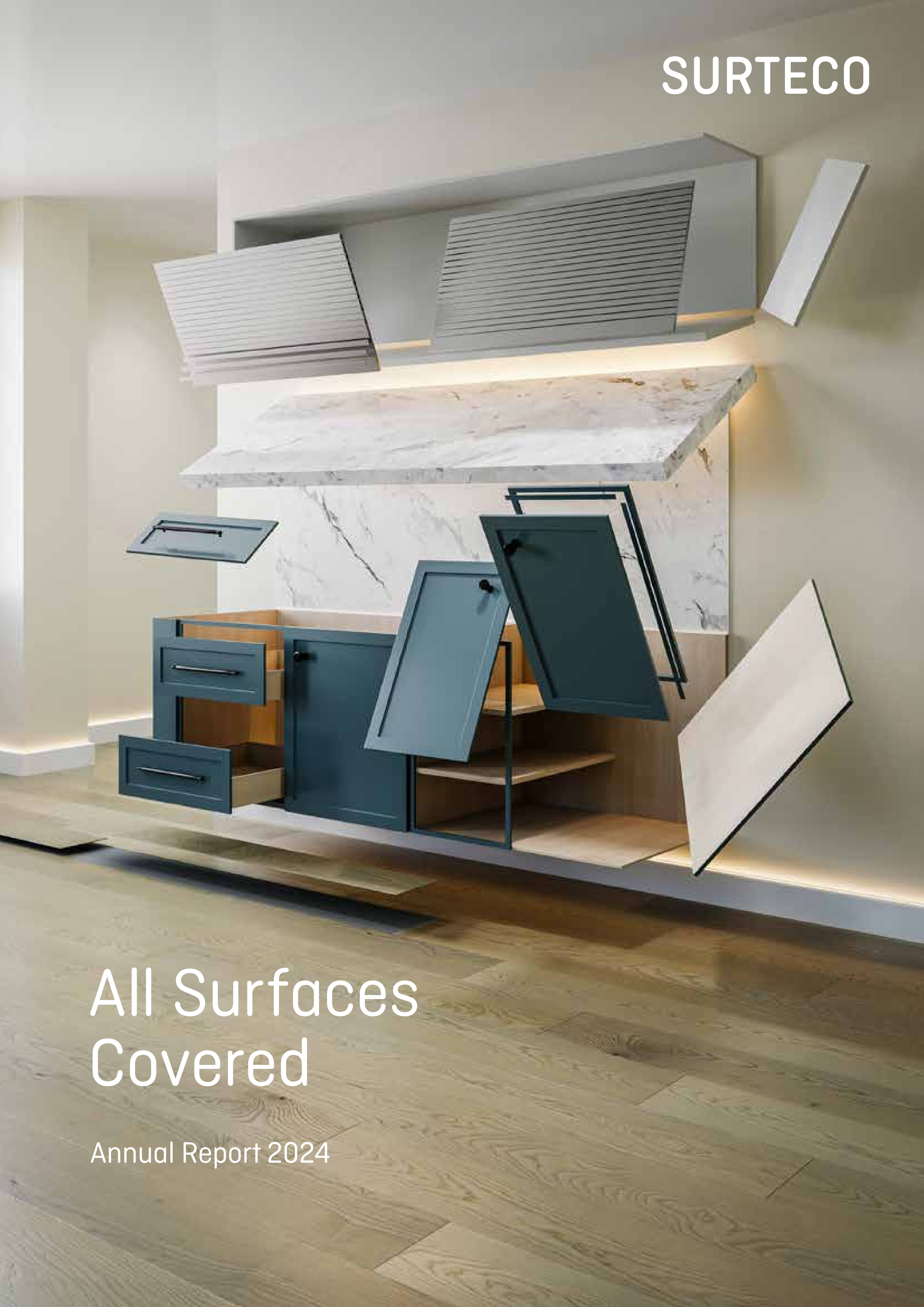

SURTECO
All Surfaces Covered
Annual Report 2024

At a Glance

[€ million]	2022	2023	2024	Δ 23-24 in %
Sales revenues	747.7	835.1	856.6	+3
Foreign sales ratio in %	76	80	81	+1
EBITDA	84.2	66.6	94.4	+42
EBITDA margin in %	11.3	8.0	11.0	
EBITDA adjusted	84.2	86.4	95.3	+10
EBITDA margin adjusted	11.3	10.3	11.1	
Deprecation and amortization	-44.0	-58.5	-59.9	-2
EBIT	40.2	8.1	34.5	+326
EBIT margin in %	5.4	1.0	4.0	
Financial result	-3.4	-15.8	-14.9	
EBT	36.8	-7.7	19.6	+355
Consolidatet net proft	25.2	-12.3	8.4	+168
Earnings per share in €	1.63	-0.79	0.54	+168
Number of shares	15,505,731	15,505,731	15,505,731	
Additions to fixed assets	50.5	182.7	25.2	-86
Balance sheet total	851.8	1.041.8	1.012.4	-3
Equity	426.1	392.9	410.5	+4
Equity ratio in %	50.0	37.7	40.5	+2.8 pts
Net financial debt at 31 December	152.8	359.3	339.9	-5
Gearing (level of debt) at 31 December in %	36	91	83	-9 pts
Average number of employees for the year	3,147	3,756	3,718	-1
Number of employees on 31 December	3,052	3,685	3,732	+1

Profitability indicators in %

Return on sales	4.9	-0.9	2.4
Return on equity	6.1	-3.1	2.0
Total return on total equity	4.9	-2.4	0.0

2024 was a Year of Reset for Our Future Business Development.

Sourcing materials for complex projects can be challenging for companies. At SURTECO, we streamline this process by offering a fully integrated portfolio of surfaces seamless coordination from design to application.

As a leading provider of diverse surface solutions, SURTECO develops innovative and harmonized concepts that meet both current and future customer demands. By consolidating a comprehensive range of surfaces — including 2D and 3D Laminates, Decor Papers, Edgebands, Profiles, and Coated Fabrics — SURTECO reduces complexity and increases efficiency for its customers.

This approach not only strengthens our market position but also underscores our commitment to quality, sustainability, and customer-oriented innovation. Furthermore, our diverse product portfolio enables us to operate across multiple industries, ensuring long-term stability and sustainable economic positioning.

The following pages present case studies that highlight how SURTECO, in collaboration with its customers, transforms innovative concepts into tailored solutions. These examples demonstrate how SURTECO's expertise and integrated product portfolio have contributed to success and fostered long-term, strong partnerships with our customers.

Key Facts

EBITDA Adjusted 2024
95.3 € million

Revenue 2024
856.6 € million

50 Nationalities

26 Plants

40 Locations

3,732 Employees

Sustainability at SURTECO

Sustainability is a cornerstone of SURTECO's strategy.

The furniture and interior design industries are shifting toward sustainable materials.

SURTECO is leading this transformation, offering eco-friendly solutions without compromising quality or design.

Growing demand for sustainable products that meet high standards.

Integration of circular economy principles into operations.

Focus on waste reduction, material efficiency, and carbon footprint reduction.

Our Commitment and Goals.

0 %
net zero emissions by 2045.

50 %
reduce CO_2 emissions by 2030.

80 %
internal plastics recycling rate by 2025.

> 2500 kWp
of solar power fully operatio-nal around the world.

At SURTECO, sustainability means balancing design and quality without compromise. We invest heavily in research and development, advancing sustainable materials that keep us ahead. Our energy-efficient manufacturing practices minimize waste and environmental impact. We aim to use 100 % renewable energy sources such as solar and wind power wherever possible to reduce our environmental footprint in the supply chain. We also emphasize transparent, responsible sourcing, ensuring compliance with environmental and social standards at every stage.

Aligned with the UN's Sustainable Development Goals, SURTECO focuses on areas where we can make the greatest impact. By embedding sustainability into everything we do, we not only meet today's customer demands but also contribute to a more sustainable future for generations to come.

Proadec, Portugal
Business Unit Edgebands

Robertson and Caine Elevate Yacht Interiors with SURTECO's High-Performance, Marine-Resistant Edgebands.

Custom ABS Edgebanding Solution Delivers Durability Aesthetics and Thermal Stability for Luxury Catamarans.

National Edging was established in 1997 and has since become a leading supplier to the kitchen, furniture, and shop-fitting industries across Sub-Saharan Africa. With a commitment to innovation and quality, the company has developed an extensive portfolio of over 250 designs in ABS and PVC, available in a variety of thicknesses and widths. As the largest stockist of edgebanding in the country, National Edging ensures a comprehensive selection to meet diverse customer needs.

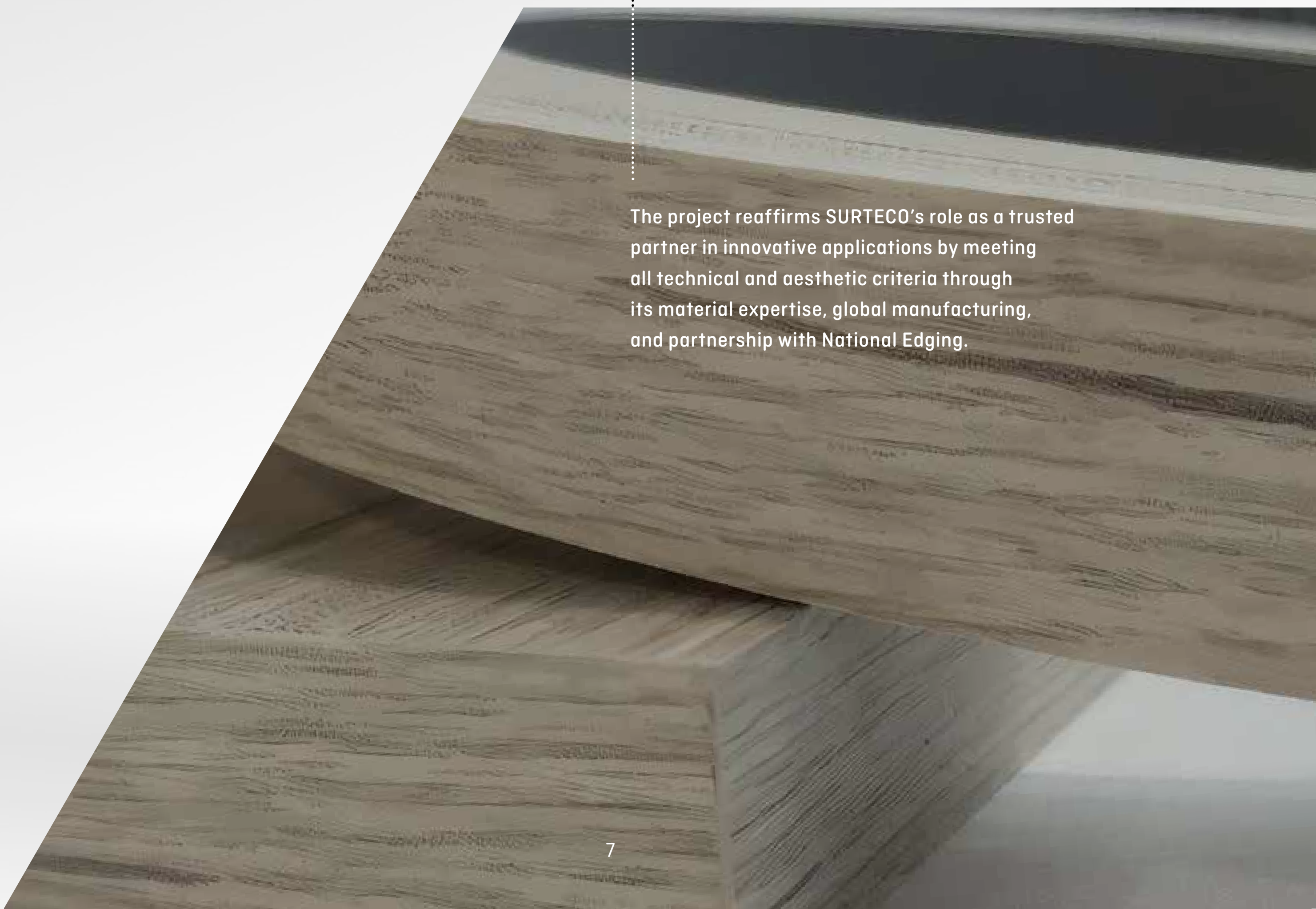
For many years, National Edging maintained a strong partnership with the SURTECO Group, sourcing ABS edgebanding from Gladbeck and PVC from Batam, Indonesia. However, following SURTECO Group's acquisition of Proadec, a strategic transition took place to consolidate supply sources, mainly PVC and enhance product availability. This transition was carefully managed to maintain business continuity and reinforce National Edging's position as a market leader.

Robertson and Caine, the largest builder of catamarans in the Southern Hemisphere and the third-largest globally, required a thermally stable, lightweight edgebanding solution that seamlessly matched their HPL-upgraded yacht interiors. Based in Cape Town, South Africa, they manufacture sailing and power catamarans designed for the most exotic sailing destinations worldwide, from the Caribbean and Mediterranean to the South Pacific and Asia.

These yachts endure extreme heat variations — ranging from weeks at sea in tropical climates to extended periods on moorings without ventilation — making material stability and durability critical. Through National Converting Agencies, SURTECO developed and supplied a 1.3 mm thick ABS edgebanding solution, specifically designed to match Robertson and Caine's HPL interiors.

The product featured:

- **Precise colour matching with both straight grain and cross grain options to enhance aesthetics.**
- **Lightweight and thermally stable properties, ensuring resilience in extreme temperature conditions.**
- **A 1.3 mm thickness, providing a gentle radius that eliminates sharp edges, improving both functionality and design.**
- **The SURTECO logo is present on all packaging, reinforcing brand recognition.**



The project reaffirms SURTECO's role as a trusted partner in innovative applications by meeting all technical and aesthetic criteria through its material expertise, global manufacturing, and partnership with National Edging.

Birkdale partners with Nenplas, replacing previous imports with an innovative, eco-friendly fencing board featuring 70% recycled materials and a durable, UV-stable skin.

Nenplas Provides Birkdale with a Higher-Quality, Recycled Fencing Solution, Enhancing the Previous Product in Several Aspects.

Nenplas Delivers High-Quality, Sustainable Solution for Birkdale.

Birkdale, a leader in fencing solutions, was facing a critical issue with its DuraPost product line. The company had been sourcing a similar product from abroad, but variations in quality not only compromised product performance but also posed a potential risk to Birkdale's reputation.

Recognizing the urgency of the situation, Nenplas stepped in with a tailored solution. Leveraging its expertise in product design and engineering, the company developed a cutting-edge fencing board that not only met but exceeded Birkdale's requirements. The new fencing board, made from 70% recycled materials, was engineered with a high-quality, UV-stable skin — ensuring enhanced durability, aesthetic appeal, and long-term performance. Crucially, Nenplas was able to deliver this solution at a competitive price point, making it a viable and attractive alternative for Birkdale.

By partnering with Nenplas, Birkdale sucessfully transformed a challenging product into a trusted and sustainability solution. The new fencing board not only restored confidence in the DuraPost product line but also strengthened Birkdale's position in the market. Now, Birkdale can offer a superior product that aligns with both cost expectations and sustainability goals — without compromising on performance.

Innovative Soundproof Staircase with 100% Recycled Material – the Schöck "Tronsole" Project.

Pioneering a New Era of Soundproof Staircases Made from 100% Recycled Material.

As part of the Schöck "Tronsole" project, Döllken Profiles played a key role in the development of an innovative and sustainable component – a sandwich profile for soundproof staircases made from 100% recycled material. Schöck manufactures this component under the brand name "Tronsole Typ T" and directly integrates it into construction projects.

In collaboration with Schöck, Döllken Profiles developed a sandwich profile consisting of two profiles with a foam core. Using three specialized tools in the production process, Döllken Profiles also optimized resource usage and increased cost efficiency. After manufacturing, Schöck adds additional reinforcements such as steel braces and load-bearing elements made from white injection-molded parts to complete the construction.

This entire construction is crucial in decoupling the impact sound between the staircase and the landing, significantly enhancing soundproofing. Once installed, the component is fully integrated into the concrete, creating an innovative, long-lasting solution that sets new standards in functionality and sustainability.

This project not only impresses with its innovation and sustainability but also offers a competitive pricing structure for construction projects that demand high standards of environmental awareness and technological innovation.

The blue sections highlight the key functions of the "Tronsole" component, which plays a central role in soundproofing staircases by successfully decoupling impact sound between the staircase and the landing.

Döllken Profiles, Germany
Business Unit Profiles

SURTECO
Business Unit North America

American Woodmark & SURTECO North America – Sandstone Design Across Multiple Surface Solutions.

Delivering Consistency and Cost-Effectiveness in Cabinet Manufacturing.

American Woodmark, a leading manufacturer of kitchen and bath cabinetry, serves major home improvement retailers such as Home Depot and Lowe's. Focused on delivering high-quality, cost-effective cabinetry solutions, the company sought a surface solution that ensured a cohesive design aesthetic while offering flexibility in material choices based on cost and performance.

The challenge was to create a budget-friendly cabinet and vanity line with a unified design across multiple surface technologies. Traditionally, this required working with multiple suppliers, leading to inconsistencies in color and texture as well as added supply chain complexity. To overcome this, American Woodmark needed a partner capable of providing 3D, 2D, and paper surface solutions while maintaining perfect design alignment. SURTECO North America delivered the ideal solution by offering the Sandstone design across all three surface technologies. This ensured a seamless, uniform appearance while allowing American Woodmark to optimize material selection based on specific performance and cost requirements. As the only domestic manufacturer capable of producing the same design across multiple surface technologies with absolute consistency, SURTECO eliminated the need for multiple suppliers, simplifying the production process and enhancing reliability.

The collaboration was a success, with American Woodmark praising the seamless aesthetic, improved efficiency, and cost-effectiveness of the solution. By enabling a single design to be applied across multiple surfaces, SURTECO helped meet retailer demands for high-quality, consistent cabinetry at competitive price points. This partnership highlights SURTECO's ability to deliver fully integrated design solutions, setting a new standard for efficiency and design cohesion in the cabinetry industry.

What Made This Case Unique?

Cabinetry manufacturers typically source 3D foils, 2D laminates, and decorative paper from multiple suppliers, causing design inconsistencies and logistical challenges. Partnering with SURTECO, American Woodmark was able to:

- Reduce sourcing complexity by working with a single supplier.
- Ensure color and texture uniformity across all components.
- Optimize material selection based on cost and performance needs.

SURTECO Supports American Woodmark with One Sandstone Design Across Multiple Surfaces.

SURTECO
Business Unit Surfaces

Transforming caravan interiors with unique and modern decors to appeal to a wide customer base.

A Design Journey Creating a Fresh Look for Modern Caravans – the Total Look Concept.

Transforming Caravan Interiors with Unique and Modern Decors to Appeal to a Wider Customer Base.

In early 2024, Dethleffs, a supplier of caravans and part of the Erwin-Hymer Group, requested new decors for one of their customers. SURTECO presented a broader selection than usual, including decor matches and combinations for a complete look, along with digital presentations and physical samples. A few weeks later, Dethleffs visited the SURTECO Design Center with their customer, Poessl, including Poessl's Head of Design and Managing Director. They sought fresh, modern designs for two van models they wanted to update. Even if worktops are typically sourced from HPL suppliers, SURTECO presented innovative combinations from the furniture market, which the customers liked. During the visit, the customers fell in love with a sample of the "Chengdu" decor, leading to the creation of the "Total Look" concept based on SURTECO's recommendations.

The decorative combinations are based on SURTECO's technology, which minimizes the formaldehyde content in impregnated finish foils. In an industry where sustainability is becoming increasingly important, SURTECO is setting new standards. SURTECO's surface qualities "Haptic NextGen" and "Gentle Haptic" are characterized by a matte, modern, and natural look and have received much praise within the industry.

SURTECO is proud to have achieved two major milestones with this project: the integration of innovative, visually appealing decors that create a harmonious overall appearance, as well as the introduction of new, sustainable standards with the lowest formaldehyde content in the caravan sector. This success is the result of close collaboration between design, product management, and customers.

OMNOVA Secures Key Business in Milsco Turf Care Seating.

Through Close Collaboration with Milsco's Engineering Team and Plant Operators, OMNOVA Developed four Products that Outperformed the Competition.

OMNOVA, a company of SURTECO, successfully expanded its market share by securing 100% of the business from Milsco, a major player in the turf care seating industry. The objective was to replace Milsco's existing supplier of vacuum formable products used in turf care seating applications. While OMNOVA has a broad product portfolio, this project required the development of a new formulation to meet Milsco's highly specific manufacturing requirements.

OMNOVA's success was driven by close collaboration with Milsco's engineering team and plant operators. By engaging directly with those working on the plant floor, OMNOVA gained a deep understanding of the material requirements and processing conditions. This hands-on approach allowed OMNOVA to develop a superior formulation that not only met Milsco's expectations but also introduced a key competitive advantage — an extended shelf life compared to the incumbent supplier's material. This enhancement enables Milsco to better manage inventory and minimize quality issues related to material aging.

As a result of this partnership and technical innovation, OMNOVA developed four new products specifically designed for Milsco's needs. These products are available in different colors and thicknesses. They are used in the production of seats for turf care equipment, including riding lawnmowers.Based on all the valuable input during this time, we created four new products that meet the original goal, and OMNOVA was awarded 100% share of the business from Milsco.

A customer-focused approach and technical innovation led OMNOVA to replace the incumbent supplier, delivering a longer shelf life and greater efficiency for Milsco.

OMNOVA
Business Unit North America

Annual Report 2024

ISIN: DE0005176903 | Ticker symbol: SUR

Contents

DEAR SHAREHOLDERS,

As we anticipated last year – or rather, feared – the business year 2024 continued to be defined by slack demand for our products. This lacklustre development became even more pronounced during the second half of the year, engulfing not only the domestic market but also taking hold in Europe and Asia. The reasons are well known. Global crises result in uncertainties for consumers. This means that they remain cautious when it comes to investments in durable goods such as furniture and flooring – our most important consumer end markets. This has entailed that we have fallen slightly short of our sales target with sales achieved of € 857 million. Adjusted EBITDA was fairly precisely in the middle of our earnings forecast with a value of € 95.3 million. We succeeded in achieving this by further strengthening our market position along with consistent cost management and our continued measures derived from the Performance Plus Programme.

STRATEGY

As a result of integration of the Omnova divisions in our Group, we also adapted the marketing strategy in North America. As a consequence, we now conduct our operations in this market solely under the umbrella of the brand “SURTECO”. This highlights the Group’s complete offering to our customers. The quality of the product range is unparalleled in our sector. As already mentioned, additional improvements from the areas of operational and commercial excellence have also contributed to the business success this year.

In March 2025, we also made the difficult decision to discontinue the business with impregnates and to close the relevant production site in Germany. Unfortunately, the market conditions for this product have deteriorated to such an extent that an economically sustainable continuation of this product offering is no longer possible.

Even though lawmakers have failed to adopt the EU Directive on sustainability reporting in German law, we have decided to discontinue the previous separate sustainability report and integrate information on sustainability into the Management Report, while aligning the reporting with the standards defined by the EU Directive. This will provide an even more detailed insight into our efforts in the areas of Environment, Social and Governance (ESG).

BALANCE SHEET STRUCTURE

In spite of the difficult economic framework conditions, we repaid financial liabilities in the amount of approximately € 58 million in the past business year and accordingly reduced our gross dept as well as the balance sheet total to € 1.012 million. At year-end 2024, our equity ratio at 40.5 % was at a comfortable level. Compared to the previous year, we also succeeded in bringing down net financial debt from € 359 million to € 340 million and the level of debt from 91 % to 83 %. Only the sustained weak demand prevented an even more robust reduction in debt. In 2024, our free cash flow at € 37.1 million is once again in a satisfactory position.

DIVIDEND POLICY

We remain committed to our announcement about making stable dividend payments. Even though the past business year was defined by a very subdued economy, we are going to submit to the Annual General Meeting for approval a proposal to pay out a dividend amounting to € 0.30 per share. This dividend payment is equivalent to a dividend payout rate amounting to 55 % of the consolidated net profit. The dividend return is 1.6 % in relation to the annual closing price for 2024 of € 19.60 for the share.

OUTLOOK

Unfortunately, the prospects for the business year 2025 are similarly muted to last year. Owing to the well-documented crises and conflicts across the world we are not expecting any notable stimuli to arise in the market. Sales increases are derived almost exclusively from gaining market shares or from product innovations that we will naturally tackle as part of our strategy. Furthermore, a shortfall in sales revenues amounting to around € 19 million is likely to arise calculated on a full-year basis owing to discontinuation of the impregnate business. Taking all these issues into account, we are anticipating sales in the range between € 850 million and € 900 million over the entire year. We anticipate adjusted EBITDA in the range between € 85 million and € 105 million.

In view of the current economic situation, we believe that these targets are undoubtedly ambitious but we have confidence in our internal continual processes of improvement. We would like to thank you for the trust you have placed in us and we would be delighted if you were to continue to accompany us on our journey in these volatile times.

WOLFGANG MOYSES
CHAIRMAN OF THE MANAGEMENT BOARD

ANDREAS PÖTZ
MEMBER OF THE MANAGEMENT BOARD

DEAR SHAREHOLDERS,

In the business year 2024, the Supervisory Board carried out all the functions allocated to it under statutory regulations and the Articles of Association. We advised the Management Board regularly on the management of the company and monitored the measures it took.

In the course of this process, we were involved in all the fundamental decisions taken. The Management Board regularly kept us informed in comprehensive written and verbal reports. We were notified promptly about the key aspects of the performance of the business and about significant business transactions. We were also given detailed information about the current income situation and planning, as well as the risks and risk management.

The economic situation presented in the reports by the Management Board and the development perspectives of the Group were the subject of careful and detailed discussion in the meetings of the Supervisory Board, as were the individual business areas and the key participations in Germany and abroad, as well as the general economic environment. Resolutions were adopted as far as this was necessary in compliance with statutory regulations or the Articles of Association.

The Supervisory Board convened for a total of five meetings during the course of the business year 2024. Four meetings were held as face-to-face events and one meeting was held as a video conference. The Members of the Supervisory Board took part in the meetings of the Supervisory Board and the meetings of its committees as follows in the business year 2024:

Meeting participation / Total number of meetings	Plenary Supervisory Board		Audit Committee		Personnel Committee	
	Number	In %	Number	In %	Number	In %
Mr. Andreas Engelhardt Chairman	4/5	80	3/3	100	1/1	100
Mr. Tim Fiedler Deputy Chairman	5/5	100	-	-	1/1	100
Mr. Tobias Pott Vice Chairman	5/5	100	2/3	67	1/1	100
Mr. Jens Krazeisen	5/5	100	-	-	-	-
Mr. Jochen Müller	5/5	100	3/3	100	-	-
Mr. Dirk Mühlenkamp	5/5	100	-	-	-	-
Mr. Jan Oberbeck	5/5	100	-	-	1/1	100
Mr. Thomas Stockhausen	5/5	100	-	-	-	-
Mr. Jörg Wissemann	5/5	100	3/3	100	-	-

FOCUSES OF ADVICE

In the business year 2024, the Supervisory Board intensively addressed the reporting of the Management Board in detail and discussed the position of the company on the basis of the latest business figures available for the company. The most recent relevant indicators of the SURTECO Group and the Business Units, in particular, the key financial controlling parameters were presented by the Management Board at the meetings of the Supervisory Board, where they were analysed and compared with the projected figures. Additionally, other factors such as sickness or special issues like the impact of natural forces on production were the subject of discussions.

The economic environment in which the Group is operating was subject to especially intensive discussion. This related to the ongoing difficult economic situation of the construction industry, economic weaknesses in some geographical regions, and a trend of steadily increasing prices for raw materials at a time of weak demand. As a consequence, the countermeasures integrated in the "Performance Plus" programme were the subject of deliberation at the meetings of the Supervisory Board. Furthermore, the Management Board presented and discussed a medium-term plan that is continuously updated.

The Supervisory Board held in-depth discussions at several meetings about the ongoing development of the company's strategy. The Supervisory Board was provided with information about the measures identified, the nature of the goals and the status of implementation. Optimization of the production and logistics network was a particular focus of the deliberations. An additional strategic issue addressed by the Supervisory Board was the ongoing development of IT services on a global level, the harmonization of the ERP system landscape and measures to strengthen cyber security.

At its meetings held on 22 October 2024 and 13 December 2024, the Supervisory Board held intensive discussions on the status of the integration for the OMNOVA divisions acquired at the beginning of 2023, the status of the strategic measures and most particularly issues relating to the economic framework conditions for the Business Unit North America.

On 18 November 2024, the Supervisory Board held an extraordinary meeting to discuss the takeover offer submitted by BANASINO INVESTMENTS S.à r.l. on 6 November 2024. The background to the takeover offer is the legal obligation to submit an offer after reaching a shareholding of 30% in SURTECO GROUP SE. The Supervisory Board and Management Board carefully examined the offer and sought advice on the assessment of the financial appropriateness of the consideration. The draft of a joint statement by the Management Board and the Supervisory Board was approved and all the requirements for the content of the statement were discussed in detail.

At its meeting held on 16 April 2024, the Supervisory Board approved the annual financial statements of SURTECO GROUP SE and the SURTECO Group for the business year 2023, as well as the Combined Management Report, the Sustainability Report and the Report of the Supervisory Board. At this meeting, the Supervisory Board furthermore approved the Compensation Report for the business year 2023, adopted the proposals for the agenda of the ordinary Annual General Meeting in 2024 and approved the proposal by the Audit Committee for the appointment of the auditor to audit the financial statements for the business year 2024.

The planning (budget and investment plan) for the business year 2025 presented by the Management Board was discussed at the meeting of the Supervisory Board on 13 December 2024 and approved subject to the premise that plans will be developed to safeguard earnings in the event of a significant deterioration in the framework conditions.

Furthermore, the Supervisory Board engaged with the topic of sustainability and particularly in this regard with the requirements of the Corporate Sustainability Reporting Directive. In addition, the Supervisory Board gathered information about the current status of implementation of sustainability aspects and defined annual targets for the business year 2025.

COMPENSATION OF THE MANAGEMENT BOARD

At the meeting of the Personnel Committee on 15 April 2024, a resolution was passed on the variable compensation elements for the Members of the Management Board for the business year 2023 and this was presented at the meeting of the Supervisory Board held on 16 April 2024. Decisions relating to the amendments concerning the compensation system for the Management Board were also taken at this meeting of the Personnel Committee and these were to be submitted for approval to the Annual General Meeting on 7 June 2024. These amendments were approved in a circulatory procedure after the April meeting of the Supervisory Board.

PERSONNEL DECISIONS OF THE SUPERVISORY BOARD

The Supervisory Board decided in a circulatory procedure on 7 June 2024 to reappoint in advance Mr. Andreas Pötz as a Member of the Management Board for the period from 1 April 2025 to 31 March 2030. No further personnel measures relating to the Management Board were made in the year 2024.

PERSONNEL CHANGES IN THE SUPERVISORY BOARD

The terms of office of Mr. Tobias Pott and Mr Jörg Wissemann as Members of the Supervisory Board of SURTECO GROUP SE ended when the Annual General Meeting for 2024 was concluded. At the Annual General Meeting held on 7 June 2024, Mr. Tobias Pott and Mr. Jörg Wissemann were confirmed in their offices.

There were no further personnel changes on the Supervisory Board during the reporting period.

ESTABLISHMENT OF THE COMPENSATION FOR THE AUDIT COMMITTE

At its meeting on 13 December 2024, the Supervisory Board defined the compensation for the members of its Audit Committee for the business year 2024 pursuant to § 12 (3) of the Articles of Association at a total amount of € 36,000.00 plus sales tax, which does not breach the upper limit of € 40,000.00 defined in the Articles of Association. The amount of € 36,000.00 was allocated to the individual members of the Audit Committee on the basis of their respective time commitment.

WORK OF THE COMMITTEES

The Supervisory Board formed an Audit Committee and a Personnel Committee whose members are listed in the Notes of the Annual Report. The committees have the function of preparing issues, topics and resolutions for the meetings of the Supervisory Board. There is also a Presiding Board of the Supervisory Board in accordance with the Rules of Procedure of the Supervisory Board.

The **Presiding Board** of the Supervisory Board prepares the resolutions of the Supervisory Board if they relate to measures requiring the consent of the Supervisory Board. In urgent cases, the Rules of Procedure permit the Presiding Board to take the place of the Supervisory Board and grant consent to specific measures and transactions requiring approval. During the reporting period, no decisions had to be reached by the Presiding Board.

The **Audit Committee** addressed issues relating to accounting and risk management, the Annual Financial Statements and the quarterly figures, the mandatory independence of the auditor, the tender for the audit of the financial statements, the appointment of the auditor to carry out the audit, the determination of the focuses of the audit and the agreement of the fee. The Audit Committee was in regular communication with the Management Board and the auditors. The Audit Committee was convened three times during the course of the business year and held one of these meetings at which the auditors carrying out the audit on the consolidated financial statements were present and reported on the result of their audit. Two meetings of the Audit Committee were held as video conferences.

The **Personnel Committee** was primarily concerned with determining the bonuses for the Management Board in the business year 2023, as well as proposals for amending the remuneration system for the Members of the Management Board. The Personnel Committee held one meeting during the reporting period. This meeting was carried out as a video conference.

Reports on the meetings convened by the committees were submitted to the plenary session of the Supervisory Board.

CORPORATE GOVERNANCE

The Supervisory Board continued to address the development of the corporate governance principles in the company in 2024 and also took particular account of the amendments to the German Corporate Governance

Code from 28 April 2024. At its meeting held on 13 December 2024, the Management Board and the Supervisory Board submitted a new Declaration of Compliance at this meeting, which was included in the Declaration on Corporate Governance pursuant to § 289a German Commercial Code (HGB) and may be viewed on the Internet site of the company.

ANNUAL FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

The Annual Financial Statements of the company were drawn up in accordance with German accounting principles. The Consolidated Financial Statements for the business year 2024 were prepared on the basis of the International Financial Reporting Standards (IFRS), as adopted by the EU. The Management Board submitted to the Supervisory Board the Annual Financial Statements, and the Consolidated Financial Statements and the Management Report and the Consolidated Management Report, and the integrated Sustainability Report together with its recommendation for the appropriation of the net profit to be submitted to the Annual General Meeting. The professional services firm, Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Düsseldorf, Nuremberg branch, audited the Consolidated Financial Statements and the Annual Financial Statements of SURTECO GROUP SE, and the Combined Management Report, and granted each of the documents an unqualified audit opinion. The Annual Financial Statements, the Consolidated Financial Statements and the Combined Management Report, the integrated Sustainability Report, and the audit reports of the auditor, and the recommendation for the appropriation of the net profit were submitted punctually to all the Members of the Supervisory Board. Intensive discussions on the financial statements were carried out in the Audit Committee Meeting and at the Balance Sheet Meeting of the Supervisory Board held on 15 April 2025 in the presence of the auditor and following a report by the auditor pursuant to § 171 (1) sentences 2 and 3 Stock Corporation Act (AktG).

We examined the submitted documents. Furthermore, we took note of the report by the auditor. We have no objections. We therefore concur with the result of the audit. The Supervisory Board approves the Annual Financial Statements and the Consolidated Financial Statements prepared by the Management Board. The Annual Financial Statements have therefore been adopted. We are in agreement with the Combined Management Report and in particular with the assessment of the ongoing development of the company and the Sustainability Report. We agree with the proposal by the Management Board relating to the appropriation of net profit that provides for a dividend of € 0.30 for each no-par-value share.

The Audit Committee submitted a proposal for the appointment of the auditor of the accounts for the business year 2025, which provided for the appointment of auditor Baker Tilly Holding GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Düsseldorf, Nuremberg branch office. The Supervisory Board accepted this proposal.

The Supervisory Board would like to thank the Management Board, the executive managers, the members of the Works Councils, and all the members of staff for the work they have carried out and for their commitment during the business year 2024.

BUTTENWIESEN, APRIL 2025.
THE SUPERVISORY BOARD

ANDREAS ENGELHARDT
CHAIRMAN

The SURTECO share

SURTECO share experiences uptick at year end in 2024

Over the past year, the German Share Index underwent uneven development. While the DAX climbed almost continuously in 2024, reaching ever-higher new records and even exceeding 20,000 points, the SDAX comparative index for the SURTECO share generally posted volatile development overall. At the beginning of the year, the index started at 13,960.36 points and in May it reached a high for the year of 15,243.14 points. This was followed by fluctuations before the SDAX finished the year at 13,711.33 points, which represents a slight drop of around -1.8 % compared with the beginning of the year.

During the first three quarters, the price of the SURTECO share roughly followed the movements of the SDAX. After the share started the year at a price of € 16.20, it fell to a low for the year of € 13.10 in March with some ups and downs. This was followed by what was effectively a sideways movement until the beginning of October before breaking out with a significant upward movement from the fourth quarter. This notable development flowed into a high for the year of € 22.40 in the middle of December. The share closed the year at a price of € 19.60 and a strong increase of 21 % compared with the year-end price of the previous year.

Market capitalization at year end of € 303.9 million

In the wake of the steep upward trajectory of the share price, market capitalization also increased to € 303.9 million at the close of 2024 after € 251.2 million in the previous year with an unchanged number of shares amounting to 15,505,731 no-par-value issued shares. Internal restructuring measures within the Banasino Group and small purchases of SURTECO shares meant that BANASINO INVESTMENTS S.à r.l. based in Luxembourg exceeded the threshold of a 30 % shareholding in shares of SURTECO with voting rights. Consequently, a mandatory offer was submitted on 6 November 2024 pursuant to the German Securities Acquisition and Takeover Act. The Management Board and Supervisory Board of SURTECO GROUP SE issued a joint statement concerning this mandatory offer on 18 November 2024. At year-end 2024, BANASINO INVESTMENTS S.à r.l., whose voting rights are attributed to the Liechtenstein-based Luda Foundation, held voting rights in SURTECO GROUP SE totalling 30.06 %.

On the basis of voting rights notifications, the proportion of the “SURTECO Pool”, which is made up of founding and family members, continues to be 56.87 % of the voting rights shares. Lazard Frères Gestion currently holds 4.68 % of the voting rights. Since Lazard as a fund company is classified as part of the free float, this is currently 13.11 %.

Share price performance (XETRA) 2024 in €

SURTECO shares (Close price XETRA)

€	2023	2024
Number of shares at 31 December	15,505,731	15,505,731
Year-end price	16.20	19.60
Price per share (high)	22.50	22.40
Price per share (low)	13.80	13.10
Stock-market turnover in shares per month	23,049	31,974
Market capitalization at year-end in € million	251.2	303.9

Indicators of the share

Type of security	No-par-value share
Market segment	Official market, Prime Standard
WKN	517690
ISIN	DE0005176903
Ticker symbol	SUR
Reuters´ticker symbol	SURG.D
Bloomberg´s ticker symbol	SUR
Date of first listing	02/11/1999

Investor Relations as a central function of the Management Board

In 2024, the Management Board of SURTECO GROUP SE once again sought to engage in a close dialogue with institutional and private investors in an atmosphere of trust. During the course of the reporting year, SURTECO was regularly analyzed and evaluated consistently with "Buy" by the equity research analysts of Pareto Securities und Sphene Capital. At the German Equity Forum in Frankfurt, Europe's leading capital-market conference on corporate finance, SURTECO presented investors and analysts with its current financial figures, business expectations and developments in its shareholder structure. Alongside exchange through the Investor Relations Department on a daily basis, an important highpoint of communication with private investors was undoubtedly the Annual General meeting held on 7 June 2024. This was held as an in-person event and the meeting was also transmitted by livestream. Additionally, the company continues to maintain regular communication with the financial media.

In 2024, SURTECO celebrated the company's 25th anniversary following the listing on the German Stock Exchange (Börse). The company was officially established on 4 November 1999, at that time under the name of Bausch + Linnemann AG. The company's history began with the merger between Robert Linnemann GmbH & Co. and Bausch AG, which had already celebrated its stock-market debut in 1989. The merger created Bausch + Linnemann AG, which was subsequently renamed SURTECO. Over the past 25 years, the company has undergone continuous development. Numerous challenges have been mastered, the product range has been gradually expanded through innovation and a number of acquisitions, and significant milestones have been achieved.

All information on the company can be found on the Internet pages of SURTECO GROUP SE (www.surteco.com). Furthermore, you are always very welcome to contact the Investor Relations Department of the company directly if you have any questions or ideas you wish to discuss:

Investor Relations
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ir@surteco.com

Combined Management Report SURTECO GROUP und SURTECO GROUP SE for the business year 2024

Principles of the Group

OVERVIEW

The SURTECO Group is a Group of mutually complementary companies operating on the global stage. It has primarily specialized in the manufacture of decorative surface coatings for furniture, flooring and interior design. The Group also develops, produces and sells skirtings, technical extrusions (profiles) and coated fabrics. SURTECO GROUP SE operates within this structure as the holding company with a controlling function.

The products are mainly used in the flooring, wood-based, caravan and furniture industries, as well as by cabinetmakers and artisan craft businesses. The manufactured surface products are used to coat wood-based materials such as chipboard and fibreboard. These materials thereby gain their final surface with appealing visual and haptic properties. The skirtings and technical extrusions (profiles) are supplied to craft trades, wholesale, industry and do-it-yourself stores, while coated fabrics are mainly used in the vehicle, transport and shipping industries.

Paper and plastic-based edgebandings constitute the product group generating the strongest sales within the SURTECO Group. These products are used to refine the narrow edges and the cut edges of wood-based boards. Finish foils, laminates and performance films of SURTECO are used for coating large areas of wood-based materials and consequently influence the visual and haptic properties of finished products such as items of furniture or panelling. As in the case of edgebandings, these products are based on specialist technical papers and on plastics. The SURTECO Group is also a producer of decor papers (printed decorative designs). These specialist papers are printed with wood, stone or fantasy decors and used as a material for providing a decorative finish. They are deployed within the Group for the manufacture of finish foils and impregnates. They are also supplied directly to customers from the flooring, furniture and wood-based materials industry. Decor development takes place at the Group’s in-house design studio. Similar to finish foils, impregnates from SURTECO are also used to refine large areas of wood-based materials. The base is formed by printed or single-colour decor paper, overlay or release paper, which is impregnated, dried and cut into specific formats. The product range is mainly deployed for surfaces subject to particularly heavy-duty usage, such as laminate flooring or worktops. The skirtings produced by the SURTECO Group are either manufactured entirely of plastic or they consist of a wood core that is wrapped in a special extrusion process. The Group also has a long track record in the manufacture of a wide range of extrusion products for interior design, furniture shutter systems and manifold industrial applications. The product line Coated Fabrics are primarily used for automobile and bus seats, ships’ seats and panelling, and as faux leather on all types of seating.

The products are either marketed by direct sales or shipped to customers through the Group's own sales locations, and through dealers and agents on all continents of the world. The most important sales markets for the Group include Germany, the rest of Europe, and North and South America. Production and sales facilities in Europe, North and South America, and Australia and Asia ensure fast delivery tailored to the target market.

INTERNAL CORPORATE CONTROLLING SYSTEM

Central controlling for the Group is carried out by the holding company SURTECO GROUP SE with registered office in Buttenwiesen, Bavaria, Germany.

Within the framework of the corporate strategy, the organizational structure of the Group continued to be adapted to the needs of the customers. Since the business year 2023, the controlling of the company and therefore also the segment reporting has been carried out through the segments (Business Units) of "Surfaces", "Edgebands" and "Profiles", which encompass the regions of Europe and South America, and through the regional segments of "North America" and "Asia / Pacific". The segments are organized across companies on the basis of sales markets. The production and sale of all paper- and plastic-based finish foils, impregnates and release papers, along with decorative papers and paper-based edgebandings in Europe and South America are situated in Surfaces. Edgebands bundles activities with plastic edgebandings in these regions while Profiles concentrates on skirtings and technical extrusions (profiles). The regional segments comprise all activities in the relevant geographical markets, independently of products. On 28 February 2023, the acquired business activities "Laminates, Performance Films and Coated Fabrics" of Omnova, including the production company in Thailand, are allocated to the Segment North America. The segments of the Group carry out their business operations on the basis of the strategic objectives of the Group.

The group-wide functions Group HR, Operational Excellence, Sustainability, Corporate Development, Internal Auditing, Legal, Governance & Compliance, Group Controlling, Group Accounting, Group Procurement, Treasury, Investor Relations and IT are handled in Corporate Centres.

In the business year 2023, the Group used the financial controlling parameters of Sales and EBIT, and since the beginning of the business year 2024, the adjusted earnings before financial result, income tax and depreciation and amortization (adjusted EBITDA) as the important financial controlling parameters are being applied for purposes of financial controlling instead of EBIT. One-off exceptional effects, such as expenses in association with an acquisition or an optimization of the company structure, are not included in adjusted EBITDA. This change helps to provide the Management Board and the Supervisory Board with transparent assessment of the operational development of the Group without one-off exceptional effects. A combined true and fair view of a number of indicators, the covenants, is also applied as a bundle of financial controlling parameters. These are comprised of the indicator's equity ratio and leverage. The covenants define threshold values which the Group does not intend to exceed or fall short of. Compliance or non-compliance with these covenants is monitored, and reports are regularly submitted. Non-financial controlling parameters are not applied as controlling parameters at Group level or within the holding company.

For SURTECO GROUP SE as an individual company, financial and non-financial performance indicators and hence also their forecast play a subordinate role. Compliance with statutory requirements under corporate law is not affected by this.

PRODUCTION AND SALES LOCATIONS

SURFACES

The companies of the Segment Surfaces produce decor papers, finish foils, impregnates and release papers along with paper-based edgebands. The production sites in Germany are located in Buttenwiesen, Sassenberg, Heroldstatt, Hüllhorst and Laichingen. The site in Willich is responsible for the development of new decors. Outside Germany, plastic-based finish foils are manufactured in Sweden. Semi-finished products are delivered to the sales office in Poland and in cooperation with the Segments Edgebands and Profiles (extrusions) at the sales companies in France, Italy, Russia and the United Kingdom, which are then finished to customers' specific orders and supplied there.

EDGEBANDS

The Segment Edgebands concentrates on the production and sale of plastic edgebands. The production companies are located in Gladbeck, Germany, and in Portugal and Brazil. A sales company is located in Mexico and in cooperation with the Segments Surfaces and Profiles in France, Italy, Russia and the United Kingdom.

PROFILES

Profiles manufacture floor-strip and skirting systems, wall edging systems and technical extrusions (profiles) in Bönen, Grammetal and Dunningen (all three locations are in Germany). Additionally, the accessories and other articles required for laying the products relating to all aspects of flooring are supplied as product ranges for resale. The segment maintains sales locations in Poland and the Czech Republic, and in cooperation with the Segments Surfaces and Edgebands in France, Italy, Russia and the United Kingdom. There are also two production sites for technical extrusions (profiles) in the United Kingdom.

NORTH AMERICA

The Segment North America provides all products supplied by the Group in this region. Six production locations and two sales offices are located in the USA and one production company is located in Canada. Furthermore, the production and sales location in Thailand from the Omnova acquisition is allocated to this segment.

ASIA / PACIFIC

One production location each in Australia and Indonesia are included in the Segment Asia / Pacific. Sales locations in Singapore, China and Japan look after regional supply of the complete product range offered by SURTECO.

MANAGEMENT AND CONTROLLING

The management of the SURTECO Group operates on the basis of the dual management and controlling system in which the Members of the Management Board are appointed by the Supervisory Board and manage the affairs of the company in accordance with the statutory regulations, the Articles of Association, and the rules of procedure governing the Management Board and the Supervisory Board. In the business year 2024, the Management Board had two members. The Management Board and the Supervisory Board gear their actions and their decisions to the interests of the company. They are committed to the objective of sustainably increasing the value of the company in accordance with the interests of the shareholders, business partners, employees and general collectively of stakeholders.

The Supervisory Board monitors and advises the Management Board on the running of the company. It is made up of nine members. Six members are appointed by the Annual General Meeting as representatives of the shareholders. Three members are sent by the works councils of the three domestic companies with the largest number of employees to represent the employees.

Economic report

MACROECONOMIC AND SECTOR-RELATED FRAMEWORK CONDITIONS

On the basis of our experience, the inclination of consumers to consume and hence the demand for our products correlates with general economic growth. According to the assessment of the Council of Experts (Sachverständigenrat) for assessing macroeconomic development, stagnation is continuing in the German economy, whereas global industrial production has undergone significant growth since the summer of 2023. The Council of Experts therefore only predicted growth of gross domestic product (GDP) for the global economy in 2024 of +2.6 % after +2.8 % in 2023. In this context, the advanced economies are attributed an increase of +1.7 % (2023: +1.7 %) and the emerging markets a rise of +4.3 % (2023: +5.0 %). GDP in Germany decreased by -0.1 % (2023: -0.3 %) while a slight increase of +0.7 % was posted in the eurozone after +0.5 % in 2023. GDP in the USA rose by +2.7 % (2023: +2.9 %) and in the United Kingdom by +0.9 % (2023: +0.5 %). Growth in Central and Eastern Europe amounted to +2.1 % (2023: +0.5 %), in Latin America to +0.2 % (2023: +1.6 %) and in Asia to +4.1 % (2023: +4.7 %).[1]

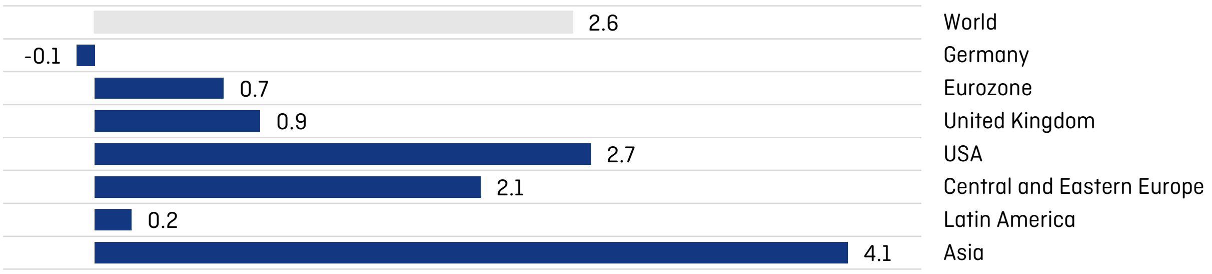
The customer segments relevant for SURTECO posted a marked decline in demand during 2024. According to the Federal Statistical Office, sales of all German furniture manufacturers fell significantly during the course of business year 2024. The manufacturers of office furniture and shop fittings experienced a drop in sales of -4.1 %, while sales of kitchen furniture fell by -6.5 % and sales of other furniture dropped by -10.7 %. Manufacturers of wood-based boards, some of which are coated with SURTECO products, had to contend with a downturn in sales revenues of -9.0 %.[2] As a further sales industry, the German caravanning industry likewise recorded a decline in sales of -6 % in 2024 compared to the year-earlier value.[3]

SALES AND BUSINESS PERFORMANCE FOR THE GROUP

In the business year 2024, sales of the SURTECO Group rose by +3 % to € 856.6 Mio. € (2023: € 835.1 Mio. €). Key factors driving this development were the acquired Omnova divisions, which were consolidated over the entire year for the first time (in the previous year for 10 months). In the absence of the Omnova sales, the business performance would have fallen by -0.9 % owing to the framework conditions described above, which led to subdued demand in our sectors. From this perspective, sales were slightly below the forecast of between € 860 million and € 910 million. Overall, business operations in Germany came down by -3 % compared with the equivalent year-earlier value and in the rest of Europe (not including Germany) also by -3 %. On the back of the Omnova acquisition, sales in North and South America went up by +14 %, while business eased by -3 % in Asia and Australia. In the other markets, sales increased by +22 % on the basis of a low starting point compared with the previous year.

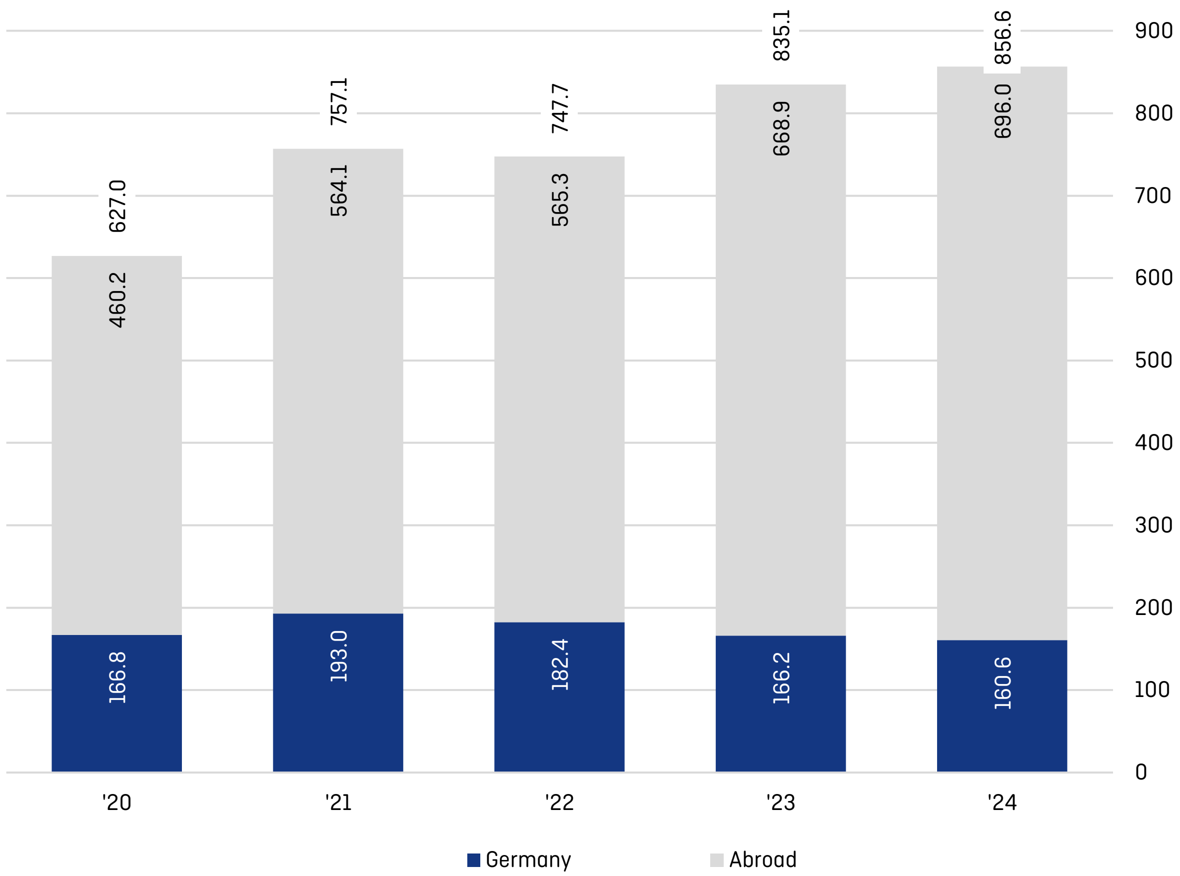
[1] Source: The Council of Experts (Sachverständigenrat) for assessing macroeconomic development, Annual Expert Report 24/25 dated 13 November 2024
[2] Source: Destatis Federal Statistical Office. https://www.destatis.de. Wirtschaftszweige WZ08-1621, WZ08-3101, WZ08-3102, WZ08-3109
[3] Source: Caravaning Industry Association. (CIVD), Press Release dated 20/1/2025

Economic growth in 2024 in %[1]



[1] Source: Council of Experts (Sachverständigenrat) for assessing macroeconomic development, Updated Economic Forecast 24/25 published on 13 November 2024

SURTECO GROUP Sales revenues in € million



SURFACES

The Segment Surfaces encompasses the surface activities of the Group including melamine edgings in Europe and South America. The sales revenues of the segment at € 265.8 million in the business year 2024 were only slightly above the year-earlier value of € 265.6 million. Hence, the forecast for the segment (at the year-earlier level) was achieved. While sales in the internal market underwent a slight increase, the slack demand in the rest of Europe was the major factor leading to this development.

EDGEBANDS

The Segment Edgebands comprises all plastic edging activities of the Group in Europe and South America. A slight increase in sales in North and South America was unable to balance out the downturn in demand in the European market including Germany. Furthermore, ongoing negative foreign exchange rate effects were still prevalent particularly in Brazil compared to the previous year. Hence, segment sales at € 149.6 million in the year 2024 were -1 % below the year-earlier value of € 151.1 million. As a consequence, the sales are below the forecast (slight increase).

PROFILES

The Segment Profiles bundles the activities in Europe with technical extrusions (profiles), skirtings and associated products. Sales of the segment at € 130.0 million in 2024 were -5 % below the value of the previous year amounting to € 137.4 million. An absence of volume due to a generally weak construction and renovation industry also led to a drop in business for this segment. An equivalent sales level was expected for this segment in the forecast but ultimately it could not be achieved.

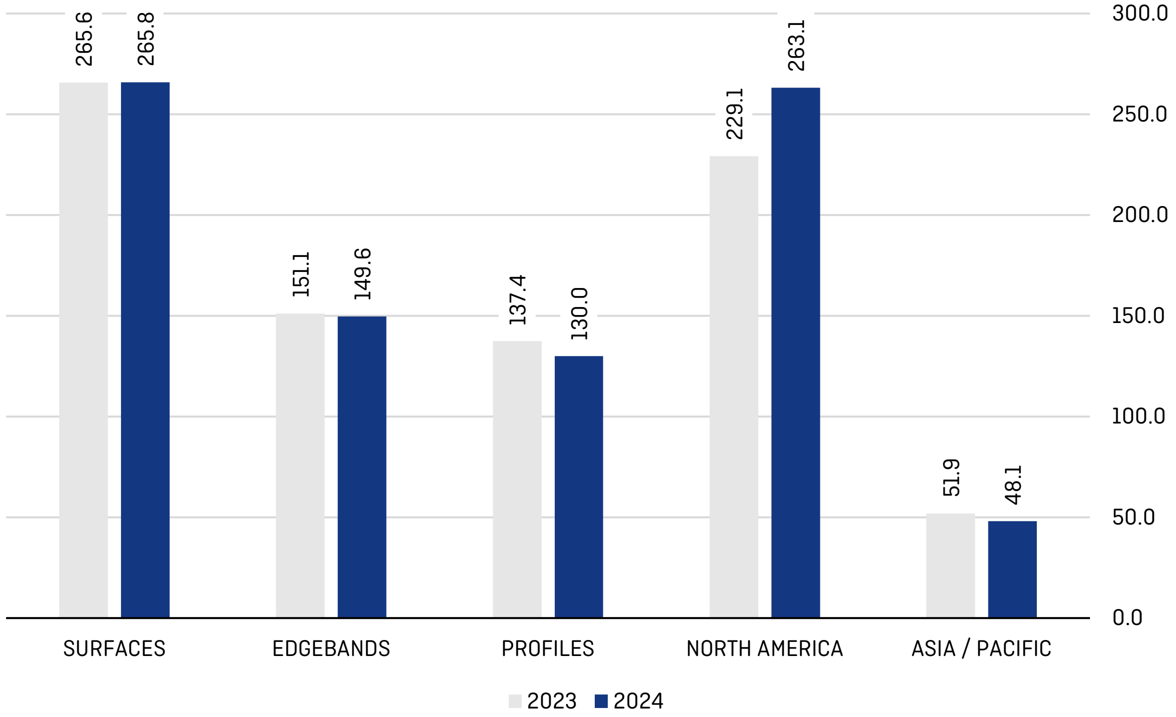
NORTH AMERICA

The Segment North America groups the activities with all products of the Group in this region. The sales of the acquired divisions of Omnova in the USA and the production facility in Thailand are allocated to this segment. Since these divisions were consolidated over the entire reporting year for the first time (in the previous year for 10 months) during this reporting period, sales in 2024 rose by 15 % to € 263.1 million after sales of € 229.1 million in the previous year. The sales forecast (substantial increase) was therefore achieved for this segment.

ASIA / PACIFIC

The Segment Asia / Pacific comprises the business activities with all product groups in the area of Asia, Australia and Oceania. The sales of the segment eased by -7 % to € 48.1 million (2023: € 51.9 million). A key reason for this decline was the change to supplying a customer from Europe instead of from Asia. The expected uniform level of sales defined in the forecast was not achieved.

SEGMENTS Sales revenues in € million



Net assets, financial position and results of operations

NET ASSETS

On 31 December 2024, the balance sheet total of the Group amounted to € 1,012.4 million after € 1,041.8 million on 31 December 2023. On the assets side, inventories and other current financial assets increased, whereas cash and cash equivalents decreased owing to repayment of financial liabilities. Overall, current assets at € 319.0 million remained below the year-earlier value of € 342.8 million. The non-current assets at € 693.4 million on 31 December 2024 remained slightly below the year-earlier value of € 699.0 million. Property, plant and equipment fell from € 310.6 million to € 299.4 million and intangible assets came down from € 107.9 million to € 97.3 million, while deferred income tax assets rose from € 16.8 million in the previous year to € 23.8 million at year-end 2024.

On the liabilities side of the balance sheet, current liabilities amounted to € 154.6 million at year-end 2024 after € 199.9 million in the previous year. This decrease essentially results from repayments of financial liabilities. The non-current liabilities at € 447.3 million were slightly below the year-earlier level of € 449.0 million and equity increased to € 410.5 million at year-end 2024 after € 392.9 million at 31 December 2023. The equity ratio (equity/balance sheet total) consequently improved to 40.5 % (2023: 37.7 %). Net debt (short-term + long-term financial liabilities – cash and cash equivalents) at € 339.9 million was below the year-earlier value of € 359.3 million and the level of debt (net debt/equity) fell from 91.4 % to 82.8 %. The working capital (trade accounts receivable and inventories – trade accounts payable) increased from € 129.2 million at year-end 2023 to € 130.9 million on the balance sheet date of 2024. In the business year 2024, the covenants (-> internal corporate controlling system) were complied with. On 31 December 2024, the Group had external credit lines of € 42.7 million. At this point, € 0.8 million had been drawn on these lines.

Balance sheet structure of the SURTECO Group

€ million	31/12/2023	Percentage of the balance sheet total in %	31/12/2024	Percentage of the balance sheet total in %
ASSETS				
Current assets	342.8	32.9	319.0	31.5
Non-current assets	699.0	67.1	693.4	68.5
Balance sheet total	**1041.8**	**100.0**	**1,012.4**	**100.0**
LIABILITIES				
Current liabilities	199.9	19.2	154.6	15.3
Non-current liabilities	449.0	43.1	447.3	44.2
Equity	392.9	37.7	410.5	40.5
Balance sheet total	**1041.8**	**100.0**	**1,012.4**	**100.1**

Balance sheet indicators of the SURTECO Group

	2023	2024
Equity ratio in %	37.7	40.5
Level of debt in %	91.4	82.8
Working capital in € million	129.2	130.9
Interest cover factor	4.4	5.5
Debt-service coverage ration in %	12.8	20.1

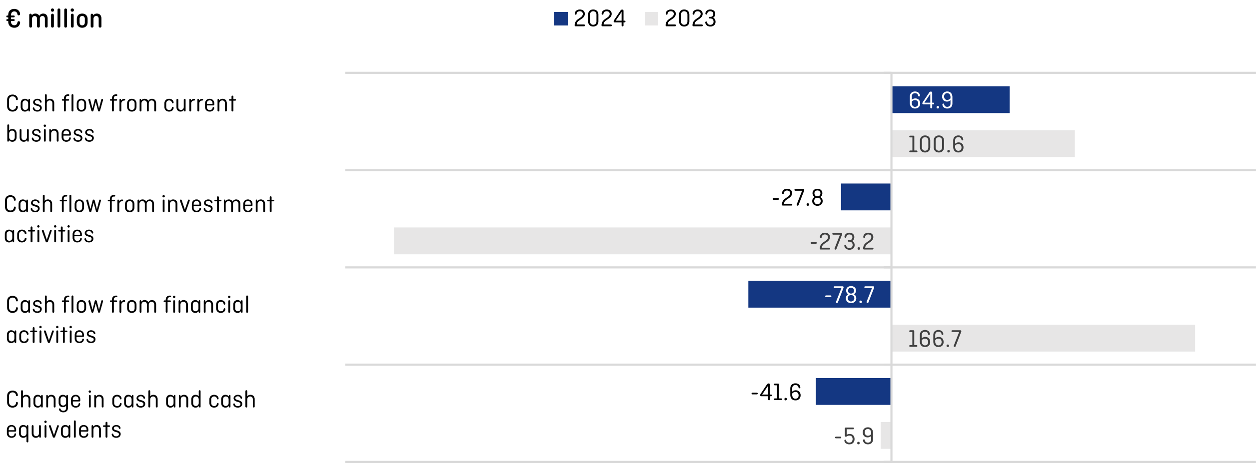
INVESTMENTS

After investments were impacted by the acquisition of the Omnova divisions in the previous year, the addition of property plant and equipment and intangible assets (investments) amounted to € 25.2 million (2023: € 182.7 million) in the business year 2024. An addition of € 24.4 million (2023: € 103.1 million) was attributable to property, plant and equipment. In property, plant and equipment, this essentially results from replacement and expansion investments in technical systems and machinery, and from investments in land, buildings and assets under construction, while in the previous year additions from the Omnova acquisition were still included. The addition of intangible assets amounted to € 0.8 million (2023: € 79.6 million) and primarily includes concessions, patents, licences and similar rights. In the business year 2024, investments of € 8.7 million (2023: € 14.7 million) were attributable to Surfaces, € 2.1 million (2023: € 7.7 million) to Edgebands, € 4.8 million (2023: € 6.6 million) to Profiles, € 7.9 million (2023: € 151.2 million) to North America and € 1.7 million (2023: € 2.5 million) to Asia / Pacific.

FINANCIAL ASSETS

Essentially due to higher earnings before income tax (EBT), the internal financing of the Group in 2024 rose to € 79.5 million (2023: € 38.2 million). The change in net assets and liabilities amounted to € -14.6 million after € 62.3 million in the previous year. Insofar, cash flow from current business operations amounted to € 64.9 million in 2024 (2023: € 100.6 million). In the previous year, investment activities were significantly impacted by the Omnova acquisition. Accordingly, the cash flow from investing activities amounted to € -27.8 million in the current business year after € -273.2 million in the previous year. Hence, free cash flow improved to € 37.1 million in 2024 (2023: -172.6 million). Primarily due to taking on financial debt for the Omnova acquisition, the cash flow from financing activities in the previous year amounted to € 166.7 million, and as a result of repayment of financial liabilities it amounted to € -78.7 million in 2024. Hence, cash and cash equivalents fell from € 111.8 million at year-end 2023 to € 71.2 million on 31 December 2024.

Change in financial resources at 31 December



Calculation of free cash flow

€ million	1/1/- 31/12/2023	1/1/- 31/12/2024
Cash flow from current business operations	**100.6**	**64.9**
Payout from business combinations	-243.1	-6.4
Purchase of property, plant and equipment	-34.8	-24.1
Purchase of Intangible assets	-4.0	-0.8
Inflows from the disposal of property, plant and equipment	8.7	2.5
Dividends received	0.0	1.0
Cash flow from Investment activity	**-273.2**	**-27.8**
Free cash flow	**-172.6**	**37.1**

RESULTS OF OPERATIONS

Expenses

The cost of materials forms the biggest expense item in all the segments of the Group. Purchase prices for technical raw papers, various plastics and chemical additives exert the greatest impact. In the case of plastics, papers and chemical additives, purchase prices in the business year 2024 generally eased compared with the previous year. In conjunction with improvements arising from the Performance Plus programme, the cost of materials came down in relation to total output (cost of materials ratio) to 48.6 % in 2024 after 51.7 % in the previous year. The absolute cost of materials amounted to €-420.2 million after € -432.0 million in the previous year. Personnel expenses rose to € -226.9 million in the business year 2024 after € -218.1 million in the previous year. As a ratio of total output, the personnel expense ratio increased slightly from 26.1 % in the previous year to 26.2 % in the year under review. In absolute terms, the other operating expenses at € -133.9 million were slightly above the year-earlier value of € -132.1 million. However, in relation to total output, the ratio decreased to 15.5 % (2023: 15.8 %).

GROUP RESULTS

The total output of the Group at € 864.4 million went up by 3.5 % in the business year 2024 compared with the year-earlier value of € 835.3 million. Taking account of the expense items totalling €-781.1 million (2023: € -782.2 million) and the other operating income amounting to € 11.1 million (2023: € 14.2 million), earnings before financial result, income tax and depreciation and amortization (EBITDA) increased by 41.8 % to € 94.4 million (2023: € 66.6 million). The EBITDA margin (EBITDA /sales) increased from 8.0 % in the previous year to 11.0 % in 2024. Adjusted by one-off exceptional effects (transaction and integration costs, consultancy costs, provisions for personnel measures, PPA step-up inventories and extraordinary income), adjusted EBITDA amounted to € 95.3 million in 2024 after € 86.4 million in the previous year. The earnings forecast (adjusted EBITDA from € 85 million to € 105 million) was thus achieved. The adjustments are in other operating income as a result of the sale of a parcel of land not necessary for the operation of the business (€ 0.5 million in 2024 after € 0 million in the previous year), while transaction and integration costs, and consultancy costs can be found in other operating expenses (€1.4 million in 2024 after € 8.2 million in the previous year). In addition, provisions for personnel measures reflect adjustments in personnel expenses (€ 0 million in 2024 after € 7.2 million in the previous year) and the PPA Step-up of inventories is included in costs of materials (€ 0 million in 2024 after € 4.4 million in the previous year). Depreciation and amortization amounted to € -59.9 million after € -58.5 million in the previous year. Consequently, earnings before financial result and taxes (EBIT) amounted to € 34.5 million (2023: € 8.1 million). The EBIT margin (EBIT / sales) rose to 4.0 % (2023: 1.0 %). Positive foreign exchange effects ensured that the financial result in 2024 of € -14.9 million remained slightly below the value for the previous year of €-15.8 million in spite of a higher interest expense. Earnings before income tax (EBT) at € 19.6 million were 355.9 % above the year-earlier value of € -7.7 million. Deduction of income tax amounting to € -11.7 million (2023: € -4.8 million) yields net income for the business year 2024 of € 7.9 million (2023: net loss for the year of € -12.4 million). Including the non-controlling interests, the consolidated net profit amounted to € 8.4 million (2023: € -12.3 million) for the business year 2024. Earnings per share amounted to € 0.54 for an unchanged number of shares at 15.5 million after € -0.79 in the previous year.

RESULT OF THE SEGMENTS

Adjusted EBITDA of € 26.9 million meant that earnings for the Segment Surfaces were, as forecast, significantly above the year-earlier value of € 20.2 million owing to margin improvements. Adjusted EBITDA of Edgebands at € 25.0 million was slightly below the year-earlier-value of € 26.4 million. The segment therefore fell short of the forecast significant increase. The Segment Profiles also came below its target. Due to a lack of volume, Profiles achieved adjusted EBITDA of € 17.0 million (2023: € 20.0 million), and the forecast (significant increase) was consequently not achieved. However, the projected substantial increase was generated in the Segment North America with adjusted EBITDA of € 27.5 million after € 18.1 million in the previous year. The absence of negative one-time effects from the previous year and the consolidation of Omnova over the entire year contributed to this result. Instead of the forecast substantial increase, adjusted EBITDA of Asia / Pacific fell from € 8.7 million in the previous year to € 6.8 million in the business year 2024 largely owing to volume effects.

HGB (GERMAN COMMERCIAL CODE) FINANCIAL STATEMENTS FOR SURTECO GROUP SE

The financial statements of the holding company SURTECO GROUP SE were prepared on the basis of the accounting principles in accordance with the Third Book of the German Commercial Code (§§ 242 ff. and 264 ff. HGB) for large joint-stock companies and the Stock Corporation Act (Aktiengesetz, AktG).

As at 31 December 2024, the balance sheet total of SURTECO GROUP SE amounted to € 787.6 million after € 818.3 million in the previous year. Financial assets amounting to € 493.3 million (2023: € 486.8 million) make up the lion's share of the assets. Out of these, € 297.8 million are attributable to shares in affiliated enterprises, unchanged from the previous year. Loans made to affiliated enterprises (€ 195.5 million) essentially relate to loans denominated in USD. The increase in loans by € 6.6 million is exclusively due to changes in exchange rates on the balance sheet date. Consequently, fixed assets increased in value to € 493.3 million compared with the year-earlier value (€ 486.8 million), while current assets fell back primarily as a result of lower cash in hand and bank balances, mainly due to repayments of financial liabilities, from € 331.2 million in the previous year to € 293.8 million on 31 December 2024. On the liabilities side of the balance sheet, equity capital increased as a result of the net income to € 322.7 million after € 288.6 million in the previous year. Consequently, the equity ratio improved to 41.0 % after 35.3 % in the previous year. On the balance sheet date for 2024, liabilities fell to € 460.1 million (2023: € 524.8 million) due to repayment of financial liabilities, while provisions at € 4.8 million remained approximately at the level of the previous year in the amount of € 5.0 million.

SURTECO GROUP SE acts as the main financing company of the Group and it provides finance for itself and for the Group essentially through raising external capital in the form of promissory note loans and through a syndicated loan. The promissory note loans have a total volume of € 184.5 million, residual terms of between 28 and 88 months and have interest rates in a range between 1.48 % and 3.65 %. The syndicated loan comprises a bullet repayment loan tranche (Term Loan/Facility A) and a revolving credit facility (RCF/Facility B). The interest is based on EURIBOR money market conditions plus a credit margin. The loan tranche as at 30 November 2023 amounts to € 200.0 million, has a fixed term of three years and can be extended twice by one year. Owing to a repayment, the loan tranche at 31 December 2024 still amounts to € 195.0 million. The RCF has a framework volume of € 30.0 million and was drawn down for the first time in 2024 for liquidity management. Standard market financial indicators (covenants) are a facility agreed in the syndicated loan contract such as the ratio of adjusted EBITDA during the last 12 months to net financial debt and the ratio of equity to the balance sheet. The agreed covenants must be complied with as agreed in the contract on the quarterly reporting dates (31/3, 30/6, 30/9 and 31/12). The Management Board and the Supervisory Board monitor compliance with the covenants on a continuous basis. If there is an impending breach of any of the covenants, consultations on individual measures take place as necessary. If the covenants are breached, the lenders have the right to serve notice on the loan agreements. In the business year 2024, the agreed covenants were complied with in full. Even though the covenants were fully complied with in the business year 2024, the company agreed new target parameters for the covenants with the lenders in the first quarter of 2025, and these are effective from the business year 2025. The type and number of the agreed indicators remain unchanged. The company is currently assuming that these covenants can be complied with over the next 12 months. Nevertheless, there is the general risk that the covenants cannot be complied with, particularly if unforeseen events occur or an extended recession takes hold, and that notice may be served on credit contracts.

The cash flow from operating activities improved from € -16.5 million in 2023 to € -5.6 million in 2024, significantly influenced by the reduction in legal and consultancy costs in connection with the OMNOVA transaction by comparison with the previous year and by income tax payments. The cash flow from investment activities amounted to € 27.6 million (2023: €-157.0 million). The negative investment cash flow in the previous year mainly results from the onward distribution of the syndicated loan to OMNOVA Inc. (loans to affiliated enterprises). The payments from retained interest at € 27.6 million are approximately at the level of the previous year (€ 23.7 million). Primarily as a result of the settlement of financial liabilities over the course of the business year, cash flow from financing activities amounted to € -61.4 million (2023: € 159.4 million, mainly through incurring financial liabilities as part of the acquisition of OMNOVA).

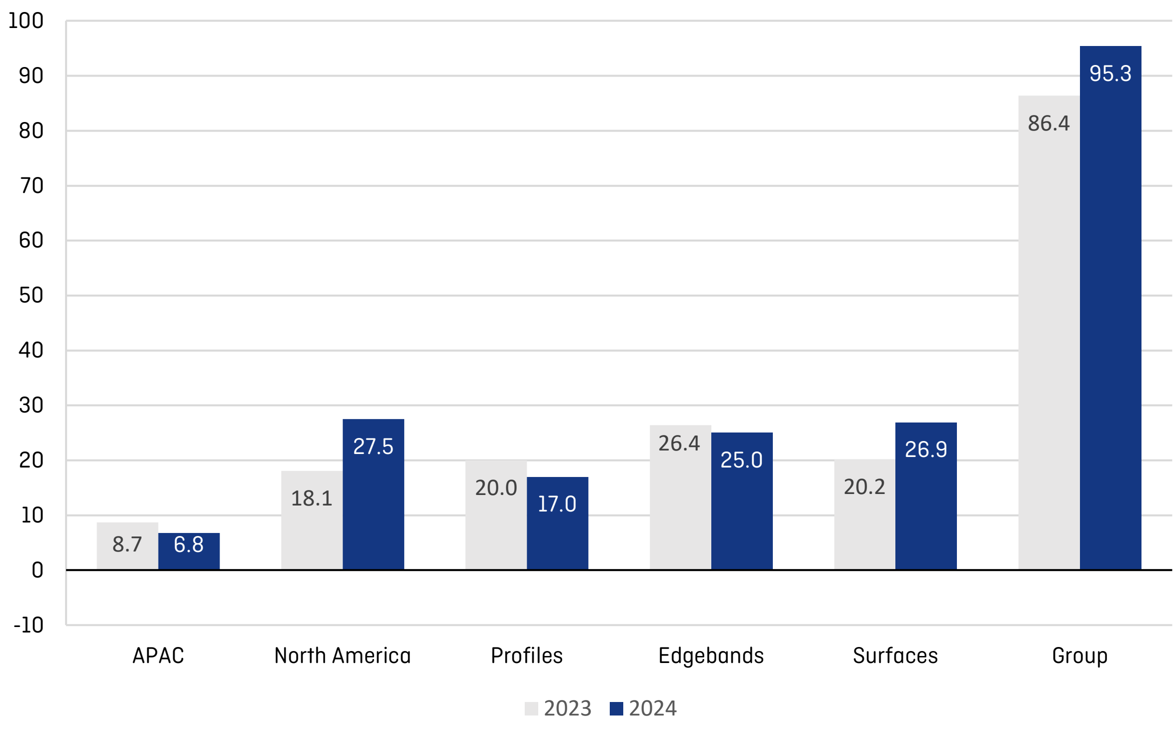
The sales revenues of SURTECO GROUP SE in the amount of € 3.2 million (2023: € 2.0 million) result entirely from intragroup allocations. Personnel expenses amounted to € -7.6 million (2023: € -7.6 million). Other operating income amounting to € 11.3 million (2023: € 10.5 million) essentially relate to income from positive exchange rate effects and releases of provisions. Other operating expenses of € -20.4 million in the previous year were defined by negative exchange rate effects arising from receivables in US dollars and expenses incurred in conjunction with the acquisition of the Omnova divisions. During the course of the business year 2024, the value normalized to € -7.5 million. In operational terms, the previous year was impacted by the transaction and integration costs for the acquisition of the Omnova divisions and by restructuring measures, in particular relating to the German subsidiary companies. As a consequence, income from profit and loss transfer agreements increased from € 5.0 million in the previous year to € 35.1 million in 2024, while expenses arising from loss assumption amounting to € -22.2 million in the previous year came down to € -6.9 million in 2024. The interest income amounted to € -6.2 million (2023: € 4.7 million). The fall is mainly due to the fact that income from the loan granted to SURTECO North America Inc. (income from loans to affiliated enterprises) was recognized under interest income during the previous year. Income taxes amounted to € -0.1 million (2023: € 0.4 million). Hence, net income arises for SURTECO GROUP SE in the amount of € 34.1 million for the year 2024 after a net loss of € -27.2 million in the previous year. After transfers to retained earnings of € -17.0 million (2023: withdrawal from retained earnings of € 27.2 million), net profit of € 17.1 million (2023: € 0.0 million) was generated.

Financial and non-financial performance indicators play a subordinate role for SURTECO GROUP SE as an individual company and pure strategy, management and financing holding company. The development of risks and opportunities largely corresponds to the risks and opportunities of the Group. The future development of SURTECO GROUP SE in the annual financial statements largely corresponds to the development of the German companies in the Surfaces, Edgebands and Profiles segments in terms of sales revenues and earnings. Accordingly, for the business year 2025, we anticipate sales revenues at the level of the business year 2024 (2024: € 3.2 million) and a significant increase in EBITDA (2024: € 27.6 million).

OVERALL STATEMENT ON THE ECONOMIC SITUATION

Once again, the business year 2024 was defined by very restrained demand owing to enduring uncertainties dominating sentiment among consumers. This trend was evident across the world and was consequently reflected in all Business Units. The increase in sales in North America was solely due to consolidation of the Omnova division over the full year. The contrasting picture was that significant improvements were achieved, particularly in the cost of materials ratio. To this extent, an eminently respectable result was ultimately achieved.

Group and segment adjusted EBITDA in € million



Research and development

Research and development activities at the SURTECO Group are carried out at local level owing to the specialization of the production locations. In the case of surface products, the focus is on advanced development of the optical and haptic properties, and the resilience of the products. The focus for technical extrusions (profiles) and skirtings is on the technical characteristics. The research and development departments also work consistently on achieving qualification for alternative raw materials, the development of new product categories, optimization of the production processes, and in research on sustainable products and raw materials.

In the business year 2024, expenses for research and development in the Group amounted to € -4.3 million after € -2.5 million in the previous year. The corresponding personnel costs for employees working in the research and development departments of the Group are included in the Group's personnel expenses.

People and training

The number of employees across the Group increased to 3,732 at year-end 2024 after 3,685 on 31 December 2023. In Surfaces, the number of employees remained at the year-earlier level of 1,034. At year-end, the number of employees in the Segment Profiles was 491 (2023: 512), at Edgebands 880 (2023: 830), in North America 1,087 (2023: 1,077) and in Asia / Pacific 211 (2023: 207). As at the balance sheet date, 29 employees were working in the holding company SURTECO GROUP SE (2023: 25). The average age of the employees in the Group came down to 43.8 years (2023: 44.1 years) while the average length of service increased to 12.8 years (2023: 12.6 years). The average sickness rate went up slightly to 4.2 % (2023: 4.1 %) in 2024, and the resignation rate as a ratio of the number of employees rose to 13.4 % (2023: 9.9 %). In the business year 2024, an average of 75 apprentices (2023: 83) were employees at the German Group sites. In relation to the average number of employees in Germany, the training rate was therefore 5.0 % (2023: 5.3 %).

Internal controlling and risk management system

OVERALL INTERNAL CONTROLLING SYSTEM*

The SURTECO Group in its current form was created by the merger and acquisition of various individual companies and groups of companies with established processes and IT systems. This means that the entire Internal Controlling System is made up of many different modules which are gradually being transferred to standardized processes and group-wide software solutions. The appropriateness and effectiveness of the entire Internal Controlling System are continuously monitored by the Management Board as the responsible body and guaranteed using the essential components of the Internal Controlling System described below.

The Management Board has no information to indicate that the risk management system and the Internal Controlling System are not overall appropriate or effective.

Instructions

The platform for internal controlling is the provision of guidelines, directives and instructions. Alongside instructions relating to location, divisional and process issues, group-wide guidelines and directives from the Management Board are applicable. The Group uses different systems for distribution and the biggest companies are already equipped with the future group-wide solution.

Training and information

Information can be disseminated quickly using the "RoomMe" Intranet of the SURTECO Group. An online system with testing options is available for training sessions. Locations that are not yet connected to the online system train their employees and communicate with them in classic face-to-face events.

Controlling

Controlling activities are carried out by various offices. The checks carried out by Internal Audit include the entire Internal Controlling System. Furthermore, a number of the Group's locations also have quality, environmental, energy and workplace safety systems certified by external agencies. Authorization concepts and access controls guarantee the protection of business secrets and meet the principle of minimum information.

Transparency

Comprehensive internal reporting to the relevant executive management, the Management Board and the Supervisory Board is implemented as part of the individual management systems. External information is primarily provided through financial reporting, the declaration on corporate governance and through the sustainability report.

Compliance Management System (CMS)

The CMS is based on the triad of specifications, avoidance and control. The values of corporate culture form the foundation for the specifications applicable throughout the Group. They are defined in the "SURTECO Code of Conduct" and in binding guidelines. Global distribution to all employees of the Group is ensured through a management software system. The company implements training sessions for all employees for purposes of prevention (avoidance). These cover general compliance principles and special topics geared to relevant target groups. A whistleblower system, which is also available to external third parties, can be used to report information about legal violations in the company within a secure framework. A defined Compliance Team directs this process and reports directly to the Management Board. Any compliance risks are recorded and monitored as part of the risk management system. The risk assessment is carried out with an analysis of the potential extent of damage and the probability of occurrence. The measures are tailored accordingly with defined responsibilities and monitoring of implementation.

* The content of this section (Overall internal Controlling System) relates to unaudited, voluntary content.

RISK MANAGEMENT SYSTEM (RMS)

The Risk Management System is an integral part of the group-wide planning, control and reporting process. It consists of a large number of building blocks that are integrated into the overall structure and process organization. The Management Board is responsible for risk policy in the SURTECO Group. Risks are identified on the basis of group-wide guidelines by the Management Board together with the management of the Business Units. The management of the Business Units receives the instructions of the Management Board and in this context, it is responsible for the risks that it takes in the course of its business. The management integrates employees in risk management as part of governance functions. Binding rules for risk management processes are defined in the risk management manual applicable throughout the Group.

ACCOUNTING-BASED INTERNAL CONTROLLING SYSTEM – REPORT IN ACCORDANCE WITH § 289 (4) AND § 315 (4) GERMAN COMMERCIAL CODE (HGB)

The Internal Controlling System comprises the accounting-based processes and controls which are fundamental for the consolidated financial statements. The SURTECO Group bases the structure of its Internal Controlling System on the relevant publications of the Institute of Auditors (Institut der Wirtschaftsprüfer, IDW).

The preparation of the accounts and the financial statements is primarily carried out decentrally and in accordance with local standards. The consolidated financial statements are prepared in accordance with the regulations of the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), in accordance with EU adoption, taking into account the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the regulations to be applied in addition pursuant to § 315e (1) German Commercial Code (HGB). A uniform chart of accounts for the Group and the use of accounting policies form the basis for these documents. The Group holding company supports the companies on issues relating to accounting and manages the consolidated accounting process.

The subsidiary companies are included in the consolidated financial statements and in the combined management report using a partly integrated accounting and consolidation system, and on the basis of reporting packages. Consolidation is initially carried out as a multistage process at the level of the subsidiary companies, then at the level of segments and finally at Group level. The consolidated financial statements are prepared using a permanent structured process based on a calendar for the financial statements.

The plausibility of the figures is ensured at every level by manual and systematic checks. Transparent responsibilities and access rules for IT systems relevant to the financial statements are significant elements in this process. The controlling principles of separation of functions, double-check principle and approval and release procedures are applied to the annual financial statements and the consolidated financial statements. Information from external service providers is checked for plausibility.

Risk and opportunities report

The SURTECO Group is exposed to a large number of risks on account of global activities and intense competition. A risk is deemed to be any event or circumstance that can lead to a negative deviation for the SURTECO Group now and/or in future from the planned corporate goals. The Group deliberately enters into risks with the aim of ensuring sustainable growth and increasing the corporate value, but avoids unreasonable risks. The remaining risks are reduced and managed by taking adequate measures. Foreseeable risks are covered by taking out insurance policies, if this is feasible at reasonable commercial conditions. However, it is not possible to exclude the possibility that insurance cover or hedging with financial instruments is inadequate in individual cases or that appropriate protection cannot be obtained for specific risks.

The following section is a description of the risks and opportunities which were determined on 31 December 2024 and can exert a significant impact on the financial position, results of operations and net assets of the

SURTECO Group. The risk period under review relates to the current business year. Group Investment Controlling prepares a consolidated risk report from the individual risks reported. On the basis of the amount of gross damage to EBT, the risks are allocated to damage classes in accordance with the following table:

Damage class	Qualitative	Quantitative
1	Slight	€ 000s 1,000 - € 000s 4,999
2	Minor	€ 000s 5,000 - € 000s 9,999
3	Moderate	€ 000s 10,000 - € 000s 14,999
4	Major	€ 000s 15,000 - € 000s 19,999
5	Threat to existence as a going concern	> € 000s 20,000

The probability of occurrence is allocated in the following classes:

Probability class	Qualitative	Quantitative
1	Very improbable	1 % - 15 %
2	Improbable	16 % - 40 %
3	Possibly	41 % - 60 %
4	Probably	61 % - 85 %
5	Very probably	86 % - 100 %

All risks are classified and aggregated from a combination of these two factors according to risk categories into the categories Low (L), Moderate (M) and High (H) using the following matrix:

		Damage class				
		1	2	3	4	5
Probability class	5	L	M	H	H	H
	4	L	M	M	H	H
	3	L	L	M	M	H
	2	L	L	M	M	M
	1	L	L	L	M	M

The Business Units are responsible for managing individual risks with a damage level of up to € 000s 1,000 under their own responsibility and they are not taken into account in this report. The identified individual risks are allocated to risk categories to which the SURTECO Group is fundamentally exposed. The following risk and opportunities report explains these risk categories in general terms and provides information about the recorded individual risks in each category.

Appropriate measures for reducing and overcoming the risks are defined and implemented with minimum costs for purposes of risk control and risk management. This may involve, for example, the tools of risk avoidance, risk limitation, risk transfer and the creation of adequate potential coverage. Since risks are continuously changing over time, the Risk Management System is also subject to continuous implementation of monitoring, documentation and reporting of the risks. Apart from regular reporting to the Management Board and the Supervisory Board, managers have a duty to report risks that occur unexpectedly without delay. The usefulness and efficiency of risk management and the controlling systems are monitored at regular intervals by the Management Board and the management of the subsidiary companies. The Group is continually developing measures directed towards risk avoidance, risk reduction and risk hedging while also taking advantage of any business opportunities that arise.

Risks and opportunities resulting from sustainability aspects are integrated in the group-wide Risk Management System of the SURTECO Group. They include risks and opportunities arising from social, environmental and governance factors, which can exert an impact on the financial position, results of operations and net assets of the SURTECO Group. Opportunities essentially arise on account of positive developments from outside influences of the kind that are described in the risk categories. Any opportunities identified are also recorded and documented, although they are not allocated to classes.

The risks and opportunities presented below apply equally to SURTECO GROUP SE and the SURTECO Group.

Macroeconomic risks, market risk and market opportunities

In our opinion, the business development of the SURTECO Group depends significantly on macroeconomic conditions due to the Group's global activities and the high proportion of foreign sales. The economic development of the relevant countries is therefore analysed as an indicator for the business performance of the company since the manufactured products are primarily processed to create durable goods, such as furniture and flooring. Experience tells us that the inclination of consumers to purchase these goods correlates with economic development. In our opinion, the performance of the flooring, furniture and wood-based industries in the individual countries and markets is particularly important for the business development of the Group.

The Group has production sites and additional sales locations on four continents, and this places the Group in the position of being able to provide local supply to its customers worldwide, as well as being in a position to identify trends in regional markets at an early stage. This gives the company an opportunity to gain first-mover advantage when participating in trends. The qualitative and quantitative data from the markets and the subsidiary companies are recorded and evaluated in a differentiated system of internal reporting. This highlights and analyses any deviations from budgets, compliance with plans, and the emergence of new monetary and non-monetary risks. The business is then managed on the basis of the information gathered. The most relevant geographical markets are located in Europe, in North and South America, and Australia. The Group may be able to benefit from an economic upswing in individual markets that stimulates demand for furniture. This would enable the companies to benefit indirectly in the upturn as a supplier. On the other hand, a global or local recession could result in consumers refraining from making investments in durable goods such as furniture, which could entail a drop in orders at the SURTECO Group.

Similar to the development of geographical markets, the Group also monitors the dynamic performance of relevant sectors. The focus of this analysis is essentially on the flooring, furniture and wood-based industries. The Group will also be able to benefit from an upswing in sector development but equally will also be affected by an adverse development.

A low risk in this category was identified in the Segment North America.

Competitive risks and opportunities

An increased production depth has been observed in the market over recent years. This can lead to excess capacities and tougher competition. Furthermore, new local competitors may enter the market at any time.

Since the SURTECO Group is represented worldwide through its sales network and, in our opinion, already holds a strong market position in its most important divisions, there is an opportunity to achieve further market penetration, for example on the back of integration of sales and marketing activities of the individual subsidiary companies. There is also an opportunity to play a proactive role in future consolidation within the sector.

No individual risk in this category was identified above the damage potential of € 000s 1,000.

Procurement risks and opportunities

The Group is dependent on outsourcing from suppliers and partners for the procurement of semi-finished products and services. Inclusion of third parties in the equation creates risks, for example as a result of unexpected supply difficulties or unforeseeable price increases resulting from market consolidation, market bottlenecks or currency effects, and other macroeconomic influences which could impact negatively on results. The Group meets risks associated with supply by a process of continuous material and supplier management. The measures involve analysing the market intensively, carrying out in-depth quality inspection on the basis of jointly agreed specifications, arranging supply contracts, the qualification of alternative suppliers and detailed research into alternative raw materials.

A low risk in this category was identified in each case in the Segments Edgebands, Surfaces and North America.

The company will be presented with opportunities if there is an unexpected reduction in the price of raw materials since this would exert a significantly positive impact on the earnings situation. The research and development departments have a rolling programme of continuously carrying out research into alternative raw materials and additives so that there is a possibility of identifying cheaper or higher quality substitute products.

Production risks / Technology risks and opportunities

An efficient and smooth-running production process is the enabler for the delivery capability of the companies. This entails the risk that machines or equipment may break down or the production workflow may be disrupted in some other way. To a certain extent, the companies of the Group are able to distribute production over several sites and thereby effectively minimize the risk of downtime. Production processes that cannot be distributed, or this can only be done with difficulty, are protected against production outage with standard measures such as subdivision into different fire zones. Furthermore, the production procedures, manufacturing technologies, machinery used and processes are continuously developed and optimized, the systems and equipment are carefully maintained, and the employees receive training. If there are any complaints, extensive investigations are carried out in order to ascertain the causes. It is not possible to exclude the possibility that complaints may actually be traced to semi-finished products, and when this is the case, it is not always effective to seek recourse with the supplier. Environmental officers apply defined standards and regulations to monitor the environmental safety of products and production.

No individual risk in this category was identified above the damage potential of € 000s 1,000.

The production area also offers opportunities. A continuous improvement process was implemented to identify and continuously realize any established potential for efficiency increases. The development of new production techniques and improvements in the existing processes also offer the opportunity of further improving the profitability of the company.

IT risks

Ensuring secure operation of all business processes requires constant monitoring and improvement of the information technologies used in the Group. Against the background of a growing potential for risk based on increasing integration of computer-supported business processes in communication between the Group companies and in communication with customers, suppliers and business partners, ongoing development of the measures used to make information secure is a top priority. Risks relating to the availability, dependability and efficiency of information technology systems are limited by making strategic investments and as appropriate by commissioning specialist companies. The Group reacts selectively to increased demands placed on the security of our systems within the scope of comprehensive security management. These include, for example, investment in current firewall, antivirus and high-availability systems. Potential risks can also be avoided through the planned implementation of uniform software systems where all aspects relating to production and business administration are integrated and efficiently processed.

Three low risks in this category were identified at Group level.

Personnel risks

In our opinion, the success of the company is bound up with having a workforce of qualified personnel at all levels. Shorter innovation cycles and increasingly international links place ever more stringent demands on the skills of technical specialists and managers. The unexpected loss of employees, temporary absence of personnel or difficulties in the search for suitable employees can exert negative impacts on business activities.

Two low risks in this category were identified at Group level.

Financing risks/ opportunities and balance sheet risks

The refinancing of the Group and the subsidiary companies is generally carried out centrally by SURTECO GROUP SE. The majority of the financial liabilities of the Group have residual terms of up to five years (-> maturity structure in sub-section 33.3 of the Notes to the Consolidated Financial Statements). The Group operates with a wide base of lenders comprising insurance companies and banks. A syndicated loan with a volume of € 230 million, of which € 30 million was in the form of current-account lines, was taken out in December 2023 for purchase-price refinancing in relation to the acquisition of the divisions “Laminates and performance films and coated fabrics” from Omnova Solutions Inc, USA. In this context, financial indicators (covenants) were agreed with the lenders at standard market conditions in a number of loan agreements, for example the equity ratio, and these have to be complied with. These covenants are continuously monitored by the Management Board and the Supervisory Board. If there is an impending breach of any of the covenants, consultations on individual measures take place as necessary. If the covenants are breached, the lenders have the right to serve notice on the loan agreements. In the business year 2024, the agreed covenants were complied with. During the first quarter of 2025, the company agreed new targets for the covenants with the lenders, effective from the business year 2025. However, there is a general risk that these covenants cannot be complied with in the business year 2025.

No individual risk above the damage potential of € 000s 1,000 was identified in this class.

Interest and currency risks, currency opportunities

The global nature of the business activities of the SURTECO Group results in delivery and payment flows in different currencies. Conversion of business figures and balance sheets from foreign subsidiaries into euros may entail currency risks (translation risks). For example, the Proadec Group generates around one third of its sales revenues in Brazil denominated in the historically volatile currency of the Brazilian real. However, the biggest proportion of sales in a foreign currency within the SURTECO Group was represented by the US dollar with approximately 33 % in 2024. The translation risk is not hedged because the influences are non-cash. Conversely, transaction risks arise as a result of the procurement or sale of goods in different currencies and from foreign-currency loans, which are given out to Group companies for financing.

The financial liabilities are structured with variable and fixed interest rates. The financial liabilities with variable interest rates essentially comprise a syndicated loan taken out in 2023. The interest is based on the EURIBOR money market conditions plus a credit margin. The resulting interest-change risk (if there is a change in the EURIBOR rate) was hedged by the conclusion of three interest collars. The underlying and hedging transactions (micro-hedge) are reported as hedging relationships or valuation entities (hedging of cash flows). The company meets the remaining variable-interest and currency risks with regular and intensive analysis of a range of early-warning indicators. Hedging of individual risks is discussed and decided by the central Treasury Department with the Management Board and the responsible Managing Directors. Where possible, currency fluctuations are balanced through natural hedging. Opportunities are possible if there are appropriate positive developments of the currencies and interest rates.

No individual risk in this category was identified above the damage potential of € 000s 1,000.

Liquidity risks

The Corporate Treasury Department in the holding company SURTECO GROUP SE is responsible for monitoring and controlling the liquidity of the Group and the major subsidiary companies. This provides an up-to-date picture of liquidity development at any time. The positive level of operating cash flow and the short payment targets mean that the companies have adequate liquid funds continuously available. There is also the option of drawing on open credit lines and a factoring agreement.

Nevertheless, there is a risk that earnings and liquidity can be compromised by default on customer accounts receivable and non-compliance with payment targets. The Group counters this risk by regularly reviewing the credit ratings of contracting parties and carefully monitoring default with customers. The Group counters the risk arising from debit balances in accounts payable by means of a broadly-based customer structure and cover provided by appropriate trade credit insurance policies.

No individual risk above the damage potential of € 000s 1,000 was identified in this class.

Investment risks and opportunities / impairment risks

Expenditure incurred or planned through investments in fixed assets or through participations/acquisitions of companies involve uncertainty relating to the profitability of the investment. The anticipated capital returns from a new production facility or an acquisition may not ultimately materialize. The SURTECO Group recognizes goodwill and other assets in the balance sheet. The values in use for the cash generating units of the Group were assessed as being higher than the net asset values within the scope of the impairment test for the business year 2024. As a consequence, no impairments were recognized. However, the possibility that planned targets for the segments or for units may not be reached in the future cannot be excluded; there may then be a consequent requirement to carry out an additional impairment.

Investments generate the opportunity to increase the sales and profits of a company. SURTECO carefully plans investments by calculating the return and continuously monitors the investment budget. Prior to the acquisition, a detailed due diligence process is carried out and a business plan is drawn up.

No individual risk in this category was identified above the damage potential of € 000s 1,000.

Legal and regulatory risks/opportunities, contractual risks

Changes in supervisory requirements, customs regulations or other barriers to trade, as well as possible restrictions on price or foreign currency could impact negatively on the sales and the profitability. The companies in the Group have formed adequate provisions to meet warranty claims. Part of the warranty risks have been covered by commercially effective insurance policies. Risks are reduced by the high level of production certainty, and the outstanding quality standard for the manufactured products reduces risk. Risks can also arise from compliance breaches. The Management Board has implemented a Compliance Management System in order to prevent this from happening. Nevertheless, the possibility of becoming involved in court or arbitration proceedings cannot be excluded. When business activities are carried out in third-party countries and at foreign locations of the Group, there are risks of social unrest, and economic and political instability. Furthermore, there is the general risk that unexpected fiscal risks may occur on account of the international alignment of the Group and the large number of subsidiaries. Contractual agreements can be subject to different interpretations by the contracting parties and financial disadvantages may arise from any legal disputes.

Two low risks in this category were identified in the Segment Surfaces.

Environmental risks and opportunities

As a production company, SURTECO is also subject to environmental risks. Emissions could be hazardous or result in significant disadvantages for the environment or the immediate neighbourhood. Economic risks can also result from environmental influences, for example flooding, etc. SURTECO has included sustainability in the corporate strategy and integrated the issue in the company’s processes. Appropriate investments have already successfully acted to avert a once-in-a-lifetime flood at one location. Opportunities like this can also be generated though competitive advantages and environmentally friendly production.

No individual risk in this category was identified above the damage potential of € 000s 1,000.

OVERALL RISK ASSESSMENT

The Group regularly monitors the attainment of business targets and the risks and risk-limiting measures. The Management Board and the Supervisory Board are informed of risks at an early stage. There are no risks which alone or in combination with other risks could pose a threat to the continued existence of the company as a going concern. Even taking the Russia-Ukraine war into account, risks of this nature posing a threat to the continued existence of the company as a going concern cannot be identified currently or for the next 12 months.

The analysis of all risks and opportunities leads to the conclusion that the substantive influencing factors for the business operations of the SURTECO Group come from the procurement markets and arise from the framework conditions for the global economy and the relevant sectors. Consequently, the main potential for risk relates to an unexpected price increase or shortage of raw materials, and in a major and extended recession in the global economy or in individual markets and sectors relevant for the Group. By the same token, an economic upswing or more favourable purchasing conditions also offer the most significant opportunities for more positive business development.

Change in aggregated risks per category compared with the previous year	
Macroeconomic risks, market risks	↘
Competitive risks	→
Procurement risks	↗
Production risks / Technology risks	↓
IT risks	↗
Personnel risks	↗
Financing risks / Balance sheet risks	↓
Interest and currency risks	→
Liquidity risks	→
Investment risks / Impairment risks	→
Legal and regulatory risks / Contractual risks	↗
Environmental risks	new

Fundamentally, the overall risks of the SURTECO Group have not undergone significant change compared with the previous year. Overall, the Group's risk-bearing capacity significantly exceeds the total risk potential. The risk-bearing capacity was determined on the basis of the liquid assets, in addition to the available overdraft facilities, as well as based on the equity headroom of the SURTECO Group.

The opportunities and risks described can exert a significant effect on the net assets, financial position and results of the Group's operations. Additional risks that are unknown at the moment could also impact negatively on business activities.

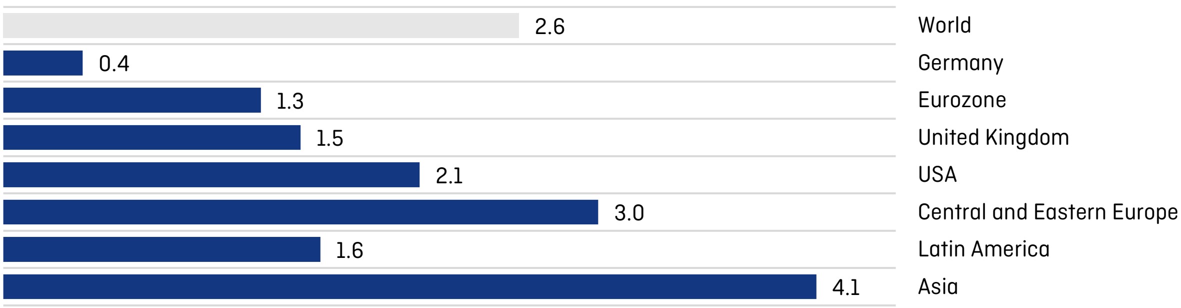
Outlook report

MACROECONOMIC FRAMEWORK CONDITIONS

According to the Council of Experts (Sachverständigenrat) for assessing macroeconomic development, the global economy is on a trajectory of moderate expansion. While positive growth rates are assumed for North America and Asia, the economy in Germany is still unlikely to generate a significant recovery. The Council of Experts is therefore assuming an increase in GDP of only +0.4 % in Germany for the year 2025. Growth is likely to be around +1.3 % throughout the eurozone and +1.5 % in the United Kingdom. The Council of Experts projects growth of +2.1 % for the USA and +1.6% for Latin America. An increase of +3.0 % is expected in Central and Eastern Europe. According to the Council of Experts, GDP in Asia is likely to rise by +4.1 % in 2025.[1]

The forecast by the Council of Experts (Sachverständigenrat) for Germany is also reflected in the association survey carried out by the German Economic Institute. The findings indicate that 33 out of 49 surveyed associations, including the Associations for Plastic Processing and Wood and Paper Processing, anticipate production flatlining or falling for the year 2025.[2] This sentiment is also reflected by the construction industry as an early indicator of a downstream need for furniture. The upshot is that no notable economic turnaround is expected anywhere in Germany in the upcoming year. Only the German Caravanning industry, which also processes SURTECO products, is going into the new year with an optimistic outlook on the basis of stable new registrations.[3]

Forecast economic growth in 2025 in %[1]



[1] Source: The Council of Experts (Sachverständigenrat) for assessing macroeconomic development, Annual Expert Report 24/25 dated 13 November 2024
[2] Source: German Economic Institute, IW Report 50/24 dated 27 December 2024
[3] Quelle: Caravaning Industry Association (CIVD), Press Release dated 30 January 2025

FRAMEWORK CONDITIONS FOR THE SURTECO GROUP

Restrained demand in most sales sectors is once again anticipated for the business year 2025. Owing to ongoing subdued construction activity, particularly in Germany, downstream purchases of furniture and fittings are not taking place. Furthermore, no stimuli for the refurbishment sector are expected any time soon. In particular, volatile inflation and the still relatively high level of interest rates entail that consumers are putting investment in long-term investment goods such as furniture on hold. The greatest potential for growth within the Group is anticipated in North America and in the Asia / Pacific region because the macroeconomic situation in these markets is likely to recover earlier than in Europe.

The purchase prices of the most important raw materials such as paper, plastic and chemical additives are a key influencing factor for the development of earnings and they are anticipated to remain at approximately the level of the previous year in the business year 2025.

SALES FORECAST FOR THE GROUP AND SEGMENTS

For the business year 2025, sales revenues at the level of the business year 2024 are anticipated for the Business Units (BU) Surfaces, Edgebands and Profiles, while the anticipated sales for the BU North America and Asia / Pacific Edgebands are projected to be significantly above the value for 2024. Accumulated at Group level, sales revenues for 2025 are expected to be in the range between € 850 million and € 900 million.

EARNINGS FORECAST FOR THE GROUP AND SEGMENTS

In the business year 2025, a substantial increase in adjusted EBITDA compared with 2024 is anticipated in all Business Units with the exception of Profiles. Conversely, the adjusted EBITDA of the Business Unit Profiles is projected to be around the level of 2024. At Group level, adjusted EBITDA is forecast to be in the range from € 85 to 105 million.

OVERALL STATEMENT ON EXPECTED PERFORMANCE

Sales growth in the business year 2024 was still due solely to the consolidation of the Omnova divisions over an entire year for the first time. In 2025, the only source of organic growth is likely to come from the segments in North America and Asia, owing to the restrained framework conditions in Europe. Measures to increase productivity are targeting improvement in adjusted EBITDA and stable raw material costs as part of the strategic initiatives Operational Excellence and Optimization of Production and Logistics Networks. From today's perspective, the covenants for financial liabilities can be complied with over the next 12 months.

Information pursuant to § 289a and § 315a German Commercial Code (HGB)

CAPITAL STOCK

The subscribed capital (capital stock) of SURTECO GROUP SE is € 15,505,731.00 and is fully paid up. It is divided into 15,505,731 no-par-value bearer shares (ordinary shares) corresponding to a proportion of the capital stock of € 1.00 each. Each share guarantees one vote at the Annual General Meeting of the company. Apart from the statutory restrictions in certain cases, there are no restrictions on the voting right. There are no different categories of voting rights.

RESTRICTIONS ON VOTING RIGHTS AND SHARE TRANSFERS

The Management Board is aware that shareholders of SURTECO GROUP SE have joined together to form a share pool. The objective of this pool is to jointly exercise the voting rights of 8,818,310 no-par-value shares in SURTECO GROUP SE (in accordance with voting rights announcements), which is equivalent to a proportion of 56.87 % of the voting rights.

DIRECT OR INDIRECT PARTICIPATIONS LARGER THAN 10 % OF THE VOTING RIGHTS

Alongside the share pool, the following shareholders have notified us of a direct or indirect participation in our company that is greater than 10 % of the voting rights (status 31 December 2024):

Name, place	Voting rights in %
Banasino Investments S.à.r.l, Luxembourg	30.06

SIGNIFICANT AGREEMENTS SUBJECT TO CONDITIONS

On the balance sheet date, SURTECO GROUP SE had several promissory note loans and credits with a total nominal value of € 379.6 million outstanding. If there is a change of control, the creditors have the right to terminate their outstanding loans early.

APPOINTMENT AND DISMISSAL OF MEMBERS OF THE MANAGEMENT BOARD

The appointment and dismissal of Members of the Management Board is carried out pursuant to §§ 84 ff. Stock Corporation Act (AktG). Changes to the Articles of Association are made in accordance with the regulations of §§ 179 ff. Stock Corporation Act (AktG).

FOLLOW-UP REPORT

In March 2025, the Management Board decided to discontinue the production of impregnates in Germany on 30 May 2025 and to close the relevant production site Dakor Melamin Imprägnierungen GmbH. In the business year 2024, sales of € 18.6 million were generated with impregnates. The adjusted EBITDA amounted to € -2.5 million. At year-end 2024, the investment book value of the company had already been written down in full.

Up until 15 April 2025, there were no further events or developments that could lead to a significant change to the recognition or valuation of individual assets or liabilities as at 31 December 2024.

Declaration on corporate governance

The Declaration on Corporate Governance pursuant to § 289f and § 315d German Commercial Code (HGB) in the form of the Corporate-Governance Report including details on defining the promotion of the participation of women in management positions in accordance with § 76 (4) and § 111 (5) Stock Corporation (AktG), the description of the diversity concept in relation to the composition of the body authorized to represent the company and the Supervisory Board, the Declaration of Compliance with justification and archive, the information on the practices of company management, the composition and working methods of the Management Board and the Supervisory Board including its committees, the Articles of Association (statutes), and the auditor for 2024, can be accessed on the home page of the company by going to www.surteco.com and clicking on the menu item "Investor Relations -Corporate Governance".

Dividend proposal

The Management Board and the Supervisory Board of SURTECO GROUP SE will submit a proposal to the ordinary Annual General Meeting of the company being held on 11 June 2025 that the net profit in accordance with the German Commercial Code (HGB) of SURTECO GROUP SE amounting to € 17,085,816.49 is to be appropriated as follows: payment of a dividend per share of € 0.30. This corresponds to a total amount distributed as dividend of € 4,651,719.30 for 15,505,731 shares. Appropriation is made to retained earnings in the amount of € 12,434,097.19.

For computational reasons, rounding differences of +/- one unit can occur.

Calculation of indicators

EBITDA adjusted	Earnings before financial result, income tax and depreciation and amortization less extraordinary income, acquisition and integration costs, consultancy costs, provisions for staff measures and PPA Step-up inventories
EBITDA	Earnings before financial result, income tax and depreciation and amortization
Cost of materials ratio in %	Cost of materials/Total output
EBITDA adjusted margin in %	EBITDA adjusted/Sales
Debt-service coverage in %	(Consolidated net profit + Depreciation and amortization) / Net debt
Earnings per share in €	Consolidated net profit/Weighted average of the issued shares
EBIT margin in %	EBIT/Sales
EBITDA margin in %	EBITDA/Sales
Leverage	Net dept/EBITDA adjusted for the last 12 month
Equity ratio in %	Equity/Total equity (= balance sheet total)
Free cash flow in €	Cash flow from current business operations - (Acquisition of property, plant and equipment + Acquisition of intangible assets + Acquisition of companies + Proceeds from disposal of property, plant and equipment + Dividends received)
Interest cover factor	EBITDA/Interest (net) (Interest income – Interest expenses)
Level of debt in %	Net debt/Equity
Net debt in €	Short-term financial liabilities + Long-term financial liabilities – Cash and cash equivalents
Personnel expense ratio in %	Personnel expenses/Total output
Working Capital in €	(Trade accounts receivable + Inventories) – Trade accounts payable

Non-financial Statement*

ABOUT THIS NON-FINANCIAL STATEMENT

SURTECO GROUP SE is preparing and publishing the combined Non-financial Statement in accordance with §315b and §315c in conjunction with §§289c to 289e German Commercial Code (HGB) and the Directive (EU) 2022/2464 of the European Parliament and the Council dated 14 December 2022 on the establishment of a framework to facilitate sustainable investments and Article 8 of the Delegated Regulation (EU) 2020/852 (EU Taxonomy Regulation).

CSRD AND ESRS AS A FOUNDATION FOR EUROPEAN SUSTAINABILITY REPORTING

The Corporate Sustainability Reporting Directive (CSRD) represents a substantial expansion of the previous EU Guidelines on non-financial reporting. The directive came into force on 5 January 2023 at EU level and has to be adopted in national law by the EU Member States. One of the aims is to oblige large companies oriented on the capital market in the EU to provide comprehensive disclosure as part of their sustainability reporting, highlighting the impacts of their business operations on sustainability aspects as well as pointing out the influences of sustainability aspects on the performance of their business, the results of operations and the situation of the company. With this purpose in mind, the EU has passed a number of European standards for sustainability reporting in the form of the European Sustainability Reporting Standards (ESRS), adopted as a delegated regulation, which is directly applicable in all EU Member States. The requirements of the current legal framework continue to apply to SURTECO because the national CSRD Implementation Act (CSRD-UmsG) did not come into force in Germany until 31 December 2024.

However, in the expectation of prompt implementation of the CSRD in German law, the SURTECO Group has made comprehensive preparations for first-time reporting in accordance with CSRD and ESRS respectively. The requirements of ESRS were largely implemented in this report on a voluntary basis for the 2024 business year.

STRUCTURE AND METHODOLOGY OF THE NON-FINANCIAL STATEMENT

SURTECO GROUP SE presents a Non-financial Statement at company level and a non-financial group statement jointly as a combined Non-financial Statement. The Non-financial Statement is an integrated element within the management report and complements the management section. In compliance with the requirements of the ESRS, the material topics were selected on the basis of their impact, their relevance and the assessment of their potential financial impacts. Material aspects and circumstances relating to environmental concerns, employee concerns, social concerns, business ethics and compliance, including combatting corruption and bribery, respect for human rights and sustainability in the supply chain are summarized and the content is divided into four sections on the basis of the structural requirements of the ESRS: general disclosures, environmental information, social information and company information.

The individual sections of the Non-financial Statement are based on the structure of the ESRS.

Reconciliation of sustainability matters between HGB requirements and the ESRS framework and contextualisation of the matters.

Sustainablility matters	ESRS-framework
Environmental concerns	E1 Climate change E2 Pollution E5 Resource use and circular economy EU-Taxonomy
Employee concerns	S1 Own workforce
Social concerns	S1 Own workforce
Respect of human rights	S1 Own workforce
Fighting corruption and bribery	G1 Business conduct

General information

ESRS 2 GENERAL DISCLOSURES

This sustainability statement is a consolidated report about the material ESG topics of the SURTECO Group and forms part of the management report. The structure of the report and its disclosures are based on the framework of the Corporate Sustainability Reporting Directive (CSRD).

The group of consolidated companies governed by the sustainability statement corresponds to the companies consolidated in the company's consolidated financial statements, and the reporting period is the financial year and calendar year 2024. The base year for the achievement of the sustainability goals is the business year 2019. The financial information was denominated in the reporting currency of the euro (€). This sustainability statement also takes into account upstream and downstream activities of the value chain within the course of the reporting year. Information about the intellectual property, know-how and innovations of the SURTECO Group are not disclosed in this report. This reporting makes use of the time horizons defined in ESRS 1 for short-term (< 1y), medium-term (1-5 y) and long-term (> 5 y).

The preparation of the sustainability statement requires to a certain extent decisions of judgement, estimates and assumptions. The material facts that are affected by such decisions of judgement and estimates relate to the definition of the risks and opportunities associated with sustainability. The quantitative disclosures are the result of a consolidated, regular survey of the individual units within the Group. These data were prepared with due care and attention and following a comprehensive review. When the surveys are carried out by the individual subsidiary companies, there may be unintentional misrepresentation when questions are answered. One example from the past relates to information having been provided in the wrong unit of measurement. If a mistake of this nature was discovered, the corresponding prior-year value was corrected in the report and appropriately identified. If omissions or exceptions to the disclosure of developments were identified, these are also assessed and reported in accordance with the circumstances.

A comprehensive risk assessment in connection with sustainability reporting is included under DR GOV-5 of this section. The data quality here is treated as an important aspect. This evaluation highlights the potential risks and their impacts and outlines the mitigation strategies directed towards continuously improving the quality of the information disclosed in this report.

Governance

DR GOV-1: The role of the administrative, management and supervisory bodies

The composition of the Supervisory Board is based on § 95 Sentence 2 Stock Corporation Act (Aktiengesetz, AktG) in conjunction with Article 8 Section (1) of the Articles of Association and the rules of the contract pursuant to §§ 13 Section (1) Sentence 1, 21 SE Participation Act (SE-Mitwirkungsgesetz) (Law on the Involvement of Employees in a European Company, SEBG) between the special negotiating committee and the executive management of SURTECO AKTIENGESELLSCHAFT about the participation of the employees of SURTECO GROUP SE dated 13 February 2007. According to these requirements, the company's Supervisory Board is made up of nine members. Six members are elected by the Annual General Meeting. All these six members are independent pursuant to the German Corporate Governance Code (DCGK). Three members are appointed as employee representatives to the Supervisory Board in accordance with the provisions of the above-mentioned agreement by the works councils of the three German companies of the SURTECO GROUP with the most employees. Since employees cannot be regarded as independent, as a matter of principle, the proportion of independent members of the Supervisory Board is 66.7 %. The Supervisory Board has defined a target for one female seat on the Supervisory Board by 2025. Up to now, it has not been possible to appoint an appropriately qualified women to the Supervisory Board of SURTECO GROUP SE. The proportion of women on the Supervisory Board during the reporting year 2024 is therefore 0 %.

In order to assess impacts, risks and opportunities in an evidence-based approach, the expertise of the Supervisory Board covers the following areas: paper and paper refinement, production and plastics technology, digital printing, occupational health and safety, human resources and climate economy. The Supervisory Board has appointed Mr. Jörg Wissemann as the contact person for sustainability issues in the Management Board. Mr. Wissemann manages a business unit within his company that includes specialism in sustainability management (Strategy & Implementation) and therefore has extensive expertise in sustainability topics that are important for the company. Together with three other members of the Supervisory Board, Mr. Wissemann is a member of the Audit Committee of the SURTECO Group and is therefore responsible for the review and approval of the sustainability report. The definition of the sustainability targets of the SURTECO Group is carried out in consultation with the Management Board and Supervisory Board and is adopted by these bodies.

The Board of Management (Executive Board) comprises three members who are currently represented by two members. The Members of the Management Board are appointed and dismissed by the Supervisory Board. Rules of Procedure govern the allocation of business and the cooperation within the Management Board. The Members of the Management Board are not intended to work for the company beyond the statutory retirement age. In addition to the Management Board, there are two other administrative and management bodies: the Senior Management Team (SMT) and the Executive Management Team (EMT, C Level 1). The proportion of women there was 12 % and 11 % respectively.

The Management Board of SURTECO GROUP SE manages the company with the objective of generating organic economic value added over the long term. The Management Board carries out its functions independently and in the interests of the company, while taking into account the needs of its shareholders, its employees and the groups associated with the company (stakeholders). The Members of the Management Board are jointly responsible for the executive management of the company. The Chairman of the Management Board coordinates the activities of the Management Board. The Management Board develops the company's strategic direction, coordinates it with the Supervisory Board and implements the strategy. The Board ensures compliance with the statutory regulations and internal company guidelines and guarantees that the Group companies comply with these requirements.

The Board of Management has implemented a group-wide Internal Controlling System (ICS), a Risk Management System (RMS) and a Compliance Management System (CMS). The ICS and the RMS also deal with targets related to sustainability. The Management Board is responsible for the risk policy within the SURTECO Group. The identification of risks is carried out by the Management Board on the basis of group-wide guidelines. This is carried out together with the management of the subsidiary companies, Group controlling and the specialist departments. The results are regularly reported to the Management Board, which in turn submits a report to the Audit Committee of the Supervisory Board. The executive management of the subsidiary companies receives the instructions of the Management Board and in this connection is re-sponsible for the risks that it enters into its business activity. The management integrates the employees within the framework of their governance functions into the risk management. Binding rules for the risk management processes are defined within the group-wide Risk Management Manual.

The governance bodies of the SURTECO Group ensured that they possess or have access to the necessary skills and expertise in order to effectively monitor and manage sustainability aspects. In addition to the personal expertise, the governance bodies have access to internal experts who cover a wide range of sustainability aspects:

- Corporate Function Sustainability
- Environmental and Energy Managers
- Occupational Safety Specialists
- HR Specialists
- Compliance and Internal Auditing Teams
- Experts for Supply Chain Management
- Specialists for Operational Excellence

Furthermore, external advisors and specialist committees are available in order to regularly provide information on legal developments and best practices. The sustainability competencies available are directly related to the company's material ESG risks and opportunities. As a result of the structured access to internal experts and external specialists, the company ensures that its management bodies are in a position to take informed decisions directed towards creating long-term values for the company and its stakeholders. A complete overview of the management bodies of the SURTECO Group can be found in the financial part of this Management Report in the section "Executive Officers of the Company".

DR GOV-2: Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

Sustainability management and governance structure

The sustainability management encompasses all entrepreneurial activities that safeguard the sustainable, long-term development of the company in line with the requirements of corporate governance, the environment and social concerns.

The role of the administrative, management and supervisory bodies is clearly defined as set out below:

- The Management Board bears overall responsibility for the sustainability strategy and takes final decisions in regard to measures and investments relating to sustainability.
- A Sustainability Team appointed by the Management Board acts as a central body for coordination and controlling of the sustainability strategy. It develops proposals for targets and measures, monitors their implementation and ensures knowledge transfer within the company.
- Sustainability managers and process owners at locations across the world ensure operational implementation and assume strategic responsibility for environmental, social and economic sustainability aspects in their respective areas.
- The Sustainability Team communicates on a monthly basis with the Management Board and agrees strategic decisions within the scope of Executive Management Meetings and Strategy Meetings.
- The Supervisory Board promptly receives comprehensive information and updates about sustainability topics in the context of Supervisory Board Meetings.
- The Audit Committee of the Supervisory Board deals with sustainability reporting annually and reports its findings to the plenary session.

Employees, process owners and sustainability managers are kept regularly informed through the group-wide management system and the Intranet. People in the public domain receive appropriate information in the Sustainability Report and on the company's website.

Material sustainability topics during the reporting period under review

During the reporting period under review, the administrative, management and supervisory bodies addressed the following key sustainability issues:

- Reduction of emissions: Development and implementation of CO_2 reduction strategies.
- Use of secondary raw materials: Evaluation of the feasibility and integration of recycling materials into the production process.
- Autonomy in energy supply: Analysis and investments in renewable energies in order to safeguard energy supply.
- Alternative production technologies: Testing and implementation of sustainable manufacturing processes.
- Occupational health and safety: improvement of occupational safety and company healthcare promotion.
- Waste management: Measures for waste avoidance and optimization of disposal processes.
- Circular economy: Development and promotion of closed material cycles.
- Diversity: Implementation and monitoring of measures to promote diversity in the workforce.

These topics were addressed in decisions taken by the Management Board, in strategy meetings and committee meetings. Concrete measures were adopted and directed towards minimizing risks and exploiting opportunities.

DR GOV-3: Integration of sustainability-related performance in incentive schemes

The SURTECO Group has recognized the key role played by sustainability in promoting long-term value creation and responsible business practices, and the Group has implemented sustainability targets within the incentive systems used for the Management Board.

The compensation system for the Management Board provides for a share of 10 % of variable remuneration to be determined by the achievement of sustainability targets. These sustainability targets are established by the Supervisory Board in consultation with the Management Board for each business year.

DR GOV-4: Statement on due diligence

The SURTECO Group has established a comprehensive due diligence approach to ensure that all risks and opportunities relevant to sustainability are systematically identified, assessed and addressed across all business units, supply chains and stakeholders. A key factor here is setting up a robust due diligence process that encompasses the following key elements:

- Evaluation and identification of potential sustainability risks in all business operations.
- Use of Key Performance Indicators (KPIs) aligned with sustainability-related targets to measure progress and identify potential for improvement at an early stage.
- Close communication and collaboration with stakeholders – including suppliers, employees, investors and local communities – in order to ensure transparency and accountability.
- Continuous review and adaptation of the due diligence process in response to changing regulatory requirements, market trends and stakeholder expectations.

The Sustainability Team at the SURTECO Group is working on further developing this process in order to manage the company’s sustainability initiatives effectively and integrate them successfully within the strategy across the company.

The following table provides an overview of how the core elements of due diligence are presented in the sustainability statement:

Core elements of the duty of care	Sections in the sustainability declaration	Relevant stakeholders / responsible parties
Integration of due diligence into governance, strategy and business model	Section DR SBM-1 & DR GOV 1: Sustainability strategy & governance structure	Management Board, Supervisory Board, Sustainability Team
Involvement of affected stakeholders in all key due diligence steps	Section DR SBM-2: Stakeholder engagement & dialog mechanisms	Suppliers, customers, investors, NGOs, employee representatives
Identification and assessment of negative impacts	Section DR IRO-1 & DR SBM-3: Materiality analysis & risk identification	Environmental organizations, employees, local communities
Measures to counter these negative effects	Section DR GOV-5: ESG management systems & action plans	Sustainability managers, compliance, internal audit, works councils
Tracking the effectiveness of these efforts and communication	Section DR GOV-5: Monitoring, KPIs & Reporting	Internal audit, external auditors, rating agencies

- **Integration into corporate governance**: Due diligence is firmly anchored in the governance structure. The Management Board bears ultimate responsibility while the Sustainability Team as an operational committee develops concrete measures and coordinates their implementation.
- **Stakeholder integration**: Regular dialogues and reporting proactively involves internal and external stakeholders in the due diligence process. This approach promotes transparency and strengthens the trust and confidence in the decisions taken by the company relating to sustainability.
- **Measurement and continuous improvement**: Clearly defined KPIs provide assistance in measuring progress and identify specific areas where improvements are necessary. Continuous review and adaptation of the process ensures that the company can respond flexibly to new challenges and regulatory changes.

DR GOV-5: Risk management and internal controls over sustainability reporting

The SURTECO Group has established a structured system for identification, assessment and management of risks within sustainability reporting. This system is integrated within risk management through-out the company and comprises the following:

- A central Sustainability Management System that defines the guidelines and procedures for data collection, data analysis and data reporting.
- Internal controlling mechanisms that ensure the quality and accuracy of the sustainability data collected.
- Regular review and auditing by Internal Audit and external auditors in order to ensure compliance with regulatory requirements.

The SURTECO Group uses a risk-based assessment methodology in order to identify and prioritize potential risks in sustainability reporting:

- Identification of risks: Analysis of potential risks, e.g. data gaps, inconsistent reporting or inadequate data sources.
- Assessment of the risks: Each risk is assessed on the basis of its probability and impact on reporting.
- Prioritization of the risks: Risks with high priority are addressed with targeted measures in order to safeguard the quality and reliability of reporting.

The following risks were identified as material and are addressed thorough specific measures:

Risk	Effects	Reduction strategy
Data gaps or missing data	Incomplete or distorted reporting	Automated data collection systems, close cooperation with relevant specialist departments
Incorrect data entry or calculations	Inaccuracies in the sustainability indicators	Standardized control mechanisms, internal plausibility checks
Delayed or untimely data collection	Failure to comply with reporting obligations in a timely manner	Implementation of a clear schedule for data collection and validation
Insufficient transparency and traceability	Stakeholder confidence in reporting could be impaired	Regular audits and documentation of all process steps

Strategy

DR SBM-1: Strategy, business model and value chain

SURTECO GROUP SE (Societas Europaea) is a company listed on the stock exchange under European law and is based in Buttenwiesen, Germany. The company is the ultimate parent company of the Group and is registered in the Company Register of the Local Augsburg Court (Amtsgericht Augsburg) under HRB 23000. The purpose of the companies consolidated in the SURTECO Group is the development, production and sale of coated surface materials based on paper and plastic.

Business areas

The SURTECO Group produces a wide range of products for domestic use, for the trade sector and for the public arena. SURTECO products are used in virtually all areas of daily life. For example, they are applied on furniture, flooring and doors in homes, in caravans and on cruise ships. The products manufactured by the Group companies are primarily processed by the international flooring, wood-based and furniture industries. They are also used by cabinetmakers and artisan craft businesses. This involves coatings being used for wood-based materials such as chipboard and fibreboard. The coating gives these boards their final surface with appropriate visual, haptic and functional attributes. The most important sales markets for the Group include Germany, the rest of Europe, and North and South America.

Edgebandings based on plastic and paper are the SURTECO Group's product with the highest sales. Plastic edgings are made from the plastics ABS, PMMA, PP and PVC in a wide range of different dimensions and strengths to meet specific customer requirements. Melamine edgings are manufactured on the basis of printed lightfast specialist papers.

Finish foils made of plastic or paper are ideal for all areas of application. The paper-based foils provide innovative design and a natural haptic feel. They are therefore exceptionally good at creating appealing furniture surfaces with outstanding technical properties. The product range of the SURTECO Group also includes plastic foils for particularly attractive furniture surfaces, for further refinement to create long-life carpets and for many industrial applications.

Decor papers are applied to provide materials with decorative elements in order to refine wood-based surfaces, for use in the furniture and floor industries and in interior design. The development of creative wood, stone and fantasy decors is carried out in cooperation with the Group's in-house design studios.

The SURTECO Group is a dependable partner for specialist flooring wholesalers and for professional floorlayers. The product range covers skirtings, stair edges, transition rails and all the accessories required for laying floors.

Decorative impregnated products from the SURTECO Group are found everywhere, for example on furniture or laminated flooring. They have tough, abrasion-resistant surfaces that are extremely resistant to mechanical, thermal and chemical influences. Overlays with a laminate structure from the SURTECO Group give an additional coating for areas subject to heavy wear and tear, and provide special optical effects. Complementary to this, release papers from the SURTECO Group are widely used in the wood-based material industry. The product lends the surface its final visual look and creates an appealing haptic feel. Release papers from the SURTECO Group are also used to give texture to other materials such as leatherette.

Technical extrusions made of all common plastics manufactured for the construction sector and many other industrial sectors complete the product portfolio.

Laminates have a multilayer structure and offer long-life and cost-effective surfaces for living environments and commercial spaces. Performance foils offer a variety of final applications as rigid, semi-rigid and flexible foils. Coated fabrics are vinyl-coated materials and they are used in cushioning for seats and coverings, for example in the automobile industry or in marine settings on ships.

Sustainability targets have been agreed for all products in the SURTECO Group. This involves using raw materials that are already bio-based or renewable through the application of materials based on wood fibre such as paper and wood-based materials. We aim to base our products on the following criteria:

- **Resource conservation**
  Reduction of the use of fossil-based raw materials through the application of recycled or bio-based materials.
- **Energy efficiency**
  Optimization of production processes to reduce energy consumption and to make use of renewable energy.

- **Waste management**
  Minimization of production waste and promotion of recycling and reuse.
- **Circular economy**
  Establishment of circular and recycling processes which promote recovery.
- **Transparent supply chains**
  Safeguarding sustainable procurement of raw materials and other materials.
- **Product design**
  Design of products that are easier to recycle and have fewer environmental impacts.

The sustainability targets listed above relate to all product groups of the SURTECO Group and there is no prioritization by geographical regions. During the reporting period, there were no significant changes in the product offering, or the markets and customer groups.

Wherever possible the SURTECO Group joins forces with its customers to carry out development projects in order to find solutions for circular processes in the packaging sector and for recycling processes concerning plastic products.

All the products of the SURTECO Group can be subsumed under the category "Building products and furnishings".

Business (product) **€ 000s**	**2023**	**2024**
Edgebands	262,352	260,706
Finish foils	133,649	137,190
Decorative printing	93,475	88,138
Impregnates / Release papers	45,224	48,619
Skirtings and related products	77,124	73,816
Technical extrusions	50,483	47,002
Laminates	69,516	98,285
Performance Films	31,122	31,642
Coated Fabrics	41,016	39,603
Other	31,128	31,587
	835,089	**856,588**

Global presence

Being close to our customers is important for the SURTECO Group. Proximity guarantees short delivery pathways that save resources and permit individual bespoke responses to differing regional preferences and trends. The SURTECO Group operates in virtually all the countries of the world and maintains 26 production locations in Germany, the United Kingdom, Sweden, Portugal, Canada, USA, Brazil, Indonesia, Thailand and Australia. At the same time, the company's global presence and comprehensive product range make it less vulnerable to the volatility of sales fluctuations in individual countries and sectors.

Geographical breakdown of SURTECO Group				
	Sales in € 000s		Employees	
	2023	2024	2023	2024
Germany	166,239	160,544	1,495	1,490
Europe (without Germany)	324,243	315,525	617	641
America	260,440	297,073	1,013	1,043
Asia / Australia	77,350	75,133	560	558
Other	6,817	8,313	0	0
	835,089	**856,588**	**3,685**	**3,732**

Value chain

Truly sustainable companies have to manage their business responsibly within their own organization and along the entire value chain – in upstream and downstream areas.

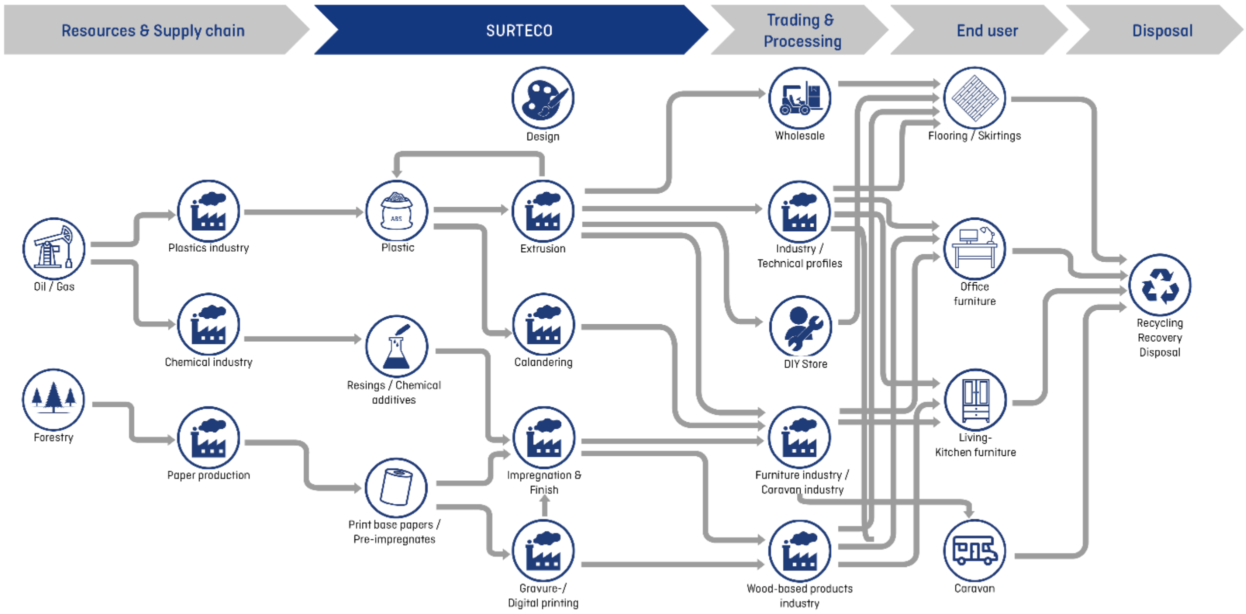
The SURTECO Group procures raw materials, packaging materials, production goods, services and other inputs such as energy worldwide. Generally speaking, the SURTECO Group purchases directly from several manufacturers and is not dependent on an individual supplier. The cost of materials ratio was 49 % in 2024 and this indicates that the procurement of raw materials constitutes the biggest expense item for the SURTECO Group. Around 79 % of the total cost of materials is attributable to the three most important raw materials paper, plastics and chemical additives. Consequently, plastics manufacturers, paper producers and the chemicals industry are the most important groups of suppliers.

In order to uphold its social and environmental responsibility in the framework of a holistic approach the SURTECO Group has defined its values in a Code of Conduct for suppliers – Sustainable Procurement ("Code of Conduct") with 17 principles based on ethical business conduct, social standards and environmental standards. (The Code is based on international conventions such as the United Nations Human Rights Declaration, the guidelines on children's rights and entrepreneurship, business conduct and human rights, labour standards and the United Nations Global Compact.)

End customers are dominated by the wood-based materials industry, the wholesale trade, the home-improvement market and the furniture industry. End consumers only purchase skirtings through the home-improvement sector as a finished product manufactured by the SURTECO Group. Surface materials are incorporated into the production process at customers of the SURTECO Group in order to make other products like furniture, doors and laminate flooring. Most end products can be disposed of through house-hold waste collection or recycling centers. Some furniture parts can be recycled and returned to the wood-based materials industry.

The need for living and office space is constantly increasing as the global population rises, together with the consequent expansion of purchasing power. This is leading to a spiraling demand for furniture, flooring and interior installations. It is particularly relevant for the demographic and economic development taking place in the emerging economies. In addition, the global trend towards urbanization and individualization is generating an accelerated demand for attractive interior architecture and fittings.

The company and its products need to become more sustainable over the entire value chain in order to meet this challenge without jeopardizing the company's principles.



Strategy and business model

The strategy of the group of companies with its seven pillars of Product Leadership, Operational Excellence, Commercial Excellence, Digitalization, Focused Internationalization, Sustainability and a Corporate Culture under the slogan of “Company I like to work for” is single-mindedly focused on the overarching goal: “We make rooms worth living in”.

The business model of the SURTECO Group is based on the claim that we manufacture outstanding surfaces, edgings and extrusions (profiles). However, excellent products in themselves are not sufficient to guarantee sustainable success over the long term. This offering is supplemented by bespoke solutions that are tailor-made to suit the needs of our customers and this is augmented by comprehensive service. Our strategy rises to this challenge by encompassing all stages of the value chain, with a particular focus on providing the best possible service for all our customers.

DR SBM-2: Interests and views of stakeholders

The SURTECO Group absolutely needs to understand the impacts that stakeholders may exercise on every activity or about which stakeholders may gain information so that the Group can design a sustainable strategy since the interests and views of stakeholders are embedded in the Group’s policies and practices.

The SURTECO Group communicates continuously and promptly with the most important stakeholders in a form that is relevant to the individual target group. The most important stakeholders are listed below. They were identified in the SURTECO Group’s activities and business relationships as well as its engagement initiatives in order to identify their interests and views.

Key stakeholders of the SURTECO Group

Stakeholder	Communication	Interests and views	Implementation in the SURTECO strategy - Pursuit of the UN goal	Consideration of stakeholder interests
Investors	Annual General Meeting Capital market conferences Individual meetings	Sustainable corporate value Profitability Profitable and competitive business models	SDG 8 Decent work and economic growth	Reporting on ESG key figures Integration into sustainability decisions
Supervisory Board	Supervisory Board Meeting	Sustainability strategy Sustainable corporate value Leadership role in sustainable developments	SDG 8 Decent work and economic growth SDG 13 Climate action	Integration of sustainability goals into the corporate strategy Regular sustainability reports ESG-supported remuneration models for the Management Board
Management Board	Executive Management Meeting Strategy meeting Board meeting	Sustainability strategy Sustainable management Environmental and health protection Corporate governance	SDG 3 Good health and well-being SDG 8 Decent work and economic growth SDG 13 Climate action	Anchoring sustainability in corporate management Setting and monitoring climate targets Promotion of a sustainable corporate culture
Employees	Works meetings Appraisal interviews Employee surveys Intranet	Secure employment Equal opportunities Equal pay Further development Work / life balance	SDG 3 Good health and well-being SDG 8 Decent work and economic growth	Training on sustainable working practices Involvement in decision-making processes, Promotion of diversity
Suppliers	Purchasing discussions Supplier evaluation Trade fairs	Sustainable supply chain Health and safety Working conditions and rights Climate change Circular economy	SDG 9 Industry, innovation and infrastructure SDG 13 Climate action	Supplier audits Promoting joint resource conservation and circular economy projects
Customers	Sales meetings Customer events Customer satisfaction analysis Conferences	Sustainable products and production Sustainable supply chain Health and safety Working conditions and rights Climate change Circular economy	SDG 12 Sustainable consumption and production. SDG 13 Climate action	Transparency about sustainable products Recycling and take-back concepts Sustainable packaging solutions
Inhabitants / Communities	Press Open day Informal contacts	Sustainable production sites in harmony with quality of life	SDG 6 Clean water and sanitation SDG 13 Climate action	Participation in local environmental and social projects Reduction of local emissions
Authorities and associations	Press Communication via specialist departments	Corporate Governance Environmental protection	SDG 13 Climate action SDG 17 Partnerships to achieve the goals	Compliance with legal requirements Involvement in sustainability initiatives

The administrative, management and supervisory bodies have a special role within the scope of stakeholder reporting. This relates to the Management Board, the Supervisory Board and the operational management team. These bodies are kept regularly informed by the Sustainability Officer during the course of Management Board and Supervisory Board Meetings, or in the case of operational management as part of the Management Review Meetings. The latter meetings in particular also gather information within the Business Units about stakeholder opinions along the supply chain.

More robust integration of stakeholders increases acceptance and legitimacy because a range of interests is taken into account. This also promotes innovations because suppliers, customers and NGOs can contribute sustainable solutions. Risks such as environmental or social problems can be identified and avoided at an early stage. Active stakeholder involvement means that sustainability will be more credible and make a contribution to wealth creation over the long term. Investors prefer companies with clearly defined ESG strategies and this facilitates financing. Over the long term, close stakeholder involvement therefore enhances economic stability and reduces regulatory risks.

The SURTECO Group has therefore adapted its business model to have a greater focus on sustainable material innovations, recyclability and less resource-intensive production processes This approach takes account of stakeholder interests and regulatory requirements. The business model is being adapted in accordance with the existing structures and framework conditions of stakeholder relationships.

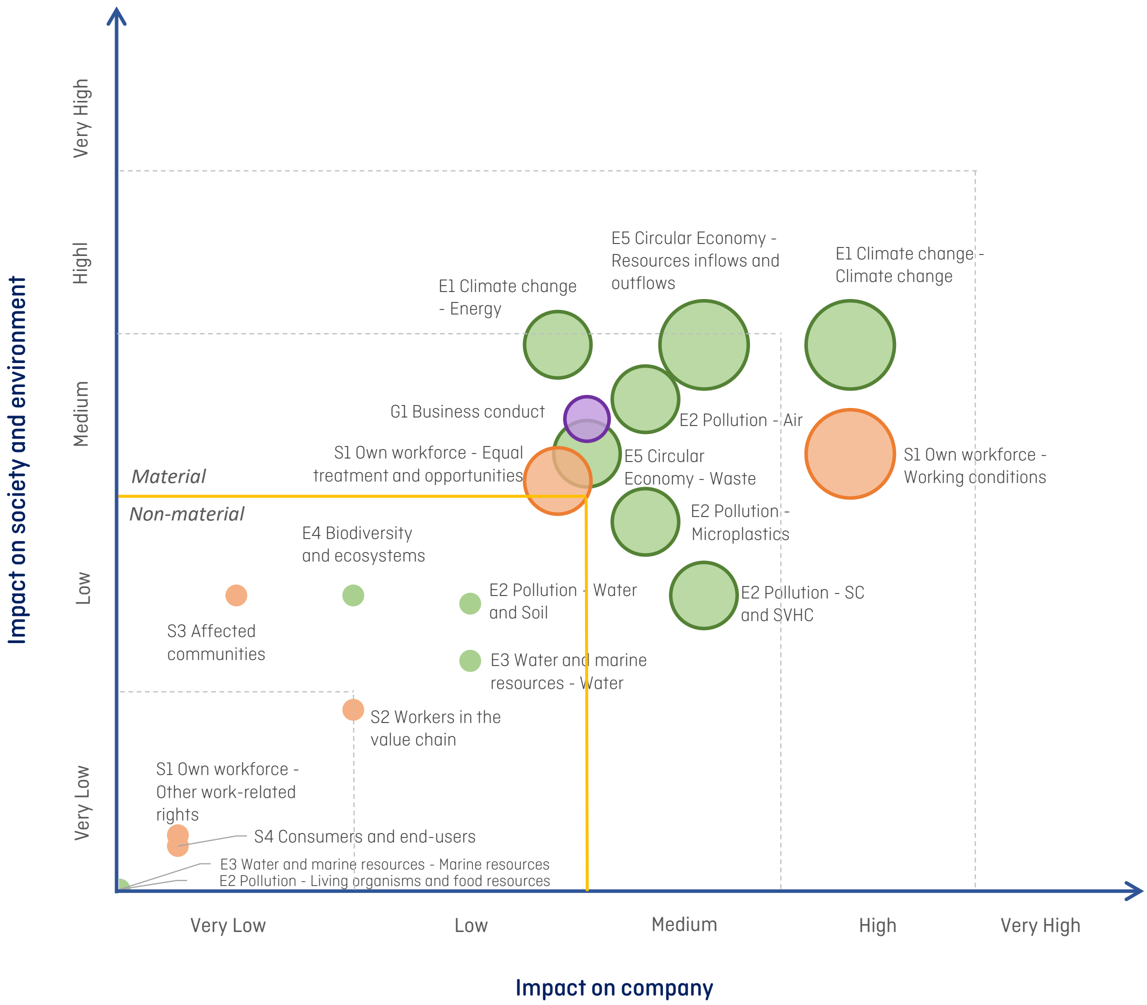
The methodology applied by the SURTECO Group to identify and assess material impacts, risks and opportunities is described in DR IRO-1 under the section Impacts, Risk and Opportunity Management of this reported standard.

DR SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model
Sustainability in the SURTECO Group is a pillar of the corporate strategy that is networked with all areas of activity. This approach is adopted because we are aware that while it is our responsibility to pursue the economic interests of the shareholders, we also have a responsibility to preserve the planet's resources and contribute to the well-being of society. Sustainability means more than simply environmental protection and comprises a holistic approach that prioritizes long-term and sustainable development in the areas of Governance, Environment and Social.

The company, its culture and its employees are the foundation underpinning the SURTECO strategy. The SURTECO Group is committed to the principles for sustainable development and improvement of living standards. It intends to be a sustainable company and a role model for ESG practices.

The SURTECO Group identified its material topics on the basis of the materiality analysis methodology described in DR IRO-1. This can be found under the section Impact, Risk and Opportunity Management in this reporting standard.

The SURTECO Group consolidates its impacts, risks and opportunities taking into account the relevant sustainability aspects in order to provide a better overview. The topics and results of the materiality analysis are provided in the following matrix.



The material impacts, risks and opportunities are the result of the interaction between the environment and society with the activities and business relationships of the SURTECO Group.

ESRS E1 – Climate change

The dependence on energy resources, the necessity to increase efficiency and the proportion of renewable energy make energy a relevant topic for the SURTECO Group. This is not simply on account of the impacts that result from the use of non-renewable energy sources. It also relates to the financial impacts that the energy transition can exert on the company. Additional material impacts result from the release of greenhouse gases (GHG) and their potential impact on climate change. Changes in the regulations, restrictions on the use of fossil-based energies, charges for emissions of greenhouse gases and the costs of decarbonization can also all impact negatively on the business. Impacts, risks and opportunities arising from energy consumption and the release of greenhouse gases have a higher incidence in the supply chain, material transport and the SURTECO Group's own operations.

ESRS E2 – Pollution

The materiality of pollution depends on the type of materials used by the SURTECO Group. Air pollution is a material topic for the SURTECO Group because it uses materials containing solvents and these can potentially cause harm when released into the air. In spite of the existing treatment systems and mitigation measures, the release of solvent emissions is relevant for the SURTECO Group. However, significant risks may also arise from changes in legal requirements when using materials of this nature. Similarly, changes in emission limits may lead to restrictions on the selection of materials, processes or treatment technologies.

The manufacture of plastics and the use of raw materials which are classified as microplastics are also material for the SURTECO Group. This is not only the case on account of the potential impacts owing to contamination but also due to the mandatory requirements for their application.

ESRS E5 – Resource use and circular economy
The type of business activity of the SURTECO Group, its dependence and the impacts of its use make resource use and the circular economy a key issue in their in-house business activities and also in up-stream activities. The volume of waste and the proportion of disposal processes are also relevant topics for the efficient use of resources and the circularity of materials.

ESRS S1 – Own Workforce
Our slogan "A company I like to work for" is one of the pillars of SURTECO's strategy, and occupational health and safety, social security and the right work-life balance are absolutely essential for this. Loyalty, stability and commitment are some of the key effects of this topic. But the other side of the coin is the way the workforce, their absenteeism and lack of commitment can impact negatively on the company.

ESRS G1 – Business Conduct
Violations of human rights principles have been identified as a material topic for the SURTECO Group not because of the probability of occurrence, since the probability of their occurring is very low, but because of the magnitude of their impact. The corporate culture at the SURTECO Group is based on people and their rights. Protection of these rights is supremely important over the entire value chain.

Every single material matter is disclosed in this sustainability statement in accordance with the relevant thematic standard.

Impacts, risks and opportunities	Measures	Positive Effects	Negative Effects	Financial Effects	Consideration of the value chain
ESRS E1 Climate Change	Reduction of energy consumption, use of renewable energies, investment in energy efficiency technologies	Reduction of greenhouse gas emissions, reduction of energy costs, fulfillment of regulatory requirements	Investment costs for energy efficiency measures	Long-term cost savings through energy efficiency and reduced CO_2 costs	Energy efficiency and decarbonization in the supply chain, material transport and own operations
ESRS E2 Environmental pollution	Use of alternative, less environmentally harmful materials, improvement of wastewater treatment processes	Reduction of emissions, protection of the environment, material efficiency	Customization costs for new materials, production processes	Cost savings through reduction of environmental penalties	Use and emissions of solvents in the supply chain, plastic production and micro-plastic risks
ESRS E5 Resource utilization and circular economy	Promotion of circular economy practices, increased recycling, use of secondary materials	Greater resource efficiency, material availability, lower waste costs	Initial investment in recycling initiatives	Reduction in material and waste management costs	Waste generation, material transportation and raw material consumption, circular economy initiatives in the supply chain
ESRS S1 Own workforce	Health and safety programs, training initiatives, promotion of work-life balance, diversity and inclusion	Improved employee retention, higher productivity	Costs for training programs and company health initiatives	Lower sickness rates, reduced fluctuation rates	Workplace culture, health protection and commitment in the value chain
ESRS G1 Business conduct	Implementation of guidelines for compliance with human rights, transparency initiatives	Strengthening reputation, reducing risks in the area of human rights	Expenses for compliance and monitoring	Reduction of reputational damage and compliance fines	Human rights and ethics throughout the value chain, supplier management and compliance monitoring

Impact, risk and opportunity management

DR IRO-1: Description of the process to identify and assess material impacts, risks and opportunities

The SURTECO Group has implemented a structured procedure in order to identify and assess systematically material sustainability topics, risks and opportunities. The starting point for this procedure is the comprehensive determination of potentially relevant topics arising from the areas of Environment, Social and Governance (ESG). The company is guided by the requirements of the European Sustainability Reporting Standards (ESRS) and the regulatory requirements, industry-specific developments and global sustainability goals such as the Sustainable Development Goals (SDGs) of the United Nations.

A key component of the process is identification of the relevant stakeholder groups. This includes customers, employees, suppliers, investors, local communities and organizations of civil society. The perspectives and expectations of these stakeholders are integrated systematically in the process by means of surveys, workshops and dialogue formats. In order to ensure that all relevant topics are taken into account.

The company uses internal and external information sources to identify the topics and the underlying data. Internal sources encompass e.g. indicators from environmental management, social indicators and risk reports. External sources comprise regulatory requirements, scientific studies, market analyses and sector reports. This information is brought together and serves as the foundation for additional analysis.

The assessment of the identified topics is carried out in the context of a materiality analysis, which is based on the concept of double materiality. Two perspectives are taken into account. On the one hand, the impact dimension, which describes the impacts that the company has on the environment and society, such as the emission of greenhouse gases, the use of resources or social concerns such as diversity and inclusion. On the other hand, the financial dimension, which examines the impacts of sustainability topics on the company's business activities and financial situation. Examples of the latter dimension include climate risks, regulatory changes or access to financing opportunities.

The SURTECO Group has established a structured decision-making process to ensure that significant impacts, risks and opportunities are systematically identified, assessed and monitored. This process is carried out by an interdisciplinary team, which is made up of representatives from the executive management, the sustainability management team, the risk management team and relevant specialist departments. The internal controlling procedures include regular review and approval by the Management Board along with implementation of a double-checking (four-eyes) principle relating to materially important key decisions.

The assessment process for impacts, risks and opportunities is integrated within the existing Risk Management System and permits a complementary analysis of financial and operational risks. The Risk Management System (RMS) is disclosed in the management report and does not place any special focus on risks related to sustainability.

The results of the impacts, risk and opportunity assessments flow directly into strategic planning and decision-making at the company and departmental levels. For example, the findings are used to guide investment decisions, product development strategies and measures for compliance with statutory regulations. In addition, the results are communicated regularly at board meetings and workplace meetings.

Methodology for materiality analysis

The SURTECO Group applied the materiality analysis with the aim of identifying the impacts, risks and op-opportunities, and thereby establish which sustainability aspects are relevant in the context of the organization and which Disclosure Requirements (DRs) have to be reported. The concept of double materiality takes into account how activities and business relationships exert an impact on social and environmental factors. The concept also takes account of how sustainability aspects can influence financial stability.

In accordance with the ESRS, the materiality analysis carried out by the SURTECO Group was followed by the next steps:

Materiality assessment	
Step 1	**Understanding the corporate context across the entire value chain**
Step 2	**Identification of impacts, risks and opportunities in relation to sustainability aspects**
Step 3	**Impact assessment and financial evaluation**
Step 4	**Determination of material impacts, risks and opportunities and associated sustainability aspects**
Step 5	**Identification of the main DRs**

Owing to the complexity of the organizational structure, the initial approach involved the SURTECO Group in carrying out the materiality analysis for the group of consolidated companies with a top-down approach. All the subsidiary companies were included in the assessment. Steps such as identification, asassessment and reporting of impacts, risks and opportunities were carried out at Group level.

In view of the diversity of the divisions making up the SURTECO Group and in order to guarantee completeness in identifying impacts, risks and opportunities, and the accuracy of its assessment, the SURTECO Group intends to make use of a bottom-up approach. This involves carrying out individual assessments for each division/production technology and consolidating the results.

The following steps describe the methodology that the SURTECO Group uses for the materiality analysis of the sustainability aspects addressed in this statement on the basis of the top-down approach.

- Step 1: Understanding the context of the company along the entire value chain

Material sustainability aspects connected with environment, social and governance factors can result from the SURTECO Group's own business activity and from the upstream and downstream value chain. An overview of the activities and business relationships and an understanding of the interests and views of the stakeholders deliver an important input for the materiality analysis.

When identifying impacts, risks and opportunities, the organizational context first needs to be very clearly understood.

The organizational context of the SURTECO Group is determined from the following information sources:

Activities and business relationships

The SURTECO Group is defined through its sectors, products and services, and the way in which the activities and business relationships are carried out along the value chain, in other words in their in-house process but also upstream and downstream. The geographical position also plays an overarching role in shaping the SURTECO Group and exerts an influence on production and the market.

The values and principles underpinning the SURTECO Group are a further pillar that defines the context of the organization and its business model. Knowledge of strategy, business plans and financial information improves the understanding of its context and this expertise is applied in the identification of impacts, risks and opportunities but also in the assessment of these factors. The risk assessment system implemented in the organization was applied in order to provide support for the results and to review them.

The regular monitoring of the ESG indicators and sustainability practices delivered a valuable insight for the identification and assessment of impacts, risks and opportunities.

Other contextual information, such as the relevant legal and regulatory landscape, was applied by the SURTECO Group in order to identify and assess impacts, risks and opportunities. The SURTECO Group has branch offices in a range of sectors and geographical regions and is therefore operating in a multilayered legal framework. The emergence of regulatory developments related to sustainability, particularly within the environmental area, presents potential risks and opportunities for the company. Although strict regulations can entail challenges and potential liabilities, they also offer the opportunity to improve the sustainability practices of the SURTECO Group by positioning the company to take advantage of the emerging market trends.

Stakeholder groups

The SURTECO Group made use of the information collected in the course of the ongoing engagement initiatives maintained with the different stakeholder groups as input for its context and also for the materiality analysis (in order to achieve a better understanding of the engagement practices and the interests and views of the stakeholders, you can consult the information described in DR SBM-2, which can be found under the Strategy section of this reported standard).

Alongside an improved understanding of the company's context and the support provided in identification of sustainability aspects that have the potential to influence the business activity of the SURTECO Group or to be influenced by the sustainability aspects, it is also important to identify relevant stakeholders and understand their interests and outlooks.

In order to guarantee the completeness of the materiality analysis, initiatives were carried out to include various stakeholder groups. Surveys were performed and workshops were held as the SURTECO Group consulted the stakeholders in order to understand how they perceive the relevance of sustainability topics. The results of these initiatives will be incorporated into the coming sustainability statement. However, it will be assumed that the factors identified as material will remain unchanged. This approach highlights our obligation to achieve transparency and carry out regular reviews of the sustainability practices at the SURTECO Group.

When assessing the impacts, risks and opportunities the SURTECO Group also took account of potential silent stakeholders like the environment. Information about the status of the environment was collected from academic studies, monitoring channels and environmental impact assessments of legitimate representative organizations and this information was used by the SURTECO Group as input for the materiality analysis of the impacts, dependencies and as necessary the resulting risks and opportunities.

Taking into account the organizational contexts and the facts summarized in ESRS 1 paragraph AR 16 and the preliminary list ("Long List") of the identified topics, the SURTECO Group drew a distinction as to which sustainability topics should be included in the assessment and continued the process as outlined in the next step.

- Step 2: Identification of impacts, risks and opportunities in relation to sustainability aspects

The SURTECO Group applied the principle of double materiality in order to identify how activities exert an effect on society and the environment (inside-out perspective). The Group also took into account how sustainability can influence the business (outside-in perspective).

In the case of each potential factor and each activity of the value chain, namely Resources and Value Chain, Operations, Logistics and Sales, Processing of Products, End Use and End Life Cycle, the SURTECO Group identified the activities and their impacts on the environment and society, and the resulting risks and opportunities, such as e.g. impacts on supply, own operations, market positioning, the company's reputation or even through regulatory changes. The analysis was carried out for every factor at the level of topic, sub-topic and sub-sub-topic, and the result of the screening carried out in the previous step was taken into account.

The impacts were then classified according to their positive or negative effect and the timeframe, current or potential.

- Step 3: Impact assessment and financial evaluation

Carrying out a materiality analysis within the framework of the CSRD demands an impact dimension and a financial dimension. The following items describe the criteria applied by the SURTECO Group for the assessment of the impacts and the financial materiality of the impacts, risks and opportunities identified in the previous step. The thresholds were established in accordance with the requirements of ESRS 1 but also taking into account the own activities and circumstances of the SURTECO Group.

Materiality impacts

The assessment of an impact differs in terms of its effects as to whether they are positive or negative, or in terms or their actual or potential timeframe.

Negative impacts are assessed according to their severity. This is characterized by their magnitude (the extent of the impact or effect), their extent (the spread or expansion of the impact on the environment or individuals) and their reversibility (remediation or reinstatement of the impact). The assessment in the case of positive impacts is based on extent and scope.

Negative Impact = Severity (Extent + Scope + non-remediable Character)

or

Positive Impact = Extent + Scope

When assessing potential impacts, the probability must be taken into account. According to the type, this is measured as follows:

Potential Negative Impacts = Severity x Probability

or

Potential Positive Impact = (Extent + Scope) x Probability

After taking the impacts into account, the SURTECO Group defined five levels for each attribute (Extent, Scope, Remediable Character): insignificant, minor, moderate, major and critical, with a graded points score from 1 to 5. A description has been appended to each score for purposes of guiding selection in order to assist in decision-making.

Owing to the diversity of topics that it would be possible to cover within the scope of the assessment and to provide improved support in deciding on the selection of the points score, an individual description of the expansion of the scale was added.

The criteria and the quantitative threshold values for Extent, Scope and Remediability defined by the SURTECO Group are described in the following table.

			Impacts Criteria				
Score			Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Critical (5)
Scale		Extent of the impact (General)	Negligible effect	Noticable but contained impact	Intermediate consequences	Substantial and sustained impact, leads to serious consequences	Pervasive impacts, leads to irreversible consequences
Scale	Environmental	Energy	Energy consumption per site < 100 Tep/year	Energy consumption per site between 100 - 250 Tep/year per site	Energy consumption per site between 250 - 500 Tep/year per site	Energy consumption per site between 500 - 1 000 Tep/year per site	Energy consumption per site > 1 000 Tep/year per site
Scale	Environmental	Climate Change	Lower energy consumption (< 250 Tep/year) with a share of renewable sources > 80%; CO_2 emission factor for electricity < 0,1 kg/kWh	Moderate energy consumption (250 - 500 Tep/year) with a share of non-renewable sources < 40%; CO_2 emission factor for electricity between 0,1 - 0,3 kg/kWh	Intensive energy consumption (> 500 Tep/year) with a share of non-renewable sources > 40%; CO_2 emission factor for electricity > 0,3 kg/kWh	Very high intensive energy consumption (> 1 000 Tep/year) with a share of non-renewable sources > 70%; CO_2 emission factor for electricity > 0,6 kg/kWh	High Climate Impact Sectors
Scale	Environmental	Water	Site located in a water scarcity area with a very low risk and use equivalent to domestic (drinking water, canteens, WC's, showers)	Site located in a water scarcity area with a low risk and low water consumption (used in support operations)	Site located in a water scarcity area with a medium risk and moderate water consumption (used in support operations)	Site located in a water scarcity area with a high risk and intensive water consumption (incorporation in the product)	Site located in a water scarcity area with a very high risk and intensive water consumption (incorporation in the product)
Scale	Environmental	Pollution	No legal emission limit Microplastics impact is negligible	Emissions 50% below the limit value. Internal leaks of microplastics, measures implemented are efficient.	Emissions 25% below the limit value. Internal leaks of microplastics with high impact	Emissions less than 10% below the limit value. Internal leaks of microplastics with high impact	Exceedance of the emission limit value. External accidental release of microplastics (transportation)
Scale	Social	Work Health & Safety	Injury or illness require first aid treatment. No lost time days.	Injury or illness require medical treatment. Lost time days between 1 to 30 days	Serious injury or illness causing temporary disability. Lost time days > 30 days	Significant/extensive injury or illness. Permanent partial disability	Fatality Permanent total disability
Scope		Magnitude of the Impact	Local One or two sites are/can be affected	Regional One or two sites are/can be affected	National Less than 30% of the sites are/can be affected	Continental Between 30 and 80% of the sites are/can be affected	Global More than 80% of sites are/can be affected
Remedy		Irremediable character of the impact	Negligible effect Measures implemented are sufficient	Short-term effect Easy to fix, measures implemented require adjustments	Medium-term effect Difficult to fix, remediation involves cost and time	Long-term effect Very difficult to fix, remediation involves high cost	Irremediable.

The SURTECO Group also defined five levels of probability: very improbable, improbable, possible, probable and almost certain, with an assessment of 0 to 1. In view of the diversity of the topics involved and in order to provide better support for decision-making in selection, a description of the probability of occurrence and frequency was also taken into account (see table below).

The criteria defined by the SURTECO Group and the quantitative threshold values for the probability are described in the following table.

Likelihood Criteria				
Score	Probability		Description	Frequency
0.9	> 90%	Almost Certain	Event is expected to occur or has occurred with frequency	Once or more during next year
0.75	60 – 90%	Likely	Event will probably occur or has occurred occasionally	Likely once or more in the next 1-2 years
0.6	40-59%	Possible	Event may occur occasionally or has occurred once	Possible once or more in the next 2-3 years
0.3	10-39%	Unlikely	Event is unlikely to occur but is a possibility or has occurred in exceptional circumstances	At least once in the next 3-5 years
0.1	<10%	Rare	Event not expected to occur, only in exceptional circumstances. Never occur	Potentially once in the next 5-10 years

The criteria and threshold values defined by the SURTECO Group for the impact assessment and the financial evaluation were based on the knowledge, circumstances and practices of the organization but also on the degree of criticality of the various issues, regulations and impact assessments carried out by other organizations.

Financial materiality

Risks and opportunities generally result from impacts or dependencies and they are assessed on the basis of the probability of occurrence and the extent of the financial impacts:

Risk or Opportunity = Extent x Probability

The scale of the assessment carried out by the SURTECO Group took into account the following quantitative threshold value. The probability criteria for the financial assessment were the same as described in the impact assessment.

The SURTECO Group defined five stages for the magnitude: insignificant, minor, moderate, major and critical, with a graded points score of 1 to 5. Similar to the scaling criteria described in the impact assessment, the order of magnitude also adopted the same approach. A generic description was applied so as to characterize the five point scores. A detailed description was added to support the selection of the score in the case of effects occurring in connection with Operations & Technology and Reputation. If risks and opportunities arose resulting from other factors such as strategy, market positioning, legal issues and regulations, or in some other way, without yet showing any differentiation, they were assessed in accordance with the criterion “Magnitude”. A detailed description for other factors regarded as relevant is currently under development, as well as the inclusion of other financial effects, such as the incorporation of current effects and their short, medium and long-term impacts.

			Risks & Opportunities Criteria				
Score			Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Critical (5)
Potential Magnitude		Magnitude (General)	Negligible effect	Noticable but does not have significantly effect	Measurable influence on business activities, may require adjustments but does not severly disrupt	Significant finacial losses, causes disruptions that are challenging to recover from	Severe threat to the business´s survival as a goning concern
Potential Magnitude	Business	Operations & Technology	None or business interruption < 8 hours. Not affect production or deliveries. None or slight damage to property or equipment	Business interruption between 8 - 24 hours. Operational disruption manageable. Low damage to property or equipment	Business interruption between 24 - 48 hours. Operational impact with effect on deliveries. Moderate damage to property or equipment.	Business interruption until 1 week. Major operational impact with high effect in key deliveries. Major damage to property or equipment	Business interruption of several weeks. Shutdown of key operational process and significant long-term impact. Massive damage to property or equipment
Potential Magnitude	Business	Reputation	Isolated media attention. Little to no broader stakeholder interest	Minor adverse media attention, but no impact to reputation or lasting concern to stakeholders	Substantial short-term damage to reputation on one or more site. Short-term adverse media attention. Impact on key partnerships	Major negative publicity and damage to the company reputation. Major adverse media attention. Breakdown or termination on operational partnerships	Reputation and standing of company affected. Long-term adverse media attention. Breakdown or termination of strategic partnerships

Assessment

The SURTECO Group continues on the basis of the described methodology in relation to the list of impacts, risks and opportunities that were identified in the previous scope and takes into account the organizational context with the analysis of their materiality. The results of the assessment in terms of the impacts, risks and opportunities were compared with the information of the risk assessment system in order to review the suitability of the methodology, which reflects the reality of business conditions.

- Step 4: Determination of material impacts, risks and opportunities, and the associated sustainability aspects

A sustainability aspect is identified as material if an impact, a risk or an opportunity is identified as material.

The SURTECO Group applied the following criteria to the identified material impacts from the individual impact assessment and the financial assessment, taking into account their impacts and their timeframe, their risks and opportunities. All impacts, risks and opportunities that were classified as "material" or higher correspond to the quantitative threshold defined below.

			Material		
	Low	Moderate	Essential	High	Very High
Possible negative effects	<3.5	3.6-7.1	7.2-10.1	10.2-13.1	>13.2
Actual negative effects	<3.5	3.6-7.1	7.2-10.1	10.2-13.1	>13.2
Possible positive effects	<2.3	2.4-4.7	4.8-6.7	6.8-8.7	>8.8
Actual positive effects	<2.3	2.4-4.7	4.8-6.7	6.8-8.7	>8.8
Financial impact	<1.1	1.2-2.3	2.4-3.3	3.3-4.3	>4.4

In addition to the threshold values referred to above, the SURTECO Group has also established that a potential impact is classified as material if at least one of the severity criteria Scale, Scope or Irremediable Character is assessed with the highest point score of "critical".

DR SBM-3 can be found under the strategy section of this reported standard and it provides an overview of the material sustainability aspects identified by the SURTECO Group in accordance with the presented methodology.

- Step 5: Identification of material DRs

As soon as a factor has been identified as material, the SURTECO Group determines which DRs should be disclosed in the relevant thematic ESRS. DR IRO-2 can be found under the impacts, risk and opportunity management section of this reported standard. It includes a list of disclosure requirements, which form part of this sustainability statement. DR SBM-3 can be found under the strategy section of this reported standard and it identifies the interaction between the material impacts, risks and opportunities, and the strategy and the business model of the SURTECO Group.

DR IRO-2: Disclosure Requirements in ESRS covered by the undertaking's sustainability statement
The DRs in the ESRS are listed in the following table as a result of the material analysis. These were identified by the SURTECO Group as material and they were included in this Sustainability Statement.

Our company determines material information by means of a clearly defined process. Initially, we identify potentially relevant topics from internal analyses, stakeholder surveys, sector-specific standards and regulatory requirements. These topics are assessed for their impacts on the environment, society and business, and also for their financial relevance. During the course of the process, we consider thresholds such as values with a definite financial significance or which exert major impacts on our value chain. The assessment is carried out on the basis of criteria in ESRS 1 Section 3.2: We check which topics exert substantial impacts on sustainability aspects, or influence the long-term performance of the company, or are of key importance to stakeholders. Regular updates guarantee that the approach takes account of new developments and expectations that are undergoing change.

DRs covered in the sustainability statement

Standard	Chapter	Disclosure Requirement	Paragraph
ESRS 2	Governance	DR GOV-1: The role of the administrative, management and supervisory bodies	1
		DR GOV-2: Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	2
		DR GOV-3: Integration of sustainability-related performance in incentive schemes	3
		DR GOV-4: Statement on due diligence	4
		DR GOV–5: Risk management and internal controls over sustainability reporting	5
	Strategy	DR SBM-1: Strategy, business model and value chain	1
		DR SBM-2: Interests and views of stakeholders	2
		DR SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model	3
	Impact, risk and opportunity management	DR IRO-1: Description of the process to identify and assess material impacts, risks and opportunities	1
		DR IRO-2: Disclosure Requirements in ESRS covered by the undertaking's sustainability statement	2
		MDR-P: Policies adopted to manage material sustainability matters	3
		MDR-A: Actions and resources in relation to material sustainability matters	4
	Metrics and targets	MDR-M: Metrics in relation to material sustainability matters	1
		MDR-T: Tracking effectiveness of policies and actions through targets	2
ESRS E1	Governance	DR related to ESRS 2 GOV-3: Integration of sustainability-related performance in incentive schemes	1
	Strategy	DR E1-1: Transition plan for climate change mitigation	1
		DR related to ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model	2
	Impact, risk and opportunity management	DR related to ESRS 2 IRO-1: Description of the process to identify and assess material impacts, risks and opportunities	1
		DR E1-2: Policies related to climate change mitigation and adaptation	2
		DR E1-3: Actions and resources in relation to climate change policies	3
	Metrics and targets	DR E1-4: Targets related to climate change mitigation and adaptation	1
		DR E1-5: Energy consumption and mix	2
		DR E1-6: Gross Scopes 1, 2, 3 and Total GHG emissions	3
		DR E1-7: GHG removals and GHG mitigation projects financed through carbon credits	4
		DR E1-8: Internal carbon pricing	5

DRs covered in the sustainability statement

Standard	Chapter	Disclosure Requirement	Paragraph
		DR E1-9: Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	6
ESRS E2	Impact, risk and opportunity management	DR related to ESRS 2 IRO-1: Description of the process to identify and assess material impacts, risks and opportunities	1
		DR E2-1: Policies related to pollution	2
		DR E2-2: Actions and resources related to pollution	3
	Metrics and targets	DR E2-3: Targets related to pollution	1
		DR E2-4: Pollution of air, water and soil	2
		DR E2-5: Substances of concern and substances of very high concern	3
		DR E2-6: Anticipated financial effects from material pollution-related risks and opportunities	4
ESRS E3	Water and marine resources standard not covered in the sustainability statement - under the materiality assessment no topics were identified as material. Most of the water is used for cooling or cleaning purposes and discharged back into the public drainage system or even rivers after appropriate treatment and processing. Only a very small proportion of the volume of water withdrawn is associated with the manufacture of inks and varnishes. The assessment took into account the amount of water used by each SURTECO site, the purpose of its use and total annually consumption. The level of water stress at each location was also analysed.		
ESRS E4	Biodiversity and ecosystems standard not covered in the sustainability statement - under the materiality assessment no topics were identified as material. The majority of SURTECO's production sites are in industrial areas or other business parks, although SURTECO also has some operational premises close to protected nature conservation areas. No relevant impacts were identified on biodiversity or ecosystem. SURTECO defines strict rules for plants located near flowing bodies of water so that production does not lead to any recordable impacts on the surrounding fauna and flora. The assessment also took in consideration the impact in value chain, especially due to the use of paper raw materials. All paper raw material used by SURTECO are certified accordingly with FSC or PEFC, meaning that materials come from sustainable sources.		
ESRS E5	Impact, risk and opportunity management	DR related to ESRS 2 IRO-1: Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	1
		DR E5-1: Policies related to resource use and circular economy	2
		DR E5-2: Actions and resources related to resource use and circular economy	3
	Metrics and targets	DR E5-3: Targets related to resource use and circular economy	1
		DR E5-4: Resource inflows	2
		DR E5-5: Resource outflows	3
		DR E5-6: Anticipated financial effects from material resource use and circular economy-related risks and opportunities	4
ESRS S1	Strategy	DR related to ESRS 2 SBM-2: Interests and views of stakeholders	1
		DR related to ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model	2

DRs covered in the sustainability statement			
Standard	**Chapter**	**Disclosure Requirement**	**Paragraph**
	Impact, risk and opportunity management	DR S1-1: Policies related to own workforce	1
		DR S1-2: Processes for engaging with own workforce and workers' representatives about impacts	2
		DR S1-3: Processes to remediate negative impacts and channels for own workforce to raise concerns	3
		DR S1-4: Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	4
	Metrics and targets	DR S1-5: Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	1
		DR S1-6: Characteristics of the undertaking's employees	2
		DR S1-7: Characteristics of non-employees in the undertaking's own workforce	3
		DR S1-8: Collective bargaining coverage and social dialogue	4
		DR S1-9: Diversity metrics	5
		DR S1-10: Adequate wages	6
		DR S1-11: Social protection	7
		DR S1-12: Persons with disabilities	8
		DR S1-13: Training and skills development metrics	9
		DR S1-14: Health and safety metrics	10
		DR S1-15: Work-life balance metrics	11
		DR S1-16: Remuneration metrics (pay gap and total remuneration)	12
		DR S1-17: Incidents, complains and severe human rights impacts	13
ESRS S2	Workers in the value chain standard not covered in the sustainability statement - under the materiality assessment no topics were identified as material. The assessment considered SURTECO main suppliers' location and areas at risk. Is in motion a worldwide screening analysis within the scope of the Supply Chain Act that will improve completeness and accuracy of the assessment.		
ESRS S3	Affected communities standard not covered in the sustainability statement - under the materiality assessment no topics were identified as material. The assessment took in consideration the location of SURTECO plants and its proximity to communities, with the majority being in industrial areas. For the value chain, in particular suppliers of paper raw materials, SURTECO use materials certified accordingly with FSC and PEFC.		
ESRS S4	Consumers and end-user's standard not covered in the sustainability statement - under the materiality assessment no topics were identified as material. Given the characteristics of SURTECO products, classified as articles, and its business-to-business model, no relevant risks are expected to occur from its use.		
ESRS G1	Governance	DR related to ESRS 2 GOV-1: The role of the administrative, supervisory and management bodies	1

DRs covered in the sustainability statement			
Standard	Chapter	Disclosure Requirement	Paragraph
	Impact, risk and opportunity management	DR related to ESRS 2 IRO-1: Description of the processes to identify and assess material impacts, risks and opportunities	1
		DR G1-1: Corporate culture and business conduct policies and corporate culture	2
		DR G1-2: Management of relationships with suppliers	3
		DR G1-3: Prevention and detection of corruption and bribery	4
	Metrics and targets	DR G1-4: Confirmed incidents of corruption or bribery	1
		DR G1-5: Political influence and lobbying activities	2
		DR G1-6: Payment practices	3

MDR-P: Policies adopted to manage material sustainability matters

Our interpretation of sustainability

Sustainability is an integral component of the corporate strategy. This decision was taken by our Management Board and it is supported by our Supervisory Board. The SURTECO Group perceives an obligation to act not only in the economic interests of the shareholders but simultaneously to conserve the resources of our planet. Acting sustainably entails the need to ensure durably viable development in economic, environmental and social terms. This approach takes account of the needs of current generations today without robbing future generations of the opportunity to fulfil their own aspirations.

Focuses of sustainable business

By adopting the Sustainable Development Goals (SDGs) of the UN, the community of nations has made a commitment to work together and contribute jointly to improving economic, environmental and social development by 2030. The SDG Agenda is intended to decisively drive forward global activities with a set of 17 Global Goals and 169 targets. The individual goals are closely linked together and exert an influence on each other in a variety of different ways.

The SURTECO Group firmly believes that attainment of these goals is the mission of all the societal players involved and is therefore also a mission for commercial enterprises. They provide the framework for what companies have to achieve in order to continue to be able to do business successfully in the future. Without neglecting the perspective of a holistic approach to the goals, the SURTECO Group analyses the priorities for developing its sustainability strategy in a continuous process. The SURTECO Group evaluated its business activities in the course of this procedure. On this basis, seven SDGs from the UN sustainability goals were identified that the SURTECO Group can exert a major influence on. Partnerships for achieving the goals (SGD 17) complement the strategy. The defined goals were included in the strategy of the SURTECO Group. The measures derived from this analysis are presented in the table below.

Target number	Sustainable Development Goal (SDG)	SURTECO Group Measure for implementation
3	Health and well-being	- Occupational health and safety - Compatibility of work and family
5	Gender equality	- Diversity - Women in management positions
6	Clean water	- Reduction of water consumption - Wastewater management
8	Decent work and economic growth	- Working conditions - Code of conduct for suppliers
9	Industry, innovation and infrastructure	- State-of-the-art technology - Product and process innovations
12	Sustainable consumption and production	- Minimizing the use of resources and energy - Process optimization
13	Climate protection measures	- Emission minimization - Waste management
17	Partnerships to achieve all goals	- Emission minimization - Waste management

The corporate opportunities for the SURTECO Group are essentially available in the development of innovative products. The development focus is on areas such as the reduction of the use of materials and exchanging fossil-based raw materials for recycled or renewable raw materials. The risks associated with production of these products are being reduced and the waste generated is also being cut down. Opportunities also emerge from the continuously growing size of the global population and associated growth in sales markets. Living space is one of the existential basics of life. The products of the SURTECO Group meet these requirements with the surfaces for affordable and resilient household furniture. Each of the 26 operational locations of the company across the world will be reviewed for potential risks and opportunities with a view to optimization. The results of our investigations are being included in our group-wide risk controlling, analysed for urgency and relevance, and the appropriate measures will be implemented where possible. The inspection of operational facilities will be carried out at regular intervales in accordance with local circumstances and will take into account changes that have occurred at local level. Risks for the SURTECO Group primarily lie in changed statutory regulations, fluctuations in energy prices and in the availabilities of materials over the long term. The Group is a member of the SBTi (Science Based Targets Initiative).

Society	Business unit	City	Country
SURTECO GROUP SE	-	Buttenwiesen	Germany
SURTECO GmbH	Surfaces	Buttenwiesen	Germany
SURTECO GmbH	Surfaces	Halle (Saale)	Germany
SURTECO GmbH	Surfaces	Laichingen	Germany
SURTECO GmbH	Surfaces	Sassenberg	Germany
Surteco Art GmbH	Surfaces	Willich / Neersen	Germany
DAKOR Melamin Imprägnierungen GmbH	Surfaces	Heroldstatt	Germany
Kröning GmbH	Surfaces	Hüllhorst	Germany
Gislaved Folie	Surfaces	Gislaved	Sweden
SURTECO GmbH	Edgebands	Gladbeck	Germany
PROADEC Portugal, S.A.	Edgebands	Vila do Conde	Portugal
PROADEC Brasil Ltda	Edgebands	São José dos Pinhais	Brasil
Döllken Profiles GmbH	Profiles	Bönen	Germany
Döllken Profiles GmbH	Profiles	Grammetal	Germany
Döllken Profiles Gmbh	Profiles	Dunningen	Germany
Nenplas Limited	Profiles	Ashbourne	UK
Polyplas Extrusions Limited	Profiles	Stourport on Severn	UK
SURTECO Canada Ltd.	North America	Brampton	Canada
SÜDDEKOR LLC	North America	Agawam	USA
SURTECO USA Inc.	North America	Greensboro	USA
BauschLinnemann North America	North America	Myrtle Beach	USA
PT. Doellken Bintan	Asia Pacific	Batam	Indonesia
SURTECO Australia Pty. Ltd.	Asia Pacific	Sydney Arndell Park	Australia
SURTECO Italia s.r.l.	Surfaces Edgebands Profiles	Zero Branco	Italy
SURTECO France S.A.S	Surfaces Edgebands Profiles	Beaucouzé	France
Döllken Profiles GmbH	Profiles	Sosnowiec	Poland
Döllken Profiles GmbH	Profiles	Praha	Czech republic
SURTECO OOO	Surfaces Edgebands Profiles	Moscow	Russia
SURTECO UK Ltd.	Surfaces Edgebands Profiles	Burnley	UK
Chapacinta	Edgebands	Tultitlán	Mexico
SURTECO Australia Pty. Ltd.	Asia Pacific	Brisbane Capalaba	Australia
SURTECO Australia Pty. Ltd.	Asia Pacific	Melbourne	Australia

SURTECO Pte. Ltd.	Asia Pacific	Singapore	Singapore
SURTECO China	Asia Pacific	Foshan	China
SURTECO Japan	Asia Pacific	Tokyo	Japan
SURTECO North America Inc	North America	Auburn	USA
SURTECO North America Inc	North America	Solon	USA
SURTECO North America Inc	North America	Columbus	USA
SURTECO North America Inc	North America	Jeannette	USA
SURTECO North America Inc	North America	Monroe	USA
Omnova Engineered Surfaces Co. Ltd.	North America	Rayong	Thailand

MDR-A: Actions and resources in relation to material sustainability matters

The SURTECO Group directs its sustainability activities towards topics that are essential for the long-term success of an industrial company operating on the global stage. These include the areas of product development, corporate processes, value chain, culture and people, as well as corporate governance. Each of these areas is based on concrete and binding key themes for the long-term orientation of the company. The sustainability team appointed by the Management Board is the office with central responsibility for sustainability at the SURTECO Group. It coordinates and manages the sustainability strategy of the Group and makes recommendations for targets and measures. Process owners and sustainability managers at the global locations ensure operational implementation of the sustainability targets. They take over responsibility for the sustainable organization in their area and coordinate activities.

Sustainability management covers all entrepreneurial activities that relate to the arrangement, control and tracking of a sustainable, long-term development of the company that is consistent with the requirements of corporate governance, the environment and social concerns. The sustainability team communicates with the Management Board through regular reporting and coordinates ongoing action with the Board. As part of strategic controlling for the Group, the Management Board keeps the Supervisory Board, and the Audit Committee informed by providing regular, comprehensive and prompt reports about issues related to sustainability and attainment of targets. As part of annual reporting, the Audit Committee of the Supervisory Board engages with sustainability reporting and reports to the plenary session on its findings. The employees of the Group, the process owners at the locations and the sustainability managers receive their information through the group-wide management system and on the Intranet. The relevant sources of information for the general public are provided by this report and the Internet portal of the company. The communication channel to our stakeholders is our sustainability report, which has been published annually since 2017. The following table presents planned, ongoing and already concluded measures and the expected results. The planned investment volume for sustainability will not be disclosed in the year under review.

Measure	Status	Expected results
Reduction of greenhouse gases	Ongoing	Red. of environmental impact, reputation
Reduction of VOC emissions	Ongoing	Compliance with regulatory requirements
Reduction/avoidance of SOC and SVHC	Ongoing	Compliance with legal limits
Internal recycling	Ongoing	Conservation of resources
Avoiding microplastics	Ongoing	Prevention of environmental pollution
Use of recycled or renewable raw materials	Ongoing	Conservation of resources
Waste avoidance	Ongoing	Conservation of resources
Reduction of specific energy consumption	Ongoing	Conserving resources, avoiding emissions
Maintenance of legal register	Ongoing	Compliance with legal requirements
Appropriate remuneration	Ongoing	Employee retention
Employee qualification	Ongoing	Employee retention, building up know-how
Career development	Ongoing	Employee retention
Successor regulations	Start in 2025	Employee retention, know-how retention
Occupational safety	Ongoing	Employee health, reputation
Gender equality	Ongoing	Employee equality and retention
Value-oriented corporate culture	Ongoing	Employee retention
Compliance with the Code of Conduct	Ongoing	Compliance with legal requirements, reputation
Compliance with the Code of Conduct in the supply chain	Ongoing	Compliance with legal requirements, reputation

Measures against corruption and breaches of the law

The SURTECO Group has issued a guideline for measures relating to anti-corruption in the entire Group as part of the Compliance Management System. A training concept is currently in the implementation phase to provide department-specific content such as raising awareness of anti-corruption, conflicts of interest, antitrust and competition law and money laundering, alongside general compliance training.

Risks of corruption in the Group are investigated as part of the internal audits carried out on a continuous basis. Furthermore, the SURTECO Group has set up a whistleblower system at all locations throughout the world to give employees inside and outside the company an opportunity to report breaches anonymously.

Metrics and targets

MDR-M: Metrics in relation to material sustainability matters

Emissions and waste

The SURTECO Group is pursuing a clearly defined sustainability strategy directed towards climate protection, resource conservation and adaptation to climate change. The target is to reduce CO_2 and other emissions over the long term and to achieve climate neutrality by 2045. In order to achieve this goal, the company is committed to gradual transition to renewable energies, optimization of production processes and increased use of sustainable materials, as well as eliminating the use of solvents in order to achieve these objectives. This is our goal wherever it is technologically possible and compatible with the high demands of product quality.

A key element of the strategy is the preparation of a group-wide transition plan that encompasses measures for decarbonization, efficiency enhancement and sustainable use of resources. Adjustment to climate-related risks is guaranteed by continuous analyses of supply chains, locations and production methods. Physical risks as a result of extreme weather events and regulatory developments play a key role in this process.

The SURTECO Group is focusing on technological innovations and strategic development of its product portfolio in order to achieve success in shaping the transformation process. A detailed action plan to reduce emissions along the entire value chain is currently being developed further in order to achieve the ambitious climate goals.

The indicators collected internally include CO_2 emission levels, waste generation rates, internal recycling rates and product-related specific energy volumes in production. These are derived from the identified IROs on the basis of the topics of climate change, environmental pollution and circular economy.

Social

The SURTECO Group endeavours to offer its employees a working environment that promotes professionalism and development opportunities. On the one hand, this is intended to maintain the health of employees and, on the other hand, to enhance the operational performance of the company as a whole. The workforce is therefore provided with a detailed explanation of the company's principles. The capabilities and motivation of each individual employee, their commitment to the quality of the results of their work, and their compliance with environmental protection, occupational health and safety are promoted on an individual basis and within the team. The SURTECO Group strives to support its employees in order to achieve these goals. Not least for this reason, the involvement of employees in a broad and in-depth integration within a permanent process of continuous improvement is a top priority.

The indicators collected internally include fluctuation rate, length of service with the company and sick-ness days. These are derived from the identified IROs, such as job satisfaction, occupational safety, gender equality and fair remuneration.

Qualified employees

The Group management of the SURTECO Group, the site managements and all employees are integrated within a process of continuous improvement. Alongside training sessions and qualification measures, the regulations, processes, rules and instructions embedded within the management system form the foundation for ensuring the productivity of the employees. This platform allows them to review your own measures and results, and to identify potential. This is used to identify further risks and opportunities and to introduce appropriate measures.

Environmental protection and safety are integral components of the responsibility of the Group management, the site managers, the departmental and operations managers, and indeed all employees. Our employees have an obligation to comply with the regulations applicable in their area of activity, to develop procedures and working practices, and to ensure that important information is passed on and the necessary documentation is prepared.

Supervisors promote a sense of responsibility and commitment to making improvements. Employees are familiar with their functions and with the relationship between those functions and corporate policy, strategy and objectives. All participants are involved in project identification. Performance-oriented team work is deliberately fostered.

The SURTECO Group supports the development of its employees through individual and regular training sessions in all segments of the Group. Over the reporting year, employees spent 46,610 hours on participation in a variety of training and development programmes. During the reporting year 2024, the group-wide fluctuation rate was 16 %. The average length of service was 12.8 years (2023: 12.6 years) in 2024 and the average age of all employees amounted to 43.8 years following on from 44.1 years in the previous year. The indicators defined as KPI indicators such as fluctuation rate and length of service reflect a number of factors including the influence of measures to promote employee loyalty, which are part of the strategic goal of long-term personnel development.

Equal opportunity for women and men

Diversity determines the corporate culture of the SURTECO Group. Employees from more than 50 different countries are committed worldwide throughout the Group.

The diversity concept of the SURTECO GROUP for the composition of the Management Board and the Supervisory Board is based on the recommendations of the German Corporate Governance Code. This states that at least one woman should be a member of the Management Board and the Supervisory Board. It has not so far been possible to appoint a woman to the Management Board and the Supervisory Board although appropriate efforts have been made to achieve this.

A guiding principle is that when members of the Supervisory Board are elected or re-elected, they should if possible not be older than 75 years of age. The statutory retirement age applies as the maximum age for Members of the Management Board. A competence profile is used when looking for suitable candidates for election to the Supervisory Board or appointment to the Management Board. This focuses particular attention on the occupational background and the specialist qualification of the candidates.

The internally surveyed indicators include diversity indicators, length of service and number of nationalities. These metrics are derived from the identified IRO, such as gender equality.

Occupational safety

SURTECO guarantees the necessary level of safety and its continuous improvement with a variety of audits, reviews and checks. Production plants and other technical installations, warehouses, and laboratories are recorded at all the locations. The realized safety concepts are put on the test stand during the course of audits. If there are any non-conformities with the standard, appropriate corrections are carried out that are agreed with the responsible process owners. Their implementation is then checked at regular intervals. Employees are informed about the risks entailed by their work in the context of workplace safety and occupational health and safety. Systematic checks are carried out at workstations where hazardous substances are handled.

The efforts to avoid occupational accidents are a constituent element of production activity and require supervisors to work continuously at enhancing the motivation of employees. Insofar, the number of occupational accidents can be continuously reduced, even if they cannot be entirely avoided.

During the course of the reporting year 2024, 101 occupational accidents occurred throughout the Group for 6,929,991 hours worked. This is equivalent to a quota of 14.6 occupational accidents for each one million working hours.

The indicators defined as KPI for the topic of occupational safety include accident statistics, along with fluctuation rate and length of service.

Distribution of value added

The activities of the SURTECO Group as an employer, as a company sourcing local products and services, and as a contributor of taxes and deductions support the local economic development in the individual regions and countries. The value added contributed by the SURTECO Group directly and indirectly increases the individual living standards of the population. The Group is not aware of any notable negative impacts of its activities on the local community.

In the business year 2024, SURTECO generated an aggregate value added (sales revenues and other expenses less cost of materials, depreciation and amortization) amounting to around 266.9 million euros. This value added was allocated to employees, shareholders, and to tax expenses and lenders (interest payments). Around 8.0 million euros were retained in the company.

Value added and allocation to the stakeholders of SURTECO

€ million	2023	2024
Value added	228.3	266.9
Employees (personnel expenses)	-218.1	-226.9
Shareholders (dividends)	-10.9	0.0
Government (taxes)	-2.7	-11.7
Lenders (interest)	-17.5	-20.3
Remaining in the company	**-20.9**	**8.0**

Customer orientation

The SURTECO Group maintains permanent contact with its customers. The latter receive support in applying and using the products. The service range also encompasses comprehensive product information and this focuses in particular on optimum application.

The Group's corporate goal is to rank among the world's most attractive suppliers in the furniture industry. With this end in mind, the Group is consistently improving its products and services not least in the interests of sustainability. Quality is therefore primarily defined by assessment criteria as specified by customers for the company. These need to be complied with as cost-effectively and completely as possible. The SURTECO Group concentrates primarily on:

- Excellent and reproducible product characteristics
- Reliability of delivery
- Attractive price-performance ratio
- Specific commercial and application support
- Development of products and services that open up new opportunities for customers

The SURTECO Group supports the sales success of customers in their markets through the quality and performance of its products. This creates the platform for the SURTECO Group's own success. Generally speaking, the company strives to achieve cooperation based on partnership with current and future customers. A cooperative relationship permits a comprehensive understanding of the relevant markets and early identification of new requirements for products and procedures. Consequently, customers will receive important information and as necessary assistance in ensuring safe and environmentally compatible processing, storage, transport and disposal of products.

Values, principles, standards and conduct guidelines

The trust of customers, lenders, employees, government authorities and the general public is exceptionally important for the company. A key factor for this is the conduct in business affairs. The SURTECO Group regulates this conduct in its Code of Conduct. It defines the corporate culture and the principles in dealing with business partners, employees and third parties. The Code is issued to every employee and explanations are provided. This has been assisted by translating the Code into all national languages relevant for the Group. The standards and norms of behaviour are communicated by objective guidelines that are communicated as part of the Compliance Management System. The SURTECO Group has developed a dedicated suppliers' Code of Conduct for suppliers and service providers. The Code defines mandatory requirements as a foundation for deliveries which are based on international conventions such as the United Nations Human Rights Declaration, the guidelines for children's rights and business conduct, economy and human rights, labour standards and the United Nations Global Compact.

Monitored Metrics	Unit	Frequency of Queries	Reference to SDG
Lost Time Frequency Injury Rate	[acc. / 1 mil h]	monthly	3, 8
Absenteeism	[%]	monthly	3, 8
Gross Waste	[%]	monthly	12, 13
Recyling Rate	[%]	monthly	12, 13
On Time Delivery	[%]	monthly	9, 12
Output Performance	[kg, m^2, rm]	monthly	8, 9
Employee Training	[training h / empl.]	monthly	8
Women in Management Positions	[%]	annually	5

MDR-T: Tracking effectiveness of policies and actions through targets

In spite of a great deal of care and accuracy, the sustainability indicators collected to date are subject to a certain degree of inaccuracy and uncertainty. Another factor is that some data are currently only collected once a year and this leads to a loss of transparency. We will not therefore disclose any further measurable, result-oriented and time-bound targets (apart from those already disclosed in other sections) relating to material sustainability aspects in this report. Further targets will be defined in the next sustainability report and the progress will be assessed.

A data platform (software) was introduced during the year under review. This provides a central repository for all sustainability data and functions as a Single Source of Truth (SSOT).

The objectives of the introduction are as follows

- Improvement of data completeness
- Improvement of data quality
- Identification of points for improvement in general
- Increase in frequency of surveys
- Simplified and transparent tracking

Detailed information for inclusion of stakeholder groups was reported in the section "DR SBM-2: Interests and views of stakeholders".

A material component for tracking and implementation of targets is the ISO certification of our locations in the areas

- Quality (ISO 9001)
- Environment (ISO 14001)
- Energy (ISO 50001)
- Occupational safety (ISO 45001)

The following table provides an overview of the certified locations.

Certified production locations						
Country	**Site**	**Quality** (ISO 9001)	**Environment** (ISO 14001)	**Energy** (ISO 50001)	**Occupational Safety** (ISO 45001)	**Other certification**
Germany	Buttenwiesen	•	•	•	•*	FSC, PEFC
	Bönen	•	•	•		Greenguard, FSC, PFSC, Blauer Engel
	Dunningen	•	•	•		Greenguard, FSC, PFSC, Blauer Engel
	Gladbeck	•		•		Greenguard
	Grammetal	•	•	•		Greenguard, FSC, PFSC, Blauer Engel
	Halle (Saale)					
	Heroldstatt	•		•		FSC, PEFC
	Hüllhorst	•	•	•		FSC, PEFC
	Laichingen	•	•	•		FSC, PEFC
	Sassenberg	•	•	•	•*	FSC, PEFC
	Willich					
USA	Agawam					
	Auburn					Vantage Vinyl
	Greensboro					
	Jeannette					Vantage Vinyl
	Monroe					Vantage Vinyl
	Myrtle Beach					
United Kingdom	Ashbourne	•	•			
	Stourport-on-Severn	•	•			
Canada	Brampton					
Brazil	São José dos Pinhais	•				
Portugal	Mindelo	•	•			
Sweden	Gislaved	•	•			
Indonesia	Batam					Greenguard
Thailand	Rayong	•	•			
Australia	Sydney					Greenguard

*Principle of the procedure. Includes requirements from DIN ISO 45001

The first KPI's have been introduced and are being maintained. The SURTECO Group will systematically expand its KPI's and improve data quality through the use of the software referred to above for purposes of recording sustainability data.

Environment information

DISCLOSURE IN ACCORDANCE WITH ARTICLE 8 (2) OF DIRECTIVE (EU) 2020/852

As part of the European Union action plan “Financing Sustainable Growth”, the Taxonomy Regulation came into force in 2020. It forms the foundation for the assessment criteria defining business activities as environmentally sustainable and lays down the regulations for reporting by the companies subject to reporting requirements. SURTECO has been subject to the reporting requirements under the Taxonomy Directive since 2021.

The SURTECO Group primarily operates in the field of surface technology for wood-based and furniture industries, and in interior design. The products manufactured by the Group and the product ranges for resale which generate the sales of the Group are not reflected in the technical assessment criteria for sustainable economic activities. Insofar, the share of taxonomy-eligible sales in the Group amounted to 0 % of total sales of € 000s 856,588 in the business year 2024. Sales with non-taxonomy-eligible activities are 100 %. Sales are calculated during the course of drawing up the consolidated financial statements in conformity with IFRS.

Additions to property, plant and equipment, and intangible assets form the basis for investments (CapEx) during the business year under review. An analysis was carried out to assess the taxonomy eligibility and compliance for the additions to property, plant and equipment, and intangible assets. A comparison was also performed with Annex I (Major contribution to climate protection) and Annex II (Major contribution to adaptation to climate change) of the Delegated Regulation of the (EU) 2021 / 2139 and a comparison with Annex 1-4 of the Delegated Regulation of the (EU) 2023 / 2486 for contributions to the protection of water and marine resources, for transition to a circular economy, for avoidance and reduction of environmental pollution, and for protection and reinstatement of biodiversity and ecosystems. The investments of taxonomy-eligible and taxonomy-compliant business activities were determined directly in financial accounting and through survey questionnaires. SURTECO does not track multi-year CapEx plans relating to taxonomy-eligible economic activities. In that respect, the addition of property, plant and equipment, intangible assets and rights of use are determined in the relevant business year. The share of taxonomy-eligible investments in the business year 2024 essentially relates to investments in the (CCM 6.5) transport with motorcycles, passenger cars and light commercial vehicles, in the (CCM 7.4) installation of charging stations for electric vehicles in buildings (and on car parks connected to buildings) and in the (CCM 7.6) installation of technologies for renewable energy. All these identified economic activities serve the environmental goal “Material contribution to climate protection”. The benchmark value for the entire investments can be calculated from the consolidated financial statements by the addition of property, plant and equipment (€ 000s 24,396), intangible assets (€ 000s 769) and rights of use (€ 000s 9,909), and therefore amounted to a total of € 000s 35,074 in business year 2024.

The analysis of taxonomy-eligibility of operating expenses (OpEx) is also carried out on the basis of the documents referred to above. The taxonomy-eligible and taxonomy-compliant operating expenses are similarly determined through financial accounting and questionnaires sent to all locations. The taxonomy-eligible operating expenses in the SURTECO Group primarily result from the non-capitalized costs for taxonomy-eligible business activities such as maintenance and repair of the vehicle fleet (CCM 6.5 – Transport by motorbikes, passenger cars and light commercial vehicles) or Installation, maintenance and repair of charging stations for electric vehicles (CCM 7.4). Total operating expenses are made up of the non-capitalized costs for research and development, maintenance and repair costs, short-term leasing and vehicle costs, and they amounted to € 000s 29,075 in the business year 2024.

In the previous year, the taxonomy-eligible business activity of acquisition and ownership of buildings was still recognised, of which the CapEx share consisted of rights of use. After a more in-depth analysis, SURTECO came to the conclusion that this is not a taxonomy-eligible economic activity within the meaning of the Taxonomy Directive. The information has therefore been removed from this report.

As part of the review of taxonomy compliance, an assessment is made as to whether the taxonomy-eligible business activities make a significant contribution to an environmental goal defined by the Taxonomy Regulation and whether no other environmental goal is significantly impaired as a consequence.

The technical assessment criteria determining whether a business activity makes a significant contribution to an environmental goal and whether significant impairment of one of the other environmental goals is avoided (Do No Significant Harm, DNSH) were established for all taxonomy-eligible activities on the basis of the technical characteristics of individual assets or on the basis of national laws, verified and documented with the assistance of individual verifications.

The proportion of taxonomy-compliant activities results from investments in and maintenance of photovoltaic systems (CCM 7.6 Installation, maintenance and repair of renewable energy technologies), charging stations for electric vehicles (CCM 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and on parking spaces attached to buildings)) and leasing of passenger vehicles (CCM 6.5 Transport by motorbikes, passenger cars and light commercial vehicles). In the case of passenger vehicles, taxonomy compliance could often not be achieved simply because it was not possible to influence the standard equipment (tires) at the time.

A detailed climate risk analysis was carried out for the business activities of transport involving motorcycles, passenger vehicles and light commercial vehicles, installation of technologies for renewable energy and installation of charging stations for electric vehicles. This involved identifying potentially occurring climate risks for each investment and location, classifying them into risk categories and analysing them accordingly. In the case of activities with an expected lifetime of more than ten years, long-term climate projections were taken into account on the basis of the highest resolution projection available. No threats to economic activity from climate risks were identified. Acute climate risks such as hail damage are covered by insurance policies. Furthermore, compliance with minimum social standards according to the OECD – Guidelines for Multinational Enterprises, UN – Guiding Principles on Business and Human Rights, ILO Core Labour Standards and the International Human Rights Charter at the level of activities eligible for taxonomy was reviewed and documented with the assistance of various documents, guidelines, and voluntary commitments. The due diligence process for social minimum standards is based on the various regulations and guidelines (internal and external for example for human rights, anti-corruption and fair competition), training sessions for employees in the context of compliance training and control through an internal controlling system.

Double counting is avoided by clearly assigning the taxonomy-eligible or taxonomy-compliant investments and operating expenses to one business activity respectively in accordance with EU taxonomy.

The following KPIs result for the business year:

Turnover-KPI

Business year 2024	2024			Criteria for a significant contribution						DNSH criteria ('No significant impairment')									
Economic activities	Codes	Turnover	Proportion of Turnover, Year 2024	Climate Change Mitigation	Climate Change Adaption	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaption	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2) Turnover, Year 2023	Category enabling activity	Category transitional activity
		€ 000s	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
-	-	0	0%														0%	-	-
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**														0%		
Of which Enabling		0	0%														0%	E	
Of which Transitional		0	0%														0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (non Taxonomy-aligned activities)																			
				EL; N/EL	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*										
-	-	**0**	0%														0%		
Turnover of taxonomy-eligible but not environmentally sustainable activities (non-taxonomy-aligned activities) (A.2)		**0**	**0%**														**0%**		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		**0**	**0%**														**0%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		856,588	100%																
Total		856,588	100%																

CapEx-KPI

Business year 2024	2024			Criteria for a significant contribution						DNSH criteria ('No significant impairment')									
Economic activities	Codes	CapEx	Proportion of CapEx, Year 2024	Climate Change Mitigation	Climate Change Adaption	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaption	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2) CapEx, Year 2023	Category enabling activity	Category transitional activity
		€ 000s	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Installation, maintenance and repair of charging stations for electric vehicles	CCM 7.4	26	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0%	E	-
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	449	1.3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.1%	E	
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	83	0.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0%		T
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**558**	**1.6%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.2%**		
Of which Enabling		475	1.4%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0.2%	E	
Of which Transitional		83	0.2%	100%						Y	Y	Y	Y	Y	Y	Y	0.0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (non Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	95	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	1,569	4.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.4%		
CapEx of taxonomy-eligible but not environmentally sustainable activities (non-taxonomy-aligned activities) (A.2)		**1,664**	**4.7%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0.4%**		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		**2,222**	**6.3%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0.6%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		**32,852**	**93.7%**																
Total		**35.074**	**100%**																

OpEx-KPI

Business year 2024	2024			Criteria for a significant contribution						DNSH criteria ('No significant impairment')									
Economic activities	Codes	OpEx	Proportion of OpEx, Year 2024	Climate Change Mitigation	Climate Change Adaption	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaption	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2) OpEx, Year 2023	Category enabling activity	Category transitional activity
		€ 000s	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Installation, maintenance and repair of charging stations for electric vehicles	CCM 7.4	14	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0%	E	-
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**14**	**0.1%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.0%**		
Of which Enabling		14	0.1%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	**0%**	**E**	
Of which Transitional		0	0%	0%													**0%**		**T**
A.2 Taxonomy-Eligible but not environmentally sustainable activities (non Taxonomy-aligned activities)																			
				EL; N/EL	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*										
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	1,733	6.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								6.3%		
OpEx of taxonomy-eligible but not environmentally sustainable activities (non-taxonomy-aligned activities) (A.2)		**1,733**	**6.0%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**								**6.3%**		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		**1,747**	**6.1%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**								**6.3%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		**27,328**	**94%**																
Total		**29,075**	**100%**																

ESRS E1 CLIMATE CHANGE

Governance

DR related to ESRS 2 GOV-3: Integration of sustainability-related performance in incentive schemes

The mitigation of climate change constitutes a challenge for all companies. The goal of reducing CO_2 emissions is integrated in the incentive systems of the Management Board of the SURTECO Group. Additional information on the SURTECO Group Incentive Schemes and their payment is included under DR GOV-3, which can be found in this statement in the section Governance of ESRS 2 General Disclosures Standard.

Strategy

DR E1-1: Transition plan for climate change mitigation

The SURTECO Group has set itself the goal of keeping our planet “worth living on”. To this end, we are protecting our environment, using natural resources sparingly and avoiding or reducing the burden on people and nature. We have raised our goal of significantly reducing CO_2 from 30 % to 50 % by 2030 [base year 2019: 95,915 metric tonnes of CO_2 emissions]. Starting from the business year 2021, we have been sourcing green electricity at all locations in Germany and zero-emission electricity at some locations abroad. Our goal is to achieve the objective of becoming a climate-neutral company as early as the year 2045.

The short-term steps involve the conversion of all the production locations to the sourcing of electricity from renewable energy and the use of climate-friendly coolants. A group-wide, concerted transition plan is being drawn up and this plan is expected to be available by the business year 2027. The review of the transition plan is planned to be carried out by SBTi.

DR related to ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

The resilience analysis of the SURTECO Group carried out during the course of the business year assesses the adaptability of the business model and the strategy to meet the challenges of climate change with a timeframe of 5-10 years. In the context of the resilience analysis, the upstream value chain (upstream), including the procurement of raw materials and supplier dependencies, and the Group’s own business activities were assessed. The analysis of the downstream value chain (downstream) in the scope of the double materiality analysis revealed impacts and opportunities which, however, are classified as insignificant. Future analyses could take greater account of this area provided that relevant information is available.

The resilience analysis is a component of strategic planning and sustainability strategy, and it is embedded in the Strategy Review Process. Climate scenarios drawn up by the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA) form the basis for analysis, with particular focus on a 1.5 degree warming scenario. These agencies use top-down approaches, which assess the global impacts of climate risks on the market for surface materials, and bottom-up approaches, which investigate the specific risks and opportunities along the value chain. Customer and market data are also analysed in order to take account of the needs of customers and regulatory requirements in relevant markets. Internal workshops with the executive management, and experts on sustainability, procurement and production supplement the analysis.

The results of the scenario analyses demonstrate that the SURTECO GROUP has opportunities in the 1.5 degree scenario through the early integration of sustainable materials and climate-friendly production methods. Products with a reduced carbon footprint can be positioned within the marketplace as a unique selling proposition.

In the course of the analysis, physical risks were identified such as

- Price increases for raw materials and energy
- Shortage of raw materials and energy
- Interruptions to the supply chain
- Climate risks as a result of extreme weather events (storms, flooding, heat waves and cold snaps).

The following risk was identified as a transition risk:

- Costs for the transition to climate-friendly technologies.

Fundamentally, price increases for raw materials and energy are a material risk because uncertainties related to climate change in their production and logistics can make procurement more expensive. At the same time, the shortage of raw materials can lead to restrictions in material availability and price hikes.

In addition, climate risks pose a direct threat for our production facilities, warehouses and transport pathways. Damage to infrastructure can trigger repair and insurance costs and/or make investments in resilient structures necessary. Furthermore, extreme weather conditions can exert an adverse effect on the working conditions for our employees and increase the chance of health risks.

Another risk is posed by the potential costs for the transition to climate-friendly technology. The conversion to more sustainable processes, materials and production methods requires investments. Furthermore, stricter regulations such as increasing CO_2 pricing or stricter environmental regulations, can entail additional financial burdens.

There is an opportunity in the *expansion of the obligations and emission reporting* as a result of new laws and directives. Potentially, this can lead to sharpening the sustainability strategy and a proactive response to future regulatory requirements, which can be seen as a strategic competitive advantage. The additional reporting obligations can promote the transparency and credibility of the SURTECO Group by demonstrating to investors, customers and other stakeholders that sustainability is firmly integrated into the corporate strategy.

Responses to the challenges of climate change can be classified in three time horizons:

Short-term adjustments (0–1 years)

- Production optimization and energy efficiency
- Use of materials and raw-material security through the use of recyclates and bio-based materials
- Financial stability as a result of continuous evaluation of EU Taxonomy with respect to financing opportunities

Medium-term adjustments (1–5 years)

- Portfolio adjustment by means of development of new products with improved environmental footprint
- Supply-chain resilience by means of diversification of the supplier structure
- Training of employees

Long-term adjustment (> 5 years)

- Technological modernization by means of conversion to more environmentally friendly production procedures
- Repurposing and modernization: Gradual conversion or shutdown of specific production lines may be possible if this becomes necessary due to regulatory or climate developments.
- Decarbonization: Long-term investments in alternative materials and procedures for further reduction of the carbon footprint.

The SURTECO Group therefore regards its business model as based on a sound foundation, since excessive dependence is avoided especially as a result of internationally positioned production sites, the avoidance of single sourcing and long supply routes, direct access to the capital markets and a broadly based product portfolio.

Impact, risk and opportunity management

DR related to ESRS 2 IRO-1: Description of the process to identify and assess material climate-related impacts, risks and opportunities

The SURTECO Group identified its material IRO by applying the methodology for materiality analysis described in DR IRO-1, which can be found in the section Impacts, risk and opportunity management of the ESRS 2 General Disclosures standard contained in this statement.

As part of the implementation of ESRS 2 IRO-1, a detailed assessment of the locations of the SURTECO Group was conducted in relation to extreme climate events. The focus was exclusively on river flooding and coastal flooding, while other climate extremes were not taken into account during the reporting year. Furthermore, the supply chain was not considered in this analysis. This assessment was based on the AQUEDUCT Water Risk Atlas published by the World Resources Institute (WRI). This provides an evidence-based methodology for recording water-related risks. RCP8.5 was used as a climate-scenario model. The assessment will gradually be expanded to the supply chain and to other climate hazards by 2030.

CO_2 pricing is not included in the financial statements and no depreciation or impairments for fixed assets or buildings were undertaken. However, financial planning provides for investments in low-emission technologies or energy supply. (AR 15)

DR E1-2: Policies related to climate change mitigation and adaptation

The SURTECO Group is pursuing a strategic direction in order to manage climate-related impacts, risks and opportunities. The concepts are based on several **strategic pillars**, which are derived from the sustainability goals of the United Nations (SDGs). At the same time, they support the goals of the Paris Agreement and Germany's climate-neutrality strategy up to 2045.

Climate protection

- Innovations for improving the capability for product circularity (SDG 9).
- Reduction of the specific energy use in production (SDG 12, 13).
- Use of renewable or recycled raw materials to reduce the carbon footprint and to promote the circular economy (SDG 12).
- Reduction of emissions beyond CO_2, particularly reduction of emissions of volatile organic compounds (VOC) (SDG 13).

Adaptation to climate change

- Assessment of the company locations in relation to flooding caused by rivers and coastal flooding.

Energy efficiency

- Reduction of the use of materials in the manufacture of products in order to save resources and energy (SDG 12).
- Certification of our energy management systems in accordance with ISO 50001.
- Measures for continuous optimization of energy-intensive processes.

Use of renewable energy

- Gradual increase in the use of renewable energy.
- Investigation into materials along the upstream and downstream value chain with lower Product Carbon Footprint (PCF).

Other

- Avoidance of transport pathways for reduction of indirect emissions (SDG 9).
- Avoidance of waste (SDG 12).
- Sustainability topics, including climate protection, are managed at Group level by a dedicated department.

DR E1-3: Actions and resources in relation to climate change policies

Measures in the reporting year	Own business activities (OBA)/ Value chain (VC)
Installation of a solar system at the Agawam site (Pennsylvania, USA)	OBA
Increasing the recycling rate for plastic products	OBA
Establishment of a plastic edgeband product range with up to 100% secondary material	OBA and VC
Reduction of specific energy consumption	OBA
Reduction of GHG emissions compared to the previous year	OBA
Screening of PCF-reduced materials	VC
Reduction of hazardous waste	OBA
Conversion of the vehicle fleet to electric vehicles	OBA
Installation of charging infrastructure for electric vehicles	OBA

Planned measures for the 2025 reference year	Own business activities (OBA)/ Value chain (VC)	Time horizon
Commissioning of the solar plant at the Agawam site (Pennsylvania, USA)	OBA	In the 2025 reporting year
Increase the recycling rate for plastic products.	OBA	In the 2025 reporting year
Reduction of specific energy consumption	OBA	5-10 years
Reduction in GHG emissions	OBA	In the 2025 reporting year
Reduction of hazardous waste	OBA	In the 2025 reporting year

No remedial measures were carried out during the year under review. The listed measures are managed and implemented by the Sustainability Department together with the cooperation of the BU Management Teams and with the involvement of the environmental and sustainability officers at the locations. The implementation of measures is linked with the budget process and the available financial and personnel resources. Decisions on projects with necessity for substantial CAPEX or OPEX are based on their effectiveness and considered on a case-by-case basis. The SURTECO Group has unrestricted access to the capital market and to financial resources. A fixed budget for climate-neutrality measures is currently not envisaged.

An initial action plan for reduction of Scope 3 emissions is being prepared and is projected to be available by the reporting year 2026.

Metrics and targets

DR E1-4: Targets related to climate change mitigation and adaptation

The following disclosures must be provided in relation to the SURTECO Group's GHG targets:

Category	Details
Base year	2019
Gross emissions in the base year (Scope 1 & 2)	95,915 tCO_2e
GHG reduction target by 2030	-50 % related to 2019
Reduction achieved to date (by 2024)	-40 % related to 2019
Annual reduction by 2030	5 % of the previous year's figure in each case
Scope 1 & 2 emissions	60 % / 40 %
"Net Zero" (Scope 1, 2 & 3)	2045

GHG emissions from Scope 1 & 2 were recorded for the reporting year. An initial list of Scope 3 emissions is planned for the business year 2025.

All the locations belonging to the Group and relevant sources of emission are recorded for the identification of all direct and indirect GHG emissions in Scope 1 & 2. The base value for acquisitions and divestments is adjusted for the reference year. If there are any changes to the base value, the reduction target for 2030 remains unchanged.

The main decarbonisation lever for achieving the 2030 target is increasing the proportion of electricity purchased from renewable sources..

The SURTECO Group will set out it's detailed GHG emission reduction targets together with its climate-protection measures in a graphical pathway representation after they have been submitted to the Science Based Targets Initiative (SBTi) and verified. The submission to the SBTi is planned by 2026. Comparison with a climate scenario is also planned in this connection.

DR E1-5: Energy consumption and mix

The reporting period for energy consumptions and GHG emissions corresponds to the reporting year. During this period, there were no material changes in the Group structure.

The figures presented were consolidated on the basis of information obtained from the individual subsidiary companies, with the main source of information being invoices from the energy utility companies.

During the reporting year, 344,129 MWh of energy were consumed by the SURTECO Group, which corresponds to an increase of 9 % compared with 315,781 MWh in 2023. This increase was primarily due to the acquired Omnova divisions, which were consolidated for the whole year for the first time (previous year for 10 months).

Energy consumption and mix MWh	2023	2024
Fuel consumption from coal and coal products	0	0
Fuel consumption from crude oil and petroleum products	16,066	13,821
Fuel consumption from natural gas	124,133	146,738
Fuel consumption from other fossil sources	0	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	50,937	48,434
Total fossil energy consumption	**191,136**	**208,993**
Share of fossil sources in total energy consumption (%)	**61**	**61**
Consumption from nuclear sources	**10,137**	**13,197**
Share of consumption from nuclear sources in total energy consumption (%)	**3**	**4**
Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.)	38,088	32,256
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	75,805	89,086
The consumption of self-generated non-fuel renewable energy	615	597
Total renewable energy consumption	**114,508**	**121,939**
Share of renewable sources in total energy consumption (%)	**36**	**35**
Total energy consumption	**315,781**	**344,129**

The energy consumption arises partly from the use of primary energy combustion fuels, such as natural gas or heating oil, and through the procurement of external energy, mainly in the form of electricity. In order to reduce possible environmental impacts, the SURTECO Group is pursuing an energy transition to renewable energy sources.

The energy mix in 2024 has a proportion of renewable energy of 35 % and there are therefore no significant deviations from the previous year.

Since the business year 2021, the German locations of the Group, together with some foreign locations, source their electricity exclusively from renewable energy. The proportion of electricity generated from renewable energy sources amounted to 61 % in 2024.

A smaller proportion of the energy originates from own generation by means of photovoltaic systems. This energy is used almost entirely at the Group's own facilities. In the reporting year, 597 MWh of electricity was generated by the SURTECO Group, after 616 MWh in the year 2023. In addition to the existing locations in Portugal, Australia and Italy, which contribute to this generation, a new photovoltaic system in the USA is projected to come onstream in the second quarter of 2025.

The SURTECO Group is defined (Directive (EU) 2022/1288) as partly active in sectors (Sector C: Manufacturing Industry) that are classified as sectors with high climate impact. The SURTECO Group uses energy intensity as a Key Performance Indicator (KPI) in order to monitor energy efficiency at its operating facilities. The group-wide energy intensity for the business year 2024 amounts to sales of 402 MWh / € million with a total energy consumption of 344,129 MWh. The increase in sales of 3 % compared to the previous year was offset by an increase in energy consumption of 9 %. The deviation in energy consumption is primarily due to the takeover of the Omnova divisions, which were fully consolidated this year for the first time (in comparison to 10 months in the previous year).

Energy intensity per net revenue MWh / € million	2023	2024	Variation
Total energy per net revenue (Net revenue see ESRS 2; DR SBM1)	378	402	6.3 %

DR E1-6: Gross Scopes 1, 2, 3 and Total GHG emissions

In spite of the efforts directed towards environmental protection, emissions into the atmosphere cannot be completely avoided. They also constitute side effects of production processes such as waste or consumption of resources and raw materials. Emissions are subject to limit values that are defined by operating licences for our plants issued by government agencies. The SURTECO Group monitors compliance with these limit values at individual locations through having measurements taken by independent third parties.

The direct emissions of CO_2 equivalent (Scope 1) arise as a result of the combustion of fossil energy sources in the company's own power plants or by emissions caused within the organization, for example from heating energy or thermal exhaust-gas treatment. Emission values were calculated on the basis of the energy sources used, such as gas or heating oil, and the global warming potential (GWP) of the Feder-al Office for Economic Affairs and Export Control (BAFA).

The indirect Scope 2 emissions in the form of CO_2 equivalents are caused mainly by external energy purchases in the form of electricity. Market-based and location-based GWPs were taken into account for the calculation. The market-based figures were taken directly from the individual energy suppliers of the SURTECO Group. Whenever information was not available, the values used correspond to the location-based values. The values were then determined on the basis of location-based GWPs, which were obtained from the International Energy Agency (IEA). Of the purchased electricity, 56 % was bundled with Guarantees of Origin and Renewable Energy Certificates. The remaining 44 % came from the conventional electricity mix, of which 15 % was from renewable sources, 21 % from nuclear energy and 63 % from non-renewable sources.

As far as total GHG emissions are concerned, it can be assumed that the emissions in the upstream and downstream value chain, i.e. Scope 3 emissions, outweigh the total emissions from Scope 1 and 2. The Group is planning to submit figures on this matter in the coming reporting year.

The total volume of CO_2 equivalents emitted by the SURTECO Group, which comprise the direct and indirect emissions from its business activities, amounted to 57,202 metric tonnes of CO_2e in the reporting period 2024. This reflects a slight increase compared with 55,041 metric tonnes of CO_2e in 2023. However, this deviation results primarily from the takeover of the Omnova divisions, which were consolidated for only 10 months in the previous year.

Looking at 2023 as a whole, there was a significant decrease in total CO_2e emissions by 7 %, from 61,222 tonnes of CO_2e in 2023 to 57,202 tonnes of CO_2e in 2024.

This decrease is primarily due to the ongoing conversion of locations to green electricity, particularly purchased green electricity (Scope 2), which led to a decrease by 13 % compared with the entire previous year.

Furthermore, minor deviations are due to improvements in data quality, as work is continously being done to improve the accuracy of measurement.

	Retrospective						Milestones and target years			
t CO_2e	Base year	2023 10M consolidation Omnova	2023 Omnova full year basis	2024	Variation in % 10M consolidation Omnova	Variation in % Omnova full year basis	2025	2030	2045	Annual % target / Base year
Scope 1 GHG emissions							5 % (Scope 1 & 2) Previous year	50 % (Scope 1 & 2) Base year	Net Zero (Scope 1, 2 & 3) under assessment	
Gross Scope 1 GHG emissions	39,597	31,972	35,170	34,412	8 %	-2 %				-13 %
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0	0	0	0	-	-				-
Scope 2 GHG emissions										
Gross location-based Scope 2 GHG emissions	52,870	43,246	46,360	46,581	8 %	0.5 %				-12 %
Gross market -based Scope 2 GHG emissions	56,318	23,070	26,053	22,790	-1 %	-13 %				-60 %
Significant scope 3 GHG emissions										
Total Gross indirect (Scope 3) GHG emissions	Under assessment									-
Total GHG emissions										
Total GHG emissions (location-based)	92,467	75,218	81,530	80,993	8 %	-0.7 %				-12 %
Total GHG emissions (market-based)	95,915	55,041	61,222	57,202	4 %	-7 %				-40 %

The use of natural gas by the SURTECO Group amounted to 52 % of the total greenhouse gas emissions in 2024. Electricity with a proportion of 37 % comes next. The remaining 11 % essentially result from the use of combustion fuels, district heating and the combustion of wood and waste, with a small proportion resulting from the release of harmful substances and gases.

The SURTECO Group releases biogenic emissions from the combustion of non-recyclable wood and paper waste, with a proportion of 2 % of total emissions (market-based GHG emissions in Scope 1 and 2) in 2024.

The group-wide emission intensity for the business year 2024 amounts to 67 mt CO_2e / € million sales for a total volume of CO_2e emissions amounting to 57,202 metric tonnes.

Energy intensity per net revenue			
t CO_2e / € million	2023	2024	Variation
Total GHG emissions (location-based) per net revenue (Net revenue see ESRS 2; DR SBM1)	90	95	6 %
Total GHG emissions (market-based) per net revenue (Net revenue see ESRS 2; DR SBM1)	66	67	2 %

Calculation of Scope 3 GHG emissions

No data for Scope 3 emissions are available for the reporting year. Owing to the diverse business areas and the variety of raw materials used, an assessment of the Scope 3 emissions has proven to be unreliable or ineffective.

Quantitative disclosures for Scope 3 emissions are planned for the coming reporting year. Currently, appropriate data-survey and calculation methods are being prepared.

DR E1-7: GHG removals and GHG mitigation projects financed through carbon credits

The Group does not support any projects in own business or in the upstream or downstream value chain for the breakdown or storage of greenhouse gases.

DR E1-8: Internal carbon pricing

There is no internal CO_2 pricing system within the company.

DR E1-9: Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

The SURTECO Group reviews the anticipated financial impacts arising from climate-related risks and opportunities. Currently, no strategies, measures or targets have been defined and there will therefore be no disclosure in the first year of the Sustainability Statement. The SURTECO Group is working towards defining the targets by 2029.

ESRS E2 POLLUTION

Impact, risk and opportunity management

DR related to ESRS 2 IRO-1: Description of the process to identify and assess material pollution-related impacts, risks and opportunities

Using the methodology for the materiality analysis described in DR IRO-1, which can be found in the section Impact, *risk and opportunitiy management of the ESRS 2 General Disclosures* standard, the SURTECO Group has identified its material impacts, opportunities and risks.

In addition to the process referred to, additional factors were taken into account for the assessment of the topics relating to the circular economy, for example:

- Screening of the most important pollutants for each manufacturing process and activities in the value chain,
- Potential receptors taking into account the type of pollutants, the handling conditions and the existing measures,
- Understanding of the composition of the raw materials used and their potential impacts on substances of concern and microplastics,
- Existing treatment systems and preventive measures,
- Individual results from monitoring of pollutants,
- Emission limit values.

Affected communities were not integrated in the reporting year.

Production locations where chemical raw materials are processed or stored have a higher risk in relation to environmental pollution than sites where exclusively sales or administrative activities take place. This difference was taken into account in the course of risk assessment, as production sites can cause potentially higher environmental impacts, for example through emissions, wastewater or handling hazardous substances. Risks arise here essentially during transport or delivery procedures by suppliers. Chemicals raw materials and subsidiary materials are stored in containers or on premises specially designed for this purpose. Finally, it is important to note that risk profiles can vary within the group of manufacturing locations depending on the production process and geographical location.

No incidents were registered during the reporting period that resulted in financial penalties or sanctions being levied by government authorities.

DR E2-1: Policies related to pollution

The SURTECO Group operates on the basis of the guiding principle of “avoidance before reduction before mitigation” and in the case of waste the principle “avoidance before reduction before recovery”.

All questions relating to CO_2 emissions were already addressed in the chapter Climate change E1 and will not be further discussed in the following sections. Where necessary, air control systems are installed.

Air pollution

Wherever possible, we use water as the solvent in our lacquers, paints or impregnations. For technological reasons, however, the use of organic solvents and the associated emissions cannot always be avoided. In these cases, the SURTECO Group complies with the statutory limit values, partly by the use of thermal after-burning of exhaust air.

SOC or SVHC

The SURTECO Group places a great importance on the responsible handling of chemicals and is actively working on avoiding substances that are classified as SOC (Substances of Concern) or SVHC (Substances of Very High Concern) in its formulations. Substances of this nature are only used if there are no alternatives in order to maintain the high requirements for product quality and functionality. Ensuring that these substances are only used in the quantities that are permitted under the statutory regulations.

Furthermore, we review the contents of our formulations regularly and carefully. The compositions are reviewed at fixed intervals and when relevant developments occur – for example changes in the statutory regulations or new scientific findings – and the formulations are modified as necessary. This approach underscores our commitment to the protection of people and the environment, along with our obligation to consistently comply with the statutory regulations.

Microplastics

Plastic granulate is used as raw material in the extrusion processes carried out by the SURTECO Group. All handling and further processing is carried out in closed systems in order to avoid pollution of the environment by microplastics. This prevents the release of microplastics. A high standard of cleanliness is absolutely essential here. The disclosures provided only relate to delivery and internal activities within the company.

DR E2-2: Actions and resources related to pollution

The measures implemented by the SURTECO Group follow the guidance in the EU Action Plan “Towards Zero Pollution for Air, Water and Soil” and the ISO guidelines for environmental management 14001.

Air pollution

The SURTECO Group complies with the statutory limit values, partly by using thermal exhaust air afterburning. This also applies to the limit values for exposure in the workplace. As appropriate, after-burning systems (RTO – Regenerative Thermal Oxidation) are installed. The SURTECO Group commissions external measurements in order to monitor the volume of emissions and has these carried out as part of environmental management.

SOC or SVHC

One of the subsidiary companies works with melamine impregnations. The free amounts of melamine in our products are below the prescribed limit values.

Furthermore, formaldehyde emissions arise in wastewater or in the air at some of our locations. Contaminated wastewater is collected and treated by specialized companies. If emissions are released into the air, biological or thermal after-treatment is carried out in order to avoid the release of formaldehyde into the atmosphere. Wherever substances of concern are used, the availability of less harmful substances is assessed on a regular basis.

Microplastics

Even though all processes related to the handling of plastic granulate have to be carried out in closed systems, accidental spillage cannot be avoided. In order to further reduce the entry of the plastic granulate into the environment, the SURTECO Group is targeting certification in accordance with the guidelines of the "Zero Pellet Loss Initiative" for all locations using plastic granulate within the next five years. This also includes training for employees and optimization of processes in order to avoid unintended spillage. The SURTECO Group is committed to minimizing potential risks by preventive measures.

Avoidance of incidents and emergency plans

The SURTECO Group has implemented a comprehensive risk management and emergency policy in order to systematically avoid potential environmental incidents and emergency situations, and to minimize impacts on people and the environment. These measures extend to our own activities.

1. Avoidance of incidents and emergency situations

The company implements the following measures for proactive prevention of environmental pollution and emergencies:

- Regular risk analyses:
  - Identification of potential environmental risks by systematic location assessments and audits (in accordance with the ISO standard).
  - Assessment of hazardous substances.
- Technical prevention measures:
  - Use of safety technology such as leakage and emission monitoring systems.
  - Automated shutdown systems.
  - Closed transfer and processing systems in order to avoid leakages.
- Organizational measures:
  - Regular training sessions for employees in safety-critical processes and emergency measures

2. Limiting the impacts of incidents and emergency situations

If an incident occurs in spite of the preventive measures, comprehensive emergency and containment measures are available:

- Immediate measures in the event of incidents:
  - Available emergency plans for various scenarios (e.g. chemical leakages, fires, major incidents).
  - Provision of emergency equipment (e.g. mobile absorbers, protective barriers, neutralization agents).
  - Rapid activation of internal emergency teams and crisis staffs.
- Environmental and health measures:
  - Close exchange with local authorities and environmental protection organizations.
  - Immediate analysis and monitoring of environmental impact following an incident.
  - Medical protective measures for affected employees.
- Learning processes and improvements:
  - Systematic follow-up after incidents to identify optimization potential.
  - Adjustment of safety and environmental policies on the basis of the findings gained.

This comprehensive approach enables the SURTECO Group to ensure that potential environmental pollution caused by incidents is largely avoided and the impacts are minimized.

Metrics and targets

DR E2-3: Targets related to pollution

Air pollution

The SURTECO Group currently has not yet formulated a target for the reduction of VOC emissions. Nevertheless, compliance with the relevant statutory framework conditions and the emission limits is guaranteed. The monitoring and compliance with these limit values is carried out by accounting the quantities of materials containing VOCs purchased and used. These calculations allow the emissions to be monitored and ensure that the statutory requirements can be complied with consistently.

SOC or SVHC

The SURTECO Group has not yet defined a target for reducing SOCs or substances of high concern (SVHC). Nevertheless, compliance with the relevant statutory requirements is strictly monitored. This is carried out by accounting for the quantities of materials containing SVHCs and continuously checking the permissibility of these substances in accordance with the applicable regulations. Consequently, the SURTECO Group ensures that no inadmissible quantities of SVHCs are used in its products or production processes.

Microplastics

The SURTECO Group currently has not yet defined a target for the avoidance of microplastics but it is already implementing measures directed towards avoiding the release of microplastics. Wherever possible, operations are carried out in closed-loop systems in order to further reduce environmental pollution.

We have defined a target of certification in accordance with the guidelines of the “Zero Pellet Loss Initiative” within the next 5 years for locations which use plastic granulate.

DR E2-4: Pollution of air, water and soil

Emissions in air, water and soil

Despite the efforts centred on environmental protection, emissions cannot be completely avoided. Emissions are subject to limit values that are defined by operating licences for production plants and laid down by government agencies or defined in legal frameworks. The SURTECO Group monitors compliance with these limit values at the individual locations by independent measurements carried out by government agencies.

Preventive control systems have been installed at some locations in order to minimize the impacts exerted by the release of pollutants into the air, water and soil, for example regenerative thermal exhaust air cleaning systems to reduce air pollutants and chemical treatments to minimize the impact of pollution from water discharges.

On the basis of individual assessments at the specific locations, the limit values defined in Annex II of the Directive (EC) No. 166/2006 of the European Parliament and the Council (European Pollutant Release and Transfer Register – EPRTR Regulation) were not exceeded for the pollutants listed there. In addition, no violations were identified for the Group.

SURTECO is committed to going beyond compliance with legal limits by minimizing the release of pollutants and continuously improving its environmental performance. A specific focus is on reducing solvent emissions and decreasing the impacts of formaldehyde.

The emissions from volatile organic compounds (VOC) amounted to 1,630 metric tonnes in 2024, compared with 1,219 metric tonnes in 2023. Not all locations were completely recorded so that an estimate was undertaken on the basis of the processes and historical data. The increase in emissions is mainly due to the acquired Omnova divisions, which were consolidated for the first time over an entire year (in the previous year they were consolidated for 10 month). but also due to improvement in the data quality.

Pollution of air **Tons**	**2023**	**2024**
Volatile Organic Compounds (VOC)	1,219	1,630

The information was recorded individually for each production location and consolidated for the purposes of reporting. The emissions were calculated by direct measurements taken from air samples or from location-specific data combined with material flow data (mass balance).

Formaldehyde emissions are associated with the business activities of the SURTECO Group by air and water discharges. End-of-pipe technologies are installed in addition to the measures that are carried out during the development and manufacturing phase in order to avoid or minimize emissions. The emissions released into the air are monitored as part of the solvent pollutants, while the emissions into the water are minimized or avoided by means of chemical treatments to reduce formaldehyde pollution or by transferring contaminated water to specialized waste disposal companies for further treatment. The emission data for formaldehyde are determined by direct measurements of air and water samples.

The release of emissions from cooling and heating systems, which mainly use refrigerant gases, can also exert impacts. Interventions are carried out by specialized third-party companies in order to prevent releases of this nature. These systems primarily use fluorinated greenhouse gases, which are addressed in ESRS E1 Climate change under DR E1-6. Other materials which can lead to the depletion of the ozone layer are used exclusively in closed systems. Wherever possible, the SURTECO Group uses refrigant gases without any potential for ozone depletion.

Other pollutants such as carbon monoxide, nitrogen oxides and particles for the air, as well as organic total carbon, chloride and total nitrogen for water are closely monitored and controlled, with emissions consistently below the defined limit values.

The Group uses microplastics in their processes by sourcing them from plastic resins and additives and producing them through internal recycling of by-products. The development of measuring methods and the derivation of quantitative data is planned for a period of 3 years. Furthermore, no incidents were reported in connection with microplastics in 2024.

DR E2-5: Substances of concern and substances of very high concern

The SURTECO Group does not yet have any consolidated information about the potential use of the affected substances for the Group. However, all the companies within the Group comply with the statutory requirements like REACH and Proposition 65. The aim is to draw up a quantity and classification overview over a period of 3 years.

DR E2-6: Anticipated financial effects from material pollution-related impacts, risks and opportunities

As referred to in DR E1-9, the SURTECO Group has not disclosed the expected financial impacts of material risks from the environmental impacts or opportunities arising from the avoidance and reduction of environmental pollution in the first year of its Sustainability Statement. There is currently no disclosure of specific indicators and targets for DR E2-6. No measures or targets have been defined which would be necessary for collecting and providing appropriate data. The company envisages a time period of 3 years for the development of strategies and objectives.

ESRS E5 RESSOURCES USE AND CIRCULAR ECONOMY

Impact, risk and opportunity management

DR related to ESRS 2 IRO-1: Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

Using the methodology for the materiality analysis described in DR IRO-1, which can be found in the section *Impact, risk and opportunity management of the ESRS 2 General Disclosures* standard, the SURTECO Group has identified its material impacts, opportunities and risks.

In addition to the process referred to, additional factors were taken into account for the assessment of the topics relating to the circular economy, for example:

- Dependence on resource consumption in the manufacturing process,
- Attributes of materials and the proportion of primary, secondary and bio-based raw materials,
- Internal recycling practices for by-products,
- Properties of products taking into account the circular principles,
- Classification of the generated waste by its hazardous properties and the type of treatment,
- Waste management practices,
- Regulation and trends in the emerging economies.

The affected communities were not integrated in the reporting year.

DR E5-1: Policies related to resource use and circular economy & DR E5-2: Actions and resources related to resource use and circular economy

Strategies and measures of the SURTECO Group to improve the use of resources and circular economy relate to the following areas:

Key topic	Risks	Opportunities	Strategy & measures
Material efficiency and waste prevention	• Loss of resources due to production waste - Rising disposal costs	• Cost savings through more efficient use of materials • Reduction of environ-mental pollution	• Optimization of production processes • Use of modern technologies • Quality controls • Employee training to promote resource-conserving working methods • Use of modern technologies and equipment • Promotion of resource-saving processes through internal standards (e.g. operational excellence)
Circular economy and resource conservation	• High use of primary plastics • Regulatory requirements for plastics recycling	• Cost savings through recycling • Image and competitive advantages through sustainable materials	• Implementation of closed material loops for the recycling of production waste • Promoting the use of recyclates and bio-based plastics • Returning production waste to the manufacturing process • Products made from recycled plastics • Cooperation with suppliers and recycling companies • Involvement in industry associations

Climate change and emissions reduction	• Increasing regulatory requirements • Reputational risks	• Competitive advantages through emissions reduction • Cost savings through energy efficiency	• Optimization of production facilities to reduce energy consumption • Increased use of renewable energies to replace fossil fuels • Definition of reduction targets • Use of energy-efficient technology • Cooperation with external partners • Implementation of the ISO 50001 energy management system
Energy supply and decarbonization	• Volatility of energy prices • Dependence on fossil fuels	• Cost stability through renewable energies • Improved ESG rating	• Analysis and gradual replacement of fossil fuels • Conversion to electric drying systems • Electrification of the company fleet • Investments in emission-free technologies
Sustainable material procurement	• Limited availability of sustainable alternatives - Higher raw material costs	• Innovation potential through new material solutions • Differentiation in the market	• Collaboration with suppliers to develop and integrate recycled or bio-based materials • Testing alternative raw materials with a focus on reducing fossil-based ingredients • Promoting new material solutions with a reduced environmental footprint • Strengthening partnerships to develop innovative solutions for the circular economy

Metrics and targets

DR E5-3: Targets related to resource use and circular economy

As a supplier of semi-finished products, the SURTECO Group operates almost exclusively in the B2B sector in the industries highlighted, i.e. with only a few exceptions, our semi-finished products only become end products for consumers after further processing. The following aspects are pursued in relation to the waste hierarchy, depending on the relevant semi-finished products:

- Increase in the material usage rate oriented towards the circular economy,
- Minimization of primary raw materials
- Sustainable procurement and usage of renewable resources.

The focus here is on the increase in use of secondary raw materials.

The SURTECO Group is currently developing concrete measurable targets in various environmental areas, which are to be established within the next three years. The focus is on the reduction of hazardous waste, the increase in energy efficiency and a higher recycling rate in plastic processing. The objectives of the reduction of CO_2 emissions (Scope 1 and 2) and for climate neutrality are described in section 1.

DR E5-4: Resource inflows

The following table provides information about the material inflows used during the reporting period. The overview is restricted to the main components which are used to manufacture our products.

- Paper for printing or impregnation
- Plastic raw materials
- Plastic foils
- Lacquers
- Printing inks (digital and analogue)
- Impregnations solutions
- Water
- Packaging

On the basis of the definition, paper and bio-based materials belong to the so-called biological materials while plastics and plastic foils are grouped with technical resources.

This corresponds to a total volume of 139,430 metric tonnes. The quantities of production auxiliary materials and packaging are not disclosed in the reporting year.

The proportions are made up as follows

- Primary materials 67 %
- Biological materials 32 %
- Secondary materials 1 %

The classification into biological and technical resources yields the following allocation:

- Biological resources 32 %
- Technical resources 48 %

Resource inflows **Tons**	**2024**
Plastic raw materials	60,169
Plastic Films	6,932
Coatings	7,154
Printing Inks	3,410
Impregnation solutions	15,130
Primary materials	**92,795**
Plastic raw materials	1,408
Secondary materials	**1,408**
Plastic raw materials	175
Paper based materials	45,052
Bio-based materials	**45,227**
Total	**139,430**

These data originate from a combination of direct measurements and estimates based on supplier data and internal production statistics. No data was recorded for packaging.

In the SURTECO Group's production processes involving plastics, production scrap or conveyor offcuts are collected, processed and wherever possible returned to the production cycle. In order to avoid double counting, resources arising from re-use and recycling are separately recorded in production reports or material-flow analyses. We carry out clearly defined reporting logistics. Reused products are not counted as recycled materials.

Water consumption

SURTECO draws approximately 35 % of its water from the public water pipeline grid and around 65 % from wells or rivers. The biggest proportion of the water is used for cooling or cleaning purposes and it is discharged back into the public drainage system or directly into rivers after it has been used, and following appropriate treatment and processing. Only a very small proportion of the volume of water withdrawn is associated with the manufacture of printing inks and lacquers. During the reporting year 2024, the volume of water used or consumed by the SURTECO Group amounted to 0.153 million cubic meters. The water consumption and its quantities are not of a magnitude that has a significant negative impact.

DR E5-5: Resource outflows

Products and materials

The SURTECO Group manufactures products and materials from the raw materials referred to for the areas of furniture, flooring, transport and construction. These are almost exclusively semi-finished products, which are further refined to create the final product.

- Decorative printing and finish foils
- Release papers and foils
- Thermoplastic foils and edgebandings
- Laminates
- Technical extrusions and roller shutter systems
- Skirtings
- Coated fabrics

Waste is also generated.

Direct disclosure on the durability of our products is not possible because this depends primarily on the further refinement by our customers and the conditions under which the final products are used.

Our semi-finished products are fundamentally recyclable but the actual reusability also depends on the processing and the additives in the final product.

Repairability of our semi-finished products is not envisaged. The packaging materials used are in principle 100 % recyclable.

Waste

The avoidance of waste takes precedence over recycling and disposal of waste at the SURTECO Group in accordance with the waste avoidance hierarchy. Efforts to minimize the generation of waste are therefore already integrated in the early phases of product development and manufacture. Unavoidable production waste is forwarded to specialized disposal companies for professional disposal.

The waste generated at the SURTECO Group is primarily not hazardous. It resembles domestic waste and is made up of materials such as paper, wood, plastics and metal. Hazardous waste is also produced such as liquids and sludges contaminated by chemicals. Building rubble following modification works on buildings may be generated as well.

Part of the waste from production can be returned to the internal production process. This primarily relates to plastics, which are collected by type and then shredded (recyclates). The proportion of recyclates in the overall volume of waste plastics corresponds to the plastics recycling rate. In the business year, 2024, this was around 65 % (not all sites were recorded in full). The remaining materials that could not be reused internally were accordingly forwarded for external recovery.

The waste for disposal is sent to suitable waste-disposal companies depending on the type of waste to be treated. The process is documented in internal records and the quantities are tracked and documented separately by type of waste.

The information is collected individually, recorded separately for each location and then consolidated for purposes of reporting. The volumes of waste are determined through inventory readings, waste documents and transport manifests, and by information provided by the operators. The recorded information may rely on estimates in some cases.

The total volume of waste at the SURTECO Group amounted to 25,744 metric tonnes in 2024. This corresponds to a decline of 28 % compared to 2023. This fall is primarily due to the elimination of waste from construction activities at a subsidiary company in 2023 and to process improvements, which also contributed to a reduction in the volume of waste.

A reduction target of 10 % was established for hazardous waste in 2024 and a reduction of 17 % was achieved.

Waste **Tonnes**	**2023**	**2024**
Non-hazardous waste		
Preparation for reuse	0	0
Recycling	10,934	10,710
Other recovery operations	2,256	1,516
Hazardous waste		
Preparation for reuse	0	0
Recycling	1,093	104
Other recovery operations	2,460	4,379
Total amount diverted from disposal	16,743	16,709
Non-hazardous waste	0	0
Incineration	2,070	1,369
Landfill	11,021	4,865
Other disposal operations	886	43
Hazardous waste		
Incineration	726	2,114
Landfill	257	302
Other disposal operations	4,187	342
Total amount directed to disposal	**19,147**	**9,035**
Total amount of non-recycled waste	**23,863**	**14,930**
Percentage of non-recycled waste (in %)	**66**	**58**
Total amount of Non-hazardous waste	**27,167**	**18,503**
Total amount of hazardous waste	**8,723**	**7,241**
Total amount of radioactive waste	**0**	**0**
Total amount of waste generated	**35,890**	**25,744**

Wherever possible, care is taken to ensure that packaging materials are repeatedly reused both between suppliers and the SURTECO Group and also between customers and the SURTECO Group. Apart from the standardized pallets typically used (Europallets), this also applies to special pallets and special means of transport (e.g. hanging transport of rolls). Wherever feasible, open transport in mesh crates is the method of choice.

DR E5-6: Anticipated financial effects from material resource use and circular economy-related risks and opportunities

As referred to in DR E1-9, the SURTECO Group is not disclosing the expected financial impacts of material risks and opportunities in connection with the use of resources and the impacts of the circular economy in the first year of its Sustainability Statement. Uniform and binding measures for increasing resource efficiency and circular economy still need to be defined and corresponding processes implemented, and then underpinned by KPIs. The timeframe for disposal is in the region of 3-5 years.

Social information

ESRS S1 OWN WORKFORCE

Strategy

DR related to ESRS 2 SBM-2: Interests and views of stakeholders

The employees of the SURTECO Group are the focal point of the strategic direction of the company based on the guiding principle of "A company I like to work for". A central role is played here by the initiative that is directed towards better understanding their interests and opinions. We refer to the information described under DR SBM-2, which offers more comprehensive information on the engagement practices and the interests and perspectives of all stakeholders. These are outlined in the section "Strategy" of the *ESRS 2 General Disclosures* in this statement.

DR related to ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

Using the methodology for materiality analysis described in DR IRO-1, which can be found in the section *Impact, risk and opportunity management of ESRS 2 General Disclosures*, the SURTECO Group has identified its material IRO.

When analyzing the impacts on the Group's own workforce and the impacts that may arise in relation to the strategy and business model, the SURTECO Group also takes account of additional factors such as:

- Corporate culture, values and principles of the organization (Code of Conduct and human rights declaration)
- Results from the process of internal auditing
- Risk management and whistleblower systems
- Employment practices
- Indicators from human resources
- Regulations and internationally recognized human rights instruments
- Transition plans for the reduction of GHG emissions

The business model of the SURTECO Group is based on manufacturing processes. The high level of digitalization and automation entails opportunities and risks. On the one hand, the dependence on a workforce of qualified employees presents potential challenges in relation to adequate staff availability. On the other hand, the need for employees creates jobs and this exerts a positive impact on the surrounding communities.

The value chain and the business relationships of the company also exert various impacts. These can present risks and opportunities for the workforce of the SURTECO Group. The strategic alignment of the company, particularly in relation to planned changes, influences the workforce. Specific risks in relation to forced or child labour could not be identified on the basis of assessments related to geography or activities.

The employment practices of the SURTECO Group not only affect members of staff employed directly but also to external workers, such as independent traders or employees of partner companies which supply workers (in accordance with NACE Code N78). The majority of employees have permanent contracts to create a stable platform for personal and career development. This enhances the sense of security for employees, improves the work-life balance and simultaneously increases the commitment and long-term loyalty to the company. As a consequence, the stability of the employment relationship contributes to knowledge retention and increase in productivity.

Specific working models such as shift work can also exert impacts. Such practices can offer the workforce more flexibility but they can also have negative impacts on the physical and mental health of employees. These models also allow the SURTECO Group to improve process optimization through operational flexibility and to increase production capacity.

Social security can also exert impacts on employees and companies. Inadequate social security can be a hazard to the work-life balance between family and career of the employees and this can lead to an increase in absenteeism as well as impairing smooth-running operations.

The occupational health and safety of the workforce is a top priority for the SURTECO Group. Implementation of a robust safety management system is extremely important in order to avoid potential accidents which could impact the employees. Naturally, accidents exert impacts on employees but they also impact on the organization. Some of the risks include interruptions to operations leading to productivity losses, increased insurance premiums, legal liabilities and reputational damage.

Risks are also entailed in the transition plan for climate protection. The derived measures or those measures still to be derived for reduction of CO_2 emissions can lead to technological changes that may result in changed qualification profiles for employees. There is also a risk of having to shut down the operation of CO_2-intensive production facilities.

Material matters for a topic, a sub-topic or a sub-sub-topic covered by this standard are as follows:

- Working conditions

Impact, risk and opportunity management

DR S1-1: Policies related to own workforce

The success of the SURTECO Group is substantially based on the knowledge and the commitment of its employees. Each individual in the company makes a positive contribution through their work to the company and at the same time gains an opportunity to undergo further personal development.

Diversity, equal opportunity and inclusion are a top priority for the company and central to our vision. This outlook promotes an environment in which people with diverse backgrounds and with a broad range of abilities can contribute significant value added. In line with our corporate values, we are committed to offering attractive social benefits and wide-ranging opportunities for individual development, while at the same time ensuring the well-being and health of our employees across the world. This objective is supported by our occupational health and safety management system.

Corporate Human Resources at the SURTECO Group directs the human resources strategy and establishes group-wide guidelines, processes and standards for our workforce in order to improve the development and efficiency of our employees.

We are also dedicated to continuing to foster a culture based on fairness and respect. In conjunction with our human rights officer and based on the SURTECO Group's human rights policy, we are committed to upholding the human rights of our employees and ensuring fair and equal treatment as a fundamental aspect of our work ethic. This commitment encompasses compliance with group-wide codes of conduct and safeguards against discrimination, harassment, child labour and retaliation, as approved by the Management Board. Discrimination is expressly interpreted to encompass reasons related to race and ethnic origin, skin colour, gender, sexual orientation, gender identity, disability, age, religion, political opinion, national origin or social background, and other forms of discrimination that are defined in EU legal regulations and national legislation. Support measures for inclusion are implemented within the Group to meet specific needs and individual requirements.

The employees of the SURTECO Group receive comprehensive training on compliance with these standards. Furthermore, a binding Group regulation includes detailed instructions on personnel matters.

Our guidelines are based on the following internationally recognized reference tools for human rights and the environment in alignment with the United Nations Guiding Principles on Business and Human Rights:

- Universal Declaration of Human Rights of the United Nations
- International Covenant on Civil and Political Rights of the United Nations
- International Covenant on Economic, Social and Cultural Rights of the United Nations
- Sustainable Development Goals (SDGs) of the United Nations
- Principles of the United Nations Global Compact
- Charter of Fundamental Rights of the European Union
- Conventions and recommendations of the International Labour Organization on labour and social standards
- Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy
- Guidelines of the Organization for Economic Cooperation and Development (OECD) for Multinational Enterprises
- Eight ILO Core Conventions on Forced Labour, Child Labour, Discrimination, Freedom of Association and the Right to Collective Bargaining

Before entering into new business relationships, we conduct careful checks on our suppliers. If there are any human-rights or environmental breaches or potential violations, the Compliance Team introduces appropriate investigative measures. If this results in confirmation, we promptly request and implement appropriate remedial measures. Depending on the severity of the violation, this may result in termination of business relations.

Furthermore, the following disclosure obligations describe the process of the SURTECO Group for involving the company's own workforce, the available anonymous whistleblower system and the work of the Compliance Committee for highlighting concerns and the processes implemented to remedy negative impacts. The declarations provided in this section apply to all employees referred to in this context.

DR S1-2: Processes for engaging with own workforce and workers' representatives about impacts
The SURTECO Group proactively promotes open dialogue between employees and provides various internal channels of communication in order to communicate and discuss company-specific topics and options for improvement:

- Workplace and staff meetings
- Informal online discussions between managers and employees
- Employee meetings
- Surveys on employee satisfaction

We attach great importance to integrating our staff in the business processes through constructive dialogue and ensuring prompt and comprehensive communication about internal changes while complying with national and international regulations. Furthermore, our representatives of the Group Works Council are members of the Supervisory Board. The interests of the employees are embedded within the strategy of the SURTECO Group and they play a key role in aligning the workforce with the corporate goals and hence contribute to the overall success of the company.

We assess the commitment of our employees through structured feedback interviews and surveys. These interactions enable us to appraise the effectiveness of our initiatives and to undertake any necessary improvements. Our last survey covered a series of topics including workforce engagement, working environment, communication, inclusion and workload. There is no focusing or prioritization concerning specific groups within the workforce.

We foster an open dialogue in an atmosphere of trust with employee representatives and also make use of the regular workforce meetings and information events for managers under the leadership of the Management Board. The members of the Executive Management Team act as multiplicators for further trickle-down communication of information from the Management Board to the organization and ultimately to all employees.

All these activities are supported by regular information and notices, the Intranet and videocasts by the executive management and the Management Board.

Further insights into the engagement practices, and the interests and views of the stakeholders, particularly our own employees, can be found in the information in DR SBM-2, which can be found in this statement under Strategy in ESRS 2 General Disclosures.

DR S1-3: Processes to remediate negative impacts and channels for own workforce to raise concerns
Alongside direct communication with supervisors, the SURTECO Group provides employees with four formal means or channels in order to communicate their concerns and needs directly to the company (grievance mechanisms). These are as follows

- Questions at staff meetings (also possible anonymously)
- Whistleblower system (also possible anonymously)
- Works Council
- Human Resources Department

These channels are an integral component of the compliance and quality-management processes and they guarantee accessibility and effectiveness for all those concerned. Complaints are systematically recorded and processed by the Human Resources Department. Remedial measures are assessed and any appropriate action is taken.

The SURTECO Group is committed as advocates for the protection of whistleblowers, assistants in investigations and individuals subject to wrongful accusations. Their identity is treated in strict confidence but it is possible for individuals to reveal their identity voluntarily. The company pursues a policy of zero tolerance towards retaliation, discrimination or harassment of individuals who submit complaints or assist in investigations. Furthermore, individuals are also protected if they have been unjustly accused of wrongdoing. The protection is ensured by a Compliance Committee appointed by the Management Board.

DR S1-4: Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions
The SURTECO Group makes strenuous efforts and invests considerable resources into the management of material impacts, risks and opportunities in connection with its workforce. The aim is to create secure workplaces and above-average working conditions in order to promote equal opportunities, development and productivity.

In order to improve the quality of work and employee loyalty, the SURTECO Group provides secure workplaces with a low proportion of temporary employment while prioritizing internal opportunities for career development. Flexible reintegration programmes, for example following parental leave, and flexible working models accompanied by remote working are offered. Competitive compensation systems guarantee fair pay, and diverse training, and competence development programmes promote talented individuals and managers. An open dialogue with the workforce and their representatives is proactively encouraged.

The culture of health and safety in the workplace is strengthened by regular risk assessments and enhanced by health-and-safety training. Accident analyses serve to minimize risks and promote continuous improvement of safety-at-work practices. The promotion of physical and mental health is supported by the provision of sports and health facilities.

Talented individuals are identified and promoted in the course of learning, training and competence development. A high-performance culture is supported by performance appraisal meetings.

Flexible working hours and a well-calibrated work-life balance are also furthered through part-time and full-time contracts with flexible working hours, the possibility of remote working and temporary changes of location, and diverse opportunities for special leave in the event of family and personal needs. Parental leave programmes are also available.

The remuneration and social benefits comprise competitive salary structures based on transparency and fairness. The remuneration structures are reviewed on an annual basis in order to guarantee equal pay. A variety of social benefits support employees in different living situations.

The SURTECO Group promotes freedom of association and collective bargaining through a culture of open dialogue with all employees and offers opportunities for organization and representation through collective bargaining.

The effectiveness of the measures is tracked by means of regular reviews of HR indicators for optimization of human-resource strategy, monitoring of learning programmes in accordance with recognized evaluation models, surveying workforce satisfaction and commitment and annual analysis of remuneration policy to maintain equal opportunities. Diversity strategies are appraised in order to identify potential for improvement. Measures to combat violence and harassment are continuously monitored.

These comprehensive measures promote a sustainable improvement in working conditions and employee retention over the long term.

Metrics and targets

DR S1-5: Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Up to now, no quantitative targets were defined for the management of significant negative impacts, promotion of positive impacts and the management of material risks and opportunities. The SURTECO Group envisages defining these targets within the next 3 years.

DR S1-6: Characteristics of the undertaking's employees

The gender distribution at the SURTECO Group for the reporting year 2024 remains similar to the previous year: 82 % of the workforce are male and 18 % are female.

Number of employees (head count) Gender	2023	2024
Male	2,994	3,050
Female	691	682
Other	0	0
Not reported	0	0
Total employees	**3,685**	**3,732**

The workforce is distributed over the regions of Europe, America and Asia-Pacific. The distribution of employees amounts to 57 %, 28 % and 15 % respectively. Germany represents the highest percentage of employees at 40 %, followed by the USA at 16 % and Thailand at 9 %.

Number of Employees (head count)		
Country	31/12/2023	31/12/2024
Germany	1,495	1,490
USA	588	588
Thailand	353	347
Brazil	247	261
Portugal	200	247
United Kingdom	179	174
Canada	136	152
Sweden	119	116
Indonesia	88	101
Australia	103	96

4 % of the employees are not listed in the table. They are distributed in the countries of Mexico, Poland, Italy, France, Russia, Czech Republic, Singapore and China.

The total number of employees at year-end 2024 is provided in the section Personnel Expenses in the Notes to the Consolidated Financial Statements.

In relation to the type of contract, 99 % of the employees have an permanent contract of employment and there are no deviations in terms of gender. As far as working hours are concerned, 95 % of the employees of the SURTECO Group worked on a full-time basis in 2024. A slight differentiation can be determined on the basis of gender: 97 % of the male employees compared with 83 % of the female employees worked full time. The average length of service worldwide in 2024 was 12.8 years (2023: 12.6 years).

2024				
Female	Male	Other	Not Disclosed	Total
Number of employees (head count)				
682	3,050	0	0	3,732
Number of permanent employees (head count)				
674	3,008	0	0	3,682
Number of temporary employees (head count)				
9	41	0	0	50
Number of non-guaranteed hours employees (head count)				
0	0	0	0	0
Number of full-time employees (head count)				
567	2,962	0	0	3,529
Number of part-time employees (head count)				
116	87	0	0	203

For purposes of disclosure, the category “Direct Employee” relates to all employees whose functions or tasks are directly related to the production of goods. The category “Indirect Employee” relates to all other employees, which may include functional areas such as production management, logistics, sales, human resources, finance and others.

Number of Employees by category	2023	2024
Direct employees	1,933	1,956
Indirect employees	1,752	1,776

As at 31 December, the group-wide employee turnover was 16 %.

Employee Turnover	2024
Employee turnover (Number of employees)	615
Employee turnover rate (in %)	16

The information was collected individually and consolidated for purposes of reporting. The personnel figures for all key indicators are based on the total number of employees at the end of the reporting period.

DR S1-7: Characteristics of non-employees workers in the undertaking's own workforce

Generally employed for a defined period or a specific project, often in order to replace absent employees or to cover a seasonal requirement, and mainly recruited from work agencies, specialised in "employment activities" (NACE Code N78). The proportion of non-employees in the SURTECO Group workforce is 1 % and the majority of the positions are under the category of direct employees.

The assessment is based on the total number of non-employees at the end of the reporting period.

DR S1-8: Collective bargaining coverage and social dialogue

A total of 58 % of SURTECO employees are covered by collective bargaining agreements, and 51 % of employees are represented by employee representatives.

2024	Collective Bargaining		Social dialogue
Coverage Rate	Employees	Employees	Workplace representation
(for countries with >50 empl. Or representing >10 % total empl.)	EEA	Non-EEA	EEA
0 - 19 %	-	Asia- Pacific Europe - Great Britain	Portugal
20 - 39 %	-	-	-
40 - 59 %	-	America	-
60 - 79 %	-	-	-
80 - 100 %	Germany Portugal Sweden	-	Germany Sweden

The coverage rate takes into account the number of employees who are covered in each country or each region by collective bargaining agreements or employee representatives, in relation to the total number of employees in this country or this region, if they have more than 50 employees or make up more than 10 % of the total workforce (see the breakdown of employees by countries in DR S1-6).

DR S1-9: Diversity metrics

Diversity shapes the corporate culture of the SURTECO Group. Across the world, employees from more than 50 different nationalities are part of the Group's workforce.

Employees by nationality in %	2023	2024
German	36	35
US - American	16	16
Thai	10	9
Brazilian	7	8
Portuguese	5	5
British	4	4
Canadian	4	4
Swedish	3	3
Australian	3	3
Other nationalities	12	13

The proportion of female employees in the total workforce of SURTECO is 18 % for the reporting year 2024. At the highest management level, the Extended Management Team (1st level below the Management Board), the proportion of women is 11 %. The targeted proportion of women on the Management Board and the Supervisory Board of the SURTECO Group was not achieved in the current business year.

The average age of all employees is 43.8 years after 44.1 years in the previous year.

Employees by age group in %	2023	2024
Under 30 years	15	15
30 - 50 years	46	46
Over 50 years	39	39

DR S1-10: Adequate wages

Consolidated information for all Group companies is not yet available. The SURTECO Group intends to collect and consolidate the information after the implementation of ESG software. This data can then be published in the next Sustainability Statement.

DR S1-11: Social protection

The total workforce of the SURTECO Group has social security through public programmes or benefits provided by the company. This cover is in accordance with applicable standards in the event of one or more major life events (e.g. illness or parental leave).

DR S1-12: Persons with disabilities

A policy of non-discrimination and integration is part of the corporate values of the SURTECO Group. Within the Group, 2 % of the workforce are people with disabilities. If the distribution of employees by gender is analysed, the percentage of people with disabilities is 2 % equally distributed for both genders.

The information was recorded individually and consolidated for reporting purposes. The different statutory definitions and guidelines in the various countries where the Group is operating are taken into account.

DR S1-13: Training and skills development metrics

In the reporting year 2024, 49 % of the employees took part in regular performance and career development meetings. On the basis of the gender distribution, 48 % of the female employees and 53 % of the male employees took part in the assessments.

Overall, 45,610 training hours were recorded across the Group. Out of these, 32 % were attributed to onboarding training sessions and 21 % to safety training sessions. In addition, topics such as human rights and environmental prevention were addressed, albeit to a lesser extent.

Training and skills development	**2023**	**2024**
Number of training hours	31,784	45,610
Average training hours per employees	9	12
Training hours per gender		
Average training hours per female employees	-	18
Average training hours per male employees	-	11
Training hours per category		
Average training hours per direct employees	-	13
Average training hours per indirect employees	-	11

The employee figures including the total numbers by gender and category are provided in section DR S1-6 – Characteristics of the undertaking’s employees (pay gap and total compensation).

Owing to the short term of their contracts, non-employees are generally not subject to review. However, training is carried out for all workers at SURTECO. There is no consolidated information yet about all Group companies for non-employees.

DR S1-14: Health and safety metrics

The safety of our workforce is a top priority at the SURTECO Group. All employees are covered by a health and safety management system. 18 % of the workforce are covered by a system based on recognized standards certified by an external party.

Additional information on recognized standards and certifications, in particular in relation to occupational health and safety, is available in DR MDR-T. You can find such information in this statement under the section Impacts, Risk and Opportunity Management of ESRS 2 General Disclosures.

In the course of the reporting year 2024, no fatalities resulting from work-related injuries or illnesses were recorded for our own workers or among other workers in the value chain while working at our facilities.

However, 101 occupational accidents were recorded with a total of 2,453 days of absence. Out of a total of 6,929,991 working hours, this yields an accident frequency rate of 14.6 accidents for every 1 million working hours.

Occupational accidents	2023	2024
Number of occupational accidents	88	101
Number of days lost due to occupational accidents	-	2,453
Frequency rate per 1 million working hours	12.5	14.6

DR S1-15: Work-life balance metrics

More than 95 % of the employees working in the Group are entitled to holiday for family reasons. In the reporting year 2024, 15 % of the entitled employees took leave for family reasons. For the gender distribution, the proportion is rather similar: 18 % of the eligible female employees took leave for family reasons, compared with 15 % of the eligible male employees.

The information was collected individually and consolidated for the purposes of reporting.

DR S1-16: Compensation-metrics (pay gap and total compensation)

Consolidated information for all Group companies is not yet available. Once the ESG software has been implemented, the SURTECO Group intends to collect and consolidate the information, which will then have to be published in the next Sustainability Statement.

DR S1-17: Incidents, complains and severe human rights impacts

In the business year 2024, no suspected cases and no confirmed cases of human rights violations were registered in the SURTECO Group.

Governance information

ESRS G1 BUSINESS CONDUCT

Governance

DR related to ESRS 2 GOV-1: The role of the administrative, supervisory and management bodies

Information on the roles and competences of the Management Board and the Supervisory Board of SURTECO is listed in DR GOV-1. This information can be found in the section Governance of ESRS 2 – General disclosure standard of this statement.

Impact, risk and opportunity management

DR related to ESRS 2 IRO-1: Description of the processes to identify and assess material impacts, risks and opportunities

SURTECO determined its material impacts, risks and opportunities using the methodology for the materiality analysis, which is described in DR IRO-1 and in the section Impacts, risk and opportunity management of the ESRS 2-Standards for General Disclosure found in this statement.

In addition to the process referred to above, other factors were taken into account when assessing the issues relating to business conduct, such as:

- Corporate culture, values and principles of organization (Code of Conduct and Human Rights Declaration),
- Results from the internal audit processes,
- Risk-management and whistleblowing systems,
- Antitrust and competition practices,
- Procedure for combatting corruption and conflicts of interest.

The following material matters and topics, sub-topics and sub-sub-topics are covered by this standard:

- Corporate culture

DR G1-1: Corporate culture and business conduct policies and corporate culture

The corporate culture of the SURTECO Group is defined in the group-wide Code of Conduct and it undergoes continuous further development within the framework of the corporate strategy. This corporate culture is based on the values of reliability, engagement, transparency, integrity and fairness. It includes the following principles:

- Lawful and ethically sound conduct in compliance with legislation and other legal requirements, and cultural framework conditions,
- Loyalty to the company,
- Fair, polite and respectful dealings with all employees and third parties,
- Taking adequate account of the interests of customers and business partners,
- Social engagement,
- Commitment to sustainable business, environmental protection and occupational safety,
- Refraining from any form of discrimination based on gender, race, religious beliefs or other characteristics,
- Responsible and transparent handling of risks,
- Professionalism, fairness and reliability in all business relationships.

These principles are complemented by internal guidelines, which are specifically directed towards combatting corruption, bribery and money laundering, the avoidance of conflicts of interest and compliance with antitrust and competition law. All managers working in the company are committed to ensuring compliance with the Code and carrying out checks as necessary. Every employee is encouraged to seek advice and assistance from their supervisors, the relevant departments, the Compliance Officer or employee representatives if they are harbouring legal doubts about their own conduct or become aware of legally questionable activities in their working environment. In order to safeguard compliance, SURTECO conducts compliance training within the framework of its Governance Strategy. These issues are managed through an online training system conducted on an annual basis and the training is mandatory for all employees. The programme has already been launched in Germany and is gradually being rolled out across the entire Group. All employees must go through basic training for corruption and bribery, while high-risk functions such as management teams and the Purchasing Department receive targeted training.

Employees and external third parties have access to a whistleblower system that enables them to report any breaches of the Code of Conduct or other violations. Reports can also be submitted anonymously. The protection of whistleblowers is ensured by a Compliance Committee appointed by the Management Board. Any action by the committee is guided by an internal policy. Monitoring and identification of compliance incidents is carried out by Internal Audit and the Compliance Officers, who are responsible in the organization for handling compliance topics.

DR G1-2: Management of relationships with suppliers

The group-wide Corporate Centre “Group Procurement” defines the framework conditions for procurement and coordinates the relationships with suppliers. Appropriate Lead Buyers have been defined for the most important product groups. These buyers ensure the necessary quality and certificates in the selection of suppliers. Wherever possible and economically feasible, the robust nature of the supply chain is safeguarded by means of a multisourcing strategy and the integration of local suppliers. The Group has its own Supplier Code containing detailed guidelines for ethical, social and environmental standards. Compliance with these standards is proactively promoted. The avoidance of payment delays, particularly in the case of small and medium-sized companies, is ensured through defined processes for incoming invoices within the relevant Enterprise Resource Planning systems.

DR G1-3: Prevention and detection of corruption and bribery

The system for prevention of corruption and bribery is made up of appropriate guidelines that were drawn up within the framework of the Compliance-Management-System. These have clear rules, examples and measures for reducing the risk of corruption. These guidelines are disseminated through a management system available across the Group. Communication of information is supported through messages in the Intranet. The company carries out training sessions for all employees on general compliance principles for purposes of prevention. These training sessions provide explanations of the definition of corruption and bribery, and they present concrete measures and examples concerning prevention and avoidance mechanisms. Corruption and bribery can be reported confidentially in a whistleblower system. This is also available to third parties. A defined Compliance Team manages this process and reports directly to the Management Board. This safeguards the independence of the management chain. If measures of the Compliance Team are adopted or recommended a report is submitted directly to the Management Board. Otherwise, the Management Board is informed by the Compliance Officer about the cases under investigation in the course of regular reporting. Suppliers are provided with information about the general prohibition on corruption and bribery in the Supplier Code of Conduct. During the business year 2024, SURTECO carried out compliance training sessions, which provided information on combatting corruption and bribery. This training is mandatory for every employee and is carried out on an annual basis. In 2024, the online training system was implemented in Germany and it is gradually being rolled out across the world. 67 percent of the employees in Germany (40.0 % of the employees worldwide work in Germany) completed the Compliance Basic Training in 2024. No training on the prevention of corruption and bribery took place outside Germany in 2024. Members of the administrative, management and supervisory bodies of SURTECO GROUP SE did not receive separate training on the prevention of bribery and corruption in 2024.

Metrics and targets

DR G1-4: Confirmed incidents of corruption or bribery

In the business year 2024¸ no suspected cases and therefore no confirmed cases of corruption or bribery were identified. No judgments or financial penalties were handed down. The measures adopted in order to counteract breaches against procedures and standards for combatting corruption and bribery have essentially been based on the checks carried out by Internal Audit, which regularly carries out inspections of the locations.

DR G1-5: Political influence and lobbying activities

In the business year 2024, no financial support or donations in kind were made to political parties. No company of the SURTECO Group has been entered in the EU Transparency Register or in the local Transparency Registers of the relevant governments. However, SURTECO is a member of several sector-related stakeholder associations and think tanks in Germany.

DR G1-6: Payment practices

The SURTECO Group has defined no group-wide uniform payment conditions. There are also no specific guidelines or special practices for small and medium-sized companies.

In the business year 2024, the average standard payment conditions amounted to 56.9 days for goods and 41.5 days for services. These standard terms and conditions were applied in 87.5 % of cases for goods and in 87.7 % of cases for services. The average time to pay an invoice was 36.5 days for goods and 21.3 days for services.

Available data representing about 62 % of the Group’s locations were used for purposes of calculation.

No court procedures relating to delayed payments are pending.

* The contents of this section “Non-financial Statement” have not been audited.

Consolidated Financial Statements 2024

Contents

Consolidated financial statements 2024

Consolidated Income Statement for the period 1 January to 31 December

€ 000s	Notes	1/1/-31/12/ 2023	1/1/-31/12/ 2024
Sales revenue	(1)	**835,089**	**856,588**
Changes in inventories	(2)	-2,709	4,975
Other own work capitalized	(3)	2,905	2,858
Total output		**835,285**	**864,421**
Cost of materials	(4)	-432,017	-420,170
Personnel expenses	(5)	-218,103	-226,898
Other operating expenses	(6)	-132,098	-133,883
Income/Expenses due to impairments under IFRS 9	(7)	-738	-175
Other operating income	(9)	14,245	11,090
EBITDA		**66,574**	**94,385**
Depreciation and amortization	(19)	-58,450	-59,859
EBIT		**8,124**	**34,526**
Interest income		2,410	3,213
Interest expenses		-17,483	-20,254
Other financial expenses and income		-1,090	2,116
Share of profit of investments accounted for using the equity method		378	5
Financial result	(10)	-15,785	-14,920
EBT		**-7,661**	**19,606**
Income Tax	(11)	-4,762	-11,745
Consolidated net profit/loss		**-12,423**	**7,861**
Thereof:			
Owner of parent company (group net profit/loss)		-12,289	8,413
Non controlling interests		-134	-552
Basic and diluted earnings per share (€)	(12)	-0.79	0.54
Number of shares at 31 December		15,505,731	15,505,731

Statement of Comprehensive Income for the period 1 January to 31 December

€ 000s	Notes	1/1/-31/12/ 2023	1/1/-31/12/ 2024
Consolidated net profit		**-12,423**	**7,861**
Components of other comprehensive income not to be reclassified to the income statement			
Remeasurements of defined benefit obligations		72	-271
of which included deferred tax		22	-189
Components of other comprehensive income that may be reclassified to the income statement			
Fair Value Measurement of Financial Instruments	(30)	0	-957
Exchange differences translation of foreign operations		-10,373	10,857
Other comprehensive income		**-10,279**	**9,440**
Comprehensive income		**-22,702**	**17,301**
Of which:			
Owners of the parent (consolidated net profit/loss)		-22,568	17,853
Non-controlling interest		-134	-552

Consolidated Balance Sheet

€ 000s	Notes	31/12/2023	31/12/2024
ASSETS			
Cash and cash equivalents	(13)	111,811	71,186
Trade accounts receivable	(14)	72,802	75,084
Inventories	(16)	139,692	148,044
Current income tax assets	(17)	4,795	1,741
Other current non-financial assets	(18)	7,943	12,061
Other current financial assets	(18)	5,767	10,932
Current assets		**342,810**	**319,048**
Property, plant and equipment	(20)	310,554	299,440
Intangible assets	(21)	107,887	97,283
Rights of use	(22)	34,740	37,509
Goodwill	(23)	223,437	227,234
Investments in associates		399	404
Financial assets	(24)	1	1,798
Non-current income tax assets		4,507	4,507
Other non-current non-financial assets		443	370
Other non-current financial assets		209	997
Deferred taxes	(11)	16,801	23,812
Non-current assets		**698,978**	**693,354**
		1,041,788	**1,012,402**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Short-term financial liabilities	(28)	68,678	16,743
Trade accounts payable		83,322	92,191
Income tax liabilities	(25)	2,390	1,800
Short-term provisions	(26)	4,512	4,910
Other current non-financial liabilities	(27)	4,205	3,295
Other current financial liabilities	(27)	36,763	35,695
Current liabilities		**199,870**	**154,634**
Long-term financial liabilities	(28)	402,432	394,359
Pensions and other personnel-related obligations	(29)	11,451	11,696
Long term provisions		133	191
Other non-current non-financial liabilities		40	23
Other non-current financial liabilities		15	1,368
Deferred taxes	(11)	34,947	39,650
Non-current liabilities		**449,018**	**447,287**
Capital stock		15,506	15,506
Capital reserve		122,755	122,755
Retained earnings		266,658	263,807
Consolidated net profit/loss		-12,289	8,413
Capital attributable to owners of the parent		**392,630**	**410,481**
Non-controlling interests		270	0
Equity	(30)	**392,900**	**410,481**
		1,041,788	**1,012,402**

Consolidated Cash Flow Statement

€ 000s	Notes	1/1/-31/12/ 2023	1/1/-31/12/ 2024
EBT		**-7,661**	**19,606**
Payments for income tax		-20,459	-11,549
Reconciliation to cash flow from current business operations:			
- Depreciation and amortization on property, plant and equipment	(18)	58,450	59,859
- Interest income and result for investments	(10)	14,695	16,018
- Gains/losses from the disposal of fixed assets		-5,720	-1,097
- Change in long-term provisions		52	304
- Other expenses/income with no effect on liquidity		-1,125	-3,656
Internal financing		**38,232**	**79,485**
Increase/decrease in			
- Trade accounts receivable	(14)	10,976	-1,570
- Other assets		4,024	-9,924
- Inventories	(16)	40,277	-6,640
- Accrued expenses		-1,506	1,781
- Trade accounts payable		1,905	7,863
- Other liabilities		6,673	-6,077
Change in assets and liabilities (net)		**62,349**	**-14,567**
CASH FLOW FROM CURRENT BUSINESS OPERATIONS	**(34)**	**100,581**	**64,918**
Payout from business combinations		-243,087	-6,450
Purchase of property, plant and equipment	(20)	-34,769	-24,122
Purchase of intangible assets	(21)	-4,045	-762
Inflows from the disposal of property, plant and equipment		8,728	2,467
Dividends Received		0	1,018
CASH FLOW FROM INVESTMENT ACTIVITIES	**(34)**	**-273,173**	**-27,849**
Dividend paid to shareholders		-10,854	0
Repayment of lease obligations		-7,799	-7,911
Borrowing of financial liabilities	(33)	404,071	0
Repayment of financial liabilities	(33)	-203,647	-53,759
Interest received	(10)	2,410	3,213
Interest paid	(10)	-17,483	-20,254
CASH FLOW FROM FINANCIAL ACTIVITIES	**(34)**	**166,698**	**-78,711**
Change in cash and cash equivalents		**-5,895**	**-41,642**
Cash and cash equivalents			
1 January		117,752	111,811
Effect of changes in exchange rate on cash and cash equivalents		-47	1,019
31 December	**(13)**	**111,811**	**71,186**

Consolidated Statement of Changes in Equity

Note (30)

€ 000s	Capital stock	Capital reserve	Other compre-hensive income	Currency translation adjustments	Other retained earnings	Consoli-dated net profit/loss	Minorities	Total
1 January 2023	**15,506**	**122,755**	**-1,245**	**-13,675**	**277,500**	**25,233**	**0**	**426,074**
Consolidated net profit / loss	0	0	0	0	0	-12,289	-134	-12,423
Other comprehensive income	0	0	95	-10,396	0	0	22	-10,279
Allocation to retained earnings	0	0	0	0	25,233	-25,233	0	0
Dividend payout SURTECO GROUP SE	0	0	0	0	-10,854	0	0	-10,854
Additions to consolidation group	0	0	0	0	0	0	382	382
31 December 2023	**15,506**	**122,755**	**-1,150**	**-24,071**	**291,879**	**-12,289**	**270**	**392,900**
1 January 2024	**15,506**	**122,755**	**-1,150**	**-24,071**	**291,879**	**-12,289**	**270**	**392,900**
Consolidated net profit / loss	0	0	0	0	0	8,413	-552	7,861
Other comprehensive income	0	0	-1,417	10,855	0	0	2	9,440
Reclassification	0	0	398	-362	-36	0	0	0
Allocation to retained earnings	0	0	0	0	-12,289	12,289	0	0
Withdrawals from consolidation group	0	0	0	0	0	0	280	280
31 December 2024	**15,506**	**122,755**	**-2,169**	**-13,578**	**279,554**	**8,413**	**0**	**410,481**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF SURTECO GROUP SE FOR THE BUSINESS YEAR 2024

I. Accounting principles

SURTECO GROUP SE (Societas Europaea) is a company listed on the stock exchange under European law and is based in Buttenwiesen, Germany. The address is Johan-Viktor-Bausch-Str. 2, 86647 Buttenwiesen (Germany). The company is the ultimate parent company of the Group and is registered in the Company Register of the Local Augsburg Court (Amtsgericht Augsburg) under HRB 23000. The purpose of the companies consolidated in the SURTECO Group is the development, production and sale of coated surface materials based on paper and plastic.

The consolidated financial statements of SURTECO GROUP SE and its subsidiaries for the fiscal year 2024 have been prepared in accordance with the regulations of the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) applicable on the balance-sheet date, as they were adopted by the EU, taking into account the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the regulations to be applied in addition pursuant to § 315e (I) German Commercial Code (HGB). New standards adopted by the IASB will be applied after they have been adopted by the EU from the date on which they are first mandatory. Application and change to the valuation and accounting principles will be explained under the appropriate items in the Notes to the Consolidated Financial Statements as necessary.

Pursuant to § 315e German Commercial Code (HGB), the consolidated financial statements have been drawn up in accordance with Clause 4 of Directive (EU) No. 1606/2002 of the European Parliament and the Council dated 19 July 2002 relating to application of the International Accounting Standards in accordance with the International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board (IASB) and were supplemented by specific information and the consolidated management report, and were adjusted in conjunction with § 315e German Commercial Code (HGB).

The consolidated financial statements have been drawn up in the reporting currency euro (€). Unless otherwise indicated, all amounts have been given in thousand euros (€ 000).

We refer to that fact that differences may occur when rounded amounts and percentages are used on account of commercial rounding.

The reporting date of SURTECO GROUP SE and the consolidated subsidiaries is 31 December 2024.

The consolidated financial statements and the combined management report of the SURTECO Group and SURTECO GROUP SE for 2024 will be published in the Company Register.

Some items in the consolidated income statement and the consolidated balance sheet for the Group have been combined and stated separately in the Notes to the Consolidated Financial Statements. This is intended to improve the clarity and informative nature of presentation of the consolidated financial statements.

The consolidated income statement has been drawn up in accordance with the nature of expense method.

The consolidated financial statements of SURTECO GROUP SE for the fiscal year 2024 were prepared on 15 April 2025 and forwarded to the Supervisory Board for auditing. The Supervisory Board has the function of auditing the consolidated financial statements and declaring whether it approves the consolidated financial statements. The Supervisory Board is to approve the consolidated financial statements at the meeting on 15 April 2025. The Management Board will then release the statements for publication.

II. Accounting principles in accordance with the International Financial Reporting Standards

CHANGE IN ACCOUNTING AND VALUATION METHODS

With the exception of the changes presented below, the accounting and valuation methods correspond to the methods applied in the previous year.

ACCOUNTING STANDARDS AND INTERPRETATIONS APPLIED

During the business year, revised standards and interpretations were applied for the first time. They gave rise to no material effects on the net assets, financial position and results of operations of the Group.

Standard/Interpretation	Application obligation to apply for the business on or from	Adoption by the EU Commission	Expected effects on SURTECO
Amendments to IFRS 16: Lease Liability in a ‚Sale and Leaseback'	01/01/2024	yes	none
Amendments to IAS 1: Classification of Liabilities as Current or Non-current incl. the deferral of the mandatory effective date for first-time application published in July 2020 and incl. the presentation of the covenants published in October 2022	01/01/2024	yes	No impact on the measurement or recognition. However, additional information disclosed in the notes (see No. 33)
Amendments to IAS 7 Statement of Cash Flows & IFRS 7 Financial Instruments: Disclosures: 'Supplier Finance Arrangements'	01/01/2024	yes	none

INTERNATIONAL FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS THAT HAVE BEEN PUBLISHED AND HAVE TO BE APPLIED IN THE FUTURE BUT ARE NOT YET MANDATORY

The following new and revised standards and interpretations, which were not yet mandatory during the reporting period or had not yet been adopted by the European Union, are not being applied in advance.

Standard/Interpretation	Application obligation to apply for the business years on or from	Adoption by the EU Commission	Expected effects on SURTECO
IFRS 19 – Subsidiaries without Public Accountability: Disclosures	01/01/2027*	no/open	being analysed
IFRS 18 – Presentation and Disclosure in Financial Statements	01/01/2027*	no/open	being analysed
Amendments to IAS 21: The Effects of Changes in Foreign Exchange Rates	01/01/2025	yes	none
Annual Improvements to IFRS Accounting Standards with amendments in IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7	01/01/2026*	no/open	being analysed
Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments	01/01/2026*	no/open	being analysed

* Date of first-time application in accordance with IASB-IFRS (since these regulations have not yet been adopted in EU law)

III. Consolidated companies

The Consolidated Financial Statements as of 31 December 2024 include the accounts of SURTECO GROUP SE and its material subsidiaries over which the SURTECO GROUP SE has control. Control exists if SURTECO GROUP SE has the power over the subsidiary, a right to receive variable returns and the ability to use its power over the subsidiary to affect the amount of SURTECO's returns. The term "power" implies that SURTECO GROUP SE has existing rights enabling it to direct the relevant activities of the subsidiary. The ability to control another company generally derives from direct or indirect ownership of a majority of the voting rights. The financial statements of subsidiary companies are included in the consolidated financial statements from the point in time at which control exists until it is no longer possible to exercise such control.

Alongside SURTECO GROUP SE, the following subsidiaries are included in the consolidated financial statements for the Group:

	31/12/2023	Additions	Disposals	31/12/2024
Consolidated subsidiaries				
- of which in Germany	6	0	0	6
- of which abroad	26	0	-1	25
Subsidiaries reported at equity				
- of which abroad	1	0	0	1
Subsidiaries reported at fair value				
- of which in Germany	0	0	0	0
- of which abroad	0	4	0	4
	33	**4**	**-1**	**36**

The companies included in the consolidated financial statements as of 31 December 2024 and disclosures on subsidiaries and participations held directly and indirectly by SURTECO GROUP SE are included in the list under “Shareholdings”.

With the exception of Omnova Thailand (30 November), the statutory reporting date of all other companies included in the consolidated financial statements coincides with the reporting date of all the financial statements of the individual companies included in the consolidated financial statements (31 December 2024).

The annual financial statements and the combined management report of SURTECO GROUP SE for the fiscal year 2024 are submitted to the Company Register and published there.

In the fiscal year 2024, the following structural changes were recognized within the SURTECO Group:

- Acquisition of 100 % in CJM DEVELOPMENTS LIMITED, Stourbridge, West Midlands, United Kingdom
- Acquisition of 100 % in WAND PLASTIC PROFILES LIMITED, Stourbridge, West Midlands, United Kingdom
- Acquisition of 100 % in R&D EXTRUSIONS LIMITED, Kettering, United Kingdom
- Deconsolidation of Döllken SusPro Sp. z o.o., Sosnowiec, Poland

The three companies in the United Kingdom are vertically integrated businesses and were not consolidated for reasons of materiality. CJM DEVELOPMENT LIMITED and WAND PLASTIC PROFILES LIMITED have sold their main assets in the current fiscal year to R&D EXTRUSION LIMITED. Döllken SusPro Sp. z o.o. was also deconsolidated as at 31 December 2024 for reasons of materiality. The following companies were registered for purposes of liquidation: Döllken SusPro Sp. z o.o. on 29 May 2024, CJM DEVELOPMENT LIMITED on 4 November 2024 and WAND PLASTIC PROFILES LIMITED on 16 December 2024.

In the previous year, OMNOVA North America, Inc. (formerly SURTECO North America, Inc.) acquired 100 percent of the shares and voting rights in OMNOVA Engineered Surfaces Inc. located in Rayong, Thailand, and as a consequence of this, acquired control over the company. The company was acquired from OMNOVA Solutions Inc., a manufacturer of laminates, performance films and coated fabrics, as part of a share deal. Simultaneously as part of an asset deal, all assets and liabilities, as well as the production workers of four American locations of OMNOVA Solutions Inc. were taken over in the USA. The initial consolidation was carried out on 1 March 2023 within the scope of full consolidation. The purchase price allocation led to an acquired net asset totalling € 199.1 million and includes goodwill amounting to € 64.6 million, comprised of non-separable intangible assets such as the specialist knowledge of employee and expected synergies.

IV. Use of § 264 (3) GERMAN COMMERCIAL CODE (HGB)

The exemption clauses pursuant to § 264 (3) German Commercial Code (HGB) were applied for the following subsidiary companies included in the consolidated financial statements in order to provide them exemption from the requirement to draw up their respective management report and notes, and to audit and to disclose their annual financial statements:

Name	Registered office
SURTECO GmbH	Buttenwiesen
SURTECO art GmbH	Willich
Dakor Melamin Imprägnierungen GmbH	Heroldstatt
Kröning GmbH	Hüllhorst
Döllken Profiles GmbH	Bönen
SURTECO Beteiligungen GmbH	Buttenwiesen

V. Currency translation

Business transactions in foreign currency are reported at the exchange rate applicable on initial recognition. Exchange gains and losses arising from the measurement of receivables or liabilities up to the reporting date are measured at the rate on the balance sheet date. Gains and losses arising from changes in exchange rates are presented within the financial result (from non-operational transactions) or in other operating income or other operating expenses (from operational transactions).

The profit or loss and the balance sheet items of the foreign subsidiary companies included in the consolidated financial statements which have a different functional currency to the euro are converted into euros as follows. Assets and liabilities, as well as contingent obligations and other financial obligations, are therefore translated at the rate prevailing on the reporting date, whereas equity is translated at historic rates. Expenses and income and hence also the profit/loss for the year recognized in the income statement are translated at the average rate for the year. Differences arising from currency translation for assets and liabilities compared with translation in the previous year and translation differences between the income statement and the balance sheet are presented directly under shareholders' equity in retained earnings (currency translation reserve). Since all consolidated companies operate their financial, business and organizational transactions independently, with the exception of the companies in Canada and Indonesia (functional currency USD and SDG), the relevant national currency is the functional currency.

Currency translation was based on the following currency exchange rates:

Exchange rates in euros		Rate on the reporting date		Average rate	
		31/12/2023	31/12/2024	31/12/2023	31/12/2024
US dollar	USD	0.9050	0.9626	0.9246	0.9243
Australian dollar	AUD	0.6149	0.5962	0.6144	0.6098
Singapore dollar	SGD	0.6854	0.7060	0.6886	0.6918
Swedish krone	SEK	0.0901	0.0873	0.0872	0.0875
Sterling GBP	GBP	1.1507	1.2060	1.1497	1.1813
Thai bath	THB	0.0263	0.0280	0.0266	0.0261
Polish zloty	PLN	0.2304	0.2339	0.2203	0.2322
Russian rouble	RUB	0.0101	0.0085	0.0110	0.0100
Czech koruna	CZK	0.0404	0.0397	0.0417	0.0398
Mexican peso	MXN	0.0534	0.0464	0.0521	0.0507
Brazilian real	BRL	0.1865	0.1556	0.1855	0.1705
Chinese yuan	CNY	0.1274	0.1319	0.1305	0.1282

VI. Accounting Policies

UNIFORM ACCOUNTING AND VALUATION PRINCIPLES

The consolidated financial statements were drawn up in accordance with uniform accounting and valuation principles for similar business transactions and other events in similar circumstances. The financial statements are prepared in accordance with the principle of historical cost and amortized acquisition cost and production cost, with the exception of specific items, such as financial instruments mesured at fair value, and defined benefit and similar peronnel related obligations.

CONSISTENCY OF ACCOUNTING AND VALUATION PRINCIPLES

The accounting and valuation principles have been complied with, unless defined otherwise below, by comparison with the previous year.

STRUCTURE OF THE BALANCE SHEET

Assets and liabilities are recognized as non-current in the balance sheet if their residual term is more than one year or realization is expected within the normal business cycle. Liabilities are generally recognized as current if on the balance sheet date there is no right to defer the settlement of the liability for at least twelve months after the reporting period. Shorter residual terms are recognized as current assets or liabilities. Defined benefit obligations and other personnel-related obligations, and claims or obligations arising from deferred taxes are reported as non-current assets or liabilities.

REVENUE RECOGNITION

Revenues shall be recognized when a performance obligation is satisfied by transferring a promised good or promised service to a customer, in other words, as soon as the customer has the ability to direct the use of the transferred goods and services, and obtain substantially all of the remaining benefit from it. The prerequisite is the existence of a contractual agreement which establishes legally enforceable rights and obligations. The level of the recorded sales revenues corresponds to the expected consideration to which SURTECO has a contractual claim.

All revenues are recognized at a point in time in the SURTECO Group. Revenues are recorded on transfer of risk depending in each case on the agreed delivery and shipping terms, i.e. at a point in time.

Sales revenues are recorded without value added tax and after sales reductions, such as bonuses, discounts or rebates. Provisions for customer price reductions and rebates, as well as returns, other allowances, and warranties are recognized in the same period in which the sales were reported.

Volume discounts partly acting retrospectively are agreed for the sale of products. These are based on the total sales of a 12-month period. The revenues from these sales are reported in the amount of the price defined in the contract, less the estimated volume discount. The estimate for the liability is based on past sexperience. Sales revenues are only reported to the extend that it is highly probable that a significant reversal of the sales will not occur, when the associated uncertainty is subsequently resolved.

Customers are invoiced after delivery. As appropriate, advance payments are requested from customers. The payment terms vary in accordance with the standard conditions applicable in the individual countries and sectors, and usually grant short-term payment conditions.

A significant financing component is not considered when the period between transferring a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Incremental costs of obtaining a contract whose amortization period would be no longer than one year are always recognized immediately as expense. The costs for obtaining contracts include additional commissions that are paid in connection with the listing of our products and which would not have arisen without the conclusion of the contract. These costs are amortized on a straight-line basis over a period of four years because this represents the expected term of the contracts.

A receivable is only recognized when economic ownership is transferred to the customer because at this point the claim to a consideration is unconditional, i.e. the due date is defined automatically from this point in time.

Contract liabilities correspond to the obligation to transfer goods to a customer for which the SURTECO Group has already received a consideration. These are recognized under other non-financial liabilities.

In the consolidated financial statements for the SURTECO Group, the operating result (EBIT) is made up of the earnings from operating activities including the other earnings from investments in subsidiaries (reported under other operating income). This means that the operating result (EBIT) represents the earnings before financial result and income tax. Accordingly, the operating result before financial result, income tax and depreciation and amortization (EBITDA) is calculated on the basis of the same logic. Earnings before income tax (EBT) is calculated from EBIT less the financial result.

EARNINGS PER SHARE

The basic earnings per share are calculated by dividing the proportion of the share in the consolidated net profit attributable to the shareholders of SURTECO GROUP SE by the weighted average of the issued shares. Shares which have been newly issued or bought back during a period are recognized pro rata for the period in which they are in free float. There were no dilution effects during the reporting periods referred to.

BUSINESS COMBINATIONS

The accounting of business combinations is carried out by the acquisition method. The acquisition costs of the acquisition correspond to the fair value of the assets received, the equity instruments issued, and the liabilities incurred or taken over on the transaction date (date of exchange). In the context of a business combination, assets, liabilities and contingent liabilities identified within the course of initial consolidation are measured at their acquisition-date fair values. For each business combination, the Group decides on an individual basis whether the non-controlling shares in the acquired company should be recognized at their respective fair value or on the basis of their proportion in the net assets of the acquired company. Costs relating to the acquisition are charged to expenses at the time they occur.

Any remaining positive netting difference between the purchase price and the identified assets and liabilities is recognized as goodwill. Any remaining negative difference is recognized as profit or loss in the income statement.

Goodwill arising from the acquisition of a subsidiary company or business operation is presented separately in the balance sheet.

In accordance with IFRS 3 and in conjunction with IAS 36, goodwill arising from company acquisitions is not subject to amortization but is subject to an annual impairment test and if there are any indications of impairment.

Transactions with non-controlling interests without loss of control are accounted for as transactions with the owners of the Group who act in their capacity as owners. A difference between the fair value of the consideration paid and the acquired share in the carrying value of the net assets of the subsidiary company arising from the purchase of a non-controlling interest is recognized in equity. Gains and losses which arise on disposal in respect of non-controlling interests are also recorded in equity.

FINANCIAL INSTRUMENTS

In accordance with IAS 32, a financial instrument is a contract, which simultaneously leads to a financial asset for one entity and a financial liability or an equity instrument for another entity. Financial instruments comprise primary financial instruments such as trade accounts receivable or trade accounts payable, factoring agreements, financial receivables, financial debts and other financial liabilities, as well as derivative financial instruments which are used to hedge risks arising from changes in currency exchange rates and interest rates.

Initial recognition and derecognition of financial instruments in the balance sheet are carried out on the date of fulfilment. When initial recognition is carried out, the SURTECO Group measures a financial asset at the fair value plus transaction costs incurred directly attributable to the acquisition of this asset, insofar as the asset is subsequently not measured at fair value. In the case of such instruments, the transaction costs are immediately espensed. The following exception applies to this regulation for trade accounts receivable that are initially measured at their transaction price in accordance with IFRS 15.

Derecognition of the receivables and other financial assets is carried out if the Group has transferred more than 90 % of its contractual rights to cash flows from the financial assets, and essentially all risk and rewards associated with ownership have been transferred, or alternatively if control over the asset has been transferred. If the requirements for derecognition of the receivables are not met and risk and rewards are therefore substantially retained, either only partial derecognition or no derecognition will take place.

Financial assets and liabilities are netted and shown as a net amount on the balance sheet based on netting agreements and only if there is an enforceable legal claim to them on the balance sheet date and the intention is to settle on a net basis or simultaneously with the realization of the asset in question to pay off the associated liability. The legal right to offsetting must not depend on a future event and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy. If a claim cannot be enforced in the ordinary course of business, the financial assets and liabilities are shown in the balance sheet at their gross amounts on the balance sheet date.

The liabilities from financial instruments fall into the following categories: Financial liabilities measured at amortized cost (FLAC): These financial liabilities are measured at amortized cost after their initial recognition. The amortized cost is determined using the effective interest method. The future payments are discounted using the effective interest rate on the carrying amount of the financial liability. Profits and loss-es are recorded directly in income statement. At fair value through profit or loss in the income statement (FVTPL): Derivative financial instruments that are not part of hedge accounting and whose market value resulted in a negative fair value from subsequent measurement are to be reported in this category. The changes in market value are recognized in the income statement. The measurement is carried out at fair value. This category mainly shows currency and interest rate derivatives that are not part of hedge accounting. In General, SURTECO measures all financial liabilities, with the exception of derivative financial instruments that are not part of hedge accounting, at amortized cost. The financial obligations with fixed or determinable payments are shown in the balance sheet under financial liabilities or other liabilities according to their maturity. The option to measure certain financial instruments at fair value through profit or loss (FVTPL option) does not apply to financial liabilities in the SURTECO Group. A financial liability is derecognized when it has been repaid, i.e. the obligations stated in the contract have been fulfilled, cancelled or expire.

Classification and measurement of financial assets

In accordance with IFRS 9, principle-based regulations are applicable for the classification of financial assets. A distinction is drawn between the following measurement criteria set out below.

The measurement of financial assets depends on the SURTECO Group's business model for managing the asset and the cash flow characteristics of the asset. The SURTECO Group reports the financial assets on the balance sheet as of the settlement date; the measurement is carried out at amortized cost. These are defined as assets that are held to collect the contractual cash flows and for which cash flows solely represent interest and principal payments. Interest income from these financial assets is reported in financial income using the effective interest rate method. Gains or losses from derecognition are recorded directly in other operating income or expenses. Impairment expenses are reported under impairment expenses or reversal income in accordance with IFRS 9.

These rules apply to a financial asset as a whole, even if it contains an embedded derivative. The option to measure specific financial instruments at fair value through profit or loss (FVTPL option) does not apply to financial assets in the SURTECO Group.

In the SURTECO Group, financial instruments are classified in the following categories:

- At amortized cost (AC): If the objective of a financial asset is to hold it in order to collect the contractual cash flows, which solely represent payments of principal and interest on the outstanding principal amount, at a specified time, the financial asset is measured at amortized cost. This category includes loans to affiliated companies, loans to investments and other loans. On the other hand, this category includes trade receivables, factoring agreements and receivables from affiliated companies, as well as other assets. They mostly have short remaining terms in the SURTECO Group.
- At fair value through other comprehensive income (FVOCI): The objective of a financial asset is to hold or sell it and at the same time receive the contractual cash flows, which solely represent payments of principal and interest on the outstanding principal amount, at a specified time to be collected, this is measured at fair value in other comprehensive income without affecting profit or loss. In the SURTECO Group, these include the fair value adjustments arising from the cash-flow hedge for the interest collars. For debt instruments measured at fair value through other comprehensive income, the valuation changes contained in the case of disposal must be recognized in profit or loss in the event of disposal (with recycling).
- At fair value through profit and loss (FVPL): A financial asset that is not measured at amortized cost or at fair value through other comprehensive income is measured at fair value through profit or loss. This category primarily includes non-consolidated shares in affiliated companies, investments and securities. The basis for the measurement is the market or stock-market value. Gains and losses from subsequent valuation must be recognized in the income statement. In addition, currency and interest rate derivatives that are not part of hedge accounting are reported in this category.

The SURTECO Group only reclassifies financial assets if the business model used to manage such assets changes.

Equity Instruments

Equity instruments (shares in non-consolidated subsidiaries, recognized under financial assets) are generally measured at fair value through profit and loss. Adjustments to the fair value are reported in the income statement under the other financial expenses and income.

The SURTECO Group does not make use of the fair-value OCI option.

Derivative Instruments

The Group uses derivative financial instruments, such as forward exchange contracts and interest/currency swaps, in order to hedge risks associated with foreign currency and changes in interest rate which can occur in the course of ordinary business activities and within the scope of investment and financial transactions. These derivative financial instruments are used solely to hedge existing or held underlyings. These derivative financial instruments are recognized initially in the balance sheet at their fair value, which at this point (contract inception) is generally zero. They are subsequently measured at market value on the reporting date. Derivative financial instruments are recognized as assets if their fair value is positive and as liabilities if their fair value is negative.

At the beginning of the hedging transaction, the hedge between both the underlying transaction and the hedging transaction as well as the risk management targets and Group strategy are formally defined and documented in relation to hedging. The documentation includes the definition of the hedging instrument, the underlying transaction or the hedged transaction, as well as the type of hedged risk and a description of how the company calculates the effectiveness of the hedging instrument in the compensation of the risks arising from changes in the fair value or cash flow of the hedged underlying transaction.

If a hedging relationship complies with the relevant criteria, the Group accounts for this relationship in accordance with the “Hedge Accounting” regulations of IFRS 9 “Financial Instruments”.

For purposes of hedge accounting, hedging instruments are classified as follows:

- as fair value hedge, if the relationship relates to hedging the risk of a change in the fair value of a recognized asset or a liability or an unrecognized firm commitment, or a component of any such item (apart from currency risk),
- as cash flow hedge, if the relationship relates to hedging the risk of fluctuations in the cash flow, which can be assigned to the risk associated with a recognized asset or liability, with a highly probable forecast transaction, or with a the currency risk of a firm commitment,
- as hedging of a net investment in a foreign business operation.

SURTECO currently only applies hedging derivatives exclusively as part of cash-flow hedges in order to hedge future payment flows.

The changes in market valuations of the effective part of the derivative for a cash-flow hedge are initially recognized separately in other comprehensive income within equity and only subsequently in net income for the period, if the underlying transaction affects the income statement. An ineffective part is immediately recognised through profit and loss.

The accumulated amounts reported in equity are reclassified in the income statement to the periods in which the hedged underlying transaction exerts effects on the profit or loss, as follows:

- If the hedged underlying transaction leads to the recognition of a non-financial asset, the deferred hedging gains and losses are included in the original acquisition costs of the asset.
- The profit or loss from the effective part of the interest swap, which hedges the variable interest borrowings, is recognized under the item financial expenses in profit or loss for the period in which the interest expense is incurred for the hedged borrowings.

If a hedging instrument expires, is sold or terminated, or the hedging relationship no longer meets the criteria of hedge accounting, hedge accounting is discontinued. After a hedging relationship is discontinued, the amounts still recognized in other comprehensive income are then recognized in net income for the period, if the underlying transaction is recognized through profit and loss. If a hedging relationship discontinues because the occurrence of the underlying transaction is no longer probable, the amounts previously recognized in other comprehensive income are immediately recorded through profit and loss.

Impairments

IFRS 9 requires expected losses to be recognized. The scope of application includes all financial instruments which are reported at amortized cost and at fair value through other comprehensive income, and leasing assets. Here, a distinction is drawn between the general and simplified model used to determine impairments.

General impairment model

The level of impairment depends on the allocation of the financial instrument to one of the following levels:

1. Level 1: All financial instruments are allocated to this level when they are initially recognized. The expected loss corresponds to the amount which can arise from possible default events within the next 12 months after the reporting date. An expected loss is already recognized when the item is initially recognized. In the case of financial instruments whose credit risk has not increased significantly since initial recognition, a company must recognize a loss allowance in the amount of the credit defaults, whose occurrence is expected within the next twelve months, i.e. 12-month ECL. This should be understood as the present value of the payment defaults which arise from possible default events over the next twelve months after the reporting date.
2. Level 2: If, since the initial recognition, a significant increase of the default risk has been recorded for the counterparty, the financial instrument should be transferred to Level 2. The impairment expense corresponds to the amount which can arise from possible default events over the lifetime of the instrument.
3. Level 3: If there is an objective indication that an impairment has taken place, the financial asset should be transferred to this level. The loss allowance to be recognized should be determined using the same approach as in Level 2. However, interest can only be recognized for these financial instruments using the effective interest method on the basis of the (impaired) net book value.

Expected losses are a probability-weighted estimate of losses. Default probabilities are determined for this which are multiplied by the nominal amount for the receivable.

Simplified impairment model

The simplified approach is distinguished by the fact that there are no differences in the credit risk and the expected credit losses are always recorded from the initial recognition. Instead, a loss allowance, which covers the lifetime expected credit losses, must be recorded on initial recognition and on every subsequent reporting date. The simplified approach must be applied mandatorily for trade accounts receivable without a significant financing component and for contract assets.

The SURTECO Group mainly has trade accounts receivables. The expected credit losses are calculated using an allowance matrix depending on the overdues of individual receivables. The underlying default rates were established on the basis of historical experience data and current expectations, and are updated on each reporting date. In addition, future-oriented information (for example forecasts on economic performance indicators) are taken into account if these imply a connection with expected credit defaults on the basis of the historical data. Depending on the diversity of the customer base, appropriate groupings (for example on the basis of geographical area, product type, etc.) can be used if previous experience with credit losses demonstrates outcome patterns with significant deviation between different customer segments. The customers of the SURTECO Group are allocated within a homogenous portfolio because no special characteristics were identified here, for example in relation to the customer's country of origin.

Receivables with a clear indication of lack of recoverability continue to be checked individually for an impairment. If it is highly certain that no further incoming cash flow is to be expected, the instruments are written off.

The book value of the financial assets corresponds to the maximum amount at risk of default.

Cash and cash equivalents comprise liquid funds and sight deposits, as well as financial assets that can be converted into cash at any time and are only subject to minimal fluctuations in value. Liquidity can only be invested in risk-free assets (e.g. overnight deposits, fixed-term deposits) with the Group's main banks. Any deviations from this rule must be approved by the Management Board. Group Treasury is authorized to conclude short-term financial products with a term of up to three months for the investment of available liquidity. External investment of liquidity by subsidiary companies is only permitted following authorization by Group Treasury. For the valuation category in accordance with IFRS 9, the cash and cash equivalents are classified as "debt instruments at amortized cost (AC)".

Receivables and other financial assets, apart from derivative financial instruments are measured at amortized cost (AC). Allowances are carried out on a case-by-case basis in accordance with the expected default risks through an allowance account. Derecognition is carried out if the receivable is not recoverable. Measurement of the requirement for individual loss allowance adjustments is based on the age structure of the receivable and the findings related to the customer-specific credit and default risk. Objective indications for an increased default risk are provided, for example, in the case of a pending insolvency, compulsory enforcement proceedings for the customer, one/several complaints and late payments by customers, an affidavit by the customer, composition proceedings or a lawsuit in connection with the customer. The payment targets for the customers are agreed individually with the customer. No predefined critical overdues are applicable in the SURTECO Group. Critical receivables are assessed on the basis of the objective evidence available.

Factoring

From the perspective of the relevant assignors, factoring represents the ongoing sales of short-term receivables prior to their due date to a credit institution or a specialist financing company (assignee). The incoming payment from the sale of receivables is recognized under cash. Any factoring receivables not paid by the debtor, the continuing involvement, the other remaining receivables on payment of the residual purchase price (retention amount) reported under other current financial assets and the liabilities to the assignee arising from customer payments received for receivables that have already been sold are accounted for at amortized cost (AC).

The requirements for derecognition of receivables in accordance with IFRS 9 are fulfilled, if cumulatively the assignment, i.e. the legally effective execution of the real transaction and the substantial transfer of all risk and rewards (true sale) have been completed.

The payment flows for a financial asset are estimated for the transfer of the risk and rewards and probabilities of occurrence are assigned to the individual circumstances. For reasons of consistency, the same expectations are applied for the probabilities of default, which are to be applied for determination of the expected credit loss.

These are as follows

- if substantial, i.e. almost completely remaining with the assignor (> 90 %), this financial instrument may not be derecognized. A retention precludes any disposal of the asset and any purchase price received must be recognized as a liability
- if almost completely transferred (> 90 %), the financial instrument must be derecognized
- if partly remaining with the assignor, partly transferred to the assignee (> 10 % to < 90 %), special regulations apply for the so-called "continuing involvement".

If receivables are transferred, all factors that may lead to any variability of the expected payment flows must be taken into account.

- The risk of a delayed payment if no market-based interest compensation or maturity indemnity has been agreed, and
- if a change in interest rate or interest conversion date is agreed. The later-payer risk and the early-payer advantage are particularly important for the settlement of the receivable after the due date.

If neither all risks and rewards have been retained or transferred and the control also remains with the transferor, a partial disposal should be accounted for.

The "continuing involvement" describes the scope in which the seller continues to participate in the value changes of the financial asset being transferred, i.e. the partial retention of the risks and rewards.

If in the course of transferring a financial asset, which continues to be accounted for in the scope of the "continuing involvement" (partial), the assignee retains a variable purchase price discount in the amount of a proportional guarantee amount, an additional financial asset (receivables for payment of the residual purchase price) should be recorded.

In addition to the ongoing need to record the asset as part of "continuing involvement", a corresponding liability should be recognized under liabilities. The addition value of the liability must correspond to the amortized cost of the rights and obligations being retained, if the transferred asset is measured at amortized cost (AC).

Furthermore, the assignee must have obtained the control over the assigned receivables by holding the unilateral practical capacity to be able to sell the financial asset freely and without any conditions. If the control is lost, the assignor must completely derecognize the financial asset and, in return, record independently as an asset or liability any rights or obligations created or retained during the course of the transfer.

Moreover, an assessment is made as to which credit risk, value change or other risks define the actual transfer of risk. The actual determination as to whether the relevant risks have been transferred or have remained with the assignor will be assessed by means of a before-and-after comparison as to whether the volatility risks of the present value of the expected income differ materially before and after the transfer.

If the assignee assumes the entire credit risk/default risk as a material risk, the receivable must be derecognized by the assignor and accounted for in the balance sheet of the assignee.

The validity risk is associated with proving the legal status of a receivable. This risk always remains with the assignor of the receivable in both genuine and non-genuine factoring. However, it is not relevant for the derecognition of the financial assets.

The assignee is hedged through a retention amount for all present and future claims against the assignor, particularly in relation to safeguarding the validity guarantee. The retention amount is always credited subject to the date of the receivable settlement but no later than the occurrence of the default risk event, the exercise of agreed rights or the removal of the causes for a separate retention amount.

The factoring relationships existing in the SURTECO Group are explained in detail in Note (15).

INVENTORIES

Inventories are measured with the lower value of acquisition or production cost and net realizable value. Apart from the manufacturing costs directly attributable to the production process, work in progress and finished products include an appropriate proportion of the production overheads. These also include the production-related depreciation, proportionate production-related administrative costs and proportionate social costs. The financing costs for the inventories are not recognized as part of the acquisition or production cost. The net realizable value for work in progress and finished products, and merchandise is calculated on the basis of the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The raw materials, consumables and supplies are written down if the finished products in which they will be incorporated are expected to be sold at or above cost. Physical damage or technical obsolescence related to limited use for the production process is always taken into account in the valuation. All necessary impairments are carried out exclusively in the form of individual impairments.

Similar items of inventory assets are valued by means of the weighted-average method or the FIFO method. The derivation of the fair value of the goods inventory is based on price quotations for comparable inventory goods in active markets at the balance sheet date. The inventory of goods is determined by an (upstream and downstream) physical stock check or an ongoing inventory.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment have been recognized at acquisition or production cost, including direct acquisition costs, less accumulated scheduled depreciation and, if necessary, accumulated impairment losses.

If significant proportions of a non-current asset have varying useful lives, they are reported as separate non-current assets under “Property, plant and equipment” and are subject to scheduled depreciation (component approach).

The costs for replacement of part of a fixed asset are included in the book value of this fixed asset (property, plant and equipment) at the date on which they were incurred, insofar as the criteria for recognition are fulfilled. When a major inspection is carried out, where the measures are implemented within a timeframe of more than one year, the costs are capitalized in the book value of the fixed asset taking into account the criteria for recognition. Costs for maintenance and repair measures, which are needed within one year, are immediately expensed.

A fixed asset (property, plant and equipment) is either derecognized on disposal or if no economic benefit can be derived from further use or sale of the asset. The resulting gains or losses incurred from derecognition of the asset are calculated as the difference between the net sale proceeds and the book value of the asset and recognized in the income statement through profit and loss for the period in which the asset is derecognized.

Borrowing costs are capitalized as a proportion of acquisition or production cost, if the asset is a qualifying asset (fixed assets, intangible assets).

The **internally generated fixed assets** are capitalized as assets at production cost, in addition to the directly attributable costs, these also include an appropriate proportion of the overheads and depreciation.

Scheduled deprecation of fixed assets has been carried out by the straight-line method. The remaining useful lives and the method of depreciation are reviewed each year and adjusted to future expectations.

Depreciation is essentially based on the following useful lives applied uniformly across the Group:

	Years
Buildings	40-50
Improvements and fittings	10-15
Technical plant and machinery	3-30
Other equipment, factory and office equipment	6-13

LEASING ACTIVITIES

A contract is or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Leases are recognized as a right of use and corresponding leasing liability at commencement date. The leasing liabilities are presented under financial liabilities in the balance sheet. Payments for short-term leases, which are not generally renewed, and small-ticket leases (below € 5,000) are recorded as expense over the term of the lease. Extension options are taken into account when determining the term of the lease if the exercise of such options is reasonably certain. The right of use is recognized separately in the balance sheet under non-current assets and is valued at acquisition cost less accumulated depreciation and impairments. Rights of use are depreciated on a straight-line basis over the shorter of the two periods – term of the lease contract or the useful life of the underlying asset. The leasing liability is capitalized under liabilities in the amount of the present value of future leasing payments to be made and is subsequently measured using the effective interest method. Estimated costs for the dismantling or removal of the underlying asset are capitalized as assets in the acquisition costs of the right of use and as liabilities as a dismantling provision.

The following rights of use are categorized in the SURTECO Group:

- Rights of use for land and buildings
- Rights of use for technical plant and machinery
- Rights of use for office equipment
- Rights of use for vehicles
- Rights of use for IT and communication

The SURTECO Group rents land and buildings, technical plant and machinery, office equipment, vehicles, and IT and communications equipment. The majority of the rental agreements are generally concluded over fixed periods of 18 months to 6 years and they may have extension options. Rental conditions are negotiated individually and may include different conditions, such as variable lease payments, residual value guarantees and extension and termination options. Leasing agreements do not include any credit conditions and are not used as collateral for drawing on credit lines.

Expenses in connection with variable leasing payments, payments on account and other expenses which are not included in leasing liabilities, are recognized in other operating expenses.

INTANGIBLE ASSETS

Intangible assets are amortized at acquisition cost or production cost. Such assets with a finite useful life are depreciated over their economic useful life using the straight-line method. The amortization is recognized in the income statement in the line depreciation and amortization. Intangible assets with an indefinite useful life are tested annually for impairment. Development costs for internally generated intangible assets are capitalized as assets including the directly attributable acquisition or manufacturing costs, if the criteria in accordance with IAS 38 are fulfilled.

Amortization is essentially based on the following useful lives applied uniformly across the Group:

	Years
Concessions, patents, licences and similar rights	3-15
Customer relations, trademarks, technology and similar values	10-15
Development expenses	3

SHARES REPORTED AT EQUITY

The joint venture company included in the consolidated financial statements is reported using the at equity method.

IMPAIRMENTS OF ASSETS

On each reporting date, the Group reviews the book values of intangible assets and property, plant and equipment whether there is any indication of an impairment. If such indication exist, or if an annual impairment test is necessary for an asset, the Group carries out an estimate of the recoverable amount for the relevant asset. The recoverable amount of an asset is the higher of the two values comprising the fair value of an asset less the cost of disposal and the value in use. The recoverable amount should be determined for each individual asset, unless an asset does not generate cash flows which are largely independent of the cash flows of other assets or other groups of assets. In this case, the recoverable amount is determined for the cash-generating unit to which the asset is allocated. If the book value of an asset exceeds its recoverable amount, the asset is impaired and is written down to its recoverable amount. In order to determine the value in use, the expected future cash flows are discounted to their present value based on a discount rate after taxes, which reflects the current market expectations in relation to the interest effect and the specific risks of the asset. The fair value less the cost if disposal is calculated using a recognized valuation method. This method takes into account market data on current transactions available externally and valuations of third parties.

A test is carried out for assets, except for goodwill, on every reporting date, whether there are any indications that a previously recorded impairment no longer exists or has been reduced. If such indications exist, the Group estimates the recoverable amount. A previous recorded impairment is only reversed if a change in the estimates, which were used to determine the recoverable amount, has occurred since the last impairment was recorded. If this is the case, the book value of the asset is increased to its recoverable amount. However, this amount must not exceed the book value which resulted after taking into account regular depreciation, if no impairment would have been recognized for the asset in previous years. An impairment reversal is recognized in profit or loss of the period.

GOODWILL

Goodwill resulting from company acquisitions is allocated to the identifiable cash-generating units which are supposed to derive benefit from the synergies arising from the acquisition. Such cash-generating units are the lowest reporting level in the Group at which the goodwill is monitored for internal management purposes. The recoverable amount of a cash-generating unit (or group of cash-generating units), which is allocated goodwill, is regularly subjected to an annual impairment test. Reference is made to our comments under Note (23) in the Notes to the Consolidated Financial Statements for further details.

The standard IFRS 3 (Business Combinations) and the standard IAS 36 (Impairment of Assets) no longer permit goodwill to be subject to amortization, rather a review of the value of these assets is carried out at regular intervals (annually, valuation reporting date is 30 September) in an impairment test and additionally if there is any indication of a potential impairment.

If goodwill or intangible assets with indefinite useful life are to be allocated to a cash-generating unit, the impairment test of those assets should be carried out annually or also, if events or changed circumstances result which could indicate a possible impairment, more frequently. The asset values taking into account the net working capital of the individual cash-generating units are compared with their individual recoverable amount, i.e. the higher value from the fair value less cost of disposal and value in use. In the determination of the recoverable amount, the present value of the future payments, which are anticipated on the basis of the ongoing use by the Strategic Business Unit, are used as the basis (value in use). The forecast of the payments is based on the current mid-term plans of SURTECO.

Groups of cash-generating units are used for purposes of the impairment test for goodwill. The groups of cash-generating units of the Group are identified in conjunction with the internal reporting of the management taking into account customer-centric allocations. The groups of cash-generating units are the reportable segments. These relate to the Business Units ‘Surfaces’, ‘Edgebands’, ‘Profiles’, ‘North America’ and ‘Asia / Pacific’.

In the cases in which the book value of the cash-generating unit is higher than its recoverable amount, the difference amounts to an impairment loss. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit. Any remaining residual amount is allocated to the other assets of the relevant group of cash-generating units proportionately to the book value. Any impairment loss carried out as necessary is presented under other depreciation and amortization in the income statement. A subsequent reversal of the goodwill impairment is not permitted.

INCOME TAX RECEIVABLES AND LIABILITIES

The current income tax assets and liabilities for the current and earlier periods are measured with the amount at the level at which a refund from the tax authorities or a payment to the tax authorities is expected. The calculation of the amount is based on the country-specific tax rates and tax regulations which are applicable on the reporting date.

The current income tax liabilities relate to the relevant tax year and any obligations arising from the previous years. The valuations are subject to the applicable statutory regulations taking into account current legal precedents and the prevailing professional opinion.

The reporting of income tax uncertainties is generally based on individual income tax treatment. If it is unlikely that an income tax treatment will be accepted by the local tax authorities, the SURTECO Group uses the amount with the highest probability for determining the taxable profit or the tax base.

For the first time in fiscal year 2024, the SURTECO Group falls into the scope of the regulations for global minimum taxation ("Pillar 2"). The regulations on global minimum taxation came into force in Germany on 28 December 2023 in the form of the Minimum Tax Act ("MinStG"). The Minimum Tax Act (MinStG) applies for the first time in fiscal years beginning after 30 December 2023. In accordance with the MinStG, a supplementary tax is to be paid for every jurisdiction which has an effective tax rate below 15 %.

SURTECO Group SE as the ultimate parent company and representative of the German minimum tax group pursuant to §§ 3 and 4 Minimum Tax Act (MinStG) will in future be subject to a minimum tax obligation arising from all business units located in Germany as well as any tax burdens derived from any minimum tax laws abroad resulting in jurisdictions when no national top-up tax is levied.

The Group is currently analysing the material impacts of Pillar 2. For the fiscal year 2024, the transitional simplification tests (Transitional Safe Harbour) were fulfilled in all jurisdictions for the fiscal year 2024. Accordingly, the SURTECO Group does not incur any additional tax burden from the initial application of the global minimum tax. In accordance with the mandatory exemption rule pursuant to IAS 12, no deferred taxes are recognized in the consolidated financial statements in conjunction with Pillar 2.

DEFERRED INCOME TAX

Deferred income tax is determined in accordance with IAS 12 on the basis of the liability method. According to this method, deferred taxes result from temporary differences between the carrying amount (value) of an asset or a liability in the balance sheet and the tax base.

DEFERRED TAX ASSETS

Deferred tax assets are recorded for all deductible temporary differences, unused tax loss carry-forwards and unused tax credits to the extent it is probable that taxable earnings will be available against which the deductible temporary differences and the unused tax loss carry-forwards and tax credits can be used, with the exception of

- deductible temporary differences from initial recognition of an asset or a liability arising from a transaction that is not a business combination and at the point in time of the transaction impacts neither the result for the period in accordance with IFRS nor the taxable income.

DEFERRED TAX LIABILITIES

Deferred tax liabilities are reported for all deductible temporary differences, with the exception of

- temporary differences from the initial recognition of goodwill or an asset or liability arising from a transaction which is not a business combination and at the point in time of the transaction neither impacts the result for the period in accordance with IFRS nor taxable income, and
- taxable temporary differences which occur in conjunction with shareholdings in subsidiary companies, if the temporal reversal of the temporary differences can be controlled and it is likely that the temporary differences will not be reversed in the foreseeable future.

The book value of the deferred tax assets is reviewed on each reporting date and as necessary reduced by the amount by which it is no longer likely that an adequate taxable income will be available against which the deferred tax assets can be at least partly applied. Unrecognized deferred taxes are reviewed on each reporting date and recognized in the amount at which it has become likely that a future taxable income will be available to realize the deferred tax assets. Deferred tax assets and liabilities are measured on the basis of the tax rates that are likely to be valid during the period in which an asset is realized or a debt liability is fulfilled. The tax rates (and tax laws), which are applicable or adopted on the reporting date, are used as the basis for calculation. Future changes in tax rates should be considered at the reporting date, insofar as material requirements for effectiveness are fulfilled pursuant to a legislative procedure.

Income and expenses arising from actual and deferred income taxes that relate to the items that are reported directly under equity or in other comprehensive income for the year are not reported in the income statement but are also recorded directly under equity or in other comprehensive income for the year. Deferred tax assets and deferred tax liabilities are offset, if the Group has an enforceable legal claim to netting the actual tax reimbursement claims against actual tax liabilities and these relate to income tax of the same tax subject and are levied by the same tax authority.

In accordance with IAS 1.56, deferred taxes are presented as long term.

CURRENT NON-FINANCIAL LIABILITIES

Current non-financial liabilities have been recorded with their repayment or settlement amount.

DEFINED BENEFIT OBLIGATIONS AND OTHER PERSONNEL-RELATED OBLIGATIONS

Defined benefit obligations and other personnel-related obligations essentially include obligations arising from defined-benefit regulations relating to company retirement provision, redundancy payments and long-service bonuses. Other long-term employee benefits are also reported here, such as long-service awards.

These provisions are formed using the projected unit credit method. This method not only recognizes the pensions and projected unit credits acquired on the reporting date, but it also takes account of the increases in pensions and salaries anticipated in the future. The calculation is based on actuarially expert reports taking into account biometric accounting bases.

The pension obligation is netted against the fund assets measured at fair value in the case of a funded pension plan or where qualified insurance contracts are in existence. If the fund assets exceed the obligation arising from the pension commitment, an assessment of the recoverability of the surplus asset is carried out. If the company is entitled to a refund or a reduction of future contribution payments to the fund, an asset item is recognized under other non-current financial assets. The amount of the asset item is determined on the basis of the present value of the economic benefits associated with the plan assets. A liability item is recognized in the case of funded pension plans by means of pension provisions to the extent that the obligation arising from the pension commitment exceeds the fund assets.

Various assumptions have to be made including the discounting factors, the pension trends, the employee fluctuation and the life expectancy of the employees in order to determine the level of provisions. The discounting factors are calculated on the basis of the yields, which are achieved on the balance sheet date for high-quality, fixed interest corporate bonds.

The net interest expense on the net debt or the net interest income on the net assets from defined benefit pension plans are recognized in the financial result. All other expenses arising from the funding of the pension obligations are allocated to personnel expenses.

A recalculated past service cost arises if a new defined-benefit plan is introduced or benefits from an existing plan are modified. The latter is recognized with an effect on expenses. Gains or losses arising from settlement are also immediately recognized through profit and loss.

New valuations of the net liability may arise from changes in the present value of the defined-benefit obligation, the fair value of the fund asset, or the asset ceiling. These new valuations result from a number of factors including changes to the financial and demographic calculation parameters and changes arising from the updated portfolio development. They are immediately recorded in other comprehensive income and accounted for in retained earnings (OCI) in equity. Conversely, such effects for other long-term benefits such as long-service awards, are immediately recorded with an effect on expenses.

PROVISIONS

Provisions have been formed in accordance with IAS 37, if a legal or constructive obligation arises from a past event in respect of a third party, which is likely in the future to lead to an outflow of resources and where it can be reliably estimated. If numerous similar obligations exist – as in the case of statutory warranty – the probability is calculated on the basis of the group of these obligations. A provision is then also recognized under liabilities, if the probability of an individual obligation is lower in relation to this group. Provisions for warranty claims are formed on the basis of previous or estimated future claims. The provisions for legal disputes and other provisions have also been recorded in accordance with IAS 37 for all recognizable risks and uncertain obligations in the amount of their probable occurrence and not offset with rights of recourse. A provision for restructuring measures is recognized as soon as the Group has approved a detailed and formal restructuring plan and the restructuring measures have either commenced or have been announced. When a restructuring provision is measured, only the direct costs for the restructuring are considered. This therefore only relates to amounts which have been caused by restructuring and is not related to the ongoing business operations of the Group.

DEVELOPMENT OF EQUITY

Changes in equity without effect on income are also reported under the item Statement of Changes in Equity, if they are not based on capital transactions of the shareholders. This includes the difference arising from currency translation, accrued actuarial gains and losses arising from the valuation of defined benefit plans, and unrealized gains and losses arising from the fair value of financial assets available for sale and derivative financial instruments.

CONTINGENT LIABILITIES

Contingent liabilities are possible obligations which result from past events, whereby their existence can only be confirmed through the occurrence or non-occurrence of one or more events in the future, which are not fully under the control of the SURTECO Group. Furthermore, contingent liabilities arise from current obligations which are based on past events, but which cannot yet be reported in the financial statements because the outflow of resources is not likely or the level of the obligations cannot be estimated with a sufficient level of reliability.

SEGMENT REPORTING

Presentation of the business segments is consistent with internal reporting to the chief operating decision-maker. The chief operating decision-maker is responsible for decisions on the allocation of resources to the operating segments and for reviewing their performance. The Management Board of SURTECO was defined as the chief operating decision-maker.

ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in accordance with IFRS requires, up to a certain level, decisions of judgement, estimates and assumptions of the management which exert effects on the recognition, measurement and presentation of assets, liabilities, income and expenses, and contingent assets and liabilities. The significant facts which are affected by such decisions of judgement and estimates relate to the definition of the useful life of fixed assets, the determination of discounted cash flows within the scope of purchase price allocations and impairment tests, for tangible and intangible assets (incl. goodwill), definition of cash-generating units, the recognition of provisions for restructuring, for legal proceedings, pension benefits for employees and corresponding deductions, taxes, inventory valuations, price reductions, product liability and warranties.

The assumptions and estimates are based on premises that rely on the knowledge available at the time. In particular, the expected future business development takes account of the circumstances prevailing at the time when the consolidated financial statements were prepared and realistic assumptions on the future development of the global and sector-specific environment. Any developments of these framework conditions deviating from these assumptions and outside the sphere of influence of the management may result in deviations of the actual amounts from the estimated values originally projected. If the actual development deviates from the projected development, the premises and, if necessary, the book values of the relevant assets and liabilities are adjusted appropriately. Further explanations are described under the appropriate items.

Reporting and valuation principles should be regarded as important if they significantly influence the presentation of the net assets, financial position, results of operations and cash flows of the SURTECO Group and require a difficult, subjective and complex assessment of facts and circumstances that are often uncertain in nature, may change in subsequent reporting periods, and whose consequences are therefore difficult to estimate. The published accounting principles, based on estimates, do not necessarily exert significant effects on reporting. There is only the possibility of significant effects.

FOVERNMENT GRANTS

Government grants and subsidies are reported in conformity with IAS 20.7, if there is reasonable certainty that the company will comply with the conditions associated with the grants and subsidies, and the grants and subsidies will be received. The subsidies are recorded in profit or loss in accordance with IAS 20.12 during the periods when the company recognizes the expenses eligible for support. The government grants and subsidies are recognized using the gross method. This entails that the deferred income is recognized in the income statement as other operating income over the useful life of the subsidized fixed asset.

If expenses or losses have already been incurred or if the grants and subsidies serve to provide immediate financial support independently of special expenses, the grants and subsidies will be recorded in accordance with IAS 20.20 in profit or loss during the period when the corresponding claim exists.

SURTECO has correspondingly recorded the government grants and subsidies for the business year 2024 in accordance with IAS 20, if there is reasonable certainty that the company will comply with the conditions associated with the grants and subsidies, and the grants and subsidies will be received.

SURTECO has deducted from the personnel expenses government grants and subsidies relating to the social security contributions attributable to short-time work and other comparable grants and subsidies in conjunction with the foreign subsidiary companies.

RELATIONSHIPS WITH RELATED COMPANIES AND PERSONS (RELATED PARTIES)

Related companies comprise all subsidiary companies controlled by SURTECO GROUP SE, on which SURTECO GROUP SE has a significant influence, and companies with a significant influence on SURTECO GROUP SE. Unless fully consolidated subsidiary companies are involved, appropriate disclosures are made including outstanding balances and obligations in the case of significant business transactions within Note (24). There were no business transactions during the business year involving companies which exert a significant influence on SURTECO GROUP SE.

Related persons comprise exclusively key management personnel of SURTECO GROUP SE. This comprises the Members of the Management Board and Supervisory Board of SURTECO GROUP SE. The disclosures about the compensation of the key management personnel is made in Note (36).

VII. Notes to the income statement

(1) SALES REVENUES

The sales revenues are comprised as follows:

Business (product) € 000s	2023	2024
Edgebands	262,352	260,706
Finish foils	133,649	137,190
Decorative printing	93,475	88,138
Impregnates / Release papers	45,224	48,619
Skirtings and related products	77,124	73,816
Technical extrusions	50,483	47,002
Laminates	69,516	98,285
Performance Films	31,122	31,642
Coated Fabrics	41,016	39,603
Other	31,128	31,587
	835,089	**856,588**

The sales revenues are broken down into individual segments as follows:

€ 000s	2024					
	Surfaces	Edgebands	Profiles	North America	Asia / Pacific	Total
Edgebands	42,357	147,495	0	42,015	28,839	260,706
Finish foils	103,733	0	0	31,247	2,209	137,189
Decorative printing	64,096	0	0	15,597	8,446	88,139
Impregnates / Release papers	48,619	0	0	0	0	48,619
Skirtings and related products	0	0	73,626	0	190	73,816
Technical extrusions	0	0	46,813	0	189	47,002
Laminates	0	0	0	98,285	0	98,285
Performance Films	0	0	0	39,603	0	39,603
Coated Fabrics	0	0	0	31,642	0	31,642
Other	7,014	2,109	9,538	4,747	8,179	31,587
	265,819	**149,604**	**129,977**	**263,136**	**48,052**	**856,588**

€ 000s	2023					
	Surfaces	Edgebands	Profiles	North America	Asia / Pacific	Total
Edgebands	40,811	150,274	0	39,187	32,081	262,353
Finish foils	101,084	0	0	30,836	1,729	133,649
Decorative printing	71,080	0	0	14,049	8,346	93,475
Impregnates / Release papers	45,048	0	0	0	175	45,223
Skirtings and related products	0	0	77,003	0	122	77,125
Technical extrusions	0	0	50,255	0	229	50,484
Laminates	0	0	0	69,516	0	69,516
Performance Films	0	0	0	31,122	0	31,122
Coated Fabrics	0	0	0	41,016	0	41,016
Other	7,587	798	10,097	3,381	9,263	31,126
	265,610	**151,072**	**137,355**	**229,107**	**51,945**	**835,089**

(2) CHANGES IN INVENTORIES

The changes in inventories relate to work in progress amounting to € 000s-4,777 (2023: € 000s 3,712) and finished products amounting to € 000s 9,752 (2023: € 000s -6,422).

(3) OTHER OWN WORK CAPITALIZED

Other own work capitalized is essentially self-manufactured tools, printing cylinders and intangible assets.

(4) COST OF MATERIALS

Composition of the cost of materials in the Group:

€ 000s	2023	2024
Cost of raw materials, consumables and supplies, and purchased merchandise	431,150	419,340
Cost of purchased services	867	831
	432,017	**420,170**

(5) PERSONNEL EXPENSES

The following table shows personnel expenses:

€ 000s	2023	2024
Wages and salaries	179,744	189,283
Social security contributions	29,349	26,627
Pension costs	9,010	10,989
	218,103	**226,898**

The details of the defined-contribution plans are explained in Note (29). The average number of employees broken down by segments is provided in segment reporting Note (35).

Short-time work allowances amounting to € 000s 133 (2023: € 000s 565) were paid out to employees. The number of employees at year-end 2024 amounts to 3,732 (2023: 3,685).

(6) OTHER OPERATING EXPENSES

The other operating expenses are composed as follows:

€ 000s	2023	2024
Operating expenses	36,952	37,938
Sales expenses	58,850	60,152
Administrative expenses	36,296	35,792
	132,098	**133,883**

The operating expenses essentially include expenses for maintenance, servicing, repairs, waste removal and temporary workers.

The sales expenses essentially include expenses for transport, travel, trade fairs, promotion and commissions.

The administrative expenses essentially include expenses for deductions, contributions, insurance policies, IT and consulting.

Expensed research and development costs (personnel expenses and cost of materials) in the Group amount to € 000s 4,287 (2023: € 000s 1,655).

The effects of changes in exchange rate through profit and loss included in other operating expenses amount to € 000s 217 (2023: € 000s 727).

We refer to the explanations in Note (8) for rental and lease expenses.

(7) CREDIT LOSS EXPENSES / CREDIT LOSS REVERSAL INCOME IN ACCORDANCE WITH IFRS 9

In the fiscal year 2024, the simplified impairment model (allowance matrix) was used to record expenses for trade accounts receivable and for specific allowances arising from impairment reversals on trade accounts receivable amounting to € 000s -175 (2023: expenses in the amount of € 000s -738).

The following financial instruments are subject to general impairment recognition in accordance with IFRS 9:

	Credit risk	Impairment recognition
Bank balances	Slight	12-M Expected Credit Loss

On account of the slight default risk for bank balances, no allowance should be carried out for reasons of materiality.

(8) LEASES

Depreciation and amortization on rights of use are broken down as follows:

€ 000s	2023	2024
Depreciation and amortization on rights of use		
Land and buildings	5,285	5,053
Technical plant and machinery	171	267
Office equipment	185	165
Vehicles	1,340	1,815
IT and communication	144	151
	7,124	**7,451**

The following expenses from rental/leasing obligations are included in other operating expenses:

€ 000s	2023	2024
IFRS 16: Expenses in other operating expenses:		
Expenses in conjunction with short-term leases	759	422
Expenses in conjunction with small-ticket leases	121	251
Expenses in conjunction with variable lease payments not included in leasing liabilities	33	22
Expenses in conjunction with other expenses not included in leasing liabilities	77	0
	991	**696**

In the business year 2024, payments for leasing liabilities amounted to € 000s 8,616 (2023: € 000s 7,746). An interest expense for leases/rents in the amount of € 000s 1,072 (2023: € 000s 907) was recognized in interest expense.

(9) OTHER OPERATING INCOME

The following table shows other operating income:

€ 000s	2023	2024
Rental income	1,106	1,417
Income from asset disposals	5,792	1,651
Income from dividends from non-consolidates companies	0	1,018
Income from release of provisions and accured liabilities (accruals)	503	1,117
Income from tax refunds	537	690
Income from deconsolidation of Döllken SusPro Sp z o. o.	0	377
Income from scrappage	225	540
Claims for compensation	644	334
Other operating income	5,438	3,946
	14,245	**11,090**

Income from asset disposals in the previous year essentially results from property sales. The rental income recorded in the company is to be classified as an operating lease. It essentially results from subleases of individual building floorspaces.

The undiscounted lease payments due each year are presented as follows:

€ 000s						
Year	2025	2026	2027	2028	2029	2030 and later
Leasing payments	828	167	62	21	19	0

(10) FINANCIAL RESULTS

€ 000s	2023	2024
Interest and similar income	2,410	3,213
Interest and similar expenses	-17,483	-20,254
Interest (net)	**-15,073**	**-17,041**
Currency gains/losses, net	-1,091	2,116
Earings on companies held accounted for using the equity method	378	5
Other financial expenses and income	**-712**	**2,121**
Financial result	**-15,785**	**-14,920**

Interest and similar expenses essentially include interest expenses in conjunction with financial liabilities to banks in the amount of € 000s -18,104 (2023: € 000s -16,005). Total interest expense for financial liabilities, which are not accounted for at fair value through profit and loss, amount to € 000s -17,164 (2023: € 000s -14,882). € 000s -622 (2023: € 000s -455) is to be allocated to factoring.

(11) INCOME TAX

Income tax expense is broken down as follows:

€ 000s	2023	2024
Current income taxes		
- Germany	-365	60
- International	14,484	13,952
	14,119	14,012
Deferred income taxes		
- from time differences	-3,358	72
- on losses carried forward	-5,999	-2,339
	-9,357	-2,267
	4,762	**11,745**

An average overall tax rate of 30.0 % (2023: 30.0 %) results for the German companies. The tax rate takes into account the trade tax (14.2 % unchanged by comparison with the previous year), the corporate income tax (15.0 % unchanged by comparison with the previous year) and the solidarity surcharge (5.5 % of corporate income tax, unchanged by comparison with the previous year). The applicable local income tax rates for the foreign companies vary between 5 % and 34 % (2023: 17 % - 34 %).

Deferred tax losses carried forward have been capitalized as assets in the consolidated financial statements on the basis of a 5-year projection of earnings before income tax at the level of the individual companies. Uncertainties relating to different projected premises and framework conditions have been taken into account.

No deferred tax assets were recognized on loss carry-forwards for foreign Group companies amounting to € 000s 34,466 (2023: € 000s 31,765) due to restricted utility. The main loss carry-forwards relating to Canada in the amount of € 000s 5,319 can be carried forward between 15-20 years, the loss carry-forwards relating to the USA in the amount of € 000s 26,797 can be carried forward indefinitely. The loss carry-forwards for corporate income tax amounting to € 000s 34,666 (2023: € 000s 25,775) and domestic trade tax in the amount of € 000s 33,752 (2023: € 000s 27,176) can be carried forward indefinitely.

On the balance sheet date, one company that had generated a tax loss recognized a net surplus of deferred tax assets amounting to € 000s 11,122 (2023: several companies totalling € 000s 11,363). This results from SURTECO GROUP SE (2023: essentially SURTECO GROUP SE).

Deferred tax liabilities were not recognized on temporary differences in connection with investments in subsidiaries amounting to € 000s 5,830 (2023: € 000s 5,400), as the Group is in a position to control the timing of the reversal and these temporary differences will not be reversed in the foreseeable future.

The deferred tax assets and liabilities reported in the financial statements listed below are attributable to differences in recognition and valuation of individual items on the balance sheet and to tax losses carried forward:

€ 000s	Deferred tax assets			Deferred tax liabilities		
	2023	Change	2024	2023	Change	2024
Current assets and liabilities						
Receivables and other assets	1,832	-1,190	642	613	-316	297
Inventories	1,647	-301	1,346	782	85	867
Other current assets	0	0	0	0	-134	-134
Trade accounts payable	262	-164	98	15	-5	10
Other liabilities	1,071	533	1,604	3,982	1,188	5,170
Non current assets and liabilities						
Property, plant and equipment	7,415	-87	7,328	24,534	273	24,807
Intangible assets	493	-450	43	7,794	-824	6,970
Goodwill	0	0	0	8,507	818	9,325
Tax loss carried forward	7,931	2,339	10,270	0	0	0
Other non-current assets	0	0	0	0	4	4
Financial liabilities	11,275	-8,720	2,555	4,933	-11,754	-6,821
Pensions and other personnel-related obligations	1,087	-913	174	0	-597	-597
	33,013	**-8,953**	**24,060**	**51,160**	**-11,262**	**39,898**
Netting	-16,212	15,964	-248	-16,212	15,964	-248
	16,801	**7,011**	**23,812**	**34,948**	**4,702**	**39,650**

Reconciliation between expected and actual income tax expenditure is as follows:

€ 000s	2023	2024
Earnings before income Tax (EBT)	**-7,661**	**19,606**
Expected income tax	-2,298	5,882
Reconciliation		
Changes in tax rates	-296	-2
Difference in tax rates	-812	-1,318
Use of loss carry-forwards not including deferred tax assets	7,484	-46
Expenses not deductible from taxes	2,357	6,961
Tax-free income	-1,418	-319
Tax expenses / income not related to the reporting period	35	1,719
Permanent differences	-285	-1,220
Other effects	-5	88
Income tax	**4,762**	**11,745**

The average expected tax rate amounts to 30.0 % (2023: 30.0 %).

Income taxes recorded directly in other comprehensive income

Income tax which directly exerts a negative impact on, or was credited to, other comprehensive income for the year is comprised as follows:

€ 000s	2023	2024
Actuarial gains/losses	22	-189
Fair Vaule Financial Instruments	0	410
	22	**-189**

(12) EARNINGS PER SHARE

	2023	2024
Consolidated net income / net loss for the year in € 000s	-12,289	8,413
Weighted average of no-par-value shares issued	15,505,731	15,505,731
Basic and diluted earnings per share in €	-0.79	0.54

The earnings per share are calculated by dividing the proportionate earnings of the shareholders of SURTECO GROUP SE by the weighted average of the issued shares.

VIII. Notes to the balance sheet

(13) CASH AND CASH EQUIVALENTS

€ 000s	2023	2024
Cash in hand and bank balances	111,811	71,186
	111,811	**71,186**

(14) TRADE ACCOUNTS RECEIVABLE

€ 000s	2023	2024
Trade account receivables	85,612	87,327
Open receivables from factoring	-11,041	-11,088
Continuing Involvement	183	183
Reduced by foreign exchange effects	-1,952	-1,338
Book value	**72,802**	**75,084**

The allowances relate to the specific allowances and the allowances in accordance with the simplified impairment model.

The allowances developed as follows:

€ 000s		2023		2024
	Specific allowance	Allowance matrix	Specific allowance	Allowance matrix
1/1	**550**	**532**	**1,356**	**597**
Recourse	-91	0	-75	0
Release of unused amounts	-139	0	-322	-318
Addition (effect on expenses)	979	65	87	0
Exchange rate differences	57	0	13	0
31/12	**1,356**	**597**	**1,060**	**279**

There is no significant concentration of risk in the trade accounts receivable on account of the diversified customer structure of the SURTECO Group. The current values of the trade accounts receivable essentially correspond to the book values.

The following table shows the maturity structure of receivables and the allowances due in accordance with IFRS 9:

€ 000s	Total	Receivables not overdue	Total overdue recivables	Overdue receivables: up to 3 months	3-6 months	6-12 months	over 12 months
31/12/2024							
Book value of trade accounts receivable (after deduction of individual allowances)	75,363	58,156	17,207	14,487	1,333	450	937
Loss rate		0.12 %		0.49 %	1.86 %	4.63 %	9.94 %
Allowance	279	69	210	71	25	21	93
Net book value	75,084	58,087	16,997	14,416	1,308	429	844
31/12/2023							
Book value of trade accounts receivable (after deduction of individual allowances)	73,389	50,603	22,786	15,236	5,915	966	669
Loss rate		0.16 %		0.81 %	2.88 %	8.46 %	21.39 %
Allowance	597	79	518	123	170	82	143
Net book value	72,792	50,524	22,268	15,113	5,745	884	526

There were no indications on the reporting date that payment defaults would occur for trade accounts receivable which were neither impaired nor overdue.

(15) FACTORING AGREEMENTS

At year-end 2024, two Factoring Agreements were in place at the SURTECO Group. SURTECO Italia S.r.l., Zero Branco, Italy, has made use of factoring since 2015. Since the fiscal year 2023, a factoring agreement has also been in place in Germany with PB Factoring GmbH, Bonn. The companies SURTECO GmbH, Buttenwiesen, Döllken Profiles GmbH, Bönen, and DAKOR Melamin Imprägnierungen GmbH, Heroldstatt, are part of this agreement and on the basis of which existing and future trade accounts receivable are sold to banks. In the current fiscal year 2024, Proadec Portugal S.A., Mindelo, Portugal, was included in this factoring agreement on the same basis. The maximum nominal sales volume amounts to 10.0 million euros in Italy and 20.0 million euros in Germany and Portugal.

The character of factoring in Germany and Portugal is an In-house factoring– protected default / true Sale. Regardless of the transfer of the claims to the factor, the factor commissions the customers to administer and collect the sold claims in trust as part of their ordinary business operations (accounts receivable and debt recovery in accordance with the principles of proper bookkeeping) until revocation, which is permissible at any time. The companies thereby act in their own name but on account of the factor. Hence, the companies act as vicarious agents of the factor and have the role of commission agents. Full factoring non-recourse open is used in Italy.

In Germany and Portugal, the factor puts every debtor through a creditworthiness check which determines the debtor financing limit. If the creditworthiness check was positive and neither the maximum customer purchase amount, the debtor financing limit nor the overall financing limit were breached, the factor is obliged to accept the customer's purchase offer and to purchase the receivables offered to them. The contract in Italy does not provide a specific creditworthiness upper limit for each debtor.

The defective receivables that are covered by trade credit insurance policies provided by Euler/Hermes are assigned to the factor with all rights, obligations and securities so that the receivables can no longer be sold or pledged by SURTECO. When the contract is concluded in Germany and Portugal, the factor is irrevocably entitled to transfer and/or to pledge receivables sold or assigned to them for the purpose of refinancing, equity relief, risk diversification or exploitation within the group and/or to third parties. The contract in Italy does not make provision for such an arrangement but neither does the contract prohibit it.

In Germany and Portugal, the risk that determines the derecognition of receivables is the default risk and the late-payment risk. While the default risk is fully transferred to the factor, parts of the late-payment risk remain with SURTECO. Overall, neither all risks and rewards are retained and only the continuing involvement from the receivables sold is recognized as part of the partial derecognition. The calculated continuing involvement amounts to € 000s 183.4 (2023: € 000s 183.2) and is recorded separately as an asset in trade accounts receivable and as a liability as other financial liabilities. In addition, the validity risk (legal integrity risk) remains with SURTECO and the associated validity guarantee is covered by the agreed security retention. The guarantee was not used by the factor for the business year 2024.

No risks and rewards are retained in Italy. The contract provides for the assignment and purchase of the receivables without recourse ('pro soluto', or by way of performance). The assigned receivables are paid by the factor on the day of assignment without taking account of a blocked amount. The fees are deducted immediately from the day of assignment until the due date of the invoice and the debtor settles the bill directly with the factor.

In Germany and Portugal, a de-facto proportional derecognition of the debtor's receivable is carried out with the inflow of the proportional purchase price. Initially, the 10 % blocked amount associated with factoring forms a new separate financial asset (receivable for payment of remaining purchase price factor). In Italy, the primary debtor receivables are written off in full immediately when the receivable is purchased.

The key information about the existing factoring agreements is presented in the following table:

	SURTECO Italia S.r.l.		SURTECO GmbH Döllken Profiles GmbH Dakor Melamin Imprägnierungen GmbH Proadec Portugal S.A. [1]	
	2023	2024	2023	2024
Transfer of risks and rewards				
Material risks and in % Late payment risk (-) or early payment advantage (+)	0	0	1.66	1.65
Validity risk	0	0	0	0
Responsibility for managing accounts receivables	Factor		Companies	
Recognition on the consolidated financial statements				
€ 000s				
Max. limit for factoring volume according to the factoring contract as at 31/12	10,000	10,000	20,000	20,000
Limit utilized on 31/12	6,472	8,481	15,623	16,627
Derecognition of the sold receivables	yes	yes	partial derecognization	partial derecognization
Book value of all offered and purchased receivables	26,635	26,536	67,149	134,132
Book value of the total receivables derecognized	26,635	26,536	56,108	123,044
Book value of the sold receivables that represent the continuing involvement - factoring on 31/12	0	0	11,041	11,088
Fair value of the sold receivables that represent the continuing involvement - factoring on 31/12	0	0	11,041	11,088
Asset for continuing involvement as of 31/12	0	0	183	183
Liability for continuing involvement as of 31/12	0	0	183	183
Interest and fees - recorded in the profit and loss statement	220	245	209	420

[1] Factoring since March 2024

(16) INVENTORIES

The inventories of the Group are comprised as follows:

€ 000s	2023	2024
Raw materials, consumables and supplies	47,948	52,012
Work in progress	13,230	8,453
Finished products and goods	78,513	87,249
Payments on account for inventories	0	330
	139,692	**148,044**

Out of a total amount at 31 December 2024, inventories recognized in the balance sheet amount to € 000s 15,421 (2023: € 000s 20,136) at their net realizable value. The impairments recorded on the net realizable value amount to € 000s 1,784 in the fiscal year 2024, the impairment reversals carried out on the net realizable value amount to € 000s 2,744. The impairment reversals result from the revised estimate relating to the expected realizable sale proceeds. In the previous year, impairments of € 000s 2,807 were formed. In the fiscal year 2024, inventories in the amount of € 000s 414,364 (2023: € 000s 433,859) were recorded as expense.

(17) CURRENT INCOME TAX RECEIVABLES

Claims arising from income tax are recognized under current tax assets insofar as their due date is not twelve months after the reporting date.

(18) OTHER FINANCIAL AND NON-FINANCIAL ASSETS

A: Current assets

€ 000s	2023	2024
Other current non-financial assets		
Income tax assets (value added tax, wage tax)	3,477	5,119
Prepaid expenses	3,952	6,048
Other	514	894
	7,943	12,061
Other current financial assets		
Insurance claim arising from hail damage	0	3,400
Receivables from payments of residual purchase price factor	1,562	1,979
Creditors with debit balances	162	1,127
Bonuses receivables	694	984
Claims against the main German customs office	502	768
Receivables from employment relationships	136	223
Assets from contracts with customers	364	153
Other	2,348	2,297
	5,767	10,932
	13,710	**22,993**

The other financial assets reported at amortized cost represent a total value of € 000s 10,932. Analogous application of the loss rate for the first overdue bucket of the simplified impairment model gives rise to no significant default risk from the Group's perspective since it relates to current financial assets. As a consequence, no loss allowances were recorded for these assets.

B: Non-current assets

€ 000s	2023	2024
Other non-current non-financial assets		
Other non-current assets	443	370
Other non-current financial assets		
Assets from contracts with customers	168	15
Plan Assets	0	269
Other non-current assets	41	713
	652	**1,367**

(19) FIXED ASSETS

The fixed assets are comprised as follows:

€ 000s	Property, plant and equipment	Intangible assets	Goodwill	Rights of use	Total
Acquisition costs					
1/1/2023	**742,146**	**132,185**	**182,313**	**48,821**	**1,105,465**
Currency adjustment	-9,050	-1,524	-3,298	-206	-14,078
Additions[1)]	103,108	79,613	64,607	9,344	256,672
Disposals	-6,727	-148	0	-5,126	-12,001
Transfers	-458	458	0	0	0
31/12/2023	**829,020**	**210,584**	**243,622**	**52,832**	**1,336,058**
1/1/2024	**829,020**	**210,584**	**243,622**	**52,832**	**1,336,058**
Currency adjustment	10,654	5,423	4,193	673	20,944
Additions	24,396	769	0	9,909	35,074
Disposals	-14,244	-221	0	-2,934	-17,399
Disposal from group of consolidated companies	-1,777	-28	0	0	-1,805
Transfers	-356	356	0	0	0
31/12/2024	**847,693**	**216,883**	**247,815**	**60,481**	**1,372,872**
Depreciation and amortization					
1/1/2023	**490,953**	**88,353**	**20,334**	**16,709**	**616,349**
Currency adjustment	-6,855	-145	-149	-114	-7,263
Additions	37,117	14,614	0	6,937	58,668
Disposals	-3,698	-125	0	-4,489	-8,312
Transfers	949	0	0	-951	-1
31/12/2023	**518,466**	**102,697**	**20,185**	**18,092**	**659,441**
1/1/2024	**518,466**	**102,697**	**20,185**	**18,092**	**659,441**
Currency adjustment	6,151	1,327	396	319	8,193
Additions	36,940	15,802	0	7,118	59,859
Disposals	-12,617	-198	0	-2,558	-15,373
Disposal from group of consolidated companies	-687	-28	0	0	-714
Transfers	0	0	0	0	0
31/12/2024	**548,253**	**119,599**	**20,582**	**22,972**	**711,406**
Residual book values at 31/12/2023	**310,554**	**107,887**	**223,437**	**34,740**	**676,617**
Residual book values at 31/12/2024	**299,440**	**97,283**	**227,234**	**37,509**	**661,466**
1) Of which from acquisition of OMNOVA	69,466	75,482	64,607	2,476	212,030

(20) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are comprised as follows:

€ 000s	Land and buildings	Financial leasing for land and buildings	Technical equipment and machines	Other equipment, factory and office equipment	Payments on account and assets under construction	Total
Acquisition costs						
1/1/2023	**162,057**	**0**	**450,690**	**102,154**	**27,245**	**742,146**
Currency adjustment	-1,429	0	-7,350	-118	-153	-9,050
Additions 2)	21,115	0	54,866	4,844	22,282	103,108
Disposals	-1,311	0	-2,455	-1,709	-1,252	-6,727
Transfers	4,803	0	10,834	1,164	-17,259	-458
31/12/2023	**185,236**	**0**	**506,585**	**106,336**	**30,863**	**829,020**
1/1/2024	**185,236**	**0**	**506,585**	**106,336**	**30,863**	**829,020**
Currency adjustment	1,601	0	8,445	187	421	10,654
Additions	1,196	0	9,910	2,446	10,843	24,396
Disposals	-285	0	-10,326	-3,204	-429	-14,244
Disposal from group of consolidated companies	-432	0	-147	-56	-1,141	-1,777
Transfers	474	0	10,958	1,682	-13,470	-356
31/12/2024	**187,789**	**0**	**525,427**	**107,390**	**27,087**	**847,693**
Depreciation and amortization						
1/1/2023	**71,263**	**-951**	**343,623**	**77,012**	**5**	**490,952**
Currency adjustment	-823	0	-5,921	-125	13	-6,855
Additions	6,275	0	24,453	6,390	0	37,117
Disposals	-90	0	-2,357	-1,531	280	-3,698
Transfers	0	951	-1	-1	0	949
31/12/2023	**76,624**	**0**	**359,798**	**81,745**	**298**	**518,466**
1/1/2024	**76,624**	**0**	**359,798**	**81,745**	**298**	**518,466**
Currency adjustment	1,050	0	4,990	108	2	6,151
Additions	5,995	0	24,798	5,944	203	36,940
Disposals	-6	0	-9,672	-2,939	0	-12,617
Disposal from group of consolidated companies	-119	0	-48	-21	-498	-687
Transfers	-724	0	717	7	0	0
31/12/2024	**82,821**	**0**	**380,583**	**84,844**	**5**	**548,253**
Residual book values at 31/12/2023	**108,612**	**0**	**146,787**	**24,590**	**30,565**	**310,554**
Residual book values at 31/12/2024	**104,968**	**0**	**144,844**	**22,546**	**27,081**	**299,440**
2) Of which from acquisition of OMNOVA	16,044	0	49,740	238	3,444	69,466

As at 31 December 2024, no property, plant and equipment was pledged as collateral for existing liabilities as in the previous year. The useful life within the category Land and Buildings was reviewed for certain assets during the course of the fiscal year and a new useful life was determined (extension of useful life from 5 to 20 years). This new estimate leads to a lower annual depreciation in the amount of € 000s 693.

(21) INTANGIBLE ASSETS

Intangible assets (without goodwill) are comprised as follows:

€ 000s	Concessions, patents, licences and similar rights	Customer relations, trademarks, technology and similar values	Development expenses	Payments on account	Total
Acquisition costs					
1/1/2023	**40,023**	**78,277**	**11,661**	**2,224**	**132,185**
Currency adjustment	-30	-1,512	17	0	-1,524
Additions[3)]	3,764	75,447	34	367	79,613
Disposals	-33	0	-100	-15	-148
Transfers	2,269	-6,027	6,286	-2,070	458
31/12/2023	**45,993**	**146,186**	**17,898**	**507**	**210,584**
1/1/2024	**45,993**	**146,186**	**17,898**	**507**	**210,584**
Currency adjustment	170	5,518	-265	0	5,423
Additions	321	0	0	448	769
Disposals	-221	0	0	0	-221
Disposal from group of consolidated companies	-28	0	0	0	-28
Transfers	781	0	0	-425	356
31/12/2024	**47,016**	**151,704**	**17,633**	**530**	**216,883**
Depreciation and amortization					
1/1/2023	**33,048**	**47,505**	**7,800**	**0**	**88,353**
Currency adjustment	-37	-140	32	0	-145
Additions	3,180	10,490	944	0	14,614
Disposals	-81	0	-44	0	-125
Transfers	0	-6,027	6,027	0	0
31/12/2023	**36,110**	**51,828**	**14,759**	**0**	**102,697**
1/1/2024	**36,110**	**51,828**	**14,759**	**0**	**102,697**
Currency adjustment	163	1,359	-195	0	1,327
Additions	3,572	11,249	980	0	15,802
Disposals	-198	0	0	0	-198
Disposal from group of consolidated companies	-28	0	0	0	-28
Transfers	0	0	0	0	0
31/12/2024	**39,619**	**64,436**	**15,545**	**0**	**119,599**
Residual book values at 31/12/2023	**9,883**	**94,358**	**3,139**	**507**	**107,887**
Residual book values at 31/12/2024	**7,397**	**87,268**	**2,088**	**530**	**97,283**
3) Off which from acquisition of OMNOVA	35	75,447	0	0	75,482

Trademark rights in the amount of € 000s 3,605 (2023: € 000s 4,635) with an indefinite useful life are included in the category "Customer relations, trademarks, technology and similar values", which is assigned to the group of cash-generating units Surfaces. The trademark rights generate inflows for an unlimited period of time.

(22) RIGHTS OF USE

The following rights of use with the book values shown are differentiated in the SURTECO Group:

€ 000s	31/12/2023	31/12/2024
Rights of use		
Land and buildings	25,895	33,049
Technical plant and machinery	251	468
Office equipment	93	171
Vehicles	1,126	3,697
IT and communication	404	125
	27,769	**37,509**

The allocations to rights of use during the business year 2024 amounted to € 000s 9,909 (2023: € 000s 6,882).

(23) GOODWILL

Goodwill is comprised of the following amounts from the takeover of business operations and from capital consolidation.

Goodwill is allocated to the groups of cash-generating units for purposes of carrying out annual or event-related (triggering events) impairment tests. These correspond to the Business Units Surfaces, Edgebands, Profiles, North America and Asia Pacific.

The book value of the goodwill was attributed to the groups of cash-generating units as follows:

€ 000s	2023	fx-effects	2024
Surfaces	19,228	-228	19,000
Edgebands	65,450	0	65,450
Profiles	36,281	0	36,281
North America	83,037	4,156	87,193
Asia / Pacific	19,441	-131	19,310
Total	**223,437**	**3,797**	**227,234**

The recoverable amount to be applied for carrying out the impairment test is based on the calculation of the value in use, which is based on a company valuation model (discounted cash flow). The calculation is carried out using cash flow plans which are based on mid-term planning for a period of five years that has been approved by the Management Board and is valid at the time when the impairment test was carried out. These plans include experiences and expectations relating to the future market development. Growth rates are determined individually for each subsidiary company on the basis of the macroeconomic framework data for the regional market, the market opportunities and experiences in the past. The underlying growth rates applied for the impairment test are based on mid-term planning for a period of five years and amount to an average of 6.1 % for sales and 14.8 % for EBITDA. For the period after the fifth plan year (terminal value), different growth rates are used for the relevant groups of cash-generating units in order to take sufficient account of the inflation rates. In the fiscal year, these are between 1.0 % and 1.3 %.

Significant influence impacting an impairment are on the one hand sales and EBITDA, and on the other hand development of the interest rate and the terminal value (TV)

In 2024, as part of the annual impairment test of the CGU Profiles, a sensitivity analysis was carried out in relation to the determined headroom of the CGU. Headroom is the difference between a CGU's value in use and its net assets. The management has determined that a possible change in the assumptions in the table below could result in the net assets of the CGU Profiles exceeding its value in use. The following table presents the mathematical headroom for the CGU Profiles as well as the possible effects of a reduction in the EBITDA margin in the terminal value, an increase in the WACC, or a reduction in the growth rate in terminal value (ceteris paribus, i.e. all other things being equal), which would cause the carrying ammount to exeed its recoverable amount.

CGU	Headroom	Reduction EBITDA Margin in TV	Increase of WACC	Reduction growth rate in TV
	€ million	%	%	%
Profiles	59.6	3.40	3.40	4.10

The detailed development for the planning period is shown in the table below for the key parameters on which the valuation of the groups of cash-generating units is based:

%	Surfaces	Edgebands	Profiles	North America	Asia / Pacific
Average sales growth	4.80	4.10	4.80	10.20	6.80
EBITDA margin in Terminal Value	11.10	18.50	15.00	14.20	15.30
Growth rate in Terminal Value	1.00	1.20	1.10	1.10	1.30
WACC after tax	6.20	7.20	6.30	6.30	6.40

The costs of capital (WACC) are calculated as a weighted average of the costs of equity and debt. External information from the peer group or available market data are used. The costs of equity correspond to the expectations of return held by investors in shares. Market conditions for loans are taken into account for borrowing costs. There were discounting rates after taxes of 6.2 % to 7.2 % (2023: 6.7 % to 8.4 %) for the individual groups of cash-generating units for 2024. The pre-tax interest rates for the reporting period ranged from 7.9 % to 9.4 % (2023: 6.9 % to 10.7 %).

Based on the impairment test carried out in the fiscal year 2024, the recoverable amounts of the groups of cash-generating units are estimated higher than their net asset values.

(24) FINANCIAL ASSETS

A: Other participations

The other participations developed as follows:

€ 000s	2023	2024
1/1/	10	1
Transfer to shares reported at equity	-9	0
Addition from the deconsolidation of Döllken SusPro Sp. z o.o., Sosnowiec, Poland[1]	0	0
Acquisition of 'R&D Extrusion Limited' UK[2]	0	1,778
Other Loans	0	19
31/12/	1	1,798

[1] Döllken SusPro Sp. z o.o. is in liquidation and has been fully impaired (pro memoria value 1 Euro).

[2] Acquired 'R&D Extrusion Limited' in 2024 by Nenplas (non-consolidated entity)

B: Joint arrangements in accordance with IFRS 11 in conjunction with IAS 28 – shares reported at equity

The joint venture company Megufo AB, Gislaved, Sweden, is being reported in the balance sheet by the equity method with effect from the fiscal year 2023, in which Gislaved Folie AB, Gislaved, Sweden, exercises joint control governed by a contractual agreement together with Gislaved Gummi AB, Gislaved, Sweden, a third party outside the Group. This joint venture company is listed in the Group shareholdings provided as an appendix to these Notes to the Consolidated Financial Statements. The shares in this company are valued at acquisition costs taking account of the proportionate net assets of the shareholding company that have changed since the shares were acquired. Recognition in the income statement is under the financial results (EBT) with the following note: earnings from shares reported at equity. The shares in the joint venture were already acquired by SURTECO GROUP SE as part of the company acquisition of Gislaved Folie AB, Gislaved, Sweden, on 1 September 2007. The company makes intensive use of machinery and energy, and primarily produces steam and compressed air for the manufacturing processes in the factories operated by the two shareholders.

Megufo AB orders gas and electricity generated from renewable energy for the manufacturing process. A volume and price hedging agreement (fixed-price agreement) was concluded with the gas supplier in order to limit price risks relating to the purchase of both forms of energy and hence keep sales prices stable. For the same reason, the electricity supplier Karlstads Energi AB ensures that the portfolio is managed in accordance with the purchasing strategy defined in the energy supply contract with the price hedging being settled against the official monthly average spot price at the Nord Pool in the SE3 Stockholm electricity district.

A summary of financial information for the joint venture consolidated using the equity method is provided as follows:

€ 000s	31/12/2023	31/12/2024
Megufo AB - Gislaved Sweden		
Participation - Quota in %	50	50
Voting rights - Quota in %	50	50
Dividend received from joint venture	0	0
Non-current assets	306	354
Current assets	882	1,143
Non-current liabilities	0	0
Current liabilities	1,085	1,138
Cash and cash equivalents	894	617
Long-term financial liabilities	0	0
Short-term financial liabilities	0	0
Sales revenues	3,694	4,358
Scheduled amortisation and depreciation	-55	-62
EBIT	**886**	**11**
Interest result	0	0
Income tax expense	-130	-1
Net income from continuing operations	757	10
Currency conversion	25	0
Comprehensive income	**782**	**10**
Unrecognized losses in the reporting period	0	0
Unrecognized losses cumulative	0	0
Reconciliation account		
Net equity of the joint venture	997	976
Participation and voting - Quota (%)	50	50
Goodwill	0	0
Other adjustments	9	0
Book value - shares accounted for using the equity method	**399**	**404**

(25) INCOME TAX LIABILITIES

Tax liabilities include the income tax due for the fiscal year 2024 or earlier business years and not yet paid, and the anticipated tax payments for previous years.

(26) SHORT-TERM PROVISIONS

€ 000s	1/1/2024	Currency adjustment	Expense	Release	Addition	31/12/2024
Warranty	771	17	-553	-196	847	886
Legal disputes	2,338	0	0	0	7	2,345
Restructuring	24	0	0	0	0	24
Losses on onerous contracts	110	0	-95	-15	207	207
Other	1,269	-39	-367	-144	729	1,448
	4,512	**-22**	**-1,015**	**-355**	**1,790**	**4,910**

The warranty provision was formed for warranty obligations arising from the sale of products. The valuation is made on the basis of past experiences.

The legal disputes essentially relate to a protective rights agreement and warranty matters. Provisions were set aside in accordance with the best possible estimates at the current time. The maturity of the obligations is based on the current estimates and can be varied as necessary.

The restructuring provision includes expenses which are used for personnel measures in order to adjust to the changed market conditions.

The provision for losses on onerous contracts was essentially formed for risks arising from pending sales transactions. It is likely that the sale of products will be below the costs of manufacture. The time of anticipated outflow is determined with fulfilment of pending sales transactions.

(27) OTHER CURRENT FINANCIAL AND NON-FINANCIAL LIABILITIES

A: Other current liabilities

€ 000s	2023	2024
Other current non-financial liabilities		
Tax liabilities (value added tax)	1,402	1,456
Social insurance against occupational accidents	859	831
Received advance payments	430	597
Supervisory Board remuneration	311	311
Deferred income	19	77
Other	1,185	23
	4,205	3,295
Other current financial liabilities		
Liabilities from employment relationships *	22,982	19,282
Liability to factor	4,582	8,703
Debtors with credit balances	2,988	2,637
Bank interests	2,907	1,482
Bonuses and promotional costs	945	1,454
Commissions	315	376
Continuing involvement	183	183
Other	1,859	1,577
	36,763	35,695
	40,968	**38,990**
* of which social security.	966	1,052

The liabilities from employment relationships primarily include, apart from the wage and salary payments not yet paid on the reporting date, obligations arising from bonuses, holiday and working time credits and payments arising from termination of employment relationships. In the previous year, the payments received from customers were recognized under other current financial liabilities.

B: Other non-current liabilities

€ 000s	2023	2024
Other non-current non-financial liabilities		
Other	40	23
	40	23
Other non-current financial liabilities		
Liabilities from financial derivatives	0	1,368
Other	15	0
	15	1,368
	55	**1,391**

(28) FINANCIAL LIABILITIES

The financial liabilities are comprised as follows:

€ 000s	2023	2024
Long-term financial liabilities to banks	378,523	369,062
Long-term financial liabilities for leases	23,909	25,297
Long-term financial liabilities	**402,432**	**394,359**
Short-term financial liabilities to banks	62,233	9,700
Short-term financial liabilities for leases	6,445	7,042
Short-term financial liabilities	**68,678**	**16,743**
Financial liabilities	**471,109**	**411,102**

Financial liabilities are essentially made up of promissory note loans currently in the amount of € 184.5 million (2023: € 225.0 million) for the business years 2017 and 2022. These are divided into tranches with different terms of up to ten years. The interest rates of the promissory note loans are in a range between 1.48 % and 3.65 % (2023: 1.48 % to 6.65 %).

Furthermore, a syndicated loan is in place amounting to € 195.0 million (2023: € 200.0 million), which represents the financing for the OMNOVA acquisition from 2023. Further details are presented in the section on capital management.

The liabilities from leasing obligations are repaid over the contract term and are due on the reporting date as follows:

€ 000s	2023	2024
Leasing payments to be made in the future		
in less than one year	7,149	8,076
between one year and five years	19,983	20,561
after more than five years	5,725	7,933
Interest share		
in less than one year	-705	-1,033
between one year and five years	-1,267	-1,996
after more than five years	-531	-1,200
Present value		
in less than one year	6,444	7,042
between one year and five years	18,716	18,565
after more than five years	5,194	6,732
	30,354	**32,340**

(29) PENSIONS AND OTHER PERSONNEL-RELATED OBLIGATIONS

The obligation of the company in the case of defined-benefit plans is to provide the promised benefits to current and former employees. A distinction is drawn between provision-based and funded pension plans and those pension plans covered by qualified insurance policies.

The arrangement depends on the legal, tax and economic conditions and is generally based on the duration of employment and the remuneration of the employees. The pension payment can also include a fixed pension model for each year of service.

The following assumptions are particularly important for the valuation of the amount of the pension and redundancy obligation (projected unit credit of the pension commitments or defined benefit obligation), which depend on the economic situation in the relevant country. The following table sets out the assumptions for Germany, Sweden and the weighted average of these assumptions for the remaining countries.

The actuarial interest for the valuation of the obligations is determined on the basis of the yields, which are achieved on the balance-sheet date for high-quality, fixed-interest corporate bonds. The general view is that this relates to corporate bonds with an AA rating. The yields in Europe of the iBox Corporates AA sub-indices by Markit are mainly drawn on as the data basis for deriving the yield curve. In the case of maturities over 10 years, German federal securities (AAA rating) are used for extrapolating yields in Germany. The interest rate held constant for a term of over 30 years. Market yields of mortgage-backed bonds with a maturity corresponding to the duration of the pension obligations are taken into account in Sweden. The yield curve is derived using the Nelson-Siegel method.

		Germany		Sweden		Other countries	
		31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024
Discount factor	Pensions	3.16 %	3.37 %	-	3.55 %	-	3.10-5.80 %
	Redundancies and miscellaneous[1, 2]	-	-	-	-	3.08-9.25 %	2.60-10.75 %
Pension trend	Pensions	2.00 %	2.00 %	-	-	-	-
	Redundancies and miscellaneous[1]	-	-	-	-	-	-
Salary trend	Pensions	-	-	-	2.60 %	-	3.10-6.00 %
	Redundancies and miscellaneous[1, 2]	-	-	-	-	3.00-4.25 %	3.00-6.00 %
Biometric assumptions		Heubeck 2018 G		DUS 23		Country specific	
Weighted duration of the obligation in years	Pensions	10.2	9.8	0	15.1	0	15.2
	Redundancies and miscellaneous[1, 2]	0	0	0	0	6.9	7.1

[1] This is essentially a long-service bonus plan
[2] The new value disclosures for 2023 result from a reclassification of two defined-benefit plans and from a reallocation to another plan category.

The amount of the obligations for long-term service awards was also calculated using actuarial methods on the basis of estimates. The following assumptions are taken into account for the countries included: a discount rate of 3.37 % – 5.80 % (2023: 3.16 %) and a salary trend of 3.00 % – 6.00 % or fixed amount (2023: 3.50 % or fixed amount). The weighted duration of the obligation is 6.5 years (2023: 7.0 years).

The pension plans with significant scope are described below.

Germany:
The pension obligations based on individual contractual and collective arrangements in Germany generally relate to lifelong pension benefits, which are provided in the event of disability, death or on reaching retirement age.

The pension obligation for two individual contractual arrangements is each hedged with an independent qualified insurance policy (reinsurance cover). There is no active market price quoted for the policy assets. Furthermore, there are only pension plans covered by provisions.

The pension funds were closed in the past. The pension commitments in Germany are subject to the German Company Pensions Act (Betriebsrentengesetz). The adjustment of the current pension payment in full will be carried out in accordance with § 16 German Company Pensions Act (Betriebsrentengesetz).

New employees will be offered a company pension plan through an external welfare fund and pension scheme; they will not receive any direct commitments from the company. Since no further obligations or risks are incurred by the company beyond the payment of the contributions, these were classified as defined contribution plans and are therefore not taken into account for the determination of the provision

Sweden:
A defined-benefit, funded pension system is provided in Sweden. This relates to a guaranteed company pension (KTP2, Kooperationens tilläggspension) for employees born in 1980 or earlier. The concept of KTP2 is that beneficiaries receive a monthly company pension starting from their retirement (from the age of 65) for the remainder of their lives, which corresponds to a certain percentage of their salary before retirement. The amount of the KTP2 company pension is defined in advance and is therefore designated as defined benefit. The beneficiaries must have been insured for a period of at least 30 years in order to receive a full KTP2 company pension, calculated from the age of 28. If the period of employment with the company is shorter, the pension is correspondingly less. The entitlement remains even if the employment relationship ends before the age of retirement is reached.

The KTP2 benefit obligation is covered by the fund assets of KPA Pension, Stockholm (pension foundation). The assets are divided into 48.4 % fixed-income securities, of which 96 % are bonds and 4 % are cash, 36.7 % are invested in stocks and stock-index futures, 11.9 % in property and 3.0 % in alternative investments. According to the pension plan, the value of the asset portfolio must be at least equal to the pension obligation. If there is a deficit, Gislaved Folie AB is obliged to make a compensation payment. If the value of the assets exceeds the value of the pension obligation, there is a surplus. While a surplus is available, no contributions must be made to the pension foundation. Gislaved Folie AB is entitled to use this surplus to finance other pension costs.

Otherwise, there are only defined-contribution plans in Sweden.

The development of the net liability arising from defined-benefit pension plans on the balance sheet can be derived as follows

€ 000s	Present value of defined-benefit obligation		Fair value of plan assets	Net dept from defined-benefit plans
	Pensions	Severance payments & other[1]		
1/1/2024	**7,485**	**2,597**	**-232**	**9,850**
Expenses / Income				
Current service expense	90	201	0	291
Interest expense(+) / income(-)	406	103	-163	346
Recalculated past service cost	0	32	0	32
New valuations				
Profit(-) or losses(+) from plan assets	0	0	-337	-337
Profit(-) or losses(+) from change in financial assumptions	-170	103	0	-67
Profit(-) or losses(+) from change in demographic assumptions	-9	-1	0	-10
Profit(-) or losses(+) due to experience based adjustments	-139	17	0	-122
Reclassification in balance sheet	5,628	179	-5,787	20
Fund endowments	0	0	-29	-29
Payments made and pension payments	-729	-232	248	-713
Currency differences and other movements	-248	171	180	103
31/12/2024	**12,314**	**3,170**	**-6,120**	**9,364**
- of which pension provisions				9,633
- of which assets				-269

[1)] This is essentially a long-service bonus plan

€ 000s	Present value of defined-benefit obligation		Fair value of plan assets	Net dept from defined-benefit plans
	Pensions	Severance payments & other[1]		
1/1/2023[2]	**7,665**	**622**	**- 240**	**8,047**
Change in consolidated companies[2]	0	1736	0	1,736
Expenses / Income				
Current service expense[2]	29	161	0	190
Interest expense(+) / income(-)[2]	269	78	-6	341
Recalculated past service cost	0	0	0	0
New valuations				
Profit(-) or losses(+) from plan assets	0	0	0	0
Profit(-) or losses(+) from change in financial assumptions[2]	370	9	0	379
Profit(-) or losses(+) from change in demographic assumptions	0	0	0	0
Profit(-) or losses(+) due to experience based adjustments[2]	-298	36	0	-262
Reclassification in balance sheet[2]	-52	0	0	-52
Fund allocations	0	0	0	0
Payments made and pension payments[2]	-498	-35	14	-519
Currency differences and other movements[2]	0	-10	0	-10
31/12/2023'[2]	**7,485**	**2,597**	**- 232**	**9,850**
- of which pension provisions[2]				9,850
- of which assets				0

[1] This is essentially a long-service bonus plan

[2]) The new values for 2023 essentially result from a reclassification of two defined-benefit plans (DBO 31/12/2023: € 000s +182) and from a reallocation (DBO 31/12/2023: € 000s -134) to another plan category. The reconciliation account for the redundancy plan in Thailand was adjusted.

The additional personnel-related obligations include long-service agreements. The long-service obligations amount to € 000s 2,063 (2023: € 000s 1,783[2]) on the reporting date.

During the year under review, actuarial gains amounting to € 000s 535 (2023: actuarial losses of € 000s 117[2]) are recorded directly in equity with no effect on the result. On the balance sheet date, the actuarial losses before deferred taxes recorded directly in equity amount to €000s 1,899 (2023: actuarial losses of € 000s 2,030[2]).

[2] Values for the previous year are adjusted.

The following amounts are expected to be recorded in the income statement for the business year 2025:

€ 000s	Benefits after termination of the employee relationship defined benefit plans		Other long-term benefits
	Pensions	Severance payments & other[1]	Anniversaries
Personnel expenses	172	220	157
Interest expense	417	99	73
Return on plan assets	213	0	0
Earnings before income taxes	**376**	**319**	**230**

[1] This is essentially a long-service bonus plan

Sensitivity analyses

The discount rate and the salary trend are key valuation parameters for provisions relating to pension obligations and redundancy payments. The retirement trend and remaining life expectancy are additional parameters for pension obligations. All these parameters may experience certain fluctuations over time. The impacts resulting from changes to material actuarial assumptions on the obligation were shown in the subsequent sensitivity analyses for pension and termination obligations. The sensitivity analysis shows how the change to individual factors independently of each other would have exerted an influence on the projected unit credits at the reporting date. An aggregation of sensitivities is only possible to a certain extent. One influencing factor was changed in each case, while the other influencing factors were kept constant. If several assumptions are changed at the same time, the overall development does not necessarily correspond to the sum of the individual effects resulting from the changes in assumptions. In actual fact, it is rather more likely that there will be no correlation between these influencing parameters. The calculation of sensitivities with ranges other than those specified may therefore lead to a disproportionate change in the present value of the projected unit credits.

		Change in entitlement values				
		31/12/2023		31/12/2024		
Pensions	**Change in parameters in percent or years**	**€ 000s**	**in %**	**€ 000s**	**in %**	**Relationship between valuation parameters and DBO**
Discount rate[5]	Increase of 0.25%	-179	-2.4 %	**-407**	**-3.3 %**	The higher the discount rate, the lower the DBO
	Reduction by 0.25%	186	2.5 %	**429**	**3.5 %**	
Salary increase[3]	Increase of 0.25%	-	-	**85**	**1.5 %**	The higher the salary increase, the higher the DBO
	Reduction by 0.25%	-	-	**-61**	**-1.1 %**	
Pension increase[4,5]	Increase of 0.25%	140	1.9 %	**144**	**2.2 %**	The higher the pension increase, the higher the DBO
	Reduction by 0.25%	-163	-2.2 %	**-139**	**-2.1 %**	
Remaining life expectancy in accordance with mortality table[5]	Increase by 1 year	343	4.6 %	**575**	**4.7 %**	The longer the life expectancy, the higher the DBO
	Reduction by 1 year	-340	-4.6 %	**-572**	**-4.6 %**	
Redundancies and miscellaneous[1]	**Change in parameters in percent or years**	**€ 000s**	**in %**	**€ 000s**	**in %**	**Relationship between valuation parameters and DBO**
Discount rate	Increase of 0.25%	-34	-1.3 %	**-51**	**-1.6 %**	The higher the discount rate, the lower the DBO
	Reduction by 0.25%	35	1.4 %	**53**	**1.7 %**	
Salary increase	Increase of 0.25%	35	1.4 %	**47**	**1.5 %**	The higher the salary increase, the higher the DBO
	Reduction by 0.25%	-34	-1.3 %	**46**	**-1.5 %**	
Remaining life expectancy in accordance with mortality table	Increase by 1 year	-22	-0.8 %	**-18**	**-0.6 %**	The longer the life expectancy, the higher the DBO
	Reduction by 1 year	22	0.9 %	**18**	**0.6 %**	

[1] This is essentially a long-service bonus plan
[3] Only Sweden, France and Poland
[4] Only Germany
[5] Data for 2023 for Germany only

The expected non-discounted payments from defined-benefit and other commitments are as follows in subsequent years:

€ 000s	Post-employment benefits Defined benefit plans		Other long-term benefits
	Pensions	Redundancies and miscellaneous[1]	Anniversaries
2025	735	377	365
2026-2029	2,943	1,163	962
2030-2034	3,565	2,100	828
Over the entire period	**7,243**	**3,640**	**2,155**

[1] This is essentially a long-service bonus plan

Alongside the defined-benefit obligations, the Group also accounts for defined-contribution plans in the balance sheet. The expenses for defined-contribution pension plans and other remuneration payments in connection with defined-contribution benefits are set out below.

€ 000s	2023	2024
State pension system in accordance wiht the relevant national legislation[2, 6]	15,108	15,951
Contributions and premiums for direct insurance, funds, pension schemes, life insurance and other external institutions, and premiums for supplementary and individual pensions[2]	3,232	3,518
	18,340	**19,469**

[2] Values for previous year adjusted
[6] This relates to employer contributions for the statutory pension insurance. In the United Kingdom, contributions are not calculated according to types of social insurance.

(30) SHAREHOLDERS' EQUITY

The subscribed capital (**capital stock**) of SURTECO GROUP SE is € 15,505,731 and is fully paid in. It is divided into 15,505,731 no-par-value bearer shares (ordinary shares) corresponding to a proportion of the capital stock of € 1.00 in each case.

Capital reserve

The capital reserve of SURTECO GROUP SE includes the amounts by which the capital investment values of shareholdings in affiliated companies paid within the scope of capital increases against non-cash considerations exceed the amounts of capital stock allocated to the SURTECO shares released for this purpose.

The capital reserve is unchanged by comparison with the previous year and amounts to € 000s 122,755.

Retained earnings

Retained earnings include transfers from consolidated net profit and the accumulated comprehensive income resulting from the following items:

- Offsetting of actuarial gains and losses with no effect on net income
- Differences arising from currency translations of annual financial statements of foreign subsidiaries with no effect on net income
- Valuation for the fair value of financial instruments with no effect on net income

Reconciliation of the equity components affected by other comprehensive income:

€ 000s	31/12/2023			31/12/2024		
	Fair value measurement	Currency translation adjustments	Total other comprehensive income	Fair value measurement	Currency translation adjustments	Total other comprehensive income
Components of other comprehensive income not to be reclassified to the income statement						
Remeasurements of defined benefit obligations	94			-460		
Components of other comprehensive income that may be reclassified to the income statement						
Fair Value Measurement of Financial Instruments				-957		
Exchange differences in translation of foreign companies		-10,373			10,857	
Other comprehensive income	**94**	**-10,373**	**-10,279**	**-1,417**	**10,857**	**9,440**

(31) CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

Obligations arising from rental, hire and leasing contracts are explained in the disclosures relating to IFRS 16 (see Note (28)).

Commitments amounting to € 000s 2,585 (2023: € 000s 677) were recognized arising from orders for investment projects already in progress or planned in the area of the items property, plant and equipment and intangible assets (commitments from orders).

(32) CAPITAL MANAGEMENT

The goals of capital management are derived from the financial strategy. This includes safeguarding liquidity and guaranteeing access to the capital market. The capital is defined as the shareholders' equity recognized in the balance sheet and the net debt.

Measures for achieving the goals of capital management are optimization of the capital structure, equity capital measures, compliance with covenants, acquisitions and disinvestments, as well as the reduction of net debts. The Group is not subject to the imposition of any statutory capital requirements.

A dividend in the amount of € 000s 0 (2023: € 000s 10,854) was paid out in the business year 2024.

Our financial management is based on the indicators defined in our finance strategy. The interest cover factor was 5.5 in 2024 (2023: 4.4). The debt service coverage ratio was 20.1 % in 2024 (2023: 12.9 %). The net debt amounted to € 000s 339,916 on 31 December 2024 (2023: € 359,299) and the equity ratio was 40.5 % (2023: 37.7 %). The calculation of the indicators is presented in the management report.

The international business profile of the Group means that different legal and supervisory regulations have to be observed according to the region. The status and development of these regulations are tracked at local level and centrally, and any changes are taken into account for purposes of capital management.

Dividend proposal

The Management Board and the Supervisory Board of SURTECO GROUP SE will submit a proposal to the ordinary Annual General Meeting of the company being held on 11 June 2025 that the net profit in accordance with the German Commercial Code (HGB) of SURTECO GROUP SE amounting to € 17,085,816.49 is to be appropriated as follows: payment of a dividend per share of € 0.30 (2023: € 0.00). This corresponds to a total amount distributed as dividend of € 4,651,719.30 for 15,505,731 shares. Appropriation is made to retained earnings in the amount of € 12,434,097.19.

(33) FINANCIAL INSTRUMENTS AND FINANCIAL RISKS MANAGEMENT

The significant financial risks of the Group are described below. More extensive descriptions of the risks are included in the risk and opportunities report provided in the management report.

1. Security guidelines and principles of financial risk management

Due to the international activities of the SURTECO Group, changes in interest rates and currency exchange rates impact on the net assets, financial position and results of operations of the SURTECO Group. The risks result from foreign currency transactions carried out in the course of operating business, from financing and from investment.

The Corporate Treasury Department of the holding company of SURTECO GROUP SE controls centrally the currency and interest-management of the Group and also the key business transactions with financial derivatives and other financial instruments. In individual cases, currency hedging transactions are concluded at the foreign subsidiaries in close consultation with Central Treasury. Financial instruments and derivatives are used exclusively to hedge interest and currency risks. Only commercial instruments with sufficient market liquidity are used for this purpose. Derivative financial instruments for trading purposes are not held as at 31 December 2024. Risk assessments and checks are carried out continuously.

The subsidiaries report on their key currency and interest-rate risks within the scope of Group reporting. These risk positions are then analysed and evaluated on the basis of the gross financial burden anticipated on EBT and the likelihood of occurrence.

2. Financial risks

The refinancing of the Group and the subsidiary companies is generally carried out centrally by SURTECO GROUP SE. Most of the Group's financial liabilities have residual terms of up to five years (see maturity structure Note (33.3)). Financial indicators (covenants) were agreed at standard market conditions in loan agreements, such as the ratio of adjusted EBITDA of the last 12 months to net financial debt and the ratio of equity to the balance sheet total. The agreed covenants must be complied with as agreed in the contract on the quarterly reporting dates (31/3, 30/6, 30/9 and 31/12). The Management Board and Supervisory Board continually monitor compliance with the covenants. If there is an impending breach of any indicators, consultations on individual measures take place as necessary. If the covenants are breached, the lenders have the right to terminate the loan agreements. In the fiscal year, 2024, the agreed covenants were complied with in full. At the balance sheet date, the agreement relating to the covenants is only based on the syndicated loan with a nominal amount of € 230.0 million concluded in December 2023 (drawn down on 31 December 2024: € 195.0 million), of which € 30.0 million (drawn down on 31 December 2024: € 0 million) as a revolving credit facility. In the fiscal year 2024, the agreed covenants were complied with in full. Even though the covenants were fully complied with in the fiscal year 2024, the company agreed on new targets for the covenants with the lenders in the first quarter of 2025, and these are effective from the fiscal year 2025. The type and number of the agreed covenants remain unchanged. The company is currently assuming that these covenants can be complied with over the next 12 months. Nevertheless, there is the general risk that the covenants cannot be complied with, particularly if unforeseen events occur or an extended recession takes hold, and that notice may therefore be served on credit contracts.

No risk concentration was identified for financial risks.

3. Liquidity and credit risks

The Corporate Treasury Department of the holding company SURTECO GROUP SE monitors and controls the development of liquidity for the major subsidiary companies. This provides an up-to-date picture of liquidity development at any time. The positive operating cash flow and the short payment targets mean that the SURTECO Group has adequate liquid funds continuously available. There is also the option of drawing on open credit lines and on a factoring agreement.

However, there is the risk that earnings and liquidity are compromised by default on accounts receivable from customers and non-compliance with payment targets. The Group counters this risk by regularly reviewing credit rating and carefully monitoring default with customers. The Group counters the risk arising from debit balances in accounts payable by a broad customer structure and by credit insurance policies.

The following table shows the undiscounted contractually agreed cash outflows from primary financial liabilities and derivative financial instruments with gross fulfilment. If the maturity date is not fixed, the liability relates to the earliest due date.

2024 € 000s	Book value 31/12/2024	2025 Interest	2025 Repayment	2026 - 2029 Interest	2026 - 2029 Repayment	2030 ff. Interest	2030 ff. Repayment
Financial liabilities to financial institutions	378,763	14,333	9,700	18,413	339,062	1,832	30,000
Financial liabilities from leasing obligations	32,340	1,033	7,042	1,996	18,565	1,200	6,732
Financial liabilities	411,102	15,367	16,742	20,409	357,627	3,033	36,732
Trade accounts payable	92,191	-	92,191	-	-	-	-
Other financial liabilities	37,063	-	35,695	-	-	-	-

2023 € 000s	Book value 31/12/2023	2024 Interest	2024 Repayment	2025 - 2028 Interest	2025 - 2028 Repayment	2029 ff. Interest	2029 ff. Repayment
Financial liabilities to financial institutions	440,756	18,396	62,663	35,564	301,642	3,281	76,450
Financial liabilities from leasing obligations	30,354	705	6,445	1,267	18,715	531	5,194
Financial liabilities	471,109	19,101	69,108	36,831	320,357	3,812	81,644
Trade accounts payable [1]	83,140	-	83,140	-	-	-	-
Other financial liabilities	37,203	-	37,188	-	15	-	-

[1] Reclassification of two defined benefit plans (€ 000s 182) in pensions and other personnel-related obligations.

4. Interest and currency risks

A: Interest risks

Interest-rate risks represent the risks of increasing financing costs resulting from the increase in the level of interest rates. The variable-interest financial liabilities primarily consist of an unsecured syndicated loan with a bullet repayment loan tranche (term loan/facility A) and a revolving credit facility (RCF). The interest is based on Euribor money market conditions plus a credit margin. The loan tranche as at 30 November 2023 amounts to € 200.0 million, has a fixed term of three years and can be extended twice by one year. Owing to a repayment, the loan tranche at 31 December 2024 still amounts to € 195.0 million. The RCF has a framework volume of € 30.0 million and was drawn down for the first time in 2024 for liquidity management.

Furthermore, SURTECO GROUP SE has promissory note loans with a total volume of € 184.5 million and residual terms between 28 and 88 months. Out of these, € 20.0 million are variable interest tranches based on Euribor money market conditions.

Up to now, only the interest-rate risk for the syndicated loan is hedged with three interest collars. An interest collar sets a range between two fixed interest rates. Under the hedging transaction, the company receives compensation payments in relation to interest periods when the Euribor rate is determined to be above the hedged interest-rate cap. If the Euribor rate is below the agreed lower limit for the interest rate, the company makes compensation payments for the corresponding interest periods. If the market interest rates lie between these two interest rates, no compensation payment is made and the variable interest rate agreed under the secured underlying transaction is payable. The lower interest rate limit of 0 percent in relation to the Euribor fixing in the underlying transaction was replicated in the hedging transactions so that no incongruities can arise in the event of negative Euribor fixings.

The market values are calculated on the basis of a standard option pricing model. The first day of a period is used as the interest-bearing day for calculation of accrued interest. The last day of an interest period is consequently not included in this calculation.

If it is anticipated that the interest collars will compensate for the hedged interest-induced changes in cash flows arising from the variable-interest loans secured as part of the hedging strategy to a sufficiently high extent during the term, these are designated as a hedging instrument in a cash-flow hedge. The effectiveness is measured using the hypothetical derivative method. This involves comparing changes in the market value of the hedging instrument with the changes in the market value of a “perfect” hypothetical derivative, i.e. that completely replicates the interest-induced cash flows and changes in the value of the underlying transaction. The hedging instruments match the secured interest payments in terms of the nominal amounts, the secured interest rates, the terms and the payment dates. A hedge ineffectiveness can therefore only arise from changes in the credit default risk of the hedging instruments. If the change in market value of the hedging instrument is greater than the change in market value of the hypothetical derivative, the excess amount is immediately recognized in profit or loss as hedge ineffectiveness. The effective part is initially placed in the cash flow hedge reserve in equity and is only recognized in profit or loss when the secured interest payment affects the income statement.

Since 28 March 2024 and on the balance sheet date, SURTECO GROUP SE has had three interest collars with a nominal volume amounting to a total of € 150.0 million (2023: € 0 million). These collars hedge the Euribor interest risk during the period up until 30 November 2026 and were designated as a hedging instrument in a cash-flow hedge. The hedging ratio based on the term loan tranche in the amount of € 195 million is therefore 76.9 % over the first three years.

The average lower and upper interest rate limits for the interest collars are 2.47 % and 3.20 % per annum up until 31 December 2024.

On 31 December 2024, the market value of the three interest collars is minus € 1.4 million (2023: € 0 million).

The interest-rate risk driven by a risk of changes in market value is not regarded as relevant since the financial liabilities are not held for trading purposes or for other transfers to third parties.

The interest-rate risk position is regularly assessed with the help of current market data and the existing risks are quantified using sensitivity analyses. The following table shows the impacts of an increase (reduction) in the relevant interest rates by one percentage point on the interest income – taking into account the effects arising from the hedging instruments. The analysis assumes that all other variables, in particular exchange rates, remain unchanged.

The fixed-interest share in relation to the nominal amount of the total financial liabilities as at 31 December 2024 is € 000s 164.7 or 43.4 % (2023: € 000s 222.1 or 50.2 %)

€ 000s		interest	hedging	31/12/2023	31/12/2024
Cash and Cash equivalents		variable	-	111,811	71,186
Liabilities to banks - syndicated loan		variable	yes	-200,000	-195,000
Promissory note loans		variable	no	-20,000	-20,000
Liabilities to banks - other		variable	no	0	-98
Liabilities to banks - other		fixed	no	-17,142	-182
Promissory note loans		fixed	no	-205,000	-164,500
Gross exposure variable				**-108,189**	**-143,912**
Gross exposure fixed				**-222,142**	**-164,682**
Interest rate hedging transactions				**0**	**150,000**
Hedge ratio based on the nominal amount of variable-rate financial liabilities				0	69.7 %
Net exposure variable				-108,189	6,088
Sensitivities of variable net exposure					
Annual interest income effect arising from an increase in short-term interest rates of 100 basis points (1 percentage point)			Assets	1,118	712
			Liabilities	-2,200	-2,151
Annual net interest income effect arising from a reduction in short-term interest rates by 100 basis points (1 percentage point)			Assets	-1,118	-712
			Liabilities	2,200	2,151

If there is a parallel shift in the SWAP curve by one percentage point upwards, the financial result would improve by € 1.5 million as a result of the change in market value of the interest-rate hedging transactions. The cash-flow hedge reserve would increase by € 0.2 million. If there were an interest-rate reduction by one percentage point, this effect on the financial result would amount to minus € 2.3 million and on the cash-flow reserve to minus € 3.7 million. This is subject to measured ineffectivenesses, which are accounted for through the income statement.

The following interest-rate hedging instruments were in place on the reporting date 31 December 2024:

	Year of maturity			Nominal amount		Average interest rate		Fair Value	
	2025	2026-2029	from 2030	31/12/2024	31/12/2023	31/12/2024	31/12/2023	**31/12/2024**	31/12/2023
	€000s	€000s	€000s	€000s	€000s	in %	in %	**€000s**	€000s
Interest collars	-	150,000	-	150,000	-	2.47 – 3.2	n.a.	**-1,368**	-

B: Currency risks

Due to the global nature of the business activities of the SURTECO Group, delivery and payment flows result in different currencies. Conversion of business figures and balance sheets from foreign subsidiaries into euros can entail risks which can only be hedged to a certain extent. In the reporting period and previous periods, no hedges were arranged in this respect.

The Group operates in several currency areas. In particular, effects arise from the performance of the US dollar.

A rise in the key relevant foreign currencies in the Group against the euro would exert the following effects:

€000s	Income statement		Equity / Other comprehensive income	
	10 % Rise	10 % Fall	10 % Rise	10 % Fall
31/12/2024				
Primary financial instruments				
in US dollars	4,575	-3,743	20,519	-16,788
in other currencies	-1,188	972	3,451	-2,823
	3,387	**-2,771**	**23,970**	**-19,611**
31/12/2023				
Primary financial instruments				
in US dollars	3,573	-2,923	19,291	-15,784
in other currencies	-1,145	937	1,697	-1,388
	2,428	**-1,986**	**20,988**	**-17,172**

The analysis assumes that all other variables, in particular interest rates, remain unchanged.

No risk concentration was identified for risks relating to change in interest rates and currency.

5. Impacts of hedging relationships on the consolidated financial statements

The hedging instruments used in hedge accounting are primarily tailored to the underlying hedged transactions. To date, only interest-rate risks have been hedged. Conversely, the Group companies currently counter currency and credit-default risks with regular and intensive observation of a range of early-warning indicators. Hedging of these risks is discussed and decided through the Central Treasury with the Management Board and the responsible Managing Directors.

A: Hedging instruments

The designated hedging instruments exerted an effect as follows on the balance sheet on 31 December 2024:

Hedging instruments					
€ 000s	Nominal amount of the hedging transactions	Book value of the hedging transactions		Balance sheet item under which the hedging instruments are recognized	Change in fair value for measuremet of the effectiveness in the reporting period
		Assets	Liabilities		
Hedging of interest rate risks	150,000		1,368	Ohter financial obligations	-1,368

No hedging instruments were concluded in the previous year.

B: Cash-flow hedge reserve

The underlying transactions designated in the hedging relationships exerted the following effect on the cash-flow hedge reserve in equity on 31 December 2024:

Cash-flow hedge reserve 2024		
€ 000s	Change in value of the hedged underlying transactions, which were used to determine the effectiveness	Cash-flow hedge reserve
Hedging of interest rate risks	0	1,368

There was no cash-flow hedge reserve in the previous year.

C: Hedging relationships

In 2024, the hedging relationships referred to above exerted the following effects on the income statement, other comprehensive income or the acquisition costs of the underlying transaction:

Hedging relationships 2024					
€ 000s	Profit or loss from hedging recorded in the cash flow hedge reserve	Ineffectiveness recorded in the income statement	Items in the income statement, in which the ineffectiveness is recorded	Amount which was reclassified from the cash-flow hedge reserve to the income statement or acquisition costs	Items in the income statement in which the reclassified amounts are recorded
Hedging of interest rate risks	0	0	Other financial result	0	Interest income

There were no hedging relationships in the previous year.

D: Development of the cash-flow hedge reserve

The cash-flow hedge reserve has developed as following during the reporting period:

Cash-flow hedge reserve	
€ 000s	**interest risks**
As at 31/12/2023 / 01/01/2024	**0**
Changes due to effective hedging relationships	-1,368
Transfers at acquisition cost of the underlying transaction	0
Reclassifications to the income statement	0
Deferred taxes	410
As at 31/12/2024	**-957**

6. Valuations of financial instruments

The calculation and recognition of the fair values of financial instruments is based on a **fair value hierarchy** which takes into account the significance of the input data used for the valuations and classifies it as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets and liabilities, where the entity drawing up the financial statements must have access to these active markets on the valuation date.
Level 2 – Directly or indirectly observable input factors which cannot be classified under Level 1.
Level 3 – Unobservable inputs.

The following table shows the **book values and fair values** of financial assets and financial liabilities including their levels in the fair value hierarchy.

No fair value reporting is carried out in accordance with IFRS 7.29 for short-term financial instruments or financial instruments reported at acquisition costs.

€ 000s	Category acc. IFRS 9	Book value at 31/12/2024	(amortized) Acquisition costs	Fair value		Carrying amount acc. IFRS 16	Fair value (IFRS 13)	Level
		Book value at 31/12/2024						
				not affecting income	affecting income			
Assets								
Cash and cash equivalents	AC	71,186	71,186	-	-	-	-	-
Trade accounts receivable (not including factoring)	AC	85,989	85,989	-	-	-	-	-
Trade accounts receivable								
- Open receivables from factoring	AC	-11,088	-11,088	-	-	-	-	-
- Continuing Involvement	AC	183	183	-	-	-	-	-
Other current financial assets								
- Receivables from payment of residual purchase price factor	AC	1,979	1,979	-	-	-	-	-
- Other current financial assets								
of which in the scope of IFRS 7	AC	8,729	8,729	-	-	-	-	-
of which not in the scope of IFRS 7	n.a.	223	223	-	-	-	-	-
Financial assets								
- Participations	FVPL	1,779	-	-	1,779	-	-	-
- Other loans	AC	19	19					
Other non-current financial assets								
- Miscellaneous other non-current financial assets	AC	997	997	-	-	-	-	-
Liabilities								
Short-term financial liabilities								
- Liabilities to financial institutions	AC	9,700	9,700	-	-	-	10,079	2
- Liabilities acc. to IFRS 16	n.a.	7,042		-	-	7,042	-	-
Trade accounts payable	AC	92,191	92,191					
Other current financial liabilities								
- Liability to factor	AC	8,703	8,703	-	-	-	-	-
- Continuing Involvement	AC	183	183	-	-	-	-	-
Other current financial liabilities								
- of which not in the scope of IFRS 7	n.a.	19,282	19,282	-	-	-	-	-
- of which in the scope of IFRS 7	AC	7,527	7,527	-	-	-	-	-
Long-term financial liabilities								
- Liabilities acc. to IFRS 16	n.a.	25,297		-	-	25,297	-	-
- Liabilities to credit instiutions	AC	369,062	369,062	-	-	-	380,538	2
Other non-current financial liabilities								
- Liabilities from financial derivatives	FVOCI	1,368		1,368				

			Book value at 31/12/2023					
€ 000s	Category acc. IFRS 9	Book value at 31/12/2023	(amortized) Acquisition costs	Fair value not affecting income	Fair value affecting income	Carrying amount acc. IFRS 16	Fair value (IFRS 13)	Level
Assets								
Cash and cash equivalents	AC	111,811	111,811	-	-	-	-	-
Trade accounts receivable (not including factoring)	AC	83,660	83,660	-	-	-	-	-
Trade accounts receivable								
- Open receivables from factoring	FVPL	-11,041	-11,041	-	-	-	-	-
- Continuing Involvement	n.a.	183	183	-	-	-	-	-
Other current financial assets								
- Receivables from payment of residual purchase price factor	n.a.	1,562	1,562	-	-	-	-	-
- Other current financial assets								
of which in the scope of IFRS 7	AC	4,070	4,070	-	-	-	-	-
of which not in the scope of IFRS 7	n.a.	136	136	-	-	-	-	-
Financial assets								
- Participations	FVPL	1	-	-	1	-	-	-
Other non-current financial assets								
- Miscellaneous other non-current financial assets	AC	209	209	-	-	-	-	-
Liabilities								
Short-term financial liabilities								
- Liabilities to financial institutions	AC	62,233	62,233	-	-	-	75,163	2
- Liabilities acc. to IFRS 16	n.a.	6,445		-	-	6,445		
Trade accounts payable	AC	83,140	83,140	-	-	-	-	-
Other current financial liabilities								
- Liability to factor	AC	4,582	4,582	-	-	-	-	-
- Continuing Involvement	AC	183	183	-	-	-	-	-
Other current financial liabilities								
- of which not in the scope of IFRS 7	n.a.	22,984	27,726	-	-	-	-	-
- of which in the scope of IFRS 7	AC	9,014	2,771	-	-	-	-	-
Long-term financial liabilities								
- Liabilities acc. to IFRS 16	n.a.	23,909		-	-	23,909	-	-
- Liabilities to credit institutions	AC	378,523	378,523	-	-	-	360,497	2

[1] Reclassification of two defined benefit plans (€ 000s 182) in pensions and other personnel-related obligations.

Key to abbreviations	
AC	Amortised Cost
FVPL	At Fair Value through Profit & Loss

Cash and cash equivalents, trade accounts receivable, (not including those receivables which are assigned within the framework of a factoring programme), loans to associated companies and components of other current financial assets and current financial liabilities, trade accounts payable and other financial liabilities that primarily have short residual terms are recognized at "Amortized Cost" (AC). The values reported therefore correspond approximately to the fair values on the reporting date.

The trade accounts receivable that are assigned within the framework of the factoring programme are recognized at fair value through profit and loss.

The fair value of liabilities to banks is determined as a present value taking account of the payments associated with the liabilities based on the relevant interest structure curve in each case and the credit spread curve differentiated according to currencies.

During this business year and the previous business year, there were no reclassifications between the measurement categories or reclassifications within the fair value hierarchy. The SURTECO Group decides as necessary with the date of the event or the change in circumstances which have caused a regrouping whether a reclassification is necessary.

The **net gains and losses** in the income statement **arising from financial instruments** are presented in the following table:

€ 000s	2023	2024
Gains from assets recognized at amortized costs	3,960	4,436
Losses from assets recognized at amortized costs	-1,817	-807
Gains/losses from assets recognized at amortized costs	**2,144**	**3,628**
Gains from derivative instruments recognized at fair value through profit or loss	3,032	0
Gains from liabilities recognized at amortized costs	2,858	3,310
Losses from liabilities recognized at amortized costs	-19,765	-19,169
Gains/losses from liabilities recognized at amortized costs	**-16,907**	**-15,859**

The net gains and losses for assets recognized at amortized cost essentially relate to changes in allowances and currency translations, allowance reversals and interest income.

The net gains and losses for liabilities recognized at amortized cost result from currency translation and interest expenses.

Interest income on financial instruments in the amount of € 000s 3,156 (2023 € 000s 2,410) and interest expenses in the amount of € 000s 18,104 (2023 € 000s 16,005) relate to the net gains and losses respectively.

IX. Supplementary information

(34) NOTES TO THE CASH FLOW STATEMENT

The cash flow statement was prepared in accordance with IAS 7. It is structured by cash flows arising from operating activities, from investment and financing activities. The effects of changes in the group of companies consolidated are eliminated in the relevant items. The cash flows arising from investment and financing activities are calculated on the basis of payments, cash flow arising from current business operations is derived indirectly.

The financial resources only include the cash and cash equivalents of the SURTECO Group reported in the balance sheet. By contrast, financial controlling in the SURTECO Group is based on the financial balance, which apart from cash and cash equivalents also includes financial liabilities.

The operating expenses and income with no effect on liquidity and results from disposals of assets are eliminated in cash flow from current business operations.

The cash flow from financing activities is comprised of dividend payments, borrowing and repayment of debts and leasing obligations, business transactions with non-controlling interests, as well as interest payments from loans and financial liabilities.

The change in net liabilities is made up as follows:

€ 000s	2023	2024
Cash and cash equivalents	111,811	71,186
Credit liabilities	-440,756	-378,763
Leasing liabilities	-30,354	-32,340
Net liabilities	**-359,299**	**-339,916**
Cash and liquid financial investments	111,811	71,186
Gross liabilities – fixed interest rates	-251,109	-196,102
Gross liabilities – variable interest rates	-220,000	-215,000
Net liabilities	**-359,299**	**-339,916**

€ 000s	Liabilities from financial activities			
	Cash/Bank current account	Borrowings	Leases	Total
Net liabilities at 1 January 2023	117,752	-240,962	-29,549	-152,759
Cash flows	-8,398	-183,218	5,649	-185,967
New leases	0	0	-5,546	-5,546
Adjustment resulting from currency translation	47	0	0	47
Other changes	2,410	-16,576	-907	-15,073
Net liabilities at 31 December 2023	**111,811**	**-440,756**	**-30,354**	**-359,299**
Net liabilities at 1 January 2024	111,811	-440,756	-30,354	-359,299
Cash flows	-44,857	80,761	7,911	43,816
New leases	0	0	-8,837	-8,837
Adjustment resulting from currency translation	1,019	0	12	1,031
Other changes	3,213	-18,768	-1,072	-16,627
Net liabilities at 31 December 2024	**71,186**	**-378,763**	**-32,340**	**-339,916**

(35) SEGMENT REPORTING

The activities of the SURTECO Group are segmented by operating segments according to IFRS 8 within the scope of reporting. The breakdown is based on internal controlling and reporting. Within the scope of the corporate strategy, the organizational structure was changed with effect from 1 January 2023 to adapt to the needs of the customers of the SURTECO Group. The following segments were established:

- “Surfaces” bundles all the surface activities – including melamine edgings in Europe and South America
- “Edgebands” bundles the activities with plastic edgebandings in Europe and South America
- “Profiles” bundles activities with skirtings and technical extrusions (profiles) in Europe and South America
- and the regional segments North America and Asia / Pacific, which comprise all the activities in the relevant geographical markets, independently of products

These divisions bear responsibility across legal entities. They have all the functions required to achieve the strategic and operational goals.

Geared to customers and products, these structure helps to increase the profitability of the SURTECO Group and drive growth in the long term. The segments are organized across the companies on the basis of the sales markets.

The segment information is based on the same recognition, accounting and valuation principles as those used in the consolidated financial statements. Assets and liabilities, provisions, income and expenses, as well as earnings between the segments are eliminated in the consolidations. Internal sales within the Group are transacted at commercial prices.

The segment working capital describes the difference between current assets and current liabilities. The current assets include current liabilities and inventories.

The SURTECO Group uses two controlling parameters in segment reporting and adjusted EBITDA is applied as the primary controlling parameter.

The Management Board holds the power of decision-making with regard to the allocation of the resources and the measurement of the earnings power of the reportable segments. Uniform performance and asset values are used in the relevant business segments for this purpose.

The business relationships between the companies in the segments are organized on the basis of dealing at arm’s length. Administrative services are calculated as cost allocations.

Segment information € 000s	BU Surfaces	BU Edgebands	BU Profiles	BU North America	BU Asia Pacific	Reconcili-ation	SURTECO Group
2024							0
External sales	265,819	149,604	129,977	263,136	48,052	0	856,588
Internal sales with the SURTECO Group	17,373	1,654	103	0	0	-19,130	0
Total sales	283,192	151,258	130,080	263,136	48,052	-19,130	856,588
Depreciation and amortization	-16,158	-10,150	-10,099	-21,649	-1,672	-131	-59,859
Segment earnings (EBITDA adjusted)	26,907	25,000	17,048	27,511	6,775	-7,901	95,340
Interest income	884	1,071	540	461	19	238	3,213
Interest expenses	-7,808	-1,101	-3,246	-14,919	-243	7,063	-20,254
Income/Expenses due to IFRS 9	0	0	0	0	0	-175	-175
EBT	3,176	19,541	4,721	-8,968	5,018	-3,882	19,606
Segment working capital (before factoring)	30,846	25,705	23,787	62,069	9,746	-2,833	149,320
Voluntary disclosures:							
Income tax	-2,704	-5,241	-1,904	-3,115	-2,109	3,328	-11,745
Investments (property, plant and equipment, and intangible assets)	8,679	2,052	4,815	7,926	1,682	10	25,164
Employees	1,037	866	494	1,087	207	27	3,718
2023							
External sales	265,610	151,072	137,355	229,107	51,945	0	835,089
Internal sales with the SURTECO Group	15,026	1,535	33	0	0	-16,594	0
Total sales	280,636	152,607	137,388	229,107	51,945	-16,594	835,089
Depreciation and amortization	-17,731	-10,408	-9,447	-19,462	-1,530	128	-58,450
Segment earnings (EBITDA adjusted)	20,212	26,371	19,982	18,054	8,715	-6,927	86,407
Interest income	632	940	329	302	39	168	2,410
Interest expenses	-7,372	-1,211	-2,829	-12,090	-218	6,237	-17,483
Income/Expenses due to IFRS 9	0	0	0	0	0	-738	-738
EBT	-11,119	20,022	6,965	-24,061	7,105	-6,573	-7,661
Segment working capital (before factoring)	38,209	25,888	25,506	50,204	10,517	-3,882	146,442
Voluntary disclosures:							
Income tax	-1,020	-5,699	-2,116	14	-2,234	6,293	-4,762
Investments (property, plant and equipment, and intangible assets)	14,664	7,738	6,596	151,163	2,529	31	182,721
Employees	1,069	844	541	1,069	211	22	3,756

Segment information by regional markets						
€ 000s	2023			2024		
	Sales revenues	Non-current assets	Invest-ments	Sales revenues	Non-current assets	Invest-ments
Germany	166,239	247,867	17,934	160,544	236,423	10,662
Rest of Europe	324,243	150,568	6,747	315,525	145,209	4,126
America	260,440	239,012	117,633	297,073	240,305	7,688
Asia/Australia	77,350	39,171	3,662	75,133	39,529	2,689
Other	6,817			8,313		
	835,089	**676,618**	**145,976**	**856,588**	**661,466**	**25,165**

Sales revenues were allocated according to the destination of goods delivery. Non-current assets were recorded in accordance with the location of the relevant asset.

Non-current assets include property, plant and equipment, intangible assets and goodwill.

Goodwill was allocated to the non-current assets by regions.

Reconciliation of balance sheet totals with net segment assets		
€ 000s	2023	2024
Balance sheet total	**1,041,788**	**1,012,402**
Less financial assets		
- Cash and cash equivalents	111,811	71,186
- Financial assets and investments accounted for using the equity method	400	2,202
- Tax assets / deferred tax assets	26,103	30,061
Segment assets	**903,473**	**908,953**
Current and non-current liabilities	**648,887**	**601,922**
Less financial liabilities		
- Short-term and long-term financial liabilities	471,109	411,102
- Tax liabilities / deferred tax liabilities	37,337	41,450
- Pensions and other personnel-related obligations	11,451	11,696
Segment liabilities	**128,990**	**137,673**
Net segment assets	**774,483**	**771,280**

(36) COMPENSATION FOR EXECUTIVE OFFICERS

Supervisory Board

The compensation system for the Supervisory Board is comprised of a fixed remuneration amounting to € 000s 275 (2023: € 000s 275) and the remuneration for serving on the Audit Committee of € 000s 36 (2023: € 000s 36).

Management Board

The compensation for the Management Board comprises a performance-independent component and a performance-based component. The performance-independent components comprise the basic remuneration, fringe benefits and a pension provision, which is paid to an external welfare fund and is reported in the balance sheet as a defined contribution commitment. 50 % of the performance-related variable compensation is paid out and 50 % is retained. The retained amount is paid out after three years, and furthermore reduced or increased as a percentage if the average bonus for the previous three business years falls below or exceeds the bonus for the third-to-last business year. The performance-based variable compensation is determined on the basis of the key performance indicators EBITDA, free cash flow, strategic targets and sustainability goals (e.g. CO_2 emissions). There is an obligation of € 000s 2,256 (2023: € 000s 2,288) for short-term variable compensation and an obligation of € 000s 979 (2023: 1,277) for the long-term variable compensation.

The following table shows the compensation for the Members of the Management Board:

Remuneration payments for the Management Board (expenses in the fiscal year)

€ 000s	2023	2024
Short-term employee benefits due	2,472	1,931
Post-employment benefits	300	300
Benefits payable on termination of employment	101	0
Other long-term benefits due	1,227	979
	4,100	**3,210**

(37) AUDITOR'S FEE

At the Annual General Meeting held on 7 June 2024, audit firm Baker, Tilly GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft, Düsseldorf, branch office Nuremberg, was appointed as the auditor of the financial statements and auditor to carry out the audit inspection of the interim financial reports for the business year 2024.

The total fee for the business year amounted to € 000s 815 (2023: € 000s 892). € 000s 802 were attributable to services for auditing the consolidated financial statements, and € 000s 13 were attributable to confirmation services. The auditing services include auditing of the consolidated financial statements and auditing of the separate financial statements of SURTECO GROUP SE and the domestic subsidiary companies. The other confirmation services relate to auditing pursuant to § 32 Securities Trading Act (WpHG).

(38) EVENTS AFTER THE REPORTING DATE

In March 2025, the Management Board decided to discontinue the production of impregnates in Germany on 30 May 2025 and to close the relevant production company Dakor Melamin Imprägnierungen GmbH. In the business year 2024, sales of € 18.6 million were generated with impregnates. The adjusted EBITDA amounted to € -2.5 million. At year-end 2024, the investment book value of the company had already been written down in full.

Up until 15 April 2025, there were no further events or developments that could lead to a significant change to the recognition or valuation of individual assets or liabilities as at 31 December 2024.

X. Executive Officers of the Company

Management Board (in the business year 2024)		
Name, Place of residence	**Main activity**	**Supervisory Board memberships of other companies and other mandates**
Wolfgang Moyses Business Manager Munich	Chairman of the Management Board	• Customer Member of the Advisory Board of Landesbank Rheinland-Pfalz, Mainz
Andreas Pötz Business Administrator Weißensberg	Member of the Management Board CFO	• Member of the Exchange Council of Munich Stock Exchange

Members of the Supervisory Board (in the business year 2024)		
Name, Place of residence	**Regular occupation**	**Supervisory Board memberships of other companies and other mandates**
Christa Linnemann Gütersloh, Honorary Chairwoman	-	-
Andreas Engelhardt Hamburg (Chairman)	Personally liable shareholder of Schüco International KG, Bielefeld, OTTO FUCHS KG and OTTO Fuchs Beteiligungen KG, Meinerzhagen	• Member of the Supervisory Board of SAINT-GOBAIN ISOVER G+H AG, Ludwigshafen • Deputy Chairman of the Supervisory Board of BDO AG WPG, Hamburg
Tim Fiedler Düsseldorf (Vice Chairman)	Economist	• Member of the Advisory Board of nevisQ GbmH, Aachen • Member of the Advisory Board of Smart Coloring GmbH, Aachen (until 31 October 2024) • Member of the Supervisory Board of Northern Design Power SL, Madrid (from 1 May 2024) • Member of the Advisory Board of Drewsen Spezialpapier GmbH & Co. KG, Lachendorf • Member of the Board of Trustees of Gustav & Catharina Schürfeld-Stiftung, Lachendorf • Member of the Supervisory Board of Geiger Notes AG, Mainz-Kastel • Member of the Supervisory Board of CMPC Europe GmbH & Co. KG, Hamburg • Member of the Advisory Board MCG Management GmbH, Hamburg
Tobias Pott Gütersloh (Deputy Chairman)	Business Administrator	• Deputy Chairman of the Management Board of Robert und Christa Linnemann-Stiftung, Gütersloh
Jens Krazeisen* Buttenwiesen	Chairman of the Works Council of SURTECO GmbH, Buttenwiesen	-
Jochen Müller Neunkirchen-Seelscheid	Engineer	• Deputy Chairman of the Supervisory Board of A.S. Création Tapeten AG, Gummersbach (until 30 June 2024)

Members of the Supervisory Board (in the business year 2024)		
Name, Place of residence	**Regular occupation**	**Supervisory Board memberships of other companies and other mandates**
Dirk Mühlenkamp* Gladbeck	Chairman of the Works Council of SURTECO GmbH, Gladbeck	-
Jan Oberbeck St. Augustin	Economist	• Member of the Supervisory Board of All4Lables GmbH, Hamburg • Member of the Advisory Board of Smart Coloring GmbH, Aachen (until 31 October 2024) • Member of the Advisory Board of Camm Solutions GmbH, Hamburg (from 1 July 2024) • Member of the Supervisory Board of Geiger Notes AG, Mainz-Kastel • Member of the Supervisory Board of CMPC EUROPE GmbH & Co. KG, Hamburg (from 15 November 2024) • Member of the Advisory Board of MCG Management GmbH, Hamburg
Thomas Stockhausen* Sassenberg	Chairman of the Works Council of SURTECO GmbH, Sassenberg	-
Jörg Wissemann Schlossborn	Business Manager	• Member of the Advisory Board of Hochschule Worms

* Employee representatives

Committees of the Supervisory Board (as at 31 December 2024)			
Presiding Board			
Andreas Engelhardt (Chairman)	Tim Fiedler	Tobias Pott	
Personnel Committee			
Andreas Engelhardt (Chairman)	Tim Fiedler	Jan Oberbeck	Tobias Pott
Audit Committee			
Jochen Müller (Chairman)	Andreas Engelhardt	Tobias Pott	Jörg Wissemann

XI. Declaration of Compliance with the German Corporate Governance Code pursuant to § 161 Sentence 1 Stock Corporation Act (AktG)

The Management Board and the Supervisory Board of SURTECO GROUP SE submitted the Declaration of Compliance in respect of the Corporate Governance Code pursuant to § 161 Sentence 1 Stock Corporation Act (AktG) on 13 December 2024 and made this declaration available to shareholders on the website of the company at: www.surteco.com.

Shareholdings as at 31/12/2024

		Town/City	Country	Consoli-dated	Percentage of shares held	Partici-pation
PARENT COMPANY						
100	SURTECO GROUP SE	Buttenwiesen	Germany			
SUBSIDIARIES						
200	SURTECO Beteiligungen GmbH	Buttenwiesen	Germany	F	100.00	100
321	SURTECO art GmbH	Willich	Germany	F	100.00	401
330	DAKOR Melamin Imprägnierungen GmbH	Heroldstatt	Germany	F	100.00	200
341	SÜDDEKOR LLC	Agawam	USA	F	100.00	401
401	SURTECO GmbH	Buttenwiesen	Germany	F	100.00	100
405	SURTECO UK Ltd.	Burnley	United Kingdom	F	100.00	401
410	Kröning GmbH	Hüllhorst	Germany	F	100.00	200
441	BauschLinnemann North America Inc.	Myrtle Beach	USA	F	100.00	401
443	SURTECO North America Inc.	Myrtle Beach	USA	F	100.00	401
444	OMNOVA Engineered Surfaces (Thailand) Co.Ltd.	Rayong	Thailand	F	99.00 0.5 0.5	443 341 441
470	SURTECO Italia s.r.l.	Zero Branco	Italy	F	100.00	401
501	Global Abbasi, S. L	Madrid	Spain	F	100.00	401
502	Proadec Portugal, S. A.	Mindelo	Portugal	F	100.00	501
503	Proadec Brasil Ltda.	Sao José dos Pinhais	Brazil	F	99.97 0.03	502 501
504	Chapacinta, S. A. de C. V.	Tultitlán	Mexico	F	99.99 0.01	502 501
512	SURTECO Australia Pty Limited	Sydney	Australia	F	100.00	401
513	SURTECO PTE Ltd.	Singapore	Singapore	F	100.00	401
514	PT Doellken Bintan Edgings & Profiles	Batam	Indonesia	F	99.99 0.01	401 513
516	SURTECO France S.A.S.	Beaucouzé	France	F	100.00	401

		Town/City	Country	Consoli-dated	Percentage of shares held	Partici-pation
SUBSIDIARIES						
518	SURTECO OOO	Moskow	Russia	F	100.00	401
520	Döllken Profiles GmbH	Bönen	Germany	F	100.00	100
531	Döllken Sp.z o.o.	Kattowitze	Poland	F	100.00	520
532	Döllken CZ s.r.o.	Prague	Czech Republic	F	100.00	520
533	Döllken SusPro Sp. Z o.o.	Kattowitze	Poland	NC	55.00	531
540	Nenplas Holdings Ltd.	Ashbourne	United Kingdom	F	100.00	520
541	Nenplas Ltd.	Ashbourne	United Kingdom	F	100.00	540
542	Polyplas Extrusions Ltd.	Stourport-on-Severn	United Kingdom	F	100.00	541
546	CJM Development Ltd.	Stourbridge	United Kingdom	NC	100.00	547
547	Wand Plastic Profiles Ltd.	Stourbridge	United Kingdom	NC	100.00	541
548	R&D Extrusions Ltd.	Kettering	United Kingdom	NC	100.00	547
550	SURTECO USA Inc.	Greensboro	USA	F	100.00	401
560	SURTECO Canada Ltd.	Brampton	Canada	F	100.00	401
580	SURTECO Decorative Material Co. Ltd.	Foshan	China	F	100.00	513
610	SURTECO Svenska AB	Gislaved	Sweden	F	100.00	100
611	Gislaved Folie AB	Gislaved	Sweden	F	100.00	610
612	Megufo AB	Gislaved	Sweden	E	50.00	611

F = Full Consolidation NC = Not Consolidated E = Consolidation at Equity

BUTTENWIESEN, 15 APRIL 2025
THE MANAGEMENT BOARD

WOLFGANG MOYSES ANDREAS PÖTZ

"The following copy of the auditor´s report also includes a "Report of the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" ("Separate report on ESEF conformity"). The subject matter (ESEF documents) to which the Separate report on ESEF conformity relates is not attached. The audited ESEF documents can be inspected in or retrieved from the Federal Gazette."

„INDEPENDENT AUDITOR´S REPORT

To SURTECO GROUP SE

Audit Opinions

We have audited the consolidated financial statements of SURTECO GROUP SE and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, and consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January 2024 to 31 December 2024, and notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the combined management report of SURTECO GROUP SE for the financial year from 1 January 2024 to 31 December 2024. In accordance with the German legal requirements, we have not audited the content of the components of the combined management report in the section other information.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2024, and of its financial performance for the financial year from 1 January 2024 to 31 December 2024, and

- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated 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 the section other information.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated 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") 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 Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities 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) point (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 consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January 2024 to 31 December 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows: Recoverability of goodwill

Our presentation of these key audit matters has been structured in each case as follows:

1. Matter and issue
2. Audit approach and findings
3. Reference we present the key audit matters

Hereinafter we present the key audit matters:

Recoverability of goodwill

1. In the consolidated financial statements of SURTECO GROUP SE, goodwill amounting to EUR 227.2 million is reported under the balance sheet item "Goodwill", which therefore represents around 55 % of Group equity. The company allocates goodwill to the relevant groups of cash-generating units. Goodwill is subjected to an impairment test at the level of the relevant groups of cash-generating units annually on the balance sheet date or on an ad hoc basis by the company in order to determine a possible need for impairment. As part of the impairment test, the carrying amount of the respective cash-generating units, including goodwill, is compared with the corresponding recoverable amount. The recoverable amount is generally determined on the basis of the value in use. The measurement is regularly based on the present value of future cash flows of the respective group of cash-generating units. The present values are determined using discounted cash flow models. The approved budget planning together with the Group's

medium-term planning forms the starting point, which is extrapolated using assumptions about long-term growth rates. Expectations about future market developments and assumptions about the development of macroeconomic factors are also taken into account. Discounting is carried out using the weighted average cost of capital of the respective group of cash-generating units. No need for impairment was identified as a result of the impairment test.

The result of this valuation is highly dependent on the estimates of the management with regard to the future cash flows of the respective group of cash-generating units, the discount rate used, the growth rate and other assumptions and is therefore subject to a high degree of uncertainty. Against this background and due to the complexity of the valuation, this matter was of particular significance in the context of our audit.

2. In order to address this risk, we critically analysed management's assumptions and estimates with the involvement of our valuation specialists and performed the following audit procedures, among others:

- We obtained an understanding of the Company's planning and valuation process and, on this basis, performed only substantive audit procedures on the planning.

- Furthermore, we assessed the methodology used to perform the impairment tests - in particular the determination of the recoverable amount and the carrying amount of the individual cash-generating units - and evaluated the calculation of the weighted average cost of capital. In order to assess the methodologically and mathematically appropriate implementation of the valuation method, we verified the valuation performed by the company using our own calculations and analysed deviations.

- We satisfied ourselves that the future cash inflows on which the valuations are based and the discount rates used provide an appropriate basis for the impairment tests of the individual cash-generating units.

- Our assessment was based, among other things, on a comparison with general and sector-specific market expectations, on extensive explanations by the management on the key value drivers of the planning, on the findings from the analysis of the planning quality in the past, on analyst estimates with regard to key figures of SURTECO and the key figures of comparable companies ("peer group") and on a comparison of this information with the current budgets from the approved planning together with the medium-term planning of the Group.

- With the knowledge that even relatively small changes in the discount rate and the growth rates can have a significant impact on the value in use calculated in this way, we examined the parameters used to determine the discount rate applied, including the weighted average cost of capital, and we reconstructed the company's calculation scheme.

- In order to take account of the existing forecast uncertainties, we have reproduced the sensitivity analyses prepared by the company and carried out our own sensitivity analyses.

- The calculation method on which the goodwill impairment test is based is appropriate and in line with the applicable valuation principles.

- The valuation parameters and assumptions applied by the management are generally in line with our expectations and are also within what we consider to be reasonable ranges.

3. The Company's disclosures on goodwill impairment testing are contained in sections VIII and IX (23) of the notes to the consolidated financial statements.

Other Information

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

- the section “Overall Internal Controlling System” of the combined management report,
- the combined non-financial report of the entity and the group, which is included in the combined management report,
- the combined statement on corporate governance of the entity and the group, which is referred to in the combined management report,
- the information contained in the combined management report that is not related to the management report and is marked as unaudited.

The other information also includes the annual report provided to us. The other information does not include the annual financial statements and the consolidated financial statements, the audited content of the combined management report, and our related audit opinions.

Our audit opinions on the consolidated financial statements and on the group 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 mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated 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 consolidated financial statements, the executive directors are responsible for assessing the Group'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 unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated 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 Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

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 whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated 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 consolidated 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 consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional scepticism throughout the audit.
We also:

- Identify and assess the risks of material misstatement of the consolidated 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) 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 these systems.

- 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 Group'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 consolidated 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 Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group'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 control 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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 Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the “ESEF documents”) contained in the electronic file surtecogroupse-2024-12-31-de.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 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 consolidated financial statements and the group 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 electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January 2024 to 31 December 2024 contained in the "Report on the Audit of the Consolidated Financial Statements and on 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 electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 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 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management: 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 including the electronic rendering of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

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

Group 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 non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, 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 work 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 electronic 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 consolidated 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 consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 7 June 2024. We were engaged by the supervisory board on 22 July 2024. We are the group auditor of the SURTECO GROUP SE for the first year.

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).

REFERENCE TO AN OTHER MATTER – USE OF THE AUDITOR´S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Dr. Joachim Schroff."

Nuremberg, 15 April 2025

Baker Tilly GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Edenhofer	Dr. Schroff
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Responsibility Statement

To the best of our knowledge, and accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group management report includes a fair review of the development and performance of the business and the expected development of the group.

BUTTENWIESEN, 15 APRIL 2025
THE MANAGEMENT BOARD

WOLFGANG MOYSES   ANDREAS PÖTZ

Balance Sheet (HGB) (SHORT VERSION)

€ 000s	31/12/2023	31/12/2024
ASSETS		
Intangible assets	8	2
Tangible assets	98	71
Investments		
- Interest in affiliated enterprises	297,767	297,767
- Notes receivable to affiliated enterprises	188,890	195,451
- Participations	1	1
Fixed assets	**486,764**	**493,292**
Receivables and other assets		
- Receivables from affiliated enterprises	248,865	253,197
- Other assets	4,389	2,100
Cash in hand, bank balances	77,961	38,533
Current assets	**331,215**	**293,830**
Prepaid expenses	**331**	**431**
	818,310	**787,553**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Subscribed capital	15,506	15,506
Additional paid-in capital	170,178	170,178
Retained earnings	102,881	119,880
Net profit	0	17,086
Equity	**288,565**	**322,650**
Other accruals	4,962	4,792
Accrued expenses	**4,962**	**4,792**
Liabilities to banks	440,286	390,615
Trade accounts payable	938	309
Liabilities to affiliated enterprises	83,415	69,037
Other liabilities	140	148
Liabilities	**524,779**	**460,109**
Deferred income	**4**	**2**
	818,310	**787,553**

Income Statement (HGB) (SHORT VERSION)

€ 000s	1/1/-31/12/ 2023	1/1/-31/12/ 2024
Sales revenues	1,971	3,200
Income from profit and loss transfer agreements	5,015	35,128
Expenses from loss transfer	-22,170	-6,911
Other operating income	10,546	11,277
Personnel expenses	-7,572	-7,560
Amortization and depreciation on intangible assets and property, plant and equipment	-59	-42
Other operating expenses	-20,361	-7,496
Income from long-term securities and loans from financial assets	389	12,710
Interest income	4,737	-6,157
Income taxes	365	-60
Earnings after tax	**-27,139**	**34,089**
Other taxes	-11	-3
Net income / Net loss	**-27,150**	**34,086**
Transfer from / to retained earnings	27,150	-17,000
Net profit	**0**	**17,086**

The Annual Financial Statements of SURTECO GROUP SE have been published in the Federal Gazette (Unternehmensregister) and filed at the Company Register of the Local Court Augsburg (Amtsgericht Augsburg). The Balance Sheet and the Income Statement (short version) from these Annual Financial Statements are published here. Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Düsseldorf, Nuremberg Branch, audited the Annual Financial Statements and provided them with an unqualified auditor’s opinion.

Glossary

Corporate Governance

Corporate Governance relates to the framework for managing a company based on legal and objective principles.

Dealing-at-arm's-length principle

Services between legally independent companies of a group are exchanged at intercompany prices. Intercompany prices must stand up to the test of dealing-at-arm's length, which involves an offset of an exchange of services between affiliated companies at conditions that were agreed or would have been agreed under comparable circumstances with or among third parties.

Derivative financial instruments

Financial products in which the market value can be derived from classic underlying instruments or from market prices such as interest rates or exchange rates. Derivatives are used for financial management at SURTECO in order to limit risk.

German Corporate Governance Code

The German Corporate Governance Code includes principles, recommendations and ideas for the Management Board and Supervisory Board that are intended to contribute to the company being managed in the interests of the enterprise. The code elucidates the duties of the Management Board and Supervisory Board to act in harmony with the principles of the social market economy taking into account the concerns of the shareholders, the workforce and the other groups associated with the enterprise (stakeholders) in the interests of the enterprise and creating the enterprise's long-term value added (interest of the enterprise).

EBIT

Earnings before financial result and income tax

EBITDA

Earnings before financial result, income tax and depreciation and amortization

EBT

Earnings before income tax

Equity method

Method for presenting participations in companies whereby a controlling influence can be exerted over their business and financial policy. The participation is initially valued at acquisition cost and this value is then adjusted on a pro rata basis to reflect performance of the associated enterprise.

Extrusion

The process of extrusion involves plastics being squeezed through a nozzle in a continuous procedure. The plastic is initially melted as it passes through an extruder by the application of heat and internal friction, and homogenized. The necessary pressure for extruding the material through the nozzle is built up in the extruder.

After the plastic has been extruded from the nozzle, it generally sets in a water-cooled calibration. The merging of like or unlike plastic melts before exiting from the extruder nozzle is also known as coextrusion.

Impairment test

Periodic comparison of an asset´s book value with its recoverable amount (fair value). A company must record an impairment charge if it determines that an asset´s fair value has fallen below its book value. Goodwill, for example, is tested for impairment on at least an annual basis.

International Accounting Standards Board (IASB)

IASB is the abbreviation for the International Accounting Standards Board. The function of the IASB is to draw up and revise international accounting standards (IFRS - International Financial Reporting Standards).

International Financial Reporting Interpretations Committee (IFRIC)

The IFRIC is a committee in the International Accounting Standards Committee Foundation. The function of the IFRIC is to publish interpretations of accounting standards in cases where different or incorrect interpretations of the standard are possible, or new factual content was not adequately taken into account in the previous standards.

International Financial Reporting Standards (IFRS)

The International Financial Reporting Standards (IFRS) are international accounting standards. They comprise the standards of the International Accounting Standards Board (IASB), the International Accounting Standards (IAS), the International Accounting Standards Committee and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the former Standards Interpretation Committee (SIC).

Impregnated products

Impregnates are special papers (generally decorative papers) which are saturated in a resin bath in the same way as fully impregnated materials. However, in contrast to these materials, the impregnates are not provided with a final varnish coating. They only receive their final surface when they are compressed with the wood-fibre boards.

SE

Abbreviation for Societas Europaea – legal form of a European joint-stock company.

Release papers

These are an auxiliary material used in the compression of melamine impregnates with wood-fibre boards. The release papers form a separating layer between the hot pressed boards and the material. The release paper controls the texture and the degree of gloss finish to be provided on the surface being generated.

Ten year overview

	2015	2016	2017	2018	2019
Sales revenues in € 000s	638,394	639,815	689,651	698,977	675,272
Foreign sales in %	72	73	75	76	75
EBITDA in € 000s	64,957	74,338	83,093	72,779	66,294
Depreciation and amortization in € 000s	-33,847	-33,461	-38,423	-40,577	-45,175
EBIT in € 000s	31,110	40,877	44,670	32,202	21,119
Financial result in € 000s	-4,293	-5,840	-11,155	-5,069	-4,901
EBT in € 000s	26,843	35,037	33,515	27,133	16,218
Consolidated net profit in € 000s	17,721	23,867	26,192	18,630	9,428
Balance sheet total in € 000s	655,727	673,869	842,596	844,541	780,325
Equity in € 000s	334,381	346,552	349,236	353,205	354,633
Equity ratio in %	51	51	41	42	45
Average number of employees for the year	2,727	2,736	3,091	3,329	3,217
Number of employees at 31/12	2,695	2,833	3,295	3,304	3,172
Capital stock in €	15,505,731	15,505,731	15,505,731	15,505,731	15,505,731
Number of shares at 31/12	15,505,731	15,505,731	15,505,731	15,505,731	15,505,731
Earnings per share in € (by weighted average of shares issued)	1.14	1.54	1.69	1.20	0.61
Dividend per share in €	0.80	0.80	0.80	0.55	-
Dividend payout in € 000s	12,405	12,405	12,405	8,528	-
PROFITABILITY INDICATORS					
Return on sales in %	4.2	5.5	4.8	3.8	2.4
Return on equity in %	5.5	7.2	7.8	5.5	2.7
Total return on equity in %	5.5	6.5	5.0	4.1	3.0

	2020	2021	2022	2023	2024
Sales revenues in € 000s	626,989	757,060	747,698	835,089	856,588
Foreign sales in %	73	75	76	80	81
EBITDA in € 000s	88,322	114,764	64,181	66,574	94,385
Depreciation and amortization in € 000s	-42,177	-42,240	-44,000	-58,450	-59,859
EBIT in € 000s	46,145	72,524	40,181	8,124	34,526
Financial result in € 000s	-2,847	-2,554	-3,358	-15,785	-14,919
EBT in € 000s	43,298	69,970	36,823	-7,661	19,606
Consolidated net profit in € 000s	33,687	47,806	25,233	-12,289	8,413
Balance sheet total in € 000s	798,776	795,150	851,859	1,041,788	1,012,402
Equity in € 000s	373,329	413,682	426,074	392,900	410,481
Equity ratio in %	47	52	50	38	41
Average number of employees for the year	3,103	3,144	3,147	3,756	3,718
Number of employees at 31/12	3,052	3,165	3,052	3,685	3,732
Capital stock in €	15,505,731	15,505,731	15,505,731	15,505,731	15,505,731
Number of shares at 31/12	15,505,731	15,505,731	15,505,731	15,505,731	15,505,731
Earnings per share in € (by weighted average of shares issued)	2.17	3.08	1.63	-0.79	0.54
Dividend per share in €	0.80	1.00	0.70	0.00	0.30*
Dividend payout in € 000s	12,405	15,506	10,854	0	4,652
PROFITABILITY INDICATORS					
Return on sales in %	6.9	9.2	4.9	-0.9	2.4
Return on equity in %	9.3	12.0	6.1	-3.1	2.1
Total return on equity in %	6.0	9.4	4.9	-2.4	0.0

* Dividend in 2024: Proposal of Management Board and Supervisory Board

Financial calendar 2025

29 April 2025	Three-month report January – March 2025
11 June 2025	Annual General Meeting
31 July 2025	Six-month report January – June 2025
31 October 2025	Nine-month report January – September 2025

PUBLICATION DETAILS

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