Annual Report

2025

This is a translation of the German "Geschäftsbericht 2025", sole authoritative and universally valid version is the German language document.

STS Group

CONTENTS

AT A GLANCE

INCOME SITUATION

EUR Million	2025	2024
Revenues	292.0	311.1
Segment Plastics	241.4	247.9
Segment China	36.1	44.1
Segment Materials	32.0	34.5
Corporate/Consolidation	-17.5	-15.2
EBITDA	23.0	23.0

BALANCE SHEET RELATED KEY INDICATORS

EUR Million	2025	2024
Total Equity	42.9	45.1
Equity Ratio	18.9%	19.5%
Total Assets	226.5	230.8
Cash and cash equivalents	35.6	25.6
Net financial debt [1]	20.0	48.8

[1] Net financial debt = Bank borrowings + Loan liabilities + Lease liabilities + Loans from third parties - Cash and cash equivalents - Loans granted to related parties

In the 2025 financial year, the group generated revenue of EUR 292.0 million and an EBITDA margin of 7.9 %.

The decline in revenue was felt across all segments. The Plastics segment recorded a fall of 2.6 %, the China segment a decline of 18.1 % and the Materials segment a decline of 7.1 %.

COMPANY PROFILE

STS Group AG, www.sts.group (ISIN: DE000A1TNU68), is a leading systems supplier to the automotive industry. The group employs more than 1,400 people worldwide and generated revenue of EUR 292.0 million in the 2025 financial year. The STS Group ("STS") produces and develops plastic injection moulded parts and components made from composite materials (Sheet Moulding Compound – SMC), such as rigid and flexible vehicle and aerodynamic trim, complete interior systems, as well as lightweight and battery components for electric vehicles. STS is regarded as a technological leader in the manufacture of plastic injection-moulded parts and components made from composite materials. STS has a significant global footprint with plants on three continents. Its customer portfolio includes leading international manufacturers of commercial vehicles, passenger cars and electric vehicles.

1. REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

The 2025 financial year for the STS Group was characterised by a regional downturn in the truck markets due to increased economic uncertainty, driven largely by the protectionist tariff and trade policies of the USA. In this challenging environment, the STS Group nevertheless managed to hold its own to a large extent and meet its own expectations regarding revenue and earnings growth. Furthermore, the course was set for the future development of the STS Group, for example with the laying of the foundation stone for a new plant in Taixing, China, which is expected to be completed in 2026. The start of series production (SOP) is planned for 2027. In 2025, the Supervisory Board's activities focused in particular on the long-term and sustainable orientation of the STS Group.

Supervision and advice in continuous dialogue with the Management Board

In the 2025 financial year, the Supervisory Board of STS Group AG performed the advisory and supervisory duties incumbent upon it under the law, the Articles of Association, the Rules of Procedure and the German Corporate Governance Code with due diligence.

The Supervisory Board advised the Management Board on all key matters of corporate management and continuously supported and monitored the management and development of the company. In addition to the strategic direction, the Supervisory Board's advisory and monitoring duties in the 2025 financial year continued to focus in particular on supporting and assessing the challenges arising from the broader economic environment.

Within the framework of a close and trusting working relationship, the Management Board provided the Supervisory Board with regular, timely and comprehensive information – in writing, by telephone and in face-to-face meetings – regarding the company's situation and development, the principles of its business policy, its profitability and significant business transactions.

Even outside scheduled meetings, the Supervisory Board maintained regular and close contact with the Management Board and was involved at an early stage in consultations and decision-making processes regarding matters of fundamental importance.

The Management Board informed the Chairman of the Supervisory Board without delay of all significant events that were relevant to the assessment of the company's situation and development, as well as to corporate governance. The Chairman of the Supervisory Board informed the other members of the board comprehensively of the relevant facts at the latest during the next meeting.

Furthermore, the Executive Board kept the entire Supervisory Board continuously informed of all relevant developments and transactions requiring its approval. The Supervisory Board was involved in a timely and direct manner in all decisions of fundamental importance to the company, as well as in all matters in which it was required to be involved under the law, the Articles of Association or the Rules of Procedure.

In urgent cases, it was also possible to pass resolutions by written circular resolution to ensure that decisions were taken promptly.

On the basis of regular, timely and comprehensive reporting by the Executive Board, the Supervisory Board was at all times in a position to perform its supervisory and advisory duties properly. After careful consideration, the Supervisory Board is of the opinion that the Executive Board acted lawfully, properly and in the best interests of the company in every respect during the financial year.

Meetings and key topics of discussion in the Supervisory Board

In order to fulfil its duties, the Supervisory Board held a total of four meetings during the reporting year, which were conducted as video or telephone conferences.

All members of the Supervisory Board attended all meetings. In addition, outside of the scheduled meetings, the Supervisory Board passed resolutions on matters requiring approval by means of written circular resolutions in accordance with the relevant list provided by STS Group AG.

The attendance of members at meetings of the Supervisory Board and its committees is shown in individualised form in the table below:

Attendance of Supervisory Board members:

Attendance of Supervisory Board members

	Supervisory Board Meeting			Committee meeting		
	virtual / phone	Circulation	Participation in %	virtual / phone	Circulation	Participation in %
Paolo Scudieri *Chairman of the Supervisory Board*	4	4	100	-	2	100
Pietro Lardini *Deputy Chairman of the Supervisory Board*	4	4	100	-	2	100
Pietro Gaeta	4	4	100	-	2	100

The Management Board attended the Supervisory Board and committee meetings; however, the Supervisory Board also met regularly without the Management Board.

At the meetings, the Management Board reported, in accordance with Section 90(1), first sentence, nos. 1–3 of the German Stock Corporation Act (AktG), on the intended business policy, profitability and the course of business, including the market and competitive situation. These reports were thoroughly discussed and debated by the Supervisory Board.

In addition, the Management Board informed the Supervisory Board, in accordance with Section 90 (1), first sentence, no. 4 of the German Stock Corporation Act (AktG), of transactions that could be of material significance to the profitability or liquidity of the Company or the Group.

The regular topics of discussion at the full Supervisory Board meetings included finance and controlling, risk management and compliance, sales and marketing, production, quality management, human resources, research and development, and mergers and acquisitions.

In light of the imminent expiry of the Chairman of the Executive Board's three-year term of office, and in recognition of his successful work and the relationship of trust that has developed over recent years, the company's Supervisory Board unanimously decided in January 2025 to reappoint Mr Alberto Buniato as Chairman of the Executive Board for a further three-year term. Mr Alberto Buniato gave his consent and accepted the reappointment as the sole member of the Management Board of the company.

In the run-up to the Annual General Meeting on 28 August 2025, the Supervisory Board passed resolutions on the proposals regarding the appointment of the auditor and the auditor of the sustainability report for the 2025 financial year. In addition, the Supervisory Board discussed the strategic planning of the STS Group in detail. The discussions focused on current economic developments, potential acquisition and cooperation opportunities, and future market prospects.

As in previous years, another key focus of the Supervisory Board's work was the ongoing realisation of synergy effects between the international sites of STS Group AG and the Adler Pelzer Group. In this context, measures to improve cost structures at the individual sites were discussed and scrutinised in depth, particularly against the backdrop of the market environment, which remains challenging.

The Supervisory Board also examined in detail the effects of ongoing global uncertainties and subdued market developments, particularly in China. Construction of the new plant in Taixing is progressing according to plan. On 14 November, the Executive Board attended the ceremonial laying of the foundation stone. The company is confident that the new plant will be completed as planned in 2026. Part of the production capacity is to be used there for the manufacture of SMC components for electric vehicles.

Furthermore, the Supervisory Board received regular updates during the year on the progress of the US plant, which was completed at the end of 2023 and commenced series production last year. The focus in the reporting year was on further optimising series production processes and initiating new projects with existing and new customers.

In addition, the Supervisory Board regularly addressed the issue of ensuring the STS Group's liquidity as part of the necessary strategic measures and monitored the financial, earnings and liquidity forecasts of the company and its subsidiaries.

Finally, the Supervisory Board reviewed and discussed the financial planning for the 2026 financial year presented by the Management Board, as well as the medium-term planning for the company's future development.

Report on the work of the Audit Committee

The Audit Committee's primary task is to prepare the agenda items and proposed resolutions for the plenary meetings of the Supervisory Board.

The Audit Committee's key tasks include monitoring the accounting process, the effectiveness of the internal control, risk management and audit systems, and the statutory audit. In doing so, the Audit Committee focuses in particular on the selection and independence of the statutory auditor, the quality of the statutory audit, and the assessment of additional services provided by the statutory auditor.

Due to the size of the body, the Supervisory Board and the Audit Committee have identical membership. In the interests of good corporate governance, the Chairman of the Supervisory Board is not the same person as the Chairman of the Audit Committee.

There are currently no other committees of the Supervisory Board.

Corporate Governance and Declaration of Compliance

The implementation of the principles of the German Corporate Governance Code is an integral part of the work of the Supervisory Board of STS Group AG. In the financial year 2025, the Supervisory Board and the Management Board again dealt in detail with the recommendations and suggestions of the Code in the version dated 28 April 2022.

On this basis, the Supervisory Board adopted the Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act (AktG) by written resolution on 25 February 2025, which has been made permanently available to the Company's shareholders on the STS Group AG website.

In addition to the Declaration of Compliance, the Corporate Governance Statement pursuant to Section 289f of the German Commercial Code (HGB) and Section 315d in conjunction with Section 289f HGB is also published on the company's website and can be viewed there by shareholders.

No conflicts of interest arose among members of the Management Board or the Supervisory Board during the reporting period.

Audit of the annual and consolidated financial statements for the financial year 2025

Forvis Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Düsseldorf, was appointed as auditor of the annual and consolidated financial statements for the financial year from 1 January to 31 December 2025 by resolution of the Annual General Meeting on 28 August 2025 and commissioned accordingly by the Chairman of the Supervisory Board. Prior to the appointment, the Supervisory Board satisfied itself as to the auditor's independence.

The audit covered the annual financial statements of STS Group AG for the financial year 2025, prepared by the Management Board in accordance with the provisions of the German Commercial Code (HGB), the consolidated financial statements of the STS Group prepared in accordance with Section 315e HGB on the basis of International Financial Reporting Standards (IFRS), and the management report of STS Group AG, which was prepared in accordance with Sections 289a and 315a HGB, in compliance with statutory requirements, and combined with the consolidated management report of the STS Group.

Forvis Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft has issued an unqualified audit opinion on the annual financial statements, the consolidated financial statements and the combined group management report of the STS Group and STS Group AG.

The audit revealed that the Management Board of STS Group AG has appropriately implemented the measures required under Section 91(2) of the German Stock Corporation Act (AktG) to establish an early-warning system and an internal control system (ICS), and that these systems are suitable for identifying at an early stage any developments that could jeopardise the company's continued existence.

The auditor reported comprehensively to the Supervisory Board on the course and key findings of his audits and was available to the Board for further questions and discussions. He attended the Supervisory Board meeting to discuss the annual and consolidated financial statements, as well as the preparatory meeting for their adoption and approval on 15 April 2026.

The annual financial statements, the consolidated financial statements, the combined management report and group management report, the non-financial statement, the remuneration report, the independence report and the auditor's report on the audit were made available to all members of the Supervisory Board in good time prior to the financial statements meeting on 15 April 2026 for review and approval.

At this meeting, the Supervisory Board examined in detail the financial statements of STS Group AG and the STS Group, the combined group management report and the remuneration report. The meeting also included the discussion and review of the non-financial group report in accordance with Section 315b (1) of the German Commercial Code (HGB).

In addition, the Supervisory Board examined the independence report submitted by the Management Board, the accounting process, the risk management system, and the adequacy and effectiveness of the internal control systems. The board also addressed the maintenance of integrity in financial reporting.

Following a detailed discussion of the audit reports submitted by the auditor on the annual and consolidated financial statements as at 31 December 2025, the consolidated management report and the remuneration report, the Supervisory Board had no objections to raise. At its meeting on 15 April 2026, the Supervisory Board approved the annual financial statements of STS Group AG prepared by the Management Board, as well as the consolidated financial statements of the STS Group for the financial year 2025, including the combined management report and the consolidated management report. The 2025 annual financial statements are therefore deemed to have been adopted (Section 172 (1) of the German Stock Corporation Act (AktG)).

Report on Interdependence

At its meeting on 15 April 2026, the Supervisory Board reviewed the report of the Management Board of STS Group AG pursuant to Section 312 of the German Stock Corporation Act (AktG) on relations with affiliated companies for the financial year 2025 (Report on Relations with Affiliated Companies).

The report prepared by the Management Board on relations with affiliated companies in accordance with Section 312(1) of the German Stock Corporation Act (AktG) was also audited by Forvis Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Düsseldorf. The auditor issued the following unqualified audit opinion in accordance with Section 313(3) of the German Stock Corporation Act (AktG):

"Following our statutory audit and assessment, we confirm that

- the factual information in the report is correct,
- in the legal transactions listed in the report, the company's contribution was not unreasonably high or disadvantages have been offset."

The audit report on the independence report was submitted to the Supervisory Board in good time prior to its meeting to approve the financial statements. The auditor attended this meeting of the Supervisory Board, reported on the key findings of his audit and was available to answer any further questions from the Board.

The Supervisory Board has, for its part, carefully examined the Management Board's dependency report and the auditor's audit report and concurs with the findings of the auditor's audit. Following the final outcome of its own examination, the Supervisory Board has no objections to the Management Board's statement at the end of the dependency report and approves it in its entirety.

Dear Shareholders,

the efficiency measures introduced in recent years have led to a stabilisation of profitability within the STS Group. In the 2025 financial year, too, the consistent exploitation of synergies between the STS Group and the Adler Pelzer Group was further advanced. This forms the basis for a sustainable strengthening of competitiveness and a continuous optimisation of cost structures within the Group.

At the same time, this successful collaboration has enabled us to capitalise on market opportunities in a targeted manner and open up new growth prospects. Further geographical expansion – particularly in Europe, China and North America – remained a strategic focus in 2025. We are particularly pleased with the progress made on schedule in the construction of the new plant in Taixing, China, the foundation stone for which was laid in a ceremony in November 2025. Completion of the plant is expected before the end of 2026. The start of series production (SOP) is planned for 2027; part of the production capacity will in future be used for the manufacture of SMC components for electric vehicles. The ramp-up of the US site also proceeded according to plan, enabling initial sales successes to be achieved there during the reporting year.

Ongoing geopolitical tensions and global economic uncertainties continue to pose a significant challenge and are increasingly shaping day-to-day business operations. The Executive Board and Supervisory Board are aware of the importance of acting with foresight and risk awareness in this environment and will continue to guide the company with the necessary responsibility and diligence.

The Supervisory Board would like to express its thanks and appreciation to the Executive Board and to all employees of STS Group AG and its subsidiaries for the commitment, high level of personal dedication and achievements demonstrated in the 2025 financial year.

Hagen, 15 April 2026

On behalf of the Supervisory Board

Paolo Scudieri
Chairman of the Supervisory Board

2. SUMMARY MANAGEMENT REPORT

BASIC INFORMATION ABOUT THE GROUP

BUSINESS MODEL

The STS Group and its subsidiaries (collectively "STS Group") offer its customers a wide range of system solutions and components for vehicle interiors and exterior cladding. STS Group components enhance the visual appeal of vehicle design, contribute to the vehicle's aerodynamics and ensure significant weight reduction thanks to their lightweight construction. Thanks to its high level of vertical integration, the STS Group is able to manage the entire manufacturing process for each component, from concept to finished product. The Board of Directors sees a clear competitive advantage in being a one-stop-shop provider with many years of expertise. Production facilities and logistics are primarily designed for small and medium-sized production runs, as are typical for light to heavy commercial vehicles, but also for special models and electric mobility, or weight-optimised plastic solutions, which are increasingly common in the passenger car sector.

The STS Group's production facilities are located in close proximity to the respective customer plants, enabling collaboration to be organised more efficiently, flexibly and sustainably. Headquartered in Germany, the Group operates a global network across all key markets. At the end of the financial year, the STS Group had twelve plants in five countries across three continents.

The STS Group combines the manufacturing technologies of injection moulding and hot and cold compression moulding of composites. It manufactures the semi-finished products and composites itself and can therefore respond flexibly to customer-specific requirements.

OVERVIEW LOCATIONS

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

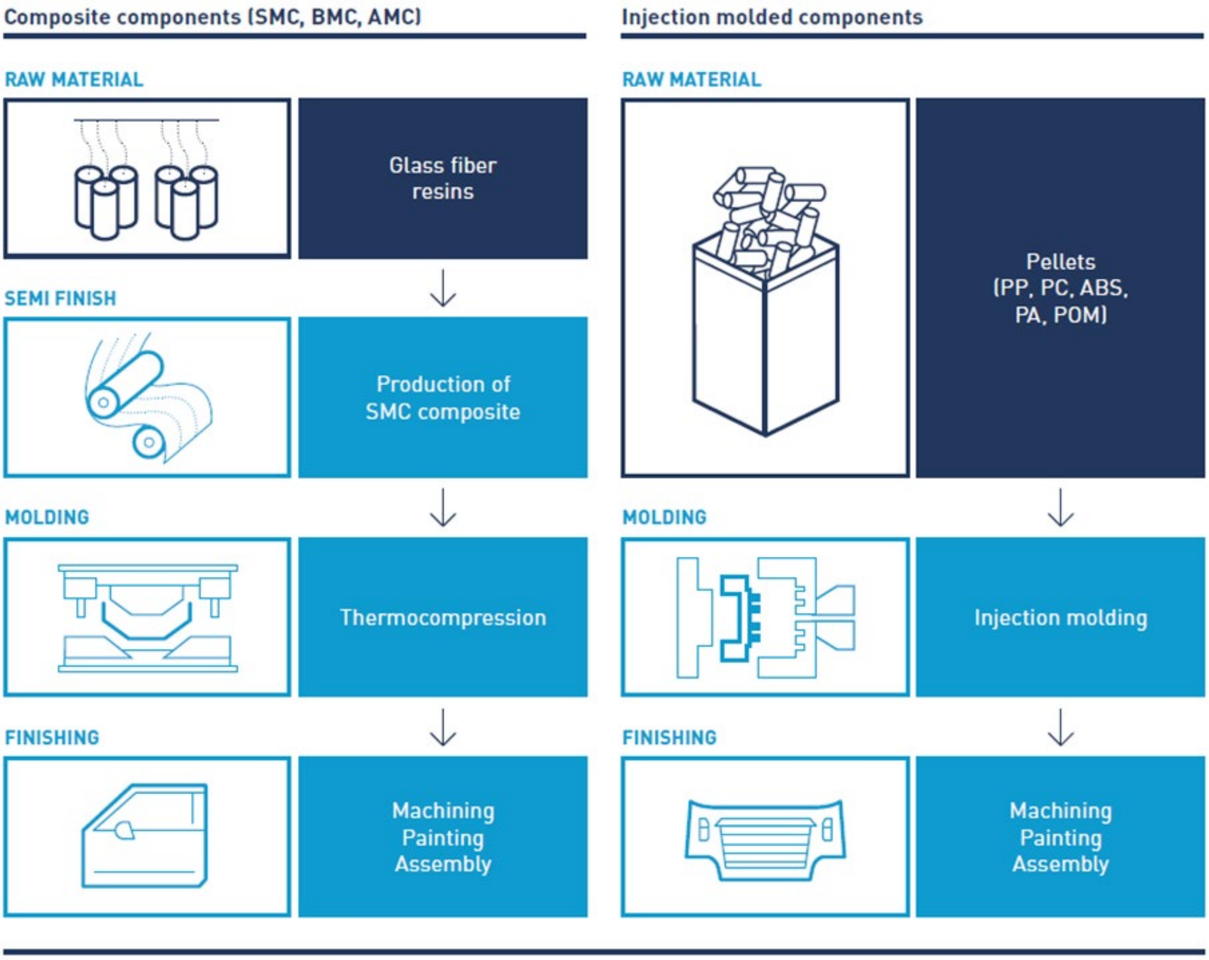
BUSINESS ACTIVITIES

The STS Group's business activities are managed partly by product type and partly by geographical location. This principle is reflected in the following segmentation of business activities:

Plastics: This segment manufactures a wide range of exterior body parts and interior modules for lorries, other commercial vehicles and passenger cars. It includes, in particular, hard-trim products made from injection-moulded and composite materials, such as SMC (Sheet Moulding Compound), a glass-fibre-reinforced thermosetting semi-finished product. Due to its positive properties – in particular its high stiffness and heat resistance – the material plays an important role in automotive production. It frequently replaces structural metal parts and makes a significant contribution to the covering of battery systems in electric vehicles. The Plastics segment has production facilities in Europe, Mexico and the USA. The sites in Mexico and the USA primarily supply customers in North America. Hard-trim systems are used in commercial vehicles, for example, for exterior parts (front modules, roof modules and other aerodynamic cladding) or interior modules (the 'bunk box' under the driver's bed and shelving elements), and in passenger cars for structural parts such as tailgates. In addition, the segment has its own facilities for the painting of plastics.

China: This segment brings together the STS Group's activities in the Chinese market. These include supplying customers with plastic parts for vehicle exterior trim, primarily for the cabs of commercial vehicles, but increasingly also for passenger cars. The product range includes solutions and components for commercial vehicles such as bumpers, front panels, deflectors, roofs, wings and running boards, as well as components for passenger cars, ranging from battery covers for electric vehicles to complex structural parts such as tailgates for SUVs. Both composite pressing processes and injection moulding technology, in particular the SMC process, are used. In addition, the segment has its own facilities for the painting of plastics.

Materials: This segment encompasses the development and production of semi-finished products (Sheet Moulding Compound – SMC), fibre moulding compounds (Bulk Moulding Compound – BMC) and advanced fibre moulding compounds (Advanced Moulding Compound – AMC). The semi-finished products are used both within the STS Group for hard trim applications and supplied to external customers. Even during the development of these base materials, it is possible to specifically influence key parameters of the subsequent end products.



In December 2016, the Group acquired the commercial vehicle business of the French automotive supplier Mecaplast France SAS (now Novares France), thereby entering the hard trim business. With the acquisition of the commercial vehicle supplier business of the Plastic Omnium Group in June 2017, STS significantly expanded its product portfolio to include composite semi-finished products and components made from composite materials for exterior parts for truck cabs and light commercial vehicles, as well as structural parts for passenger cars (tailgate). In the fourth quarter of 2018, the Group established a new headquarters in Wuxi for the Chinese market, which also centralises local development activities. In April 2019, STS opened its third production facility in China, located in Shiyan. The Group also has a presence in Qingdao and Jiangyin. As part of its growth strategy for North America, the STS Group opened its first production site in the USA in March 2023, in the city of Salem in the US state of Virginia. The first prototypes rolled off the production line in 2023, and series production was ramped up in the second half of 2024. The plant is operated as a separate company, STS Group North America Inc., a subsidiary of the STS Group and part of the BU Plastic division, and supplies the truck assembly lines of one of the major commercial vehicle manufacturers as well as other truck and car plants throughout the Midwestern and Southeastern United States. On 14 November 2025, the foundation stone was laid for a new plant in Taixing, China, which is expected to be completed in 2026. The start of series production (SOP) is planned for 2027.

The STS Group is pursuing the strategic goal of further expanding its range of promising lightweight solutions for commercial and electric vehicles. As the majority shareholder, the Adler Pelzer Group has laid a solid foundation with[1] to strengthen the STS Group's position as a system supplier in the automotive industry, even in these continuing challenging times. As at 31 December 2025, the Adler Pelzer Group holds 74.42 % of the shares in STS Group AG.

[1] The term '**Adler Pelzer Group**' refers to Adler Pelzer Holding GmbH and all its subsidiaries.

GROUP STRATEGY AND MANAGEMENT

GOALS AND STRATEGY

The STS Group is a supplier of components and systems for the commercial vehicle and automotive industries. The aim is to expand this position. The focus is on composite components and injection moulding, from the initial idea through to the finished product. The corporate strategy continues to focus on the future markets of lightweight components and e-mobility.

STS products are designed to make vehicles fit for the future by making significant contributions to weight reduction and thus to the reduction of CO_2emissions. Furthermore, STS products enhance the look, feel and functionality of vehicles.

The STS Group's growth strategy is based, on the one hand, on process optimisation through increased automation of manufacturing processes, and, on the other hand, on addressing technological trends such as autonomous driving and e-mobility. Furthermore, the Group supports customers in the commercial vehicle sector in the development of more CO_2-efficient and innovative trucks.

To strengthen its competitive position and ensure sustainable profitability, the Group focuses on four strategic pillars: 'Market Leadership', 'Technology Leadership', 'Customer Focus' and 'Operational Excellence'.

MANAGEMENT SYSTEM

All business units and subsidiaries report monthly on their earnings, financial and asset position, which is incorporated into the company's half-yearly and annual reports. In addition, the business divisions provide a monthly assessment of current and projected business performance, and the divisional heads present monthly variance analyses on specific operational key figures (including productivity, absence rates and scrap) to the Executive Board.

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

- Regular Executive Board and Supervisory Board meetings
- Regular shareholders' meetings at the subsidiaries
- Risk and opportunity management
- Liquidity planning
- Management Reporting

FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

The key financial performance indicators for the STS Group include, in particular, revenue and earnings before interest, taxes, depreciation and amortisation (EBITDA). For STS Group AG, as the parent company, revenue from management services and the net profit for the year are key financial performance indicators.

EBITDA is used to measure and assess operational performance. The reconciliation of EBITDA to profit before tax is as follows:

EUR Million	2025	2024
EBITDA Group	**23.0**	**23.0**
Depreciation and amortization expenses	-17.7	-15.5
Earnings before interest and income taxes (EBIT)	**5.3**	**7.5**
Interest and similar income	0.4	0.5
Interest and similar expenses	-6.9	-7.6
Finance result	-6.5	-7.1
Earnings before income taxes	**-1.2**	**0.4**

There are no significant non-financial performance indicators for the STS Group that are used for internal management purposes or are relevant to remuneration.

EMPLOYEES

The employees at the STS Group are a key factor in the achievement of corporate objectives. The Group promotes a respectful, non-discriminatory and performance-oriented corporate culture with a focus on areas such as professional and personal development, target-setting systems, the promotion of diversity and equal opportunities, as well as regular feedback meetings as supportive measures to boost motivation and long-term employee retention.

The health and safety of employees at the STS Group is an essential component of our corporate policy. Our occupational health and safety management system is certified to ISO 45001. Key elements such as systematic risk assessments, preventive safety measures, safety briefings, accident analyses and continuous improvement processes are part of our daily business operations. Accident-related absenteeism, rising insurance premiums, and liability and reputational risks pose economic risks to the organisation in addition to the human impact. The STS Group's objective is the sustainable prevention of workplace accidents and the promotion of a company-wide safety culture.

The STS Group complies with all applicable labour law provisions, co-determination regulations and social security requirements in the countries where we operate. Our management systems are integrated into a single approach. In addition to environmental and occupational health and safety management, we operate a certified quality management system in accordance with IATF 16949. This ensures, for example, process-oriented control, risk-based thinking, high product and process quality, continuous improvement and the fulfilment of customer-specific requirements.

Compliance with all local, national and international legal requirements is a binding component of our corporate governance and includes, amongst other things, internal guidelines and a code of conduct, as well as internal and external audits. Integrity, transparency and responsible conduct form the basis of our governance structure.

Sustainability aspects, particularly with regard to working conditions, occupational safety and staff development, are regularly assessed and incorporated into the Group-wide risk management system.

The STS Group's operational activities have a direct impact on, amongst other things, employment relationships, working time models, remuneration structures and social security. There are certainly risks associated with staff turnover, loss of productivity, a shortage of skilled workers and potentially rising recruitment costs. However, opportunities arise through long-term employee retention, fair working conditions, stable teams and the safeguarding of expertise. Measures such as further training, career development and employee engagement have a direct impact on employee satisfaction and motivation.

Equal opportunities and non-discriminatory working conditions have a direct impact on the working environment and corporate culture. Incidents of discrimination can also lead to legal risks, reputational damage and productivity losses. Diversity and mutual respect, on the other hand, strengthen the working atmosphere and are also a positive factor for employee motivation. The STS Group therefore stands behind the principle of equal treatment of employees regardless of, for example, gender, origin, religion, age or other protected characteristics. The Group complies with existing labour law, social law and safety-related legal requirements in all countries where we operate. This includes aspects such as co-determination rights, occupational health and safety laws, anti-discrimination regulations, etc. Compliance with the law is an integral part of our Code of Conduct.

In line with the requirements of the Corporate Sustainability Reporting Directive, we will continue to improve our reporting on our HR-related ESG structures. STS Group strives to establish sustainable working conditions that ensure the health, safety, motivation and long-term retention of our employees, whilst also safeguarding their competitiveness.

As at 31 December 2025, a total of 1,431 people (2024: 1,402) were employed across the Group.

RESEARCH AND DEVELOPMENT

Innovative products are a cornerstone of the STS Group's strategy and are intended to contribute to the achievement of the medium-term goals of profitable and sustainable growth. The STS Group's strategy is to utilise the available resources of the development centres to successfully implement innovation programmes.

Our three research and development centres in France and China continue to pool their expertise and leverage synergies. Finite element analyses and thermoplastic rheology are carried out in-house by the Chinese development centre in Wuxi, whilst the rheology for SMC composites is developed by the French team. This strengthens the STS Group's simulation capabilities. SMC rheology simulation is used to increase the efficiency of material, tool and process development.

These R&D activities have enabled further projects to be realised for the development of new product lines:

- Further development of SMC formulations with sustainable material components. In the 2025 reporting year, several development series were carried out to integrate recycled calcium carbonate ($CaCO_3$) as well as bio-based resin and LPA components. This resulted in the development of an SMC formulation containing 25 % recycled $CaCO_3$ and 15% bio-based resin components, which is also suitable for Class A components.

- Development of an automated process for positioning screw inserts in the inner area of the front panel. With the aid of a specially developed tool design and corresponding process parameters, the inserts can be integrated reliably. The process was successfully completed in the 2025 financial year and is now in series production.

- Recycling of SMC parts at the end of their service life

    - Integration of 10% recycled material from painted SMC components into new automotive components, including Class A components.
      Status: Successfully implemented

    - Integration of 10% recycled material from painted and bonded SMC components into new automotive components, including Class A components.

      Compared to components that are simply painted, the inclusion of bonded components places greater demands on processing and material separation. Validation took place as part of a proof of concept (PoC) in 2025.
      Status: Successfully implemented

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

- Recycling of SMC parts at the end of their service life
  - Integration of 25 % recycled material from painted and bonded SMC components into new structural components (new parts).
- Further development of the IMC (In-Mould Coating) process for applying a thin resin layer to SMC surfaces using large-format mould plates. The aim is to improve surface quality after painting. The transition to series production is currently still under development.

Our vertical integration – material development takes place in-house – enables us to quickly turn ideas into opportunities. The expertise of the research and development team, our well-equipped development centres and prototyping facilities enable us to offer innovative and reliable solutions based on these new opportunities.

At the end of the year, 38 employees (compared with 45 in 2024) were employed at the STS Group's research and development centres worldwide.

During the reporting period, research and development costs amounted to EUR 5.2 million (2024: EUR 5.4 million). Non-capitalised research and development costs, at EUR 1.4 million, were significantly below the previous year's level (2024: EUR 3.4 million). During the reporting period, development costs amounting to EUR 3.8 million (31 December 2024: EUR 2.0 million) were capitalised as intangible assets under development. This means that 73.1 % of total research and development costs were capitalised.

MANAGEMENT REPORT

GENERAL ECONOMIC AND INDUSTRY-SPECIFIC FRAMEWORK CONDITIONS

GENERAL ECONOMIC DEVELOPMENTS

GLOBAL ECONOMY MORE RESILIENT THAN EXPECTED

According to the Kiel Institute for the World Economy (IfW), the global economy proved more resilient than initially feared, despite the increased economic uncertainty caused by protectionist US tariff policies. Significant growth momentum stemmed in particular from the ongoing boom in AI (artificial intelligence) technology. Monetary and fiscal policy measures, such as rising defence spending in response to the new global political landscape, were also frequently expansionary in nature. Both the European Central Bank and the US Federal Reserve are continuing their monetary easing. However, lending rates have so far shown little reaction to these measures, meaning that the positive effects have been limited to date. Against this backdrop, global trade expanded unexpectedly strongly. However, the negative effects expected from US tariffs were only felt to a limited extent and are likely to only begin to fully impact global trade and the manufacturing sector in the course of 2026. Following a very strong start to the year, partly driven by pull-forward effects in anticipation of the US tariff announcements, economic momentum did, however, weaken somewhat, particularly in Europe, Japan and the emerging markets. According to the IfW, global output grew by 3.4 % again, as in the previous year.[2]

UNRESOLVED STRUCTURAL PROBLEMS HAMPER GROWTH IN CHINA

Although the Chinese government has prioritised strengthening domestic demand as a growth driver for the domestic economy in its new five-year plan, in light of the trade conflicts with the US and the EU, the structural weaknesses of recent years persisted into 2025. These include, among other things, the unresolved property crisis, significant uncertainty among consumers and businesses, unfavourable demographic trends, and major debt problems faced by many local governments. Consequently, indicators here too pointed to a slowdown in growth in the fourth quarter. According to the IfW's Winter Forecast 2025, gross domestic product growth stood at 5.0 %, on a par with the previous year.[3]

ACCELERATED GROWTH IN THE EURO AREA

Growth in the eurozone accelerated in 2025. The main driver of growth was the services sector, which was able to offset the continuing weakness in the manufacturing sector. Private

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[2] https://www.kielinstitut.de/de/publikationen/weltwirtschaft-im-fruehjahr-2026-nahostkonflikt-stoert-wirtschaftliche-aktivitaet-19571/

[3] https://www.kielinstitut.de/de/publikationen/weltwirtschaft-im-fruehjahr-2026-nahostkonflikt-stoert-wirtschaftliche-aktivitaet-19571/

consumption and capital expenditure on equipment, which benefited from government support programmes, performed well. By contrast, the trade balance had a negative impact, as exports were held back by the appreciation of the euro and US tariffs. More robust growth in the eurozone was hampered in particular by the German economy, which continued to lag significantly behind the average of the other eurozone countries.[4]

Overall, the IfW expects gross domestic product within the currency union to rise by 1.5 % in 2025, following an increase of 0.9 % in 2024.[5] Consumer prices rose by an average of 2.1 % in 2025. This meant that the inflation rate was close to the European Central Bank's target of 2.0 %.[6] The unemployment rate averaged 6.3 % in 2025.[7]

FOREIGN TRADE HAMPERS GROWTH IN FRANCE

In 2025, the French economy benefited in particular from strong domestic demand and changes in inventories. Against the backdrop of international trade conflicts, foreign trade made a negative contribution. Domestically, both government consumption expenditure and investment activity showed a clearly positive trend. Private consumption, by contrast, grew at a much weaker rate than in the previous year. Overall, the French economy thus achieved GDP growth of 0.9 %, compared with 1.1 % in the previous year.[8]

MINIMAL GROWTH FOR THE GERMAN ECONOMY

Although the German economy benefited greatly from brought-forward exports in the first half of the year, largely due to the turmoil surrounding US tariffs, it largely stagnated again in the second half of the year. This was largely due to the ongoing crisis in the manufacturing sector resulting from the German economy's reduced competitiveness. This was also accompanied by significant job losses in 2025. According to initial estimates by the Federal Statistical Office, the German economy thus achieved a total growth rate of just 0.2 % in 2025. This was characterised by pressures on the export sector resulting from higher US tariffs, the appreciation of the euro and increased competition from China, as well as persistent weakness in investment activity.[9]

MEXICO'S ECONOMY SUFFERS FROM US TARIFFS

According to GTAI (Germany Trade & Invest), the Mexican economy was severely impacted by the new US tariffs in 2025. As a result, economic growth is said to have slowed significantly compared with the same period the previous year, standing at just 0.5 %. The main factors behind this were a base tariff of 25 % on all goods, except those traded under the USMCA, as well as additional tariffs on motor vehicles and vehicle parts, and various steel, aluminium and

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[4] https://www.kielinstitut.de/de/publikationen/weltwirtschaft-im-fruehjahr-2026-nahostkonflikt-stoert-wirtschaftliche-aktivitaet-19571/
[5] https://www.kielinstitut.de/de/publikationen/weltwirtschaft-im-fruehjahr-2026-nahostkonflikt-stoert-wirtschaftliche-aktivitaet-19571/
[6] https://www.kielinstitut.de/de/publikationen/weltwirtschaft-im-fruehjahr-2026-nahostkonflikt-stoert-wirtschaftliche-aktivitaet-19571/
[7] https://www.kielinstitut.de/de/publikationen/weltwirtschaft-im-fruehjahr-2026-nahostkonflikt-stoert-wirtschaftliche-aktivitaet-19571/
[8] https://www.insee.fr/en/statistiques/8885987
[9] https://www.destatis.de/DE/Presse/Pressemitteilungen/2026/01/PD26_017_811.html

copper products. It was not until 2024 that Mexico had risen to become the US's most important trading partner. However, as 80 % of Mexican exports go to the US, these tariffs have had a significantly negative impact on the economy, which even contracted slightly in the third quarter of 2025. Uncertainty over future trade relations weighed particularly heavily on investment activity, but also led to caution in private consumption.[10] Mexico continues to play a key role in the commercial vehicle sector. Despite a significant decline in production, the country remained one of the largest producers of heavy goods vehicles in 2025[11] , underlining its importance for the industry and the STS Group.

SLOWING GROWTH IN THE US ECONOMY

Growth in the US economy slowed in 2025. Although the impact of US tariff policy on the domestic population has so far been limited, a slowdown in the labour market also dampened growth in private consumption, which is crucial to the economy. The longest shutdown in US history also had a negative impact towards the end of the year. Investment benefited from the AI boom, whilst construction investment was clearly on the decline. Overall, US gross domestic product thus grew by 2.2 %[12] compared with 2.8 % in the previous year. The unemployment rate rose to 4.3 % and private consumer spending recorded an increase of 2.7 %[13] . Government spending, by contrast, rose only to a much lesser extent.[14]

10 https://www.gtai.de/de/trade/mexiko-wirtschaft/wirtschaftsausblick

11 https://oica.net/production-statistics/

12 https://www.kielinstitut.de/de/publikationen/weltwirtschaft-im-fruehjahr-2026-nahostkonflikt-stoert-wirtschaftliche-aktivitaet-19571/

13 https://www.kielinstitut.de/de/publikationen/weltwirtschaft-im-fruehjahr-2026-nahostkonflikt-stoert-wirtschaftliche-aktivitaet-19571/

14 https://www.kielinstitut.de/de/publikationen/weltwirtschaft-im-fruehjahr-2026-nahostkonflikt-stoert-wirtschaftliche-aktivitaet-19571/

INDUSTRY DEVELOPMENTS

S&P Global Mobility significantly lowered its market outlook for medium and heavy-duty trucks in May 2025. Among the key influencing factors were the rise in protectionist trade policies and geopolitical tensions, which are weakening economic growth and jeopardising the functioning of global supply chains. The implementation of stricter emissions standards also plays a key role in investment decisions regarding truck fleets.[15] Ultimately, this pessimistic outlook has not been fully realised, which is attributable in particular to a strong recovery in the Chinese truck market following the increased scrappage and replacement incentives for trucks.[16] According to information from the data analysis and consultancy firm GlobalData, global production of medium and heavy-duty lorries rose from 2.98 million to 3.07 million units in 2025. This represents an increase of 3.1 %. For the EU, the data shows slight growth of 0.5 %, from approximately 381,000 units to just under 383,000 units. In Germany, production increased significantly, with growth of 30.6 %. This is primarily due to increased demand in the reporting year, as well as a base effect resulting from weaker production figures in the previous year. France, by contrast, recorded a decline of 13.6 %. Production figures in China showed a sharp rise of 26.3 %. In absolute terms, this amounted to 1.29 million units compared with 1.02 million units in the previous year.[17] However, the high-end market targeted by the STS Group in China was in decline, contrary to the general market trend. The market for high-end lorries is dominated by premium manufacturers who focus on technological innovation, high reliability, driver comfort and, increasingly, e-mobility. Leading brands in this segment include Volvo Trucks, Mercedes-Benz, Scania, MAN and DAF.[18] In the USA, production figures fell significantly. There was a 27.3 % decline from approximately 450,000 units to just over 327,000 units, which is attributable to the sharp rise in economic uncertainty resulting from tariff and trade policies. A similar picture emerges in Mexico, which has become closely linked to the US economy due to the nearshoring trend of recent years and has also been hit hard by US tariffs. Here, production fell by 26.3 % from just under 153,000 units to just over 112,000 units.[19]

Increased economic uncertainty and economic weakness may lead to a decline in demand for trucks due to lower freight volumes and unclear future prospects in our sales markets, as has largely been reflected in the production figures. Logistics companies had to take the changed conditions in the freight business into account in their investment decisions and acted more cautiously as a result of the increased uncertainties. The STS Group was unable to benefit from the economic boom in China, as the company operates exclusively in the high-quality high-end segment due to its own pricing structures, a segment which developed in the opposite direction to the overall market.

Consequently, the STS Group assesses the general and sector-specific economic environment in the 2025 financial year as challenging overall.

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15 https://www.spglobal.com/automotive-insights/en/blogs/2025/05/commercial-vehicle-forecast-cut-2025-tariffs-economy

16 https://www.spglobal.com/ratings/en/regulatory/article/heavy-duty-trucks-are-on-a-slow-road-to-recovery-s101662294

17 GlobalData, Global Commercial Vehicle Forecast, Quarter 4, 2025

18 Company's own estimate; official data on the high-end market is not available

19 GlobalData, Global Commercial Vehicle Forecast, Quarter 4, 2025

BUSINESS PERFORMANCE

Against the backdrop of heightened economic uncertainty caused by the US's protectionist tariff and trade policies, the STS Group recorded numerous declines in production across its sales markets, which had a negative impact on revenue and earnings performance in the 2025 financial year.

The US plant, which has been operating at full capacity since the start of the year, made a continuous contribution to production output in the Plastics segment, as planned. However, available capacity could not yet be fully utilised, as customer volumes were not yet being fully utilised – due to general market uncertainties in the US as well as the development of US tariffs. During the reporting period, the Plastics segment benefited from both a favourable product mix and newly launched projects in Europe, enabling the decline in revenue to be kept relatively modest and thus contributing significantly to the stabilisation of the Group's business performance. In doing so, the Group succeeded in largely offsetting the tooling revenue generated in the previous year with series production revenue. In contrast, demand in China's high-end commercial vehicle segment – which the STS Group serves with its products – actually declined, bucking the positive trend of the overall market. Nevertheless, China remains an important market for the STS Group, a fact underscored by further investments in future growth. On 14 November 2025, the management took part in the ground-breaking ceremony for a new plant in Taixing, which is scheduled for completion in 2026. The plant is being built by companies within the Adler Pelzer Group and is set to be integrated into the STS Group's production and supply structure in future. The start of series production (SOP) is planned for 2027 and is expected to further strengthen the STS Group's market position in the Chinese commercial vehicle market. In the Materials segment, external demand was lower, although internal deliveries increased due to higher production in Europe.

As expected, consolidated revenue in the 2025 financial year was below the previous year's level. Total revenue amounted to EUR 292.0 million (2024: EUR 311.1 million). The EBITDA margin stood at 7.9 %, which was actually higher than the previous year's level of 7,4 % . This corresponds to an unchanged EBITDA of EUR 23.0 million. From the Executive Board's perspective, this means that the annual forecast of consolidated revenue at roughly the same level as the revenue from the 2024 financial year, adjusted for one-off effects (one-off fixed-cost compensation) (2024: around EUR 300 million), a stable EBITDA margin in the high single-digit percentage range, and EBITDA roughly at the previous year's level. In the challenging global economic environment of 2025, the STS Group has thus held its own overall. The continuing challenging market environment is also reflected in the Group's net profit, which improved only slightly to EUR -0.5 million in the reporting year (2024: EUR -0.6 million) thanks to lower financial expenses and a tax credit.

CONSOLIDATED INCOME, FINANCIAL AND ASSET POSITION

FINANCIAL PERFORMANCE

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

In the 2025 financial year – against a backdrop of persistently challenging conditions and increasing geopolitical and economic conflicts – the Group's earnings performance was characterised by regional declines in demand for commercial vehicles resulting from protectionist trade policies. The STS Group has long-term customer contracts with OEMs, which provide a steady order book. However, call-off volumes are not contractually fixed and are therefore subject to fluctuations.

Revenue and earnings for the STS Group's segments for the 2025 reporting year compared with the previous year are as follows:

EUR million	2025	2024	Delta	Delta %
Revenue	292.0	311.1	-19.1	-6.1%
Segment Plastics	241.4	247.9	-6.5	-2.6%
Segment China	36.1	44.1	-8.0	-18.1%
Segment Materials	32.0	34.5	-2.4	-7.1%
Corporate/Consolidation	-17.5	-15.2	-2.2	14.6%
EBITDA	23.0	23.0	0.0	0.1%
Segment Plastics	17.9	15.7	2.2	14.1%
Segment China	4.2	6.3	-2.0	-32.2%
Segment Materials	2.2	2.2	0.0	1.5%
Corporate/Consolidation	-1.4	-1.2	-0.2	17.6%
EBITDA (in % of revenue)	7.9%	7.4%		

Revenue fell by 6.1 % to EUR 292.0 million in the reporting period (2024: EUR 311.1 million). The previous year's revenue included a one-off high fixed-cost compensation of EUR 9.7 million; without this, the previous year's revenue would have amounted to EUR 301.5 million; adjusted for this, the decline was only 3.2 %. The decline in revenue was felt across all segments but was significantly influenced by the China segment. The decline in revenue in the Materials segment was attributable to falling production figures resulting from the general economic weakness. In the Plastics segment, the decline in revenue is primarily attributable to lower tooling revenue and the exceptionally high compensation for fixed costs in the previous year, which was largely offset by the increase in series production business. The China segment, which operates mainly in the field of SMC products for heavy-duty high-end lorries, was unable to benefit from the general economic upturn in the Chinese market, as the heavy-duty high-end lorry segment performed negatively in contrast to the overall market.

The change in inventories of finished and work-in-progress products amounted to EUR +9.0 million in the financial year (2024: EUR -15.4 million) and is mainly attributable to the development of customer tools for new projects, particularly in the Plastics segment. The reduction in inventories in the previous year, in turn, is primarily attributable to the realisation of revenue from customer tools.

Other income amounted to EUR 6.5 million, compared with EUR 9.3 million in the previous year. This primarily includes capitalised development costs of EUR 3.8 million (2024: EUR 2.0 million). The expansion of the product portfolio with innovative new developments is reflected in both other income and other expenses. Other expenses include research and development costs of EUR 1.4 million (2024: EUR 3.4 million).

Costs of materials decreased both in absolute and relative terms in line with the decline in revenue during the reporting period. This is mainly attributable to the decline in revenue in China; furthermore, material costs in the previous year were influenced by the disposal of the tooling business. Expenses for raw materials, consumables and supplies fell from the previous year's figure of EUR -157,7 million to EUR -141.6 million in the past financial year. In total, cost of materials amounted to EUR -163.1 million (2024: EUR -181.4 million). This corresponds to a cost of materials ratio of 55.9 %, down from 58.3 % in the previous year.

Personnel expenses in the 2025 financial year developed in a significantly opposite direction to revenue, rising by 17.4 % to EUR -75.5 million (2024: EUR -64.3 million). This is mainly attributable to the start-up of series production in the USA, as well as the sharp increase in series business in Europe and the resulting increase in staffing levels.

In total, other expenses increased by EUR -9.6 million to EUR -46.0 million and stood at 15.8% of revenue, compared with 11.7 % in the previous year. This is primarily due to higher sales and marketing expenses, which relate mainly to higher transport costs associated with the increase in series production business in Europe. Furthermore, additions to provisions for bad debts rose by EUR 1.3 million (2025: EUR -2.2 million; 2024: EUR -0.9 million). Maintenance and repair expenses rose by EUR 2.5 million, from EUR -9.0 million to EUR -11.5 million, primarily due to the US plant. In contrast, research and development expenses decreased by EUR -2,0 million (2025 : EUR -1,4 million; 2024: EUR -3,4 million), and premises costs, which increased by EUR 0.3 million (2025: EUR -1.7 million; 2024: EUR -1.4 million). Fees and contributions also fell by EUR 1.9 million (2025: EUR -0.1 million; 2024: EUR -2,0 million).

Earnings before interest, taxes, depreciation and amortisation (EBITDA) remained at the previous year's level of EUR 23.0 million in the 2025 financial year (2024: EUR 23.0 million).

Depreciation and amortisation increased to EUR 17.7 million in the 2025 financial year (2024: EUR 15.5 million). Depreciation on property, plant and equipment amounted to EUR 13.3 million (2024: EUR 11.8 million), of which EUR 4.2 million related to capitalised rights of use (2024: EUR

4.6 million). Depreciation and amortisation of intangible assets amounted to EUR 4.4 million (2024: EUR 3.7 million), of which EUR 0.2 million related to capitalised rights of use (2024: EUR 0.3 million).

This resulted in earnings before interest and taxes (EBIT) of EUR 5.3 million (2024: EUR 7.5 million).

The financial result improved to EUR -6.5 million compared with the previous year's figure of EUR -7.1 million. This is attributable in particular to lower interest expenses for factoring.

The Group reports a consolidated net loss of EUR 0.5 million for the 2025 financial year (2024: EUR 0.6 million).

Basic and diluted earnings per share amounted to EUR -0.08 (2024: EUR -0.09).

PROFIT PERFORMANCE BY SEGMENT

PLASTICS SEGMENT

The Plastics segment recorded a 2.6 % decline in revenue to EUR 241.4 million. The decline in revenue is primarily attributable to lower tooling revenue for new projects, as well as the extraordinary fixed-cost compensation recognised in the previous year, which was largely offset in the financial year by the newly launched series production business. In the 2025 financial year, the European operations in particular, but also those in Mexico and the US, had a stabilising effect on revenue development. The company succeeded in largely offsetting the tooling revenue achieved in the previous year through series production revenue, although the US plant's capacity could not yet be fully utilised due to the general market weakness. Despite the weaker revenue performance, the segment's earnings improved further, with the European plants making a significant contribution in particular. In addition, the US plant made a positive contribution to EBITDA for the first time. EBITDA rose to EUR 17.9 million in the financial year, up from EUR 15.7 million in the prior-year period.

CHINA SEGMENT

China is a key core market, although the STS Group focuses primarily on the high-end truck segment. Consequently, the STS Group was unable to benefit from the temporary boom in the Chinese truck market driven by government incentives in the 2025 financial year, as the high-end segment contracted in contrast to the overall market. Revenue for the China segment amounted to EUR 36.1 million in the 2025 financial year (2024: EUR 44.1 million) and is attributable to the aforementioned market development. This decline in revenue was also reflected on the earnings side, where EBITDA for the 2025 financial year, at EUR 4.2 million, was also below the previous year's figure (2024: EUR 6.3 million).

MATERIALS SEGMENT

The Materials segment was also affected by the declining commercial vehicle markets in the 2025 financial year. Revenue fell by EUR 2.4 million, or 7.1 %, to EUR 32.0 million in the 2025 financial year (2024: EUR 34.5 million). EBITDA remained at the previous year's level in the reporting year at EUR 2.2 million (2024: EUR 2.2 million).

FINANCIAL POSITION

PRINCIPLES AND OBJECTIVES OF FINANCIAL MANAGEMENT AND DIVIDEND POLICY

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

No distribution from retained earnings is planned for the 2025 financial year. Against the backdrop of the STS Group's strategic development, in particular the further expansion of international business activities with a focus on the Chinese market and the strengthening of the company's financial base, the available funds are to remain within the company.
The company intends to use future profits primarily to finance further growth.

The Group has loans and credit facilities with both fixed and variable interest rates. The variable-rate loans are based on 1-, 3- and 6-month EURIBOR plus a margin. Liabilities to banks decreased to EUR 16.3 million (2024: EUR 25.3 million). No loan covenants were breached in the 2025 reporting year (2024: none).

There were no significant changes in loan terms and conditions in the reporting year compared with the previous year.

As at the balance sheet date, the available credit facilities were fully utilised.

CAPITAL STRUCTURE

The STS Group's **capital structure** consists primarily of equity and interest-bearing financial liabilities. Equity comprises, in particular, subscribed capital of EUR 6.5 million, capital reserves of EUR 5.4 million and retained earnings of EUR 32.4 million. Other components include other reserves, particularly arising from currency translation effects, and treasury shares.

Mainly due to the negative consolidated net profit and the dividend payment for the 2024 financial year, **equity** decreased from EUR 45.0 million to EUR 42.9 million as at the balance sheet date. Relative to the slightly lower total assets, this corresponds to an equity ratio of 18.9 %, down from 19.5 % in the previous year.

CASH FLOW

EUR Million	2025	2024
Net cash flow from operating activities	41.5	7.1
Net cash flow from investing activities	-5.9	-15.6
Net cash flow from financing activities	-24.6	-4.6
Effect of currency translation on cash and cash equivalents	-1.1	-0.6
Net change of cash and cash equivalents	10.0	-13.7

In the 2025 financial year, the STS Group generated a positive **net cash flow from operating activities** of EUR 41.5 million (2024: EUR 7.1 million). The significant improvement compared with the previous year is primarily attributable to the more favourable development of other debts and liabilities (EUR -0.8 million vs. EUR -29.0 million in 2024) as well as to changes in net working capital (EUR 18.8 million vs. EUR 11.2 million in 2024). Net working capital was negatively impacted by the increase in inventories (EUR -7.2 million vs. EUR 37.6 million in 2024). Cash flow from net working capital was positively affected by the increase in contract liabilities (EUR 10.8 million vs. EUR -20.5 million in 2024) and changes in trade receivables and other receivables (EUR 8.6 million vs. EUR -7.6 million in 2024).

Cash flow from investing activities amounted to EUR -5.9 million in the 2025 financial year (2024: EUR -16.0 million). Following the completion of the US plant and investments in new projects in Europe that began in the previous year, capital expenditure on property, plant and equipment was significantly lower. This amounted to EUR 4.0 million in the past financial year, compared with EUR 11.8 million in the previous year. Investments in intangible assets amounted to EUR 4.8 million, compared with EUR 2.9 million in the previous year. At segment level, investments in property, plant and equipment and intangible assets in the Plastics segment fell from EUR 12.8 million to EUR 5.8 million and mainly related to assets under construction. Investments in the China segment, by contrast, rose from EUR 1.7 million to EUR 2.9 million and resulted primarily from investments in plant and equipment. As in the previous year, no significant investments were made in the Materials segment. In addition, loans granted to associated companies during the financial year were partially repaid. The cash inflow from the repayment of loans granted to related parties amounted to EUR 2.4 million (in the previous year, loans to related parties were disbursed in the amount of EUR 2.3 million).

Cash outflows from **financing activities** amounted to EUR 24.6 million in the 2025 financial year (2024: cash outflow of EUR 4.6 million). In this context, borrowings of EUR 1.8 million (2024: EUR 2.9 million) in the financial year were lower than the scheduled repayment of credit facilities amounting to EUR 4.3 million (2024: EUR 5.7 million). Cash inflows from loans from related parties amounted to EUR 0.5 million (2024: EUR 9.2 million). EUR 13.5 million was paid out for loans from related parties (2024: EUR 0.0 million) to repay the loans. Interest paid decreased from EUR 6,1 million in the previous year to EUR 4.6 million in the financial year.

CASH AND CASH EQUIVALENTS

The balance of freely available cash and cash equivalents amounted to EUR 35.6 million as at 31 December 2025 (31 December 2024: EUR 25.6 million) and consisted primarily of bank balances.

NET FINANCIAL DEBT

The Group's net financial debt[1]fell significantly by EUR 28.8 million to EUR 20.0 million as at 31 December 2025 (31 December 2024: EUR 48.8 million). The EUR 10.0 million increase in cash and cash equivalents as at 31 December 2025 had a positive effect. The repayment of bank loans amounting to EUR 9.0 million and loans from related parties amounting to EUR 14.6 million also contributed to the reduction in net debt. This was offset by a decrease of EUR 2.6 million in loans to related parties, an increase of EUR 1.0 million in lease liabilities, and a rise of EUR 1.0 million in other loans.

[1] Net financial debt = Bank liabilities + Loan liabilities + lease liabilities + loans from third parties – cash and cash equivalents – loans granted to related parties

From a Group perspective, the liquidity position was stronger than in the previous year. This was due to the normalisation of operating cash flow, which in previous years had been characterised by shifts in cash flows from the realisation of tool sales, particularly in relation to the new plant in the USA, as well as reduced capital expenditure, which was also influenced by the start-up of the US plant and new customer projects in Europe. Consequently, the level of freely available cash and cash equivalents increased compared with the previous year. Where individual companies required support due to the heterogeneous business development, this was and will be provided to an appropriate extent either within the Group or by the majority shareholder (we refer to the explanations regarding financial risks in our risk report). During the financial year, the loans provided by the Adler Pelzer Group were partially repaid. The Management Board considers the level of equity to be sufficient.

FINANCIAL POSITION

EUR Million	2025	2024
Non-current assets	106.9	116.2
Current assets	119.6	114.6
Total Assets	**226.5**	**230.8**
Total Equity	42.9	45.0
Non-current liabilities	46.8	62.6
Current liabilities	136.8	123.2
Total equity and liabilities	**226.5**	**230.8**

The **balance sheet total** decreased from EUR 230.8 million to EUR 226.5 million as at 31 December 2025.

Non-current assets amounted to EUR 106.9 million as at 31 December 2025. This represents a decrease of EUR 9.3 million compared with the previous year. This is primarily attributable to the reduction in property, plant and equipment, which fell by EUR 5.7 million to EUR 84.2 million (2024: EUR 89.9 million) due to lower capital expenditure, straight-line depreciation and exchange rate movements. Intangible assets also fell during the reporting period. They decreased by EUR 3.1 million to EUR 15.5 million (2024: EUR 18.6 million).

The increase in **current assets** is primarily attributable to higher inventories (2025: EUR 29.2 million; 2024: EUR 22.9 million). The increase in cash and cash equivalents from EUR 25.6 million to EUR 35.6 million largely corresponds to the decrease in trade receivables from EUR 47.1 million to EUR 36.4 million. In total, current assets increased by EUR 5.0 million to EUR 119.6 million.

Non-current liabilities decreased from EUR 62.6 million to EUR 46.8 million, which is primarily attributable to the reduction in loan liabilities, both to banks and to related parties.

Current liabilities increased from EUR 123.2 million to EUR 136,8 million. This is mainly attributable to contractual liabilities relating to tools for new customer projects, as well as higher trade payables, which largely correspond to the increase in inventories.

OVERALL STATEMENT BY THE EXECUTIVE BOARD ON THE ECONOMIC SITUATION

The 2025 financial year was marked by ongoing geopolitical tensions, increased economic uncertainty and weakness resulting from trade tensions, as well as declining commercial vehicle markets in certain regions. Major central banks such as the US Federal Reserve and the European Central Bank have further eased their monetary policy. However, these measures are barely noticeable, particularly in the case of long-term financing. Europe faces a variety of challenges, such as the consequences of the ongoing war in Ukraine and the effects of protectionist trade policies. The latter have also shaped the operating environment for the commercial vehicle market and, due to increased uncertainty, led to regional declines in production. The Chinese market experienced a subsidy-driven boom, from which the STS Group was unable to benefit, however, due to its focus on the 'high-end market', as this developed in the opposite direction to the overall market.

China remained a key core market in the 2025 financial year. However, as the boom in the lorry market took place below the high-end market segment targeted by STS and consequently channelled fleet managers' investment activities accordingly, the China business performed comparatively weakly in the past financial year, both in terms of turnover and earnings performance. The importance of the Chinese market for the STS Group is also underlined by further investments in future growth. On 14 November 2025, management attended the ground-breaking ceremony for a new plant in Taixing, which is scheduled to commence operations in the 2026 financial year. The market position there will continue to be expanded through an active R&D policy, as China continues to show a long-term growth trend – both in the economy as a whole and for the STS Group. With the successful ramp-up of series production in the USA, the STS Group is also well-positioned for expansion in the North American market, although this market suffered significantly from protectionist US customs and trade policies in the past financial year, meaning that the STS Group was also unable to utilise its capacities in the USA to full capacity.

As a result, profitability in the Plastics segment developed positively overall; from an operational perspective (i.e. adjusted for the previous year's fixed-cost compensation), it was able to maintain stable revenue, partly due to a positive trend in the European sales market. The cost-cutting measures implemented with a sense of proportion in the past continued to pay off here. The Materials segment performed in line with the weaker sales markets.

The STS Group's EBITDA for the 2025 financial year stood at EUR 23.0 million, on a par with the previous year. The EBITDA margin for the 2025 reporting year improved further compared with the previous year to 7.9 % (2024: 7.4 %).

The Group's financial position has improved further; financial liabilities were significantly reduced, whilst cash and cash equivalents rose noticeably, enabling net financial debt to be significantly reduced as well. The strong operating cash flow contributed to this in particular.

The STS Group's net assets also remained stable overall in the 2025 financial year. Total assets decreased slightly, whilst the equity ratio remained at a stable level of around 19 %.

Against this backdrop, the Board of Directors is satisfied with the overall business performance.

OPPORTUNITIES AND RISKS REPORT

RISK MANAGEMENT SYSTEM

Risk management, as the entirety of all organisational regulations and measures for the early identification of risks and the appropriate handling of the risks associated with our business activities, plays an important role in our business model. The Executive Board has established an early risk detection system to ensure that developments which could potentially jeopardise the company's continued existence are identified, monitored and managed at an early stage, without having to forego business opportunities. All critical business developments and liability risks are subjected to rigorous scrutiny and reported regularly in the reviews of the subsidiaries as well as at Executive Board and Supervisory Board meetings. The Executive Board monitors the business performance of the subsidiaries in regular reviews and is kept informed of the revenue, earnings and liquidity position of all segments via the reporting system in place. The STS Group maintains adequate financial resources to enable it to respond flexibly and appropriately when necessary.

In risk assessment, a distinction is made between gross and net assessment. Measures already taken can mitigate the gross risk both in terms of the monetary impact and in terms of the likelihood of the risk occurring. The net risk then represents the amount of loss and the probability of occurrence, taking into account the loss-mitigating measures already initiated up to the reporting date. Within the framework of risk management, only risks are considered that, measured by their impact on EBIT, exceed a threshold of EUR 0.1 million net and EUR 1 million gross. The risks must be assessed according to their financial impact (extent of loss) and their probability of occurrence. When assessing the monetary impact, a distinction is made between four categories: very low, low, medium and high. The assessment is based on the extent of the loss relative to a single year. The probability of occurrence is assessed on a percentage scale and divided into four categories: unlikely, possible, probable and very probable. The combination of extent of loss and probability of occurrence defines the risk class, which is classified as low, medium or high in terms of its impact on the company's net assets, financial position and results of operations. The latter is derived from the key performance indicator EBIT. Risks are classified into the respective risk classes using the risk matrix.

RISK MATRIX

The identified risks must be actively managed by the designated 'risk owner' in order to achieve the risk mitigation targeted by the company. All risks for which no suitable countermeasures can be taken are to be classified as business risks. The management of risks that have a low impact on the STS Group is the responsibility of the management with operational responsibility. Current risks are reported to the Executive Board on a regular basis. Within the scope of its respective area of responsibility, the Executive Board is responsible for establishing the system and bears overall responsibility for the process. Furthermore, the Executive Board ensures the implementation of any necessary measures and monitors their ongoing implementation.

Internal control and risk management system within the accounting process

The internal control and risk management system has an appropriate structure and processes that are defined accordingly. It is designed to ensure the timely, consistent and accurate accounting recording of all business processes and transactions. For the consolidation of the subsidiaries included in the consolidated financial statements, the internal control system ensures compliance with statutory standards, accounting regulations and internal accounting instructions. Changes to these are continuously analysed for their relevance and impact on the consolidated financial statements and taken into account accordingly. For the monthly, quarterly and annual preparation of the consolidated financial statements, the STS Group provides a schedule for the subsidiaries. For the half-yearly and annual financial statements, instructions are sent to the subsidiaries and supplementary data/information is requested that is necessary for all relevant matters concerning the content, processes and deadlines for the preparation of the financial statements. A group-wide chart of accounts and uniform accounting policies are used for the consolidation of the STS Group. Appropriate consolidation software is utilised for this purpose. Within the framework of group accounting, there is close communication between the operating units and the central department. In the 2025 financial year, the STS Group was fully integrated into the Adler Pelzer Group's consolidation software. This enabled further synergies to be exploited and increased the level of standardisation and automation in the consolidation process. The preparation of monthly and quarterly reporting packages now takes place within the framework of a group-wide harmonised system. The Group headquarters also receives substantive support for its activities from Adler Pelzer Holding GmbH, and external experts are regularly called upon for assistance. In addition to defined controls, system-based and manual reconciliation processes, the separation of executive and control functions, and compliance with guidelines and work instructions are essential components of the internal control system. Quality assurance regarding the financial data included in the Group is carried out centrally on a monthly or quarterly basis by the central department through analyses and plausibility checks.

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

Financial risk management

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

RISK REPORT

MACROECONOMIC RISKS

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

The global economy continues to show little momentum. Ongoing geopolitical conflicts, economic and trade tensions – in particular the US's protectionist tariff and trade policies – as well as structural problems are weighing on growth prospects in many countries. Monetary easing has in many cases already progressed significantly and is nearing its end, meaning that no major growth impetus is to be expected from this. Geopolitical conflicts, such as the ongoing war in Ukraine, the US attack on Venezuela at the start of 2026, or the recent war waged by the US and Israel against Iran, as well as extreme weather events, could trigger new supply chain problems or price shocks in the energy and commodities markets and reignite inflation. Tensions between China and Taiwan regarding Taiwanese independence policy remain high. In the event of a military conflict, numerous industrial sectors would have to find alternative sources of supply, for example for semiconductors from Taiwan. US tariff policy, which is also used as a lever to achieve other political objectives, could further exacerbate existing trade tensions and have a negative impact on global trade and price trends. This also poses a major risk to Germany's export-oriented economy. Reduced trade activity is accompanied by weaker demand for logistics capacity, which in turn could have a negative impact on investment in the global truck fleet. Measures targeting individual countries could also specifically affect STS Group production sites, such as Mexico, thereby creating significant competitive disadvantages for STS Group customers and, consequently, for the STS Group itself. There is also a risk that the Chinese economy will perform more weakly in the longer term due to the still unresolved crisis in its property sector, a general crisis of confidence and the high levels of debt held by many regional governments. The risks mentioned above could lead to the global economy performing more weakly than anticipated. As a result of adverse economic and political developments in the key regional markets in which the STS Group operates or in which its customers use its products, a decline in demand could arise, which would have a negative impact on business operations.

Compared with the previous year, the overall economic risk situation has worsened slightly, particularly as a result of increasing trade tensions and ongoing geopolitical conflicts. However, the fundamental risk assessment remains unchanged:

The Executive Board continues to assess the extent of potential damage as moderate, the probability of occurrence as possible, and thus its impact on the STS Group's net assets, financial position and results of operations as moderate.

INDUSTRY-SPECIFIC RISKS

Sector-specific risks relate to potential threats and uncertainties that may affect specific sectors or industries. These risks may be triggered by specific factors such as technological change, market saturation, competition, regulation, supply and demand dynamics, as well as external influences such as fluctuations in commodity prices or geopolitical developments. Appropriate analysis and management of these risks can be crucial to strengthening the competitive position and securing long-term success.

In the automotive sector, further cost increases may arise due to price rises for raw materials and components. This is likely to be the case particularly if supply chain challenges, for example as a result of geopolitical and trade policy conflicts, intensify once again. Furthermore, energy and logistics costs may also rise significantly and have a negative impact on the cost situation. The intensifying protectionist tendencies and trade conflicts worldwide also pose a risk. There is a danger that cars, as well as components and raw materials, will be subject to additional or rising tariffs. This, in turn, could lead to a decline in demand for automotive products and have an overall negative impact on the sector. The STS Group addresses the tariff risk through a local-to-local strategy, whereby regional markets are served by plants in the respective countries. However, there is little scope for action against a general decline in demand.

Compared with the previous year, the assessment of industry-wide risks has not changed significantly overall. The Executive Board continues to assess the extent of potential damage as moderate with a possible probability of occurrence, meaning that the impact on the STS Group's net assets, financial position and results of operations remains moderate.

OTHER RISKS

Under 'Further Risks', individual risks of the STS Group that are directly attributable to internal business activities and decisions are presented. These risks can be diverse, ranging from operational challenges such as production downtime or supply chain disruptions to financial risks such as payment defaults or unexpected cost increases. Thorough analysis and proactive management of the individual risks are crucial to ensuring the stability, resilience and long-term competitiveness of the STS Group.

Long-term contracts

The STS Group enters into long-term agreements (LTAs) with its customers. In the course of these activities, obligations or commitments are entered into which must be fulfilled over an extended period or which may not be met as a result of unforeseen events. In retrospect, these activities may prove to be disadvantageous and have a negative impact on the financial position and results of operations.

Compared with the previous year, the assessment of this risk has not changed significantly. The Executive Board continues to assess the extent of potential loss as low, the probability of occurrence as very likely, and the impact on the financial position, cash flow and profitability as therefore still moderate.

Dependence on major customers

The STS Group is dependent on a limited number of major customers and its relationships with them. A change in business relationships, in particular due to project delays, volume adjustments or the loss of individual orders, could have a negative impact on the STS Group's business activities as well as its net assets, financial position and results of operations. Management is proactively engaged in discussions with truck manufacturers to acquire new projects and further diversify the customer base.

Compared with the previous year, the assessment of this risk has not changed significantly. The Management Board continues to assess the extent of potential loss as very low to low, the probability of occurrence as unlikely, and the impact on the financial position, results of operations and cash flow as therefore still low.

Environmental protection legislation

In the 2025 financial year, relevant climate-related physical and transitional risks were identified as part of a climate risk analysis. The analysis served to further develop and deepen an initial assessment of climate risks carried out in 2024 and was conducted in accordance with the requirements of the EU Taxonomy Regulation and ESRS E1 and ESRS 2. Climate-related risks were assessed for key system elements at the sites, in particular buildings and warehouses, machinery and equipment, water and energy supply, the workforce, and the local or regional accessibility of the sites. As part of the climate risk analysis, relevant climate hazards were first screened, and subsequently exposure and vulnerability were mapped on a site-by-site basis across defined system elements. To quantify the climate-related risks identified as relevant and for their strategic evaluation, the results of the climate risk analysis were analysed with internal stakeholders of the STS Group on a country-by-country basis, taking into account protective measures already implemented, and classified according to the risk classes of the risk management system. In doing so, in addition to the time horizons, the relevance and extent of the risks in the respective positions within the value chain were also taken into account. Only those risks classified as material in this assessment will be integrated into the Group's risk inventory in the 2026 financial year as part of the update and further development of the Group-wide risk management system.

The physical risks identified include, in particular, forest fires, which primarily affect the French production sites, as well as frost in Mexico, which is set to occur even more frequently in future due to a lack of measures to cope with prolonged periods of frost. In addition, risks associated with the transition to a climate-neutral economy have been identified. These relate in particular to infrastructural adjustments and technical facilities. Regulatory developments and market shifts are emerging as key drivers in the short to medium term: the STS Group's production and manufacturing sites are subject to varying national environmental regulations. Changes to the legal framework or stricter regulatory requirements may necessitate additional investments or adjustments to production processes.

Compared with the previous year, the assessment of this risk has increased slightly. This is due in particular to the in-depth climate risk analysis carried out in the 2025 financial year, in which specific physical and transitional climate risks for individual STS Group sites were identified and assessed for the first time.

The Executive Board assesses the extent of the potential loss as moderate, the likelihood of occurrence as possible, and the overall impact on the company's net assets, financial position and results of operations as moderate.

Supply chain bottlenecks

General disruptions in the automotive and lorry supply chain could have a negative impact on the STS Group's business, even if the STS Group itself is not subject to any supply bottlenecks from its suppliers. Should the STS Group's suppliers no longer be able to supply the raw materials or components required for the STS Group's business operations, this could adversely affect the STS Group's business operations. In addition, even short-term production stoppages at OEMs can lead to a disruption in production. This may be attributable primarily to supply bottlenecks at OEMs, e.g. in connection with the semiconductor crisis, or to temporary lockdowns similar to those caused by Covid-19.

Compared with the previous year, the assessment of this risk has not changed significantly. The Management Board assesses the extent of potential damage as very low, the probability of occurrence as very unlikely and its impact on the Group's net assets, financial position and results of operations as low.

New technologies

The STS Group is dependent on its ability to adapt to changing technologies and new trends and to continue developing new products. If the STS Group fails in future to introduce new products for the automotive and lorry industries, it could lose its competitiveness and market share.

The assessment of this risk has not changed significantly compared with the previous year. The Management Board assesses the extent of potential damage as very low, the probability of occurrence as possible, and its impact on the Group's net assets, financial position and results of operations as therefore low.

Product liability claims

The STS Group may be subject to product liability claims and claims relating to specific performance or defects in its products, which may result in claims for damages or other claims. Furthermore, the STS Group also manufactures its products in accordance with customer specifications and performance and quality requirements. If products are not delivered on time or do not meet the agreed specifications, the STS Group may face substantial contractual penalties and rework costs.

Compared with the previous year, the assessment of this risk has not changed significantly. The Management Board assesses the extent of potential losses as very low, the probability of occurrence as possible, and its impact on the Group's net assets, financial position and results of operations as low.

System and network disruptions

The STS Group relies on complex IT systems and networks which may become vulnerable to damage, disruptions or cyber attacks due to increased hacking activity or fraud. Although the STS Group has taken precautions to manage its risks in connection with system and network disruptions, security breaches or similar events, this could lead to a prolonged unforeseen interruption of its systems or networks, thereby hindering normal business operations and also resulting in the loss of customer data and know-how, which could have a material adverse effect on its business and reputation.

Compared with the previous year, the assessment of this risk has not changed significantly. The Management Board assesses the extent of potential damage as very low, the probability of occurrence as possible, and its impact on the company's net assets, financial position and results of operations as low.

Financial risks

Financial risks can always arise from business activities. The management of the STS Group monitors and manages the financial risks associated with the STS Group's business divisions using internal risk reporting, which analyses risks by degree and extent. These risks include credit, liquidity and market risks (currency and interest rate risks). Derivative financial instruments are not currently used. In addition, there are guidelines for managing currency, interest rate and credit risks. Furthermore, basic rules have been established for the execution of non-derivative financial transactions and for the investment of surplus liquidity. The STS Group does not enter into or trade financial instruments for speculative purposes. Liquidity management is coordinated at Group level, particularly with regard to financing decisions, intra-Group liquidity management and the monitoring of financing structures and corresponding covenants. To optimise and manage the Company's liquidity position, the STS Group also utilises factoring transactions. In order to make active use of this control instrument, regular credit assessments are obtained for the STS Group's debtors and credit limits are set. The adequate liquidity provision of the subsidiaries – in particular the subsidiaries in France – is also monitored as part of the investment controlling provided by the Adler Pelzer Group. STS Group AG is ultimately subject to the financing risk arising from its dependence on further financing from the majority shareholder or via the subsidiaries (through management fees and dividends). Dividend distributions by subsidiaries are made taking into account the respective financing requirements and the Group's liquidity situation. Liquidity planning also takes into account intra-group investment and financing requirements, particularly in connection with the development and financing of the Taixing site. In addition, short-term loans are provided by the majority shareholder where necessary to counteract short-term liquidity bottlenecks.

Furthermore, there are credit and default risks associated with individual customers. Payment defaults or delays by major debtors could have a negative impact on the STS Group's liquidity position. To mitigate these risks, credit checks are carried out, credit limits are monitored, and existing security mechanisms are regularly reviewed.

As at the balance sheet date, the Management Board therefore assesses the extent of potential losses as low, the probability of occurrence as likely, and their impact on the Group's financial position, results of operations and cash flow as moderate.

During the reporting year, additional site-specific risks were identified and integrated into the risk management system. These additional risks result primarily from a more granular assessment of existing risk areas and were evaluated taking appropriate countermeasures into account. Overall, there were no significant structural changes in the overall risk profile with regard to the extent of loss and probability of occurrence compared with the previous year.

OPPORTUNITIES REPORT

Looking ahead to the coming twelve months, the Executive Board sees the following opportunities for the economic development of the STS Group.

MACROECONOMIC OPPORTUNITIES

Currently, the International Monetary Fund (IMF) anticipates continued subdued growth in the global economy for 2026. However, the global economy could also develop in a more sustainable and dynamic manner than assumed. The economy could be further stimulated by investment in artificial intelligence (AI) and ultimately translate into sustainable growth if a faster roll-out of AI leads to significant productivity gains and increased business dynamism.

The economy could also be supported by a continued easing of trade disputes. Measures to promote stability and sustainably improve medium-term growth prospects require a consistent focus on rebuilding financial buffers, maintaining price and financial stability, reducing uncertainties and the prompt implementation of structural reforms.[20]

SECTOR-SPECIFIC OPPORTUNITIES

The trend towards zero-emission commercial vehicles is gaining momentum

The automotive industry is undergoing a multi-faceted transformation. This concerns, on the one hand, increasing digitalisation through to autonomous driving and, on the other hand, the shift away from fossil fuels towards zero-emission propulsion technologies. The latter also presents opportunities for the STS Group.

Governments worldwide must drive forward the electrification of lorry fleets if they are to meet their climate targets. Although medium and heavy lorries account for just under 4 % of global vehicle sales, they are responsible for nearly 40 % of CO_2emissions caused by road traffic. China, in particular, has positioned itself as a global pioneer in the electrification of truck fleets.[21] Electrification has become a decisive factor throughout the entire value chain. Even in markets where adoption is progressing slowly, OEMs and operators are already making long-term decisions regarding product portfolios, charging infrastructure and total cost of ownership.[22]

Technological advances in electromobility and the anticipated investments are likely to open up new opportunities and avenues for value creation and profit generation not only for vehicle manufacturers but also for their suppliers. In addition to the use of electric powertrains, weight-reduction technologies in particular are making a significant contribution to reducing emissions from commercial vehicles. With its products and innovations for reducing emissions in commercial vehicles, the STS Group is therefore a potential beneficiary of developments in the industry.

Furthermore, the global commercial vehicle market is likely to develop differently across regions. In mature markets such as North America and Europe, where fleet managers had postponed their investments due to economic uncertainty and increased financing costs, replacement demand is now emerging once again. At the same time, regional economic cycles remain out of sync: China is set to return to normal following a subsidy-driven economic boom.[23]

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20 https://www.imf.org/en/publications/weo/issues/2026/01/19/world-economic-outlook-update-january-2026

21 https://www.spglobal.com/automotive-insights/en/blogs/2026/01/reinventing-the-truck-energy-transition-in-trucking

22 https://www.spglobal.com/automotive-insights/en/blogs/2026/02/commercial-vehicle-market-outlook-sees-steady-gains

23 https://www.spglobal.com/automotive-insights/en/blogs/2026/02/commercial-vehicle-market-outlook-sees-steady-gains

FURTHER OPPORTUNITIES

We are actively and continuously seeking new opportunities to acquire new customers and retain existing ones, thereby driving sales growth. The further expansion of the product portfolio and growth in emerging regions present medium- and long-term growth opportunities for the STS Group.

Shaping technology trends

The STS Group's return to a growth trajectory depends above all on its ability to keep pace with new technology trends such as autonomous driving and e-mobility, and to develop and bring the appropriate solutions to market. Furthermore, the STS Group expects that the trend towards autonomous driving will require an adaptation of its product range to meet the specific requirements of electronic and electrical devices. Demand in the STS Group's key target markets is increasingly influenced by a number of trends, in particular the trends towards emissions reduction and the growing focus on e-mobility, which are driven primarily by the emissions targets required in various regions of the world. The STS Group is responding to these trends by offering materials that enable the manufacture of lightweight products, which reduce the overall weight of vehicles and thus lead to lower emissions whilst simultaneously reducing product costs for structural components compared to metal products.

Competitive advantage

The STS Group sees the combination of thermoset and thermoplastic technologies within the STS Plastics segment as a key competitive advantage. This enables the company to meet diverse market requirements using different materials and manufacturing technologies, and to combine both technologies into comprehensive system solutions where appropriate.

Variable batch sizes

The STS Group can scale its batch sizes to meet the individual needs of its customers. The STS Group has the advantage that, thanks to the technologies it employs, such as composite materials, it can produce both small and large batch sizes for its customers. This enables the STS Group to cater to a broad spectrum of customers for all its products, thereby distinguishing itself from larger suppliers of car and lorry parts, who focus solely on serving customers with large-scale production orders and are consequently exposed to economic downturns if such major customers reduce the number of car and lorry parts they purchase.

Broad market positioning

The STS Group has a strong, globally integrated base in its key markets, from which it can generate further international growth. The STS Group operates 14 sites across five countries on three continents, with major sites in the key regional markets of Europe, China and North America. These facilities are strategically located near or integrated with the assembly plants of its major OEM customers, enabling the STS Group to offer the services and products its customers require in a timely and cost-effective manner through the use of local staff who are qualified to operate such facilities and attuned to the needs of local customers. Furthermore, the STS Group can grow organically with its key customers and better respond to the changing needs of its international customers, as it understands their situation due to its proximity and its understanding of their business.

Major contracts

STS Group AG plans to continue tapping into the North American market with the new plant to be built in the USA in 2023. This will enable the STS Group to build on the second-largest commercial vehicle market in the world, alongside the Chinese and European markets, and gain market share there. The long-nose trucks established there represent very significant revenue potential per vehicle for STS products. Furthermore, the STS Group can draw on the customer relationships already established in Europe and use these to its advantage to secure further projects in the USA.

Agility

The company has a lean organisational structure with direct reporting to the Executive Board. This enables the company to act swiftly and respond immediately to trends or challenges.

Long-standing customer relationships

Long-standing customer relationships averaging more than 20 years (Europe > 20 years, China > 10 years and USA > 10 years) support a strong position in a highly competitive market environment, underpinned by a substantial order book. Furthermore, the STS Group's experienced management team can monetise its long-standing OEM relationships by leveraging strong customer relationships to create cross-selling opportunities.

Alliance with the Adler Pelzer Group

With the Adler Pelzer Group's acquisition of a majority stake in STS Group AG, the company can count on a strategic majority shareholder with a global presence and in-depth knowledge of the automotive industry. The alliance with the Adler Pelzer Group presents opportunities, particularly in the strategic realignment of activities within the automotive industry. By pooling economic activities within the STS-Adler Pelzer alliance, synergies on the procurement side can be exploited, whilst new and existing markets can be tapped into and expanded.

OVERALL STATEMENT BY THE EXECUTIVE BOARD ON OPPORTUNITIES AND RISKS

In the opinion of the Executive Board, the STS Group's risk and opportunity profile has not changed significantly overall in the past financial year.

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

The analysis for the reporting year did not reveal any risks, either as at the balance sheet date or at the time of preparing the consolidated financial statements, which, individually or collectively, would jeopardise the continued existence of the Company or the Group. In the Executive Board's assessment, no risks that could jeopardise the Group's continued existence are foreseeable in the foreseeable future.

Taking into account the significant opportunities, the STS Group's overall risk profile presents a situation of risks and opportunities to which the risk-mitigating measures and the Group strategy are appropriately aligned.

FORECAST REPORT

OVERALL ECONOMIC OUTLOOK

GLOBAL GROWTH DYNAMICS REMAIN MODEST

Global economic growth is expected to slow slightly in 2026. Uncertainty regarding geopolitical and trade policy conflicts remains high. The US attack on Venezuela, the claim to control over Greenland and the war waged by the US and Israel against Iran are just a few recent examples of new potential conflicts. Moreover, President Trump repeatedly uses tariffs as a means of pressure to push through his agenda, meaning that even with regard to the tariff rates now in place, there is only limited certainty. However, even at current levels, the sustained increase in tariffs is likely to have an increasing impact on global trade and the manufacturing sector. Monetary policy stimulus is likely to remain limited, as key interest rates have in many cases already been cut significantly. Positive developments could stem from private consumption, for instance, given rising real wages. Furthermore, investment activity is likely to continue to benefit from the ongoing AI boom. According to the IfW's forecast, global growth will slow to 3.1 % in 2026. A slight improvement to 3.2 % is currently expected in 2027, meaning that the global economic environment will remain subdued overall. As regards inflation rates, the IfW anticipates a further decline in the longer term. From a global inflation rate of 4.7 % in 2025, the rate is expected to rise initially to 5.5 % in 2026, driven by Latin America and India, before falling to 3.9 % in 2027.[24]

CONFLICTS AND STRUCTURAL PROBLEMS WEIGH ON THE CHINESE ECONOMY

In view of the increased uncertainty in international relations, for example in the form of trade conflicts with the US and the EU, the Chinese government is placing a strategic focus on strengthening domestic demand. However, this is hampered by unresolved structural problems such as the property crisis that has persisted for years, low consumer and business confidence, demographic trends and, in some cases, high levels of debt. Furthermore, the overcapacity built up in recent years is likely to slow down investment activity. Against this backdrop, the IfW forecasts a slowdown in growth to 4.7 % for 2026.[25] A growth rate of 4.6 % is expected for 2027.[26]

GROWTH IN THE EURO AREA STABLE BUT LACKING MOMENTUM

According to the IfW forecast, growth in the eurozone is likely to remain relatively stable in the coming years, but will not, on the whole, show strong momentum. Despite some positive effects, such as rising government spending on infrastructure projects, structural weaknesses in particular play a significant role. Strong momentum in the services sector is offset by a persistent weakness in the manufacturing sector. The increased US tariffs are also contributing to this. After the German economy had long been a drag on the eurozone, stronger momentum

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24 https://www.kielinstitut.de/de/publikationen/weltwirtschaft-im-fruehjahr-2026-nahostkonflikt-stoert-wirtschaftliche-aktivitaet-19571/

25 https://www.kielinstitut.de/de/publikationen/weltwirtschaft-im-fruehjahr-2026-nahostkonflikt-stoert-wirtschaftliche-aktivitaet-19571/

26 https://www.kielinstitut.de/de/publikationen/weltwirtschaft-im-fruehjahr-2026-nahostkonflikt-stoert-wirtschaftliche-aktivitaet-19571/

is now expected here (+0.8 % in 2026 and +1.4 % in 2027[27]). For the eurozone as a whole, the IfW forecasts growth of 1.0 % in 2026 and 1.4 % in 2027. The decline in 2026 is largely attributable to Ireland, which had benefited significantly in 2025 from the pull-forward effects of US tariffs.[28]

GROWTH IN FRANCE REMAINS MODERATE

Political and domestic economic uncertainties are likely to weigh on the growth of the French economy in 2026. The main focus is on the continuing rise in public debt, which is linked to growing interest burdens and reduced fiscal space. The European Commission therefore expects GDP growth to remain modest at 0.9 %. Both foreign trade and private consumption are expected to make a positive contribution to this.[29] [30]

GERMAN ECONOMY SET TO GROW STRONGER

Driven by an expansionary fiscal policy, the German economy is set to grow more strongly again in the coming years. According to the Kiel Institute for the World Economy (IfW), there is still no sign of a self-sustaining upturn. This is countered by subdued export prospects as a result of US tariffs and continued subdued investment activity. In particular, structural problems that impair the competitiveness of the German economy remain unresolved. Furthermore, energy prices, which have recently risen due to the war in Iran, are weighing on the economy. Overall, the IfW forecasts economic growth of 0.8 % for 2026 and a further improvement to 1.4 % for 2027.[31]

US ECONOMY SHOWING SOLID GROWTH

The US economy is likely to show stable growth momentum in the coming years. On the one hand, the IfW assumes that the impact of tariff policy will be less severe, following the Supreme Court's ruling that the tariffs imposed as part of 'Liberation Day' were unlawful. On the other hand, the IfW now expects sustained strong investment activity in the field of artificial intelligence. By contrast, private consumption is likely to lose momentum . The IfW forecasts a slight increase in growth to 2.4 % for 2026 as a whole.[32] In 2027, the growth rate is then expected to stand at 2.2 %.[33]

27 https://www.kielinstitut.de/de/publikationen/aktuelles/fruehjahrsprognose-energiepreise-nagen-in-deutschland-an-muehsamer-erholung/
28 https://www.kielinstitut.de/de/publikationen/weltwirtschaft-im-fruehjahr-2026-nahostkonflikt-stoert-wirtschaftliche-aktivitaet-19571/
29 https://economy-finance.ec.europa.eu/economic-surveillance-eu-member-states/country-pages/france/economic-forecast-france_en
30 https://www.euronews.com/business/2025/12/18/frances-economic-outlook-for-2026-how-heavy-is-the-debt-burden
31 https://www.kielinstitut.de/de/publikationen/aktuelles/fruehjahrsprognose-energiepreise-nagen-in-deutschland-an-muehsamer-erholung/
32 https://www.kielinstitut.de/de/publikationen/weltwirtschaft-im-fruehjahr-2026-nahostkonflikt-stoert-wirtschaftliche-aktivitaet-19571/
33 https://www.kielinstitut.de/de/publikationen/weltwirtschaft-im-fruehjahr-2026-nahostkonflikt-stoert-wirtschaftliche-aktivitaet-19571/

MEXICO'S ECONOMY SET FOR RECOVERY

According to the International Monetary Fund (IMF), the Mexican economy is set to recover in 2026. By then, the economy is likely to have adapted to the changed conditions in trade with the US. The IMF therefore expects growth of 1.5 % for 2026, rising further to 2.1 % in 2027.[34]

[34] https://www.imf.org/en/publications/weo/issues/2026/01/19/world-economic-outlook-update-january-2026

INDUSTRY FORECAST

Experts at S&P Global Mobility expect the global market for heavy-duty trucks to remain stable at the previous year's level in 2026. Among the regions, Europe and North America are expected to perform well, whilst the waning effect of subsidies in China is expected to lead to a decline.[35] Regarding global production figures for medium and heavy-duty trucks, data from GlobalData[36] points to a slight decline of approximately 1 %. According to this, production in the EU is expected to rise by around 5 %, with Germany forecast to see a decline of approximately 3 % and France a growth of just over 7 %. A decline in production of around 3 % is expected for the USA and around 7 % for China; no forecasts are available for the high-end market in China. Production in Mexico is also likely to fall again by around 11 %.

GROUP FORECAST FOR 2026, ACHIEVEMENT OF THE 2025 FORECAST

For the 2025 financial year, the Executive Board had forecast consolidated revenue in the 2024 annual report, published on 31 March 2025, at approximately the same level as the revenue for the 2024 financial year adjusted for one-off effects (2024: around EUR 300 million). The EBITDA margin was also expected to stabilise further at a higher single-digit percentage, with EBITDA expected to be roughly on a par with the previous year. This was also in connection with lower revenue from tools, which was expected to be partially offset by additional series sales from the new plant in the USA.

In the reporting year, revenue stood at EUR 292.0 million, slightly below the revenue forecast of around EUR 300 million. The Management Board therefore considers the revenue forecast to have been largely met. The decline in revenue is primarily due to lower tool revenue, which, as forecast, was largely replaced by series production business. Despite the decline in revenue, EBITDA remained stable at the previous year's level of EUR 23.0 million. Here too, the Executive Board therefore considers the annual forecast of EBITDA at roughly the previous year's level to have been met. At 7.9 %, the EBITDA margin was even higher than the previous year's figure of 7.4 %, thus also meeting the annual forecast.

For the 2026 financial year, the Executive Board forecasts a further stabilisation of consolidated revenue and thus revenue at the current level. The Executive Board expects a further slight expansion of the EBITDA margin, which is expected to stabilise further in the upper single-digit percentage range. Accordingly, EBITDA is expected to be slightly above the previous year's level.

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35 https://www.spglobal.com/ratings/en/regulatory/article/heavy-duty-trucks-are-on-a-slow-road-to-recovery-s101662294

36 GlobalData, Global Commercial Vehicle Forecast, Quarter 4, 2025

GENERAL RISK WARNING

A forecast is subject to uncertainties that may have a significant impact on the projected revenue and earnings performance. Due to current geopolitical conflicts, such as the war in Ukraine or the Middle East conflict, as well as protectionist tendencies in global trade, the corresponding effects cannot be estimated at this time.

INFORMATION RELEVANT TO TAKEOVERS

PURSUANT TO SECTION 289A AND SECTION 315A OF THE GERMAN COMMERCIAL CODE (HGB)

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

COMPOSITION OF THE SUBSCRIBED CAPITAL

The subscribed capital of STS Group AG totalled EUR 6,500,000.00 as at 31 December 2025 (31 December 2024: EUR 6,500,000.00) and was divided into 6,500,000 no-par bearer shares with a notional value of EUR 1.00 per share.

Pursuant to Section 5 (2) of the Articles of Association of STS Group AG, shareholders have no right to have their shares certified, insofar as this is permitted by law and certification is not required under the rules of a stock exchange on which the shares are admitted to trading. STS Group AG is entitled to issue individual certificates or global certificates for the shares. No entry in a share register pursuant to Section 67 (1) of the German Stock Corporation Act (AktG) is required for bearer shares.

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

As at 31 December 2025, the Company held 50,000 shares in its own portfolio. Pursuant to Section 71b of the German Stock Corporation Act (AktG), the Company is not entitled to any rights in respect of its own shares.

RESTRICTIONS CONCERNING VOTING RIGHTS OR THE TRANSFER OF SHARES

In accordance with Article 21 (1) of the Articles of Association of STS Group AG, each share entitles the holder to one vote at the Annual General Meeting and, in accordance with Article 24 (2) of the Articles of Association of STS Group AG, determines the shareholders' share in the profits of STS Group AG. This does not apply to treasury shares held by STS Group AG, from which STS Group AG derives no rights. Restrictions on voting rights attached to shares may arise in particular from provisions of company law, such as Section 136 of the German Stock Corporation Act (AktG). Breaches of notification obligations within the meaning of Sections 33 (1), 38 (1) and 39 (1) of the German Securities Trading Act (WpHG) may result in rights attached to shares and also the voting rights ceasing to exist, at least temporarily, in accordance with Section 44 WpHG. STS Group AG is not aware of any contractual restrictions on voting rights.

The Company's shares are freely transferable in accordance with the statutory provisions governing the transfer of bearer shares, and there are no restrictions on transferability.

Reference is also made to the information provided in the notes to the consolidated financial statements in section 4.11. Equity.

SHAREHOLDINGS EXCEEDING 10 % OF VOTING RIGHTS

As at 31 December 2025, the following direct and indirect shareholdings in the capital of STS Group AG exceeded the threshold of 10 % of voting rights:

The largest shareholder of STS Group AG, Adler Pelzer Holding GmbH, based in Hagen (Germany), was last represented at the Annual General Meeting on 28 August 2025 with 74.42 % of the voting rights in STS Group AG.

No further voting rights notifications have been received from Adler Pelzer GmbH, as no new relevant thresholds have been exceeded or fallen below.

Furthermore, no direct or indirect holdings in the capital of STS Group AG that reach or exceed 10 % of the voting rights have been reported to STS Group AG, nor are they otherwise known.

SHARES WITH SPECIAL RIGHTS CONFERRING CONTROL

No shares with special rights conferring control powers have been issued.

CONTROL OF VOTING RIGHTS IN THE CASE OF EMPLOYEE SHAREHOLDINGS

Where STS Group AG has issued or issues shares to employees under employee share ownership schemes, these are transferred directly to the employees. The beneficiary employees may exercise the control rights to which they are entitled in respect of the employee shares, in the same way as other shareholders, immediately in accordance with the statutory provisions and the provisions of the Articles of Association.

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

The appointment and removal of members of the Management Board are governed by Sections 84 and 85 of the German Stock Corporation Act (AktG). Pursuant to Section 7 (1) of the Articles of Association of STS Group AG, the Management Board consists of one or more persons. The exact number is determined by the Supervisory Board. Pursuant to Section 7 (2) of the Articles of Association of STS Group AG, the Supervisory Board may appoint a Chairman of the Management Board and a Deputy Chairman.

Pursuant to Sections 119 (1) (5) and 179 of the German Stock Corporation Act (AktG), any amendment to the Articles of Association requires a resolution of the Annual General Meeting. The power to make amendments to the Articles of Association that relate solely to the wording is delegated to the Supervisory Board pursuant to Section 179 (1), second sentence, of the German Stock Corporation Act (AktG) in conjunction with Section 12 (4) of the Articles of Association of STS Group AG. Furthermore, the Supervisory Board was authorised by a resolution of the Annual General Meeting on 3 May 2018 to amend Section 4 (3) of the Articles of Association in accordance with the respective utilisation of the 2018/I Contingent Capital and following the expiry of all option and conversion periods. Furthermore, the Supervisory Board was authorised by a resolution of the Annual General Meeting on 7 July 2023 to amend Section 4 (5) of the Articles of Association following the full or partial implementation of the share capital increase from Authorised Capital 2023/I or following the expiry of the authorisation period, in accordance with the extent to which Authorised Capital 2023/I has been utilised up to that point.

Resolutions of the Annual General Meeting require a simple majority of votes and, where a capital majority is required, a simple majority of the share capital represented at the time of the resolution, unless the law mandatorily prescribes a larger majority (Section 21 (2) of the Articles of Association of STS Group AG). Accordingly – in deviation from Section 179 (2) sentence 1 of the German Stock Corporation Act (AktG) – resolutions of the Annual General Meeting amending the Articles of Association also require, in addition to a simple majority of votes, a majority of the share capital represented at the time the resolution is passed, unless the law mandatorily prescribes a larger majority. Furthermore, pursuant to Section 21 (2) of the Articles of Association of STS Group AG – in deviation from Section 103 (1), second sentence, of the German Stock Corporation Act (AktG) – a simple majority of votes is sufficient for the removal of members of the Supervisory Board.

POWERS OF THE EXECUTIVE BOARD TO ISSUE OR REPURCHASE SHARES

a) AUTHORISED CAPITAL 2023/I

The Management Board is authorised by resolution of the Annual General Meeting of 7 July 2023, with the approval of the Supervisory Board, to increase the share capital within a period of five years, calculated from the date of entry of this Authorised Capital in the Commercial

Register, by up to EUR 3,250,000.00, either in one or more instalments, by issuing up to 3,250,000 new no-par value bearer shares against cash and/or non-cash contributions ("Authorised Capital 2023/I"). The Authorised Capital was entered in the Commercial Register on 22 September 2023.

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

(i) for fractional amounts;

(ii) in the case of capital increases against cash contributions, provided that the total proportionate amount of share capital attributable to the new shares for which subscription rights are excluded does not exceed 10 % of the share capital existing at the time of the resolution by the Annual General Meeting or – if this amount is lower – at the time of exercising this authorisation, and the issue price of the new shares does not significantly fall below the stock market price of shares of the same class and with the same terms and conditions already listed on a stock exchange at the time the issue price is finally determined by the Management Board within the meaning of Sections 203 (1) and (2), 186 (3) sentence 4 of the German Stock Corporation Act (AktG). When calculating the 10 % limit, shares that have already been issued or sold during the term of this authorisation at the time of its exercise, in direct or analogous application of Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) with the exclusion of subscription rights, shall be taken into account. Furthermore, shares to be issued to service option and/or conversion rights or option and/or conversion obligations arising from convertible and/or option bonds, provided that these bonds were issued during the term of this authorisation with the exclusion of subscription rights in accordance with the analogous application of Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG);

(iii) in the case of capital increases against contributions in kind for the issue of new shares in connection with business combinations for the purpose of acquiring companies, parts of companies or interests in companies, or other assets eligible for contribution in connection with such a business combination or acquisition, including the acquisition of claims against the Company or other assets;

(iv) to the extent necessary for the purposes of anti-dilution protection to ensure that the holders or creditors of option and/or convertible bonds issued or to be issued by the Company or its subsidiaries pursuant to an authorisation granted to the Management Board by the Annual General Meeting, to grant subscription rights to the extent to which they would be entitled following the exercise of option and/or conversion rights or the fulfilment of option and/or conversion obligations;

(v) to service option and/or conversion rights or option and/or conversion obligations arising from option and/or convertible bonds issued by the Company;

(vi) in the event of cooperation with another company, where such cooperation serves the interests of the Company and the cooperating company requires a shareholding;

(vii) to issue shares to members of the Management Board and employees of the Company, as well as to members of the management and employees of companies affiliated with the Company, for the purpose of fulfilling a share option scheme or any other employee participation scheme. In this context, the new shares may also be issued to an intermediary or an equivalent entity, which acquires these shares with the obligation to transfer them exclusively to the persons entitled hereunder.

Further details are set out in Section 4 (3) (new version) of the Articles of Association of STS Group AG.

As no capital increases have been carried out to date and no use has been made of the Authorised Capital 2023/I in connection therewith, the Authorised Capital 2023/I has not been reduced and remains in the amount of EUR 3,250,000.00.

b) CONDITIONAL CAPITAL 2018/I

The share capital of the Company was increased by up to EUR 2,000,000.00 by resolution of the Annual General Meeting of 3 May 2018 through the issue of up to 2,000,000 new no-par value bearer shares, each representing a proportionate amount of the Company's share capital of EUR 1.00 per share ("Conditional Capital 2018/I"). Conditional Capital 2018/I served, amongst other things, to grant shares upon the exercise of option or conversion rights.

By the expiry of the authorisation period on 2 May 2023, no convertible bonds, warrants, profit participation rights and/or profit-sharing bonds had been issued, and consequently no conversion or option rights to shares had been granted to creditors or bondholders.

In view of the expiry of the authorisation period and on the basis of the authorisation granted to the Supervisory Board in Section 4 (3) of the previous version of the Company's Articles of Association to amend this Section 4 (3) of the previous version of the Company's Articles of Association, inter alia, after the expiry of the authorisation period, the Supervisory Board passed a resolution on 8 August 2025 to delete Section 4 (3) of the Articles of Association in its previous version. Section 4 (4) of the Articles of Association in its previous version thereby became the current Section 4 (3) of the Articles of Association in its new version (Authorised Capital 2023/I).

c) CONDITIONAL CAPITAL 2018/II

The Company's share capital was conditionally increased by up to EUR 500,000.00 by a resolution of the Annual General Meeting of 3 May 2018 through the issue of up to 500,000 new no-par value bearer shares, each representing a proportionate amount of the Company's share capital of EUR 1.00 per share ("Conditional Capital 2018/II"). Conditional Capital 2018/II will only be implemented to the extent that subscription rights have been issued under the

2018 Share Option Scheme in accordance with the resolution of the Annual General Meeting of 3 May 2018, the holders of the subscription rights exercise their right of subscription, and the Company does not grant any of its own shares to fulfil the subscription rights.
By the expiry of the authorisation period on 2 May 2023, the Management Board had not issued any subscription rights.

Conditional Capital 2018/II did not provide, in Section 4 (4) of the previous version of the Company's Articles of Association, for any authorisation of the Supervisory Board to amend the aforementioned provision of the Articles of Association in accordance with the respective utilisation of Conditional Capital 2018/II and/or upon expiry of the authorisation period.

Accordingly, the Annual General Meeting on 13 June 2024 resolved, as a precautionary measure, to delete the provision regarding Contingent Capital 2018/II in Section 4 (4) of the previous version of the Company's Articles of Association without replacement. Section 4 (5) of the Company's Articles of Association regarding Authorised Capital 2023/I was consequently, as a first step, incorporated unchanged into the new Section 4 (4) of the previous version of the Company's Articles of Association, before Authorised Capital 2023/I was converted into Section 4 (3) of the new version of the Company's Articles of Association by the Supervisory Board's resolution of 8 August 2025 to delete Conditional Capital 2018/I.

d) SHARE BUYBACK

The Management Board of STS Group AG is authorised to repurchase its own shares and to sell repurchased shares in the cases provided for by law in Section 71 of the German Stock Corporation Act (AktG). On 21 November 2018, the Management Board, with the approval of the Supervisory Board, resolved to launch a share buy-back programme of up to EUR 1,000,000 (excluding incidental acquisition costs) ("Share Buy-Back Programme 2018/I"). By this resolution, the Annual General Meeting authorised the Management Board, with the approval of the Supervisory Board, to acquire the Company's own shares up to a total of 10 % of the Company's share capital existing at the time of the resolution or – if this figure is lower – at the time the authorisation is exercised, until 2 May 2023. The shares acquired pursuant to this authorisation, together with other treasury shares of the Company which the Company has acquired and still holds or which are attributable to it pursuant to Sections 71a et seq. of the German Stock Corporation Act (AktG), may at no time exceed 10 % of the Company's respective share capital. The acquisition of own shares shall take place, at the discretion of the Management Board, via the stock exchange or by means of a public offer to all shareholders or by means of a public invitation to shareholders to submit offers to sell.

The Management Board was authorised by a resolution of the Annual General Meeting on 3 May 2018 to use the Company's own shares, in addition to selling them on the stock exchange or by means of an offer to all shareholders, for any permissible purpose, in particular as follows:

(i) They may be cancelled and the Company's share capital reduced by the portion of the share capital attributable to the cancelled shares.

(ii) They may be offered to third parties in exchange for consideration in kind and transferred to them.

(iii) They may be sold to third parties for cash, provided that the price at which the Company's shares are sold does not fall significantly below the stock market price of a share in the Company at the time of sale (Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG)). The proportion of the share capital attributable to the number of shares sold pursuant to this authorisation may not exceed 10 %.

(iv) They may be used to satisfy obligations or rights to acquire shares in the Company arising from and in connection with convertible bonds, warrants or profit participation rights with conversion or option rights issued by the Company or one of its group companies.

Further details are set out in the authorisation resolution.

The Management Board was also authorised by a resolution of the Annual General Meeting on 3 May 2018, with the approval of the Supervisory Board, to acquire treasury shares amounting to a total of up to 5 % of the share capital existing at the time of the resolution through the use of derivatives (put or call options or a combination of both). The term of the options must be chosen such that the acquisition of shares upon exercise of the options takes place no later than 2 May 2023. Shareholders do not have the right – in accordance with Section 186(3) sentence 4 of the German Stock Corporation Act (AktG) – to enter into such option transactions with the Company. Further details are set out in the authorisation resolution.

For further details and information, please refer to Section 4.11. Equity in the notes to the consolidated financial statements.

By the expiry of the authorisation period on 2 May 2023, the Company had repurchased a total of 50,000 of its own shares under the 2018/I, in the period from 22 November 2018 to 21 May 2019. To date, the Company holds 50,000 of its own shares, for which it has no voting rights. The treasury shares represent approximately 0.8% of the share capital.

MATERIAL AGREEMENTS SUBJECT TO A CHANGE OF CONTROL FOLLOWING A TAKEOVER BID

STS Group AG has not entered into any material agreements containing provisions in the event of a change of control.

COMPENSATION AGREEMENTS ENTERED INTO WITH MEMBERS OF THE EXECUTIVE BOARD OR EMPLOYEES IN THE EVENT OF A TAKEOVER BID

No compensation agreements have been entered into with the Management Board or employees in the event of a change of control.

CORPORATE GOVERNANCE

STATEMENT ON CORPORATE GOVERNANCE IN ACCORDANCE WITH SECTION 289F HGB AND SECTION 315D HGB

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

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

DECLARATION OF COMPLIANCE PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

The Management Board and Supervisory Board of STS Group AG issued the declaration required under Section 161 of the German Stock Corporation Act in February 2026. It is publicly available at:

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

DEPENDENCY REPORT

Our company, STS Group AG, received appropriate consideration for each of the legal transactions listed in the report on relations with affiliated companies for the reporting period from 1 January to 31 December 2025, based on the circumstances known to us at the time the legal transactions were carried out or omitted. No other measures were taken or omitted during the reporting period at the instigation of or in the interests of the controlling companies or any company associated with the controlling companies.

NON-FINANCIAL GROUP STATEMENT

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

In addition to a description of the business model, the NFE also includes information on the following aspects, insofar as this is necessary for an understanding of the course of business, the business results, the Group's position and the impact of the course of business on these aspects:

- Environmental issues
- Labour issues
- Respect for human rights
- Combating corruption and bribery
- Customer and supplier relationships

STS GROUP AG

In addition to the reporting on the STS Group, we set out below the performance of STS Group AG.

STS Group AG is the parent company of the STS Group and performs the relevant management and central functions. The management and central functions undertaken by STS Group AG include group-wide finance and accounting, the provision of management and services in the areas of strategic corporate development, and global corporate and marketing communications. As at 31 December 2025, one employee (2024: one) was employed by STS Group AG to perform these tasks.

STS Group AG holds shares, directly or indirectly, in nine companies. The economic environment of STS Group AG was essentially the same as that of the STS Group, as described in the Group's fundamentals and in the economic report.

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

For STS Group AG, revenue from management and service fees, as well as the net profit for the year – which is largely influenced by income from dividend payments from subsidiaries – represent the key performance indicators.

PROFITABILITY

The **financial position** of STS Group AG is largely determined by the operating activities of its subsidiaries. STS Group AG participates in the operating results of its subsidiaries through their distributions. The financial position of STS Group AG is therefore indirectly determined by the STS Group, as explained in the financial report.

INCOME STATEMENT OF STS GROUP AG IN ACCORDANCE WITH HGB

in kEUR	2025	2024
Revenues	324	371
Other operating income	5,716	2,542
Personnel expenses	-156	-170
Amortization of intangible assets and depreciation of tangible assets	0	-36
Other operating expenses	-7,071	-3,905
Income from equity investments	0	2,631
Income from loans of financial assets	4	1
Other interest and similar income	143	180
Interest and similar expenses	-1,030	-960
Taxes on income	-60	-198
Profit after taxes on income	**-2,128**	**456**
Net loss for the year (previous year: net profit)	**-2,128**	**456**
Profit carried over from the previous year	456	2,331
Withdrawal for dividend distribution	-322	-264
Allocation into revenue reserves	-134	-2,067
Net loss (previous year: net profit)	**-2,128**	**456**

In the 2025 financial year, **turnover** decreased by EUR 324,000 (2024: EUR 371,000). The decline is primarily attributable to lower management and service costs incurred by STS Group AG and passed on to the subsidiaries accordingly.

Other operating income was significantly higher than in previous periods (2025: EUR 5,716 thousand; 2024: EUR 2,542 thousand). This item primarily comprises income from the recharging of the Adler Pelzer Group's administrative cost allocation, as well as from R&D licences additionally recharged in the 2025 financial year amounting to EUR 2,879 thousand.
The recharging of R&D licences took place for the first time in the financial year on the basis of a group-wide licence model introduced within the Adler Pelzer Group, under which the use of technical know-how, patents and other intellectual property is systematically remunerated for the first time.

Personnel costs fell slightly in the 2025 financial year. **Personnel expenses** amounted to EUR 156 thousand as at 31 December 2025, compared with EUR 170 thousand in the previous year.

Other operating expenses increased significantly compared with the previous year, from EUR 3,905 thousand to EUR 7,071 thousand in the 2025 financial year. The increase is primarily attributable to higher expenses relating to associated companies, which, in addition to the services provided by the majority shareholder in the 2025 financial year, also include R&D licence expenses amounting to EUR 2,879 thousand. These expenses are passed on in full to the subsidiaries as part of intra-group settlement.

Income from investments amounted to EUR 0 thousand as at 31 December 2025 (2024: EUR 2,631 thousand). No dividend distribution by the Chinese subsidiary was resolved for the 2025 financial year in order to use the local cash and cash equivalents for the construction of the new plant in Taixing.

Income from loans granted from financial assets amounted to EUR 4 thousand as at 31 December 2025 (2024: EUR 1 thousand).

Other interest and similar income stood at EUR 143 thousand (2024: EUR 180 thousand) as at the balance sheet date.

Interest expense, at EUR 1,007 thousand, was slightly above the previous year's level of EUR 960 thousand. This is primarily attributable to interest payable to associated companies.

Income tax amounted to EUR 60,000 as at 31 December 2025 (2024: EUR 198,000). The decrease compared with the previous year is primarily attributable to the reduced dividend distribution by the Chinese subsidiary in the 2025 financial year and the associated lower withholding tax liabilities.

After deduction of tax, a net loss for the financial year 2025 of EUR 2,128 thousand was recorded (2024: net profit of EUR 456 thousand). Taking into account the profit carried forward from the previous year and the dividend distribution made during the financial year, this results in a balance sheet loss of EUR 2,128 thousand as at 31 December 2025.

ASSETS AND FINANCIAL POSITION

BALANCE SHEET OF STS GROUP AG IN ACCORDANCE WITH HGB

in kEUR	31. December 2025	2024
Assets		
Fixed assets	**19,103**	**19,098**
Intangible assets	0	0
Financial assets	19,103	19,098
Current assets	**8,827**	**9,093**
Trade receivables	0	0
Receivables and other assets	7,965	7,722
Cash and cash equivalents	862	1,371
Prepaid expenses	**4**	**13**
Total assets	**27,933**	**28,204**
Liabilities		
Share Capital	**13,835**	**16,285**
Provisions	**506**	**859**
Other provisions	506	859
Liabilities	**13,592**	**11,060**
Trade payables	513	81
Liabilities to affiliated companies	13,076	10,976
Other liabilities	3	3
Total equity and liabilities	**27,933**	**28,204**

The balance sheet total decreased to EUR 27,933 thousand as at 31 December 2025 (2024: EUR 28,204 thousand).

On the assets side, **financial assets** remained virtually unchanged at EUR 19,103 thousand (2024: EUR 19,098 thousand). **Receivables and other assets** increased to EUR 7,965 thousand (2024: EUR 7,722 thousand), which is primarily attributable to higher receivables from associated companies. Receivables from affiliated companies comprise trade receivables amounting to TEUR 3,277 (2024: TEUR 1,624) and other assets amounting to TEUR 420 (2024: TEUR 392), relating to a clearing account with shareholders. Furthermore, receivables from affiliated companies include loans granted as at the balance sheet date amounting to TEUR 3,049 (2024: TEUR 3,049) with a remaining term of more than one year, as well as dividend entitlements amounting to TEUR 1,216 (2024: TEUR 2,631).

Cash and cash equivalents fell to EUR 862,000 (2024: EUR 1,371,000). This decline is primarily attributable to the absence of dividend income in the 2025 financial year, as well as to increased intra-group cash flows.

The liquidity position of STS Group AG is primarily characterised by intra-group cash flows and its integration into the Adler Pelzer Group's financing network. Despite the decline in cash and cash equivalents in the 2025 financial year, the company's solvency was ensured at all times.

Financing is primarily provided through liabilities to affiliated companies and intra-group loans. The increase in liabilities to affiliated companies is primarily attributable to lower cash inflows from investment income and increased intra-group transactions.

STS Group AG is integrated into the Adler Pelzer Group's financing structure, which ensures a sufficient supply of liquidity when required, particularly in the context of short-term financing measures.

On the liabilities side, **equity** decreased significantly to EUR 13,835 thousand (2024: EUR 16,285 thousand) as a result of the net loss reported in the 2025 financial year. The equity ratio fell accordingly to 49.5 % (2024: 57.7 %).

Provisions decreased to EUR 506 thousand (2024: EUR 859 thousand).

Liabilities increased in total to EUR 13,592 thousand (2024: EUR 11,060 thousand) and comprise trade payables of EUR 513 thousand (2024: EUR 81 thousand).

Liabilities to affiliated companies amounting to TEUR 13,076 (2024: TEUR 10,976) relate to trade payables (TEUR 4,311; 2024: €1,953 thousand), which relate in particular to intra-group service transactions, including R&D licence settlements recognised in the 2025 financial year.

These liabilities include loan liabilities to shareholders amounting to EUR 3,765 thousand (2024: EUR 9,023 thousand) with a remaining term of more than one but less than five years. The remaining liabilities to affiliated companies amounting to EUR 9,311 thousand (2024: EUR 1,953 thousand) have a remaining term of up to one year.

Other liabilities remained unchanged at EUR 3 thousand.

OPPORTUNITIES AND RISKS

The business performance of STS Group AG is essentially subject to the same opportunities and risks as those of the STS Group as a whole. STS Group AG generally participates directly or indirectly in the opportunities and risks of its operating subsidiaries.

Business relationships with subsidiaries may give rise to liabilities, particularly from contractual obligations as well as from intra-group financing and service relationships. Furthermore, the economic performance of individual subsidiaries may affect the recoverability of investments in associates.

STS Group AG is therefore subject in particular to financing risk and dependence on intra-group cash flows (in particular management fees, licence settlements and dividends). We also refer to the explanations regarding opportunities and risks in the Group's Opportunities and Risks Report.

As the parent company, STS Group AG is integrated into the STS Group's group-wide risk management system. The description of the internal control system required under Section 289 (4) of the German Commercial Code (HGB) is provided in the chapter 'Opportunities and Risks Report'.

FORECAST

For the 2025 financial year, the Company had anticipated revenue from management services at the previous year's level. In addition, a dividend from the Chinese subsidiary was expected. As mentioned earlier, this was only partially realised, as part of the planned dividend was used to support the construction of the new plant in China.

For the 2026 financial year, management expects revenue from management services to be at the previous year's level. Against the backdrop of the ongoing development and liquidity support for the Taixing site, no dividend distribution from the Chinese subsidiary is currently planned. Management therefore expects the net profit for the 2026 financial year to be at the same level as in the 2025 financial year.

General risk warning

A forecast is subject to uncertainties that may have a significant impact on the projected revenue and earnings performance.

Hagen, 15 April 2026

Alberto Buniato (CEO)

3. CONSOLIDATED FINANCIAL STATEMENTS

1. CONSOLIDATED INCOME AND L LOSS ACCOUNT

FOR THE FINANCIAL YEAR FROM JANUARY 1 TO DECEMBER 31, 2025

EUR Million	Note	2025	2024
Revenues	3.1.	292.0	311.1
Increase (+) or decrease (-) of finished goods and work in progress	3.2.	9.0	-15.4
Other operating income	3.3.	6.5	9.3
Material expenses	3.4.	-163.1	-181.4
Personnel expenses	3.5.	-75.5	-64.3
Other operating expenses	3.6.	-46.0	-36.4
EBITDA		**23.0**	**23.0**
Depreciation and amortization expenses	3.7.	-17.7	-15.5
EBIT		**5.3**	**7.5**
Interest and similar income	3.8.	0.4	0.5
Financial expenses	3.8.	-6.9	-7.6
EBT		**-1.2**	**0.4**
Income taxes	3.9.	0.7	-1.0
Net income		**-0.5**	**-0.6**
Thereof attributable to owners of STS Group AG		-0.5	-0.6
Earnings per share in EUR (undiluted)	**3.10.**	**-0.08**	**-0.09**
Earnings per share in EUR (diluted)	**3.10.**	**-0.08**	**-0.09**

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR FROM JANUARY 1 TO DECEMBER 31, 2025

EUR Million	2025	2024
Net income	**-0.5**	**-0.6**
Currency translation differences	-1.0	-0.5
Items that may be reclassified subsequently to profit or loss	**-1.0**	**-0.5**
Remeasuring defined benefit plans	-0.1	-0.4
Deferred taxes from the revaluation of defined benefit pension plans	0.0	0.1
Items that will not be reclassified as profit or loss	**-0.1**	**-0.3**
Other comprehensive income	**-1.1**	**-0.7**
Total comprehensive income	**-1.7**	**-1.3**
Therefore attributable to owners of STS Group AG	-1.7	-1.3

3. CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2025

Assets

EUR Million	Note	31.12.2025	31.12.2024
Intangible assets	4.1.	15.5	18.6
Property, plant and equipment	4.2.	84.2	89.9
Other financial assets non-current	4.3.	0.1	1.1
Other non-financial assets non-current	4.5.	1.2	1.7
Deferred tax assets	4.6.	5.8	4.9
Total non-current assets		**106.9**	**116.2**
Inventories	4.7.	29.2	22.9
Advance payment on inventories	4.7.	0.1	0.2
Contract assets current	4.8.	2.5	3.6
Trade and other receivables	4.9.	36.4	47.1
Other financial assets current	4.3.	6.9	9.1
Income tax receivables	4.4.	0.8	0.1
Other non-financial assets current	4.5.	8.1	6.0
Cash and cash equivalents	4.10.	35.6	25.6
Total current assets		**119.6**	**114.6**
Total Assets		**226.5**	**230.8**

Equity and liabilities

EUR Million	Note	31.12.2025	31.12.2024
Share capital	4.11.1.	6.5	6.5
Capital reserves	4.11.8.	5.4	5.4
Retained earnings	4.11.9.	32.4	33.4
Other reserves	4.11.10.	-0.9	0.2
Own shares at acquisition cost	4.11.7.	-0.5	-0.5
Equity attributable to owners of STS Group AG		42.9	45.0
Total Equity	**4.11.**	**42.9**	**45.0**
Liabilities to banks	4.12.2.	3.1	11.1
Liabilities from leases	4.12.1.	28.0	27.7
Other financial liabilities	4.12.3 - 4	5.1	13.4
Contract liabilities	4.8.	-	0.3
Provisions (long-term)	4.13.	9.6	10.0
Deferred tax liabilities	4.6.	0.0	0.0
Miscellaneous other non-financial liabilities non-current		1.0	0.0
Total non-current liabilities		**46.8**	**62.6**
Liabilities to banks	4.12.2.	13.2	14.2
Liabilities from leases	4.12.1.	5.7	4.9
Other financial liabilities	4.12.	4.2	9.8
Contract liabilities	4.8.	12.6	1.6
Trade and other payables		74.2	67.1
Provisions (short-term)	4.13.	0.3	0.2
Income tax liabilities	4.14.	4.0	5.2
Other non-financial liabilities	4.15.	22.7	20.1
Total current liabilities		**136.8**	**123.2**
Total Liabilities and Equity		**226.5**	**230.8**

4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR FROM JANUARY 1 TO DECEMBER 31. 2025

	Equity attributable to the shareholders of STS Group AG								
					Other equity components				
EUR Million	Number of shares	Share capital	Capital reserves	Retained earnings	*Revaluation of defined-benefit pension obligations*	*Differences arising from currency translation*	*Total*	Treasury shares at cost	Total amount
Balance at January 1, 2024	**6,450,000**	6.5	5.4	34.3	0.7	0.3	0.9	-0.5	46.6
Net income		-	-	-0.6	-	-	-	-	-0.6
Dividends		-	-	-0.3	-	-	-	-	-0.3
Other income		-	-	-	-0.3	-0.5	-0.7	-	-0.7
Balance at December 31, 2024	**6,450,000**	**6.5**	**5.4**	**33.5**	**0.4**	**-0.2**	**0.2**	**-0.5**	**45.0**

EUR Million	Number of shares	Share capital	Capital reserves	Retained earnings	*Revaluation of defined-benefit pension obligations*	*Differences arising from currency translation*	*Total*	Treasury shares at cost	Total amount
Balance at January 1, 2025	**6,450,000**	6.5	5.4	33.5	0.4	-0.2	0.2	-0.5	45.0
Net income		-	-	-0.5	-	-	-	-	-0.5
Dividends		-	-	-0.3	-	-	-	-	-0.3
Other income		-	-	-	-0.1	-1.0	-1.1	-	-1.1
Other movements		-	-	-0.3	-	-	-	-	-0.3
Balance at December 31, 2025	**6,450,000**	**6.5**	**5.4**	**32.4**	**0.3**	**-1.2**	**-0.9**	**-0.5**	**42.9**

5. CONSOLIDATED CASH FLOW STATEMEN

FOR THE FINANCIAL YEAR FROM JANUARY 1 TO DECEMBER 31, 2025

EUR Million	2025	2024
Net income	**-0.5**	**-0.6**
Income taxes	-0.7	2.0
Net interest expense	6.5	7.1
Depreciation of property, plant and equipment	13.3	11.8
Depreciation and amortization of intangible assets	4.4	3.7
Other non-cash income (-) and expenses (+)	3.0	0.8
Change in net working capital	18.8	11.2
Inventories	-7.2	37.6
Contract assets (current)	0.9	-2.7
Trade receivables and other receivables	8.6	-7.6
Contract liabilities	10.8	-20.5
Trade payables and other payables	5.8	4.3
Other assets and receivables	-0.1	0.9
Other debts and liabilities	-0.8	-29.0
Provisions	-0.1	0.7
Income tax receivables and liabilities	-2.1	0.0
Income tax payments	-0.3	-1.4
Net cash flows from operating activities	**41.5**	**7.1**
Proceeds from sale of property, plant and equipment and intangible assets	0.1	0.9
Proceeds from the repayment of loans granted to related parties	2.4	-
Payments for investments in property, plant and equipment	-4.0	-11.8
Payments for investments in intangible assets	-4.8	-2.9
Payments for granting loans to related parties	-	-2.3
Interest received*	0.4	0.5
Net cash flows from investing activities	**-5.9**	**-16.0**
Proceeds from the drawdown of granted loans	1.8	2.9
Proceeds from the drawdown of loans granted by related parties	0.5	9.2
Payments made to repay loans	-4.3	-5.7
Payments made to repay loans from related companies	-13.5	-
Payments made to settle lease liabilities	-4.2	-4.6
Dividends paid to shareholders of the parent company	-0.3	-0.3
Interest paid	-4.6	-6.1
Net cash flows from financing activities for the Group as a whole	**-24.6**	**-4.6**
Effect of currency translation on cash and cash equivalents	-1.1	-0.6
Net increase/decrease in cash and cash equivalents	**10.0**	**-13.7**
Cash and cash equivalents at the begining of the period	**25.6**	**39.3**
Cash and cash equivalents at the end of the period	**35.6**	**25.6**

*In the previous period, the interest received was recognised in the net cash flow from investing activities.

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SEGMENT REPORTING

FOR THE FINANCIAL YEAR FROM JANUARY 1 TO DECEMBER 31, 2025

	STS BU Plastics		STS BU China		STS BU Materials	
EUR Million	2025	2024	2025	2024	2025	2024
Revenue - third parties	240.0	246.6	36.1	44.1	14.2	19.0
Revenues from other intercompany	1.4	1.3	0.0	0.0	0.4	0.2
Umsatzerlöse Intersegment	0.0	0.0	0.0	0.0	17.5	15.2
Revenues segment	**241.4**	**247.9**	**36.1**	**44.1**	**32.0**	**34.5**
Material expenses	-133.5	-147.0	-20.3	-22.9	-24.0	-26.7
Personnel expenses	-63.5	-52.4	-8.4	-8.6	-3.5	-3.2
Other operating expenses	-39.7	-27.7	-4.8	-6.3	-2.9	-2.2
EBITDA	17.9	15.7	4.2	6.3	2.2	2.2
EBITDA in % of revenues	7.4%	6.3%	11.8%	14.2%	6.9%	6.3%
Depreciation and amortization expenses	-12.4	-9.9	-4.6	-4.8	-0.7	-0.7
EBIT	5.5	5.8	-0.4	1.4	1.6	1.5
CAPEX[1]	1.0	12.8	2.9	1.7	0.0	0.1

[1] Cash outflow for property, plant and equipment, excluding intangible assets and investments in leases

FOR THE FINANCIAL YEAR FROM JANUARY 1 TO DECEMBER 31, 2025

	Companies / others		Consolidation		Group	
EUR Million	2025	2024	2025	2024	2025	2024
Revenue - third parties	0.0	0.0	0.0	0.0	290.3	309.6
Revenues from other intercompany	0.0	0.0	0.0	0.0	1.8	1.5
Umsatzerlöse Intersegment	0.0	0.0	-17.5	-15.2	0.0	0.0
Revenues segment	**0.0**	**0.0**	**-17.5**	**-15.2**	**292.0**	**311.1**
Material expenses	0.0	0.0	14.8	15.2	-163.1	-181.4
Personnel expenses	-0.1	-0.2	0.0	0.0	-75.5	-64.3
Other operating expenses	-4.0	-4.0	5.4	3.7	-46.0	-36.5
EBITDA	-1.0	-1.2	-0.4	0.0	23.0	23.0
EBITDA in % of revenues	0.0%	0.0%	2.3%	0.0%	7.9%	7.4%
Depreciation and amortization expenses	0.0	0.0	0.0	0.0	-17.7	-15.5
EBIT	-1.0	-1.2	-0.4	0.0	5.3	7.5
CAPEX[1]	0.0	0.0	0.0	0.0	4.0	14.6

[1] Cash outflow for property, plant and equipment, excluding intangible assets and investments in leases

IFRS 8 Operating Segments requires the disclosure of information by operating segment. Accordingly, significant revenue and expenses of the segments are presented, insofar as these are regularly reported to the Executive Board as the primary decision-makers within the framework of internal reporting. In this context, information is provided in particular on cost of materials, staff costs and other operating expenses.

The delineation of operating business segments and the scope of the information provided in the context of segment reporting are determined, amongst other things, on the basis of the information regularly made available to the Executive Board as the primary decision-makers and thus based on the company's internal management structure.

The Company's Management Board decided to organise and manage reporting partly by product type and partly by geography, as the STS Group's internal organisational and reporting structure is organised along business units that reflect both different product and value-added logics (particularly between the Plastics and Materials divisions) and different geographical markets (particularly China). The business units are managed separately and their results are regularly monitored by the Executive Board as the primary decision-maker. Separate financial information is available for each business unit. Due to differences in business model, depth of value creation, risk profile and market environment, the segments have not been further aggregated.

The key performance indicators used by the Executive Board to manage the Group segments are revenue and EBITDA.

These financial performance indicators are provided for the following areas:

- **Plastics:**
  The segment manufactures a wide range of exterior body parts and interior modules for lorries, other commercial vehicles and passenger cars. It includes hard-trim products made from injection moulding and composite materials, such as SMC (Sheet Moulding Compound) and glass-fibre-reinforced thermoset semi-finished products. Due to its numerous positive properties, such as high rigidity and heat resistance, this semi-finished product plays an important role in automotive production. It frequently replaces structural metal parts and makes a significant contribution to the covering of battery systems in electric vehicles. The Plastics segment has production facilities in Europe and Mexico, as well as the new plant in the USA. Customers in North America are supplied from Mexico and the USA. Hard-trim systems are used in commercial vehicles, for example for exterior parts (front modules, roof modules and other aerodynamic cladding) or interior modules (the 'bunk box' under the driver's bed and shelving elements), and in passenger cars, for example for structural parts (tailgate). In addition, the segment has its own facilities for the painting of plastics.
- **China:**
  This segment brings together the STS Group's activities in the Chinese market. These

include supplying customers with plastic parts for vehicle exterior trim, primarily for the cabs of commercial vehicles, but increasingly also for passenger cars. The product range includes solutions and components for commercial vehicles such as bumpers, front panels, deflectors, roofs, mudguards and running boards, as well as components for passenger cars, ranging from battery covers for electric vehicles to complex structural parts such as tailgates for SUVs. Both composite pressing processes and injection moulding technology are used. In addition, the segment has its own facilities for the painting of plastics. The China segment exclusively markets plastic components and thus products from the Plastics division. Although semi-finished products (e.g. SMC) are sometimes sourced from the Materials segment for production, these are further processed into the segment's own plastic components at the Chinese plant. Semi-finished products from the Materials segment are not marketed within the China segment.

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

The Group is therefore managed across a total of three (2024: three) segments. The 'Company / Other' column primarily comprises the activities of STS Group AG as the Group's parent company. The 'Consolidation' column shows consolidation figures only. There is no aggregation of operating business segments to derive reportable segments.

The breakdown of revenue from third parties in accordance with IFRS 15 is as follows:

The following table breaks down revenue with third parties according to IFRS 15:

	STS BU Plastics		STS BU China		STS BU Materials		Group	
EUR Million	2025	2024	2025	2024	2025	2024*	2025	2024
Timing of revenue recognition with third parties								
Transferred at a point of time	75.7	91.2	32.7	40.5	-	-	108.4	150.9
Transferred over time	165.7	156.7	3.4	3.6	14.5	19.2	183.6	160.2
Revenues from sale	241.4	247.9	36.1	44.1	14.5	19.2	292.0	311.1

** In the previous year, the revenue from the Materials segment was incorrectly not reported in full as revenue recognised in the relevant period. This has now been corrected in the comparative figures for the current year.*

Inter-segment revenue is recognised at arm's length transfer prices.

In principle, the same accounting policies apply to the segments as those explained in Section 6. Accounting and Valuation Methods.

The reconciliation of the reported segment results to profit before tax is as follows:

EUR Million	2025	2024
EBITDA	**23.0**	**23.0**
Depreciation and amortization expenses	-17.7	-15.5
EBIT	**5.3**	**7.5**
Interest and similar income	0.4	0.5
Interest and similar expenses	-6.9	-7.6
Finance result	-6.5	-7.1
EBT	**-1.2**	**0.4**
Profit before tax from reportable segments	1.1	**2.3**
Profit before tax from other segments	-1.9	0.7
Elimination of inter-segment profits	-0.4	-2.6

Non-current segment assets by location of the company are composed as follows:

EUR Million	2025	2024
Europe	**43.4**	**46.5**
France	43.1	45.8
Germany	0.3	0.7
China	**22.5**	**23.7**
America	**33.8**	**38.3**
USA	27.1	37.8
Mexico	6.7	0.6
Non-current segment assets	**99.8**	**108.5**
Non-current assets of reportable segments	99.8	108.5
Non-current assets from other segments	-	-

Non-current segment assets comprise property, plant and equipment, intangible assets and rights of use for leased assets.

Revenue by location of the customer receiving the service is as follows:

EUR Million	2025	2024
Europe	**213.0**	**213.7**
France	114.0	125.8
Germany	53.7	50.7
Others	45.2	37.2
Asia	**35.3**	**43.4**
China	33.1	40.6
Others	2.2	2.8
America	**43.7**	**54.0**
USA	42.0	52.7
Mexico	1.1	1.0
Others	0.6	0.4
Total revenue by location of the customer receiving the service	**292.0**	**311.1**

In Europe, revenue in 2025 was generated predominantly with customers in France and Germany.

Revenue from two customers (2024: two customers) each accounted for over 10 % of total third-party revenue in the 2025 financial year. Revenue from the largest customer is attributable to the Plastics BU and amounts to EUR 150.4 million (2024: EUR 176.4 million). Revenue from the second-largest customer relates to the Plastics BU and the China BU and amounts to EUR 57.5 million (2024: EUR 50.5 million), of which EUR 57.2 million (2024: EUR 49.8 million) is attributable to the Plastics BU and EUR 0.3 million (2024: EUR 0.7 million) to the China BU. The reporting year was also characterised in particular by price increases in the procurement markets; STS was able to pass some of these on to its customers.

Revenue fell from EUR 311.1 million to EUR 292.0 million compared with the previous year. The Plastics BU reported a decline in revenue from EUR 247.9 million to EUR 241.4 million; compared with the previous year, this is primarily attributable to lower tooling revenue, which was largely offset by the series production business. In terms of revenue by location of the customer receiving the service, France recorded a decline of EUR 11.8 million and the USA a decline of EUR 10.7 million. The Materials BU and the China BU also showed a negative trend. The decline in revenue in the Materials segment was attributable to falling production figures as a result of the general economic weakness. The China segment also recorded a decline from EUR 44.1 million to EUR 36.1 million. The China segment, which operates primarily in the field of SMC products for heavy-duty high-end trucks, was unable to benefit from the general economic upturn in the Chinese market, as the heavy-duty high-end truck segment performed negatively in contrast to the overall market.

2. GENERAL INFORMATION

STS Group AG (hereinafter also referred to as the "Company" and, together with its subsidiaries, as "the Group") is a publicly listed stock corporation based in Germany, with its registered office in Hagen and business address at Kabeler Straße 4, 58099 Hagen. It is entered in the Commercial Register of the Local Court of Hagen under HRB 12420. The Company is listed on the regulated market of the Frankfurt Stock Exchange (General Standard) under the ISIN code DE000A1TNU68. The share capital amounts to EUR 6.5 million (2024: EUR 6.5 million) and is divided into 6,500,000 (2024: 6,500,000) no-par value shares.

The majority shareholder of STS Group AG is Adler Pelzer Holding GmbH, with its registered office at Kabeler Straße 4, 58099 Hagen, Germany. The consolidated financial statements for the largest group are prepared by G.A.I.A. Holding S.r.l., with its registered office at Via Gaetano Agnes 251, 20832 Desio (MB), Italy.

The consolidated financial statements of STS Group AG as at 31 December 2025 comprise STS Group AG and its subsidiaries. The Group is a supplier of components and systems for the commercial vehicle and automotive industries. The Group develops, manufactures and supplies products and solutions for components made of plastic or composite materials (so-called 'hard trim products') for the automotive and lorry (HGV) industries.

The Management Board prepared the consolidated financial statements on 15 April 2026 and approved them for publication. The impairment review period ends on this date.

2.1. Basis of preparation

The consolidated financial statements for the financial year ended 31 December 2025 have been prepared on a going concern basis. They have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union (EU), and in accordance with section 315e (1) of the German Commercial Code (HGB). The Group therefore applies all IFRSs published by the IASB and all interpretations (IFRICs) issued by the IFRS Interpretations Committee that were effective as at 31 December 2025, have been adopted by the EU and are applicable to the Group. The term IFRS also refers to all valid International Accounting Standards (IAS) and all interpretations and amendments to the International Financial Reporting Standards.

The Group's financial year comprises twelve months and ends on 31 December.

The consolidated financial statements are prepared in euros (EUR). Unless otherwise stated, all amounts are rounded up or down to the nearest million euros (EUR million) in accordance with commercial rounding conventions. Totals in tables have been calculated on the basis of exact figures and rounded to EUR million. Deviations of up to one unit (million, %) are rounding differences resulting from the calculation process. The Group's consolidated financial statements have been prepared in accordance with consistent accounting and consolidation principles for all reporting periods presented. The consolidated financial statements have been prepared using the historical cost principle. The Group classifies assets and liabilities as current if they are expected to be realised or settled within twelve months of the balance sheet date. Where assets and liabilities comprise both current and non-current components, they are split into their respective maturity components and reported as current and non-current assets or liabilities in accordance with the balance sheet structure. The consolidated income statement is prepared using the total cost method.

2.2. Consolidation principles

All subsidiaries over which STS Group AG exercises control in accordance with the provisions of IFRS 10 "Consolidated Financial Statements" are included in the consolidated financial statements and are fully consolidated. A parent company obtains control if it can exercise control over the investee, is exposed to variable returns from the investment and has the ability to use its control over the investee in such a way as to influence the level of the investee's returns. The Company reassesses control if facts and circumstances indicate that one or more of the aforementioned control criteria have changed.

Intra-group transactions, balances and intra-group profits or losses arising from transactions between STS Group AG and its subsidiaries, as well as between the subsidiaries, are eliminated on consolidation.

The results of subsidiaries acquired or disposed of during the year are generally recognised in the consolidated income statement and in other comprehensive income from the date on which control is acquired or until the date on which control is lost.

For practical reasons, this is generally based on the start or end of a month, provided this does not have a material impact on the consolidated financial statements.

Scope of consolidation

As at 31 December 2025, the scope of consolidation comprised, in addition to the parent company, nine (2024: eight) fully consolidated subsidiaries. In addition to the parent company, one (2024: one) further company was based in Germany and eight (2024: seven) companies were based abroad.

As at 31 December 2025, the scope of consolidation comprised STS Group AG and the following fully consolidated subsidiaries:

		Shares in %	
Company	Location	31.12.2025	31.12.2024
STS Plastics SAS	Saint-Désirat, France	100.0	100.0
STS Composites France SAS	Saint-Désirat, France	100.0	100.0
STS Composites Germany GmbH	Kandel, Germany	100.0	100.0
Inoplast Truck S.A. de C.V. [1]	Ramos, Mexico	100.0	100.0
STS Plastics Co., Ltd.	Jiangyin, China	100.0	100.0
STS Plastics (Shi Yan), Ltd. [2]	Shi Yan, China	100.0	100.0
STS Composites (Taixing) Co., Ltd.	Taixing, China	100.0	0.0
MCR SAS	Tournon, France	100.0	100.0
STS Group North America Inc.	Troy, Michigan, USA	100.0	100.0

[1] 0.02 % of the shares in Inoplast Truck S.A. de C.V., Mexico, are held indirectly by STS Plastics Holding SAS, France.

[2] 100 % of the shares in STS Plastics (Shi Yan), Ltd., Shiyan, China, are indirectly held by STS Plastics Co. Ltd., Jiangyin, China.

Acquisitions and business combinations

There were no acquisitions or business combinations in the reporting period or the prior period.

Disposals

There were no disposals in the reporting period or the prior period.

New entity

In July 2025, the company STS Composites (Taixing) Co., Ltd. was established in Taixing, China. The company was included in the consolidated financial statements on the basis of control in accordance with IFRS 10. As at the balance sheet date, the company was still in the start-up phase and had no significant operating activities, nor any significant assets or liabilities.

2.3. Currency translation

2.3.1. Functional currency and presentation currency

The consolidated financial statements have been prepared in accordance with the functional currency concept. The functional currency is the primary currency of the economic environment in which STS Group AG operates. It corresponds to the euro, which is also the presentation currency of the consolidated financial statements. The functional currency of the subsidiaries is generally the local currency of the economic environment in which the subsidiaries operate independently. An exception to this is the Mexican subsidiary, whose functional currency corresponds to the currency that prevailed in the primary economic environment of its independent operations. The functional currency of the Mexican subsidiary is the US dollar. The functional currency of the Chinese subsidiaries is the Renminbi Yuan and that of the US subsidiary is the US dollar.

2.3.2. Transactions and balances

In the financial statements of the individual Group companies, transactions in foreign currencies are translated into the functional currency at the exchange rate prevailing at the time of the transaction. Monetary assets and liabilities in foreign currencies are translated into the functional currency at mid-market rates on the balance sheet date (closing rate). Non-monetary items that were measured in a foreign currency on the basis of their historical cost are translated using the exchange rate on the date of the original transaction. Foreign exchange gains and losses arising from these transactions are recognised in the consolidated income statement under 'Other income' or 'Other expenses'. This procedure also applies to the foreign currency translation of the Mexican subsidiary from the Mexican peso into the functional currency, the US dollar. When preparing the consolidated financial statements, the assets and liabilities of foreign subsidiaries whose functional currency is not the euro are translated into euros at the exchange rates prevailing on the balance sheet date. Income and expenses are translated at the average annual exchange rate, unless exchange rates fluctuate significantly during the period. In such cases, the exchange rates at the time of the transaction would be used. Translation differences arising from the translation into the Company's functional currency are recognised in other comprehensive income within equity, with no effect on profit or loss, until the disposal of the subsidiary.

Any goodwill arising from the acquisition of a foreign operation, as well as any adjustments to the carrying amounts of the assets and liabilities resulting from the acquisition, are treated as assets and liabilities of the foreign operation and translated at the exchange rate prevailing on the balance sheet date.

The average exchange rate shown for 2025 is derived from the annual average of the respective monthly average exchange rates for the reporting year. In previous years, the annual average exchange rate was calculated as the average of the quarterly average exchange rates. The change in the calculation method took place as part of the conversion of the consolidation process. The adjustment to the calculation method has no material impact on the Group's earnings position.

The exchange rates used for currency translation in the reporting year are as follows:

		Spot rate		Avarage rate	
1 EUR in	**Code**	**December 31, 2025**	**December 31, 2024**	**2025**	**2024**
China	CNY	8.212	7.583	8.121	7.786
Mexiko & USA	USD	1.175	1.039	1.130	1.082

3. NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

3.1. Revenue

Revenue is broken down as follows:

EUR Million	2025	2024
Revenues from sales	286.5	304.8
Revenues from services	3.8	4.8
Revenues from other intercompany	1.8	1.5
Revenues	**292.0**	**311.1**

The development of revenue by region and product group is described in the segment reporting in accordance with IFRS 8; see Section 1. All revenue reported as revenue derives from proceeds from contracts with customers.

3.2. Changes in inventories

As at the balance sheet date, there was an increase in inventories of EUR 9.0 million (2024: decrease in inventories of EUR -15.4 million). This is primarily attributable to the build-up of customer tooling for new projects in the Plastics BU.

3.3. Other income

Other income is broken down as follows:

EUR Million	2025	2024
Other capitalised own work	3.9	6.5
Income from grants	1.4	0.1
Revenue from the recycling of raw materials and waste	1.1	0.5
Revenue from other services	0.2	1.9
Foreign currency conversion	-	0.4
Other income	**6.5**	**9.3**

Other income amounted to EUR 6.5 million, compared with EUR 9.3 million in the previous year. Other income includes capitalised in-house work of EUR 3.9 million (2024: EUR 6.5 million), of which EUR 3.8 million relates to development costs (2024: EUR 2.0 million). The non-capitalised development costs, at EUR 1.4 million, are significantly below the previous year's level (2024: EUR 3.4 million).

Government grants amounted to EUR 1.4 million in the reporting year ending 31 December 2025 (2024: EUR 0.1 million). The grants were used in particular to support staff costs and capital expenditure.

3.4. Cost of materials

The cost of materials is broken down as follows:

EUR Million	2025	2024
Cost of raw materials, consumables and supplies	-141.6	-157.7
Cost of purchased services	-21.5	-23.6
Material expenses	**-163.1**	**-181.4**

The decline in cost of materials is primarily attributable to the lower level of revenue compared with the previous year, as well as to changes in the product mix. In particular, a higher proportion of series production in the reporting year, compared with a more pronounced tooling business in the previous year – which carries a comparatively higher proportion of material costs – has led to lower overall cost of materials.

3.5. Staff costs

Personnel expenses are broken down as follows:

EUR Million	2025	2024
Wages and salaries	-58.2	-47.4
Social contributions	-17.3	-16.9
of which social security contributions	-15.8	-15.3
of which expenses for pensions	-1.5	-1.6
Personnel expenses	**-75.5**	**-64.3**

The Group's staff costs for the 2025 financial year amounted to EUR 75.5 million (2024: EUR 64.3 million) and include wages and salaries as well as social security contributions. Social security contributions amounted to EUR 17.3 million in the reporting year (2024: EUR 16.9 million) and are broken down into social insurance contributions and pension expenses. EUR 15.8 million was spent on social insurance in the reporting year (2024: EUR 15.3 million). Pension costs for the 2025 financial year amount to approximately EUR 1.5 million (2024: EUR 1.6 million). The increase in staff costs is primarily attributable to the recruitment of additional staff in connection with the start-up of series production in the USA, as well as to the significant expansion of series production in Europe and the resulting increased staffing requirements.

The average number of employees is as follows:

Average number of employees by group	2025	2024*
Production	1,330	1,241
Administration	116	121
Total	**1,446**	**1,362**

** During the financial year, the database was expanded following the change of system; for the sake of comparability, the previous year's figures were also adjusted accordingly.*

The total number of employees as at 31 December 2025 was 1,431, of whom 890 were based in Europe and 541 in the rest of the world.

3.6. Other expenses

Other expenses are broken down as follows:

EUR Million	2025	2024
Maintenance and repairs	-11.5	-9.0
Packaging materials and outgoing freight	-8.6	-1.6
Services received from related parties	-4.6	-3.9
Losses from claims and onerous contracts	-2.3	-0.6
Additions to allowances on receivables - IFRS 9	-2.2	-0.9
Legal and consulting costs	-2.2	-1.3
Base levies and other taxes	-2.0	-1.8
Advertising and travel expenses	-1.7	-2.7
Occupancy costs	-1.7	-1.4
Rental and leasing	-1.6	-1.4
Research and development expenses	-1.4	-3.4
Expenses from foreign currency translation	-1.4	0.0
Insurance premiums	-1.3	-1.0
Administration	-1.0	-1.9
Fleet	-0.2	-0.3
Other expenses	-2.3	-5.1
Other operating expenses	**-46.0**	**-36.4**

For details of services received from related parties, please refer to section 5.5.1.

3.7. Depreciation

Depreciation and amortisation is broken down as follows:

EUR Million	2025	2024
Amortization of intangible assets	-3.6	-3.7
Depreciation of property, plant and equipment	-13.3	-11.8
Impairment losses on intangible assets	-0.7	0.0
Depreciation and amortization expenses	**-17.7**	**-15.5**

Impairment losses of EUR -0.7 million (2024: EUR 0.0 million) result from write-downs on external development costs and are related to lower call-off volumes for a project in France.

3.8. Finance income and finance costs

Financial income and financial expenses are broken down as follows:

EUR Million	2025	2024
Other interest and similar income	0.4	0.5
Interest and similar income	**0.4**	**0.5**
Interest expense from banks/lenders	-2.8	-1.9
Interest expense from factoring	-1.3	-2.0
Interest expense from discounting provisions	-0.3	-0.4
Interest expense from finance leases	-2.1	-2.1
Other interest and similar expenses	-0.4	-1.2
Financial expenses	**-6.9**	**-7.6**

Interest expense arising from the discounting of provisions includes pension-related interest expense of EUR 0.3 million.

3.9. Income tax

Income tax is broken down as follows:

EUR Million	2025	2024
Current income tax expense for the year	-0.3	-2.0
Deferred tax expense (-) / income (+)	1.0	1.0
Tax expense (-) / tax income (+)	**0.7**	**-1.0**

The following table shows the reconciliation of the tax rate from the expected tax expense to the respective reported tax expense in each financial year.

Based on the effective tax rate applicable to consolidated profit in Germany, taking into account the corporation tax rate of 15.0 % (2024: 15.0 %) plus the solidarity surcharge of 5.5 % (2024: 5.5 %) on the tax liability and trade tax of 18.2 % (2024: 18.2 %), the total tax rate is 34.0 % (2024: 34.0 %).

EUR Million	2025	2024
Profit before tax	**-1.2**	**0.4**
Tax rate of the parent company (in %)	34.0%	34.0%
Tax income/expense at the parent company's tax rate	0.4	-0.1
Utilisation of loss carryforwards not capitalised	0.0	0.6
Deferred tax liabilities not capitalised on temporary differences and loss carryforwards	-1.2	-1.7
Deferred tax assets recognised retrospectively on temporary differences and tax loss carryforwards	0.7	0.2
Other non-tax-deductible expenses, including withholding tax	-0.1	-0.5
Tax-free income and tax relief	0.9	0.4
Differences in tax rates and changes to tax rates	-0.2	0.1
Other effects	0.2	0.0
Reported income tax expense (-) / income (+)	**0.7**	**-1.0**

The applicable tax rates for the Group companies range from 15.0 % to 34.0 % (2024: 15.0 % to 34.0 %).

3.10. Earnings per share

Earnings per share are as follows:

		2025	2024
Net income attributable to owners of STS Group AG	EUR Million	-0.5	-0.6
Calculation of the diluted weighted average number of ordinary shares (excluding treasury shares)			
Basic	Number	6,450,000	6,450,000
Diluted	Number	6,450,000	6,450,000
Earnings per share			
Basic	in EUR	-0.08	-0.09
Diluted	in EUR	-0.08	-0.09

Earnings per share are calculated on the basis of the Group's net profit and the average number of ordinary shares of 6,500,000, less the 50,000 treasury shares held.

4. NOTES TO THE CONSOLIDATED BALANCE SHEET

4.1. Intangible assets

The development of intangible assets is as follows:

EUR million	Production technologies	Customer relationships, patents, concessions and licences including Software	Right of use assets intangible assets	Prepayments and intangible assets under development	Internally generated intangible rights and assets	Internally generated intangible rights and assets under construction	Total
Historical cost							
Balance as of 1 January 2024	**11.6**	**17.0**	**2.0**	**2.3**	**6.2**	**4.8**	**43.8**
Additions	-	-	-	-0.0	2.7	0.3	3.0
Reclassifications	-	0.0	-	-0.0	1.6	-1.6	-
Disposals	-		-	-	-	-	-
Exchange rate differences	-	0.3	-	0.2	-	-	0.6
Balance as of 31 December 2024	**11.6**	**17.3**	**2.0**	**2.4**	**10.5**	**3.5**	**47.3**
Balance as of 1 January 2025	**11.6**	**17.3**	**2.0**	**2.4**	**10.5**	**3.5**	**47.3**
Additions	-	0.0	-	1.5	-	5.6	7.1
Reclassifications [1]	-0.5	-13.9	-	-2.3	4.3	-4.3	-16.7
Disposals	-	-	-	0.0	-0.2	-2.3	-2.5
Exchange rate differences	-	-0.0	-	-0.2	-	-	-0.3
Balance as of 31 December 2025	**11.0**	**3.5**	**2.0**	**1.4**	**14.6**	**2.5**	**35.0**
Cumulative amortization and impairment							
Balance as of 1 January 2024	**-7.5**	**-13.3**	**-1.5**	**-**	**-2.5**	**-**	**-24.7**
Amortization	-0.6	-1.2	-0.3	-	-1.6	-	-3.7
Reclassifications	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Exchange rate differences	-	-0.3	-	-	-	-	-0.3
Balance as of 31 December 2024	**-8.1**	**-14.8**	**-1.8**	**-**	**-4.1**	**-**	**-28.7**
Balance as of 1 January 2025	**-8.1**	**-14.8**	**-1.8**	**-**	**-4.1**	**-**	**-28.7**
Amortization	-1.5	-0.0	-0.2	-0.1	-1.7	-	-3.6
Impairment	-0.7	-	-	-	-	-	-0.7
Reclassifications [1]	2.8	11.6	-	-0.0	-0.9	-	13.5
Disposals	-	-	-	-	0.0	-	0.0
Exchange rate differences	-	0.0	-	0.0	-	-	0.0
Balance as of 31 December 2025	**-7.6**	**-3.2**	**-2.0**	**-0.1**	**-6.6**	**-**	**-19.5**
Net carrying amounts							
As of 31 December 2024	3.5	2.6	0.2	2.4	6.4	3.5	18.7
As of 31 December 2025	3.5	0.3	0.0	1.3	8.0	2.5	15.5

1) In the 2025 financial year, account classifications were revised as part of the system migration, resulting in reclassifications within intangible assets and property, plant and equipment between historical cost and accumulated depreciation. In addition, reclassifications to other accounts within assets were carried out.

Intangible assets under development created in-house include capitalised development costs amounting to EUR 3.8 million (2024: EUR 2.0 million). These are intangible assets not yet ready for use, which are not subject to regular amortisation.

4.2. Property, plant and equipment

The movement in property, plant and equipment is as follows:

EUR million	Land and buildings	Right of use land and buildings	Technical equipment and machinery	Right of use technical equipment and machinery	Operating and office equipment	Right of use vehicles	Advance payments and assets under development	Total
Historical cost								
Balance as of 1 January 2024	32.9	40.6	50.1	8.9	2.8	1.4	9.8	146.4
Additions	0.3	1.1	4.5	0.6	0.1	0.1	6.9	13.6
Reclassifications	-	-	7.2	-	-	-	-7.2	0.0
Disposals	-	-0.6	-	-0.3	-	-0.0	-0.3	-1.2
Exchange rate differences	-0.2	1.7	0.8	0.1	-	-	0.3	2.7
Balance as of 31 December 2024	**33.0**	**42.8**	**62.6**	**9.3**	**2.9**	**1.5**	**9.4**	**161.5**
Balance as of 1 January 2025	**33.0**	**42.8**	**62.6**	**9.3**	**2.9**	**1.5**	**9.4**	**161.5**
Additions	0.0	3.9	1.9	1.2	0.1	3.1	2.2	12.5
Reclassifications [1]	1.4	-4.9	2.6	-1.8	1.4	-0.7	-7.4	-9.4
Disposals	-	-0.6	0.5	-0.2	-0.0	0.0	-	-0.3
Exchange rate differences	-0.5	-3.1	-2.1	-0.0	-0.0	-0.1	-0.3	-6.0
Balance as of 31 December 2025	34.0	38.1	65.7	8.5	4.3	3.8	3.8	158.3
Cumulative amortization and impairment								
Balance as of 1 January 2024	-9.5	-11.9	-29.0	-5.6	-2.4	-1.2	0.1	-59.5
Amortization	-1.4	-3.5	-5.6	-1.0	-0.2	-0.2	-	-11.9
Impairments	-	-	-	-	-	-	-	-
Reclassifications	0.1	-0.1	-	-	-	-	-	-
Disposals	-	-0.1	-	0.3	-	0.1	-	0.3
Exchange rate differences	-	-0.2	-0.3	-0.1	-	-	-	-0.6
Balance as of 31 December 2024	**-10.8**	**-15.8**	**-34.8**	**-6.4**	**-2.6**	**-1.3**	**0.1**	**-71.6**
Balance as of 1 January 2025	**-10.8**	**-15.8**	**-34.8**	**-6.4**	**-2.6**	**-1.3**	**0.1**	**-71.6**
Amortization	-1.0	-3.0	-7.5	-1.1	-0.6	-0.2	-	-13.3
Impairment	-	-	-0.0	-	-	-	-	-0.0
Reclassifications [1]	-1.5	4.7	3.6	1.7	0.7	0.6	-0.1	9.7
Disposals	-	0.0	0.1	0.2	0.0	0.0	-	0.3
Exchange rate differences	0.0	0.4	0.3	0.0	0.0	0.0	-	0.8
Balance as of 31 December 2025	-13.2	-13.7	-38.3	-5.6	-2.5	-0.8	-	-74.1
Net carrying amounts								
As of 31 December 2024	22.2	27.0	27.8	2.9	0.3	0.2	9.5	89.9
As of 31 December 2025	20.7	24.4	27.4	3.0	1.8	3.0	3.8	84.2

[1] In the 2025 financial year, account classifications were revised as part of the system migration, resulting in reclassifications within intangible assets and property, plant and equipment between historical cost and accumulated depreciation. In addition, reclassifications to other accounts within assets were carried out.

As part of the regular annual impairment test in accordance with IAS 36, the STS Group reviewed the recoverable amount for several cash-generating units (CGUs) in the 2025 reporting year and in the previous year, and did not identify any triggering events for any of these CGUs that would have required the recognition of an impairment loss.

4.3. Other non-current and current financial assets

The other non-current and current financial assets are as follows:

	31.12.2025		
EUR million	Langfristig	Kurzfristig	Gesamt
Loans to associated companies	0.0	3.7	3.7
Security deposits	0.1	0.0	0.1
Receivable from factoring institution	0.0	3.3	3.3
Other financial assets	**0.1**	**6.9**	**7.1**

	31.12.2024		
EUR Million	Non-current	Current	Total
Supplier bonuses	0.0	0.8	0.8
Loans to affiliated companies	0.0	6.3	6.3
Security deposits	1.1	0.0	1.1
Receivable from factorer	0.0	1.9	1.9
Other financial assets	1.1	9.1	10.1

As at 31 December 2025 and 2024, receivables from factoring institutions comprised the institutions' security retentions against the STS Group arising from the purchased receivables.

4.4. Long-term and short-term income tax receivables

Current income tax receivables amounted to EUR 0.8 million as at 31 December 2025 (31 December 2024: EUR 0.1 million). As at 31 December 2025, there were no non-current income tax receivables, in line with the previous year.

4.5. Other long-term and short-term non-financial assets

	31.12.2025		
EUR million	Non current	Current	Total
VAT receivables and other tax refund claims	1.2	5.0	6.2
Active accruals	0.0	3.1	3.1
Other assets	**1.2**	**8.1**	**9.3**

	31.12.2024		
EUR million	Non current	Current	Total
VAT receivables and other tax refund claims	1.7	4.4	6.1
Active accruals	0.0	1.6	1.6
Other assets	**1.7**	**6.0**	**7.7**

Prepaid expenses comprise payments made prior to the balance sheet date for which the associated benefit will accrue in future reporting periods. They are recognised as part of other current assets in accordance with IAS 1.66(c). Prepaid expenses relate primarily to expenses paid in advance for services and other accruals.

4.6. Deferred tax assets and liabilities

Deferred tax assets and liabilities as at 31 December 2025 comprise the following:

Deferred tax assets	Deferred tax at the start of the year	Recognised in the profit and loss account	Exchange rate differences	Closing balance of deferred tax liabilities
Property, plant and equipment	0.4	0.2	-0.1	0.5
Inventories	0.4	-0.1	0.0	0.3
Trade receivables	0.3	-0.2	0.0	0.1
Long-term liabilities arising from finance leases	0.3	0.0	0.0	0.3
Pension obligations	2.3	-0.1	0.0	2.2
Current liabilities arising from finance leases	0.2	-0.1	0.0	0.1
Current provisions	0.3	0.4	0.0	0.7
Other current liabilities	1.6	0.3	-0.1	1.8
Subtotal	**5.8**	**0.4**	**-0.2**	**6.0**
Tax losses	1.2	0.2	0.0	1.4
Other deferred taxes	0.1	0.0	-0.1	0.0
Total before offsetting	**7.1**	**0.6**	**-0.3**	**7.4**
Offsetting of deferred tax assets	-2.2			-1.6
Total	**4.9**			**5.8**

Deferred tax liabilities	Deferred tax at the start of the year	Recognised in the profit and loss account	Exchange rate differences	Closing balance of deferred tax liabilities
Other intangible assets	-0.2	-0.1	0.0	-0.3
Property, plant and equipment	-1.8	0.4	0.2	-1.2
Long-term liabilities arising from finance leases	-0.1	0.0	0.0	-0.1
Trade payables	-0.1	0.1	0.0	0.0
Total before offsetting	**-2.2**	**0.4**	**0.2**	**-1.6**
Offsetting of deferred tax liabilities	2.2			1.6
Total	**0.0**			**0.0**

In principle, companies that will have sufficient taxable income in future periods must recognise deferred tax assets on deductible temporary differences and tax loss carryforwards in order to utilise the tax benefits arising from temporary differences and loss carryforwards.

Offsetting refers to the netting of deferred tax assets and liabilities within individual companies or tax groups, provided they relate to the same tax authorities.

Of the total tax loss carryforward of EUR 90.3 million (of which EUR 58.5 million relates to corporation tax and other comparable foreign taxes, and EUR 31.8 million to trade tax) (2024: EUR 83.9 million), an amount of EUR 7.5 million (2024: EUR 6.1 million) is expected to be utilised within a reasonable period. The underlying planning horizon is 5 years. Deferred tax assets of EUR 1.4 million (2024: EUR 1.2 million) have been recognised in the amount of the tax loss carryforwards expected to be utilised. The unrecognised deferred tax assets for temporary differences and tax loss carryforwards amount to EUR 13.6 million (of which EUR 10.0 million relates to corporation tax and other comparable foreign taxes and EUR 3.6 million to trade tax) (2024: EUR 13.2 million).

In view of the change in shareholders that took place in the 2021 financial year, tax assessments for the years 2021 and 2022 were issued in 2024, which show a loss carryforward not related to the going concern pursuant to Section 8d of the German Corporation Tax Act (KStG) amounting to EUR 51.3 million (of which EUR 26.1 million relates to corporation tax and EUR 25.2 million to trade tax).

Loss carry-forwards amounting to EUR 0.0 million (2024: EUR 0.0 million) will lapse in the years 2026 to 2028, provided they cannot be utilised against sufficient available taxable income.

As at 31 December 2025, deferred tax of EUR 0.0 million (2024: EUR 0.0 million) arising from the measurement of the defined benefit obligation in accordance with IAS 19 was offset against equity and an amount of deferred tax of EUR 0.0 million (2024: EUR 0.1 million) was recognised in other comprehensive income; consequently, the balance in other comprehensive income amounts to EUR 0.0 million (2024: EUR -0.1 million). Deferred tax liabilities of EUR 0.6 million (2024: EUR 0.8 million) on taxable temporary differences of EUR 38.7 million (2024: EUR 44.9 million) for undistributed profits of the Group's subsidiaries were not recognised in accordance with IAS 12.39 due to the existing control over the reversal of the temporary differences and the unlikelihood of their reversal in the foreseeable future.

4.7. Inventories and prepayments for inventories

Inventories are broken down as follows:

EUR million	31.12.2025	31.12.2024
Raw materials, consumables and supplies	13.6	12.8
Work in progress	10.9	5.8
Finished goods	4.7	4.4
Inventories	**29.2**	**22.9**

EUR million	31.12.2025	31.12.2024
Deposit on stock	**0.1**	**0.2**

The valuation of inventories takes into account marketability, age and all identifiable price, quality and storage risks.

The cost of acquisition or production of individual inventories is determined using weighted average costs.

Of the work in progress and services in progress, EUR 10.1 million (2024: EUR 5.0 million) and of the finished goods, EUR 3.2 million (2024: EUR 3.3 million) relate to the Plastics segment, which recognises the majority of its revenue on an accrual basis using the output method. The increase in work in progress is attributable to the rise in series production business in the Plastics BU and to the development of tools for new customer projects.

Advance payments on inventories amounted to EUR 0.1 million as at the balance sheet date, down from EUR 0.2 million in the previous year.

4.8. Contract assets and contract liabilities

The following table shows the closing balances of contract assets and contract liabilities arising from contracts with customers:

EUR million	31.12.2024	Additions	Implementation	other changes	31.12.2025
Current contract assets	3.6	0.4	-	-1.6	2.5
Non-current contract liabilities	0.3	-	-	-0.3	0.0
Current contract liabilities	1.6	7.9	-1.0	4.0	12.6

In the financial years 2025 and 2024, no impairment losses were recognised on contract assets in accordance with IFRS 9. For details on the calculation of impairment losses, please refer to sections 5.2.2 and 6.8.2. The change in contract liabilities during the current period is primarily attributable to advance payments for new tooling projects in France.

Revenue of EUR 1.0 million (2024: EUR 46.7 million) was recognised in the current reporting period from contracts with customers that were included in contract liabilities at the beginning of the period. This relates primarily to tooling revenue in France. A total transaction price of EUR 12.6 million (2024: EUR 1.9 million) is allocated to performance obligations that were not fulfilled, either in whole or in part, at the end of the reporting period. The Group expects these performance obligations to be recognised in the amount of EUR 12.6 million (2024: EUR 1.6 million) in the subsequent period and in the amount of EUR 0.0 million (2024: EUR 0.3 million) in the periods thereafter. The transaction prices stated relate primarily to prices for first-run production tools. In accordance with IFRS 15, the transaction price is not disclosed for performance obligations with a term of one year or less.

4.9. Trade receivables and other receivables

EUR million	31.12.2025	31.12.2024
Trade receivables and other receivables before provision for bad debts	39.0	48.2
Less Level 2 provision for bad debts	-2.6	-0.1
Less Level 3 provision for bad debts	0.0	-1.0
Trade receivables and other receivables	**36.4**	**47.1**

Trade receivables and other receivables do not bear interest and have a maturity of less than one year.

The Group recognises impairment losses for general credit risks using the expected loss model in accordance with IFRS 9.5.5. These are initially recognised in impairment accounts, unless it can be assumed at the time the reason for the impairment arises that the receivable will be wholly or partially uncollectible. In such cases, the carrying amount of the receivables is written off directly to profit or loss.

Developments in expected credit losses for trade receivables and other receivables

EUR million	2025	2024
Risk provisioning level 2 (as at 1 January)	**0.1**	**0.1**
Addition	2.7	0.0
Utilisation	-0.1	0.0
Reversal	-0.1	0.0
Currency translation and other effects	0.0	0.0
Risk provisioning level 2 (as at 31 December)	**2.6**	**0.1**
Risk provisioning level 3 (as at 1 January)	**1.0**	**0.1**
Addition	0.0	1.0
Utilisation	-1.0	0.0
Reversal	0.0	-0.1
Currency translation and other effects	0.0	0.0
Risk provisioning level 3 (as at 31 December)	**0.0**	**1.0**

The change in the provision for credit losses during the reporting period is primarily attributable to the utilisation of Level 3 credit loss provisions relating to a Chinese company in the amount of EUR 1.0 million, although there was an addition to Level 2 credit loss provisions of EUR 2.5 million, which relates primarily to a customer of a French company. For the calculation of impairment losses, please refer to sections 5.2.2 and 6.8.2.

Transfer of trade receivables

As in the previous year, the Group sells trade receivables to factoring companies under genuine ('non-recourse') factoring arrangements. In the 2025 financial year, only genuine factoring contracts were in place; in the previous year, 2024, only genuine factoring contracts were reported within the Group.

Sale of receivables under factoring arrangements with transfer of risks and rewards

The Group has sold trade receivables with a carrying amount of EUR 41.4 million (2024: EUR 32.7 million) to third parties on the basis of factoring agreements, for which no significant opportunities or risks remain for the Group. These receivables were therefore derecognised in accordance with IFRS 9.3.2.6 (a). The maximum factoring facility amounts to EUR 43.0 million. The Group has recognised the factoring company's retention of security for the assigned receivables as other current financial assets as at 31 December 2025 in the amount of EUR 3.3 million (2024: EUR 1.9 million); this retention of security represents the Group's maximum risk arising from the factoring company's potential recourse in the event that sold receivables cannot be settled in full or in part due to objections by the debtor (e.g. discounts, reductions, withdrawal or reversal of transactions) or due to the seller's failure to fulfil contractual obligations, cannot be settled in full or in part. Due to the short-term nature of the sold trade receivables and the advances received, the fair value approximates the carrying amount.

4.10. Cash and cash equivalents

Bank balances were not pledged as at 31 December 2025 or 31 December 2024.

For further details on credit risks, please refer to section 5.2.2, 'Financial Risk Management: Credit and Default Risk.

4.11. Equity

The individual components of equity and their development for the financial years 2025 and 2024 are presented in the consolidated statement of changes in equity.

4.11.1. Composition of subscribed capital

The subscribed capital of STS Group AG totalled EUR 6.5 million as at 31 December 2025 (31 December 2024: EUR 6.5 million) and was divided into 6,500,000 (31 December 2024: 6,500,000) no-par bearer shares with a notional value of EUR 1.00 per share. Pursuant to Section 5 (2) of the Articles of Association of STS Group AG, shareholders have no right to have their shares certified, insofar as this is permitted by law and certification is not required under the rules of a stock exchange on which the shares are admitted to trading. STS Group AG is entitled to issue individual certificates or global certificates for the shares. No entry in a share register pursuant to Section 67 (1) of the German Stock Corporation Act (AktG) is required for bearer shares.

All shares carry the same rights and obligations. Only the shares held by the Company itself do not confer any rights. The rights and obligations of shareholders are set out in detail in the provisions of the German Stock Corporation Act (AktG), in particular in Sections 12, 53a et seq., 118 et seq. and 186 of the AktG.

All shares were fully paid up as at the balance sheet date.

As at 31 December 2025, the company held 50,000 shares in its own portfolio (31 December 2024: 50,000).

4.11.2. Changes in subscribed capital

There were no changes to the subscribed capital during the reporting period.

Following the expiry of the authorisation period on 2 May 2023 for the Authorised Capital 2018/I resolved on 3 May 2018, the Management Board is authorised by a resolution of the Annual General Meeting of 7 July 2023, with the approval of the Supervisory Board, to increase the share capital within a period of five years, calculated from the date of entry of this Authorised Capital in the Commercial Register, by up to EUR 3.25 million, either in one or more instalments, by issuing up to 3,250,000 new no-par value bearer shares in return for cash and/or non-cash contributions ("Authorised Capital 2023/I").

Restrictions relating to voting rights or the transfer of shares

Pursuant to Article 21 (1) of the Articles of Association of STS Group AG, each share confers one vote at the Annual General Meeting and, pursuant to Article 24 (2) of the Articles of Association of STS Group AG, determines the shareholders' share in the profits of STS Group AG. This excludes treasury shares held by STS Group AG, from which STS Group AG derives no rights. Restrictions on the voting rights attached to shares may arise in particular from provisions of company law, such as Section 136 of the German Stock Corporation Act (AktG). Breaches of notification obligations within the meaning of Sections 33 (1), 38 (1) and 39 (1) of the German Securities Trading Act (WpHG) may result in rights attached to shares, including voting rights, being suspended, at least temporarily, in accordance with Section 44 WpHG. STS Group AG is not aware of any contractual restrictions on voting rights.

The Company's shares are freely transferable in accordance with the statutory provisions governing the transfer of bearer shares, and there are no restrictions on transferability.

4.11.3. Shareholdings exceeding 10 % of voting rights

As at 31 December 2025, the following direct and indirect shareholdings in the capital of STS Group AG existed which exceeded the threshold of 10 % of the voting rights: The largest shareholder of STS Group AG, Adler Pelzer Holding GmbH, based in Hagen (Germany), last notified the company on 2 July 2021 that it holds the majority of voting rights in STS Group AG. Furthermore, no direct or indirect shareholdings in the capital of STS Group AG that reach or exceed 10 % of the voting rights have been reported to STS Group AG, nor are any such shareholdings otherwise known.

4.11.4. Shares with special rights conferring control

No shares with special rights conferring control have been issued.

4.11.5. Control of voting rights in the context of employee share ownership

As at 31 December 2025, there are no active employee share ownership schemes. Where STS Group AG has issued or issues shares to employees under employee share ownership schemes, these are generally transferred directly to the employees. The beneficiary employees may exercise the control rights to which they are entitled in respect of the employee shares in the same way as other shareholders, in accordance with the statutory provisions and the provisions of the Articles of Association.

4.11.6. Appointment and dismissal of members of the Management Board; amendment of the Articles of Association

The appointment and dismissal of members of the Management Board are governed by Sections 84 and 85 of the German Stock Corporation Act (AktG). Pursuant to Section 7 (1) of the Articles of Association of STS Group AG, the Management Board consists of one or more persons. The exact number is determined by the Supervisory Board. Pursuant to Section 7 (2) of the Articles of Association of STS Group AG, the Supervisory Board may appoint a Chairman of the Management Board and a Deputy Chairman.

Pursuant to Sections 119 (1) (5) and 179 of the German Stock Corporation Act (AktG), any amendment to the Articles of Association requires a resolution of the Annual General Meeting. The power to make amendments to the Articles of Association that relate solely to the wording is delegated to the Supervisory Board in accordance with Section 179 (1), second sentence, of the German Stock Corporation Act (AktG) in conjunction with Article 12 (4) of the Articles of Association of STS Group AG. Furthermore, the Supervisory Board was authorised by a resolution of the Annual General Meeting on 3 May 2018 to amend Section 4 (3) of the Articles of Association in accordance with the respective utilisation of the 2018/I Contingent Capital and following the expiry of all option and conversion periods. Furthermore, the Supervisory Board has been authorised by a resolution of the Annual General Meeting of 7 July 2023 ( ) to amend Article 4 (5) of the Articles of Association following the full or partial implementation of the share capital increase from Authorised Capital 2023/I or following the expiry of the authorisation period, in accordance with the extent to which Authorised Capital 2023/I has been utilised up to that point.

Resolutions of the Annual General Meeting require a simple majority of votes and, where a capital majority is required, a simple majority of the share capital represented at the time of the resolution, unless the law mandatorily prescribes a larger majority (Section 21 (2) of the Articles of Association of STS Group AG). Accordingly – in deviation from Section 179 (2) sentence 1 of the German Stock Corporation Act (AktG) – resolutions of the Annual General Meeting amending the Articles of Association also require, in addition to a simple majority of votes, a majority of the share capital represented at the time of the resolution, unless the law mandatorily prescribes a larger majority. Furthermore, pursuant to Section 21 (2) of the Articles of Association of STS Group AG – in deviation from Section 103 (1), second sentence, of the German Stock Corporation Act (AktG) – a simple majority of votes is sufficient for the removal of members of the Supervisory Board.

4.11.7. Powers of the Management Board to issue or repurchase shares

a) Authorised capital 2023/I

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

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

(i) for fractional amounts;

(ii) in the case of capital increases against cash contributions, provided that the total proportionate amount of share capital attributable to the new shares for which subscription rights are excluded does not exceed 10 % of the share capital existing at the time of the resolution by the Annual General Meeting or – if this amount is lower – at the time of exercising this authorisation, and the issue price of the new shares does not fall significantly below the stock market price of shares of the same class and with the same terms and conditions already listed on a stock exchange at the time the issue price is finally determined by the Management Board within the meaning of Sections 203 (1) and (2), 186 (3) sentence 4 of the German Stock Corporation Act (AktG). When calculating the 10 % limit, shares that have already been issued or sold during the term of this authorisation at the time of its exercise, in direct or analogous application of Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) with the exclusion of subscription rights, shall be taken into account. Furthermore, shares to be issued to service option and/or conversion rights or option and/or conversion obligations arising from convertible and/or option bonds, provided that these bonds were issued during the term of this authorisation with the exclusion of subscription rights in accordance with the analogous application of Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG);

(iii) in the case of capital increases against contributions in kind for the issue of new shares in connection with business combinations for the purpose of acquiring companies, parts of companies or interests in companies, or other assets eligible for contribution in connection with such a business combination or acquisition, including the acquisition of claims against the Company or other assets;

(iv) to the extent necessary for the purposes of anti-dilution protection to ensure that the holders or creditors of option and/or convertible bonds issued or to be issued by the Company or its subsidiaries pursuant to an authorisation granted to the Management Board by the Annual General Meeting, to grant subscription rights to the extent to which they would be entitled following the exercise of option and/or conversion rights or the fulfilment of option and/or conversion obligations;

(v) to service option and/or conversion rights or option and/or conversion obligations arising from option and/or convertible bonds issued by the Company;

(vi) in the event of cooperation with another company, where such cooperation serves the interests of the Company and the cooperating company requires a shareholding;

(vii) to issue shares to members of the Management Board and employees of the Company, as well as to members of the management and employees of companies affiliated with the Company, for the purpose of fulfilling a share option scheme or any other employee participation scheme. In this context, the new shares may also be issued to an intermediary or an equivalent entity, which shall acquire these shares with the obligation to transfer them exclusively to the persons entitled hereunder.

Further details are set out in Section 4 (3) (new version) of the Articles of Association of STS Group AG.

As no capital increases have been carried out to date and no use has been made of the Authorised Capital 2023/I in connection therewith, the Authorised Capital 2023/I has not been reduced and remains in the amount of EUR 3,250,000.00.

b) Conditional Capital 2018/I

The Company's share capital was increased by up to EUR 2,000,000.00 by resolution of the Annual General Meeting of 3 May 2018 through the issue of up to 2,000,000 new no-par value bearer shares, each representing a proportionate amount of the Company's share capital of EUR 1.00 per share ("Conditional Capital 2018/I"). Conditional Capital 2018/I was intended, amongst other things, for the grant of shares upon the exercise of option or conversion rights.

By the expiry of the authorisation period on 2 May 2023, no convertible bonds, warrants, profit participation rights and/or profit-sharing bonds had been issued and, consequently, no conversion or option rights to shares had been granted to creditors or holders of such bonds.

In view of the expiry of the authorisation period and on the basis of the authorisation granted to the Supervisory Board in Section 4 (3) of the previous version of the Company's Articles of Association to amend this Section 4 (3) of the previous version of the Company's Articles of

Association, inter alia, after the expiry of the authorisation period, the Supervisory Board passed a resolution on 8 August 2025 to delete Section 4 (3) of the Articles of Association in its previous version. Section 4 (4) of the Articles of Association in its previous version thereby became the current Section 4 (3) of the Articles of Association in its new version (Authorised Capital 2023/I).

c) Conditional Capital 2018/II

The Company's share capital was conditionally increased by a resolution of the Annual General Meeting of 3 May 2018 by up to EUR 500,000.00 through the issue of up to 500,000 new no-par value bearer shares, each representing a proportionate amount of the Company's share capital of EUR 1.00 per share ("Conditional Capital 2018/II"). Conditional Capital 2018/II will only be implemented to the extent that subscription rights have been issued under the 2018 Share Option Scheme in accordance with the resolution of the Annual General Meeting of 3 May 2018, the holders of the subscription rights exercise their right of subscription, and the Company does not grant any of its own shares to fulfil the subscription rights.

No subscription rights have been issued by the Management Board prior to the expiry of the authorisation period on 2 May 2023.

Conditional Capital 2018/II did not, under Section 4 (4) of the previous version of the Company's Articles of Association, provide for any authorisation of the Supervisory Board to amend the aforementioned provision of the Articles of Association in accordance with the respective drawdown of Conditional Capital 2018/II and/or upon expiry of the authorisation period.

Accordingly, the Annual General Meeting on 13 June 2024 resolved, as a precautionary measure, to delete the provision regarding Contingent Capital 2018/II in Section 4 (4) of the previous version of the Company's Articles of Association without replacement. Section 4 (5) of the Company's Articles of Association regarding Authorised Capital 2023/I was consequently, as a first step, incorporated unchanged into the new Section 4 (4) of the previous version of the Company's Articles of Association before the Authorised Capital 2023/I was converted into Section 4 (3) of the new version of the Company's Articles of Association by the Supervisory Board's resolution of 8 August 2025 to delete the Contingent Capital 2018/I.

d) SHARE BUY-BACK

The Management Board of STS Group AG is authorised to repurchase its own shares and to sell repurchased shares in the cases provided for by law in Section 71 of the German Stock Corporation Act (AktG). On 21 November 2018 , the Management Board, with the approval of the Supervisory Board, resolved to launch a share buy-back programme of up to EUR 1,000,000 (excluding incidental acquisition costs) ("Share Buy-Back Programme 2018/I"). By this resolution, the Annual General Meeting authorised the Management Board, with the approval of the Supervisory Board, to acquire the Company's own shares up to a total of 10 % of the Company's share capital existing at the time of the resolution or – if this figure is lower – at the time the authorisation is exercised, until 2 May 2023. The shares acquired pursuant to this authorisation, together with other treasury shares of the Company which the Company has acquired and still holds or which are attributable to it pursuant to Sections 71a et seq. of the German Stock Corporation Act (AktG), may at no time exceed 10 % of the Company's share capital at that time. The acquisition of own shares shall take place, at the discretion of the Management Board, via the stock exchange or by means of a public offer to all shareholders or by means of a public invitation to shareholders to submit offers to sell.

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

(i) They may be cancelled and the Company's share capital reduced by the portion of the share capital attributable to the cancelled shares.

(ii) They may be offered to third parties in exchange for non-cash consideration and transferred to them.

(iii) They may be sold to third parties for cash, provided that the price at which the Company's shares are sold does not fall significantly below the stock market price of a share in the Company at the time of sale (Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG)). The proportion of the share capital attributable to the number of shares sold pursuant to this authorisation may not exceed 10 %.

(iv) They may be used to satisfy obligations or rights to acquire shares in the Company arising from and in connection with convertible bonds, warrants or profit participation rights with conversion or option rights issued by the Company or one of its group companies.

Further details are set out in the authorisation resolution.

The Management Board was also authorised by a resolution of the Annual General Meeting on

3 May 2018, with the approval of the Supervisory Board, to acquire treasury shares amounting to a total of up to 5 % of the share capital existing at the time of the resolution through the use of derivatives (put or call options or a combination of both). The term of the options must be chosen such that the acquisition of shares upon exercise of the options takes place no later than 2 May 2023. Shareholders do not have the right – in accordance with Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) – to enter into such option transactions with the Company. Further details are set out in the authorisation resolution.

By the expiry of the authorisation period on 2 May 2023, the Company had repurchased a total of 50,000 of its own shares under the 2018/I, in the period from 22 November 2018 to 21 May 2019, a total of 50,000 of the company's own shares. To date, the company holds 50,000 of its own shares, for which it has no voting rights. The own shares represent approximately 0.8 % of the share capital.

4.11.8. Capital reserve

As at 31 December 2025, the capital reserve amounted to EUR 5.4 million (2024: EUR 5.4 million). It serves to reflect additional contributions made by shareholders to equity.

There was no change in the reporting year.

4.11.9. Retained earnings

Retained earnings remained virtually unchanged at EUR 32.4 million as at 31 December 2025 (2024: EUR 33.5 million). No distribution from retained earnings is planned for the 2025 financial year. Against the backdrop of the strategic development of the STS Group, in particular the further expansion of international business activities with a focus on the Chinese market and the strengthening of the company's financial base, the available funds are to remain within the company.

Retained earnings serve to retain profits after allocation from the net profit for the year.

4.11.10. Other components of equity

Other equity components include actuarial gains and losses on pension obligations and the foreign currency translation reserve. The changes in the reporting years 2025 and 2024 are presented in total in the consolidated statement of changes in equity.

Compared with the previous year, the foreign exchange translation difference has changed from EUR -0.2 million as at the balance sheet date in 2024 to EUR -1.2 million as at the reporting date for the 2025 financial year. This difference is primarily attributable to foreign currency effects relating to the Plastics business unit and the China business unit.

The reclassifications within other equity items result from the system changeover and the correct allocation of accounts in this context.

4.12. Long-term and short-term financial liabilities

The long-term and short-term financial liabilities are as follows:

	31, December 2025		
EUR million	Non current	Current	Total
Lease liabilities	28.0	5.7	33.7
Liabilities to banks	3.1	13.2	16.3
Liabilities arising from loans from related parties	0.5	3.8	4.2
Other financial liabilities	4.6	0.5	5.1
Financial liabilities	**36.2**	**23.1**	**59.3**

	31, December 2024		
EUR million	Non current	Current	Total
Lease liabilities	27.7	4.9	32.6
Liabilities to banks	11.1	14.2	25.3
Liabilities arising from loans from related parties	9.2	9.6	18.8
Other financial liabilities	4.2	0.1	4.3
Financial liabilities	**52.2**	**28.9**	**81.1**

4.12.1. Lease liabilities

For information on the due dates of outstanding payments arising from leases, please refer to section 5.2.2.

4.12.2. Liabilities to banks

Liabilities to banks decreased from EUR 25.3 million to EUR 16.3 million.

As at the balance sheet date, there are no longer any loans for which financial covenants have been agreed. The relevant loans were fully repaid in the 2025 reporting year. Accordingly, no financial covenants were breached in the 2025 reporting year – as in the previous year 2024. The carrying amount of the loans with breached contractual clauses is therefore EUR 0.0 million (2024: EUR 0.0 million).

4.12.3. Loan liabilities from related parties

For the reporting year, loans from related parties amounting to EUR 4.2 million (2024: EUR 18.8 million) are reported, which were primarily issued by the main shareholder Adler Pelzer Holding GmbH and its subsidiary HP Pelzer Automotive System Inc. and were partially repaid during the financial year.

4.12.4. Other financial liabilities

In the 2025 reporting year, there are other financial liabilities amounting to EUR 5.1 million (2024: EUR 4.3 million), which consist mainly of liabilities to a third party.

4.12.5. Pledges

The following amounts have been pledged in respect of bank and third-party loans:

EUR million	December 31, 2025	December 31, 2024
Property, plant and equipment	3.3	3.8
Pledged assets	**3.3**	**3.8**

Of the pledged amounts, EUR 3.0 million (2024: EUR 3.8 million) relates to the China business unit. The pledged property, plant and equipment in the China segment comprised land and buildings serving as security for bank loans. In the event of a default on the loans, the bank has the right to sell the assets. In the event of an unauthorised sale of the land and buildings, the bank may claim between 10 % and 30 % of the remaining debt as a penalty payment.

4.13. Provisions

Provisions are composed as follows:

EUR million	2025	2024
Provisions for pensions and similar obligations	9.0	9.4
Other provisions	0.9	0.9
Provisions	**9.9**	**10.3**

4.13.1. Pensions and similar obligations

Defined benefit plans

The provision for pensions and similar obligations is based on country-specific statutory obligations in France and Mexico. These are primarily determined by employees' remuneration and length of service. In the case of France and Mexico, these are lump-sum payments made upon the employee's retirement. The plans are defined as defined benefit plans in both countries. These are unfunded plans, the obligations of which the company meets itself as and when they fall due.

The provision for pensions and similar obligations is calculated in accordance with IAS 19 using the projected unit credit method for defined benefit plans. The calculation is based on actuarial valuations as at 31 December 2025.

The following table shows the development of the defined benefit obligation (DBO) as at 31 December 2025.

EUR million	2025	2024
DBO as of January 1	9.3	9.1
Service cost	0.2	0.2
current service costs	0.5	0.4
gains (-) / losses (+) from plan amendments	-0.2	-0.2
Interest expenses	0.3	0.3
Actuarial gains (+) / losses (-)	0.1	0.4
from changes in experience assumptions	-0.3	0.2
from changes in demographic assumptions	0.0	-0.2
from changes in financial assumptions	0.4	0.4
Benefits paid	-1.0	-0.8
DBO as of December 31	**9.0**	**9.3**

The amounts recognised in the consolidated income statement and in other comprehensive income are as follows:

EUR million	2025	2024
Service cost	0.2	0.2
current service costs	0.5	0.4
gains (-) / losses (+) from plan amendments	-0.2	-0.2
Interest expenses	0.3	0.3
Total amount recognized in the statement of profit or loss	**0.5**	**0.5**
Actuarial gains (-) / losses (+)	0.1	0.4
Total amount recognized in other comprehensive income	**0.1**	**0.4**

Interest expense is recognised in the expense for discounting provisions within finance costs.

Actuarial assumptions

Pension obligations are measured on the basis of actuarial assumptions using the following key valuation parameters:

	Plans France		Plans Mexico	
in %	2025	2024	2025	2024
Discount rate	3.70%	3.25%	9.75%	11.25%
Salary trend	2.50%	2.50%	4.50%	4.50%
Pension trend	n/a	n/a	n/a	n/a

With regard to life expectancy, the tables of the Institut national de la statistique et des études économiques ("INSEE") for 2019-2021 are used in France, and the tables of the Experiencia Mexicana del Seguro Social para Activos ("EMSSA") are used in Mexico.

Sensitivity analysis

The following tables show the impact on the defined benefit obligation (DBO) of changes to the key actuarial assumptions. In each case, the impact on the DBO of changing one assumption is shown, whilst the other assumptions remain unchanged from the original calculation. Consequently, correlation effects between the assumptions are not taken into account. The change in the DBO shown applies only to the specific magnitude of the change in the individual assumptions. A linear effect on the defined benefit obligation cannot be assumed if the assumptions change by different amounts.

		Plans France *		Plans Mexico **	
EUR million		2025	2024	2025	2024
Pension liability (DBO) as of reporting date		8.5	9.0	0.5	0.4
Discount rate	+50bp/ +25bp	8.1	8.6	0.5	0.4
	-50bp/ -25bp	8.8	9.4	0.5	0.4
Salary trend	+50bp	8.8	9.4	n/a	n/a
	-50bp	8.1	8.6	n/a	n/a
Pension trend	+25bp	n/a	n/a	n/a	n/a
	-25bp	n/a	n/a	n/a	n/a
Life expectancy	+1 year	8.5	8.9	n/a	n/a
	-1 year	8.4	9.0	n/a	n/a

** France +50bp/ -50bp*
*** Mexico +25bp/ -25bp*

The same calculation method was used to determine the effects on the defined benefit obligation as was used to calculate the pension provisions as at 31 December 2025.

Expected pension payments

The following table shows the expected pension payments for the next five years:

EUR million	2025	2024
within 1 year	0.3	0.4
between 1 and 2 years	0.5	0.3
between 2 and 3 years	0.9	0.8
between 3 and 4 years	0.9	1.1
between 4 and 5 years	1.0	0.9

The average remaining service period of the pension obligation as at 31 December 2025 is 8.3 years (2024: 8.6 years).

Defined contribution plans

For employees in France, there are also defined contribution plans under statutory pension schemes. The expenses recognised in the consolidated income statement, totalling EUR 2.3 million (2024: EUR 2.2 million), represent the Group's contributions due to these pension plans.

4.13.2. Other provisions

Other provisions are broken down as follows:

	Provisions for	Other	Total
Balance as at 1 January 2025	0.7	0.2	**0.9**
Current	0	0.2	0.2
Non-current	0.7	0	0.7
Exchange rate effects	0	0	0.0
Additions	-0.1	0.1	0.0
Balance as at 31 December 2025	**0.6**	**0.3**	**0.9**
Current	0	0.3	0.3
Non-current	0.6	0	0.6

The long-service provisions relate to France and are accrued in accordance with employees' length of service to date. The provision is calculated on the basis of current headcount and future entitlements to payments, and is discounted at an interest rate of 3.70 %.
The figures determined are based on actuarial reports prepared in accordance with recognised principles using the Projected Unit Credit (PUC) method. Key valuation parameters include a turnover rate ranging from 0.0 % to 5.0 % depending on age, and the INSEE 2019–2021 mortality tables as the biometric basis for calculation.

As long-service provisions constitute other long-term employee benefits, all effects arising from changes in actuarial assumptions are recognised in the income statement. They are not recognised in other comprehensive income (OCI).

4.14. Income tax liabilities

As at 31 December 2025, income tax liabilities amounted to EUR 4.0 million (31 December 2024: EUR 5.2 million).

A provision for potential income tax liabilities of EUR 3.7 million has been recognised. The underlying circumstances relate to the recognition of tax deductions in connection with a completed transfer of assets, the declaration of which has not yet been addressed by the tax authorities. An objection before the expiry of the limitation period for assessment is still considered likely at the time of preparation, which is why the potentially objectionable tax amount has been recognised as a liability.

4.15. Other current liabilities

Other current liabilities are broken down as follows:

EUR million	2025	2024
Employee-related liabilities	11.5	11.1
Social security	6.2	5.7
Contractual liabilities arising from deferred income	1.1	0.2
VAT liabilities	0.8	1.5
Other miscellaneous liabilities	3.0	1.8
Other liabilities	**22.7**	**20.4**

Liabilities to employees relate primarily to provisions for annual leave and overtime amounting to EUR 6.0 million (2024: EUR 5.8 million) as well as variable remuneration of EUR 2.4 million (2024: EUR 3.1 million).

Accrued liabilities are recognised for revenue received prior to the balance sheet date but which will not be recognised as income until a later period. In accordance with IFRS 15.106 et seq., these are generally recognised as contractual liabilities. Accrued expenses relate primarily to fees received in advance for services to be rendered in the next reporting period.

5. Other disclosures

5.1. Disclosures on the cash flow statement

The movement in financial liabilities, broken down into cash and non-cash components, is as follows:

The following table shows the financial liabilities:

FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024

		Cash flow effective		Cash flow non-effective		
Financial liabilities	**2024**	**Deposits**	**Payouts**	**Additions and other changes**	**Exchange rate effects**	**2024**
Liabilities to banks	25.7	2.8	-3.9	-	0.7	25.3
Lease liabilities	33.1	-	-4.6	2.5	1.6	32.6
Loans to related parties	9.8	9.2	-0.5	-	0.3	18.8
Liabilities to third parties and other liabilities	5.1	-	-1.1	-	0.3	4.3
less non-interest-bearing liabilities to third parties and other liabilities	0.3	-	-	-	-	0.3
Total financial liabilities	**73.4**	**12.0**	**-10.1**	**2.5**	**2.9**	**80.7**

FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2025

		Cash flow effective		Cash flow non-effective		
Financial liabilities	**2025**	**Deposits**	**Payouts**	**Additions and other changes**	**Exchange rate effects**	**2025**
Liabilities to banks	25.3	1.8	-3.9	-5.5	-1.3	16.3
Lease liabilities	32.6	-	-4.2	8.3	-3.1	33.7
Loans to related parties	18.8	0.5	-13.5	-0.8	-0.8	4.2
Liabilities to third parties and other liabilities	4.3	-	-0.4	1.4	-0.2	5.1
less non-interest-bearing liabilities to third parties and other liabilities	0.3	-	-	-0.3	-	-
Liabilities arising from factoring	-	3.4	-3.4	-	-	-
Total financial liabilities	**80.7**	**5.6**	**-25.4**	**3.7**	**-5.4**	**59.3**

The decrease in financial liabilities is primarily due to the reduction in loans to related parties (see section 5.5.) and the decrease in liabilities to banks. The non-cash disposals of liabilities to banks are primarily due to reclassifications to other liability accounts.

Cash and cash equivalents rose in the 2025 financial year from EUR 25.6 million to EUR 35.6 million. The increase is primarily attributable to strong cash flow from operating activities, which in the previous year had been impacted by increased payments to suppliers in connection with tooling projects.

Net financial liabilities are calculated as bank liabilities plus liabilities from loans, lease liabilities and loans from third parties (see table above), less cash and cash equivalents (EUR 35.6 million), as well as loans granted to related parties (EUR 3.7 million).
Net financial debt fell to EUR 20.0 million in the 2025 financial year (2024: EUR 48.8 million). This figure includes liabilities to third parties and other liabilities, as well as loans granted to related parties. Further information on financial liabilities can be found in section 4.12.

5.2. Further information on financial instruments and financial risk management

5.2.1. Financial instruments

A breakdown of financial assets and liabilities by the measurement categories under IFRS 9 as at 31 December 2025 and 31 December 2024 is as follows:

EUR million	Category according to IFRS 9	Carrying amount December 31, 2025	Valuation according to IFRS 9 Amortized costs	Fair value OCI	Fair Value PL	Valuation according to IFRS 16	Fair value December 31, 2025	Hierachy
Financial assets by category								
Trade and other receivables	AC	36.4	36.4				36.4	
Other current financial assets	AC	2.5	2.5				2.5	
Cash and cash equivalents	AC	35.6	35.6				35.6	
Restricted cash	AC	3.7	3.7				3.7	Level 2
non-current financial liabilities								
Liabilities to banks	FLAC	74.2	74.2				74.2	
Third party loans	FLAC	12.6	12.6				12.6	
Liabilities from leases	FLAC	33.7	33.7				33.7	Level 2
Liabilities from loans from affiliated companies	FLAC	16.3	16.3				16.2	Level 2
Other financial liabilities	FLAC	9.3	9.3				8.8	Level 2

BOOK VALUES BY CATEGORY

EUR million	Category	December 31, 2025
Financial assets measured at amortised cost	AC	78.1
Financial liabilities measured at amortised cost	FLAC	146.0

EUR million	Category according to IFRS 9	Carrying amount December 31, 2024	Valuation according to IFRS 9 Amortized costs	Fair value OCI	Fair Value PL	Valuation according to IFRS 16	Fair value December 31, 2024	Hierarchy
Financial assets by category								
Trade and other receivables	AC	47.1	47.1				47.1	
Other current financial assets	AC	3.6	3.6				3.6	
Cash and cash equivalents	AC	25.6	25.6				25.6	
Restricted cash	AC	6.3	6.3				6.3	Level 2
non-current financial liabilities								
Liabilities to banks	FLAC	70.5	70.5				70.5	
Third party loans	FLAC	0.0	0.0				0.0	
Liabilities from leases	FLAC	32.6	32.6				32.6	Level 2
Liabilities from loans from affiliated companies	FLAC	25.3	25.3				26.1	Level 2
Other financial liabilities	FLAC	0.1	0.1				0.1	Level 2

BOOK VALUES BY CATEGORY

EUR million	Category	December 31, 2024
Financial assets measured at amortised cost	AC	82.7
Financial liabilities measured at amortised cost	FLAC	128.5

The three levels for determining the fair value of financial instruments are described in section 6.2, ‘Fair value measurement under IFRS 13’. The fair value of financial instruments is calculated based on current parameters such as interest rates and exchange rates as at the balance sheet date, as well as through the use of accepted models such as the DCF (Discounted Cash Flow) method, and taking credit risk into account.

There were no transfers between fair value levels in the reporting period or in the comparative period.

For financial instruments due within one year, the carrying amount represents a reasonable approximation of fair value.

The net gains or losses for the individual categories in accordance with IFRS 7.20 are as follows:

EUR million	2025	2024
from financial assets at amortized costs	-1.8	-0.3
from financial liabilities at amortized costs	-3.2	-4.1
from financial assets at fair value through OCI (debt instruments)	-1.3	-2.0
Total	**-6.4**	**-6.4**

Net gains and losses on financial instruments generally arise from expenses and income for expected credit losses on assets measured at amortised cost, interest expense on financial liabilities measured at amortised cost, and from expenses and income relating to expected credit losses as well as interest expense on financial assets (debt instruments) measured at fair value through other comprehensive income. The net gains and losses on financial assets measured at amortised cost include, in addition to expenses and income from the measurement of expected credit losses, disposal gains or losses from the sale of trade receivables under factoring agreements. The expense of EUR 1.3 million (2024: EUR 2.0 million) results from the difference between the carrying amount of the receivables derecognised and the purchase price paid by the factoring company (factoring fees and costs) and therefore does not represent net interest income but a gain on disposal in accordance with IFRS 9.3.2.12. See also section 4.9.

The total unbalanced interest income and expenses are as follows:

EUR million	2025	2024
Financial assets measured at amortised cost	0.4	0.5
Financial assets measured at fair value through other comprehensive income (without recycling)	-1.3	-2.0
Financial liabilities not measured at fair value through profit or loss	-2.8	-4.1

For assets pledged in connection with financial liabilities, please refer to section 4.12.5. No collateral had been received as at the balance sheet date.

5.2.2. Financial risk management

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

As at the balance sheet date, there were no derivative financial instruments, as there is currently only very limited currency and interest rate exposure. In addition, there are guidelines for managing currency, interest rate and credit risks. Furthermore, basic rules have been established for the execution of derivative and non-derivative financial transactions, as well as for the investment of surplus liquidity. Compliance with the guidelines and risk limits is monitored on an ongoing basis. The Group does not enter into or trade in financial instruments, including derivative financial instruments, for speculative purposes.

Credit and default risk

Credit risks arise in particular in relation to trade receivables and other receivables, including cash investments. Credit risks are monitored, particularly in the area of trade receivables, through regular analysis of receivables due and the collection of up-to-date information on individual customers' creditworthiness. Appropriate control is achieved through the setting of limits and the ongoing monitoring of individual receivables. There are no particular credit risks associated with customers. Risks arising from a deterioration in customers' solvency and creditworthiness are already being actively addressed and are monitored on an ongoing basis. No significant bad debts have been recorded in the past. Details regarding the concentration of revenue are set out in Section 1. Segment Reporting.

For the application of the expected credit loss model in accordance with IFRS 9.5.5, the Group applies the general approach to bank deposits and financial assets, and the simplified approach to trade receivables and contract assets. To this end, probability of default figures are determined for individual customers or customer groups. For trade receivables and contract assets, impairment is determined using an impairment matrix. The matrix assigns corresponding probabilities of default to customers or customer groups based on historical default rates, current credit ratings, consideration of the maturity date and external rating information.

When determining expected credit losses, forward-looking information and macroeconomic factors are taken into account, provided these are available without undue effort. These include, in particular, general economic trends, sector-specific risk indicators and, where applicable, changes in the regulatory environment of relevant customer segments. These factors are incorporated as adjustments into the historically determined probabilities of default.

In addition to the probability of default, the loss given default is also used to determine expected credit losses. The Group generally assesses this at 100%, which, in the Group's experience, corresponds to the amount of the loss.

Based on the risk classifications, the gross carrying amounts as at 31 December 2025 by rating class are as follows:

Gross book value of financial assets per default risk rating class as of December 31, 2025

EUR million	Trade and other receivables	Contract assets	Other financial assets	Cash and cash equivalents and restricted cash
Rating level				
Rating level I	33.6	2.5	7.1	35.6
Rating level II	0.0	0.0	0.0	0.0
Rating level III	2.9	0.0	0.0	0.0
Total	**36.4**	**2.5**	**7.1**	**35.6**

Gross book value of financial assets per default risk rating class as of December 31, 2024

EUR million	Trade and other receivables	Contract assets	Other financial assets	Cash and cash equivalents and restricted cash
Rating level				
Rating level I	44*	3,6*	10.1	4.2
Rating level II	0.1	0.0	0.0	21.5
Rating level III	3.0	0.0	0.0	0.0
Total	**47,1***	**3,6***	**10.1**	**25.6**

** The comparative figures for the previous year have been restated as they were not presented accurately in the previous year's financial statements.*

The Group's cash and cash equivalents consist of short-term deposits with banks based in France, Germany, the USA, Mexico and China. Management generally selects commercial banks with an external investment-grade rating in order to limit the default risk associated with bank deposits.

To assess the credit risk arising from bank balances, the Group makes use of the simplification option for financial instruments with low credit risk in accordance with IFRS 9.5.5.15. A low credit risk is assumed if the account-holding bank has an external investment-grade rating. Assets that meet this criterion are always assigned to Stage 1 (12-month expected credit loss), as it is assumed that these institutions are able to meet their contractual cash flow obligations both in the short term and in the event of adverse changes in the economic environment.

As at 31 December 2025, the majority of bank balances relate to credit institutions with a corresponding external investment-grade rating. Based on this classification and the short-term nature of the balances, the Group Finance Department has not identified any significant expected credit losses on bank balances in accordance with the ECL model under IFRS 9. No impairment loss was therefore recognised. Due to the classification of the credit institutions in the upper investment-grade range, the bank deposits were assigned to rating category I in their entirety.

The credit ratings are based both on an individually assigned probability of default and on a risk classification for individual customer groups with a comparable risk profile. The following table sets out the probabilities of default or rating classes assigned to the individual rating categories:

Rating level	Default rates in %	Rating
Rating level I	0,0 – 0,0286	AAA - AA
Rating level II	0,0286 – 0,52	A - BBB
Rating level III	0,52 –100	BB - D

The Group's default risk arises primarily from trade receivables. The Group mitigates this risk through individual credit limits per customer and maximum payment terms. As a general rule, no collateral is required for trade receivables and other receivables. Risk management also takes into account factors that may influence the default risk of a customer portfolio, including industry-, country- and region-specific risk indicators for the respective customer segments

The value adjustments for trade receivables have changed as shown in section 4.9. The change in risk provisions during the reporting period is primarily attributable to the utilisation of Level 3 risk provisions from a Chinese company amounting to EUR 1.0 million, although there was an addition to Level 2 risk provisions of EUR 2.5 million, which relates primarily to a customer of a French company.

Expected credit losses over the life of the instrument encompass all possible default events during the expected life of the respective financial instrument. Their determination requires significant judgement regarding the extent to which expected credit losses are influenced by changes in economic factors. The assessment is based on weighted probabilities, taking into account assumptions about future developments and, in particular, macroeconomic factors such as general economic trends, sector-specific risk indicators and interest rate levels in the markets relevant to the Group.

For all other assets subject to the impairment model in accordance with IFRS 9.5.5, no material expected credit losses resulted from this methodology.

The maximum default risk of the assets recognised on the balance sheet corresponds to their carrying amount.

Liquidity and funding risk

Liquidity risk comprises the following risks:

- Being unable to meet potential payment obligations when they fall due.
- Being unable to obtain sufficient liquidity on the expected terms when required (refinancing risk).
- Being unable to close, extend or settle transactions due to market-related

shortcomings or market disruptions, or only being able to do so at a loss or at excessive cost (market liquidity risk).

Prudent liquidity management involves maintaining a sufficient reserve of liquid funds as well as the option of financing through committed credit lines. Given the dynamic nature of the business environment in which the Group operates, the Group's finance department aims to maintain the necessary flexibility in financing by retaining sufficient unused credit lines and factoring facilities.

In principle, the STS Group continuously analyses all relevant risks to business development and liquidity and financing risk so that it can take necessary measures at short notice if required.

The 2025 financial year was marked by ongoing geopolitical tensions and a global economy that remained relatively weak. In Europe in particular, economic performance was weighed down by the continuing effects of the war in Ukraine. The STS Group has so far managed to cope well with the energy risks arising since the outbreak of the war in Ukraine and also as a result of the energy transition, particularly in Europe. Conditions on the materials procurement and energy markets in China and North America remain stable to date and continue to give no cause for concern. The availability of required raw materials or components continues to be monitored. The STS Group addresses procurement and supply risks at its production sites through largely local sourcing. The new US administration's trade policy or a further escalation of geopolitical conflicts, such as the war in Ukraine, could nevertheless have a negative impact on both material prices and customer demand, thereby affecting the STS Group's liquidity position.

However, there is no material uncertainty in the reporting period, as in the previous period, that raises significant doubt about the Company's ability to continue as a going concern and represents a risk that could jeopardise its continued existence.

In assessing the going concern assumption, unlikely scenarios were also considered in which a departure from the going concern assumption would have been conceivable or necessary. These primarily include massive increases in energy prices and the resulting uncompetitive offer prices. Furthermore, a further escalation of the Russia-Ukraine war and the Middle East conflict was taken into account, considering the potentially far-reaching effects on the global economy. Similarly, the unforeseen default on significant receivables and a substantial and unforeseen default on debt financing would also be relevant. Irrespective of this, STS Group AG is part of the Adler Pelzer Holding GmbH Group and is currently supported by the latter in terms of liquidity and financing.

In its assessment, management concluded that such scenarios involving a departure from the going concern assumption are highly unlikely and that no threat to the Group's continued existence is foreseeable. Should a negative scenario occur contrary to expectations, this would have a material impact on the Group's financial position, results of operations and cash flow. In general, the ability to make forecasts is currently characterised by the high level of uncertainty and is therefore limited.

As at 31 December 2025, in addition to its bank balances, the STS Group had the following liquidity reserves and committed financing instruments:

As at 31 December 2025, factoring facilities totalling EUR 43.0 million were available, of which EUR 41.4 million had been utilised.

The following section also provides additional information on the risk arising from contractually agreed cash flows for financial liabilities:

	December 31, 2025			
EUR million	Due within one year	Due in one to five years	Due in over five years	Total
Cash outflows from non-derivative financial liabilities	95.5	39.7	2.1	137.3
Leasing liabilities	5.7	27.5	0.5	33.7
Other non-derivative financial liabilities	89.8	7.9	1.6	99.3
Total	**95.5**	**39.7**	**2.1**	**137.3**

	December 31, 2024			
EUR million	Due within one year	Due in one to five years	Due in over five years	Total
Cash outflows from non-derivative financial liabilities	101.0	33.9	24.3	159.2
Leasing liabilities	4.9	6.6	20.8	32.3
Other non-derivative financial liabilities	96.0	27.4	3.5	126.9
Cash outflows from derivative financial liabilities	0.0	0.0	0.0	0.0
Total	**101.0**	**33.9**	**24.3**	**159.2**

Market price risk

The Group is exposed to only minor financial risks arising from changes in exchange rates and interest rates as a result of its activities. It selectively enters into derivative financial instruments to manage its existing interest rate and exchange rate risks. As at the balance sheet date, there were no such derivatives on the books due to the low level of existing risks.

Exchange rate risk

The Group's operating business is subject to minor exchange rate risks against the euro, the US dollar and the Chinese renminbi (CNY) arising from both sales and procurement transactions.

The effects on profit before tax in the event of changes in exchange rates against the euro are as follows:

	10% revaluation of the foreign currency		10% Devaluation of the foreign currency	
EUR million	2025	2024	2025	2024
USD	0.6	0.5	-0.6	-0.5
CNY	0.2	0.1	-0.2	-0.1
Total	**0.8**	**0.6**	**-0.8**	**-0.6**

Existing risk positions are monitored on an ongoing basis. Currency risks are managed on a decentralised basis within the respective regional units within their local currency areas. Due to the low currency exposure, no active currency risk management is currently being carried out through the use of derivative financial instruments.

Interest rate risk

The Group is exposed to interest rate risk arising from its loans exclusively at the time of refinancing, as all of the Group's loans are fixed-rate.

EUR million	December 31, 2025	December 31, 2024
Carrying amount of fixed-interest loans	25.6	36.3
Carrying amount of floating rate loans	0.0	7.6
Total	**25.6**	**43.9**

Management continuously monitors interest rate trends and potential maturing loans. Depending on the individual case, it enters into transactions to mitigate the risk position where necessary. Due to the low exposure, no active interest rate risk management is currently carried out through the use of derivative financial instruments.

As the receivables are derecognised upon full derecognition from the balance sheet, no interest rate risk in the accounting sense remains with the Group. Any interest rate-dependent purchase price component forms part of the gain or loss on disposal from the sale of receivables and is recognised accordingly.

As all of the Group's loans as at 31 December 2025 are fixed-rate, there is no immediate interest rate risk affecting profit before tax. A sensitivity analysis for variable interest rates is therefore not required. Interest rate risk arises only at the time of any refinancing at the market conditions prevailing at that time.

5.3. Capital management

The Group's objectives with regard to capital management are, on the one hand, to ensure the continuity of the business in order to continue providing returns to shareholders and the benefits due to other stakeholders, and, on the other hand, to maintain an optimal capital structure in order to reduce the cost of capital. In order to maintain or alter the capital structure, the Group adjusts dividend payments to shareholders as required, makes capital repayments to shareholders or disposes of assets to settle liabilities.

	31 December 2025		31 December 2024	
	EUR million	in %	EUR million	in %
Equity	42.9	24.3%	45.0	23.3%
Current financial liabilities	97.3	55.2%	96.0	49.7%
Non-current financial liabilities	36.2	20.5%	52.1	27.0%
Financial liabilities	133.5	75.7%	148.1	76.7%
Total equity and financial liabilities	**176.3**	**100.0%**	**193.2**	**100.0%**

5.4. Contingent liabilities and other obligations

Contingent liabilities

There were no material contingent liabilities during the reporting period.

Other commitments

With the exception of short-term leases and leases of low-value assets, there are currently no significant other obligations that are not recognised in the balance sheet.

Expenses relating to short-term leases and leases of low-value assets are recognised in other operating expenses.

5.5. Relationships with related parties

In accordance with IAS 24, the Group's related parties are:

- Since 1 July 2021, the parent company G.A.I.A. Holding Srl, Desio, Italy, and its subsidiaries, in particular the Adler Pelzer Holding GmbH Group, as well as significant investments outside the Group;
- other persons or entities that may be influenced by the reporting entity or that may influence the reporting entity, such as
    - the members of the company's Management Board and Supervisory Board
    - the members of the management of G.A.I.A. Holding Srl, as well as its governing bodies and those of its subsidiaries
    - shareholdings of members of the management of G.A.I.A. Holding Srl, members of the Management Board or Supervisory Board of the company

Balances and transactions between the Company and its subsidiaries that are related parties have been eliminated in the course of consolidation and are not disclosed in these notes. Details of transactions between the Group and other related parties are set out below. The terms and conditions of these transactions were in line with market conditions.

5.5.1. Business relationships with the G.A.I.A. Holding Srl Group and other subsidiaries and associates not belonging to the Group

As at 31 December 2025, Group companies carried out the following transactions with related parties not included in the scope of consolidation. The outstanding balances and transactions arising from business dealings in the financial years 2025 and 2024 are as follows:

Related party transactions with G.A.I.A. Holding SRL Group

EUR Million	2025	2024
Goods and services received	10.5	3.9
of which expenses for management services received	4.6	2.5
Goods and services provided	1.8	1.5

EUR Million	2025	2024
Liabilities	12.1	3.3
Loans received	4.2	18.8
Loans granted	3.7	6.3
Receivables	1.9	1.2

G.A.I.A. Holding Srl is reported here as the ultimate parent company of the entire group. It is 35 % owned by the Scudieri family, with the remaining 65 % held by the "Global Automotive Interior Alliance" (GAIA), a joint venture 61.58 % owned by the Scudieri family and the remaining 38.42 % by Hayashi Telempu Corporation. As at 31 December 2025, there are no transactions with G.A.I.A. Holding Srl.

The items shown relating to and with the G.A.I.A. Holding Srl Group include all subsidiaries of the Group; this applies in particular to the Adler Pelzer Holding GmbH Group and its subsidiaries.

Services amounting to EUR 1.8 million (2024: EUR 1.5 million) were provided to the G.A.I.A. Group in the reporting year. These consist primarily of work in progress used for further processing or production within the G.A.I.A. Group.

Goods and services procured from the G.A.I.A. Group in the 2025 financial year amounted to EUR 10.5 million (2024: EUR 3.9 million). These were primarily attributable to sales, management and consultancy services provided by Adler Pelzer Holding GmbH amounting to EUR 4.6 million (2024: EUR 2.5 million) and to licence costs of EUR 3.4 million, which were incurred for the first time in the financial year.

No impairment losses were recognised for uncollectible or doubtful receivables from related parties in either the current or the previous financial year.

As at 31 December 2025, liabilities to affiliated or related companies amounted to EUR 12.1 million (2024: EUR 3.3 million).

In the 2024 financial year, STS Group North America Inc. received a loan from Adler Pelzer Holding GmbH of EUR 1.4 million, maturing in December 2025 and bearing interest at 9.66 %, which was due on 31 December 2025 and was therefore reclassified to current liabilities.

In the 2024 financial year, a loan of USD 0.4 million was also received from Pelzer de Mexico SA, Puebla, Mexico, of which USD 0.2 million had a term of 3 months and was repaid. The remaining loan amount of USD 0.2 million has no fixed contractual maturity date and is repayable at any time. The loan bears interest at 7.62 %.

As at 31 December 2025, there were liabilities arising from loans from affiliated or related companies amounting to EUR 4.2 million (2024: EUR 18.8 million).

In the 2024 financial year, a further loan of USD 8.5 million was granted to STS Group North America Inc. by HP Pelzer Automotive Systems Inc., an associate of Adler Pelzer Holding GmbH; the loan had a term of one year and also bore interest at 9.66 %; it was repaid in full in the 2025 financial year.

In the 2023 financial year, STS Group AG received a loan from Adler Pelzer Holding GmbH amounting to EUR 9 million, maturing in April 2027 and bearing annual interest of 10.38 %. In the 2025 financial year, this loan was partially repaid in the amount of EUR 5.3 million and stood at EUR 3.8 million as at 31 December 2025.

In addition, at the end of the financial year, there was a further loan from Adler Pelzer Holding GmbH to a French subsidiary of STS Group AG amounting to EUR 0.5 million. The loan matures in May 2027. The interest rate is based on the maximum tax-deductible reference rate published in France on https://bofip.impos.gouv.fr and is therefore variable.

As at 31 December 2025, outstanding loans to affiliated or related companies amounted to EUR 3.7 million (2024: EUR 6.3 million).

In the 2021 financial year, a subsidiary of STS Group AG also granted a loan of EUR 3.8 million to Taicang RAT Trading Co., a subsidiary of the G.A.I.A. Group, owned by Adler Pelzer Holding GmbH, Hagen, Germany. The loan agreement had a term of one year at a fixed interest rate of 3.7 %. In the 2025 financial year, the term of the loan was extended by a supplementary agreement and the interest rate was adjusted to 3.5 %. The accounting treatment of this contractual amendment was reviewed; this had no material impact on the consolidated financial statements. As the loan was denominated in local currency, the nominal amount as at 31 December 2025 was EUR 3.7 million.

In the 2024 financial year, the subsidiaries of STS Group AG, STS Composites France SAS and STS Plastics SAS, each granted a loan to Adler Pelzer Holding GmbH in the amount of

EUR 1.2 million, maturing in May 2027. The annual interest rate is 10.38 %. The loans were repaid in full to the STS companies in the 2025 financial year.

In addition, a lease agreement was concluded in the 2025 financial year between the Adler Pelzer Group US company and the Mexican STS subsidiary; this had an impact on both the right-of-use assets, with an addition of EUR 2.6 million, and the lease liabilities amounting to EUR 2.6 million.

5.5.2. Business relationships and services provided to the Management Board and members of the Supervisory Board

For the reporting period and the comparative period, business relationships existed in connection with the activities of the Management Board:

BENEFITS TO MEMBERS OF THE BOARD OF DIRECTORS

	2025	2024
Current benefits due	0.2	0.2
Total benefits	**0.2**	**0.2**

The current-term payments amounting to EUR 0.2 million relate to the expenses recognised in the financial year ending 31 December 2025 for management services in connection with Management Board activities (2024: EUR 0.2 million).

The corresponding services are provided by Adler Pelzer Holding GmbH (APG), where the member of the Management Board is employed, and passed on to STS Group AG in the form of management fees. Accordingly, in accordance with IAS 24, a business relationship exists with APG and not with the Management Board as a person.

Apart from the services described, no further services relating to the activities of the Management Board were provided during the reporting period.

Executive Board remuneration under the German Commercial Code (HGB)

The Management Board is not employed by STS Group AG and therefore receives no remuneration pursuant to Section 314 (1) No. 6a sentences 1 to 4 of the German Commercial Code (HGB).

In the reporting period, as in the previous year, there were no payments to former members of the Management Board pursuant to Section 314 (1) No. 6b, sentences 1 to 2 of the German Commercial Code (HGB).

Remuneration of the Supervisory Board

The total remuneration of the Supervisory Board amounted to EUR 0.2 million (2024: EUR 0.2 million). There were no long-term remuneration arrangements at the end of the reporting period.

REMUNERATION OF SUPERVISORY BOARD MEMBERS

	2025			2024		
in kEUR	Fixed remuneration	in %	Total remuneration	Fixed remuneration	in%	Total remuneration
Paolo Scudieri - Chairman of the Supervisory Board since 23. Jully 2021	132	100%	132	132	100%	132
Pietro Gaeta - Dep. Chairman of the Supervisory Board since 23. July 2021	79	100%	79	79	100%	79
Pietro Lardini - Member of the Supervisory Board since 23 July 2021	79	100%	79	79	100%	79
Total	**290**	100%	**290**	**290**	100%	**290**

** No remuneration was paid to the members of the Supervisory Board for the financial year 2025; there was no inflow within the meaning of section 162 (1), first sentence, of the German Stock Corporation Act (AktG).*

No remuneration was paid to the members of the Supervisory Board in the 2025 reporting year. The Supervisory Board, in agreement with the Management Board, resolved to postpone the payment until the 2026 reporting year in order to support measures to strengthen the Company's financial position and reduce external debt.

There were no receivables from members of the Management Board and the Supervisory Board as at 31 December 2025 and 31 December 2024. There are liabilities to members of the Supervisory Board arising from Supervisory Board remuneration amounting to EUR 0.6 million.

During the periods presented, the Group neither granted loans to members of the Management Board and the Supervisory Board nor received any from them.

There are no pension obligations towards members of the Management Board and the Supervisory Board as at 31 December 2025 and 31 December 2024.

5.6. Executive Board and Supervisory Board

Executive Board

Alberto Buniato
Master of Business Administration (MBA)

Chairman of the Executive Board:
Chief Executive Officer (CEO)

Chairman of the Board of Directors of:
HPP Systems de Mexico S.A. de C.V., Pachuca, Mexico
Pelzer de Mexico S.A. de C.V., Puebla, Mexico

Member of the Executive Board of:
STS Plastics Co., Ltd., Jiangyin, China
STS Composites (Taixing) Co., Ltd, Taixing, China

Chairman of the Management Board
HP Pelzer Automotive Systems Inc., Troy, USA

Member of the Management Board of:
HP Carpets, LLC, Dalton, USA
RAT de Mexico de S.A. de C.V., Puebla, Mexico

Supervisory Board

Paolo Scudieri

Industrial Engineer
Chairman of the Supervisory Board

Chairman of the Board of Directors of:
Adler Plastic S.p.A., Ottaviano, Italy
AdlerGroup S.p.A., Milan, Italy
G.A.I.A. Holding S.r.l., Desio, Italy

STOA Institute for Management
e gestione di impresa – Società consortile
a responsabilità limitata, Naples, Italy

Tecno Tessile Adler s.r.l., Airola (BN), Italy
Mercato s.r.l., Milan, Italy
Adler Aero S.p.A., Airola, Italy
Napolicrea s.r.l., Naples, Italy
Almas Partecipazioni Industriali S.p.A., Naples, Italy
Future Around Liberty Community s.r.l., Naples, Italy
SRM Services s.r.l., Naples, Italy
C.F. Italia s.r.l. – Challenger Foam Italia s.r.l., Turin, Italy
Anfia Automotive Società Consortile a Responsabilità Limitata, Turin, Italy
La.mm. Lavorazioni Meccaniche Metalli s.r.l., Verona, Italy
Sistema Campania s.c. a r.l., Naples, Italy

Member of the management board of:

Tenuta La Fratta società agricola a r. l., Siena, Italy
Formula Center Italia s.r.l., Compobasso, Italy
Essere S.p.A., Forlì (FC), Italy
Almas Real Estate s.r.l., Milan, Italy
Adlergroup Holding s.r.l., Naples, Italy
Dattilo – High-Tech Transport and Logistics District S.c. a r.l., Naples, Italy
Il Sole 24 Ore S.p.A., Milan, Italy
Prosit Societa Agricola a r.l., Trapani, Italy

Pietro Lardini

Master of Business Administration (MBA (Bocconi))
Deputy Chairman of the Supervisory Board

Member of the Management Board of:
Adler Pelzer Holding GmbH, Hagen, Germany
HP Pelzer Automotive GmbH, Hagen, Germany
Adler Pelzer Clion GmbH, Bad Dürrenberg, Germany
RAT-Spezialmaschinen GmbH, Haiger, Germany
Vegroteppichboden GmbH, Kirschau, Germany
HP Pelzer Min GmbH, Hagen, Germany
HP Pelzer Projektführungs GmbH, Hagen, Germany
AdlerAdler Pelzer Brazil Holding GmbH, Hagen, Germany
HP-Pelzer s.r.o., Plzeň, Czech Republic
Adler Pelzer Swiss AG, Zug, Switzerland
Hankook Pelzer Ltd., Incheon, South Korea
Chongqing HP Pelzer Automotive Interior Systems Co., Ltd., Chongqing, China
Hangzhou HP Pelzer Automotive Interior Systems Co., Ltd., Hangzhou, China
Nanjing HP Pelzer Automotive Interiors System Co., Ltd, Nanjing, China
HP Pelzer Automotive Interiors Systems (Taicang) Co. Ltd, Taicang, China
Tianjin HP Pelzer Automotive Interior Systems Co. Ltd., Tianjin, China
Taicang RAT Machinery & Technology Co. Ltd., Taicang, China
Pimsa Adler Otomotiv A.S., Çayırova/Kocaeli, Turkey
HP Pelzer Pimsa Otomotiv A.S., Çayırova/Kocaeli, Turkey
Pimsa Otomotiv Tekstilleri Sanayi ve Ticaret A.S., Çayırova/Kocaeli, Turkey
HP Pelzer Automotive Systems Inc., Troy (Michigan), USA
Pelzer de Mexico S.A. de C.V, Puebla, Mexico
HPP Systems de Mexico S.A. de C.V., Pachuca, Mexico
Adler Pelzer Industrial (Taixing) Co., Ltd., Taixing, China
Taixing RAT Machinery & Technology Co., Ltd., Taixing, China

Pietro Gaeta

Solicitor

Member of the Board of Directors of:
AdlerGroup S.p.A., Milan, Italy
Adler Plastic S.p.A., Naples, Italy
G.A.I.A. Holding S.r.l., Desio (MB), Italy
Tecno Tessile Adler S.r.l., Airola (BN), Italy
Tenuta La Fratta società agricola a responsabilità limitata, Siena, Italy
Mercato S.r.l., Milan, Italy
Almas Partecipazioni Industriali S.p.A., Naples, Italy

Chairman of the Board of:
AvvocatoGaeta S.t.a.p.a., Naples, Italy

Chairman of the Board of Directors of the auditors of:
Società Nolana per Imprese Elettriche – S.N.I.E. S.p.A., Naples, Italy
Mandara Group S.p.A., Naples, Italy
G-Box S.p.A., Naples, Italy
Vrent S.p.A., Milan, Italy
VFM Technik S.p.A., Naples, Italy

Member of the Management Board of:
Faurema Holding S.r.l., Caserta, Italy

5.7. Further details

Declaration of Compliance

The Executive Board and the Supervisory Board of STS Group AG have issued the required Declaration of Conformity in accordance with Section 161 of the German Stock Corporation Act (AktG) and made it available to shareholders on the STS Group website. The full text of the Declaration of Conformity is available on the STS Group website at https://www.sts.group/de/investor-relations/corporate-governance.

Group affiliation

The Group is included in the consolidated financial statements of Adler Pelzer Holding GmbH, Hagen, Germany. This company prepares the consolidated financial statements for the narrowest group of companies. Adler Pelzer Holding GmbH, Hagen, is in turn included in the consolidated financial statements of G.A.I.A. Holding S.r.l., Desio, Italy.

The latter prepares the consolidated financial statements for the largest group of companies. The consolidated financial statements of G.A.I.A. Holding S.r.l. are available at the company's registered office in Desio, Italy, and will be published in the commercial register for 2025.

Auditors' fees

For the financial year ending 31 December 2024, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft ("PwC") was appointed as the Group's auditor. From the 2025 financial year onwards, Forvis Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft has been appointed as the Group's auditor.

The total fee is included in legal and advisory costs as part of other expenses and is broken down as follows:

EUR Million	2025	2024
Audits of financial statements	0.1	0.4
Total	**0.1**	**0.4**

Fees for audit services include, in particular, fees for the statutory audit of the annual and consolidated financial statements and for the audit of consolidated reporting packages. For the list of shareholdings and the scope of consolidation, please refer to section 2.2. Consolidation principles.

List of shareholdings

For the list of shareholdings and the scope of consolidation, please refer to section 2.2.

6. Accounting and valuation methods

6.1. Changes in accounting policies

6.1.1. New standards and interpretations applied for the first time

In the financial year ended 31 December 2025, the Group was required to apply the following standards and amendments for the first time:

Standard/ Interpretation		Mandatory use	Impact
Amendments to IAS 21	Lack of exchangeability – Specification of the criteria for assessing the exchangeability of currencies; guidelines for estimating the spot rate where exchangeability is lacking; additional notes to the financial statements	01/01/2025	no significant impact

The application of these new standards and amendments for the first time did not have any material impact on these consolidated financial statements.

6.1.2. New standards and interpretations to be applied in future

The following new or amended standards and interpretations have already been adopted by the IASB but have not yet become mandatory or been incorporated into European law. The Group has not applied the provisions early.

Standard/ Interpretation		Transposition into EU law	Mandatory use	Impact
Amendments to IFRS 9 and IFRS 7	Classification and measurement of financial instruments	yes	01/01/2026	no significant impact
Amendments to IFRS 9 and IFRS 7	Contracts for natural gas supply	yes	01/01/2026	no significant impact
Amendments to IAS 7, IFRS 1, IFRS 7, IFRS 9 and IFRS 10	Annual Improvements to IFRSs – Volume 11	yes	01/01/2026	no significant impact
IFRS 18	Presentation and Disclosures in Financial Statements	yes	01/01/2027	significant impact
IFRS 19	Subsidiaries without Public Accountability: Disclosures	no	01/01/2027	no significant impact
Amendments to IAS 21	Effects of Changes in Exchange Rates: Translation of Financial Information in Hyperinflationary Currencies	no	01/01/2027	no significant impact
Amendments to IFRS 10 and IAS 28	Disposal or Contribution of Assets between an Investor and an Associate or a Joint Venture	no	postponed indefinitely	currently still under analysis

The impact of the amendments and new standards not yet adopted into EU law on the consolidated financial statements is not expected to be material.

In particular, the comprehensive changes expected as a result of IFRS 18 are likely to have a significant impact on the presentation and disclosure in the financial statements. The structure and informational content of the STS Group's income statement will be significantly affected by the introduction of the five categories: operating activities, investing activities, financing activities, income taxes and discontinued operations. IFRS 18 also affects the cash flow statement, as the previous options regarding interest and dividends will no longer apply and these must be allocated to specific activities on a mandatory basis. Furthermore, cash flows must be adjusted to the new income and activity categories.

6.2. MEASUREMENT AT FAIR VALUE IN ACCORDANCE WITH IFRS 13

Fair value is the price that would be received for the sale of an asset or paid for the settlement of a liability in an orderly transaction on a primary market at the measurement date under current market conditions (e.g. a disposal price), regardless of whether the price is directly observable or estimated using another valuation method.
In accordance with IFRS 13 "Fair Value Measurement", a fair value hierarchy has been established. The fair value hierarchy classifies the input factors used in valuation techniques to determine fair value into three levels:

- Level 1: Input factors are quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date.
- Level 2: Input parameters are quoted prices other than those in Level 1, which are either directly observable for the asset or liability or can be indirectly derived.
- Level 3: Input parameters are parameters that are not observable for the asset or liability.

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

6.3. INTANGIBLE ASSETS

Acquired intangible assets, including software and licences, are capitalised at cost; internally generated intangible assets are capitalised at cost.

To determine the capitalisation eligibility of internally generated intangible assets, research and development expenditure must be segregated. Expenditure on research activities with the prospect of yielding new scientific or technical knowledge is recognised as an expense in the period in which it is incurred.

The recognition of internally generated intangible assets requires the cumulative fulfilment of the capitalisation criteria set out in IAS 38: the technical feasibility of the development project and a future economic benefit from the development project must be demonstrable, and the company must intend and be capable of completing the intangible asset and using or selling it. Furthermore, adequate technical, financial and other resources must be available, and the expenditure attributable to the intangible asset during its development must be capable of being measured reliably.

The capitalised development costs comprise the costs directly attributable to the development process as well as development-related overheads. Borrowing costs that can be directly attributed to the acquisition, construction or production of a so-called qualifying asset must be capitalised as part of the acquisition or production costs in accordance with IFRS. No qualifying assets were acquired or produced during the reporting period or the comparative period for which the capitalisation of borrowing costs would be required.

Where a useful life can be determined, these intangible assets are amortised on a straight-line basis over their respective useful lives. The following useful lives form the basis for scheduled amortisation:

Intangible assets

	Useful life in years
Internally generated intangible assets	1 - 10
Customer base	5 - 11
Production technologies	10 - 20
Patents, concessions and other rights as well as software	2 - 20

The Group currently has no intangible assets with indefinite useful lives, but it does have development costs that have not yet been amortised and are therefore treated as intangible assets with indefinite useful lives for the purposes of impairment testing.

For these development costs not yet available for use, the annual impairment test required under IAS 36.10 is carried out regardless of the presence of impairment indicators. The assessment is based on the approved project budgets as well as the expected future revenues and contribution margins from the underlying development projects. Based on these analyses, the expected future economic benefits significantly exceed the respective carrying amounts, meaning that no impairment was identified in the reporting year.

6.4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at cost less accumulated depreciation, in the case of depreciable assets, and impairment losses.

The cost of an item of property, plant and equipment comprises all costs directly attributable to the acquisition of the asset. Repairs and maintenance are recognised as an expense in the consolidated income statement in the reporting period in which they are incurred. Self-constructed assets are initially measured at directly attributable production costs and production-related overheads.

Depreciation is recognised on a straight-line basis over the estimated useful life of the asset in the consolidated income statement.

The following useful lives are generally applied:

Fixed Assets

	Useful life in years
Buildings	10 - 50
Technical equipment and machinery	5 - 30
Operating and office equipment	1 - 13

Assets leased under lease agreements are depreciated over the shorter of the two periods: the term of the lease or the useful life. Land is not depreciated on a straight-line basis.

Where significant parts of property, plant and equipment contain components with significantly different useful lives, these are recognised separately and depreciated over their respective useful lives.

Borrowing costs that can be directly attributed to the acquisition, construction or production of a so-called qualifying asset must be capitalised as part of the acquisition or production costs in accordance with IFRS. During the reporting period and the comparative period, no qualifying assets were acquired or produced for which the capitalisation of borrowing costs would be required.

The residual values and useful lives are reviewed at each balance sheet date and adjusted where necessary. The useful lives are based on estimates and rely to a large extent on experience regarding historical usage and technical developments.

Gains and losses arising from the disposal of assets are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss.

If there are indications of impairment and the carrying amount of property, plant and equipment exceeds the recoverable amount, impairment losses are recognised. The recoverable amount is the higher of fair value less costs to sell and value in use. If the reason for a previously recognised impairment no longer applies, a write-up is made to the amortised cost.

6.5. IMPAIRMENT

For assets with a finite useful life, an assessment is carried out at each balance sheet date in accordance with IAS 36 to determine whether there are any indications of potential impairment, e.g. specific events or market developments that indicate a possible decline in value.

Intangible assets with indefinite useful lives, as well as internally generated assets or assets under development, must also be tested for impairment at every reporting date. There were no intangible assets with indefinite useful lives during the reporting period. Only development costs that are not yet subject to amortisation.

Where there are indications of impairment or in the case of the mandatory annual impairment test for intangible assets with indefinite useful lives, the recoverable amount of the asset is determined.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount must generally be determined for each individual asset, unless an asset does not generate cash inflows that are largely independent of those of other assets or groups of assets. In this case, the recoverable amount is determined at the level of the cash-generating unit (CGU) to which the asset is allocated.

The Group has five (2024: five) CGUs. Three of these relate to the Plastics segment (USA, Mexico and Europe). The China segment and the Materials segment each constitute a separate CGU.

No goodwill has been allocated to any of the five CGUs.

To determine the value in use, the expected future cash flows are generally discounted to their present value using a pre-tax discount rate that reflects current market expectations regarding the interest rate effect and the specific risks of the asset. In determining the value in use, current and expected future earnings levels as well as technological, economic and general trends are taken into account on the basis of approved financial plans. To determine fair value less costs to sell, recent market transactions, if available, are taken into account.

If the carrying amount exceeds the recoverable amount of the asset or the CGU, an impairment loss equal to the amount by which the carrying amount exceeds the recoverable amount is recognised in profit or loss.

Reversals of impairment losses to the new recoverable amount are recognised, except for goodwill, if the reasons for impairment losses from previous years no longer apply. The upper limit for reversals is the amortised cost that would have resulted had no impairment losses been recognised in previous years. No reversals of impairment losses on intangible assets or property, plant and equipment were recognised in the reporting period or in the comparative period.

6.6. ACCOUNTING FOR LEASES

At the inception of a contract, an assessment is made as to whether the contract establishes or contains a lease. This is the case if the contract grants the right to control the use of an identified asset for a specified period in return for payment of a consideration. To assess whether a contract contains the right to control an identified asset, the definition of a lease under IFRS 16 is applied.

On the commencement date or upon amendment of a contract containing a lease component, the contractually agreed consideration is allocated on the basis of the relative stand-alone selling prices. The Group has decided to exercise the option under IFRS 16.15 and thus to refrain from separating the non-lease components and instead to account for lease and non-lease components as a single lease component.

On the commencement date, the Group recognises an asset for the right-of-use granted and a lease liability. The right-of-use is initially measured at cost, which corresponds to the present value at initial measurement, adjusted for payments made on or before the commencement date, plus any initial direct costs and the estimated costs of dismantling or removing the underlying asset or restoring the underlying asset or the site on which it is situated, less any lease incentives received.

The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date until the end of the lease term, unless ownership of the underlying asset is transferred to the Group at the end of the lease term or the cost of the right-of-use asset reflects the fact that the Group will exercise a purchase option. In this case, the right-of-use asset is depreciated over the useful life of the underlying asset, which is determined in accordance with the accounting policies for property, plant and equipment. In addition, the right-of-use asset is adjusted on an ongoing basis for impairment, where necessary, and for certain revaluations of the lease liability.

Initially, the lease liability is recognised at the present value of the lease payments not yet made as at the commencement date, discounted using the interest rate underlying the lease or, if this cannot be readily determined, using the Group's or the subsidiaries' countries' incremental borrowing rate. The Group normally uses the Group's marginal borrowing rates as discount rates.

To determine the incremental borrowing rates, the Group obtains interest rates from various external financial sources and makes certain adjustments to reflect the terms of the leases.

The lease payments included in the measurement of the lease liability comprise:

- fixed payments, including de facto fixed payments
- variable lease payments linked to an index or (interest) rate, initially measured using the index or (interest) rate applicable at the commencement date
- amounts expected to be payable under a residual value guarantee
- the exercise price of a call option, if the Group is reasonably certain to exercise it; lease payments for a renewal option, if the Group is reasonably certain to exercise it; and penalties for early termination of the lease, unless the Group is reasonably certain not to terminate the lease early.

The lease liability is measured at the present value of the remaining lease payments, discounted at the lessee's incremental borrowing rate. It is revalued if future lease payments change due to an index or (interest) rate change, if the Group adjusts its estimate of expected payments under a residual value guarantee, if the Group changes its assessment regarding the exercise of a purchase, extension or termination option, or if a de facto fixed lease payment changes.

In the event of such a remeasurement of the lease liability, a corresponding adjustment is made to the carrying amount of the right-of-use asset; if the carrying amount of the right-of-use asset has been reduced to zero, this adjustment is recognised in profit or loss.

Short-term leases and leases involving low-value assets

The Group has decided not to recognise right-of-use assets and lease liabilities for leases involving assets of low value, as well as for short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the term of the lease (see section 3.6).

6.7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, immediately available bank balances and short-term deposits with banks, all of which have an original maturity of less than three months. Utilised overdraft facilities are reported under current financial liabilities. In the reporting year, there were no cash or cash equivalents that were not freely available.

6.8. FINANCIAL INSTRUMENTS

In accordance with IAS 32, a financial instrument is defined as a contract that simultaneously results in a financial asset for one entity and a financial liability or equity instrument for another entity. In accordance with IFRS 9, they may include non-derivative financial instruments, such as trade receivables and payables, as well as derivative financial instruments.

Financial assets and financial liabilities are measured at fair value on initial recognition, which generally corresponds to the transaction price. Transaction costs directly attributable to the acquisition or issue of the financial instrument are included in the carrying amount only if the financial instrument in question is not measured at fair value through profit or loss. In the case of trade receivables without a significant financing component, the transaction price, as determined in accordance with IFRS 15, must always be recognised. Subsequent measurement depends on the classification of the financial instruments.

Market-based purchases or sales of financial assets and liabilities are generally recognised on the trade date. Financial assets and liabilities are offset only if the amounts can be legally offset at the present time and there is also an intention to actually offset them. These conditions are not met. Nor are there any master netting agreements or similar arrangements, meaning that within the STS Group there is neither any offsetting in the balance sheet nor can circumstances arise in which offsetting is possible.

6.8.1. Financial assets

Financial assets comprise in particular:

- Trade receivables and other receivables,
- Other financial assets
- Cash and cash equivalents

Financial assets with a maturity of more than twelve months are reported under non-current financial assets.
The classification of financial assets depends on the underlying business model and the cash flow criterion, according to which the contractual cash flows of a financial asset may consist exclusively of interest and repayment of the outstanding principal amount of the financial instrument. The assessment of the cash flow criterion is always carried out at the level of the individual financial instrument. The assessment of the business model relates to the question of how financial assets are managed to generate cash flows. Management may be aimed at holding, selling or a combination of both.
The Company classifies financial assets into one of the following categories:

- Financial assets measured at amortised cost (debt instruments)
- Financial assets measured at fair value through other comprehensive income with recycling (debt instruments)
- Financial assets measured at fair value through profit or loss
- Financial assets measured at fair value through other comprehensive income without reclassification (equity instruments)

Financial assets measured at amortised cost (debt instruments)

The most significant category of financial assets for the Group is the category of assets measured at amortised cost in relation to debt instruments. Measurement at amortised cost is applied when the following two criteria are met:

- The business model for managing these financial instruments is geared towards holding them in order to collect the underlying contractual cash flows, and
- the contractual cash flows arising therefrom consist solely of interest and principal payments on the outstanding principal amount.

The subsequent measurement of these financial assets is carried out using the effective interest method and is subject to the impairment provisions in accordance with IFRS 9.5.5 et seq. Within the Group, trade receivables, other assets and bank balances are primarily subject to this category. For further details, please refer to section 5.2.1. "Financial Instruments".

Financial assets measured at fair value through other comprehensive income (debt instruments)

Debt instruments are measured at fair value through other comprehensive income with recycling if the following two criteria are met:

- The business model for managing these financial instruments is geared towards holding them to collect the underlying contractual cash flows and also towards selling them.
- The contractual cash flows arising from these consist exclusively of interest and principal repayments on the outstanding principal amount.

For these financial assets, interest, foreign currency translation effects and expenses and income relating to impairment are recognised in the income statement. The remaining changes are recognised in other comprehensive income in accordance with the requirements of IFRS 9 and reclassified to profit or loss upon disposal (recycling).

The expenses reported in the current financial year amounting to EUR 1.3 million (2024: EUR 2.0 million) represent gains or losses on disposal arising from the sale of trade receivables under factoring agreements, where a complete derecognition from the balance sheet took place. These receivables were measured at amortised cost until their disposal. See also section 4.9

Financial assets at fair value through profit or loss

This category comprises financial assets held for trading, financial instruments using the fair value option, financial assets for which mandatory fair value measurement is required, and equity instruments that are not measured at fair value through other comprehensive income. An asset is held for trading if a short-term purchase or sale is intended. Derivatives that are not part of a hedging relationship are always held for trading purposes. Financial assets that do not meet the cash flow criterion are always measured at fair value through profit or loss, regardless of the underlying business model. The same measurement applies to financial instruments subject to a 'sell' business model.

The fair value option for financial assets is not used.

Any changes in the fair value of these instruments are recognised in profit or loss.

Financial assets measured at fair value through other comprehensive income without recycling (equity instruments)

Upon initial recognition of an equity instrument, the Group has an irrevocable option to measure it at fair value through other comprehensive income. This is subject to the condition that the instrument is an equity instrument in accordance with IAS 32, is not held for trading purposes and does not constitute contingent consideration within the meaning of IFRS 3. The option is exercised separately for each equity instrument.

Gains or losses arising from such a financial asset are not reclassified to profit or loss upon disposal (no recycling). Dividends from such instruments are recognised in profit or loss. Equity instruments measured at fair value through other comprehensive income are not subject to the impairment provisions.

6.8.2. Impairment of financial assets

Financial assets, with the exception of financial assets measured at fair value through profit or loss, contract assets in accordance with IFRS 15, lease receivables, loan commitments and financial guarantees, are subject to the impairment model within the meaning of IFRS 9.5.5. Accordingly, the Group recognises an impairment loss for these assets based on expected credit losses. Expected credit losses arise from the difference between the contractually agreed cash flows and the expected cash flows, discounted to present value using the original effective interest rate. The expected cash flows also include proceeds from sales and other credit collateral that form an integral part of the respective contract.

Expected credit losses are recognised in three stages. For financial assets for which there has been no significant increase in default risk since initial recognition, the impairment loss is measured at the expected 12-month credit loss (Stage 1). In the event of a significant increase in the risk of default, the expected credit loss is determined for the remaining term of the asset (Stage 2). The Group generally assumes that a significant increase in credit risk exists if an asset is 30 days past due. This presumption may be rebutted if, in the specific case, reliable and reasonable information indicates that the credit risk has not increased. Where there is objective evidence of impairment, the underlying assets are classified as Stage 3. Objective evidence of impairment is assumed where an item is more than 90 days past due, unless there is reliable and reasonable information in the specific case to suggest that a longer period of arrears is more appropriate. Furthermore, a refusal to pay and similar actions are regarded as objective evidence.

The asset classes relevant to the Group for the application of the impairment model are trade receivables and contract assets. For these, the Group applies the simplified approach in accordance with IFRS 9.5.15. Accordingly, the impairment loss is always measured at the amount of credit losses expected over the term. For further details on the determination of impairment losses, see section 5.2.2 "Financial risk management".

For the remaining assets that fall within the scope of the impairment model under IFRS 9 and are subject to the general approach, financial assets are grouped on the basis of common credit risk characteristics or individual default information is used to measure expected losses. In all cases, the calculation is based on current probabilities of default as at the respective reporting date.

The Group generally assumes a default if contractual payments are more than 90 days past due. In addition, in individual cases, internal or external information is also used that indicates that the contractual payments cannot be made in full. Financial assets are derecognised if there is no reasonable expectation of future payment.

6.8.3. Financial liabilities

Financial liabilities give rise to an obligation to repay in cash and cash equivalents or another financial asset. These include, in particular, trade payables, liabilities to banks and derivative financial instruments.

For the initial measurement of financial liabilities, please refer to the description of financial assets. Financial liabilities are generally measured at amortised cost using the effective interest method (financial liabilities through amortised cost, FLAC). The category of financial liabilities measured at fair value through profit or loss (FLtPL) includes all financial liabilities held for trading purposes. This includes derivatives that are not part of a hedging relationship, as well as financial instruments for which the fair value option has been exercised.

Financial liabilities are classified as current unless the Group has an unconditional right to defer settlement of the liability to a date at least twelve months after the balance sheet date.

The fair value option for debt instruments under IFRS 9 is not utilised.

6.8.4. Derecognition of financial assets and liabilities

Financial assets are derecognised when the rights to payments have expired or been transferred and the Group transfers substantially all the risks and rewards associated with ownership.

Financial liabilities are derecognised when the liability is settled, i.e. the contractual obligation has been fulfilled, cancelled or has expired.

6.8.5. Derivative financial instruments

Within the Group, derivative financial instruments are used selectively to manage risks arising from interest rate fluctuations. Derivative financial instruments are initially recognised as financial assets or liabilities at their fair value in the category of financial assets measured at fair value through profit or loss or financial liabilities measured at fair value through profit or loss. Attributable transaction costs are recognised in profit or loss in the period in which they are incurred. With the exception of derivatives designated as hedging instruments to hedge cash flows within the framework of cash flow hedges, all derivatives are measured at fair value through profit or loss. They are recognised in the consolidated balance sheet under the headings "other financial assets" and "other financial liabilities". The Group does not currently account for hedging relationships.

6.9. INVENTORIES, S AND ADVANCES PAID ON INVENTORIES

Inventories are measured at the lower of cost and net realisable value. The cost of raw materials, consumables and supplies is determined using the moving average method. Incidental purchase costs are also taken into account. Work in progress and finished goods produced in-house are measured at cost. In addition to material, manufacturing and special direct costs of production, production costs also include an appropriate portion of the overheads attributable to production, as well as depreciation related to production.
Net realisable value is defined as the estimated sales proceeds achievable in the ordinary course of business, less the estimated costs to completion and the estimated necessary distribution costs. The net realisable value is determined on a regular basis, taking into account current selling prices, sales expectations and the costs expected to be incurred up to the point of disposal as at the balance sheet date.

Impairment losses are recognised when the net realisable value falls below the cost of acquisition or production. Reasons for impairment losses arise in particular from changes in market and cost conditions, such as increased transport and logistics costs, higher import duties, price declines, ageing of inventory or reductions in quality. Reversals of impairment losses are recognised up to the amount of the original cost if the net realisable value increases (IAS 2.32–2.34).

Prepayments made for inventories are capitalised at cost.

6.10. CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets arise from the application of revenue recognition over a period of time. This is primarily the case for the Group when the products have no alternative use due to their specifications and there is an enforceable claim for payment against the customer amounting to at least the reimbursement of the costs incurred for services already rendered, including a reasonable profit margin. In such cases, the Group recognises revenue using the input-oriented cost-to-cost method (applied to customer tools) or the output method (applied to series production). As revenue is recognised before the Group has an unconditional right to receive the consideration, a contract asset is capitalised. If the Group is unable to determine the margin with sufficient certainty, revenue is recognised using the zero-profit-margin method. The margin is then recognised only at the end of the project.

Contract liabilities arise primarily from advance payments received from customers where these relate to a customer order and the products have not yet been delivered or the service has not yet been rendered.

Contract assets and contract liabilities are offset at the contract level. Depending on the remaining term, they are recognised as current or non-current.

The impairment provisions of IFRS 9 are applied to contract assets.

6.11. PENSIONS AND SIMILAR OBLIGATIONS

The Group has pension obligations arising from defined benefit pension plans. Pension obligations are measured in accordance with IAS 19 using the projected unit credit method, based on actuarial valuations. This takes into account not only the pensions and vested benefits known at the balance sheet date, but also expected future increases in pensions and salaries.

The net interest expense for the reporting period is determined by multiplying the net obligation by the discount rate used.

Actuarial gains and losses arising from the measurement of the gross defined benefit obligation are recognised in other comprehensive income and presented separately in the statement of comprehensive income. Expenses arising from the discounting of benefit obligations are recognised in the financial result. Service cost is included in staff costs, whilst past service cost arising from plan amendments is recognised immediately in profit or loss.

6.12. OTHER PROVISIONS

A provision is recognised when the Group has a present (legal or constructive) obligation arising from a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made (see IAS 37.14).

Provisions are recognised at the present value of the expected outflow of resources. Long-term provisions are discounted to the balance sheet date using appropriate market interest rates.

6.13. RECOGNITION OF REVENUE AND EXPENSES

Revenue is recognised as sales revenue and measured at the fair value of the consideration received or receivable, net of returns and discounts and volume rebates granted.

6.13.1. Sale of goods

The Group recognises revenue when control of identifiable goods or services is transferred to the customer. The customer must therefore have the ability to determine the use of the goods or services and derive the majority of the remaining benefits from them. The basis for this is a contract between the Group and the customer. The parties must have agreed to the contract and the terms contained therein; the individual obligations of the parties and the payment terms must be determinable; the contract must have economic substance; and the Group must be likely to receive the consideration for the service provided. Enforceable rights and obligations must therefore exist. The transaction price generally corresponds to the revenue. If the contract contains more than one identifiable performance obligation, the transaction price is allocated to the individual performance obligations on the basis of the relative unit selling prices. If no unit selling prices are observable, the Group estimates them. The individual identified performance obligations are realised either over a specific period or at a specific point in time.

Mass-produced parts (point-in-time revenue recognition)

In the production of mass-produced goods, revenue is recognised on a point-in-time basis when control of the goods passes to the customer. This generally occurs upon delivery of the products to the customer or in accordance with the contractually agreed Incoterms.

In cases where the goods produced have no alternative use due to their specifications and the Group has an enforceable claim against the customer for payment of at least the amount of the costs incurred for services already rendered, including a reasonable profit margin, revenue is recognised on an accrual basis.

Revenue is therefore recognised either at the point in time when the customer obtains the ability to use the goods and bears substantially all the risks and rewards associated with them, or over the period of service provision in line with the progress of the service. Payments are made in accordance with the contractually agreed payment terms.

Customer tools

The Group develops and manufactures first-run production tools for some of its customers. Under IFRS 15, this constitutes a separate performance obligation towards the customer. The projects have an average duration of 6 to 24 months. As a rule, the Group receives advance payments from customers for these performance obligations based on an agreed payment schedule over the duration of the project. In the Group's judgement, these do not currently contain a significant financing component requiring separate recognition due to their duration. If the Group has no alternative use for the customer tools due to their specifications and has an enforceable claim against the customer for payment of at least the amount of reimbursement for the costs incurred from services already rendered, including a reasonable profit margin, revenue is recognised over a period of time. However, due to the uncertainty regarding the margin to be realised, the zero-profit-margin method is used. If there is no enforceable claim for payment including a reasonable margin, revenue is recognised at the time control is transferred to the customer upon acceptance.

Customised products

Customised products are subject to period-based revenue recognition if, due to their specifications, the products have no alternative use and the Group has an enforceable right to payment from the customer of at least the amount of the costs incurred for services already rendered, including a reasonable profit margin. This applies to a large proportion of the Group's series production of customised parts. The measurement of progress of performance for period-based revenue recognition is carried out using the output method, which is based on the goods delivered. The production and delivery of goods from series production meet the conditions for the application of the output method. Payments are generally due no later than 90 days after acceptance by the customer.

6.14. Other income and expenses

Interest is recognised as an expense or income on an accrual basis using the effective interest method. Interest income and interest expense arise primarily from bank balances, loans, and leasing and factoring agreements. Dividend income is recognised at the time the right to receive payment arises.

Expenses are recognised in the balance sheet upon utilisation of the service or at the time they are incurred.

Research expenses are recognised in the income statement in the period in which they are incurred. Development expenses are recognised in the income statement at the time they are incurred, unless they are development costs which, subject to the relevant requirements under IAS 38, must be capitalised as an intangible asset.

6.15. INCOME TAXES

Income tax expense represents the sum of current tax expense and deferred tax.

Due to its affiliation with the Adler-Pelzer Group, the STS Group falls within the scope of the German Minimum Tax Act in the 2025 financial year, which implements the OECD Model Rules on Pillar 2. Adler Pelzer Holding GmbH will assume the role of national group head, whereas STS Group AG is a partially owned subsidiary of Adler Pelzer Holding GmbH. G.A.I.A. Holding Srl is reported as the ultimate parent company of the entire group.

6.15.1. Current tax

Current tax expense is calculated on the basis of taxable income for the year. Taxable income differs from the net profit for the year as shown in the consolidated statement of comprehensive income due to expenses and income that are taxable or tax-deductible in subsequent years or never. This explicitly includes effects on profit or loss arising from consolidation. The Group's current tax liabilities are calculated on the basis of the tax rates in force or those expected to come into force shortly as at the balance sheet date.

6.15.2. Deferred taxes

Deferred taxes are calculated in accordance with IAS 12 using the internationally accepted balance sheet-oriented liability method. Accordingly, deferred tax assets and liabilities are recognised for all temporary differences between the tax bases and the carrying amounts in the consolidated balance sheet, as well as for tax loss carryforwards.

Deferred taxes on these calculated differences are generally recognised whenever they give rise to deferred tax liabilities. Deferred tax assets are recognised only if it is probable that the corresponding tax benefits will be realised. Deferred tax assets and liabilities are also recognised for temporary differences arising in the context of business combinations, with the exception of temporary differences relating to goodwill, provided that these are not recognised for tax purposes.

Deferred taxes are calculated using the tax rates for future years, provided these have already been enacted into law or the legislative process is essentially complete. Changes in deferred taxes in the balance sheet generally result in deferred tax expense or income. Where certain items that give rise to a change in deferred taxes are recognised directly in equity, the change in deferred taxes is also recognised directly in equity.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries, unless the investing entity is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future (so-called 'Outside Basis Differences' (OBD)).

6.16. GOVERNMENT GRANTS

Government grants, including non-monetary grants, are recognised at fair value only if there is reasonable assurance that:

a) the entity will comply with the associated conditions, and that
b) the grants will be awarded.

The grants are recognised as income on a systematic basis over the periods in which the corresponding expenses they are intended to offset are incurred. Grants received to offset expenses already incurred or to provide immediate financial support, irrespective of future expenditure, are recognised in profit or loss in the period in which the entitlement arises.

6.17. SIGNIFICANT ESTIMATES AND JUDGEMENTS

The application of accounting policies in the consolidated financial statements requires both **judgements** and **estimates** that may have a significant impact on the amounts reported in the financial statements. Whilst judgements primarily relate to the interpretation and application of accounting standards, estimation uncertainties relate to assumptions about future developments that may affect the measurement of assets and liabilities.

6.17.1. Judgements

The preparation of the consolidated financial statements requires Group management to make significant **judgements**, particularly regarding the interpretation and application of IFRS. These judgements may have a significant impact on the presentation of the Group's financial position, results of operations and cash flows. Significant judgements relate, among other things, to:

Revenue recognition

Under IFRS 15, revenue is recognised on the basis of the contractually agreed services and terms. Implementation sometimes requires estimates of the stage of completion or the variable consideration. For contracts relating to first-run production tools that are performed over a period of time, the cost-to-cost input method is generally used, as the Company believes that the incurrence of costs within the scope of the project provides a true and fair view of the provision of services. Contracts for series-production products that meet the criteria for period-based revenue recognition, on the other hand, are generally measured using the output method, as in these cases the units produced or delivered provide a true and fair view of the provision of services.
The selection of the method for measuring progress (input or output method) in accordance with IFRS 15 constitutes a significant judgement call. IFRS 15 does not prioritise the methods, but requires the entity to determine the method that most faithfully reflects the actual transfer of performance (IFRS 15.39 et seq.).
This provision requires an assessment of the contractual scope of services as well as estimates of project progress and is therefore subject to significant judgement within the meaning of IAS 1.122.
For performance over a period of time, performance is recognised upon the provision of the service. For contracts that are fulfilled at a specific point in time, the focus is on the transfer of control over the asset. As a rule, the agreed Incoterms are used as a guide for assessing the transfer of control.

The definition of cash-generating units for impairment tests

As part of the impairment test in accordance with IAS 36, group management is required to define cash-generating units (CGUs). This classification is based on judgements regarding which groups of assets jointly generate independent cash flows.
CGUs are identified taking into account business-specific factors, such as internal control systems, organisational structure and the economic interdependence of individual assets. Within the Group, CGUs are defined at the level of those operating units (business units) for which management monitors and controls cash flows separately, so that the CGU definition follows the internal control and accountability structure actually applied.
The specific allocation is therefore the responsibility of management, which exercises its judgement based on economic circumstances.

The identification of CGUs therefore represents a significant judgement call on the part of management, as IAS 36 does not provide definitive objective criteria and different plausible definitions may lead to differing results in the impairment test.
Particularly in the case of complex group structures with integrated business units, the identification of CGUs can have a significant impact on the determination of any impairment loss.

Capitalisation of development costs

The assessment of the capitalisability of development costs in accordance with IAS 38 involves significant judgements. In particular, it is necessary to assess whether the criteria required by IAS 38.57 – such as technical feasibility, expected economic benefits and the availability of sufficient resources – are met. The assessment of these requirements necessitates project-specific assumptions and influences the extent of capitalised development costs.

The Group makes appropriate judgements when distinguishing between research and development costs. Typical research costs include expenditure on the early phase of knowledge acquisition, e.g. investigations or general fundamental work without a specific product reference. These costs are incurred before the criteria of IAS 38.57 for the development phase are met and are therefore recognised in profit or loss.

Whilst activities in the research phase are recognised as expenses, development costs are capitalised when all the criteria of IAS 38.57 are met. These include, amongst other things, technical feasibility, the intention and ability to use or sell, the expected economic benefits, the availability of the necessary resources, and the reliable measurability of the expenditure. Development costs that do not fully meet the recognition criteria of IAS 38.57 are not capitalised and are recognised immediately as an expense.

The criteria are assessed on the basis of internal guidelines for distinguishing between the research and development phases. The internal guidelines define what evidence is required to demonstrate compliance with the individual criteria and how the relevant documentation is to be prepared.

Capitalised development costs that are not yet ready for use at the balance sheet date are classified as 'intangible assets not yet ready for use' in accordance with IAS 36. For these assets, a quantitative impairment test must be carried out annually in accordance with IAS 36.10, irrespective of whether there are any indicators of impairment. An impairment loss is recognised if the recoverable amount – determined on the basis of the value in use or the fair value less costs to sell – is lower than the carrying amount.

Assessment of extension, termination and purchase options in lease agreements

When determining the lease term, the Company makes significant judgements regarding the assessment of whether extension options, termination options or purchase options will or will not be exercised with reasonable certainty. These assessments influence both the measurement of the lease liabilities and the recognition of the right-of-use asset.

In making this assessment, the company takes particular account of economic, contractual and strategic factors, such as the importance of the underlying asset to business operations, available alternatives, market terms, past exercise behaviour and planned future uses. Changes to these assessments may lead to an adjustment of the lease term and thus to remeasurements of the lease liability.

6.17.2. Uncertainties in estimates

In addition to judgements, the preparation of the consolidated financial statements also requires a number of **estimates** based on assumptions regarding future economic developments. These estimates relate in particular to:

Estimates in the context of the impairment test

When reviewing the recoverable amount for cash-generating units (CGUs), the Company takes into account the information available at the reporting date and expectations regarding future developments in the market and competitive environment of the CGUs. Accordingly, the underlying budget figures and forecasts for the CGUs are subject to estimates by the Company or management. These include, in particular, assumptions regarding revenue trends and the cost structure, as well as the discount rate. The discount rate takes into account expected risks associated with the CGUs. Depending on the assumptions made by management, this may have an impact on accounting treatment. However, the forecasts and the sensitivity analyses carried out did not reveal any indications of a potential impairment, although forecasts are inherently subject to estimation uncertainties.

Determination of the useful life of property, plant and equipment, as well as software and licences

When estimating the useful life of assets, the Company relies on past experience. However, due to accelerated technological progress, it is possible that, for example, faster depreciation may become necessary.

Expected credit losses

For a description of the estimates and assumptions underlying the expected credit losses, please refer to Section 5.2.2. Financial Risk Management, subsection Credit and Default Risk.

Recognition of deferred tax assets and deductible temporary differences

Deferred tax assets are recognised for tax loss carryforwards and deductible temporary differences, provided that the realisation of the associated tax benefit through future taxable profits is considered probable on the basis of management's profit forecast for the Group companies. 's management's profit forecast relates in particular to the amount of taxable profit and the expected timing of its realisation.

Provisions

Provisions differ from other liabilities in terms of uncertainties regarding the timing or amount of future expenditure required. A provision must be recognised if a present (legal or constructive) obligation arises for the company from a past event, the outflow of resources embodying economic benefits to settle this obligation is probable, and a reliable estimate of the amount of the obligation is possible (see IAS 37.14).

Due to differing economic and legal assessments and the difficulties in determining a probability of occurrence, there are fundamental uncertainties regarding recognition and measurement.

Actuarial assumptions must be made for the measurement of pension provisions. These assumptions depend on the individual judgements of management.

Transformation process driven by climate change

The automotive industry and its suppliers are experiencing significant pressure to transform their business models due to climate change and political and social developments. The German Association of the Automotive Industry (VDA) points out that the transformation process will only succeed if the framework conditions and planning and investment certainty for manufacturers and users are right. Due to the volatile macroeconomic situation and legal framework conditions, estimates and judgements arising from the transformation process affect various accounting matters.
In particular, this affects the useful lives of property, plant and equipment, specifically the Group's production facilities. Based on current information, these will be used as previously planned and therefore no adjustments to the depreciation period are required. Estimates and judgements have also been identified in relation to investments aimed at reducing climate-related risks for the production sites in France (Saint Desirat, Tournon) and China (Wuxi, Jiangyin).
The assessment was primarily based on the risk reports concerning the buildings at the insurance company's production sites, the risk exposure of the production sites, their history and experience, and countermeasures already in place. Risks arising from temperature fluctuations, heat stress resulting in water shortages and flooding, as well as their impact on business interruptions, energy availability and prices, were also identified. These risks and their

probabilities of occurrence have been analysed as part of a climate risk assessment and can be taken into account in future planning.

The assumptions and estimates are based on the information available on the balance sheet date regarding current and future economic conditions. Changes to these conditions, which are beyond the control of management, may result in the actual results achieved differing from the original assumptions.

6.18. EVENTS AFTER THE BALANCE SHEET DATE

The military escalation in the Middle East, in particular the hostilities between the USA, Israel and Iran that have been ongoing since 28 February 2026, as well as the resulting de facto closure of the Strait of Hormuz, represents a significant new source of uncertainty for global economic development. Immediately after the outbreak of hostilities, the International Monetary Fund (IMF) noted disruptions to global trade, a significant rise in energy prices and increased volatility in the financial markets. According to the IMF, persistent disruptions to energy supplies could significantly increase global inflation and weigh on growth, particularly in energy-importing economies; a risk of stagflation cannot be ruled out. A quantitative assessment of the impact on the global economy was not available at the time of reporting. In the opinion of the STS Group, the developments described have no material direct impact on the STS Group's net assets, financial position and results of operations at the time of preparing the consolidated financial statements. The Company continues to monitor developments closely, particularly with regard to possible indirect effects from rising energy prices and potential disruptions in global supply chains.

Hagen, 15 April 2026

Alberto Buniato (CEO)

STATEMENT BY THE LEGAL REPRESENTATIVES

We confirm to the best of our knowledge that, in accordance with the applicable accounting standards, the consolidated financial statements give a true and fair view of the Group's financial position, results of operations and cash flows, and that the consolidated management report presents the course of business, including the results of operations, and the Group's position in such a way as to give a true and fair view, and that the significant opportunities and risks associated with the Group's expected development are described.

Hagen, 15 April 2026

Alberto Buniato (CEO)

Auditor's Report

To STS Group AG, Hagen

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE CONSOLIDATED MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of STS Group AG, Hagen, and its subsidiaries (the Group) – comprising the consolidated balance sheet as at 31 December 2025, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from 1 January to 31 December 2025, and the notes to the consolidated financial statements, including significant information on accounting policies – have been audited. In addition, we have audited the Group management report of STS Group AG, Hagen, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2025. We have not audited the content of the sections of the Group management report referred to in the 'Other Information' section of our auditor's report, in accordance with German statutory requirements.

In our opinion, based on the findings of our audit

- the accompanying consolidated financial statements comply in all material respects with the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) (hereinafter "IFRS Accounting Standards"), as adopted by the EU, and the supplementary German statutory provisions applicable pursuant to section 315e(1) of the German Commercial Code (HGB), and, in compliance with these provisions, gives a true and fair view of the Group's net assets and financial position as at 31 December 2025 and of its financial performance for the financial year from 1 January to 31 December 2025; and

- the accompanying Group management report as a whole gives a true and fair view of the Group's position. In all material respects, this Group management report is consistent with the consolidated financial statements, complies with German statutory requirements and accurately presents the opportunities and risks associated with future development. Our audit opinion on the Group management report does not extend to the content of the components of the Group management report referred to in the section 'Other information'.

In accordance with section 322(3), first sentence, of the German Commercial Code (HGB), we declare that our audit has not led to any objections regarding the regularity of the consolidated financial statements and the group management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and the group management report in accordance with Section 317 of the German Commercial Code (HGB) and the EU Audit

Regulation (No. 537/2014; hereinafter “EU Audit Regulation”), in compliance with the German standards on the due performance of audits established by the Institute of Public Auditors in Germany (IDW). Our responsibilities under these regulations and standards are described in more detail in the section ‘Auditor’s responsibility for the audit of the consolidated financial statements and the group management report’ of our auditor’s report. We are independent of the group companies in accordance with European, German commercial and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. Furthermore, in accordance with Article 10(2)(f) of the EU Audit Regulation, we declare that we have not provided any prohibited non-audit services as defined in Article 5(1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to serve as a basis for our audit opinions on the consolidated financial statements and the group management report.

Reference to other matters

The consolidated financial statements and the group management report of STS Group AG, Hagen, for the previous financial year ending 31 December 2024 were audited by another auditor, who issued unmodified audit opinions on these consolidated financial statements and this group management report dated 25 April 2025.

Particularly significant audit matters in the audit of the consolidated financial statements

Key audit matters are those matters which, in our professional judgement, were of the greatest significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2025. These matters were taken into account in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not issue a separate audit opinion on these matters.

Revenue recognition and deferral

Related information in the consolidated financial statements

For the accounting policies applied in respect of revenue recognition and deferral, we refer to the disclosures in the notes to the consolidated financial statements in Chapter 6 Accounting Policies – in particular to Chapter 6.13 Revenue and Expense Recognition.

Facts and audit risks

The consolidated financial statements of STS Group AG report revenue of EUR 292.0 million (previous year: EUR 311.1 million).

The Group’s revenue comprises the sale of various injection-moulded plastics and components made from SMC materials and interior systems for the automotive industry, as well as lightweight construction and battery components for electric vehicles. Sales are mostly conducted directly through contracts with customers. Due to the broad product range and varying specifications, there is a risk of incorrect revenue recognition regarding the amount of revenue recognised and the timing of recognition. Furthermore, revenue is a significant performance indicator.

Audit approach and findings

As part of our audit procedures, we assessed the accounting policies applied in the consolidated financial statements for the recognition of revenue, in accordance with internal accounting guidelines, against the criteria defined in IFRS 15. We reviewed the processes implemented by the legal representatives for revenue recognition by examining individual business transactions from the receipt of the order through to their presentation in the consolidated financial statements.

Based on our understanding of the business and processes, we reviewed the agreed contractual terms on a sample basis.

We tested the existence of revenue for the financial year using representative samples. Furthermore, to assess the accrual of revenue in the correct period, we reconciled and verified, on a sample basis, both the revenue recognised at year-end and the accrued revenue against the contractual basis.

We were satisfied that the systems and processes in place, as well as the accounting and valuation policies applied, are appropriate, and that the judgements made by the legal representatives are well-founded and adequately documented.

Other information

The legal representatives and the Supervisory Board are responsible for the other information. The other information comprises the following components of the Group management report, the content of which has not been audited:

- the corporate governance statement pursuant to Sections 289f and 315d of the German Commercial Code (HGB), to which reference is made in the Group management report, and
- the separate non-financial report pursuant to sections 289b and 315b of the German Commercial Code (HGB), to which reference is made in the Group management report.

The other information also comprises:

- the representations pursuant to section 297(2), fourth sentence, and section 315(1), fifth sentence, of the German Commercial Code (HGB) regarding the consolidated financial statements and the group management report
- the report of the Supervisory Board; and
- the remaining parts of the annual report – without further cross-references to external information – with the exception of the audited consolidated financial statements and the Group management report, as well as our audit opinion.

The Supervisory Board is responsible for the Supervisory Board's report. In all other respects, the legal representatives are responsible for the other information.

Our audit opinions on the consolidated financial statements and the group management report do not extend to the other information, and accordingly we do not express an audit opinion or any other form of audit conclusion in respect thereof.

In connection with our audit, we have a responsibility to read the other information and, in doing so, to assess whether the other information:

- contain material inconsistencies with the consolidated financial statements, the group management report or our knowledge obtained during the audit, or
- otherwise appear to be materially misstated.

Responsibility of the legal representatives and the Supervisory Board for the consolidated financial statements and the group management report

The legal representatives are responsible for the preparation of the consolidated financial statements, which comply in all material respects with the IFRS accounting standards as adopted by the EU, and, in addition, complies in all material respects with the German statutory provisions applicable pursuant to section 315e(1) of the German Commercial Code (HGB), and for ensuring that the consolidated financial statements, in accordance with these provisions, give a true and fair view of the Group's net assets, financial position and results of operations. Furthermore, the legal representatives are responsible for the internal controls they have determined to be necessary to enable the preparation of consolidated financial statements that are free from material misstatements arising from fraudulent acts (i.e. accounting manipulation and financial losses) or errors.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. Furthermore, they are responsible for disclosing matters relating to the Group's ability to continue as a going concern, where relevant. In addition, they are responsible for preparing the financial statements on a going concern basis, unless there is an intention to liquidate the Group or to cease trading, or there is no realistic alternative to doing so.

Furthermore, the legal representatives are responsible for preparing the Group management report, which as a whole gives a true and fair view of the Group's position, is consistent with the consolidated financial statements in all material respects, complies with German statutory requirements and accurately presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the arrangements and measures (systems) which they have deemed necessary to enable the preparation of a Group management report in accordance with the applicable German statutory provisions, and to be able to provide sufficient and appropriate evidence for the statements in the Group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and the Group management report.

The auditor's responsibility for the audit of the consolidated financial statements and the group management report

Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the Group management report as a whole gives a true and fair view of the Group's position, is consistent in all material respects with the consolidated financial statements and with the findings of our audit, complies with German statutory requirements, and accurately presents the opportunities and risks of future development, and to issue an auditor's report containing our opinions on the consolidated financial statements and the group management report.

Reasonable assurance is a high level of assurance, but not a guarantee, that an audit conducted in accordance with Section 317 of the German Commercial Code (HGB) and the EU Audit Regulation, in compliance with the German Standards on Auditing established by the Institute of Public Auditors in Germany (IDW), will always detect a material misstatement. Misstatements may result from fraudulent acts or errors and are considered material if it could reasonably be expected that, individually or in the aggregate, they would influence the economic decisions of users taken on the basis of these consolidated financial statements and the group management report.

During the audit, we exercise professional judgement and maintain a critical attitude. Furthermore,

- we identify and assess the risks of material misstatements in the consolidated financial statements and the group management report arising from fraud or error, plan and perform audit procedures in response to these risks, and obtain audit evidence that is sufficient and appropriate to serve as a basis for our audit opinions. The risk that a material misstatement resulting from fraud will not be detected is higher than the risk that a material misstatement resulting from error will not be detected, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the circumvention of internal controls.

- we obtain an understanding of the internal controls relevant to the audit of the consolidated financial statements and the arrangements and measures relevant to the audit of the group management report, in order to plan audit procedures that are appropriate in the circumstances, but not with the aim of expressing an audit opinion on the effectiveness of the Group's internal controls or of these arrangements and measures.

- we assess the appropriateness of the accounting policies applied by the legal representatives and the reasonableness of the estimated values and related disclosures presented by the legal representatives.

- we draw conclusions on the appropriateness of the going concern accounting policy applied by the legal representatives and, based on the audit evidence obtained, whether there is any material uncertainty relating to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the relevant disclosures in the consolidated financial statements and the group management report or, if these disclosures are inadequate, to modify our audit opinion accordingly. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit report. However, future events or circumstances may result in the Group being unable to continue as a going concern.

- We assess the presentation, structure and content of the consolidated financial statements as a whole, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in such a way that, in accordance with IFRS as adopted by the EU, and the supplementary German statutory provisions applicable pursuant to Section 315e(1) of the German Commercial Code (HGB), the consolidated financial statements give a true and fair view of the Group's financial position, results of operations and cash flows.

- We plan and perform the audit of the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the companies or business segments within the Group as a basis for forming our audit opinions on the consolidated financial statements and the Group management report. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the audit of the consolidated financial statements. We bear sole responsibility for our audit opinions.

- We assess the consistency of the group management report with the consolidated financial statements, its compliance with the law and the picture it conveys of the group's financial position.

- we perform audit procedures on the forward-looking statements presented by the legal representatives in the Group management report. On the basis of sufficient and appropriate audit evidence, we verify in particular the significant assumptions underlying the forward-looking statements made by the legal representatives and assess the appropriate derivation of the forward-looking statements from these assumptions. We do not express a separate audit opinion on the forward-looking statements or the underlying assumptions. There is a significant and unavoidable risk that future events may differ materially from the forward-looking statements.

We discuss with those charged with governance, amongst other things, the planned scope and timing of the audit, as well as significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We provide a statement to those charged with governance confirming that we have complied with the relevant independence requirements, and discuss with them all relationships and other matters that could reasonably be expected to affect our independence, and – where relevant – the actions taken or safeguards implemented to address independence threats.

We identify, from the matters discussed with those responsible for oversight, those matters that were most significant in the audit of the consolidated financial statements for the current reporting period and are therefore the key audit matters. We describe these matters in the auditor's report, unless laws or other regulations preclude public disclosure of the matter.

OTHER STATUTORY AND REGULATORY REQUIREMENTS

Statement on the audit of the electronic representations of the consolidated financial statements and the group management report prepared for disclosure purposes in accordance with Section 317 (3a) of the German Commercial Code (HGB)

Audit opinion

In accordance with section 317(3a) of the German Commercial Code (HGB), we have carried out an audit to obtain reasonable assurance as to whether the representations of the consolidated financial statements contained in the file STS_GROUP_AG_KAuKLB_ESEF-2025-12-31-de.xbri (MD5 hash value: 47c5e7cdbb1508c801753aa9fafc4d9a) and prepared for disclosure purposes comply in all material respects with the requirements of Section 328(1) of the German Commercial Code (HGB) regarding the electronic reporting format ("ESEF format") in all material respects. In accordance with German statutory provisions, this review extends only to the conversion of the information in the consolidated financial statements and the group management report into the ESEF format and therefore neither to the information contained in these representations nor to any other information contained in the aforementioned file.

In our opinion, the representations of the consolidated financial statements and the group management report contained in the aforementioned file and prepared for disclosure purposes comply in all material respects with the requirements of Section 328(1) of the German Commercial Code (HGB) regarding the electronic reporting format. With regard to this audit opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2025, we do not express any audit opinion on the information contained in these representations or on the other information contained in the aforementioned file.

Basis for the audit opinion

We conducted our audit of the representations of the consolidated financial statements and the group management report contained in the above-mentioned file in accordance with section 317(3a) of the German Commercial Code (HGB), in compliance with IDW Auditing Standard: Audit of Electronic Representations of Financial Statements and Management Reports Prepared for Disclosure Purposes in accordance with Section 317(3a) of the German Commercial Code (HGB) (IDW PS 410 (06.2022)) and International Standard on Assurance Engagements 3000 (Revised). Our responsibility in this regard is described in further detail in the section 'Responsibility of the Group auditor for the audit of the ESEF documents'. Our audit firm has applied the IDW Quality Management Standard: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

Responsibility of the legal representatives and the Supervisory Board for the ESEF documents

The legal representatives of the Company are responsible for the preparation of the ESEF documents containing the electronic versions of the consolidated financial statements and the group management report in accordance with section 328(1), sentence 4, no. 1 of the German Commercial Code (HGB).

Furthermore, the company's legal representatives are responsible for the internal controls they deem necessary to enable the preparation of the ESEF documents, which must be free from material – intentional or unintentional – breaches of the requirements of Section 328(1) of the German Commercial Code (HGB) regarding the electronic reporting format.

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Responsibility of the Group auditor for the audit of the ESEF documents

Our objective is to obtain reasonable assurance as to whether the ESEF documents are free from material – intentional or unintentional – non-compliance with the requirements of section 328(1) of the German Commercial Code (HGB). During the audit, we exercise due professional judgement and maintain a critical mindset. Furthermore,

- we identify and assess the risks of material – intentional or unintentional – non-compliance with the requirements of section 328(1) of the German Commercial Code (HGB), plan and perform audit procedures in response to these risks, and obtain audit evidence that is sufficient and appropriate to serve as a basis for our audit opinion.

- we gain an understanding of the internal controls relevant to the audit of the ESEF documents in order to plan audit procedures that are appropriate in the circumstances, but not with the aim of expressing an audit opinion on the effectiveness of these controls.

- we assess the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents complies with the requirements of Delegated Regulation (EU) 2019/815, as in force at the balance sheet date, regarding the technical specification for this file.

- we assess whether the ESEF documents enable an XHTML reproduction of the audited consolidated financial statements and the audited consolidated management report with identical content.

- we assess whether the tagging of the ESEF documents using Inline XBRL (iXBRL) technology, in accordance with Articles 4 and 6 of Delegated Regulation (EU) 2019/815 as in force on the balance sheet date, enables an appropriate and complete machine-readable XBRL copy of the XHTML representation.

Other disclosures pursuant to Article 10 of the EU Audit Regulation

We were appointed by the Annual General Meeting on 28 August 2025 as auditors of the consolidated financial statements. We were appointed by the Supervisory Board on 19 September 2025. We have acted as auditors of the consolidated financial statements of STS Group AG, Hagen, since the financial year 2025.

We confirm that the audit opinions contained in this audit report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (audit report).

OTHER MATTERS – USE OF THE AUDIT OPINION

Our audit report must always be read in conjunction with the audited consolidated financial statements and the audited group management report, as well as the audited ESEF documents. The consolidated financial statements and the consolidated management report converted into the ESEF format – including the versions to be filed with the Companies Register – are merely electronic representations of the audited consolidated financial statements and the audited consolidated management report and do not replace them. In particular, the ESEF report and our audit opinion contained therein may only be used in conjunction with the audited ESEF documents provided in electronic form.

Note on the supplementary audit

We issue this audit report on the consolidated financial statements, the group management report and the ESEF documents on the basis of our statutory audit, completed on 15 April 2026, and our supplementary audit, completed on 30 April 2026, which related to the ESEF documents now submitted.

AUDITOR IN CHARGE

The auditor responsible for the audit is Polina Spang.

Munich, 15 April 2026/limited to the ESEF documents referred to in the note on the supplementary audit: 30 April 2026”

Munich, 30 April 2026

Forvis Mazars GmbH & Co. KG
Audit firm
Tax consultancy

Signed: Thummert Chartered Accountant	Signed: Spang Chartered Accountant