,080.7	676.8
Other provisions	22.2	23.2	–1.0
Liabilities	2,522.3	3,220.1	–697.8
Bonds	1,500.0	2,000.0	–500.0
Trade payables	0.4	0.1	0.3
Liabilities to affiliated companies	1,020.2	1,214.8	–194.6
Other liabilities	1.7	5.2	–3.5
Deferred income	0.3	1.0	–0.7
Total equity and liabilities	12,385.6	12,422.7	–37.1

When the RAG-Stiftung was established, it was endowed with an endowment capital of EUR 2.0 million, which has been retained in full.

PROVISION FOR PERPETUAL OBLIGATIONS

In EUR million



For its obligations to RAG for the financing of perpetual obligations, the RAG-Stiftung reports a provision of EUR 9,757.5 million as of 31 December 2024. This corresponds to a net increase of EUR 676.8 million over the previous year. The allocation from the net annual profit of EUR 964.8 million was offset by a utilisation of EUR 288.1 million. This was composed of payments to RAG for perpetual obligations in the amount of EUR 260.8 million and a payment to RAG in the amount of EUR 27.3 million for the interest element of the investments made by RAG in pit water management.

Other provisions mainly include provisions for services received but not yet billed.

The liabilities of EUR 2,522.3 million as of the 2024 balance sheet date mainly include EUR 1,500.0 million in three exchangeable bonds on Evonik shares and EUR 1,020.2 million in liabilities to affiliated companies. These include in particular liabilities for longer-term loans of EUR 820 million from RAG AG.

Significant non-financial matters

Employees

There were 32 employees at the RAG-Stiftung at the end of 2024; in the previous year, there were 29. The average number of employees during the year was 30.75 (previous year: 28.0).

Occupational health and safety

We have a modern corporate health management programme which goes beyond traditional occupational health promotion. In addition to the medical check-ups available to employees, the care provided includes individual consultation and innovative prevention schemes. Qualified cooperation partners – in particular the occupational health services of RAG and Exercise Centre – provide a comprehensive range of preventive measures and health promotion.

No occupational accidents occurred during the reporting period.

Risks and opportunities report

Risk and opportunities management (or simply: risk management) at the RAG-Stiftung is a continuous and dynamic process that begins with planning and consistently reaches all areas. The risk management system integrates all systematic measures into an overall approach for the purpose of identification, analysis, assessment, management and control of risks that could hinder achievement of the RAG-Stiftung's objectives.

The standards for risk management are set out in the Risk Management Guidelines. In addition to organisational security measures, internal control systems and division-specific risks, the RAG-Stiftung's risk management also includes RAG's internal audit department as a process-independent supervisory authority.

The division head nominated by the Board of Executives assumes the role of risk manager. This person monitors the risk management system and coordinates reporting to the Board of Executives at the RAG-Stiftung on the opportunities and risks of the strategic holdings and of the RAG-Stiftung itself. The respective division heads of the RAG-Stiftung are responsible for the identification and assessment of risks, as well as the formulation and implementation of measures for risk management. The divisions of the RAG-Stiftung are charged with the following tasks and responsibilities with regard to risk management: reporting on opportunities and risks as part of the monthly report, presentation of opportunities and risks in the scope of medium-term planning and immediate reporting to the Board of Executives where necessary.

In order to determine which risks most likely represent a threat to the objectives or the existence of the RAG-Stiftung, the risks are classified according to their probability of occurrence and their effect on the net assets, financial position and earnings position. The scales for assessing both of these indicators are presented in the table below.

The RAG-Stiftung classifies the assessment of the probability of a risk occurring according to the criteria "rather unlikely", "possible" or "probable".

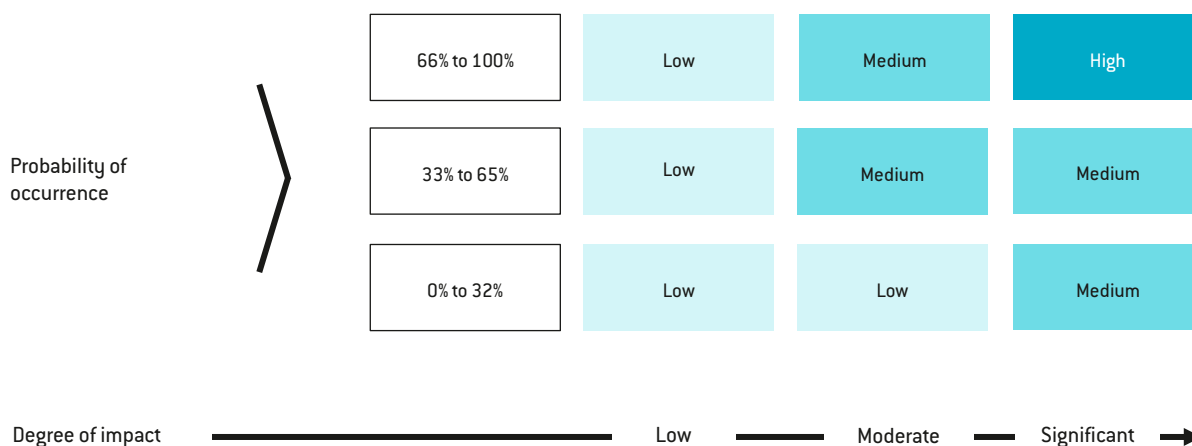
Probability of occurrence	Description
0%–32%	Rather unlikely
33%–65%	Possible
66%–100%	Probable

The possible effects are assessed according to qualitative criteria of increasing value: “low”, “moderate” and “significant”.

Degree of impact	Definition of impact
Low	Low negative impact on net assets, financial position or earnings position
Moderate	Moderate negative impact on net assets, financial position or earnings position
Significant	Significant negative impact on net assets, financial position or earnings position

According to their estimated probability of occurrence and their effects on the net assets, financial position and earnings position of the RAG-Stiftung, risks are classified as “low”, “medium” or “high”.

RISK CLASSIFICATION MATRIX



The following major risk categories arise from the RAG-Stiftung’s main risk areas:

RAG investment risk

The RAG-Stiftung and RAG concluded a controlling and profit-and-loss transfer agreement on 24 September 2007. RAG’s business risks therefore affect the RAG-Stiftung directly.

RAG has its own risk management system, as this is where the original risk responsibility for the business risks and their management lies. As a public limited company, RAG is subject to statutory monitoring requirements. This means that in accordance with section 107, paragraph 3, of the German Stock Corporation Act (AktG), the Supervisory Board is responsible not only for monitoring the accounting process, but is also obliged to address the effectiveness of the internal controlling system, the risk management system and the internal audit system. These requirements are met by representatives of the RAG-Stiftung on RAG's Supervisory Board. The RAG-Stiftung is kept informed by regular reports and checks the effectiveness of the risk management system by analysing risks and measures.

Risks for the RAG-Stiftung have included the operating result risks from RAG's business activities and the cash outflows for perpetual obligations since 2019. They are dependent on the development of costs and official approvals for the planned optimisation measures in the field of pit water management. Developments in interest rates and costs are decisive factors determining the amount of provision required at RAG. The financing of residual pollution and other perpetual obligations is secured by the funds approved for RAG in 2019 up to an amount of EUR 2,121 million. This amount was fully utilised as of 31 December 2024.

From today's perspective, we assume that use will not be made of the controlling and profit-and-loss transfer agreement to balance RAG's earnings of around EUR 40 million in 2025.

Overall, the risks arising from the holding in RAG are significant. Due to the German Hard Coal Financing Act, the underlying coal policy contract and the agreements made and approvals received, the risk should be manageable. However, following the end of German coal production, the accounting countermeasures available to RAG have been significantly reduced. As a result, we allocate the probability of occurrence of the risks described to the category "probable". Overall, we therefore continue to classify this as a "high risk". Nevertheless, despite this classification, we consider the risk to be well manageable due to the financial resources available to the RAG-Stiftung.

Evonik investment risk

The RAG-Stiftung is the largest shareholder in Evonik Industries AG, although it has only held a minority stake since 2024. The Evonik Group's business risks therefore also indirectly affect the RAG-Stiftung. As a listed company, Evonik Industries AG has established an independent and Group-wide risk management system. In accordance with section 107, paragraph 3, of the German Stock Corporation Act (AktG), the Supervisory Board of Evonik Industries AG is responsible not only for monitoring the accounting process, but is also obliged to address the effectiveness of the internal controlling system, the risk management system and the internal audit system. These requirements are met by Evonik Industries AG's Supervisory Board. It is kept informed by regular reports and checks the effectiveness of the risk management system by analysing risks and measures. An employee of the RAG-Stiftung supports the Chair of the Supervisory Board in his/her analysis.

The RAG-Stiftung's holding in Evonik Industries AG of around 46% (31 December 2024) remains a key asset. For every change of EUR 1 in the Evonik share price, there is a change in the assets of the RAG-Stiftung of around EUR 216 million. There is therefore a significant concentration risk associated with the Evonik holding. The RAG-Stiftung intends to meet this concentration risk by further reducing its investment in Evonik. This will be done with due regard to the market. For example, the issue of exchangeable bonds on Evonik shares, a block sale or a partial sale (dribble-out) are instruments with which this is possible.

Because of its areas of activity, the Evonik Group is constantly confronted both nationally and internationally with ever-changing political, societal, demographic, legal and economic conditions. Market risks occurring as a result of volatility and cyclicity in the markets can generally arise in all segments. These can have a significant impact on the earnings situation. The occasional regional changes in economic demand can influence price and sales opportunities with a corresponding impact on results. Evonik confronts these risks by anticipating market developments and consistently developing its portfolio in accordance with its Group strategy.

Overall, the Executive Board of Evonik has arrived at the following assessment: the risks identified across the Group, taking into account the measures taken and planned, pose no threat to the existence of Evonik as a whole, either individually or in conjunction with other risks; this includes Evonik Industries AG as the Group holding company. This assessment is shared by the RAG-Stiftung.

The dividends the RAG-Stiftung receives from Evonik are a not insignificant component of the RAG-Stiftung's income. A worsening in Evonik's economic situation which might limit Evonik Industries AG's ability to pay dividends is a risk with significant ramifications for the RAG-Stiftung. Due to Evonik's diversified orientation as a medium-sized speciality chemicals company, we see the probability of this risk occurring as "possible". Overall, we therefore continue to classify the Evonik investment risk as a "medium risk".

Vivawest investment risk

The RAG-Stiftung has a direct holding of 40% in Vivawest GmbH. RAG also indirectly holds an additional 18.2% of the shares in the company. Vivawest's business risks therefore affect the RAG-Stiftung both directly and indirectly.

Vivawest has its own risk management system, as this is where the original risk responsibility for the business risks and their management lies. Vivawest GmbH's Supervisory Board not only monitors the accounting process but also addresses the effectiveness of the internal control, risk management and internal auditing systems. These tasks are carried out by representatives of the RAG-Stiftung on Vivawest GmbH's Supervisory Board. The RAG-Stiftung is kept informed by regular reports and checks the effectiveness of the risk management system by analysing risks and measures.

Due to its area of activities, Vivawest is highly dependent on the housing market in North Rhine-Westphalia and the underlying conditions for the housing sector.

The distributions of profits the RAG-Stiftung receives from Vivawest GmbH are a component of the RAG-Stiftung's income. A worsening in Vivawest's economic situation is a risk with moderate repercussions for the RAG-Stiftung. Due to the non-volatile nature of Vivawest's business, we see the probability of occurrence as being "rather unlikely" in the short- and medium-term. Overall, we therefore continue to classify the Vivawest investment risk as a "low risk".

Investment risk

The RAG-Stiftung's Board of Trustees approved the General Investment Guidelines for the RAG-Stiftung (KARL) in 2008 and approved occasional amendments, most recently with a resolution of 10 May 2021. The guidelines set the standards for investment – with the exception of investments in Vivawest and Evonik – and define the principles of the investment policy as well as investment risk controlling.

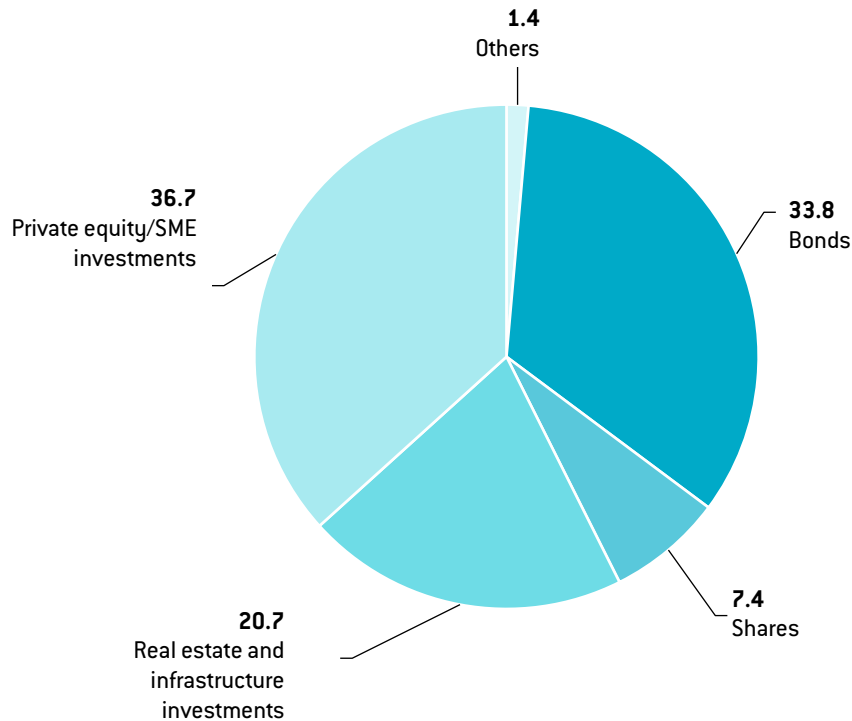
As of the end of 2024, 33.8% of the RAG-Stiftung's financial assets were invested in bonds, another 7.4% in shares and 20.7% in real estate and infrastructure. Altogether, 36.7% were attributable to international private equity investments and SME investments. This asset allocation results in a high level of interest sensitivity: rising market interest rates lead to negative market value changes, while falling rates lead inversely to price gains.

Financial risks at the RAG-Stiftung generally concern borrowing and market price risks arising from the investment of financial resources to cover the provision for perpetual obligations. The aim of the company's policy is to limit these risks through systematic risk management. Though this cannot totally exclude financial risks, it means they can be managed within defined limits. Monitoring its financial assets is an integral component of the RAG-Stiftung's daily business activities. The basis for managing financial assets is the respective risk budget, which is oriented to the risk-bearing capacity and is set by the RAG-Stiftung's investment committee. The capacity of the risk budget is regularly calculated, documented and reported to the Board of Executives, while the current risk of the investment is measured using the value-at-risk (VAR) approach. In order to reduce financial risks, to carry out currency hedging and to flexibly adjust the asset classes in a risk-oriented way, derivative financial instruments at the RAG-Stiftung are also employed in the RAGS-FundMaster special fund.

Risks from financial assets held in the direct portfolio are also subject to risk management by the RAG-Stiftung. Investment decisions are made after careful due diligence, if necessary with the involvement of external legal and business consultants and, if the defined thresholds are exceeded, by a decision of the Board of Executives, and in other cases by the Investment Committee or the Head of Asset Management. The investments are supervised on an ongoing basis by the RAG-Stiftung's Finance department. As part of that, where agreed, positions on Supervisory Board are exercised, discussions are held with management, publicly available information on the companies is analysed and developments on the markets are monitored. The findings are regularly discussed in the Finance department, instructions on what action to take are drawn up, and decisions are implemented.

STRUCTURE OF FINANCIAL ASSETS BY MARKET VALUE (31 DECEMBER, 2024)

In %



As of the end of 2024, around 40% of our financial assets were invested in RAGS-FundMaster, a special fund managed by a capital management company pursuant to the German Capital Investment Act (KAGB). Various asset managers have received specific investment mandates from the RAG-Stiftung for this special fund. Each of these investment mandates is subject to investment guidelines that must conform with the RAG-Stiftung's General Investment Guidelines (KARL). The capital management company is also obliged to ensure that these investment guidelines are adhered to at all times. All liquid securities of the RAG-Stiftung are held in safe custody by a single global custodian bank, which creates the basis for uniform risk controlling and transparent presentation of the RAG-Stiftung's total holdings.

Of the remaining approximately 60% of financial assets, some are held directly in liquid securities. The rest are attributable to non-liquid investments in real estate and infrastructure funds on the one hand, and private equity funds and direct company investments on the other.

Private equity funds as well as real estate and infrastructure investments are characterised by a very low level of liquidity. This liquidity risk, which we can manage well due to our obligation structure, is offset by a corresponding illiquidity premium. The principle of a high level of diversification also applies to illiquid investments, as it does to all our investments. The RAG-Stiftung invests in different managers, different areas of the private equity market, different size categories and different regions. In particular, it invests consistently in order to mitigate risks through wide diversification across the individual fund ages, or “vintage years”. Similarly, with real estate and infrastructure investments, different managers are tasked with investing in different countries, regions and cities, and in different classes of real estate (residential, office, hotel, high street, logistics, specialist stores, etc.).

The statements on limited liquidity also apply to the investments in the SME sector by RSBG SE. The management attempts to compensate for the higher risk resulting from significantly less granularity by exercising intensive due diligence prior to the purchase of a holding and by further development of investment controlling; it also exercises greater influence over the Supervisory Board or Advisory Board with regard to non-controlling interests and takes direct influence on the management of majority holdings.

The RAG-Stiftung uses the professional service provider RMC Risk-Management-Consulting GmbH, Frankfurt, to assess and calculate investment risk.

When assessing investment risks overall, we classify the probability of occurrence as “possible” in view of the measures taken and the degree of impact as “moderate” given the wide diversification. Overall, we therefore continue to classify the investment risk as a “medium risk”.

Perpetual obligations risk

On 14 August 2007, a legacy agreement relating to the socially responsible discontinuation of subsidised coal mining in Germany (legacy agreement) was concluded between the states of North Rhine-Westphalia, Saarland and the RAG-Stiftung. This agreement regulates the guarantees made by the states (and one-third by the federal government) in case the assets of the RAG-Stiftung are not sufficient to finance the perpetual obligations. It also defines the perpetual obligations of the mining operations of RAG. Perpetual obligations in this sense mean measures for the implementation of pit water management, ground water purification at contaminated sites and measures for the management, processing or elimination of permanent damage in the form of subsidence of the ground surface caused by mining.

On 13 November 2007, an agreement was signed between RAG and the RAG-Stiftung regarding financing of the perpetual obligations arising from the mining operations of RAG (agreement on perpetual obligations). With this agreement, the RAG-Stiftung pledges to RAG that it will finance its perpetual obligations from 2019. The future development of the perpetual obligations and the resulting risks and opportunities are therefore especially important. This development is primarily determined by the premises on which the authoritative report is based and which may develop a significant leverage effect, such as price index, interest rate and technological state of the art. Under section 4, paragraph 2, of the agreement on perpetual obligations, RAG is to develop a concept for the long-term optimisation of pit water management. On the basis of this concept, steps were taken to apply for the necessary measures so as to subsequently implement them. Applications for approvals are delayed or have not yet been granted. However, approvals are a mandatory prerequisite for the implementation of the necessary withdrawal activities.

The economic value of the perpetual obligations at the end of 2024 is, simply put, the present value of a perpetual series of payments which grows in line with the respective inflation rate. The cash value of a perpetual annuity is calculated by dividing the initial regular payment by the interest rate, while taking the price increases resulting from the real interest rate – that is, the difference between interest rate and price inflation – into account. The amount of the perpetual obligations is therefore dependent in particular on the future development of price and interest rates, in addition to the development of the assessment bases.

For each perpetual obligation, a series of expenditures is calculated from the respective balance sheet date for each of the next 61 years. The total obligation for each perpetual obligation is the sum total of the temporary series of expenditures for 60 years discounted to the balance sheet date and the present value of the perpetual annuity from the 61st year discounted to the balance sheet date.

The present value of the perpetual annuity is calculated using the seven-year average interest rate of the ultimate forward rate (UFR). This is set annually by the European Insurance and Occupational Pensions Authority (EIOPA) and was 3.49% in 2024 (previous year: 3.62%). Taking into account an assumed price rise of 2.00%, this results in a real interest rate of 1.49% in 2024.

The first 50 years of the series of expenditures for the respective perpetual obligations are discounted as of the balance sheet date using the commercial yield curve published by the Deutsche Bundesbank for the respective balance sheet date with interest rates of between 1.48% and 1.98% (previous year's interest rates: between 0.99% and 1.80%). A ten-year convergence phase to avoid a jump in interest rates is used to transition to the UFR. During this convergence phase, the interest rates for discounting as of the balance sheet date are determined using linear interpolation between the HGB interest rate with a maturity of 50 years and the UFR.

An inflation rate of 2.00% is generally used to index the expenditure for perpetual obligations after the end of the detailed planning phase. This follows the method used for determining the UFR. The inflation rate corresponds to the inflation target of the ECB for the eurozone.

The total perpetual obligation determined using this method is EUR 32.4 billion. The previous year's figure was EUR 32.8 billion.

In the overall assessment of the risks arising from perpetual obligations, we classify the probability of occurrence as “probable” but the degree of impact as only “moderate”. The provision requirement for perpetual obligations will first increase slightly over the coming years, then prospectively move at a constant or even a slightly falling level. However, our ability to finance the cash outflow, which will increase with inflation for the sustainable financing of perpetual obligations from investment income and financial assets, is independent of this. Overall, we therefore continue to classify the perpetual obligations risk as a “medium risk”.

Geopolitical risks

The forecast for the global economy is subject to a high degree of uncertainty at present. In particular, the election of Donald Trump in the US presidential election and the associated political changes pose significant political and economic risks. Further risks arise from the potential escalation of the war in Ukraine and tensions in the Middle East, which might significantly disrupt global trade routes. An increase in tariffs could also result in more intense trade conflicts. That would severely disrupt international supply chains, which could lead to an increase in commodity and energy prices and possibly trigger a renewed surge in inflation.

In addition, the political measures taken by the new US administration may have a significant impact on the financial markets.

There is a possibility that changes in supply chains and on distribution markets could adversely impact the business operations of Evonik. In respect of the Evonik share price, these developments could lead to a decline in market capitalisation and, for the RAG-Stiftung, a risk of a reduced distribution of profits. No significant risks are identified for Vivawest, as its letting operations are mainly centred on North Rhine-Westphalia; however, it might be affected by higher ancillary rental costs on account of rising energy prices. No significant risks are identified for RSBG either. RAG may likewise be exposed to a risk due to a long-term increase in energy costs.

Overall assessment of the risk and opportunities situation

The RAG-Stiftung finances the perpetual obligations of RAG's obligations following the discontinuation of hard coal mining. From a current perspective, the cash inflows from the disposal of other shares in Evonik Industries AG, from Evonik dividends and from dividends of the Vivawest holding and RSBG SE, as well as from the income from financial assets, are all sufficient to cover the expected cash outflows. Opportunities could result from a good trend in the Evonik share price and from successful investments.

The overall assessment of the RAG-Stiftung's risk situation shows that the existing risks pose no threat to the existence of the RAG-Stiftung, either individually or in conjunction with other risks, given the measures taken and planned.

Outlook

Global economic outlook

The outlook for the global economy continues to be impacted by many uncertainties. Although the global economy is proving stable, growth forecasts are rather subdued. The short-term growth outlook is fundamentally shaped by various risks, which are attributable in particular to the varying economic developments in the individual countries. The downside risks are higher as regards the medium-term growth outlooks.

The International Monetary Fund (IMF) expects global GDP to grow by 3.3% in 2025 (2024: 3.2%). This positive assessment is based on the strong resilience of the United States economy, which will partially offset weaker growth in other countries. Nevertheless, the global growth forecast for 2025 remains below the historical average of 3.7% (2000 to 2019).

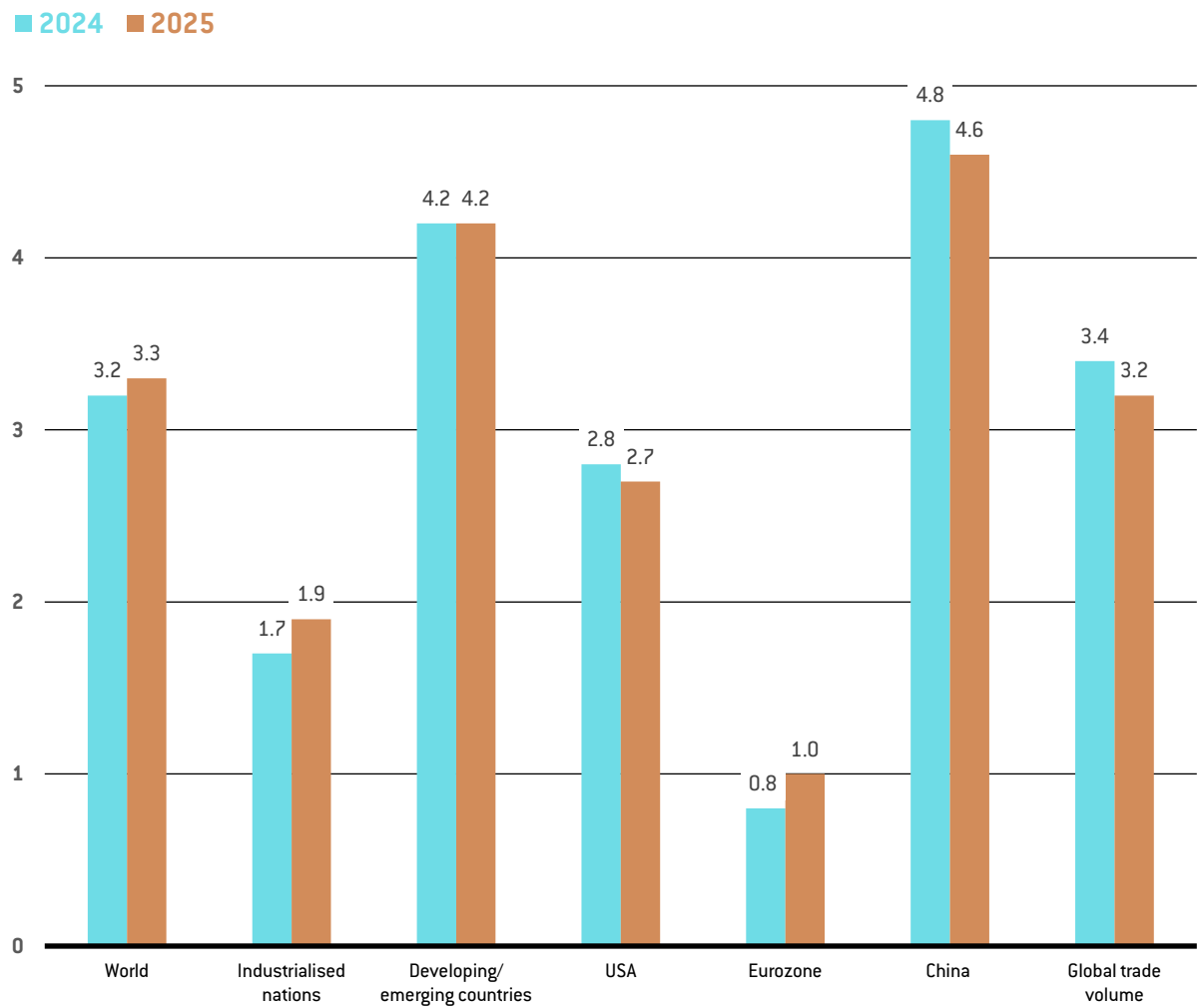
The IMF predicts that global headline inflation will fall to 4.2% in 2025 and to 3.5% in 2026. While inflation is expected to decline more rapidly in industrialised countries, it will probably remain higher in emerging and developing countries.

Growth in the United States is forecast to fall slightly from 2.8% in 2024 to 2.7% in 2025 and to 2.1% in 2026, although the economy could experience a short-term upturn as a result of fiscal policy measures such as tax cuts.

The IMF forecasts that growth in the eurozone will be 1.0% in 2025. This comparatively low forecast is due to the greater political uncertainties. Growth of 1.4% is expected for 2026, with the upturn mainly driven by increasing demand in the eurozone and a further decline in inflation, leading to an improvement in financing conditions. In addition, uncertainties are forecast to diminish in 2026.

In the short term, the eurozone will face potential downside risks due to the general uncertainty. China will also still have to contend with economic downside risks due to the ongoing real estate crisis. The introduction of new tariffs by the United States could lead to an escalation of trade disputes and put a strain on international trade routes and supply chains, which might dampen global economic growth in the medium term. On the other hand, new trade agreements could deliver a positive boost to global economic growth.

GDP GROWTH RATES, WORLD AND COUNTRIES FOR 2024, AND FORECAST FOR 2025 in %



Source: IMF, World Economic Outlook, January 2025

Outlook for the company

Given the fact that our holding in Evonik Industries AG is lower than in the previous year, the dividend inflow will be less in absolute terms than last year. We expect the dividend for Vivawest GmbH in 2025 to be on a par with the previous year's level, but do not anticipate any dividend for RSBG SE. At RAG, we expect to see an adverse impact on earnings from the profit-and-loss transfer agreement. We forecast that the RAG-Stiftung's investment income in 2025 will be up slightly on the 2024 level.

PERFORMANCE INDICATORS FORECAST FOR 2025

In EUR million

	Forecast for 2025	2024
Financial performance indicators		
Net profit for the year	Stable	0
Addition to provision for perpetual obligations	Approx. 340	964.8

We plan to be able to allocate about EUR 340 million to the provision for perpetual obligations in 2025.

Current analyses indicate that the RAG-Stiftung's supply of cash, and thus its ability to pay the perpetual obligations, will remain secure.

Essen, 28 April 2025

This report contains forward-looking statements relating to the current expectations, assumptions and forecasts of the Board of Executives, as well as any information currently available to it. These forward-looking statements are not to be understood as guarantees of future developments or the events they describe. Rather, these future developments and events are dependent on a number of factors; they contain risks and uncertainties and are based on assumptions that may prove inaccurate.

