

CORPORATE GOVERNANCE

Declaration of corporate governance in accordance with Section 289f and 315d of the German Commercial Code

The Executive and Supervisory Boards of STS Group AG work to ensure that corporate governance is conducted responsibly, sustainably, and transparently. We regard good corporate governance as an essential basis for the long-term success of the Company as a means of equally upholding the interests of our national and international investors, the financial markets, our employees, our business partners, and the general public. The foundations of corporate governance are statutory laws, the German Corporate Governance Code (GCGC or Code), the Articles of Association of STS Group AG and the rules of procedure Executive and Supervisory Boards, which inform all decision-making processes.

Following detailed discussion by the Executive and Supervisory Boards of the requirements under German Corporate Governance Code (GCGC), in February 2022 STS Group AG adopted the annual declaration of compliance in line with Section 161 (1) Sentence 1 of the German Stock Corporation Act (AktG) and published this declaration on the Company website www.sts.group.

According to Principle 22 DCGK in the version of December 16, 2019, published in the Federal Gazette on March 20, 2020, STS Group AG reports in the declaration of corporate governance regarding to the corporate governance of STS Group AG. This corporate governance statement pursuant to Section 289f of the German Commercial Code (HGB) and, at the same time, the Group corporate governance statement pursuant to Section 315d of the German Commercial Code (HGB) have been published on the website of STS Group AG. Pursuant to Section 317 (2) Sentence 6 of the German Commercial Code (HGB), the auditor's review of the disclosures pursuant to Sections 289f paragraph 2 and 5, 315d of the German Commercial Code (HGB) is to be limited to whether the disclosures have been made.

Against this background, STS Group AG reports below on corporate governance at STS Group AG, in particular on the working practices of the Executive Board and Supervisory Board.

1. MANAGEMENT AND CONTROL STRUCTURE

STS Group AG has a dual governance system in place in accordance with statutory provisions governing German stock corporation consisting of the Executive and Supervisory Boards, respectively.

1.1. THE SUPERVISORY BOARD

1.1.1. Composition of the supervisory board

The Supervisory Board is currently constituted of three members elected by the General Assembly, in accordance with Section 95 Sentence 1, 96 Par. 1 Var. 6, 101 Par. 1 Sentence 1 AktG in connection with Section 10 (1) and (2) of the Articles of Association of STS Group AG. There are presently no employee representatives on the Supervisory Board in accordance with Section 4 (1) of the German One Third Participation Act (DrittelbG) or Section 7 (1) Sentence 1 of the German Co-Determination Act (MitbestG), or other co-determination regulations, because the relevant requirements are not met. One of the incumbent members of the Supervisory Board (Bernd Maierhofer) resigned from office with effect of the annual general assembly on July 23rd, 2021 by letter dated June 2, 2021, the offices of the remaining two members (Dr. Wolf Cornelius and Dr. Wolfgang Lichtenwalder) expired also with the end of the same annual general assembly. By resolution of the Annual General Meeting on July 23, 2021, the three new members of the Supervisory Board were elected (Paolo Scudieri, Pietro Gaeta and Pietro Lardini) and appointed for the period until the end of the Annual General Meeting that resolves on the formal approval of the acts of management for the 2023 financial year.

1.1.1.1. Supervisory Board objectives

In deviation from the recommendation in section C.1 of the GCBC, STS Group AG has, STS Group AG has not specified any concrete objectives for its composition and has not developed a competence profile for the entire body. When selecting candidates to be proposed for election to the Supervisory Board, STS Group AG always ensures that candidates have the required knowledge, ability, and personal experience. STS Group AG has thus determined that adopting concrete objectives in respect to composition is not a suitable means for ensuring that the Supervisory Board of STS Group AG is composed of qualified members capable of working efficiently. STS Group AG has therefore disclosed a deviation from the German Corporate Governance Code recommendations in section C.1 in the Company declaration of compliance, in accordance with Section 161 (1) Sentence 1 AktG.

An age limit has not been set for the members of the Supervisory Board of STS Group AG. The company is of the opinion that the technical knowledge and professional as well as personal experience of the candidates are decisive in the selection of Supervisory Board members and that a specific age limit is unsuitable for ensuring the necessary

skills. For this reason, the Company has declared a deviation from the recommendations from Section C.2 to the GCGC in the Declaration of Conformity.

1.1.1.2. Competencies

Nevertheless, STS Group AG holds the view that the current composition of the Supervisory Board conforms with the requirements in accordance with the principal 11 of the GCGC, pursuant to which the Supervisory Board members as a group possess the knowledge, ability and expert experience required to properly complete its tasks. STS Group AG believes in particular that the Supervisory Board members have the competencies which are considered essential in view of the activities engaged in by STS Group AG. Principally, these include many years of experience, extensive knowledge regarding managing an international automotive enterprise and competency in the areas of production, product development, strategic management as well as finances and accounting.

1.1.1.3. Independence

The current members of the Supervisory Board and their close family members have no personal or business relationship with STS Group AG or its Executive Board that could constitute a material and not merely temporary conflict of interest. The Supervisory Board does not include any former members of the Executive Board, nor did the members of the Supervisory Board have any material business relationship with the Company or any company dependent on it (e.g. as a customer, supplier, lender, or consultant), either currently or in the year up to their appointment, either directly or as shareholders or in a responsible function of a company outside the Group. There are no family ties to members of the Executive Board, and the term of office of Supervisory Board members is three years, respectively, which is less than 12 years. The members of the Supervisory Board of STS Group AG are therefore to be regarded as independent of the Company and its Executive Board within the meaning of Section C.7 (1) of the GCGC.

Furthermore, two of the three current members of the Supervisory Board are also independent of the controlling shareholder within the meaning of Section C.9 (2) and Section C.10 of the GCGC. The Chairman of the Supervisory Board Mr. Paolo Scudieri and the Supervisory Board member Mr. Pietro Gaeta are independent of the controlling shareholder. The two named members of the Supervisory Board are even themselves nor any of their close family members are controlling shareholders. Nor are they members of the Executive Board of the controlling shareholder of STS Group AG, nor do they have any other personal or business relationship with the controlling shareholder that could give rise to a material and not merely temporary conflict of interest. Mr. Paolo Scudieri is only a member of the management of several Group companies of the controlling shareholder.

In contrast, the other Supervisory Board member Pietro Lardini, who is also Chairman of the Audit Committee, which is now mandatory, is independent of the Executive Board of

STS Group AG, but not independent of the controlling shareholder due to his position on the board of the controlling shareholder. STS Group AG is convinced that this is a material and also not merely temporary conflict of interest. Due to the takeover by the controlling shareholder and the resulting need for a quick change of the members of the Supervisory Board, the lack of independence of Mr. Pietro Lardini is temporarily accepted. For this reason, a deviation from the recommendation in section C. 9 para. 2 and C. 10 of the GCGC has also been declared in the Declaration of Conformity.

All Supervisory Board members are in compliance with the recommended term limit per Section C.4 and C.5 GCGC. All members of the Supervisory Board are not members of other supervisory bodies in addition to their activities on the Supervisory Board of STS Group AG, although comparable control functions in commercial enterprises are held by all members. These control functions relate exclusively to unlisted Group companies of the majority shareholder. In addition, the number of control mandates amounts to one in each case.

All Supervisory Board members are in addition to their function on the supervisory board of STS Group AG neither members of other supervisory bodies, however these Supervisory Board activities are limited exclusively to unlisted group companies of the majority shareholder. In addition, the number of Supervisory Board mandates amounts to five each (Dr. Cornelius and Dr. Lichtenwalder). Mr. Bernd Maierhofer is also a Supervisory Board member of VOSS Automotive GmbH, Wipperfürth in addition to his activity on the STS Group AG Supervisory Board.

The members of the Supervisory Board do not hold any executive or advisory positions with major competitors of STS Group AG, nor do they have a personal relationship with a major competitor of STS Group AG.

1.1.2. Tasks of the supervisory board

The Supervisory Board supervises and advises the Executive Board in the management of the enterprise. The Supervisory Board regularly discusses business results, planning and corporate strategy and its execution. The Supervisory Board reviews the single-entity and consolidated annual financial statements, management report, Group management report and the proposal for appropriation of net retained profits. Based on the legal provisions, the Supervisory Board also decides on the approval of the annual financial statements and the approval of the consolidated financial statements of STS Group AG, whereby the auditor's reports are taken into consideration. The Board is involved in the process of approval of the annual financial statements and ratification of the consolidated financial statements of STS Group AG, taking auditor reports into account. The Supervisory Board reports on these activities to shareholders at the General Meeting. Key Executive Board decision-making issues such as budget planning, long-term strategy, sale of significant fixed assets, capital measures and major financing and investment decisions are subject to Supervisory Board approval pursuant to Section 5 in

conjunction with Appendix 2 of the rules of procedure for the Executive Board of STS Group AG.

1.1.3. Organisation and functioning of the Supervisory Board

Regulations concerning the Supervisory Board and its organization and working methods are contained in particular in Sections 10 to 16 of the Articles of Association of STS Group AG and in the Rules of Procedure of the Supervisory Board. In deviation from the recommendation in Section D.1 GCGC, the rules of procedure of the Supervisory Board have not been made available on the Company's website, among other things due to confidential statements contained therein with regard to transactions requiring approval.

The new members of the Supervisory Board elected by resolution of the Annual General Meeting on July 23, 2021 elected Mr. Paolo Scudieri from among their number as Chairman of the Supervisory Board in accordance with section 3 (1) of the Rules of Procedure of the Supervisory Board at their constituent meeting. Mr. Scudieri coordinates the work of the Supervisory Board, chairs the meetings of the Supervisory Board and represents the interests of the Supervisory Board externally.

Due to the fact that the Supervisory Board of STS Group AG consists of only three persons in accordance with the Articles of Association, no committees within the meaning of Section 107 (3) of the German Stock Corporation Act (AktG) have been formed, with the exception of the Audit Committee, which is now mandatory pursuant to Section 107 (4) of the German Stock Corporation Act (AktG). Accordingly, STS Group AG does not follow the recommendation in section D.5 of the GCGC. By circular resolution dated November 15, 2021, the Supervisory Board of STS Group AG resolved to establish an Audit Committee. The members of the three-member Supervisory Board simultaneously form the three-member Audit Committee. Accordingly, STS Group AG follows the recommendations in sections D.2, D.3 sentence 1 and D.11 of the GCGC.

At the constituent meeting of the Audit Committee on November 15, 2021, the Audit Committee elected Mr. Pietro Lardini as Chairman and Mr. Pietro Gaeta as Deputy Chairman. Accordingly, STS Group AG follows the recommendation in section D.4 sentence 2 of the GCGC.

The Supervisory Board and its Audit Committee thus each include Mr. Pietro Lardini, a member with specialist expertise based on his work as a controller in a company from 1988 to 1990 and on his studies in economics, and Mr. Pietro Gaeta, another member with expertise in the field of auditing. With regard to the recommendation concerning the Chairman of the Audit Committee in Section D. 4 Sentence 1 of the GCGC, STS Group AG accordingly follows the recommendations of the GCGC with Mr. Pietro Lardini.

In accordance with the regulations of the stock corporation act and with Section 8 of the rules of procedure for the Supervisory Board, Supervisory Board members are obligated to uphold confidentiality with regard to trade and business secrets of STS Group AG and

other facts of which they become aware through their work on the Supervisory Board the disclosure of which could impair the interests of STS Group AG.

Specifics concerning the Board's work in financial year 2021 are provided in the Report of the Supervisory Board. An overview of the composition of the Supervisory Board and the curriculum vitae of the Supervisory Board members are available on the STS Group AG website - www.sts.group.

In accordance with the recommendation in Section D.13 GCGC, the Supervisory Board carried out a self-assessment in the 2021 financial year to determine the effectiveness and efficiency of the Supervisory Board's work. No external support was provided, as the lack of committees and the small size of the Supervisory Board with only three members meant that the Supervisory Board members themselves were fully involved in the overall work of the Supervisory Board. Dr. Wolf Cornelius, Dr. Wolfgang Lichtenwalder and Bernd Maierhofer were able to provide the new members of the Supervisory Board with sufficient and well-founded information on the work of the Supervisory Board prior to the personnel change. At its meeting on July 23, 2021, the Supervisory Board addressed its findings on the effectiveness and efficiency of its work. As part of the self-assessment, the members of the Supervisory Board reviewed the working methods and effectiveness of the Supervisory Board, in particular regarding the prompt and comprehensive provision of information by the Executive Board in each case, the possibility of (also short-term) internal coordination via a video conferencing system, and the availability of the Executive Board and Supervisory Board at short notice for current issues. The results of the audit confirm a good supply of information to the Supervisory Board, a smooth flow of information within the Supervisory Board body, and an efficient organization of meetings and work.

1.2. THE EXECUTIVE BOARD

1.2.1. Composition of the executive board

In line with Article 7 of the STS Group AG Articles of Association, the Company's Executive Board consists of one or more persons. The exact number is determined by the Supervisory Board. Until June 30, 2021, the Executive Board consisted of one member, Mr Mathieu Purrey. Mr. Purrey was appointed for three years in accordance with the recommendation in section B.3 GCGC. After Mr. Purrey resigned from office with effect from June 30, 2021, Mr. Andreas Becker was appointed by the Supervisory Board as sole member of the Executive Board until December 31, 2022. However, by mutual agreement with STS Group AG, Mr. Andreas Becker terminated his office as sole member of the Executive Board as of January 31, 2022. Effective February 1, 2022, the Supervisory Board elected Mr. Alberto Buniato as the new sole member of the Executive Board for a period of three years. Information on the Executive Board and the curriculum vitae of Mr. Andreas Becker are available on the STS Group AG website at www.sts.group. The curriculum vitae of Mr. Alberto Buniato is also available on the aforementioned website of STS Group AG.

Contrary to the recommendation in Section B.5 of the GCGC, the Supervisory Board has refrained from setting a specific age limit for Executive Board members. Since in the opinion of the Supervisory Board the technical expertise and professional and personal experience of candidates are decisive for their selection as a member of the Executive Board and these requirements are not linked to a specific age, a specific age limit appears unsuitable against this background. For this reason, a deviation from the recommendation in section B.5 of the GCGC was also declared in the Declaration of Conformity.

In accordance with the recommendation in Section B.2 GCGC, the Supervisory Board has worked with the Executive Board to ensure long-term succession planning in 2021. Since the current Executive Board was originally appointed for a period of one and a half year, the Supervisory Board regularly consults on this and is in close exchange with the Executive Board on this issue, continuity should always be ensured. STS Group AG is convinced that this continuity can also be ensured with Mr. Alberto Buniato, despite the change in the Executive Board as of February 01, 2022. In terms of content, the Supervisory Board has defined, discussed, and assessed or weighted various requirement profiles for this purpose, such as international experience in restructuring, negotiations in this business sector, and strategic alignments of companies. In view of the changes in the company (the main focus was on the integration of the company, after the change of the majority shareholder from June 30, 2021, the extensive knowledge of the company as well as of the majority shareholder was decisive.

1.2.2. Tasks of the executive board

The Executive Board is charged with management of STS Group AG and representing the Group externally. The Executive Board manages STS Group AG on its own responsibility with the aim of sustainable value creation and in the interests of the company. It determines the business policy and develops the strategic orientation of STS Group AG.

The Executive Board is responsible for preparing the STS Group AG half-year report and the single-entity and consolidated financial statements, management report and Group management report of STS Group AG. The Executive Board also ensures that all provisions of law and the enterprise's internal policies are abided by and works to achieve their compliance by Group companies.

The Executive Board is also responsible for convening the General Meeting, although the Supervisory Board and a minority of shareholders also are responsible for convening shareholder meetings.

1.2.3. Organisation and functioning of the Executive Board

The main regulations governing the organization and working methods of the Executive Board are contained in Sections 7 to 9 of the Articles of Association of STS Group AG and in the Rules of Procedure for the Executive Board of STS Group AG.

The sole member of the Executive Board decided on measures and transactions relating to a specific business area which were of extraordinary importance for the enterprise or involve extraordinary business risk. These include in particular matters requiring Supervisory Board approval, material organizational and business policy issues and convening the General Meeting. In accordance with Section 9 (1) of the Articles of Association of STS Group AG, the Executive Board of STS Group AG generally passed resolutions in meetings.

In the year 2021 first Mr. Mathieu Purrey and then Mr. Andreas Becker has been performing the duties of the Executive Board comprehensively and on his own responsibility as sole member of the Executive Board.

In accordance with the regulations of the stock corporation act and Section 11 of the rules of procedure for the Executive Board of STS Group AG, Executive Board members are obligated to maintain confidentiality regarding any operational and business matters relating to STS Group AG. Executive Board members are also subject to broad non-competition provisions while serving on the Executive Board and for the duration of their respective employment contracts. Supervisory Board approval is required for any sideline activities to be engaged in by members of the Executive Board.

1.2.4. Cooperation between Executive Board and Supervisory Board

Pursuant to Section 1 (1) of the rules of procedure for the Executive Board of STS Group AG and Section 1 (3) of the rules of procedure for the Supervisory Board of STS Group AG, the Executive and Supervisory Boards have a duty to cooperate closely to the benefit of the enterprise. In accordance with Section 90 (1) Sentence 1 of the German Stock Corporation Act (AktG) in conjunction with Section 9 of the rules of procedure for the Executive Board of STS Group AG, the Executive Board is to report regularly, without delay and comprehensively to the Supervisory Board on business activities, business policy and other fundamental corporate planning issues and results, as well as profitability and liquidity. In accordance with Section 3 (4) of the rules of procedure for the Supervisory Board of STS Group AG, the Chairman of the Supervisory Board advises the Executive Board on matters including particularly strategy and business results as well as other important events of material significance to assessing the position, growth and management of the Company and the Group.

1.2.5. Compensation of the executive board

The Supervisory Board determines Executive Board compensation, ensuring that compensation is commensurate with the responsibilities and performance of the respective Executive Board member and the Company's business situation and does not exceed the common level of compensation paid in the absence of justifying reasons. The compensation structure must be oriented toward sustainable and long-term development of the company of the enterprise.

Against the background of the change in personnel of the sole member of the Board of Management, Mr. Mathieu Purrey, in 2021 and the associated appointment of the sole member of the Board of Management, Mr. Andreas Becker, at short notice, the recommendations of the GCGC have only been implemented to a limited extent. Neither for Mr. Purrey nor for Mr. Andreas Becker, who succeeded him as sole member of the Management Board, were all recommendations of the GCGC implemented by the end of the 2021 financial year.

The system of Executive Board compensation approved at the Annual General Meeting on July 23, 2021 follows the AktG and the recommendations of the GCGC. However, this system of Executive Board compensation was not fully implemented with the contractual provisions for the sole Executive Board member Mr. Andreas Becker. The reason for this was that STS Group AG was in a state of upheaval from the third quarter of the 2021 financial year as a result of the takeover by the new majority shareholder. For this reason, a deviation from the recommendations of sections G.3, G.4, G.6, G.10, G.11, G.12, G.15 and G.16 of the GCGC was also declared in the declaration of conformity. Nevertheless, in the current situation it is ensured that the target total compensation of the incumbent Executive Board member is commensurate with the situation of the Company and does not exceed the customary compensation for such a position.

Executive Board member compensation is documented in the compensation report prepared by the Executive Board and the Supervisory Board in accordance with Section 162 AktG and formally audited by the auditor in accordance with Section 162 (3) AktG, which STS Group AG publishes as new, independent obligation under stock corporation law pursuant to Sec. 120a (4) AktG, Sec. 162 (1) AktG on its website at <https://www.sts.group/investor-relations/corporate-governance> and on whose approval the Annual General Meeting must pass a resolution at the next Annual General Meeting in 2022.

1.3. CAREER DEVELOPMENT OF WOMEN TO MANAGEMENT POSITIONS

Section 111 (5) of the German Stock Corporation Act (AktG) requires that the Supervisory Boards of publicly traded stock corporations establish targets for the representation of women on their Executive and Supervisory Boards. If at the time of establishing such

targets the percentage representation of women is less than 30% at the company in question, the target values set may not be below the existing current percentage. At the same time as the targets are specified, deadlines must be determined for achieving the targets which may extend no further than five years in the future.

In a resolution adopted on November 29, 2018, the STS Group AG Supervisory Board set the respective targets for the percentage of female representation on the Executive and Supervisory Boards at 0% from November 29, 2018, in view of the terms of office of the Executive and Supervisory Board members appointed at the time of the resolution and specified that this percentage shall apply until November 28, 2023. However, STS Group AG will endeavour to appoint female candidates to the Executive and Supervisory Boards, principally in the context of long-term succession planning.

In a resolution adopted on November 29, 2018, the STS Group AG Executive Board determined targets for the percentage representation of women in first-tier management below the Executive Board level, setting the attainment date for this on November 28, 2023. STS Group AG has few employees and a flat management structure in place, such that there is only one managerial tier level below the Executive Board level, which is why a percentage for representation of women has been specified only for that managerial level. The target percentage for the representation of women has been set to 0% for the first managerial tier below Executive Board level.

According to the transitional provision in the Introductory Act to the German Stock Corporation Act (Einführungsgesetz zum AktG), the now obligatory justification of 0% targets in accordance with Sec. 76 (4) Sentence 3 AktG and Sec. 111 (5) AktG does not apply to targets set before August 12, 2021 (Sec. 26I (2) EGAktG). Because it was set before August 12, 2021, the 0% target will continue to apply until November 28, 2023 without any obligation to state reasons.

Although the obligation to provide reasons for the fiscal year 2021 is therefore not mandatory for either the Executive Board or the Supervisory Board of STS Group AG, the Executive Board and the Supervisory Board have nevertheless opted for voluntary early implementation of the new statutory provisions. In the following, the Supervisory Board justifies its 0% determinations, made in the resolution of November 29, 2018, in accordance with the new requirements under Section 111 (5) sentence 3 AktG for the target figures of the Executive Board and Supervisory Board. The Executive Board also justifies its 0% determination, also made in the resolution of November 29, 2018, in accordance with section 76 (4) sentence 3 AktG for the target size of the first management level below the Executive Board.

The Executive Board and Supervisory Board of STS Group AG are of the opinion that the decisive factor in the selection of candidates is that they are persons who possess the knowledge, skills, and professional and personal experience required to properly perform their duties. The Executive Board and Supervisory Board of STS Group AG are convinced

that these prerequisites are not linked to a specific gender, which is why the Executive Board and Supervisory Board of STS Group AG did not consider a concrete definition of the target figures for Executive Board and Supervisory Board members as well as for persons of the first management level at the time of the respective resolutions on November 29, 2018 to be suitable in order to be able to ensure the required skills of the persons concerned.

In addition, the Executive Board and the Supervisory Board of STS Group AG are of the opinion that a 0% determination can avoid discrimination against candidates on the basis of their gender, even though they have better knowledge, skills and professional and personal experience. The Executive Board and Supervisory Board of STS Group AG are convinced that in this way they can ensure that the open positions can be filled with the most suitable persons.

1.4. Purchases and sales of Company shares by Executive and Supervisory Board members

Pursuant to Section 19 of the Regulation (EU) No. 596/2014 of the European Parliament and of the Council as of April 16, 2014 on Market Abuse (MAR) in connection with the general ruling of the Federal Financial Supervisory Authority (BaFin) dated October 24, 2019 within the meaning of Art. 19 (9) MAR members of the Executive Board and the Supervisory Board are i.a. obliged to disclose the purchase and sale of shares in STS Group AG or of related derivatives or other related financial instruments, insofar as the value of the transactions carried out by the member concerned or by persons closely related to them within a calendar year exceeds a total volume of 20,000 EUR. Such a transaction must also be notified to the Federal Financial Supervisory Authority (BaFin).

STS Group AG has established a process to ensure that BaFin is properly notified and that the notices are published. These notifications are available on the STS Group AG website at www.sts.group.

1.5. COMPLIANCE MANAGEMENT SYSTEM

The Supervisory Board of STS Group AG adopted a Code of Conduct at its meeting on November 16, 2020, which is valid also for the reporting period 2021. This new version of the Code of Conduct is significantly more detailed and addresses the following contents in detail:

- Capital Market Laws;
- Competition and antitrust laws;
- Corruption and bribery;
- Asset protection laws;
- Tax and customs laws;
- Accounting and financial reporting regulations;
- Money laundering and terrorist financing;

- Employment relationship laws; and
- Occupational health and safety; environmental laws; and other regulations.

Other sections of the Code of Conduct address, among other things, how to avoid conflicts of interest.

The whistle-blower system is published on the company's website at <https://stsgroup.integrityline.org/>. The new Code of Conduct can also be viewed there. The new Code of Conduct can also be found there.

Although already included in the Code of Conduct, separate guidelines on capital market issues, competition and antitrust law, corruption, money laundering and IT have also been introduced for STS Group AG. In addition, it was ensured that the various data protection requirements (based on the GDPR) are complied with in practice, which is why numerous process guidelines were created in this context.

2. SHAREHOLDER AND ANNUAL GENERAL MEETING

2.1. REPORTING TO SHAREHOLDERS

STS Group AG reports to its shareholders twice during the financial year regarding the Company's business development as well as the asset, financial and earnings situation of the company.

STS Group AG provides comprehensive information about the Company's business as part of its investor relations activity, utilizing the internet primarily for reporting and disclosure purposes. In addition to half-year and annual reports, earnings announcements, ad-hoc disclosures, analyst presentations and press releases, the financial calendar for each fiscal year is posted on www.sts.group, specifying the most important publication dates for financial communications and the General Meeting date.

2.2. CONDUCTING OF ANNUAL GENERAL MEETING

The Annual General Meeting, at which additional reporting on the Company's business takes place, is held within the first eight months of each financial year in accordance with Article 17 (1) of the STS Group AG Articles of Association. Shareholders may exercise their voting rights by proxy at the Annual General Meeting in accordance with Article 18 (4) of the STS Group AG Articles of Association. A proxy must be appointed in writing unless exceptions are provided for in the notice of convening the Annual General Meeting. In accordance with Article 20 of the Articles of Association of STS Group AG, the Executive Board is authorized to permit video and audio broadcasting of the Annual General Meeting. In addition, the Executive Board may, in accordance with Article 18 (5) and (6) of the STS Group AG Articles of Association, provide that shareholders may submit their votes in writing or via electronic communication channels (postal vote) and

participate in the Annual General Meeting without being present at the venue where it is held even without a proxy, and may exercise some or all of their rights, wholly or in part, via electronic communication channels (i.e. online participation). To date, posting voting have not been utilized in accordance with the provisions of the Articles of Association as options.

In the 2021 fiscal year, an ordinary general meeting was held on July 23, 2021. The ordinary general assembly as also the extraordinary meeting in the fiscal year 2020, were held on the basis of the Act on Measures in the Law on Companies, Cooperatives, Associations, Foundations and Condominiums to Combat the Effects of the COVID-19 Pandemic (COVMG), which entered into force on March 28, 2020, extended by the Ordinance on the Extension of Measures in Corporate, Cooperative, Association and Foundation Law to Combat the Effects of the COVID-19 Pandemic (GesRGenRCOVMVV) of October 20, 2020, and amended by the Act on the Further Shortening of the Residual Debt Relief Procedure and the Adjustment of Pandemic-Related Provisions in Corporate, Cooperative, Association and Foundation Law and in Tenancy and Lease Law of December 22, 2020, and the possibility opened therein, as well as to avoid health risks for shareholders, internal and external employees, and members of the Company's governing bodies, without the physical presence of shareholders or their proxies (virtual General Meeting).

The information to be published on the Internet in accordance with section 124a of the German Stock Corporation Act (AktG) following the convening of the Annual General Meeting, in particular the agenda, will be made available on the website of STS Group AG at www.sts.group.

2.3. TASKS OF THE ANNUAL GENERAL MEETING

Shareholders elect the Supervisory Board members at the Annual General Meeting and decide on matters which by law fall within their sphere of responsibility, including particularly the appropriation of net income, the discharge of the actions of the Executive and Supervisory Boards, election of the auditor and any changes to the Articles of Association. Each share held entitles the shareholder to one vote. Changes to the Articles of Association, such as for measures changing capital, are resolved by shareholders at the Annual General Meeting for implementation by the Executive Board. Shareholders may contest resolutions proposed by the Executive and Supervisory Boards and Annual General Meeting resolutions. Shareholders who hold at least 100,000 EUR in share capital in total may also demand that a special auditor be court-appointed to review specific transactions in accordance with the additional requirements per Section 142 AktG.

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

In accordance with Section 161 AktG, the Executive and Supervisory Boards of publicly traded companies must issue an annual declaration of which recommendations made by the Government Commission on German Corporate Governance Code ("the Code"), which are published by the Federal Ministry of Justice in the official disclosures section of the Federal Gazette, the Company is and will be in conformity with, stating what recommendations have not been or will not be adopted. This declaration must be made permanently accessible on the Company's website. Companies are therefore free not to adopt the recommendations per the Code, but then are obliged to disclose this annually, stating explanations. This enables companies to reflect sector and enterprise-specific requirements. Thus, the Code contributes to more flexibility and more self-regulation in the German corporate constitution.

Declaration of the Executive Board and the Supervisory Board of STS GROUP AG on the recommendations of the "Government Commission on the German Corporate Governance Code" pursuant to Section 161 of the German Stock Corporation Act (AktG)

The Management Board and Supervisory Board of the STS Group AG with its registered office in Hallbergmoos, District of Freising, (the "Company") declare the following:

The Company has complied with the recommendations of the Government Commission on the German Corporate Governance Code in its latest version dated 16 December 2019, published in the Federal Gazette (Bundesanzeiger) on 20 March 2020 (the "Code"), since the last Declaration of Conformity in February 2021 and will continue to comply with them in the future, in each case with the following exceptions:

1. Recommendation B.5 of the Code:

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

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

2. Recommendation C.1 of the Code:

The Code recommends that the Supervisory Board should specify concrete objectives for its

composition and draw up a competence profile for the entire body. In doing so, the Supervisory Board should pay attention to diversity. Proposals by the Supervisory Board to the Annual General Meeting should take these objectives into account and at the same time aim to fill out the competence profile for the entire body. The status of implementation shall be published in the Corporate Governance Declaration. This shall also provide information on the number of independent shareholder representatives on the Supervisory Board, as deemed appropriate by the shareholder representatives, and the names of these members.

The Supervisory Board has not passed any resolution specifying concrete objectives regarding the composition of the Supervisory Board or a competence profile for the entire body. The Company is of the opinion that the current composition of the Supervisory Board complies with the requirements of the recommendation C.1 of the Code. When selecting candidates to be proposed for election to the Supervisory Board, the Company always ensures that these are persons who possess the knowledge, skills and professional and personal experience required to properly perform their duties. For this reason, the Company concludes that set objectives in terms of specific composition are unsuitable for the election of an efficient and qualified Supervisory Board.

3. Recommendation C.2 of the Code:

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

The Supervisory Board has not passed any resolution specifying a concrete age limit, which is why no information can be provided in the corporate governance declaration. With reference to the above comments on the recommendation C.1, the Company is of the opinion that the decisive factor in the selection of candidates is that they are persons who possess the knowledge, skills and professional and personal experience required to properly perform their duties. The Company is convinced that these requirements are not linked to a specific age, which is why the Company does not consider a specific age limit for Supervisory Board members to be suitable for ensuring that the persons concerned have the necessary skills.

4. Recommendation C.10 of the Code:

The Code recommends that the Chairman of the Supervisory Board, the Chairman of the Audit Committee and the Chairman of the Committee dealing with the compensation of the Management Board should be independent of the Company and the Management Board. The Chairman of the Audit Committee should also be independent of the controlling shareholder.

It is the conviction of the Company that the Chairman of the Supervisory Board is independent of the Company and the Management Board. However, as the Supervisory Board of the Company consists of only three persons in accordance with the Articles of Association, no committees are formed, with the exception of the Audit Committee, which is now mandatory under Sec. 107 para 4 of the German Stock Corporation Act (AktG). Accordingly, the Company does not have a Chairman of the Committee dealing with the compensation of the Management Board, but only a Chairman of the Audit Committee. The latter is in the conviction of the Company also independent of the Company and the Management Board but not independent of the controlling shareholder due to his position on the board of the

majority shareholder. The primary objective of the Company was initially to comply with the new statutory obligation to establish an Audit Committee without at the same time adding further members to the Supervisory Board. In view of the extraordinary workload of the Chairman of the Supervisory Board, which would be associated with a combination of the duties of Chairman of the Supervisory Board and Chairman of the Audit Committee, it was more important from the point of view of the Company that the Chairman of the Supervisory Board should not at the same time be Chairman of the Audit Committee, which is why the lack of independence of the Chairman of the Audit Committee vis-à-vis the controlling shareholder will be accepted for the foreseeable future, especially as the Company is convinced that the institutional separation of the Audit Committee and the Management Board already ensures a high degree of independence.

5. Recommendation D.1 of the Code:

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

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

6. Recommendation D.2, D.3 sentence 1, D.4, D.5 and D.11 of the Code:

The Code recommends that the Supervisory Board should form professionally qualified committees depending on the specific circumstances of the Company and the number of its members. The respective committee members and the respective chairman of each committee should be named in the Corporate Governance Declaration. The Supervisory Board shall set up an Audit Committee which - insofar as no other committee or the Supervisory Board as a whole, is entrusted with this task - shall deal in particular with the financial audit, the monitoring of the financial auditing process, the effectiveness of the internal control system, the risk management system and the internal auditing system, as well as the final financial audit statements and compliance. The Chairman of the Audit Committee shall have special knowledge and experience in the application of financial auditing principles and internal control procedures and shall be familiar with the final financial audit statements as well as being independent. The Chairman of the Supervisory Board shall not chair the Audit Committee. The Supervisory Board shall form a Nomination Committee composed exclusively of shareholder representatives which nominates suitable candidates to the Supervisory Board for its proposals to the Annual General Meeting for the election of Supervisory Board members. The Audit Committee shall regularly assess the quality of the final financial audit statements.

As the Supervisory Board of the Company consists of only three persons in accordance with the Articles of Association, no committees are formed - apart from the Audit Committee,

which is mandatory by law (cf. Sec. 107 para 4 of the German Stock Corporation Act (AktG)). Accordingly, the above recommendations do not apply to the Company in this respect, or the Company cannot comply with the above recommendations. Due to the fact that the Audit Committee is also the body of the Supervisory Board, all members of the Audit Committee, in addition to the body, deal in particular with the financial audit, the monitoring of the financial auditing process, the effectiveness of the internal control system, the risk management system and the internal auditing system, as well as the final financial audit statements and compliance. The Chairman of the Audit Committee also has special knowledge and experience in the application of financial auditing principles and internal control procedures and does not simultaneously hold the office of Chairman of the Supervisory Board. However, the Chairman of the Audit Committee is not in depth familiar with the final financial audit statements and - as explained in Section C.10 - is not independent of the controlling shareholder. The primary objective of the Company was initially to comply with the new statutory obligation to establish an Audit Committee without at the same time adding further members to the Supervisory Board. In view of the extraordinary workload of the Chairman of the Supervisory Board, which would be associated with a combination of the duties of Chairman of the Supervisory Board and Chairman of the Audit Committee, it was more important from the point of view of the Company that the Chairman of the Supervisory Board should not at the same time be Chairman of the Audit Committee, which is why on the one hand the lack of independence of the Chairman of the Audit Committee vis-à-vis the controlling shareholder and on the other hand the lack of familiarity with the final financial audit statements are accepted for the foreseeable future. This is particularly the case against the background that the Supervisory Board, due to its size, corresponds to the Audit Committee and thus the Chairman of the Supervisory Board, who is also familiar with the audit of the financial statements, is also a member of the Audit Committee, which, in the view of the Company, ensures the appropriate competence of the Audit Committee.

7. Recommendation D.12 of the Code:

The Code recommends that the Company should provide appropriate support for the members of the Supervisory Board during their induction into office and during training and development measures, and report on the measures taken in the Supervisory Board's report.

The Company did provide appropriate support to the Supervisory Board members newly appointed by the Annual General Meeting in July 2021 during their induction into office. However, no training or continuing education measures were carried out by the Supervisory Board members during the relevant period, due in particular to the limited opportunities in connection with the CoViD19 pandemic. For the future, the Company again intends to provide appropriate support for the members of the Supervisory Board in terms of training and continuing education measures; discussions with providers of corresponding training courses are currently underway; training courses are intended for the current fiscal year.

8. Recommendation F.2 of the Code:

The Code recommends that the Consolidated Financial Statements and the Group Management Report should be publicly accessible within 90 days of the end of the fiscal year, and the mandatory Interim Financial Information within 45 days of the end of the reporting period.

With regard to the legal requirement to publish the Consolidated Financial Statements within the first four months of the Group's fiscal year, the Company complies with the legal requirements. They were published on 07 April 2021, just a few days after the recommended deadline by the Code. Due to the time required for the careful preparation of Interim Reports, the Company has also followed the statutory publication deadlines for the respective interim reports. However, the Company endeavours to reduce the time required for the publication of Consolidated Financial Statements and Interim Financial Information to an absolute minimum.

9. Recommendation G.3 of the Code:

The Code recommends that, in order to assess the customary nature of the specific total compensation of the members of the Management Board in comparison with other companies, the Supervisory Board uses a suitable comparison group of other companies (peer group comparison), the context of which it discloses.

The contractual documents regarding the compensation of the members of the Management Board does not currently provide for a comparison with the compensation of the Management Board of other companies. Nevertheless, the compensation of the Management Board should be based on the Management Board compensation system resolved at the Annual General Meeting on 23 July 2021, which provides for a comparison with other suitable companies under item 3. An additional explicit mention in the contractual basis of the compensation of the Management Board was therefore not considered necessary. In addition, the previous Management Board member's contract was ultimately an interim contract with a probationary period, which had to be drawn up very quickly due to the change of the Management Board member at short notice in the middle of last year which is why there was insufficient time for a genuine peer group comparison. In the case of the new Management Board member, a peer group comparison is to be carried out promptly and taken into account when determining the customary level of specific total compensation.

10. Recommendation G.4 of the Code:

For the purpose of assessing customary practice within the Company, the Code recommends that the Supervisory Board takes into account the ratio of the compensation of the Management Board to that of senior executive level and the workforce as a whole, and this also in terms of its development over time.

This recommendation is currently not taken into account, as the Company is undergoing a period of upheaval in the fiscal year 2021 and probably still in fiscal year 2022 as a result of the takeover by the new majority shareholder. In addition, the Company had only two employees at the same time below the senior executive level in fiscal year 2021. As the only comparison subjects, these two are not sufficiently meaningful. The Management Board also currently consists of only one sole Management Board member, so that a comparison with the compensation of other Management Board members is also ruled out. Nevertheless, it is intended to take into account the compensation of senior executives and the workforce as a whole in the future, if and to the extent that a comparison appears meaningful.

11. Recommendation G.6 of the Code:

The Code recommends that the variable compensation resulting from the achievement of long-term goals should not exceed the share resulting from the achievement of short-term goals.

This recommendation has not been implemented as the compensation of the Management Board has been affected by the aforementioned takeover process. However, the recommendation can be implemented in the foreseeable future; the Supervisory Board intends to adjust the contractual basis accordingly.

12. Recommendation G.10 of the Code:

The Code recommends that the variable compensation amounts granted to the Management Board member should be invested by the respective member mainly in shares of the Company, taking into account the respective tax burden, or be granted accordingly, share-based.

This recommendation was not implemented as the contractual basis for this was lacking and was not implementable in the current situation of the Company and will not be implementable in the foreseeable future.

13. Recommendation G.11 of the Code:

The Code recommends that the Supervisory Board should have the possibility to take account of extraordinary developments to an appropriate extent. In justified cases, it should also be possible to withhold or demand the return of variable compensation.

This recommendation was not implemented because the Company assumed that the variable compensation model already takes extraordinary developments into account through its automatic mechanism. Firstly, specific criteria are redefined for each Management Board member at the beginning of each year. Secondly, a payable variable compensation only arises if at least 80% of the target, such as EBITDA, is achieved.

14. Recommendation G.12 of the Code:

The Code recommends that in the event of termination of a Management Board contract, the payment of any outstanding variable compensation components attributable to the period up to the termination of the contract should be granted in accordance with the originally agreed objectives and comparison parameters and in accordance with the due dates or holding periods specified in the contract.

From the Company's point of view, this recommendation is achieved by other means: the compensation of the Management Board modifies the recommendation in such a way that the payment of the variable compensation components is even waived if the due date for payment falls on a date after the termination of the Management Board contract. The Company assumed that the Management Board member should only be able to participate in the achievement of the agreed objectives if he or she has an existing Management Board

contract, as this was the only arrangement that would bind the Management Board member to the Company. A change is not planned in the foreseeable future.

15. Recommendation G.15 of the Code:

The Code recommends that where members of the Management Board hold Supervisory Board mandates within the Group, the compensation should be credited.

This recommendation was indirectly implemented, but does not contain the envisaged automatism: The contractual basis for the compensation of the Management Board stipulates that prior approval by the Company is required for cases of intra-Group Supervisory Board mandates. In addition, it should only be agreed how to deal with the further intra-Group Supervisory Board mandate once approval has been obtained. The implementation of the recommendation is therefore laid down in the contractual basis and, therefore, can be implemented. The Supervisory Board shall ensure that in cases of intra-Group Supervisory Board mandates the recognition of compensation is also guaranteed in the future.

16. Recommendation G.16 of the Code:

The Code recommends that in the case of the assumption of Supervisory Board mandates from outside the Group, the Supervisory Board should decide whether and to what extent the compensation is to be credited.

This recommendation has been implemented in accordance with the aforementioned explanations to the recommendation G.15: The contractual basis for the compensation of the Management Board also provides for an agreement on how to deal with such mandates in individual cases. The implementation of the recommendation is therefore also laid down in the contractual basis and can therefore be implemented. The Supervisory Board shall ensure that in cases of Supervisory Board mandates from outside the Group the compensation is also taken into account in the future.

17. Recommendation G.17 of the Code:

The Code recommends that the compensation of Supervisory Board members should take appropriate account of the greater time commitment of the Chairman and Vice Chairman of the Supervisory Board and of the chairman and members of committees.

The compensation of Supervisory Board members currently takes into account the Chairman of the Supervisory Board, but not the Vice Chairman of the Supervisory Board or the chairman or membership of committees. In determining the compensation system for the members of the Supervisory Board, the Company assumed that, in view of the intended division of tasks or work among the members of the Supervisory Board, the Chairman of the Supervisory Board would probably have a significantly higher time commitment, but not the Vice Chairman compared with the third member of the Supervisory Board. For this reason, the compensation of the Supervisory Board members only takes appropriate account of the higher time commitment of the Chairman. The Chairman of the Audit Committee is not taken into account because the Company does not anticipate any significant additional expenses in this respect either. As the Company has not formed any committees, apart from the Audit

Committee, given the size of the Supervisory Board (three members), the above recommendation is not relevant to the members of committees.

Hallbergmoos, February 2022
STS Group AG

Management Board

Supervisory Board