

REPORT OF THE SUPERVISORY BOARD



Dear shareholders, colleagues, ladies and gentlemen,

In my role as Chairwoman of the Supervisory Board of S&T AG, which I had the privilege of assuming on the basis of the election at the Annual General Meeting on June 16, 2020, I have the pleasure of addressing you for the first time in this capacity and reporting on the past financial year 2020.

As I write these lines, the COVID-19-Pandemic continues to have us all firmly in its grip. What started in Wuhan, China, has spread like wildfire throughout the rest of the world and has led to several virus mutations in the meantime. The pandemic, which has triggered a global health crisis, has also developed into the biggest economic crisis since the Second World War. Unemployment figures as well as escalating national debt are reaching their highest ever levels worldwide. Medically, there is light at the end of the tunnel thanks to vaccinations from different providers. Economically, however, the crisis will be with us for some time to come. Only the most adaptable companies will be able to overcome this crisis.

S&T AG is one of these companies. In this extremely challenging market environment, S&T AG more than held its ground. S&T AG has continued on its course of success – both revenues (EUR 1,254.8 million) and EBITDA (EUR 130.0 million) are above budget and above the previous year. Declines in revenues and earnings in the aviation industry were compensated by increases in revenues and earnings in other sectors (e.g. medical technology). In addition, S&T AG continued to grow thanks to two major acquisitions.

In cost terms, management has also implemented appropriate measures to strengthen EBITDA. In addition to the existing PEC program, S&T AG has launched a further cost efficiency program (PEC2). Changes brought about by the COVID-Crisis – such as more people working from home and increased use of new communication technologies – will be examined for their benefits and used increasingly in the future, which will lead to further cost savings. I would like to take this opportunity to thank the Executive Board and the employees for their consistent and prudent work in the financial year 2020.

This trend of growth is expected to continue in the following year. At the beginning of 2021, the Executive Board published the guidance for the financial year 2021 with a consolidated revenue of approximately EUR 1.4 billion and EBITDA of around EUR 140 million.

Furthermore, in my capacity as Chairwoman of the Supervisory Board of S&T AG, I would like to inform you that in the financial year 2020, the Supervisory Board of S&T AG performed all of its legally prescribed duties and control functions in close consultation with the Executive Board of the company and was involved in all strategic and material corporate decisions at an early stage and to an appropriate extent. The Executive Board provided the Supervisory Board with regular, timely and comprehensive information and prepared and presented the relevant information and key figures. The Supervisory Board held four regular meetings and two Audit Committee meetings during the financial year 2020. In addition to the regular meetings, various discussions took place between the members of the Supervisory Board and the CEO and CFO of the company on issues of strategy, current business development, the risk situation, risk management and compliance of the company. Whenever the agreement or approval of the Supervisory Board was required for decisions or measures taken by the Executive Board, draft resolutions were submitted to the members of the Supervisory Board in advance for examination and then decided upon in meetings by way of vote or circulation. In the financial year 2020 this related for example to the warrants program 2020, as well as the approval of two share buyback programs and various acquisitions and restructuring measures.

In the financial year 2020, no conflict of interest arose in the Supervisory Board; all resolutions were passed unanimously by all members of the Supervisory Board, unless abstention was necessary or advised. Furthermore, there were no changes in the composition of the Executive Board during the reporting period. There were no changes in the composition of the Supervisory Board other than those concerning myself. In accordance with the principles of the German Corporate Governance Code and in order to perform its duties efficiently, the Audit Committee, the Remuneration Committee and the Nomination Committee, each of which consist of three Supervisory Board members, are each composed of a majority of independent Supervisory Board members. Likewise, in accordance with the recommendations of the German Corporate Governance Code, the role of Chairperson of the Supervisory Board was separated from that of Chairperson of the Audit Committee. Please refer to chapter “Corporate Governance Report” for more details.



The individual financial statement was prepared in accordance with the Austrian Commercial Code (UGB), while the consolidated financial statement is in accordance with IFRS. Ernst & Young Wirtschaftsprüfungsgesellschaft mbH was appointed as the auditor for 2020 by the Annual General Meeting on June 16, 2020. The individual and consolidated financial statements, the management report and the Group management report as well as the auditor's reports were submitted to all members of the Supervisory Board and the Audit Committee. The financial statement documents have been discussed in detail by the Supervisory Board and the Audit Committee in the presence of the auditor following an auditor's report. The Supervisory Board approved the individual and consolidated financial statements prepared by the Executive Board. The individual and consolidated financial statements are therefore adopted in accordance with § 125, Paragraph 2 of the Austrian Stock Corporation Act. The Supervisory Board is in agreement with the management report and the Group management report and in particular with the assessment of the further development of the company.

The Supervisory Board, together with the Executive Board, has submitted a Corporate Governance Report in accordance with its obligation to comply with the German Corporate Governance Code as per § 243c of the Austrian Commercial Code (UGB) and has made this available to the shareholders in the company's annual report in chapter "Corporate Governance Report".

Finally, on behalf of all members of the Supervisory Board, I would like to thank our customers and shareholders for their loyalty. I would also like to thank all our employees and the Executive Board for their work in 2020, which proved to be a particularly challenging year due to the COVID-19-Pandemic.

Vienna, March 2021

For the Supervisory Board

A handwritten signature in blue ink, appearing to read 'Claudia Badstöber'.

Mag. Claudia Badstöber

Chairwoman of the Supervisory Board