DECLARATION BY THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD OF STS GROUP AG ON THE RECOMMENDATIONS OF THE "GOVERNMENT COMMISSION ON THE GERMAN CORPORATE GOVERNANCE CODE" PURSUANT TO SEC. 161 OF THE GERMAN STOCK CORPORATION ACT (AKTIENGESETZ, AKTG)

Management Board and Supervisory Board of STS Group AG with its seat in Hagen, North Rhine-Westphalia, (the "**Company"**) declare:

The Company complies with the recommendations of the "Government Commission on the German Corporate Governance Code" in the version of April 28, 2022, published in the German Federal Gazette (*Bundesanzeiger*) on June 27, 2022, (the "**Code**"), since February 2022, the date of the Company's last Declaration of Conformity, and will continue to comply, in each case with the following exceptions:

1. Section A.5 of the Code:

With the updated version of the Code dated April 28, 2022, the Code now also recommends that the key features of the overall internal control system and the risk management system should be described in the management report (*Lagebericht*) and that a statement should be made on the appropriateness and effectiveness of these systems.

At the time the management report for the financial year 2021 was prepared, the inclusion of the main features of the overall internal control system and the risk management system in the management report, as well as a statement on their appropriateness and effectiveness, was not yet one of the recommendations of the German Corporate Governance Code (the "**GCGC**"). This recommendation was only added as a recommendation in the updated version of the GCGC dated April 28, 2022. The Company already addressed this recommendation of the GCGC at the beginning of the financial year 2022 – during the preparation of the management report for the financial year 2021 – and was also in an exchange with the Company's auditing firm commissioned to prepare the management report in this regard. However, the Company decided against including the aforementioned points in the management report for financial year 2021 because the auditing firm was appointed and is responsible for the audit of the financial statements only. If the aforementioned points were included, however, the auditing firm would have to subject the Company's entire internal control system to an audit, for which the auditing firm was not actually appointed. In the management report for the financial year 2022, the Company therefore also intends not to have its internal control system audited by the auditing firm.

2. Section B.5 of the Code

The Code recommends that an age limit be specified for members of the Management Board and stated in the Corporate Governance Statement.

The Supervisory Board has not passed a resolution specifying a concrete age limit for members of the Management Board, which is why no information can be provided in the Corporate Governance Statement in this regard. The Supervisory Board is of the opinion that the decisive factor in the selection of candidates is that they are persons who possess the knowledge, skills and professional and personal experience required to properly perform their duties. The Company is convinced that these requirements are not linked to a specific age, which is why the Company continues to regard a specific age limit for members of the Management Board as unsuitable for ensuring that the persons concerned have the necessary skills.

3.Section C.1 of the Code:

The Code recommends that the Supervisory Board should specify concrete objectives for its composition and draw up a competence profile for the entire body. In doing so, the Supervisory Board should pay attention to diversity. The competence profile of the Supervisory Board should also include expertise on sustainability issues of importance to the Company. Proposals of the Supervisory Board to the Annual General Meeting shall take these objectives into account and at the same time aim to fill out the competence profile for the entire body. The status of implementation shall be disclosed in the form of a qualification matrix in the Corporate Governance Statement. This shall also provide information on the number of independent shareholder representatives on the Supervisory Board, considered appropriate by the shareholder representatives, and the names of these members.

The Supervisory Board has not passed a resolution setting out specific objectives for the composition of the Supervisory Board or a competence profile for the entire body, which also includes expertise on sustainability issues of importance to the company. The Company is of the opinion that the current composition of the Supervisory Board meets the requirements of Section C.1 of the Code. When selecting candidates to be proposed for election to the Supervisory Board, the Company always ensures that these are persons who have the knowledge, skills and professional and personal experience required to properly perform their duties, also with regard to sustainability issues affecting the Company. For this reason, the Company continues to believe that targets set with regard to the specific composition are unsuitable for the election of an efficient and qualified Supervisory Board.

4. Section C.2 of the Code:
The Code recommends that an age limit be specified for Supervisory Board members and stated in the Corporate Governance Statement.
The Supervisory Board has not passed any resolution specifying a concrete age limit, which is why no information can be provided in the corporate governance declaration. With reference to the above explanations on Section C.1, the Company is of the opinion that the decisive factor in the selection of candidates is that they are persons who have the knowledge, skills and professional and personal experience required to properly perform their duties, also with regard to sustainability issues affecting the Company. The Company is convinced that these requirements are not linked to a specific age, which is why, in the future, the Company does not consider a specific age limit for Supervisory Board members to be suitable for ensuring the necessary skills of the persons concerned either.

5. Section C.10 of the Code:
The Code recommends that the Chairman of the Supervisory Board, the Chairman of the Audit Committee and the Chairman of the committee dealing with Management Board compensation should be independent of the Company and the Management Board. The Chairman of the Audit Committee should also be independent of the controlling shareholder.
The Company is convinced that the Chairman of the Supervisory Board is independent of the Company and the Management Board. However, as the Supervisory Board of the Company consists of only three persons in accordance with the Articles of Association, no committees are formed, with the exception

of the Audit Committee, which is now mandatory under Sec. 107 para. 4 of the German Stock Corporation Act (AktG). Accordingly, the Company does not have a Chairman of the committee dealing with Management Board compensation, but only a Chairman of the Audit Committee. The Company is convinced that the Chairman of the Audit Committee is also independent of the Management Board and the Company, but due to his position on the board of the majority shareholder he is not independent of the controlling shareholder. The primary objective of the Company was initially to comply with the new statutory obligation to establish an Audit Committee without at the same time adding further members to the Supervisory Board. In view of the extraordinary workload for the Chairman of the Supervisory Board that would be associated with a combination of the duties of Chairman of the Supervisory Board and Chairman of the Audit Committee, it was more important from the Company's point of view that the Chairman of the Supervisory Board should not also be Chairman of the Audit Committee, which is why the lack of independence of the Chairman of the Audit Committee vis-à-vis the controlling shareholder will be accepted for the foreseeable future, especially as the Company is convinced that the institutional separation of the Audit Committee and the Management Board already ensures a high degree of independence. Since the last declaration of conformity in February 2022, no new members have been added to the Supervisory Board in the financial year 2022, as the Company remains convinced that the institutional separation of the Audit Committee and the Management Board already ensures a high degree of independence and that the Company therefore still does not consider it necessary to expand the Supervisory Board.

6. Section D.1 of the Code:

The Code recommends that the Supervisory Board should adopt rules of procedure and make them available on the Company's website.

Although the Supervisory Board has adopted rules of procedure, it has deliberately decided not to publish them on the Company's website. The Supervisory Board is of the opinion that the Rules of Procedure contain very detailed regulations for cooperation within the Supervisory Board and with the Board of Management, but that these only relate to internal processes within the body or between the bodies and that making the Rules of Procedure accessible therefore offers no added value for investors. Conversely, however, the Rules of

Procedure also contain confidential statements with regard to measures requiring approval, which are deliberately not intended to be published.

7. Section D.2, D.3 sentence 1 to sentence 3 and D.4 of the Code:
The Code recommends that the Supervisory Board should form professionally qualified committees depending on the specific circumstances of the Company and the number of its members. The respective committee members and the committee chairman should be named in the Corporate Governance Statement. The expertise in the field of accounting should consist of special knowledge and experience in the application of accounting principles and internal control and risk management systems, and the expertise in the field of auditing should consist of special knowledge and experience in auditing. Accounting and auditing also include sustainability reporting and its audit. The Supervisory Board shall form a Nomination Committee composed exclusively of shareholder representatives which nominates suitable candidates to the Supervisory Board for its proposals to the Annual General Meeting for the election of Supervisory Board members. The Audit Committee shall regularly assess the quality of the audit of the financial statements.
As the Supervisory Board of the Company consists of only three persons in accordance with the Articles of Association, no committees are formed - apart from the Audit Committee, which is mandatory by law (cf. Sec. 107 para. 4 of the German Stock Corporation Act (AktG). Accordingly, the above recommendations do not apply to the Company and the Company cannot comply with the above recommendations. As the Audit Committee is also the plenary body of the Supervisory Board, all members of the Audit Committee, in addition to the plenary body, deal in particular with accounting in accordance with the accounting principles, the internal control and risk management systems and the audit of the financial statements, including sustainability reporting and its audit. The Chairman of the Audit Committee also has special knowledge and experience in the application of accounting principles and internal control procedures and does not simultaneously hold the office of Chairman of the Supervisory Board. However, the Chairman of the Audit Committee is not familiar in depth with the audit of the financial statements and sustainability reporting and - as stated in section C.10 - is not independent of the controlling shareholder. The primary objective of the Company was initially to comply with the new statutory obligation to establish an Audit Committee without at the

same time adding further members to the Supervisory Board. In view of the extraordinary workload of the Chairman of the Supervisory Board, which would be associated with a combination of the duties of Chairman of the Supervisory Board and Chairman of the Audit Committee, from the point of view of the Company it was more important that the Chairman of the Supervisory Board should not at the same time be Chairman of the Audit Committee, which is why on the one hand the lack of independence of the Chairman of the Audit Committee vis-à-vis the controlling shareholder and on the other hand the lack of familiarity with the auditing of the financial statements are accepted for the foreseeable future. This is particularly the case against the background that the Supervisory Board, due to its size, corresponds to the Audit Committee and thus the Chairman of the Supervisory Board, who is also familiar with the audit of the financial statements, and is also a member of the Audit Committee, which, from the continuing point of view of the Company, ensures the corresponding competence of the Audit Committee.

8. Section D.11 of the Code:
The Code recommends that the Company should provide appropriate support for the members of the Supervisory Board during their induction into office and during training and development measures, and report on the measures taken in the report of the Supervisory Board.
The Company did provide appropriate support to the Supervisory Board members newly appointed by the Annual General Meeting in July 2021 during their induction. However, no training or further education measures have been carried out by the Supervisory Board members to date, due in particular to recent outbreaks of the COVID 19 pandemic. For the future, the Company intends to again provide appropriate support for the members of the Supervisory Board in terms of training and continuing education measures; talks are currently again underway with providers of such training courses, which are planned for the current financial year.

9. Section F.2 of the Code:
The Code recommends that the consolidated financial statements and the Group management report should be publicly accessible within 90 days of the end of the financial year, and the mandatory interim financial information within 45 days of the end of the reporting period.

In view of the legal requirement to publish the consolidated financial statements within the first four months of the Group's financial year, the Company complies with the legal requirements. The consolidated financial statements were published on April 06, 2022, just a few days after the deadline recommended by the Code. Due to the time required for the careful preparation of interim reports, the Company has also followed the statutory publication deadlines for the respective interim reports. However, the Company continues to endeavour to reduce the time required for the publication of consolidated financial statements and interim financial information to an absolute minimum.

10. Section G.3 of the Code:
The Code recommends that, in order to assess the customary nature of the specific total compensation of the members of the Management Board in comparison with other companies, the Supervisory Board uses a suitable comparison group of other companies (peer group comparison), the context of which it discloses.
The contractual documents relating to the compensation of the Management Board members do not currently provide for a comparison with the Management Board compensation of other companies. Nevertheless, Management Board compensation is to be based on the Management Board compensation system resolved at the Annual General Meeting on July 23, 2021, which provides for a comparison with other suitable companies under item 3. Accordingly, an additional explicit mention in the contractual basis of the Management Board compensation was not considered necessary. In the next revision of the contractual documents, however, a peer group comparison is to be made and taken into account in the customary nature of the specific total compensation.

11. Section G.4 of the Code:
For the purpose of assessing customary practice within the Company, the Code recommends that the Supervisory Board take into account the ratio of Management Board compensation to the compensation of senior management and the workforce as a whole, and this also in terms of its development over time.
This recommendation is not taken into account at present, as the Company continues to be in a state of upheaval in financial year 2022 as a result of the takeover by the new majority shareholder. In addition, the Company has only one

employee below management level in financial year 2022. As the only comparator, this is not sufficiently meaningful. The Management Board currently also consists of only one Management Board member, so that a comparison with the compensation of other Management Board members is also ruled out. Nevertheless, it is intended to take into account the compensation of senior executives and the workforce as a whole in the future, if and to the extent that a comparison appears meaningful.

12. No G.6 of the Code:
The Code recommends that the variable compensation resulting from the achievement of long-term oriented targets should exceed the share resulting from short-term oriented targets.
This recommendation was not implemented as the Management Board compensation was affected by the aforementioned takeover process. However, the recommendation can be implemented in the foreseeable future; the Supervisory Board intends to adjust the contractual basis accordingly.

13. Section G.10 of the Code:
The Code recommends that the variable compensation amounts granted to the Management Board member should be invested by him predominantly in shares of the Company, taking into account the respective tax burden, or granted on a share-based basis accordingly.
This recommendation was not implemented as the contractual basis for this was lacking and could not be implemented in the current situation of the Company and, in the continuing conviction of the Company, will not be implemented in the foreseeable future.

14. Section G.11 of the Code:
The Code recommends that the Supervisory Board should have the possibility to take account of extraordinary developments to an appropriate extent. In justified cases, it should also be possible to withhold or demand the return of variable compensation.
This recommendation has not been implemented, as the Company continues to believe that the variable compensation model already takes account of extraordinary developments through the automatic mechanism inherent in the compensation system. On the one hand, concrete criteria are redefined for each

Management Board member at the beginning of each year. Secondly, variable remuneration that can be paid out only arises if at least 80% of the target, such as EBITDA, is achieved.

15. Section G.12 of the Code:

The Code recommends that, in the event of termination of a Management Board contract, the payment of outstanding variable compensation components attributable to the period up to the termination of the contract should be made in accordance with the originally agreed targets and comparison parameters and in accordance with the due dates or holding periods specified in the contract.
From the Company's point of view, this recommendation is achieved by other means: The Management Board compensation modifies the recommendation in such a way that the payment of the variable compensation components is even waived if the due date of the payment falls on a date after the termination of the Management Board contract. The Company assumed that the Management Board member should only be able to participate in the achievement of targets at the time the payment is due if he or she has an existing Management Board contract, as this was the only way of binding the Management Board member to the Company. No change has been made and is not planned for the foreseeable future.

16. Section G.15 of the Code:

The Code recommends that where members of the Board of Management hold supervisory board mandates within the Group, the compensation should be credited.
This recommendation has been implemented indirectly, but does not contain the intended automatism: The contractual basis for the compensation of the Board of Management requires the prior consent of the Company in the case of intra-Group supervisory board mandates. In addition, it should only be agreed how to deal with the further intra-Group Supervisory Board mandate once approval has been obtained. The implementation of the recommendation is therefore laid down in the basic contractual conditions and can therefore be implemented. The Supervisory Board shall ensure that in cases of intra-Group Supervisory Board mandates the recognition of compensation is also guaranteed in the future.

17. Section G.16 of the Code:

The Code recommends that, in the event of the assumption of supervisory board mandates from outside the Group, the Supervisory Board should decide whether and to what extent the compensation is to be imputed.
This recommendation has been implemented in accordance with the aforementioned explanations to Section G.15: The contractual basis for Management Board compensation also provides for an agreement on the handling of such mandates in individual cases. The implementation of the recommendation is therefore also laid down in the contractual basis and can therefore be implemented. The Supervisory Board will ensure that in cases of Supervisory Board mandates outside the Group, the compensation is also taken into account in the future.

18. Section G.17 of the Code:
The Code recommends that the compensation of Supervisory Board members should take appropriate account of the greater time commitment of the Chairman and Deputy Chairman of the Supervisory Board and of the Chairman and members of committees.
The compensation of Supervisory Board members currently takes into account the chairmanship of the Supervisory Board, but not the deputy chairmanship of the Supervisory Board or the chairmanship or membership of committees. In determining the compensation system for the members of the Supervisory Board, the Company assumed that, in view of the intended division of duties and work among the members of the Supervisory Board, the Chairman of the Supervisory Board would probably have a significantly higher time commitment, but not the Deputy Chairman compared with the third member of the Supervisory Board. Therefore, the compensation of the Supervisory Board members only takes into account the higher time expenditure of the Chairman. The chairmanship of the Audit Committee is not taken into account because the Company does not expect any significant additional expense in this respect either. As the Company has not formed any committees – apart from the Audit Committee – in view of the size of the Supervisory Board of three members, the above recommendation is not relevant with regard to committee members.

Hagen, February 2023
STS Group AG
Management Board
Supervisory Board