

STS Group



# Half-Year Report

## 2021

January 1 to June 30



# OVERVIEW HY 2021

- **Sales growth to 134.8 mEUR (plus 36.9%), previous year impacted in particular by COVID-19-related plant closures in Europe**
- **China with strong sales growth of plus 44% in the first half of 2021**
- **EBITDA rises to 13.8 mEUR (up 12.6 mEUR on previous year)**
- **Adjusted EBITDA at same level of EBITDA with 13.9 mEUR (up 11.1 mEUR on previous year)**
- **Business outlook for 2021 confirmed**

# At a glance

## RESULTS OF OPERATIONS

EUR million	H1/2021	H1/2020 <sup>1</sup>
Revenues	134.8	98.5
Segment Plastics	71.7	53.4
Segment China	52.3	36.4
Segment Materials	14.4	11.5
Corporate/Consolidation	-3.7	-2.9
EBITDA	13.8	1.2
Adjusted EBITDA	13.9	2.8
Reconciliation to Adjusted EBITDA		
<b>EBITDA</b>	<b>13.8</b>	<b>1.2</b>
Adjusted for non-recurring effects	0.1	1.6
<b>Adjusted EBITDA</b>	<b>13.9</b>	<b>2.8</b>

## BALANCE SHEET KEY FIGURES

EUR million	2021	2020
Equity	56.9	51.1
Capital ratio	27.5%	27.5%
Total assets	207.1	185.7
Cash and cash equivalents (unrestricted)	21.8	20.0
Net Financial Debt <sup>2</sup>	17.4	22.9

<sup>1</sup> The comparative period was adjusted for the disclosure of the discontinued operation.

<sup>2</sup> Net Financial Debt = Bank Loans + Liabilities from Loans + Lease Liabilities + Recourse Factoring - Cash

**STS Group AG**, [www.sts.group](http://www.sts.group) (ISIN: DE000A1TNU68), is a leading system supplier to the automotive industry. It employs more than 1,600 people worldwide and generated sales of 235.0 mEUR in the financial year 2020. STS Group ("STS") produces and develops at its twelve plants and three development centers in France, Germany, Mexico, China and, in the future, also in the USA plastic injection moulding and components made of composite materials (Sheet Molding Compound - SMC), such as solid and flexible vehicle and aerodynamic trim, entire interior systems, as well as lightweight construction and battery components for electric vehicles. STS is considered as a technology leader in the manufacture of plastic injection moulding and components made of composite materials. STS has a large global footprint with plants in three continents. The customer portfolio comprises leading international manufacturers of commercial vehicles, passenger cars and electric vehicles.

This is a translation of the German "Halbjahresbericht 2021 der STS Group". Sole authoritative and universally valid version is the German language document.

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# STS GROUP AG ON THE CAPITAL MARKET

## SHARE INFORMATION

Stock exchange	Xetra, Frankfurt, Berlin, Düsseldorf, Munich, Stuttgart, Tradegate
Ticker symbol	SF3
Number of shares	6,500,000
Share capital	EUR 6,500,000
ISIN	DE000A1TNU68
WKN	A1TNU6
Market segment	Regulated market
Transparency level	General Standard
Designated sponsor	mwb fairtrade Wertpapierhandelsbank AG

## CAPITAL MARKET ENVIRONMENT

In the first half of 2021, investors focused on the good economic development and the associated growth prospects well as the high propensity of companies to invest. In anticipation of one-off effects stock markets were little impressed by increased inflation rates or waning fiscal stimulus. German share index (DAX) rose 13.2% to 15,531.04 points in the first half of 2021. The DAX subsector Automotive posted a gain of 5.3% in the reporting period.

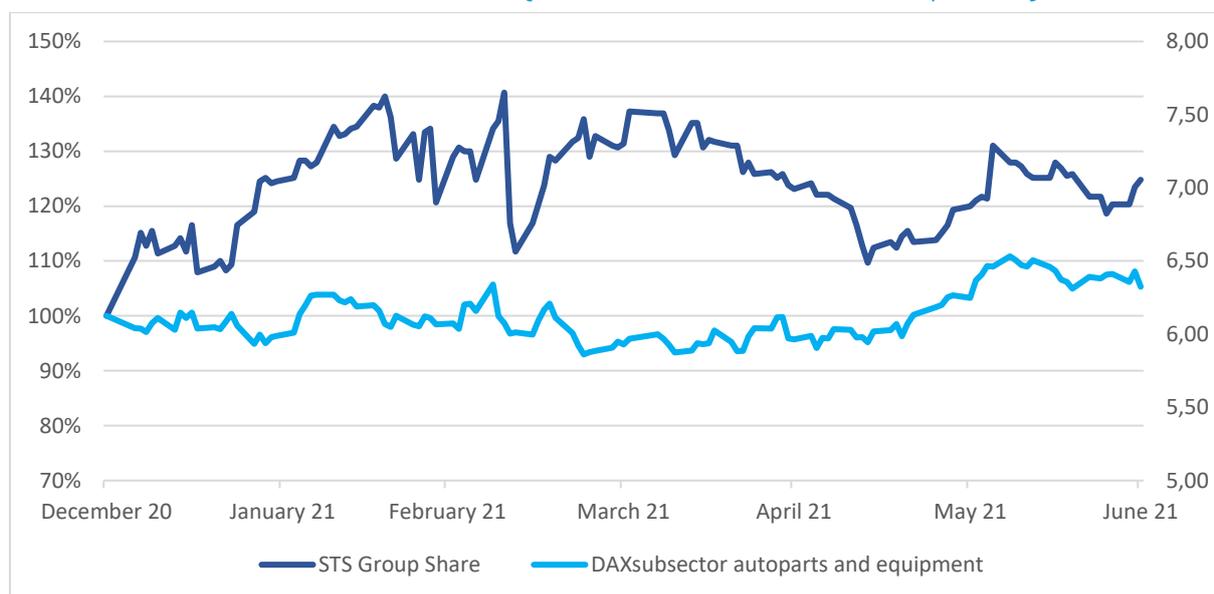
## SHARE: PRICE PERFORMANCE AND TRADING VOLUME

The share certificates of STS Group AG started in the stock market year on January 04, 2021, with an opening price of EUR 6.42. The six-month low was reached on January 15, 2021, with a value of EUR 6.26.

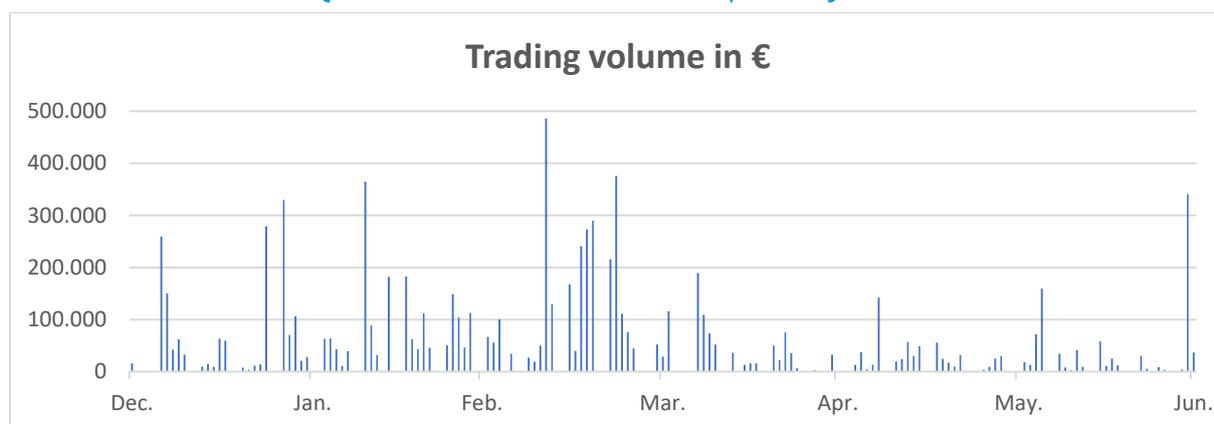
The global automotive and commercial vehicle market recovered from the effects of the coronavirus pandemic in the first half of 2021. The STS share benefited from the recovery and reached its high for the previous half-year of EUR 8.16 on March 10, 2021. The change in the Group's strategy in the second half of 2020 to specialize in hard-trim products had an impact and provided further upward momentum for the STS share. Another driver for this price increase was the announced sale of the shares of Mutares SE & Co. KGaA to Adler Pelzer Group

STS Group AG shares ended the first half of 2021 with a closing price of EUR 7.24 on June 30, 2021. Over all the share increased by 24.8% from the closing price of EUR 5.80 on December 30, 2020.

## SHARE PRICE PERFORMANCE (JANUARY 1 TO JUNE 30, 2021)



## TRADING VOLUME (JANUARY 1 TO JUNE 30, 2021)



## SHARE: OVERVIEW OF PRICE PERFORMANCE

Opening price	January 4, 2021	6.42 EUR
Highest price	February 18, 2021	8.36 EUR
Lowest price	January 4, 2021	5.84 EUR
Closing price	June 30, 2021	7.24 EUR

As of June 30, 2021, the market capitalization of STS Group AG was 47.1 mEUR based on 6,500,000 shares outstanding. As of the 2020 balance sheet date, the market capitalization was 37.7 mEUR based on the same number of shares and a closing price of EUR 5.80 (all figures based on Xetra prices). Average daily trading volume in STS Group shares on all German stock exchanges rose to 17,309 in the first half of 2021 compared with 16,655 shares in 2020.

## **DIRECTORS' DEALINGS**

In the reporting period, members of the Executive Board did not acquire any shares in directors' dealings.

## **SHAREHOLDER STRUCTURE**

The shareholder structure has changed significantly compared to December 31, 2020. The main shareholder Mutares SE & Co. KGaA sold its majority shareholding in STS Group AG to Adler Pelzer Group in the half year under review. The latter now holds the majority of the outstanding shares with 73.25%. MainFirst SICAV, Luxembourg, continues to hold 4.94% of the voting shares. Remaining shares are in free float and amount to 21.81% as of June 30, 2021.

## **VOLUNTARY TAKEOVER OFFER**

Adler Pelzer Holding GmbH decided to make a voluntary takeover offer to the shareholders of STS Group AG as of June 29, 2021. The takeover also includes a delisting offer which allows for revocation of the admission of all shares of STS Group AG to trading on the Regulated Market of the Frankfurt Stock Exchange. The takeover of the majority shares in STS Group AG by Adler Pelzer Group was successfully completed on June 30, 2021.

## **ANALYST COVERAGE**

In the reporting period the specialists for German mid-caps SMC Research analysed and evaluated the STS Group AG share. Detailed information, as also the reports are available to interested investors at <https://www.sts.group/investor-relations/share>.

## **ORDINARY GENERAL MEETING**

The Annual General Meeting of STS Group was held on July 23, 2021. Due to the Corona pandemic, the AGM was again held as a virtual AGM without the physical presence of shareholders. A total of around 78% of the STS Group's share capital was represented at the AGM, with 21 shareholders attending the virtual AGM live.

All voting results can be found in the Investor Relations section of the STS Group website.

## **INVESTOR RELATIONS ACTIVITIES**

The STS Group AG share is listed in the EU-regulated General Standard market segment of the Frankfurt Stock Exchange. The company informs its shareholders and capital market participants without delay of important events in its business activities or with significance for the development of its share price by means of an ad hoc announcement or corporate news.

The management of STS Group AG maintains an ongoing close dialog with investors and analysts as well as the financial and business press. In addition, when announcing business results, the Executive Board is also available for exchange with capital market participants in regular conference calls.

## **FINANCIAL CALENDAR 2021**

July 23, 2021	Annual General Meeting
August 5, 2021	Publication of half-year report
6 - 7 September, 2021	Fall Conference
22 - 24 November, 2021	German Equity Forum

All dates of the financial calendar are available on the website at:  
<https://www.sts.group/investor-relations/financial-calendar>

# STS GROUP HALF-YEAR REPORT 2021

## Economic Report

### MACROECONOMIC AND SECTOR CONDITIONS

#### MACROECONOMIC DEVELOPMENT

##### Recovery of the global economy progresses

According to the Kiel Institute for the World Economy (IfW) the global economy remained on upward trend in the first half of the current fiscal year. The strong upturn in industrial production and world trade was slowed down by supply bottlenecks and logistical problems with price increases for raw materials, intermediate goods and transportation services. Overall, the recovery of global economy progressed with 0.8% January to March compared with the previous quarter. While momentum weakened noticeably in China, it increased slightly in the United States. Figures for the full reporting period of the first half were only available in individual cases.

##### Upturn in China continues at a slower pace

Following the strong recovery in the previous year from the Corona-related slumps the People's Republic of China recorded unexpectedly subdued economic activity at the start of 2021, with nominal growth of 0.6% compared with the previous quarter according to the National Bureau of Statistics. Growth sectors included the automotive industry in particular. According to the IfW, the main growth driver was flourishing exports, while China's economic upturn also boosted demand for products from abroad. In the second quarter, the Chinese economy was able to catch up, resulting in a six-month increase of 6.7%.

##### Sustained recovery in the euro area

In Europe in particular, the second wave of the pandemic interrupted the economic recovery, according to the IfW. With an overall decline of 0.3% compared with the previous quarter the development of economic output from January to March varied greatly in the individual member states of the European Union. Whereas Portugal and Germany recorded sharp declines in output, Ireland and some Eastern European countries observed a strong growth. In the euro zone, the pre-crisis level was just reached. Producer prices rose as a result of strong inflation in intermediate goods and energy costs as well as container freight rates.

## Economy in North America with positive development

According to Germany Trade & Invest (GTAI), Germany's foreign trade and inward investment agency, Brasil continued to recover and grew 1.2% in the first three months of the current fiscal year compared with the previous quarter, despite the serious pandemic situation. The manufacturing industry has been producing at pre-crisis levels since October 2020. After a long period of restraint companies implemented their postponed projects regardless of the acute pandemic situation with the result that gross fixed capital formation in the first quarter of 2021 were 17% higher than in the prior-year quarter. The manufacturing industry recorded a significant increase in exports, while imports also grew more strongly than expected. Germany remained the third most important supplier country after the USA and China.

The Mexican economy performed better than expected in the first quarter of 2021 as a result of a successful vaccination campaign and rapidly declining infection figures. According to GTAI the economic recovery in Mexico was also boosted by momentum in the USA where the US economic stimulus package ensured higher demand for processed products. Meanwhile, investment activity was still well below the prior-year period at 4.9%. Both imports and exports increased by around 16% between January and April 2021.

## SECTOR DEVELOPMENT

The recovery of the global economy rising production figures in the global commercial vehicle and automotive markets. According to industry service IHS Markit production volume in Europe in the first quarter was around 41% higher than the 152,000 units period of the previous year. In STS's home market Germany, the increase was around 43%, and in France it was as much as almost 44%. According to the Association of the Automotive Industry (VDA) supply bottlenecks for semiconductors were an obstacle to a stronger ramp-up in production. The commercial vehicle sector in China recorded a particularly large increase of around 77% in the first quarter of 2021. Number of trucks produced rose by almost 78% compared with the prior-year period. According to IHS Markit the heavy commercial vehicle sub-segment, which is important for the STS Group in China increased around 76%.

## BUSINESS PERFORMANCE

In the first half of 2021, the STS Group continued to benefit from the upswing, after the previous year had been heavily impacted by the COVID-19 pandemic. On the one hand, the China segment continued to develop positively. Since last year, the Chinese commercial vehicle market has benefited from the tighter controls in 2019 regarding permitted transport volumes and the resulting increased expansion of the commercial vehicle fleet of logistics companies. In addition, the new local emission standards, lead to an increased replacement of vehicles with new tractors that meet the standards. These developments led to a rapid increase in local production figures in 2020, with the first signs of market normalization in China already emerging at the end of the first half of the current year.

In Europe, the market recovery slowed down slightly due to supply bottlenecks in semiconductor production at European STS customers. The latter had to adjust their production and thus their call-off figures at short notice. The STS plants reacted accordingly to these short-term adjustments in the first half year 2021.

On March 11, 2021, Mutares SE & Co. KGaA announced the conclusion of a share purchase agreement with Adler Pelzer Holding GmbH, regarding the complete sale of the majority shareholding in the amount of approx. 73.25% of the share capital of STS Group AG. This was initially concluded subject to the approval of the financiers on the part of the Adler Pelzer Group and the approval of the antitrust authorities. After fulfilment of all conditions, the purchase agreement came into effect on June 30, 2021. This was accompanied by the announcement of a voluntary takeover bid in combination with a delisting offer to the shareholders of STS Group AG.

Furthermore, Mr. Mathieu Purrey announced his resignation effective June 30, 2021, the Supervisory Board of STS Group AG temporarily appointed Mr. Andreas Becker as CEO and sole director of STS Group AG.

## **RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS**

### **RESULTS OF OPERATIONS**

In the first half of 2021, the Group generated a sales revenue of 134.8 mEUR (H1/ 2020: 98.5 mEUR), which corresponds to a sales growth of 36.9% compared to the same period of the previous year. The sales growth is attributable to the exceptionally low level of the previous year, as there were plant closures worldwide in the comparable period due to the COVID-19 pandemic. In addition, the China segment was able to further increase its sales in the first half of the year 2021 compared to the high level of the previous year.

Earnings before interest, taxes, depreciation and amortization (EBITDA) increased in the reporting period by 12.6 mEUR to 13.8 mEUR (H1/2020: 1.2 mEUR).

In the reporting period, there were only minor extraordinary expenses for reorganization measures amounting to 0.1 mEUR, which relate exclusively to severance costs relating to severance payments. In the prior-year period, special expenses of 1.6 mEUR were incurred, of which 1.5 mEUR related to severance costs in connection with the closure of the Group headquarters.

Adjusted EBITDA increased in the reporting period by 11.1 mEUR to 13.9 mEUR, compared with 2.8 mEUR in the same period of the previous year. The increase in Adjusted EBITDA is attributable to sales growth in Europe and China.

Sales and earnings of the STS Group segments for the first half of 2021 compared to the previous year are as follows:

EUR million	H1/2021	H1/2020 *
Revenue	134.8	98.5
Segment Plastics	71.7	53.4
Segment China	52.3	36.4
Segment Materials	14.4	11.5
Corporate/Consolidation	-3.7	-2.9
EBITDA	13.8	1.2
Segment Plastics	0.3	-3.2
Segment China	13.4	7.6
Segment Materials	-0.1	-0.1
Corporate/Consolidation	0.1	-3.2
EBITDA (in % of revenue)	10.2%	1.2%
Adjusted EBITDA	13.9	2.8
Segment Plastics	0.4	-3.0
Segment China	13.4	7.6
Segment Materials	-0.1	-0.1
Corporate/Consolidation	0.1	-1.7
Adjusted EBITDA (in % of revenue)	10.3%	2.8%

\* The comparative period was adjusted for the disclosure of the discontinued operation.

## RESULTS OF OPERATIONS BY SEGMENT

### PLASTICS SEGMENT

In the first half of the year, the Plastics Segment recorded an increase in sales of 34.2% to 71.7 mEUR (H1/2020: 53.4 mEUR). With regard to the sales growth achieved, it should be taken into account that sales in Europe in the first half of the prior year Europe were at a very low level due to the plant closures in March and April. Since the second half of 2020, an increasing market recovery has been noticeable. This was slowed slightly in the first half of 2021 by the supply bottlenecks of semiconductors at STS customers. EBITDA for the Segment increased in the reporting period to 0.3 mEUR (H1/ 2020: -3.2 mEUR). The result was burdened by special expenses in the amount of 0.1 mEUR (H1/2020: 0.2 mEUR). In the reporting period, adjusted EBITDA amounted to 0.4 mEUR (H1/2020: -3.0 mEUR). The growth in sales was counteracted by the increase in raw material prices which had a negative impact on earnings, which could be partially passed on to customers.

### CHINA SEGMENT

In the first half of 2021, the China Segment generated sales of 52.3 mEUR (H1/ 2020: 36.4 mEUR). This corresponds to a sales increase of 43.8%. The Segment was thus able to benefit from the continued high level of the market in the first half of the current year and achieve correspondingly high level of sales, although a normalization of the market could already be felt at the end of the first half of the year. Segment EBITDA increased in the reporting period to 13.4 mEUR (H1/ 2020: 7.6 mEUR). No special charges were incurred in the first half of the year as in the previous period. Adjusted EBITDA was therefore in line with EBITDA at 13.4 mEUR

(H1/ 2020: 7.6 mEUR). The Adjusted EBITDA margin in the first half of 2021 was at 25.7% and therefore above the level of the previous year (H1/2020: 20.8%), which is attributable in particular to the improved fixed cost distribution due to the high sales volume from new ramp-ups and the positive market development, as also a continued optimized product mix.

## MATERIALS SEGMENT

The Materials Segment generated sales of 14.4 mEUR euros. These were 25.1% above the prior-year period (H1/ 2020: 11.5 mEUR). The increase is mainly attributable to the recovery from the COVID 19 pandemic, which led to the temporary plant closure from mid-March to mid-April 2020 in the previous year. EBITDA was at -0.1 mEUR, at the level of the prior-year period (H1/ 2020: -0.1 mEUR). There were no special items in the reporting period or in the prior-year period. Adjusted EBITDA in the reporting period was therefore -0.1 mEUR compared to -0.1 mEUR in the prior-year period. The Materials segment in particular was affected by higher material prices in the reporting period, which could not be offset by the higher sales level.

## FINANCIAL POSITION

### STATEMENT OF CASH FLOWS

EUR million	H1 2021	H1 2020 *
Net cash flow from operating activities	17.1	0.7
Net cash flow from investing activities	-6.9	-4.3
Net cash flow from financing activities	-8.1	9.1
Effect of currency translation on cash and cash equivalents	-0.3	0.1
<b>Net increase/decrease in cash and cash equivalents</b>	<b>1.8</b>	<b>5.6</b>

\* The comparative period was adjusted for the disclosure of the discontinued operation.

In the first half of 2021, the STS Group generated positive **net cash flow** from **operating activities of** 17.1 mEUR (H1/2020: 0.7 mEUR). The main positive factor here was the improvement in net profit by 12.2 mEUR to 3.8 mEUR (H1/2020: -8.4 mEUR). This was primarily shaped by the recovery of the economic situation following the lifting of the strict COVID-19 pandemic measures. Cash flow from operating activities was negatively impacted by the negative development of working capital in the reporting period. Increased demand for products led to a rise in production and an associated increase in inventories. Furthermore, the build-up of inventory for the production of tools for the USA project had an impact on inventory. The increase in sales also led to an increased level of trade accounts receivable as well as to a slightly higher level of trade accounts payable. The customer prepayments for the installation of tools for the USA project also influenced the sharp rise in other liabilities.

**Cash flow from investing activities in the** reporting period amounted to -6.9 mEUR (H1/2020: -4.3 mEUR). The cash outflow was mainly attributable to payments for investments in property, plant and equipment, of which the China segment accounted for around 4.6 mEUR for production facilities.

**Financing activities in the** reporting period resulted in an outflow of funds amounting to -8.1 mEUR (H1/2020 : 9.1 mEUR). In the China segment, loans in the amount of 5.8 mEUR were taken out as part of a refinancing. This was offset by the repayment of existing loans in the amount of 6 mEUR in China, 1.8 mEUR in France and 2.5 mEUR within STS Group AG. In addition, the repayment of lease liabilities and payment of interest resulted in a total outflow of a further 3.4 mEUR.

### CASH AND CASH EQUIVALENTS

The balance of freely available cash and cash equivalents amounted to 21.8 mEUR as of June 30, 2021 (December 31, 2020: 20.0 mEUR) and mainly comprised bank balances.

### NET FINANCIAL DEBT

The Group's net financial debt decreased as of June 30, 2021 by 5.5 mEUR to 17.4 mEUR (December 31, 2020: 22.9 mEUR). The reduction is attributable to a 1.3 mEUR lower liabilities to third parties, 0.4 mEUR lower liabilities to banks, as also 2.5 mEUR lower other liabilities. Leasing liabilities and liabilities from factoring increased slightly by 0.4 mEUR and 0.2 mEUR respectively. A positive effect came from the 1.9 mEUR increase in cash and cash equivalents as of June 30, 2021 compared to December 31, 2020.

\*Net financial debt = liabilities to banks + liabilities from loans from third parties + lease liabilities + liabilities from factoring - cash and cash equivalents

### NET ASSETS

EUR million	30.6.2021	31.12.2020
Non-current assets	90.7	86.3
Current assets	116.4	99.4
<b>Total assets</b>	<b>207.1</b>	<b>185.7</b>
Total equity	56.9	51.1
Non-current liabilities	51.7	41.7
Current liabilities	98.5	92.9
<b>Total equity and liabilities</b>	<b>207.1</b>	<b>185.7</b>

Compared to December 31, 2020, **total assets** increased from 185.7 mEUR to 207.1 mEUR euros. The share of current assets in the balance sheet total amounts to 56.2% and is thus 2.7% higher compared with December 31, 2020 (53.5%). The share of current liabilities in the balance sheet total decreased by approximately -2.4% compared with December 31, 2020 (50.0%) to 47.6%.

**Non-current assets** increased by 4.4 mEUR to 90.7 mEUR (December 31, 2020: 86.3 mEUR). The main increase was in property, plant and equipment compared to December 31, 2020 from 61.2 mEUR to 64.7 mEUR.

**Current assets** increased by 17.0 mEUR to 116.4 mEUR (December 31, 2020: 99.4 mEUR). On the one hand, this is due to the build-up of inventories in connection with the production of tools

for new customer projects in the USA. In addition, the China segment recorded a strong build-up of trade receivables due to the increased sales volume.

Compared with December 31, 2020, **equity** increased by 5.7 mEUR to 56.9 mEUR (December 31,2020: 51.1 mEUR). This was mainly due to the positive earnings development in China. The equity ratio remained unchanged as of December 31, 2020, at 27.5% (December 31, 2019: 27.5%).

**Non-current liabilities** increased compared with December 31, 2020 by 10.0 mEUR to 51.7 mEUR (December 31,2020: 41.7 mEUR). The increase is due to the contract liabilities in connection with the USA project and the related customer prepayments for tooling projects.

**Current liabilities** increased compared with December 31, 2020 by 5.6 mEUR to 98.5 mEUR (December 31,2020: 92.9 mEUR). The increase is mainly due to higher trade payables.

## **Opportunities and risk report**

The risks and opportunities that could have a material impact on the results of operations, financial position and net assets of the STS Group and detailed information on the risk management system are presented in the STS Group Annual Report 2020 on pages 40 et seq. The assessment for the 2021 financial year remains essentially unchanged compared with the 2020 Annual Report.

# Forecast

## MACROECONOMIC FORECAST

### Strong upturn in the global economy ahead

According to the Kiel Institute for Economic Research (IfW) following a historic decline in the past fiscal year global economy is expected to expand strongly in 2021. Accordingly, industrial production offers further upside potential, but is significantly hampered by supply bottlenecks for raw materials and intermediate goods. With increasing capacity utilization and as a result of government spending programs investment activity expected to increase significantly. For 2021 the IfW expects global output to increase by 6.7%, driven by a recently strong US economy. Global economic activity is expected to increase further 4.7% in 2022 and at end of the forecast period will be only slightly below the pre-crisis path.

### Expansion in China again less expansive in orientation

The Chinese economy already returned to its pre-crisis path in the past fiscal year, so according to the IfW greater expansion than before the outbreak of the pandemic is expected. Accordingly, industrial production will lose momentum even if pandemic-related demand for Chinese goods from abroad will be lower again. The IfW expects production to grow by 8.7% 2021 and by 5.8% in 2022.

### Euro area takes course to pre-crisis level

According to the IfW, economic output in the euro zone will grow strongly in the summer half-year and exceed its pre-crisis level of 5.3% by the end of 2021. While overall production growth will come from the service sectors, which have so far been particularly hard hit, the IfW expects upswing in industry pick speed only gradually. 2022 growth is expected to turn out moderate again by 4.4% after the end of economic normalization.

### Germany exceeds pre-crisis level

After the resurgence of the Corona pandemic interrupted the recovery of the German economy in the winter half-year, overall economic output is expected to expand at rapid pace in the course of 2021 and exceed its pre-crisis level again at 3.9%. Despite the very good order situation the recovery of export-oriented German industry will be held back by global supply bottlenecks and price increases. For 2022, the IfW expects gross domestic product to increase 4.8%.

## **SECTOR FORECAST**

While the supply shortage of semiconductors is expected to continue to affect production in the global commercial vehicle markets in the course of 2021, current forecasts by industry associations are only available in individual cases at the time of reporting. For the commercial vehicle industry in the People's Republic of China, the market research company IHS Markit expects a declining commercial vehicle market, particularly in the second half of 2021 compared with the records set in the past pandemic year. Rising demand for medium-duty commercial vehicles and buses will not be able to compensate for the losses in the heavy truck segment. The ongoing recovery in road haulage and infrastructure construction, with solid demand for heavy tractors and construction vehicles are offset by expiring subsidy measures and consequently a lack of replacement investment, as well as a toll reform to restrict the circulation of heavy trucks.

## **FORECAST OF THE GROUP**

As part of the publication of the annual report for 2020, the Executive Board had announced the forecast for the financial year 2021. It assumed organic sales growth in the order of 10% and an Adjusted EBITDA margin in the high single-digit percentage range. Significant special charges are not planned for the financial year, so Adjusted EBITDA is essentially the same as EBITDA.

This was based on the assumption that the China Segment will remain in the full year at the strong level of 2020. On the one hand, market normalization is expected in the second half of the year, and on the other hand, order intake is expected to remain at a high level. In Europe, the commercial vehicle market is expected to recover steadily over the course of the year. In addition, STS will continue to have flexibility to adjust production to OEM needs and market events.

In the current course of business, management's assumptions have been confirmed so far. The development of global vehicle production in the second half of 2021 is difficult to estimate due to the semiconductor shortage. In this respect, the Executive Board confirms the forecast communicated on April 7, 2021.

## **REPORT ON EVENTS AFTER THE END OF THE REPORTING PERIOD**

On July 23, 2021, STS Group AG held its Annual General Meeting virtually - due to the Corona pandemic. Part of the agenda was the election of the new Supervisory Board. Paolo Scudieri, Pietro Lardini and Pietro Gaeta were elected as new members of the Supervisory Board. The Board thus continues to consist of three members, with Mr. Paolo Scudieri elected Chairman and Pietro Lardini deputy Chairman.

# INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTH ENDING ON JUNE 30, 2021

EUR million	Notes	H1 2021	H1 2020 *
Revenues	5	134.8	98.5
Increase (+) or decrease (-) of finished goods and work in progress		9.4	3.3
Other operating income		3.6	1.1
Material expenses		-85.9	-55.8
Personnel expenses		-33.3	-32.1
Other operating expenses	6	-14.8	-13.8
<b>Earnings from operations before depreciation and amortization expenses (EBITDA)</b>		<b>13.8</b>	<b>1.2</b>
Depreciation and amortization expenses		-7.4	-7.8
<b>Earnings before interest and income taxes (EBIT)</b>		<b>6.4</b>	<b>-6.6</b>
Interest and similar income		0.0	0.0
Interest and similar expenses		-1.4	-0.8
<b>Earnings before income taxes</b>		<b>5.0</b>	<b>-7.4</b>
Income taxes	7	-1.2	-1.0
Result from discontinued operations		-	-19.3
<b>Net income</b>		<b>3.8</b>	<b>-27.7</b>
Thereof attributable to owners of STS Group AG		3.8	-27.7
<b>Earnings per share in EUR (undiluted)</b>	8	<b>0.6</b>	<b>-4.7</b>
<b>Earnings per share in EUR (diluted)</b>	8	<b>0.6</b>	<b>-4.7</b>

\* The comparative period was adjusted for the disclosure of the discontinued operation.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### FOR THE SIX MONTH ENDING ON JUNE 30, 2021

EUR million	H1 2021	H1 2020 *
<b>Net income</b>	<b>3.8</b>	<b>-27.7</b>
Currency translation differences from continuing operations	1.9	-2.0
Currency translation differences from discontinued operations	-	0.8
<b>Items that may be reclassified subsequently to profit or loss</b>	<b>1.9</b>	<b>-1.3</b>
Remeasurements of defined benefit plans, net of tax from continuing operations	-	0.4
Remeasurements of defined benefit plans, net of tax from discontinuing operations	-	-0.1
<b>Items that will not be reclassified to profit or loss</b>	<b>0.0</b>	<b>0.3</b>
<b>Other comprehensive income</b>	<b>1.9</b>	<b>-0.9</b>
<b>Total comprehensive income</b>	<b>5.7</b>	<b>-28.6</b>
Thereof attributable to owners of STS Group AG	5.7	-28.6

\* The comparative period was adjusted for the disclosure of the discontinued operation.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION as of June 30, 2021****Assets**

	Notes	June 30, 2021	December 31, 2021
Intangible assets		20.8	21.0
Property, plant and equipment		64.7	61.2
Contract assets		0.1	0.0
Other financial assets		0.2	0.2
Other non-financial assets		0.0	0.0
Deferred tax assets		4.8	3.8
<b>Non-current assets</b>		<b>90.7</b>	<b>86.3</b>
Inventories		34.2	23.7
Contract assets		0.3	0.2
Trade and other receivables		52.1	46.9
Other financial assets		1.4	1.6
Income tax receivables		0.6	0.6
Other non-financial assets		5.9	6.4
Cash and cash equivalents		21.8	20.0
<b>Current assets</b>		<b>116.4</b>	<b>99.4</b>
<b>Total assets</b>		<b>207.1</b>	<b>185.7</b>

**Equity and liabilities**

	Notes	June 30, 2021	December 31, 2021
Share capital		6.5	6.5
Capital reserve		5.4	5.4
Retained earnings		48.1	44.3
Other reserves		-2.6	-4.5
Own shares at acquisition cost		-0.5	-0.5
Equity attributable to owners of STS Group AG		56.9	51.1
<b>Total equity</b>	9	<b>56.9</b>	<b>51.1</b>
Liabilities to banks		11.3	11.6
Third party loans		2.4	2.4
Liabilities from leases		8.5	7.7
Other financial liabilities		0.3	0.4
Contract liabilities		9.2	0.0
Provisions		18.6	18.6
Deferred tax liabilities		1.3	1.0
<b>Non-current liabilities</b>		<b>51.7</b>	<b>41.7</b>
Liabilities to banks		9.1	9.1
Liabilities from factoring		0.2	0.0
Third party loans		0.0	1.4
Liabilities from leases		3.9	4.3
Other financial liabilities		4.0	6.5
Contract liabilities		8.7	7.1
Trade and other payables		49.3	45.0
Provisions		0.0	0.8
Income tax liabilities		1.7	0.7
Other non-financial liabilities		21.8	18.1
<b>Current liabilities</b>		<b>98.5</b>	<b>92.9</b>
<b>Total equity and liabilities</b>		<b>207.1</b>	<b>185.7</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTH ENDING ON JUNE 30, 2021

	Equity attributable to owners of STS Group AG								
	Number of shares	Share capital	Capital reserves	Retained earnings	Other reserves		Treasury shares, at cost	Total	
					Remeasuring gains/losses	Foreign currency translation			Total
<b>Balance at January 1, 2020</b>	<b>5,950,000</b>	<b>6.0</b>	<b>22.3</b>	<b>42.7</b>	<b>-0.8</b>	<b>-1.1</b>	<b>-1.9</b>	<b>-0.5</b>	<b>68.6</b>
Income after income tax expense	0	0.0	0.0	-27.7	0.0	0.0	0.0	0.0	-27.7
Other comprehensive income	0	0.0	0.0	0.0	0.3	-1.3	-0.9	0.0	-0.9
<b>Balance at June 30, 2020</b>	<b>5,950,000</b>	<b>6.0</b>	<b>22.3</b>	<b>15.1</b>	<b>-0.5</b>	<b>-2.3</b>	<b>-2.8</b>	<b>-0.5</b>	<b>40.0</b>
<b>Balance at January 1, 2021</b>	<b>6,450,000</b>	<b>6.5</b>	<b>5.4</b>	<b>44.3</b>	<b>-1.1</b>	<b>-3.5</b>	<b>-4.5</b>	<b>-0.5</b>	<b>51.1</b>
Income after income tax expense	0	0.0	0.0	3.8	0.0	0.0	0.0	0.0	3.8
Other comprehensive income	0	0.0	0.0	0.0	0.0	1.9	1.9	0.0	1.9
<b>Balance at June 30, 2021</b>	<b>6,450,000</b>	<b>6.5</b>	<b>5.4</b>	<b>48.1</b>	<b>-1.1</b>	<b>-1.5</b>	<b>-2.6</b>	<b>-0.5</b>	<b>56.9</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTH ENDING ON JUNE 30, 2021

EUR million	H1 2021	H1 2020 *
<b>Net income</b>	<b>3.8</b>	<b>-8.4</b>
Income taxes	1.2	1.0
Net interest expense	1.4	0.8
Depreciation of property, plant and equipment	5.5	6.0
Depreciation of intangible assets	1.9	1.8
Gain (-) / loss (+) on disposal of property, plant and equipment	0.1	0.0
Other non-cash income (-) and expenses (+)	1.1	-2.4
Change in net working capital	-8.7	-9.7
Inventories	-10.2	-5.0
Contract assets	0.0	0.2
Trade and other receivables	-3.2	-11.7
Contract liabilities	1.4	4.0
Trade and other payables	3.2	2.9
Other receivables	0.6	2.2
Other financial liabilities	-0.2	0.0
Other liabilities	12.6	7.8
Provisions	-0.8	0.4
Taxes paid	-1.4	-1.1
Taxes received	0.0	0.0
<b>Net cash flows from operating activities of continuing operations</b>	<b>17.1</b>	<b>-1.6</b>
Net cash flows from operating activities of the discontinued operation	-	2.3
<b>Net cash flows from operating activities</b>	<b>17.1</b>	<b>0.7</b>
Proceeds from sale of property, plant and equipment	0.6	0.0
Proceeds from disposals of intangible assets	0.0	0.0
Disbursements for investments in property, plant and equipment	-5.9	-3.0
Disbursements for investments in intangible assets	-1.6	-0.7
<b>Net cash flows from investing activities of continuing operations</b>	<b>-6.9</b>	<b>-3.7</b>
Net cash flows from investing activities of the discontinued operation	-	-0.6
<b>Net cash flows from investing activities</b>	<b>-6.9</b>	<b>-4.3</b>

Proceeds from borrowings	5.8	13.8
IC proceeds	0.0	0.0
Proceeds from repayment of loans	-10.4	-1.0
Repayments of lease liabilities	-2.3	-2.4
Proceeds from factoring (+)/ disbursements for factoring (-)	0.2	0.7
Interest paid	-1.4	-0.4
<b>Net cash flows from financing activities of continuing operations</b>	<b>-8.1</b>	<b>10.8</b>
Net cash flows from financing activities of discontinued operations	-	-1.7
<b>Net cash flows from financing activities for the Group as a whole</b>	<b>-8.1</b>	<b>9.1</b>
<b>Effect of currency translation on cash and cash equivalents</b>	<b>-0.3</b>	<b>0.1</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>1.8</b>	<b>5.6</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>20.0</b>	<b>17.2</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>21.8</b>	<b>22.8</b>

\* The comparative period was adjusted for the disclosure of the discontinued operation.

# CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. SEGMENT REPORTING

FOR THE SIX MONTH ENDING ON JUNE 30, 2021

EUR million	Plastics		China		Materials		Corporate/ Consolidation		Group	
	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020 <sup>1</sup>
Revenue - third parties	71.7	53.4	52.3	36.4	10.8	8.7	0.0	0.0	134.8	98.5
Revenue - inter-segment	0.0	0.1	0.0	0.0	3.7	2.8	-3.7	-2.9	0.0	0.0
<b>Revenue segment</b>	<b>71.7</b>	<b>53.4</b>	<b>52.3</b>	<b>36.4</b>	<b>14.4</b>	<b>11.5</b>	<b>-3.7</b>	<b>-2.9</b>	<b>134.8</b>	<b>98.5</b>
EBITDA	0.3	-3.2	13.4	7.6	-0.1	-0.1	0.1	-3.2	13.8	1.2
EBITDA in % of revenue	0.4%	-5.9%	25.7%	20.8%	-0.6%	-0.9%	-3.8%	110.0%	10.2%	1.2%
Adjusted EBITDA	0.4	-3.0	13.4	7.6	-0.1	-0.1	0.1	-1.7	13.9	2.8
Adjusted EBITDA in % of revenue	0.6%	-5.6%	25.7%	20.8%	-0.6%	-0.9%	-3.8%	58.6%	10.3%	2.8%
Depreciation and amortization	-4.3	-4.9	-2.3	-1.9	-0.7	-0.8	-0.1	-0.2	-7.4	-7.8
EBIT	-4.0	-8.1	11.1	5.6	-0.8	-0.9	0.1	-3.3	6.4	-6.6
CAPEX <sup>2</sup>	3.1	1.5	4.3	2.1	0.0	0.1	0.0	0.0	7.5	3.7

<sup>1</sup> The comparative period was adjusted for the disclosure of the discontinued operation.

<sup>2</sup> Cash-effective

IFRS 8 Operating Segments requires disclosure of information per business segment. The delimitation of operating business segments as well as the amount of information provided in the context of segment reporting are carried out, inter alia, on the basis of information regularly made available to the Executive Board as the main decision makers and are therefore based on the Company's internal management.

The Company's Executive Board decided to classify and manage reporting partly by product type and partly by geographic region. In line with this policy, the key corporate indicators relevant to the decision-making process are made available to the Executive Board for the following segments:

- **Plastics:** This segment manufactures a variety of body parts and interior modules for trucks, commercial vehicles and passenger cars. It includes hard trim products made via injection moulding and SMC thermal compression. Hard trim applications are used for external parts (e.g. front modules and aerodynamic panelling) or interior modules ("bunk box" under the driver's bed and shelf elements) and structural components (tailgate). The segment also has its own capacity for painting plastic materials.
- **China:** This segment concentrates its production of plastic parts, mainly for commercial vehicles, on the regional market in China. The product range comprises external parts (bumpers, front panels, deflectors, mudguards, step plates, etc.) and structural components, e.g. for the tailgate or battery covers. These are made with SMC compression processes and thermoplastic technologies. The segment also has its own capacity for painting plastics.
- **Materials:** This segment comprises the development and production of semi-finished products (sheet moulding compounds - SMC), fibre moulding compounds (Bulk Moulding Compounds - BMC) and highly developed fibre moulding compounds (Advanced Moulding Compounds - AMC). The semi-finished products are used within the Group for hard-trim applications and also supplied to external third parties. The development of these base materials offers the opportunity to affect important parameters in the final product.

The Group therefore manages its business in a total of three segments. In addition to corporate activities, consolidation is also presented in the "Company/Consolidation" column. No operating segments were combined to reach the level of the Group's reportable segments.

The breakdown of sales to third parties in accordance with IFRS 15 is as follows:

EUR million	Plastics		China		Materials		Group	
	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020 *
Timing of revenue recognition								
Transferred at a point of time	4.5	4.5	52.1	36.1	10.8	8.7	67.4	49.3
Transferred over time	67.2	48.8	0.2	0.3	0.0	0.0	67.4	49.1
<b>Revenue - third parties</b>	<b>71.7</b>	<b>53.4</b>	<b>52.3</b>	<b>36.4</b>	<b>10.8</b>	<b>8.7</b>	<b>134.8</b>	<b>98.5</b>

\* The comparative period was adjusted for the disclosure of the discontinued operation.

Intersegment sales are made at arm's length transfer prices.

The reconciliation of the reported segment earnings to earnings before taxes is as follows:

EUR million	H1 2021	H1 2020 *
<b>Adjusted EBITDA Group</b>	<b>13.9</b>	<b>2.8</b>
Management adjustments (netted)	-0.1	1.7
<b>EBITDA Group</b>	<b>13.8</b>	<b>1.2</b>
Depreciation and amortization expenses	-7.4	-7.8
<b>Earnings before interest and income taxes (EBIT)</b>	<b>6.4</b>	<b>-6.6</b>
Interest and similar income	0.0	0.0
Interest and similar expenses	-1.4	-0.8
Finance result	-1.4	-0.8
<b>Earnings before income taxes</b>	<b>5.0</b>	<b>-7.4</b>

\* The comparative period was adjusted for the disclosure of the discontinued operation.

## 2. GENERAL DISCLOSURES

STS Group AG (also referred to as the "Company" and together with its subsidiaries as the "Group") is a listed German stock corporation with its registered office in Hallbergmoos at Zeppelinstraße 4, 85399 Hallbergmoos, Germany. It is registered in the Commercial Register of the Local Court of Munich under HRB 231926. The Company is listed on the regulated market of the Frankfurt Stock Exchange (General Standard) under Securities Identification No. ISIN DE000A1TNU68. The share capital amounts to 6.5 mEUR (2020: 6.5 mEUR) and is divided into 6,500,000 (2020: 6,500,000) no-par value shares.

The majority shareholder of STS Group AG is Adler Pelzer Holding GmbH, Hagen, Germany.

The consolidated financial statements of STS Group AG as of June 30, 2021, comprise STS Group AG and its subsidiaries. The Group is a leading system supplier of interior and exterior parts for commercial vehicles. The Group develops, produces and supplies products and solutions of plastic or composite material ("hard-trim products") for the automotive and truck industry.

The sole Board of Management authorized the condensed consolidated interim financial statements for issue on August 3, 2021.

## 3. BASIS OF PREPARATION

These condensed consolidated interim financial statements of STS Group AG have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and the Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") effective and applicable in the European Union as of the balance sheet date.

The condensed consolidated interim financial statements for the period ended June 30, 2021, have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" and should be read in conjunction with the Group's audited and published consolidated financial statements for the year ended December 31, 2020.

They comprise the unaudited condensed interim consolidated financial statements, an unaudited interim group management report and a responsibility statement pursuant to § 297 (2) sentence 4 and § 315 (1) sentence 5 of the German Commercial Code ("HGB").

The condensed interim consolidated financial statements are presented in euros ("EUR"). All amounts have been rounded up or down to millions of euros ("mEUR") using commercial rounding principles, unless otherwise indicated. Totals in tables have been calculated on the basis of precise figures and rounded to mEUR. Differences of up to one unit (mEUR, %) are rounding differences for computational reasons.

The accounting policies applied in the preparation of the interim financial statements are consistent with those applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2020.

## 4. NEW STANDARDS AND INTERPRETATIONS TO BE APPLIED FOR THE FIRST TIME

In the reporting period, the following standards and amendments were required to be applied by the Group for the first time:

Standard / Interpretation		Endorsement by EU	Mandatory application	Impacts
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 und IFRS 16	Interest Rate Benchmark Reform - Phase 2	13.01.2021	01.01.2021	no material impacts
Amendments to IFRS 4	Deferral of IFRS 9	15.12.2020	01.01.2021	no material impacts

## 5. REVENUES

In the first half of 2021, the Group generated sales revenue of 134.8 mEUR (H1/ 2020: 98.5 mEUR), which can be broken down as follows:

EUR million	H1 2021	H1 2020 *
Revenues from sales	133.3	97.3
Revenues from services	1.5	1.2
Revenue deductions	0.0	0.0
<b>Revenues</b>	<b>134.8</b>	<b>98.5</b>

\* The comparative period was adjusted for the disclosure of the discontinued operation.

## 6. OTHER OPERATING EXPENSES

In the first half of 2021, other expenses increased from 13.8 mEUR by 1.0 mEUR to 14.8mEUR compared to the same period of the previous year. The increase in other expenses results in particular from increased selling expenses (+0.8 mEUR) from China, which arose there in connection with the increase in sales revenue.

## 7. INCOME TAXES

The tax expense is recognized based on an estimate of the weighted average annual income tax rate for the full financial year. The estimated tax rate for the first half of 2021 is therefore 27.03 % (H1/ 2020: 27.03 %).

## 8. EARNINGS PER SHARE

Earnings per share are as follows:

		H1 2021	H1 2020
Net income attributable to owners of STS Group AG	EUR million	3.8	-27.7
Weighted average number of ordinary shares to calculate earnings per share			
Basic	Number	6,450,000	5,950,000
Diluted	Number	6,450,000	5,950,000
Earnings per share			
Basic	in EUR	0.59	-4.65
Diluted	in EUR	0.59	-4.65

## 9. EQUITY

The individual components of equity and their development for the first half of 2021 and in the prior-year period are presented in the consolidated statement of changes in equity.

## 10. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

The interest rate level has increased as of June 30, 2021 compared to December 31, 2020. On this basis, the actuarial interest rate for the measurement of material pension plans of the STS Group was adjusted as of the reporting date. The average actuarial interest rate of the STS Group increased by 0.3% as of June 30, 2021 compared to December 31, 2020. The remeasurement of defined benefit pension obligations resulted in actuarial gains as of the reporting date of 23.8 TEUR, which were recognized in the statement of comprehensive income and reported in accumulated other comprehensive income, taking into account deferred taxes.

## 11. FINANCIAL INSTRUMENTS

A breakdown of financial assets or liabilities by IFRS 9 measurement category as of June 30, 2021 and December 31, 2020 is as follows:

EUR million	Category according to IFRS 9	Carrying amount	Valuation according to IFRS 9	Valuation according to IFRS 16		Fair value	Hierarchy
		June 30, 2021	Amortized costs	Fair value OCI	Fair Value PL	June 30, 2021	
<b>Non-current financial assets</b>							
Other non-current financial assets		0.2	0.2			0.2	
Security deposits	AC	0.2	0.2			0.2	Stufe 3
Securities	FVPL	0.0			0.0	0.0	Stufe 3
<b>Current financial liabilities</b>							
Trade and other receivables	AC	52.1	52.1			52.1	
Other current financial assets		1.4	1.4			1.4	
Receivables from factorer	AC	1.3	1.3			1.3	
Other financial assets	AC	0.1	0.1			0.1	
Cash and cash equivalents	AC	21.8	21.8			21.8	
<b>Non-current financial liabilities</b>							
Liabilities to banks	FLAC	11.3	11.3			11.1	Stufe 3
Third party loans	FLAC	2.4	2.4			2.4	Stufe 3
Liabilities from leases		8.5			8.5		
Other financial liabilities	FLAC	0.3	0.3			0.3	Stufe 3
<b>Current financial liabilities</b>							
Liabilities to banks	FLAC	9.1	9.1			9.3	Stufe 3
Liabilities from factoring	FLAC	0.2	0.2			0.2	
Liabilities from leases		3.9			3.9	3.9	
Other financial liabilities	FLAC	4.0	4.0			4.0	Stufe 3
Miscellaneous other financial liabilities companies		4.0	4.0			4.0	Stufe 3
Trade and other payables	FLAC	49.3	49.3			49.3	

### BOOK VALUES BY CATEGORY

EUR million	Category	June 30, 2021
Financial assets through profit and loss	FVPL	0.0
Financial assets through OCI	FVOCI	0.0
Financial assets at cost	AC	75.5
Financial liabilities at cost	FLAC	76.6
Financial liabilities through profit and loss	FLFVPL	0.0

EUR million	Category according to IFRS 9	Carrying amount	Valuation according to IFRS 9	Valuation according to IFRS 16		Fair value	Hierarchy
		December 31, 2020	Amortized costs	Fair value OCI	Fair Value PL	December 31, 2020	
<b>Other non-current financial assets</b>							
Security deposits	AC	0.3	0.3			0.3	Level 3
Securities	FVPL	0.0			0.0	0.0	Level 3
Trade and other receivables	AC	35.4	35.4			35.4	
Trade and other receivables	FVOCI	20.7		20.7		20.7	Level 2
Other current financial assets		3.8	0.5		3.3	3.8	
Creditors with debit balances	AC	0.1	0.1			0.1	
Receivables from factorer	FVPL	3.3			3.3	3.3	
Other financial assets	AC	0.4	0.4			0.4	
Cash and cash equivalents	AC	17.2	17.2			17.2	
<b>Non-current financial liabilities</b>							
Liabilities to banks	FLAC	3.0	3.0			3.1	Level 3
Third party loans	FLAC	5.8	5.8			6.8	Level 3
Liabilities from leases	FLAC	18.8				18.8	
Other financial liabilities		0.1					
Miscellaneous	FLAC	0.1	0.1			0.1	Level 3
Derivate instruments	FLFVPL	0.1			0.1	0.1	Level 2
Trade and other payables	FLAC	1.0	1.0			1.0	
<b>Current financial liabilities</b>							
Liabilities to banks	FLAC	9.5	9.5			9.6	Level 3
Liabilities from factoring	FLAC	12.1	12.1			12.1	
Third party loans	FLAC	1.9	1.9			2.0	Level 3
Liabilities from leases	FLAC	5.3				5.3	
Other financial liabilities	FLAC	0.0	0.0			0.0	
Trade and other payables	FLAC	69.7	69.7			69.7	

**BOOK VALUES BY CATEGORY**

EUR million	Category	December 31, 2020
Financial assets through profit and loss	FVPL	0.0
Financial assets through OCI	FVOCI	20.7
Financial assets at cost	AC	56.7
Financial liabilities at cost	FLAC	103.0
Financial liabilities through profit and loss	FLFVPL	0.1

For financial assets and liabilities that are either measured at fair value or for which fair value is disclosed in the notes to the consolidated financial statements, the following measurement hierarchy (fair value hierarchy) has been established in accordance with IFRS 13 "Fair Value Measurement". The fair value hierarchy divides the inputs used in the valuation techniques to measure fair value into three levels:

Level 1: Input parameters are quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Input parameters are prices other than those quoted in Level 1 that are either directly observable for the asset or liability or can be derived indirectly.

Level 3: Input parameters are unobservable for the asset or liability.

In this context, the Group determines whether transfers between hierarchy levels occurred at the end of the respective reporting period.

The fair value of financial instruments is calculated based on current parameters such as interest rates and exchange rates at the balance sheet date and by using accepted models such as the discounted cash flow (DCF) method and taking into account credit risk. The fair values for derivatives are determined on the basis of bank valuation models.

For current financial instruments, the carrying amount is a reasonable approximation of fair value.

## 12. CONTINGENT LIABILITIES AND OTHER OBLIGATIONS

The statements on contingent liabilities and other financial obligations described in the 2020 consolidated financial statements remain essentially unchanged.

## 13. RELATED PARTIES

As of June 30, 2021, companies of the Group conducted the following transactions with related parties that are not part of the scope of consolidation. Due to the sale of the majority shareholding of the main shareholder Mutares SE & Co. KGaA to Adler Pelzer Group, which was completed on June 30, 2021, Mutares SE & Co. KGaA no longer to be classified as a related party in the future. Transactions until June 30, 2021, are as follows:

EUR million	H1 2021	H1 2020
Goods and services provided to		
Mutares SE & Co. KGaA	0.0	0.2
of which income for management services rendered		
Mutares SE & Co. KGaA	0.0	0.2

EUR million	H1 2021	H1 2020
Goods and services received from		
Mutares SE & Co. KGaA	0.3	0.9
subsidiaries and other investments of Mutares SE & Co. KGaA not belonging to the STS Group	0.0	0.0
of which expenses for management services received from		
Mutares SE & Co. KGaA	0.3	0.9
subsidiaries and other investments of Mutares SE & Co. KGaA not belonging to the STS Group	0.0	0.0

EUR million	June 30, 2021	December 31, 2020
Outstanding balances from		
Mutares SE & Co. KGaA	0.0	0.0
Commitments to		
Mutares SE & Co. KGaA	0.1	0.0
Loans received from		
Mutares SE & Co. KGaA	4.0	6.5
Collateral received from		
Mutares SE & Co. KGaA - jointly and severally	0.0	0.0

## Supervisory Board

The term of office of Dr. Wolf Cornelius, the previous Chairman of the Supervisory Board, expired at the end of the Annual General Meeting on July 23, 2021. He will be succeeded as Chairman of the Supervisory Board by Mr. Paolo Scudieri, who was elected at the same Annual General Meeting.

Also the term of office of Dr. Wolfgang Lichtenwalder, LL.M., as deputy Chairman of the Supervisory Board, also expired at the end of the Annual General Meeting on July 23, 2021. He will be succeeded by Mr. Pietro Lardini upon election at the same Annual General Meeting.

Mr. Bernd Maierhofer, resigned from his office as a member of the Supervisory Board in a letter dated June 2, 2021, with effect from the end of the Annual General Meeting on July 23, 2021. He was succeeded by Mr. Pietro Gaeta as the third member of the Supervisory Board.

## Board of Directors

Mr. Mathieu Purrey (CEO) resigned as a member of the Board of Management effective June 30, June 2021 as a member of the Management Board. Effective June 30, 2021, Mr. Andreas Becker (CEO) was appointed by the Supervisory Board as sole member of the Executive Board of STS Group AG.

## 14. AUDIT REVIEW

The interim group management report and the condensed interim consolidated financial statements have not been audited in accordance with section 317 HGB or reviewed by a person qualified to audit financial statements.

## 15. EVENTS AFTER THE BALANCE SHEET DATE

On July 23, 2021, STS Group AG held its Annual General Meeting virtually - due to the Corona pandemic Part of the agenda was the election of the new Supervisory Board. Paolo Scudieri, Pietro Lardini and Pietro Gaeta were elected as new members of the Supervisory Board. The Board thus continues to consist of three members, with Mr. Paolo Scudieri elected as Chairman and Pietro Lardini as deputy Chairman.

There were no other events after June 30, 2021, that would have to be reported in accordance with IAS 10.

## AFFIRMATION BY THE LEGALLY AUTHORIZED REPRESENTATIVE

To the best of my knowledge, and in accordance with the applicable reporting principles, the interim group management report gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group in the remaining months of the fiscal year.

Hallbergmoos, August 3, 2021

A handwritten signature in black ink, appearing to read 'A. Becker', written in a cursive style.

Andreas Becker (CEO)