

STS Group



Semi-Annual report

2024

January 1 to June 30



OVERVIEW HY 2024

- **Sales revenue increase to EUR 153.5 million (plus 7.0%) in a persistently challenging market environment**
- **Plastics segment with an increase in sales revenue of 9.9% biggest growth driver in the first half of 2024**
- **EBITDA identical to adjusted EBITDA and rises to EUR 11.8 million (plus EUR 3.4 million compared to the previous year)**
- **Business outlook for 2024 confirmed**

At a glance

RESULTS OF OPERATIONS

EUR million	H1 2024	H1 2023
Revenues	153.5	143.5
Segment Plastics	117.6	107.0
Segment China	24.3	23.8
Segment Materials	18.6	20.6
Corporate/Consolidation	-7.0	-7.9
EBITDA	11.8	8.4
Adjusted EBITDA	11.8	8.4
Reconciliation to Adjusted EBITDA		
EBITDA	11.8	8.4
Adjusted for non-recurring effects	0.0	0.0
Adjusted EBITDA	11.8	8.4

BALANCE SHEET KEY FIGURES

EUR million	June 30, 2024	December 31, 2023
Equity	45.4	46.6
Capital ratio	17.2%	17.5%
Total assets	264.6	266.5
Cash and cash equivalents (unrestricted)	32.7	39.3
<i>Liabilities from leases</i>	27.2	28.2
Net Financial Debt ¹	36.3	29.3

¹ Net financial debt = bank liabilities + liabilities from loans + leasing liabilities + liabilities from factoring - cash and cash equivalents

STS Group AG, www.sts.group (ISIN: DE000A1TNU68), is a leading systems supplier for the automotive industry. The group of companies employs more than 1,300 people worldwide and generated sales revenue of EUR 277.9 million in the 2023 financial year. At its twelve plants and three development centers in France, Germany, Mexico, China and the USA, STS Group ("STS") produces and develops injection-molded plastics and components made from sheet molding compounds (SMC), such as rigid and flexible vehicle and aerodynamic trim, holistic interior systems, as well as lightweight and battery components for electric vehicles. STS is a technological leader in the production of plastic injection molding and composite components. STS has a large global footprint with plants on three continents. The customer portfolio includes leading international manufacturers of commercial vehicles, passenger cars and electric vehicles.

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INTERIM GROUP MANAGEMENT REPORT FOR THE FIRST HALF OF THE YEAR 2024

Economic report

MACROECONOMIC AND SECTOR-SPECIFIC FRAMEWORK CONDITIONS

OVERALL ECONOMIC DEVELOPMENT

Global economy with moderate growth

According to the Kiel Institute for the World Economy (IfW), the global economy strengthened in the first few months of 2024 and recorded moderate growth. A noticeable acceleration in the emerging markets, particularly China, and Europe was offset by the expected slowdown in the USA. The expansion continues to be driven by the service sector. However, industrial production also appears to be slowly recovering. Nevertheless, global demand for consumer goods and companies' willingness to invest remained subdued amid persistently restrictive financing conditions, which had a dampening effect on industrial production. Global trade developed positively - the feared difficulties caused by attacks on shipping lanes in the Red Sea did not materialize.¹

Production in China picks up noticeably

Production in China was significantly stronger than at the end of the previous year, increasing by 1.6%. However, private domestic demand remained subdued. The structural problems, particularly in the construction sector, remain unresolved and continue to have a negative impact on the consumer climate, for example. Overall economic demand is therefore being supported by increased government investment.²

¹ https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/fis-import/277fbd37-1384-4b1c-b36f-bb4ea65009bc-KKB_114_2024-Q2_Welt_DE_V2.pdf

² https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/fis-import/277fbd37-1384-4b1c-b36f-bb4ea65009bc-KKB_114_2024-Q2_Welt_DE_V2.pdf

European economy picks up noticeably

The European economy has picked up significantly after a prolonged period of weakness. Gross domestic product in the eurozone rose by 0.3% in the first quarter. This was mainly due to a revival in exports. Private consumption increased slightly, while investments declined, mainly due to a sharp slump in Ireland, which is heavily dependent on the activities of multinational companies. As the year progresses, growth momentum is likely to come increasingly from private consumption in view of rising real wages.³

German economy overcomes recession, moderate growth in France

German gross domestic product rose by 0.2% in the first quarter, picking up slightly more than originally expected. The IfW is also forecasting further growth of 0.2% for the second quarter. Growth was mainly fueled by foreign demand. Private consumption remained subdued despite increases in purchasing power. The construction industry benefited from favorable weather conditions, while corporate investment continued to decline. Inflation has largely normalized and is only just above the 2% mark targeted by the European Central Bank.⁴ In France, the economy grew moderately by 0.2% in the first quarter. Growth was primarily fueled by consumption, particularly on the part of the state, and foreign trade.⁵ The rate of inflation in France normalized in the first six months in a similar way to Germany.⁶

Significant slowdown in US economic momentum

Growth momentum in the USA has weakened considerably. Gross domestic product here rose by just 0.3% in the first quarter. Although the IfW anticipates more robust growth again in the second quarter, it sees a general weakening of the previous growth forces. Particularly, a slowdown in private and government consumer spending had a dampening effect. Last year, extensive government subsidy programs led to strong growth in construction investment. Foreign trade also had a negative impact on economic growth.⁷ The strength of the US economy to date has also kept inflation comparatively high. It has been fluctuating between 3.0% and 3.5% for some time.⁸

Weak industrial sector slows growth in Mexico

Mexico's gross domestic product grew by 0.3% in the first quarter of 2023.⁹ While the service sector proved to be very robust, the industrial sector is in a technical recession following the second consecutive quarter of decline. Rising minimum wages and subsidies are fueling domestic demand and supporting the service sector in particular. While an appreciation of the peso is impacting the competitiveness of Mexican exports to the USA. The Mexican economy is

³ https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/fis-import/277fbd37-1384-4b1c-b36f-bb4ea65009bc-KKB_114_2024-Q2_Welt_DE_V2.pdf

⁴ https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/fis-import/e44ecba0-cc19-4098-b85f-ee313b268d0f-KKB_115_2024-Q2_Deutschland_DE_V1.pdf

⁵ <https://www.insee.fr/en/statistiques/8196632#titre-bloc-2>

⁶ <https://tradingeconomics.com/france/inflation-cpi>

⁷ https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/fis-import/277fbd37-1384-4b1c-b36f-bb4ea65009bc-KKB_114_2024-Q2_Welt_DE_V2.pdf

⁸ <https://tradingeconomics.com/united-states/inflation-cpi>

⁹ <https://www.americaeconomia.com/en/economy-markets/mexicos-gdp-grew-19-first-quarter>

expected to remain on course for growth in the second quarter¹⁰, but high inflation and increasing political uncertainty pose significant risks to further economic development.

ECONOMIC DEVELOPMENT IN THE SECTOR

According to the industry association ACEA, sales of commercial vehicles in the European Union rose to around 495,000 units (+9.5%) in the first quarter of 2024. By contrast, sales of heavy and medium-duty commercial vehicles fell to around 85,300 units (-4.0%) declined. Within the heavy and medium commercial vehicle segment, the two largest European markets, Germany (-2.2%) and France (-0.3%), which together account for more than 40% of the total market, were relatively stable. Italy (+6.6%) and Spain (+15.7%) recorded significant gains, while Poland (-16.0%) suffered heavy losses.¹¹ In the USA, sales of corresponding commercial vehicles fell by 5.8% in the first five months of the year, totaling around 193,700 units.¹² In China, sales of heavy commercial vehicles increased by 4% in the first half of 2024.¹³ In Mexico, the manufacturers' association ANPACT is expecting a record year. Overall, 12.6% more heavy commercial vehicles are expected to be sold than in the previous year.¹⁴ Growth of 7.2% was achieved in the first half of 2024.¹⁵

¹⁰ <https://www.dallasfed.org/research/update/mex/2024/2404>

¹¹ <https://www.acea.auto/cv-registrations/new-commercial-vehicle-registrations-vans-7-7-trucks-19-4-buses-15-5-in-q1-2023/>

¹² <https://wardsintelligence.informa.com/wi967880/may-us-bigtruck-sales-slip-with-157-decrease>

¹³ <https://www.steelorbis.com/steel-news/latest-news/heavy-truck-sales-in-china-decrease-by-14-percent-in-june-1347148.htm>

¹⁴ <https://mexicobusiness.news/automotive/news/heavy-duty-vehicle-sales-break-records-2024-anpact>

¹⁵ <https://t21.us/heavy-vehicle-sales-in-mexico-step-on-the-gas-in-june/>

BUSINESS PERFORMANCE

Despite a more challenging market environment with regional declines, STS Group's segments once again recorded very positive business performance in the first half of 2024.

In the first half of 2024, all three segments - Plastics, Materials and China - benefited above all from further growth in the Chinese truck market and positive developments at the European plants. The largest increase in sales revenue was achieved in the Plastics segment. Growth was driven in particular by higher mold sales for newly launched customer projects. The new US plant did not yet make a significant contribution to sales revenue and earnings development in the first half of 2024. The first parts were produced here and series production was ramped up towards the end of the first half of the year, meaning that positive sales revenue effects will be seen in the second half of 2024. In addition, a new order was won for the plant in Mexico, which will ensure high capacity utilization there in the future.

With an increase in sales revenue of 7.0% to EUR 153.5 million and an increase of 40.3% to EUR 11.8 million, resulting in an EBITDA margin of 7.7% the STS Group remains on track to achieve its annual targets after the first half of 2024. The Executive Board continues to expect sales revenue growth in the high single-digit percentage range and an EBITDA margin in the high single-digit percentage range.

EARNINGS, FINANCIAL POSITION AND NET ASSETS OF THE GROUP

EARNINGS POSITION

In the reporting period, the Group generated sales revenue totaling EUR 153.5 million after EUR 143.5 million in the first half year 2023. The growth in the Plastics segment (+9.9%) was the main contributor to the Group's growth. The China segment continued to stabilize the Group's growth with an increase of 2.3%. The stabilization of the Chinese commercial vehicle market in the past financial year continued in the first half of 2024. In total, sales revenue for the entire Group increased by 7.0% above the same period of the previous year.

The positive earnings contributions from all three segments also led to an increase in earnings before interest, taxes, depreciation and amortization (EBITDA). EBITDA in the reporting period amounted to EUR 11.8 million after EUR 8.4 million in the same period of the previous year. No extraordinary expenses were incurred in the reporting period. The adjusted EBITDA of EUR 11.8 million also corresponds to EBITDA and increased by EUR 3.4 million.

Sales revenue and earnings of the STS Group segments for the first half of 2024 compared to the previous year are as follows

EUR million	H1 2024	H1 2023
Revenue	153.5	143.5
Segment Plastics	117.6	107.0
Segment China	24.3	23.8
Segment Materials	18.6	20.6
Corporate/Consolidation	-7.0	-7.9
EBITDA	11.8	8.4
Segment Plastics	8.0	5.9
Segment China	3.9	2.9
Segment Materials	1.2	1.1
Corporate/Consolidation	-1.3	-1.5
EBITDA (in % of revenue)	7.7%	5.8%
Adjusted EBITDA	11.8	8.4
Segment Plastics	8.0	5.9
Segment China	3.9	2.9
Segment Materials	1.2	1.1
Corporate/Consolidation	-1.3	-1.5
Adjusted EBITDA (in % of revenue)	7.7%	5.8%

EARNINGS POSITION BY SEGMENT

PLASTICS SEGMENT

In the first half of the year, the Plastics segment recorded an increase in sales revenue of 9.9% to EUR 117.6 million (H1/2023: EUR 107.0 million). Particularly, European activities made a significant contribution to sales revenue growth in the reporting period. Growth in the first half of the year was supported by the realization of sales of customer tools for new projects.

As a result of the sales revenue growth and the implemented efficiency measures, the segment's EBITDA also increased in the reporting period. Price increases on the procurement side were largely passed on to customers. EBITDA in the first half of 2024 totaled EUR 8.0 million after EUR 5.9 million in the same period of the previous year. As there were no extraordinary expenses in the first six months of 2024, as in the previous year, adjusted EBITDA corresponds to EBITDA and remained unchanged at EUR 8.0 million (H1/2023: EUR 5.9 million).

SEGMENT CHINA

The Chinese commercial vehicle market has established itself at a stable level since 2023, which continued in the first half of 2024 and had a positive impact on the segment. Accordingly, sales revenue increased slightly by 2.3% to EUR 24.3 million (H1/2023: EUR 23.8 million) compared to the same period of the previous year.

The segment achieved an EBITDA increase of EUR 1.1 million compared to the previous year, which resulted in an EBITDA of EUR 3.9 million in the first half of 2024 (H1/2023: EUR 2.9 million). No extraordinary expenses were incurred in the first half of the year or in the same period of the previous year. Accordingly, the adjusted EBITDA of EUR 3.9 million (H1/2023: EUR 2.9 million) corresponded to EBITDA.

SEGMENT MATERIALS

In the first half of 2024, the Materials segment recorded a decline in sales revenue of EUR 2.1 million compared to the same period of the previous year, meaning that sales revenue fell by 100% to EUR 18.6 million (H1/2023: EUR 20.6 million).

Despite the decline in sales revenue, a stable result was achieved, reflecting the operational efficiency measures. Accordingly, EBITDA in the first six months totaled EUR 1.2 million after EUR 1.1 million in the same period of the previous year. There were no extraordinary expenses in this segment in the reporting period. Adjusted EBITDA therefore corresponded to EBITDA.

FINANCIAL POSITION

CASH FLOW STATEMENT

EUR million	H1 2024	H1 2023
Net cash flow from operating activities	5.2	16.7
Net cash flow from investing activities	-7.3	-3.4
Net cash flow from financing activities	-4.3	-8.1
Effect of currency translation on cash and cash equivalents	-0.2	0.5
Net increase/decrease in cash and cash equivalents	-6.6	5.7

In the first six months of the 2024 financial year, the STS Group generated a positive net cash flow from operating activities of EUR 5.2 million (H1/2023: EUR 16.7 million). The development of **the operating cash flow** is influenced by the consolidated result (H1/2024: EUR -0.7 million; H1/2023: EUR -0.8 million) and the change in net working capital (H1/2024: EUR 14.8 million; H1/2023: EUR 9.4 million). The increase in working capital is mainly due to a significant decrease in inventories, which included unfinished tools for new customer projects, and the increase in current contract liabilities. The latter rose by EUR 9.0 million, whereby the reduction due to the realization of sales of customer tools in Europe was partially offset by the reclassification of contract liabilities in the USA from non-current to current. Other debts and liabilities developed in the opposite direction, mainly due to the aforementioned reclassification of non-current contract liabilities to current.

Cash flow from investing activities in the reporting period totaled EUR -7.3 million (H1/2023: EUR -3.4 million). The increased cash outflow was due to higher payments for investments in property, plant and equipment on the one hand and intangible assets on the other. The higher cash outflow is mainly due to investments for new customer projects in Europe and for the new plant in the USA.

Financing activities in the reporting period resulted in an outflow of funds totaling EUR -4.3 million in the reporting period (H1/2023: Cash outflow EUR -8.1 million). This change is particularly due to the repayment of bank loans, leasing liabilities and interest. New loans are being utilized to support and develop the American market.

LIQUID ASSETS

The freely available cash and cash equivalents as at 30 June 2024 amounted to EUR 32.7 million (31 December 2023: EUR 39.3 million) and mainly consist of bank balances.

NET FINANCIAL DEBT

The Group's net financial debt¹⁶ as at 30 June 2024 increased by EUR 7.0 million to EUR 36.3 million (31 December 2023: EUR 29.3 million). The increase in this item is due to an increase in

¹⁶ Net financial debt = bank liabilities + liabilities from third-party loans + leasing liabilities + liabilities from factoring - cash and cash equivalents

liabilities to banks. Factoring was not utilized in the reporting period. Lease liabilities as at 30 June 2024 decreased to EUR 32.0 million (31 December 2023: EUR 33.1 million). This was offset by the EUR 6.6 million lower cash and cash equivalents as at 30 June 2024 compared to 31 December 2023.

ASSET POSITION

EUR million	June 30, 2024	December 31, 2023
Non-current assets	114.9	111.7
Current assets	149.7	154.9
Total assets	264.6	266.5
Total equity	45.4	46.6
Non-current liabilities	63.7	90.5
Current liabilities	155.5	129.4
Total equity and liabilities	264.6	266.5

Compared to 31 December 2023, the **balance sheet total** fell from EUR 266.5 million to EUR 264.6 million. The share of current assets in the balance sheet total is at 56.6% compared to 31 December 2023 (58.1%) down by 1.6 percentage points. By contrast, the share of current liabilities in total assets has increased compared to 31 December 2023 (48.6%) by 10.2 percentage points to 58.8%. This is due in particular to the reclassification of contract liabilities from non-current to current.

Non-current assets increased by EUR 3.2 million and amounted to 114.9 million as at 30 June 2024 (31 December 2023: EUR 111.7 million). Due to the start of production in the USA, other financial assets increased by EUR 3.1 million, from EUR 1.5 million (31 December 2023) to EUR 4.6 million.

Current assets fell by EUR 5.2 million to EUR 149.7 million (31 December 2023: EUR 154.9 million). This development is mainly due to the decrease in cash and cash equivalents as well as the reduction in inventories. In contrast, trade receivables and other receivables increased by EUR 12.7 million to EUR 51.1 million (31 December 2023: EUR 38.4 million). The main reason for the increase in trade receivables was the rise in sales revenue in the Plastics segment.

Equity fell in the first half of the year due to the negative consolidated result to EUR 45.4 million (31 December 2023: EUR 46.6 million). With a simultaneous reduction in total assets, the equity ratio fell slightly from 17.5% to 17.2%.

Compared to 31 December 2023, **non-current liabilities** fell by EUR 26.8 million to EUR 63.7 million (31 December 2023: EUR 90.5 million). The lower debt burden is mainly due to the reclassification of contract liabilities in the USA from non-current to current.

Current liabilities increased compared to 31 December 2023 by EUR 26.1 million to EUR 155.5 million (31 December 2023: EUR 129.4 million). The increase is due to both the increase in trade payables and the aforementioned reclassification from non-current to current liabilities. This

was partially offset by the reduction in current contract liabilities due to the realization of sales for tools in Europe.

Opportunity and risk report

The risks and opportunities that could have a significant impact on the earnings, financial and asset position of the STS Group and detailed information on the risk management system are presented in the STS Group's 2023 Annual Report on pages 35 ff. The assessment for the 2024 financial year remains largely unchanged compared to the 2023 Annual Report.

Forecast report

MACROECONOMIC FORECAST

Weaker global economic growth forecast

For the current year as a whole, the Kiel Institute for the World Economy (IfW) is forecasting global GDP growth of 3.2% (2023: 3.2%), slightly above the previous year. Although the prospects for private consumption have improved due to the slowdown in inflation, the only gradual easing of restrictive monetary policy is weighing on economic development. Added to this are the unresolved structural problems in China, which are having a negative impact both there and on the global economy. This is also reflected in global trade in goods, which is also only expected to see moderate growth of 1.0% (2023: -1.9%) following the decline in the previous year. Consumer prices should continue to ease. A global increase of 7.3% is expected (2023: 8.0%), with Latin America, Africa and Russia particularly affected by sharp price rises. In other regions, such as the advanced economies, China, India and East Asia, inflation is already well below average.¹⁷

Chinese economy held back by structural problems

According to the IfW, the Chinese economy is suffering from ongoing structural problems. In addition to continued turbulence in the property sector, the consumer climate is also being adversely affected by poorer employment prospects, high youth unemployment and increasing uncertainty. At the same time, falling revenues and high levels of debt are restricting government investment opportunities. A new strategy of comprehensive technological modernization of industry to increase productivity is at the heart of economic policy. However, in view of demographic factors and trade policy developments, the IfW expects growth rates to remain lower in the long term. Slightly weaker GDP growth of 5.2% is forecast for 2024 (2023: 5.4%).¹⁸

Eurozone overcomes stagnation

Supported by a good labor market and rising real wages amid declining inflation, private consumption is expected to give the eurozone economy increasing momentum in the second half of the year. Additional positive impetus is expected from foreign trade. Overall, however, stagnation will only be overcome slowly and economic growth will still be relatively weak in 2024. For 2024 as a whole, the IfW anticipates only slightly stronger growth in gross domestic product of 0.9% in the eurozone (2023: 0.6%). The unemployment rate is likely to remain low.

¹⁷ https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/fis-import/277fbd37-1384-4b1c-b36f-bb4ea65009bc-KKB_114_2024-Q2_Welt_DE_V2.pdf

¹⁸ https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/fis-import/277fbd37-1384-4b1c-b36f-bb4ea65009bc-KKB_114_2024-Q2_Welt_DE_V2.pdf

Consumer prices in the currency area are expected to rise by an average of 2.4% in the current year (2023: 5.4%), meaning that inflation will continue to normalize.¹⁹

Minimal GDP growth expected in Germany

The German economy will overcome the recession but will remain weak overall. Positive growth impetus is expected primarily from private consumption and exports, while companies' investment activity will be curbed by political uncertainties. The IfW also believes that the construction industry will not overcome its weak phase before next year. Overall, the IfW is therefore forecasting minimal growth in gross domestic product of 0.2% for the current year (2023: -0.2%).²⁰ For France, the International Monetary Fund (IMF) is forecasting GDP growth of 0.9% for 2024 as a whole (2023: 1.1%). The inflation rate is expected to be 2.3%.²¹

Weaker growth in North America

A restrictive interest rate environment, a strong peso, rising labor costs and an economic slowdown in the USA as an important trading partner are weighing on the Mexican economy. High crime rates and political uncertainties are further obstacles to domestic and foreign investment. Accordingly, economic momentum is expected to be weaker in 2024, with gross domestic product growth of just 2.0% (2023: 2.5%).²² Economic momentum will also slow in the USA, with gross domestic product only set to increase by 2.2% (2023: 2.5%) according to the IfW. Private consumption, which is a key driver of the US economy, appears to be losing momentum. Savings from the pandemic have largely been used up and real wages are growing more slowly. Positive impetus is expected from residential construction, while corporate investment in construction, which has been boosted by government subsidy programs, is slowly coming to an end.²³

INDUSTRY FORECAST

The market for commercial vehicles is showing signs of normalization. The pent-up demand as a result of the COVID-19 pandemic and the war in Ukraine is increasingly diminishing, while at the same time uncertainties regarding future economic developments are increasing. High capital costs as a result of the ongoing restrictive monetary policy are slowing down fleet renewal. In contrast, the ongoing decarbonization of truck transport and the development of innovative services and business models based on connectivity, digitalization and autonomy are expected to gain further momentum. In advanced markets such as North America and Europe, a significant decline in truck sales is expected in 2024 due to overcapacity and a disappointing freight economy. Emerging markets such as ASEAN and Latin America are

¹⁹ https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/fis-import/277fbd37-1384-4b1c-b36f-bb4ea65009bc-KKB_114_2024-Q2_Welt_DE_V2.pdf

²⁰ https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/fis-import/e44ecba0-cc19-4098-b85f-ee313b268d0f-KKB_115_2024-Q2_Deutschland_DE_V1.pdf

²¹ <https://www.imf.org/en/News/Articles/2024/07/13/pr-24271-France-IMF-Executive-Board-Concludes-2024-Article-IV-Consultation-with-France>

²² <https://www.dallasfed.org/research/swe/2024/swe2409>

²³ https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/fis-import/277fbd37-1384-4b1c-b36f-bb4ea65009bc-KKB_114_2024-Q2_Welt_DE_V2.pdf

expected to recover after a weak year in 2023. In these regions in particular, established European and Japanese original equipment manufacturers (OEMs) are increasingly being displaced by Chinese manufacturers. This contributed to the fact that Chinese OEMs accounted for almost a third of global truck sales in 2023. A further strong recovery is expected in China in 2024, which should help the global market for medium and heavy commercial vehicles to achieve slight growth of 3.8%.^{24 25}

FORECAST OF THE GROUP

STS Group recorded successful business development in the first half of the year, which is in line with the targets for 2024 communicated in the 2023 Annual Report. Against this backdrop and the continuing geopolitical uncertainties, the Executive Board confirms the forecast and expects further sales revenue growth in the upper single-digit percentage range for the 2024 financial year. The EBITDA margin for the financial year is forecast to be in the high single-digit percentage range.

General risk warning

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

²⁴ <https://www.frost.com/frost-perspectives/ride-on-resurgent-china-in-2024/>

²⁵ <https://finance.yahoo.com/news/european-medium-heavy-truck-market-080500689.html>

Supplementary report

There were no events after 30 June 2024 that must be reported in accordance with IAS 10.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTH FROM JANUARY 1 TO JUNE 30, 2024		Note		
EUR million			H1 2024	H1 2023
Revenues	5		153.5	143.5
Increase (+) or decrease (-) of finished goods and work in progress	6		-14.2	6.8
Other operating income			7.9	4.2
Material expenses	7		-88.7	-100.9
Personnel expenses			-30.5	-30.1
Other operating expenses	8		-16.4	-15.2
Earnings from operations before depreciation and amortization expenses (EBITDA)			11.8	8.4
Depreciation and amortization expenses			-7.3	-6.3
Earnings before interest and income taxes (EBIT)			4.5	2.1
Interest and similar income			0.1	0.1
Interest and similar expenses			-3.3	-2.2
Earnings before income taxes			1.3	0.0
Income taxes	9		-2.0	-0.7
Net income			-0.7	-0.8
Thereof attributable to owners of STS Group AG			-0.7	-0.8
Earnings per share in EUR (undiluted)	10		-0.11	-0.12
Earnings per share in EUR (diluted)	10		-0.11	-0.12

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR FROM JANUARY 1 TO JUNE 30, 2024

EUR million	H1 2024	H1 2023
Net income	-0.7	-0.8
Currency translation differences	-0.3	-2.3
Items that may be reclassified subsequently to profit or loss	-0.3	-2.3
Items that will not be reclassified to profit or loss	0.0	0.0
Other comprehensive income	-0.3	-2.3
Total comprehensive income	-1.0	-3.1
Thereof attributable to owners of STS Group AG	-1.0	-3.1

CONSOLIDATED BALANCE SHEET as at 30 June 2024**Assets**

EUR million	Note	June 30, 2024	December 31, 2023
Intangible assets		19.2	19.1
Property, plant and equipment		87.8	86.9
Contract assets		0.0	0.4
Other financial assets		4.6	1.5
Deferred tax assets		3.3	3.8
Non-current assets		114.9	111.7
Inventories	11	24.9	37.5
Prepayments on inventories		22.8	22.0
Contract assets		1.3	0.9
Trade and other receivables		51.1	38.4
Other financial assets		7.1	6.0
Income tax receivables		1.4	1.4
Other non-financial assets		8.4	9.3
Cash and cash equivalents		32.7	39.3
Current assets		149.7	154.9
Total assets		264.6	266.5

Equity and liabilities

EUR million	Note	June 30, 2024	December 31, 2023
Share capital		6.5	6.5
Capital reserve		5.4	5.4
Retained earnings		33.3	34.3
Other reserves		0.7	1.0
Own shares at acquisition cost		-0.5	-0.5
Equity attributable to owners of STS Group AG		45.4	46.6
Total equity	12	45.4	46.6
Liabilities to banks		12.6	10.6
Liabilities from leases		27.2	28.2
Other financial liabilities		13.8	14.8
Contract liabilities	13	0.0	27.0
Provisions	14	9.9	9.9
Non-current liabilities		63.7	90.5
Liabilities to banks		15.3	15.1
Liabilities from leases		4.8	4.9
Other financial liabilities		0.1	0.0
Contract liabilities	13	31.0	21.6
Trade and other payables		67.6	61.2
Provisions		8.6	0.1
Income tax liabilities		4.0	4.5
Other non-financial liabilities		24.1	21.9
Current liabilities		155.5	129.4
Total equity and liabilities		264.6	266.5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTH FROM JANUARY 1 TO JUNE 30, 2024

	Equity attributable to owners of STS Group AG								Total
	Number of shares	Share capital	Capital reserves	Retained earnings	Other reserves		Treasury shares, at cost		
					Remeasuring gains/losses	Foreign currency translation			
EUR million									
Balance at January 1, 2023	6,450,000	6.5	5.4	35.5	0.7	1.9	2.6	-0.5	49.5
Income after income tax expense	0	0.0	0.0	-1.2	0.0	0.0	0.0	0.0	-1.2
Other comprehensive income	0	0.0	0.0	0.0	-0.1	-1.6	-1.7	0.0	-1.7
Balance at December 31, 2023	6,450,000	6.5	5.4	34.3	0.7	0.3	0.9	-0.5	46.6
Balance at January 1, 2024	6,450,000	6.5	5.4	34.3	0.7	0.3	0.9	-0.5	46.6
Income after income tax expense	0	0.0	0.0	-0.7	0.0	0.0	0.0	0.0	-0.7
Other comprehensive income	0	0.0	0.0	0.0	0.0	-0.3	-0.3	0.0	-0.3
Balance at June 30, 2024	6,450,000	6.5	5.4	33.6	0.7	0.0	0.7	-0.5	45.6

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR FROM JANUARY 1 TO JUNE 30, 2024

EUR million	Note	H1 2024	H1 2023
Net income		-0.7	-0.8
Income taxes		1.3	0.7
Net interest expense		3.2	2.1
Depreciation of property, plant and equipment		5.6	4.7
Depreciation of property, plant and equipment		1.7	1.6
Other non-cash income (-) and expenses (+)		-1.2	-2.3
Change in net working capital		14.8	9.4
Inventories		12.6	-7.8
Contract assets (current)		-0.4	0.0
Trade and other receivables		-12.3	-9.9
Contract liabilities		9.0	12.3
Trade and other payables		5.9	14.8
Other receivables		-2.2	-2.3
Other liabilities		-25.1	1.3
Provisions		8.6	2.4
Income tax receivables and liabilities		-0.3	0.0
Income tax receivables and liabilities		-0.5	-0.2
Net cash flows from operating activities		5.2	16.7
Proceeds from sale of property, plant and equipment		0.1	0.0
Disbursements for investments in property, plant and equipment		-5.6	-2.3
Disbursements for investments in intangible assets		-1.8	-1.1
Net cash flows from investing activities		-7.3	-3.4
Proceeds from borrowings		2.5	11.0
Proceeds from loans granted by related parties		0.1	-0.4
Payments for the redemption of loans		-1.8	-15.5
Repayments of lease liabilities		-2.9	-2.0
Dividends paid to shareholders of the parent company		-0.3	0.0
Interest paid		-2.1	-1.3
Interest received		0.1	0.1
Net cash flows from financing activities for the Group as a whole		-4.3	-8.1
Effect of currency translation on cash and cash equivalents		-0.2	0.5
Net increase/decrease in cash and cash equivalents		-6.6	5.7
Cash and cash equivalents at the beginning of the period		39.3	25.6
Cash and cash equivalents at the end of the period		32.7	31.2

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SEGMENT REPORTING

FOR THE FINANCIAL YEAR FROM JANUARY 1 TO JUNE 30, 2024

EUR million	Plastics		China		Materials	
	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023
Revenue - third parties	117.0	107.0	24.3	23.8	11.4	12.8
Sales revenues Other Group companies	0.7	0.0	0.0	0.0	0.2	0.0
Revenue - inter-segment	0.0	0.0	0.0	0.0	7.0	7.9
Revenue segment	117.6	107.0	24.3	23.8	18.6	20.6
EBITDA	8.0	5.9	3.9	2.9	1.2	1.1
EBITDA in % of revenue	6.8%	5.5%	16.2%	12.0%	6.4%	5.5%
Adjusted EBITDA	8.0	5.9	3.9	2.9	1.2	1.1
<i>Adjustments</i>	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted EBITDA in % of revenue	6.8%	5.5%	16.2%	12.0%	6.4%	5.5%
Depreciation and amortization	-4.6	-3.9	-2.3	-2.1	-0.3	-0.4
EBIT	3.3	2.0	1.7	0.8	0.8	0.7
CAPEX*	6.8	2.3	0.6	0.0	0.0	0.0

* Cash-effective without investments in leasing

EUR million	Unternehmen/sonstige		Konsolidierung		Konzern	
	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023
Revenue - third parties	0.0	0.0	0.0	0.0	152.7	143.5
Sales revenues Other Group companies	0.0	0.0	0.0	0.0	0.9	0.0
Revenue - inter-segment	0.0	0.0	-7.0	-7.9	0.0	0.0
Revenue segment	0.0	0.0	-7.0	-7.9	153.5	143.5
EBITDA	-1.3	-1.5	0.0	0.0	11.8	8.4
EBITDA in % of revenue	0.0%	0.0%	0.0%	0.0%	7.7%	5.8%
Adjusted EBITDA	-1.3	-1.5	0.0	0.0	11.8	8.4
<i>Adjustments</i>	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted EBITDA in % of revenue	0.0%	0.0%	0.0%	0.0%	7.7%	5.8%
Depreciation and amortization	0.0	0.0	0.0	0.0	-7.3	-6.3
EBIT	-1.4	-1.5	0.0	0.0	4.5	2.1
CAPEX †	0.0	0.0	0.0	0.0	7.5	2.3

† Cash-effective without investments in leasing

IFRS 8 Operating Segments requires the disclosure of information per operating segment. The definition of operating segments and the scope of the information provided as part of segment reporting are based, among other things, on the information regularly provided to the Executive Board as the chief operating decision maker and thus on the company's internal management.

The company's Executive Board decided to categorize and manage reporting partly by product type and partly geographically. The key performance indicators of relevance to the Executive Board for managing the Group segments are, in particular, sales revenue, earnings before interest, taxes, depreciation and amortization (EBITDA) and adjusted 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 trucks, commercial vehicles and cars. It includes hard trim products from injection molding and SMC thermo-compression. Hard trim applications are used for exterior parts (e.g. front modules and aerodynamic paneling) or interior modules ("bunk box" under the driver's bed and shelf elements) and structural parts (tailgate). The segment also has its own capacities for painting plastics.

- **China:**

This segment focuses on the regional market in China with the production of plastic parts, primarily for commercial vehicles. The product range includes exterior parts (bumpers, front paneling, deflectors, mudguards, entrances, etc.) as well as structural parts, e.g. for the tailgate or battery covers. SMC molding processes and thermoplastic technologies are used here. The segment also has its own capacities for painting plastics.

- **Materials:**

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

The Group is thus managed in a total of three (2023: three) segments. Only the consolidation is shown in the "Consolidation" column. No operating business segments were summarized in order to arrive at the level of the Group's reportable segments.

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

EUR million	Plastics		China		Materials		Konzern	
	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023	H1 2024	H1 2023
Timing of revenue recognition								
Transferred at a point of time	31.3	9.1	22.7	23.3	11.6	12.8	65.5	45.2
Transferred over time	86.3	97.9	1.6	0.5	0.0	0.0	88.0	98.4
Revenue - third parties	117.6	107.0	24.3	23.8	11.6	12.8	153.5	143.5

Sales between the segments are recognized at standard market transfer prices.

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

EUR million	H1 2024	H1 2023
Adjusted EBITDA Group	11.8	8.4
Management adjustments (netted)	0.0	0.0
EBITDA Group	11.8	8.4
Depreciation and amortization expenses	-7.3	-6.3
Earnings before interest and income taxes (EBIT)	4.5	2.1
Interest and similar income	0.1	0.1
Interest and similar expenses	-3.3	-2.2
Finance result	-3.2	-2.1
Earnings before income taxes	1.3	0.0

2. GENERAL INFORMATION

STS Group AG (hereinafter also referred to as the "Company" and together with its subsidiaries as the "Group") is a listed stock corporation domiciled in Germany with its registered office in Hagen, Kabeler Strasse 4, 58099 Hagen. It is entered in the commercial register of Hagen Local Court under HRB 12420. The company is listed on the regulated market of the Frankfurt Stock Exchange (General Standard) under the securities identification number ISIN DE000A1TNU68. The share capital amounts to EUR 6.5 million (2023: EUR 6.5 million) and is divided into 6,500,000 (2023: 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., based in Via Gaetano Agnes 251, 20832 Desio (MB), Italy.

The consolidated financial statements of STS Group AG as at 30 June 2024 comprise STS Group AG and its subsidiaries. The Group is a leading system provider of interior and exterior parts for commercial vehicles. The Group develops, produces and supplies products and solutions for components made of plastic or composite material (so-called "hard trim products") for the automotive and heavy goods vehicle (HGV) industry.

The sole member of the Executive Board approved the condensed interim consolidated financial statements for publication on 7 August 2024.

3. BASIS OF THE PREPARATION

These condensed interim consolidated financial statements of STS Group AG were prepared in accordance with the provisions of the International Financial Reporting Standards ("IFRS") applicable in the European Union as at the reporting date and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The condensed consolidated interim financial statements for the reporting period ending 30 June 2024 have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" and should be read in conjunction with the audited and published consolidated financial statements of the Group for the year ended 31 December 2023.

It comprises the unaudited condensed interim consolidated financial statements, an unaudited interim Group management report and a responsibility statement pursuant to Section 297 (2) sentence 4 and Section 315 (1) sentence 5 of the German Commercial Code (HGB).

The condensed interim consolidated financial statements are prepared in euros ("EUR"). Unless otherwise stated, all amounts have been rounded up or down to millions of euros (EUR million) in accordance with commercial rounding. Totals in tables were calculated on the basis of exact

figures and rounded to EUR million. Deviations of up to one unit (million, %) are due to rounding differences.

The accounting policies applied in the preparation of the interim financial statements are consistent with those applied in the preparation of the Group's consolidated financial statements as at 31 December 2023.

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

The following standards and amendments were applied by the Group for the first time in the reporting period:

Standard/ Interpretation		Endorsement by EU	Mandatory application	Impacts
Amendments to IAS 1	Classification of liabilities as current or non-current (incl. deferral of initial application date) and non-current liabilities with covenants	yes	01.01.2024	no impacts
Amendments to IFRS 16	Lease liability in a sale and leaseback transaction	yes	01.01.2024	no material impacts
Amendments to IAS 7 and IFRS 7	Supplier financing agreements	no	01.01.2024	no material impacts
Amendments to IAS 21	Lack of exchangeability	no	01.01.2024	no material impacts

5. SALES REVENUE

In the first half of 2024, the Group generated sales revenue of EUR 153.5 million (H1/2023: EUR 143.5 million), which breaks down as follows:

EUR million	H1 2024	H1 2023
Revenues from sales	148.5	140.1
Revenues from services	5.0	3.4
Revenues	153.5	143.5

6. CHANGES IN INVENTORIES

There was a significant reduction in inventories of EUR -14.2 million in the first half of the year (H1/2023: increase in inventories of EUR 6.8 million). This is mainly due to the reduction in work in progress from EUR 20.6 million to EUR 7.6 million and also to the reduction in finished goods. The main driver is the completion of customer tools and thus the realization of sales for new projects at the subsidiaries in France.

7. COST OF MATERIALS

The Group's cost of materials in the first half of 2024 is as follows

EUR million	H1 2024	H1 2023
Cost of raw materials, consumables and supplies	75.9	84.1
Cost of purchased services	12.9	16.8
Material expenses	88.7	100.9

The decline in the cost of materials ratio from 12.2% (H1/2023: increase of 26.7%) (in relation to sales revenue) is due to the realisation of sales of work in progress and finished goods. Taking into account the change in inventories, there was no significant change in the cost of materials ratio.

8. OTHER EXPENSES

In the first half of 2024, other expenses increased from EUR 15.2 million by EUR 1.3 million to EUR 16.4 million compared to the same period in the previous year. The increase in other expenses is due in particular to a rise in sales and advertising expenses of EUR 0.6 million to EUR 1.3 million, as well as an increase in maintenance and repair expenses of EUR 0.9 million to EUR 4.6 million. The company also recognized research and development expenses of EUR 1.0 million. Offsetting the increase, legal and consulting expenses fell by EUR 0.3 million from EUR 1.0 million to EUR 0.7 million, as well as a decrease in claims and expenses for impending losses from EUR 0.4 million by EUR 0.2 million to EUR 0.2 million. Overall, this led to an increase in other expenses.

9. INCOME TAXES

Tax expenses are recognized on the basis of an estimate of the weighted average annual income tax rate for the full financial year. The estimated tax rate for the first half of 2024 is therefore 27.03% (H1/2023: 27.03%).

10. EARNINGS PER SHARE

Earnings per share are as follows:

		H1 2024	H1 2023
Net income attributable to owners of STS Group AG	EUR million	-0.7	-0.8
Weighted average number of ordinary shares to calculate earnings per share			
Basic	Number	6,450,000	6,450,000
Diluted	Number	6,450,000	6,450,000
Earnings per share			
Basic	in EUR	-0.11	-0.12
Diluted	in EUR	-0.11	-0.12

11. INVENTORIES

Inventories break down as follows:

EUR million	June 30, 2024	December 31, 2023
Raw materials, consumables and supplies	12.9	12.0
Work in progress	7.6	20.6
Finished goods and goods for resale	4.4	4.9
Prepayments for inventories	22.8	22.0
Inventories	47.7	59.5

The valuation of inventories takes into account marketability, age and all recognizable price, quality and storage risks. The acquisition or production costs of the individual inventories are determined on the basis of weighted average costs.

The reduction is mainly due to work in progress and work in progress for customer tools of the subsidiaries in France, which were completed and invoiced as at 30 June 2024.

12. EQUITY

The individual components of equity and their development for the first half of 2024 and in the prior-year period are presented in the consolidated statement of changes in equity.

13. CONTRACT ASSETS AND LIABILITIES

The contract assets and liabilities as at the first half of 2024 are as follows:

EUR million	June 30, 2024	December 31, 2023
Non-current contract assets	0.0	0.4
Current contract assets	1.3	0.9
Non-current contract liabilities	0.0	27.0
Current contract liabilities	31.0	21.6

Non-current and current contract liabilities in particular show a significant change compared to the previous year. This is due to the change in maturity, which is why previous non-current contract liabilities were reclassified to current liabilities. Corresponding current contract liabilities were also reduced in the first half of the year due to the realization of sales from the tools business in Europe.

14. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

The interest rate level as at 30 June 2024 has fallen slightly compared to 31 December 2023. The remeasurement of the defined benefit pension obligations did not result in any significant actuarial effects as at the reporting date.

15. FINANCIAL INSTRUMENTS

A breakdown of financial assets and liabilities according to the IFRS 9 measurement categories as at 30 June 2024 and 31 December 2023 is as follows:

EUR million	Category according to IFRS 9	Carrying amount	Valuation according to IFRS 9	Valuation according to IFRS 16		Fair value	Hierarchy
		June 30, 2024	Amortized costs	Fair value OCI	Fair Value PL	June 30, 2024	
Financial assets by category							
Other non-current financial assets		4.6	1.1			4.6	
Security deposits	AC	1.1	1.1			1.1	Step 3
Current financial assets							
Trade and other receivables	AC	51.1	51.1			51.1	
Other current financial assets		7.1	8.8			8.8	
Receivables from factorer	AC	1.9	1.9			1.9	
Loans to affiliated companies	AC	6.2	6.2			6.2	
Other financial assets	AC	0.7	0.7			0.7	
Cash and cash equivalents	AC	32.7	32.7			32.7	
Restricted cash	AC	0.0	0.0			0.0	
Non-current financial liabilities							
Liabilities to banks	FLAC	12.6	12.6			12.5	Step 3
Third party loans	FLAC	0.0	0.0			0.0	Step 3
Liabilities from leases		27.2				27.2	
Liabilities from loans from affiliated companies							
Other financial liabilities	FLAC	4.6	0.2			0.2	Step 3
Current financial liabilities							
Liabilities to banks	FLAC	15.3	15.3			15.0	Step 3
Third party loans	FLAC	0.0	0.0			0.0	Step 3
Liabilities from leases		4.8				4.8	
Liabilities from loans from affiliated companies							
Other financial liabilities		0.1	0.1			0.1	
Remaining financial liabilities	FLAC	0.1	0.1			0.1	
Liabilities from loans from related companies	FLAC	0.0	0.0			0.0	Step 3
Trade and other payables	FLAC	67.6	67.6			67.6	

BOOK VALUES BY CATEGORY

EUR million	Category	June 30, 2024
Financial assets at cost	AC	93.7
Financial liabilities at cost	FLAC	95.8

EUR million	Category according to IFRS 9	Carrying amount	Valuation according to IFRS 9	Valuation according to IFRS 16		Fair value	Hierarchy
		December 31, 2023	Amortized costs	Fair value OCI	Fair Value PL	December 31, 2023	
Financial assets by category							
Other non-current financial assets		1.5	1.3			1.3	
Security deposits	AC	1.3	1.3			1.3	Level 3
Current financial assets							
Trade and other receivables	AC	38.4	38.4			38.4	
Other current financial assets		6.0	5.9			5.9	
Receivables from factorer	AC	2.1	2.1			2.1	
Loans to affiliated companies	AC	3.8	3.8			3.8	
Other financial assets	AC	0.1	0.1			0.1	
Cash and cash equivalents	AC	39.3	39.3			39.3	
Restricted cash	AC	0.0	0.0			0.0	
Non-current financial liabilities							
Liabilities to banks	FLAC	10.6	10.6			8.7	Level 3
Third party loans	FLAC	0.0	0.0			0.0	Level 3
Liabilities from leases		28.2				28.2	
Liabilities from loans from affiliated companies	FLAC	9.8	9.8			9.8	
Other financial liabilities	FLAC	0.2	0.2			0.2	
Current financial liabilities							
Liabilities to banks	FLAC	15.1	15.1			15.2	Level 3
Third party loans	FLAC	0.0	0.0			0.0	Level 3
Liabilities from leases		4.9				4.9	
Liabilities from loans from affiliated companies	FLAC	0.0	0.0			0.0	
Other financial liabilities		0.0	0.0			0.0	
Remaining financial liabilities	FLAC	0.0	0.0			0.0	
Liabilities from loans from affiliated companies	FLAC	0.0	0.0			0.0	
Trade and other payables	FLAC	61.2	61.2			61.2	

BOOK VALUES BY CATEGORY

EUR million	Category	December 31, 2023
Financial assets at cost	AC	85.0
Financial liabilities at cost	FLAC	96.9

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

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

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

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

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

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

For financial instruments with a short-term maturity, the carrying amount represents a reasonable approximation of the fair value.

16. CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

The statements on the contingent liabilities and other financial obligations described in the 2023 consolidated financial statements remain essentially unchanged.

17. RELATIONSHIPS WITH RELATED COMPANIES AND PERSONS

As at 30 June 2024, Group companies carried out the following transactions with related parties that are not included in the scope of consolidation

EUR million	H1 2024	H1 2023
Goods and services received from G.A.I.A Holding Srl Group	1.2	1.4
of which expenses for management services received	1.2	1.0

EUR million	June 30, 2024	December, 31 2023
Liabilities towards the G.A.I.A Holding Srl Group	3.8	2.9
Receivables from the G.A.I.A Holding Srl Group	0.9	1.2
Loans received from		
G.A.I.A Holding Srl Group	9.2	9.8
Loans to		
Loan to the G.A.I.A Holding Srl Group	6.2	3.8

Supervisory Board

There were no changes to the composition of the Supervisory Board in the reporting period.

Management Board

There were no changes to the composition of the Executive Board in the reporting period.

18. AUDIT REVIEW

The interim Group management report and the condensed interim consolidated financial statements were neither audited in accordance with Section 317 HGB nor reviewed by a person qualified to audit financial statements.

19. EVENTS AFTER THE BALANCE SHEET DATE

After 30 June 2024, there were no events after the balance sheet date that must be reported in accordance with IAS 10.

DECLARATION OF THE LEGAL REPRESENTATIVES

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

Hagen, 7 August 2024

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

Alberto Buniato (CEO)