Annual Report 2025

StarragTornos

Impressum

Forward-looking statements
The present Annual Report contains forward-looking statements in relation to the StarragTornos Group which are based on current assumptions and expectations. Unforeseeable events and developments could cause actual results to differ materially from those anticipated.

The StarragTornos 2025 Annual Report is published in English only.
An online version is also available, see:
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Venlo, Netherlands

Content

Key Figures

CHF 1 000[1]	2025	2024	Change
		Financial Statements	
Order intake[2]	**472 768**	**476 347**	-0.7%
Net sales	**442 086**	**494 056**	-10.5%
Starrag division	*324 380*	*365 587*	*-11.3%*
Tornos division	*117 706*	*128 469*	*-8.4%*
EBITDA[2]	**18 991**	**27 533**	-31.0%
as % of net sales	*4.3%*	*5.6%*	
EBIT[2]	**6 022**	**15 423**	-61.0%
as % of net sales	*1.4%*	*3.1%*	
Net profit	**5 344**	**11 850**	-54.9%
as % of net sales	*1.2%*	*2.4%*	
Cash flow from operating activities	**47 834**	**7 720**	519.6%
Cash flow from investing activities	**-12 412**	**-14 749**	15.8%
Free cash flow[2]	**35 422**	**-7 029**	603.9%

	31.12.2025	31.12.2024	Change
Order backlog[2]	**336 369**	**326 026**	3.2%
Net liquidity	**29 607**	**-271**	n.a.
Total equity	**312 579**	**316 110**	-1.1%
as % of balance sheet	*59.6%*	*57.4%*	
Total balance sheet	**524 535**	**550 870**	-4.8%
Outstanding shares	**5 463 121**	**5 463 121**	0.0%
Employees (full-time equivalents)[3]	**1 814**	**1 981**	-8.4%

Selected key figures per share	2025	2024	Change
Net profit (CHF)	**0.98**	**2.17**	-54.9%
Dividend (CHF)	**1.00**[4]	**1.00**	0.0%
Payout ratio %	**102.2%**	**46.1%**	121.7%
Year-end price StarragTornos share (CHF)	**29.7**	**37.00**	-19.7%
P/E ratio on December 31	**30.4**	**17.06**	78.0%

[1] Where not otherwise specified
[2] Non-GAAP financial measure, refer to page 148
[3] Excluding apprentices and interns
[4] Proposed by the Board of Directors

Letter to Shareholders

Aerospace and defense growth as well as service strengths fuel StarragTornos' robust performance

Dear Shareholders,

The 2025 financial year presented the StarragTornos Group with significant challenges, while at the same time highlighting the robustness of our strategic course. The global environment remained highly demanding. Persistent geopolitical tensions, ongoing tariff debates in the United States, and a general lack of predictability required swift responses, often on very short notice. Navigating these diverse and sometimes opposing conditions called for a high degree of flexibility, resilience, and close collaboration across the organization. Workloads varied considerably within the Group: while certain areas experienced reduced activity, others were operating at full capacity. Strong demand from the aerospace and defense sectors, as well as from the Americas and Asia, contrasted sharply with weaker conditions in other sectors and in Europe.

We addressed these conditions with targeted actions focused on safeguarding the Group's operational integrity while laying the groundwork for future success. At some locations, short-time work and organizational adjustments were required, whereas other sites operated at high utilization levels driven by strong demand.

Balancing these differing situations was demanding, but ultimately successful, supported by the diversity and complementary nature of our global footprint.

Overall, our Group recorded an order intake on last year's level and an increase in order backlog of 3.2% to CHF 336.4 million. Net sales decreased by 10.5% to CHF 442.1 million. This was attributable, on the one hand, to declining order backlogs in certain areas and, on the other, to the fact that some orders received during the reporting period will not become revenue-effective before 2026. Yet the resilience of our business model of customer- and market-driven innovation, a global geographic presence, comprehensive services, and operational excellence is evident.

Compared with the previous year, EBIT declined from CHF 15.4 million to CHF 6.0 million, resulting in a decrease in the EBIT margin from 3.1% to 1.4%. Net profit fell from CHF 11.9 million to CHF 5.3 million. This development was mainly driven by a 10.5% reduction in net sales, which was only partially offset by cost-saving measures, short-time work, and restructuring activities. In addition, lower other operating income, and a change in the sales mix, with a lower proportion of higher-margin products, had a negative impact on margins.

Our solid order backlog enables us to stay flexible and respond quickly to changes.

Starrag division

During the year, the Starrag division launched new machining solutions for the aerospace industry, including a heavy-duty horizontal machining center designed for titanium structural components and a vertical turning machine for jet engine manufacturing and maintenance. The new products achieved strong market acceptance, with initial sales to key customers and major orders currently in execution.

The division's net sales for 2025 totaled CHF 324.4 million, 11.3% below the previous year's figure (CHF 365.6 million).

Tornos division

In the Tornos division, the Swiss DT 7 and Swiss DT 10 have successfully entered global markets since their launch at the beginning of 2025, strengthening the product portfolio with compact, high-speed, and modular solutions. Digital solutions such as Tornos Closed-Loop Manufacturing and the Connectivity Pack further enhance efficiency by automating tool corrections.

The division's net sales for 2025 totaled CHF 117.7 million, 8.4% below the previous year's figure (CHF 128.5 million).

Service business

Services are gaining in importance in line with sustainability and circular economy requirements, with customer machine retrofits playing a key role. The Group is committed to maintaining a competitive edge, including in after-sales activities. In 2025, the Group's service business accounted for 28.4% of total net sales at Starrag, and for 31.3% at Tornos. It continued to be the resilient backbone of the StarragTornos business model.

Remembering Walter Fust

This year was also marked by reflection and remembrance. In February, we bid farewell to Walter Fust, a long-standing majority shareholder who played a decisive role in shaping both Starrag and Tornos and in bringing about the creation of the StarragTornos Group. His legacy and contributions to the company will be remembered with gratitude.

Distribution to shareholders

At the Annual General Meeting on April 17, 2026, the Board of Directors will propose to the shareholders a dividend of CHF 1.00 per share, which corresponds to a payout ratio of 102.2%.

Outlook

The economic outlook for 2026 remains difficult. There are currently no clear signs of a long-term upturn, and uncertainty continues to characterize the economic environment. Our order backlog provides us with a solid basis. We continue to follow a cautious but flexible course in order to be able to react quickly to changes. We will continue to rigorously pursue cost efficiencies and actively exploit opportunities as they arise.

Thanks

The Board of Directors and the Executive Board thank all employees for their commitment, as well as our customers and suppliers for their close cooperation. We are especially grateful to our shareholders for their trust and continued support.

Michael Hauser
Chairman of the Board of Directors

Martin Buyle
Chief Executive Officer

Rorschacherberg, March 2026

The Year 2025 at a Glance

Significant increase

Order intake in aerospace and defense sectors significantly increased.

Different capacity utilization

Workload varied considerably within the Group.

Robust strategy

A highly demanding environment demonstrates the robustness of our strategy.

Service business

Service business continues to be the resilient backbone of our business model.

Solid basis

The order backlog provides StarragTornos with a solid basis for 2026.

Dividend proposed

Dividend of CHF 1.00 per share, proposed by the Board of Directors.

Strategy Report

Strategic Guiding Principle

StarragTornos is a European specialist in high-precision machine tools and integrated manufacturing solutions. The Group's strategy is based on **focused niche positioning in demanding applications** where precision, productivity and process reliability are crucial.

The aim is to achieve **stable cash flows, attractive margins and sustainable value creation** through technological differentiation, application-specific expertise, and lifecycle-oriented solutions—even in cyclical market phases. This strategy is supported by a strong Group structure and a stable, long-term ownership base.

Strategic Market Segments

StarragTornos focuses its product and solution portfolio on six market segments with a structural need for high-precision machining: **Aerospace, MedTech & Dental, Luxury Goods, Energy, Transportation**, and **Industrial**. This diversification supports growth while balancing risk across economic cycles.

Aerospace

This market segment is driven by long-term trends such as increasing mobility, rising efficiency requirements, technological innovation, and increased defense spending. High barriers to entry, long program lifecycles and demanding certification requirements favor suppliers with in-depth application expertise.

StarragTornos addresses this market segment with solutions for engine components, structural components, MRO applications, avionics, and satellite components.

MedTech & Dental

Demographic trends and rising quality requirements are driving steady growth despite significant cost pressure. StarragTornos supports customers with highly automated, integrated manufacturing solutions for implants, medical instruments, and dental applications. The market segment is characterized by relatively low cyclicality and high process requirements.

Luxury Goods

While demand is cyclical, the long-term trend remains stable thanks to rising global prosperity. StarragTornos is positioned in the high-end sector with solutions for watch and jewelry components, where precision, surface quality, and repeatability are decisive.

Energy

Driven by industrialization, the energy transition, and digitalization, StarragTornos addresses both renewable and conventional energy generation. The focus is on complex, large-format components with a high engineering content, for example for wind turbines, gas and steam turbines, and nuclear energy.

Transportation

The Group focuses on selected market segments such as agriculture, trucks and buses, and rail and marine. Exposure to the automotive market has been deliberately reduced. The emphasis is on heavy-duty drive components where precision and productivity are essential.

Industrial

In the Industrial market segment, StarragTornos addresses a variety of applications without a dominant end market. The focus is on high-precision and cost-efficient solutions in areas such as construction and mining, hydraulics and pneumatics, industrial drives, electronics, and micromechanics.

Product and Brand Strategy

StarragTornos develops and manufactures precision machine tools for milling, turning, drilling, grinding and complete machining of metal, composite, and ceramic materials across two divisions. Its products are marketed under a multi-brand architecture, allowing clear application- and customer-specific positioning.

Brand name	Technology	Industries served
Berthiez	Vertical turning/grinding	Aerospace, Renewables, Power Generation
Bumotec	High-precision mill-turning	Luxury Goods, MedTech & Dental, Micromechanics
Dörries	Vertical turning	Industrial, Renewables
Droop+Rein	Gantry, portal type 5-axis-milling	Aerospace, Power Generation, Industrial, Marine
ECOSPEED	High-speed aluminum milling	Aerospace
Heckert	Horizontal milling	Industrial, Transportation
Scharmann	Heavy-duty horizontal milling	Industrial, Transportation
SIP	High-precision jig boring	Aerospace, Industrial
Starrag	5-axis-milling	Aerospace, Power Generation
Tornos	Single & multi spindle Swiss-type turning	Luxury Goods, MedTech & Dental, Micromechanics, Industrial, Transportation
TTL	Software for adaptive machining	All market segments

Competitive Positioning

StarragTornos' competitive positioning is defined by the following strengths:

- **Focused niche leadership**: Concentration on highly differentiated applications and defensible value creation rather than standardized volume markets. The Group’s unique selling points are long-standing customer relationships, an in-depth understanding of customer needs, and a track record of mastering relevant applications and successful machine installations.
- **Portfolio approach with risk diversification**: Presence in several core market segments reduces earnings volatility over the cycle.
- **Multi-brand strategy**: Enables targeted application- and customer-specific market development, with each brand offering a distinct technological profile and clear niche positioning.
- **Holistic solutions approach**: Customers increasingly demand turnkey solutions optimized for life-cycle costs. StarragTornos combines machines, tooling, automation, software, digital solutions, and application technology.
- **Performance orientation**: In many applications, the Group's solutions are regarded as benchmarks for precision, productivity, and machining power.
- **Recurring after-sales business**: A large installed base supports service, retrofit and software revenues, enhancing cash flow stability.
- **European roots**: A stable Swiss ownership structure with a long-term perspective supports sustainable capital allocation and global presence.

Key Strategic Initiatives

To further strengthen its market position, StarragTornos is focusing on the following initiatives:

- **Targeted investments in research and development** to secure technological differentiation and pricing power, driven by new technologies, advances in materials science, and increasing automation requirements.
- **Realization of operational synergies** from the merger of Starrag Group and Tornos, particularly in purchasing, sales, and administration.
- **Deepening market penetration** in high-growth markets, particularly in aerospace and defense-related applications. StarragTornos aims to be among the top three solution providers in each target application.
- **Expansion of the after-sales and service business**, including digital solutions.
- **Continued investment in qualified employees** to secure critical engineering and application expertise, addressing both rising customer expectations and the limited availability of skilled labor.

Sustainability

The StarragTornos Growing Sustainable program is built on the following four pillars: Products, Environment, Social, and Business Conduct. Sustainability is considered an integral part of long-term value creation. Further details are provided in the Sustainability Report on pages 30–69 of this Annual Report.

Risk Management

A Group-wide management process ensures that strategic, financial, operational, and regulatory risks are systematically identified, assessed, and monitored. The aim is to identify and mitigate potential negative impacts on the business and financial position at an early stage. The risk management framework and principal risks are described in the Corporate Governance Report (pages 70–91).

Segment Reporting

For financial reporting purposes, StarragTornos Group presents its net sales and operating results based on its two operating divisions, Starrag and Tornos. These divisions reflect the internal management structure and are managed and monitored separately; accordingly, segment information in the consolidated financial statements is disclosed on this basis.

Financial Objectives

StarragTornos targets annual revenue growth of 5% and a sustainable EBIT margin of 8%. The focus is on margin quality, disciplined capital allocation, and organic value creation in attractive niche markets.

As a guideline, 35–50% of annual net profit is distributed to shareholders.

Corporate Structure

Board of Directors

CEO*
CFO*

Division CEO Starrag*				Division CEO Tornos*	
High Performance Systems	Horizontal Machining Systems	Large Parts Machining Systems	Ultra Precision Machining Systems	Multispindle Machines	Swiss-type Lathes
Sales & Marketing				Sales & Marketing	
Customer Service				Customer Service	
Corporate Center, HR				Corporate Center, HR	

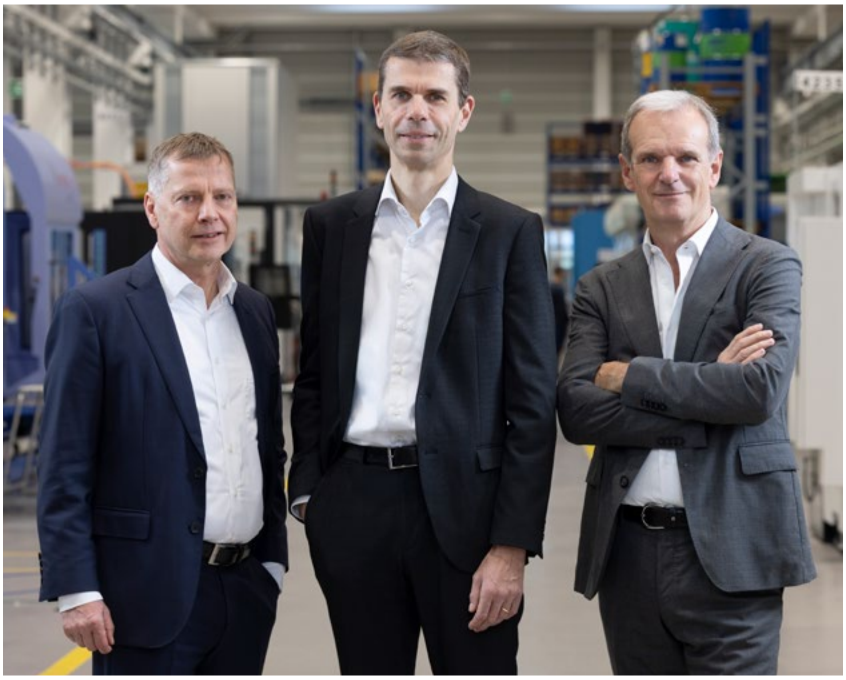
* Member of Executive Board

Executive Bodies

Board of Directors

(from left to right:)

Bernhard Iseli
Adrian Stürm
Till Fust
Michael Hauser, *Chairman*
Christian Androschin



Executive Board

(from left to right:)

Jens Thing, *Division CEO Tornos*
Martin Buyle, *CEO / Division CEO Starrag*
Markus Jäger, *CFO*

Statutory Auditors

PwC, St. Gallen

Management Report

In a challenging economic environment, the StarragTornos Group succeeded in maintaining order intake for the 2025 financial year at the previous year's level and to increase its year-end order backlog compared to 2024. The Group further improved its strong position in the Aerospace market segment, achieving a 40.1% increase in order intake. In contrast, the sharp decline in demand in the Luxury Goods market segment had a markedly negative impact on revenue and annual results.

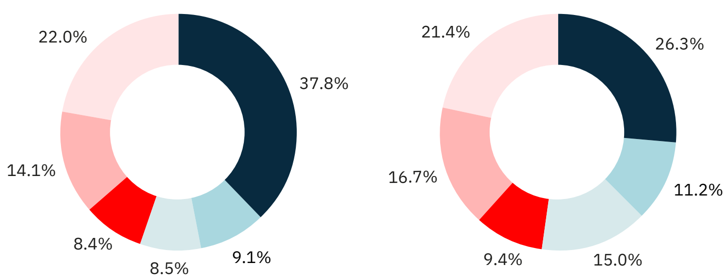
The StarragTornos Group's **order intake** in 2025 amounted to CHF 472.8 million. This is 0.7% below the figure for the 2024 financial year (CHF 476.3 million). Net sales fell by 10.5% from CHF 494.1 million to CHF 442.1 million in the 2025 financial year. At the end of the year, the StarragTornos Group had an **order backlog** of CHF 336.4 million (end of 2024: CHF 326.0 million, +3.2%).

Order intake by market segment
in CHF million

	2025	2024	+/-
Aerospace	126.5	90.3	+40.1%
MedTech & Dental	30.5	38.4	-20.5%
Luxury Goods	28.4	51.6	-45.0%
Energy	28.1	32.3	-13.0%
Transportation	47.2	57.3	-17.6%
Industrial	73.6	73.5	+0.1%
Total Machines	**334.3**	**343.4**	**-2.6%**
Service	138.5	132.9	+4.2%
Total	**472.8**	**476.3**	**-0.7%**

- Aerospace
- MedTech & Dental
- Luxury Goods
- Energy
- Transportation
- Industrial

(in % of total machines)



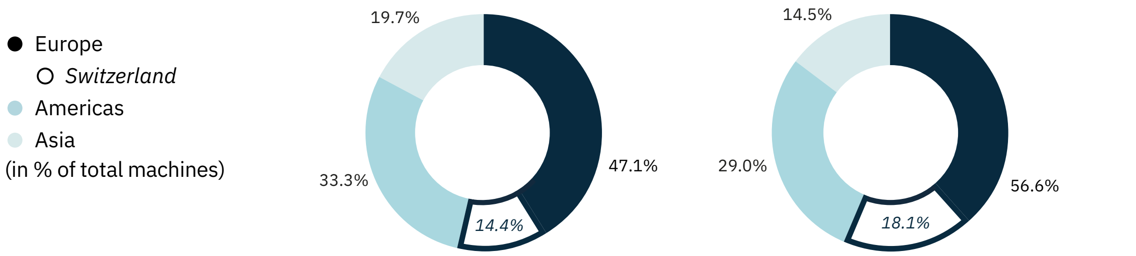
Many new orders came from the defense industry. The share of of this industry in the machinery business of the StarragTornos Group increased from 23% in 2023 to 37% in 2025.

In the **Aerospace** market segment, StarragTornos was able to secure several large new orders both for military and civil aviation customers in 2025. The Group also succeeded in maintaining its strong market position in its second largest market segment, **Industrial**. The **Luxury Goods** market segment, however, experienced a pronounced decline in demand, particularly from the watchmaking industry. Compared to 2024, the Group also recorded declines in the **Transportation**, **MedTech & Dental** and **Energy** market segments.

In the **Service** business, StarragTornos more than offset the decline caused by lower utilization of machines in operation through increased overhaul activities and the expansion of long-term maintenance contracts.

Order intake by region
in CHF million

	2025	2024	+/-
	Group		
Europe	157.3	194.3	-19.0%
Switzerland	*48.3*	*62.2*	*-22.3%*
Americas	111.2	99.5	+11.8%
Asia	65.8	49.7	+32.4%
Total Machines	**334.3**	**343.4**	**-2.6%**
Service	138.5	132.9	+4.2%
Total	**472.8**	**476.3**	**-0.7%**



Europe remains the Group's most important sales region, with Switzerland accounting for a significant share of orders. However, StarragTornos experienced a notable reduction in order intake across Europe, most notably in Switzerland. This was largely attributable to the weakening Luxury Goods market segment, where Swiss watchmakers in particular remained very cautious about making investments.

By contrast, the Americas significantly increased their share and further consolidated their position as an important sales market for StarragTornos. Although tariff policies in the US had a negative impact on demand, the Group's technologies—particularly in the aerospace and defense sectors—remained in high demand. Overall, orders from this region were 11.8% above the prior-year level. After a slow business year in 2024, order intake from Asia rose by 32.4% in 2025. The largest contribution to this growth came from China. Thanks to the Group's global presence, StarragTornos remains ideally equipped for the de-globalization and reshoring trends seen in the various target markets.

Successful product launches

Midway through the year, the **Starrag division** launched a **new heavy-duty horizontal machining center** under the Starrag brand. This launch directly addressed the growing trend in the aerospace industry toward titanium structural components, driven by the increased use of carbon fiber-reinforced plastics in the new generation of twin-aisle wide-body aircraft. A major order for a key customer is currently in execution.

For jet engine manufacturers and maintenance providers in the aerospace sector, StarragTornos introduced a new vertical turning machine during the reporting year and realized initial sales to key customers.

In the **Tornos division**, the **Swiss DT 7** and **Swiss DT 10** have successfully established themselves in various markets worldwide since their market launch at the beginning of 2025. With their compact design, high speed, and modular expandability, they address a broad customer base.

With **Tornos Closed-Loop Manufacturing**, tool corrections are performed automatically, eliminating the need for manual input of correction values and with the **Tornos Connectivity Pack**, machines and digital systems are seamlessly interconnected, enabling customers to achieve improved planning and utilization of their existing machine fleet.

Development of net sales

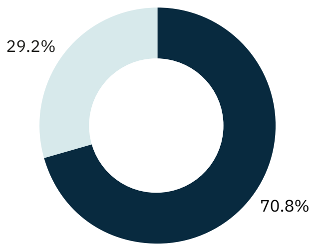
In total, **net sales** declined by 10.5% compared with the previous year's high level to CHF 442.1 million. Excluding currency effects, net sales amounted to CHF 448.6 million (-9.2% compared to 2024). This development was attributable to declining order backlogs in certain areas and to the fact that some orders received during the reporting year will not become revenue-effective until 2026 and beyond. In addition, capacity utilization varied significantly across individual sites. In areas with peak capacity utilization operational challenges along the value chain had to be mastered, while short-time work was implemented at the Vuadens, Moutier, and Chemnitz sites. Measures such as improvements of the supplier base and the utilization of resources within the Group were successfully executed.

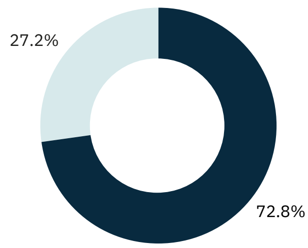
Net sales by division (machines and service)

in CHF million

	2025			2024			+/-
	Group	Starrag division	Tornos division	Group	Starrag division	Tornos division	
Machines	313.0	232.1	80.8	359.6	270.4	89.1	-13.0%
Service	129.1	92.3	36.9	134.5	95.2	39.4	-4.0%
Total	**442.1**	**324.4**	**117.7**	**494.1**	**365.6**	**128.5**	**-10.5%**

● Total Machines
● Service
(in % of total net sales)





Service business on track

Starrag's and Tornos' **service business** continued to perform well. This business now accounts for 28.4% of total net sales at Starrag, and for 31.3% at Tornos.

Starrag relies on comprehensive service solutions and, increasingly, on proactive solutions with a forward-looking and preventive character, such as the automated remote fingerprint. This allows Starrag machines to be remotely examined during operation, and to detect even the smallest performance deviations in advance. Overall, proactive service products contributed 13.4% to Starrag's service business in the reporting year.

The DECO 10 Plus offer, whereby Tornos customers could have their older DECO 10 machines upgraded to the latest technology, again made a significant contribution to Tornos' net sales in the service business. Tornos also repurchases older systems and, after full reconditioning, reintroduces them to the market in line with the principles of the circular economy.

Earnings situation

Compared with the previous year, **EBIT** declined from CHF 15.4 million to CHF 6.0 million. The EBIT margin decreased from 3.1% to 1.4%. Net profit fell from CHF 11.9 million to CHF 5.3 million. The main reason for this development was a 10.5% reduction in net sales, which was partially offset by cost-saving measures implemented across all organizational units, in particular at the Moutier and Chemnitz sites and by the introduction of short-time work at several locations. Restructuring costs burdened the 2025 annual result by CHF 2.2 million but are expected to have a positive impact in the coming years. In addition, lower other operating income and changes in the sales mix had a negative impact on the margin.

Solidly financed

The StarragTornos Group's **equity ratio** is at a high level of 59.6%, ensuring a strong level of financial stability and independence. It reflects the Group's high resilience during difficult periods and provides a solid foundation for sustainable growth.

Net liquidity amounted to CHF 29.6 million at the end of 2025, representing a significant increase of CHF 29.9 million compared with the prior-year figure. Cash and cash equivalents exceed the Group's bank liabilities. The reduction in net working capital resulted in a cash flow from operating activities of CHF 47.8 million.
Free cash flow amounted to CHF 35.4 million (2024: -CHF 7.0 million), driven by a decrease in trade receivables, inventories, and an increase in trade payables.

Investments in property, plant and equipment totaled CHF 12.4 million, while **investments in research and development** amounted to CHF 32.8 million, representing 7.4% of net sales (2024: CHF 37.5 million or 7.6% of net sales). The focus was on projects that combine new innovative features, support customers in reducing their production costs, and integrate sustainability concepts into product design.

Further information on the balance sheet and cash flow can be found in the Financial Report (pages 112 ff.)

Infrastructure projects and investments

With regard to infrastructure projects, the focus during the reporting year was on ramping up the substantial investments made in previous years. The expanded in-house manufacturing capabilities for large components were successfully commissioned at the Chemnitz site. In addition to the insourcing of critical large-scale components, StarragTornos was able to secure third-party orders in the field of high-precision machining.

In Moutier, the new warehouse system was successfully put into operation. Compared with the previous setup involving several external warehouses, it enables faster order picking and more efficient inventory management, with fewer transport movements and optimized stock management through the consolidation of spare parts and machine inventories.

Synergy program

When the Starrag Group and Tornos merged in December 2023, a program was set up to identify and exploit the synergy potential between the two companies. The majority of synergies had been realized by the end of the reporting year. Procurement is organized at Group level, and the global production, sales, and service infrastructure has been consolidated or is jointly utilized wherever possible. In 2025, the first effects of these synergy measures became visible in operating profit, with a corresponding impact expected in the following years. On the sales side, cross-selling opportunities between Tornos and Starrag were continuously pursued in the reporting year and will be further exploited.

Board of Directors and Executive Board

On February 6, 2025, the StarragTornos Group had to announce the passing of its Board member and principal shareholder, Walter Fust. Walter Fust held a 52.11% stake in the share capital of StarragTornos Group AG. The heirs' community has resolved to uphold its commitment to StarragTornos in line with the intentions of Walter Fust, to act as a unified entity, and to exercise its voting rights accordingly. During the reporting year, there were no further personnel changes to the Board of Directors or the Executive Board.

Number of employees

At the end of the reporting year, the StarragTornos Group employed 1,814 people (full-time equivalents) or 167 fewer than in the previous year. The average number of employees was 1,881 (previous year: 2,024).

Share price and dividend

The year-end price of the StarragTornos share on December 31, 2025, was CHF 29.70. At the Annual General Meeting on April 17, 2026, the Board of Directors will propose to the shareholders a dividend of CHF 1.00 per share, which corresponds to a payout ratio of 102.2%.

Outlook 2026

StarragTornos does not expect any significant forward momentum in the relevant market segments in 2026 but anticipates that demand from aerospace and defense remains strong. No substantial recovery is currently expected in the weaker end markets and geographical regions. StarragTornos continues to pursue an adaptive approach to strategy execution, with a strong focus on rapid responsiveness. Structural cost-saving measures and value chain improvements implemented in 2025 have further strengthened the Group's resilience to market fluctuations.

We anticipate that the demand from aerospace and defense remains strong.

Starrag S1250

New world record!

Hydrostatically guided Starrag machining center achieves unprecedented cutting parameters in titanium

→

In roughing tests the prototype already achieved up to three times the material removal rate of the version with roller bearings.

At EMO 2023, Starrag presented the prototype of the hydrostatically guided Starrag S1250 HD 5-axis machining center. With its exceptional rigidity and damping, the machine already achieved cutting parameter records in titanium roughing at that time. The current standard version increases these records to an unbelievable level, as proven in initial tests. An even more rigid structure, a new milling head with 15,000 Nm, and a gear rotary table with 25,000 Nm torque, are responsible for the enhancements.

For many years now the Starrag STC series has been setting standards in the efficient machining of structural components made of titanium. This extremely tough material with its poor thermal conduction coefficient which is difficult to cut subjects tool cutting edges to high stress and prevents high speeds. Successful machining requires low speeds and high torques, which in turn demand high rigidity and damping of the machine. This is why Starrag decided to offer its horizontal STC 1250 machining center in a variant in which the horizontal linear axes are guided hydrostatically.

Friction-free, wear-free, extremely rigid, and highly damped–with these properties the new machining center under the new name Starrag S1250 HD is appropriate for the five-axis heavy-duty cutting of titanium structural components. In roughing tests the prototype already achieved up to three times the material removal rate of the version with roller bearings. The improved damping and dynamic performance also ensured excellent precision and surface quality during finishing.

The fact that this new concept is a hit is confirmed by the order from Airbus for the Varel site. After some endurance tests with the prototype machine, the company placed an order for five Starrag S1250 HD machines–with a few special requests.

High-torque rotary table and improved output in the head

"Our customers were impressed by the tests conducted two years ago", reports Alexander Fitz, Sales Director for Aerospace & Turbine at Starrag AG. "Because the Starrag S1250 HD promised considerably more efficient cutting of titanium structural components than ever before. In order to optimally fulfill the special requirements of titanium cutting specialists, we decided to make some modifications to the series machine."

The modifications mainly involved the rotary table and the milling head, both of which were adopted from the standard STC 1250 for the prototype of the HD variant. Alexander Fitz explains: "We do not need a fast-moving, direct-driven table for the high-performance milling of titanium structural components. This is why we changed it for a gearbox variant, which can better meet the requirements with its enormous torque of 25,000 Nm and 32,000 Nm clamping torque."

Other than a torque increase in the table, the customer also wanted changes to be made to the milling head. "Our swivel milling head used in the standard STC machines is very compact and allows optimal accessibility to the workpiece and thus the use of short tools", says Alexander Fitz. We modified this slightly for the Starrag S1250 HD. By enlarging the swivel milling head on one side we created space for a 50 per cent stronger A-axis with 12,000 Nm torque and 20,000 clamping torque–while retaining the previous good accessibility."

Starrag's own robust 53 kW gear spindle is used as a work spindle, which provides 1,600 Nm torque and a speed of 4,500 rpm. A new feature here is the HSK-B160 interface. "The large contact surface with 160 mm diameter ensures high tool rigidity", argues Alexander Fitz, "which is important for large cutting depths–especially for tools with a wide overhang."

More rigidity in the machine

The Starrag developers made a few modifications to the series produced machine compared to the prototype, not only with regard to the points suggested by the customer. "Our aim was first and foremost to further increase the possible removal rates and reduce tool wear", mentions Rolando Senn, leading designer in hydrostatics. The most important factors in this context are the rigidity and damping of the machine.

"Therefore, we made the structure of the machine, both the beds and the stands, even more rigid", reports Rolando Senn. "We also managed to increase the contact surface of the hydrostatics, thereby increasing rigidity and damping. We were also able to make the automatic control system of the hydrostatic guides more robust and maintenance-friendly through a mechanical solution."

> “For many years now the Starrag STC series has been setting standards in the efficient machining of structural components made of titanium.”

Starrag's own robust 53 kW gear spindle is used as a work spindle, which provides 1,600 Nm torque and a speed of 4,500 rpm.

"During intensive machine use the savings put the additional costs of the hydrostatics into perspective."

The true values are reflected in practice

The initial tests of the series produced machine showed very promising results. Dr. Markus Ess, Director of Technology of the Starrag Business Unit HPS, highlights one test that was conducted in Rorschacherberg in the presence of the titanium specialists from Airbus, Varel: "We made a so-called performance cut, which is performed with ideal clamping and tool ratios. Roughing with short 80 mm Igel milling cutter, 68 mm depth in the full cut; with 80 mm/min feed and 160 turns. Then the tool capacity was exhausted. The machine ran very smoothly–the power consumption at the spindle was only at roughly 60 to 70%."

Further performance cuts in titanium (Ti6Al4V) on the new Starrag S1250 HD yielded results, which, according to the Starrag milling specialists, indicated a world record in titanium machining: With the carbide cutter with Ø40 and 18 teeth, developed by Starrag and designed for heavy-duty machining, a titanium block was roughed with the following cutting parameters: cutting speed vc = 120 m/min, tooth feed fz = 0.45 mm, cutting depth axial ap = 98 mm, and cutting depth radial ae = 2 mm. The speed was 955 rpm, the feed speed vf was 7,735 mm/min, and the average undeformed chip thickness hm was 0.101 mm. The result: An unbelievable metal removal rate Q of 1,516 cm3/min, which promises enormous productivity and demonstrates the advantages coordinated systems with machining centers, tool, and technology bring to the customer.

The previous tests also underlined that at the moment it is not the machine but the tool that is the limiting factor. Therefore, further joint tests are planned–with our own tools, but also with tools from leading tool manufacturers–in order to achieve more world records for the Starrag S1250 HD.

Long tools for deep cavities

The developers of the Starrag S1250 HD are already keeping an eye on future demands. That's because modern processes for producing near-net shaped blanks are likely to reduce the amount of roughing that is performed in coming years. The focus then shifts to the challenge of entering the complicated and deep cavities with tools up to 500 mm long and producing a high level of performance there. But it also essentially comes down to the tool, whereby the large planar support of the HSK-B160 retainer offers the best support. Initial tests show that vibration-damped versions are far superior to monolithic tools.

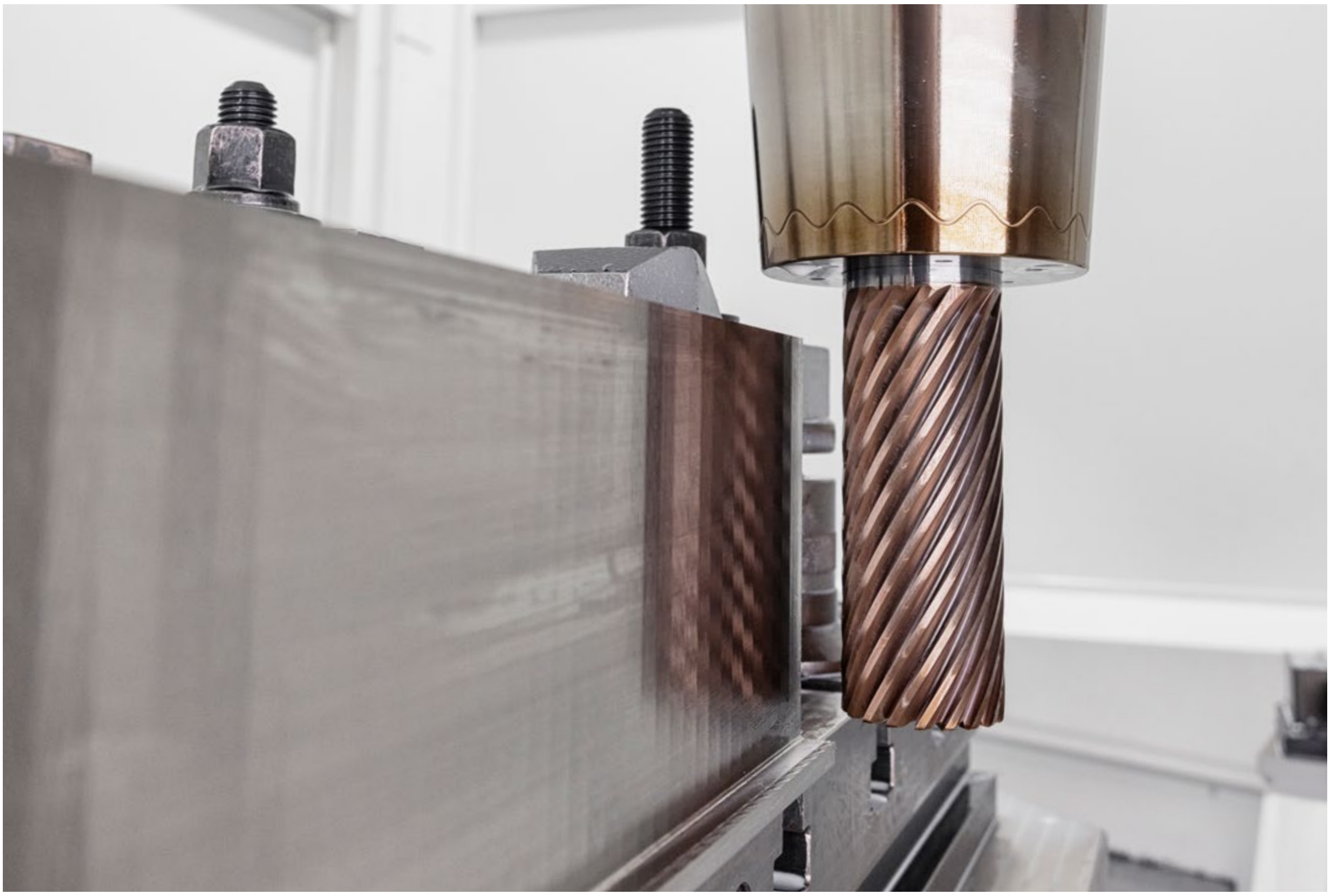
"The structure of our HD machine is also ideally suited for this type of machining", says Markus Ess confidently. "We have built an extremely rigid, good titanium machine, with which we can perform excellent roughing tasks and also work in complicated cavities with very long tools–a future-proof mix."

Significantly reduced tool wear

One of the biggest cost factors in titanium machining is the tools, which are subject to heavy wear. The good damping ensures enormous improvements in this context, i.e. considerably longer life, even when the speeds are increased. According to Rolando Senn, this represents huge savings potential: "During intensive machine use the savings put the additional costs of the hydrostatics into perspective."

Markus Ess also mentions another benefit companies get with the Starrag S1250 HD: "Even though the power consumption of the machine is higher compared to other machines, the user saves lots of energy when measured by the output with the significantly reduced machining time and reduces their CO_2 footprint. With regard to the component, the user requires less drive power overall and also saves base load, which comprises power consumption of cooling lubricant system, hydraulics, pneumatics, cooling, etc.

One of the biggest cost factors in titanium machining is the tools, which are subject to heavy wear.

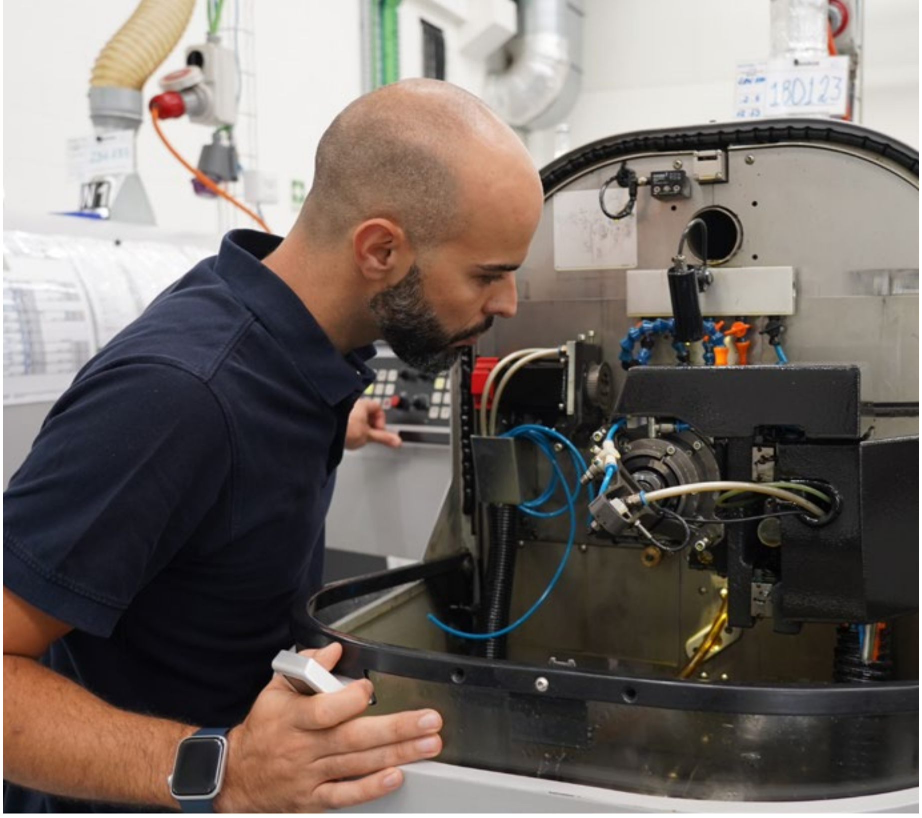



SwissNano

Azurea Unipessoal Lda

Swiss expertise

meets Portuguese industrial innovation



Since 2012, Azurea Unipessoal Lda has established itself as a benchmark in the field of microtechnology and watchmaking. Under the leadership of Vincent Skrzypczak, the Portuguese entity has undergone remarkable expansion, distinguishing itself by its ability to meet complex technical challenges while maintaining exceptional quality.

With over 50 CNC machines, including 30 Tornos turning machines, Azurea Unipessoal Lda demonstrates how innovation and tradition can coexist harmoniously.

A strategic location and unique know-how

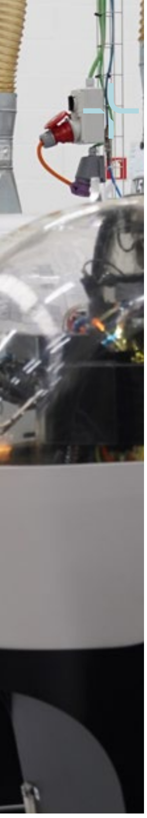
Created to meet the growing demand from the Azurea Group's Swiss companies, the Portuguese subsidiary was set up in Maia, near Porto, an industrial hub renowned for its skilled workforce. “Duplicating our Swiss know-how in Portugal was a major challenge, but we were able to train and support our teams to achieve our objectives,” explains Vincent Skrzypczak, CEO of Azurea Unipessoal Lda.

With a modern working environment and state-of-the-art production tools, Azurea Unipessoal Lda specializes in the manufacture of assembled components for watch movements. Technical challenges are met through close collaboration with Tornos, a key partner in machine selection and skills transfer.

Innovation at the heart of Tornos machines

At Azurea Unipessoal Lda, Tornos machines are the first key phase in production. With models such as the SwissNano and EvoDECO, they enable us to meet our demanding precision and repeatability requirements. The SwissNano, in particular, stands out for its ease of use and accessibility. “They are highly intuitive machines, ideal for producing components down to diameters of less than 4 mm, with optimum visibility of axis movements”, explains Vladimir Leitão, an expert on the production team.

EvoDECO models, equipped with independent combs, enable simultaneous roughing and finishing, thus improving productivity.



In ten years, Azurea Unipessoal Lda increased production eighteenfold through strategic investments in technology and expertise.

To find out more about Azurea, watch our video report.

In addition, TISIS and TB-DECO software offer powerful tools for synchronizing operations and simplifying complex programming. Azurea has even adapted certain functions, such as bottom extraction on SwissNano machines, to meet its specific needs, illustrating its innovative spirit and need for verticalization.

A fruitful collaboration with Tornos

The acquisition and integration of Tornos machines, such as the EvoDECO and DECO models, have played a crucial role in Azurea Unipessoal Lda's growth: “These machines enable us to produce complex components with unrivalled stability and repeatability. This perfectly meets the precision requirements of the watchmaking industry, where every micron counts,” explains Vincent Skrzypczak.

The partnership with Tornos is not limited to machines. The Azurea Group invests in the in-house training of its employees to ensure that its know-how continues to thrive.

> “We worked closely with experts from Tornos Ibérica to perfect our skills on TISIS and TB-DECO.”

These courses are taught by in-house trade experts or provided by service providers such as Tornos. They therefore benefit from regular technical training and responsive support to optimize their manufacturing processes. “We worked closely with experts from Tornos Ibérica, particularly during the COVID period, to perfect our skills on TISIS and TB-DECO,” emphasizes Vladimir Leitão. This training has enabled the team to take machine operation even further.

An ambitious future

In the space of ten years, Azurea Unipessoal Lda has multiplied its production by 18, a growth supported by strategic investments in technology and skills. With 4,000 m² of factory space and expansion projects underway, the company is positioning itself to integrate new technologies, including single- and multispindle solutions with Tornos. “Our aim is to stay at the forefront of innovation while anticipating market needs,” adds Skrzypczak.

Shared values and a common vision

Commitment, ambition and flexibility define Azurea's culture, values also embodied by Tornos. Combining Swiss precision and Portuguese dynamism, Azurea Unipessoal LDA is a perfect illustration of the potential of internationalization. With partners like Tornos, the company is ready to meet tomorrow's challenges and continue to innovate for the watchmaking industry and beyond.

StarragTornos Worldwide

The StarragTornos Group operates sales and service, production, and research and development centers in Switzerland, Germany, France, Italy, Spain, Poland, the UK, the USA, Mexico, Brazil, China, Thailand, the Taiwan region, and India.

Starrag Technology GmbH
Mönchengladbach (DE)

Starrag Technology GmbH
Bielefeld (DE)

Tornos AG
Moutier (CH)

Starrag GmbH
Chemnitz (DE)

Starrag S.A.S.
St. Etienne (FR)

● Factory
○ Sales & Service

TTL Ltd.
Aylesbury, Buckinghamshire (UK)

Tornos Technologies Poland Sp. z o.o. Kąty Wrocławskie (PL)

Starrag Vuadens SA
Vuadens (CH)

Tornos (Xi'an) Machine Works Co. Ltd. Xi'an (CN)

Starrag AG
Rorschacherberg (CH)

Tornos (Taichung) Machine Works Ltd. Taichung (TW)

Tornos (Milan) Machine Works Srl Co. Ltd. Rho (IT)

Starrag India Private Limited
Bangalore (IN)

Sustainability Report 2025

Message from the CEO and CFO

Dear Readers,

2025 was a defining year for StarragTornos, as we continued to strengthen our commitment to sustainability and responsible business across the entire Group. Throughout the year, we worked to further align our ESG priorities at all levels of the organization, guided by the conviction that meeting the expectations of our stakeholders in this area remains a central responsibility and opportunity for us.

A key milestone in 2025 was the completion of our Group-wide double materiality analysis according to the European Sustainability Reporting Standards, which enabled us to focus on the most material ESG topics and align our approach with industry peers.

As an industrial machine tool manufacturer, our responsibility is embedded in the products we bring to market. This responsibility translates into concrete choices in how we design, industrialize, and operate our machines, with a focus on efficiency and compactness. In 2025, the Group launched several new products reflecting this approach. The Starrag division introduced the new 5-axis Heckert X Compact series, designed to take up significantly less space while maintaining high performance. The Tornos division launched an ultra-compact turning machine, designed for resource efficiency and energy-conscious operation, delivering outstanding productivity while using fewer resources.

We would like to express our sincere thanks to our shareholders for their continued trust and support, and to our employees for their dedication, expertise, and passion. Their commitment enables us to move forward together on our sustainability journey, true to our strategy, “Growing Sustainable.”

Sincerely,

Martin Buyle, CEO

Markus Jäger, CFO

About This Report

The StarragTornos Group 2025 Sustainability Report covers the environmental, social, and governance dimensions of the Group's activities, providing an overview of key initiatives and results for the reporting period. The 2025 Sustainability Report comprises four main sections, aligned with the pillars of the company's **Growing Sustainable** strategy: Products, Environment, Social, and Business Conduct.

This report has been prepared in accordance with applicable Swiss laws and regulations, in particular with the provisions pertaining to transparency on non-financial matters contained in the Swiss Code of Obligations (Swiss CO) and related ordinances, specifically Art. 964b of the Swiss CO on reporting on non-financial matters and the Ordinance on Climate Disclosures. The StarragTornos Group also adheres to the requirements of Art. 964j–l of the Swiss CO regarding due diligence and transparency in relation to minerals and metals from conflict-affected areas and child labor. Additionally, this report has been prepared with reference to the 2021 Global Reporting Initiative (GRI) standards and the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. Information about the relevant disclosures under these articles and standards can be found in the content index at the end of this report.

Details about the StarragTornos Group business model and risk management can be found in the Strategy Report (pages 9–11) and the Corporate Governance Report (pages 70–91) of the Annual Report.

In 2025, the StarragTornos Group initiated the establishment of its double materiality assessment according to the European Sustainability Reporting Standards (ESRS), as part of its efforts to strengthen sustainability reporting practices. The sections of this report focus on the material topics identified for the company during this assessment.

In this report, the terms 'the company', 'the organization', 'the Group', and 'StarragTornos' are used interchangeably and refer to the same entity, the StarragTornos Group. In line with the financial reporting, the reporting period is January 1 to December 31. The 2025 Sustainability Report covers the entire StarragTornos Group and aligns with the scope of entities included in the consolidated financial statements, as listed in the 2025 Annual Report. Any cases where data availability has limited the scope of the sustainability information reported are clearly indicated in the Methodological Note section.

For questions relating to this Sustainability Report, please contact StarragTornos Group AG, Seebleichestrasse 61, 9404 Rorschacherberg, Switzerland, +41 71 858 81 11, email: sustainability@starragtornos.com

Sustainability Governance and Strategy

StarragTornos is firmly committed to driving sustainable economic development, while maintaining a strong focus on environmental protection, ensuring the health and safety of individuals, and respecting human rights.

The Group strives to uphold these responsibilities at all organizational levels and throughout its value chain, while establishing a structured governance framework to support these ambitions. This governance framework lays the foundations for a clearly defined strategy built on solid sustainability principles and a deep understanding of the company's impacts. It reflects StarragTornos' determination to create value for its stakeholders and society as a whole, while actively addressing global challenges and fostering sustainable positive change.

The Group Executive Board and the management teams at the individual units actively promote this culture of responsibility across the organization, ensuring that employees at every level share and practice this approach. The company's commitment to acting responsibly in line with these values is outlined in the StarragTornos policies.

Our vision is embedded in all our activities:

"We are dedicated to the development of sustainable and innovative manufacturing solutions, setting standards not only for high-quality products, but also for environmental responsibility and social impact in our industry."

The Role of the Administrative, Management, and Supervisory Bodies

The StarragTornos sustainability governance involves the Board of Directors, the Executive Board, the Corporate Sustainability Manager, the Sustainability Leadership Team, local Sustainability Coordinators, topic owners, and experts.

Board of Directors

The StarragTornos Board of Directors is responsible for guiding the Group's ESG ambitions and approving significant investments. It also has ultimate oversight of and responsibility for climate-related risks and opportunities. The Executive Board, together with the Corporate Sustainability Manager, coordinates the implementation of the sustainability strategy across the Group. The Board reviews progress on sustainability targets at least twice a year during its meetings.

A member of the Board of Directors is delegated to sustainability topics, regularly reviewing the advances in the corporate sustainability strategy and reporting. This Delegate also advises the Corporate Sustainability Manager on the sustainability strategy, ensuring alignment with the Board's vision and expectations.

Executive Board

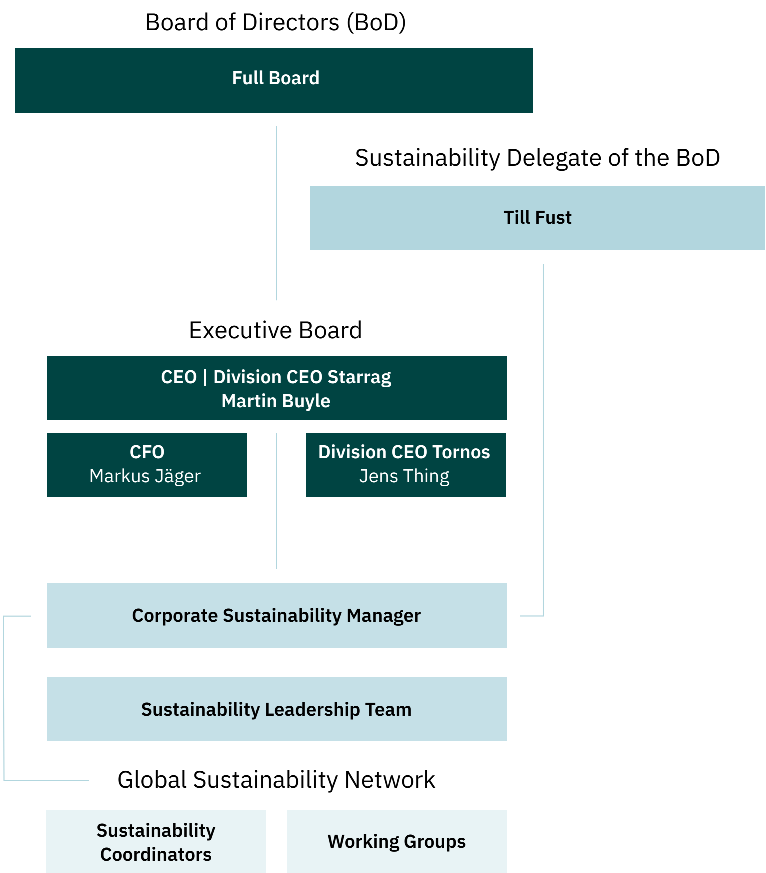
The CEO and CFO are responsible for overseeing the Group's overall ESG performance in line with its sustainability strategy and climate transition plan. They conduct regular reviews with the Corporate Sustainability Manager to assess the implementation of agreed actions and evaluate the Group's sustainability performance. The CFO is also responsible for ensuring the Group's compliance with applicable regulations and standards, including sustainability requirements.

Corporate Sustainability Manager

The Corporate Sustainability Manager provides expertise on ESG topics and advises the Executive Board and the Board of Directors on sustainability strategy. Primary responsibilities include coordinating ESG initiatives across the Group, preparing the annual Sustainability Report, overseeing legal compliance with sustainability regulations and ensuring transparent communication of sustainability performance to stakeholders. The Corporate Sustainability Manager is also responsible for monitoring climate-related risk assessments for the Group and ensuring that the findings are brought to the attention of the StarragTornos Executive Management and the Board of Directors.

Sustainability Leadership Team

Chaired by the Corporate Sustainability Manager, the Sustainability Leadership Team comprises several senior managers representing both divisions and meets every six weeks. The committee supports the implementation of the sustainability objectives and serves as a platform for exchanging challenges and best practices across sites, fostering a common understanding and a unified direction throughout the Group.



Local Sustainability Coordinators

The Sustainability Coordinators at the subsidiaries support the Corporate Sustainability Manager in implementing the Group's sustainability strategy through locally adapted measures and initiatives. They collect the data needed for the Group's Sustainability Report and participate in seminars led by the Corporate Sustainability Manager. These sessions help coordinators keep up to date, exchange best practices, and share updates on various sustainability projects across the Group.

Strategy Framework

Sustainability is a core component of the StarragTornos Group's strategy. The *Growing Sustainable* framework structures the Group's ambitions and commitments around four key pillars–Products, Environment, Social, and Business Conduct–and aligns these efforts with the United Nations Sustainable Development Goals (SDGs).

In 2025, the Group continued to strengthen the foundation of its sustainability strategy through collaboration with various specialists and department managers, and by identifying impacts, opportunities, and risks as part of a refined double materiality analysis.

Growing sustainable

Products

Innovation and ecodesign
- Maintain a leadership position in innovation within the machine tools industry
- Develop products so that they minimize energy and resource consumption
- Build partnerships with research and innovation institutes

Product quality and safety
- Develop products that guarantee a high level of quality and safety for our customers
- Provide a high-performance service to ensure quality and safety throughout the entire lifespan of machines

Circular economy
- Offer durable products that can be repaired and recycled
- Facilitate and contribute to a second-hand market of machine tools
- Develop new business models such as "MaaS" in the machine tools industry

Environment

Climate
- Take sustained action to reduce our GHG emissions
- Develop products with a reduced carbon footprint

Energy consumption and efficiency
- Increase the self-generated production of renewable energy
- Continually increase the energy efficiency of the company's facilities and processes

Transport and logistics
- Minimize the environmental impact of our logistics and business transport

Waste and pollution
- Minimize waste in operations and logistics
- Maximize the rate of recycling or reuse for our waste
- Avoid pollution in our operations

Social

Employment
- Be a respectful, responsible, and attractive employer

Personnel development
- Commit to recruiting, developing, and retaining our employees
- Train future specialists in-house through apprenticeship programs

Occupational health and safety
- Promote employee training and education
- Make the safety and health of our employees the Group's highest priority

Diversity, equal opportunities, and non-discrimination
- Ensure equal pay for women and men
- Promote women in leadership positions
- Promote women in technical professions
- Contribute to the inclusion of adult learners in the professional sector

Business Conduct

Responsible supply chain
- Safeguard and promote sustainability in the supply chain
- Integrate environmental and social considerations in the supply chain

Human rights and child labor
- Take a zero-tolerance approach to modern slavery and child labor
- Comply with local and international sustainability standards and regulations (Conflict Minerals, ILO, etc.)

Anticorruption and business ethics
- Take a zero-tolerance approach to corruption among employees and suppliers

Data security and customer privacy
- Adhere to data protection regulations
- Provide internal training on data security

Risk management and ESG governance
- Integrate climate and ESG risks into company risk management, alongside cybersecurity risks
- Implement transparent and comprehensive ESG practices

Interests and Views of Stakeholders

StarragTornos strives to maintain an open and transparent dialog with its stakeholders. As part of its extensive value chain, StarragTornos interacts with many different stakeholders. Understanding their views and expectations regarding sustainability provides valuable insights for the Group and directly or indirectly influences its actions. By mapping collective priorities in respect of key stakeholders and maintaining a continuous dialog with them, the company ensures that all voices are heard and integrated into its sustainability efforts.

Additional stakeholders that are important to StarragTornos include competitors, the financial community, insurers, local authorities, community representatives, media, and unions.

StarragTornos key stakeholders

Group	Customers and End-Users	Employees	Business Partners
Description/example	B2B, all markets CNC operators	All employees Executives	Partners/suppliers of components, materials, services, logistics
Priorities	• Quality and durability of products, environmental impact and conformity of products • Customer service and satisfaction • Transparent communication and data protection • Responsible and ethical supply chain • Safety and usability of machines	• Secure employment • Safe workplace • Employer values • Development and career • Employee benefits • Collective labor agreements • Economic performance	• Ethical business relationships • Driving innovation • Environmental and social considerations in the supply chain • Economic performance • Data protection

Group	Academia	Regulators	Shareholders and Investors
Description/example	Universities Technical schools Research centers	Government bodies, industry associations, certification bodies	Private and financial shareholders
Priorities	• Long-term partnerships • Student and apprentice training • Innovation stimulation and funding • Dynamization of local economic and academic ecosystems	• Lawful business conduct • Climate change • Occupational health and safety • Economic performance • Environmental and social considerations in the supply chain	• Economic performance • ESG rating • Lawful business conduct • Climate change • Human rights and ethical business conduct • Company reputation

Stakeholder Engagement

Both divisions maintain regular contact with representatives of stakeholder groups using different channels and exchange formats.

Customers

StarragTornos operates a business-to-business (B2B) model, maintaining strong relationships with its customers across various markets. Continuous dialog is facilitated through dedicated sales representatives, service hotlines, compliance management channels, and customer surveys. To further support and educate customers, the company offers video seminars, in-person training sessions, and comprehensive marketing materials. Annual "Tech Conferences" and participation in industry fairs also provide valuable opportunities for in-depth discussions and closer collaboration with customers.

Employees

StarragTornos interacts with its employees regularly through various exchanges such as the annual performance management and development processes, direct dialog with managers, and intranet channels and newsletters. The performance management processes reinforce a culture of continuous feedback, where employees and leaders regularly discuss goals, achievements, career aspirations, and training needs, with the aim of fostering a culture of respect, collaboration, and engagement.

Business Partners/Suppliers

StarragTornos' supplier relationships are governed by the ethical principles of the *StarragTornos Code of Conduct for Business Partners*, the *Starrag Business Conduct Guidelines*, and the *Tornos Code of Conduct*. They are based on international standards, the company's requirements and industry considerations. StarragTornos actively engages its suppliers on ESG topics through its Supplier Relationship Management (SRM) platform. The company also maintains a close, regular and long-term dialog with its key partners in order to collaborate on the development of high-performance technical solutions.

Academia

StarragTornos collaborates with schools and universities worldwide, fostering a strong culture of apprenticeship in technical trades. Each year, the Group trains numerous apprentices within its own production facilities. The Group also cooperates with research institutions and technical colleges, supporting research projects and training either financially or by providing expertise through participation in academic committees. StarragTornos also offers support for internships and thesis projects for Master's degree students.

Regulators

StarragTornos manufactures machine tools, adhering to a wide range of regulations in Switzerland, Europe and worldwide. These include the Machinery Directive 2006/42/EC, REACH and RoHS regulations, the Waste Electrical and Electronic Equipment (WEEE) Directive 2012/19/EU, as well as regulations governing international transport and export controls. By actively participating in industry associations and working groups such as the association for Switzerland's MEM industries and related sectors (Swissmem), the German Mechanical Engineering Industry Association (VDMA) and the German machine tool builders' Association (VDW), StarragTornos shares its expertise with peers to help uphold the highest quality and compliance standards in the machinery industry.

Starrag GmbH and Starrag Technology GmbH are also partner companies in the Blue Competence initiative of the VDMA. With this partnership, Starrag has undertaken to comply with the VDMA's twelve sustainability principles.

Shareholders and Investors

The Board of Directors represents the interests of the shareholders, setting and overseeing the strategic direction of the Group. The StarragTornos Annual Report is published for its shareholders and other stakeholders. The Annual General Meeting is a forum for discussion where the shareholders have the opportunity to vote on the Sustainability Report, the Board of Directors, and compensation for the Management Board, among other topics.

Impacts, Risks, and Opportunities Management

In 2025, StarragTornos conducted its first double materiality analysis (DMA) in accordance with the ESRS. This assessment represents a key step in building the Group's sustainability strategy and marks another important milestone in strengthening its foundation.

StarragTornos Double Materiality Process

The Corporate Sustainability Manager, supported by the Sustainability Leadership Team and an external expert partner, conducted this analysis. Both the Group's impacts on the environment and society (inside-out) and the financial risks and opportunities arising from external factors on StarragTornos financial performance and overall position (outside-in) were analyzed. Impacts, risks, and opportunities (IROs) were evaluated throughout the entire value chain, including upstream activities, the company's own operations, and downstream activities. StarragTornos followed the guidance of the European Financial Reporting Advisory Group (EFRAG) and conducted this DMA in four steps: preliminary analysis, impact and financial materiality, consolidation, and approval.

The initial phase focused on defining the scope of the value chain and setting the scoring scales. The analysis concentrated on the key activities related to StarragTornos' products and services across all stages of the value chain–from raw material extraction and sourcing to production, processing, waste management, and recycling. Activities of limited relevance, such as those linked to office supplies, were excluded from the scope, while all geographical locations of StarragTornos were considered. A preliminary inventory of sustainability aspects was compiled, based on the ESRS topic-specific standards. To establish this list, a benchmarking exercise was conducted and complemented by publicly available sources, resulting in the identification of 57 relevant topics at this initial stage.

In the second step, StarragTornos conducted a thorough analysis of all relevant topics from both an impact and financial materiality perspective. This preliminary assessment was conducted with members of the Sustainability Leadership Team, acting as subject matter experts and representatives of the Group's employees, suppliers, and customers. In addition, feedback from internal stakeholders across global sites was collected through questionnaires on climate-related risks. Approximately 73 impacts, risks, and opportunities were identified and evaluated at this stage.

The materiality of actual or potential, positive or negative impacts was defined using a scoring methodology aligned with the ESRS. For financial materiality, the approach was consistent with the Group's risk management framework, assessing the likelihood of occurrence over a 1 to 20-year horizon and the potential financial impact on EBIT, ranging from insignificant to existence-threatening. ESRS time horizons (short-, medium-, and long-term) were also applied. All impacts and risks related to human rights were classified as material regardless of their assessment score. In accordance with the ESRS, IROs are considered material if material from an impact and/or financial materiality perspective. Subsequent to this evaluation, 23 impacts, risks, and opportunities were recognized as material.

During the consolidation phase, interrelationships between impacts and dependencies with risks and opportunities were taken into account. Insights from the climate-risk analysis were also integrated to refine the outcomes of the DMA. These considerations resulted in the identification of 13 impacts, and 9 risks and opportunities in total, which were approved by the Executive Board and the Board of Directors. The results of the materiality analysis will be reviewed annually and adjusted as necessary.

StarragTornos Material Impacts, Risks, and Opportunities

The 22 material impacts, risks, and opportunities identified through the materiality analysis are presented in the Material IROs table and constitute the core of the StarragTornos sustainability strategy. Details on how StarragTornos addresses these material IROs are provided throughout the four main sections of the Sustainability Report, including the policies and measures implemented for each topic. In 2025, the focus was on establishing the Group's first double materiality assessment in accordance with ESRS standards. StarragTornos aims to define specific targets and measurable performance indicators in the next phase and over the coming years.

StarragTornos material IROs

	IRO Impact (I) Risk (R) Opportunity (O)	Status Actual (A) Potential (P)	Type Negative (N) Positive (P)	Value chain Upstream (U) Own operations (oO) Downstream (D)	Scope Local (L) Regional (R) Global (G)	Time scale Short-term (<5y) (S) Medium-term (5–10y) (M) Long-term (>10y) (L)	Impact source Direct (D) Indirect (I)	Report section ENV PROD SOC BC
E1 Climate change								
Energy and climate change mitigation (own operations)								
1—Use of energy in daily operations StarragTornos uses energy for its daily operations and manufacturing processes. The consumption of non-renewable energies in particular leads to greenhouse gas emissions and the depletion of finite natural resources.	I	A	N	oO	G	S	D	ENV
2—Gaps in energy efficiency The ageing of infrastructure equipment in some facilities and the lack of a performant energy management system can lead to the suboptimal use of energy in operations and processes.	I	A	N	oO	G	S	D	ENV
3—Investments in renewable energy The implementation of solar panels and renewable heating systems in StarragTornos' own facilities contributes to the transition toward a net-zero industry and supports its environmental objectives.	I	A	P	oO	R	S, M	D	ENV
Climate change mitigation (value chain)								
4—GHG emissions from consumption of raw materials and components The extraction and production of raw materials are major sources of emissions due to their heavy reliance on fossil energy. By using these raw materials in the form of components, StarragTornos indirectly contributes to significant negative environmental impacts across its supply chain.	I	A	N	U	G	S	I	ENV
5—GHG emissions from the use of products StarragTornos machines consume electricity throughout their lifetime, generating significant indirect emissions–especially when powered by fossil-based energy.	I	A	N	D	G	S	I	ENV
Climate change adaptation								
6—Acute physical climate risks StarragTornos operations face potential exposure to acute climate-related risks, such as extreme weather events (heavy rainfall, flooding) and rising temperatures. These may result in higher infrastructure and repair costs, increased insurance premiums and productivity losses.	R			oO	G	M		ENV
7—Risks of disruption in the supply chain Climate change may disrupt the StarragTornos supply chain through extreme weather events or long-term environmental shifts affecting suppliers and transport routes. This could lead to delays, cost increases and production interruptions, ultimately impacting the Group's operations and delivery performance.	R			U, D	G	S, M		ENV
E5 Resource use and circular economy								
8—Consumption of natural resources The manufacturing of StarragTornos products requires significant amounts of raw and finite materials, including metals or alloys such as steel, cast iron, aluminum, and copper along with rare earth metals in magnets and gold for electronic components. These inputs contribute to the depletion of natural resources.	I	A	N	U, oO	G	S	D, I	PROD
9—Waste in own operations and the value chain Waste is generated during StarragTornos' manufacturing activities and the use of machines by customers. While sorting and recycling are well established, overall waste volumes remain significant, and certain streams—particularly those containing lubricants or emulsions—present limited recycling opportunities.	I	A	N	oO, D	G	S	D, I	PROD
10—Services for machine longevity and efficiency StarragTornos has established extensive global service activities, including repair and modernization services that extend product lifetimes, reduce end-of-life waste, and generate significant value for both customers and the company. New services integrate upgrades for energy efficiency and support the transition to a more sustainable economy.	O			D	G	S, M		PROD
S1 Own workforce								
11—Policies and commitments on work-life balance StarragTornos promotes flexible working hours through shift optimization and workload management, supporting productivity, employee satisfaction, and long-term workforce stability.	I	A	P	oO	G	S	D	SOC
12—Occupational health and safety Incidents have occurred within the Group that may adversely affect individuals' health and safety and create financial and reputational risks. Failure to maintain strong health and safety practices could lead to injuries, operational disruptions, and legal liabilities. StarragTornos fosters a zero-risk culture through regular audits and targeted training.	R			oO	G	S		SOC

13—Workforce stability In a challenging economic environment for the manufacturing industry, uncertainty over job security can affect employee engagement and retention, potentially leading to higher turnover and loss of critical expertise. To address this risk, StarragTornos prioritizes clear and timely communication and supports internal mobility initiatives to help maintain workforce stability and preserve organizational knowledge.	R			oO	G	S, M		SOC
14—Developing future talent StarragTornos places considerable emphasis on apprentice and student training, a cornerstone practice in the machine tool industry. These programs support skills development, facilitate knowledge transfer, and strengthen the pipeline of qualified specialists–creating long-term benefits for both the Group and the next generation of professionals.	I	A	P	oO	R	S	D	SOC
15—Culture of continuous skills development Investing in internal talent development offers StarragTornos an opportunity to strengthen employee capabilities, foster innovation, and build a pipeline of future leaders. Enhanced engagement and leadership capacity can improve performance, support continuous innovation, and sustain competitiveness.	O			oO	G	S		SOC
S2 Workforce in the supply chain								
16—Potential negative impacts to human rights in the supply chain Although most of the Group's direct suppliers are located in Europe, where child labor and forced labor are strictly regulated, potential negative impacts may occur further upstream in the supply chain. These may arise in earlier tiers, particularly in activities such as raw material extraction or low-cost component production, where visibility and control are more limited (tier 3 suppliers and beyond).	I	P	N	U	G	S	I	SOC
S4 Customers and end-users								
17—Relationship with customers StarragTornos places the customer relationship at the heart of its business, providing clear, reliable information and technical support on its machine tools to ensure safe and optimal use. Brochures, documentation, direct sales communication, and pre- and post-sales services strengthen trust and long-term customer relationships.	I	A	P	D	G	S	D	PROD
18—Digital and data-driven innovation of products and services StarragTornos is advancing the transformation of its products and services by integrating advanced digital technologies and data analytics. These developments aim to enhance machine performance and maintenance and improve customer support, while opening new opportunities for value-added services and revenue streams.	O			D	G	S, M		PROD
19—Commitment to end-user safety StarragTornos actively enhances end-user health and safety by integrating advanced safety technologies, including ergonomic design, automated safety systems, and solutions to reduce noise, vibration, and air pollution. The company ensures high compliance with relevant standards.	I	A	P	D	G	S	D	PROD
G1 Business conduct								
20—Corporate values and policies By fostering a strong culture of ethics at all levels of the organization, including strict anti-corruption and anti-bribery principles, StarragTornos helps ensure fair business practices across its value chain. This commitment strengthens trust with customers, suppliers, and other stakeholders, contributing to responsible industry standards and reducing risks of unethical behavior in the broader market.	I	A	P	oO	G	S	D	BC
21—Management of supplier relationships Effective management of supplier relationships is critical to ensure reliable supply, quality components, and compliance with ESG requirements. Given the Group's dependence on a global supply chain, insufficient supplier engagement or monitoring could expose the company to operational disruptions, compliance risks, and reputational damage.	R			U, oO, D	G	S		BC
22—Compliance-related transition risks The global increase in sustainability and data privacy regulations creates a potential risk of non-compliance, which could lead to reputational damage, financial penalties, or restrictions on product sales. StarragTornos is harmonizing its compliance policies across all operating countries, while continuously monitoring regulatory developments and implementing measures to ensure legal compliance and reduce adverse impacts.	R			U, oO, D	G	S, M		BC

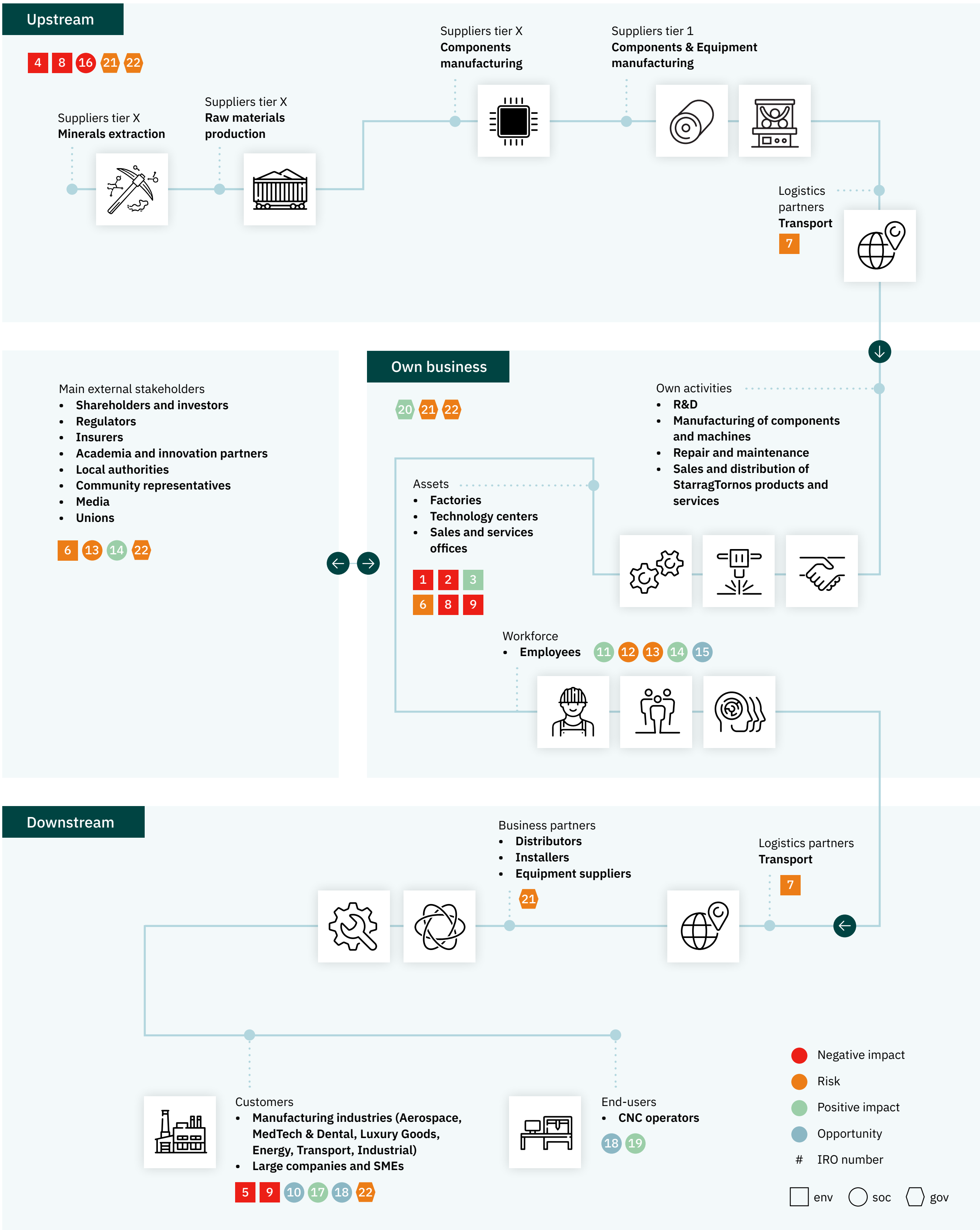
Notes on methodology

- Topic references (E1, S1, ...) follow the ESRS nomenclature.
- Report sections refer to the following chapters: Environment (ENV), Products (PROD), Social (SOC), and Business Conduct (BC).

StarragTornos Value Chain

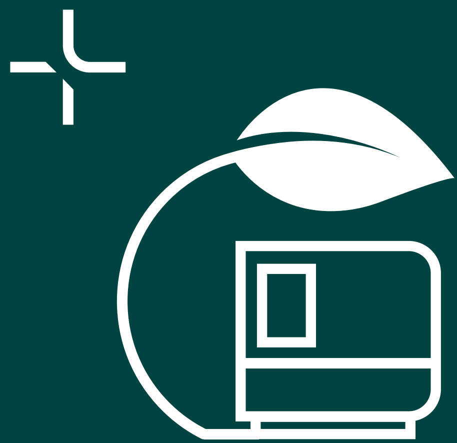
The StarragTornos value chain illustrates the various activities and processes undertaken to provide products and services to the market.

This mapping allows the Group to identify the key stakeholders and the material impacts, risks, and opportunities involved in each stage of the value chain.



For IRO description, please refer to StarragTornos material IROs table.

Products



StarragTornos innovates in order to deliver high-quality, sustainable products and solutions, empowering companies worldwide to manufacture with high-performance, long-lasting, and efficient production systems. To achieve this goal, both the Starrag and Tornos divisions are committed to continually increasing the positive sustainability impact of their products and services.

Resource Use and Circular Economy

Valuable natural resources are essential for the manufacture and use of StarragTornos products. The Group strives to preserve these resources by seeking effective ways to reduce material consumption and to increase the reuse and recycling of manufacturing materials. To this end, circular approaches are applied at every stage of the product lifecycle.

Consumption of Natural Resources

StarragTornos does not directly source raw materials but procures components for the manufacture of its products and services. In the reporting year, the Group purchased several thousand tons of components, including cast-iron beds and steel housings. Due to the complexity of the value chain, the Group is currently unable to provide a precise total weight of all manufacturing materials purchased, nor the exact share of recycled content. However, StarragTornos is working to improve visibility across its supply chain and to steadily increase the proportion of recycled (secondary) and recyclable materials. In addition, the Group is exploring the use of recyclable and bio-based packaging alternatives, through initiatives such as the Swiss Reffnet program on resource efficiency.

In parallel, StarragTornos is working on reducing the overall size and material intensity of its machines. Ecodesign principles are applied to minimize weight, optimize component efficiency, and reduce resource consumption across the entire product architecture. To this end, in 2025 StarragTornos introduced new machine tool models designed to enhance the sustainability performance of its products. The following are notable examples from each division.

Starrag has completed its 5-axis Heckert X Compact series. All new machining centers in this series feature a reduced footprint thanks to their compact design. For example, the Heckert X70 requires 18% less installation space than its predecessor. Tornos has developed a new machine model based on principles of resource efficiency and energy-conscious ecodesign, in collaboration with academic and industrial partners. This ultra-compact turning machine delivers productivity levels that outperform comparable machines currently available on the market.

Waste in Own Operations and the Value Chain

Circular approaches are applied to StarragTornos' waste management, with efforts to reuse or recycle materials such as production scraps and by-products. Another goal is to reduce waste sent to landfill. While the majority of the company's waste is classified as non-hazardous, the Group is committed to implementing effective systems and processes to minimize the environmental impact of all waste generated in its manufacturing processes. StarragTornos collaborates with industrial partners to optimize the recycling of operational waste and ensure that hazardous waste is disposed of in an environmentally responsible manner, preventing any type of pollution.

All manufacturing sites and offices prioritize initiatives aimed at promoting circularity within their operations. In 2025, such initiatives include engagement with new suppliers to enable more efficient recycling of semi-finished products. In the same year, StarragTornos successfully recycled almost 70% of the waste produced at its worldwide facilities.

Operational waste

In tons or %	2025	2024
Total waste	**1 359**	**2 218**
Non-hazardous waste	**1 249**	**1 977**
Recycling or reuse	889	1 744
Incineration with or without energy recovery	264	198
Landfilling	95	35
Hazardous waste	**110**	**262**
Recycling or reuse	39	155
Incineration with or without energy recovery	71	107
Landfilling	<0.5	0
Recycled waste as % of total waste	**68%**	**86%**

Notes on methodology
- 2024 figures were restated following updated information provided by two sites.
- In 2024, waste quantities were significantly higher, mainly due to construction works.

StarragTornos machines require the use of substantial quantities of oils and emulsions for their operation. While recycling solutions exist and are widely used by end-users, the Group is working on reducing this consumption and the associated resource outflows. Various tests are being conducted in collaboration with customers to optimize filtration systems, thereby decreasing oil usage and waste directly at client sites.

For details on StarragTornos environmental policies, please refer to the “Environment” chapter.

Services for Machine Longevity and Efficiency

StarragTornos is equally committed to producing reliable machines that can be repaired, modernized, or upgraded throughout their lifespan, thereby minimizing the use of resources. The Group provides comprehensive overhaul and retrofitting services designed to enhance both the performance and sustainability of customers’ equipment. By modernizing older machines through precision upgrades, software enhancements, and mechanical modifications, StarragTornos helps customers extend the lifespan of their assets while achieving significant cost savings. These services not only improve machine efficiency and productivity but also support sustainability goals by reducing the environmental impact associated with manufacturing new equipment. Retrofitting enables the reuse of existing components, such as steel or cast-iron foundations, and after modernization, machines can operate efficiently for an additional 10–15 years, performing at a level comparable to new units. StarragTornos carries out between 20 and 25 retrofits per year across a wide range of machine types.

In parallel, the pre-owned equipment market—including refurbished machines and peripherals—is another way the Group supports sustainability by extending the life cycle of industrial tools.

In 2025, Starrag Vuadens SA developed specific energy-efficiency services to support the transition to a more sustainable economy. The offering includes assessing machine configurations, upgrading relevant software and technical systems, optimizing settings, and comparing electrical and pneumatic consumption before and after the intervention. The resulting energy report, prepared in line with ISO 14955, provides customers with clear and measurable efficiency gains that help reduce operational impacts.

Customers and End-Users

Complementing its strong customer focus, the Group is progressively integrating digital and data-driven solutions to enhance the user experience, improve machine performance, and support more efficient and sustainable operations.

Relationship with Customers and Commitments for End-User Safety

StarragTornos places customer relationships and satisfaction at the heart of its activities, as described in the Annual Report (pages 9–10). The Group integrates strict quality and safety principles from the earliest design stages, applying ISO 9001 and ISO 12100:2010 standards and other relevant EU directives. These include the Machinery Directive 2006/42/EC, the Electromagnetic Compatibility Directive (EMCD) 2014/30/EU, and the Low Voltage Directive (LVD) 2014/35/EU. Quality experts and suppliers collaborate closely to evaluate components and final machines, all of which undergo rigorous testing before leaving the factory. In-house software is subject to the same high standards, ensuring reliable and compliant solutions for customers.

Additionally, the Group actively promotes end-user health and safety by integrating advanced safety technologies, including ergonomic design, automated safety systems, and solutions to reduce noise, vibration, and air pollution in the workplace. StarragTornos also supports customer competence and safe operation through comprehensive training programs for machine operators and setters. These courses strengthen productivity, ensure correct and long-lasting equipment use, and reinforce StarragTornos' commitment to strong, long-term customer partnerships.

Digital and Data-Driven Innovation of Products and Services

The potential of digital technologies in machine tools and services is being explored across the Group, including smart data management, intelligent sensors, and connected platforms. These emerging solutions aim to enable real-time monitoring, predictive maintenance, and process optimization, supporting greater efficiency and product quality. Although still at an early stage, these initiatives represent significant opportunities to reduce material and energy consumption, enhance operational performance, and develop new customer-focused services.

In 2025, several digital initiatives were introduced or further developed to this end. These include intuitive graphic-touch human-machine interfaces (HMI) designed to simplify handling and programming, reduce errors, improve operator experience, and increase productivity. Another development implemented on several Group machines is real-time monitoring of machining processes, combined with clear displays of pneumatic and electrical energy consumption, which support performance tracking and the optimization of customers' operational processes.

More information on new Starrag and Tornos products can be found on the respective websites.

Environment

StarragTornos is participating in the transition toward a more responsible industry. The Group is aware of its environmental and climate impacts and is implementing a strategy focused on mitigation and adaptation. In 2025, StarragTornos was able to define decarbonization targets for Scope 1 and 2 emissions. This first step represents an important milestone in the Group's climate strategy, and StarragTornos recognizes the future challenges for further reductions across its value chain.

Based on the StarragTornos double materiality assessment, the environmental aspects focus primarily on the impacts of the company's activities on climate change. The "Resource use and circular economy" topic is addressed in the "Products" chapter. Impacts on water were not considered material for the Group. StarragTornos remains aware of its indirect impacts on biodiversity, particularly through the effects of its emissions across the value chain.

StarragTornos Environmental Policies

The Group's environmental principles are anchored in the Starrag Environmental Policy, the *Tornos Code of Conduct*, and the *Starrag Business Conduct Guidelines*, which together outline expectations regarding climate protection, responsible resource use, and compliance with environmental standards. Environmental Management Systems (EMS) support the implementation of these principles and help monitor and continuously improve environmental performance across the Group. Each site manages its environmental practices in alignment with Group policies, with particular emphasis on efficiency and climate protection. This includes adopting measures that reduce emissions, optimize resource consumption and improve the environmental performance of operations, in particular through the application of Lean practices. In addition to Group policies, several sites operate under specific national regulatory frameworks. All Swiss facilities are subject to a binding agreement with the Swiss Federal Office for the Environment (FOEN) regarding energy efficiency and CO_2 emissions (Scope 1 and 2). German facilities are regulated by the Water Resource Act (Wasserhaushaltsgesetz—WHG) and comply with the water protection measures outlined in this legislation.

The StarragTornos Code of Conduct for Business Partners sets out the company's expectations for suppliers regarding climate-related and environmental responsibilities, reinforcing the Group's commitment to sustainable practices throughout its ecosystem.

In 2025, two additional manufacturing sites achieved certification under the ISO 14001 Environmental Management standard, bringing the total to three certified sites out of eight.

Climate-Related Risks and Opportunities

Climate Risk Assessment

In line with TCFD recommendations and Swiss climate-reporting legislation, StarragTornos considers the implications of a transition to a low-carbon economy when shaping its future business strategy. In 2025, the

Group updated its 2024 climate risk assessment together with an external partner, with the objective of deepening the analysis of climate-related risks across its twelve production and technical sites located in Europe and Asia. Both physical—such as intensified storms, floods, heatwaves—and transition risks and opportunities—such as policy changes, technological shifts, and market transformations—associated with climate change were examined. While physical risks are already present, they are expected to increase in frequency and intensity in the future, as the effects of climate change become more pronounced. The primary goal of this assessment was to gain a detailed understanding of the most relevant climate-related hazards at critical sites, evaluate the company's resilience, and identify areas where additional adaptation measures may be required.

Three targeted questionnaires were deployed—geared to manufacturing sites, procurement managers, and sales and product managers—to collect granular information on past and current extreme-weather impacts, supply-chain vulnerabilities, and evolving customer expectations for low-carbon solutions. This structured approach provided a site-by-site view of climate impacts already visible in the Group's operations. Furthermore, the company's vulnerability assessment was informed by Intergovernmental Panel on Climate Change (IPCC) climate scenarios (SSP pathways), specifically a "business-as-usual" scenario projecting approximately +4 °C of warming (SSP5-8.5) and a "high-mitigation" scenario limiting warming to below 2 °C (SSP1-1.9). Climate-related physical risk simulations were carried out using publicly available modelling tools, such as the IPCC WGI Interactive Atlas. The materiality of climate risks was then assessed based on the potential extent of damage and the probability of occurrence.

The climate risk assessment outcomes were communicated to the Executive Board and will be progressively integrated into the Group's Enterprise Risk Management (ERM) system. At the divisional level, the outcomes were incorporated into SWOT analyses. Regular reviews will be conducted to reflect scientific developments on climate change as well as regulatory updates, evolving economic conditions and operational activities of StarragTornos.

Climate Risk Assessment Outcomes

The results presented in the table below reflect the situation assessed by the Group in 2025 and summarize the main climate-related risks and opportunities identified.

Potential impacts of climate risks for StarragTornos

Category	Sub-category	Evidence today	+4 °C Projection (SSP5-8.5)	<2 °C Projection (SSP1-2.6)	Time horizon
Physical risks	Acute	7/12 sites report storms & hail damage	Storm frequency could double by 2050	Sites may upgrade their construction standards	Mid-long term
	Chronic	6/12 sites report heat stress impacts	Heatwave days projected +30% by 2050	Sites may improve insulation & cooling	Mid-long term
	Supply chain	4/6 procurement managers saw flood/drought delays	Higher-frequency disruptions in EU & Asia	All tier 1 suppliers adopt climate questionnaires	Mid-term
Transition risks	Transition policy	5/8 sales and products respondents worry about new ecodesign regulations	Progressive tightening of ecodesign & carbon regulations expected through 2030	Mandatory ecodesign deadlines enforce 100% product compliance	Mid-term
	Transition market	8/8 respondents confirm ESG or CO_2 criteria in RFPs	RFP criteria may expand and include tier 2 supply chain emissions	Increasing energy, logistics, and material costs	Short-mid term
Opportunities	Market	6/8 sales & products respondents see a 5–10% price premium for eco-efficient machines & retrofit	Premiums may rise further in heat and flood prone regions as resilience becomes more valuable	Premiums stabilize at around 5–10% as low carbon offerings become mainstream	Short-mid term

Notes on methodology
- +4 °C BAU = SSP5-8.5 (high emissions, ~4 °C warming by 2100).
- <2 °C high-mitigation = SSP1-2.6 (strong mitigation, ~1.8 °C warming by 2100).
- Time-Horizon = TCFD guidance: Short = 0–5 years; Mid = 5–10 years; Long = >10 years

StarragTornos has implemented climate adaptation measures across its sites, including flood protection systems, reinforced building structures, improved thermal insulation, and maintenance of drainage systems and roofs. In the Taiwan region, additional initiatives address typhoon risks, including early-warning systems, use of meteorological data, protective equipment, and employee emergency training. These actions aim to safeguard employees, operations, and assets against physical climate risks. More actions taken by StarragTornos to mitigate identified climate risks and leverage identified opportunities are described in the next sections.

GHG Emissions

The following table presents the GHG emissions for Scopes 1, 2, and 3 for the 2025 financial year, calculated in accordance with the GHG Protocol requirements and verified by an external expertise partner.

CO_2 balance sheet according to GHG protocol

In metric tons of CO_2 equivalents or %	2025	Share per scope	2024
Scope 1 – Direct greenhouse gas emissions			
Scope 1 emissions	3 929	1.8%	3 568
Scope 2 – Indirect greenhouse gas emissions			
Location-based Scope 2 GHG emissions	2 393	-	3 289
Market-based Scope 2 GHG emissions	2 967	1.3%	4 224
Scope 1 + Scope 2 (location-based)	6 322	-	6 857
Scope 1 + Scope 2 (market-based)	**6 896**	**3.1%**	**7 792**
Scope 3 – Significant greenhouse gas emissions from upstream and downstream value chain			
Total indirect Scope 3 GHG emissions	**216 850**	**96.9%**	**184 154**
Category 1: Purchased goods and services	41 056	18.3%	42 330
Category 2: Capital goods	8 427	3.8%	11 922
Category 3: Fuels and energy-related activities (not included in Scope 1 and 2 emissions)	2 157	1.0%	2 294
Category 4: Upstream transportation and distribution	738	0.3%	532
Category 5: Waste in own operations	799	0.4%	1 205
Category 6: Business travel	3 085	1.4%	3 520
Category 7: Employee commuting	3 019	1.3%	3 402
Category 9: Upstream transportation and distribution	1 438	0.6%	1 340
Category 11: Use of sold products	155 422	69.5%	116 830
Category 12: End-of-life treatment of sold products (e.g. metals and electronics)	382	0.2%	391
Category 13: Downstream leased assets	327	0.1%	390
Total GHG emissions	**223 746**	**100%**	**191 946**
Total GHG emissions intensity			
Net sales (in CHF million)	442.1	-	494.1
GHG intensity ratio (in tons of CO_2e per CHF million of net sales)	506	-	388

Notes on methodology
- For further details on the methodology and calculation boundaries, please refer to the Methodological note section.
- The reference year was set to 2024, as it represents the first full year of the Group's existence following the merger.

Scope 1 and 2 greenhouse gas emissions represent approximately 3.1% of StarragTornos' overall GHG impact, while Scope 3 emissions are by far the most significant. These indirect emissions are generated across both the upstream and downstream segments of the Group's value chain. Specifically, StarragTornos' main emissions arise from the procurement of materials and components, as well as the use of machines, which generate indirect emissions through their electricity consumption once in operation. The following sections describe the actions and measures implemented by the company to mitigate its Scope 1, 2, and 3 emissions.

Energy and Climate Change Mitigation

In 2025, the Group's energy consumption reached 33,289 MWh, with renewable sources representing 24.9% of the total. For many years, both divisions have been expanding their own renewable energy infrastructure, including geothermal heating, heat-recovery systems, and extensive solar power production. The site in Vuadens, Switzerland, produces machines with fully carbon-neutral energy. StarragTornos operates approximately 23,000 m² of photovoltaic surface across its sites in Switzerland, Europe, and Asia, representing a total installed capacity of 4,575 kWp. During the reporting year, the Group generated about 4,529 MWh of renewable electricity, a very large proportion of which was consumed by the respective sites themselves. When on-site demand was lower, surplus electricity was fed into the public grid.

In 2025, StarragTornos assessed for the first time various measures to mitigate its corporate carbon footprint, following climate targets, as required by the Federal Act on Climate Protection Targets, Innovation and Strengthening Energy Security (KIG) and the Swiss Climate Protection Ordinance (KIV). The Group has committed to reducing its combined Scope 1 and Scope 2 emissions by 30% by 2030, using 2024 as the baseline year.

Energy consumption and production within the organization

In MWh or %	2025	Share per category	2024
Fuel consumption from coal and coal products	0	0	0
Fuel consumption from crude oil and petroleum products	10 657	32.0	10 609
Fuel consumption from natural gas	4 919	14.8	3 883
Fuel consumption from other fossil sources	0	0	0
Consumption from purchased electricity, heat, or cooling from fossil sources	6 766	20.3	9 292
Total energy consumption from fossil sources	**22 342**	**67.1**	**23 784**
Total energy from nuclear sources	**2 664**	**8.0**	**2 696**
Fuel consumption from renewable sources (including biomass, biofuels, biogas, hydrogen)	5	<0.1	5
Consumption from purchased electricity, heat, or cooling from renewable sources	5 933	17.8	4 866
Consumption of self-generated energy (solar electricity)	2 345	7.0	1 969
Total energy consumption from renewable sources	**8 283**	**24.9**	**6 840**
Total energy consumption from all sources	**33 289**	**100**	**33 320**
Total energy consumption intensity ratio (in MWh per CHF million of net sales)	**75.3**	**-**	**67.4**
Total amount of energy generated (solar electricity)	**4 529**	**-**	**4 050**

Notes on methodology
- Energy data are monitored across all StarragTornos entities using on-site meters and utility invoices. Where statements or consumption reports were unavailable at the time of preparing the Sustainability Report, the values for missing months were estimated based on projections from the preceding months.

StarragTornos 2030 targets

Pillars

To achieve our 2030 goals and strengthen our commitment to a sustainable industry, we will focus on three key pillars with concrete actions.

Renewable Energy	We will continue to promote renewable energy wherever possible across our production sites.
Efficiency & Autonomy	We will drive energy efficiency and increase operational autonomy in our processes.
Investment & Collaboration	We will invest and collaborate with local partners to support the development of renewable energy solutions.

Supporting technologies

- Solar panels
- Heat pumps
- Heat recovery
- District heating
- Smart monitoring
- Electric vehicles

Scope 1 + 2

30%

Reduction in absolute GHG emissions from a 2024 base year

Key levers for reducing Scope 1 and 2 emissions include the transition to green electricity and improvements in energy efficiency. In 2025, no dedicated budget was yet allocated for the main decarbonization measures, as the overall transition plan is still under development. Nevertheless, various individual initiatives were implemented through existing budgets, such as modernizing and maintaining production facilities, installing new LED lighting systems in workshop areas and deploying a heat-recovery system at the Rorschacherberg site in Switzerland, the transition from diesel forklifts to electric alternatives, and various smaller efficiency initiatives.

From 2026, the Group will complete its climate transition plan aimed at achieving its near-term targets and reducing its negative impact on climate change (see *StarragTornos material IROs*). The plan will be guided by core principles that support sustainable growth. Particular focus will be placed on the Group's most energy-intensive sites to achieve further improvements in energy efficiency and associated emissions. Depending on each site's specific needs, innovative technologies will be explored to address the challenges of the energy transition. Renovating older buildings will remain a key challenge, while ensuring sustainable energy sourcing will also be a priority, with the goal of gradually replacing fossil fuels with renewable energy sources.

Climate Change Mitigation in the Value Chain

The majority of emissions in StarragTornos' value chain arise in upstream supplier processes and downstream during the use phase of its machines by customers. In 2025, the Group began identifying potential levers to decarbonize its value chain and reduce its Scope 3 emissions. These efforts include evaluating alternative materials, assessing procurement categories that significantly contribute to CO_2 emissions, collaborating with key suppliers to explore reduction opportunities, and enhancing the energy efficiency of its products.

A transparent and robust data basis is essential for activating the most relevant decarbonization levers. To this end, StarragTornos initiated life cycle assessments (LCAs) in accordance with the ISO 14040 standard within the Starrag division. The insights gained will support future product design aimed at further reducing emissions and will also be shared with customers to improve transparency and raise awareness of product impacts across the value chain. In addition, energy efficiency measurements in accordance with ISO 14955 have been completed on machines from both the Starrag and Tornos divisions to respond to evolving market opportunities and expectations and to identify effective technological optimizations. These measurements were carried out in collaboration with SIGMAtools GmbH, a recognized expert partner based in Switzerland.

For many years, StarragTornos has contributed to resource efficiency, long service life, and low scrap rates at customers' facilities through a high degree of technological integration, quality, and precision. ECO Mode functions are offered either as an option or as a standard feature, depending on the machine model. In 2025, the Group reached a new milestone in developing more energy-efficient machines with the launch of the new Bumotec 1000C/neo. Compared with the previous generation, this new transfer machine has reduced total energy consumption by 30% and compressed air consumption by 52%, while increasing machining productivity by up to 50%.

StarragTornos has not yet defined quantitative targets for reducing Scope 3 emissions but will continue to make progress in the coming years to establish appropriate reduction objectives.

Social

StarragTornos recognizes that its employees are essential to the company’s success. They form the foundation for innovative solutions and services, build strong relationships with customers and suppliers, and drive the organization toward achieving its strategic ambitions.

StarragTornos Workforce

StarragTornos is an international company with subsidiaries in 13 countries. A significant share of its workforce is based in Switzerland and Germany, which together account for nearly 71% of all employees.

Almost 92% of the total workforce consists of direct employees of StarragTornos and its Group companies, while the remaining 8% is made up of external staff, including service contractors, agency temps, interns, and apprentices.

StarragTornos employees

In headcount or % of headcount (end of period)	2025	Share per category	2024
Internal employees			
Employees by division			
Starrag division	1 254	67%	1 396
Tornos division	605	33%	638
Total	**1 859**	**100%**	**2 034**
Total FTEs	1 814	-	1 981
Employees by country or region			
Switzerland	665	36%	702
Germany	654	35%	753
EMEA (excluding CH and DE)	213	12%	227
Asia and Pacific	250	13%	263
Americas	77	4%	89
Employees by gender and age			
Male	1 613	87%	1 756
Female	246	13%	278
Under 30 years of age	299	16%	336
30–50 years of age	897	48%	985
Over 50 years of age	663	36%	713
Employees by employment type			
Full-time employees	1 651	89%	1 869
Part-time employees	208	11%	165
Permanent employees	1 779	96%	1 937
Fixed-term employees	80	4%	97
Employee turnover			
Turnover rate	14.2%	-	8.9%
External employees			
External temporary employees	33	-	36
Interns	14	-	16
Apprentices	114	-	110

Notes on methodology

- Employee numbers do not reflect any seasonal or temporary fluctuations.
- External employees are not included in the share per category.

Policies and Commitments for Own Workforce

Both divisions have established standardized human resources processes, operating procedures, and policies that are used globally and implemented locally in line with international and regional regulations and practices. Most employees are directly supported by a local Human Resources manager. Key performance indicators are monitored at Group, division, and site levels.

StarragTornos is committed to fostering a working environment that promotes mutual engagement, supports employee well-being, and values the diversity of its workforce. These commitments are reflected in internal policies and local employee handbooks, covering workplace conduct and ethics, collective bargaining, working time, vacation and leave, social protection, and remuneration. At all sites with employee representation, the Group collaborates with works councils on collective agreements regarding working conditions. For employees not covered by a collective agreement, the Group's companies offer comparable working conditions.

Both divisions apply fair compensation policies and adjust them locally to reflect cost-of-living fluctuations. Remuneration policies are framed by role evaluations, external expertise, and performance evaluations based on identified skills and shared objectives. In accordance with Art. 13a of the revised Federal Act on Gender Equality (GEA) and the Ordinance on the Evaluation of the Wage Equality Analysis, the three Swiss companies are required to carry out a wage equality analysis between women and men every four years, with independent evaluation. The most recent audits confirmed full compliance with legal requirements.

During major reorganizational changes in the reporting year, the Group fostered the implementation of local mitigation measures to limit potential social impacts, including early retirement, internal mobility, and outplacement services. In the context of economic uncertainty and growing pressures, the Group remains aware of the risks that excessive loss of talent could pose to long-term performance. It therefore strives to remain an attractive employer by emphasizing work-life balance and overall working conditions.

The Group supports its workforce in managing personal and family responsibilities through concrete, locally tailored measures. These include hybrid working guidelines for office-based roles, part-time options, flexible working hours in response to individual circumstances, and extended maternity and paternity leave. Continuous investments are made to improve working conditions across all sites, taking into account the specific challenges of each division.

Employee Health and Safety

StarragTornos is committed to providing and maintaining a working environment that ensures the health and safety of all employees and external visitors. The Group has established a range of dedicated procedures and processes. Beyond compliance with international and regional standards, the core priority is the prevention of injuries: Internal health and safety audits are carried out on a regular basis, and in the event of an incident, root causes are identified and corrective measures implemented.

Health and safety processes are managed locally across facilities, technical centers, and sales offices, with each site appointing a dedicated officer responsible for implementing the local health and safety program. Safety is a recurring topic in regular meetings during which KPIs, risks, and injuries are reviewed and discussed. KPIs are monitored regularly—usually monthly—at the local level, and annually at the divisional and corporate levels. All local health and safety policies are communicated to new employees during their induction. Besides internal audits, the facilities in Switzerland and Germany are regularly audited by official external organizations.

Each facility defines a local action plan, including intensified training and awareness-raising activities to further reduce exposure to work-related health and safety risks. Employees who work with or may come into contact with chemicals and/or hazardous substances receive regular training in their safe handling.

Furthermore, most employees are covered by a health insurance policy and by a life and disability policy, which provides protection in the event of long-term sick leave (more than 90 days). At Group level, all employees are covered by business travel insurance, which includes repatriation assistance worldwide.

Occupational health and safety

In number, days, or %	2025	2024
Number of work-related fatalities	0	0
Number of work-related injuries	51	66
Total lost days due to work-related injuries	801	708
Absence rate due to injuries and illness (%)	4.0%	-

Notes on methodology
- All figures relate to regular and fixed-term employees, except for fatalities, which include all employees, including temporary external employees.
- For details on calculation, please refer to the Methodological Note section.

In the reporting year, no work-related fatalities occurred and the absence rate was approximately 4%, broadly in line with typical rates observed in the manufacturing industry. The Group will continue to focus on maintaining high safety standards for its employees and will pursue preventive initiatives to further improve this rate.

Talent and Development

Employee development and training represent an important opportunity for StarragTornos to maintain a high level of knowledge, skills, and professional behavior across its workforce. The Group thus strives to put in place adequate training and development policies that support employees in strengthening their competencies.

Development opportunities are offered through a wide range of learning formats. These include on-the-job growth, such as job rotations or international assignments. near-the-job learning, including networking exchanges and practice-sharing activities, and off-the-job training, such as seminars focused on technical, methodological, or managerial skills.

Training and talent development

In days per headcount, CHF per headcount, number, or %	2025	2024
Training		
Days of training per employee	0.5	1.3
Costs of training per employee	283	460
Future talent		
Total apprentices, trainees and students	128	126
Graduated apprentices during the year	24	29
Apprentice retention rate	29%	59%

Notes on methodology
- For details on calculation, please refer to the Methodological Note section.

Talent management aims to identify, attract, and promote individuals with the capabilities and potential required to support the Group's strategic objectives. Each division relies on a performance management system, based on clear expectations, regular feedback, and recognition of contributions. This system evaluates both the *what* targets and expected results and the *how*—the behaviors and ways of working—that support long-term performance.

The performance management process includes an annual discussion between employees and their managers to review competencies, performance, and development potential. Continuous dialog throughout the year is encouraged, as open communication helps safeguard critical knowledge, retain essential skills in key positions, and improve succession planning by identifying and preparing promising internal candidates. This approach also facilitates internal mobility, enabling employees to take on new career opportunities in different roles or locations within the Group.

For many years, the Group has been committed to developing the talent of tomorrow. Training apprentices is rooted in the historical DNA of both the Starrag and Tornos divisions. Across its manufacturing facilities and offices, StarragTornos relies on the expertise of many highly qualified specialists in a wide range of roles. Ensuring the transfer of technical skills to new generations is essential for preserving industry knowledge and craftsmanship. To support this objective, the Group offers basic vocational apprenticeships as well as various trainee positions for young people in areas such as production, IT, HR, Controlling, and R&D. These new skills benefit not only the

Group but also the wider industry and the local economic environment.

StarragTornos also maintains partnerships with academic institutions to help train the talents of tomorrow. One example is the Tornos Innovation Challenge, organized jointly with HE-Arc in Neuchâtel (Switzerland), which explores the future of machine tool technologies. This initiative not only fosters innovation within both the company and academia but also helps inspire future career paths in the industry.

Human Rights

StarragTornos Human Rights Commitments

StarragTornos recognizes human rights as the fundamental rights and freedoms to which every individual is entitled. The Group is committed to respecting and promoting these rights across global operations and throughout the value chain.

This commitment is enshrined in internal policies and employee handbooks, which address the human rights issues most relevant to the Group's activities, including child labor, modern slavery and forced labor, non-discrimination, employment practices, freedom of association and collective bargaining, community and land rights, information security and data protection, customer safety, and occupational health and safety. Accordingly, StarragTornos strives to fully comply with international and local regulations, laws, and standards, including the:

- Universal Declaration of Human Rights (UDHR)
- United Nations Global Compact (UNGC)
- Guidelines for Multinational Enterprises from the Organization for Economic Co-operation and Development (OECD)
- Conventions of the International Labor Organization (ILO)
- International Standard for socially responsible corporate governance SA8000
- Dodd-Frank Act on conflict minerals

Child Labor Due Diligence Process

StarragTornos maintains a zero-tolerance policy towards child labor throughout both its operations and its value chain. The Group also fully complies with Art. 964j of the Swiss Code of Obligations for due diligence and reporting obligations related to child labor.

This commitment regarding child labor is enshrined in the Group's policies. In particular, the *StarragTornos Code of Conduct for Business Partners* specifies that suppliers must prohibit all forms of child labor and forced labor within their operations and supply chain and must comply with the applicable national laws or, at a minimum, the ILO core labor standards. The code strictly forbids the employment of individuals under the age of 15 in any capacity and prohibits individuals under the age of 18 from undertaking hazardous work. Suppliers and business partners are required to certify in writing their compliance with the Group's policies and principles in all dealings, activities, products, and services involving StarragTornos. These commitments include respecting human rights, protecting the environment, ensuring workplace safety, and adhering to ethical business practices. Signed agreements are included as standard in all new supply contracts.

The risk of child labor among StarragTornos companies and suppliers located in Switzerland and neighboring countries is considered very low. However, according to the UNICEF Children's Rights in the Workplace Index, a higher risk exists in some European countries, the United States, and several Asian countries where some suppliers operate. In 2025, StarragTornos identified 137 direct suppliers across 5 countries with an enhanced child labor risk. As of 2025, suppliers representing 88% of the PVO procurement volume associated with these suppliers have confirmed their commitment to the principles outlined in the *StarragTornos Code of Conduct for Business Partners*. The remaining newly onboarded suppliers are in the process of signing the Code of Conduct, and StarragTornos is committed to achieving full coverage.

Conflict Minerals Due Diligence Process

StarragTornos manufactures machine tools by sourcing and assembling a wide range of components and parts. Apart from specialized machining activities performed in-house, the Group does not directly purchase raw materials. Nevertheless, the supply chain may include materials with elevated ESG risks, such as conflict minerals and 3TG minerals (tin, tantalum, tungsten, and gold), which can be present in components including electronics, bearings, and cutting tools.

StarragTornos complies with the Swiss Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor (DDTrO). In accordance with this regulation, the imported and processed quantities of materials defined by the DDTrO were recorded and assessed. StarragTornos does not directly source any of the listed tariff numbers in its own operations.

Beyond compliance with Swiss legislation, the Group is committed to mitigating the environmental and social risks associated with conflict minerals across its value chain. As part of its responsible procurement strategy, the Group's policies—the *StarragTornos Code of Conduct for Business Partners* and the Purchasing Terms and Conditions—set out strict requirements for the responsible sourcing of minerals and metals. These requirements apply to all suppliers.

Non-Discrimination

StarragTornos is committed to providing equal opportunities throughout the entire employee experience from hiring to development and advancement. The Group strives to foster an environment in which all employees feel safe, valued, and included.

The commitment to non-discrimination is formalized in the *Tornos Code of Conduct*, the *Starrag Business Conduct Guidelines*, and the employee handbooks. The Group upholds a zero-tolerance policy for discrimination and harassment based on race, religion, color, age, gender, sexual orientation, national origin, or any other discriminatory factor. Employee handbooks issued during onboarding outline the legal and contractual provisions related to non-discrimination and describe the appropriate procedures for reporting any incident. Employees are also encouraged to use the company's whistleblowing system to report any breach, misconduct, or potential harm they observe or become aware of.

Business Conduct

StarragTornos conducts its operations in a highly regulated international environment with complex value chains. Conducting business with integrity, responsibility, and a strong commitment to compliance and ethical behavior is essential for the Group.

Business Policies and Approach to Business Conduct

StarragTornos is committed to ethical business conduct across all levels of the organization and in its relationships with stakeholders. The Group is also committed to fully complying with the laws and regulations of every country in which it operates. Internally, this commitment extends to all aspects of its processes, from expectations regarding workplace conduct to the management of data and information. Business policies have been established to prevent risks from unethical practices within the company's operations and throughout its value chain.

Policies Related to Business Conduct

The core principles of conduct at StarragTornos are outlined in the *Starrag Business Conduct Guidelines*, the *Tornos Code of Conduct*, and the *StarragTornos Code of Conduct for Business Partners*. These policies, approved by the Board of Directors, reflect the Group's commitment to business ethics and compliance, and provide clear directives on preventing corruption, upholding human rights, and protecting the environment. These documents are available on the internet, intranet, or another format to all employees and external stakeholders. StarragTornos expects all employees, suppliers, and business partners to adhere to these guidelines.

The *StarragTornos Code of Conduct for Business Partners* defines the basic principles for suppliers' conduct. It covers compliance with international laws, regulations, and standards, addressing conflicts of interest, anti-competition practices, and commitments to social and environmental responsibility. Key topics include any forms of corruption, human rights, non-discrimination, and safety in the workplace. The code applies to all suppliers and sub-suppliers that provide products and services to StarragTornos and all its companies. In addition, the *Starrag Business Conduct Guidelines* and the *Tornos Code of Conduct* set out the company's expectations regarding ethics and integrity in the workplace and in interactions with all internal and external stakeholders.

StarragTornos adopts a zero-tolerance policy toward corruption and other criminal acts. Non-compliance with internal policies by employees may result in disciplinary measures, up to and including termination of employment. Similarly, collaborations and commercial contracts may be terminated in cases of non-compliance with Group's values and commitments.

Compliance Management

The CFO is responsible for overseeing compliance matters across the Group, ensuring that all parties uphold the highest standards of integrity and responsible conduct. The CFO reports directly to the CEO and the Board of Directors on these topics.

The Corporate Sustainability Manager plays a key role in monitoring ESG-related regulations and emerging requirements. In addition, compliance monitoring related to products or any other business practices is carried out within the respective business units, ensuring that regional and national regulations are considered in all countries where the Group operates.

Whistleblowing System

To prevent and mitigate the risks of breaches and non-compliance, StarragTornos has implemented a whistleblowing system to ensure that reported violations of laws or internal policies may be handled professionally. The system is operated by an external law firm and safeguards the anonymity of the reporter. Employees, external business partners, and any third party can report a concern via an email address listed in the policies. Employees can also report a concern to their line manager or their local HR function. StarragTornos does not tolerate any form of retaliatory action against any employee who, in good faith, reports a suspected violation of its codes of conduct or internal policies.

At the end of 2025, no non-compliance issues had been reported through the whistleblowing system or any other channel. Additionally, there were no legal proceedings pending against the company.

Management of Supplier Relationships

Procurement Strategy and Governance

All StarragTornos machines are manufactured in the Group's facilities located in Switzerland, Germany, France, Italy, China, and the Taiwan region. Additionally, some refurbishment activities of used machines for resale are performed in Poland. In 2025, the Group purchased from more than 2,950 direct material suppliers. Based on the amount spent, 43% of direct materials were purchased in Switzerland, 34% in Germany, 8% in Europe (excluding Germany and Switzerland), 14% in the Asia/Pacific region, and 1% from North America.

StarragTornos prioritizes the development of long-term, trust-based relationships with its business partners, fostering mutual success, collaboration, and innovation. Most key suppliers have been part of the Group ecosystem for over five or even 10 years, reflecting the depth and stability of these relationships. These partnerships are grounded in fairness, ethical and compliant practices, transparent dealings, and respect for agreements.

The Group's relationships with suppliers are guided by the *StarragTornos Code of Conduct for Business Partners* and the *StarragTornos Group Purchasing Terms and Conditions*, both of which suppliers are required to adhere to. Beyond these expectations, the Group actively engages in collaborative initiatives with suppliers for the development of new components, supporting the ambition to deliver higher-performing and more efficient machines. Quality, performance and compliance audits are systematically conducted for all new suppliers and regularly performed for key partners to ensure adherence to the Group's standards and expectations.

The Corporate Chief Procurement Officer (CPO) is responsible for the Group's global procurement strategy and defines its objectives in alignment with the Executive Board. The aim is to promote partnership-based collaboration through clear rules, reduce organizational and legal uncertainties, and enhance the Group's competitiveness at an optimized cost through a rational and effective purchasing organization. The strategy is implemented in close collaboration with local Purchasing departments to ensure alignment with regional specificities and operational realities. In 2025, strategic priorities included the harmonization of commodity groups and key-suppliers across the two divisions, and compliance with transitional regulations, such as the new rules governing fluorinated gases.

Payment Practices

StarragTornos upholds fair and transparent payment practices across the Group. Suppliers are remunerated promptly according to agreed payment terms, with the aim of promoting financial reliability and trust throughout the supply chain. Standard payment is made within 60 days from the invoice date, unless otherwise agreed in writing, in line with the *StarragTornos Group Purchasing Terms and Conditions*. Invoices must be correct and complete, referencing the relevant purchase order and contract. Payments are processed after verification of delivery, quality, and contractual compliance, with any discrepancies addressed before release.

Responsible Data Management

In an increasingly digital business environment, StarragTornos implements appropriate measures to comply with cybersecurity and data protection requirements, safeguarding personal and sensitive information while ensuring secure and reliable operations.

Protecting Information

StarragTornos takes proactive measures to protect its information systems, confidential information, and intellectual property, as well as those of its customers, suppliers, and other business partners. The objective of information security is to protect all data handled by the Group throughout its lifecycle, from creation to destruction. Particular attention is paid to R&D-related information, patents, design plans, process documentation, and sensitive customer data. Information security also supports compliance with legal and contractual requirements, industry standards, and internal policies, while enabling secure business operations and digital transformation.

Awareness of information and corporate security is essential to minimize risks. Regular training sessions are therefore mandatory for all employees and coordinated by the IT departments of each division. In 2025, Starrag AG obtained ISO 27001 certification for its Information Security Management System (ISMS).

In addition, StarragTornos is preparing for upcoming European cybersecurity regulations applicable to connected products, including the EU Cyber Resilience Act (CRA). Cybersecurity considerations are integrated into the design and development of machines and digital solutions, with a focus on secure-by-design principles, software integrity, and cyber risk management across the product lifecycle, enhancing machine resilience and protecting customers' operations and industrial data.

Protection of Personal Data

Data protection is a key element of StarragTornos' compliance with local and international data protection laws, including the new Federal Act on Data Protection (nFADP) and the European General Data Protection Regulation (GDPR). Each division has implemented governance structures and programs to protect personal data and address the expectations of employees, customers, suppliers, and business partners. This governance is supported by designated Data Protection Officer (DPO) roles at divisional or local level, acting as contact points for supervisory authorities and stakeholders.

Methodological Note

Environmental Performance Data

StarragTornos' environmental data monitoring and reporting includes energy consumption, greenhouse gas (GHG) emissions, and waste disposal. Comprehensive environmental data are collected from all production sites, technical centers, and major (with more than 15 employees) sales and services offices. Environmental data from smaller offices are minimal in comparison to the overall company's consumption and emissions, and are not included in the reported environmental data. Environmental data were compiled by individual business entities in a consistent and comparable manner, from January 1, 2025 to December 31, 2025. A validity check was performed to review the database for incorrect entries. Current data are collected whenever possible and are only estimated if data collection is not feasible, for example, due to the decentralized organizational structure of some entities operating in rented facilities or when specific figures are unavailable.

Energy

The total energy consumption figures encompass both company-owned and leased assets. Data are sourced from on-site meters and utility invoices. Energy consumption is reported as net energy consumption, excluding any electricity sold. To ensure the annual report is published on schedule, December energy consumption and electricity production data were estimated for certain sites, based on the average of the first 11 months of the year.

GHG Emissions

The methodology and reporting for the carbon footprint are based on the Greenhouse Gas (GHG) Protocol. The recording of GHG emissions from StarragTornos' activities include all seven GHG covered by the Kyoto Protocol. All emissions are expressed in CO_2-equivalents (CO_2e). The emission factors are based on the IPCC Sixth Assessment Report (AR6). To estimate the emissions, activity-based and monetary emission factors were taken from different databases, including Ecoinvent v3.10, exiobase v3 and the Base Carbone v23 (ADEME). StarragTornos differentiates between direct GHG emissions (Scope 1) deriving from the combustion of fossil fuels (heating, company vehicles) and the fugitive emissions of fluorinated gas from building cooling systems; indirect GHG emissions (Scope 2) from sources like using electricity or district heating; and indirect emissions (Scope 3) that arise from the entire value chain.

Scope 1 and 2 emissions

Scope 1 and Scope 2 emissions calculations are based on site-specific data for fuel consumption and utilities purchased, with the exception of Scope 1 fugitive emissions, which were estimated using industrial benchmarks. The company calculates Scope 2 GHG emissions using the location- and market-based methods. For the market-based approach, emission factors are derived from supplier-specific data when available. Where supplier-specific data for the reporting year is not yet available, the company uses the most recent supplier-specific data as a proxy. Where supplier-specific data is not available at all, residual electricity mix emission factors are applied in accordance with the GHG Protocol. For the location-based approach, grid-average emission factors are used. The Scope 1 and Scope 2 boundaries encompass both owned and leased assets under the operational control approach.

Scope 3 emissions

Out of the 15 Scope 3 categories outlined by the GHG Protocol, 11 are applicable to StarragTornos. Those estimated as not material or not applicable are emissions from upstream leased assets (cat. 8), processing of sold products (cat. 10), franchises (cat. 14), and financial investments (cat. 15). Scope 3 emissions data were calculated using a combination of methods for each category, as prescribed by the GHG Protocol.

Scope 3 emissions calculation methodology

Category	Data taken into account	Assumptions
1. Purchased goods and services	• Purchase volumes of direct goods and operational materials for each material group (e.g., metallic machined parts, housings, electronics, motors, peripherals) • Chemical products • Marketing and cleaning services • Office supplies and meals in company restaurant	• Spend-based emission factors based on the share of material categories within each material group (80% of total purchase volume) • Extrapolation of the remining 20% purchase volumes using an average spend-based emission factor • Low impact emissions (office supplies, meals) extrapolated from the number of employees (FTE) and the 2023 data collection
2. Capital goods	• IT (hardware, software, cloud services) • Buildings and operation equipment	• Spend-based emission factors
3. Fuel and energy-related activities	• Emissions from purchased fuel and energy, not included in Scope 1 and Scope 2	-
4. Upstream transportation and distribution	• Weight and mode of transport of imports to StarragTornos companies • Distance between the StarragTornos entity and the supplier country • Weight and mode of transport for machines and sub-assemblies between StarragTornos companies	• Mode of transport estimated from distance (<2,000 km: road transport; >2,000km: maritime transport) • Single (principal) transportation mode • Average monetary emission factors estimated using the Tornos division purchase volume and applied to the total purchase volume
5. Waste generated in operations	• Weight and type of waste • Waste disposal methods (recycling, incineration, or landfilling) • Discharged wastewater	• Figures, quantities, and disposal type from invoices; estimated or based on local waste practices where detailed invoices are unavailable
6. Business trips	• Air travel • Rental cars, train travel • Accommodations	• Emissions extrapolated from the number of employees (FTE) and the 2023 data collection
7. Commuting	• Data on employees' journeys to and from work collected via a 2023 voluntary survey at selected StarragTornos companies	• Emissions extrapolated from the number of employees (FTE)
9. Downstream transportation	• Weight and mode of transport for machines from StarragTornos companies to customer companies • Transport of spare parts from StarragTornos to customer companies	• Distance between StarragTornos companies and supplier countries • Mode of transport estimated from distance (<2,000 km: road transport; >2,000km: maritime transport) • Single (principal) transportation mode • Extrapolation of spare parts transportation emissions from machines transportation emissions
11. Use of sold products	• Electricity consumption of machines over their entire lifespan • Electricity mix of the supplier country • Total number of sold machines, including retrofitted machines	• Average machining power per machine type • Average lifespan of 15 years, with a total of 60,000 operating hours. • Electricity impact factor, based on each country's electricity mix and adjusted by 0.8 to account for expected decarbonization over the next 15 years (source: International Energy Agency)
12. End-of-life treatment of sold products	• Weight of products sold and associated recycling treatment	• Extrapolation of emissions from category 3.1 emissions, based on industry analysis by external experts
13. Downstream leased assets	• Rent surfaces	• Extrapolation of emissions based on the ratio of leased to occupied floor area

Waste

Total waste production figures cover waste generated from StarragTornos' own operations. Waste is classified by type (hazardous and non-hazardous) and by disposal route (recycling or reuse, incineration with or without energy recovery, and landfilling). The inventory includes waste from production activities, renovation and maintenance works, offices, and on-site restaurants. The classification of hazardous waste is based on the DETEC (Federal Department of the Environment, Transport, Energy and Communications) Ordinance on Lists for the Movement of Waste (SR 814.610.1). A waste inventory was conducted from January 1, 2025 to December 15, 2025.

Social Performance Data

Employee data figures cover all StarragTornos sites and operations around the world. Monitoring and reporting is based on headcount and full-time equivalent (FTE).

Employees

StarragTornos own workforce refers to direct employees with a standard contract, which can be unlimited (permanent employees) or limited for a defined period (fixed-term employees). External employees include temporary staff (e.g. agency temps, consultants), apprentices, and interns.

The employee turnover rate is the percentage of direct employees who left StarragTornos during the calendar year, calculated by dividing the number of departures by the average headcount in the previous calendar year.

The disclosure of training costs is based on the total expenditure for external training.

Occupational Health and Safety

Occupational health and safety figures are reported for regular employees, with either a permanent or fixed-term contract. Work-related injuries include all incidents recorded in the Group's internal system, without distinction between minor injuries and those resulting in time off work. Lost days refer to working days, not calendar days, starting from the first working day the employee is unable to work.

The absence rate is calculated as the total number of hours lost due to injuries and illness (work- and non-work-related cases), expressed as a percentage of the total hours actually worked by all employees during the reporting period.

Appendix

Swiss Code of Obligations (Art. 964) Content Index

The 2025 Sustainability Report was produced in accordance with Art. 964a and seq. of the Swiss Code of Obligations (CO). It was approved by the Board of Directors on March 13, 2026, and will be presented for approval at the Ordinary General Meeting on April 17, 2026. In accordance with Article 964c CO, a shareholder vote on the Sustainability Report is required.

In accordance with Article 964b of the Swiss Code of Obligations, the table below presents the non-financial topics addressed in this report. While Article 964b does not prescribe a specific methodology for identifying material topics, StarragTornos applied an ESRS-aligned double materiality assessment (DMA) to identify the topics considered material from an impact and/or financial perspective. The table is intended to help readers locate the relevant disclosures throughout the report related to environmental, social and employee-related matters, as well as respect for human rights and the prevention of corruption, as required under the Swiss Code of Obligations.

AR = Annual Report 2025

Category	Disclosure topic	Location in Sustainability Report	Other location
1	**General requirements**		
1-1	Governance	The Role of the Administrative, Management, and Supervisory Bodies	AR: Corporate Governance
1-2	Corporate business model	StarragTornos Value Chain	AR: Strategy Report
1-3	Materiality assessment	Interests and Views of Stakeholders Impacts, Risks, and Opportunities Management	
1-4	Sustainability strategy	Sustainability Governance and Strategy Strategy Framework	
1-5	Business policies (incl. due diligence)	Business Policies and Approach to Business Conduct StarragTornos Environmental Policies Policies and Commitments for Own Workforce	
1-6	Measures and performance indicators	See sections below in the index GRI Content Index	
1-7a	Risk management		AR: Corporate Governance / Board of Directors
1-7b	Climate-related risks	Climate-Related Risks and Opportunities	
1-8	References to national, European or international regulations	About This Report	
1-9	Coverage of subsidiaries	Methodological Note	

2	**Environment**	
2-1	Energy	Energy and Climate Change Mitigation
2-2	Greenhouse gas (GHG) emissions	GHG Emissions Energy and Climate Change Mitigation Climate Change Mitigation in the Value Chain
2-3	Material resources and waste	Resource Use and Circular Economy
3	**Social**	
3-1	Customer safety	Customers and End-Users
3-2	Responsible business relationships	Customers and End-Users Management of Supplier Relationships
3-3	Data protection	Responsible Data Management
4	**Employees**	
4-1	Working conditions	Policies and Commitments for Own Workforce
4-2	Occupational health and safety	Employee Health and Safety
4-3	Training and skills development	Talent and Development
5	**Human rights**	
5-1	Human rights risks	Human Rights
5-2	Due diligence processes	Human Rights
6	**Anti-corruption**	
6-1	Anti-corruption policies and measures	Business Policies and Approach to Business Conduct Management of Supplier Relationships
6-2	Compliance and internal control mechanisms	Business Policies and Approach to Business Conduct

StarragTornos is exempted from the Swiss Code of Obligation Art. 964j Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor. A process to annually review potential purchases of minerals and metals from conflicted areas is established.

StarragTornos complies with the Swiss Code of Obligation Art. 964j for due diligence and reporting obligations to child labor.

TCFD Content Index

StarragTornos has adopted the TCFD framework to report on its climate-related risks and opportunities, according to the Swiss Climate Ordinance (Art. 964a–c of the Swiss Code of Obligations). Over the next year, the company will continue to advance in the analysis, management, and reporting of these risks and opportunities.

TCFD Disclosure	TCFD code	Disclosure description	Disclosed
Governance	TCFD-GOV-a	Describe the Board's oversight of climate-related risks and opportunities	The role of the Administrative, Management, and Supervisory bodies
	TCFD-GOV-b	Describe management's role in assessing and managing climate-related risks and opportunities	Climate-Related Risks and Opportunities / Climate Risk Assessment
Strategy	TCFD-STR-a	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	Climate-Related Risks and Opportunities / Climate Risk Assessment Outcomes
	TCFD-STR-b	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	Climate-Related Risks and Opportunities / Climate Risk Assessment Outcomes
	TCFD-STR-c	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2 °C or lower scenario	Climate-Related Risks and Opportunities / Climate Risk Assessment Outcomes
Risk management	TCFD-RMA-a	Describe the organization's processes for identifying and assessing climate-related risks	Climate-Related Risks and Opportunities / Climate Risk Assessment
	TCFD-RMA-b	Describe the organization's processes for managing climate-related risks	Climate-Related Risks and Opportunities / Climate Risk Assessment
	TCFD-RMA-c	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk management	Climate-Related Risks and Opportunities / Climate Risk Assessment
Metrics and targets	TCFD-MET-a	Disclose the metrics used by the organization to assess climate-related risks and opportunities according to its strategy and risk management process	Climate-Related Risks and Opportunities GHG Emissions Energy and Climate Change Mitigation
	TCFD-MET-b	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	GHG Emissions
	TCFD-MET-c	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	No specific targets have been defined to date

GRI Content Index

StarragTornos has reported the information cited in this GRI content index from January 1 to December 31, 2025, with reference to the GRI standards.

All references listed below are included in the 2025 Sustainability Report, unless otherwise indicated.

AR = Annual Report 2025

GRI Standard (year)	Disclosure	Reference	Reason for omission and explanation
GRI 1 (2021)	**Foundation**		
GRI 2 (2021)	**General Disclosures**		
The Organization and its reporting practices			
2-1	Organizational details	AR: Strategy Report AR: StarragTornos Worldwide	
2-2	Entities included in the organization's sustainability reporting	AR: Corporate Governance Methodological Note	
2-3	Reporting period, frequency, and contact point	About This Report Methodological Note	
2-4	Restatements of information	Methodological Note	
2-5	External assurance	AR: Financial Report / Report of the Statutory Auditor	
Activities and workers			
2-6	Activities, value chain, and other business relationships	AR: Strategy Report StarragTornos Value Chain	
2-7	Employees	StarragTornos Workforce	GRI 2-7-b: Information not disclosed, breakdown by gender and region
2-8	Workers who are not employees	StarragTornos Workforce	GRI 2-8-a: External employees are not included in the calculation of company turnover.
Governance			
2-9	Governance structure and composition	AR: Corporate Governance	
2-10	Nomination and selection of the highest governance body	AR: Corporate Governance	
2-11	Chair of the highest governance body	AR: Corporate Governance	
2-12	Role of the highest governance body in overseeing the management of impacts	The Role of the Administrative, Management, and Supervisory Bodies	
2-13	Delegation of responsibility for managing impacts	The Role of the Administrative, Management, and Supervisory Bodies	
2-14	Role of the highest governance body in sustainability reporting	The Role of the Administrative, Management, and Supervisory Bodies	
2-15	Conflicts of interest	AR: Corporate Governance	
2-16	Communication of critical concerns		The Board of Directors has not been informed of any grievance cases during the reporting year.
2-17	Collective knowledge of the highest governance body	The Role of the Administrative, Management, and Supervisory Bodies	
2-18	Evaluation of the performance of the highest governance body		Information not available—The Board of Directors of StarragTornos Group has not yet implemented any self-evaluation regarding the company's ESG advancements.
2-19	Remuneration policies	AR: Remuneration Report	
2-20	Process to determine remuneration	AR: Remuneration Report	

2-21	Annual total compensation ratio		Confidential information
Strategy, policies, and practices			
2-22	Statement on sustainable development strategy	Message from the CEO and the CFO Sustainability Governance and Strategy Strategy Framework	
2-23	Policy commitments	Sustainability Governance and Strategy Strategy Framework Business Policies and Approach to Business Conduct	
2-24	Embedding policy commitments	Business Policies and Approach to Business Conduct Human Rights	
2-25	Processes to remediate negative impacts	Business Policies and Approach to Business Conduct Human Rights	
2-26	Mechanisms for seeking advice and raising concerns	Business Policies and Approach to Business Conduct	
2-27	Compliance with laws and regulations	Business Policies and Approach to Business Conduct	
2-28	Membership associations	AR: Corporate Governance	
Approach to stakeholder engagement			
2-29	Approach to stakeholder engagement	Interests and Views of Stakeholders	
2-30	Collective bargaining agreements		Information not yet available from all subsidiaries due to the recent merger
GRI 3 (2021)	**Material topics**		
3-1	Process to determine material topics	Impacts, Risks, and Opportunities Management	
3-2	List of material topics	Impacts, Risks, and Opportunities Management	
3-3	Management of material topics	See sections below	
	Material topics (Focus area) with GRI topic standard		
	Climate change		
GRI 302 (2016)	**Use of energy in daily operations**		
302-1	Energy consumption within the organization	Energy and Climate Change Mitigation	
302-3	Energy intensity	Energy and Climate Change Mitigation	
302-4	Reduction of energy consumption	Energy and Climate Change Mitigation	
GRI 302 (2016)	**Gaps in energy efficiency**		
302-4	Energy reductions from efficiency measures	Energy and Climate Change Mitigation	
GRI 302 (2016)	**Investments in renewable energy**		
302-1	Share of renewable energy	Energy and Climate Change Mitigation	
GRI 305 (2016)	**GHG emissions—raw materials & components**		
305-3	Scope 3 emissions (purchased goods and services)	GHG Emissions Climate Change Mitigation in the Value Chain	
GRI 305 (2016)	**GHG emissions—use of sold products**		

305-3	Scope 3 emissions (use of sold products)	GHG Emissions Climate Change Mitigation in the Value Chain	
GRI 305 (2016)	**Climate change mitigation**		
305-1	Energy reductions from efficiency measures	GHG Emissions Energy and Climate Change Mitigation	
305-2	Scope 2 GHG emissions	GHG Emissions Energy and Climate Change Mitigation	
305-5	Reduction of GHG emissions	Energy and Climate Change Mitigation Climate Change Mitigation in the Value Chain	
GRI 201 (2016)	**Acute physical climate risks**		
201-2	Financial implications and other risks and opportunities due to climate change	Climate-Related Risks and Opportunities	Information not available—Financial related figures not evaluated
GRI 204 (2016)	**Supply chain disruption risks**	Climate-Related Risks and Opportunities	
204-1	Procurement practices and risk management	Climate-Related Risks and Opportunities Management of Supplier Relationships Climate Change Mitigation in the Value Chain	
	Resource use and circular economy		
GRI 301 (2016)	**Consumption of natural resources**		
301-1	Materials used by weight or volume	Resource Use and Circular Economy	Information not yet centralized at the corporate level
301-2	Recycled input materials used	Resource Use and Circular Economy	Information not yet centralized at the corporate level
GRI 306 (2020)	**Waste in own operations and value chain**		
306-3	Waste generated	Resource Use and Circular Economy	
306-4	Waste diverted from disposal	Resource Use and Circular Economy	
306-5	Waste directed to disposal	Resource Use and Circular Economy	
	Own workforce		
GRI 401 (2016)	**Work-life balance policies**		
401-2	Benefits and work-life balance practices	Policies and Commitments for Own Workforce	
GRI 403 (2016)	**Occupational health and safety**		
403-2	Hazard identification, risk assessment, and incident investigation	Employee Health and Safety	
403-5	Worker training on occupational health and safety	Employee Health and Safety	
403-9	Work-related injuries	Employee Health and Safety	GRI 403-9a–d: limited or unavailable information on non-employees as these KPIs have not yet been centralized across all subsidiaries
403-10	Work-related ill health	Employee Health and Safety	GRI 403-9a–d: limited or unavailable information on non-employees as these KPIs have not yet been centralized across all subsidiaries
GRI 401 (2016)	**Workforce stability**		

401-1	Employee turnover	StarragTornos Workforce	
GRI 404 (2016)	**Developing future talent**		
404-2	Skills development programs	Talent and Development	
GRI 404 (2016)	**Continuous skills development**		
404-1	Training hours per employee	Talent and Development	
	Workforce in the supply chain		
GRI 408 (2016)	**Child labor**		
408-1	Operations and suppliers at significant risk for incidents of child labor	Human Rights	
GRI 409 (2016)	**Forced or Compulsory Labor**	Human Rights	
409-1	Operations and suppliers at significant risk for incidents of forced labor	Human Rights	
GRI 414 (2016)	**Supplier Social Assessment**		
414-1	New suppliers that were screened using social criteria	Human Rights Management of Supplier Relationships	
414-2	Negative social impacts in the supply chain and actions taken	Human Rights Business Policies and Approach to Business Conduct	
GRI 204 (2016)	**Procurement Practices**		
204-1	Proportion of spending on local suppliers	Management of Supplier Relationships	
	Customers and end-users		
GRI 418 (2016)	**Relationship with customers**		
418-1	Customer privacy complaints	Customers and End-Users	
GRI 203 (2016)	**Digital and data-driven innovation**		
203-2	Indirect economic impacts	Customers and End-Users	
GRI 416 (2016)	**Commitment to end-user safety**		
416-1	Product health and safety	Customers and End-Users	
416-2	Incidents of non-compliance		In 2025, no incidents of non-compliance were reported.
	Business conduct		
GRI 205 (2016)	**Corporate values and policies**		
205-1	Corruption risk assessment	Business Policies and Approach to Business Conduct	
205-3	Confirmed incidents of corruption	Business Policies and Approach to Business Conduct	
GRI 204 (2016)	**Supplier relationship**		
204-1	Proportion of spending on local suppliers	Management of Supplier Relationships	
GRI 419	**Compliance-related transition risks**		
419-1	Non-compliance with laws and regulations	Business Policies and Approach to Business Conduct Responsible Data Management	
	Non-material topics		
	Data security and safety		
GRI 418 (2016)	**Customer privacy**		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Responsible Data Management	In 2025, no complaints from external parties regarding customer privacy were recorded.

Glossary

CO	Swiss Code of Obligations
CO_2e	CO_2 equivalent
CRA	Cyber Resilience Act (EU)
DDTrO	Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour
DETEC	Federal Department of the Environment, Transport, Energy and Communications
DMA	Double materiality analysis
DPO	Data Privacy Officer
EMCD	Electromagnetic Compatibility Directive (2014/30/EU)
EMS	Environment management system
ESG	Environment Social Governance
ESRS	European Sustainability Reporting Standards
FTE	Full-time equivalent
GDPR	General Data Protection Regulation
GEA	Gender Equality Act
GHG	Greenhouse gas
GRI	Global Reporting Initiative – an NGO that produces the most widely used sustainability reporting standards in the world (GRI Standards)
HMI	Human-machine interface
ILO	International Labour Organization
IPCC	Intergovernmental Panel on Climate Change
IROs	Impacts, risks, and opportunities
ISMS	Information security management system
ISO	International Standard Organization
KIG	Federal Act on Climate Protection Targets, Innovation and Strengthening Energy Security (“Klima- und Innovationsgesetz”)
KIV	Climate Protection Ordinance (“Klimaschutz-Verordnung”)
KPI	Key performance indicator
kWh	Kilowatt hour
kWp	Kilowatt peak
LCA	Life cycle analysis
Lean	Systematic approach to optimizing efficiency by minimizing waste and maximizing value for the customer
LVD	Low Voltage Directive (2014/35/EU)
MaaS	Machine as a service
MEM	Machinery, electrical engineering and metals
MWh	Megawatt hour
nFADP	New Federal Act on Data Protection
OECD	Organisation for Economic Co-operation and Development
PVO	Procurement volume of orders or purchase volume
REACH	EU Regulation (EC 1907/2006) on Registration, Evaluation, Authorization and Restriction on Chemicals
RFP	Request for proposal
RoHS	Restriction of Hazardous Substances—EU Directive 2015/863
SA 8000	International standard from Social Accountability International (SAI) for the improvement of working conditions
SDGs	Sustainable Development Goals of the United Nations
SSP	Shared Socioeconomic Pathways
Swissmem	Association for Switzerland's mechanical and electrical engineering industries (MEM industries) and related technology-oriented sectors
TCFD	Task Force on Climate-Related Financial Disclosures
UDHR	Universal Declaration of Human Rights
UNGC	United Nations Global Compact
UNICEF	United Nations International Children’s Emergency Fund
VDMA	Verband Deutscher Maschinen- und Anlagenbau e. V. (German Mechanical Engineering Industry Association)
VDW	Verein Deutscher Werkzeugmaschinenfabriken (German machine tool builders’ association)
WEEE	Waste electrical and electronic equipment
WHG	Wasserhaushaltsgesetz (Water Resource Act)
3TG	Tin, Tantalum, Tungsten, Gold

Corporate Governance

Corporate Structure, Participation Structure and Shareholders

Board of Directors

Michael Hauser, Chairman
Christian Androschin
Till Fust
Bernhard Iseli
Adrian Stürm

Executive Board

CEO
Martin Buyle

Division CEO Starrag
Martin Buyle

Division CEO Tornos
Jens Thing

CFO
Markus Jäger

Operational Group Structure

StarragTornos Group AG
Rorschacherberg/CH

- **Tornos AG**, Moutier/CH
  - **Tornos Technologies Deutschland GmbH**, Heimsheim/DE
  - **Tornos Technologies Iberica SA**, Granollers/ES
  - **Tornos Technologies Italia Srl**, Rho/IT
  - **Tornos Technologies Poland Sp. z o.o.**, Katy Wroclawskie/PL
  - **Tornos Technologies France SAS**, St-Pierre-en Faucigny/FR
  - **Tornos Technologies U.S. Corp.**, Des Plaines/USA
  - **Tornos Technologies Asia Limited**, Hong Kong City/CN
  - **Tornos Technologies (Thailand) Co. Ltd.**, Bangkok/THA
  - **Tornos Technologies (Shanghai) Co. Ltd.**, Shanghai/PRC
  - **Tornos (Xi'an) Machine Works Co. Ltd.**, Xi'an/CN
  - **Tornos (Taichung) Machine Works Ltd.**, Taichung/TW
  - **Tornos (Milan) Machine Works Srl**, Rho/IT
  - **Tornos Technologies Brazil LTDA**, São Paulo/BR
- **Starrag AG**, Rorschacherberg/CH
  - **Starrag Group Holding GmbH**, Chemnitz/DE
    - **Starrag GmbH**, Chemnitz/DE
    - **Starrag Technology GmbH**, Mönchengladbach/DE
      - **Starrag S.A.S**, Saint Etienne/FR
      - **Starrag Service Center GmbH & Co. KG**, Ichtershausen/DE
      - **Scharmann GmbH**, Mönchengladbach/DE
    - **Starrag Grundstücks-vermietungsgesellschaft mbH**, Mönchengladbach/DE
    - **Starrag Vermietungs-Servicegesellschaft mbH**, Mönchengladbach/DE
  - **Starrag India Private Limited**, Bangalore/IN
  - **Starrag Vuadens SA**, Vuadens/CH
  - **Starrag USA Inc.**, Hebron/USA
  - **Starrag Group Holdings Ltd.**, Birmingham/UK
    - **Starrag UK Ltd.**, Birmingham/UK
    - **Toolroom Technology Ltd.**, Haddenham/UK
  - **Starrag (Shanghai) Co. Ltd.**, Shanghai/PRC
  - **Starrag Makina Ticaret ve Servis Ltd.**, Ankara/TR *in process of liquidation*
  - **Starrag RU Ltd.**, Moskau/RU *in process of liquidation*
  - **Starrag Italia Srl**, Rivoli/IT
  - **Starrag Mexico, S.de R.L. de C.V.**, San Pedro Garcia/MX

Details of share capital and the equity interest held are given in the consolidated financial statements on pages 117 and 138 of this Annual Report.

The registered shares of StarragTornos Group AG (hereafter referred to as the “company”) are traded at the SIX Swiss Exchange (securities number 236106, ISIN CH0002361068, ticker STGN). The market capitalization on December 31, 2025 was CHF 162.3 million.

Shareholders

There were 2,037 shareholders registered in the company's share register on December 31, 2025, who held the following numbers of shares:

More than 100,000 shares	▸ 5 shareholders
10,001 to 100,000 shares	▸ 23 shareholders
1,001 to 10,000 shares	▸ 200 shareholders
1 to 1,000 shares	▸ 1,809 shareholders

354,963 shares or 6.5% were not registered in the share register on December 31, 2025 (cleared shares).

The company knows significant shareholders with more than 5% of voting rights as of December 31, 2025, as follows:

- Heirs of Walter Fust, Switzerland
  2,846,564 shares, 52.11%
- Eduard Stürm AG, Goldach, Switzerland
  311,079 shares, 5.69%
- Michel Rollier, Le Landeron / RIM Holding SA, Le Landeron, Switzerland
  302,209 shares, 5.53%

We have received the following disclosure notifications during the 2025 financial year in accordance with Art. 20 of the Swiss Federal Act on Financial Infrastructures.

- 06.05.2025: Heirs of Walter Fust, Switzerland, 52.11%

More detailed information regarding the above-mentioned or earlier publications are available on the website of the SIX Swiss Exchange’s Disclosure Office: https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/

The company is not aware of any agreements between shareholders.

Cross-Shareholdings

There are no cross-shareholdings.

Capital Structure

Ordinary Share Capital

The company's issued share capital amounts to CHF 46,436,528.50 and is split into 5,463,121 fully paid-in registered shares with a nominal value of CHF 8.50 each.

Authorized Share Capital

There was no authorized capital of Swiss companies adopted prior to January 1, 2023.

Capital Band

There is no capital band.

Conditional Share Capital

The share capital can be increased by up to CHF 595,000 by issuing a maximum of 70,000 fully paid-up registered shares with a par value of CHF 8.50 each to employees, freelance employees and members of the Board of Directors and Executive Management of the company and its Group companies by exercising the option granted to them under the employee participation plan for the Tornos Group of the former Tornos Holding Ltd., which was taken over by the company through merger. The subscription right or priority subscription right of the shareholders is excluded. The employee participation will expire on April 2026. Additional information on the employee participation plan can be found in note 25 to the consolidated financial statements.

Changes in Capital

In the last three years under report, the share capital of StarragTornos Group AG has changed as follows:

- 06.12.2023: Increase of the company's share capital from CHF 28,560,000 by CHF 17,876,528.50 to CHF 46,436,528.50 by issuing 2,103,121 fully paid-up registered shares with a par value of CHF 8.50 each to 5,463,121 fully paid-up registered shares on the occasion of the merger with Tornos Holding Ltd.

Shares

Shareholder rights of membership are stipulated in the Swiss Code of Obligations as well as in the company's Articles of Association. Each registered share with a nominal value of CHF 8.50 has one vote at the Annual General Meeting. The right to vote can only be exercised if the shareholder is registered in the company's share register as a shareholder with voting rights. Distribution of profit can be decided upon within the framework of the law by the General Meeting and can be carried out in proportion to the ordinary share capital. The company's Articles of Association are published on https://starragtornos.com (click on Articles of Association under Governance) and can be obtained from the company at any time.

Participation Certificates / Dividend-right certificates

The company has not issued any participation or profit-sharing certificates or any Dividend-right certificates.

Limitations on Transferability and Nominee Registration

In general, there are no limitations to the transfer of shares. The registration of shareholders with voting rights or beneficiaries in the share register can be denied due to the following reasons:

- if the purchaser does not, at the company's request, explicitly confirm that they have acquired and are holding the shares on their own behalf, in their own interests and for their own account.

Persons who do not expressly declare in the registration application that the shares are held for their own account (nominees) will be entered in the share register as shareholders with voting rights up to a maximum of 3% of the share capital. Above this threshold, nominees will be entered in the share register as shareholders with voting rights if the nominee in question discloses the names, addresses, nationalities and shareholdings of the beneficial owners for whose account they hold 0.5% or more of the share capital, and if the reporting obligation set out in the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FinMIA) (in the current version) is met.

The registration restrictions may be changed by resolution of the General Meeting, with approval of at least two-thirds of the votes represented at the meeting.

Convertible Bonds and Options

The company has not issued convertible or exchangeable bonds, warrants, options or other securities granting rights to shares, other than certain instruments granted under the employee participation plan of the former Tornos Holding Ltd. Additional information on the employee participation plan can be found in note 25 to the consolidated financial statements.

Board of Directors

Michael Hauser
Non-executive Member of the BoD, Chairman, since 2023
Swiss and German, born 1961

Previous activities for StarragTornos, Starrag and Tornos:
- Executive Member of the BoD and CEO of StarragTornos Group AG (2023-05/2024),
- Member of the Board of Directors of Starrag Group Holding AG (2018-2023), Chairman (2020-2023)
- CEO of the Tornos Group (2011-2023)

Committees:
- Member of the Remuneration Committee

Mandates in listed companies:
- Schlatter Industries AG, Chairman of the Board (since 06.05.2025) and Chairman of the Remuneration and Compensation Committee

Mandates in non-listed companies and organizations:
- SWISSMEM: Swiss Association of Mechanical, Metal and Electrical Engineering Industries, Member of the Board
- L'Incubateur i-moutier, Chairman of the Board

Previous professional activities:
- Georg Fischer AG, Member of the Executive Board and Head of GF Agie Charmilles Division (2008–2010)
- Agie Charmilles Group, Member of the Executive Board (2000–2008),
- Mikron Technology Group, Chairman of the Milling Division (1996–2000)

Final qualification upon completion of studies:
- Degree in Business Administration (University of Mannheim)

Christian Androschin
Non-executive Member of the BoD, since 2023
Austrian, born 1967

Previous activities for Starrag and Tornos:
- Member of the Board of Starrag Group Holding AG (2022–2023)
- Consulting mandate Androschin & Partner Management Consulting GmbH

Committees:
- None

Mandates in listed companies:
- None

Mandates in non-listed companies and organizations:
- Androschin & Partner Management Consulting GmbH, Managing Director

- A&P Consulting GmbH, Managing Director
- Rhein Management AG, Member of the Board
- Hübers Beteiligungs GmbH, Member of the Board
- tmax Holding GmbH, Member of the Board

Professional activities:
- Androschin & Partner Management Consulting GmbH, Managing Partner (since 2005)

Previous professional activities:
- Roland Berger, Partner (1989–1992 and 1994–2004)
- Maho AG (1992–1994)

Final qualification upon completion of studies:
- Lic. oec. HSG (University of St. Gallen)

Till Fust
Non-executive Member of the BoD, since 2023
Swiss, born 1993

Previous activities for Starrag and Tornos:
- Member of the Board of Directors of Tornos Holding Ltd. (2019–2023)

Committees:
- None

Mandates in listed companies:
- None

Mandates in non-listed companies and organizations:
- Solarify GmbH, Managing Partner
- Solarify Holding AG, Managing Partner
- Casa Olimato AG, Member of the Board

Professional activities:
- Solarify, Co-Managing Director, Finance & Controlling

Previous professional activities:
- Solarify GmbH, Sales Manager

Final qualification upon completion of studies:
- Master’s degree in international economics (Graduate Institute Geneva)

Bernhard Iseli
Non-executive Member of the BoD, since 2023
Swiss, born 1960

Previous activities for Starrag and Tornos:
- Member of the Board of Directors of Starrag Group Holding AG (2022–2023)

Committees:
- Member of the Remuneration Committee

Mandates in listed companies:
- None

Mandates in non-listed companies and organizations:
- Krämer AG, Bassersdorf, Member of the Board
- Avintos AG, Rheinfelden, Member of the Board

Professional activities:
- scenarioC GmbH for Innovation Management, Co-Founder and Managing Partner (since 2021)

Previous professional activities:
- GF Machining Solutions AG, Managing Director Technical Unit Liechti (2019–2021) and Managing Director of the "Technical Milling" business unit (2009–2019).
- Various top management positions in companies such as Tecan (Pharma), Mathys AG (Medical) and Fritz Studer AG (Grinding Machines)

Final qualification upon completion of studies:
- Mechanical engineer HTL (Engineering School, Berne) and his postgraduate studies as an operation engineer SIB/ISZ in Zurich

Adrian Stürm
Non-executive Member of the BoD, since 2023
Swiss, born 1970

Previous activities for Starrag and Tornos:
- Member of the Board of Directors of Starrag Group Holding AG (2008–2023)

Committees:
- None

Mandates in listed companies:
- None

Mandates in non-listed companies and organizations:
- Family-owned company Eduard Stürm AG (Holding) and its subsidiaries Holz Stürm AG and Eduard Stürm Immobilien AG, Chairman

Previous professional activities:
- UBS Wealth Management Switzerland AG, Risk Management (2008–2024)
- UBS AG, Operational Risk Control and Wealth Management Controlling (2001–2008)
- Auditor with KPMG Zurich and London (1997–2000)

Final qualification upon completion of studies:
- Lic. oec. HSG (University of St. Gallen)

If not otherwise specified under "Previous activities for Starrag and Tornos" no Board member is or was a member of the management of StarragTornos Group AG or of any other StarragTornos Group company in the last three financial years up to December 31, 2025, or has or had, a significant business relationship with StarragTornos Group AG or of any other StarragTornos Group company.

Maximum Number of Permissible Mandates

The members of the Board of Directors may not hold more than 15 mandates in other companies. Of these, a maximum of five mandates may be held in companies listed on the stock exchange. The following mandates are not subject to the aforementioned limitations:

1. Mandates in companies that are controlled by the company;
2. Mandates held at the request of the company or companies controlled by it; no member of the Board of Directors or the Executive Board shall hold more than ten such mandates; and
3. Mandates in associations, charitable foundations, staff welfare foundations and associations; no member of the Board of Directors or the Executive Board may hold more than six such mandates.

Mandates are defined as mandates in comparable positions in other undertakings with commercial objects. Mandates in different legal entities that are under joint control are deemed to be a single mandate.

Election and Term of Office

The members of the Board of Directors, the Chairman of the Board of the Directors, the members of the Compensation Committee and the independent proxies are elected annually at the Annual General Meeting of the Shareholders. There are no restrictions on terms of office. The terms of office of the incumbent members of the Board of Directors are as follows:

Board of Directors	First time election	Expiry of term of office
Michael Hauser, Chairman	2018	2026
Adrian Stürm	2008	2026
Christian Androschin	2022	2026
Bernhard Iseli	2022	2026
Till Fust	(Tornos Holding Ltd.: 2019) 2023	2026

Internal Organization

The Board of Directors shall constitute itself, unless otherwise provided by law. The Chairman shall convene meetings of the Board of Directors if and when the need arises or upon the written request of any other member, at least four times a year. Except in urgent cases, callings for meetings are to be sent out five days before the meeting, stating the items for discussion.

All resolutions and summaries of the discussions must be recorded in the minutes. Minutes are to be signed by the Chairman and the Board Secretary. The Board Secretary is designated by the Board of Directors. He does not need to be Board Member of the Board of Directors. A majority of the Board of Directors must be present in order for resolutions to be validly adopted. No attendance quorum is required to determine the execution of a capital increase and to resolve the subsequent amendment of the Articles of Association. Resolutions shall be passed by a simple majority of the votes cast. In the event of a tied vote, the Chairman, who shall always cast a vote, shall have the casting vote. Resolutions can also be passed in writing by way of circular letter, provided no members request a verbal discussion of the item in question. These are to be included in the minutes.

In the reporting year, a total of seven ordinary and one extraordinary Board meetings took place, with an average duration of four hours. Three of the meetings were held by conference call. All members of the Board of Directors participated at all meetings.

The tasks and responsibilities of the Remuneration Committee are presented in the Remuneration Report (pages 92–109).

In accordance with the simplifications stated in the Swiss Code of Best Practice for Corporate Governance, the Board of Directors has decided not to appoint an audit committee. The codex implies corresponding simplifications for small and medium companies as well as for companies with active majority shareholders.

Definition of Areas of Responsibility

The Board of Directors has the overall responsibility for the management of the company as well as the supervision of the executive management. The Board of Directors has delegated most of the executive management powers to the CEO and the Executive Board. However, the Board of Directors remains responsible for tasks that legally cannot be delegated and other important business. These include in particular matters such as business strategy, approval of the annual budget, decisions with regard to acquisitions and important personnel matters.

Information and Control Instruments Vis-a-Vis the Executive Board

Executive management control is exercised primarily through regular reporting by the Executive Board to the Board of Directors, in particular by means of:

- monthly and quarterly financial reports including commentary on the corresponding key figures (order intake, sales revenues, margins, profits, investments, liquidity, capital commitment);
- regular information about market and business developments as well as important projects;
- detailed information about market and business developments at every Board meeting, which are partially attended by the CEO and CFO and by other members of the Executive Board as required

In addition, the Chairman of the Board of Directors discusses current developments with the CEO on a regular basis.

Risk Management

As a leading global manufacturer of precision machine tools, the StarragTornos Group is faced with various risks.

The most significant risks include:

- Economic environment: Weaking of strategic market segments as well as business cycles could lead to a reduction in demand.
- Development Projects: The Company faces the risk that development projects may not deliver the expected return if products fail to meet market, regulatory, or commercial requirements.
- Technological Risk: Technological challenges in project execution may result in unmet customer expectations or cost overruns.
- Product Innovation Resources: Insufficient resources for product innovation, due to capacity constraints, may delay market launches or result in an outdated product portfolio, jeopardizing development objectives.
- Credit / Bad Debt Risk: The Company is exposed to bad debts from counterparty credit risk, inconsistent accounts receivable management, or adverse political and macroeconomic conditions.
- Cost Structure Risk: An inflexible cost structure, including staffing under- or overcapacity and high fixed costs (personnel, depreciation, amortization), may reduce adaptability to cyclical fluctuations.

- Liquidity Risk: Insufficient liquidity or access to funding on unfavorable terms, caused by tied-up capital in inventories, investments, or delayed receipts, may hinder payment obligations and operational financing.
- Foreign Exchange Risk: Fluctuations in foreign currency rates may cause exchange losses affecting assets, liabilities, revenues, or expenses.
- Shareholder Structure Risk: Changes in principal shareholders or hostile takeover attempts may disrupt customer relationships, strategic stability, and access to financing.
- IT Risk: IT system failures from power outages, fire, cyberattacks, sabotage, or cloud-based data loss may disrupt operations and compromise data integrity.

The Board of Directors and the Executive Board give high priority to the careful handling of strategic, financial and operational risks. The StarragTornos Group has a holistic risk management process which is analyzed every year by the Executive Board and the Board of Directors.

The following goals are pursued:
- systematically identifying special risks,
- establishing processes to monitor, reduce and ideally to prevent risks and
- finding the right balance between risks and opportunities

The risk management system is based on a classic risk matrix involving the probability of occurrence and possible extent of damage (identification and classification) and includes internal instructions as well as a risk log, in which operational data as well as action planning for risk management are documented.

The Executive Board has appointed an officer to implement and moderate risk management, who reports directly to the CFO, as well as a responsible member of the Executive Board for each risk area. In the annual risk review, the risks are carefully identified, analyzed and evaluated, and appropriate measures are defined to reduce the risks. This information is documented in a comprehensive group-wide risk matrix. The implementation of the measures is monitored by the risk management officer. In business processes with recurring risks, the resolved measures are integrated as process steps in the operative processes of the daily business.

On an annual basis, the Executive Board reports on the nature, extent and assessment of significant risks and the measures taken for risk minimization to the Board of Directors. Risks in the area of accounting and financial reporting are monitored and reduced by a suitable internal control system.

Internal Auditing

In accordance with the simplifications stated in the Swiss Code of Best Practice for Corporate Governance, the Board of Directors has decided not to implement an internal audit. The codex implies corresponding simplifications for small and medium companies as well as for companies with active majority shareholders.

Executive Board

Members of the Executive Board

The Board of Directors has appointed an Executive Board and has specified its powers and responsibilities in organisational guidelines and an accompanying functional chart.

Martin Buyle
CEO and Division CEO Starrag
Austrian, born 1974

Previous activities for Starrag and Tornos:
- CEO of the Starrag Group (2023)
- Managing Director of Starrag Technology GmbH (2020–2022)

Committees:
- None

Mandates in listed companies:
- None

Mandates in non-listed companies and organizations:
- Jakob Müller AG, Member of the Board

Previous professional activities:
- Orell Füssli Holding AG, CEO (2014-2019)
- Jakob Müller AG, CEO and member of the Group Management (2009–2014, from 2013 Chairman)
- Kramer Werke GmbH, Managing Director (2005–2009)
- Roland Berger Strategy Consultants in Munich, Senior Consultant Competence Center Engineered Products/High-Tech (2002–2005)
- MTU Friedrichshafen GmbH, Development Engineer (1997–2000)

Final qualification upon completion of studies:
- Master's degree in mechanical engineering (Technical University of Vienna)
- MBA (IESE Business School)

Jens Thing
Division CEO Tornos
Swiss and Danish, born 1964

Previous activities for Starrag and Tornos:
- CSO of the Tornos Group and member of the General Management (2020–2023)

Committees:
- None

Mandates in listed companies:
- None

Mandates in non-listed companies and organizations:
- None

Previous professional activities:
- Haas Automation Europe NV in Brussels, Managing Director (2014–2020)
- Agie Charmilles Management Ltd. in Geneva, Head of Global Marketing (2008–2011) and Head of Business Unit Services and Group Management member (2011–2014)
- Mikron Agie Charmilles Ltd. in Nidau, Head of Marketing and Sales Support Milling (2000–2008)
- Mikron Ltd. in Hannover, Managing Director (1994–2000)
- Mikron Ltd. in Nidau, Regional Sales Manager (1987–1994)

Final qualification upon completion of studies:
- Executive Master of Business Administration (MBA) degree from the University of Toronto (Canada), the University of St. Gallen (Switzerland), and the Rotman School of Management (Canada)

Markus Jäger
Chief Financial Officer
Austrian and Liechtenstein, born 1962

Previous activities for Starrag and Tornos:
- Senior Controller Starrag Division (03–09/2024)

Committees:
- None

Mandates in listed companies:
- None

Mandates in non-listed companies and organizations:
- Jäger Markus Consulting GmbH, Schaan, Liechtenstein

Previous professional activities:
- Jäger Markus Consulting GmbH in Schaan, Managing Partner (from 2024 and onwards)
- University of Liechtenstein in Vaduz, Rector and Executive Director (2019–2023)
- VAT AG in Haag, Head of Controlling, Treasury and Accounting (2015–2019)
- SFS Services AG in Heerbrugg, Head of Corporate Controlling (2008–2015)
- Briggs & Stratton AG in Freienbach, CFO and Director Distribution (2004–2007)
- Hilti Group Liechtenstein and United States, Corporate Finance and various Controlling positions (1990–2004)

Final qualification upon completion of studies:
- Master's degree in Social and Economic Sciences (University of Innsbruck)
- Executive Management programs at Thunderbird School of Global Management, Phoenix AZ (United States), University of Zurich (Switzerland) and IMD Lausanne (Switzerland)

Maximum Number of Permissible Mandates

The members of the Executive Board may not hold more than 3 mandates in other companies, The following mandates are not subject to the aforementioned limitations:

1. Mandates in companies that are controlled by the company;
2. Mandates held at the request of the company or companies controlled by it; no member of the Board of Directors or the Executive Board may hold more than ten such mandates; and
3. Mandates in associations, charitable foundations, staff welfare foundations and associations; no member of the Board of Directors or the Executive Board may hold more than six such mandates.

Mandates are defined as mandates in comparable positions in other undertakings with commercial objects. Mandates in different legal entities that are under joint control are deemed to be a single mandate.

Acceptance of mandates/appointments outside the StarragTornos Group by members of the Executive Board requires prior approval by the Board of Directors.

Management Contracts

There are no management contracts with companies outside the StarragTornos Group.

Compensation, Loans and Participation

Information on compensation and loans are specified in the Remuneration Report (pages 92–109) and information regarding participation can be found in the Notes to the Financial Statement (pages 112 ff.)

Shareholders' Participation Rights

Shareholders of Swiss stock corporations have extensive participation and protective rights. The protective rights include the right to inspection and information, the right to a special audit, the right to convene a General Meeting, the right to add topics to the agenda, the right to challenge resolutions and the right to raise claims regarding responsibility.

The participation rights include, in particular, the right to participate in General Meetings, the right to express opinions and the right to vote.

Voting Rights Restrictions and Representation

There are no restrictions on voting rights for shareholders entered in the share register with voting rights. Every shareholder is entitled to be represented at the Annual General Meeting by a representative of their choice or by the independent proxy.

The Board of Directors determines the requirements for proxy and the instructions given to the independent voting representative.

Statutory Quorum

There is no statutory quorum.

Convening of the Annual General Meeting

The AGM must be held within six months of the end of our financial year (December 31), and normally takes place in April. The Board may at any time until June 30, 2028, also order that the AGM be held electronically without a venue.

Extraordinary General Meetings may be requested by the Board, the external auditor, or shareholders representing at least 3% of the share capital. A notice convening a General Meeting must be sent in writing or by electronic message to shareholders at least 20 days before the scheduled date of the General Meeting.

Additions to the Agenda

The notice convening a General Meeting shall state the agenda items and the motions of the Board of Directors as well as any proposals by shareholders who have duly requested that a General Meeting be called or that an item be included in the agenda. Shareholders representing at least 0.5% of the share capital can request the addition to the agenda of an item to be discussed. Such inclusion must be requested in writing at least 40 days prior to the next scheduled General Meeting, specifying the agenda items to be discussed and shareholder proposals to be voted on.

Registrations in the Share Register

The key date for the registration of registered shareholders in the share register with regard to attendance of the General Meeting will be set on a date about 10 days before the General Meeting.

Changes in Control and Defense Measures

Obligation to Make an Offer

There are no statutory regulations regarding “opting out” and “opting-up” which differ from law.

Clauses on Changes in Control

There are no clauses on changes in control.

Auditors

Duration of the Mandate and Term of Office of the Auditor in Charge

PricewaterhouseCoopers AG, St. Gallen, has been the statutory and consolidated financial statement auditor since 1981. They are elected for a term of office of one year by the General Meeting. The auditor in charge, Oliver Kuntze, was first assigned the auditing mandate with the auditing of the 2019 financial statements. The rotation rhythm of the leading auditor corresponds to the maximum duration of seven years legally applicable for Swiss companies.

Audit Fees

PricewaterhouseCoopers invoiced the StarragTornos Group CHF 0.551 million in the 2025 financial year for services in connection with auditing the annual statements of StarragTornos Group AG and the Group companies (Starrag and Tornos), as well as the consolidated statements of the StarragTornos Group.

Additional Audit Fees

During the 2025 financial year, PricewaterhouseCoopers invoiced additional fees totaling CHF 0.059 million. These costs were primarily incurred in connection with review services.

Supervisory and Control Instruments Pertaining to the Auditors

The external audit is supervised by the Board of Directors. The Board of Directors assesses the audit plan, the audit scope, the audit and the results of the audit. The auditor’s report significant findings directly to the Board of Directors. In the reporting year, the auditor in charge attended one meeting of the Board of Directors. At this meeting, the audit plan, scope, and results of the audit, as well as other important aspects of auditing were discussed.

Information Policy

The company informs its shareholders and the capital market in an open and timely fashion and with the highest possible levels of transparency. The most important information tools are the Annual and Half-year Reports, the www.starragtornos.com website, media releases, presentations for the media and analysts and the Annual General Meeting.

As a company listed on the stock exchange, the StarragTornos Group AG is required to disclose information relevant to the share price in accordance with the ad hoc publicity guidelines of the listing regulations of the SIX Swiss stock exchange. Any interested party can register at www.starragtornos.com/en/e-mail-distribution/subscribe/ to receive potential information relevant to the share price directly from the company via the e-mail distribution list.

Calendar

17.04.2026
Annual General Meeting 2026 in Rorschach, Switzerland

24.07.2026
Publication of Half-year Report 2026

29.01.2027
Sales and order situation 2026

15.03.2027
Annual Report 2026, Media and Analysts' Conference

23.04.2027
Annual General Meeting 2027 in Rorschach, Switzerland

The information mentioned will be published on our website www.starragtornos.com as far as possible.

Official announcements and invitations will be sent by post or electronically to shareholders using the addresses recorded in the share register. Public announcements prescribed by law are made by publication in the Swiss Official Gazette of Commerce.

Trading blackout periods

General trading restrictions

Purchase and sale of share of StarragTornos Group AG and corresponding financial instruments is prohibited for members of the Board of Directors, members of the Executive Board, members of the Division Management and employees of the accounting departments in Rorschacherberg, Moutier, Vuadens, Chemnitz, and Mönchengladbach from the beginning of the year until the publication of the Annual Report and from July 1 until the publication of the Half-year Report.

Special trading blackout periods

Both the Chairman (or the Vice-Chairman if the Chairman is prevented from attending or is absent) and the CEO are entitled in individual cases to set additional trading blackout periods for individual persons and to designate those persons who must comply with them. These trading blackout periods must be observed regardless of the personal assessment of their necessity and duration.

Contact
Markus Jäger, CFO
+41 71 858 81 11
investor@starragtornos.com

Remuneration Report

This report sets out the principles, programs, and governance framework for the remuneration of the Board of Directors and members of the Executive Board of the StarragTornos Group. In addition, the report contains detailed information on the remuneration programs and remuneration paid to the Board of Directors and to the Executive Board for the 2025 financial year.

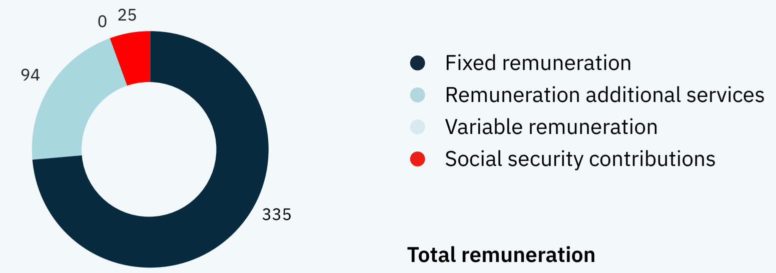
The report was prepared in accordance with the provisions of the Swiss Code of Obligations, which defines the regulations on remuneration for public listed companies, as well as with the provisions set forth in the Directive on Information relating to Corporate Governance issued by SIX Swiss Exchange AG and the Swiss Code of Best Practice for Corporate Governance. The report refers to the Articles of Association of the StarragTornos Group.

1 Remuneration at a Glance

1.1 Remuneration of the Board of Directors

The total remuneration of the Board of Directors (BoD), consisting of six members until the Annual General Meeting (“AGM”) on April 17, 2025, were composed as follows for the reporting period. The variable compensation of the Board of Directors is paid out after the AGM of the following year provided that the business results for the year in question allow for such payment.

Total remuneration BoD 2025 financial year
CHF 1 000

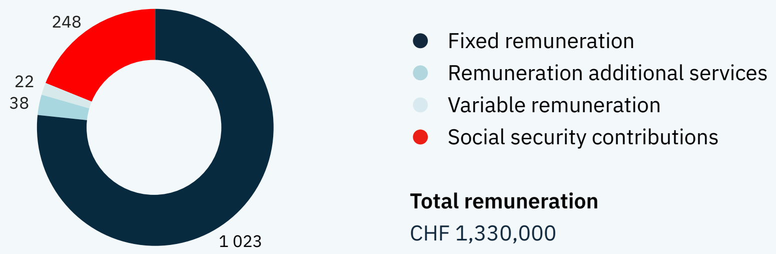


Total remuneration
CHF 454,000

1.2 Remuneration of the Executive Board

During the first quarter of the reporting year, the Executive Board consisted of four members: Martin Buyle, Jens Thing, Stéphane Pittet, and Markus Jäger. Markus Jäger was appointed Chief Financial Officer (CFO) and became a member of the Executive Board effective October 1, 2024. Following the departure of Stéphane Pittet at the end of February 2025, the Executive Board consisted of three members for the remainder of the reporting year.

Total remuneration Executive Board 2025 financial year
CHF 1 000



Total remuneration
CHF 1,330,000

2 Governance Framework for Remuneration

2.1 Involvement of shareholders

Over recent years, shareholders have assumed an increasingly important role in remuneration matters. In particular, the AGM approves the Articles of Association and their remuneration-related provisions (§ 17a-17e), which are available in the “Governance” section of the StarragTornos Group website. In accordance with § 13 of the Articles of Association, the AGM has the following powers with respect to remuneration:

- Election and dismissal of members of the Remuneration Committee (section 3)
- Approval of the remuneration of the Board of Directors and the Executive Board (section 10)

The AGM approves the maximum aggregate compensation of the Board of Directors for the period until the next AGM as well as the maximum aggregate compensation of the Executive Board for the financial year following the AGM. The Board of Directors may submit deviating or additional proposals to the AGM for the same or a different period for approval (§ 17 para. 4 of the Articles of Association).

Pursuant to § 17 para. 6 of the Articles of Association, an additional amount is available for members of the Executive Board who are appointed after the approval of the maximum total remuneration. In accordance with Art. 735a of the Swiss Code of Obligations, this additional amount corresponds to 40% of the approved total amount for the Executive Board.

Pursuant to Art. 735 para. 3 section 4 of the Swiss Code of Obligations and § 17b para. 8 of the Articles of Association, the Board of Directors submits the Remuneration Report to the AGM for a consultative vote on an annual basis.

Pursuant to § 17 of the Articles of Association, loans and credits granted by the Company to a member of the Executive Board, as well as guarantees or other forms of security, may not exceed three times the annual salary of the respective member of the Executive Board.

Pension benefits for members of the Board of Directors and the Executive Board are provided exclusively under domestic and foreign pension plans, or comparable plans, of the Company or its Group companies. Benefits for the insured persons and the employer contributions arise from these plans and the respective regulations.

2.2 Remuneration Committee

2.2.1 Organization and tasks

In accordance with § 17 of the Articles of Association, the Remuneration Committee consists of one or more members. The members of the Remuneration Committee are individually elected by the AGM for a term of office ending at the conclusion of the next AGM. At the AGM held on April 17, 2025, Michael Hauser and Bernhard Iseli were elected as members of the Remuneration Committee, with Michael Hauser serving as Chairman.

The Remuneration Committee meets as often as business requires. In the year under review, the Remuneration Committee held several meetings, both via video conference and in person. The tasks and responsibilities of the Remuneration Committee include the following:

- Preparation and periodic review of the remuneration policy and principles of StarragTornos
- Review of the remuneration system and the resulting compensation paid to the Executive Board, in compliance with the Articles of Association
- Annual review of the individual remuneration of the CEO, the members of the Board of Directors, and the members of the Executive Board, including regular remuneration benchmarking
- Review, adaptation, and approval of the performance assessment of the CEO and the other members of the Executive Board
- Preparation of all relevant decisions of the Board of Directors relating to remuneration of the members of the Board of Directors and the Executive Board, and discussion of the Remuneration Report with the external auditors

As required, the Remuneration Committee consulted with the Chairman of the Board of Directors, the CEO, the CFO, and the Head of Human Resources. The Committee may also invite other individuals as appropriate. The CEO does not participate in the meeting when his own remuneration is under discussion.

The Remuneration Committee reports on its activities at each meeting of the Board of Directors and submits the corresponding proposals to the Board of Directors.

The table below summarizes the decision-making powers for the most important remuneration-related topics as stipulated by the Articles of Association and the Organizational Regulations of StarragTornos:

Decision-making powers	CEO	Remuneration Committee	Board of Directors	Annual General Meeting
Topic				
Remuneration policy		proposes	approves	
Maximum total remuneration of the Board of Directors		proposes	proposes	approves (binding vote)
Individual remuneration of the members of the Board of Directors		proposes	approves	
Maximum total remuneration of the Executive Committee		proposes	proposes	approves (binding vote)
Individual remuneration and terms of employment of the CEO		proposes	approves	
Individual remuneration and terms of employment of the members of the Executive Committee	proposes	proposes	approves	
Remuneration Report		proposes	approves	approves (consultative vote)

The Board of Directors is responsible for approving the actual remuneration of the individual members of the Board of Directors and the Executive Board within the limits of the maximum remuneration approved by the AGM.

2.2.2 Focus topics in the reporting year

In the reporting year, the Remuneration Committee held five meetings in accordance with a predefined annual schedule focusing on the following topics:

Review of the remuneration strategy, policy, and governance
Proposal to the Board of Directors on the remuneration policy for members of the Board of Directors and of the Executive Board
Preparation of proposals to the AGM on the maximum total remuneration of the Board of Directors and Executive Board for the attention of the Board of Directors
Preparation of the Remuneration Report for approval by the members of the Board of Directors

Remuneration of the Board of Directors
Proposal for remuneration for the next term of office

Remuneration of the Executive Board
Setting of management KPIs and objectives
Benchmark studies related to the remuneration matrix

3 Remuneration System and Elements

3.1 Remuneration of the Board of Directors

3.1.1 Principles of the remuneration policy

The remuneration of the Board of Directors is determined with reference to prevailing market conditions and the scope of their respective responsibilities.

The structure and level of the Board of Directors' remuneration are reviewed periodically based on publicly available benchmarking data from comparable Swiss-listed companies. Peer companies are defined as globally active companies of similar size in terms of market capitalization, revenue, number of employees, and operational complexity. No such benchmarking review was conducted during the reporting year.

3.1.2 Remuneration matrix

+ Fixed remuneration
+ Remuneration additional services
+ Variable remuneration
+ Social security contributions
= Total remuneration

3.1.3 Description of remuneration elements

Fixed remuneration

The annual base fee in cash is CHF 130,000 for the Chairman of the Board of Directors and CHF 50,000 for the remaining members. The fees are paid monthly.

Remuneration additional services

Members of the Remuneration Committee, including the Chairman, receive an additional annual fee of CHF 5,000. These additional fees, together with lump-sum expense allowances, are paid in cash annually following the AGM.

The lump-sum expense allowances amount to CHF 36,000 per annum for the Chairman of the Board of Directors and CHF 12,000 per annum for the other members of the Board of Directors.

Any other services rendered by individual members of the Board of Directors on behalf of the Board of Directors are also disclosed under this heading.

Variable remuneration
The variable performance-based compensation of the members of the Board of Directors is determined based on net profit, reduced by a preliminary interest on equity. The Board of Directors determines annually the amount of the preliminary interest, the share of each individual member of the Board of Directors in the calculation basis, and other relevant details, including payment conditions, timing of payment, and any caps on variable performance-based compensation. Provided that the budget target is fully met, the variable performance-based compensation amounts to 50% of the maximum amount of CHF 125,000.

Social security contributions
The social security contributions comprise the statutory Swiss social security contributions on the total remuneration, the employer's share of the statutory social security contributions, and lump-sum expenses. The Board of Directors' fees are not insured in the pension fund of StarragTornos.

3.2 Remuneration of the Executive Board

3.2.1 Principles of the remuneration policy

The StarragTornos Group is committed to ensuring modern, attractive, and competitive conditions of employment, and pays variable salary components to the members of the Executive Board and Division Management.

3.2.2 Remuneration matrix and overview of variable remuneration plans

The annual remuneration of the members of the Executive Board is comprised as follows:

+ Fixed remuneration
+ Remuneration additional services
+ Variable remuneration
+ Social security contributions
= Total remuneration

3.2.3 Description of remuneration components

Fixed remuneration
The fixed base salary is paid out monthly in cash and is based on the following factors:
- Scope and responsibilities of the respective function (job profile)
- Market value of the role (competitiveness)
- Internal peer comparisons (internal equity)
- Individual profile of the employee (skills, expertise, experience, and performance)

Variable remuneration
The Board of Directors determines the variable performance-based compensation for the members of the Executive Board based on individual, area-specific, and/or collective success components linked to consolidated results. Such success components may include, in particular order intake, net sales, operating profit (EBIT), net profit, net working capital (NWC) and other key performance indicators. The Board of Directors may also link the variable performance-based compensation to the achievement of other Company objectives. All targets are agreed in writing at the beginning of the year.

The amount of variable remuneration is determined as follows:

	CEO	Head of Division	CFO
Fixed remuneration	100%	100%	100%
Variable remuneration	100%	80%	50%
Multiplier target -> max.	1.5	1.5	1.5
Variable remuneration max.	150%	120%	75%
Total remuneration max.	**250%**	**220%**	**175%**

The financial performance measurement was based on the following key performance indicators (KPIs):
- Net sales
- Operating result (EBIT) in % of net sales
- Net working capital (NWC) in % of net sales

Based on the results achieved, the payment factor is determined for each agreed performance indicator.

Social security contributions
Members of the Executive Board are covered by statutory social security and participate in the Group's social security and pension schemes. These arrangements are designed to provide benefits for the members of the Executive Board and their dependants in the event of retirement, illness, disability, or death.

The remuneration of members of the Executive Board is insured up to a defined ceiling under the Group's regular Swiss pension fund for employees, with any additional compensation insured under a supplementary pension plan. The plan benefits exceed the statutory provisions of the Federal Act on Occupational Old Age, Survivors', and Invalidity Pension Provision (BVG) and correspond to the standard market practice among industrial companies in Switzerland.

In addition, members of the Executive Board are entitled to customary fringe benefits, including a company car and other benefits in kind. Executive Board members also receive a lump-sum expense allowance in accordance with the applicable expense regulations approved by the tax authorities.

4 Remuneration of the Board of Directors

The following tables in sections 4.1 and 4.2 list the remuneration of the individual members of the Board of Directors for 2025 (6 members) and 2024 (8 members) terms of office.

4.1 Remuneration of the Board of Directors for the 2025 term of office (audited)

					2025
CHF 1 000	Fixed remuneration	Remuneration additional services*	Variable remuneration	Social security contributions	**Total**
Total amount Board of Directors	**335**	**94**	**-**	**25**	**454**
Variable remuneration as percentage of fixed and variable remuneration			*0%*		
Walter Fust**	5	1	-	-	**6**
Michael Hauser, Chairman	130	40	-	10	**180**
Bernhard Iseli	50	17	-	4	**71**
Adrian Stürm	50	12	-	4	**66**
Christian Androschin	50	12	-	3	**65**
Till Fust	50	12		4	**66**

*Including lump-sum expense allowances
**On February 6, 2025, the StarragTornos Group had to announce the passing of its Board member and principal shareholder, Walter Fust. His remuneration for the 2025 term of office has been determined on a pro rata basis.

4.2 Remuneration of the Board of Directors for the 2024 term of office (audited)

CHF 1 000	Fixed remuneration	Remuneration additional services*	Variable remuneration	Social security contributions	2024 Total
Total amount Board of Directors	**442**	**193**	**-**	**54**	**689**
Variable remuneration as percentage of fixed and variable remuneration			*0%*		
Walter Fust	50	17	-	7	**74**
Michael Hauser, Chairman	130	36	-	15	**181**
Bernhard Iseli	50	17	-	10	**77**
Adrian Stürm	50	12	-	10	**72**
Christian Androschin	50	103	-	3	**156**
Till Fust	60	8		5	**73**
François Frôté (pro rata)	26	-	-	2	**28**
Michel Rollier (pro rata)	26	-	-	2	**28**

*Including lump-sum expense allowances.
Christian Androschin received an additional remuneration for his activities in connection with post-merger consulting services.

4.3 Development of remuneration paid to the Board of Directors

The total remuneration for the Board of Directors decreased by CHF 0.23 million in the year under review compared to the prior year. This reduction is attributable to fewer members on the Board of Directors, as well as the absence of additional service fees for other services rendered. No adjustments were made to the fees for the Board of Directors during the reporting year.

4.4 Compliance of remuneration paid to the Board of Directors

At the AGM held on April 17, 2025, a maximum amount of CHF 1.25 million was approved for the total remuneration for the Board of Directors for the period from the 2025 AGM to the 2026 AGM. The actual total remuneration of the members of the Board of Directors amounted to CHF 0.45 million (previous year: CHF 0.69 million).

The remuneration paid is in accordance with Swiss law, the provisions of the Articles of Association, and the regulations for the remuneration of the Board of Directors.

No loans or credits were granted to members of the Board of Directors or related parties during the reporting year.

5 Remuneration of the Executive Board

5.1 Remuneration of the Executive Board for the 2025 financial year (audited)

					2025
CHF 1 000	Fixed remuneration	Remuneration additional services*	Variable remuneration	Social security contributions	Total
Total amount Executive Board	**1 023**	**38**	**22**	**248**	**1 330**
Variable as percentage of the sum of fix and variable remuneration			*2%*		
Thereof:					
Martin Buyle, CEO	386	12	15	118	**531**
Variable as percentage of total remuneration			*4%*		

Remuneration is presented on a gross basis and includes the 13th month salary as well as the salary portion attributable to the company car.
Compensation for additional benefits includes lump-sum expense allowances.
The disclosed pension and social security contributions include the employer's contributions.

5.2 Disclosure of performance in the reporting year

At StarragTornos level, the pay-out factors (referring to the proportionate variable target remuneration) per performance parameter in the reporting year are as follows:

Performance indicator	Target achievement	Minimum target value pay-out factor 0%	Target value pay-out factor 100%	Maximum target value pay-out factor 150%
Net sales	88%		●	
EBIT	28%	●		
Net working capital	93%	●		

Payout factor based on consolidated Group result

The target attainment factors amount to less than 100%. The minimum target of the sales figures was overachieved, however EBIT margin, and reduction in net working capital achieved were below the respective budgets. The factors influencing these results included:

- Continuous strengthening of the Swiss franc
- Generally cautious investment activity among customers
- A weak economic situation in the DACH region
- A weak business climate in the MedTech and Luxury Goods sectors
- Reduction of OPEX costs failed to match the fall in sales
- Inventory reduction did not match the fall in sales.

The average pay-out factor for all active members of the Group Executive Board is 39.8% below the target value. This means that the variable compensation in 2025 for the members of the Group Executive Board is between 0% and 4.1% of the fixed base salary (previous year: between 4% and 56%). The total variable compensation for the Group Executive Board is 2.2% of the fixed compensation (previous year: 23.3%).

5.3 Remuneration of the Executive Board for the 2024 financial year (audited)

					2024
CHF 1 000	Fixed remuneration	Remuneration additional services	Variable remuneration	Social security contributions	Total
Total amount Executive Board	**1 537**	**71**	**467**	**357**	**2 432**
Variable as percentage of the sum of fix and variable remuneration			*23%*		
Thereof:					
Martin Buyle, CEO	346	12	60	91	**509**
Variable as percentage of total remuneration			*15%*		
Thereof:					
Michael Hauser, CEO	545	31	222	129	**927**
Variable as percentage of total remuneration			*29%*		

Remuneration is presented on a gross basis and includes the 13th month salary as well as the salary portion attributable to the company car.
Compensation for additional benefits includes lump-sum expense allowances.
The disclosed pension and social security contributions include the employer's contributions.
Michael Hauser (CEO until 31 May 2024) – Salary figures shown for the full financial year 2024 (in accordance with the employment contract)
Martin Buyle (CEO from 1 June 2024) – Salary figures shown for the full financial year 2024

5.4 Development of remuneration paid to the Executive Board

The total remuneration for the active Executive Board decreased by CHF 1.1 million in the year under review compared to the previous year. This decrease is primarily attributable to the following:

- The number of members of the Executive Board in 2025 was lower than in the prior year and as planned.
- The annual targets could not be achieved, mainly driven by the lack of sales.
- Lower figures for variable remuneration. The variable remuneration decreased by CHF 0.45 million in the year under review compared to the previous year.

5.5 Compliance of remuneration to the Executive Board

For the 2025 financial year, the active and former members of the Executive Board received total remuneration amounting to CHF 1.33 million (previous year: CHF 2.43 million). This amount was within the maximum total remuneration for the Executive Board of CHF 4.8 million approved at the AGM held on April 20, 2024.

The remuneration paid out is in accordance with Swiss law and the law of the country of employment, the provisions of the Articles of Association, and internal regulations.

On December 31, 2025, there were no open loan or credit contracts between the company and members of the Executive Board or related third parties.

6 Information on Shareholdings

6.1 Equity holdings of the members of the Board of Directors

The shareholdings of the members of the Board of Directors are verified by the external statutory auditors as part of the audit of the statutory Annual Financial Statements of StarragTornos.
The following table presents the shareholdings of the individual members of the Board of Directors and of related parties.

	Number at 31.12.2025		Number at 31.12.2024	
	Shares	Options	Shares	Options
Michael Hauser, Chairman	12 687	3 177	12 687	6 354
Walter Fust	-	-	2 846 564	-
Till Fust, Member	846	424	846	1 271
Adrian Stürm, Member	43 187	-	41 687	-

6.2 Equity holdings of the members of the Executive Board

The shareholdings of the members of the Executive Board are verified by the external statutory auditors as part of the audit of the statutory Annual Financial Statements of StarragTornos.
The table below shows the shareholdings of the individual members of the Executive Board and of related parties.

	Number at 31.12.2025		Number at 31.12.2024	
	Shares	Options	Shares	Options
Martin Buyle, CEO and Division CEO Starrag	300	-	n/a	n/a
Markus Jäger, CFO	300	-	n/a	n/a
Jens Thing, Division CEO Tornos	6 354	-	6 354	-

7 Information on Functions in other Companies and Associations

7.1 Functions of the members of the Board of Directors in other companies and associations (audited)

The table below lists all the functions of the individual members of the Board of Directors in other companies and associations that pursue an economic purpose.

In 2025	Company	Function
Michael Hauser	**Mandates in listed companies**	
	StarragTornos Group AG	Chairman of the Board
	Schlatter Industries AG	Chairman of the Board (since 06.05.2025) and Chairman of the Remuneration and Compensation Committee
	Mandates in non-listed companies and organizations	
	SWISSMEM Swiss Association of Mechanical, Metal and Electric Engineering Industries	Member of the Board
	L'Incubateur i-moutier	Chairman of the Board

In 2025	Company	Function
Christian Androschin	**Mandates in listed companies**	
	StarragTornos Group AG	Member of the Board
	Mandates in non-listed companies and organizations	
	Androschin & Partner Management Consulting GmbH	Managing Director
	A&P Consulting GmbH	Managing Director
	Rhein Management AG	Member of the Board
	Hübers Beteiligungs GmbH	Member of the Board
	tmax Holding GmbH	Member of the Board

In 2025	Company	Function
Till Fust	**Mandates in listed companies**	
	StarragTornos Group AG	Member of the Board
	Mandates in non-listed companies and organizations	
	Solarify GmbH	Managing Partner
	Solarify Holding AG	Managing Partner
	Casa Olimato AG	Member of the Board

In 2025	Company	Function
Bernhard Iseli	**Mandates in listed companies**	
	StarragTornos Group AG	Member of the Board
	Mandates in non-listed companies and organizations	
	scenarioC GmbH	Managing Partner
	Krämer AG	Member of the Board
	Avintos AG	Member of the Board

In 2025	Company	Function
Adrian Stürm	**Mandates in listed companies**	
	StarragTornos Group AG	Member of the Board
	Mandates in non-listed companies and organizations	
	Eduard Stürm AG	Chairman of the Board
	Holz Stürm AG	Chairman of the Board
	Eduard Stürm Immobilien AG	Chairman of the Board

7.2 Functions of the members of the Executive Board in other companies and associations (audited)

The table below lists all the functions of the individual members of the Executive Board in other companies and associations that pursue an economic purpose.

In 2025	Company	Function
Martin Buyle	**Mandates in listed companies**	
	StarragTornos Group AG	CEO and Division CEO Starrag
	Mandates in non-listed companies and organizations	
	Jakob Müller AG	Member of the Board

In 2025	Company	Function
Jens Thing	**Mandates in listed companies**	
	StarragTornos Group AG	Division CEO Tornos
	Mandates in non-listed companies and organizations	
	-	

In 2025	Company	Function
Markus Jäger	**Mandates in listed companies**	
	StarragTornos Group AG	CFO
	Mandates in non-listed companies and organizations	
	Jäger Markus Consulting GmbH	Managing Director

Report of the Statutory Auditor

Report of the statutory auditor to the General Meeting of StarragTornos Group AG, Rorschacherberg

Opinion

We have audited the remuneration report of StarragTornos Group AG (the Company) for the year ended 31 December 2025. The audit was limited to the information pursuant to article 734a-734f of the Swiss Code of Obligations (CO) in the tables marked 'audited' (4.1, 4.2, 5.1, 5.3, 7.1 and 7.2) on pages 101-104 and 107-109 of the remuneration report.

In our opinion, the information pursuant to article 734a-734f CO in the remuneration report (pages 101-104 and 107-109) complies with Swiss law and the Company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the remuneration report' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked 'audited' in the remuneration report, the consolidated financial statements, the financial statements and our auditor's reports thereon.

Our opinion on the remuneration report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the remuneration report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the remuneration report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the remuneration report

The Board of Directors is responsible for the preparation of a remuneration report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board

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of Directors determines is necessary to enable the preparation of a remuneration report that is free from material misstatement, whether due to fraud or error. It is also charged with structuring the remuneration principles and specifying the individual remuneration components.

Auditor's responsibilities for the audit of the remuneration report

Our objectives are to obtain reasonable assurance about whether the information pursuant to article 734a-734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this remuneration report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the remuneration report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

PricewaterhouseCoopers AG

Oliver Kuntze Licensed audit expert Auditor in charge	Kirsten Bodyl Licensed audit expert

St. Gallen, 13 March 2026

Financial Report

Consolidated Financial Statements

Financial Statements StarragTornos Group AG

Consolidated Income Statement

CHF 1 000		2025 01.01. – 31.12.	2024 01.01. – 31.12.
Net sales	1	442 086	494 056
Other operating income	2	3 810	5 860
Change in inventory of finished and unfinished goods		-16 661	-5 620
Cost of materials and components		-171 099	-207 434
Personnel expenses	3	-168 710	-183 288
Other operating expenses	4	-70 435	-76 041
EBITDA		**18 991**	**27 533**
Depreciation on tangible fixed assets	10	-11 144	-10 329
Amortization of intangible assets	11	-1 825	-1 781
Operating result (EBIT)		**6 022**	**15 423**
Financial result	5	-5 082	-2 893
Ordinary result		**940**	**12 530**
Non-operating result	6	41	2 483
Earnings before income taxes		**981**	**15 013**
Income taxes	17	4 363	-3 163
Net profit		**5 344**	**11 850**
Thereof: attributable to shareholders of the company		5 344	11 850
Earnings per share (EPS) in CHF	7	0.98	2.17
Diluted earnings per share in CHF	7	0.98	2.17

The enclosed notes are part of the consolidated financial statements.

Consolidated Balance Sheet

	CHF 1 000	31.12.2025	31.12.2024
Cash and cash equivalents		52 814	60 701
Receivables from goods and services	8, 16	132 660	113 814
Other receivables		7 466	8 456
Inventories	9	177 008	215 520
Prepaid expenses and accrued income		2 637	2 234
Total current assets		**372 585**	**400 725**
Tangible fixed assets	10	131 354	135 267
Intangible assets	11	3 526	3 066
Deferred tax assets	17	17 070	11 812
Total non-current assets		**151 950**	**150 145**
Total assets		**524 535**	**550 870**

	CHF 1 000	31.12.2025	31.12.2024
Current borrowings	12	803	36 501
Trade payables from goods and services		30 664	29 626
Other current liabilities		24 536	24 856
Current provisions	13	6 568	6 939
Current accrued liabilities and deferred income	14, 16	102 003	86 516
Total current liabilities		**164 574**	**184 438**
Non-current borrowings	12	22 404	24 471
Non-current provisions	13	24 978	25 851
Total non-current liabilities		**47 382**	**50 322**
Total liabilities		**211 956**	**234 760**
Share capital	23	46 437	46 437
Capital reserves		125 600	128 331
Retained earnings		140 542	141 342
Total shareholders' equity	15	**312 579**	**316 110**
Total liabilities and shareholders' equity		**524 535**	**550 870**

The enclosed notes are part of the consolidated financial statements.

Consolidated Cash Flow Statement

	CHF 1 000	**2025** 01.01. – 31.12.	**2024** 01.01. – 31.12.
Net profit		5 344	11 850
Depreciation and amortization of tangible fixed assets and intangible assets	10, 11	13 222	12 365
Change in non-current provisions and deferred tax assets		-6 097	-1 744
Other non-cash items		-2 138	- 60
Changes in working capital			
Receivables from goods and services	8	-16 451	-13 389
Inventories	9	35 892	16 926
Other receivables and deferred expenses		- 298	878
Trade payables		1 386	-5 998
Other current liabilities and accrued expenses and deferred income		16 974	-13 108
Cash flow from operating activities		**47 834**	**7 720**
Capital expenditure for:			
Tangible fixed assets	10	-10 614	-15 317
Intangible assets	11	-2 306	-2 613
Proceeds from disposals of fixed assets		492	3 181
Proceeds from disposals of intangible assets		16	0
Cash flow from investing activities		**-12 412**	**-14 749**
Inflows in current borrowings	12	-	18 167
Repayment of current borrowings	12	-35 667	-
Inflows in non-current borrowings	12	-	2 285
Repayment of non-current borrowings	12	-867	-
Dividend payments		-5 464	-13 658
Cash flow from financing activities		**-41 998**	**6 794**
Currency translation		-1 311	704
Net change in cash and cash equivalents		-7 887	469
Cash and cash equivalents at beginning of period		60 701	60 232
Cash and cash equivalents at end of period		**52 814**	**60 701**

The enclosed notes are part of the consolidated financial statements.

Consolidated Statement of Shareholders’ Equity

CHF 1 000	**Share capital**	**Capital reserves**	Currency translation	Goodwill/ neg. goodwill/ offset	Other reserves	**Retained earnings**	**Shareholders' equity of the company**	**Total Shareholders' equity**
01.01.2024	**46 437**	**135 160**	-16 139	-1 736	152 588	**134 713**	**316 310**	**316 310**
Net income	-	-	-	-	11 850	11 850	11 850	11 850
Share-based compensation	-	-	-	-	252	252	252	252
Currency translation	-	-	1 541	- 185	-	1 356	1 356	1 356
Dividend payment	-	-6 829	-	-	-6 829	-6 829	-13 658	-13 658
31.12.2024	**46 437**	**128 331**	-14 598	-1 921	157 861	**141 342**	**316 110**	**316 110**
Net income	-	-	-	-	5 344	5 344	5 344	5 344
Share-based compensation	-	-	-	-	50	50	50	50
Currency translation	-	-	-3 708	247	-	-3 461	-3 461	-3 461
Dividend payment	-	-2 731	-	-	-2 733	-2 733	-5 464	-5 464
31.12.2025	**46 437**	**125 600**	-18 306	-1 674	160 522	**140 542**	**312 579**	**312 579**

The enclosed notes are part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

StarragTornos Group AG is a limited company according to Swiss law, incorporated and domiciled in Rorschacherberg/SG, Switzerland. StarragTornos Group AG is the parent company of all Starrag and Tornos Group companies and therefore the ultimate holding company of the StarragTornos Group.

StarragTornos Group AG is listed on SIX Swiss Exchange (ticker symbol: STGN, security number: 236106; ISIN CH0002361068).

As of December 31, 2025, and as of the end of the prior year, the company held the following subsidiaries:

Country	Registered office	Company name	Shareholding percentage (%) 2025	2024	Currency	Share capital in local currency 1 000	Activities
Brazil	São Paulo	Tornos Technologies Brazil Ltda.	100	100	BRL	1 000	S
China	Hong Kong City	Tornos Technologies Asia Limited	100	100	HKD	10	S
	Shanghai	Starrag (Shanghai) Co. Ltd.	100	100	CNY	1 548	S
		Tornos Technologies (Shanghai) Co. Ltd.	100	100	CNY	3 420	S
	Xi'an	Tornos (Xi'an) Machine Works Co. Ltd.	100	100	CNY	25 000	P
France	St-Etienne	Starrag SAS	100	100	EUR	3 300	P, S
	St-Pierre-en-Faucigny	Tornos Technologies SAS	100	100	EUR	310	S
Germany	Chemnitz	Starrag Group Holding GmbH	100	100	EUR	4 500	H
		Starrag GmbH	100	100	EUR	5 113	P, S
	Ichtershausen	Starrag Service Center GmbH & Co. KG	100	100	EUR	77	P
	Mönchengladbach	Starrag Technology GmbH	100	100	EUR	2 500	P, S
		Starrag Grundstückvermietungsgesellschaft mbH	100	100	EUR	2 500	FS
		Scharmann GmbH	100	100	EUR	26	FS
		Starrag Vermietungs-Servicegesellschaft mbH	100	100	EUR	24	FS
	Pforzheim	Tornos Technologies Deutschland GmbH	100	100	EUR	511	S
Great Britain	Birmingham	Starrag Group Holdings Ltd.	100	100	GBP	50	H
		Starrag UK Limited	100	100	GBP	1 000	S
	Haddenham	Toolroom Technology Limited	100	100	GBP	20	P, S
India	Bangalore	Starrag India Private Limited	100	100	INR	848 351	P, S
Italy	Rho/Milan	Tornos (Milan) Works Srl.	100	100	EUR	10	P
		Tornos Technologies Italia Srl.	100	100	EUR	94	S
	Rivoli	Starrag Italia Srl.	100	100	EUR	10	S
Mexico	San Pedro Garcia	Starrag Mexico S. de R.L. de C.V.	100	100	MXN	3	S
Poland	Katy Wroclawskie	Tornos Technologies Poland Sp. z o.o.	100	100	PLN	50	S
Russia	Moscow	Starrag RU Ltd. (in liquidation)	100	100	RUB	2 000	L
Spain	Granollers	Tornos Technologies Ibérica SA	100	100	EUR	60	S
Switzerland	Moutier	Tornos Ltd.	100	100	CHF	650	P, S
	Rorschacherberg	Starrag AG	100	100	CHF	10 000	P, S
	Vuadens	Starrag Vuadens SA	100	100	CHF	487	P, S
Taiwan	Taichung	Tornos (Taichung) Machine Works Ltd.	100	100	TWD	60 250	P
Thailand	Bangkok	Tornos Technologies (Thailand) Co. Ltd.	100	100	THB	3 000	S
Turkey	Ankara	Starrag Makina Ticaret ve Servis Ltd. (in liquidation)	100	100	TRY	5	L
USA	Des Plaines	Tornos Technologies U.S. Corp.	100	100	USD	2 400	S
	Hebron	Starrag USA Inc.	100	100	USD	30	S

H—Holding, S—Sales, P—Production, FS—Financial Services, L—in liquidation

Capital management

The managed capital corresponds to the shareholders' equity shown in the consolidated balance sheet. The main objectives of capital management are to ensure the necessary financial flexibility and to optimize the capital structure in order to reduce capital costs and create additional value for shareholders and other stakeholders.

The equity base is periodically reviewed and adjusted, taking into account economic conditions and loan agreements (see note 12). In particular, the General Meeting of the shareholders passes resolutions each year on the appropriation of profits and the related dividend payments.

Business performance is measured using an internal income statement. The primary performance indicators are the operating result (EBIT) and net sales. Additionally, a balanced set of key performance indicators is regularly reported, considering the areas of liquidity, growth, and profitability.

Segment information

The StarragTornos Group is divided into two segments: Starrag division and Tornos division. The external segment reporting is based on the internal divisional reporting, which is used by Group Management and the Board of Directors for corporate management purposes.

The Starrag division consists of the business units **High Performance Systems**, responsible for the product lines Starrag, Ecospeed and Scharmann, **Horizontal Machining Systems** including Heckert, **Large Parts Machining Systems** including the product lines Dörries, Berthiez and Droop+Rein and the **Ultra Precision Machining Systems**, responsible for Bumotec and SIP. The Tornos division New Machines includes the product lines **CNC sliding-headstock Swiss-type automatic lathes**, **multi-spindle machines** and **precision machining centers** for complex parts.

Management assumptions and estimates

Estimates and assumptions are continually evaluated and are based on experience and other factors, including the expectation and assessment of future events that are considered reasonable under the prevailing circumstances. By definition, the resulting accounting estimates will rarely fully correspond to the actual subsequent outcome. The main sources of estimation uncertainties are:

Determination of net realizable values and profit shares in machine tool contracts measured using the percentage-of-completion (PoC) method

When preparing the financial statements, the StarragTornos Group continuously reviews the valuation of various balance sheet items to its regular machine tool business. In this context, assumptions must be made regarding costs for completion and realizable market prices. Should circumstances arise that change the original assumptions regarding realizable income, remaining costs, or work progress, these assumptions will be adjusted accordingly.

These adjustments may lead to adjustments affecting the net profit of the balance sheet items concerned. The carrying amounts of the relevant balance sheet items are presented in note 16 (Construction Contracts).

Legal proceedings, warranty, and other provisions
In the ordinary course of business, the StarragTornos Group may be involved in legal proceedings. Provisions for pending disputes are measured on the basis of available information based on a realistically expected cash outflow. The final outcome of such a dispute might require recognition of adjustments in provisions in the income statement (see note 13).

Income taxes
The measurement of current tax liabilities is subject to an interpretation of the tax laws in the respective countries, the suitability of which will be mostly assessed retrospectively over several financial years in the context of the final assessment and during tax audits by the tax authorities. Significant adjustments to tax expenses may result from this (see note 17).

Impairment of assets
In light of the business performance in the reporting year, in particular the ordinary result, management assessed whether indicators of impairment existed for the Group's assets. Impairment tests were performed where appropriate. The recoverable amounts were determined based on approved financial plans covering the coming years, reflecting management's expectations regarding market recovery, revenue development and margin improvements. These assumptions are subject to inherent estimation uncertainties.

Based on the impairment tests performed, no impairment losses were recognised in the reporting year.

Deferred tax assets were reviewed with regard to their recoverability based on approved financial plans and expected future taxable profits. The financial plans reflect an expected improvement in operating performance in the coming periods. Based on this assessment, management concluded that the recognised deferred tax assets remain recoverable.

Significant accounting principles

Principles of presentation
The consolidated financial statements of the StarragTornos Group have been prepared in accordance with all existing accounting and reporting recommendations of Swiss GAAP FER. Swiss GAAP FER provides a true and fair view of the financial position of the StarragTornos Group and its financial performance. In addition, the provisions of the Listing Rules of the SIX Swiss Exchange as well as Swiss accounting legislation comply with Swiss law. These consolidated financial statements have been prepared in accordance with the historical cost principle.

Financial statements are presented in Swiss Francs (CHF) unless otherwise stated and refer to December 31 for balance sheet items and to the financial year from January 1 to December 31 for items of the income statement. They include estimates and assumptions that affect the reported amounts and related disclosures. Actual results may differ from these estimates.

Changes in accounting policy and disclosure
There were no changes in accounting policy and disclosure in 2025.

Principles of consolidation

The scope of consolidation comprises the annual statements of StarragTornos Group AG and all directly or indirectly controlled subsidiaries. Assets and liabilities, as well as income and expenses, are fully included in the consolidated financial statements using the full consolidation method. All intra-group balances and transactions (income and expenses, receivables and liabilities) as well as intercompany profits on intra-group transactions and inventories are eliminated.

Capital consolidation is based on the purchase method, i.e. the acquisition costs of an acquired company are offset against the net assets measured at fair value at the time of acquisition. Any resulting goodwill is offset directly against retained earnings in shareholders' equity at the time of purchase. In note 11 of to the financial statements, the effects of a theoretical capitalization and any value impairment are presented by applying a depreciation period of five years. In the event of a possible subsequent sale, the goodwill offset against shareholders' equity at the time of the acquisition is used when determining the profit or loss related to the disposal. The earnings of acquired companies are included in the consolidated accounts as of the acquisition date.

Currency conversion

Foreign currency transactions are converted at the exchange rate of the transaction date. Outstanding foreign currency receivables and payables at balance sheet date are converted using the exchange rate of that date. The resulting exchange rate differences are recognized in the income statement. Non-monetary items are not revalued at the balance sheet date. Assets and liabilities of foreign subsidiaries are translated into CHF using the exchange rates at the balance sheet date. Annual average exchange rates are applied for the translation of the income statement. Translation differences arising from the consolidation of foreign currency financial statements are recognized directly in retained earnings.

Net sales and profit realization

Sales revenue is recognized at the transition of risks and rewards. The Group applies two different methods for revenue recognition due to the size of the machines and the production lead time.

Sales revenue from long-term construction contracts with fixed prices is recognized over time using the percentage-of-completion (PoC) method, provided that the outcome of the contract can be reliably estimated and it is probable that the related economic benefits will flow to the Group. Revenue is recognized in proportion to the stage of completion and includes a corresponding share of profit. The stage of completion is determined using the efforts expended method, measured by reference to the ratio of actual project hours incurred to date to the total estimated project hours for the respective contract. Anticipated losses on contracts are recognized immediately in the income statement. In the balance sheet, the contract value less advance payments received is reported under receivables from goods and services or accrued liabilities and deferred income from construction contracts measured using the PoC method.

Sales of goods (including machines with a short lead time) and services are recognized when the risks and rewards have been transferred to the customer, which generally occurs at the point of shipping, billing, or when services are rendered. Cash discounts and rebates granted to customers are treated as a reduction of sales.

Research and development

Research costs are expensed in the income statement as incurred. Development costs are capitalized only to the extent that the amount to be capitalized is expected to be recovered from future economic benefits. Capitalized development costs are reviewed annually for impairment. All other research and development costs are recognized in the income statement as incurred.

Income taxes

Income tax expense includes all income tax levied on the taxable profits of the Group. In particular, for withholding taxes on dividend payments of retained earnings (mainly of Group companies), provisions are recognized only if the distribution of such profits is probable. Provisions for deferred income taxes are recognized using the liability method.

This method takes into account the income tax effects of temporary differences between the intercompany and the tax-related assets and liabilities. Tax loss carryforwards are recognized in the calculation of deferred income taxes only to the extent that it is probable that sufficient future taxable profit will be available to utilize the tax loss carryforwards.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, postal cheque and bank balances as well as sight and deposit money with an original term of less than 3 months. These are valued at nominal value.

Receivables

Receivables are measured at par value. The valuation allowances are determined based on the maturity structure and identifiable credit risks of trade receivables. Receivables include the amounts from construction contracts measured using the percentage-of-completion (PoC) method, less any advance payments received.

Inventories

Inventories are generally valued at acquisition cost or at production cost or—if lower—at the net realizable value. The cost of goods comprises raw materials, direct labor, other direct costs and related production overheads based on normal operating capacity. Cash discounts from suppliers are deducted from the acquisition costs.

Inventories and allowance for obsolescence

Due to the high level of customer-specific installations for most of the production, the StarragTornos Group is recording provisions when an item has an inventory life of more than 36 months. The maximum level of provisions to be booked is 80%.

Machines held in the inventory have a 12-month grace period before impairment begins. This applies to all machines kept in stock without being used for any purpose (e.g., showroom, test cuts, parts production, etc.).

Tangible fixed assets

Tangible fixed assets are carried at acquisition costs or production cost, less depreciation recognized for business purposes. Depreciation of tangible fixed assets is calculated using the straight-line method for the estimated useful lives: buildings, 20 to 50 years, technical equipment and machinery, 4 to 12 years, IT hardware and communication equipment, 3 to 8 years. Land is not depreciated.

All gains and losses arising from the disposal of tangible fixed assets are recognized in the income statement. Expenditure for low-value assets are charged directly to operating expenses in the income statement.

Intangible assets

Goodwill, as well as negative Goodwill resulting from the acquisition of a company, is offset against retained earnings in shareholders' equity at the time of an acquisition. In note 11 of the financial statements, the effects of a theoretical capitalization and any impairment are presented assuming a depreciation period of five years.

Other intangible assets are measured at acquisition cost or production cost less amortization recognized for business purposes. These intangible assets are amortized on a straight-line basis over their estimated useful lives, which are 3 to 8 years for software and 5 to 10 years for development costs.

Leased assets

Leases for which the StarragTornos Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Plant and equipment acquired under finance leases are measured at the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Each lease payment is allocated between the liability and financial charges to achieve a constant rate on the outstanding finance balance. The corresponding lease obligations, net of financial charges, are included in interest bearing borrowings. The interest element is recognized in the income statement over the lease period. Operating lease payments are recognized as operating expenses in the income statement as incurred.

Impairment of assets

Tangible and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the asset's recoverable amount, being the higher of the asset's net selling price and value in use, is estimated. The carrying amounts of the Group's other assets, excluding inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. For tangible and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Provisions

Provisions are recognized when a legal or constructive obligation arising from a past event exists at the reporting date, the outflow of resources to settle the obligation is probable and a reliable estimate of the amount can be made. The amount of provisions is based on the expected expenditure required to settle the obligation.

Employee benefits

The professional pension arrangements for the personnel of StarragTornos Group companies are governed by the legal regulations and practices of the respective countries and differ accordingly.

The economic obligations or benefits of Swiss pension plans are determined on the basis of the financial statements prepared in accordance with Swiss GAAP FER 26 “Accounting of Pension Plans”. The economic impact of pension plans of foreign subsidiaries is determined according to the valuation methods applied locally. Employer contribution reserves and comparable items are recognized in accordance with Swiss GAAP FER 16.

The Swiss pension funds for Starrag Vuadens SA and Starrag AG are governed by the provisions of the Swiss Federal Law on Occupational Benefits. The pension funds are foundations which are legally independent of the StarragTornos Group and have reinsured the pension plans (according to the contribution plans defined by law) with an insurance company on a congruent basis. The plans are financed by employer and employee contributions, which are periodically determined such that the insurance premiums due can be financed. The Swiss pension plan for Tornos SA is jointly financed by the employer and the employees. The contributions are fixed in the plan rules.

The German companies do not maintain any professional pension plans. Staff are insured with the national pension insurance scheme of Germany. For the other countries, there are either lump-sum plans, or plans in collaboration with insurances.

Government grants

Government grants related to income are recognized in profit or loss over the periods in which the entity recognises the related expenses.

Government grants are recognized when there is reasonable assurance that the related conditions will be met and the grants will be received.

The Group may receive short-time work compensation, which is accounted for as government grants related to income and offset against personnel expenses (see note 3).

Interest bearing borrowings

Interest-bearing borrowings are recognized at nominal value.

Interest-bearing borrowings are classified on the balance sheet according to their maturity date, either as current liabilities (due within 12 months after the balance sheet date) or non-current liabilities (beyond 12 months).

Share-based compensation

The Group operates equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognized as a personnel expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares or alternatively sells treasury shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and capital reserve when the options are exercised.

The plan will not be renewed, and the options granted prior to the merger will expire in 2026 (see note 25).

Financial assets and liabilities

Financial assets are measured at market value if available, and unrealized gains and losses recognized in profit or loss. In the absence of a market value, financial assets are measured at acquisition costs less any impairment. Financial liabilities mainly comprise financial debts and operating liabilities, measured at nominal value.

To manage short-term foreign exchange fluctuations, derivative currency hedge instruments may be held. Financial instruments held for trading are recognized at market value. Changes in market value are recognized in the financial result.

The hedging of future cash flows (“cash flow hedges”), where the underlying transactions have not yet been recognized in the balance sheet, are disclosed in the notes to the financial statements, if future cash flows are highly probable.

1. Segment information

The StarragTornos Group reports net sales from the perspective of the two operating divisions, Starrag and Tornos. Both divisions are managed separately. External segment reporting is based on internal reporting by the divisions and business units, which is used by the Executive Board and the Board of Directors for corporate management purposes.

Due to potential competitive disadvantages, further segment results in accordance with Swiss GAAP FER 31/8 are not disclosed. Compared with relevant competitors in the same market segments, such disclosure would otherwise result in significantly higher transparency in terms of cost and margin structure, i.e., StarragTornos Group would disclose more detailed information on profitability than its competitors. Most relevant competitors are either companies for which no published financial information is available or large companies with broad reporting segments and diluted comparative information.

CHF 1 000	Starrag division	Tornos division	Interdivisional Material	Group
01.01. – 31.12.2025				
Net sales of goods and services	324 380	117 706	-	442 086
Interdivisonal sales	-	180	-180	-
Total net sales of goods and services	**324 380**	**117 886**	**- 180**	**442 086**
Operating profit (EBIT)				6 022
EBIT margin				1.4%
Investments in fixed and intangible assets				12 920
Depreciation/Amortization/Impairment				12 969

CHF 1 000	Starrag division	Tornos division	Interdivisional Material	Group
01.01. – 31.12.2024				
Net sales of goods and services	365 587	128 469	-	494 056
Interdivisonal sales	-	107	- 107	-
Total net sales of goods and services	**365 587**	**128 576**	**- 107**	**494 056**
Operating profit (EBIT)				15 423
EBIT margin				3.1%
Investments in fixed and intangible assets				17 930
Depreciation/Amortization/Impairment				12 110

In 2025, depreciation of buildings and installations for non-operating activities of CHF 0.253 million (2024: CHF 0.255 million) is included in the non-operating result.

Net sales of goods and services by Segment and Business Unit

Starrag division

CHF 1 000	2025 01.01. – 31.12.	2024 01.01. – 31.12.
High Performance Systems (HPS)	59 737	56 309
Horizontal Machining Systems (HMS)	59 524	76 564
Large Parts Machining Systems (LPMS)	52 440	53 340
Ultra Precision Machining Systems (UPMS)	60 407	84 207
Customer Services (CS)	92 272	95 167
Total	**324 380**	**365 587**

Tornos division

CHF 1 000	2025 01.01. – 31.12.	2024 01.01. – 31.12.
New Machine Business	80 843	89 090
Customer Services	36 863	39 379
Total	**117 706**	**128 469**

Net sales of goods and services by region

CHF 1 000	2025 01.01. – 31.12.	2024 01.01. – 31.12.
Switzerland	76 079	87 192
Europe	207 078	253 815
Asia	73 347	72 670
America	85 762	80 486
Interdivisonal sales	-180	-107
Total	**442 086**	**494 056**

Sales of goods and services are reported by geographical location in accordance with the invoice address.

2. Other operating income

Other operating income includes compensation payments from insurance companies, income from subleases and gains on the disposal of fixed assets. In 2024, Starrag USA Inc. received CHF 0.7 million under a US government program to support companies during the COVID 19 pandemic.

3. Personnel expenses

CHF 1 000	2025	2024
Wages and salaries	132 081	145 435
Pension benefit expenses	4 994	5 307
Other social benefit expenses	23 738	24 067
Restructuring costs	2 238	1 274
Other personnel expenses	5 659	7 205
Total personnel expenses	**168 710**	**183 288**

Personnel expenses include restructuring costs of CHF 2.2 million related to organizational measures implemented during the reporting year (2024: CHF 1.3 million).

Wages and salaries have been reduced by short-time work compensation of CHF 4.6 million (2024: CHF 1.5 million).

4. Other operating expenses

Other operating expenses include, in particular, travel expenses, sales expenses, administration expenses, vehicle and transport costs, expenses for premises, repair and maintenance of tangible fixed assets as well as other expenses.

5. Financial result

CHF 1 000	2025	2024
Interest income	148	176
Interest expenses	-1 350	-1 998
Currency result	-2 819	-127
Other financial expenses (net)	-1 061	-944
Total financial result	**-5 082**	**-2 893**
Thereof:		
Financial income	2 279	1 576
Financial expenses	-7 361	-4 469

6. Non-operating result

CHF 1 000	2025	2024
Income and expense from non-operating properties	41	2 483

A non-operating building with a net book value of CHF 6.1 million (2024: CHF 6.4 million) generated rental income of CHF 0.341 million (2024: CHF 0.352 million) and ancillary costs of CHF 0.299 million (2024: CHF 0.332 million). At the end of December the building is fully let.

In 2024, a non-operating sale of land property at Starrag AG in Rorschacherberg generated non-operating income of CHF 2.5 million.

7. Earnings per share

Earnings per share are calculated from net profit less share of minority interest based on the average number of shares outstanding.

Based on the net profit attributable to the shareholders of the company of CHF 5.3 million (2024: CHF 11.9 million) earnings per share (EPS) amounted to CHF 0.98 (2024: CHF 2.17). EPS per share is calculated by dividing the net profit attributable to shareholders of StarragTornos Group by the weighted average number of ordinary shares outstanding during the year.

	2025	2024
Net result attributable to equity holders of StarragTornos Group (in CHF 1 000)	5 344	11 850
Weighted average number of ordinary shares issued (in 1 000)	5 463	5 463
Basic result per share (in CHF per share)	0.98	2.17

Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potential dilutive ordinary shares. StarragTornos Group has one category of potentially dilutive ordinary shares: share options. For the share options, a calculation is performed to determine the number of shares that could have been acquired at fair value, determined as the average annual market share price of StarragTornos Group' shares, based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated in this manner is compared with the number of shares that would have been issued assuming the exercise of the share options. The StarragTornos Group currently has conditional shares capital available for issuance upon the exercise of share options.

	2025	2024
Net result attributable to equity holders of StarragTornos Group (in CHF 1 000)	5 344	11 850
Weighted average number of ordinary shares issued (in 1 000)	5 463	5 463
Adjustment for share options (in 1 000)	-	-
Weighted average number of ordinary shares for diluted earnings per share (in 1 000)	5 463	5 463
Diluted result per share (in CHF per share)	**0.98**	**2.17**

8. Receivables from goods and services

CHF 1 000	31.12.2025	31.12.2024
Trade receivables from goods and services	53 621	46 187
Receivables from construction contracts	79 039	67 627
Total receivables	**132 660**	**113 814**
Thereof:		
not due	116 695	103 905
past due < 90 days	12 795	8 585
past due >= 90 days	3 170	1 324

Receivables are stated net of value adjustments of CHF 1.3 million (2024: CHF 1.3 million).

9. Inventories

CHF 1 000	31.12.2025	31.12.2024
Raw materials and components	104 326	115 968
Work in progress	44 014	54 976
Finished products	27 336	37 522
Prepayments to suppliers	1 332	7 054
Total inventories	**177 008**	**215 520**

Inventories are stated net of value adjustments of CHF 56.7 million (2024: CHF 49.2 million).

10. Tangible fixed assets

CHF 1 000	Land and buildings 2025	Machinery and equipment 2025	Other tangible fixed assets 2025	Total 2025	Land and buildings 2024	Machinery and equipment 2024	Other tangible fixed assets 2024	Total 2024
Cost at beginning of year	161 268	49 075	18 634	228 977	157 301	44 522	14 606	216 429
Additions	428	7 368	2 818	10 614	4 061	7 292	3 964	15 317
Disposals	- 100	-6 830	-8 898	-15 828	- 658	-2 987	-	-3 645
Currency translation	-2 738	- 586	- 374	-3 698	564	248	64	876
Cost at year end	**158 858**	**49 027**	**12 180**	**220 065**	**161 268**	**49 075**	**18 634**	**228 977**
Accumulated depreciation at beginning of year	51 182	29 707	12 821	93 710	46 207	29 201	10 386	85 794
Depreciation 6	5 252	3 220	2 925	11 397	4 929	3 281	2 374	10 584
Disposals	- 94	-6 785	-8 457	-15 336	-91	-2 966	-	-3 057
Currency translation	- 473	- 262	- 325	-1 060	137	191	61	389
Accumulated depreciation at year end	**55 867**	**25 880**	**6 964**	**88 711**	**51 182**	**29 707**	**12 821**	**93 710**
Net carrying value at beginning of year	110 086	19 368	5 813	135 267	111 094	15 321	4 220	130 635
Net carrying value at year end	**102 991**	**23 147**	**5 216**	**131 354**	**110 086**	**19 356**	**5 825**	**135 267**
Fire insurance value at year end	290 122	137 209		427 331	292 059	131 987		424 046

A non-operating building with a net carrying amount of CHF 6.1 million (2024: CHF 6.4 million) generated rental income of CHF 0.341 million (2024: CHF 0.352 million) and ancillary costs of CHF 0.299 million (2024: CHF 0.332 million). At the end of December 2025, the building was fully let.

In 2025, depreciation of buildings and installations related to non-operating activities amounting to CHF 0.253 million (2024: CHF 0.255 million) is included in the non-operating result.

The StarragTornos Group owns undeveloped land with a carrying amount of CHF 1.4 million (2024: CHF 1.4 million).

11. Intangible assets

CHF 1 000	2025 Software	2025 Development cost	2025 Total	2024 Software	2024 Development cost	2024 Total
Cost at beginning of year	18 036	9 331	27 367	15 421	9 311	24 732
Additions	2 306	-	2 306	2 613	-	2 613
Disposals	-9 715	-5 737	-15 452	-41	-	-41
Currency translation	-55	-20	-75	43	20	63
Cost at year end	**10 572**	**3 574**	**14 146**	**18 036**	**9 331**	**27 367**
Accumulated depreciation at beginning of year	14 998	9 303	24 301	13 226	9 268	22 494
Depreciation	1 810	15	1 825	1 766	15	1 781
Disposals	-9 699	-5 737	-15 436	-41	-	-41
Currency translation	-50	-20	-70	47	20	67
Accumulated depreciation at year end	**7 059**	**3 561**	**10 620**	**14 998**	**9 303**	**24 301**
Net carrying value at beginning of year	3 038	28	3 066	2 195	43	2 238
Net carrying value at year end	**3 513**	**13**	**3 526**	**3 038**	**28**	**3 066**

Goodwill and negative goodwill are offset against Group shareholders' equity upon the acquisition of a subsidiary or an interest in an associated company. Assuming a useful life of five years for acquired productive companies and straight-line amortization, the theoretical capitalization of goodwill and negative goodwill would have the following impact on the consolidated balance sheet:

CHF 1 000	2025	2024
Historical costs as at January 1	**1 921**	**1 736**
Currency differences	-247	185
Historical costs as at December 31	**1 674**	**1 921**
Theoretical accumulated depreciation as at January 1	**20 200**	**24 682**
Theoretical attribution	-4 667	-4 667
Currency differences	-247	185
Theoretical accumulated attribution as at December 31	**15 286**	**20 200**
Theoretical net book value as at January 1	**-18 279**	**-22 946**
Theoretical net book value as at December 31	**-13 612**	**-18 279**

The capitalization and depreciation of goodwill and negative goodwill would have the following theoretical impacts on shareholders’ equity and Group earnings after taxes:

CHF 1 000	31.12.2025	31.12.2024
Shareholders' equity according to balance sheet	312 579	316 110
Theoretical capitalization of net book value of goodwill / neg. goodwill	-13 612	-18 279
Theoretical shareholders' equity	**298 967**	**297 831**

CHF 1 000	2025	2024
Group earnings after taxes (EAT) according to income statement	5 344	11 850
Theoretical goodwill / neg. goodwill depreciation / attribution	4 667	4 667
Theoretical Group earnings after taxes (EAT)	**10 011**	**16 517**

Previous goodwill other than the one relating to the acquisition of Tornos Group are offset against retained earnings in shareholders' equity and have been completely written off.

12. Financial liabilities/borrowings

CHF 1 000	31.12.2025	31.12.2024
Current financial borrowings	803	36 501
Non-current financial borrowings	22 404	24 471
Total financial borrowings	23 207	60 972
Thereof in:		
EUR	1 116	30 615
CHF	10 000	16 000
TWD	12 091	14 357
Average interest rate	1.9%	2.5%
Unused short-term cash credit line	86 791	76 093

Credit agreements partially contain financial covenants and other conditions under which banks are able to terminate financial liabilities which are recorded as non-current at short notice.
These financial covenants are based on key figures, resulting from EBITDA, net equity and net debt. The financial covenants were complied with in both 2025 and 2024.

As non-current borrowings, a local government-supported loan denominated in Taiwan Dollar was granted for the construction of a new factory in the Taiwan region. As of December 31, 2025, CHF 12.1 million were outstanding under this loan (2024: CHF 14.1 million). The loan bears a floating interest rate within the framework of a state-supported investment program for that local business park. For 2025, the interest rate amounted to 1.57% (2024: 1.48%). From 2026 onwards, the interest rate is expected to range between 1.5% and 1.6%. The term of the loan is 10 years. An interest subsidy of 0.7% per year is granted for a period of three years starting in 2022.

In addition, a loan facility agreement totaling CHF 15 million has been granted by a shareholder. An amount of CHF 10 million was drawn under this loan facility in 2025 (2024: CHF 10 million). The shareholder loan facility bears a fixed interest rate of 1.0%, that approximates a market rate.

The maturity schedule for non-current borrowings has developed as follows:

CHF 1 000	31.12.2025	31.12.2024
Between 1 and 2 years	10 315	10 379
Between 2 and 5 years	-	-
After 5 years	12 089	14 092
Total borrowings	**22 404**	**24 471**

13. Current and non-current provisions

	2025				2024			
CHF 1 000	Deferred income taxes	Warranty	Other Provisions	Total	Deferred income taxes	Warranty	Other Provisions	Total
Value at beginning of year	22 855	7 737	2 198	32 790	21 288	8 301	2 245	31 834
Addition	676	3 513	61	4 250	668	3 712	1	4 381
Use	-1 388	-3 478	-384	-5 250	1 544	-4 001	-60	-2 517
Release	0	-107	-	-107	-712	-316	-	-1 028
Currency translation	-74	-53	-10	-137	67	41	12	120
Value at year end	**22 069**	**7 612**	**1 865**	**31 546**	**22 855**	**7 737**	**2 198**	**32 790**
Thereof:								
Current	-	5 796	772	6 568	-	5 840	1 099	6 939
Non-current	22 069	1 816	1 093	24 978	22 855	1 897	1 099	25 851

In other provisions, pension benefit obligations with the value of CHF 1.1 million have been included (2024: CHF 1.1 million).

14. Accrued expenses and deferred income

CHF 1 000	31.12.2025	31.12.2024
Project costs	6 640	7 579
POC-valued construction contracts	58 621	41 564
Personnel	14 095	16 975
Commissions	367	675
Current income taxes	11 999	12 433
Other	10 281	7 290
Total accrued expenses and deferred income	**102 003**	**86 516**

15. Shareholders' equity

As of December 31, 2025, non-distributable reserves amounted to CHF 9.3 million (2024: CHF 9.3 million).

16. Construction contracts

CHF 1 000	2025	2024
Revenue from contracts valued using the Percentage-of-completion (PoC) method	213 141	256 876

In the reporting year, the allocation of revenue within construction contracts was reviewed. It was determined that, in the prior year, revenue disclosed under the percentage-of-completion (PoC) method included revenue attributable to organizational units that do not apply the PoC method for revenue recognition in the amount of CHF 95.9 million.

To ensure consistency and comparability with the current year presentation, the prior year construction contracts revenue disclosure (CHF 352.8 million) has been adjusted accordingly. The correction affects only the presentation within this reporting and has no impact on the consolidated income statement, balance sheet, cash flow statement, or equity.

CHF 1 000	31.12.2025	31.12.2024
Contract costs incurred and recognized profit share	199 941	230 154
Advance payments received	-179 523	-204 091
Net carrying value	**20 418**	**26 063**
Thereof:		
Receivables from goods and services	79 039	67 627
Accrued expenses and deferred income	-58 621	-41 564

17. Income taxes

CHF 1 000	2025	2024
Ordinary income before taxes	981	15 013
Expected tax rate	14.3%	14.3%
Expected income tax expenses	140	2 147
Debits/credits from prior reporting period	-2 479	694
Non-deductable expenses / non-taxable income	-319	768
Non-capitalized tax loss carry forwards	-	794
Capitalized tax loss carry forwards / def. tax assets	-4 437	-
Effects from the application of different tax rates	2 732	-1 239
Income taxes	**-4 363**	**3 163**
Thereof:		
Current income tax expenses	1 779	4 276
Deferred income taxes	-6 142	-1 113

The applicable tax rate of the municipality of Rorschacherberg, Canton of St. Gallen, the domicile of Starrag Group Holding AG, was used to calculate the expected income tax expense. Due to the volatility of the results of the various Group companies, the Group considers a tax rate of 14.3% (previous year: 14.3%) to be appropriate.

The claims for unused tax loss carry forwards have developed as follows:

CHF 1 000	2025	2024
Opening balance	12 440	12 653
Addition of loss carry forwards	2 705	2 087
Release of loss carry forwards	-	-1 015
Used loss carry forwards	-1 680	-962
Currency effects	-413	49
Thereof not activated	-	-372
Capitalized loss carry forwards	**13 052**	**12 440**
Thereof netted with deferred tax liability	-177	-628
Other temporary differences	4 195	-
Total deferred tax assets	**17 070**	**11 812**

The Group's income taxes in the reporting year comprises the following main effects:

Release of tax provisions: Resulting from settlements and completed tax audits, which did not give rise to additional tax expenses.

Property transfers: Deferred tax assets relating to property transfers of the current and prior periods were assessed in the current year. Based on the improved business performance and updated projections of future taxable profits, additional deferred tax assets were recognized.

Utilization of tax loss carry-forwards: Primarily relates to capitalized loss carry-forwards. Certain loss carry-forwards were activated in the current year based on expected future taxable profits.

The assessment involves management's judgement, particularly regarding the recognition of deferred tax assets from prior periods.

In Switzerland, China and India, tax loss carryforwards expire after a maximum period of seven years. The StarragTornos Group has unexpired tax loss carryforwards of CHF 61.3 million (2024: CHF 59.5 million), of which CHF 25.0 million (2024: CHF 36.5 million) do not expire, and CHF 26.6 million (2024: CHF 23.0 million) expire within one to seven years.

These tax loss carryforwards represent total deferred tax assets of CHF 16.8 million (2024: CHF 16.8 million), of which CHF 8.8 million (2024: CHF 8.3 million) do not expire, CHF 0.03 million (2024: CHF 3.8 million) expire within one to three years, and CHF 5.2 million (2024: CHF 1.7 million) expire within four to seven years and CHF 2.7 million after seven years (2024: CHF 3.0). In 2025, tax loss carry forwards of CHF 3.7 million (2024: CHF 5.0 million) were not recognized.

The average applicable tax rate in relation to the ordinary result, calculated on the basis of absolute values and excluding the holding company, amounts to +669.4% (2024: -28.4%). The percentage for the current year is distorted due to the low level of earnings (respectively losses incurred by certain subsidiaries) and the recognition of tax income resulting from the capitalization of tax loss carry-forwards.

18. Pension benefits

				2025				2024
CHF 1 000	Patronage funds	Employee benefit plans without surplus/ deficit	Employee benefit plans with surplus	Total	Patronage funds	Employee benefit plans without surplus/ deficit	Employee benefit plans with surplus	Total
Surplus/deficit pension benefit plan at end of year	9 261	-	-	9 261	8 030	-	-	8 030
Economic benefit at end of year	-	-	-	-	-	-	-	-
Change in economic benefit	-	-	-	-	-	-	-	-
Contributions of the period	-	4 994	-	4 994	-	5 307	-	5 307
Pension benefit expenses	-	4 994	-	4 994	-	5 307	-	5 307
Pension plans without assets		155		155		226		226

The StarragTornos Group operates various pension plans in different jurisdictions and countries for employees who qualify to participate.

Starrag's pension fund has been affiliated with the ALSA pension fund since 2022. The employee pension fund operates the occupational pension scheme for both the statutory minimum benefits (BVG) and for non-compulsory benefits. The Starrag pension fund has not undertaken any additional financial obligations towards the employee benefit institution and does not bear any investment or actuarial risks. According to the latest actuarial balance sheet of the ALSA pension fund, the economic coverage ratio (BW2) as of September 30, 2025, was 112.38% (2024: 110.61%), and the technical interest rate applied was 2.00% (2024: 2.00%). A welfare fund was established from the Starrag pension fund as of January 1, 2022. This fund had an endowment capital of CHF 9.3 million as of December 31, 2025.

Tornos employees in Switzerland are insured through the Tornos pension fund, a foundation which is legally independent from the StarragTornos Group. The pension fund provides benefits in accordance with the Law on Occupational Retirement, Survivors and Disability Pension Plans (BVG) and is equally financed by contributions of the employer and the employees. Individual benefits mainly depend on a retirement savings account. The account is credited by the employers' and employee's contributions based on the annual salary and with interest depending on the performance of the pension fund's plan assets. However, the BVG defines the minimum pensionable salary and the minimum retirement credits. The interest rate applicable to these minimum retirement savings is set by the Swiss Federal Council. In 2025, the rate was at 1.25% (2024: 1.25%). Upon retirement (at age 65 for both men and women) an individual may choose a lump-sum payment, or an annuity based on a conversion factor specified in the plan regulations. If an employee leaves the company prior to retirement, the retirement savings earned are transferred to the pension plan of the new employer. As of December 31, 2025, no employer contribution reserve exists. The information on the economic benefit as of December 31, 2025 for the Swiss-Pension Plan is based on the last annual financial statements of the Tornos pension fund preceding the balance sheet date, i.e. the financial statements as of December 31, 2024. The pension fund reported a coverage rate of 111.12% in its Swiss GAAP FER 26 financial statements 2024, resp 106.2% in the financial statements 2023.

19. Pledged assets

CHF 1 000	31.12.2025	31.12.2024
To ensure financial liabilities in the amount of the following land and buildings are mortgaged:	**27 445**	**24 782**
Net carrying value	27 445	24 782
Charge	-	-

As of December 31, 2025, the total value of mortgage notes pledged to shareholders in relation to land and buildings amounted to CHF 18.0 million (2024: CHF 18.0 million).

20. Derivative financial instruments

CHF 1 000	31.12.2025	31.12.2024
Forward currency exchange contracts: contract value	**41 558**	**30 226**
Replacement value:		
positive	1 489	-
negative	-	-738

21. Operating lease liabilities

CHF 1 000	31.12.2025	31.12.2024
Due within 1 year	3 777	3 980
Due to 2 to 5 years	5 175	5 583
Due after 5 years	1 194	1 311
Total operating lease liabilities	**10 146**	**10 874**

22. Other unrecognized obligations

The StarragTornos Group is occasionally confronted with claims for damages, which are considered a normal consequence of ordinary business activities. These claims mainly relate to warranties, property and financial damages, as well as product liability. Provisions and guarantees exist for these claims, which the StarragTornos Group assumes will cover all foreseeable risks.

23. Share capital

As of December 31, 2025, 5,463,121 (PY 5,463,121) registered shares at CHF 8.50 are issued and outstanding, which corresponds to a share capital of CHF 46,436,528.50.

24. Conditional share capital

	2025		2024	
	Number of shares	Amount (in CHF 1 000)	Number of shares	Amount (in CHF 1 000)
At beginning of year	**70 000**	**595**	**70 000**	**595**
Movement	-	-	-	-
At end of year	**70 000**	**595**	**70 000**	**595**

In 2023, a conditional share capital has been created in the amount of CHF 595,000. It is reserved for the issuance of shares that may be used to satisfy the stock option plans of the former Tornos Holding Ltd (CHE-101.020.773).

25. Stock compensation plan

In 2025, there is one stock participation plan, namely the Management and Board Participation Plan (MBP07) of the former Tornos Holding Ltd. (CHE-101.020.773). The plan will not be renewed, and the options granted prior to the merger will expire in 2026.

Compensation expense under this plan is recognized in accordance with the provisions of Swiss GAAP FER, for options over the vesting period and for shares purchased immediately, as the shares do not need to be returned in the event of termination of the employment contract. The expense recorded in the income statement spreads the cost of each option equally over the vesting period. Assumptions are made concerning the forfeiture rate, which is adjusted during the vesting period so that, at the end of the vesting period, there is only a charge for vested amounts. Compensation expense of CHF 49,429 was recorded for the year ended December 31, 2025 (2024: CHF 252,055). Compensation expense arising from stock options outstanding at December 31, 2025 to be recognized in future periods amounts to none (December 31, 2024: CHF 58,325).

Stock option program under MBP07

Each participant received, free of charge, each year starting on May 1 (for the last time in 2023) the number of options chosen, within the number of shares/options attributed by the Remuneration Committee and not used for the share purchasing program. The options vest after two years and can be exercised only in the third year. The exercise price is the weighted average price paid at the SIX Swiss Exchange within the 12 months (May 1 to April 30) preceding the allocation of the options. A possible share capital increase or reduction, or dividend payment, has no impact on the option rights pursuant to this program, as the exercise price will not be adjusted should these events take place in the future. Options not exercised generally must be returned at the time the employment contract is terminated. However, they can be exercised without any restriction in case of a change-of-control transaction. Total expenses recorded in the income statement for the year ended December 31, 2025, as part of this option program, amounted to CHF 49,429 (2024: CHF 252,055).

The fair value of the grants under the MBP07 stock option plan is estimated using the Black-Scholes valuation model.

The volatility measured is based on statistical analysis of daily share prices over the last 2.5 years.

A summary of MBP07 stock option plan as of December 31, 2025 is as follows:
17,653 stock options were outstanding, at a weighted average exercise price of CHF 54.58.

26. Related party transactions

The Group did not incur any consulting fees from related parties in 2025 (2024: CHF 94,000).

No loan or advances were granted to related parties in 2025 and 2024. As of December 31, 2025, a loan of CHF 10.0 million was granted by the main shareholder (December 31, 2024: CHF 10.0 million) in accordance with note 12.

27. Events after the balance sheet date

The consolidated financial statements were approved and released for publication by the Board of Directors on March 13, 2026. They are subject to approval by the Annual General Meeting of the shareholders scheduled for April 17, 2026.

28. Exchange rates

CHF	2025	2024
Average rates (for income statement and cashflow statement)		
1 EUR	0.9468	0.9638
1 USD	0.8421	0.8872
1 GBP	1.1068	1.1338
1 CNY	0.1170	0.1236
1 TWD	0.0270	0.0278

CHF	31.12.2025	31.12.2024
Year end rates (for balance sheet)		
1 EUR	0.9397	0.9495
1 USD	0.8004	0.9119
1 GBP	1.0777	1.1449
1 CNY	0.1146	0.1250
1 TWD	0.0255	0.0278

Report of the
Statutory Auditor

Report of the statutory auditor to the General Meeting of StarragTornos Group AG, Rorschacherberg

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of StarragTornos Group AG and its subsidiaries (the Group), the consolidated income statement for the year ended 31 December 2025, the consolidated balance sheet as at 31 December 2025, the consolidated cash flow statement and the consolidated statement of shareholders' equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 114 to 141) give a true and fair view of the consolidated financial position of the Group as at 31 December 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the consolidated financial statements' section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession that are relevant to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Our audit approach

Overview

Overall group materiality: CHF 3.2 million

The entities addressed by our full scope audit work as well as specific scope audit contribute to 86% of the Group's revenue.

As key audit matters the following areas of focus have been identified:

Recognition of construction contracts

Valuation of inventories

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall group materiality	CHF 3.2 million
Benchmark applied	Sales Revenue (net sales)
Rationale for the materiality benchmark applied	We chose sales revenue as the benchmark for determining materiality. This basis takes into account the volatility of the business environment and is a generally accepted benchmark for materiality considerations.

We agreed with the Board of Directors that we would report to them misstatements above CHF 0.32 million identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of construction contracts

Key audit matter	How our audit addressed the key audit matter

StarragTornos Group has construction contracts which are recognised in accordance with Swiss GAAP FER 22 “Long-term contracts” using the percentage of completion method (POCM). Revenue from construction contracts at fixed prices is recognised including a profit share depending on the percentage of completion. The percentage of completion is determined using the efforts-expended method.
 	
The progress of the project on the balance sheet date and the future costs incurred until completion must be estimated by management. A misstatement could have a significant impact on the result for the period (receivables from construction contracts in progress amount to CHF 79.0 million and liabilities from construction contracts in progress amount to CHF 58.6 million, see Note 16), which is why we consider the recognition of construction contracts to be a key audit matter.
 	
Please refer to page 120 (Management assumptions and estimates), page 122 (Significant accounting principles – Net sales and profit realization) and Note 16 (Construction contracts) in the notes to the consolidated financial statements.
	We performed the following audit procedures in particular to audit the accounting for construction contracts using the percentage of completion method (POCM):
	
	• We gained an understanding of the process of accounting for construction contracts and tested selected internal controls in this area.
	
	• We selected a sample of construction contracts based on sales volume, the contribution margin and the change in margin compared to the planning phase and performed the following audit procedures:
	  ○ We assessed the contract calculations to determine whether the contract terms, such as sales revenue and contractual penalties, are appropriately recognised.
	  ○ We discussed the progress of the project with the project controllers and project managers based on the current project accounting, the costs still to be incurred until completion and the margin development.

	○ We obtained written information from the Group's legal representatives. We reviewed these letters for indications of possible quality deficiencies or penalties and assessed whether the matters referred to are appropriately reflected in the consolidated financial statements. • During the audit, we inspected various machines under construction and assessed the progress of the project. • For the construction contracts concluded in the reporting year, we compared various definitive parameters with the estimates in the planning phase or with those at the last balance sheet date to be able to assess the accuracy of management's estimates in retrospect. • We checked the mathematical accuracy of the relevant analyses regarding the progress of the project, future costs and sales. • We have assessed whether the disclosures in the consolidated financial statements have been made in accordance with the provisions of Swiss GAAP FER 22 “Long-term contracts”.

Valuation of inventories

Key audit matter	How our audit addressed the key audit matter
The valuation of inventories is a key audit matter for us, as inventories of CHF 177.0 million account for a significant proportion of total assets as at 31 December 2025. Sales of industrial machinery (including services) are subject to market fluctuations. These fluctuations and the complexity of inventories - raw materials and components, semi-finished goods, spare parts and finished goods – require estimates and judgements by management when valuing inventories. In particular, the following risks exist in connection with the valuation of inventories by management: • Inventories are not measured at the lower of either standard cost or net realisable value (lower of cost or market principle).	In particular, we performed the following audit procedures to test the recoverability of inventories: • We conducted sample-based inspections to verify compliance with the lower of cost or market principle. • We performed sample-based inspections to determine whether management's calculation of valuation allowances for non-current inventories was mathematically correct and appropriate. • We assessed the intercompany profit elimination process at group level. In doing so, we verified that the inventories in the consolidated financial statements do not contain any material unrealised gains. • We have examined whether the disclosures in the consolidated financial statements have been made

- Valuation allowances for non-current inventories (obsolete or slow-moving inventories) are insufficient.

Please refer to page 123 (Significant accounting principles – Inventories and Inventories and allowance for obsolescence) and Note 9 (Inventories) in the notes to the consolidated financial statements.

in accordance with the provisions of Swiss GAAP FER 17 “Inventories”.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the remuneration report and our auditor’s reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors’ responsibilities for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements, that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website: http://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that has been designed, pursuant to the instructions of the Board of Directors, for the preparation of the consolidated financial statements.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Oliver Kuntze
Licensed audit expert
Auditor in charge

Kirsten Bodyl
Licensed audit expert

St. Gallen, 13 March 2026

Supplementary Definitions of Non-GAAP Financial Measures

The financial information in this Annual Report contains certain additional performance indicators, which are not defined by Swiss GAAP FER. These are used by management to measure the performance of the company. They may differ from similar performance measures used by other companies and should not be seen as a substitute for the Swiss GAAP FER key figures.

Order intake
Order intake includes all the orders that have been received during the reporting period for goods and services, including machines, modernization, maintenance, services, and repairs.

Order backlog
The order backlog includes all orders that have not yet been completed, net of revenue already recognized.

Currency-adjusted changes
To calculate the currency-adjusted changes, the corresponding key indicators are translated at the exchange rates of the comparative period.

EBITDA
The operating result before depreciation and amortization of fixed assets and intangible assets.

EBIT
The operating result before financial result, non-operating result and income tax expenses.

Free cash flow
The free cash flow is calculated as follows:
+ Cash flow from operating activities, net
+ Cash flow from investing activities, net

Net liquidity
The net liquidity is calculated as follows:
+ Cash and cash equivalents
– Current borrowings
– Non-current borrowings

Equity ratio
To calculate the equity ratio, the equity is divided by the total of the assets.

Return on equity ROE
To calculate the return on equity, the net profit is divided by the equity at the start of the reporting period.

Restructuring costs
Restructuring costs include costs in conjunction with strategic restructuring.

Financial Statements StarragTornos Group AG

Income Statement

CHF 1 000	2025 01.01.–31.12.	2024 01.01.–31.12.
Management fees	955	2 300
Financial income	3 270	3 959
Total financial income	**4 225**	**6 259**
Operating expenses	-1 127	-2 901
Other operating expenses	-1 512	-2 286
Amortization and value adjustments of non-current assets	-216	-431
Financial expenses	-1 571	-454
Income tax expenses	130	-68
Net income	**-71**	**117**

Balance Sheet

	CHF 1 000	31.12.2025	31.12.2024
Cash and cash equivalents		61	30
Other receivables:			
from group companies		37 363	36 396
from third parties		30	61
Prepaid expenses		28	6
Total current assets		**37 482**	**36 493**
Financial assets:			
Loans to group companies		64 023	66 126
Investments	7	209 141	209 141
Total non-current assets		**273 164**	**275 267**
Total assets		**310 646**	**311 761**

	CHF 1 000	31.12 2025	31.12 2024
Other liabilities:			
to group companies		57 340	52 634
to third parties		50	245
Accrued expenses and deferred income		327	418
Total current liabilities		**57 717**	**53 298**
Total liabilities		**57 717**	**53 298**
Share capital	8	46 437	46 437
Legal capital reserves:			
Capital contribution reserves	12	117 515	120 247
Other legal capital reserves		1 222	1 222
Voluntary retained earnings			
Retained earnings		87 825	90 440
Net income		-71	117
Total shareholders' equity		**252 928**	**258 463**
Total liabilities and shareholders' equity		**310 646**	**311 761**

Notes to the Financial Statement

Accounting principles

1. Principles of presentation

StarragTornos Group AG (the Company) is a limited company according to Swiss law, incorporated and domiciled in Rorschacherberg/SG, Switzerland. The financial statements were prepared in accordance with the provisions of the Swiss Law on Commercial Accounting defined by the Swiss Code of Obligations.

The company prepares a consolidated financial statement in accordance with the Swiss GAAP FER accounting standards. Correspondingly, the company does not prepare any additional Notes to the Financial Statement, a management report or a cash flow statement.

The main balance sheet items are accounted for as explained below.

2. Other current receivables and liabilities

Other current receivables and liabilities are carried at their nominal value. Individual value adjustments on other current receivables are recognized taking into account the maturity structure and identifiable credit risks. For the remainder, general value adjustments are created at the discretion of the Board of Directors as permitted by tax legislation.

3. Financial assets

The financial assets include long-term loans to Group companies. Loans granted in foreign currency are valued at the current year-end exchange rate, whereby unrealized losses are recognized but unrealized gains are not recognized.

4. Shareholdings

Shareholdings are reported in the balance sheet at the cost of acquisition less appropriate value adjustments for impairments that are anticipated to be permanent.

5. Currency conversion

Transactions in foreign currencies are converted into Swiss Francs at the exchange rate valid at the time of the transaction. Pursuant to the imparity principle, assets and liabilities in foreign currencies are converted into Swiss Francs at the year-end rate.

Supplementary information and explanations on the financial statement

6. Full-time employees

The company does not have any employees.

7. Voting rights

Shareholdings equal the voting rights. As of December 31, 2025, and as of the end of the prior year, the company held the following subsidiaries:

Country	Registered office	Company name	Shareholding percentage (%) 2025	2024	Currency	Share capital in local currency 1 000	Activities
Brazil	São Paulo	Tornos Technologies Brazil Ltda.	100	100	BRL	1 000	S
China	Hong Kong City	Tornos Technologies Asia Limited	100	100	HKD	10	S
	Shanghai	Starrag (Shanghai) Co. Ltd.	100	100	CNY	1 548	S
		Tornos Technologies (Shanghai) Co. Ltd.	100	100	CNY	3 420	S
	Xi'an	Tornos (Xi'an) Machine Works Co. Ltd.	100	100	CNY	25 000	P
France	St-Etienne	Starrag SAS	100	100	EUR	3 300	P, S
	St-Pierre-en-Faucigny	Tornos Technologies SAS	100	100	EUR	310	S
Germany	Chemnitz	Starrag Group Holding GmbH	100	100	EUR	4 500	H
		Starrag GmbH	100	100	EUR	5 113	P, S
	Ichtershausen	Starrag Service Center GmbH & Co. KG	100	100	EUR	77	P
	Mönchengladbach	Starrag Technology GmbH	100	100	EUR	2 500	P, S
		Starrag Grundstückvermietungsgesellschaft mbH	100	100	EUR	2 500	FS
		Scharmann GmbH	100	100	EUR	26	FS
		Starrag Vermietungs-Servicegesellschaft mbH	100	100	EUR	24	FS
	Pforzheim	Tornos Technologies Deutschland GmbH	100	100	EUR	511	S
Great Britain	Birmingham	Starrag Group Holdings Ltd.	100	100	GBP	50	H
		Starrag UK Limited	100	100	GBP	1 000	S
	Haddenham	Toolroom Technology Limited	100	100	GBP	20	P, S
India	Bangalore	Starrag India Private Limited	100	100	INR	848 351	P, S
Italy	Rho/Milan	Tornos (Milan) Works Srl.	100	100	EUR	10	P
		Tornos Technologies Italia Srl.	100	100	EUR	94	S
	Rivoli	Starrag Italia Srl.	100	100	EUR	10	S
Mexico	San Pedro Garcia	Starrag Mexico S. de R.L. de C.V.	100	100	MXN	3	S
Poland	Katy Wroclawskie	Tornos Technologies Poland Sp. z o.o.	100	100	PLN	50	S
Russia	Moscow	Starrag RU Ltd. (in liquidation)	100	100	RUB	2 000	L
Spain	Granollers	Tornos Technologies Ibérica SA	100	100	EUR	60	S
Switzerland	Moutier	Tornos Ltd.	100	100	CHF	650	P, S
	Rorschacherberg	Starrag AG	100	100	CHF	10 000	P, S
	Vuadens	Starrag Vuadens SA	100	100	CHF	487	P, S
Taiwan	Taichung	Tornos (Taichung) Machine Works Ltd.	100	100	TWD	60 250	P
Thailand	Bangkok	Tornos Technologies (Thailand) Co. Ltd.	100	100	THB	3 000	S
Turkey	Ankara	Starrag Makina Ticaret ve Servis Ltd. (in liquidation)	100	100	TRY	5	L
USA	Des Plaines	Tornos Technologies U.S. Corp.	100	100	USD	2 400	S
	Hebron	Starrag USA Inc.	100	100	USD	30	S

H—Holding, S—Sales, P—Production, FS—Financial Services, L—in liquidation

8. Share capital, conditional capital, and authorized capital

8.1 Share capital

The share capital of CHF 46.4 million consists of 5,463,121 registered shares with the nominal value of CHF 8.50 each.

8.2 Conditional share capital

	2025		2024	
	Number of shares	Amount (in CHF 1 000)	Number of shares	Amount (in CHF 1 000)
At beginning of year	70 000	595	70 000	595
Movement	-	-	-	-
At end of year	70 000	595	70 000	595

In 2025, no conditional share capital has been created/utilized (2024: CHF 0.00).

8.3 Authorized share capital

StarragTornos Group AG does not have any authorized capital.

9. Major shareholders

The following major shareholders hold more than 3% of the voting rights:

	31.12.2025	31.12.2024
Heirs of Walter Fust, Switzerland	52.11%	52.11%
Eduard Stürm AG, Goldach, Switzerland	5.69%	5.69%
Michel Rollier / RIM Holding AG, Le Landeron, Switzerland	5.53%	5.53%
Max Rössler / Parmino Holding AG, Goldach, Switzerland	3.64%	3.63%

10. Compensations

Compensations to the Board of Directors and to the Executive Board are disclosed in the Remuneration Report (pages 92–109) of the Annual Report.

11. Participations of the Board of Directors and Executive Board

	Number at 31.12.2025		Number at 31.12.2024	
	Shares	Options	Shares	Options
Michael Hauser, Chairman	12 687	3 177	12 687	6 354
Till Fust, Member	846	424	846	1 271
Walter Fust, Vice-President	-	-	2 846 564	-
Adrian Stürm, Member	43 187	-	41 687	-
Martin Buyle, CEO	300	-	-	-
Markus Jäger, CFO	300	-	-	-
Jens Thing, Division CEO Tornos	6 354	-	6 354	-

Starrag Group Holding AG did not operate a stock option plan. Therefore, no Starrag Group Holding AG options were held by Starrag Board of Directors and Executive Board as of December 31, 2022. In the course of the merger of Starrag Holding AG with Tornos Holding Ltd. it was decided that existing Tornos Holding Ltd. options held by Tornos Board of Director and Executive Board members will be converted into Starrag options. The outstanding options as of December 31, 2025, reflect the number of options as a result of the merger. No StarragTornos Group AG shares have been allocated to members of the Board of Directors and Executive Board during 2025. Further, no Starrag options, other than the ones converted as explained before, have been granted.

12. Capital contribution reserves

The reported legal capital contribution reserves at December 31, 2025 amounted to CHF 117.5 million (2024: CHF 120.2 million). The current capital contribution reserve of CHF 117.5 million is subject to approval by the Swiss Federal Tax Administration with the meaning of Article 20 (3) of the federal Income Tax Act and Article 5 (1) of the Federal Withholding Tax Act.

13. Securities for the benefit of Group companies

The total amount of securities furnished for third-party liabilities amounts to CHF 268.0 million (2024: CHF 277.1 million).

14. Contingent liabilities

The company is part of the VAT group of Starrag AG and thus jointly liable for VAT debts of the whole group to the Swiss Federal Tax Administration.

15. Events after the balance sheet date

No events occurred after the balance sheet date that would have an impact on the financial statements.

Appropriation of Retained Earnings

Proposal of the Board of Directors for the appropriation of retained earnings

CHF 1 000	2025	2024
Retained earnings	87 825	90 440
Net income	-71	117
Retained earnings	87 754	90 557
Dividend CHF 0.50 (50%), prior year CHF 0.50	-2 732	-2 732
To be carried forward	**85 022**	**87 825**

Proposal of the Board of Directors for the appropriation of legal capital contribution reserves

The Board of Directors proposes to the Annual General Meeting of April 17, 2026, to pay out a dividend of CHF 1.00, CHF 0.50 tax-free from reserves from capital contributions, and CHF 0.50 from retained earnings. Due to the applicable tax law, no more than 50% of the dividend may be distributed from tax-advantaged reserves from capital contributions.

	CHF 1 000	2025	2024
Available capital contribution reserves	12	117 515	120 247
Withholding tax free distribution CHF 0.50 per registered share (50%), prior year CHF 0.50		-2 731	-2 732
To be carried forward		**114 784**	**117 515**

Report of the Statutory Auditor

Report of the statutory auditor to the General Meeting of StarragTornos Group AG, Rorschacherberg

Report on the audit of the financial statements

Opinion

We have audited the financial statements of StarragTornos Group AG (the Company), which comprise the income statement for the year ended 31 December 2025, the balance sheet as at 31 December 2025, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 150 to 156) comply with Swiss law and the Company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession that are relevant to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall materiality: CHF 1.5 million

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

As key audit matter the following area of focus has been identified:

Impairment testing of investments in subsidiaries

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Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 1.5 million
Benchmark applied	Total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, it is a relevant benchmark for a holding company, and it is a generally accepted benchmark for holding companies.

We agreed with the Board of Directors that we would report to them misstatements above CHF 0.15 million identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment testing of investments in subsidiaries

Key audit matter	How our audit addressed the key audit matter
Investments in subsidiaries is a significant asset category on the balance sheet (CHF 209.1 million). Impairment testing of investments whose book value is greater than the book value of the underlying net assets (company's equity) requires Management to consider capitalised earnings. Doing so involves significant scope for judgement, particularly to determine the assumptions to use concerning future business results. In identifying the potential need for impairment of investments in subsidiaries, Management uses a predefined impairment testing process. Please refer to Note 4 (Shareholdings) of the notes to the financial statement.	In our audit of investments in subsidiaries, we performed the following main audit procedures: • We compared the book value of the investments in the year under review with their pro-rata share of the respective company's equity or the company's valuation, based on capitalised earnings. • We checked for plausibility the key assumptions applied by Management as well as evaluated and recalculated the valuation method. We challenged those assumption and method by comparing the results to our expectations based on our own and independent calculations. We received support of internal specialists for selected assumptions.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse’s website: http://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that has been designed, pursuant to the instructions of the Board of Directors, for the preparation of the financial statements.

Based on our audit according to article 728a para. 1 item 2 CO, we confirm that the Board of Directors' proposals comply with Swiss law and the Company’s articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Oliver Kuntze
Licensed audit expert
Auditor in charge

Kirsten Bodyl
Licensed audit expert

St. Gallen, 13 March 2026

Financial Calendar and Contact Information

Financial calendar

April 17, 2026	Annual General Meeting 2026
July 24, 2026	Half-year report 2026
January 29, 2027	Sales and orders 2026
March 15, 2027	Annual Report 2026, media and analysts’ conference 2027
April 23, 2027	Annual General Meeting 2027

Contact information

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