

Annual Report

2025



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List of abbreviations

| | |
|----------------------------|--|
| AVIC Beijing | AVIC International Beijing Company Limited, Beijing, People's Republic of China |
| AVIC Kairong | AVIC International Kairong Limited, Hong Kong, Hong Kong Special Administrative Region of the People's Republic of China |
| AVIC Engineering Singapore | AVIC International Engineering Holdings Pte. Ltd., Singapore, Republic of Singapore |
| HWG | Humboldt Wedag GmbH, Cologne, Germany |
| HW Inc. | Humboldt Wedag, Inc., Peachtree Corners (Georgia), USA |
| HW India | Humboldt Wedag India Private Ltd., New Delhi, India |
| KHD | KHD Humboldt Wedag International AG, Cologne, Germany – Group |
| KHD AG | KHD Humboldt Wedag International AG, Cologne, Germany |
| KHD Beijing | KHD Humboldt Wedag Machinery Equipment (Beijing) Co. Ltd., Beijing, People's Republic of China |
| KHD GmbH | KHD Humboldt Wedag GmbH, Cologne, Germany |
| KHD OOO | KHD Humboldt Engineering OOO, Moscow, Russia |
| Max Glory | Max Glory Industries Ltd., Hong Kong, Hong Kong |

**Annual Report for
KHD Humboldt Wedag International AG, Cologne,
for the 2025 Financial Year**

Table of Contents

| | Seite |
|--|-------|
| 1. Combined Management Report of KHD Humboldt Wedag International AG, Cologne, and for the Group for the 2025 Financial Year | 3 |
| Annual Financial Statements of KHD Humboldt Wedag International AG, Cologne | |
| 2. Balance Sheet of KHD Humboldt Wedag International AG, Cologne, as of December 31, 2025 | 4 |
| 3. Income Statement of KHD Humboldt Wedag International AG, Cologne, for the Period from January 1, 2025 to December 31, 2025 | 6 |
| 4. Notes to the Financial Statements of KHD Humboldt Wedag International AG, Cologne for the Financial Year 2024 | 7 |
| Appendix to the Notes Movements in Fixed Assets for the Period from January 1, 2025 to December 31, 2025 (Appendix to the Notes) | 21 |
| 5. Responsibility Statement | 22 |
| 6. Independent Auditor's Report | 23 |
| 7. Report of the Supervisory Board | 31 |

**1. Combined Management Report of KHD Humboldt Wedag International AG, Cologne,
and for the Group for the 2025 Financial Year**

The management report of KHD Humboldt Wedag International AG ("KHD AG"), Cologne, and the Group management report are combined in accordance with Section 315, Paragraph 3 of the German Commercial Code (HGB) together with Section 298, Paragraph 2 of the HGB and published in the 2025 annual report of the KHD Group.

The annual report of KHD Group can be accessed on the Company's website at (<https://www.khd.com/ir/news-reports/#financial-reports>).

**ANNUAL FINANCIAL STATEMENTS OF KHD HUMBOLDT WEDAG INTERNATIONAL AG, COLOGNE,
FOR THE FINANCIAL YEAR FROM JANUARY 1, 2025, THROUGH DECEMBER 31, 2025**

**2. Balance Sheet of KHD Humboldt Wedag International AG, Cologne,
as of December 31, 2025**

| Assets | Dec. 31, 2025 € thousand | Dec. 31, 2024 € thousand |
|--|-----------------------------|-----------------------------|
| A. Fixed assets | | |
| I. Intangible assets | | |
| Software | 0 | 0 |
| | <u>0</u> | <u>0</u> |
| II. Property, plant, and equipment | | |
| Other plant, operating, and office equipment | 2 | 3 |
| | <u>2</u> | <u>3</u> |
| III. Financial investments | | |
| 1. Shares in affiliated companies | 70,410 | 70,410 |
| 2. Long-term loans to affiliated companies | 60,000 | 60,000 |
| | <u>130,410</u> | <u>130,410</u> |
| | <u>130,412</u> | <u>130,413</u> |
| B. Current assets | | |
| I. Receivables and other assets | | |
| 1. Receivables due from affiliated companies | 174 | 1,538 |
| 2. Other assets | 795 | 514 |
| | <u>969</u> | <u>2,052</u> |
| II. Securities | | |
| Other securities | 0 | 553 |
| | <u>0</u> | <u>553</u> |
| III. Bank balances | 1,955 | 1,197 |
| | <u>2,924</u> | <u>3,802</u> |
| C. Prepaid expenses | 103 | 179 |
| | <u>133,439</u> | <u>134,394</u> |

| Equity and liabilities | Dec. 31, 2025 € thousand | Dec. 31, 2024 € thousand |
|--|-----------------------------|-----------------------------|
| A. Equity | | |
| I. Subscribed capital | 49,704 | 49,704 |
| II. Capital reserves | 61,493 | 61,493 |
| III. Revenue reserves | | |
| 1. Legal reserves | 1,538 | 1,538 |
| 2. Other revenue reserves | 1,768 | 1,768 |
| | <u>3,306</u> | <u>3,306</u> |
| IV. Accumulated Loss | -9,875 | -9,774 |
| | <u>104,628</u> | <u>104,729</u> |
| B. Provisions and accruals | | |
| 1. Provisions for taxes | 66 | 257 |
| 2. Other provisions and accruals | 1,789 | 2,022 |
| | <u>1,855</u> | <u>2,279</u> |
| C. Liabilities | | |
| 1. Trade payables | 4 | 0 |
| 2. Liabilities due to affiliated companies | 26,915 | 27,335 |
| 3. Other liabilities | 37 | 51 |
| of which tax liabilities | | |
| € 32 thousand (previous year: € 31 thousand) | | |
| | <u>26,956</u> | <u>27,386</u> |
| | <u>133,439</u> | <u>134,394</u> |

3. Income Statement of

KHD Humboldt Wedag International AG, Cologne,

for the Financial Year from January 1, 2025, through December 31, 2025

| | 2025 € thousand | 2024 € thousand |
|---|--------------------|--------------------|
| 1. Revenue | 2,555 | 2,552 |
| 2. Other operating income | 482 | 207 |
| of which income from currency translation | | |
| € 14 thousand (previous year: € 165 thousand) | | |
| 3. Cost of materials | | |
| Cost of purchased services | -527 | -564 |
| 4. Personnel expenses | | |
| a) Wages and salaries | -1,941 | -2,175 |
| b) Social security expenses | -90 | -95 |
| | -2,031 | -2,270 |
| 5. Amortization of intangible fixed assets and depreciation of property, plant and equipment | -2 | -11 |
| 6. Other operating expenses | -1,984 | -1,894 |
| of which income from currency translation | | |
| € 14 thousand (previous year: € 194 thousand) | | |
| 7. Interest from long-term loans in financial assets | 2,940 | 3,050 |
| of which from affiliated companies | | |
| € 2,940 thousand (previous year: € 3,050 thousand) | | |
| 8. Other interest and similar income | 49 | 69 |
| of which from affiliated companies | | |
| € 41 thousand (previous year: € 55 thousand) | | |
| 9. Interest and similar expenses | -1,361 | -1,403 |
| of which to affiliated companies | | |
| € 1,250 thousand (previous year: € 1,255 thousand) | | |
| 10. Income taxes | -222 | -601 |
| 11. Earnings after tax | -101 | -865 |
| 12. Net loss for the year | -101 | -865 |
| 13. Loss carried forward from previous year | -9,774 | -8,909 |
| 14. Accumulated loss | -9,875 | -9,774 |

4. Notes to the Consolidated Financial Statements of KHD Humboldt Wedag International AG, Cologne, for the 2025 Financial Year

4.1 General Remarks

Combined Management Report

The management report of KHD Humboldt Wedag International AG ("KHD AG"), Cologne, and the Group management report are combined in accordance with Section 315, Paragraph 3 of the German Commercial Code (HGB) together with Section 298, Paragraph 2 of the HGB and published in the 2025 annual report of the KHD Group. The annual financial statements and the management report of KHD AG combined with the Group management report for the 2025 financial year are submitted to the company register. The annual report of KHD AG and the Group annual report for the 2025 financial year are also available online at <https://www.khd.com/ir/news-reports/#financial-reports>.

Accounting

KHD AG is registered at the District Court Cologne under the Commercial Register number HRB 36688. The company maintains its head office at Von-der-Wettern-Straße 4a in Cologne, Germany. The annual financial statements of KHD AG for the 2025 financial year have been prepared in accordance with the German Commercial Code (HGB) as applicable for large corporations and those of the German Stock Corporation Act (AktG). All amounts, including figures used for comparison, are generally stated in thousands of euros (€ thousand), unless otherwise indicated. All amounts have been rounded in accordance with standard commercial practice. The nature of expense method has been applied to the income statement. KHD AG is a large corporation in the meaning of Sections 267 Paragraph 3 and 264d of the German Commercial Code (HGB).

To improve clarity, some the legally specified "of which" information in the balance sheet and the income statement is listed in the notes in the appendix.

4.2 Accounting and Valuation Principles

The following accounting and valuation methods, which have remained unchanged in comparison to the prior year, have been used to prepare the financial statements. The reporting principles are applied based on the assumption that business activities will continue.

Fixed Assets

Purchased intangible assets (software) are amortized based on acquisition cost less scheduled amortization, depreciated according to the straight-line method based on the average useful life (generally three years). The right to recognize self-produced intangible assets is not utilized. Property, plant, and equipment are measured at cost and, if depreciable, are depreciated over time. Movable items of property, plant, and equipment are depreciated according to the straight-line method based on the respective useful life (between three and ten years). In case of probable permanent impairment, acquisition costs are amortized at the lower fair value. Movable assets with a net cost of acquisition that does not exceed € 250 are written off completely in the year of acquisition and are notionally removed from the fixed assets register in the year of acquisition. Movable assets with a net cost of acquisition of between € 250 and € 1,000 are entered as a collective item in the manner described in Section 6, Paragraph 2a of the German Income Tax Act (EStG) and depreciated straight-line over a period of five years.

Shares in affiliated companies and loans to affiliated companies are recognized at cost. In case of probable permanent impairment, acquisition costs are amortized at the lower fair value. Pursuant to Section 253 Paragraph 3 Sentence 4 of the German Commercial Code (HGB), if impairment is not expected to be permanent, costs are not amortized. The valuation approach for the investment carrying value is tested for impairment as of the balance sheet date.

The assessment of the recoverability of the reported shares in affiliated companies and interests is based on five-year, medium-term planning. The fundamental planning is based on estimates and assumptions that are subject to uncertainty. To determine the fair values, the expected future net profits are discounted to their present value, taking as a basis an appropriate capitalization interest rate. This determination is made according to the principles of IDW RS HFA 10 (a statement of the IDW, the Institute of Public Auditors in Germany) using the German income approach.

Current Assets

Receivables and other assets are recognized at the lower of nominal value or fair value. Securities held as current assets are accounted for at amortized cost or, if lower, fair value. Bank balances are recognized at a nominal value.

Prepaid Expenses

As prepaid expenses, the payments before the balance sheet date are recognized as long as they represent expenses for a certain period after this date.

Deferred Tax Assets

Tax relief resulting from differences between the carrying amounts of assets, debts, prepayments and deferred expenses recognized by commercial law and their respective tax valuations, which will likely decrease in later financial years is not reported as deferred tax assets in the balance sheet. We do not exercise the right to recognize the overall tax relief generated by differences and by tax loss carry-forwards as deferred tax assets in the balance sheet. The valuation of the tax relief is carried out using the company-specific tax rates at the time that the differences are reduced. No deferred taxes were recognized as of the 2025 balance sheet date.

Equity

Subscribed capital is equivalent to the amount according to the articles of association and the entry in the commercial register and is recorded at nominal value.

Provisions and Accruals

All identifiable risks and measurable uncertainties as well as contingent losses from pending transactions as of the balance sheet date are covered by provisions for taxes and other provisions and accruals based on the required settlement value according to reasonable commercial assessment. Advance payments are taken into consideration when establishing provisions for taxes in the amount of the expected tax payments.

Liabilities

Liabilities are carried at the amount at which they will be repaid.

Currency Translation

Receivables, cash and cash equivalents denominated in foreign currencies with residual terms of one year or less are generally measured at the spot exchange rate prevailing on the date of the balance sheet. All other foreign currency receivables are generally measured using the lower of the exchange rate prevailing on the transaction date or the spot exchange rate on the date of the balance sheet.

Liabilities denominated in foreign currencies with residual terms of one year or less are generally measured at the spot exchange rate prevailing on the date of the balance sheet. All other foreign currency liabilities are generally measured using the higher of the exchange rate prevailing on the transaction date or the spot exchange rate on the date of the balance sheet.

Derivative Financial Instruments

Derivative financial instruments (exchange rate forward contracts) are used to hedge currency risks. The fair value of the derivatives is calculated based on discounted cash flow analyses using the corresponding yield curves for the term of the respective instruments. As pending transactions, derivative financial instruments are not recognized in the balance sheet. They are recognized only if the measurement of the respective financial instrument as of the reporting date is expected to result in a contingent loss. As of December 31, 2025, the Company did not have any derivatives in its portfolio.

The Company did not use the option to combine derivative financial instruments with underlying transactions as a single valuation unit in accordance with Section 254 of the German Commercial Code (HGB). As a result, the reporting for financial instruments was carried out in accordance with the general accounting and valuation principles.

4.3 Explanations Regarding the Balance Sheet and Income Statement

1. Fixed Assets

Please refer to the statement of movements in fixed assets between January 1 and December 31, 2025, which is attached as an appendix to the notes to the financial statements.

As in the previous year, the financial assets include the shares in KHD Humboldt Wedag GmbH ("KHD GmbH") in the amount of € 70,410 thousand (previous year: € 70,410 thousand).

On August 14, 2020, KHD AG and AVIC International Engineering Holdings Pte. Ltd., Singapore ("AVIC Engineering"), concluded a share purchase agreement (SPA) and a trust agreement involving 51% of the shares in KHD Humboldt Wedag Machinery Equipment (Beijing) Co. Ltd. ("KHD Beijing"), Beijing, People's Republic of China. These agreements took effect on June 17, 2021. Based on the SPA, AVIC Engineering is the legal owner of 51% of the shares in KHD Beijing. The trust agreement establishes a fiduciary with regard to this 51% shareholding of KHD Beijing between KHD AG (Trustor) and AVIC Engineering (Trustee). Accordingly, KHD AG retains economic ownership.

The long-term loans to affiliated companies includes one loan in the amount of € 60 million to AVIC International Kairong Limited (“AVIC Kairong”), Hong Kong as the borrower. The loans granted to AVIC Kairong in the amount of € 60 million in total were renegotiated in the 2025 financial year. In the process, the two existing loans were consolidated into one loan, the term extended to December 31, 2028, and the interest rate was adjusted from 5.0% p.a. to 4.0% p.a. as of November 1, 2025.

2. Receivables and Other Assets

Receivables due from affiliated companies total € 174 thousand, following € 1,538 thousand as of the balance sheet date in the previous year.

Receivables due from affiliated companies as of December 31, 2025 include trade receivables in the amount of € 174 thousand (previous year: € 462 thousand). In the previous year, receivables also included the loan granted to KHD GmbH in the amount of € 1,076 thousand.

Other assets total € 795 thousand (previous year: € 514 thousand). These include reimbursement claims from the tax office for value-added tax in the amount of € 605 thousand (previous year: € 328 thousand). Based on the existing VAT consolidation scheme, the subsidiaries Humboldt Wedag GmbH (“HWG”), Cologne, and ZAB Zementanlagenbau GmbH Dessau (“ZAB”), Dessau-Roßlau, have claims to reimbursement for a total of € 585 thousand (previous year: € 284 thousand). For this reason, the same amount is reported under liabilities due to affiliated companies. In addition, primarily advance payments for trade tax and corporate income tax are included.

As of December 31, 2025, as in the previous year, all receivables and other assets have residual terms of up to one year.

3. Other Securities

As of the balance sheet date, listed bonds in the amount of € 0 thousand (previous year: € 553 thousand) held on behalf of HWG were reported under other securities. The liability due to HWG in the same amount is reported under liabilities due to affiliated companies.

4. Bank Balances

As of the reporting date, bank balances in the amount of € 1,955 thousand are above the previous year’s figure of € 1,197 thousand.

5. Prepaid Expenses

The prepayment and deferred expense assets total € 103 thousand (previous year: € 179 thousand). These primarily represent assured guarantees that represent future expenses only.

6. Equity

The Company's share capital amounts to € 49,703,573 (previous year: € 49,703,573) and is divided into 49,703,573 no-par-value bearer shares. The nominal value per share is € 1.00.

Changes in Equity in the 2025 Financial Year

| € thousand | Subscribed capital | Capital reserves | Legal reserves | Other revenue reserves | Accumulated loss | Total |
|----------------------------|--------------------|------------------|----------------|------------------------|------------------|---------|
| Status as of Dec. 31, 2024 | 49,704 | 61,493 | 1,538 | 1,768 | -9,774 | 104,729 |
| Net loss for 2025 | . | . | . | . | -101 | -101 |
| Status as of Dec. 31, 2025 | 49,704 | 61,493 | 1,538 | 1,768 | -9,875 | 104,628 |

The net loss reported as of December 31, 2024 was carried forward to new account. An accumulated loss of € 9,875 thousand as of December 31, 2025 is the result of the net loss for the 2025 financial year of € 101 thousand.

7. Provisions and Accruals

| | Dec. 31, 2025 | Dec. 31, 2024 | Change |
|-------------------------------|---------------|---------------|------------|
| | € thousand | € thousand | € thousand |
| Provisions for taxes | 66 | 257 | -191 |
| Other provisions and accruals | 1,789 | 2,022 | -233 |
| | 1,855 | 2,279 | -424 |

The provisions for taxes take the expected tax payments only for the 2025 financial year. The tax assessments for the financial years up to and including 2021 are complete.

Other provisions and accruals primarily include provisions for personnel-related expenses (€ 824 thousand, previous year € 1,071 thousand), for the preparation and audit of annual financial statements (€ 162 thousand, previous year: € 219 thousand) and for outstanding invoices (€ 803 thousand, previous year: € 732 thousand).

8. Liabilities

The liabilities due to affiliated companies amount to € 26,915 thousand (previous year: € 27,335) and mainly result from other liabilities from loans extended by Group companies amounting to a total of € 25,894 thousand (previous year: € 26,120 thousand) and the related interest incurred in the total amount of € 214 thousand (previous year: € 30 thousand). The subsidiaries received the same interest rate (5.0% p.a. and, as of November 1, 2025, 4% p.a.) that KHD AG obtained from its loan to AVIC Kairong. Moreover, liabilities due to affiliated companies also include other liabilities due to HWG and ZAB based on the existing VAT consolidation scheme totaling € 585 thousand (previous year: € 284 thousand) as well as liabilities from the exchange of services (€ 222 thousand; previous year: € 217 thousand).

As of December 31, 2025, as in the previous year, all liabilities have residual terms of up to one year.

9. Deferred Tax Liabilities

In the reporting year, as in the previous year, there were no tax expenses from differences between the carrying amounts of assets, debts, prepayments and deferred expenses recognized by commercial law and their respective tax valuations, which will likely decrease in later financial years.

10. Contingent Liabilities

KHD AG has issued a subsidiary with a letter of comfort and provided Group guarantees and securities to affiliated companies in the amount of € 8.5 million (previous year: € 9.6 million). As of the reporting date, there were no contingent liabilities arising from sureties and no draft and check guarantees (previous year: € 0 million).

Furthermore, based on a corporate guarantee, as of December 31, 2025 € 59.9 million (previous year: € 52.5 million) relate to contingent liabilities to banks resulting from bank guarantees provided to KHD Group companies under an existing bank guarantee credit facility. This amount includes both contingent liabilities arising from sureties as well as draft and check guarantees totaling € 0.4 million (previous year: € 1.4 million) and contingent liabilities arising from warranty guarantees in the amount of € 59.5 million (previous year: € 51.1 million).

Based on the corporate planning for the respective KHD Group companies, it is not expected that these guarantees will be drawn upon. In the context of the business model of the KHD Group, it is normal for the parent company to provide guarantees for the contracts of the subsidiaries.

DEUTZ AG, Cologne, Germany, has provided a deed of release of € 39 thousand (previous year: € 41 thousand) to cover subsidiary liability of KHD AG due to Unterstützungsgesellschaft mbH of Maschinenfabrik Fahr AG. HypoVereinsbank AG, Munich, Germany, a company of the UniCredit Group, has provided a letter of comfort that secures fulfillment by DEUTZ AG.

11. Other Financial Obligations

Other financial obligations include a lease contract (€ 7 thousand; previous year: € 1 thousand) and consulting contracts in the amount of € 411 thousand p.a. (previous year: € 524 thousand p.a.). Consulting contracts totaling € 264 thousand p.a. have been concluded for unspecified periods, while one consulting contract with a commitment totaling € 147 thousand p.a. has a term that expires on July 31, 2026.

12. Revenue

The revenue is generated with Group companies that have their headquarters in the following geographic markets:

| Revenue based on region | 2025 € thousand | 2024 € thousand | Change € thousand |
|-------------------------|--------------------|--------------------|----------------------|
| India | 1,670 | 1,572 | 98 |
| Germany | 272 | 600 | -328 |
| USA | 498 | 388 | 110 |
| China | 115 | -8 | 123 |
| | <u>2,555</u> | <u>2,552</u> | <u>3</u> |

Revenue includes income from charges for the supply of centralized services to affiliated companies pursuant to the service and cost allocation agreement and other contracts in the amount of € 2,277 thousand (previous year: € 2,184 thousand) and financial services pursuant to the bond arrangement agreement in the amount of € 278 thousand (previous year: € 312 thousand) as well as other internal services.

13. Other Operating Income

Other operating income in the amount of € 482 thousand was above the previous year's level (€ 207 thousand). In the previous year, income from exchange rate gains and exchange rate forward contracts totaled € 165 thousand, while the total in the reporting year reached just € 14 thousand. Furthermore, insurance reimbursements were received in the amount of € 350 thousand. Prior period income totaled € 392 thousand in the financial year (previous year: € 4 thousand); it resulted primarily from insurance reimbursements in the amount of € 350 thousand.

14. Cost of Purchased Services

KHD AG reports expenses for purchased services in the amount of € 528 thousand (previous year: € 564 thousand). The expenses for purchased services in the reporting year mainly included, as in the previous year, external consulting services in connection with intra-group revenue.

15. Personnel Expenses

Personnel expenses in the amount of € 2,032 thousand (previous year: € 2,270 thousand) includes the compensation of the members of the Management Board as well as the Company's employees.

16. Amortization

Amortization in the 2025 financial year includes amortization of intangible fixed assets and depreciation of property, plant, and equipment in the amount of € 2 thousand (previous year: € 11 thousand).

17. Other Operating Expenses

Other operating expenses comprise the following:

| | 2025 | 2024 | Change |
|---|--------------|--------------|------------|
| | € thousand | € thousand | € thousand |
| Group charges | 629 | 585 | 44 |
| Audit fees / tax advisory costs | 524 | 478 | 46 |
| Legal and consulting costs | 296 | 389 | -93 |
| Supervisory Board compensation | 180 | 180 | 0 |
| Costs related to the stock exchange listing | 61 | 50 | 11 |
| Insurance premiums | 65 | 48 | 17 |
| Exchange rate losses | 14 | 19 | -5 |
| Other | 215 | 145 | 70 |
| | <u>1,984</u> | <u>1,894</u> | <u>90</u> |

In comparison with the previous year, legal and consulting costs were low in the reporting year. In contrast, expenses for Group charges and for auditing were higher.

The auditing fees include prior period expenses for pre-auditing services for the 2024 financial year in the amount of € 201 thousand.

18. Net Finance Income

| | 2025 | 2024 | Change |
|---|--------------|--------------|------------|
| | € thousand | € thousand | € thousand |
| Interest from long-term loans in financial assets | 2,940 | 3,050 | -110 |
| Other interest and similar income | 49 | 69 | -20 |
| Interest and similar expenses | -1,361 | -1,403 | 42 |
| | <u>1,628</u> | <u>1,716</u> | <u>-88</u> |

The income from long-term loans in financial assets includes interest income in the amount of € 2,940 thousand (previous year: € 3,050 thousand) from existing loan contracts and the new loan contract with AVIC International Kairong Limited, Hong Kong (interest rate of 5.0% p.a. and, as of November 1, 2025, 4.0% p.a.).

Interest and similar expenses include interest expenses in the amount of € 711 thousand (previous year: € 770 thousand) for the loans granted by ZAB. HWG was credited for interest in the amount of € 279 thousand (previous year: € 220 thousand). This also includes interest expenses totaling € 259 thousand (previous year: € 266 thousand) for the loan granted by KHD VV. The subsidiaries received the same interest rate (5.0% p.a. and, as of November 1, 2025, 4.0% p.a.) that KHD AG obtained from its loan to AVIC Kairong. In addition, bank guarantee fees in the amount of € 111 thousand (previous year: € 141 thousand) are reported under interest and similar expenses.

19. Income Taxes

In the 2025 financial year, income taxes in the amount of € 222 thousand (previous year: € 601 thousand) were recorded.

The Company operates in countries which have issued minimum tax laws according to the rules of the OECD ("Pillar Two Laws") as of the reporting date. The minimum tax law took effect as of December 28, 2023. The Company analyzed the effects of these tax laws on the Company and there was no related actual tax expense or tax income in the reporting year. The Company does not expect any effects in the future either.

20. Other Information Related to Explanations Regarding the Balance Sheet and Income Statement

Employees

The Company employed five salaried staff members on average during the year (previous year: six). The Company does not have any industrial employees.

21. Shareholdings

| Company | | Capital share in % | Currency | Equity | Net result for the year |
|---|-----------------|-----------------------|---------------|---------|----------------------------|
| <u>Subsidiaries</u> | | | | | |
| KHD Humboldt Wedag GmbH, Cologne | <i>direct</i> | 100.00 | € thousand | 77,323 | 20,210 |
| Humboldt Wedag GmbH, Cologne | <i>indirect</i> | 100.00 | € thousand | -11,248 | 1,184 |
| ZAB Zementanlagenbau GmbH Dessau, Dessau- Roßlau | <i>indirect</i> | 100.00 | € thousand | 18,040 | -762 |
| Blake International Ltd., Road Town, British Virgin Islands | <i>indirect</i> | 100.00 | € thousand | 5,627 | 155 |
| KHD Humboldt Wedag Vermögensverwaltungs-AG, Cologne | <i>indirect</i> | 91.26 | € thousand | 5,645 | 266 |
| Humboldt Wedag, Inc., Peachtree Corners, USA | <i>indirect</i> | 100.00 | € thousand | 5,874 | 4,123 |
| Humboldt Wedag India Private Ltd., New Delhi, India* | <i>indirect</i> | 100.00 | € thousand | 50,452 | 5,407 |
| KHD Humboldt Wedag Machinery Equipment (Beijing) Co. Ltd., Beijing, People's Republic of China | <i>direct</i> | 100.00 | € thousand | 56 | 8 |
| KHD Humboldt Engineering OOO, Moscow, Russia | <i>indirect</i> | 100.00 | € thousand | 414 | -21 |
| Humboldt Wedag Do Brasil Servicos Technicos Ltda., Sao José dos Campos, Brazil | <i>indirect</i> | 100.00 | € thousand | 99 | 0 |

* Annual Report as of March 31, 2025

The equity and net result for the year presented in foreign currencies – Blake (USD), HW Inc. (USD), HW India (INR), KHD Beijing (CNY), KHD Humboldt Engineering OOO (RUB), and HW Brasil (BRL) were translated using the spot exchange rate as of the balance sheet date.

Spot exchange rate as of December 31, 2025

1 euro corresponds to:

| | |
|-----|----------|
| INR | 105.5691 |
| USD | 1.1746 |
| CNY | 8.2122 |
| BRL | 6.4339 |
| RUB | 92.9069 |

4.4 Members of the Supervisory Board and Management Board

Members of the Supervisory Board

Jingnan Yang

Chairman of the Supervisory Board (since May 26, 2025)

President of AVIC International Beijing Co. Limited

Gerhard Beinhauer

Deputy Chairman of the Supervisory Board

Managing Director of BBI Beteiligungs- und Handelsgesellschaft mbH

Membership in supervisory boards and other governing bodies:

- BIEGLO Holding GmbH & Co. KGaA, Hamburg, Chairman of the Supervisory Board

Xiaodong Wu

Chief Financial Officer of AVIC International Beijing Co. Limited

Sibo Yan (Member of the Supervisory Board since May 23, 2025)

Vice President of AVIC International Beijing Co. Limited

Jiayan Gong

Chairman of the Supervisory Board (Member of the Supervisory Board until May 23, 2025)

Retired

Members of the Management Board

Heng Xiang (as of December 20, 2025), Doctoral Degree in Engineering (Ph.D.)

Chairman of the Management Board of KHD AG

Jürgen Luckas, Master's Degree in Economics (Dipl.-Kaufmann)

Chief Financial Officer of KHD AG

- Chairman of the Supervisory Board of KHD Humboldt Wedag Vermögensverwaltungs-AG
- Member of the Board of Directors of Humboldt Wedag India Private Ltd., New Delhi, India

- Member of the Board of Directors of KHD Humboldt Wedag Machinery Equipment (Beijing) Co. Ltd., Beijing, People's Republic of China
- Chairman of the Board of Directors of Humboldt Wedag, Inc., Peachtree Corners, Georgia, USA

Dr. Matthias Jochem, Doctoral Degree in Engineering (Dr.-Ingenieur)

Chief Operating Officer of KHD AG

- Deputy Chairman of the Supervisory Board of KHD Humboldt Wedag Vermögensverwaltungs-AG

Matthias Mersmann, Master's Degree in Engineering (Dipl.-Ing.)

Chief Technology Officer of KHD

Martin Strouhal, (as of January 1, 2026), Engineer

Chief Sales Officer of KHD

Jianlong Shen (until December 20, 2025), Engineer

Chairman of the Management Board of KHD AG

Mr. Mersman passed away after the reporting date.

4.5 Total Remuneration of Current and Former Members of the Management Board and of Members of the Supervisory Board

Total compensation according to Section 285, Number 9a of the German Commercial Code (HGB) for members of the Management Board of KHD amounted to € 1,340 thousand in the 2025 financial year (previous year: € 1,448 thousand). The compensation paid out in the financial year under review but not reported previously in any Group financial statements totals € 0 (previous year: € 0).

The total compensation of € 180 thousand paid out to members of the Supervisory Board for their work in the 2025 financial year (previous year: € 180 thousand) was reported as an expense.

No benefits were granted to former Management Board or Supervisory Board members or their remaining dependents after their resignation from the respective board. There are no pension commitments with respect to this group of individuals.

The Compensation Report contains further details about Management Board and Supervisory Board remuneration. The report is publicly available on the Company's website at <https://www.khd.com/ir/news-reports/#compensation-reports>.

4.6 Report on Events after the Reporting Period

On February 20, 2026, the United States Supreme Court ruled that, the customs duties collected by the U.S. Government on the basis of the International Emergency Economic Powers Act (IEEPA) are unlawful because the IEEPA does not provide a legal basis for levying these duties. The Company is following further legal and political developments carefully. Currently, the Company is investigating whether or not it

is possible to demand reimbursement of duties paid in the United States based on IEEPA and, if so, to which extent. Due to the ongoing significant uncertainty with regard to the final outcome of the court proceedings and possible legislative measures, a reliable quantification of the financial effects on the Company is impossible at this time.

The military conflict between Israel/the USA and Iran has intensified drastically since the air strikes began on February 28/March 1, 2026, and a reliable quantification of the financial effects on the Company is impossible at this time.

There have been no further significant developments or events of particular importance since the reporting date of December 31, 2025.

4.7 Parent Company and Consolidated Financial Statements

KHD AG prepares the consolidated financial statements for the smallest scope of companies requiring consolidation. These statements can be accessed from the company register. Aviation Industry Corporation of China, Beijing, People's Republic of China, prepares consolidated financial statements for the largest scope of the companies requiring consolidation. The consolidated financial statements are available at the registered office of this company in Beijing.

4.8 Reported Shareholdings

According to the written notifications in line with Section 33 WpHG (German Securities Trading Act) received by the Management Board, there are the following investments as defined by Section 160 Paragraph 1 Number 8 AktG (German Stock Corporation Act) in KHD Humboldt Wedag International AG, Von-der-Wettern-Str.4a, 51149 Cologne, Germany:

The People's Republic of China¹, Beijing, China notified us that on January 7, 2014, its voting rights had exceeded the thresholds of 50% and 75% and that its voting rights amounted to 76.47% (equivalent to 38,004,767 voting rights). The voting rights of the following companies are allocable to the People's Republic of China:

- Aviation Industry Corporation of China¹, Beijing, People's Republic of China;
- AVIC International Holding Corporation¹, Beijing, People's Republic of China;
- AVIC International Holdings Limited¹, now: AVIC Innovation Holding Limited, Shenzhen, People's Republic of China;
- AVIC International Beijing Co. Limited¹, Beijing, People's Republic of China;
- AVIC International Kairong Limited¹, Hong Kong, Hong Kong Special Administrative Region of the People's Republic of China
- Kaihang Industrial Limited¹, Road Town, British Virgin Islands,
- Golden Prosperity Group Limited¹, Road Town, British Virgin Islands,
- Goldimax Group Limited¹, Road Town, British Virgin Islands,
- AVIC International Engineering Holdings Pte. Ltd.¹, Singapore, Republic of Singapore,
- Max Glory Industries Limited¹, Hong Kong, Hong Kong Special Administrative Region of the People's Republic of China.

¹ The notification of January 16, 2014, pursuant to Section 23 Paragraph 1 Sentence 1 Number 3 of the German Securities Acquisition and Takeover Act (WpÜG) communicated that the voting rights share totaled 89.02% (equivalent to 44,244,113 voting rights). The Management Board was informed that Max Glory Industries Limited holds 20.00% (equivalent to 9,940,715 voting rights) and AVIC International Engineering Holdings Pte. Ltd. holds 69.02% (equivalent to 34,303,398 voting rights) pursuant to Section 21 Paragraph 1 of the German Securities Trading Act (WpHG). The voting rights not directly held are allocated to those subject to disclosure pursuant to Section 22 Paragraph 1 WpHG.

Mr. Peter Kellogg notified us that his voting rights share had exceeded the 3% and 5% thresholds of voting rights, and that as of June 16, 2010, 5.70% of the voting rights (equivalent to 1,888,314 voting rights) were attributable to him via IAT Reinsurance Company Ltd., Hamilton, Bermuda.

4.9 Auditor's Fee

The total auditor's fees for the financial year under review are disclosed in the Group financial statements for KHD AG.

4.10 Corporate Governance

The Management Board and Supervisory Board of KHD AG issued the Declaration of Compliance required pursuant to Section 161 of the German Stock Corporation Act (AktG) on February 6, 2026 and also made it – as well as statements from previous years – permanently publicly available to shareholders on the Company's website (<https://www.khd.com/ir/corporate-governance/#declaration-of-compliance>).

4.11 Appropriation of Net Retained Profit

The annual financial statements for the 2025 financial year indicate a net loss for the year of € 101 thousand and an accumulated loss of € 9,875 thousand. For this reason, no resolution concerning the appropriation of net retained profit must be passed at the Annual General Meeting on May 22, 2026.

Cologne, Germany, March 6, 2026

The Management Board

Heng Xiang
(Chairman)

Jürgen Luckas

Dr. Matthias Jochem

Martin Strouhal

Appendix to the Notes

Movements in Fixed Assets in the for the Period from January 1, 2025 to December 31, 2025

| | Acquisition Cost | | | Accumulated Depreciation | | | Net Book Value | | | |
|---|-------------------------------|------------|------------|--------------------------------|-------------------------------|------------|----------------|--------------------------------|--------------------------------|--------------------------------|
| | Balance as of Jan. 1, 2025 | Additions | Disposals | Balance as of Dec. 31, 2025 | Balance as of Jan. 1, 2025 | Additions | Disposals | Balance as of Dec. 31, 2025 | Balance as of Dec. 31, 2025 | Balance as of Dec. 31, 2024 |
| | € thousand | € thousand | € thousand | € thousand | € thousand | € thousand | € thousand | € thousand | € thousand | € thousand |
| I. Intangible Assets | | | | | | | | | | |
| Software | 46 | 0 | 0 | 46 | 46 | 0 | 0 | 46 | 0 | 0 |
| | <u>46</u> | <u>0</u> | <u>0</u> | <u>46</u> | <u>46</u> | <u>0</u> | <u>0</u> | <u>46</u> | <u>0</u> | <u>0</u> |
| II. Property, plant and equipment | | | | | | | | | | |
| Plant, operating and office equipment | 28 | 2 | 2 | 28 | 25 | 2 | 1 | 26 | 2 | 3 |
| | <u>28</u> | <u>2</u> | <u>2</u> | <u>28</u> | <u>25</u> | <u>2</u> | <u>1</u> | <u>26</u> | <u>2</u> | <u>3</u> |
| III. Financial investments | | | | | | | | | | |
| 1. Shares in affiliated companies | 70.410 | 0 | 0 | 70.410 | 0 | 0 | 0 | 0 | 70.410 | 70.410 |
| 2. Loans to affiliated companies classified as financial assets | 60.000 | 0 | 0 | 60.000 | 0 | 0 | 0 | 0 | 60.000 | 60.000 |
| | <u>130.410</u> | <u>0</u> | <u>0</u> | <u>130.410</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>130.410</u> | <u>130.410</u> |
| | <u>130.484</u> | <u>2</u> | <u>2</u> | <u>130.484</u> | <u>71</u> | <u>2</u> | <u>1</u> | <u>72</u> | <u>130.412</u> | <u>130.413</u> |

5. Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the net assets, financial position, and result of operations of KHD Humboldt Wedag International AG, and the combined management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Cologne, March 6, 2026

The Management Board

Heng Xiang
(Chairman)

Jürgen Luckas

Dr. Matthias Jochem

Martin Strouhal

6. INDEPENDENT AUDITOR'S REPORT

To KHD Humboldt Wedag International AG, Cologne

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

AUDIT OPINIONS

We have audited the annual financial statements of KHD Humboldt Wedag International AG, Cologne, which comprise the balance sheet as at 31 December 2025, the statement of profit or loss for the financial year from 1 January 2025 to 31 December 2025 and notes to the annual financial statements, including the presentation of the recognition and measurement policies.

In addition, we have audited the combined management report (report on the position of the company and of the group) of KHD Humboldt Wedag International AG for the financial year from 1 January 2025 to 31 December 2025. In accordance with the German legal requirements, we have not audited the content of the parts of the combined management report listed in section "OTHER INFORMATION".

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2025 and of its financial performance for the financial year from 1 January 2025 to 31 December 2025 in compliance with German Legally Required Accounting Principles, and
- the accompanying combined management report as a whole provides an appropriate view of the company's position. In all material respects, this combined management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of those parts of the combined management report listed in section "OTHER INFORMATION".

Pursuant to § 322 (3) sentence 1 HGB (German Commercial Code), we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the combined management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the annual financial statements and of the combined management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as “EU Audit Regulation”) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT” section of our auditor’s report. We are independent of the company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements.

In addition, in accordance with Article 10 (2) letter (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the combined management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from 1 January 2025 to 31 December 2025. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

We have identified the following matters as key audit matters to be disclosed in our auditor’s report:

VALIDITY OF SHARES IN AFFILIATED COMPANIES

Matter

The annual financial statements of KHD Humboldt Wedag International AG include shares in affiliated companies amounting to EUR 70.4 million under financial assets. These account for 53 % of the balance sheet total and thus represents a significant balance sheet item.

Shares in affiliated companies are generally recognised at cost or, in the event of a probable permanent impairment, at the lower fair value. The fair value is determined on the basis of company-specific plans prepared by the legal representatives using the income approach.

The recoverability of investments in affiliated companies depends on the assessment of the legal representatives regarding financial surpluses in the detailed planning periods, assumptions about long-term growth rates and the capitalisation rates used in each case. Due to the high significance of the shares in affiliated companies for the net assets of KHD Humboldt Wedag International AG and the uncertainties associated with estimates, the assessment of the recoverability of the shares in affiliated companies is a particularly important audit matter.

Information on the valuation of shares in affiliated companies is provided in section “4.2 Accounting and Valuation principles” of the notes.

Auditor’s Response and Observations

As part of our audit, we assessed the appropriateness of the approach taken by the legal representatives to identify impairments, as well as the underlying valuation model and the assumptions made for the valuation.

We first assessed the process implemented by the legal representatives to determine whether it was suitable for providing objective evidence of a lower fair value and a prolonged impairment. We then gained an understanding of the valuation process, the planning assumptions used and the valuation model and reviewed the methodological and mathematical accuracy of the valuation model with the assistance of our valuation specialists.

Furthermore, we reconciled the forecasts of annual surpluses underlying the valuation model with the budget approved by the Supervisory Board for 2026 and the medium-term planning for the years 2027 to 2030. In addition, a comparison was made with historical actual data and with external market and industry expectations in order to assess the plausibility of the planning assumptions. We compared the assumptions and parameters underlying the capitalisation rates used – in particular the risk-free interest rate, the market risk premium and the beta factor – with our own assumptions and publicly available data. In addition, we critically examined the respective capitalisation rate derived on the basis of the average cost of capital of a peer group. In order to take account of the existing forecast uncertainty, we also analysed the effects of possible changes in the capitalisation rate and the long-term growth rate on the determined income values by calculating alternative scenarios and comparing them with the valuation results of KHD Humboldt Wedag International AG (sensitivity analysis).

Based on our audit procedures, we were able to satisfy ourselves that the assumptions and parameters used by the legal representatives are comprehensible and fall within a reasonable range.

OTHER INFORMATION

The executive directors or the supervisory board are responsible for the other information. The other information comprises:

- the separate non-financial report published on the company's website,
- the corporate governance statement published on the company's website (including the declaration of conformity pursuant to § 161 AktG),
- the separately published remuneration report according to § 162 AktG, to which reference is made in section “Corporate Governance” of the combined management report
- the other parts of the annual report, except for the audited financial statements and combined management report as well as our auditor’s report, in particular - the assurance of the legal representatives pursuant to § 264 (2) sentence 3 in conjunction with § 297 (2) sentence 4 HGB,
- the “Key Figures”, “Facts and Figures” and the Foreword by the Management Board, and
- the report of the Supervisory Board,
 - but not the annual financial statements, the management report information included in the content audit, or our related audit opinion

Our audit opinions on the annual financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and thereby acknowledge whether the other information

- is materially inconsistent with the annual financial statements, with the combined management 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.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE ANNUAL FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i. e. fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the combined management report that as a whole provides an appropriate view of the company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the company's financial reporting process for the preparation of the annual financial statements and of the combined management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the combined management report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 annual financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the annual financial statements and of the combined management 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 audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal controls relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of the internal controls or these arrangements and measures of the company.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the company in compliance with German Legally Required Accounting Principles.
- evaluate the consistency of the combined management report with the annual financial statements, its conformity with German law, and the view of the company's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

REPORT ON THE ASSURANCE ON THE ELECTRONIC RENDERING OF THE ANNUAL FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT, PREPARED FOR PUBLICATION PURPOSES IN ACCORDANCE WITH § 317 (3A) HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 (3a) HGB to obtain reasonable assurance as to whether the rendering of the annual financial statements and the combined management report (hereinafter the "ESEF documents") contained in the electronic file "KHD_AG_JAuLB_2025-12-31_de.zip" and prepared for publication purposes complies in all material respects with the requirements of § 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the annual financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the annual financial statements and the combined management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying annual financial statements and the accompanying combined management report for the financial year from 1 January 2025 to 31 December 2025 contained in the "Report on the audit of the annual financial statements and of the combined management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the annual financial statements and the combined management report contained in the file identified above in accordance with § 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 (3a) HGB (IDW AsS 410 (06.2022)) Our responsibility in accordance therewith is further described in the “Auditor’s Responsibilities for the Assurance Work on the ESEF Documents” section. Our audit firm has applied the requirements of the IDW Quality Management Standard: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the company are responsible for the preparation of the ESEF documents with the electronic renderings of the annual financial statements and the combined management report in accordance with § 328 (1) sentence 4 No. 1 HGB.

In addition, the executive directors of the company are responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of § 328 (1) HGB for the electronic reporting format.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Auditor’s Responsibilities for the Assurance Work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of § 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of § 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i. e. whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this electronic file.
- evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited annual financial statements and to the audited combined management report.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as auditor by the annual general meeting on 23 May 2025. We were engaged by the supervisory board on 3 July 2025. We have been the auditor of the KHD Humboldt Wedag International AG without interruption since the financial year 2025.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

In addition to the financial statement audit, we have provided to the audited company or companies under that company's control the following services that are not disclosed in the annual financial statements or in the combined management report:

- Formal review of the remuneration report of KHD AG in accordance with § 162 (3) AktG
- Tax compliance services provided by the BDO USA to the subsidiary of KHD AG

OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited annual financial statements and the audited combined management report as well as the assured ESEF documents. The annual financial statements and the combined management report converted to the ESEF format – including the versions to be published in the German Company Register – are merely electronic renderings of the audited annual financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents provided in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Mr. Nabil Jaber.

Cologne, 6 March 2026

BDO AG
Wirtschaftsprüfungsgesellschaft

Signed by Jakob
Wirtschaftsprüferin
(German Public Auditor)

Signed by Jaber
Wirtschaftsprüfer
(German Public Auditor)

Report of the Supervisory Board

Dear Shareholders,

The Supervisory Board has learned with shock and deep sorrow about the passing of our Chief Technology Officer (CTO), Mr. Matthias Mersmann. During his time at KHD, Matthias made significant contributions to the company. The Supervisory Board particularly appreciates his ambitious striving for innovative technology and his devotion to genuine collaboration. We and the entire KHD are committed to building on Mr. Mersmann's extraordinary commitment through dedicated collaboration in all our future efforts aimed at driving KHD to greater success.

For KHD Humboldt Wedag International AG the 2025 financial year was a quite successful year, particularly while considering the geopolitical crises and uncertainties. Instability and the incalculability of the framework for action remain a permanent challenge. Protectionism, growing polarization and tensions caused by different political systems are having a detrimental effect on the development of the global economy.

In the 2025 financial year, the Supervisory Board of KHD Humboldt Wedag International AG carefully and conscientiously performed supervisory and advisory functions as required by law, the articles of association, and the rules of procedure. In doing so, the Supervisory Board was guided by the German Corporate Governance Code. It monitored and advised the Management Board on a continual basis and consulted with the Management Board in meetings and in numerous discussions outside of these meetings. The Supervisory Board requested the Management Board to report regularly, in a timely manner, and comprehensively, both in writing and verbally, about intended business policy and strategy, fundamental issues concerning financial, investment, and personnel planning, the course of business and the profitability of the Group and of the significant Group companies. The Management Board also reported on the strategic alignment of the Group and the status of strategy implementation. In addition, information on sustainability issues is becoming increasingly important in discussions with the Management Board.

The Supervisory Board was involved in all decisions of fundamental importance to the KHD Group.

Cooperation between the Management Board and the Supervisory Board has always been constructive. The Chairman of the Supervisory Board was in regular contact with the Management Board and particularly the Chief Executive Officer over and above the regular meetings and discussed the Group's strategy, risk situation, and risk management. The Chief Executive Officer immediately notified the Chairman of the Supervisory Board of any important events, which were essential for assessing the situation and development of the KHD Group.

Changes in the Supervisory Board and the Management Board

At the end of the Annual General Meeting on May 23, 2025, the mandate of our Supervisory Board Chairman, Mr. Jiayan Gong, ended. The Supervisory Board wants to express its extraordinary gratitude to the former Chairman for his work. At the Annual General Meeting on May 23, 2025, the shareholders re-elected Messrs. Gerhard Beinhauer, Xiaodong Wu, and Jingnan Yang as members of the Supervisory Board. In addition, Mr. Sibó Yan was elected to the Supervisory Board for the first time. At the constituent meeting on May 26, the Supervisory Board elected Mr. Yang as Chairman and Mr. Beinhauer as Vice Chairman.

In addition to the tragic passing away of Mr. Mersmann, there were other changes to the Management Board. On September 29, 2025, the Supervisory Board decided to appoint Mr. Martin Strouhal as a further member of the Management Board with effect from January 1, 2026. As Chief Sales Officer, Mr. Strouhal is responsible in particular for the further strengthening of sales in order to better leverage market potential for KHD through convincing technical solutions at competitive prices and customer proximity. With effect from December 20, 2025, Mr. Jianlong Shen resigned from his position as Chairman and member of the Management Board. His contribution to the positive development of KHD in recent years is expressly praised and recognized. By resolution of the Supervisory Board dated November 18, 2025, Mr. Heng Xiang was appointed as a member of the Management Board and Chairman with effect from December 20, 2025. As Chief Executive Officer (CEO), Mr. Xiang focuses on the consistent implementation and further development of the Group strategy. In addition, due to its good networking, he plays a decisive role in terms of close cooperation with our parent company AVIC.

Meetings and Resolutions of the Supervisory Board

In 2025, the Supervisory Board held five meetings. The meetings on March 20, June 24 and November 18 were held in person. The Supervisory Board dealt extensively with all issues of fundamental importance to the KHD Group. In addition, 20 single resolutions were passed by telephone/video conference. The Supervisory Board also exchanged views on individual topics in the face-to-face meetings and in video or telephone conferences without members of the Management Board. All members of the Supervisory Board participated in the meetings in person, the meetings by video conference and in passing the resolutions. The participation rate of the members of the Supervisory Board was 100% overall in the reporting year.

Individualized disclosure of Supervisory Board members' attendance at meetings

| | <u>Supervisory Board Meetings</u> | | <u>Supervisory Board Resolutions</u> | |
|--|-----------------------------------|--------------------|--------------------------------------|--------------------|
| | Number | Participation Rate | Number | Participation Rate |
| Mr. Jingnan Yang (Chairman) | 5/5 | 100% | 20/20 | 100% |
| Mr. Gerhard Beinhauer (Vice Chairman) | 5/5 | 100% | 20/20 | 100% |
| Mr. Xiaodong Wu | 5/5 | 100% | 20/20 | 100% |
| Mr. Sibö Yan | 4/4 | 100% | 8/8 | 100% |
| Mr. Jiayan Gong (former Chairman) | 1/1 | 100% | 12/12 | 100% |

The Supervisory Board concerned itself with the monitoring of the financial reporting process and, in the presence of the auditors and the Management Board, with the annual and consolidated financial statements for 2024. At the meeting on March 20, 2025, the Supervisory Board held a thorough discussion of the draft of the annual and consolidated financial statements for the 2024 financial year. By resolution on March 27, 2025, the Supervisory Board approved the audited annual and audited consolidated financial statements of KHD Humboldt Wedag International AG for the financial year ended December 31, 2024.

The agendas of the Supervisory Board meetings in March, May, June, August, and November covered reports on business development, deviations of the actual business development from the budget and forecasts, the 2026 budget and the medium-term planning for 2027-30, discussions of the half-year report prior to publication, changes to the schedule of responsibilities for the members of the Management Board, the assessment of the performance of the members of the Management Board and other Management Board matters, discussion of the agenda for the Annual General Meeting of shareholders, the internal control system, the risk management system, as well as discussions related to Corporate Governance, the decision

on the proposal of the new auditor for the 2025 financial year and organizational matters relating to the Supervisory Board. Particular focal points in the 2025 financial year were the research and development program, strengthening cooperation with the parent company AVIC, expanding EPC capabilities, and KHD's strategy relating to major tenders. In addition, the improvement of competitiveness and development prospects were once again discussed with the Management Board. In terms of operational issues, the focus was particularly on risk management in relation to major projects.

The resolutions passed by telephone/video conference concerned transactions requiring approval by the Supervisory Board, personnel issues relating to the members of the Management Board (including the assessment of target achievement for the 2024 financial year and the definition of bonus targets for the 2025 financial year), proposed resolutions for the Annual General Meeting, as well as the approval of the Declaration of Compliance with the German Corporate Governance Code and the separate non-financial Group report (CSR report) for 2024.

Responsibilities as Defined by Section 107 Paragraph 3 of the German Stock Corporation Act (AktG)

Responsibilities that would otherwise be passed on to an Audit Committee have been carried out by the full Supervisory Board. The Supervisory Board issued the audit mandate to the auditors and discussed and agreed upon the focal points of the audit as well as the audit fees. Furthermore, the Supervisory Board monitored the independence, qualification, rotation, and efficiency of the auditors as well as the services provided in addition to the audit of financial statements. The Supervisory Board also dealt with issues of corporate governance, including the preparation of the Declaration of Compliance with the German Corporate Governance Code. Based on reports from the Management Board, the Supervisory Board concerned itself with the internal control system and was informed about the effectiveness and further development of the Group-wide risk management system. Significant opportunities and risks, including the risk situation, risk identification, and risk monitoring as well as the compliance structure and compliance issues within the KHD Group were discussed. The Supervisory Board assessed the effectiveness of the internal control system and the risk management system.

Corporate Governance and Declaration of Compliance

There were no conflicts of interest among the members of the Supervisory Board or Management Board during the reporting year. According to its own assessment, the Supervisory Board included an appropriate number of independent members as defined by the German Corporate Governance Code at all times during the reporting year.

The Supervisory Board monitors the development of corporate governance standards on a continual basis, as well as the implementation of the recommendations of the German Corporate Governance Code at KHD Humboldt Wedag International AG. The Management Board and Supervisory Board issued the annual declaration of compliance pursuant to Section 161 of the German Stock Corporation Act (AktG) in February 2026. This was published on February 6, 2026 and made permanently available to shareholders on the Company's website at www.khd.com/ir/corporate-governance/#declaration-of-compliance. Further information on corporate governance can be found in the Corporate Governance Statement (within the meaning of the German Corporate Governance Code as amended on April 28, 2022), which has also been published on the Company's website.

KHD supports the members of the Supervisory Board upon their appointment by explaining a list of key tasks and handing over important core documents, for example the Rules of Procedure for the Supervisory Board

as well as for the Management Board and the list of transactions requiring Supervisory Board approval. The Company generally supports the members of the Supervisory Board in training and development measures. In the 2025 financial year, content and duties of the Supervisory Board in relation to sustainability issues were explained in particular. In addition, a training was held to deepen specialist knowledge regarding the special regulations of the International Financial Reporting Standards (IFRS) related to plant engineering.

Separate Non-financial Group Report

The Management Board prepared the separate non-financial Group report for the 2025 financial year in accordance with Section 315b Paragraph 3 of the German Commercial Code (HGB). Before its publication, the Supervisory Board audited the separate non-financial Group report in accordance with Section 171 Section 1 of the German Stock Corporation Act (AktG).

Annual and Consolidated Financial Statements

The Management Board prepared the annual financial statements of KHD Humboldt Wedag International AG as of December 31, 2025 and the consolidated financial statements as of December 31, 2025 in a timely manner and in accordance with principles set out in the German Commercial Code (HGB), in accordance with IFRS as adopted by the European Union, including the combined management report for the 2025 financial year. The annual financial statements and the consolidated financial statements, including the combined management report, were audited by BDO AG Wirtschaftsprüfungsgesellschaft, Cologne office, who were appointed by the Annual General Meeting of shareholders on May 23, 2025. The auditors issued an unqualified audit opinion on both sets of financial statements. Furthermore, the auditors confirmed that the early risk recognition system complies with the legal requirements set out in Section 91 Paragraph 2 of the German Stock Corporation Act (AktG); no risks that might affect the viability of the Company as a going concern were identified.

The financial statement documents and the audit reports were sent to all members of the Supervisory Board in due time. The audit reports were subject to intensive deliberations in the Supervisory Board meeting convened to approve the financial statements on March 18, 2026. The meeting to approve the financial statements on March 18, 2026 was attended by the auditors as well as the Management Board. The auditors reported on the scope, the focus, and the main findings of the audit, addressing in particular the key audit matters. During the Supervisory Board meeting, the auditors were available to provide further information and answer questions.

The Supervisory Board conducted its own examination of the annual financial statements for the 2025 financial year and of the consolidated financial statements, including the combined management report, for the 2025 financial year, taking into account the auditors' reports. In its audit, the Supervisory Board concerned itself in particular with the key audit matters. After considering the final results of the Supervisory Board's review of the documents submitted by the Management Board and the auditors, the Supervisory Board has no objections to raise and concurs with the result of the audit conducted by BDO AG Wirtschaftsprüfungsgesellschaft. The Supervisory Board approves the annual financial statements and the consolidated financial statements as of December 31, 2025, as prepared by the Management Board. The annual financial statements of KHD Humboldt Wedag International AG are therefore adopted.

Compensation Report

The Management Board and Supervisory Board have jointly prepared the compensation report in accordance with the requirements of Section 162 of the German Stock Corporation Act (AktG). The compensation report

was separately audited by the auditor in accordance with the formal audit required by law (pursuant to Section 162 (1) and (2) AktG). The compensation report together with the auditor's opinion is published on the Company's website.

Management Board's report on the relationships with affiliated companies

The Management Board's report on the relationships with affiliated companies (Dependent Company Report) was audited by the auditors and issued with the following unqualified audit opinion:

"Based on our audit performed in accordance with professional standards and our professional judgment, we confirm that:

1. The factual statements contained in the report are correct.
2. The consideration paid by the Company for the legal transactions stated in the report was not unreasonably high."

The Management Board presented the Dependent Company Report to the Supervisory Board, which also reviewed the Dependent Company Report. After considering the final results of its own review, the Supervisory Board has no objections to raise with respect to the Management Board's final declaration in the Dependent Company Report or with respect to the result of the audit by the auditors.

Expression of Thanks

The Supervisory Board would like to thank all KHD employees for their active commitment and successful work. Thanks are equally due for the constructive cooperation with the Management Board, which led KHD with great commitment through a challenging financial year that ended with a positive operating result (EBIT).

Cologne, March 18, 2026

Jingnan Yang
(Chairman of the Supervisory Board)

Members of the Supervisory Board

Jingnan Yang

Chairman of the Supervisory Board (since May 26, 2025)

President of AVIC International Beijing Co. Limited

Gerhard Beinhauer

Vice Chairman of the Supervisory Board

Managing Director of BBI Beteiligungs- und Handelsgesellschaft mbH

Membership in supervisory boards and other governing bodies:

- BIEGLO Holding GmbH & Co. KGaA, Hamburg, Chairman of the Supervisory Board

Xiaodong Wu

Chief Financial Officer of AVIC International Beijing Co. Limited

Sibo Yan (since May 23, 2025)

Vice President of AVIC International Beijing Co. Limited

Jiayan Gong (until May 23, 2025)

Chairman of the Supervisory Board

Retired, former Chairman of the Board of Directors of AVIC International Beijing Co. Limited