

Speech by Rainer Hüttenberger,
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of STO Management SE, Stühlingen/Germany,
acting for Sto SE & Co. KGaA, Stühlingen/Germany,
on the occasion of the Annual General Meeting
held on 18 June 2025

- The spoken word prevails -

Initial chart

Ladies and Gentlemen,

Welcome to the Annual General Meeting of Sto SE & Co. KGaA. I am delighted that you have come to Donaueschingen to exchange ideas with us, as we greatly value direct communication with our shareholders. A good, stable relationship of trust between shareholders and management as well as your feedback are very important to us. This is the only way we can pursue common targets. Thank you for that!

Sto can look back on a 70-year history. A path with ups and downs and exciting developments. The founding Stotmeister family, who are here in the hall again today, can confirm this. Sto is now one of the leading international producers of products and systems for coating buildings. Over 5,500 people work for Sto worldwide, our brand is represented around the globe and we were awarded the title of "World market leader for external wall insulation systems" for the sixth time in 2024. We are proud of that!

Over the years, we have learnt to deal with many different challenges and to handle both opportunities and risks. At the moment, the market environment is a major issue, which was certainly not easy in 2024. The potential inherent in our markets is being overshadowed by numerous negative forces, and many factors have come together to weigh heavily on us in the past financial year.

What is currently happening in our markets and in global politics is detrimental to our business. Uncertainties, lack of trust, unstable conditions – the world is stirring. Apart from macroeconomic developments and the growing number of geopolitical trouble spots that are weighing on us all, we are confronted with a very weak construction industry in many of Sto's core markets - even though demand and thus market potential are very high.

Housing completions in Germany

In Germany, by far our most important market, this is particularly evident in residential construction. The chart shows the clear discrepancy between the high demand for flats and the decline in construction activity. The dotted line shows the rapidly growing population in Germany, the bars illustrate the shrinking housing completions. A recent study by the construction research institute ARGE Germany comes to the conclusion that we are in a deep housing crisis in Germany. The authors of the study speak of a 'housing emergency' that continues to worsen.

Originally, the last government wanted to ensure that 400,000 new homes were built each year. As you can see here, we missed that target by a long shot: around 252,000 new residential units were built in 2024 - a good 14 % less than in the previous year. For the current year 2025, the German Council of Real Estate Experts is forecasting a further decline to around 230,000 flats – meaning that the gap between demand and supply is widening. In addition, residential construction has long been drawing on reserves, as the number of approvals is falling even more sharply than the number of completions.

Development of mortgage interests in the EU

One reason for the low level of construction activity is the mixture of poor financing conditions and a sharp rise in construction costs. In addition, there are excessive regulations and considerable hesitance among investors resulting from uncertain, far too complex statutory framework and subsidy conditions. All of this is inhibiting the propensity to invest in the construction of new buildings and also in refurbishment.

For a long time, building interest rates – as you can see here – remained at historical lows, making the financing of building projects very favourable. In 2022, this was followed by a sharp increase to a level of more than 4 %, which took place in a very short amount of time. This was due to the ECB's efforts to curb inflation, partly as a result of the Russian invasion of Ukraine. However, as construction interest rates rise, profitability decreases and, as a result, less is invested. Interest has been falling slightly again since summer 2024. This

was the European Central Bank's response to the diminishing risk of inflation in the eurozone. It remains to be seen whether this level can develop a certain stability in the tense situation between government debt and monetary policy.

Increase in construction costs

High construction costs are another factor putting the brakes on growth. You can see from the example of residential construction in Germany that prices have risen drastically in all service areas in recent years. There are many reasons for this: disrupted supply chains and material shortages as a result of the coronavirus pandemic, the Russian war of aggression against Ukraine and, above all, high building standards and excessive regulation.

Experts agree that structural reforms are needed to change this. Building regulations and standards need to be comprehensively streamlined in order to reduce construction costs and increase productivity. Especially as the current German regulations are also very demanding by international standards.

In Hamburg/Germany and Schleswig-Holstein/Germany, structural standards were developed last year that go in this direction. They are designed to simplify and facilitate processes. These approaches could serve as a blueprint and help to make building affordable again. Serial and modular construction methods could also significantly increase efficiency.

Climate neutrality

Not only are we lagging far behind in the construction of new buildings, we have also been failing to meet targets for energy refurbishment measures for years. In 2022, the rate in the German building stock was 0.88 %, in 2023 it was only 0.7 % and last year it fell further to 0.69 %. To achieve the 2030 climate targets, an annual renovation rate of 1.9 % would be necessary – we are a long way from achieving this.

Refurbishment measures would have a very positive impact on the climate, as the construction sector is responsible for almost a third of all CO₂ emissions in Germany. In addition to the desirable consequences for the environment, homeowners and tenants also benefit from improvements to the building

envelope, as energy efficiency rises and heating costs are lower. In addition, the value of the property and living comfort for the residents increase. We urgently need a turnaround to ensure that the rate rises and the climate targets are achieved.

Building permits in the EU 2020 – 2024

However, there are also developments that point in the right direction: building permits in the EU appear to have bottomed out after many years of decline. These have been rising again since the end of 2024. The Euroconstruct network anticipates a moderate revival in the European construction sector in the current year.

A rethink also seems to be taking place in Germany. Following the publication of the construction data for 2024, the new Federal Minister Verena Hubertz declared that too little was being built and too slowly. She announced plans to radically simplify funding programmes and improve tax incentives.

Sto Group 2024

With this ray of hope, I would like to move on to the Sto Group's business development in 2024. As a result of the many negative influencing factors that had a greater negative impact on our income situation than expected, we had to revise our forecasts downwards twice in the course of the year and clearly missed our original targets published at the beginning of 2024. However, we were able to achieve the revised turnover and earnings forecasts from November in full.

Sto Group turnover

Consolidated turnover fell to around EUR 1.6 billion as a result of the difficult market conditions, down 6.2 % on the previous year's level.

Sto Group turnover in Germany and outside of Germany

The decline was particularly marked in the German market, where turnover fell by around 8.7 % to EUR 654 million. Turnover generated outside of Germany fell by 4.3 % to around EUR 959 million. As a result, the share of

Group turnover generated outside of Germany increased from 58.3 % to 59.5 %.

Sto segment turnover

Here you can see the breakdown of consolidated turnover by the three segments: In Western Europe – by far the largest segment, contributing around 77 % of the total volume – turnover fell by a total of 7.8 % last year. In addition to weak demand in Germany, this development also resulted from amendments to government support programmes. For example, in Italy and France, two countries that are significant for Sto, subsidies for energy-efficient building refurbishment measures, which had seen strong growth in recent years, were reduced. The turnover volume in many other Western European subsidiaries was also down on the previous year, in some cases significantly.

In the Northern/Eastern Europe segment, we generated around 10 % of the Group turnover in 2024. Turnover here fell by 2.9 % overall as a result of the weak economy. By contrast, the America/Asia/Pacific segment, which accounts for 13 % of consolidated turnover, showed a very mixed picture: business developed positively in most American associates and particularly in the USA, where the construction industry benefited from government stimulus measures, among other things. By contrast, turnover significantly decreased at the Canadian and Chinese companies, where the burden resulting from the property crisis intensified. In the Pacific region, growth was achieved through the first-time consolidation of the New Zealand company. On net, turnover in this segment increased by 2 %.

Sto Group turnover - Facade systems continue to account for largest share of Group volume

In the largest product group, facade systems, the Sto Group's turnover fell by around 8 %, with both the new construction business and refurbishment measures declining. Turnover in the other product groups also fell in comparison to the previous year, albeit less significantly: by around 2 % in the area of facade coatings and by around 6 % for interior products. The

business volume in the other product groups decreased by around 7 %.

Gross profit Sto Group

The Group's gross profit, which is calculated as total revenues less the cost of materials, decreased by around 5 % to around EUR 874 million. As a result, the gross margin rate improved slightly from 53.9 % to 54.3 %.

Sto Group: EBT and earnings after taxes

EBT (earnings before taxes) totalled EUR 61 million, while earnings after taxes (EAT) amounted to EUR 38 million, after it was EUR 86 million in the previous year.

P&L Sto Group

Here you can see the most important items in our statement of profit or loss. In addition to the lower turnover volume, earnings were also especially impacted by the negative performance of the Group companies of the Ströher Group in Germany, Skyrise Prefab Building Solutions Inc. in Canada and Sto Ltd. in the UK, which was deconsolidated in December 2024. To counteract the negative development of earnings, we initiated a cost-cutting programme at the beginning of the second half of 2024. Among other things, Sto SE & Co. KGaA was on short-time work from November 2024 to February 2025 and we are pursuing a restrictive recruitment policy worldwide. We also consistently limit expenditure across all areas of the company. Until further notice, only operationally necessary investments and actions will be authorised.

Cash flow Sto Group

The cash flow from operating activities decreased from EUR 171 million to EUR 91 million in 2024. Cash and cash equivalents totalled EUR 111 million at the end of the year after EUR 122 million on the same day of the previous year. ,

Investments and depreciation/amortisation

Investments in property, plant, and equipment, and intangible assets, at EUR 36 million, were slightly below the forecast level of EUR 40 million, which was adjusted in August 2024, and below the previous year's volume. This was mainly due to delays in various projects. At EUR 41 million, depreciation/amortisation of property, plant, and equipment as well as intangible assets was close to the 2023 level.

Selected individual investments - Mexico

There were delays in the two most extensive individual investments in particular. Firstly in Mexico, where a new wet production facility was built. It is expected to go into operation in the current financial year.

Selected individual investments - Australia

The second major individual investment of the year was at our subsidiary in Australia, which moved into a new location at the end of 2023. A new production plant for dry mortar was built here, which you can see on the right. The new high silos are shown on the left.

We also invested in the ongoing Retrofit programme again last year. It includes numerous replacement and expansion investments at our production sites and ensures that our production is at the cutting edge of technology. The focus is on the digitisation of processes and the associated optimisation of workflows.

Sto Group balance sheet

The Sto Group's assets and liabilities situation remains very solid. The equity ratio improved to around 64 % at the 2024 year end. I have already mentioned cash: it decreased to around EUR 111 million, partly because we reallocated some of the cash and cash equivalents to current financial assets in 2024.

Sto Group employees

The number of employees working for the Sto Group decreased by 184 to 5,599 in 2024. In Germany, where the workforce fell by 71 to 3,100 people, this was primarily due to our restrictive recruitment policy. Outside of Germany (shown here in blue), the Group's workforce decreased by 113 to 2,499 employees. Here, the downsizing at several subsidiaries for economic reasons was contrasted by isolated new hires in national companies with short and medium-term growth prospects as well as the first-time consolidation of New Zealand-based Stoanz Ltd.

Sto share - Share price trend

Let's take a brief look at the performance of the Sto share, which overall lost value in 2024. In the first few months, the rate largely moved in line with the markets and reached its high for the year of EUR 173.60 in June. It subsequently fell sharply, reaching its low for the year of EUR 102.60 at the beginning of December. At the year end, the Sto preference share was quoted at EUR 107.00 in the electronic trading system XETRA of the Frankfurt Stock Exchange, a decline of 23.5 % compared to the previous year's closing price of EUR 139.80.

In the first few months of 2025, Sto preference share initially rose significantly, reaching their highest price to date of EUR 149.80 on March 19. They then fell noticeably, but recovered quickly. At the end of last week, the share price stood at EUR 117.40. This represents an increase of 9.7% compared with the closing price at the end of 2024.

Strategy implementation – Sto Culture

Ladies and gentlemen, our employees are the foundation for the implementation of our corporate strategy, for the loyalty of our customers and, in principle, for Sto's success. People make the difference at Sto - this idea defines our corporate culture, which forms the framework for the interaction of all employees worldwide. We see corporate culture as the glue that holds the teams, their ideas and our values together.

These values are anchored in the global Sto Culture strategic programme. With

its many individual modules, it strengthens the central attitudes that we have defined for ourselves. They are: Respectful, Ambitious, Responsible and Connected. Over 3,500 Sto Group employees have been actively involved in Sto Culture to date. We are intensifying leadership development with the Sto Culture Evolution programme, in which more than 400 managers worldwide have already taken part. It aims to promote individual strengths and fill as many management positions in the Group as possible from within the company's own ranks.

Strategy implementation – StoFloor Traffic Elastic PM MultiBase

Our attitudes are also put into practice in product development. With our system StoFloor Traffic Elastic PM MultiBase, which you can see here, I would particularly like to emphasise the ambitious claim to fulfilment of target group needs. The low-odour coating system protects the floors of underground car parks and multi-storey car parks and helps to preserve these buildings in the long term. It fulfils the highest requirements in terms of dynamic bridging of cracks and is extremely user-friendly: the wearing course is applied in a single application cycle and is suitable for foot traffic just a few hours after application, and even suitable for vehicle traffic after 24 hours. The solution thus fully fulfils the expectations of investors, planners and users.

Strategy implementation – StoColor PuraClean

This also applies to the particularly durable wall paint StoColor PuraClean. It was developed for interiors and can be easily wiped clean with a damp cloth. It sounds simple, but the details are very complex. Selected pigments, fillers and binders ensure resistance to soiling, forming an overlay after drying and thus contributing to longevity. We have registered this innovation for a patent.

Strategy implementation – StoTherm AimS

When it comes to sustainability and responsibility, our AimS®-line, which we have been offering and continuously expanding since 2021, scores particularly highly. All components of this system are based to a very large extent on renewable and sufficiently available raw materials. Significantly less crude oil is used in the production, resources are conserved and the carbon footprint is minimised. It is also possible to separate the waste by type and return it to Circular economy.

Last year, we added the mineral adhesive and reinforcing mortar StoLevell Neo AimS® to this product family, which completely dispenses with the usual use of cement. Thanks to the patented technology, around 50 % less CO₂ is emitted during production than with comparable mortars – without any restrictions during application.

Strategy implementation – StoVentec Deco

When refurbishing historical buildings, the question often arises as to how a contemporary appearance can be combined with a sustainable and long-lasting design. Our three-dimensional StoDeco facade elements can be fixed to both external wall insulation systems and – as shown here – rainscreen cladding facades and coated in a variety of ways. They are suitable for modern or classic constructions of new buildings, buildings in need of renovation or historically valuable construction works.

Here you can see the Archduke Joseph Palace in Budapest, Hungary, which has been faithfully reconstructed using customised 3D elements made from the environmentally friendly material Verolith. This completely prefabricated facade cladding system was realised with the help of digital solutions and is also a great representation of the exemplary teamwork within the Sto Group. Our facade specialists in Hungary worked very closely with their colleagues at Verotec GmbH in Lauingen/Germany and our experts in Stühlingen/Germany on the project.

Strategy implementation [ark] Insight

When communicating with our target groups, we underpin our strategic priorities with insights into real success stories. In conjunction with our architecture magazine [ark], we highlight outstanding reference projects by letting the project participants speak for themselves. The following trailer provides an insight into these authentic success stories. They are also part of our international architecture website ark.sto.com, which generates customer enquiries and utilises all automation options.

➔ Start trailer

Strategy implementation – Some examples of success regarding the sustainability strategy

Sustainability, which we consider to be one of Sto's core competences, is a key strategic dimension for us. Sustainability permeates all areas of influence and all stages of the value chain. For us, it is not just an aspiration, but a significant factor for success.

Sto's sustainability strategy is divided into six key topics. Climate protection is a top priority for us, which is evident from our business activities alone. With the products in our core business of facade systems, we make a significant contribution to reducing the energy consumption of buildings and increasing comfort. Solid insulation keeps the house warmer for longer and reduces heating demand and the associated CO₂ emissions.

We also want to keep our own ecological footprint as low as possible and have drawn up a complete greenhouse gas balance sheet for the Sto Group in 2024. It forms the basis for a transition plan that should lead us to climate neutrality by 2050.

We have increased the proportion of green electricity within the Sto Group to 60 %. In the previous year, it was 53 %. Our Taxonomy-aligned share of turnover amounted to 46.3 % in 2024. This part of consolidated turnover is classified as environmentally sustainable in accordance with the EU Taxonomy Regulation.

Biocide-free facade coatings are currently a major topic in the area of environmental protection. Biocides are added to numerous building products to protect against algae, fungi and other microorganisms. In extreme weather, such as driving rain, they can be flushed out and get into the ground or groundwater. This is why we, as well as building owners, architects and tradespeople, are increasingly critical of the use of biocides. In addition, the choice of authorised active substances is becoming increasingly limited.

Since 2014, we at Sto have been using an encapsulation technique - unique at the time - to reduce leaching. Almost exactly ten years later, we have now implemented the next step: since 1 January 2025, we have been equipping 100 % of our Sto facade paints with a non-persistent, encapsulated film protection that degrades much faster. This modification also makes us a pioneer and technology leader in the European market.

Above all, the circular economy includes the recyclability of our products, systems and packaging. We also use recycled materials in our production wherever possible.

Strategy implementation – material and thermal recycling of external wall insulation systems (with polystyrene foam)

We are also putting scientific research on this issue into practice: during the refurbishment of two high-rise buildings in Hanover, for which the painting company temps GmbH incidentally also received a design award, the previously used, dismantled polystyrene foam-based system was used for a large-scale scientific experiment. This involved the recycling and energy recovery of EWIS waste in a cement plant. This proved to work well and the material only needed to be crushed before being used in the cement plant. The mineral parts of the external wall insulation system were recycled and the parts containing polystyrene foam were utilised for thermal energy. There were no negative impacts on the plant's flue gas emissions or on the quality of the cement clinker produced. As the recycling rate of waste is always determined by weight, the ratio of material to thermal recycling is interesting: with a ratio of 90 % material to 10 % thermal recycling, the majority of EWIS waste is

recycled in this process and thus serves as a secondary raw material for new cement clinker.

External wall insulation systems are long-lasting systems and are still rarely dismantled. This process has proven to be technically feasible and ecologically beneficial for potentially growing quantities of waste from the dismantling of external wall insulation systems. The task now is to work with our partners from research and industry to find ways of realising this environmentally compatible recycling alternative economically in practice.

Strategy implementation – Some examples of success regarding the sustainability strategy

In interiors, more and more building owners, architects and tradespeople are turning to products that are free from solvents, plasticisers and preservatives. We carry out voluntary emissions tests for a large part of our interior range that meet international standards and fulfil the needs of our customers.

We also want to promote health and well-being within Sto and offer our employees a wide range of programmes in the areas of nutrition, sport and health protection.

The area of transparency and social responsibility includes our suppliers' sustainability pledge, which we require and monitor as part of our supply chain due diligence. Among other things, we expect them to recognise our code. It stipulates the prohibition of child and forced labour, compliance with legal requirements, a ban on discrimination and requirements relating to health, safety and environmental protection. In order to monitor compliance with these regulations, all relevant suppliers are listed in our risk assessment system.

Environmental labels, product declarations and Sustainability Data Sheets, which we create for around 400 Sto products, also make an important contribution to the improvement of transparency. They contain numerous data, for example on ingredients, emissions and ecological and social aspects.

Our employees are also extremely active when it comes to environmental protection and initiate great campaigns every year. In 2024, they once again took part in World Clean-Up Day, which takes place every year. A total of 329 Sto Group employees at 17 locations in ten different countries collected a whole lot of rubbish on this day. A strong sign of sustainability and environmental awareness!

The Sto workforce sticks together and has a close connection to the company – as demonstrated by the long period of employment: in 2024, it was 11.6 years in the Group, while employees at Sto SE & Co. KGaA stay with the company for 14 years on average. The fluctuation rate within the parent company was only 4.1 %.

Sustainability statement 2024

You can also see the great importance of sustainability within our Group in the 2024 annual report, which we are presenting today. Unlike in previous years, there is no longer a separate Sustainability Report; instead, we have integrated the sustainability statement into the Group management report for the first-time. This makes us one of the pioneers in Germany. The underlying CSRD Directive, which was originally due to become an obligation in Germany from this year, was postponed at the end of December by the German legislator at short notice. We at Sto have voluntarily implemented the directive in 2024.

Our sustainability statement 2024 was subjected to a limited assurance content-related audit by the auditing company PricewaterhouseCooper and is very comprehensive. The 120-page publication contains comprehensive information and provides details of our diverse sustainability activities.

Strategy implementation – Target Operating Model

Ladies and gentlemen, there is a great deal of potential for growth in the market segments in which we operate. In order to optimally utilise this potential, we have spent the past year intensively examining our business and operating model, also known as the 'target operating model'.

The motto of this initiative is: 'We are building our future. Together.' Its explicit targets are to prepare the Sto Group for the even better development of the existing market potential. Divided into eight sub-projects, we developed new approaches and defined potential for improvement, focusing on three main objectives: improved customer centricity, increased process efficiency and preparation for the conversion of our ERP system to SAP S/4HANA.

Target Operating Model as a preparatory measure

In short, we want to organise our internal processes in such a way that they are efficient on the one hand and put our customers and their needs at the centre on the other. The relationship with our customers has always been significant for Sto and sets us apart from the competition. The project therefore focussed on questions such as: Do our actions meet the needs of our customers? Where can we improve, become more efficient? To summarise, this initiative forms the basis for the Sto Group's digital transformation and the development of the 2030 strategy.

Further development of our strategy

2025 marks the end of the planning horizon for our strategy, from which our principle direction is derived. Over the past few months, a cross-departmental project team has therefore been working on an update. The effectiveness of our orientation was put to the test and we were able to take the current general conditions into account when realigning our targets. Not only the overall social environment, but also megatrends and subrends, risks as well as impetus and opportunities for growth in the markets were proactively incorporated into this further development. We have also carried out extensive competitor analyses. This data was then analysed and strategic priorities were set.

We completed the review a few weeks ago and I can report to you today on the priorities we will be setting up to 2030.

Strategic targets at a glance

Six strategic targets will take centre stage over the next five years and will be pursued with vigour:

For us, **solution leadership** means we are the first choice on the facade. We offer solutions that go beyond pure product offerings, provide excellent personal consultation and incorporate digital tools. On this basis, we develop complete technical solutions in the classic construction and industrial manufacturing environment.

We organise our value-creating **growth** in a sustainable, profitable and capital-efficient manner. We want to expand faster than the market in the segments and product groups we have defined.

Customer centricity means that we make it easy for customers to do business with us. This includes good accessibility and first-class product availability.

We increase our **productivity** through efficient processes, lean structures and the possibilities of digitisation. The aforementioned introduction of the ERP system S4/HANA plays an important role here.

I have already reported extensively on **sustainability**. As a core competence of the Sto Group, it is constantly being developed further.

And last but not least, we develop and support our **employees**. They are the foundation for sustainable corporate success and excellent customer loyalty.

Strategy 2030 - Initiatives

Here you can see the ten initiatives with which we are implementing the targets of our 2030 strategy. Allow me to briefly touch on a few points.

In the coming years, we will increasingly focus on the development of products and systems in the industrial prefabrication of building elements – both in the area of refurbishment and in the construction of new buildings. Among other things, we are thus expanding our solution leadership.

By systematically identifying potential for growth, we can tap into new markets and achieve significant market coverage. This helps us in terms of value-creating growth.

Omnichannel sales is a multi-channel approach in which the various distribution channels (e.g. online, sales representatives, SalesCentres) are not isolated from each other, but integrated and linked together. The aim is to offer customers a seamless, consistent and personalised shopping experience, regardless of which channel they use.

The aforementioned process control is also an important topic. Through the best possible management of our organisation and harmonised, efficient business processes, we aim above all to improve the Sto Group's profitability.

Development of EWIS market in Germany

This means that we are ready to tap into the opportunities in our markets – for example in the area of external wall insulation systems. There is enormous market potential here, as more than 16 million detached/semi-detached houses in Germany alone are not yet insulated. In each of these houses, up to 25 kg of carbon dioxide per square metre and year could be avoided through facade insulation. Sales of external wall insulation systems should therefore actually rise, not only for economic reasons, but also because of the savings in heating energy. As you can see, however, sales of external wall insulation systems in Germany have not grown in the last ten years, but have actually fallen recently. In 2025, they are likely to weaken further, albeit to a lesser extent.

Sto Group financial figures Q1/2025

The weak market development continues to be reflected in our figures: In the first quarter of 2025, the Sto Group's turnover decreased by around 5 % to around EUR 325 million compared to the same period of the previous year. In addition to the persistently weak development in the construction sector, the change of government in the USA has led to an increase in uncertainties in particular.

Added to this were the weather conditions, as work on the construction sites was sometimes restricted, as is often the case in the winter months.

Group-wide investments fell by around 11 % quarter-on-quarter, while the number of employees fell by 217 to 5,587 at the end of March.

The deficit that we usually report in the first few months of a year has increased in 2025 compared to the previous year. This was mainly due to lower turnover and high margin pressure on sales prices. In contrast, the Group's personnel expenses were reduced slightly. This reflected the effects of short-time work at Sto SE & Co. KGaA in January and February. Staff costs also decreased due to the reduction in the workforce at defined Group companies.

In April 2025, Group-wide turnover was again below the previous year's level, but slightly above our expectations. In May, we were above the previous year's figure, but below expectations.

Developments over the course of the year to date make it clear that the difficult general conditions will not change in the near future. On the contrary: almost all renowned economists have revised their forecasts for 2025 downwards, as uncertainties have increased significantly since the beginning of the year. There is also the open question of what the newly elected government in Germany is planning in terms of regulations, infrastructure investments and state subsidy measures and with what intensity climate policy targets will be pursued.

Subsidy landscape European Sto markets

Many European countries have shown that a functioning subsidy policy can effectively stimulate the willingness to invest. In Italy and France, for example, support for energy refurbishment measures has seen strong growth in recent years.

Subsidy landscape European Sto markets

Here you can see the various funding programmes in Southern and Eastern Europe. In many countries, there are numerous initiatives to support energy-

related measures or residential construction. However, it must be borne in mind that initiatives in our industry often have a long lead time. Even if the new German government implements statutory amendments and initiatives quickly, demand is likely to pick up only after a certain time lag.

Coalition agreement – the most important points for Sto

The direction in which our new German government is heading and the impacts of the points set out in the coalition agreement cannot be foreseen at the moment.

We see the government's principle commitment to the climate targets as a positive sign. These are central to the construction sector.

According to the German Council of Economic Experts, the financial package adopted by the old government could bring about an economic turnaround if the money is invested correctly. The construction sector should also benefit from this. According to the coalition agreement, the construction of new buildings and refurbishment are to be boosted - with an investment, tax relief and bureaucracy reduction offensive. Residential construction is also on the agenda and is to be driven forward, but no concrete programmes have yet been resolved.

The government is hoping for impetus from serial, modular and systemic construction as well as from the continuation of existing funding programmes. Refurbishment and heating subsidies are on an equal footing. Both measures are essential for achieving climate action targets, but the principle of 'efficiency first and technology second' applies.

Another point that could affect our business activities is the planned tax deductibility of costs for the energy refurbishment of inherited properties.

The accumulated construction backlog in Germany is to be capitalised with a time-limited eligibility for the EH55 standard. Accordingly, the purchase and refurbishment of energy-efficient buildings is subsidised with low-interest loans.

Part of the EUR 500 billion special infrastructure fund is to be channelled into additional investments to achieve climate neutrality. One fifth of the package is meant for the federal states and municipalities, which will be given new scope for spending. Among other things, they are to invest in state and regional roads, schools and sports facilities. It remains to be seen what the money will actually be spent on - according to the economic experts, the new debt could stimulate sustainable growth, but also jeopardise Germany's financial stability.

Forecast – Outlook for 2025 as a whole

Much remains uncertain and a rapid upturn is not to be expected. But we have positioned ourselves well and are confident about the future. For the current year 2025, we are forecasting consolidated turnover of EUR 1.57 billion and EBIT of between EUR 51 million and EUR 71 million. Earnings before taxes (EBT) are expected to reach a value between EUR 50 million and EUR 70 million. The resulting return on sales is hence likely to be between 3.1 % and 4.5 %, with a return on capital employed (ROCE) of between 6.8 % and 9.6 %.

We also made internal preparations and drew up a pact for the future together with the General Works Council of Sto SE & Co. KGaA and StoCretec GmbH at the end of March 2025. It sets out cost-saving measures for staff costs for the years 2025 and 2026, an agreement on job security until the end of 2026 and a bonus programme for the years 2027 – 2030.

Awards – German Sustainability Award 2025

We repeatedly receive external confirmation that we are well positioned and provide outstanding services. We were nominated twice for the 17th German Sustainability Award, which was presented in Düsseldorf in November 2024. Firstly at company level and secondly in the products category. Our StoTherm AimS®facade system was one of the three finalists in the Climate transformation field. The prestigious award is presented annually by the foundation Deutscher Nachhaltigkeitspreis e.V. with the support of the German government and other organisations for exemplary sustainability achievements.

Awards

The target group of architects and planners is particularly important to us. At the Architects' Darling Award, they choose their favourites from a total of 200 producers and brands in various categories every year. In 2024, Sto received five awards: three times gold in the categories 'External wall insulation systems', 'Facades/facade constructions' and 'Best training programme' and twice bronze for 'Best project consulting' as well as in the category 'Product innovation finishing construction' for the cement-free adhesive and reinforcing compound StoLevel Neo AimS®.

I already mentioned that Sto has been named 'world market leader for external wall insulation systems' at the beginning. This is the sixth time we have been awarded this prestigious title. The choice is based on the annual World Market Leader Index compiled in co-operation with the magazine WirtschaftsWoche.

70 years of Sto

Sto's success story began in 1954 in Stühlingen/Germany. Even back then, Fritz Stotmeister had the right instinct to invest in a new product at the right time: an organic render. The former lime and cement plant you see here became a global corporation under his as well as Jochen and Gerd Stotmeister's aegis and a typical representative of the internationally successful medium-sized companies from the German province. In 2022, Fritz Stotmeister, whom you see above as a young man, died at the age of 94.

Sto remains a family-owned company to this day. This has a positive impact in lots of different ways. Among other things, through an atmosphere characterised by mutual respect and a high level of identification with the company.

The Fritz Stotmeister Award, which we presented for the second time in 2024, is wonderful proof of how sustainably Sto employees pursue our common targets. The award recognises strong team performance within the Sto Group. The focus is on translating our defined strategic attributes of climate

protection, partnership and excellence into concrete projects. Our technical experts are always impressed by how much energy and passion the participating teams – last year there were 19 – put into achieving this. This shows our potential and gives us confidence for the future. If we mobilise and pool our own strengths, we will be able to overcome all challenges together in the future.

Final slide

I thank you for your attention and your trust.