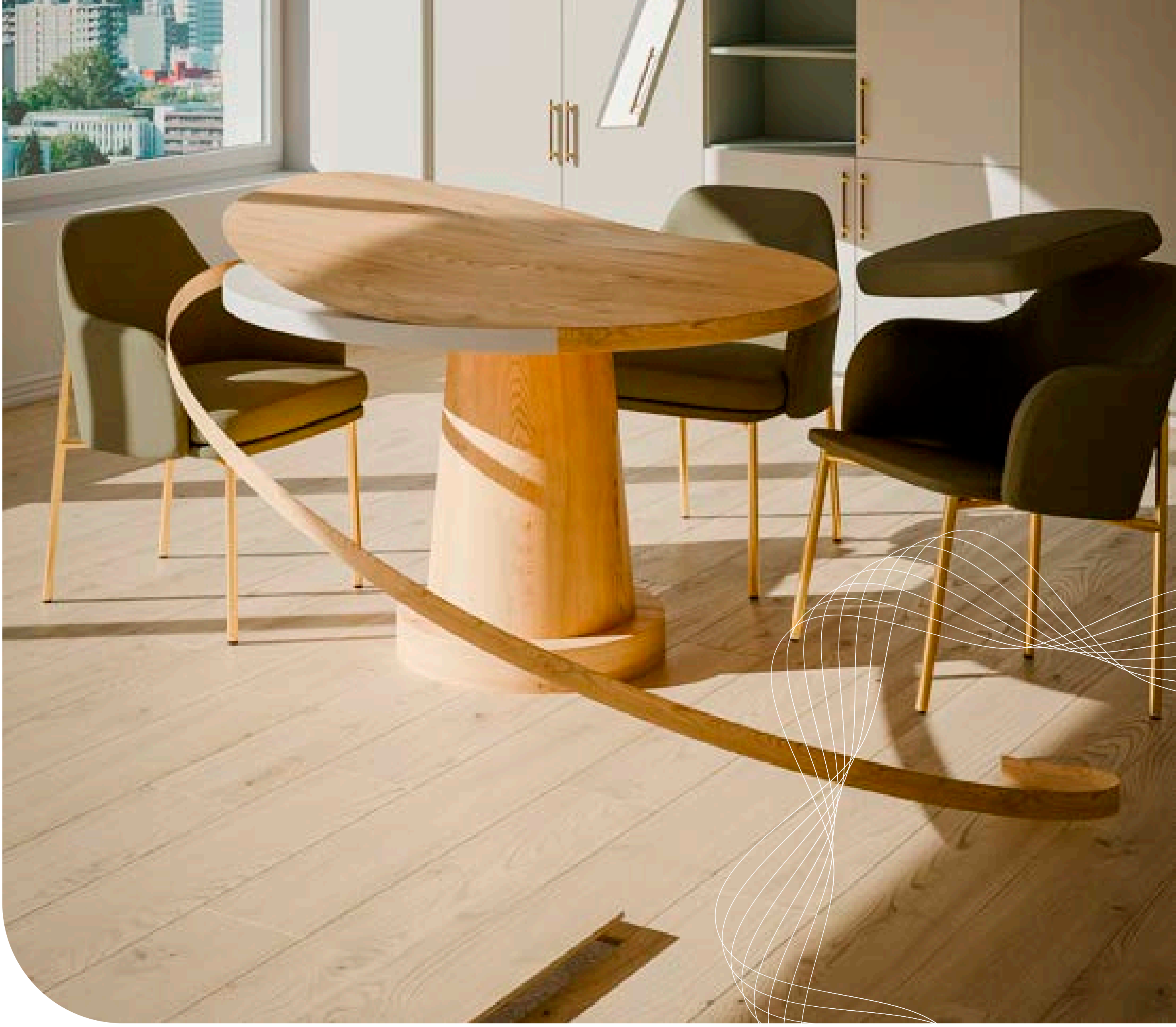
SURTECO

Shapes in Motion

Annual Report 2025

At a Glance

[€ million]	2023	2024	2025	Δ 24-25 in %
Sales revenues	835.1	856.6	821.2	-4
Foreign sales ratio in %	80	81	81	+0
EBITDA	66.6	94.4	72.1	-24
EBITDA margin in %	8	11.0	8.8	
EBITDA adjusted	86.4	95.3	80.2	-16
EBITDA margin adjusted	10.3	11.1	9.8	
Deprecation and amortization	-58.5	-59.9	-58.3	-3
EBIT	8.1	34.5	13.7	-60
EBIT margin in %	1	4.0	1.7	
Financial result	-15.8	-14.9	-24.5	
EBT	-7.7	19.6	-10.8	-155
Consolidatet net profit / loss	-12.3	8.4	-14.3	-270
Earnings per share in €	-0.79	0.54	-0.92	-270
Number of shares	15,505,731	15,505,731	15,505,731	
Investments	182.7	25.2	29.8	+18
Balance sheet total	1,041.80	1,012.4	947.8	-6
Equity	392.9	410.5	363.7	-11
Equity ratio in %	37.7	40.5	38.4	-2.1 pts
Net financial debt at 31 December	359.3	339.9	312.4	-8
Gearing (level of debt) at 31 December in %	91	83	86	+3 pts.
Average number of employees for the year	3,756	3,718	3,712	-
Number of employees on 31 December	3,685	3,732	3,695	-1



Shapes in Motion

SURTECO is more than a company. It is a dynamic network of people and expertise, constantly working together to develop solutions and drive progress. Each team contributes its strengths, and together they turn ideas into tangible results that form the foundation for long-term success.

The guiding theme of this year's Annual Report, "Shapes in Motion", reflects who we are: a company in motion. SURTECO continuously evolves, adapts its structure, sharpens its portfolio, and aligns its organization toward a sustainable future. Progress is driven by collaboration - across global teams and in close partnership with customers. Products take shape through the collaboration of employees, customers, and partners. From materials emerge solutions that combine functionality, quality, and innovation.

SURTECO's shape is constantly evolving, just like any dynamic organization. In 2025, SURTECO operated in a challenging macroeconomic environment characterized by weakening demand in the residential construction and renovation markets, driven by elevated construction costs, higher interest rates, and cautious consumer sentiment amid ongoing economic uncertainty. In addition, trade barriers and tariffs contributed to increased cost pressures. In this environment, adaptability, clear strategic priorities, and disciplined execution remain critical.

Standing still is not an option. Progress comes from movement – driven by analysis, decisions, and continuous development. In 2025, collaboration was key: teams across regions and business units worked to strengthen SURTECO's structure and shape.

The following pages present selected examples of how SURTECO, together with its partners, translates innovative concepts into tailored applications. They illustrate how SURTECO's portfolio, technological expertise, and global collaboration strengthen long-term partnerships and drive sustainable economic success.

SURTECO therefore remains true to what the guiding theme represents: a company in motion, continuously reshaping itself to create value for customers, employees, and stakeholders.

Key Facts

EBITDA adjusted 2025
80.2 € million

>50 Nationalities

Revenue 2025
821.2 € million

26 Plants

3,712 Employees

40 Locations

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.

100 %
of sites certified according to zero pellet loss until 2029.

> 2500 kWp
of solar power fully operational 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.

Solar Power Strengthens Sustainable Energy Supply in Agawam

The solar installation at SURTECO's North American site in Agawam, Massachusetts, was commissioned on February 10, 2025, and has been reliably supplying renewable energy ever since. After roughly one year of operation, the results are highly positive: the system has generated approximately 1.46 GWh of electricity – equivalent to 1,460,000 kilowatt-hours of clean solar energy. This amount of power is sufficient to supply around 420 single-family homes with electricity for an entire year.

Through this electricity generation, a significant volume of greenhouse gas emissions has been avoided. In its first year of operation, the installation prevented more than 1,000 metric tons of CO_2 emissions. It therefore makes an important contribution to reducing company-related emissions and supports SURTECO's long-term climate goals. To put this into perspective, the amount of CO_2 avoided is roughly equivalent to the impact of planting more than 17,000 new trees.

The solar installation in Agawam clearly demonstrates the impact that local investments in renewable energy can have – both in advancing a sustainable energy supply and in actively contributing to climate protection.

Environmental Benefits

corresponds to
≈1,000
tons of CO_2
emissions saved

corresponds to
≈17,000
equivalent trees
planted

corresponds to
≈4,000,000
kilometers driven by
an electric vehicle

SURTECO
Business Unit Surfaces

PETG Films Made from Recycled Material

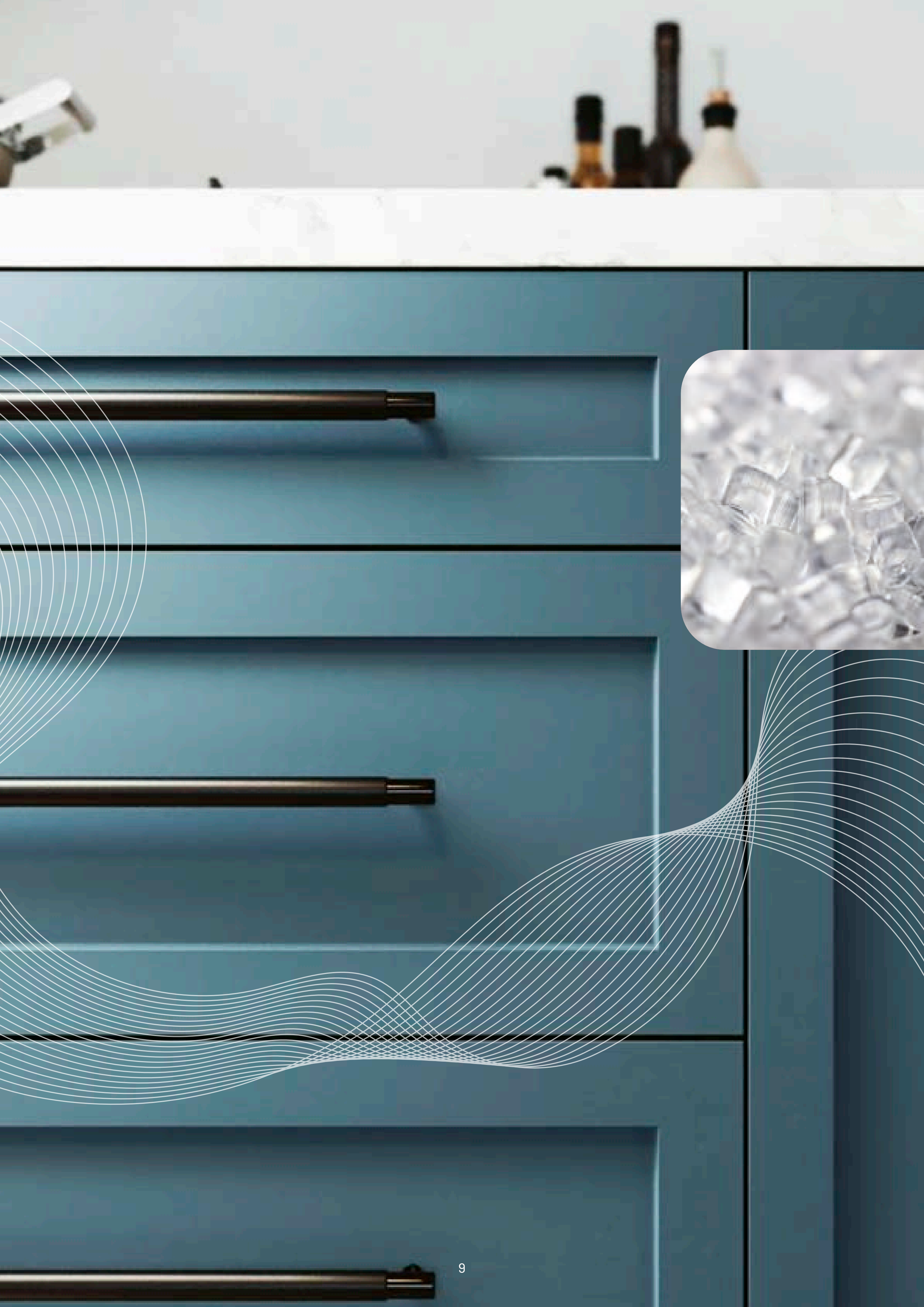
SURTECO offers its complete PETG film portfolio based on recycled raw materials. Designed for both 3D and 2D applications, the films are available in a wide range of solid colors and printed decor options, complemented by an extensive selection of textures. For solid colors, the super-matte, anti-fingerprint Sphera surface is also available, providing enhanced aesthetics and durability.

All production takes place in Sweden, following proprietary formulations and utilizing chemically recycled PETG raw materials. Beyond the established mechanical recycling processes, SURTECO employs advanced chemical recycling technologies that can reintegrate even hard-to-recycle polyester waste into the material cycle.

One of these technologies is Eastman Chemical Company's Polyester Renewal Technology (PRT). In this process, polyester is broken down into its chemical building blocks through methanolysis and then reassembled into polymers. This allows the production of PET, PETG, and other copolyesters in a quality comparable to virgin materials.

Chemical recycling ensures high material purity, the processing of mixed or contaminated polyester waste, and full retention of material properties. At the same time, it supports closed-loop recycling and expands the range of applications for recycled materials, enabling manufacturers to integrate sustainability without compromising performance.

All SURTECO rPETG films are made from chemically recycled PET, making them a central pillar of the company's sustainability strategy. By combining environmental responsibility with premium product quality, SURTECO sets a benchmark for innovative and sustainable furniture surfaces.



SURTECO
Business Unit Surfaces

Paper-Based Edgebands up to 1 Millimeter

SURTECO is expanding its portfolio of sustainable furniture surfaces with paper-based Edgebands made from renewable raw materials. In addition to the established standard thickness of approximately 0.3 millimeters, 0.5 and 1 millimeter variants are now available.

This extension provides furniture manufacturers with enhanced design flexibility, enabling them to produce products that are both environmentally responsible and of premium quality. The Edgebands are available in solid colors, printed decor, allowing precise alignment with existing color and decor schemes. The 1 millimeter variant, in particular, offers additional creative possibilities, as a radius can be milled, similar to other thick-edge finishes, enabling a wide range of surface aesthetics.

Development has been conducted in close collaboration with leading furniture manufacturers. This partnership-driven approach ensures that industrial requirements are fully integrated into the product design and that the technology is continuously refined for practical, real-world application.

These paper-based Edgebands form a cornerstone of SURTECO's sustainability strategy. By leveraging renewable raw materials, they contribute directly to resource efficiency and a reduced environmental footprint in furniture production. In doing so, SURTECO successfully combines environmental responsibility with exceptional product quality, marking another milestone in the advancement of sustainable furniture surfaces.

SURTECO Invests in State-of-the-Art IPA 9 Facility at Sassenberg

With the new IPA 9 facility, SURTECO is setting a major technological milestone at its Sassenberg site. The €14.5 million investment represents the largest single investment in the company's history.

The facility combines proven impregnation technology with innovative coating processes. For the first time, an ESH coating line with Excimer technology has been integrated, delivering energy-efficient, low-emission surfaces with enhanced properties – including super-matte and highly scratch-resistant finishes. Inline production of high-quality surfaces such as the Sedatecs finish is now possible without downstream processing steps.

The IPA 9 is fully digitally controlled and monitored across multiple workstations, optimizing workflows, shortening response times, and enhancing both process reliability and product quality. Real-time data enables continuous monitoring and optimization of production processes.

At the same time, the facility sets new benchmarks in energy efficiency, resource conservation, and environmental sustainability. This investment strengthens the capacity and flexibility of the Sassenberg site, ensuring SURTECO can meet growing demands for customization and speed. Sassenberg thus remains a high-performing and future-ready site within the SURTECO Group.

PROADEC & Forestales Latinoamericanos

Forestales Latinoamericanos is a family-owned leader in Costa Rica's forestry and wood-based industry with over 60 years of experience and more than 400 employees. The company manages over 3,000 hectares of sustainable plantations and distributes high-quality wood and melamine products under its Probosque brand.

Forestales Latinoamericanos needed a reliable PVC Edgebands partner that could deliver perfect color matches, consistent high quality, and shared sustainability values to complement its Arauco board products.

In 2025, Forestales Latinoamericanos chose PROADEC, for its local expertise, exceptional service, and superior product quality. By September 2025, 45 Arauco colors were delivered, with 40+ Lamitech colors in development. Despite a higher price point, PROADEC's reliability and technical support secured the partnership, positioning the company to achieve full wallet share as the sole edgeband supplier.

KEY HIGHLIGHTS

- **45 Arauco colors delivered and shipped**
- **40+ Lamitech colors in development**
- **Customer potential: €1 million annually**
- **Clear path to 100% wallet share**
- **Partnership secured despite premium pricing due to service, quality, and local expertise**

CIRCULAR EDGE - A Strategic Milestone in Sustainable Product Development

In February 2025, SURTECO launched CIRCULAR EDGE, a new line of sustainable polypropylene Edgebands to meet the furniture industry's growing demand for environmentally responsible materials while supporting compliance with emerging regulations. This launch marks a key milestone in SURTECO's long-term sustainability strategy.

Engineered at the Gladbeck facility, CIRCULAR EDGE includes two certified variants:

CIRCULAR 50: Contains over 50% post-industrial recycled content, certified by FLUSTIX Recycled, reducing Product Carbon Footprint (PCF) by 47% compared to standard PP.

CIRCULAR 100: Based on bio-attributed PP, certified by ISCC PLUS through a mass balance approach, achieving a negative carbon footprint of up to –143%.

With this launch, SURTECO reinforces its commitment to responsible innovation, offering high-performance Edgebands that support sustainability goals without compromising quality, functionality, or design. Both variants are certified by recognized international bodies: FLUSTIX Recycled and ISCC PLUS, ensuring traceability, transparency, and credibility, enabling partners to communicate their sustainability efforts with confidence.

Combined with SURTECO's reputation for premium quality, design quality, and reliability, CIRCULAR EDGE offers a differentiated solution in the market: sustainable, certified, and ready for large-scale production. Market feedback has been overwhelmingly positive, with customers recognizing CIRCULAR EDGE as a pioneering solution that balances design, performance, and sustainability while meeting the growing expectations of furniture manufacturers and regulations.

SURTECO Introduces VERO Haptic Paper Laminates to North American Market

In 2025, SURTECO introduced two Haptic Paper Laminate designs to the North American market under the VERO brand. These designs are based on existing decors from the SURTECO Art portfolio, which have already been successfully used for haptic paper laminates in Europe. VERO is a high-texture, low-gloss Haptic Paper Laminate that replicates the look and feel of true wood veneer.

Leveraging these established designs significantly reduced development time in the North American market and strengthened collaboration within the SURTECO Group. Efficient internal knowledge transfer in the production of haptic laminates helped avoid extensive R&D investments and accelerated the product's market introduction.

Applying designs which are already successful in other regions facilitated a fast launch and created an entirely new product category for SURTECO in North America. This introduction has strengthened SURTECO's local product portfolio, making it more comprehensive and competitive with other paper laminate manufacturers offering Haptic Paper Laminates.

SURTECO Expands SPHERA Super Matte Laminate Line in North America

In 2025, SURTECO expanded its SPHERA Super Matte Laminate line in North America with new laminates launched throughout the year: three metallic finishes, ten solid colors, and an additional three solid colors made from rPET. The rPET materials were imported from SURTECO's subsidiary, Gislaved Folie AB in Sweden, and build on the initial introduction of SPHERA to the North American market in 2024.

Following this introduction, the SPHERA line has proved popular, enabling SURTECO to migrate legacy Matte Luxe colors and Matte Metallic colors - a first in the North American market. These products have been well received by customers and are produced entirely at SURTECO's Auburn, Pennsylvania facility.

SURTECO's North American operations also draw on the expertise and production capabilities of its international subsidiaries to import rPET materials. These products have been well received by customers seeking environmentally friendly solutions, combining sustainability with high-quality performance.

New Product Innovation – Cubu Structured

With the launch of Cubu Structured, Döllken Profiles GmbH has expanded its portfolio with a design-oriented core skirting board, specifically targeting modern concrete and stone finishes. Its structured surface and flexible soft edges ensure a premium appearance and precise, seamless installation.

In addition to its design features, the profile emphasizes environmental responsibility: Cubu Structured is PVC-free, carries the Blue Angel eco-label, and meets the highest standards for low-emission indoor air quality with an A+ rating. An Environmental Product Declaration (EPD) provides transparency on environmental impacts, which is increasingly important in the construction sector.

Made in Germany Cubu Structured combines quality, sustainability, and durability, further strengthening Döllken Profiles' position in the market for responsible and innovative system solutions.

SURTECO
Business Unit Profiles

Innovative Installation Tool – The Döllken Profilecutter

With the Profilecutter, Döllken Profiles GmbH has expanded its portfolio to include a practical tool for the professional installation of core skirting boards. The development focused on efficiency, precision, and user-friendliness, resulting in a solution that simplifies installation work and ensures clean, accurate results.

This addition further strengthens its expertise in skirting systems and extends its range of installation tools, reinforcing the company's commitment to comprehensive, high-quality solutions.

A+ supplier

Döllken Profiles GmbH scored

98 out of 100 possible points

A+ Rating in Supplier Evaluation

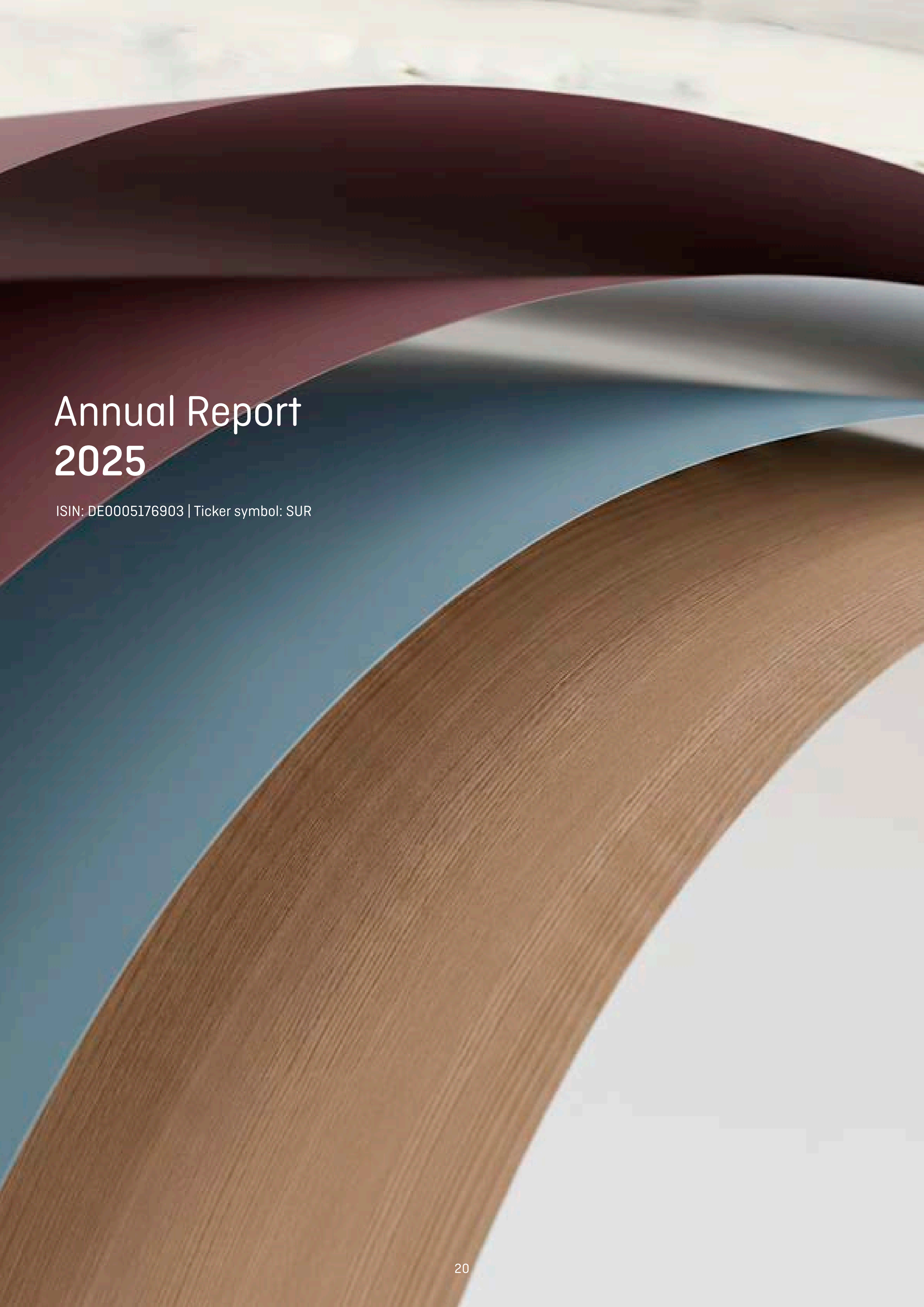
In the technical profiles segment, Döllken Profiles received a notable recognition: a leading customer in building technology awarded the company 98 out of 100 points in the annual supplier evaluation, ranking Döllken as an A+ supplier.

This distinction underscores the company's excellence in quality, service, and reliability, demonstrating its high standards. At the same time, it strengthens the trust of customers and partners in a sustainable, successful collaboration.

Strengthening Market Position in the DIY Segment

During the reporting year, Döllken Profiles GmbH further strengthened its position in the DIY market. By winning a key tender, the company secured a strategically important follow-up order while simultaneously expanding its product portfolio in this sales channel.

This achievement highlights the company's competitiveness in the DIY sector and reinforces its long-term presence in the retail environment.



Annual Report 2025

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DEAR SHAREHOLDERS,

You are familiar with SURTECO as an active player committed to consolidation within the sector. Pursuing a step-by-step approach, SURTECO has grown to create today's group of companies through mergers and acquisitions. The Group encompasses companies offering surfaces and edgings based on paper and plastic, along with skirtings and technical extrusions (profiles). At present, the Group currently has 24 production sites, primarily in Europe and North America. In view of the Group's increasing complexity, but primarily from perspectives of the strategic outlook, we are now deliberating as to whether a stronger focus on our core business might serve to increase the company's value more sustainably over the long term. Against this background, the Management Board in coordination with the Supervisory Board took the strategic decision at the beginning of the business year 2026 to review the strategic options for our group of companies. This includes looking at the options for sale involving the Business Units Profiles and Edgebands. This process is currently being carried out without a predetermined outcome and with the objective of identifying the optimum solution for the future structure of the group of companies. Furthermore, we have decided to discontinue the smallest Business Unit Asia/Pacific and to allocate the relevant companies in accordance with their product alignment to the remaining Business Units starting from the business year 2026.

BUSINESS YEAR 2025

Stagnating demand and geopolitical uncertainties appear to be increasingly established as the new normal. Our expectations for 2025 of at least a slight upswing in North America and Asia have therefore not been fulfilled owing to the inexorable rise of protectionism and enduring volatilities in the marketplace. Up to November, there was still a realistic possibility of achieving at least the lower end of the projected range as a result of internal countermeasures. However, an unusually early and significant collapse in demand towards the end of the year made it necessary to abandon the original sales forecast of a minimum of € 850 million. Ultimately, we achieved the upper area of the adjusted sales forecast at € 821.2 million. Taking into account one-off exceptional effects such as the lack of sales revenues from the business with impregnates discontinued last year and negative currency exchange rate effects, the organic drop in sales compared to the previous year amounted to -2 percent. Adjusted EBITDA at € 80.2 million was also at the upper end of the adjusted forecast, although the final figure fell significantly short of the amount of € 85 million originally defined. Against this background, we are consistently pursuing our strategic considerations and focusing on the sustainable improvement of our profitability and optimization of our cost structure.

BALANCE SHEET STRUCTURE

Once again over the course of the previous business year, we made repayments for financial liabilities and reduced our net financial debt from € 339.9 million in the previous year to € 312.4 million on the balance sheet date for 2025. As a consequence, the balance sheet total fell from € 1,012 million to € 947.8 million and the equity ratio to 38.4 % (2024: 40.5 %). In April, we agreed an extension of the financing agreements with our syndicated loan lenders and promissory note creditors until 28 December 2029. We will use this period to further reduce our indebtedness and leverage. Alongside any inflow of funds from our strategic realignment, our positive free cash flow supports us. In the business year 2025, this once again amounted to € 21.1 million despite the challenges.

DIVIDEND POLICY

The net loss for the year of SURTECO GROUP SE in 2025 has been offset by withdrawal from retained earnings. As a consequence, no proposal for payment of a dividend will be submitted to the Annual General Meeting this year. We ask for your understanding that we are retaining the capital within the company during these extraordinary times in order to create the platform for a sustainable corporate structure. This also includes the period until the majority of the financial liabilities have been repaid.

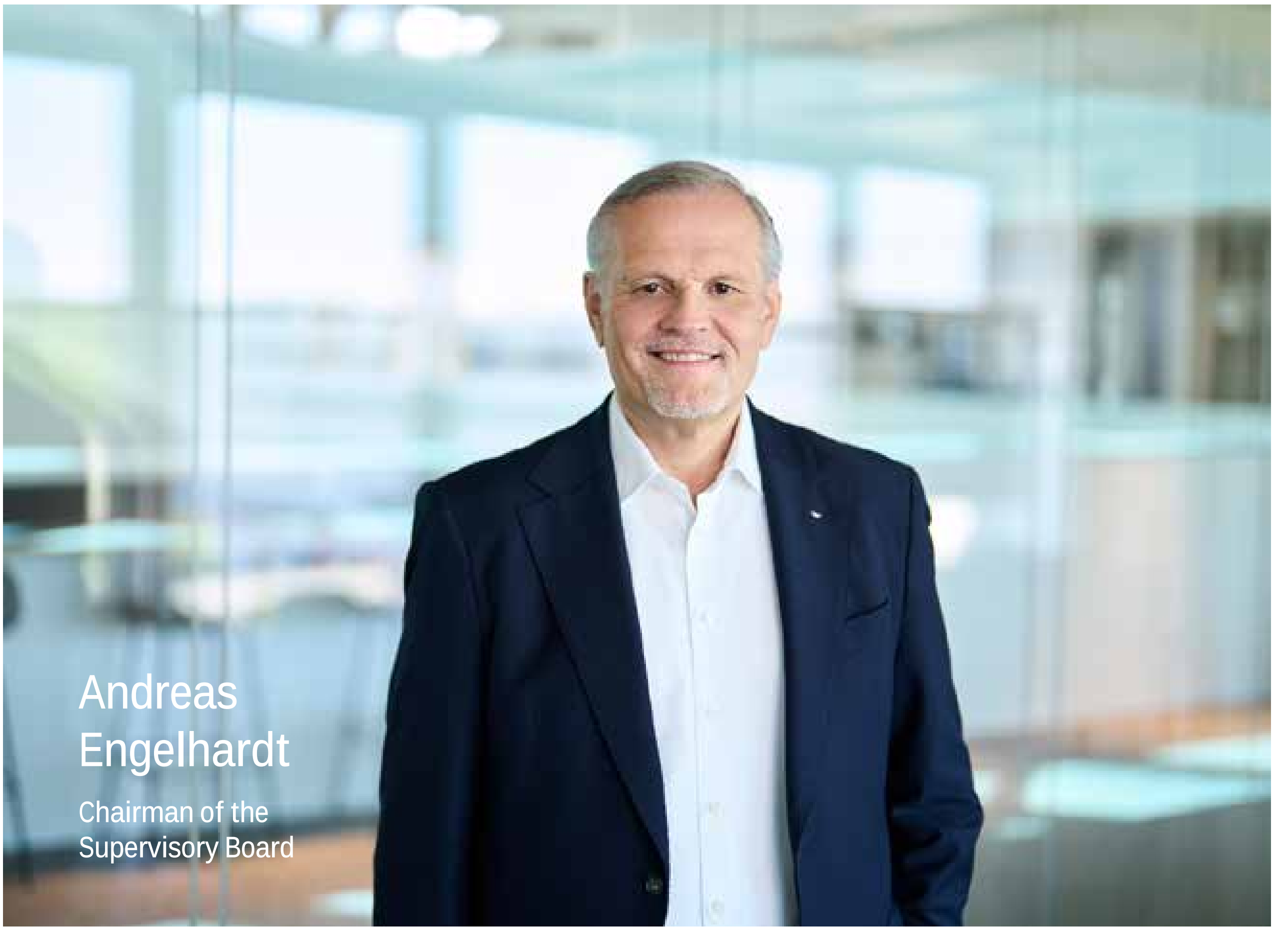
OUTLOOK

The framework conditions for the business year 2026 remain subject to uncertainties. Ongoing new conflicts may once again put the anticipated modest recovery in demand at risk. Given this situation, we are anticipating stable development with slight potential in both directions. We are assuming sales in the region of between € 780 million and € 830 million in the business year 2026. Adjusted EBITDA is expected in the range between € 70 million and € 90 million.

We should like to thank you for the trust you have placed in our company and we would be delighted if you were to continue to accompany us on our journey in these challenging times.

WOLFGANG MOYSES
CHAIRMAN OF THE MANAGEMENT BOARD

ANDREAS PÖTZ
MEMBER OF THE MANAGEMENT BOARD



Andreas Engelhardt

Chairman of the Supervisory Board

DEAR SHAREHOLDERS,

In the business year 2025, 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 four meetings during the course of the business year 2025. All four meetings were held as face-to-face events. 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 2025:

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

FOCUSES OF ADVICE

In the business year 2025, the Supervisory Board 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, and the key financial controlling parameters in particular, 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 special issues such as the disputed purchasing options for business sites were the subject of discussions.

In the business year 2025, the Supervisory Board engaged intensively with the macroeconomic and geopolitical situation, along with the ongoing strained market situation and its effects on the individual Business Units. This involved extensive deliberations relating to the resulting risks but also an appraisal of the opportunities presented for the operational and strategic development of the company.

Another focus of the consultations and discussions was on medium-term planning and the strategic alignment of the company. Over the course of several meetings, the Supervisory Board addressed the long-term positioning of the company as well as the opportunities for optimizing the site and portfolio structure. These deliberations included a discussion of the strategic options available for focusing the Group on its core business.

The Supervisory Board also discussed initiatives designed to improve earnings along with various options for possible action to be taken in relation to operations. In this context, the Supervisory Board arranged to be regularly informed about measures to increase efficiency, to optimize costs, and to ensure profitability, and the Board also tracked the implementation of such measures with critical scrutiny.

The Supervisory Board additionally addressed the current conditions relating to the syndicated loan and most particularly in relation to compliance with the existing covenants. This involved regular reviews of the liquidity of the company, and the financial stability was assessed on an ongoing basis. At its meeting held on 18 April 2026, the Audit Committee and, in its meeting held on 20 April 2026 the entire Supervisory Board discussed extensively with the extension of the ongoing financing with the banks and the promissory notes holders and the associated agreements.

Furthermore, the Supervisory Board considered the issue of cyber security. In view of the increasing importance of information and IT security, the Supervisory Board was briefed on the existing protective measures, identified risks and planned further developments in the pipeline, and it discussed measures to additionally strengthen the cyber resilience of the company. The Supervisory Board also discussed the concept of succession planning and talent development within the Group.

At its meeting held on 15 April 2025, the Supervisory Board approved the annual financial statements of SURTECO GROUP SE and the SURTECO Group for the business year 2024, 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 2024, adopted the proposals for the agenda of the ordinary Annual General Meeting in 2025 and approved the proposal by the Audit Committee for the appointment of the auditor to audit the financial statements for the business year 2025.

The planning (budget and investment plan) for the business year 2026 was finally adopted at the meeting of the Supervisory Board in April 2026.

COMPENSATION OF THE MANAGEMENT BOARD

At the meeting of the Supervisory Board on 15 April 2025, the variable compensation elements for the Members of the Management Board in the business year 2024 were defined in accordance with the proposal submitted by the Personnel Committee.

PERSONNEL DECISIONS OF THE SUPERVISORY BOARD

At the meeting held on 27 October 2025, the Supervisory Board agreed to the appointment of a General Manager for the Edgebands division in North America. The Supervisory Board made no other personnel decisions.

PERSONNEL CHANGES IN THE SUPERVISORY BOARD

The terms of office of Mr. Tim Fiedler and Mr. Jochen Müller as Members of the Supervisory Board of SURTECO GROUP SE ended when the Annual General Meeting for 2025 was concluded. At the Annual General Meeting held on 11 June 2025, Mr. Tim Fiedler and Mr. Jochen Müller 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 11 December 2025, the Supervisory Board defined the compensation for the members of its Audit Committee for the business year 2025 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, the Presiding Board convened once for a video conference in order to deliberate on the economic and financial situation of the Group. 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. In the course of carrying out its responsibilities, the Audit Committee was in regular communication with the Management Board and the auditors. The Audit Committee was convened four times during the course of the business year. The auditors carrying out the audit on the consolidated financial statements attended one of these meetings, and reported on the result of their audit. Three 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 2025. The Personnel Committee held one meeting during the reporting period.

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 2025 and also took particular account of the regulations defined in the German Corporate Governance Code from 28 April 2022. At its meeting held on 11 December 2025, 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 2025 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. 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 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 held on 18. April 2026 and at the Balance Sheet Meeting of the Supervisory Board held on 20 April 2026 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 concur with the decision of the Management Board to offset the net loss for the business year 2025 reported in accordance with the German Commercial Code (HGB) by withdrawing funds from other retained earnings and we agree with the proposal not to distribute a dividend.

The Audit Committee submitted a proposal for the appointment of the auditor of the accounts for the business year 2026, 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 2025.

BUTTENWIESEN, APRIL 2026.
THE SUPERVISORY BOARD

ANDREAS ENGELHARDT
CHAIRMAN

The SURTECO share

Challenging year for the SURTECO share on the stock exchange in 2025

Overall, the development of the price for the SURTECO share during 2025 reflected the challenging market environment for the SURTECO Group. As a consequence, the share was unable to benefit from the overall positive development of the German stock market in 2025. Instead, the reporting year witnessed a decline in the performance of the share price with the result that the share lagged behind the general market development.

After the share started the year at a price of € 19.80, it achieved a high for the year at 22.00 € in February. The share price underwent comparatively stable development during the months from May to July 2025 and the Annual General Meeting of the company held on 11 June 2025 passed a resolution to approve a dividend payment of € 0.30 per share. However, over the course of the remaining business year, a sustained period of weakness set in and the share price underwent a marked drop. At the close of 2025, the SURTECO share was listed at € 11.00. This corresponds to a significant year-on-year loss of approximately 44 %. The share reached a low for the year in December 2025 with a share price of € 10.85. The average trading volume amounted to 20,308 no-par-value shares a month in 2025 after 31,974 in the previous year.

Market capitalization at year end of € 170.6 million

On the basis of an unchanged number of shares amounting to 15,505,731 no-par-value issued shares, market capitalization at year-end 2025 amounted to € 170.6 million and was therefore below the year-earlier value of € 251.2 million.

During the business year 2025, the shareholder structure remained largely unchanged. According to the voting-rights notifications received, the “SURTECO Pool” made up of founding and family members holds 55.70 % of the shares with voting rights. Several notifications in the middle of the year reflected succession events relating to the “SURTECO Pool” and resulted in no significant changes to the shareholder structure. BANASINO INVESTMENTS S.à r.l., whose voting rights are attributed to the Liechtenstein-based Luda Foundation, holds voting rights in SURTECO GROUP SE totalling 30.02 %. In addition, 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 14.28 %.

Share price performance (XETRA) 2025 in €

SURTECO shares (Close price XETRA)

€	2024	2025
Number of shares at 31 December	15,505,731	15,505,731
Year-end price	19.60	11.00
Price per share (high)	22.40	22.00
Price per share (low)	13.10	10.85
Stock-market turnover in shares per month	31,974	20,308
Market capitalization at year-end in € million	303.9	170.6

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	00-02-99

Investor Relations as central function of the Management Board

In 2025, the Management Board of SURTECO GROUP SE once again engaged in an intensive dialogue with institutional as well as private investors in an atmosphere of trust. During the course of the reporting year, SURTECO was regularly analysed and subject to ongoing evaluation with the recommendation “Buy” by the equity research analysts of Pareto Securities and Sphene Capital. At the German Equity Forum in Frankfurt, Europe’s leading capital market conference on corporate finance, SURTECO outlined to investors and analysts its current financial figures, business expectations and developments in its shareholder structure. Alongside continuous communication through the Investor Relations Department, the Annual General Meeting held on 11 June 2025 provided a key communication highlight for private investors organized as an in-person event and also transmitted in a livestream. Additionally, the company continued to maintain regular communication with the financial media. 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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86647 Buttenwiesen

T: +49 8274 9988-508
ir@surteco.com

Combined Management Report SURTECO GROUP and SURTECO GROUP SE for the business year 2025

Principles of the Group

OVERVIEW

The SURTECO Group (hereinafter also referred to as the SURTECO Group or abbreviated to SURTECO) is a Group of mutually complementary companies operating on the global stage. The Group 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. The Impregnates division – impregnates like finish foils are used for refining the large surfaces of the wood-based materials – was discontinued in May 2025. 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 is primarily used for motorcycle, automobile and bus seats, seats and panelling in ships, 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.

Since the business model is based on the production and sale of surfaces, edgings and extruded profiles, the external influencing factors are essentially situated in the procurement prices of the most important raw materials and in the general economic situation. Experience indicates that the willingness of consumers to purchase durable goods such as furniture typically correlates with the overall macroeconomic situation.

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.

The controlling of the company and therefore also the segment reporting is 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 decor papers and paper-based edgebandings in Europe and South America are situated in Surfaces. Edgebands bundles activities with plastic edgebands 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, and the acquired business activities “Laminates, Performance Films and Coated Fabrics” of Omnova purchased in 2023, 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. With effect from 1 January 2026, the Segment Asia/Pacific was discontinued and the individual operations were allocated to the other segments on the basis of their applications since production-oriented management seems more favourable for these businesses than a purely regional orientation. Consequently, this management report still describes the Segments Surfaces, Edgebands, Profiles, North America and Asia/Pacific, while the forecast is now only given for the first four segments.

The Corporate Center covers 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.

The Group uses the financial controlling parameters of sales and adjusted earnings before financial result, income tax and depreciation and amortization (adjusted EBITDA) as the most important financial performance indicators. One-off exceptional effects such as material write-downs from the discontinuation of business with impregnates, acquisition costs, consultancy costs for extraordinary measures, provisions for personnel measures and other extraordinary income are not included in adjusted EBITDA for the year 2025. In the previous year, acquisition costs, consultancy costs, other operating income and a PPA step-up were adjusted by inventories from the acquisition of the Omnova divisions. The determination of the adjusted EBITDA helps to provide the Management Board and the Supervisory Board with more 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 in 2025 as financial controlling parameters. These are comprised of the indicators equity ratio and net level of debt (leverage). The covenants define threshold values which the Group should not exceed or fall short of. Compliance or non-compliance with these covenants is monitored internally, and reports on compliance with the covenants are regularly submitted. If the covenants are not complied with, the lenders have the right to serve notice for early termination of the contracts. Non-financial controlling parameters are not applied as controlling parameters at Group level or within the holding company.

PRODUCTION AND SALES LOCATIONS

SURFACES

The companies of the Segment Surfaces produce decor papers, finish foils, impregnates (up to May 2025) and release papers along with paper-based edgebandings. The production sites in Germany are located in Buttenwiesen, Sassenberg, Hüllhorst, Laichingen and Heroldstatt. Impregnates were manufactured at the latter location until May 2025 and since then this site is being decommissioned. 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 in cooperation with the Segments Edgebands and Profiles (extrusions) to the sales companies in France, Italy, Russia and the United Kingdom and 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

The Segment Profiles manufactures 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 and China 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 2025, 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 collectivity 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, the outlook for the economy in Germany is becoming positive after two years of recession.[1] An anticipated increase in the gross domestic product (GDP) amounting to +0.2 % for the year 2025 (2024: -0.5 %) means that the recovery is, however, likely to be restricted to a low level of increase. The development of the global economy is likewise failing to achieve real momentum due to the protectionist and erratic nature of US trade policy, and growth of +2.6 % in 2025 entails that the year-earlier value (+2.8 %) can no longer be achieved. The Council of Experts (Sachverständigenrat) attributes an increase of +1.7 % (2024: +1.9 %) to the advanced economies and an increase of +4.4 % (2024: +4.5 %) to the emerging markets. By contrast, GDP underwent more robust growth than in the previous year with +1.4 % (2024: +0.9 %) in the eurozone, +1.4 % (2024: +1.1 %) in the United Kingdom and +2.5 % (2024: +2.0 %) in Central and Eastern Europe, +1.8 % (2024: +0.9 %) in Latin America and +4.5 % in Asia after +4.4 % in the previous year. Conversely, the upswing in the USA – the biggest individual market for the SURTECO Group – slowed from +2.8 % in the previous year to just +1.9 %. The Council of Experts (Sachverständigenrat) perceives the primary reason for this setback to be overwhelmingly in the US import tariffs and the associated countermeasures.

In 2025, the majority of the sales markets relevant for SURTECO were affected by a deteriorating development. According to the Association of the German Furniture Industry, consumer restraint, the significant inclination towards savings and the decline in housing construction continued to exert a negative impact on the German furniture sector. Over the course of the year, sales of German kitchen furniture manufacturers fell by -0.3 %, sales of producers of office furniture and shop fittings went down by -2.7 % and sales of other furniture dropped by -5.8 %.[2] As a result of a temporary excess supply of vehicles, the manufacturers of caravan vehicles also reduced their production volume in 2025 by 17 % compared with the previous year.[3] The housing construction market as an early indicator for downstream furniture purchase or renovation is also experiencing a pronounced phase of weakness in the USA – the biggest single market for the SURTECO

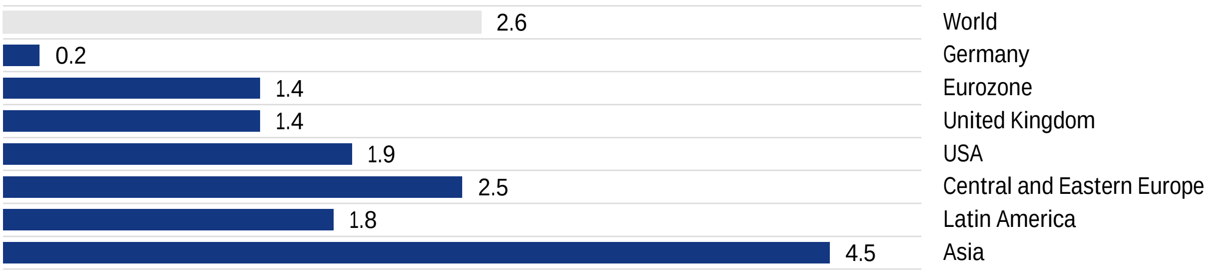
Group. In particular, the weakness is evident in the private housebuilding sector. Accordingly, the number of construction permits in this economic sector fell by 13 % between February and August 2025.[4] Sales of existing residential units remained stubbornly at the lowest level for around three decades. This was primarily due to the enduring high level of interest rates for mortgages and to the ongoing high prices of residential properties.[5]

SALES AND BUSINESS PERFORMANCE FOR THE GROUP

Business performance within the Group continued largely stable until the end of the third quarter within the context of a weak macroeconomic situation. However, owing to the unexpected collapse in sales revenues in November, particularly in the USA, the originally planned targets for the year 2025 overall were no longer achievable. Sales of the SURTECO Group fell by -4 % to € 821.2 million (2024: € 856.6 million) during the business year 2025. Alongside the loss of sales from the discontinued business with impregnates from May 2025, additional factors in this result were negative foreign exchange rate effects, primarily arising from business transacted in US dollars. Adjusted by these effects, organic sales development was -2 %. This can be traced back to the global uncertainty of consumers and investors, as a result of which demand for durable goods like furniture eased significantly. As a consequence, the sales forecast for the Group of € 850 million to € 900 million could not be fulfilled. Owing to the framework conditions referred to above, business operations eased in virtually all regions. Hence, sales in Germany came down by -3 % compared with the equivalent year-earlier value and in the rest of Europe (not including Germany) by -4 %. In North and South America, sales fell back by -6 % and in Asia and Australia by -5 %. However, sales in other markets increased by 10 % compared with the previous year on the basis of a low starting point.

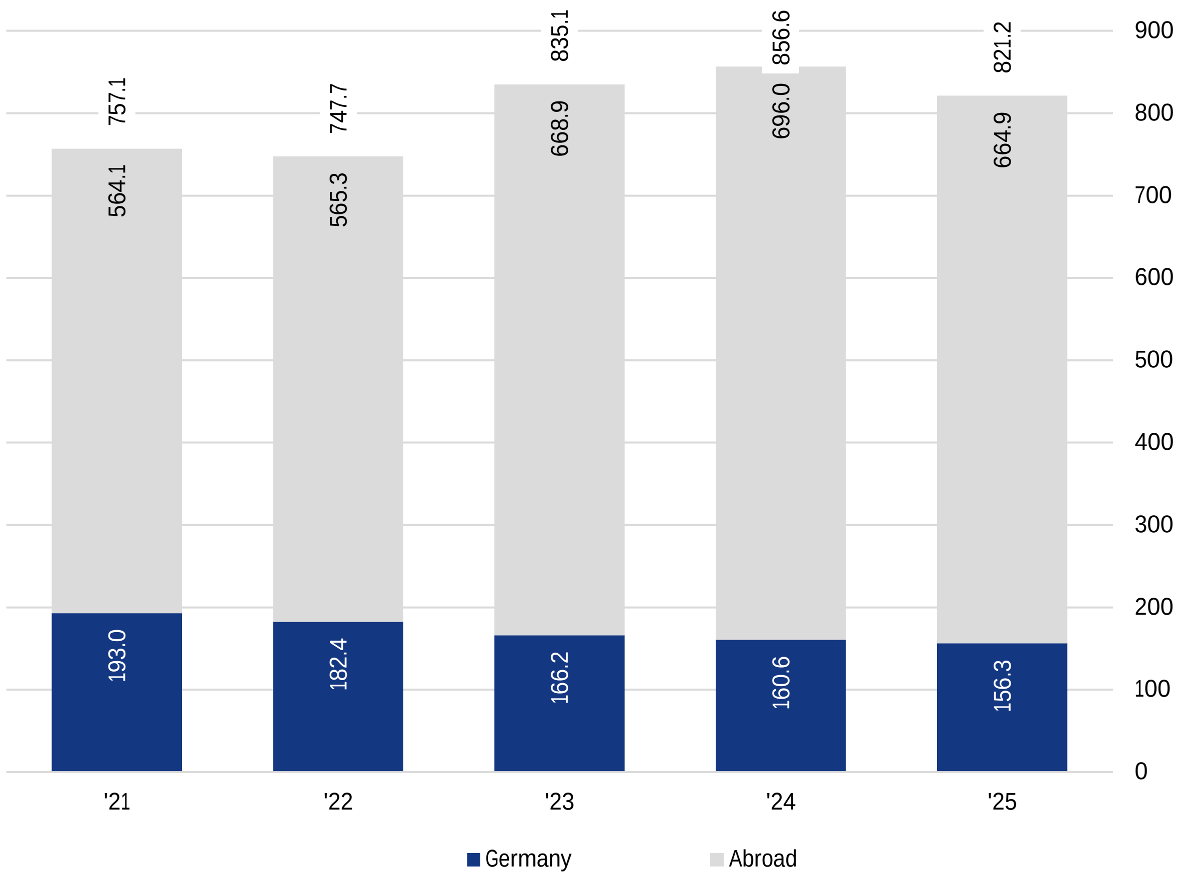
[1] Source: The Council of Experts (Sachverständigenrat) for assessing macroeconomic development, Annual Expert Report 25/26 dated 12 November 2025
[2] Source: Destatis Federal Statistical Office. https://www.destatis.de. Wirtschaftszweige WZ08-1621, WZ08-3101, WZ08-3102, WZ08-3109
[3] Source: Caravaning Industry Association (CIVD), Press Release dated 19/1/2026
[4] Source: www.gtai.de/de/trade/usa/branchen/bauwirtschaft, Report dated 9/10/2025
[5] Source: www.redfin.com, Press Release dated 31/10/2025

Economic growth in 2025 in %[1]



[1] Source: Council of Experts (Sachverständigenrat) for assessing macroeconomic development, Annual Expert Report 2025/26 published on 12 November 2025

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 amounted to € 253.1 million in the business year 2025 and were thus -5 % below the year-earlier level of € 265.8 million. Hence, the forecast for the segment (at the year-earlier level) fell short. Essentially, the decline in sales arising from the discontinued business with impregnates resulted in this development along with a decline in demand in Germany and the rest of Europe as a consequence of the economic conditions.

EDGEBANDS

The Segment Edgebands comprises all plastic edging activities of the Group in Europe and South America. As a result of the fraught framework conditions, business operations with plastic edgings were also impacted by weak demand. Furthermore, the historically volatile development of the Brazilian real in particular entailed negative foreign exchange rate effects for the business. Consequently, segment sales at € 140.0 million in 2025 were -6 % below the year-earlier value of € 149.6 million. As a result, the sales are significantly below the forecast (at the year-earlier level).

PROFILES

The Segment Profiles bundles the activities in Europe with technical extrusions (profiles), skirtings and associated products. Since this segment is operating in a large number of different sectors, it was shielded from the overall negative trend and sales rose by 3 % to € 133.6 million (2024: € 130.0 million). An equivalent sales level was expected for this segment and ultimately this was higher than originally anticipated.

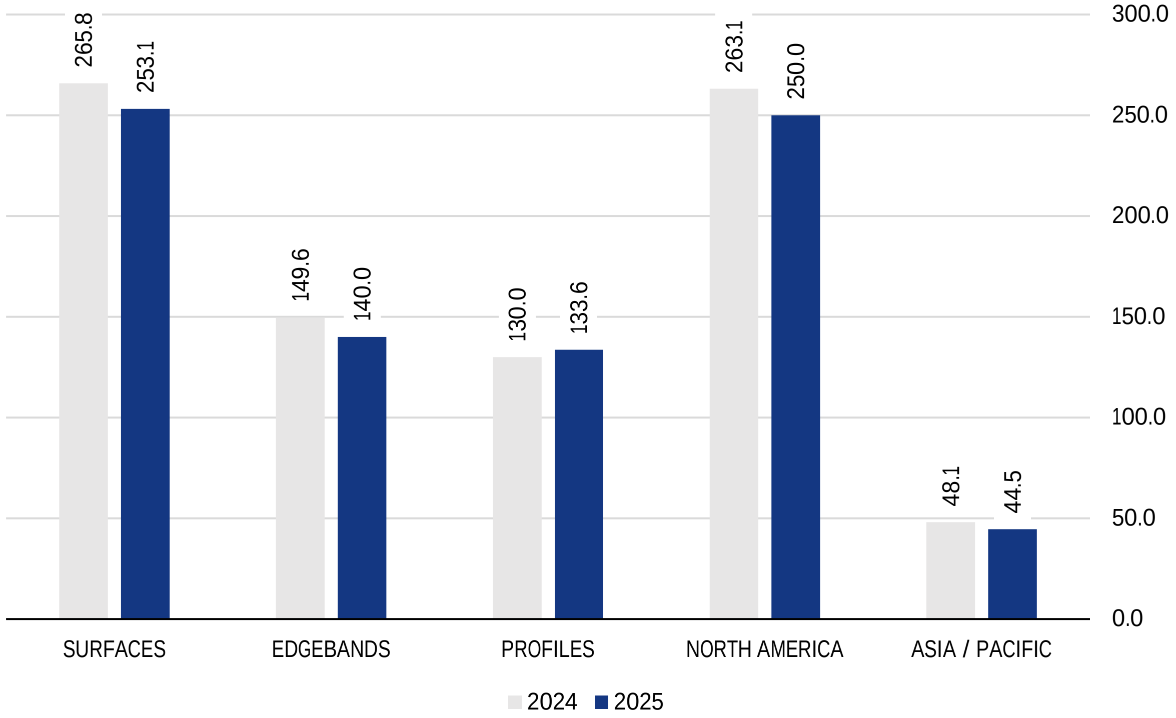
NORTH AMERICA

The Segment North America groups the activities with all products of the Group in this region. Furthermore, the sales of the production facility in Thailand are also allocated to this segment because the organization of the plant is significantly associated with the USA and a large proportion of the business is generated in North America. Economic activity in the USA related to construction was in recession during 2025 owing to uncertainties associated with USA tariff policy. Furthermore, the negative foreign exchange rate effects weighed heavily on sales by comparison with the previous year. Consequently, business activities in this segment fell by -5 % to € 250.0 million in 2025 after € 263.1 million in the previous year. The sales forecast (substantial increase) was therefore not 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 € 44.5 million (2024: € 48.1 million). A key reason for this decline was the weak demand in the Asian market and negative exchange rate effects by comparison with the previous year. Consequently, the anticipated substantial increase in sales failed to materialize.

SEGMENTS Sales revenues in € million



Net assets, financial position and results of operations

NET ASSETS

On 31 December 2025, the balance sheet total of the Group amounted to € 947.8 million after € 1,012.4 million on 31 December 2024. On the assets side of the balance sheet, cash and cash equivalents rose in spite of repayments for financial liabilities. This is due to factors including initiatives for supply chain financing. Inventories were reduced, and other current financial assets declined again in 2025, following the inclusion of a one-time item related to an insurance claim in the previous year. Overall, the current assets at € 308.0 million remained below the year-earlier value of € 319.0 million. The non-current assets at € 639.8 million on 31 December 2025 were significantly below the year-earlier value of € 693.4 million. Owing to scheduled depreciation and currency adjustments, property, plant and equipment came down from € 299.4 million to € 275.0 million, intangible assets fell from € 97.3 million to € 80.5 million and goodwill decreased from € 227.2 million in the previous year to € 219.6 million at year-end 2025. The rights of use fell back, essentially due to the changed assessment relating to the probability of exercising a purchase option for leased buildings from € 37.5 million in the previous year to € 29.9 million on the balance sheet date for 2025.

On the liabilities side of the balance sheet, current liabilities amounted to € 333.8 million at year-end 2025 after € 154.6 million in the year-earlier period. This increase essentially results from the transfer of the syndicated loan from non-current to current liabilities on the balance sheet date. In April 2026, the syndicated loan was extended until 28 December 2029 (-> Financial position and Follow-up report). Conversely, trade accounts payable came down owing to supply-chain financing, while other non-current financial liabilities went up. Primarily owing to the transfer of the syndicated loan, non-current liabilities at € 250.3 million were below the year-earlier level of € 447.3 million and equity fell to € 363.7 million at year-end 2025 owing to the consolidated net loss and currency translation differences for the year (2024: € 410.5 million). The equity ratio (equity/balance sheet total) fell to 38.4 % after 40.5 % in the previous year. Net debt (short-term + long-term liabilities – cash and cash equivalents) at € 312.4 million was below the year-earlier value of € 339.9 million and the level of debt (net financial debt/equity) rose from 82.8 % in the previous year to 85.9 %. The working capital (trade accounts receivable and inventories – trade accounts payable) increased slightly from € 130.9 million at year-end 2024 to € 132.5 million on the balance sheet date of 2025. The originally agreed covenants (-> Internal corporate controlling system) were complied with during the reporting year on all interim reporting dates throughout the year. At the end of the year, the covenants were renegotiated owing to the unexpected fall in sales in November. These covenants were complied with at the end of the year. Revised covenants were also renegotiated and agreed contractually for the business year 2026 (-> Financial position and Follow-up report). On 31 December 2025, the Group had external credit lines of € 41.6 million. At this point, € 0.8 million had been drawn on these lines.

Balance sheet structure of the SURTECO Group

€ million	31/12/2024	Percentage of the balance sheet total in %	31/12/2025	Percentage of the balance sheet total in %
ASSETS				
Current assets	319.0	31.5	308.0	32.5
Non-current assets	693.4	68.5	639.8	67.5
Balance sheet total	1012.4	100.0	947.8	100.0
LIABILITIES				
Current liabilities	154.6	15.3	333.8	35.2
Non-current liabilities	447.3	44.2	250.3	26.4
Equity	410.5	40.5	363.7	38.4
Balance sheet total	1012.4	100.0	947.8	100.0

Balance sheet indicators of the SURTECO Group

	2024	2025
Equity ratio in %	40.5	38.4
Level of debt in %	82.8	85.9
Working capital in € million	130.9	132.5
Interest cover factor	5.5	4.4
Debt-service coverage ration in %	20.1	14.1

INVESTMENTS

The addition in property, plant and equipment and intangible assets (investments) in the business year 2025 amounted to € 29.8 million (2024: € 25.2 million). An addition of € 25.4 million (2024: € 24.4 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 payments on account for assets under construction. The addition of intangible assets amounted to € 4.4 million (2024: € 0.8 million) and primarily includes concessions, patents, licences and similar rights, as well as software costs for the introduction of a group-wide, uniform ERP system. In the business year 2025, investments of € 7.2 million (2024: € 8.7 million) were attributable to Surfaces, € 2.3 million (2024: € 2.1 million) to Edgebands, € 7.4 million (2024: € 4.8 million) to Profiles, € 8.0 million (2024: € 7.9 million) to North America and € 1.3 million (2024: € 1.7 million) to Asia / Pacific. As a result of integration of corporate functions in the holding company, investments here amounted to € 3.6 million after € 0.0 million in the previous year.

FINANCIAL ASSETS

On the basis of earnings before income tax (EBT) of € -10.8 million after € 19.6 million in the previous year, the internal financing of the Group in 2025 fell to € 58.1 million (2024: € 79.5 million). As a consequence of a reduction in trade accounts payable owing to supply-chain financing and through the reduction of inventories, the change in net assets and liabilities amounted to € -9.2 million in 2025 after € -14.6 million in the previous year. Accordingly, the total cash flow from current business operations fell to € 48.8 million in 2025 (2024: € 64.9 million). The cash flow from investing activities amounted to € -27.7 million in the current business year and was at approximately the same level as in the previous year at € -27.8 million. Hence, free cash flow amounted to € 21.1 million after € 37.1 million in the previous year. Primarily due to repayments of financial debt and interest payments, the cash flow from financing activities in the previous year amounted to € -78.7 million. In the business year 2025, the value improved to € -12.6 million in spite of a dividend payment to the shareholders as a result of the inflow of funds from supply-chain financing, lower interest payments and repayments. Cumulatively, cash and cash equivalents increased from € 71.2 million at year-end 2024 to € 80.5 million on 31 December 2025.

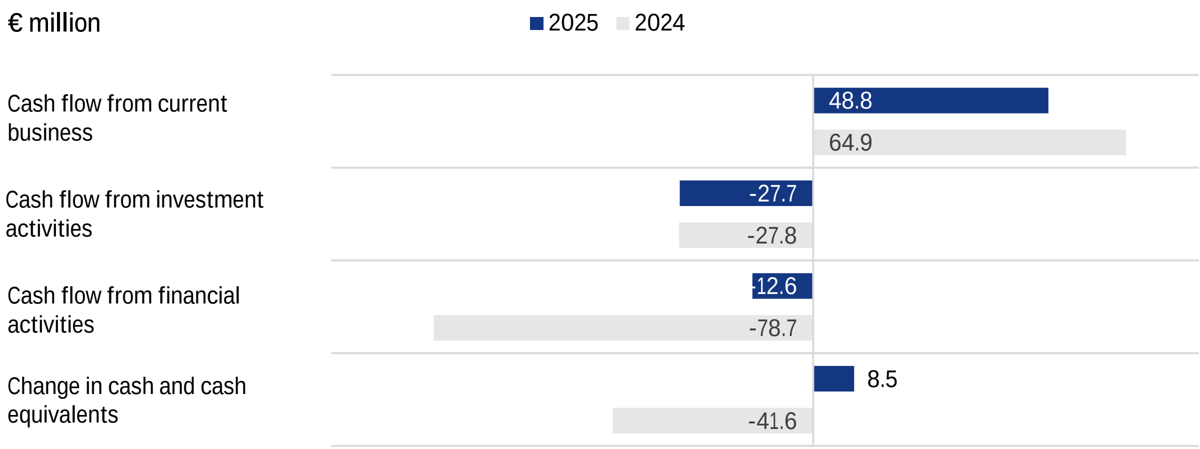
The deterioration in earnings also affected the Group’s financial covenants. Although the existing covenants were met at all quarterly reporting dates throughout 2025, the unexpected decline in earnings in November 2025 necessitated a renegotiation of the covenants at the end of 2025. In consultation with the lending banks, adjusted covenant parameters were agreed upon, which were met as of 31 December 2025.

The Group’s financing is primarily based on a syndicated loan arranged with four banks, as well as promissory note loans with several promissory note creditors. As of the balance sheet date of 31 December 2025, the contractual maturity structure of the syndicated loan resulted in the reclassification of significant financial liabilities to current liabilities.

In April 2026, Surteco Group SE (the debtor) and the syndicated loan and more than 75 % of the promissory note creditors reached a binding agreement to extend the respective loan obligations until 28 December 2029. The company is conduction ongoing negotiations with the remaining promissory note creditors. The reason for this extension agreement was the previous capital and maturity structure of the loans. The challenging economic environment required a longer-term solution involving all financing partners. The agreement was based on a restructuring report commissioned exclusively for this purpose, which is based on the existing group structure without any potential divestitures and certifies that the company’s business is highly likely to continue for a period of three years.

As a result of the extension, the syndicated loan will again be reported under long-term financial liabilities in the consolidated balance sheet as of the next reporting date. As collateral, first-ranking share pledges have been established for the syndicated loan creditors and second-ranking share pledges for the promissory note creditors for selected subsidiaries of the debtor. In addition, collateral in the form of real property is provided. As part of the extension agreement, some of the targets for the financial covenants previously agreed upon have been adjusted. In addition, a further financial covenant (maintenance of minimum liquidity) has been included. Based on its financial planning, the Company currently expects that the covenants under the new terms can be met in the 12 months following the publication of the financial statements. Nevertheless, there is a general risk that, in the event of unforeseeable events or a prolonged recession, the covenants may not be met, which could result in the termination of loan agreements.

Change in financial resources at 31 December



Calculation of free cash flow

€ million	1/1/-31/12/2024	1/1/-31/12/2025
Cash flow from current business operations	64.9	48.8
Payout from business combinations	-6.4	0.0
Purchase of property, plant and equipment	-24.1	-25.4
Purchase of Intangible assets	-0.8	-4.4
Inflows from the disposal of property, plant and equipment	2.5	2.1
Dividends received	1.0	0.0
Cash flow from Investment activity	-27.8	-27.7
Free cash flow	37.1	21.1

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 as well as product mix effects exert the greatest impact. In the business year 2025, the purchase prices for these raw materials remained stable overall. Hence, the cost of materials ratio (cost of materials / total output) continued stable at 48.8 % in 2025 after 48.6 % in the previous year. During the reporting period, the absolute cost of materials totalled € -400.3 million compared with € -420.2 million in the previous year. In the business year 2025, personnel expenses rose to € -231.8 million after € -226.9 million in the previous year, essentially due to provisions for personnel measures arising from discontinuation of the business with impregnates. As a ratio of total output, the personnel expense ratio increased from 26.2 % in the previous year to 28.2 % in the reporting period. On the back of disciplined expenditure management, other operating expenses at € -126.0 million were below the year-earlier value of € -134.1 million and fell to 15.3 % (2024: 15.5 %) in relation to the total output.

GROUP RESULTS

The total output of the Group at € 820.8 million went down by -5.0 % in the business year 2025 compared with the year-earlier value of € 864.4 million. Taking account of the expense items totalling € -758.0 million (2024: € -781.1 million) and the other operating income amounting to € 9.2 million (2024: € 11.1 million), earnings before financial result, income tax and depreciation and amortization (EBITDA) decreased by -23.6 % to € 72.1 million after € 94.4 million in the previous year, and negative foreign exchange rate effects amounting to € -1.9 million contributed to this fall. The EBITDA margin (EBITDA /sales) decreased from 11.0 % in the previous year to 8.8 % in 2025. Adjusted by one-off exceptional effects (acquisition costs, consultancy costs, provisions for personnel measures, material write-downs from discontinuation of impregnates and extraordinary income), adjusted EBITDA amounted to € 80.2 million in 2025 after € 95.3 million in the previous year. The adjusted EBITDA margin (adjusted EBITDA / sales) was 9.8 %, compared with 11.1 % in the previous year. The original earnings forecast (adjusted EBITDA from € 85 million to € 105 million) was therefore not achieved. Other operating income includes extraordinary gains on the sale of fixed assets resulting from the discontinuation of the impregnation business unit (€ 0.2 million in 2025 after € 0.5 million as a result of the sale of a parcel of land in the previous year), while acquisition and consultancy costs, along with other restructuring costs amounting to € 1.2 million are listed among other operating costs after € 1.4 million in the previous year. In addition, provisions for personnel measures reflect the adjustments in personnel expenses (€ 6.3 million after € 0 million in the previous year). Meanwhile, the cost of materials (€ 0.8 million in 2025 after € 0 million in the previous year) includes a material write-down from discontinuation of the business with impregnates. Depreciation and amortization amounted to € -58.3 million after € -59.9 million in the previous year. Consequently, earnings before financial result and taxes (EBIT) amounted to € 13.7 million (2024: € 34.5 million). The EBIT margin (EBIT / sales) fell to 1.7 % (2024: 4.0 %). Negative currency effects caused the financial result for 2025 to deteriorate from € –14.9 million to € –24.5 million, despite a year-over-year decrease in interest expense. Earnings before income tax (EBT) at € -10.8 million were 154.9 % below the year-earlier value of € 19.6 million. Combined with deduction of income tax amounting to € -3.6 million (2024: € -11.7 million) this yields a net loss of € -14.3 million for the business year 2025 after net income of € 7.9 million in the previous year. Including the non-controlling interests, the consolidated net loss for the Group amounted to € -14.3 million (2024: consolidated net profit of € 8.4 million). Earnings per share amounted to € -0.92 for an unchanged number of shares at 15.5 million after € 0.54 in the previous year.

Margin trends

	2024	2025
Cost of Materials ratio in %	48.6	48.8
Personnel expense ratio in %	26.2	28.2
Other operating expenses ratio in %	15.5	15.3
EBITDA margin in %	11.0	8.8
EBITDA adjusted margin in %	11.1	9.8
EBIT margin in %	4.0	1.7

RESULT OF THE SEGMENTS

Adjusted EBITDA of € 16.6 million meant that earnings for the Segment Surfaces fell short of the year-earlier value of € 26.9 million as a result of insufficient business volume and an increased cost of materials ratio so that the forecast (significant increase) was not achieved. Adjusted EBITDA of Edgebands at € 22.9 million also deviated from the forecast and fell below the year-earlier value of € 25.0 million. The primary cause was weakness in demand. Conversely, the forecast for the Segment Profiles was achieved and in fact even exceeded. Adjusted EBITDA amounted to € 18.4 million and exceeded the expected year-earlier level of € 17.0 million. Profiles benefited from stable demand with an improved cost of materials ratio. Primarily on account of a lack of business volume, adjusted EBITDA at € 21.5 million in the Segment North America fell below the year-earlier value of € 27.5 million. The anticipated substantial increase could not therefore be achieved. Likewise, instead of the forecast substantial increase, adjusted EBITDA of Asia / Pacific fell from € 6.8 million in the previous year to € 5.8 million in the business year 2025 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 2025, the balance sheet total of SURTECO GROUP SE amounted to € 769.8 million after € 787.6 million in the previous year. On the assets side, € 484.4 million were attributable to fixed assets after € 493.3 million in the previous year. Intangible assets increased (€ 6.3 million, compared with € 0.0 million in the prior year) due to the integration of central functions, such as IT, into the holding company and, consequently, the capitalization of software. Within financial assets, investments in affiliated companies remained at the previous year's level of € 297.8 million, while loans to affiliated companies decreased to € 178.9 million from € 195.5 million in the prior year due to exchange rate effects. Current assets decreased to € 47.6 million from € 38.5 million in the prior year, despite higher cash on hand and bank balances, due to a reduction in receivables from affiliated companies (€ 235.0 million compared to € 253.2 million in the prior year) and stood at € 284.0 million as of December 31, 2025, compared to € 293.8 million in the prior year. On the liabilities side of the balance sheet, equity decreased to € 301.2 million from € 322.7 million in the previous year as a result of the net loss for the year. The equity ratio fell to 39.1 % from 41.0 % in the prior year. Liabilities to financial institutions decreased from € 390.6 million in the prior year to € 370.9 million as of December 31, 2025, due to the repayment of financial liabilities, whereas liabilities to affiliated companies rose from € 69.0 million in the prior year to € 89.3 million, primarily due to currency exchange rate effects. In total, liabilities increased to € 462.3 million as of the 2025 balance sheet date, compared to € 460.1 million in the prior year. Provisions rose slightly to € 6.3 million from € 4.8 million at the end of 2024.

SURTECO GROUP SE acts as the main financing company of the Group and it provides finance for itself and for the Group mainly through raising external capital in the form of promissory note loans and through a syndicated loan. At 31 December 2025, the promissory note loans have a total volume of € 184.5 million and residual terms of between 16 and 76 months with interest rates in a range between 1.48 % and 2.70 %. The syndicated loan comprises a 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 repayments, the loan tranche at 31 December 2025 now amounts to € 185.0 million. The RCF has a framework volume of € 30.0 million and was drawn down for the first time in the year 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 (leverage) 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. During the course of the reporting year, the originally agreed covenants (-> Overall internal controlling system) were complied with on all reporting dates throughout the year. At the end of the year, the covenants were renegotiated owing to the unexpected fall in sales in November. These covenants were complied with at year-end. Revised covenants were also renegotiated and agreed contractually for the business year 2026 (-> Financial position and Follow-up report). 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 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 deteriorated from € -5.6 million in 2024 to € -14.9 million in 2025, significantly influenced by increased expenditure for wages and salaries, and other operating expenses. The increase mainly results from the bundling of the corporate functions for the Group completed during the course of the business year such as IT, Accounting & Purchasing within SURTECO GROUP SE. The cash flow from investment activities amounted to € -3.0 million (2024: € 27.6 million), essentially as a result of investments in intangible assets. The cash flow from financial activities amounts to € 27.2 million after € -61.4 million in the previous year. In addition to the raising and repayment of financial liabilities, the cash flow from financial activities is determined by the volume of cash pooling transactions. SURTECO GROUP SE carries out these transactions centrally for the Group's affiliated subsidiaries.

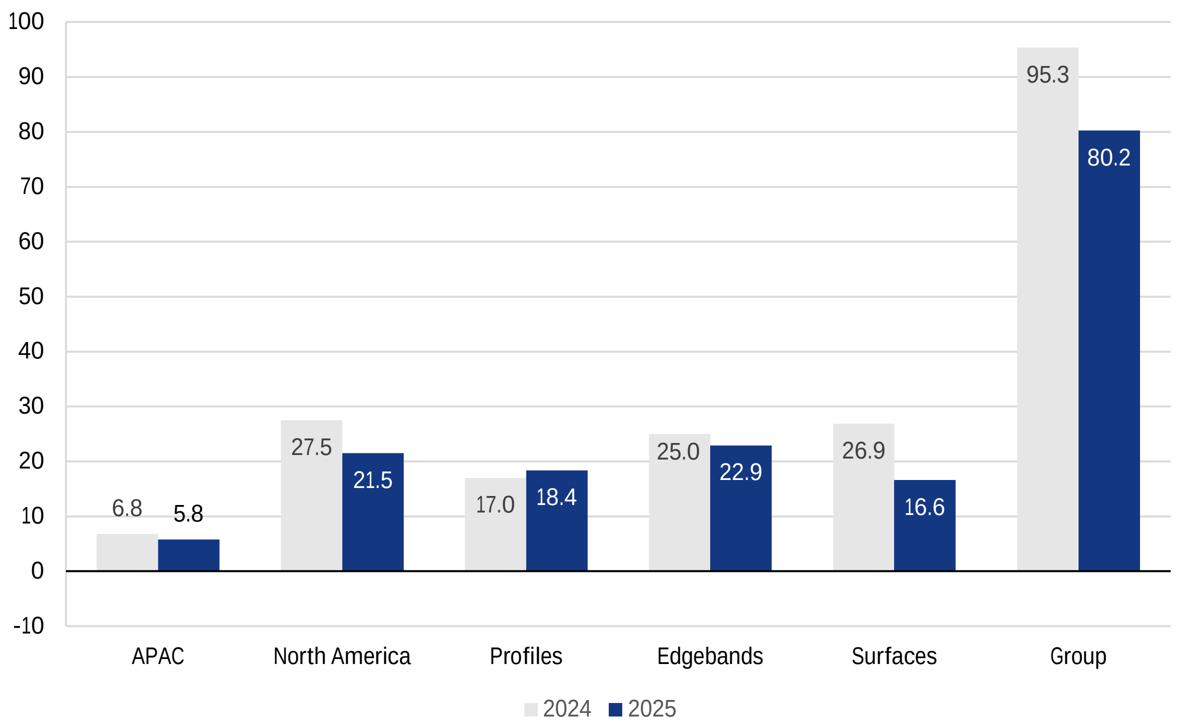
The sales revenues of SURTECO GROUP SE in the amount of € 24.3 million (2024: € 3.2 million) result entirely from intragroup allocations. During the course of the business year, these increased owing to the integration of corporate functions into the holding company and were therefore substantially above the expectation from the previous year. Consequently, the personnel expenses also increased to € -17.8 million (2024: € -7.6 million). Other operating expenses amounted to € 1.9 million, after income in the amount of € 11.3 million in the previous year had still included income resulting from positive foreign exchange rate effects and releases of provisions. The increase in other operating expenses to € -37.8 million after € -7.5 million in the previous year is primarily attributable to unrealized currency translation adjustments and the integration of central functions into the holding company. As a result of the sustained weak business in the operating subsidiaries, the income from profit and loss transfer agreements fell to € 12.8 million after € 35.1 million in the previous year, while expenses arising from loss assumptions came down to € -4.8 million (2024: € -6.9 million). The anticipated significant increase in EBITDA could not be achieved with € -20.4 million in 2025 (2024: € 27.6 million). The interest income amounted to € -7.6 million (2024: € -6.2 million). Income taxes amounted to € 0.2 million (2024: € -0.1 million). Hence, a net loss for the year 2025 arises for SURTECO GROUP SE in the amount of € -16.8 million after net income of € 34.1 million in the previous year. Following withdrawal from retained earnings amounting to € 16.8 million (2024: transfer to retained earnings of € -17.0 million), a net profit of € 0.0 million (2024: € 17.1 million) was generated. A proposal on the appropriation of the net profit is therefore rendered unnecessary.

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 2026, we anticipate sales revenues at the level of the business year 2025 amounting to € 24.3 million and a significant increase in EBITDA of € -20.4 million.

OVERALL STATEMENT ON THE ECONOMIC SITUATION

At the beginning of the business year 2025, hope still prevailed that there might be a recovery in demand. In the wake of the tariff pronouncements in the USA, ongoing unresolved geopolitical conflicts and continuing uncertainties among consumers in many regions of the world, the sector was beset by ongoing challenging conditions. Consequently, the overall economic situation presented significant challenges in the business year 2025.

Group and segment adjusted EBITDA € 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 and support for the production processes, and in research on sustainable products and raw materials.

In the business year 2025, personnel and material expenses for research and development in the Group amounted to € -6.5 million after € -4.3 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 was 3,695 at 31 December 2025 after 3,732 on 31 December 2024. The average number of employees over the course of the year amounted to 3,712 after 3,718 in the previous year. The average number of employees in Surfaces came down to 938 after 1,037 in the previous year, primarily owing to discontinuation of the business with impregnates and the integration of central functions into the holding company. The number of employees in the Segment Profiles remained virtually unchanged at 493 (2024: 491), and likewise stable at Edgebands with 863 (2024: 866). The annual average for people employed in North America was 1,058 (2024: 1,087) and in Asia / Pacific 205 (2024: 207). An internal reorganization of corporate functions brought about an increase in the number of employees at the holding company SURTECO GROUP SE from 27 in the previous year to 155 in the business year 2025. As in the previous year, the average age in the Group was 43.8 years, while the average length of service remained at 12.8 years. The resignation rate as a ratio of the number of employees fell to 8.5 % (2024: 13.4 %). In the business year 2025, the German Group sites employed an average of 73 apprentices (2024: 75), and the training rate in Germany was therefore 4.8 % (2024: 5.0 %).

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. These are distributed through a group-wide management system.

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 implemented 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 2025 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 Segments North America and Profiles respectively.

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.

A low risk in this category was identified in the Segments Profiles and North America respectively.

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 suppliers 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. Possible risks arising from the armed conflict involving Iran cannot be reliably assessed at the present time (-> Follow-up report).

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

A low risk in this category was identified at Group level.

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 maturity structure of financial liabilities is presented in Note 32.3 to the Consolidated Financial Statements. The company holds adequate cash and unused credit lines in order to ensure short-term refinancing. In the view of the Management Board, these are sufficient to cover the current and future liquidity requirement. 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 first to third quarters, the originally agreed covenants (-> Overall internal controlling system) were complied with on all the reporting dates of the year under review. At the end of the year, the covenants were renegotiated owing to the unexpected fall in sales from November. These covenants were complied with at the end of the year.

On the balance sheet date, € 185.0 million are recognized under current liabilities. These relate to the syndicated loan (Facility A) with an original maturity in the fourth quarter of 2026. Furthermore, as at 31 December 2025, there are non-current financial liabilities to promissory note creditors amounting to a total of € 184.5 million.

In April 2026, Surteco Group SE (the debtor) and the syndicated loan and more than 75 % of the promissory note creditors reached a binding agreement to extend the respective loan obligations until 28 December 2029. The company is conduction ongoing negotiations with the remaining promissory note creditors. The reason for this extension agreement was the previous capital and maturity structure of the loans. The challenging economic environment required a longer-term solution involving all financing partners. The agreement was based on a restructuring report commissioned exclusively for this purpose, which is based on the existing group structure without any potential divestitures and certifies that the company's business is highly likely to continue for a period of three years.

As a consequence of the extension, the syndicated loan will again be recognized under long-term financial liabilities in the consolidated balance sheet at the next reporting date. Senior share pledges and junior share pledges for selected subsidiary companies of the debtor have been provided as securities for the lenders of the syndicated loan and the creditors of the promissory note creditors respectively. Furthermore, real security interests are also provided. The target parameters for financial indicators (covenants) already agreed have also been partly adjusted within the framework of the extension agreement. Furthermore, another financial indicator (maintenance of minimum liquidity) has also been adopted. On the basis of financial planning, the company is currently assuming that the covenants under the new conditions can be complied with during the coming 12 months. Nevertheless, there is the general risk that the covenants cannot be complied with if unforeseeable events occur or in the event of a sustained recession. In this case, the loan agreements may consequently be terminated.

No individual risk above the damage potential of € 000s 1,000 on EBT 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 34 % in 2025. 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 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 together 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 on factoring agreements.

Nevertheless, there is a risk that earnings and liquidity may be compromised by default on customer accounts receivable and non-compliance with payment targets and early terminations of loans. 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 on EBT 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 2025. 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.

Furthermore, deferred tax assets, in particular such assets relating to tax loss carryforwards, are subject to impairment risks if sufficient taxable income is not available in future. Accordingly, deferred tax assets on tax loss carryforwards in Germany were written down by € 000s 6,400 in the business year 2025. No requirement for impairment is anticipated for the business year 2026.

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 acquisitions, 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.

One low risk in this category was 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 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.

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. In addition, the current tense geopolitical situation, along with an increasingly volatile international tariff and trade policy, make the ability to plan and project forecasts increasingly fraught. 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	→

Fundamentally, the absolute sum of all risks for the SURTECO Group has increased slightly 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, and additionally the available overdraft facilities, as well as on the basis of 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.

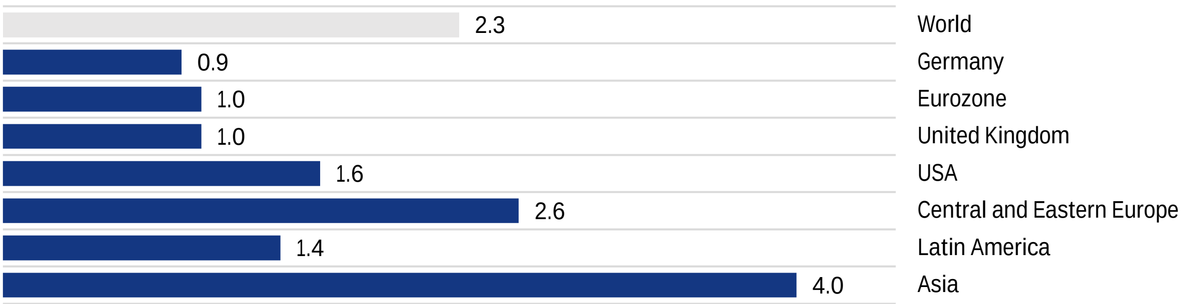
Outlook report

MACROECONOMIC FRAMEWORK CONDITIONS

The Council of Experts (Sachverständigenrat) for assessing macroeconomic development expects further dampening of global GDP growth. According to their forecast, the US import tariffs, restrained internal demand within China and weakening competitiveness in the export sector of the eurozone mean that the global economy will only grow by 2.3 % in 2026. Consequently, the Council of Experts is therefore assuming an increase in GDP of +0.9 % in Germany for the year 2026. Growth in the eurozone and in the United Kingdom is likely to be +1.0 %, while an increase of +2.6 % is expected in Central and Eastern Europe. The Council of Experts projects growth of +1.6 % for the USA and +1.4 % for Latin America. According to the Council of Experts, GDP in Asia is likely to rise by +4.0 % in 2026.[1]

Within the companies, there is also an inclination to look ahead to the new year with cautious optimism. According to the latest association survey carried out by the German Economic Institute, more than half of the 46 surveyed associations expect output within their sector to remain unchanged or to decline, including the associations for wood and plastics processing.[2] Another factor is that trading conditions are being made more difficult as a result of the volatile tariff conditions. Conversely, the German caravanning industry, which also processes SURTECO products, is looking forward to the new year with optimism and anticipates stable demand for new registrations in 2026.[3]

Forecast economic growth in 2026 in %[1]



[1] Source: The Council of Experts (Sachverständigenrat) for assessing macroeconomic development, Annual Expert Report 2025/26 dated 12 November 2025
[2] Source: German Economic Institute, IW Report 69/25 dated 29 December 2025
[3] Source: Caravaning Industry Association (CIVD), Press Release dated 19 January 2026

FORECAST ASSUMPTIONS FOR THE SURTECO GROUP AND SEGMENTS

Discontinuation of the Impregnates division in May 2025 resulted in the loss of sales worth approximately € 8 million in 2026, which had previously been generated in this division. In operational terms, the company again anticipates no meaningful improvement in demand across most sales markets in the course of 2026. Global crises destabilize consumers, and experience indicates that they postpone investments in long-term goods such as furniture during times of crisis. Furthermore, ongoing weakness in the construction industry continues to hold back the market for new furniture and fittings. The purchase prices of the most important raw materials paper, plastic and chemical additives are the key influencing factors for the development of earnings, and they are anticipated to remain at approximately the level of the previous year in the business year 2026. Measures already implemented, such as the discontinuation of the impregnation business unit, are expected to have a positive impact on the personnel expense ratio. These projections are based on the assumption that there will be no prolonged recession.

Since the Segment Asia/Pacific was discontinued with effect from 1 January 2026 (-> Internal corporate controlling system), this outlook report only covers the Segments Surfaces, Edgebands, Profiles and North America. Furthermore, this outlook report assumes that these segments will remain fully within the consolidation scope of the Group until year-end 2026 (-> Follow-up report – Strategic policy decision to assess options for divestment).

SALES FORECAST FOR THE GROUP AND SEGMENTS

In the business year 2026, sales with impregnates will no longer be generated in the Business Unit (BU) Surfaces, whereas the business operations in Singapore and China are allocated to the segment. As a consequence, sales in 2026 are expected to be slightly above the pro-forma sales for 2025 (sales of the segment for 2025 including sales from the subsidiary companies in Asia /Pacific to be allocated in the future) amounting to € 273.7 million. In 2026, sales from Australia and Batam are allocated to the Business Unit Edgebands. Hence, sales in the business year 2026 are projected to be approximately at the level of the previous year (pro-forma sales for 2025 amounting to € 177.8 million). The sales of Profiles are also expected to be approximately at the level of the previous year. This Business Unit and North America are not affected by the realignment of the segments. Owing to risks associated with foreign exchange rates and tariffs, the company is expecting sales for the Business Unit North America to remain stable or to undergo a slight drop.

On a consolidated Group basis, sales revenues in 2026 are therefore expected to be in the range between € 780 million and € 830 million.

EARNINGS FORECAST FOR THE GROUP AND SEGMENTS

Based on the above-mentioned forecast assumptions, we expect material expenses for 2026 to range from € 380 million to € 405 million, assuming the material expense ratio remains constant. Personnel expenses are expected to decline slightly due to measures already implemented, such as the discontinuation of the impregnation business unit. Taking into account adjustment effects, primarily from consulting expenses, we anticipate other operating expenses to remain at the prior-year level. Other operating income is expected to be significantly lower than in the prior year due to the absence of one-time income. This results in the following earnings forecasts:

In the business year 2026, adjusted EBITDA for the Business Unit Surfaces is slightly above the pro-forma earnings of € 16.0 million and for Edgebands approximately at the level of pro-forma earnings of € 29.3 million for 2025. For the Profiles business unit, adjusted EBITDA is expected to remain at the previous year's level, while adjusted EBITDA for the North America business unit is expected to be slightly higher than the previous year's figure.

Taking into account corporate functions and the current uncertainties arising from the Iran conflict adjusted EBITDA at the level of the Group is forecast to be in the range of € 70 million to € 90 million.

From today's perspective, the newly agreed covenants (-> Financial position and Follow-up report) for the financial liabilities will be complied in the 12 months following the publication of the financial statement.

OVERALL STATEMENT ON EXPECTED PERFORMANCE

In the course of the business year 2026, sales and earnings, as well as the net assets of the SURTECO Group, may further be influenced not only by the operational developments but also by potential impacts arising from the strategic decision to evaluate opportunities for divestment. Furthermore, due to a revised assessment of the likelihood of exercising a purchase option for leased buildings, scheduled depreciation of approximately € 10 million must be taken into account for 2026 as a result of the reduced remaining useful life of the buildings. In operational terms, sales and adjusted EBITDA are expected to remain stable in 2026.

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 8,633,830 no-par-value shares in SURTECO GROUP SE, which is equivalent to a proportion of 55.68 % 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 (in accordance with mandatory notifications):

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 € 369.6 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 January 2026, the Management Board in coordination with the Supervisory Board took the strategic decision to evaluate strategic options for the Group's future direction. This includes focusing on the core business and assessment of options for divesting the Business Units Profiles and Edgebands completely or partially. Up to 17 April 2026, no decision had been taken on concrete steps for divestment.

Since 28 February 2026, there has been a military conflict between the United States of America (USA) and the state of Israel on the one hand and the Islamic Republic of Iran (Iran) on the other hand. The developments resulted in increased geopolitical tensions and may cause uncertainties in international markets for energy and raw materials, as well as potential disruptions in global supply chains and trading relationships. While the SURTECO Group is not directly affected by the conflict, it is affected indirectly, above all owing to potential impacts on supply chains, energy and procurement costs, and a potential decline or weakening of general economic development and consequently demand. The Group is monitoring the situation and reviewing the possible impacts on its business activities. At the time when the consolidated financial statements are being prepared, the potential impacts of this event on the net assets, financial position and results of operations of the SURTECO Group cannot be reliably quantified. On the basis of the currently available information, there are no indications that any adjustments to the asset values or liabilities recognized on the balance sheet date will have to be made.

In April 2026, Surteco Group SE (the debtor) and the syndicated loan and more than 75 % of the promissory note creditors reached a binding agreement to extend the respective loan obligations until 28 December 2029. The company is conduction ongoing negotiations with the remaining promissory note creditors. The reason for this extension agreement was the previous capital and maturity structure of the loans. The challenging economic environment required a longer-term solution involving all financing partners. The agreement was based on a restructuring report commissioned exclusively for this purpose, which is based on the existing group structure without any potential divestitures and certifies that the company's business is highly likely to continue for a period of three years.

Declaration on corporate governance

You can access the necessary information concerning the management of the company on the company's home page. Here you will find the Declaration on Corporate Governance pursuant to § 289f and § 315d German Commercial Code (HGB) including the Declaration pursuant to § 161 Stock Corporation Act (AktG) with justification and archive, the Internet address under which the Compensation Report, together with the auditor's report, as well as the applicable compensation system and the most recent remuneration resolution pursuant to § 113 (3) Stock Corporation Act (AktG) are available, as well as information on the practices of company management, the composition and working methods of the Management Board and the Supervisory Board including their committees, details on defining the promotion of the participation of women in management positions in accordance with § 76 (4) and § 111 (5) Stock Corporation Act (AktG), and the description of the diversity concept in relation to the composition of the body authorized to represent the company and the Supervisory Board. The home page of the company can be accessed by going to www.surteco.com and clicking on the menu item "Investor Relations -Corporate Governance".

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 costs, consultancy costs, depreciation of material stocks from the discontinuation of impregnates and provisions for staff measures
EBITDA	Earnings before financial result, income tax and depreciation and amortization
EBIT	Earnings before financial result and income tax
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 - (Payout from business combinations + Purchase of property, plant and equipment + Purchase of intangible assets + Inflows 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 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 2025.

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 2025 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.

Sustainability 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 G1 Business conduct
Respect of human rights*	S1 Own workforce G1 Business conduct
Fighting corruption and bribery	G1 Business conduct

* Reporting on S2 (“Workers in the Value Chain”) and S3 (“Affected Communities”) is not yet included in this reporting year. Explanations regarding human rights are provided in Chapter G1. The SURTECO Group maintains an ongoing dialogue with regional and local stakeholders at its sites.

The phase-in provisions provided for by the ESRS were not utilized during the reporting year.

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 2025. 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 2030. 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 2025 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 holds a leading position in the area of sustainability consulting 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 Management Board (Executive Board) currently consists of 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 9 % 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 notes to the financial statements in the section “Executive Officers 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. 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.

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 ad-dressed 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.

The SURTECO Group publishes a Compensation Report every year in order to give stakeholders insights into the performance of and benefits to our Management Board, including the progress made in attaining sustainability targets. You can find these Compensation Reports under Financial Reports of the SURTECO Group on the Internet Portal of SURTECO (www.surteco.com, Investor Relations, Financial Reports).

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 negative effects	Section DR GOV-5: ESG management systems & action plans	Sustainability managers, compliance, internal audit, works councils
Tracking the effectiveness of 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 used in a wide variety of applications. The paper-based foils are used to create furniture surfaces with different design and haptic feels. The SURTECO Group offers plastic foils for furniture surfaces, as well as for further processing into carpets and for 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 wood, stone and fantasy decors is carried out in cooperation with the Group's in-house design studios.

The SURTECO Group offers products and solutions for flooring wholesalers and for professional floor-layers. The product range covers skirtings, stair edges, transition rails and all the accessories required for laying floors.

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 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.

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 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.

Achieving these goals is the shared responsibility of all societal players, including 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, eight 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

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.

A material component for tracking and implementation of targets is the ISO certification to various standards of our locations.

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, PEFC, Blauer Engel
	Dunningen	·	·	·		Greenguard, FSC, PEFC Blauer Engel
	Gladbeck	·		·		Greenguard
	Grammetal	·	·	·		Greenguard, FSC, PEFC 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 4500

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) € million	2024	2025
Edgebands	260.7	239.5
Finish foils	137.2	128.3
Decorative printing	88.2	93.5
Impregnates / Release papers	48.6	31.5
Skirtings and related products	73.8	76.9
Technical extrusions	47.0	46.8
Laminates	98.3	95.1
Performance Films	31.6	34.3
Coated Fabrics	39.6	41.9
Other	31.6	33.4
	856.6	821.2

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 € million		Employees at 31/12	
	2024	2025	2024	2025
Germany	160.6	156.3	1,490	1,499
Europe (without Germany)	315.5	303.9	641	646
America	297.1	280.3	1,043	1,001
Asia / Australia	75.1	71.6	558	549
Other	8.3	9.1	0	0
	856.6	821.2	3,732	3,695

Value chain

Sustainable business practices encompass not only the organization itself but also upstream and downstream sectors throughout the entire value chain.

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 2025 and this indicates that the procurement of raw materials constitutes the biggest expense item for the SURTECO Group. Around 75 % 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 centres. 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 spiralling 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 our business activities. But also understand the interests and views of stakeholders and embedded it into the business strategy.

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.

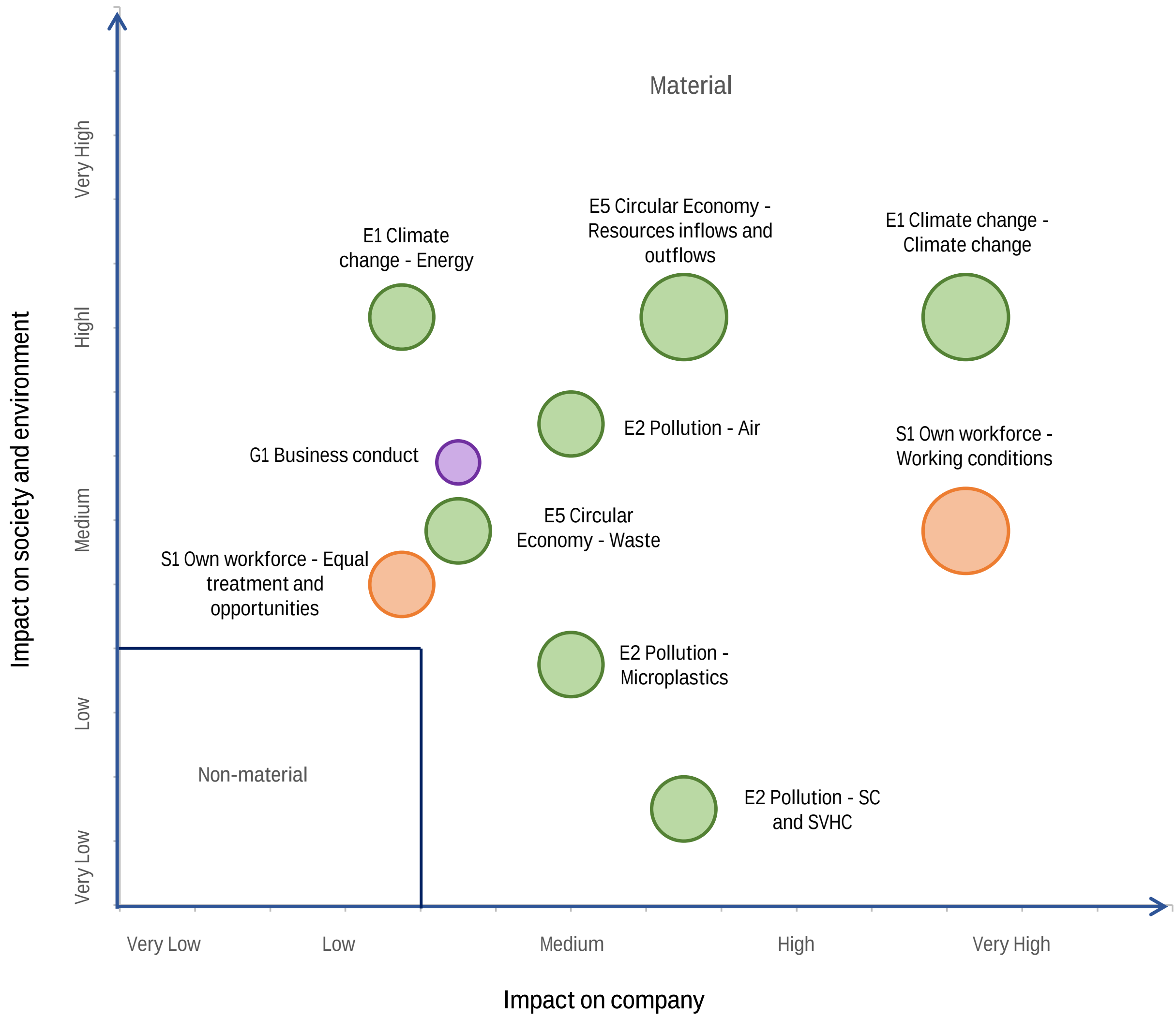
DR SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model
Sustainability in the SURTECO Group is a pillar of the corporate strategy that is networked with all areas of activity. This approach is adopted because we are aware that while it is our responsibility 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.

The company culture and the employees are the foundation underpinning the SURTECO strategy. The SURTECO Group is committed to the principles for sustainable development and improvement of living standards and 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 CO2 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.

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.

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

DRs covered in the sustainability statement			
Standard	Chapter	Disclosure Requirement	Paragraph
		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
		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

DRs covered in the sustainability statement			
Standard	Chapter	Disclosure Requirement	Paragraph
		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
	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

DRs covered in the sustainability statement			
Standard	Chapter	Disclosure Requirement	Paragraph
		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
	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 The Disclosure requirement Management of relationships with suppliers is not covered in the sustainability statement. Under the materiality assessment these topics were identified as not material. Because The group-wide Corporate Centre "Group Procurement" defines the framework conditions for procurement and coordinates the relationships with suppliers. 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. The Group has its own Supplier Code containing detailed guidelines for ethical, social and environmental standards that is covered under the disclosure requirement G1-1.	
		DR G1-3: Prevention and detection of corruption and bribery	4
	Metrics and targets	DR G1-4: Confirmed incidents of corruption or bribery	1

DRs covered in the sustainability statement			
Standard	Chapter	Disclosure Requirement	Paragraph
		DR G1-5: Political influence and lobbying activities The Disclosure requirement Political influence and lobbying activities is not covered in the sustainability statement. Under the materiality assessment these topics were identified as not material because no company of the SURTECO Group has been entered in the EU Transparency Register or in the local Transparency Registers of the relevant governments and our code of conduct prohibit any financial and in-kind political contribution	
		DR G1-6: Payment practices The Disclosure requirement Payment practices is not covered in the sustainability statement. Under the materiality assessment these topics were identified as not material, as referred in G1-2	

MDR-P: Policies adopted to manage material sustainability matters

The SURTECO Group has implemented a Group Sustainability and Risk Management Policy. The results of our risk assessments 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 take into account changes that have occurred at local level.

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.

In 2025, the EU Commission issued a delegated act to streamline the reporting requirements of the EU taxonomy. This act took effect upon publication in the Official Journal on January 8, 2026, and can be applied to reporting for the 2025 financial year. This act gives companies the option omit assessing whether some of their economic activities are taxonomy-eligible or taxonomy-aligned where the cumulative capital expenditure related to those economic activities is below 10% of the denominator of the CapEx KPI. Furthermore the company may omit assessing whether operational expenditure related to all their economic activities is taxonomy-eligible or taxonomy-aligned, where the operational expenditure is not material for the business model of the Company, provided that the total value of the OpEx KPI denominator is disclosed and an explanation, why the operational expenditure is not material for the business model is disclosed. SURTECO takes advantage of these opportunities with the following explanation.

SURTECO's business model is based on the manufacture of materials for the wood-based materials, furniture, and caravan industries, as well as for interior design. None of these products are included in the activities related to the environmental objectives of the EU taxonomy. As a result, no taxonomy-eligible revenues have been identified in recent years, only taxonomy-eligible investment and operating expenses on a small scale. This mainly concerned the company's vehicle fleet, as well as investments in and operation of charging stations for electric cars, PV systems, and various energy-efficient devices. The SURTECO Group's business model also works without these activities, as business trips can be made using public transport, for example, and the power supply is also secured without the company's own PV systems. These activities therefore fall below the materiality threshold of 10% of total investment expenditure. In this respect, further determination of taxonomy compliance for the CapEx KPI can be waived for materiality reasons in accordance with the provisions of the EU taxonomy. The company's taxonomy-eligible but financially immaterial CapEx activities amount to € 1.5 million in the 2025 financial year, or 3.8 % of total CapEx. In 2024 taxonomy-eligible CapEx activities of € 2.2 million were identified.

As a manufacturing company, operating expenses are a necessity for SURTECO but are not essential to its business model. Operating expenses at SURTECO never directly generate revenue. The fact that there is no taxonomy-eligible revenue within the group also correlates with the immateriality of operating expenses. Research and development expenses can also be considered irrelevant to the implementation of the business model simply because of their very low amount. The company tries to reduce operating expenses to a minimum and could theoretically maintain its business model without these expenses altogether. In addition, taxonomy-eligible operating expenses fell below the newly introduced materiality threshold of 10 % in the last fiscal year. Since no structural changes in potentially taxonomy-eligible business expenses were identified in the reporting period and, on the contrary, the company's leasing strategy for its vehicle fleet means that vehicle costs cannot be considered taxonomy-eligible (which was assumed in previous years), it can be assumed that the 10 % threshold will also be below the threshold in fiscal year 2025. In this respect, the company refrains from determining the taxonomy eligibility and taxonomy compliance of its operating expenses in accordance with the provisions of the EU taxonomy. Total operating expenses (OpEx KPI denominator) amounted to € 30.7 million in fiscal year 2025 after € 29,1 million in the previous fiscal year.

The following KPIs result for the business year:

Financial year 2025					Breakdown by environmental objectives of Taxonomy aligned activities										
KPI	Total	Proportion of Taxonomy eligible activities	Taxonomy aligned activities	Proportion of Taxonomy aligned activities	Climate Change Mitigation	Climate Change Adoption	Water	Circular Economy	Pollution	Biodiversity	Proportion of enabling activities	Proportion of transitional activities	Not assessed activities considered non-material	Taxonomy aligned activities in previous financial year 2024	Proportion of Taxonomy aligned activities in previous financial year 2024
	€ mill.	%	€ mill.	%	%	%	%	%	%	%	%	%	%	€ mill.	%
Turnover	821.2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CapEx	38.7	0	0	0	0	0	0	0	0	0	0	0	3.8	0.6	0.2
OpEx	30.7	-	-	-	-	-	-	-	-	-	-	-	100	0.0	0.0

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 tons 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

- 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

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. RCP8.3 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.

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 Car-bon 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)
Commision of a solar power 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 total 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
Reduction of VOC emissions	OBA
Commision of wastewater treatment at Rayong site	OBA
Installation of charging infrastructure for electric vehicles	OBA

Planned measures for the 2026 reporting year	Own business activities (OBA)/ Value chain (VC)	Time horizon
Commissioning of wastewater treatment at Sassenberg Site	OBA	In the 2026 reporting year
Increase the recycling rate for plastic products.	OBA	In the 2026 reporting year
Reduction of specific energy consumption	OBA	5-10 years
Reduction in GHG emissions	OBA	In the 2026 reporting year
Reduction of hazardous waste	OBA	In the 2026 reporting year
Implementation of the “Zero Pellet Loss” standard at all plastic processing sites	OBA	2026-2029

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. 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 2025)	-44% 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 2026.

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, 338,561 MWh of energy were consumed by the SURTECO Group, which corresponds to a decrease of 2 % compared with 344,129MWh in 2024. This reduction is attributable to external market factors, as well as operational adjustments and shifts in the energy consumption profile.

Energy consumption and mix MWh	2024	2025
Fuel consumption from coal and coal products	0	0
Fuel consumption from crude oil and petroleum products	13,821	10,950
Fuel consumption from natural gas	146,738	143,135
Fuel consumption from other fossil sources	0	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	48,434	42,927
Total fossil energy consumption	208,993	197,012
Share of fossil sources in total energy consumption (%)	61	58
Consumption from nuclear sources	13,197	10,672
Share of consumption from nuclear sources in total energy consumption (%)	4	3
Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.)	32,256	38,405
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	89,086	90,990
The consumption of self-generated non-fuel renewable energy	597	1,482
Total renewable energy consumption	121,939	130,877
Share of renewable sources in total energy consumption (%)	35	39
Total energy consumption	344,129	338,561

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 share of renewable energy in the energy mix rose from 35 % in 2024 to 39 % in 2025.

The Group continues to pursue the sourcing of their electricity exclusively from renewable energy. In 2025, 68 % of the electricity consumed was generated from renewable sources, after 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, 1,482 MWh of electricity consumed was generated by the SURTECO Group, after 597 MWh in the year 2024. In addition to the existing installation in Portugal, Australia and Italy, this increase reflects the new photovoltaic system in the USA, which became operational in 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 2025 amounts to sales of 412 MWh / € million, after 402 MWh / € million in fiscal year 2024. The total energy consumption decrease from 338,561 MWh in 2025 compared to 344,129 MWh in 2024. The decrease in sales of 4 % compared to the previous year was partially offset by the decrease in 2 % of the energy consumption.

Energy intensity per net revenue MWh / € million	2024	2025	Variation
Total energy per net revenue (Net revenue see ESRS 2; DR SBM1)	402	412	2.5%

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, 64% was bundled with Guarantees of Origin and Renewable Energy Certificates. The remaining 36 % came from the conventional electricity mix, of which 9 % was from renewable sources, 22 % from nuclear energy and 69 % 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 54,135 tons of CO_2e in the reporting period 2025.

In 2025 there was a decrease in total CO_2e emissions by 5%, from 57,202 tons 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 5 % compared with the entire previous year. Furthermore, minor deviations are due to improvements in data quality, as work is continuously being done to improve the accuracy of measurement.

		Retrospective			Milestones and target years			
t CO_2eq	Base year	2024	2025	Variation in %	2026	2030	2045	Annual % target / Base year
Scope 1 GHG emissions								
Gross Scope 1 GHG emissions	39,597	34,412	32,462	-5.7 %	5 % (Scope 1 & 2) Previous year	50 % (Scope 1 & 2) Base year	Net Zero (Scope 1, 2 & 3) under assessment	-18 %
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0	0	0	-				-
Scope 2 GHG emissions								
Gross location-based Scope 2 GHG emissions	52,870	46,581	40,642	-12.7 %				-23 %
Gross market -based Scope 2 GHG emissions	56,318	22,790	21,673	-4.9 %				-62 %
Significant scope 3 GHG emissions								
Total Gross indirect (Scope 3) GHG emissions	Under assessment							-
Total GHG emissions								
Total GHG emissions (location-based)	92,467	80,993	73,104	-9.7 %				-21 %
Total GHG emissions (market-based)	95,915	57,202	54,135	-5.4 %				-44 %

The use of natural gas by the SURTECO Group amounted to 54 % of the total greenhouse gas emissions in 2025. Electricity with a proportion of 37 % comes next. The remaining 9 % 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 1 % of total emissions (market-based GHG emissions in Scope 1 and 2) in 2025.

As noted, external market factors, operational adjustments, and changes in the energy consumption profile impacted overall energy use, which is reflected in greenhouse gas emissions, such as Scope 1.

For Scope 2, a significant difference is observed between location-based and market-based emissions. Location-based emission factors show a worldwide decrease, driven by a transformation of the electricity mix away from fossil fuels. Market-based emissions also trend downward. However, in certain high-demand facilities in USA, supplier emission factor increased compared with the previous reporting period, making the overall reduction less pronounced.

The group-wide emission intensity for the business year 2025 amounts to 66 t CO_2e / € million sales for a total volume of CO_2e emissions amounting to 54,135 tones.

Energy intensity per net revenue			
t CO2eq / € million	2024	2025	Variation
Total GHG emissions (location-based) per net revenue (Net revenue see ESRS 2; DR SBM1)	95	89	-6 %
Total GHG emissions (market-based) per net revenue (Net revenue see ESRS 2; DR SBM1)	67	66	-1.5 %

Calculation of Scope 3 GHG emissions

No Scope 3 emissions data are available for the reporting year. The Group's diverse business areas and the wide variety of raw materials used make a reliable estimation complex, as any figure would depend on numerous assumptions and could be misleading. A robust assessment of Scope 3 emissions requires a tailored approach beyond standard calculation methods.

Quantitative disclosures are planned for the next reporting year, with data-collection and calculation methodologies currently being developed to ensure accuracy and reliability.

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 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:

- 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 all cases, the SURTECO Group complies with the statutory limit values, partly by the use of thermal afterburning 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, additional afterburning 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:
  à Systematic follow-up after incidents to identify optimization potential.
  à 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 1,205 tons in 2025, compared with 1,630 tons in 2024. Not all locations were completely recorded so that an estimate was undertaken on the basis of the processes and historical data.

Pollution of air Tons	2024	2025
Volatile Organic Compounds (VOC)	1,630	1,205

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 2025.

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 RESOURCES 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 environmental 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
- Coatings
- Printing inks
- Impregnations solutions
- Additives
- Packaging
- Water

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

Resource inflows account for a total overall weight of 149,167 tons in 2025 (2024: 171,557 tons), covering raw materials and packaging materials.

Resource inflows Tons	2024*	2025
Technical materials	109,410	98,694
Biological materials	53,052	42,684
Packaging	8,270	7,789
Percentage that is sustainability sourced (in %)	26	22
Total amount of secondary products and materials	5,001	5,207
Share of secondary products and materials (in %)	3	3
Overall total weight of products and materials	171,557	149,167

*Values have been reviewed for consistency with the scope of disclosure

Regarding raw materials, coverage exceeds 95% of the total materials purchased. Materials representing only marginal quantities were not consolidated, as they are considered immaterial. For packaging, data coverage remains partial, as not all sites have been fully reported.

Consumable and auxiliary materials are not considered material to overall resource inflows and have therefore been excluded from the scope of this report. An assessment of the relevance of semi-manufactured goods is ongoing, with a focus on mitigating the risk of double counting, particularly in intra-group transfers.

The data is derived from a combination of direct measurements and supplier-based estimates. Most raw materials were sourced from internal systems and could be readily converted to a common mass unit, as they are typically purchased in this unit or include density information in their technical specifications. Packaging materials, however, are more complex. The variety of units (e.g., pieces, meters, square meters, rolls), specifications, and formats required estimates in some cases to ensure all data could be consistently consolidated.

The percentage of sustainably sourced biological products and materials, as well as the share of secondary products and materials, is calculated based on the total overall weight.

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 2025, the volume of water consumed by the SURTECO Group amounted to 0.084 million cubic meters, after 0.153 million cubic meters in the previous year. 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

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, 2025, this was around 68 %, after 65 % in 2024 (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 22,895 tons in 2025 (2024: 25,774 tons). This corresponds to a decline of 11 % compared to 2024. This decrease is driven by the elimination of construction-related waste at a subsidiary in 2024 and by process improvements under the Operational Excellence projects, which, in addition to enhancing process efficiency, also promote the internal reuse of materials such as plastics, inks, and pigments.

A reduction target of 5 % was established for hazardous waste in 2025 and a reduction of 11 % was achieved.

Waste Tons	2024	2025
Non-hazardous waste		
Preparation for reuse	0	0
Recycling	10,710	10,496
Other recovery operations	1,516	1,240
Hazardous waste		
Preparation for reuse	0	0
Recycling	104	410
Other recovery operations	4,379	4,380
Total amount diverted from disposal	16,709	16,526
Non-hazardous waste	0	0
Incineration	1,369	929
Landfill	4,865	3,452
Other disposal operations	43	315
Hazardous waste		
Incineration	2,114	1,332
Landfill	302	260
Other disposal operations	342	30
Total amount directed to disposal	9,035	6,318
Total amount of non-recycled waste	14,930	11,937
Percentage of non-recycled waste (in %)	58	52
Total amount of Non-hazardous waste	18,503	16,431
Total amount of hazardous waste	7,241	6,464
Total amount of radioactive waste	0	0.010
Total amount of waste generated	25,744	22,895

The reported radioactive waste came from an instrument containing sealed radioactive sources, commonly used as nuclear (gamma) gauges for measurement applications, and was managed and disposed of in full compliance with applicable regulatory requirements.

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 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 issued 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.

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.

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

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 2025 remains similar to the previous year: 81 % (2024: 82 %) of the workforce are male and 19 % (2024: 18 %) are female.

Number of employees (head count) Gender	2024	2025
Male	3,050	2,982
Female	682	713
Other	0	0
Not reported	0	0
Total employees	3,732	3,695

The workforce is distributed over the regions of Europe with an amount of 58 % (2024: 54 %), America 27 % (2024: 27 %) and Asia-Pacific 15 % (2024: 15 %). Germany represents the highest percentage of employees at 41 % (2024: 40 %), followed by the USA at 15 % (2024: 16 %) and Thailand at 9 % (2024: 9%).

Number of Employees (head count) Country	2024	2025
Germany	1,490	1,499
USA	588	572
Thailand	347	339
Brazil	261	254
Portugal	247	250
United Kingdom	174	179
Canada	152	130
Sweden	116	118
Indonesia	101	100
Australia	96	97

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, China and Japan.

In relation to the type of contract, 98 % (2024: 99 %) of the employees have a permanent contract of employment and there are no deviations in terms of gender. As far as working hours are concerned, 94 % (2024: 95 %) of the employees of the SURTECO Group worked on a full-time basis in 2025. A slight differentiation can be determined on the basis of gender: 97 % (2024: 97 %) of the male employees compared with 82 % (2024: 83 %) of the female employees worked full time. The average length of service worldwide in 2025 was 13.3 years (2024: 12.8 years).

2025 Female	Male	Other	Not Disclosed	Total
Number of employees (head count)				
713	2,982	0	0	3,695
Number of permanent employees (head count)				
708	2,931	0	0	3,639
Number of temporary employees (head count)				
4	51	0	0	55
Number of non-guaranteed hours employees (head count)				
1	0	0	0	1
Number of full-time employees (head count)				
585	2,884	0	0	3,469
Number of part-time employees (head count)				
128	98	0	0	226

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 (head count)	2024	2025
Direct employees	1,956	1,907
Indirect employees	1,776	1,788

„The group-wide“ employee turnover was 16 % as in the previous year.

Employee Turnover	2024	2025
Employee turnover (head count)	615	598
Employee turnover rate (in %)	16	16

The information was collected individually and consolidated for purposes of reporting. This personnel figure is based on the average number of employees during the reporting period, as outlined in the consolidated management report.

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 less than 1 % and the majority of the positions are under the category of direct employees. There were no changes compared to the last year.

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 59 % (2024: 58 %) of SURTECO employees are covered by collective bargaining agreements, and 51 % (2024: 51 %) of employees are represented by employee representatives.

2025	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	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 %	2024	2025
German	35	36
US - American	16	14
Thai	9	9
Brazilian	8	8
Portuguese	5	5
British	4	4
Canadian	4	4
Swedish	3	3
Australian	3	3
Other nationalities	13	11

The proportion of female employees in the total workforce of SURTECO is 19 % (2024: 18 %) for the reporting year 2025. At the highest management level, the Senior Management Team (1st level below the Management Board), the proportion of women is 12 % (2024: 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 44.6 years after 43.8 years in the previous year.

Employees by age group in %	2024	2025
Under 30 years	15	15
30 - 50 years	46	45
Over 50 years	39	40

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 in the following years, ensuring a higher level of completeness and data maturity.

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, 3 % (2024: 2 %) of the workforce are people with disabilities. If the distribution of employees by gender is analysed, the percentage of people with disabilities is very similar with 2 % (2024: 2 %) for female and 3 % (2024: 2 %) for male.

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

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. The SURTECO Group is currently establishing a leadership development program and building talent pools for key positions to ensure continuity and support the long-term development of its workforce. In the reporting year 2025 as well as in the last year, 49 % of the employees took part in regular performance and career development meetings. On the basis of the gender distribution, 56 % (2024: 53 %) of the female employees and 48 % (2024: 48 %) of the male employees took part in the assessments. In the 2024 sustainability report, the percentages of male and female employees were reversed.

Overall, 41,404 training hours (2024: 45,610 training hours) were recorded across the Group. Out of these, 22 % (2024: 32 %) were attributed to onboarding training sessions and 30 % (2024: 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	2024	2025
Number of training hours	45,610	41,404
Average training hours per employees	12	11
Training hours per gender		
Average training hours per female employees	18	17
Average training hours per male employees	11	10
Training hours per category		
Average training hours per direct employees	13	12
Average training hours per indirect employees	11	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. 16 % 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 SBM-1: Strategy, business model and value chain. You can find such information in this statement under the section Strategy of ESRS 2 General Disclosures.

In the course of the reporting year 2025, 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, 117 occupational accidents were recorded with a total of 2,871 days of absence. Out of a total of 6,469,752 working hours, this yields an accident frequency rate of 18.1 accidents for every 1 million working hours. In fiscal year 2024, there were 101 workplace accidents across the group, resulting in 2,453 lost workdays. With a total of 6,929,991 hours worked, this equates to an accident rate of 14.6 accidents per 1 million hours worked in 2024.

Occupational accidents	2024	2025
Number of occupational accidents	101	117
Number of days lost due to occupational accidents	2,453	2,871
Frequency rate per 1 million working hours	14.6	18.1

DR S1-15: Work-life balance metrics

More than 95 % (2024: 95 %) of the employees working in the Group are entitled to holiday for family reasons. In the reporting year 2025, 12 % (2024: 15 %) of the entitled employees took leave for family reasons. For the gender distribution, the proportion is rather similar: 16 % (2024: 18 %) of the eligible female employees took leave for family reasons, compared with 11 % (2024: 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. The SURTECO Group intends to collect and consolidate this information in the coming years, ensuring a higher level of completeness and data maturity.

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

In the business year 2025 as well as in 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

We place great importance on a good reputation of SURTECO in the business world, this extends to our customers, investors, employees, authorities and the public. Our corporate culture forms the basis for this.

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.

The Code of Conduct applies to all organizational units of the SURTECO Group. 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. SURTECO expects and encourages its business partners to introduce and implement comparable principles in their companies as well as use these as the basis for their mutual relationship. While training on the Code of Conduct has taken various forms to date, a standardized annual online training program will be implemented for all employees in the future to ensure Group-wide compliance with the Code of Conduct. The principles of the Code of Conduct 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. This applies particularly to functions that are most vulnerable to corruption and bribery, such as management teams or the purchasing department. 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.

The company has established a binding supplier code of conduct for its suppliers. This code defines clear minimum requirements for cooperation and is based on internationally recognized standards such as the United Nations Universal Declaration of Human Rights, the Guiding Principles on Business and Human Rights, the Convention on the Rights of the Child, key labor standards, and the UN Global Compact. Furthermore, the code is consistently aligned with the requirements of the Supply Chain Due Diligence Act (LkSG) and thus forms the basis for a responsible and legally compliant supply chain.

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. The Monitoring and identification of compliance incidents is carried out by Internal Audit, the Compliance Officer and the Head von Investor Relations who are responsible for dealing with compliance topics within the organization. Training on the whistleblower system was conducted at the German locations using a digital training format. A gradual rollout has been initiated at the other locations. The aim is to implement the training program across the entire Group in the future and to conduct it at least once a year at all locations.

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 available in all national languages of the SURTECO Group and also to external 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 2025, 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. In 2025, 49 percent of employees worldwide had access to training, and 32 percent of employees worldwide completed the compliance basics training. Targeted training courses are planned for high-risk functions such as management teams and the purchasing department. 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 2025.

Metrics and targets

DR G1-4: Confirmed incidents of corruption or bribery

In the business year 2025 as well as in 2024, no 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.

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

Consolidated Financial Statements 2025

Contents

Consolidated financial statements 2025

Consolidated Income Statement

€ 000s	Notes	1/1/-31/12/ 2024	1/1/-31/12/ 2025
Sales revenue	(1)	856,588	821,191
Changes in inventories	(2)	4,975	-2,971
Other own work capitalized	(3)	2,858	2,613
Total output		864,421	820,833
Cost of materials	(4)	-420,170	-400,262
Personnel expenses	(5)	-226,898	-231,787
Other operating expenses	(6)	-134,058	-125,962
Other operating income	(8)	11,090	9,241
EBITDA		94,385	72,063
Depreciation and amortization	(18)	-59,859	-58,346
EBIT		34,526	13,717
Interest income		3,213	975
Interest expenses		-20,254	-17,368
Other financial expenses and income		2,116	-8,100
Share of profit of investments accounted for using the equity method		5	9
Financial result	(9)	-14,920	-24,484
EBT		19,606	-10,767
Income Tax	(10)	-11,745	-3,568
Consolidated net profit/loss		7,861	-14,335
Thereof:			
Owner of parent company (group net profit/loss)		8,413	-14,335
Non controlling interests		-552	0
Basic and diluted earnings per share (€)	(11)	0.54	-0.92
Number of shares at 31 December		15,505,731	15,505,731

Consolidated Statement of Comprehensive Income

€ 000s	Notes	1/1/-31/12/ 2024	1/1/-31/12/ 2025
Consolidated net profit		7,861	-14,335
Components of other comprehensive income not to be reclassified to the income statement			
Remeasurements of defined benefit obligations		-271	986
of which included deferred tax		-189	36
Components of other comprehensive income that may be reclassified to the income statement			
Fair Value Measurement of Financial Instruments		-1,368	231
of which included deferred tax		411	-68
Recycling of Financial Instruments in Profit and Loss		0	1,137
Recycling of included deferred tax in Profit and Loss		0	-342
Exchange differences translation of foreign operations		10,857	-29,087
Other comprehensive income after tax		9,440	-27,107
Consolidated comprehensive income	(29)	17,301	-41,442
Of which:			
Owners of the parent (consolidated net profit/loss)		17,853	-41,442
Non-controlling interest		-552	0

Consolidated Balance Sheet

€ 000s	Notes	31/12/2024	31/12/2025
ASSETS			
Cash and cash equivalents	(12)	71,186	80,539
Trade accounts receivable	(13)	75,084	72,602
Inventories	(15)	148,044	132,986
Income tax assets	(16)	1,741	2,170
Other non-financial assets	(17)	12,061	16,209
Other financial assets	(17)	10,932	3,525
Current assets		319,048	308,031
Property, plant and equipment	(19)	299,440	275,042
Intangible assets	(20)	97,283	80,539
Rights of use	(21)	37,509	29,941
Goodwill	(22)	227,234	219,633
Other equity investments and loans	(23)	1,798	14
Investments in joint ventures	(23)	404	424
Income tax assets		4,507	3,310
Other non-financial assets	(17)	370	515
Other financial assets	(17)	997	1,768
Deferred taxes	(10)	23,812	28,576
Non-current assets		693,354	639,762
		1,012,402	947,793
LIABILITIES AND SHAREHOLDERS' EQUITY			
Financial liabilities	(27)	16,743	190,703
Trade accounts payable		92,191	73,089
Income tax liabilities	(24)	1,800	501
Provisions	(25)	4,910	4,221
Other non-financial liabilities	(26)	3,295	3,925
Other financial liabilities	(26)	35,695	61,385
Current liabilities		154,634	333,824
Financial liabilities	(27)	394,359	202,210
Pensions and other personnel-related obligations	(28)	11,696	10,612
Provisions		191	84
Other non-financial liabilities	(26)	23	60
Other financial liabilities	(26)	1,368	0
Deferred taxes	(10)	39,650	37,338
Non-current liabilities		447,287	250,304
Issued capital		15,506	15,506
Capital reserve		122,755	122,755
Retained earnings		263,807	239,739
Consolidated net profit/loss		8,413	-14,335
Capital attributable to owners of the parent		410,481	363,665
Non-controlling interests		0	0
Equity	(29)	410,481	363,665
		1,012,402	947,793

Consolidated Cash Flow Statement

€ 000s	Notes	1/1/-31/12/ 2024	1/1/-31/12/ 2025
EBT		19,606	-10,767
Payments for income tax		-11,549	-11,748
Reconciliation to cash flow from current business operations:			
-Depreciation and amortisation of intangible assets, rights of use, and property, plant and equipment	(18)	59,859	58,346
- Interest income and result for investments	(9)	16,018	16,384
- Gains/losses from the disposal of fixed assets		-1,097	-688
- Change in long-term provisions		304	-1,191
- Other expenses/income with no effect on liquidity		-3,656	7,726
Internal financing		79,485	58,062
Increase/decrease in			
- Trade accounts receivable	(13)	-1,570	-915
- Other assets		-9,924	1,865
- Inventories	(15)	-6,640	8,951
- Accrued expenses		1,781	-676
- Trade accounts payable		7,863	-16,867
- Other liabilities		-6,077	-1,607
Change in assets and liabilities (net)		-14,567	-9,249
CASH FLOW FROM CURRENT BUSINESS OPERATIONS	(33)	64,918	48,813
Payout from business combinations		-6,450	0
Purchase of property, plant and equipment	(19)	-24,122	-25,418
Purchase of intangible assets	(20)	-762	-4,353
Inflows from the disposal of property, plant and equipment		2,467	2,063
Dividends Received		1,018	0
CASH FLOW FROM INVESTMENT ACTIVITIES	(33)	-27,849	-27,708
Dividend paid to shareholders		0	-4,652
Repayment of lease obligations		-7,911	-8,169
Repayment of financial liabilities	(33)	-53,759	-11,905
Net payment from suppliy chain finance	(26)	0	28,559
Interest received	(9)	3,213	975
Interest paid	(9)	-20,254	-17,368
CASH FLOW FROM FINANCIAL ACTIVITIES	(33)	-78,711	-12,560
Change in cash and cash equivalents		-41,642	8,545
Cash and cash equivalents			
1 January		111,811	71,186
Effect of changes in exchange rate on cash and cash equivalents		1019	806
31 December	(12)	71,186	80,539

Consolidated Statement of Changes in Equity

€ 000s	Issued capital	Capital reserve	Other comprehensive income	Currency translation adjustments	Other retained earnings	Consolidated net profit / loss	Non-controling interest	Total
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 after taxes 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
1 January 2025	15,506	122,755	-2,169	-13,578	279,554	8,413	0	410,481
Consolidated net profit / loss	0	0	0	0	0	-14,335	0	-14,335
Other comprehensive after taxes income	0	0	1,980	-29,087	0	0	0	-27,107
Reclassification	0	0	-856	-128	984	0	0	0
Allocation to retained earnings	0	0	0	0	8,413	-8,413	0	0
Dividend payout SURTECO GROUP SE	0	0	0	0	-4,652	0	0	-4,652
Additions to consolidation group	0	0	0	0	-722	0	0	-722
31 December 2025	15,506	122,755	-1,045	-42,793	283,577	-14,335	0	363,665

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF SURTECO GROUP SE FOR THE BUSINESS YEAR 2025

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 (hereinafter referred to as the SURTECO Group or Surteco) for the fiscal year 2025 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 (1) German Commercial Code (HGB). New standards adopted by the IASB, which were adopted by the EU, will be applied from the application date on which they are first mandatory. Required applications and changes to the valuation and accounting principles will be explained in the appropriate 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).

In the opinion of the Management Board, the Group has the necessary resources at present and for the foreseeable future in order to continue its business operations as planned.

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 the 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 2025.

The consolidated financial statements and the combined management report of the SURTECO Group and SURTECO GROUP SE for 2025 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 2025 were prepared on 17 April 2026 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 approval of the consolidated financial statements by the Supervisory Board is planned at the meeting on 20 April 2026. The Management Board will then release the statements for publication.

II. Financial reporting in accordance with International Financial Reporting Standards

CHANGES IN ACCOUNTING POLICIES

Except for the changes described below, the accounting policies are consistent with those applied in the prior year.

APPLICABLE ACCOUNTING STANDARDS AND INTERPRETATIONS

Revised standards and interpretations were applied for the first time during the fiscal year; these had no material impact on the Group's financial position, results of operations, or cash flows.

Standard/Interpretation	Application obligation to apply for the business on or from	Adoption by the EU Commission	Expected effects on SURTECO
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	01/01/2025	yes	none

PUBLISHED ACCOUNTING STANDARDS AND INTERPRETATIONS THAT 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 early.

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	13/02/2026	being analysed
Amendments to IAS 21 - Translation to a Hyperinflationary Presentation Currency	01/01/2027*	no/open	being analysed
Annual Improvements to IFRS Accounting Standards with amendments in IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7	01/01/2026	09/07/2025	being analysed
Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments	01/01/2026	27/05/2025	being analysed
Amendments to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity	01/01/2026	30/06/2025	being analysed

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

** IFRS 18: The potential impact of the new standard is currently being assessed, particularly with regard to the presentation and structure of the consolidated income statement, the consolidated cash flow statement, and additional disclosure requirements for management-defined performance measures (MPM). The impact on the way information is grouped in the financial statements is also being analyzed.

III. Consolidated companies

The consolidated financial statements as of 31 December 2025 include the accounts of SURTECO GROUP SE and its material subsidiaries over which SURTECO GROUP SE has control. Control exists if SURTECO GROUP SE has 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:

	31/12/2024	Additions	Disposals	31/12/2025
Consolidated subsidiaries				
- of which in Germany	6	0	0	6
- of which abroad	25	0	0	25
Shares in joint ventures				
- of which in Germany	0	0	0	0
- of which abroad	1	0	0	1
Subsidiaries reported at fair value				
- of which in Germany	0	0	0	0
- of which abroad	4	0	-4	0
	36	0	-4	32

The companies included in the consolidated financial statements as of 31 December 2025 and disclosures on subsidiaries and participations held directly and indirectly by SURTECO GROUP SE are included in the list under “Shareholdings”.

In the fiscal year 2025, the following structural changes were recognized within the SURTECO Group:

In the business year 2024 Nenplas Ltd., Ashbourne (United Kingdom) acquired as part of a share deal 100 % of the equity interests (shares) respectively in CJM DEVELOPMENTS LIMITED, Stourbridge West Midlands (United Kingdom), WAND PLASTIC PROFILES LIMITED, Stourbridge West Midlands (United Kingdom) and R&D EXTRUSIONS LIMITED, Kettering (United Kingdom). These three companies represent a single business operation and were not consolidated for reasons of materiality in the fiscal year 2024. CJM DEVELOPMENT LIMITED and WAND PLASTIC PROFILES LIMITED sold their main assets in the fiscal year 2024 to R&D EXTRUSIONS LIMITED. In the fiscal year 2025, the business was transferred in entirety from R&D EXTRUSIONS LIMITED to Nenplas Ltd and is being continued there. The business operation is thereby an integral component of the consolidated financial statements in 2025. The net assets amounted to GBP 000s 1,283 and goodwill in the amount of GBP 000s 191. The net assets were recognised under amortized acquisition costs in the consolidated financial statements for 2025.

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 SGD), 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	
		31/12/2024	31/12/2025	31/12/2024	31/12/2025
US dollar	USD	0.9626	0.8511	0.9243	0.8869
Australian dollar	AUD	0.5962	0.5688	0.6098	0.5713
Singapore dollar	SGD	0.7060	0.6620	0.6918	0.6782
Swedish krone	SEK	0.0873	0.0924	0.0875	0.0904
Sterling GBP	GBP	1.2060	1.1460	1.1813	1.1676
Thai baht	THB	0.0280	0.0269	0.0261	0.0270
Polish zloty	PLN	0.2339	0.2369	0.2322	0.2359
Russian rouble	RUB	0.0085	0.0108	0.0100	0.0106
Czech koruna	CZK	0.0397	0.0413	0.0398	0.0405
Mexican peso	MXN	0.0464	0.0474	0.0507	0.0462
Brazilian real	BRL	0.1556	0.1554	0.1705	0.1591
Chinese yuan	CNY	0.1319	0.1216	0.1282	0.1233

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 measured at fair value, and defined benefit and similar personnel-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 and obligations arising from deferred taxes are recognized 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 experience. Sales revenues are only reported to the extent 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 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 generally amortized on a straight-line basis over a period of four years because this represents the expected term of the contracts, unless a shorter useful economic life is applicable.

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 or for which an entitlement to a consideration is applicable. 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 acquisition date. In the context of a business combination, assets, liabilities and contingent liabilities identified within the course of initial consolidation, provided that the recognition criteria are met, 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 transferred consideration and the identified assets and liabilities is recognized as goodwill. Any remaining negative difference is recognized as profit or loss in the income statement after reassessment of the assets and liabilities.

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. The review is carried out at the level of the cash-generating units to which goodwill is allocated.

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, factoring agreements, other financial assets or trade accounts payable, 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 expensed. 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 risks 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 risks 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 (AC): 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 losses are to be recorded directly in the 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 to be 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 contractual cash flow characteristics of the asset. The SURTECO Group reports the financial assets on the balance sheet as of the settlement date. Financial assets are measured at amortized cost, provided they are operated in the business model "hold to collect contractual cash flows" and the cash flows solely represent principal repayments and interest 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 reversals 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, this 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 accounts receivable, 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, insofar as these are designated as hedging instruments. 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 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 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 credit losses expected to occur within the next twelve months after the reporting date (12-month ECL). 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 losses, 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, there has been a significant increase in the default risk, the financial instrument should be transferred to Level 2. The impairment expense corresponds to the expected credit losses over the lifetime of the instrument (lifetime ECL).
3. Level 3: If there is an objective indication of an impairment, the financial instrument should be allocated to this level. The loss allowance to be recognized should be determined using the same approach as in Level 2. However, interest income 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 should 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 receivable. 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

Several companies within the Group (assignors) continually sell under factor arrangements short-term trade accounts receivable prior to their due date to a financial institution or a specialist financing company (assignee). The incoming payment from the sale of receivables is recognized under cash. Assets arising from ongoing involvement are recognized at amortized cost under trade accounts receivable. Claims to retained residual purchase price components (retention amounts) are measured and reported as other current financial assets at amortized cost. Liabilities to the assignee arising from customer payments received for receivables that have already been assigned are also accounted for at amortized cost and recognized under other current financial assets.

The requirements for derecognition of receivables are fulfilled, if cumulatively the assignment, i.e. the legally effective execution of the real transaction and the substantial transfer of all risks and rewards (true sale) have been transferred to the purchaser.

The payment flows for a financial asset are estimated for the transfer of the risks and rewards, and probabilities of occurrence are assigned to the individual circumstances. This involves the company using the same probabilities of default that are also applied for determination of the expected credit losses. These are as follows:

- If substantial, that is 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. These include in particular:

- The risk of a delayed payment (late payment risk) or early payment (early payment benefit) insofar as no market-based interest compensation or maturity indemnity has been agreed, and
- if a change in interest rate or interest conversion date is agreed.

If there is neither a substantial retention nor a substantial transfer of all risks and rewards and the control also remains with the transferor, a partial disposal should be recognized.

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 the assignee retains a variable purchase price discount in connection with the continuing involvement for example in the form of a proportional guarantee amount, this should be recognized as an additional financial asset (receivable for the payment of the residual purchase price).

In addition to the asset to be carried forward in the context of continuing involvement, a corresponding liability is to be recognized. The liability is to be initially measured at amortized cost of the retained rights and obligations.

Furthermore, the assignee must have obtained control over the assigned receivables by holding the unilateral practical possibility of being able to resell the financial asset freely without any restrictions. If the assignor loses control, the financial asset is fully derecognized. In return, any rights and obligations newly arising or retained in the course of the transfer are recognized separately as an asset or liability.

Moreover, an assessment is made as to which credit risk, value change or other risks determine 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 (the risk that the receivable does not legally exist) always remains with the assignor of the receivable in both genuine and non-genuine factoring. However, this risk is not relevant for assessing the derecognition of a financial asset.

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 Note (14).

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 encompass 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 costs. 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 are always taken into account in the valuation. All necessary write-downs 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 inventories 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 reference-date inventory 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 should be 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 then when no economic benefits are expected 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 a consideration. Leases are recognized as a right of use and corresponding leasing liability at the commencement date in accordance with IFRS 16 “Leases”. 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 write-down 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, insofar as 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 with its proportionate equity plus any goodwill arising from the acquisition process.

IMPAIRMENTS OF ASSETS

On each reporting date, the Group reviews the book values of intangible assets and property, plant and equipment to establish whether there is any indication of an impairment. If such indications 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 value comprising the fair value 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 of 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, to ascertain whether there are indications that a previously recorded impairment has ceased to exist 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 reporting. The book value of the asset is then increased to the recoverable amount. However, this amount must not exceed the book value which would have resulted after regular depreciation without previous impairment. 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 subjected to an annual impairment test. Reference is made to the explanations under Note 22 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. A remaining residual amount is allocated proportionately to the other assets of the relevant group of cash-generating units. Any impairment loss carried out 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.

The SURTECO Group comes 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 Minimum Tax Act (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 German regulations on global minimum taxation were applied for the first time in the past fiscal year. For the fiscal year 2025, the transitional simplification tests (Transitional Safe Harbour) were fulfilled in all jurisdictions. As in the previous year, the SURTECO Group does not therefore incur any additional tax burden from application of the global minimum tax regulations. 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 neither impacts 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 the taxable income, and
- 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 the material requirements for their coming into force are fulfilled in the 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 (OCI) and accounted for in retained earnings 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 in the public domain. 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 along with the annual result for the Group 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, recognized 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.

DECLARATIONS OF JUDGMENT AND 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.

GOVERNMENT GRANTS AND SUBSIDIES

Government grants and subsidies are reported in accordance 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 recorded using the gross method. This entails that the deferred income is reversed through profit or loss as other operating income in the income statement 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 recognizes the government grants and subsidies 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 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 23. 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. Further information about the compensation of the key management personnel is provided in Note 35.

VII. Notes to the consolidated income statement

(1) SALES REVENUES

The sales revenues are comprised as follows:

Business (product) € 000s	2024	2025
Edgebands	260,706	239,479
Finish foils	137,190	128,345
Decorative printing	88,138	93,524
Impregnates / Release papers	48,619	31,456
Skirtings and related products	73,816	76,894
Technical extrusions	47,002	46,801
Laminates	98,285	95,051
Performance Films	31,642	34,346
Coated Fabrics	39,603	41,875
Other	31,587	33,420
	856,588	821,191

The sales revenues are broken down into individual segments as follows:

€ 000s			2025			
	Surfaces	Edgebands	Profiles	North America	Asia / Pacific	Total
Edgebands	41,130	137,355	0	35,253	25,741	239,479
Finish foils	102,204	0	0	23,596	2,545	128,345
Decorative printing	69,623	0	0	15,398	8,503	93,524
Impregnates / Release papers	31,456	0	0	0	0	31,456
Skirtings and related products	0	0	76,718	0	176	76,894
Technical extrusions	0	0	46,610	0	191	46,801
Laminates	0	0	0	95,051	0	95,051
Performance Films	0	0	0	34,346	0	34,346
Coated Fabrics	0	0	0	41,875	0	41,875
Other	8,702	2,620	10,263	4,503	7,332	33,420
	253,115	139,975	133,591	250,022	44,488	821,191

€ 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

(2) CHANGES IN INVENTORIES

The changes in inventories relate to work in progress amounting to € 000s -1,181 (2024: € 000s -4,777) and finished products amounting to € 000s -1,790 (2024: € 000s 9,752).

(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	2024	2025
Cost of raw materials, consumables and supplies, and purchased merchandise	419,340	399,431
Cost of purchased services	831	831
	420,170	400,262

(5) PERSONNEL EXPENSES

The following table shows personnel expenses:

€ 000s	2024	2025
Wages and salaries	189,283	190,842
Social security contributions	26,627	30,051
Pension costs	10,989	10,893
	226,898	231,787

Other information on the defined-contribution plans is provided in Note 28. The average number of employees broken down by segments is presented in Note 34.

Short-time work allowances amounting to € 000s 481 (2024: € 000s 133) were paid out to employees. The number of employees at year-end 2025 amounts to 3,695 (2024: 3,732).

(6) OTHER OPERATING EXPENSES

The other operating expenses are composed as follows:

€ 000s	2024	2025
Operating expenses	37,938	35,479
Sales expenses	60,327	56,326
Administrative expenses	35,792	34,156
	134,058	125,962

The operating expenses essentially include expenses for maintenance, servicing, repairs, waste removal and temporary agency work.

The sales expenses essentially include expenses for transport, travel, trade fairs, promotion and commissions. Expenses totalling € 000s 604 (2024: expenses in the amount of € 000s 175) were recorded for trade accounts receivable in the business year 2025 on the basis of the simplified impairment model (provision matrix) as well as for specific (individual) value adjustments. These are recognized under sales expenses in the business year 2025. Owing to materiality considerations, separate recognition in the consolidated income statement is omitted.

The administrative expenses essentially include expenses for deductions, contributions, insurance policies, IT and consultancy expenses.

Expensed research and development costs (personnel expenses and cost of materials) in the Group amount to € 000s 6,462 (2024: € 000s 4,287).

The effects of changes in exchange rate through profit and loss included in other operating expenses amount to € 000s 1,216 (2024: € 000s 217).

We refer to the comments in Note 7 for rental and lease expenses.

(7) LEASES

Depreciation and amortization on rights of use are broken down as follows:

€ 000s	2024	2025
Depreciation and amortization on rights of use		
Land and buildings	5,053	4,789
Technical plant and machinery	267	313
Office equipment	165	150
Vehicles	1,815	2,026
IT and communication	151	93
	7,451	7,372

The following expenses from rental/leasing obligations are included in other operating expenses:

€ 000s	2024	2025
Expenses in conjunction with short-term leases	422	512
Expenses in conjunction with small-ticket leases	251	58
Expenses in conjunction with variable lease payments not included in leasing liabilities	22	40
Expenses in conjunction with other expenses not included in leasing liabilities	0	0
	696	610

In the business year 2025, payments for leasing liabilities amounted to € 000s 10,034 (2024: € 000s 8,616). An interest expense for leases and rents in the amount of € 000s 1,255 (2024: € 000s 1,072) was recognized in interest expense.

(8) OTHER OPERATING INCOME

The following table shows other operating income:

€ 000s	2024	2025
Income from asset disposals	1,651	1,025
Claims for compensation	334	1,001
Income from tax refunds	690	994
Rental income	1,417	828
Income from scrappage	540	727
Exchange rate gains	312	452
Income from release of provisions and accured liabilities (accruals)	1,117	1,724
Income from dividends from non-consolidates companies	1,018	0
Income from deconsolidation of Döllken SusPro Sp z o.o.	377	0
Other operating income	3,634	2,490
	11,090	9,241

Income from asset disposals in the business year 2025 essentially results from the sale of property, plant and equipment in connection with discontinuation of the business operations of Dakor Melamin Imprägnierungen GmbH. The rental income recorded in the Group is to be classified as an operating lease. It predominantly results from subleases of individual building floorspaces.

The undiscounted lease payments due each year are presented as follows:

€ 000s						
Year	2026	2027	2028	2029	2030	2031 and later
Leasing payments	350	188	91	21	21	21

(9) FINANCIAL RESULTS

€ 000s	2024	2025
Interest and similar income	3,213	975
Interest and similar expenses	-20,254	-17,368
Interest (net)	-17,041	-16,393
Net currency gains/losses	2,116	-6,709
Expenses from financial derivatives	0	-604
Expenses supply chain financing programm	0	-590
Other expenses	0	-197
Other financial expenses and income	2,116	-8,100
Earings on companies held accounted for using the equity method	5	9
Financial result	-14,920	-24,484

The interest and similar expenses essentially include interest expenses in conjunction with financial liabilities to banks in the amount of € 000s -15,180 (2024: € 000s -18,104). Total interest expense for financial liabilities, which are not accounted for at fair value through profit and loss, amount to € 000s -17,221 (2024: € 000s -17,164). An amount of € 000s -580 is attributable to factoring (2024: € 000s -622).

(10) INCOME TAX

Income tax expense is comprised as follows:

€ 000s	2024	2025
Current income taxes		
- Germany	60	23
- International	13,952	11,195
	14,012	11,218
Deferred income taxes		
- from time differences	72	-1,586
- on losses carried forward	-2,339	-6,064
	-2,267	-7,650
	11,745	3,568

An average overall tax rate of 30.0 % (2024: 30.0 %) results for the German companies. The tax rate takes into account the trade tax (14.17 %; 2024: 14.17 %), 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). During the course of the reporting year, legislation was passed to reduce corporate income tax. The reduction is being implemented in five annual stages of one percentage point each such that there will be a decrease from 15 % to 10 %, with effect from the assessment period 2028. This will therefore apply to German companies from the business year 2028. The valuation of deferred taxes will be carried out in the reporting year taking account of the tax rates anticipated to be applicable when the differences are reversed. The applicable local income tax rates for the foreign companies vary between 5 % and 34 % (2024: 5 % - 34 %).

No deferred tax assets were recognized on loss carry-forwards for foreign Group companies amounting to € 000s 12,177 (2024: € 000s 34,466) due to restricted utility. The main foreign loss carry-forward without recognition of deferred taxes relates to Canada in the amount of € 000s 6,973. The loss carry-forwards can be carried forward between 15-20 years, the loss carry-forwards relating to the USA can be carried forward indefinitely. On the basis of positive tax planning, deferred tax assets are recognized for the first time on the loss carry-forward amounting to € 000s 50,501 relating to the foreign Group company Omnova North America Inc. The loss carry-forwards for corporate income tax amounting to € 000s 45,798 (2024: € 000s 34,666) and domestic trade tax in the amount of € 000s 41,006 (2024: € 000s 33,752) can be carried forward indefinitely. In accordance with the tax planning, this is taken into account for recognition of deferred tax assets.

On the balance sheet date, two companies that have generated a tax loss recognized a net surplus of deferred tax assets amounting to € 18.917 million (2024: one company totalling € 11.122 million). This originates from Omnova North America Inc. and SURTECO GROUP SE (2024: from SURTECO GROUP SE).

These were deemed to be recoverable since these entities will generate future taxable profits or adequate taxable temporary differences.

Deferred tax liabilities were not recognized on temporary differences in connection with investments in subsidiaries amounting to € 000s 5,877 (2024: € 000s 5,830), 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		
	2024	Change	2025	2024	Change	2025
Current assets and liabilities						
Receivables and other assets	642	483	1,125	297	36	333
Inventories	1,346	541	1,887	867	324	1,191
Other current assets	0	1,896	1,896	-134	134	0
Trade accounts payable	98	77	175	10	600	610
Other liabilities	1,604	-944	660	5,170	211	5,381
Non current assets and liabilities						
Property, plant and equipment	7,328	-3,812	3,516	24,807	-2,647	22,160
Intangible assets	43	961	1,004	6,970	823	7,793
Goodwill	0	0	0	9,325	-5,047	4,278
Tax loss carried forward	10,270	6,064	16,334	0	0	0
Other non-current assets	0	0	0	4	367	371
Financial liabilities	2,555	180	2,735	-6,821	3,374	-3,447
Pensions and other personnel-related obligations	174	8	182	-597	203	-394
	24,060	5,454	29,514	39,898	-1,622	38,276
Netting	-248	-690	-938	-248	-690	-938
	23,812	4,764	28,576	39,650	-2,312	37,338

Deferred tax assets and liabilities are netted if there is a legally enforceable right to offset current tax receivables against current tax liabilities and if they are both levied by the same taxation authority.

The reconciliation of expected to actual income tax expense is as follows:

€ 000s	2024	2025
Earnings before income Tax (EBT)	19,606	-10,767
Expected income tax	5,882	-3,230
Reconciliation		
Changes in tax rates	-2	-1,552
Difference in tax rates	-1,318	-169
Effects of losses, including reversals of impairment losses	-46	-6,704
Expenses not deductible from taxes	6,961	5,895
Tax-free income	-319	-456
Valuation allowance on deferred tax assets	0	6,415
Tax expenses / income not related to the reporting period	1,719	3,356
Permanent differences	-1,220	9
Other effects	88	4
Income tax	11,745	3,568

The average expected tax rate amounts to 30.0 % (2024: 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	2024	2025
Actuarial gains/losses	-189	36
Fair Vaule Financial Instruments	410	-68
Reclassification of the related deferred taxes into the income statement	0	-342
	221	-374

(11) EARNINGS PER SHARE

	2024	2025
Consolidated net income / net loss for the year in € 000s	8,413	-14,335
Weighted average of no-par-value shares issued	15,505,731	15,505,731
Basic and diluted earnings per share in €	0.54	-0.92

The earnings per share are determined by dividing the proportionate earnings of the shareholders of SURTECO GROUP SE by the weighted average of the number of issued shares.

VIII. Notes to the consolidated balance sheet

(12) CASH AND CASH EQUIVALENTS

€ 000s	2024	2025
Cash in hand and bank balances	71,186	80,539
	71,186	80,539

On account of the slight default risk for bank balances, no allowance should be carried out for reasons of materiality.

(13) TRADE ACCOUNTS RECEIVABLE

€ 000s	2024	2025
Trade account receivables	87,327	84,784
Open receivables from factoring	-11,088	-11,236
Continuing Involvement	183	137
Reduced by foreign exchange effects	-1,338	-1,083
Book value	75,084	72,602

The allowances relate to the specific allowances and the allowances in accordance with the simplified impairment model.

The allowances developed as follows:

€ 000s		2024		2025
	Specific allowance	Allowance matrix	Specific allowance	Allowance matrix
1/1*	906	597	610	279
Recourse	-75	0	-209	0
Release of unused amounts	-322	-318	-205	0
Addition	87	0	391	212
Exchange rate differences	13	0	4	0
31/12	610	279	592	491

*The opening balance of specific allowances as of January 1, 2024, was reported as € 000s 1,356 in the prior year. The difference of € 000s 450 relates to a receivable that had already been fully impaired in the prior year. This receivable, including the impairment, was derecognized in 2025 without affecting profit or loss.

There is no significant concentration of risk in the trade accounts receivable on account of the diversified customer structure of the SURTECO Group. The fair values of the trade accounts receivable essentially correspond to the book values.

The following table shows the maturity structure of receivables and the allowances to be recognized in accordance with IFRS 9:

€ 000s	Total	Receivables not overdue	Total overdue receivables	up to 3 months	3-6 months	6-12 months	over 12 months
				Overdue receivables			
31/12/2025							
Book value of trade accounts receivable (after deduction of individual allowances)	73,093	56,067	17,026	15,236	1,033	325	432
Loss rate		0.28 %		1.05 %	4.34 %	11.21 %	21.21 %
Allowance	491	158	333	161	45	36	91
Net book value	72,602	55,909	16,693	15,075	988	289	341
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

There were no indications on the reporting date that impending payment defaults would occur for trade accounts receivable which are neither impaired nor overdue.

(14) FACTORING AGREEMENTS

As at the balance sheet date, 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 additionally been in place in Germany with PB Factoring GmbH, Bonn. The companies SURTECO GmbH, Buttenwiesen, Döllken Profiles GmbH, Bönen, and DAKOR Melamin Imprägnierungen GmbH (up to the end of May 2025), Heroldstatt, are part of this agreement and on the basis of which existing and future trade accounts receivable are sold to banks. In the previous fiscal year 2024, Proadec Portugal S.A., Mindelo, Portugal, was included in this factoring agreement on the identical contractual basis. The maximum nominal sales volume amounts to € 10.0 million in Italy and € 20.0 million in Germany and Portugal.

The character of factoring in Germany and Portugal is an In-house Factoring – protected default / true Sale. Regardless of the lawful transfer of the claims, the factor commissions the participating Surteco companies 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 in business terms on behalf of the factor. Hence, the companies act as vicarious agents of the factor and have the role of commission agents. However, full factoring on a non-recourse open basis is applied in Italy.

In Germany and Portugal, the factor puts every debtor through a creditworthiness check and this 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 purchase offer for the receivables offered and to purchase the receivables offered to them. The contract in Italy does not include 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 be neither sold nor pledged by the SURTECO companies. 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 relating to this in Italy neither includes such an arrangement nor an explicit prohibition.

In Germany and Portugal, the risks that determine the derecognition of receivables are the default risk and the late-payment risk. While the default risk is entirely transferred to the factor, parts of the late-payment risk remain with the SURTECO companies. Overall, not all risks and rewards are retained, and only the continuing involvement in the receivables sold is recognized as part of the partial derecognition. The calculated continuing involvement amounts to € 000s 137 (2024: € 000s 183) and is recognized separately under assets in trade accounts receivable and under liabilities as other financial liabilities. In addition, the validity risk (legal integrity risk) remains with the SURTECO companies and the associated validity guarantee is covered by the agreed security retention. The guarantee was not used by the factor in the business year 2025. The maximum loss exposure for the Group arising from its continuing involvement is equal to the book value of the continuing involvement. There are no additional funding obligations. The retention amount of 10 % arising from factoring in the amount of € 1.8 million is recognized under other financial assets.

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 makes payments directly to the factor.

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]	
	2024	2025	2024	2025
Transfer of risks and rewards				
Material risks and in % Late payment risk (-) or early payment advantage (+)	0	0	1.65	1.22
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	8,481	5,844	16,627	15,061
Derecognition of the sold receivables	yes	yes	partial derecognization	partial derecognization
Book value of all offered and purchased receivables	26,536	22,377	134,132	142,345
Book value of the total receivables derecognized	26,536	22,377	123,044	131,109
Book value of the sold receivables that represent the continuing involvement - factoring on 31/12	0	0	11,088	11,236
Fair value of the sold receivables that represent the continuing involvement - factoring on 31/12	0	0	11,088	11,236
Asset for continuing involvement as of 31/12	0	0	183	137
Liability for continuing involvement as of 31/12	0	0	183	137
Interest and fees - recorded in the profit and loss statement	245	172	420	408

[1] Factoring since March 2024

(15) INVENTORIES

The inventories of the Group are comprised as follows:

€ 000s	2024	2025
Raw materials, consumables and supplies	52,012	47,806
Work in progress	8,453	7,272
Finished products and goods	87,249	77,865
Payments on account for inventories	330	44
	148,044	132,986

The impairments recorded on the net realizable value amount to € 000s 1,607 (2024: € 000s 1,784) in the fiscal year 2025. The impairment reversals carried out on the net realizable value amount to € 000s 4,041 (2024: € 000s 2,744). The impairment reversals result from a revised estimate for the expected realizable sale proceeds. In the fiscal year 2025, expenses amounting to € 000s 402,401 (2024: € 000s 414,364) were recognized from inventories.

(16) INCOME TAX RECEIVABLES

Claims arising from income tax are recorded under current tax receivables where their due date is within twelve months after the reporting date.

(17) OTHER FINANCIAL AND NON-FINANCIAL ASSETS

A: Current assets

€ 000s	2024	2025
Other current non-financial assets		
Income tax assets (value added tax, wage tax)	5,119	6,302
Prepaid expenses	6,048	4,676
Insurance refunds	8	1,761
Contract Costs from Contracts with Customers	0	1,395
Other	886	2,074
	12,061	16,209
Other current financial assets		
Insurance claim arising from hail damage	3,400	0
Receivables from payments of residual purchase price factor	1,979	1,815
Creditors with debit balances	1,127	709
Receivables from bonus agreements	984	606
Receivables from employment relationships	223	52
Other	3,218	344
	10,932	3,525
	22,993	19,734

The insurance claim arising from hail damage amounts to € 000s 1,250 in the business year and is recorded under insurance reimbursements. The other financial assets recognized, which result in amortized acquisition costs, represent a total value of € 000s 3,525. Analogous application of the loss rate for the first overdue class of the simplified impairment model gives rise to no significant default risk at Group level since it relates to current financial assets. No loss allowances were therefore recorded for these assets.

On the balance sheet date, € 000s 1,395 is recognized under other current non-financial assets as the costs of fulfilment arising from customer contracts. Amortiziation amounts to € 000s 174 for the business year. Amortization is carried out on a straight-line basis over a period of three years, starting in September 2025. It is based on the period during which Surteco transfers the contractually agreed goods to customers.

B: Non-current assets

€ 000s	2024	2025
Other non-current non-financial assets		
Other non-current assets	370	515
	370	515
Other non-current financial assets		
Plan Assets	269	894
Other non-current assets	728	874
	997	1,768
	1,367	2,283

(18) FIXED ASSETS

The fixed assets are comprised as follows:

€ 000s	Property, plant and equipment	Intangible assets	Goodwill	Rights of use	Total
Acquisition costs					
1/1/2024	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
Exit from consolidation	-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
1/1/2025	847,693	216,883	247,815	60,481	1,372,872
Currency adjustment	-21,950	-10,086	-8,527	-1,247	-41,810
Additions	25,418	4,353	223	8,904	38,899
Disposals	-29,891	-192	0	-14,148	-44,230
Transfers	-585	585	0	0	0
31/12/2025	820,686	211,542	239,512	53,990	1,325,730
Depreciation and amortization					
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
Exit from consolidation	-687	-28	0	0	-714
Transfers	0	0	0	0	0
31/12/2024	548,253	119,599	20,582	22,972	711,406
1/1/2025	548,253	119,599	20,582	22,972	711,406
Currency adjustment	-10,632	-2,816	-702	-627	-14,777
Additions	36,636	14,339	0	7,372	58,346
Disposals	-28,562	-146	0	-5,691	-34,399
Transfers	-51	27	0	25	0
31/12/2025	545,644	131,004	19,879	24,049	720,576
Residual book values at 31/12/2024	299,440	97,283	227,234	37,509	661,466
Residual book values at 31/12/2025	275,042	80,539	219,633	29,941	605,155

Contrary to the previous assessment, the exercise of the contractual purchase option for leased properties is no longer assessed as reasonably certain as at 31 December 2025. The lease liability has therefore been measured again without taking the purchase option into account. The resulting difference compared to the previously recognized lease liability has been accounted for as a reduction of the right of use and the lease liability. The total adjustment amount is € 000s 8,100. As at 31 December 2025, the residual book value of the rights of use amounts to € 000s 10,600 and is amortized by the straight-line method until the end of the leasing contract on 30 June 2026.

(19) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are comprised as follows:

€ 000s	Land and buildings	Technical equipment and machines	Other equipment, factory and office equipment	Payments on account and assets under construction	Total
Acquisition costs					
1/1/2024	185,236	506,585	106,336	30,863	829,020
Currency adjustment	1,601	8,445	187	421	10,654
Additions	1,196	9,910	2,446	10,843	24,396
Disposals	-285	-10,326	-3,204	-429	-14,244
Disposal from group of consolidated companies	-432	-147	-56	-1,141	-1,777
Transfers	474	10,958	1,682	-13,470	-356
31/12/2024	187,789	525,427	107,390	27,087	847,693
1/1/2025	187,789	525,427	107,390	27,087	847,693
Currency adjustment	-5,111	-15,395	-579	-865	-21,950
Additions	560	11,942	3,269	9,647	25,418
Disposals	-481	-27,396	-1,972	-42	-29,891
Transfers	4,123	21,578	193	-26,478	-585
31/12/2025	186,880	516,156	108,301	9,349	820,686
Depreciation and amortization					
1/1/2024	76,624	359,798	81,745	298	518,466
Currency adjustment	1,050	4,990	108	2	6,151
Additions	5,995	24,798	5,944	203	36,940
Disposals	-6	-9,672	-2,939	0	-12,617
Disposal from group of consolidated companies	-119	-48	-21	-498	-687
Transfers	-724	717	7	0	0
31/12/2024	82,821	380,583	84,844	5	548,253
1/1/2025	82,821	380,583	84,844	5	548,253
Currency adjustment	-1,637	-8,619	-377	0	-10,632
Additions	5,948	25,017	5,670	0	36,636
Disposals	-447	-26,240	-1,874	0	-28,562
Transfers	0	69	-121	0	-51
31/12/2025	86,685	370,811	88,143	5	545,644
Residual book values at 31/12/2024	104,968	144,844	22,546	27,081	299,440
Residual book values at 31/12/2025	100,195	145,345	20,158	9,344	275,042

As at 31 December 2025, no property, plant and equipment was pledged as collateral for existing liabilities in respect of the previous year. The useful life within the category Land and Buildings was reviewed for certain assets during the course of the previous year and a new estimate was calculated (extension of useful life from 5 to 20 years). This new estimate leads to a reduction for the annual depreciation in the amount of € 000s 693.

(20) 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					
1/1/2024	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
1/1/2025	47,016	151,704	17,633	530	216,883
Currency adjustment	-378	-10,190	482	0	-10,086
Additions	1,044	807	0	2,503	4,353
Disposals	-146	0	0	-46	-192
Transfers	-2,498	0	3,280	-198	585
31/12/2025	45,038	142,320	21,395	2,789	211,542
Depreciation and amortization					
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
1/1/2025	39,619	64,436	15,545	0	119,599
Currency adjustment	-362	-2,860	406	0	-2,816
Additions	3,288	10,139	912	0	14,339
Disposals	-146	0	0	0	-146
Transfers	-2,696	0	2,723	0	27
31/12/2025	39,703	71,715	19,586	0	131,004
Residual book values at 31/12/2024	7,397	87,268	2,088	530	97,283
Residual book values at 31/12/2025	5,334	70,605	1,810	2,789	80,539

Trademark rights with an indefinite useful life are included in the category “Customer relations, trademarks, technology and similar values” and are recognized in the amount of € 000s 3,420 (2024: € 000s 3,605). These are allocated to the cash-generating unit Edgebands. Owing to the expected sustainable use, the resulting cash inflows are expected to be generated indefinitely. The parameters and assumptions used are consistent with those applied in the impairment test for goodwill (see explanations in Note 22).

(21) RIGHTS OF USE

The following rights of use with the book values shown are differentiated in the SURTECO Group:

€ 000s	31/12/2024	31/12/2025
Rights of use		
Land and buildings	25,895	24,606
Technical plant and machinery	251	1,164
Office equipment	93	292
Vehicles	1,126	3,506
IT and communication	404	373
	27,769	29,941

(22) GOODWILL

Goodwill results from the takeover of business operations and from capital consolidation.

Goodwill is allocated to the groups of cash-generating units for carrying out the annual and 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	2024	additions	fx-effects	2025
Surfaces	19,000		415	19,415
Edgebands	65,450		0	65,450
Profiles	36,281	223	-4	36,501
North America	87,193		-8,045	79,148
Asia / Pacific	19,310		-191	19,119
Total	227,234	223	-7,824	219,633

The recoverable amount to be applied for carrying out the impairment test is based on the calculation of the value in use on the basis of a company valuation model (discounted cash flow model). The calculation is carried out using cash flow plans which are based on mid-term planning over 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 past experience and expectations relating to the future market development. Growth assumptions are determined for the relevant cash-generating units derived from the economic framework data for the regional markets, the specific market opportunities and previous development. The underlying average growth rates forming the basis for mid-term planning amount to an average of 4.2 % for sales and 11.5 % for EBITDA. For the period after the fifth plan year (terminal value), differentiated growth rates are used for the relevant groups of cash-generating units in order to particularly take appropriate account of long-term inflation assumptions. In the fiscal year, these are between 1.1 % and 1.2 %.

Significant influence impacting on the impairment test are particularly the development of sales and EBITDA, along with the discounting rate (WACC) applied and the assumptions about terminal value.

In 2025, as part of the annual impairment test of the CGU Surfaces, a sensitivity analysis was carried out relating to the determined headroom of the CGU. The headroom is the difference between the value in use of a CGU and its book value. The management has determined that possible changes in the assumptions presented in the table below could result in the book value of the CGU Surfaces exceeding its value in use. The mathematical headroom for the CGU Surfaces was presented below along with the possible effects of a reduction in the EBITDA margin in the terminal value, an increase in the WACC, or a reduction in the long-term growth rate in terminal value (ceteris paribus, i.e. all things being equal), which would cause the carrying amount to exceed its recoverable amount.

CGU	Headroom	Reduction EBITDA Margin in TV	Increase of WACC	Reduction growth rate in TV
	€ million	%-pts.	%-pts.	%-pts.
Surfaces	34.7	0.98	0.80	1.27

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	4.00	2.70	4.20	3.30	6.70
EBITDA margin in Terminal Value	10.24	16.63	15.00	13.15	16.04
Growth rate in Terminal Value	1.06	1.15	1.08	1.06	1.19
WACC after tax	6.20	7.00	6.30	6.30	6.40

The costs of capital (WACC) are calculated as a weighted average of the costs of equity and debt, and 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 7.0 % (2024: 6.2 % to 7.2 %) for the individual groups of cash-generating units for 2025. The pre-tax interest rates for the reporting period ranged from 7.6 % to 9.3 % (2024: 7.9 % to 9.4 %).

On the basis of the impairment test carried out in the fiscal year 2025, the recoverable amounts of the groups of cash-generating units are estimated higher than their book values.

(23) PARTICIPATIONS IN COMPANIES AND LOANS

A: Other participations and loans

The other participations developed as follows:

€ 000s	2024	2025
1/1/	1	1,798
Acquisition of 'R&D Extrusion Limited' UK[1)]	1,778	-1,778
Other Loans	19	-6
31/12/	1,798	14

[1)] R&D Extrusion Limited, which was acquired in 2024, was initially not included in the consolidated financial statements due to immateriality considerations. In 2025, all assets and liabilities of R&D Extrusion Limited were transferred to Nenplas Ltd.; the company was subsequently liquidated.

B: Shares in joint arrangements

The joint venture company Megufo AB, Gislaved, Sweden, has been classified as a joint venture and reported by the equity method in the consolidated financial statements since the fiscal year 2025. Joint control results from a contractual agreement between Gislaved Folie AB, Gislaved, Sweden, and Gislaved Gummi AB, Gislaved, Sweden, a third party outside the Group. The contracting parties have rights in the net assets of the company such that the participation is classified as a joint venture and not as a joint operation. The joint venture is listed in the Group shareholdings, which is part of these Notes to the Consolidated Financial Statements. The shares in this company are measured 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 with the following note: earnings from shares reported under 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.

A summary of financial information about the joint venture consolidated using the equity method is presented below:

€ 000s	31/12/2024	31/12/2025
Megufo AB - Gislaved Sweden		
Participation - Quota in %	50.00	50.00
Voting rights - Quota in %	50.00	50.00
Dividend received from joint venture	0	0
Non-current assets	354	454
Current assets	1,143	1,204
Non-current liabilities	0	0
Current liabilities	1,138	1,156
Cash and cash equivalents	617	550
Long-term financial liabilities	0	0
Short-term financial liabilities	0	0
Sales revenues	4,358	4,748
Scheduled amortisation and depreciation	-62	-73
EBIT	11	22
Interest result	0	-4
Income tax expense	-1	0
Net income from continuing operations	10	18
Currency conversion	0	0
Comprehensive income	10	18
Unrecognized losses in the reporting period	0	0
Unrecognized losses cumulative	0	0
Reconciliation account		
Net equity of the joint venture	976	1,051
Participation and voting - Quota (%)	50.00	50.00
Goodwill	0	0
Other adjustments	0	0
Book value - shares accounted for using the equity method	404	424

(24) INCOME TAX LIABILITIES

Tax liabilities include the income tax due for the fiscal year 2025 or earlier business years and not yet paid, and the anticipated tax payments for previous years.

(25) SHORT-TERM PROVISIONS

€ 000s	1/1/2025	Currency adjustment	Expense	Release	Addition	31/12/2025
Warranty	886	-44	-307	-428	884	991
Legal disputes	2,345	0	0	-1,296	32	1,082
Restructuring	24	0	0	0	782	806
Losses on onerous contracts	207	0	-207	0	81	81
Other	1,448	31	-600	0	382	1,261
	4,910	-13	-1,114	-1,724	2,161	4,221

The warranty provision was formed for obligations arising from the sale of products and it is formed 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. In the business year 2025, this provision was released in the amount of € 000s 1,296 for the legal dispute relating to an intellectual property agreement on the basis of an updated assessment of the likelihood of utilization.

The restructuring provision includes expenses for personnel measures, including in connection with the closure of the production business Dakor Melamin Imprägnierungen GmbH in the first half year of 2025.

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 of funds is determined after fulfilment of the relevant sales transactions.

(26) OTHER CURRENT FINANCIAL AND NON-FINANCIAL LIABILITIES

A: Other current liabilities

€ 000s	2024	2025
Other current non-financial liabilities		
Tax liabilities (value added tax)	1,456	2,191
Social insurance against occupational accidents	831	864
Received advance payments	597	480
Supervisory Board remuneration	311	311
Deferred income	77	56
Other	23	23
	3,295	3,925
Other current financial liabilities		
Liabilities from supply chain financing program	0	28,559
Liabilities from employment relationships *	19,282	17,052
Liability to factor	8,703	7,086
Debtors with credit balances	2,637	2,625
Bonuses and promotional costs	1,454	1,885
Bank interests	1,482	0
Liabilities from financial derivatives	0	604
Commissions	376	430
Continuing involvement	183	137
Other	1,577	3,007
	35,695	61,385
	38,990	65,310
* of which social security	1,052	1,080

The liabilities from employment relationships include, alongside the wages and salaries not yet paid on the reporting date, primarily obligations arising from bonuses, holiday and working time credits and payments arising from termination of employment relationships.

Supply-chain financing programme

Since the fourth quarter of the business year 2025, the SURTCO Group has been participating in a supply-chain financing programme in order to optimize working capital. This allows an extension of the payment targets for specific trade accounts payable by up to 60 days (for unchanged payment to the suppliers).

When payment is made to the suppliers, the primary trade accounts payable are derecognized in full. At the same time, another current financial liability is valued at amortized acquisition cost, payable to the financing service provider. On the balance sheet date, the current financial liability resulting from the programme amounts to € 000s 28,559. The charges incurred through the programme are recorded in the financial result.

The cash flows associated with the financial services provider are allocated to the consolidated cash flow statement for financial activities on a net basis. The payments to suppliers continue to be recognized unchanged in cash flow from current business operations.

There is a liquidity risk associated with the programme, which arises from the obligation to repay the financial liability to the financing and payment service provider when it falls due. The maximum term for financing is up to 60 days. The programme is unsecured and is subject to standard market termination rights.

B: Other non-current liabilities

€ 000s	2024	2025
Other non-current non-financial liabilities		
Other	23	60
	23	60
Other non-current financial liabilities		
Liabilities from financial derivatives	1,368	0
	1,368	0
	1,391	60

(27) FINANCIAL LIABILITIES

The financial liabilities are comprised as follows:

€ 000s	2024	2025
Long-term financial liabilities to banks	369,062	184,432
Long-term financial liabilities for leases	25,297	17,777
Long-term financial liabilities	394,359	202,210
Short-term financial liabilities to banks	9,700	184,499
Short-term financial liabilities for leases	7,042	6,204
Short-term financial liabilities	16,743	190,703
Financial liabilities	411,102	392,912

Financial liabilities are essentially made up of promissory note loans currently in the amount of € 184.5 million (2024: € 184.5 million) for the business years 2017 and 2022. These are divided into tranches with different terms of five to ten years. The interest rates of the promissory note loans are in a range between 1.48 % and 2.70 % (2024: 1.48 % to 3.65 %).

Furthermore, a syndicated loan is in place amounting to € 189.0 million (2024: € 195.0 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	2024	2025
Leasing payments to be made in the future		
in less than one year	8,076	7,147
between one year and five years	20,561	13,667
after more than five years	7,933	7,033
Interest share		
in less than one year	-1,033	-943
between one year and five years	-1,996	-1,951
after more than five years	-1,200	-972
Present value		
in less than one year	7,042	6,204
between one year and five years	18,565	11,716
after more than five years	6,732	6,061
	32,340	23,981

(28) 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 benefits can also include a fixed pension model for each year of service.

The assumptions set out below 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 iBoxx € 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. A constant interest rate is assumed from a term of 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	
		31/12/2024	31/12/2025	31/12/2024	31/12/2025	31/12/2024	31/12/2025
Discount factor	Pensions	3.37 %	4.14 %	3.55 %	3.75 %	3,10-5,80 %	3,60-5,80 %
	Redundancies and miscellaneous[1]	-		-		2,60-10,75 %	1,80-9,50 %
Pension trend	Pensions	2.00 %	2.00 %	-		-	
	Redundancies and miscellaneous[1]	-		-		-	
Salary trend	Pensions	-		2.60 %	2.50 %	3,10-6,00 %	3,10-6,00 %
	Redundancies and miscellaneous[1]	-		-		3,00-6,00 %	4,00-8,00 %
Biometric assumptions			Heubeck 2018 G		DUS 23		Country specific
Weighted duration of the obligation in years	Pensions	9.8	9.3	15.1	14.4	15.2	15.2
	Redundancies and miscellaneous[1]	0	0	0	0	7.1	7.3

[1] This is essentially a long-service bonus plan

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 are 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 this plan is therefore classified 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 48.0 % fixed-income securities, 37.6 % are invested in stocks and stock-index futures, 11.7 % in property and 2.7 % 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]		
1/1/2025	12,314	3,170	-6,120	9,364
Expenses / Income				
Current service expense	177	214	0	391
Interest expense(+) / income(-)	422	97	-220	299
Recalculated past service cost	0	-12	0	-12
New valuations				
Profit(-) or losses(+) from plan assets	0	0	-45	-45
Profit(-) or losses(+) from change in financial assumptions	-657	141	0	-516
Profit(-) or losses(+) from chang in demographic assumptions	14	-1	0	13
Profit(-) or losses(+) due to experience based adjustments	-476	39	0	-437
Reclassification in balance sheet	0	28	0	28
Fund endowments	0	0	-30	-30
Payments made and pension payments	-717	-348	258	-807
Currency differences and other movements	201	-123	-351	-273
31/12/2025	11,278	3,205	-6,508	7,975
of which pension provisions				8,869
of which assets				-894

[1)] This is essentially related to 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]		
01/01/2024	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	5628	179	-5,787	20
Fund allocations	0	0	-29	-29
Payments mad 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 essential a long-service bonus plan

The additional personnel-related obligations include long-service agreements. The long-service obligations amount to € 000s 1,745 (2024: € 000s 2,063) on the reporting date. 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 discounting factor of 4.14 % - 5.80 % (2024 3.37 % - 5.80 %) and a salary trend of 3.00 % - 6.00 % or fixed amount (2024: 3.00 % - 6.00 % or fixed amount). The weighted duration of the obligation is 6.7 years (2024: 6.5 years).

During the year under review, actuarial gains amounting to € 000s 429 (2024: actuarial gains of € 000s 535) 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 1,470 (2024: actuarial losses of € 000s 1,899).

The following amounts are expected to be recorded in the income statement for the business year 2026:

€ 000s	Benefits after termination of the employee relationshipdefined benefit plans		Other long-term benefits
	Pensions	Severance payments & other[1]	Jubilees
Personnel expenses	155	336	145
Interest expense	424	114	72
Return on plan assets	240	0	0
Earnings before income taxes	339	450	217

[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 valuation 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 these influencing parameters will not be correlated with each other. 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				
		31/12/2024		31/12/2025		
Pensions	Change in parameters in percent or years	€ 000s	in %	€ 000s	in %	Relationship between valuation parameters and DBO
Discount rate	Increase of 0.25%	-407	-3.3 %	-365	-3.2 %	The higher the discount rate, the lower the DBO
	Reduction by 0.25%	429	3.5 %	383	3.4 %	
Salary increase[2]	Increase of 0.25%	85	1.5 %	75	1.3 %	The higher the salary increase, the higher the DBO
	Reduction by 0.25%	-61	-1.1 %	-57	-1.0 %	
Pension increase[3]	Increase of 0.25%	144	2.2 %	118	2.1 %	The higher the pension increase, the higher the DBO
	Reduction by 0.25%	-139	-2.1 %	-114	-2.0 %	
Remaining life expectancy in accordance with mortality table	Increase by 1 year	575	4.7 %	512	4.5 %	The longer the life expectancy, the higher the DBO
	Reduction by 1 year	-572	-4.6 %	-502	-4.4 %	
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%	-51	-1.6 %	-54	-1.7 %	The higher the discount rate, the lower the DBO
	Reduction by 0.25%	53	1.7 %	55	1.7 %	
Salary increase	Increase of 0.25%	47	1.5 %	22	0.7 %	The higher the salary increase, the higher the DBO
	Reduction by 0.25%	46	-1.5 %	-74	-2.3 %	
Remaining life expectancy in accordance with mortality table[4]	Increase by 1 year	-18	-0.6 %	-261	-8.2 %	The longer the life expectancy, the higher the DBO
	Reduction by 1 year	18	0.6 %	-297	-9.3 %	

[1] This is essentially a long-service bonus plan
[2] Only Sweden, France and Poland
[3] Only Germany
[4] Without Indonesia in the year 2025

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
2026	711	237	233
2027-2030	2,868	1,230	860
2031-2035	3,511	2,018	824
Over the entire period	7,090	3,485	1,917

[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	2024	2025
State pension system in accordance wiht the relevant national legislation[5]	15,951	16,473
Contributions and premiums for direct insurance, funds, pension schemes, life insurance and other external institutions, and premiums for supplementary and individual pensions	3,518	4,087
	19,469	20,560

[5)] This relates to employer contributions for the statutory pension insurance. In the United Kingdom, contributions are not calculated according to types of social insurance.

(29) 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) with a nominal amount 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.

Retained earnings

The retained earnings comprise transfers from consolidated net profit and the accumulated other comprehensive income resulting from the following items:

- Recognition 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

(30) CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

The obligations arising from rental, hire and leasing contracts are presented in Note 27 relating to IFRS 16.

Commitments amounting to € 000s 3,056 (2024: € 000s 2,585) 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).

(31) CAPITAL MANAGEMENT

The goals of capital management are derived from the financial strategy. This particularly includes safeguarding liquidity as well as access to the capital market. The capital is defined as the shareholders' equity recognized in the balance sheet and the net debt.

In order to achieve the goals of capital management, the Group takes measures such as the optimization of the capital structure, equity capital measures, the 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 in this respect.

A dividend in the amount of € 000s 4,652 (2024: € 000s 0) was paid out in the business year 2025.

Our financial management is based on the indicators defined in our finance strategy. The interest cover factor was 4.4 in 2025 (2024: 5.5). The debt service coverage ratio was 14.1 % in 2025 (2024: 20.1 %). The net debt amounted to € 000s 312,374 on 31 December 2025 (2024: € 000s 339,916) and the equity ratio was 38.4 % (2024: 40.5 %). 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 the ongoing development of these regulations are monitored both at local level as well as centrally, and they are taken into account for purposes of controlling capital management.

Dividend proposal

In the business year 2025, SURTECO GROUP SE generated a net loss for the year, which was offset by a withdrawal from retained earnings. As a consequence, the net profit in accordance with the German Commercial Code (HGB) of SURTECO GROUP SE amounts to € 0.00. A dividend proposal for the Annual General Meeting is therefore rendered unnecessary. The dividend per share for 2025 is therefore € 00.0 (2024: € 0.30). This corresponds to a total amount distributed as dividend of € 0.00 for 15,505,731 shares.

(32) 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 SURTECO GROUP SE controls centrally the currency and interest-management of the Group and hence 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 the Corporate Treasury department. 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 2025. 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. The maturity structure of the financial debts is shown in Note 32.3. 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 serve notice on the loan agreements. Due to the unexpected decline in sales in November, the covenants were renegotiated at the end of the year. These covenants were met by the end of the year. 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 2025: € 185.0 million, previous year: € 195.0 million), of which € 30.0 million (drawn down on 31 December 2025: € 0 million, previous year: € 0 million) as a revolving credit facility. As part of the extension agreement concluded in April 2026 (see events after the reporting date), some of the target figures for the previously agreed financial indicators have been adjusted. In addition, a further financial indicator (maintaining a minimum level of liquidity) has been added. Based on the financial plan, the company currently assumes that the covenants can be met under the new conditions within the next 12 months after publication of the financial statements. Nevertheless, the general risk remains that, in the event of unforeseen circumstances or a prolonged recession, the covenants could not be met and loan agreements could therefore be terminated.

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 is generally provided with adequate liquid funds. 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.

2025							
€ 000s	Book value	2026		2027 - 2030		2031 ff.	
	31/12/2025	Interest	Repayment	Interest	Repayment	Interest	Repayment
Financial liabilities to financial institutions	368,931	11,493	185,087	6,881	154,500	1,222	30,000
Financial liabilities from leasing obligations	23,981	943	6,201	1,951	11,716	972	6,061
Financial liabilities	392,912	12,436	191,288	8,832	166,216	2,194	36,061
Trade accounts payable	73,089		73,089				
Other financial liabilities	61,385		61,385				

2024							
€ 000s	Book value	2025		2026 - 2029		2030 ff.	
	31/12/2024	Interest	Repayment	Interest	Repayment	Interest	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	-	-	-	-

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/Facility B). The interest in each case 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 2025 still amounts to € 185.0 million (2024: € 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 15 and 75 months. Out of these, € 20.0 million are variable interest tranches based on Euribor money market conditions.

Up to now, solely the interest-rate risk for the syndicated loan has been 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 arise particularly from changes in the credit default risk or from other valuation differences between the underlying transaction and the hedging instrument. 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 then 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 (2024: € 150.0 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 up to and including the third quarter of 2025.

The average lower and upper interest rate limits for the interest collars are 2.47 % and 3.20 % per annum up until 31 December 2025 (2024: at 2.47 % and 3.20 %).

On 31 December 2025, the market value of the three interest collars is € 0.6 million (2024: € minus 1.4 million).

No significant risk of changes in market value is identified, 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 2025 is € 164.6 million or 44.5 % (2024: € 164.7 million or 43.4 %).

€ 000s	interest	hedging	31/12/2024	31/12/2025
Cash and Cash equivalents	variable	-	71,186	80,539
Liabilities to banks - syndicated loan	variable	yes	-195,000	-185,000
Promissory note loans	variable	no	-20,000	-20,000
Liabilities to banks - other	variable	no	-98	0
Liabilities to banks - other	fixed	no	-182	-87
Promissory note loans	fixed	no	-164,500	-164,500
Gross exposure variable			-143,912	-124,461
Gross exposure fixed			-164,682	-164,587
interest rate hedging transactions			150,000	150,000
Hedge ratio based on the nominal amount of variable-rate financial liabilities			69.7%	73.2%
Net exposure variable			6,088	25,539
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	712	805
		Liabilities	-2,151	-2,050
Annual net interest income effect arising from a reduction in short-term interest rates by 100 basis points (1 percentage point)		Assets	-712	-805
		Liabilities	2,151	2,050

If there is a parallel shift in the SWAP curve by one percentage point upwards, the financial result would deteriorate by € 0.16 million (2024: improve by € 1.5 million) as a result of the change in market value of the interest-rate hedging transactions. If there were an interest-rate reduction by one percentage point, this effect on the financial result would amount to minus € 1.6 million (2024: minus € 2.3 million). Since hedge accounting was discontinued in the fourth quarter of 2025, there were no further effects on other comprehensive income (OCI) or on the cash flow hedge reserve. All changes in the market value of derivatives are recognized directly in the result for the period.

The following interest-rate hedging instruments were in place on the reporting date 31 December 2025:

	Year of maturity			Nominal amount		Average interest rate		Fair Value	
	2026	2027-2030	from 2031	31/12/2025	31/12/2024	31/12/2025	31/12/2024	31/12/2025	31/12/2024
	€000s	€000s	€000s	€000s	€000s	in %	in %	€000s	€000s
interest collars	150,000		-	150,000	150,000	2.47 – 3.2	2.47 – 3.2	-604	-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 change in key foreign currencies in the Group against the euro would have the following effects. The functional currencies of foreign subsidiaries are excluded. However, positions of foreign subsidiaries denominated in euros are included:

€000s	Income statement		Equity / Other comprehensive income	
	10% Rise	10% Fall	10% Rise	10% Fall
31/12/2025				
Primary financial instruments				
in US dollars	5,627	-4,604	18,142	-14,843
in other currencies	-479	392	1,740	-1,424
	5,148	-4,212	19,882	-16,267
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

The sensitivity analysis is based on the best monetary foreign currency positions outstanding on the reporting date for the financial statements. The selected change of 10 % corresponds to an internal controlling parameter used within the company to assess the foreign currency risk. The analysis assumes that all other variables, particularly the 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. Up to and including the third quarter of 2025, exclusively interest-rate risks were hedged by hedge accounting. 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.

The hedging relationships no longer complied with the qualifying criteria under IFRS 9 in the fourth quarter of 2025 and hedge accounting was therefore discontinued on a prospective basis. The effectiveness of the interest rate cash flow hedges was assessed on a quarterly basis using a hypothetical derivative. In the fourth quarter of 2025, the hedge ratio was no longer considered appropriate. This development resulted from the hedging instrument responding significantly more strongly to changes in interest rate than the underlying transaction. From the fourth quarter of 2025, the derivatives used are measured at fair value through profit and loss, and changes are recognized in the financial result. The amounts recognized in equity within the cash flow hedge reserve were reclassified to the income statement.

A: Hedging instruments

As at 31 December 2025, there are no designated hedging instruments. The interest derivatives designated at the end of the year continue in place and they have been measured at fair value through profit and loss since the fourth quarter of 2025. The interest derivatives are recognized under other financial liabilities:

Hedging instruments as of 31 December, 2025					
€ 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
		Asset	Liabilities		
Hedging of interest rate risks	150,000		604	Ohter financial obligations	764

Hedging instruments as of 31 December, 2024					
€ 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
		Asset	Liabilities		
Hedging of interest rate risks	150,000		1,368	Ohter financial obligations	-1,368

B: Cash-flow hedge reserve

The underlying transactions designated in the hedging relationships exerted the following effect on the cashflow hedge reserve in equity on 31 December 2025:

Cash-flow hedge reserve 2025		
€ 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	0

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

C: Hedging relationships

In the business year 2025, the hedging relationships referred to above had exerted the following effects on the income statement, other comprehensive income or the acquisition costs of the underlying transaction:

Hedging relationships 2025					
€ 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	291	Other financial result	-1,137	Interest income

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

D: Development of the cash-flow hedge reserve

The cash-flow hedge reserve has developed as follows during the reporting period:

Cash-flow hedge reserve	
€ 000s	interest risks
As at 31/12/2024 / 01/01/2025	-957
Changes from effective hedging relationships through Q3 2025	231
Financial expense from reclassification	1,137
Deferred taxes during the effective hedging relationship through Q3 2025	-68
Tax income from the reclassification of deferred taxes	-342
As at 31/12/2025	1

Cash-flow hedge reserve	
€ 000s	interest risks
As at 31/12/2025 / 01/01/2024	0
Changes from effective hedging relationships	-1,368
Reclassification to the income statement	0
Deferred taxes	411
As at 31/12/2024	-957

In the fourth quarter of 2025, no other amounts were recorded in the cash-flow hedge reserve because the hedging relationships were discontinued on a prospective basis. Up until the discontinuation of hedge accounting in the fourth quarter of 2025, ineffectivenesses amounting to € 000s 291 were recorded as finance income in the income statement. In the fourth quarter of 2025, the value changes of the derivative amounting to € 000s 242 were reported as finance income in the income statement. The reclassification of the cash-flow hedge reserve through profit or loss results overall (incl. the income referred to above resulting from ineffectiveness and changes in the fair value of the derivative) in expenses in the finance result of € 000s 604 during the business year. In connection with the accounting for interest rate derivatives, a tax income of € 000s 342 was recognized in the business year, resulting in an overall comprehensive expense of € 000s 262.

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 prices listed in active markets for identical assets and liabilities to which the SURTECO Group has access at the measurement date.
Level 2 – Other 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.

For short-term financial instruments measured at cost, the book value approximates the fair value due to the residual terms. In these cases, no separate disclosure of fair value is provided in accordance with IFRS 7.29.

			Book value at 31/12/2025					
€ 000s	Category acc. IFRS 9	Book value at 31/12/2025	(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	80,539	80,539	-	-	-	-	-
Trade accounts receivable	AC	72,602	72,602	-	-	-	-	-
Other current financial assets								
- Receivables from payment of residual purchase price factor	AC	1,815	1,815	-	-	-	-	-
- Other current financial assets								
of which in the scope of IFRS 7	AC	1,659	1,659	-	-	-	-	-
of which not in the scope of IFRS 7	n.a.	52	52	-	-	-	-	-
Financial assets								
- Participations	FVPL	1	-	-	1	-	-	-
- Other loans	AC	13	13					
Other non-current financial assets								
- Miscellaneous other non-current financial assets	AC	1,768	1,768	-	-	-	-	-
Liabilities								
Short-term financial liabilities								
- Liabilities to financial institutions	AC	184,499	184,499	-	-	-	189,104	2
- Liabilities acc. to IFRS 16	n.a.	6,204		-	-	6,204	-	-
Trade accounts payable	AC	73,089	73,089	-	-	-	-	-
Other current financial liabilities								
- Liability to factor	AC	7,086	7,086	-	-	-	-	-
- Continuing Involvement	AC	137	137	-	-	-	-	-
Other current financial liabilities								
of which not in the scope of IFRS 7	n.a.	17,052	17,052	-	-	-	-	-
of which in the scope of IFRS 7	AC	36,506	36,506	-	-	-	-	-
- Liabilities from financial derivatives	FVPL	604	-	-	604	-	-	2
Long-term financial liabilities								
- Liabilities acc. to IFRS 16	n.a.	17,777	-	-	-	17,777	-	-
- Liabilities to credit institutions	AC	184,432	184,432	-	-	-	184,061	2

€ 000s	Category acc. IFRS 9	Book value at 31/12/2024	Book value at 31/12/2024: (amortized) Acquisition costs	Book value at 31/12/2024: Fair value not affecting income	Book value at 31/12/2024: Fair value affecting income	Book value at 31/12/2024: Carrying amount acc. IFRS 16	Fair value (IFRS 13)	Level
Assets								
Cash and cash equivalents	AC	71,186	71,186	-	-	-	-	-
Trade accounts receivable	AC	75,084	75,084	-	-	-	-	-
Other current financial assets								
- Receivables from payment of residual purchase price factor	n.a.	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 institutions	AC	369,062	369,062	-	-	-	380,538	2
Other non-current financial liabilities								
- Liabilities from financial derivatives	FVOCI	1,368	-	1,368	-	-	-	-

Key to abbreviations	
AC	Amortised Cost
FVPL	At Fair Value through Profit and Loss
FVOCI	At Fair Value through Other Comprehensive Income

Cash and cash equivalents, trade accounts receivable, 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 liabilities to banks recognized in the balance sheet at amortized cost are disclosed in the Notes to the Consolidated Financial Statements at fair value. This is calculated as the present value of the cash flows associated with the liabilities, by applying the valid yield curve and a currency-specific credit spread reflecting the credit quality of the SURTECO Group.

In the business year 2025, a financial derivative, which was originally reported at Fair Value through Other Comprehensive Income (FVOCI), was reclassified to the category Fair Value through Profit or Loss (FVPL), because the hedge accounting for this instrument had ended. The book value at the time of reclassification corresponds to the fair value. All subsequent changes to the fair value are recognized in the income statement through profit and loss. Apart from this derivative, there were no further reclassifications between the measurement categories during the course of the business year 2025. There were no reclassifications during the previous business year 2024. Likewise, there were no reclassifications within the fair value hierarchy (Level 1-3) in either the business year 2025 or in the previous year. The SURTECO Group decides as necessary – using 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	2024	2025
Gains from assets recognized at amortized costs	4,436	1,575
Losses from assets recognized at amortized costs	-807	-2,151
Gains/losses from assets recognized at amortized costs	3,628	-576
Gains/losses from derivative instruments recognized at fair value through profit or loss	0	-604
Gains from liabilities recognized at amortized costs	3,310	1,068
Losses from liabilities recognized at amortized costs	-19,169	-22,660
Gains/losses from liabilities recognized at amortized costs	-15,859	-21,592

The net gains and losses arising from financial assets recognized at amortized cost essentially result from allowances, allowance reversals, currency translations and interest income.

The net gains and losses arising from financial liabilities recognized at amortized cost essentially result from currency translation and interest expenses.

Net gains or losses from financial instruments include interest income of € 000s 909 (2024: € 000s 3,156) arising from financial assets measured at amortized cost. These result from bank balances. Furthermore, net gains or losses include interest expenses amounting to € 000s 15,180 (2024 € 000s 18,104) arising from financial liabilities measured at amortized cost and they relate to liabilities to financial institutions.

IX. Supplementary information

(33) NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

The cash flow statement was prepared in accordance with IAS 7. It is structured according to cash flows arising from current operating activities, 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 exclusively include the cash and cash equivalents of the SURTECO Group reported in the balance sheet. By contrast, financial controlling in the SURTECO Group is carried out on the basis of the financial balance, which apart from cash and cash equivalents also comprises 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, the balance of cash inflows and outflows arising from supply-chain financing, leasing obligations, business transactions with non-controlling interests, as well as interest payments from loans and financial liabilities.

€ 000s	Liabilities from financial activities*				
	Cash/Bank current account	Borrowings	Leases	Supply-Chain financing	Total
Net liabilities at 1 January 2024	111,811	-440,756	-30,354	0	-359,299
Cash flows	-44,857	80,761	7,911	0	43,816
New leases	0	0	-8,837	0	-8,837
Adjustment resulting from currency translation	1,019	0	12	0	1,031
Other non cash affecting changes	3,213	-18,768	-1,072	0	-16,627
Net liabilities at 31 December 2024	71,186	-378,763	-32,340	0	-339,916
Net liabilities at 1 January 2025	71,186	-378,763	-32,340	0	-339,916
Cash flows	8,546	10,194	9,424	-28,559	-394
Adjustment resulting from currency translation	806	0	637	0	1,443
Other non cash affecting changes	0	-363	-1,703	0	-2,066
Net liabilities at 31 December 2025	80,539	-368,931	-23,981	-28,559	-340,933

* without factoring

(34) 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. The Management Board of SURTECO Group SE operates as the chief operating decision-maker and uses segment information in order to manage resources and assess the operating performance of the reportable segments.

The five reportable segments (Business Units "BU") are as follows:

- "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

No operating segments have been incorporated in any of the reportable segments referred to above.

The segment structure is based on the customers and products, and it supports the enhancement of profitability, as well as the long-term growth of the SURTECO Group. The segments are organized across the companies on the basis of the sales markets.

The Management Board mainly uses adjusted EBITDA for management of the segments, which is recognized as the segment result. Adjusted EBITDA is earnings before financial result, income tax and depreciation and amortization, adjusted by one-off exceptional effects such as expenses in connection with an acquisition or with optimization of the corporate structure. This metric reflects the performance that is appropriate for decisions about allocation of resources and profitability.

Apart from working capital, internal reporting does not include segment-specific information on assets and liabilities because these do not play a significant role for the management decisions taken by the chief operating decision-maker. The working capital of the segments is made up of inventories and trade accounts receivable (without factoring) less trade accounts payable.

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. Key cost components are partially allocated to the respective segments but are not settled on a cash basis. Uniform performance and asset parameters are applied across the segments.

The disclosure of sales on the basis of major product and service categories is provided in the "sales revenues" section of the Notes to the Consolidated Financial Statements.

The disclosure of employees is reported in accordance with § 314 (1) no. 4 German Commercial Code (HGB).

The reconciliation column in the table below includes consolidation, and factoring in the case of working capital.

Segment information € 000s	BU Surfaces	BU Edgebands	BU Profiles	BU North America	BU Asia Pacific	Reconcili-ation	SURTECO Group
2025							
External sales	253,115	139,975	133,591	250,022	44,488	0	821,191
Internal sales with the SURTECO Group	17,934	2,651	26	37	377	-21,025	0
Total sales	271,049	142,626	133,617	250,059	44,865	-21,025	821,191
Depreciation and amortization	-15,052	-10,214	-9,531	-20,562	-1,547	-1,440	-58,346
Segment earnings (EBITDA adjusted)	16,594	22,925	18,371	21,516	5,772	-4,962	80,216
Interest income	649	716	291	659	10	-1,350	975
Interest expenses	-5,566	-1,271	-2,367	-14,747	-173	6,756	-17,368
EBT	-10,167	11,729	6,692	-14,082	3,842	-8,781	-10,767
Segment working capital	32,431	26,281	29,289	55,128	10,647	-4,757	149,019
Voluntary disclosures:							
Investments (property, plant and equipment, and intangible assets)	7,208	2,290	7,397	8,033	1,275	3,568	29,771
Employees	938	863	493	1,058	205	155	3,712
2024							
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
EBT	3,176	19,541	4,721	-8,968	5,018	-3,882	19,606
Segment working capital	30,846	25,705	23,787	62,069	9,746	-2,833	149,320
Voluntary disclosures:							
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

The table below shows the reconciliation of aggregated adjusted EBITDA of the segments for the recognized Group EBITDA and for consolidated earnings before tax. It is essentially comprised of intersegment sales subject to consolidation, material and service flows, central costs not allocated to the segments and one-off exceptional effects.

The one-off exceptional effects in 2025 primarily include personnel expenses in connection with the closure of the production company Dakor Melamin Imprägnierungen GmbH.

Reconciliation segment earnings € 000s	2024	2025
Total adjusted EBITDA of the segments	103,241	85,178
Consolidation and not allocated central costs	-7,901	-4,962
Extraordinary effects	-955	-8,153
EBITDA	94,385	72,063
Depreciation and amortization	-59,859	-58,346
EBIT	34,526	13,717
Financial result	-14,920	-24,484
Consolidated net profit before tax (EBT)	19,606	-10,767

Segment information by regional markets € 000s	2024		2025	
	Sales revenues	Non-current assets	Sales revenues	Non-current assets
Germany	160,544	236,423	156,317	223,167
Rest of Europe	315,525	145,209	303,860	137,987
America	297,073	240,305	280,311	205,749
Asia/Australia	75,133	39,529	71,599	38,252
Other	8,313		9,104	
	856,588	661,466	821,191	605,155

Sales 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.

(35) COMPENSATION FOR EXECUTIVE OFFICERS

Supervisory Board

The compensation system for the Supervisory Board is comprised of a fixed remuneration amounting to € 000s 275 (2024: € 000s 275) and the remuneration for serving on the Audit Committee of € 000s 36 (2024: € 000s 36).

Management Board

The compensation for the Management Board is made up of a performance-independent component and a performance-based component. The performance-independent remuneration 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 adjusted as a percentage insofar as the average bonus for the previous three business years falls below or exceeds the bonus for the third-to-last business year. The 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 1,595 (2024: € 000s 1,374*) for short-term variable compensation and an obligation of € 000s 1,783 (2024: €000s 1,861*) for the long-term variable compensation.

*The figure for the previous year has been adjusted to reflect the maturity

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	2024	2025
Short-term employee benefits due	1,931	2,183
Post-employment benefits	300	300
Other long-term benefits due	979	713
	3,210	3,196

(36) AUDITOR'S FEE

At the Annual General Meeting held on 11 June 2025, 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 2025.

The total fee for the business year amounts to € 000s 746 (2024: € 000s 815). € 000s 725 were attributable to services for auditing the consolidated financial statements, and € 000s 21 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).

(37) EVENTS AFTER THE BALANCE SHEET DATE

In January 2026, the Executive Board, in consultation with the Supervisory Board, made a strategic decision to explore options for the Group's future. This includes focusing on the core business and evaluating the possibility of selling all or parts of the Profiles and Edgebands business units. As of 17 April 2026, no decision had yet been made regarding specific steps toward a sale.

Since February 28, 2026, an armed conflict has been ongoing between the United States of America (USA) and the State of Israel on one side, and the Islamic Republic of Iran (Iran) on the other. The developments resulted in increased geopolitical tensions and may cause uncertainties in international markets for energy and raw materials, as well as potential disruptions in global supply chains and trading relationships. While the SURTECO Group is not directly affected by the conflict, it is affected indirectly, above all owing to potential impacts on supply chains, energy and procurement costs, and a possible weakening of general economic development and consequently demand. The Group is monitoring the situation and reviewing possible impacts on its business activities. At the time when the consolidated financial statements are being prepared, the potential impacts of this event on the net assets, financial position and results of operations of the SURTECO Group cannot yet be reliably quantified. On the basis of the currently available information, there are no indications that any adjustments to the asset values or liabilities recognized on the balance sheet date will have to be made.

In April 2026, Surteco Group SE (the debtor) and the syndicated loan and more than 75 % of the promissory note creditors reached a binding agreement to extend the respective loan obligations until 28 December 2029. The company is conduction ongoing negotiations with the remaining promissory note creditors. The reason for this extension agreement was the previous capital and maturity structure of the loans. The challenging economic environment required a longer-term solution involving all financing partners. The agreement was based on a restructuring report commissioned exclusively for this purpose, which is based on the existing group structure without any potential divestitures and certifies that the company's business is highly likely to continue for a period of three years.

X. Executive Officers of the Company

Management Board (in the business year 2025)		
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 · Chairman of the Supervisory Board of Senoplast Klepsch & Co. GmbH, Piesendorf (since 4 March 2025)
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 2025)		
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)	Managing Parnter G. Schürfeld + Co. (GmbH & Co.) KG, Hamburg	· Member of the Advisory Board of nevisQ GbmH, Aachen · Member of the Supervisory Board of Northern Design Power SL, Madrid · Member of the Advisory Board of Drewsen Spezialpapiere 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)	Managing Partner Reifen Pott Auto-Service GmbH, Gütersloh	· 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	Member of Supervisory Board & Senior Advisor	-

Members of the Supervisory Board (in the business year 2025)		
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	Managing Partner G. Schürfeld + Co. (GmbH & Co.) KG, Hamburg	· Member of the Supervisory Board of All4Labels GmbH, Hamburg · Member of the Advisory Board of Camm Solutions GmbH, Hamburg (until 30 June 2025) · 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 of MCG Management GmbH, Hamburg
Thomas Stockhausen* Sassenberg	Chairman of the Works Council of SURTECO GmbH, Sassenberg	-
Jörg Wissemann Schlossborn	Management Consultant and Lecturer	· Member of the Advisory Board of Hochschule Worms

* Employee representatives

Committees of the Supervisory Board (as at 31 December 2025)			
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 11 December 2025 and made this declaration available to shareholders on the website of the company at: www.surteco.com.

Shareholdings as at 31/12/2025

		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
300	SURTECO GmbH	Buttenwiesen	Germany	F	100.00	100
321	SURTECO art GmbH	Willich	Germany	F	100.00	300
330	DAKOR Melamin Imprägnierungen GmbH	Heroldstatt	Germany	F	100.00	200
341	SÜDDEKOR LLC	Agawam	USA	F	100.00	300
405	SURTECO UK Ltd.	Burnley	United Kingdom	F	100.00	300
410	Kröning GmbH	Hüllhorst	Germany	F	100.00	200
441	BauschLinnemann North America Inc.	Myrtle Beach	USA	F	100.00	300
443	SURTECO North America Inc.	Myrtle Beach	USA	F	100.00	300
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	300
501	Global Abbasi S. L	Madrid	Spain	F	100.00	300
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 Ltd.	Sydney	Australia	F	100.00	300
513	SURTECO PTE Ltd.	Singapore	Singapore	F	100.00	300
514	PT Doellken Bintan Edgings & Profiles	Batam	Indonesia	F	99.99 0.01	300 513
516	SURTECO France S.A.S.	Beaucouzé	France	F	100.00	300

		Town/City	Country	Consolidated	Percentage of shares held	Participation
SUBSIDIARIES						
518	SURTECO OOO	Moskow	Russia	F	100.00	300
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
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.	Ashbourne	United Kingdom	F	100.00	541
550	SURTECO USA Inc.	Greensboro	USA	F	100.00	300
560	SURTECO Canada Ltd.	Brampton	Canada	F	100.00	300
580	SURTECO Decorative Material Co. Ltd.	Foshan	China	F	100.00	513
611	Gislaved Folie AB	Gislaved	Sweden	F	100.00	100
612	Megufo AB	Gislaved	Sweden	E	50.00	611

F = Full Consolidation E = Consolidation at Equity

BUTTENWIESEN, 17 APRIL 2026
THE BOARD OF MANAGEMENT

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 2025, 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 2025 to 31 December 2025, 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 2025 to 31 December 2025. 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 2025, and of its financial performance for the financial year from 1 January 2025 to 31 December 2025, 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). We conducted the audit of the consolidated financial statements with supplementary consideration of the International Standards on Auditing (ISA). 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 2025 to 31 December 2025. 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

Below, we present this particularly significant audit matter:

Recoverability of goodwill

Matter and issue

In the consolidated financial statements of SURTECO GROUP SE, goodwill amounting to EUR 219.6 million is reported under the balance sheet item "Goodwill", which therefore represents around 60 % 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.

Audit approach and findings

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.

Reference to further information

The Company's disclosures on goodwill impairment testing are contained in sections VI and VIII (22) 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) as well as with supplementary consideration of the ISAs 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.

- Plan and perform the audit of the consolidated financial statements in order to obtain sufficient appropriate audit evidence regarding the financial information of the entities or busness units within the Group as a basis for forming our audit opinions on the consolidated financial statements and the Group management report. We are responsible for the direction, supervision and performance of the audit work performed for the purposes 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-2025-12-31-1-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 2025 to 31 December 2025 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 machinereadable 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 11 June 2025. We were engaged by the supervisory board on 28 August 2025. We have served continuously as the group auditor of SURTECO GROUP SE since the 2024 financial 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, 20 April 2026

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, 17 APRIL 2026
THE MANAGEMENT BOARD

WOLFGANG MOYSES ANDREAS PÖTZ

Balance Sheet (HGB) (SHORT VERSION)

€ 000s	31/12/2024	31/12/2025
ASSETS		
Intangible assets	2	6,265
Tangible assets	71	1,451
Investments		
- Interest in affiliated enterprises	297,767	297,767
- Notes receivable to affiliated enterprises	195,451	178,935
- Participations	1	1
Fixed assets	493,292	484,419
Receivables and other assets		
- Receivables from affiliated enterprises	253,197	234,964
- Other assets	2,100	1,444
Cash in hand, bank balances	38,533	47,609
Current assets	293,830	284,017
Prepaid expenses	431	1,324
	787,553	769,759
LIABILITIES AND SHAREHOLDERS' EQUITY		
Subscribed capital	15,506	15,506
Additional paid-in capital	170,178	170,178
Retained earnings	119,880	115,492
Net profit	17,086	0
Equity	322,650	301,175
Other accruals	4,792	6,252
Accrued expenses	4,792	6,252
Liabilities to banks	390,615	370,925
Trade accounts payable	309	1,821
Liabilities to affiliated enterprises	69,037	89,281
Other liabilities	148	305
Liabilities	460,109	462,332
Deferred income	2	0
	787,553	769,759

Income Statement (HGB) (SHORT VERSION)

€ 000s	1/1/-31/12/ 2024	1/1/-31/12/ 2025
Sales revenues	3,200	24,345
Income from profit and loss transfer agreements	35,128	12,831
Expenses from loss transfer	-6,911	-4,846
Other own work capitalized	0	1,006
Other operating income	11,277	1,890
Personnel expenses	-7,560	-17,819
Amortization and depreciation on intangible assets and property, plant and equipment	-42	-1,149
Other operating expenses	-7,496	-37,817
Income from long-term securities and loans from financial assets	12,710	12,154
Interest income	-6,157	-7,578
Income taxes	-60	165
Earnings after tax	34,089	-16,818
Other taxes	-3	-5
Net income / Net loss	34,086	-16,823
Transfer from / to retained earnings	-17,000	16,823
Net profit	17,086	0

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.

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).

SE

Abbreviation for Societas Europaea – legal form of a European joint-stock company.

Ten year overview

	2016	2017	2018	2019	2020
Sales revenues in € 000s	639,815	689,651	698,977	675,272	626,989
Foreign sales in %	73	75	76	75	73
EBITDA in € 000s	74,338	83,093	72,779	66,294	88,322
Depreciation and amortization in € 000s	-33,461	-38,423	-40,577	-45,175	-42,177
EBIT in € 000s	40,877	44,670	32,202	21,119	46,145
Financial result in € 000s	-5,840	-11,155	-5,069	-4,901	-2,847
EBT in € 000s	35,037	33,515	27,133	16,218	43,298
Consolidated net profit in € 000s	23,867	26,192	18,630	9,428	33,687
Balance sheet total in € 000s	673,869	842,596	844,541	780,325	798,776
Equity in € 000s	346,552	349,236	353,205	354,633	373,329
Equity ratio in %	51	41	42	45	47
Average number of employees for the year	2,736	3,091	3,329	3,217	3,103
Number of employees at 31/12	2,833	3,295	3,304	3,172	3,052
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)	1.54	1.69	1.20	0.61	2.17
Dividend per share in €	0.80	0.80	0.55	-	0.80
Dividend payout in € 000s	12,405	12,405	8,528	-	12,405
PROFITABILITY INDICATORS					
Return on sales in %	5.5	4.8	3.8	2.4	6.9
Return on equity in %	7.2	7.8	5.5	2.7	9.3
Total return on equity in %	6.5	5.0	4.1	3.0	6.0

	2021	2022	2023	2024	2025
Sales revenues in € 000s	757,060	747,698	835,089	856,588	821,191
Foreign sales in %	75	76	80	81	81
EBITDA in € 000s	114,764	64,181	66,574	94,385	72,063
Depreciation and amortization in € 000s	-42,240	-44,000	-58,450	-59,859	-58,346
EBIT in € 000s	72,524	40,181	8,124	34,526	13,717
Financial result in € 000s	-2,554	-3,358	-15,785	-14,919	-24,483
EBT in € 000s	69,970	36,823	-7,661	19,606	-10,767
Consolidated net profit in € 000s	47,806	25,233	-12,289	8,413	-14,335
Balance sheet total in € 000s	795,150	851,859	1,041,788	1,012,402	947,793
Equity in € 000s	413,682	426,074	392,900	410,481	363,665
Equity ratio in %	52	50	38	41	38
Average number of employees for the year	3,144	3,147	3,756	3,718	3,712
Number of employees at 31/12	3,165	3,052	3,685	3,732	3,695
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)	3.08	1.63	-0.79	0.54	-0.92
Dividend per share in €	1.00	0.70	0.00	0.30	0.00
Dividend payout in € 000s	15,506	10,854	0	4,652	0
PROFITABILITY INDICATORS					
Return on sales in %	9.2	4.9	-0.9	2.4	-1.3
Return on equity in %	12.0	6.1	-3.1	2.1	-3.9
Total return on equity in %	9.4	4.9	-2.4	0.0	-3.0

Financial calendar
2026

30 April 2026	Three-month report January – March 2026
19 June 2026	Annual General Meeting
31 July 2026	Six-month report January – June 2026
30 October 2026	Nine-month report January – September 2026

PUBLICATION DETAILS

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