



# S&T – Response to Management

S&T Management’s response to our report tries to draw silver linings in a mushroom cloud. Viceroy’s views remain unchanged.

## PLEASE READ IMPORTANT DISCLAIMER – PAGE 2

**January 25, 2021** – On December 28, 2021, S&T issued a “detailed response<sup>1</sup>” to our report on the company. The response leaves numerous questions wide open and deflects several key concerns outlined by Viceroy.

- The company has decided to justify its poor corporate governance and transparency by abandoning its responsibilities to investors.
- S&T disclosed for the first time an anti-monopoly investigation in Romania against S&T Romania without any significant details. How many other undisclosed investigations is the company hiding from its investors? Why was this investigation only disclosed in response to our research?
- S&T Ukraine, a company in direct competition with S&T in the country and under criminal investigation while operating under S&T’s name pays only EUR35k for branding licenses. We seriously question the rationale behind this relationship considering the reputational damage incurred.
- Regardless of S&T’s assertion, IMG China operates with S&T branding and claim ownership by S&T on their website. We highlighted how IMG China’s client base poses significant reputational risk to S&T.
- The company points out that CityComp won its largest contract in history in April 2019, but the hack only became widespread news on April 30 of that year. This is a clear attempt to pull the wool over investors’ eyes. Further we question if CityComp’s growth is due to being merged or combined with other S&T operations.
- S&T clarified that investigations in Poland were centered on former Kapsch CarrierCom employees, but this is clearly relevant as they relate to the company’s ongoing performance and its ability to win future contracts. Further the employees were clearly acting in the interest of Kapsch CarrierCom.
- S&T has failed to address why the S&T Mold appears to have won significantly more tenders since its sale. We still believe S&T Mold was “swapped” for Bass Systems to facilitate the same scheme. The collapse in business and subsequent sale of S&T’s Bass Systems stake corroborates our view.
- The company’s wording in its statement that “there have never been any investigations against BASS itself or S&T during the time S&T was a shareholder” raise more questions than they answer. They offered no response as to why S&T acquired a company with so many ties to corruption allegations whatsoever.
- S&T’s defense of its Xtro acquisitions fails to address why this cycle has repeated itself twice and points to poor ability to retain staff. Ennoconn filings show Xtro revenues declining up to the new acquisition.
- S&T’s response makes no mention of what activities or business funworld GmbH was engaged in, or if it had any operations at all at the time. Viceroy at no time stated that S&T’s stake was purchased from Hannes Neiderhauser.
- S&T confirmed that they acquired Roding Embedded, a company formed less than a year prior, from a major shareholder and former supervisory board member yet felt it had no duty to report this to investors.
- The company’s redefinition of revenue per employee is pure semantics and a clear attempt to manipulate performance metrics in their favor.

Viceroy welcomes the announcement of an independent forensic investigation by Deloitte and S&T’s commitment to publish the findings. We encourage stakeholders to move for the publication of the report in full instead of an abridged format to avoid any omission of findings.

We reiterate our belief that the company is a roll-up of low-quality, labor intensive “IoT” assets, often acquired under fire-sale circumstances.

<sup>1</sup> [https://ir.snt.at/news/S-T\\_AG\\_STATEMENT\\_ON\\_THE\\_REPORT\\_OF\\_THE\\_SHORT\\_SELLER\\_VICEROY\\_R.pdf](https://ir.snt.at/news/S-T_AG_STATEMENT_ON_THE_REPORT_OF_THE_SHORT_SELLER_VICEROY_R.pdf)



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Viceroy encourage any parties with information pertaining to misconduct within S&T AG, its affiliates, or any other entity to file a report with the appropriate regulatory body.

We also understand first-hand the retaliation whistleblowers sometimes face for championing these issues. Where possible, Viceroy is happy act as intermediaries in providing information to regulators and reporting information in the public interest in order to protect the identities of whistleblowers.

You can contact the Viceroy team via email on [viceroy@viceroyresearch.com](mailto:viceroy@viceroyresearch.com).

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