

SUMMARISED MANAGEMENT REPORT AND GROUP MANAGEMENT REPORT

BASIS OF THE GROUP

BUSINESS MODEL

STS offers its customers a wide range of system solutions and components for the interior and exterior panelling of vehicles. STS components enhance the visual appearance of the vehicle design, contribute to the aerodynamics of the vehicle and ensure a significant reduction in weight thanks to their lightweight construction. Due to its high level of vertical integration, STS is able to map the complete manufacturing process of each component from the idea to the finished product. As a one-stop-shop provider with many years of expertise, the Executive Board sees a clear competitive advantage. Production facilities and logistics are mainly designed for small and medium-sized series, as is typical for light to heavy commercial vehicles, but also for special models and electromobility or weight-optimised plastic solutions, as is increasingly the case in the passenger car sector.

The STS production facilities are located close to the respective customer plant sites. This makes all aspects of co-operation simpler, more efficient and more sustainable. Headquartered in Germany, the Group operates a global network in all key markets. At the end of the financial year, STS had twelve plants in five countries on three continents.

STS combines the production technologies of injection moulding and hot and compression moulding of composites. It manufactures the semi-finished products and composite materials itself and can therefore react flexibly to customer-specific requirements.

OVERVIEW LOCATIONS



The Group produces parts and systems for trucks, commercial vehicles and cars. Its customer base includes well-known commercial vehicle and car manufacturers, including many market leaders. Numerous manufacturers also rely on STS Group's expertise in the rapidly growing electric vehicle market. The Group has three research and development centres, two in France and one in China, for rapid product development and innovation.

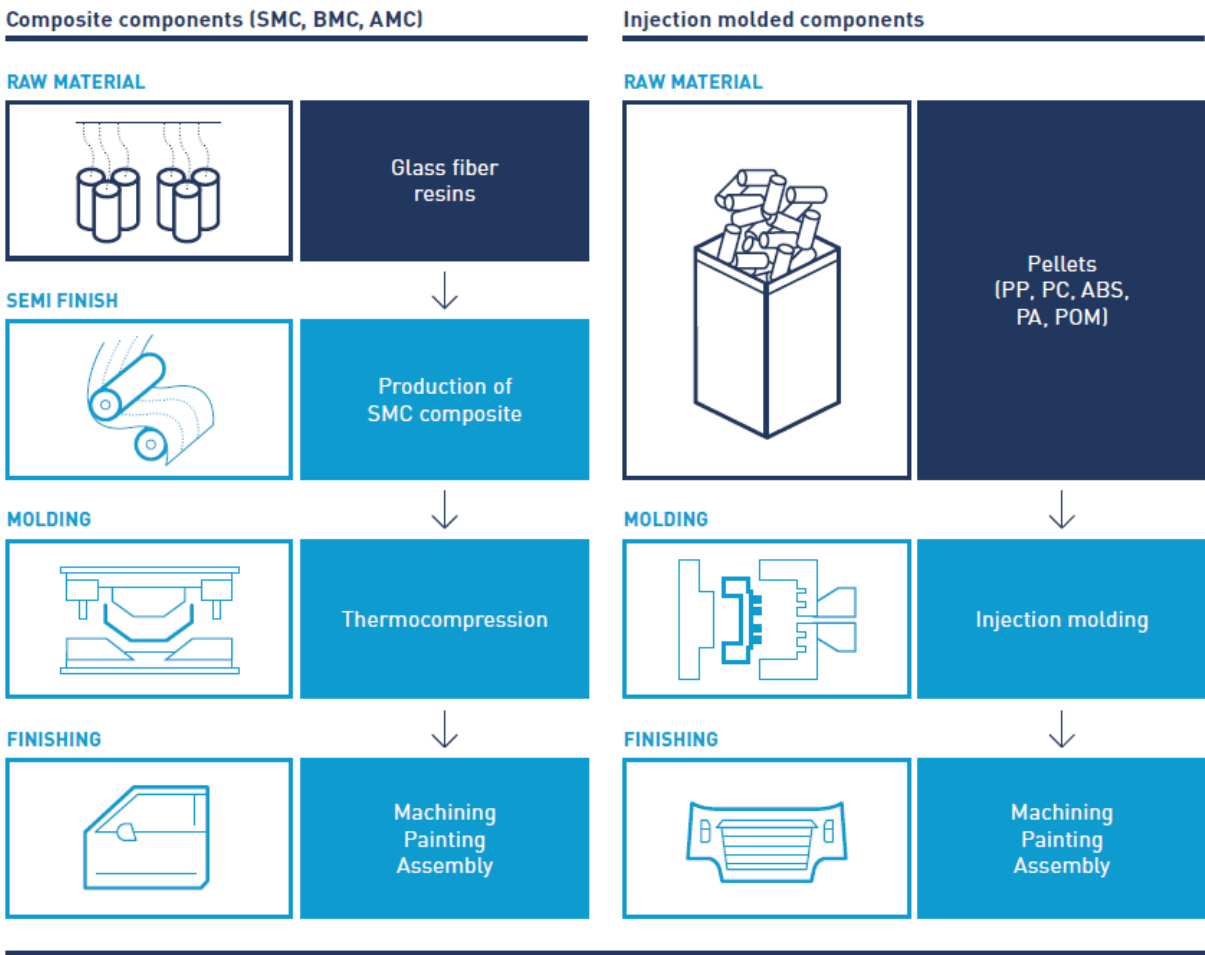
BUSINESS ACTIVITY

STS Group's business activities are managed partly according to product types and partly according to geographical aspects. This principle is reflected in the following segmentation of business activities:

Plastics: This segment manufactures a wide range of exterior body parts and interior modules for trucks, other commercial vehicles and passenger cars. It includes hard trim products made from injection moulding and composite materials such as SMC (Sheet Moulding Compound), glass fibre-reinforced thermoset semi-finished products. The semi-finished product plays an important role in automotive production thanks to its numerous positive properties, such as high rigidity and heat resistance. It often replaces metal structural parts and makes an important contribution to covering battery systems in electric vehicles. The Plastics segment has production facilities in Europe and Mexico, as well as the new plant in the USA. Customers in North America are supplied from Mexico and the USA. Hard trim systems are used in commercial vehicles, e.g. for exterior parts (front modules, roof modules and other aerodynamic panelling) or interior modules ("bunk box" under the driver's bed and shelf elements) and in passenger cars, e.g. for structural parts (tailgate). The segment also has its own capacities for painting plastics.

China: Activities in the Chinese market are bundled in this segment. These include supplying customers with plastic parts for the exterior panelling of vehicles, primarily for the cabins of commercial vehicles, but increasingly also for passenger cars. The product range offers solutions and components for commercial vehicles such as bumpers, front panelling, deflectors, roofs, mudguards and entrances as well as parts for passenger cars, such as battery covers for electric vehicles, through to complex structural parts, such as tailgates for SUVs. Composite moulding processes and injection moulding technology are used here. The segment also has its own capacities for painting plastics.

Materials: This segment comprises the development and production of semi-finished products (Sheet Molding Compound - SMC), fibre molding compounds (Bulk Molding Compound - BMC) and advanced fibre molding compounds (Advanced Molding Compound - AMC). The semi-finished products are used both within the Group for hard trim applications and supplied to external third parties. As part of the development of these base materials, it is already possible to influence key parameters of the end product.



In December 2016, the Group acquired the truck business of French automotive supplier Mecaplast France SAS (now Novares France), thereby entering the hard trim business. With the acquisition of the commercial vehicle supplier business of the Plastic Omnium Group in June 2017, STS significantly expanded its product portfolio with semi-finished composite products and composite components for exterior parts for truck cabins and light commercial vehicles as well as structural parts for passenger cars (tailgate). In the fourth quarter of 2018, the Group established a new headquarters in Wuxi for the Chinese market, which also bundles local development activities. In April 2019, STS opened its third production facility in China in Shiyan. The Group is also represented in Qingdao and Jiangyin. As part of its growth strategy for North America, STS opened its first production site in the USA in the city of Salem in the US state of Virginia in March 2023. The first prototypes rolled off the production line in 2023 and series production was ramped up in the second half of 2024. The plant will be operated as a separate company STS Group North America Inc. as a subsidiary of STS Group AG and within BU Plastic and will supply the truck assembly of one of the larger commercial vehicle

manufacturers as well as other truck and car plants throughout the Midwest and Southeast of the USA.

The STS Group is pursuing the strategic goal of further expanding its promising lightweight solutions for commercial and electric vehicles. As the majority shareholder, the Adler Pelzer Group¹ was able to lay the essential foundations for expanding the STS Group's position as one of the leading system suppliers in the automotive industry, even in these challenging times. Thanks to the Adler Pelzer Group's existing presence in North America, profitability in Mexico has been significantly strengthened and expansion in the US market has also been driven forward. As of 31 December 2024, Adler Pelzer Group holds 74.42 % of the shares in STS Group AG.

¹ The **Adler Pelzer Group** refers to Adler Pelzer Holding GmbH and all of its subsidiaries.

GROUP STRATEGY AND MANAGEMENT

GOALS AND STRATEGY

STS Group AG is one of the leading suppliers of components and systems for the commercial vehicle and automotive industry. The aim is to expand this position. The focus is on components made from composite materials and injection moulding, from the initial idea to the finished product. The corporate strategy continues to focus on the future markets of lightweight components and e-mobility.

STS products are designed to make vehicles fit for the future by making a significant contribution to reducing weight and thus CO₂ emissions. STS products also improve the look, feel and functionality of vehicles.

The STS Group's growth strategy is based on process optimisation through increased automation of manufacturing processes on the one hand, but also on addressing technological trends such as autonomous driving and e-mobility on the other. STS also supports customers in the commercial vehicle sector in the development of more CO₂-efficient and innovative trucks.

In order to expand its competitive position and achieve sustainable profitability, the Group focuses on four strategic pillars: "market leadership", "technology leadership", "customer proximity" and "operational excellence".

CONTROL SYSTEM

All business units and subsidiaries report monthly on their earnings, financial position and net assets, which are included in the company's half-year and annual reports. In addition, the business units provide a monthly assessment of current and expected business development and the business unit managers present monthly variance analyses of certain key operating figures (including productivity, absenteeism rates, rejects) to the Executive Board.

In addition, the following components essentially ensure compliance with the internal control system:

- Regular Management Board and Supervisory Board meetings
- Regular shareholder meetings at the subsidiaries
- Risk and opportunity management
- Liquidity planning
- Management reporting

FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

The Group's key financial performance indicators include, in particular, sales revenue and earnings before interest, taxes, depreciation and amortisation (EBITDA).

EBITDA is used to measure and assess operating performance. The reconciliation of EBITDA earnings before taxes is shown at:

EUR million	2024	2023
EBITDA Group	23.0	20.5
Depreciation and amortization expenses	-15.5	-13.8
Earnings before interest and income taxes (EBIT)	7.5	6.8
Interest and similar income	0.5	0.2
Interest and similar expenses	-7.6	-6.5
Finance result	-7.1	-6.3
Earnings before income taxes	0.4	0.5

The STS Group does not have any significant non-financial performance indicators that are used for internal management or are relevant to remuneration.

EMPLOYEES

Motivated employees expect an attractive and fair working environment in which they can work independently, contribute their ideas and develop further. The key to successful and respectful cooperation is the joint development of an STS culture and its anchoring in everyday interaction.

STS continues to attach great importance to accident prevention and health promotion. This is reflected, among other things, in accident prevention measures such as employee training, conducting safety audits, sharing best practices across locations, improved process monitoring and technical measures for machine safety. STS promotes health through a number of local initiatives: there are free vaccinations for employees, cancer screenings and training courses on mindfulness. In addition, the external audits of operational measures addressed in the previous year are being continued. The main individual companies are certified in accordance with ISO 45001 (occupational health and safety).

Due to the wide range of HR requirements and laws, HR work is managed at country level and implemented locally as required. In order to strengthen development and career prospects, managers hold regular appraisal interviews with employees to discuss the issue of future opportunities within and outside the company. The results of these discussions form the basis for individual development plans and the further training measures derived from them. The results of the employee appraisals are supported by regular performance reviews, which are intended to help harmonise the employees' self-assessment and external assessment and define appropriate measures to develop their skills.

As of 31 December 2024, the Group employed a total of 1,402 people (2023: 1,392).

RESEARCH AND DEVELOPMENT

Innovative products are a cornerstone of the Group's strategy and should contribute to achieving the medium-term goals of profitable and sustainable growth. This mainly concerns the STS plants in France. The STS Group's strategy was to use the available resources of the development centers to successfully implement innovation programs.

Our three research and development centers in France and China continue to pool their expertise and exploit synergy effects. Finite element analyses and thermoplastic rheology are carried out internally by the Chinese development center in Wuxi, and the rheology for SMC composites is developed by the French team. This strengthens our simulation capabilities. SMC rheology simulation is now being used to increase the efficiency of material/tool/process development and better solve problems.

Further successful projects for new product lines were realised thanks to R&D activities:

- The R&D department for sustainability for SMC, can now propose the introduction of 25% recycled CaCO_3 material based on shell waste from the food industry and 15% bio-resin/LPA consisting of bio-based components for the development of new materials in the tender phase.
- Development of an automated process which is able to position screw inserts in the inner part of the front panel using a special tool design and process.
- IMC process (In Mould Coating) with a large plate, which enables a thin layer of resin to be sprayed onto the SMC surface in order to achieve an optimum surface after painting.

Our R&D department is currently working on the following challenging topics:

- Recycling SMC parts at the end of their service life
 - SMC integration of 10 % recycled material from painted SMC parts already validated for automotive parts
 - SMC integration of 10 % recycled material from painted and bonded SMC parts: POC (proof of concept) validation in
- Process and cost efficiency of the battery cover
 - Development of an interior module to increase driver comfort on board long-distance lorries

Our vertical integration - materials are developed in-house - enables us to quickly turn ideas into opportunities. The expertise of the research and development team and our well-equipped

development centers and prototyping facilities enable us to turn these new opportunities into innovative and reliable solutions.

At the end of the year, 45 people were employed in the STS Group's research and development centers worldwide (compared to 40 in 2023).

Development costs totaled EUR 5.4 million in the reporting period (2023: EUR 2.9 million). At EUR 3.4 million, non-capitalised development costs were significantly higher than in the previous year (2023: EUR 0.9 million). Development costs of EUR 2.0 million were capitalised in the reporting period (31 December 2023: EUR 2.0 million) and no amortisation was recognised.

ECONOMIC REPORT

MACROECONOMIC AND SECTOR-SPECIFIC FRAMEWORK CONDITIONS

OVERALL ECONOMIC DEVELOPMENT

GLOBAL ECONOMY WITH MODERATE GROWTH

According to the Kiel Institute for the World Economy (IfW), the global economy continued to lack momentum in 2024. Geopolitical and trade conflicts as well as political events, such as the outcome of the US presidential election, proved to be persistent sources of uncertainty. After a positive start to the year, the economy cooled increasingly as the year progressed. Continued strong growth in the USA was offset by only moderate growth momentum in China and Europe. The services sector continued to drive growth, while the manufacturing industry was burdened for large parts of the year by unfavourable financing conditions as a result of the ongoing restrictive monetary policy. Although the European and US Federal Reserve, for example, have now initiated a turnaround in interest rates, global demand for consumer goods and companies' willingness to invest remained subdued and had a dampening effect on industrial production. Although global trade developed favourably, the weak growth in the manufacturing sector meant that this too provided little impetus for the global economy. According to the IfW, global production once again only increased by 3.2 %, as in the previous year. The IfW is forecasting slightly weaker growth of 3.1 % for 2025.²

DECLINING GROWTH MOMENTUM IN CHINA

The negative factors for the Chinese economy, above all the unresolved crisis in the property sector, consumer uncertainty and the high level of public debt in some regions, have hardly changed in 2024. The Chinese central government attempted to counter these with monetary and fiscal policy measures, although their ultimate success is still uncertain. There was a slight upturn in the economy at the end of the year, although this also included anticipatory effects as a result of the trade policy plans of the new US President Donald Trump. According to the IfW's winter forecast 2024, gross domestic product in the People's Republic of China will therefore only increase by 4.9 % in 2024, following growth of 5.6 % in the previous year. Growth of just 4.4 % is forecast for 2025.³

² <https://www.ifw-kiel.de/de/publikationen/weltwirtschaft-im-winter-2024-im-zeichen-wirtschaftspolitischer-unsicherheit-33587/>

³ <https://www.ifw-kiel.de/de/publikationen/weltwirtschaft-im-winter-2024-im-zeichen-wirtschaftspolitischer-unsicherheit-33587/>

SLIGHT RECOVERY IN THE EUROZONE

The eurozone overcame the previous year's stagnation in 2024, but is still a long way from a dynamic upturn. The IfW even expects growth to weaken again by the end of the year. In view of falling inflation and rising wages, positive impetus came primarily from private consumption, while the willingness to invest still suffered from the long period of unfavourable financing conditions. This can also be seen when looking at the individual countries, where service and tourism-oriented economies in particular developed positively, while production-intensive countries, such as Germany, once again showed weakness.⁴

Overall, the IfW assumes an increase in gross domestic product within the currency union of 0.8 % in 2024, following an increase of 0.5 % in 2023.⁵ Growth in the eurozone is expected to accelerate minimally to 0.9 % in 2025, followed by growth of 1.1 % in 2026.⁶ The protectionist trade policy plans of the new US President Donald Trump in particular pose major risks. Consumer prices rose by an average of 2.3 % in 2024, once again significantly slower than the previous year's 5.4%.⁷ The unemployment rate averaged 6.4 % in 2024.⁸

MEXICO'S GROWTH SLOWS SIGNIFICANTLY

According to GTAI (Germany Trade & Invest), growth in the Mexican economy slowed significantly in 2024 compared to the same period of the previous year, coming in at just 1.6 %. This is primarily due to the political situation in the country. For example, a highly controversial judicial reform was passed in September 2024, which critics believe jeopardises the separation of powers and legal certainty in the country. Companies are increasingly concerned about the power of the ruling Morena party and are reacting by holding back on investment. For example, foreign direct investment actually declined in the first half of 2024, although an increase had actually been expected due to the nearshoring trend.⁹ Investors' mistrust is also reflected in the performance of the local currency, which depreciated significantly over the course of the year.¹⁰ The manufacturing industry in particular performed negatively. Private consumption continued to increase, but the pace of growth slowed here too. Gross fixed capital formation benefited greatly from major government infrastructure projects. Foreign trade, particularly with the USA, also continued to develop positively with rising exports.¹¹ However, in light of the protectionist trade policy statements made by the new US President Donald Trump, there were more and more question marks over the future nature of these trade relations. Donald Trump had announced that he would impose tariffs of 25 %

⁴ <https://www.ifw-kiel.de/de/publikationen/weltwirtschaft-im-winter-2024-im-zeichen-wirtschaftspolitischer-unsicherheit-33587/>

⁵ <https://www.ifw-kiel.de/de/publikationen/weltwirtschaft-im-winter-2024-im-zeichen-wirtschaftspolitischer-unsicherheit-33587/>

⁶ <https://www.ifw-kiel.de/de/publikationen/weltwirtschaft-im-winter-2024-im-zeichen-wirtschaftspolitischer-unsicherheit-33587/>

⁷ <https://www.ifw-kiel.de/de/publikationen/weltwirtschaft-im-winter-2024-im-zeichen-wirtschaftspolitischer-unsicherheit-33587/>

⁸ <https://www.ifw-kiel.de/de/publikationen/weltwirtschaft-im-winter-2024-im-zeichen-wirtschaftspolitischer-unsicherheit-33587/>

⁹ <https://www.gtai.de/de/trade/mexiko-wirtschaft/wirtschaftsausblick>

¹⁰ <https://www.fuw.ch/waehrung-mexikos-abwertung-974740103346>

¹¹ <https://www.gtai.de/de/trade/mexiko-wirtschaft/wirtschaftsausblick>

on goods from Mexico. These were implemented at the beginning of March 2025, but were subsequently suspended again until 2 April. There is a risk that such tariffs will make products from Mexico more expensive and lead to a decline in demand. However, given the erratic decisions of the US President, future developments are difficult to predict. Further information on this can also be found in the risk report.¹² Mexico continues to play an important role in the commercial vehicle sector. In 2023, the country was once again one of the leading producers¹³ of heavy trucks and was once again the largest exporter¹⁴ of trucks worldwide. This underlines the importance of the country for the industry and the STS Group.

ROBUST US ECONOMY REMAINS THE PILLAR OF THE GLOBAL ECONOMY

Supported by continued strong private consumption and despite the long period of restrictive monetary policy, the US economy remained an important pillar of the global economy in 2024. Overall, gross domestic product in the US grew by 2.8 %¹⁵ and thus only slightly slower than in the previous year (+2.9 %). The unemployment rate remained at a relatively low level of 4.0 % and private consumer spending once again recorded stable growth of 2.7 %¹⁶. Government spending, on the other hand, declined slightly.¹⁷ Although the expiry of government subsidy programs resulted in significantly lower growth in commercial construction, this was offset by an increase in residential construction. Fixed asset investments also developed correspondingly positively.¹⁸

¹² <https://www.tagesschau.de/wirtschaft/weltwirtschaft/mexiko-usa-zoelle-106.html>

¹³ <https://www.oica.net/wp-content/uploads/Heavy-Trucks-2023.xlsx>

¹⁴ <https://www.worldstopexports.com/exported-trucks-country/>

¹⁵ <https://www.ifw-kiel.de/de/publikationen/weltwirtschaft-im-winter-2024-im-zeichen-wirtschaftspolitischer-unsicherheit-33587/>

¹⁶ <https://www.ifw-kiel.de/de/publikationen/weltwirtschaft-im-winter-2024-im-zeichen-wirtschaftspolitischer-unsicherheit-33587/>

¹⁷ <https://www.ifw-kiel.de/de/publikationen/weltwirtschaft-im-winter-2024-im-zeichen-wirtschaftspolitischer-unsicherheit-33587/>

¹⁸ <https://www.ifw-kiel.de/de/publikationen/weltwirtschaft-im-winter-2024-im-zeichen-wirtschaftspolitischer-unsicherheit-33587/>

ECONOMIC DEVELOPMENT IN THE SECTOR

Following the strong growth - due to pent-up demand following the Covid-19 pandemic - in 2023, market observers predicted a normalisation of the commercial vehicle markets and a decline in global sales figures of up to 10 % in 2024.¹⁹ In Europe in particular, restrictive monetary policy, weak consumer confidence and the uncertain macroeconomic environment caused hauliers to hold back on investment decisions. Supply chain problems have eased further in 2024 and only rarely cause disruption. Most truck manufacturers are reporting a normalisation of delivery times. According to the manufacturers' association ACEA, new registrations of medium and heavy-duty trucks in the EU fell by 6.3 %.²⁰ In Germany, the decline was 6.9 % and in France 2.9 %, according to ACEA. In the USA, sales of corresponding vehicles were 4.8 % lower.²¹ In China, sales of commercial vehicles fell by 3.9 %²², with sales of heavy trucks declining by around 1 %.^{23 24 25} The stable sales of heavy trucks are due in particular to a strong December, which benefited from the expiry of the "scrappage scheme" introduced on 31 July 2023 on 31 December 2024. In Mexico, the commercial vehicle industry was not quite able to match the record figures of the previous year in 2024. Declining demand in key sales markets such as the USA, Colombia, Chile and Peru had a dampening effect. However, with a decline of 4.3% to 213,241 vehicles produced, the Mexican commercial vehicle industry still achieved the second-best year in its history. 159,466 vehicles (-10%) were exported. Domestic sales rose by a good 22%, reaching a new record high of 67,704 units.²⁶

BUSINESS PERFORMANCE

Despite a more challenging market environment with regional declines, the STS Group recorded positive business development overall in the 2024 financial year.

While the China and Materials segments were negatively impacted by the declining markets, the Plastics segment recorded a significant increase in sales. The segment benefited in particular from higher mould sales for newly launched customer projects. The new US plant, which ramped up as planned, also made a relevant contribution to sales for the first time, particularly from the realisation of customer tools. Overall, the expansion of the North American business is and remains of great relevance for the STS Group. The STS Group could therefore

¹⁹ <https://www.spglobal.com/ratings/en/research/articles/241211-2025-global-outlook-for-heavy-duty-trucks-isn-t-rosy-13354457>

²⁰ <https://www.acea.auto/cv-registrations/new-commercial-vehicle-registrations-vans-8-3-trucks-6-3-buses-9-2-in-2024/>

²¹ <https://wardsintelligence.informa.com/wi968224/us-bigtruck-sales-end-2024-with-12-decrease-2024-down-48>

²² <https://autonews.gasgoo.com/m/70035689.html>

²³ <https://www.steelorbis.com/steel-news/latest-news/heavytrucksalesin-china-up-516-percent-in-december-1373282.htm>

²⁴ <https://www.steelorbis.com/steel-news/latest-news/heavy-truck-sales-in-china-up-70-in-november-from-october-1368745.htm>

²⁵ <https://www.shacmaninternational.com/news/the-heavy-truck-industry-is-recovering-and-rising-steadily/>

²⁶ All information about Mexico: <https://mexico-now.com/mexicos-heavy-vehicle-sales-increase-in-2024/>

also benefit from a revitalisation of the US market. In addition, a new order was won for the plant in Mexico, which will ensure high capacity utilisation there in the future.

The efficiency measures introduced in 2023 had an impact in the 2024 financial year

As expected, the STS Group achieved an increase in sales in the high single-digit percentage range of 8.5% in the 2024 financial year, adjusted for one-off effects of EUR 9.7 million, which are purely attributable to fixed cost reimbursements. Including the aforementioned one-off effects, sales were significantly higher than the previous year at EUR 311.1 million (2023: EUR 277.9 million). The EBITDA margin remains unchanged at 74 % . This corresponds to an increase in EBITDA from EUR 20.5 million to EUR 23.0 million. Sales, EBITDA and the EBITDA margin are therefore in line with the forecast issued on 28 March 2024 of sales growth in the high single-digit percentage range and EBITDA and an EBITDA margin in the stated range. STS Group has therefore performed successfully overall in a global economic environment that remains challenging in 2024. This is also reflected in the Group result, which improved to EUR -0.6 million in the reporting year despite higher financial expenses (2023: EUR -1.2 million).

EARNINGS, FINANCIAL POSITION AND NET ASSETS OF THE GROUP

EARNINGS POSITION

The consolidated financial statements are prepared in euros (EUR). Unless otherwise stated, all amounts have been rounded up or down to millions of euros (EUR million) in accordance with commercial rounding. Totals in tables were calculated on the basis of exact figures and rounded to EUR million. Deviations of up to one unit (million, %) are due to rounding differences.

In the 2024 financial year, the Group's earnings situation was characterised by the resolution of the pandemic-related demand bottleneck and thus a normalisation with regional declines in demand for commercial vehicles, amid persistently challenging conditions with fluctuating commodity and energy prices as well as increasing geopolitical and economic conflicts.

Sales and earnings of the STS Group segments for the 2024 reporting year compared to the previous year are as follows:

EUR million	2024	2023	Delta	Delta %
Revenue	311.1	277.9	33.3	12.0%
Segment Plastics	247.9	203.1	44.8	22.1%
Segment China	44.1	51.0	-6.9	-13.6%
Segment Materials	34.5	38.5	-4.1	-10.6%
Corporate/Consolidation	-15.2	-14.7	-0.5	-3.7%
EBITDA	23.0	20.5	2.4	11.9%
Segment Plastics	15.7	14.9	0.8	5.6%
Segment China	6.3	7.0	-0.7	-10.6%
Segment Materials	2.2	2.1	0.1	6.3%
Corporate/Consolidation	-1.2	-3.4	2.2	-65.7%
EBITDA (in % of revenue)	7.4%	7.4%		

Sales increased by 12.0 % to EUR 311.1 million in the reporting period (2023: EUR 277.9 million). Adjusted for non-recurring effects of EUR 9.7 million due to purely fixed cost compensation, sales growth of 8.5 % to EUR 301.5 million was achieved. In the 2024 financial year, the Plastics segment also benefited from higher tool sales in connection with new customer projects and initial sales contributions from the new US plant, among other things. By contrast, the key core market in China experienced a decline in demand, resulting in lower sales in China. The Materials segment also recorded a decline in sales, which was also attributable to the declining commercial vehicle markets.

The negative changes in inventories (inventory reduction in 2024: EUR -15.4 million; 2023: inventory build-up: EUR 8.9 million) are primarily to the completion of customer tools and thus the realisation of revenue for new projects at the subsidiaries in the USA and France.

Other income totaled EUR 9.3 million after EUR 11.3 million in the previous year. This mainly includes capitalised development costs of EUR 6.5 million (2023: EUR 2.0 million). The expansion of the product portfolio with innovative new developments is reflected in both other income and other expenses. Other expenses include R&D costs totaling EUR 3.4 million (2023: EUR 0.9 million).

The cost of materials decreased in both nominal and relative terms in the reporting period. This is due in particular to the reduction in expenses for purchased services in connection with the completion of customer tools in France and the decline in sales in China. By contrast, the cost of raw materials and supplies remained almost stable at the previous year's level of EUR -154.5 million and totaled EUR -157.7 million in the current financial year. In total, the cost of materials totaled EUR -181.4 million (2023: EUR -186.3 million). This corresponds to a cost of materials ratio of 58.3 % after 67.0 % in the previous year.

As of 31 December 2024, personnel expenses developed almost in line with the increase in sales, rising by 9.3 % to -64.3 million (2023: EUR -58.8 million). This is mainly due to the start of series production in the USA and the associated personnel costs.

In total, other expenses increased by EUR -4.0 million to EUR -36.4 million and remained unchanged in relation to sales at -11.7 %. In the financial year, research and development expenses in particular increased by EUR -2.5 million (2024: EUR -3.4 million; 2023: EUR -0.9 million), as did fees and contributions by EUR -1.5 million (2024: EUR -2.0 million; 2023 : EUR -0.4 million), as well as travel expenses by EUR -1.2 million (2024: EUR -2.7 million; 2023 : EUR -1.5 million), partly in connection with the start-up of production at the plant in the USA. Purchased services from related parties also increased by EUR -0.4 million (2024: EUR -3.9 million; 2023: EUR -3.5 million), which also includes the administrative expenses of Adler Pelzer Holding GmbH. Selling expenses decreased by EUR 0.5 million (2024: EUR -1.6 million; 2023: EUR -2.1 million).

Earnings before interest, taxes, depreciation and amortisation (EBITDA) to EUR 23.0 million in the 2024 reporting year, up from EUR 20.5 million in the previous year.

Depreciation and amortisation increased to EUR 15.5 million as of 31 December 2024 (2023: EUR 13.8 million). Depreciation of property, plant and equipment amounted to EUR 11.8 million (2023: EUR 10.5 million), including EUR 4.6 million on capitalised rights of use (2023: EUR 4.0 million). Amortisation of intangible assets amounted to EUR 3.7 million (2023: EUR 3.2 million), of which capitalised right-of-use assets remained unchanged at EUR 0.3 million.

As a result, earnings before interest and taxes (EBIT) totaled EUR 7.5 million (2023: EUR 6.8 million).

At EUR -7.1 million, the financial result was below the previous year's figure of EUR -6.3 million, due in particular to increased interest on loans from affiliated companies and higher interest on lease liabilities in the USA.

For the 2024 financial year STS Group AG is reporting consolidated net income of EUR -0.6 million (2023: EUR -1.2 million).

Basic and diluted earnings per share in accordance with IFRS totaled EUR -0.1 (2023: EUR -0.2).

EARNINGS POSITION BY SEGMENT

PLASTICS SEGMENT

The Plastics segment recorded significant sales growth of 22.1 % to EUR 247.9 million. Adjusted for the aforementioned one-off effects totaling EUR 9.7 million, which are purely attributable to fixed cost compensation, sales growth of 17.3 % to EUR 238.2 million was achieved. This growth was supported in particular by the sales realisation of customer tools for new projects and the sales contributions from the new US plant. The segment's growth therefore better overall than in the 2023 financial year, in which sales increased by 13.2 % to 203.1 million. Despite the start-up costs for the new US plant, the segment's earnings also increased further, with the restructuring measures introduced in 2023 making a particular contribution to this. The segment's EBITDA totaled EUR 15.7 million in the reporting year after EUR 14.9 million in the previous year.

SEGMENT CHINA

China is an important core market that declined again in the past 2024 financial year following the sharp rise in sales in 2023. This is due to market normalisation following the positive effect of the end of the strict zero-Covid policy in the previous year. Sales in the current financial year totaled EUR 44.1 million (2023: EUR 51.0 million) and were impacted by the negative market development. Thanks to the cost-cutting measures implemented in previous years, the decline in sales is only partially reflected on the earnings side. EBITDA totaled EUR 6.3 million in the 2024 reporting year (2023: EUR 7.0 million).

SEGMENT MATERIALS

The Materials segment was also affected by the declining commercial vehicle markets in the 2024 financial year. As a result, sales decreased by EUR -4.0 million or -10.6 % and totaled EUR 34.5 million in the 2024 financial year (2023: EUR 38.5 million). Despite the decline in sales, the cost-cutting measures introduced in previous years had a positive impact on the earnings situation and led to a further improvement in profitability. EBITDA totaled EUR 2.2 million in the reporting year (2023: EUR 2.1 million).

FINANCIAL POSITION

PRINCIPLES AND OBJECTIVES OF FINANCIAL MANAGEMENT AND DIVIDEND POLICY

The Group's financing strategy is geared towards providing the necessary funds for the implementation of the corporate strategy and the requirements of the operating business. The aim is to secure the necessary funds for growth, limit the associated financial risk and optimise the cost of capital. Various financing instruments such as loans, factoring, leasing, credit lines and short-term loans are utilized.

For the 2024 financial year, the payment of the "statutory minimum dividend" of four per cent of the share capital less uncalled contributions, derived from Section 254 AktG, is planned. The company intends to use future potential profits to finance its further growth in the coming financial years and to pay a dividend only to the extent that this is compatible with its business and investment plans.

The Group has fixed and variable-interest loans and credit lines. The variable-interest loans are based on a 1-, 3- and 6-month EURIBOR interest rate plus a margin. Liabilities to banks to EUR 25.3 million (2023: EUR 25.7 million). No loan agreement clauses were breached in the 2024 reporting year (2023: two loans). The carrying amounts of the underlying loans totaled EUR 0.0 million (2023: EUR 0.6 million)

CASHFLOW

EUR million	2024	2023
Net cash flow from operating activities	7.1	30.5
Net cash flow from investing activities	-15.6	-14.1
Net cash flow from financing activities	-4.6	-3.1
Effect of currency translation on cash and cash equivalents	-0.6	0.5
Net increase/decrease in cash and cash equivalents	-13.7	13.7

In the 2024 financial year, the STS Group generated a positive **net cash flow from operating activities** of EUR 7.1 million (2023: EUR 30.5 million). The reduction compared to the previous year resulted in particular from the development of net working capital. The change in net working capital resulted in a cash inflow of EUR 11.2 million in the reporting period (2023: cash inflow 20.2 million). The main drivers of the lower cash inflow were the decrease in inventories totaling EUR 37.6 million and the reduction in contract liabilities of EUR 20.5 million. The latter were offset by the decrease in tool inventories and the reduction in advance payments for tools.

In the 2024 financial year, **cash flow from investing activities** totaled EUR -15.6 million (2023: EUR -14.3 million). Investments were mainly made in property, plant and equipment totaling EUR 11.8 million (2023: EUR 11.2 million) and intangible assets amounting to EUR 2.9 million (2023: EUR -3.7 million).

Financing activities resulted in a cash outflow of EUR -4.6 million in the 2024 financial year (2023: cash outflow -2.9 million). The scheduled repayment of credit lines of EUR 8.6 million (2023: EUR 15.4 million) in the financial year was higher than the borrowing of EUR 5.8 million (2023: EUR 13.3 million). The cash inflow from loans from related parties amounted to EUR 9.2 million (2023: EUR 9.0 million). In addition, interest paid fell from EUR 6.3 million in the previous year to EUR 6.1 million in the financial year.

LIQUID ASSETS

The freely available cash and cash equivalents amounted to EUR 25.6 million as of 31 December 2024 (31 December 2023: EUR 39.3 million) and mainly comprised bank balances.

NET FINANCIAL DEBT

The Group's net financial debt¹ increased by EUR 18.5 million to EUR 48.8 million as of 31 December 2024 (31 December 2023: EUR 30.3 million). The EUR 13.7 million decrease in cash and cash equivalents as of 31 December 2024 had a negative impact. The reduction in bank loans by EUR 0.4 million and the EUR 0.5 million decrease in lease liabilities only slightly offset the EUR 9.0 million increase in loans to related parties. Compared to the same period of the previous year, the calculation also includes liabilities to third parties and others as well as loans granted to related parties.

¹Net financial debt = bank liabilities + liabilities from loans + leasing liabilities + loans from third parties - cash and cash equivalents - loans granted to related parties

From a Group perspective, the liquidity situation was weaker than in the previous year. This was due in particular to the fact that the positive sales and earnings performance was not fully reflected in the cash flow, which is also related to the investments for the start-up of the new plant and the sale of tools in the USA that were paid for in the previous year. As a result, the level of freely available cash and cash equivalents declined compared to the previous year. If individual companies required support due to the heterogeneous business development, this was and is provided within the Group or by the majority shareholder and by applying for national, state aid (please refer to the explanations on financial risks in our risk report). In the financial year, the Adler Pelzer Group provided further loans, in particular to equip the new US company. The Executive Board considers the equity capitalisation to be sufficient.

ASSET POSITION

EUR million	2024	2023
Non-current assets	116.2	111.7
Current assets	114.6	154.9
Total assets	230.8	266.5
Total equity	45.0	46.6
Non-current liabilities	62.6	90.5
Current liabilities	123.2	129.4
Total equity and liabilities	230.8	266.5

Total assets decreased from EUR 266.5 million to EUR 230.8 million as of 31 December 2024.

Non-current assets amounted to EUR 116.2 million as of 31 December 2024. This corresponds to an increase of EUR 4.5 million compared to the previous year. The increase is mainly due to the increase property, plant and equipment, in particular technical equipment and machinery in the USA, by EUR 3.0 million to EUR 89.9 million (2023: EUR 86.9 million). Intangible assets decreased in the reporting period. They decreased by EUR -0.5 million to EUR 18.6 million (2023: EUR 19.1 million).

The decrease in **current assets** is primarily due to lower inventories (2024: EUR 22.9 million; 2023: EUR 37.5 million) and a decrease in advance payments on inventories (2024: EUR 0.2 million; 2023: EUR 22.0 million), as well as a lower level of cash and cash equivalents (2024: EUR 25.6 million; 2023: EUR 39.3 million). Offsetting effects can be seen in trade receivables and other receivables (2024: EUR 47.1 million; 2023: EUR 38.4 million). In total, current assets decreased by EUR -40.3 million to EUR 114.6 million.

Due to the slightly negative consolidated result, **equity** decreased from EUR 46.6 million to EUR 45.0 million as at the balance sheet date. With a simultaneous reduction in total assets, this corresponds to an improved equity ratio of 19.5 % after 17.5 % in the previous year.

Non-current liabilities decreased from EUR 90.5 million to EUR 62.6 million, which is mainly due to the reduction in contract liabilities resulting from the production of tools for a customer project in the USA.

Current liabilities fell from EUR 129.4 million to EUR 123.2 million. Contract liabilities in connection with tools for new customer projects fell sharply. Liabilities to banks also decreased slightly. Loans to affiliated companies in connection with the new plant in the USA developed in the opposite direction.

OVERALL STATEMENT OF THE MANAGEMENT BOARD ON THE ECONOMIC SITUATION

The 2024 financial year was characterised by ongoing geopolitical tensions, a still relatively weak global economy and declining commercial vehicle markets. Although major central banks began to ease monetary policy in the second half of the year, there was still no noticeable economic recovery. In Europe in particular, economic development was burdened by the ongoing effects of the war in Ukraine. In the commercial vehicle market, the catch-up effects following the end of the Covid-19 pandemic have largely dissipated, resulting in a normalisation of demand, which was reflected in declining sales figures in the face of widespread economic weakness.

China remained an important core market in the 2024 financial year, but was unable to build on the previous year's good performance due to the economic and structural problems in the country. This also had a negative impact on the company's earnings situation. The outlook for the Chinese economy is also gloomy in light of the escalating trade tensions with the USA. Nevertheless, the market position there will continue to be expanded in the future with an active R&D policy, as China continues to have a long-term growth trend - both for the economy as a whole and for STS Group. For example, there is potential to make further inroads into the e-mobility market together with the Adler Pelzer Group. With the successful opening and ramp-up of a production site in the USA, STS Group has also laid an important foundation for further expansion on the North American market.

Profitability developed positively in both the Plastics and Materials segments. The cost-cutting measures implemented with a sense of proportion in the past continued to pay off and both segments made a positive contribution to the Group's overall result.

Due to the overall positive business development, the STS Group's EBITDA continued to increase nominally in relation to sales. The EBITDA margin in the 2024 reporting year remained constant compared to the previous year at 7.4 %.

The Group's financial position was further improved. This was due in particular to the positive sales and earnings performance, which will also be increasingly reflected in cash flow in the future. At the same time, investments in the Group's future performance were increased. Although the current financial year was associated with a higher working capital burden due to the ramp-up of the new plant in the USA, a positive development is nevertheless expected for the future.

OPPORTUNITY AND RISK REPORT

RISK MANAGEMENT SYSTEM

Risk management, as the entirety of all organisational regulations and measures for the early identification of risks and the adequate handling of the risks of our business activities, plays an important role in our business model. The Management Board has installed an early risk detection system to ensure that developments that could potentially jeopardise the company's continued existence are identified, monitored and managed at an early stage, without having to forego entrepreneurial opportunities. All critical business developments and liability risks are scrutinised and reported on regularly in the reviews of the subsidiaries and at the Executive Board and Supervisory Board meetings. The Executive Board monitors the business performance of the subsidiaries in regular reviews and is informed about the sales, earnings and liquidity situation of all segments on the basis of the implemented reporting system. The STS Group maintains sufficient free financial capacity to be able to react flexibly and appropriately if necessary.

In risk assessment, a distinction is made between gross and net assessment. Measures already taken can minimise the gross risk both in terms of the monetary impact and the possible occurrence of the risk. The net risk then represents the amount of loss and probability of occurrence, taking into account the loss-minimising measures already initiated by the reporting date. As part of risk management, only risks that exceed a threshold value of EUR 0.1 million net and EUR 1 million gross in terms of their impact on EBIT are considered. The risks are assessed according to their monetary impact (extent of damage) and their probability of occurrence. When assessing the monetary impact, a distinction is made between four categories: very low, low, medium and high. The assessment is based on the extent of damage in relation to one year. The probability of occurrence is assessed on a percentage scale and divided into four categories: unlikely, possible, likely and very likely. The combination of the extent of loss and the probability of occurrence defines the risk class, which is categorised as low, medium or high in terms of its impact on the net assets, financial position and results of operations. The latter is derived from the key performance indicator EBIT. Risks are categorised into the respective risk classes using the risk matrix.

RISK MATRIX



The identified risks must be actively managed by the identified "risk owner" in order to achieve the risk minimisation targeted by the company. All risks for which no suitable countermeasures can be taken are categorised as business risks. The management of risks that have a minor impact on the STS Group is the responsibility of the operational management. Current risks are regularly reported to the Executive Board. Within its respective area of responsibility, the Executive Board is responsible for establishing the system and has overall responsibility for the process. In addition, the Management Board ensures the implementation of any necessary measures and monitors their continuous implementation.

Internal control and risk management system as part of the accounting process

The internal control and risk management system has an appropriate structure and processes that are defined accordingly. It is organised in such a way as to ensure that all business processes and transactions are recorded promptly, uniformly and correctly in the accounts. For the consolidation of the subsidiaries included in the consolidated financial statements, the internal control system ensures that legal standards, accounting regulations and internal accounting instructions are complied with. Changes to these are continuously analysed with regard to their relevance and impact on the consolidated financial statements and taken into account accordingly. STS Group specifies a schedule for the subsidiaries for the monthly, quarterly and annual preparation of the consolidated financial statements. For the half-year and annual financial statements, instructions are sent to the subsidiaries and additional data / information is requested that is necessary for all relevant topics relating to the content, processes and deadlines for preparing the financial statements. A standardised Group chart of accounts and uniform accounting standards are used for the consolidation of the STS Group. Appropriate consolidation software is used for consolidation. As part of Group accounting, there is a close exchange between the operating units and the central division. The consolidation software introduced in 2020 enabled extensive activities (such as the preparation of monthly and quarterly reporting packages) to be transferred to the local finance departments and the consolidation process to be further automated. The Group headquarters is also supported in its activities by Adler Pelzer Holding GmbH, and external experts are regularly called in to provide support. In addition to defined controls, system-based and manual reconciliation processes, the separation of executive and controlling functions and compliance with guidelines and work instructions are key components of the internal control system. Quality assurance with regard to the accounting data included in the Group is carried out centrally by the central department on a monthly or quarterly basis by means of analyses and plausibility checks.

The Group companies are responsible for compliance with the applicable guidelines and accounting-related processes as well as the proper and timely preparation of the financial statements. The Group companies are supported in the accounting process by central contact persons.

Financial risk management

The management of the STS Group monitors and controls the financial risks associated with the STS Group's business areas with the help of internal risk reporting, which analyses risks by degree and extent. These risks include credit, liquidity and market risks (currency and interest rate risks).

RISK REPORT

MACROECONOMIC RISKS

Macroeconomic risks refer to potential dangers and uncertainties that can affect the entire economy of a country or even the global economy. These risks can be triggered by a variety of factors, including geopolitical conflicts, natural disasters, currency fluctuations, trade conflicts, political uncertainties, debt crises and external shocks such as pandemics or wars. They can have an impact on various areas of the economy, including growth, employment, prices and financial stability. Appropriately assessing and managing these risks is crucial for STS Group's strategic planning and risk management.

The global economy continues to be less dynamic, with the USA as the main pillar of growth. Ongoing geopolitical conflicts, economic and trade policy uncertainties and structural problems are weighing on growth in many countries. The decline in inflation is continuing. However, persistently dynamic price increases in the services sector are partially limiting the scope for further monetary easing. Geopolitical conflicts, such as the ongoing war in Ukraine or the war in the Middle East, as well as extreme weather events could also trigger new supply chain problems or price shocks on the energy and commodity markets and fuel inflation again. There are also strong tensions between China and Taiwan with regard to Taiwanese independence policy. In the event of a military conflict, numerous branches of industry would have to find alternative sources of supply, e.g. for semiconductors from Taiwan. The tariff plans announced by the new US administration under President Donald Trump, some of which have already been implemented, could further exacerbate existing trade tensions and have a negative impact on global trade and price trends. This also poses a major risk for the export-orientated German economy. Measures against individual countries could also affect STS Group production sites in particular, such as Mexico, and thus result in significant competitive disadvantages for STS Group customers and, as a result, the STS Group itself. There is also a risk that the Chinese economy will weaken in the longer term due to the still unresolved crisis in its property sector. Many countries are in a tense budgetary and debt situation. The risk of payment defaults in low-income countries and emerging economies is increased. Fiscal consolidation measures are urgently needed to regain the ability to act, but must be implemented carefully and in a well-dosed manner.²⁷ The aforementioned risks may result in the global economy developing more weakly than expected. An unfavourable economic and political development in the main regional markets in which the STS Group operates or in which its customers use its products could result in a decline in demand, which would have a negative impact on business activities. The Executive Board estimates the extent of the damage as medium, the probability of occurrence as possible and therefore its impact on the net assets, financial position and results of operations as medium.

²⁷ <https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025>

ECONOMIC RISKS IN THE SECTOR

Sector-specific economic risks refer to potential dangers and uncertainties that may affect specific sectors or industries. These risks can be triggered by specific factors such as technological change, market saturation, competition, regulation, demand and supply dynamics as well as external influences such as fluctuations in commodity prices or geopolitical developments. Appropriately analysing and managing these risks can be crucial to strengthening the company's competitive position and ensuring its long-term success.

In the automotive sector, further cost increases may occur due to price increases for raw materials and components. This is particularly likely to occur if the challenges in the supply chains intensify again, for example as a result of geopolitical and trade conflicts. In addition, energy and logistics costs could also rise significantly and have a negative impact on the cost situation. Increasing global protectionist tendencies and trade conflicts also pose a risk. There is a risk that automobiles as well as components and raw materials will be subject to additional or rising tariffs. This could in turn lead to a decline in demand for automotive products and have an overall negative impact on the industry. The Executive Board estimates the extent of damage as medium, the probability of occurrence as possible and therefore the impact on the net assets, financial position and results of operations as medium.

FURTHER RISKS

Other risks include individual risks to the STS Group that are directly attributable to internal business activities and decisions. These risks can be diverse and range from operational challenges such as production outages or supply chain disruptions to financial risks such as payment defaults or unexpected cost increases. Thoroughly analysing and proactively managing individual risks is crucial to ensuring the stability, resilience and long-term competitiveness of the STS Group.

LONG-TERM CONTRACTS

The STS Group concludes long-term contracts (LTAs) with its customers. In the course of these activities, obligations or commitments are entered into that must be fulfilled over a longer period of time or may not be honoured as a result of unforeseen events. In retrospect, these activities may prove unfavourable and have a negative impact on the financial and earnings position. The Executive Board considers this risk to be low in terms of the extent of damage, the probability of occurrence to be very likely and the impact on the net assets, financial position and results of operations to be medium.

DEPENDENCE ON MAJOR CUSTOMERS

The STS Group is dependent on a limited number of major customers and its relationships with them. A loss of these business relationships could have a significant negative impact on the business activities and the net assets, financial position and results of operations of the STS Group. The management is proactively in talks with truck manufacturers in order to win new projects and thus reduce its dependence on a limited number of major customers. The Executive Board estimates the extent of damage as very low to low, the probability of occurrence as unlikely and its impact on the net assets, financial position and results of operations as low.

ENVIRONMENTAL PROTECTION LAWS

No specific climate-related risks were identified in the STS Group's risk inventory for the 2024 financial year. The STS Group is aware that both physical and transitory risks can arise as a result of climate change. In order to be able to respond appropriately to potential climate risks, a climate risk analysis was carried out for some STS Group locations in accordance with the EU Taxonomy Regulation, the results of which were not yet available at the end of the financial year. The results will be integrated into the Group's risk assessment system and evaluated in the following financial year.

As part of the classification of the STS Group's business activities as making a significant contribution to the climate goal of "adapting to climate change", the climate-related risks from climate change for the production site in France were identified and assessed. The assessment was generally based on risk reports on the buildings of the insurance company's production facility, the risk exposure of the production facility and its history/experience.

The following risks were identified as a result of the risk assessment:

Temperature fluctuations, heat stress with water shortages and flooding, especially for the production sites in St. Desirat and Tournon.

Risk minimisation measures for flooding already implemented:

Structural solutions were created, such as barriers and water tanks. The barrier and the retention system to protect against flooding are also used to generate electricity for the production facilities.

Environmental protection is a high priority for the STS Group. The STS Group's production and manufacturing sites are located in different countries and are subject to a wide range of environmental protection standards. Newly enacted laws or changes to the legal framework at international level can pose risks for production and also result in liability claims. The Executive Board estimates the extent of damage as low, the probability of occurrence as probable and the impact on the net assets, financial position and results of operations as medium.

SUPPLY CHAIN BOTTLENECKS

General disruptions in the automotive and truck supply chain could have a negative impact on STS Group's business, even if STS Group itself is not subject to supply bottlenecks at its suppliers. If STS Group's suppliers are no longer able to supply the raw materials or components required and needed for STS Group's business activities, this could have a negative impact on STS Group's business activities. In addition, short-term production stoppages at OEMs can also lead to an interruption in production. This may be due in particular to supply bottlenecks at OEMs, e.g. in connection with the semiconductor crisis, or temporary lockdowns similar to Covid-19. The Executive Board estimates the extent of damage as very low, the probability of occurrence as unlikely and its impact on the net assets, financial position and results of operations as low.

NEW TECHNOLOGIES

STS Group is dependent on its ability to adapt to changing technologies and new trends and to continue to develop new products. If STS Group does not succeed in introducing new products for the automotive and truck industry in the future, it could lose its competitiveness and market share. The Executive Board considers the extent of damage to be very low, the probability of occurrence to be possible and its impact on the net assets, financial position and results of operations to be low.

PRODUCT LIABILITY CLAIMS

STS Group may be subject to product liability claims and claims relating to specific performance or defects in its products, which may result in claims for damages or other claims. STS Group also manufactures its products according to customer specifications as well as performance

and quality requirements. If products are not delivered on time or not to the agreed specification, STS Group may incur considerable contractual penalties and reworking costs. The Executive Board estimates the extent of damage as very low, the probability of occurrence as possible and its impact on the net assets, financial position and results of operations as low.

ADJUSTMENT OF THE TAX BASE

STS Group is subject to audits by tax authorities worldwide in which its reporting units operate. In current or future audits, the tax laws or relevant facts could be interpreted or assessed differently by the tax authorities than by the STS Group. As a result, the tax base could be adjusted and the tax liability could increase. An additional payment as a result of the adjustment of the tax base may have an impact on the financial position. The Executive Board estimates the extent of damage as very low, the probability of occurrence as unlikely and its effect on the net assets, financial position and results of operations as low.

SYSTEM AND NETWORK FAULTS

STS Group relies on complex IT systems and networks that may become vulnerable to damage, disruption or cyber-attack as a result of increased hacker activity or fraud. Although STS Group has taken precautions to manage its risks in connection with system and network disruptions, security breaches or similar events, this could lead to a prolonged unforeseen interruption of its systems or networks, thereby hindering normal business operations and also resulting in the loss of customer data and expertise, which could have a material adverse effect on its business and reputation. The Executive Board estimates the extent of the damage as very low, the probability of occurrence as possible and its impact on the net assets, financial position and results of operations as low.

FINANCIAL RISKS

Financial risks can always arise from business activities. The management of the STS Group monitors and controls the financial risks associated with the business areas of the STS Group with the help of internal risk reporting, which analyses risks according to degree and extent. These risks include credit, liquidity and market risks (currency and interest rate risks). In a few cases, the STS Group minimises the effects of these risks through the use of derivative financial instruments. The use of derivative financial instruments is very limited, as there are currently only very low currency and interest rate exposures. There are also guidelines for managing currency, interest rate and default risks. In addition, basic rules have been defined for the execution of derivative and non-derivative financial transactions and for the investment of surplus liquidity. The STS Group does not contract or trade financial instruments, including derivative financial instruments, for speculative purposes. Liquidity management is controlled

centrally by STS Group AG with the aim of limiting risks from Group financing. This also includes monitoring compliance with external financing structures and corresponding covenants. The STS Group also implements factoring transactions to optimise and manage the company's liquidity position. In order to actively utilise this management tool, regular credit ratings are obtained for STS Group's debtors and credit limits are set. The adequate liquidity of the subsidiaries - in particular the subsidiaries in France - is also monitored by the investment controlling department. Finally, STS Group AG is subject to the financing risk arising from its dependence on further financing from the majority shareholder or via the subsidiaries (by means of management fees and dividends). A dividend payment from China for the past reporting year will be made in the 2025 financial year. In addition, short-term loans are also issued by the majority shareholder as required in order to counteract short-term liquidity bottlenecks.

As at the balance sheet date, the Executive Board therefore the extent of the loss to be low, the probability of occurrence to be probable and its impact on the net assets, financial position and results of operations to be medium.

In the reporting year, there were no significant changes in the risk situation with regard to the extent of damage and the probability of occurrence or with regard to their effect on the net assets, financial position and results of operations compared to the previous year.

OPPORTUNITIES REPORT

MACROECONOMIC OPPORTUNITIES

The IMF currently assumes that global economic growth will remain subdued in 2025. However, the global economy could also develop more sustainably and dynamically than assumed. For example, the new governments that take office could renegotiate existing trade agreements and conclude new agreements. This could resolve uncertainties more quickly and have a far less disruptive effect on growth and inflation than protracted trade conflicts. Such co-operative outcomes could boost confidence and even encourage investment and medium-term growth prospects. Stimulus on other policy fronts could also have a growth-boosting effect. Many countries could introduce structural reforms to prevent the gap with their better performing competitors from widening. Efforts to increase labour supply, reduce misallocation, strengthen competition and promote innovation could accelerate medium-term growth.²⁸

ECONOMIC OPPORTUNITIES IN THE SECTOR

Regulatory requirements reinforce the trend towards zero-emission commercial vehicles

The automotive industry is undergoing multiple transformations. On the one hand, this concerns increasing digitalisation through to autonomous driving and, on the other, the move away from fossil fuels towards emission-free drive technologies. The latter also offers opportunities for the STS Group.

For example, the transition from combustion engines to zero-emission lorries is being driven by increasingly strict legal regulations. Back in 2022, the USA signed a declaration of intent under which all trucks and buses sold are to be emission-free from 2040. An interim target envisages a 30 % share of new sales in 2030.²⁹ In January 2024, the EU Parliament agreed to tighten the CO₂ **fleet** limits for heavy commercial vehicles. From 2030, emissions must be 45 % lower, from 2035 65 % lower and from 2040 90 % lower than in the base year 2005.³⁰ Even if this decision still leaves a small margin for conventional combustion engines, it can be assumed that the vast majority of vehicles will be battery-electric or fuel cell-powered in the future. The global market for zero-emission commercial vehicles is expected to grow from USD

²⁸ <https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025>

²⁹ <https://blogs.edf.org/energyexchange/2022/11/18/u-s-signs-global-commitment-to-100-zero-emission-trucks-buses-at-cop27/>

³⁰ <https://www.euractiv.de/section/verkehr/news/einigung-eu-setzt-auf-emissionsfreie-lkw-und-busse/>

7.7 billion in 2024 to USD 101.9 billion in 2034, which corresponds to an average annual growth rate of 29.5 %.³¹

The technical progress in electromobility and the expected investments are likely to open up new opportunities and possibilities for value creation and profit realisation not only for vehicle manufacturers, but also for their suppliers. In addition to the use of electric drives, weight-reducing technologies in particular are making an important contribution to reducing emissions in commercial vehicles. With its products and innovations for reducing emissions in commercial vehicles, the STS Group is therefore a potential beneficiary of developments in the sector.

FURTHER OPPORTUNITIES

New opportunities to acquire and retain new customers and thus realise sales growth are being actively sought on an ongoing basis. The further expansion of the product portfolio and the expansion into growth regions harbour medium and long-term growth opportunities for the STS Group.

HELPING TO SHAPE TECHNOLOGY TRENDS

The STS Group's return to growth depends above all on its ability to keep pace with new technology trends such as autonomous driving and e-mobility, develop the right solutions and bring them to market. In addition, STS Group expects that the trend towards autonomous driving will require an adaptation of the product range in order to fulfil the specific characteristics of electronic and electrical devices. Demand in STS Group's key target markets is increasingly influenced by a number of trends, in particular the trends towards reducing emissions and the growing focus on e-mobility, which are driven primarily by the emissions targets required in various regions of the world. The STS Group is responding to these trends by using its materials to manufacture low-weight products that reduce the overall weight of vehicles, resulting in lower emissions and lower product costs for structural parts compared to metal products.

UNIQUE SELLING POINT

The STS Group considers STS Plastics to be the only supplier on the market that can offer both thermoset and thermoplastic technologies and is therefore able to serve all markets for such products or even combine both technologies to create comprehensive system solutions.

³¹ <https://www.precedenceresearch.com/zero-emission-trucks-market>

VARIABLE BATCH SIZES

The STS Group can scale its batch sizes to the individual needs of its customers. STS Group has the advantage of being able to produce small and large batch sizes for its customers thanks to the technologies it uses, such as composite materials. This allows the STS Group to address a broad range of customers for all of its products and sets it apart from larger automotive and truck parts suppliers who only focus on serving customers for large series orders and are therefore exposed to economic downturns if such major customers reduce the number of car and truck parts they purchase.

BROAD MARKET POSITIONING

The STS Group has a strong globally integrated base in its key markets from which it can generate further international growth. The STS Group operates 14 sites in five countries on three continents with major sites in the most important regional markets of Europe, China and North America. These facilities are strategically located close to or integrated into the sequencing facilities of its major OEM customers and enable STS Group to provide the services and products its customers require in a timely and cost-effective manner by utilising local personnel qualified to operate such facilities and tailored to the needs of local customers. In addition, STS Group can grow organically with its key customers and better respond to the changing needs of its international customers as they know their situation due to their proximity and understanding of their customers' business.

LARGE ORDERS

STS Group AG plans to further develop the North American market with the new plant to be built in the USA in 2023. This will enable the STS Group to build on the world's second-largest commercial vehicle market alongside the Chinese and European markets and gain market share there. The long-nose trucks established there represent a very large sales potential per vehicle for STS products. In addition, the STS Group can draw on existing customer relationships in Europe and use these to its advantage for the acquisition of further projects in the USA.

ABILITY TO ACT QUICKLY

The company has a lean corporate structure with direct reporting to the Executive Board. This enables us to act quickly and react immediately to trends or challenges.

LONG-STANDING CUSTOMER RELATIONSHIPS

The company has a lean corporate structure with direct reporting to the Executive Board. The long-standing customer relationships of more than 20 years on average (Europe > 20 years, China > 10 years and USA > 10 years) support a strong position in a highly competitive market environment on the basis of a high order backlog. In addition, STS Group's experienced management team is able to monetise its long-standing OEM relationships by leveraging strong customer relationships into cross-selling opportunities.

NETWORK WITH THE ADLER PELZER GROUP

With Adler Pelzer Group's acquisition of a majority stake in STS Group AG, the company can count on a strategic majority shareholder with a global presence and in-depth knowledge of the automotive industry. The association with the Adler Pelzer Group offers opportunities primarily in the strategic reorientation of activities in the automotive industry. By bundling economic activities within the STS - Adler Pelzer Group, synergies on the procurement side can be utilised and new and existing markets can be developed and expanded.

OVERALL STATEMENT OF THE MANAGEMENT BOARD ON OPPORTUNITIES AND RISKS

In the opinion of the Executive Board, the risk and opportunity situation of the STS Group did not change significantly overall in the past financial year.

In the view of the Executive Board, the various geopolitical, economic and trade conflicts in particular - including the ongoing war in Ukraine, the conflict in the Middle East and the new protectionist trade policy of the USA as well as their potential impact on the global economy in general and the automotive industry in particular - continue to harbour risks for the economic development of STS Group that cannot be assessed.

The analysis for the reporting year did not reveal any risks that could jeopardise the continued existence of the company or the Group, either individually or as a whole, either on the balance sheet date or at the time the consolidated financial statements were prepared. In the opinion of the Management Board, there are no recognisable risks that could jeopardise the continued existence of the company in the foreseeable future.

Taking into account the main opportunities, the overall risk situation of the STS Group shows a risk and opportunity situation to which the risk-limiting measures and the Group strategy are aligned accordingly.

FORECAST REPORT

MACROECONOMIC FORECAST SUBDUED GROWTH MOMENTUM

Global economic growth will not develop any great momentum in 2025 either. Although the dampening effect of monetary policy is slowly easing and rising real wages are improving the outlook for private consumption, the global economy is being burdened by a high level of economic policy uncertainty - particularly regarding the implementation and consequences of the announced US tariffs - and structural problems that remain unresolved, particularly in China. Following the change of government in the USA, there are also risks with regard to the further development of geopolitical trouble spots. According to the IMF forecast, global growth will therefore only improve slightly to the previous year's level of 3.3 % in 2025. Stabilisation at this level is currently expected in 2026, meaning that the global economic environment will remain subdued overall. The IMF expects inflation rates to fall steadily over the next few years. From a global inflation rate of 5.7 % in 2024, inflation is expected to fall to 4.2 % in 2025 and 3.2 % in 2026.³²

CHINESE ECONOMY SUFFERS FROM THE PROPERTY CRISIS

The Chinese economy continues to struggle with unresolved structural problems, such as the ongoing property crisis. Uncertainty among consumers and companies is high and sentiment is poor. Trade tensions with the USA and Europe are likely to slow down the export economy and have a correspondingly negative impact on the manufacturing industry. Against this backdrop, the IMF is forecasting a further slowdown in growth to 4.6 % in 2025.³³ A growth rate of 4.5 % is expected for 2026.³⁴

MUTED ACCELERATION OF GROWTH IN THE EUROZONE

In January 2025, the IMF lowered its growth forecast for the eurozone and now expects slightly accelerated growth of 1.0 % for the year as a whole. The ongoing weakness in the manufacturing sector and political uncertainties were the main factors behind this adjustment. The growth expectations for the two heavyweights Germany (-0.5 percentage points) and France (-0.3 percentage points) have been significantly reduced. Positive impetus is likely to

³² <https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025>

³³ <https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025>

³⁴ <https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025>

come mainly from private consumption, but investments could also benefit from the looser monetary policy.³⁵

US ECONOMY REMAINS STRONG

The US economy will continue to be a key pillar of the global economy in 2025. In January 2025, the IMF raised its growth expectations by a significant 0.5 percentage points. Despite the relatively late monetary easing (first interest rate cut in September 2024), demand is stable, which is due to strong wealth effects, robust labour markets, favourable financing conditions and rising investment, among other things. By contrast, a gradual tightening of fiscal policy is likely to slow the growth of government spending. The IMF is forecasting stable growth of 2.7 % for the year as a whole.³⁶ According to the IMF, the Mexican economy will continue to lose momentum in 2025. Mexico, which has become the USA's most important trading partner thanks to the nearshoring trend of recent years, could come under pressure from the economic policy plans of the new US government. In addition, political dissatisfaction in the country is continuing to depress sentiment and the necessary fiscal consolidation will further slow down growth.³⁷ The IMF only expects growth of 1.4 % for 2025.³⁸

GERMAN ECONOMY NOT VERY DYNAMIC

The German economy will not improve significantly in 2025 either. According to the IfW, growth impetus will only come from the service sector, while the manufacturing industry is stuck in the crisis. Capacity utilisation is significantly lower than in previous phases of recession. The IfW believes that this is no longer only due to economic factors, but also to specific locational disadvantages. Real incomes are unlikely to improve any further after the last increase, meaning that private consumption is also unlikely to develop much momentum. Investments could see a slow turnaround due to improved financing conditions. The annual inflation rate is forecast to remain stable at 2.2 %. The global economy is still hardly expected to have any revitalising effects. On the contrary, the US tariff announcements represent a further risk for the German export industry. According to the IfW's winter forecast, exports are likely to fall by a further 0.9 % in 2025 following a decline of 0.9 % last year. Exports are not expected to rise again by 1.8 % until 2026, although the trade balance would remain negative even then, as imports are expected to grow even more strongly.³⁹ The labour market is being increasingly affected by the weak economy. Employment is expected to decline and the unemployment rate is likely to rise from 6.0 % (2024) to 6.3 % (2025), according to the IfW. Overall, the IfW

³⁵ <https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025>

³⁶ <https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025>

³⁷ <https://www.gtai.de/de/trade/mexiko-wirtschaft/wirtschaftsausblick>

³⁸ <https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025>

³⁹ https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/fis-import/6d1b5ad6-1bca-478a-8890-232b6c115e0f-KKB_120_2024-Q4_Deutschland_DE..pdf

forecasts economic growth of 0.0 % for 2024, which is merely stagnation.⁴⁰ The IMF is somewhat more optimistic, adjusting its expectations downwards by 0.5 percentage points in January 2025 but still predicting small growth of 0.3 %.⁴¹

INDUSTRY FORECAST

Market observers see several factors for the further development of sales of heavy commercial vehicles. For example, increasing capacity utilisation and rising freight rates could boost sales in the second half of 2025. A renewal of outdated vehicle fleets could also have a positive effect on sales, after haulage companies have been reluctant to invest in the past two years. In addition, there is a longer-term development with regard to stricter emission values in the coming years. Experts are already anticipating a significant increase in investment in zero-emission vehicles. This will be supported by falling costs for battery cells, higher energy densities, a growing charging infrastructure and increasing demand for zero-emission transport.

For 2025, the experts at S&P Global Mobility, S&P Global Ratings therefore expect sales figures to rise by up to 5 % in each of the regions North America, South America, Asia-Pacific and worldwide. Only in the EU+EFTA region is a decline of up to 5 % forecast.⁴²

The VDA (German Association of the Automotive Industry) expects a decline of around 2 % for heavy commercial vehicles in Europe, growth of 7 % in the USA and 3 % in China.⁴³

GROUP FORECAST FOR 2025, ACHIEVEMENT OF THE FORECAST FOR 2024

In the annual report for the 2023 financial year, which was published on 28 March 2024, the Executive Board had forecast renewed sales growth in the high single-digit percentage range and an EBITDA margin in the high single-digit percentage range for the 2024 financial year, in particular due to the start-up of the new plant in the USA. No relevant extraordinary expenses were expected for the financial year.

In the reporting year, sales totaled EUR 311.1 million. Adjusted for one-off effects totaling EUR 9.7 million, which are attributable to fixed cost compensation from customers, sales of EUR 301.5 million were achieved, representing growth of 8.5 %. Sales growth was therefore within the range forecast without one-off effects. The sales growth is primarily attributable to the Plastics segment and the first-time sales contributions from the new US plant. The efficiency

⁴⁰ https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/fis-import/6d1b5ad6-1bca-478a-8890-232b6c115e0f-KKB_120_2024-Q4_Deutschland_DE..pdf

⁴¹ <https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025>

⁴² <https://www.spglobal.com/ratings/en/research/articles/241211-2025-global-outlook-for-heavy-duty-trucks-isn-t-rosy-13354457>

⁴³ https://www.vda.de/de/presse/Pressemeldungen/2025/250121_PM_Jahrespressekonferenz_2025_DE

measures introduced in previous years continued to have an impact in the 2024 financial year. EBITDA improved from EUR 20.5 million in the previous year to EUR 23.0 million in the reporting year. At 7.4 % , the EBITDA margin also met the forecast for the year.

In the 2024 financial year, Group sales were also driven by above-average sales from tools for new projects. For the 2025 financial year, the Executive Board is forecasting a stabilisation of Group sales due to lower sales from tools, which will be partially offset by additional series sales from the new plant in the USA. Group sales are therefore expected to be roughly on a par with sales from the 2024 financial year adjusted for one-off effects (2024: around EUR 300 million). The EBITDA margin should also continue to stabilise at a higher single-digit percentage and EBITDA should be around the previous year's level.

GENERAL RISK WARNING

A forecast is subject to uncertainties that can have a significant impact on the projected sales and earnings performance. Due to current geopolitical conflicts such as the war in Ukraine or the conflict in the Middle East, as well as protectionist endeavours in global trade, it is not possible to estimate the corresponding effects at this time.

TAKEOVER-RELATED DISCLOSURES

GEM. § 289 A AND § 315 A HGB

As a listed company whose voting shares are listed on an organised market within the meaning of Section 2 (7) of the German Securities Acquisition and Takeover Act (WpÜG), STS Group AG is obliged to disclose the information specified in Section 289a and Section 315a of the German Commercial Code (HGB) in the management and Group management report. This information is intended to enable third parties interested in acquiring a listed company to gain an impression of the company, its structure and potential obstacles to a takeover.

COMPOSITION OF THE SUBSCRIBED CAPITAL

The subscribed capital of STS Group AG totalled EUR 6,500,000.00 as of 31 December 2024 (31 December 2023: EUR 6,500,000.00) and was divided into 6,500,000 no-par value bearer shares with a notional interest in the share capital of EUR 1.00 per share

Pursuant to Section 5 (2) of the Articles of Association of STS Group AG, shareholders are not entitled to securitisation of their shares unless this is legally permissible and securitisation is required in accordance with the rules of a stock exchange on which the shares are admitted to trading. STS Group AG is authorised to issue individual certificates or global certificates for the shares. Bearer shares do not have to be entered in a share register in accordance with Section 67 (1) of the German Stock Corporation Act (AktG).

All shares carry the same rights and obligations. The rights and obligations of shareholders are set out in detail in the provisions of the German Stock Corporation Act (AktG), in particular Sections 12, 53a ff., 118 ff. and 186 AktG.

As at 31 December 2024, the company held 50,000 treasury shares. The company is not entitled to any rights from treasury shares in accordance with Section 71b AktG.

RESTRICTIONS AFFECTING VOTING RIGHTS OR THE TRANSFER OF SHARES

In accordance with Section 21 (1) of the Articles of Association of STS Group AG, each share grants one vote at the Annual General Meeting and, in accordance with Section 24 (2) of the Articles of Association of STS Group AG, is decisive for the shareholders' share in the profits of STS Group AG. This does not apply to treasury shares held by STS Group AG, which do not entitle STS Group AG to any rights. Restrictions on the voting rights of shares may arise in particular from provisions of stock corporation law, such as Section 136 AktG. Violations of notification obligations within the meaning of Sections 33 (1), 38 (1) and 39 (1) of the German Securities Trading Act (WpHG) may result in rights from shares and also the voting right not

existing, at least temporarily, in accordance with Section 44 WpHG. STS Group AG is not aware of any contractual restrictions on voting rights.

The company's shares are freely transferable in accordance with the statutory regulations for the transfer of bearer shares and there are no restrictions on transferability.

Please also refer to the information provided in section 4.11. Equity in the notes to the consolidated financial statements.

SHAREHOLDINGS EXCEEDING 10 % OF THE VOTING RIGHTS

As of 31 December 2024, the following direct and indirect shareholdings in the capital of STS Group AG exceeded the threshold of 10 % of the voting rights

The largest shareholder of STS Group AG, Adler Pelzer Holding GmbH, based in Hagen (Germany), was last represented at the Annual General Meeting on 13 June 2024 with 74.42 % of the voting rights in STS Group AG.

No further voting rights notifications were made by Adler Pelzer GmbH, as no new relevant thresholds were exceeded or fell below.

In addition, STS Group AG has not been notified of any direct or indirect shareholdings in the company's capital that reach or exceed 10 % of the voting rights and is not otherwise aware of any such shareholdings.

SHARES WITH SPECIAL RIGHTS CONFERRING POWERS OF CONTROL

No shares with special rights conferring powers of control were issued.

CONTROL OF VOTING RIGHTS IN THE CASE OF EMPLOYEE SHAREHOLDINGS

Insofar as STS Group AG has issued or issues shares to employees as part of employee share ownership programs, these are transferred directly to the employees. The beneficiary employees can exercise the control rights to which they are entitled from the employee shares directly in accordance with the statutory provisions and the provisions of the Articles of Association, just like other shareholders.

APPOINTMENT AND DISMISSAL OF MEMBERS OF THE MANAGEMENT BOARD; AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The appointment and dismissal of members of the Executive Board are governed by Sections 84 and 85 AktG. In accordance with Section 7 (1) of the Articles of Association of STS Group AG, the Executive Board consists of one or more persons. The exact number is determined by the Supervisory Board. The Supervisory Board may appoint a Chairman of the Executive Board and a Deputy Chairman in accordance with Section 7 (2) of the Articles of Association of STS Group AG.

Any amendment to the Articles of Association requires a resolution by the Annual General Meeting in accordance with Sections 119 (1) No. 5 and 179 AktG. The authorisation to amend the Articles of Association, which only concern the wording, is transferred to the Supervisory Board in accordance with Section 179 para. 1 sentence 2 AktG in conjunction with Section 12 para. 4 of the Articles of Association of STS Group AG. In addition, the Supervisory Board was authorised by resolution of the Annual General Meeting on 3 May 2018 to amend Section 4 (3) of the Articles of Association in accordance with the respective utilisation of Contingent Capital 2018/I and after the expiry of all option and conversion periods. In addition, the Supervisory Board was authorised by resolution of the Annual General Meeting on 7 July 2023 to amend Section 4 (5) of the Articles of Association following the full or partial implementation of the increase in share capital from the Authorised Capital 2023/I or following the expiry of the authorisation period in accordance with the extent to which the Authorised Capital 2023/I has been utilised up to that point

Resolutions of the Annual General Meeting require a simple majority of votes and, if a capital majority is required, a simple majority of the share capital represented when the resolution is passed, unless a larger majority is prescribed by law (Section 21 (2) of the Articles of Association of STS Group AG). Accordingly, in deviation from Section 179 para. 2 sentence 1 AktG, resolutions of the Annual General Meeting amending the Articles of Association also require a majority of the share capital represented when the resolution is passed in addition to a simple majority of votes, unless a larger majority is prescribed by law. In addition, in accordance with Section 21 (2) of the Articles of Association of STS Group AG - in deviation from Section 103 (1) sentence 2 AktG - a majority of votes is sufficient for the dismissal of Supervisory Board members.

AUTHORISATIONS OF THE MANAGEMENT BOARD TO ISSUE OR BUY BACK SHARES

a) AUTHORISED CAPITAL

By resolution of the Annual General Meeting on 7 July 2023, the Executive Board is authorised, with the approval of the Supervisory Board, to increase the share capital by up to EUR 3.25 million on one or more occasions by issuing up to 3,250,000 new no-par value bearer shares against cash and/or non-cash contributions for a period of five years from the date on which this authorised capital is entered in the commercial register ("Authorised Capital 2023/I").

Shareholders must generally be granted subscription rights. However, the Executive Board is authorised, with the approval of the Supervisory Board, to exclude shareholders' subscription rights for one or more capital increases within the scope of Authorised Capital 2023/I,

(i) for fractional amounts;

(ii) in the case of capital increases against cash contributions, provided that the total pro rata amount of the share capital attributable to the new shares for which the subscription right is excluded does not exceed 10% of the share capital existing at the time the resolution is adopted by the Annual General Meeting or - if this amount is lower - at the time the present authorisation is exercised and the issue price of the new shares is not significantly lower than the stock exchange price of the shares of the same class and features already listed on a stock exchange at the time the final issue price is determined by the Management Board within the meaning of Sections 203 para. 1 and 2, 186 para. 3 sentence 4 AktG. When calculating the 10% limit, shares that have already been issued or sold during the term of this authorisation at the time it is exercised in direct or analogous application of Section 186 para. 3 sentence 4 AktG with the exclusion of subscription rights must be included. Furthermore, shares to be issued to service option and/or conversion rights or option and/or conversion obligations from convertible bonds and/or bonds with warrants are to be counted, provided that these bonds were issued during the term of this authorisation with the exclusion of subscription rights in analogous application of Section 186 para. 3 sentence 4 AktG;

(iii) in the case of capital increases against contributions in kind to grant new shares in connection with business combinations for the purpose of acquiring companies, parts of companies or equity interests in companies or other assets eligible for contribution in connection with such a merger or acquisition, including the acquisition of receivables from the company or other assets;

(iv) insofar as this is necessary with regard to dilution protection in order to grant the holders or creditors of bonds with warrants and/or convertible bonds that are or were issued by the company or its subsidiaries within the scope of an authorisation granted to the Management Board by the Annual General Meeting a subscription right to the extent to which they would be entitled after exercising option and/or conversion rights or after fulfilling option and/or conversion obligations;

(v) to service option and/or conversion rights or option and/or conversion obligations from bonds with warrants and/or convertible bonds issued by the company;

(vi) in the case of cooperation with another company, if the cooperation serves the interests of the company and the cooperating company requests a participation;

(vii) to be able to issue shares to members of the Executive Board and employees of the company as well as to members of the management and employees of companies affiliated with the company to fulfil a share option program or other employee participation program. The new shares can also be issued to an intermediary or an equivalent company, which takes over these shares with the obligation to pass them on exclusively to the beneficiaries.

Further details can be found in Section 4 (4) of the Articles of Association of STS Group AG.

Due to the lack of capital increases carried out to date and the lack of associated utilisation of Authorised Capital 2023/I, Authorised Capital 2023/I has not been reduced and continues to exist in the amount of EUR 3.25 million.

b) CONDITIONAL CAPITAL 2018/I

By resolution of the Annual General Meeting on 3 May 2018, the company's share capital was conditionally increased by up to EUR 2,000,000.00 by issuing up to 2,000,000 new no-par value bearer shares with a pro rata amount of the company's share capital of EUR 1.00 per no-par value share ("Conditional Capital 2018/I"). The Contingent Capital 2018/I serves to grant shares upon the exercise of option or conversion rights or upon fulfilment of option or conversion obligations to the holders or creditors of convertible bonds, bonds with warrants, profit participation rights and/or participating bonds (or combinations of these instruments) issued on the basis of the authorisation resolution of the Annual General Meeting on 3 May 2018. Further details can be found in the authorisation resolution and in Section 4 (3) of the Articles of Association of STS Group AG.

No convertible bonds, bonds with warrants, profit participation rights and/or income bonds had been issued by the end of the authorisation period on 2 May 2023 and, accordingly, no creditors or holders of bonds were granted conversion or option rights to shares.

In Section 4 (3) of the company's Articles of Association, the Supervisory Board is authorised to amend Section 4 (3) of the company's Articles of Association in accordance with the respective utilisation of Contingent Capital 2018/I and after the expiry of all option and conversion periods. In view of the expiry of the authorisation period and based on the authorisation of the Supervisory Board, the Supervisory Board will adopt a corresponding resolution in the 2025 financial year to delete Section 4 (3) of the Articles of Association.

c) CONDITIONAL CAPITAL 2018/II

By resolution of the Annual General Meeting on 3 May 2018, the company's share capital is conditionally increased by up to EUR 500,000.00 by issuing up to 500,000 new no-par value bearer shares with a pro rata amount of the company's share capital of EUR 1.00 per no-par value share ("Conditional Capital 2018/II"). Conditional Capital 2018/II will only be implemented to the extent that subscription rights have been issued in accordance with the 2018 share option programme in accordance with the resolution of the Annual General Meeting on 3 May 2018, the holders of the subscription rights exercise their subscription rights and the company does not grant any treasury shares to fulfil the subscription rights.

The total volume of subscription rights is distributed among the authorised groups of persons as follows:

- Members of the Executive Board receive a maximum total of up to 200,000 subscription rights
- Members of the management of affiliated companies receive a maximum total of up to 100,000 subscription rights
- Employees of the company receive a maximum total of up to 150,000 subscription rights
- Employees of affiliated companies receive a maximum total of up to 50,000 subscription rights.

Further details can be found in the authorisation resolution and in Section 4 (4) of the Articles of Association of STS Group AG.

The Executive Board was authorised to issue the aforementioned subscription rights until 2 May 2023. However, no subscription rights were issued by the end of the authorisation period on 2 May 2023, which is why the provision in Section 4 (4) of the company's Articles of Association was not applicable.

§ Section 4 (4) of the company's Articles of Association did not provide for any authorisation of the Supervisory Board to amend the aforementioned provision of the Articles of Association in accordance with the respective utilisation of the Contingent Capital 2018/II and/or after the expiry of the authorisation period.

Accordingly, the Annual General Meeting on 13 June 2024 resolved, as a precautionary measure, to delete the provision on Conditional Capital 2018/II in Section 4 para. 4 of the company's Articles of Association without substitution. § Section 4 (5) of the company's Articles of Association regarding Authorised Capital 2023/I consequently became the new Section 4 (4) of the company's Articles of Association without any changes to its content.

d) SHARE repurchase

The Executive Board of STS Group AG is authorised to buy back treasury shares and to sell repurchased shares in the cases regulated by law in Section 71 AktG. By resolution dated 3 May 2018, the Annual General Meeting authorised the Executive Board, with the approval of the Supervisory Board, to acquire treasury shares in the company until the end of 2 May 2023 up to a total of 10% of the company's share capital existing at the time of the resolution or - if this value is lower - at the time the authorisation is exercised. The shares acquired on the basis of this authorisation, together with other treasury shares of the company that the company has acquired and still holds or are attributable to it in accordance with Sections 71a et seq. of the German Stock Corporation Act (AktG), may not exceed 10% of the company's share capital at any time. At the discretion of the Management Board, treasury shares may be acquired via the stock exchange or by means of a public purchase offer addressed to all shareholders or by means of a public invitation to shareholders to submit offers to sell.

By resolution of the Annual General Meeting on 3 May 2018, the Executive Board was authorised to use the treasury shares for any permissible purpose in addition to a sale via the stock exchange or by means of an offer to all shareholders, in particular also as follows:

- (i) They may be cancelled and the share capital of the company may be reduced by the portion of the share capital attributable to the cancelled shares.
- (ii) They may be offered and transferred to third parties in return for contributions in kind.
- (iii) They may be sold to third parties for cash if the price at which the company's shares are sold is not significantly lower than the stock market price of a company share at the time of sale (Section 186 para. 3 sentence 4 AktG). The proportionate amount of the share capital

attributable to the number of shares sold on the basis of this authorisation may not exceed 10%.

(iv) They can be used to service acquisition obligations or acquisition rights to shares in the company arising from and in connection with convertible bonds or bonds with warrants or profit participation rights with conversion or option rights issued by the company or one of its Group companies.

Further details can be found in the authorisation resolution.

By resolution of the Annual General Meeting on 3 May 2018, the Executive Board was also authorised, with the approval of the Supervisory Board, to acquire treasury shares up to a total of 5 % of the share capital existing at the time of the resolution through the use of derivatives (put or call options or a combination of both). The term of the options must be selected in such a way that the shares are acquired by exercising the options on 2 May 2023 at the latest. The shareholders are not entitled to conclude such option transactions with the company in accordance with Section 186 para. 3 sentence 4 AktG. Further details can be found in the authorisation resolution.

For further details and information, please refer to section 4.11. Equity in the notes.

Until the expiry of the authorisation period on 2 May 2023, the company bought back a total of 50,000 treasury shares in the company in the period from 22 November 2018 to 21 May 2019 as part of the 2018/I share buy-back programme by resolution of the Management Board and with the approval of the Supervisory Board on 21 November 2018. To date, the company holds 50,000 treasury shares for which it has no voting rights.

MATERIAL AGREEMENTS THAT ARE SUBJECT TO THE CONDITION OF A CHANGE OF CONTROL FOLLOWING A TAKEOVER BID

STS Group AG has not concluded any significant agreements that contain provisions for the event of a change of control.

COMPENSATION AGREEMENTS CONCLUDED WITH MEMBERS OF THE MANAGEMENT BOARD OR EMPLOYEES IN THE EVENT OF A TAKEOVER BID

No compensation agreements have been made with the Executive Board in the event of a change of control.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE DECLARATION PURSUANT TO SECTION 289F HGB AND SECTION 315D HGB

STS Group AG reports on the working methods of the Executive Board and Supervisory Board as part of the corporate governance declaration. The corporate governance declaration in accordance with Section 289f HGB and Section 315d HGB is publicly available at:

<https://www.sts.group/de/investor-relations/corporate-governance>

DECLARATION OF COMPLIANCE IN ACCORDANCE WITH SECTION 161 OF THE GERMAN STOCK CORPORATION ACT

In February 2025, the Executive Board and Supervisory Board of STS Group AG issued the declaration required by Section 161 of the German Stock Corporation Act (AktG). It is publicly available at:

<https://www.sts.group/de/investor-relations/corporate-governance>

DEPENDENCY REPORT

Our company, STS Group AG, received appropriate consideration for each legal transaction listed in the report on relationships with affiliated companies for the reporting period from 1 January to 31 December 2024 according to the circumstances known to us at the time the legal transactions were carried out or omitted. No other measures were taken or omitted in the reporting period at the instigation of or in the interests of the controlling companies or a company affiliated with the controlling companies.

NON-FINANCIAL GROUP STATEMENT

STS Group AG fulfils the obligation to issue a non-financial statement (NFS) in accordance with Sections 315b and 289b of the German Commercial Code (HGB) by publishing a separate non-financial Group report on the STS Group AG website at <https://www.sts.group/de/investor-relations/publikationen>.

In addition to a description of the business model, the NFE also includes information on the following aspects, insofar as these are necessary for an understanding of the course of business, the business results, the situation of the Group and the effects of the course of business on these aspects:

- Environmental concerns
- Employee concerns
- Respect for human rights
- Combating corruption and bribery
- Customer and supplier relationships

STS GROUP AG

In addition to reporting on the STS Group, we explain the development of STS Group AG below.

STS Group AG is the parent company of the STS Group and performs the corresponding management and central functions. The management and central functions performed by STS Group AG include Group-wide finance and accounting, the provision of management and services in the areas of strategic corporate development and global corporate and marketing communications. As of 31 December 2024, one employee (2023: one) was employed by STS Group AG for these tasks.

STS Group AG directly or indirectly holds shares in eight companies. The economic conditions of STS Group AG essentially corresponded to those of the STS Group, as described in the Group's basic principles and in the economic report.

In contrast to the consolidated financial statements, STS Group AG does not prepare its annual financial statements in accordance with International Financial Reporting Standards ("IFRS"), but in accordance with the provisions of the German Commercial Code ("HGB"). The complete annual financial statements are published separately at <https://www.sts.group/de/investor-relations/publikationen>.

The key performance indicators for STS Group AG are revenue from management and service fees and the annual result, which is largely characterised by income from dividend payments from subsidiaries.

EARNINGS POSITION

The **economic situation** of STS Group AG is essentially characterised by the operating activities of its subsidiaries. STS Group AG participates in the operating results of the subsidiaries through their distributions. The economic situation of STS Group AG is therefore determined indirectly via the STS Group, which is explained in the economic report.

INCOME STATEMENT OF STS GROUP AG IN ACCORDANCE WITH HGB

in kEUR	2024	2023
Revenues	371	185
Other operating income	2,542	496
Personnel expenses	-170	-160
Amortization of intangible assets and depreciation of tangible assets	-36	-39
Other operating expenses	-3,905	-3,896
Income from equity investments	2,631	3,949
Income from loans of financial assets	1	1
Other interest and similar income	180	135
Interest and similar expenses	-960	-575
Taxes on income	-198	0
Profit after taxes on income	456	96
Net profit/ loss for the year	456	96
Profit carried over from the previous year	2,331	2,235
Withdrawal for dividend distribution	-264	0
Allocation into revenue reserves	-2,067	0
Accumulated gains/losses carried forward	456	2,331

In the 2024 financial year, **revenue** increased to EUR 371 thousand (2023: EUR 185 thousand) due to normalised allocations for management and corporate services invoiced to the subsidiaries. This is due to the successful completion of the corporate financial reorganisation process, which meant that management services could be charged to the French companies again in the current financial year.

Other operating income was significantly higher than in previous periods (2024: EUR 2,542 thousand; 2023: EUR 496 thousand). This item mainly includes income for the recharging of the Adler Pelzer Group's administrative cost allocation to STS Group AG in the amount of EUR 2,497 thousand.

Personnel expenses increased slightly in the 2024 financial year. **Personnel expenses** amounted to EUR 170 thousand as at 31 December 2024 after EUR 160 thousand in the previous year.

Other operating expenses increased by EUR 9 thousand compared to the previous year to EUR 3,905 thousand in the 2024 financial year. The increase in this item was due in particular to expenses to affiliated companies, which primarily include the services provided by the majority shareholder.

Income from investments amounted to EUR 2,631 thousand as at 31 December 2024 (2023: EUR 3,949 thousand). Dividend payments from subsidiaries are recognised in this item.

Income from loans of financial assets amounted to EUR1 thousand as at 31 December 2024 (2023: EUR 1 thousand).

Other interest and similar income totaled EUR 180 thousand (2023: EUR 135 thousand) as at the reporting date.

At EUR 960 thousand, **interest expenses** were significantly higher than the previous year's level of EUR 575 thousand. This is mainly to interest paid to affiliated companies.

Taxes on income amounted to EUR 198 thousand as at 31 December 2024 (2023: EUR 0 thousand), which mainly resulted from the dividend payment of EUR 3,949 thousand from the foreign subsidiary in the previous year.

After deducting taxes, the net profit for the year amounted to EUR 456 thousand (2023: net profit of EUR 96 thousand), which also corresponds to the net retained profits for 2024.

NET ASSETS AND FINANCIAL POSITION

BALANCE SHEET OF STS GROUP AG IN ACCORDANCE WITH HGB

in kEUR	31. December	
	2024	2023
Assets		
Fixed assets	19,098	19,133
Intangible assets	0	36
Financial assets	19,098	19,097
Current assets	9,093	8,014
Trade receivables	0	10
Receivables and other assets	7,722	7,991
Cash and cash equivalents	1,371	23
Prepaid expenses	13	9
Total assets	28,204	27,156
Liabilities		
Share Capital	16,285	16,094
Provisions	859	727
Other provisions	859	727
Liabilities	11,060	10,336
Trade payables	81	190
Liabilities to affiliated companies	10,976	10,142
Other liabilities	3	3
Total equity and liabilities	28,204	27,156

Total assets increased to EUR 28,204 thousand as of 31 December 2024 (2023: EUR 27,156 thousand). The increase in total assets is mainly due to the increase in cash in hand and bank balances. This is mainly due to the dividend distribution of a subsidiary, which was paid out in 2024. On the liabilities side, equity increased slightly due to the positive annual result, while liabilities to affiliated companies also increased.

Intangible assets decreased due to amortisation (2024: EUR 0 thousand; 2023: EUR 36 thousand). Financial assets totaled EUR 19,098 thousand as at the reporting date (2023: EUR 19,097 thousand).

Under **receivables and other assets**, receivables from affiliated companies decreased to EUR 7,722 thousand as at the reporting date (2023: EUR 7,991 thousand)

Cash and cash equivalents increased by EUR 1,348 thousand to EUR 1,371 thousand (2023: EUR 23 thousand). Cash and cash equivalents comprise bank balances and cash on hand. The

increase in cash and cash equivalents is due to the dividend payment from a subsidiary for the 2023 financial year.

Equity increased by EUR 191 thousand and amounted to EUR 16,285 thousand (previous year: EUR 16,094 thousand). Following the dividend distribution of EUR 264.5 thousand in the 2024 reporting year for the 2023 financial year, the remaining retained earnings from the previous year were transferred in full to revenue reserves. With a simultaneous increase in total assets, the equity ratio decreased to 57.7 % , compared to 59.3 % in the previous year.

Provisions increased from EUR 727 thousand in the previous year to EUR 859 thousand as at 31 December 2024. The increase in this item is due to the recognition of provisions for higher financial statement and audit costs.

Liabilities to affiliated companies increased by EUR 834 thousand to EUR 10,976 thousand as at the balance sheet date. This change is mainly due to interest on a loan granted by the majority shareholder.

Other liabilities remained unchanged at EUR 3 thousand as at 31 December 2024 (2023: EUR 3 thousand).

OPPORTUNITIES AND RISKS

The business development of STS Group AG is essentially subject to the same opportunities and risks as the STS Group. STS Group AG generally participates directly or indirectly in the risks of its subsidiaries. The relationships with the subsidiaries can also result in charges from contractual contingent liabilities (in particular financing) and write-downs on shares in affiliated companies. STS Group AG is ultimately subject to the financing risk and the dependence of STS Group AG on further financing by the majority shareholder or via the subsidiaries (by means of management fees and dividends). Please refer to the explanations on financial risks in the risk report.

As the parent company, STS Group AG is integrated into the group-wide risk management system of the STS Group. The description of the internal control system for STS Group AG required by Section 289 (4) HGB is provided in the "Risk and opportunity report" section.

PROGNOSIS

The company had assumed a slight increase in income from management services for the 2024 financial year, as the French units could be invoiced again. As expected, a dividend of around EUR 3.9 million was also paid from the Chinese subsidiary.

For the 2025 financial year, the management expects income from management services to be at the previous year's level. Based on the expected dividend income from the Chinese subsidiary, the management expects net income for the year to be at the previous year's level.

General risk warning

A forecast is subject to uncertainties that can have a significant impact on the forecast sales and earnings performance.

Hagen, 31 March 2025

Alberto Buniato (CEO)