Annual Report 2024

January 1 to December 31, 2024

Well positioned globally for future growth

Revenue rises to

EUR **270.1 million** (+ 2.5%)

EBITDA margin of

17.7% (+ 1.9 pp)

Employees (annual average)

811 (+ 13.1%)

CO_2 emissions,
Scope 1 + 2
(market based) **909 t** (– 63.3%)

Innovations from the heart of Europe

PVA TePla's high-tech solutions are in demand worldwide.

While Europe – home to our founding location in Germany, where we develop and produce most of our technologies – remains central, Asia and North America are among the key regions offering considerable growth potential. To meet the rising demand for our products in the coming years, we are continuously expanding our infrastructure and proactively preparing for the market requirements in these regions.

Europe:
the hub for high-tech production and innovation

The key drivers for PVA TePla remain the megatrends of digitalization, decarbonization, and mobility.

Our Material Solutions and Metrology technologies are primarily developed and produced in Europe, where we bundle our most important production lines and research and development. These solutions are shipped all over the world from our sites in Germany, France and Italy.

Last year, we continued to successfully pursue our goal of broadening our customer base in order to make ourselves less dependent on individual market cycles, particularly in the semiconductor industry. In Europe, for example, we were able to acquire customers in the energy industry who are involved in battery technology and charging infrastructure for e-mobility. We are also increasingly targeting the aerospace industry, among others, with solutions such as ceramic matrix composites.

Europe

Tackling future issues holistically

Creating innovations has always been an essential part of our DNA. With the establishment of the Technology Hub last year, we have taken this development work to the next level. In this new R&D center, we are pursuing a holistic strategic approach to the development of materials and technologies that will give us a competitive advantage in the medium and long term. Our initial project, focused on the future material silicon carbide, is already well advanced: We have successfully completed the powder process and grown our first 6-inch silicon carbide crystal. We are now intensively working on scaling up to the 8-inch process.

In addition to our work in the Technology Hub, we are also continuing our R&D activities in our subsidiaries – often in close cooperation with our customers. To make the best possible use of synergies within our Group, not only in this area but also in our collaboration as a whole, we have significantly stepped up cross-company networking in recent months. As a result, we are developing more and more from a pure plant manufacturer into a system solution provider for our customers.

Expansion of capacities and further development of the organization

PVA TePla is paving the way for the Group's future growth in Europe with targeted investments in sites and teams. To expand our production capacities, we established new buildings and extensions at our headquarters in Wettenberg and in Marano Vicentino in northern Italy, which we moved into over the course of last year. To further strengthen our expertise and capacities, we acquired a stake in the Swiss company "Scientific Visual" in 2024, which offers solutions in the field of crystal quality control. We also began preparations for the integration of auto-

"We have made great progress in opening up promising new customer groups in the area of Material Solutions. For example, our solutions can make a valuable contribution to decarbonization in battery technology."

Dr Udo Broich

Personal Details

Dr Udo Broich is responsible for the strategic expansion of our Material Solutions business area. Dr Jan Pfeiffer is responsible for our cross-technology R&D center.

The usual development cycle from innovation to market maturity is around four years. By addressing forward-looking topics in the Technology Hub at an early stage, PVA TePla is creating the conditions for being able to offer ready-made solution packages when the demand arises.

mation specialist and former supplier desconpro engineering, which took effect on January 1, 2025. In addition, we are increasingly focusing on partnerships with institutes and universities in order to attract new talent and drive forward the development of new solutions.

At the same time, we at PVA TePla placed a clear focus on building and modernizing our organization in fiscal year 2024. We have transferred operational responsibility to our respective subsidiaries and established senior technical experts for the strategic development of our business in the Material Solutions, Metrology and R&D divisions.

Strategic personnel development, for which we have launched a comprehensive program, also plays a central role. The results that have already been implemented include tailored training opportunities for employees at all levels and a new onboarding approach for new team members.

"At PVA TePla, innovations traditionally originate in Europe, where we have always bundled our research and development activities. With the Technology Hub, we have been pursuing a holistic strategic approach since last year in order to translate cutting-edge research into industrial applications in the shortest possible time."

Dr Jan Pfeiffer

North America: growth market with strategic relevance

As part of Strategy 2028, PVA TePla is increasingly focusing on opening up the North American market.

The region offers us considerable potential, which we are systematically tapping into. In recent months, we have initiated numerous activities to further develop in the market. These include identifying key customers and expanding the sales and service organization. The aim is to rapidly strengthen our market presence and secure medium and long-term growth.

In addition to the expected recovery of the overall economic situation in the North America, current policy initiatives in the U.S. could also give PVA TePla a boost in the near future. Experts are observing an increase in reshoring activities and production capacities in the U.S., which have been outsourced to Asia over many years. While this applies to all markets the semiconductor industry is expected to grow significantly in the coming years.

North America

Well positioned to expand the customer base

In North America, PVA TePla is now represented by sales, service and assembly personnel at three main sites and six other locations. The further expansion of our sales capacities in regions outside the U.S. has also already been initiated.

Our three main sites are strategically located in the major centers on the west and east coasts of the U.S. Optimal starting points to further build and expand our customer base in the semiconductor, solar, battery and aerospace industries, among others. PVA TePla took major steps forward in 2024. In the Material Solutions product group, important and promising projects were launched in the semiconductor and aerospace industries, offering us further opportunities for growth and diversification. The Metrology division recorded an increase in complex projects, which was reflected in a significantly higher volume of incoming orders.

Success through customized solutions

An important unique selling point of PVA TePla in North America is its flexible systems, which can be configured to meet specific customer requirements. At the same time, customers appreciate our speed and transparent communication. This allows us to develop customized solutions in close cooperation with our customers.

A strategic step for the further development of our business in the North American market

"A large part of our success in 2024 was that we were able to adapt our product portfolio to the needs of our customers and score particularly well in the area of highly automated technologies. This is because we aim to deliver solutions, not just products."

Hari Polu

Personal Details

As Managing Director, Bill Marsh is responsible for the further development of the Material Solutions division in North America. Managing Director Hari Polu is responsible for the metrology business in the region.

The major technical companies in the North American develop key technologies and often outsource production of components from Asia and therefore hold significant influence over the production equipment selection of their Asian suppliers. PVA TePla's North American and Asian companies are working closely together to exploit these opportunities.

is the development of local infrastructure to support customer requirements. We invested heavily in expanding our service team and training our employees in 2024.

Technologies you can touch

Visitors have been able to experience our metrology systems in action in the showroom in Santa Clara and Corona California, for some time now and will soon be able to do so at other locations. PVA TePla thus offers a service approach and a contact point for carrying out research and process development for customers, among other things.

"With the potential that North America offers us, this market should become one of the key markets for PVA TePla in the coming years. In order to generate this growth, we have significantly strengthened our customer approach and are actively driving forward the expansion of our sales and service infrastructure."

Bill Marsh

Asia:
continuing to grow with cutting-edge technology

Asia has been PVA TePla‘s largest sales market for years.

The region continues to offer us considerable growth potential. In particular, demand from major chip manufacturers for high-precision metrology solutions for defect detection is growing dynamically with the development of new, increasingly complex chip architectures. Our high-resolution ultrasound microscopy systems clearly set us apart from the competition.

Asia

Soon to be active in five countries with its own locations

PVA TePla is currently represented in Asia with branches in China, Taiwan, Korea and Singapore. The establishment of a further location in Japan has already begun. The sales and service teams at these subsidiaries will continue to grow over the coming months.

Individual service offers

Targeted services also make PVA TePla a reliable partner for Asian companies. From competent help with issues that our customers cannot solve internally to 24/7 support, we adapt our services flexibly to customer requirements. To do this, we expand our own service teams or call in third-party providers to provide support, especially during night and weekend shifts.

PVA TePla is focusing on strengthening the networking of the teams in the five countries that will soon be in the region. This includes the establishment of an exchange program for mutual training and knowledge transfer within the Asian companies as well as a shared deployment plan within the Asian region. Customers will benefit directly from these measures through more efficient service and faster response times.

“We are currently placing our metrology systems even more strongly in the semiconductor market, as new technologies are creating more demand for our inspection systems here. For products from the Material Solutions division, we are focusing on opening up new markets and new customer groups, such as the aerospace industry, so that we can position ourselves even more broadly in Asia in the future.”

Andreas Fischer

Personal Details

As Managing Director, Andreas Fischer is responsible for overall market development in Asia.

Always connected with customers

The best way for existing and new customers to find out about PVA TePla's solutions is to see them in action. Our showrooms in Singapore, Taiwan and Korea, equipped with metrology systems, provide this opportunity.

In addition, the sales teams at the sites are responsible for maintaining existing customers as well as approaching new customers. PVA TePla is currently expanding its personnel capacities in this area in order to position itself well for the future.

The aim is to manage sales in the countries with their own sites entirely from within the company and thus further optimize customer loyalty.

High-resolution ultrasound microscopy solutions are used to inspect high-end products such as microchips, some of which are less than two nanometers in size. Such chips can be found in smartphones, for example.

Focus on:
Metrology as growth driver

PVA TePla's metrology solutions are among the leading in the industry.

With our technologies in the fields of acoustic, chemical and optical metrology, we enable our customers to manufacture products to a consistently high-quality standard. Demand for our solutions has long been growing not only in the semiconductor industry, but also in other key sectors. We have recently significantly expanded our customer base with orders from the automotive, energy, and aerospace industries. In recent months, we have integrated further specialized companies from the metrology sector into our Group to complement our product portfolio and capacities.

Continued high demand from the semiconductor industry

The rapid technological development in the field of semiconductors also offers our Metrology business a great deal of growth potential in the future. Solutions for material inspection are becoming increasingly important for the production of the current and next generation of microchips. As chip designs become smaller and more complex, ensuring material quality at multiple stages becomes increasingly critical to producing high-performance, long-lasting microchips.

"In recent years, we have continuously to expanded our portfolio in the field of metrology and will continue to do so. This enables us to optimally align with the needs of our customer markets. Our non-destructive systems, in particular, are in high demand in the semiconductor industry, driven by its rapidly evolving technologies."

Dr Peter Czurratis

Personal Details

Dr Peter Czurratis is responsible for the strategic direction of the Metrology business.

2024:
just under
15 billion US Dollars

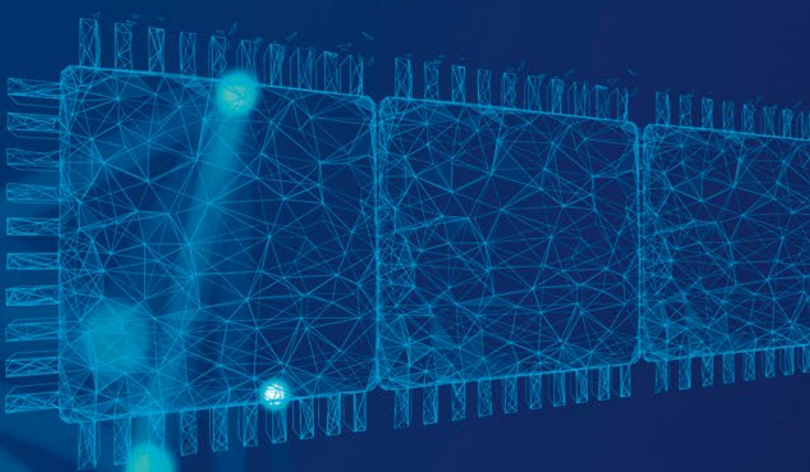
2034:
just under
30 billion US dollars

Market growth for industrial metrology worldwide*

Our high-resolution ultrasound metrology systems perform crucial work at various points in the production chain. They detect defects in materials and material compounds non-destructively so that high-quality end products can be created. We also offer our customers chemical and optical methods for inspecting wafers and other materials.

A new segment from which we expect an increasing demand for metrology systems is micro-LED technology, which is currently still under development. Micro-LEDs are considered to be the future of displays.

They score points, for example, with a better image, a longer service life and lower energy consumption. As every defect on an LED chip causes a dead pixel, a fault-free process and therefore continuous inspection along the production process is essential for their manufacture.



Microchip designs are becoming increasingly complex as more and more functions have to be integrated on a single chip. So-called multi-chip packages already combine several chips in one package. In addition, the development of 3D chips is progressing, which consist of components on several layers and place even greater demands on inspection.

* Source: Global Market Insights
https://www.gminsights.com/industry-analysis/industrial-metrology-market

The Management Board

Jalin Ketter

CEO

- CEO since January 2024
- Member of the board since June 2020

Carl Markus Groß

CFO

- CFO since January 2025

Oliver Höfer

COO

- COO since December 2013

The Supervisory Board

Dr Myriam Jahn

Chairwoman of the Supervisory Board

- Chairwoman of the Supervisory Board since August 2024
- Member of the Supervisory Board since July 2023

Christoph von Seidel

Member of the Supervisory Board and Chairman of the Audit Committee

- Member of the Supervisory Board and Chairman of the Audit Committee since August 2024

Professor Dr Gernot Hebestreit

Member of the Supervisory Board

- Member of the Supervisory Board since June 2008
- Chairman of the Supervisory Board from June 2008 to July 2024

Foreword

CEO Jalin Ketter (center) and the Management Board team with CFO Carl Markus Groß (right) and COO Oliver Höfer (left) are leading the PVA TePla Group into the future with clearly defined growth targets.

Dear shareholders, Dear business partners,

In the 2024 financial year, we set out our Strategy 2028, positioning our company for strong and profitable growth. The key drivers behind this growth have been clearly identified as the megatrends of digitalization, decarbonization, and mobility. At the same time, we have defined markets offering the highest potential in the years ahead.

Currently, we are in a transformation phase, consistently preparing to achieve our strategic objectives. A key focus is actively adressing core markets and key customers to drive growth.

To fully leverage the potential of our leading technologies and solutions in the Material Solutions product groups, we are investing in the expansion and professionalization of our organization, significantly strengthening our sales and service capacities. This is particularly true for North America and Asia, where, alongside our home market in Europe, we see outstanding growth opportunities for both product groups.

Technological advancements in the semiconductor industry are further accelerating demand for our metrology solutions. With increased research and development efforts, we continue to drive innovation in future technologies. As part of this commitment, we established our Technology Hub last year, where we are developing comprehensive solutions for forward-looking topics such as silicon carbide.

Focus on Clearly Defined Goals

We are continuing on the path we set in 2024 into the current financial year. Our goal: to position ourselves optimally to seize market opportunities as effectively as possible once momentum – particularly in the semiconductor industry – picks up again. Initial signs of this recovery were already visible by the end of 2024.

We closed the past financial year in line with our forecast, achieving a slight increase in revenue and a very positive profitability development. The decline in order intake was due to various factors. Among other things, chip manufacturers processed orders from existing inventories, temporarily slowing their investment activities in new production facilities.



Additionally, companies along the value chain adjusted their strategies in response to the overall economic situation, postponing planned projects or implementing them gradually rather than in large volumes.

One thing is clear: the structural growth drivers on which our success is built are stronger than ever. Our technologies are not just part of a market – they drive technological progress. Demand for high-performance semiconductors continues to grow steadily, miniaturization is advancing relentlessly, and new applications in power electronics are opening up exciting opportunities. A particular focus is on silicon carbide, which enables more efficient and higher-performing applications. Its increasing adoption in electric mobility and power electronics underscores its potential for future growth. That is why silicon carbide is at the heart of our first project in our newly established Technology Hub, where we are pursuing a comprehensive development approach.

At the same time, political initiatives are providing crucial momentum. Multi-billion-dollar funding programs aim to significantly expand semiconductor production in Europe and the U.S., reducing long-term dependence on global supply chains. For PVA TePla, this presents promising market opportunities: new chip factories, increased investment in high-performance semiconductors, and growing demand for our high-quality inspection systems and crystal growth equipment.

Focusing on key industries

Our vision extends far beyond the semiconductor industry. Sectors such as medical technology, aerospace, and energy require increasingly high-performance materials and precise manufacturing technologies—and this is exactly where our solutions come into play. Our technologies in the Material Solutions and Metrology product groups serve as innovation drivers, not only shaping the technological future but also making production processes more efficient and sustainable.

We move forward with a clear strategy and well-defined goals. Our target of achieving 500 million euros in revenue by 2028 will be realized through a combination of organic and inorganic growth.

We extend our sincere gratitude to our employees for their dedication and commitment to this journey. To our customers and business partners, we appreciate your trust and strong collaboration. And to our shareholders, we are grateful for your continued support. Together, we are writing the next chapter in the success story of the PVA TePla Group.

Wettenberg, March 2025

Jalin Ketter (CEO)
Carl Markus Groß (CFO)
Oliver Höfer (COO)

Content


PVA TePla

Report of the Supervisory Board

Dear shareholders,

The PVA TePla Group can once again look back on a successful fiscal year that was characterized by important strategic decisions. Despite geopolitical tensions and a generally restrained willingness to invest in the semiconductor industry, the Group increased its revenues by 2.5% to EUR 270.1 million. At the same time, the EBITDA margin improved significantly to 17.7%, while EBIT rose to EUR 39.6 million and earnings after tax to EUR 27.1 million. This development underlines the company's strategic focus on robust growth markets and a diversified positioning.

A key factor for success is technological and geographic diversification, which makes PVA TePla less dependent on economic fluctuations and geopolitical developments. PVA TePla is particularly expanding its market presence in the future-oriented fields of digitalization, mobility, and decarbonization, with a special focus on metrology as a cross-industry growth area. At the same time, targeted investments in additional capacities are strengthening the company's long-term competitiveness.

Cooperation between the Supervisory Board and Management Board

In the year under review, the Supervisory Board duly performed its duties in accordance with the law, the articles of association and its rules of procedure. The Management Board and Supervisory Board worked together very constructively in the interests of PVA TePla's successful onward development.

Drawing on its detailed written and oral reports, we monitored and advised the Management Board on the management of the company. In addition, information was regularly exchanged between the Chairwoman of the Supervisory Board and the Chairwoman of the Management Board as well as the other members of the Supervisory Board and Management Board. In this way, the Supervisory Board was at all times kept informed of the projected business strategy, corporate planning including financial, investment, and personnel planning, the company's profitability, sustainability, and business performance, as well as the position of the company and the Group. The Supervisory Board was directly involved in all decisions of fundamental importance to the company from an early stage and discussed them extensively and in depth with the Management Board. Where management decisions or actions required the approval of the Supervisory Board in accordance with the law, the articles of association or its rules of procedure, the members of the Supervisory Board adopted corresponding resolutions following thorough review and deliberation. The members of the Management Board participated in Supervisory Board and committee meetings, but the Supervisory Board also regularly met without the Management Board.

Topics discussed by the full Supervisory Board

The Supervisory Board held twelve meetings in the year under review, five of which were held in person and seven virtually. All of these meetings were attended by all members of the Supervisory Board.

The in-person meetings included reporting by the Management Board on the business situation with detailed information on the development of PVA TePla Group's revenue, earnings, and human resources, its financial position and net assets, as well as opportunities and risks and sustainability. Furthermore, we addressed acquisition projects as well as the company's opportunities and risks on an ad hoc basis.

In preparation for these meetings, all Supervisory Board members received detailed reports on the situation of the PVA TePla Group companies along with further information, such as internal control reports and meeting minutes, well in advance. Based on current financial figures, updated forecast reports and development plans (orders, revenue, competition, market share) and information regarding the implementation of the sustainability strategy, the Supervisory Board was able to obtain an adequate picture of the business situation before and during the meetings. Any deviations from the planning in the actual course of business were thoroughly explained and substantiated.

At its in-person meeting on March 12, 2024 in Wettenberg, the Supervisory Board focused on the annual and consolidated financial statements for 2023, financial and non-financial reporting and the strategic and organizational development of the PVA TePla Group. In addition, capital market developments were discussed and proposed resolutions for the Annual General Meeting were adopted.

On April 17, 2024, the Supervisory Board held a digital meeting to discuss the resolution on the election of the auditor for 2024.

Key corporate decisions were made at the digital meeting on May 8, 2024. In addition to the invitation to the Annual General Meeting, the committee dealt with matters concerning the Management Board, financing and the audit of the financial statements.

On June 25, 2024, the members met in person in Wettenberg to discuss the financial reporting and preparations for the 2024 Annual General Meeting.

The preparations for the Annual General Meeting were also the focus of the digital meetings on July 10 and 14 as well as on August 28, 2024, which addressed election proposals for the Supervisory Board and a new remuneration system.

At the meeting held in person on August 30, 2024 following the Annual General Meeting, resolutions were passed on appointments to the Supervisory Board and committees, including the election of the Chairperson of the Supervisory Board, the appointment of an Audit Committee and a Personnel and Nomination Committee.

On September 19, 2024 in France, the Supervisory Board dealt with committee reports, capital market developments, strategic milestones and Board matters. Capital market developments were discussed in greater depth in a digital meeting on September 25, 2024.

On November 22, 2024, the Supervisory Board digitally discussed a possible share buyback program. At the in-person meeting on November 27, 2024 at PVA TePla Analytical Systems in Westhausen, the agenda included financial and capital market topics as well as the operational management of Analytical Systems and an update on strategy.

Individual resolutions of the Supervisory Board on Management Board matters were passed by circular resolution.

Work of the Supervisory Board committees

The Supervisory Board further intensified its committee activities in the 2024 financial year. The Audit Committee held a total of seven meetings in the reporting year, two of which were held in person and five virtually. All members of the committee attended these meetings either in person or digitally, with the exception of Mr. Alexander von Witzleben, who was not present at the meetings on May 8 and August 7. Key topics were the monitoring of financial reporting, the internal control system, risk management, and the audit of the financial statements. The committee also dealt with compliance issues, internal auditing, and the appropriateness and effectiveness of the internal control system. As part of its supervisory duties, the committee also reviewed the extended audit opinion of the auditor, including the key audit matters.

In the 2024 fiscal year, PVA TePla AG set up a Personnel and Nomination Committee to address matters relating to personnel development, succession planning, and appointments to board functions. This committee held a constituent meeting and two virtual meetings on September 11 and December 11, 2024.

The committee is composed of three members and is chaired by Dr. Myriam Jahn. Its main tasks include the preliminary consultation and recommendation of personnel decisions, in particular with regard to succession planning for positions on the Supervisory Board as well as proposals for board members to the full Supervisory Board. The committee's tasks further include the finalization, amendment, extension, and termination of the employment contracts for Management Board members.

With the establishment of the Personnel and Nomination Committee, PVA TePla AG is taking account of the increasing importance of structured succession planning and governance.

Corporate governance and declaration of conformity

The Management Board and Supervisory Board discussed the declaration of conformity with the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG) and passed a resolution in March 2025. Following its adoption, the declaration of conformity was made permanently available to shareholders on the company website at **https://www.pvatepla.com/investor-relations/corporate-governance**.

The Management Board, also on behalf of the Supervisory Board, reports on corporate governance in the corporate governance statement and on the company's website at
https://www.pvatepla.com/investor-relations/corporate-governance.

The election of the audit firm "PwC GmbH, Frankfurt am Main" as auditor and group auditor for the 2024 fiscal year was proposed to the Annual General Meeting. The Supervisory Board and the Audit Committee had satisfied themselves of the auditor's independence within the meaning of Section 107(3) sentence 2 of the AktG and had obtained and evaluated a corresponding declaration of independence.

Following approval by the Annual General Meeting, the Audit Committee commissioned the auditor and determined the audit fee. Additionally, the key focus areas for the audits of the German GAAP annual financial statements and the consolidated financial statements for 2024 were agreed between the Audit Committee and the auditor.

In accordance with a resolution of the Supervisory Board, the auditor may also provide certain due diligence services, including the ancillary services, training services, and other advisory services that arise in this context. Before awarding the corresponding services, the Management Board and Audit Committee examine on a case-by-case basis whether these services are permissible or jeopardize independence.

The members of the Supervisory Board are responsible for identifying any further training or education required for the performance of their duties, such as changes to the legal framework or new, forward-looking technologies.

Audit of consolidated and annual financial statements

PwC GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, which was elected by the Annual General Meeting on August 30, 2024, audited the German GAAP annual financial statements and the consolidated financial statements as of December 31, 2024, including the combined management report, and issued an unqualified audit opinion in each case.

The auditor concluded that these annual and consolidated financial statements were prepared in accordance with the requirements of the German Commercial Code (HGB) and the International Financial Reporting Standards (IFRS), respectively, and that they give a true and fair view of the net assets, financial position, and results of operations.

PwC GmbH Wirtschaftsprüfungsgesellschaft conducted a limited assurance review of the combined non-financial statement in accordance with ISAE 3000 rev. The “Independent Auditor’s Report on the Limited Assurance Engagement” can be found on pages 208 ff. On this basis, the auditor raised no objections to the reporting and the fulfillment of the requirements placed on it. The auditor also conducted a formal audit of the remuneration report for the 2024 financial year to ensure that the disclosures pursuant to Section 162 (1) and (2) AktG are included in full.

The financial statements together with the management reports and the relevant auditor’s reports were sent to each member of the Supervisory Board and Audit Committee. These documents were evaluated by the Supervisory Board and Audit Committee and discussed in detail at the meetings of the Supervisory Board and Audit Committee on March 14, 2025. At these meetings, the auditor reported on the key findings of its audit. We reviewed the German GAAP annual financial statements, the management report, and the audit opinion on the Management Board’s assessment of the situation, as well as the proposal for the appropriation of net retained profits, the consolidated financial statements, and the Group management report. No objections were raised. We therefore concur with the results of the audit. We approve the German GAAP annual financial statements and the consolidated financial statements prepared by the Management Board. The German GAAP annual financial statements are thus adopted in accordance with Section 172 sentence 1 of the AktG.

We are in agreement with the management reports and, in particular, the assessment of the company’s ongoing development. The Supervisory Board concurs with the Management Board’s proposal to carry forward the reported net retained profits to new account.

Changes on the Supervisory Board and Management Board

There were significant changes in the composition of the Supervisory Board during the reporting period. At the end of the Annual General Meeting on August 30, 2024, Alexander von Witzleben and Prof. Dr. Markus H. Thoma stepped down from the Board as planned. Christoph von Seidel, auditor and tax advisor, was newly elected to the Supervisory Board, who supports the financial and strategic direction of the company with his expertise and took over as Chairman of the Audit Committee on September 1, 2024. Prof. Dr. Gernot Hebestreit will remain in office until the 2025 Annual General Meeting at the latest to ensure a smooth transition and transfer of knowledge.

Following the Annual General Meeting, Dr. Myriam Jahn was elected as the new Chairwoman of the Supervisory Board. She has been a member of the Board since 2023 and has extensive expertise in international mechanical and plant engineering and automation technology as well as in the areas of digitalization, ESG, sales, and human resources management. With this new composition, the Supervisory Board of PVA TePla AG is well positioned to successfully support the company's future challenges and opportunities.

There were important changes to the Management Board of PVA TePla AG in fiscal year 2024. Carl Markus Groß was appointed Chief Financial Officer (CFO) with effect from January 1, 2025. He has extensive experience in finance and IT and was previously Partner and Head of Data Science at the audit and consulting firm RSM Ebner Stolz in Frankfurt am Main.

Oliver Höfer, Chief Operating Officer (COO) for Production, Quality Management, and Human Resources since December 2013, will leave the company in mid-2025 as scheduled.

Thanks from the Supervisory Board

The Supervisory Board would like to thank the Management Board and all employees for their work and the successful fiscal year. The Supervisory Board is aware of the fact that the current and future strategic and operational success would not be possible without the employees and the Management Board.

Wettenberg, Germany, March 2025

For the Supervisory Board

Dr. Myriam Jahn
Chairwoman of the Supervisory Board of PVA TePla AG

PVA TePla on the capital market

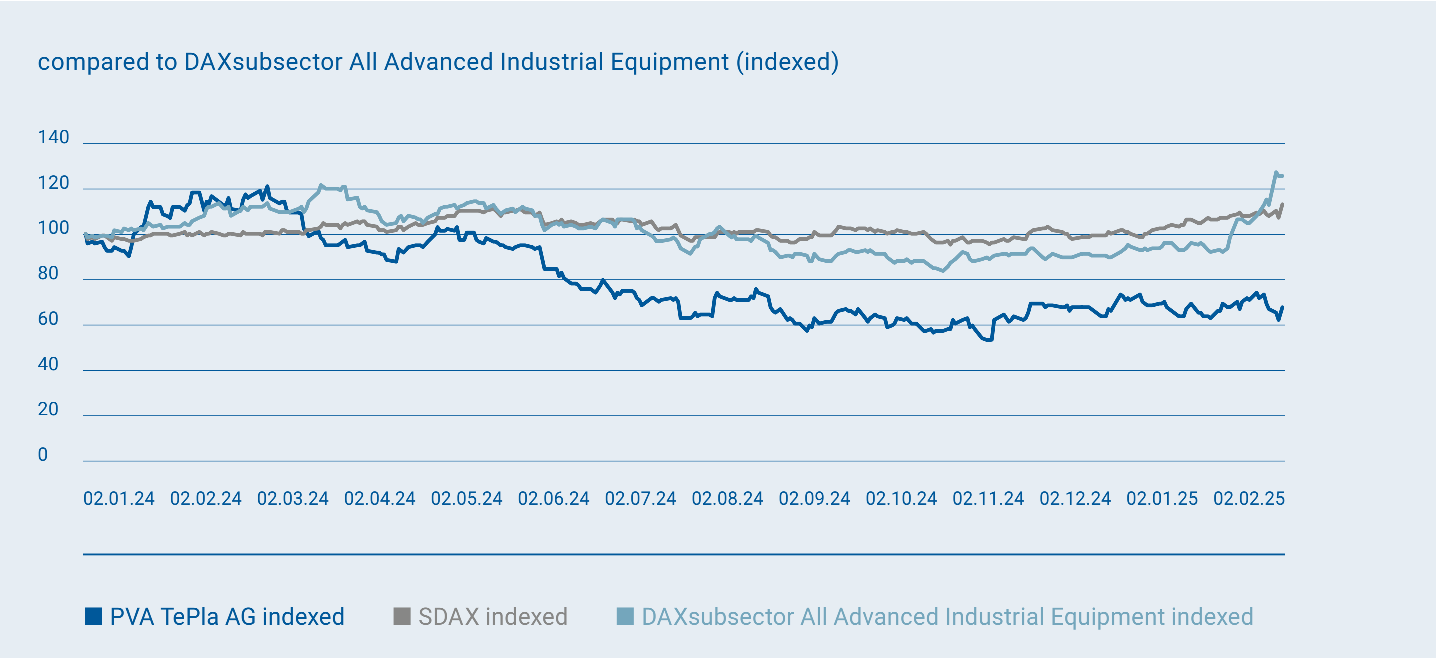
PVA TePla share: a turbulent year on the capital market

In general, 2024 was a much more successful year on the stock market for investors than analysts had previously expected. The German benchmark index DAX defied the mixed economic development in Germany and broke through the 20,000 point barrier for the first time in 2024, with an annual increase of 18.3% over the previous year. In the US, the major indices S&P 500, NASDAQ-100 and Dow Jones also reached new record levels, as did the Japanese Nikkei 225. The stock markets thus defied the ongoing geopolitical tensions and uncertainties as well as recession concerns in Europe and the US. This development was driven, on the one hand, by interest rate cuts by the central banks and, on the other, by political events such as the election of US President Donald Trump. His re-election at the end of the year triggered widespread optimism on the stock markets in anticipation of a more business-friendly course.

However, the actual economic environment could not keep pace with this development. As a result, German gross domestic product fell by 0.4% in 2024. The mid- and small-cap indices MDAX and SDAX also closed the year with losses of – 5.7% and – 1.8% respectively. PVA TePla was also affected by this downward trend. In a challenging market environment, PVA TePla AG shares closed the trading year down 34.1% (previous year: up 9.3%). The share price started the year 2024 at EUR 19.64, rising to a high of EUR 23.58 on March 7, before falling to a low of EUR 10.97 by the end of November. By the end of the year, the share price had recovered slightly, rising to EUR 12.94. The spread between the highest and lowest prices was 114.95% (previous year: 83.1%).

The comparatively strong decline in the share price, even compared to the SDAX, was influenced by several factors. On the one hand, high inventories in the semiconductor industry, including chip manufacturers, which temporarily slowed investments in new production facilities. Some players responded by adjusting their investment strategies, postponing planned projects or adapting them to the change in demand. At the same time, the industrial sector was also characterized by a general reluctance to invest in the past year in a difficult market environment.

Performance of the PVA TePla share



Due to the geopolitical and economic conditions outlined above, the capital markets presented a mixed picture in the reporting year. The indices of highly capitalized stocks rose, while the small-cap indices fell, in some cases significantly. The PHLX Semiconductor Index slowed its growth, but continued to grow at a clear double-digit rate of 23.8% (previous year: 67.0%). The Nasdaq 100 recorded a gain of 27.0% (previous year: 53.8%), while the MSCI World Index climbed by 17.0% (previous year: 21.6%). In Germany, the DAX40 rose by 18.3% (previous year: 19.1%), while the SDAX fell by – 1.8% (previous year: 15.5%). The sector-specific index for PVA TePla, DAXsubsector All Advanced Industrial Equipment, fell by – 9.4% (previous year: – 18.8%).

With an unchanged share capital of EUR 21,749,988.00, the market capitalization of PVA TePla AG thus fell to EUR 281.4 million at the end of the year (previous year: EUR 443.7 million). The shareholder structure is broadly diversified, with 100% in free float. Institutional investor interest increased significantly again in 2024. Funds from Morgan Stanley, Goldman Sachs, Lazard Frères Gestion, RWC Asset Management, Kempen Oranje Participates and the Janus Henderson Group have reported stakes of over 3% or 5%.

The financial reports published by PVA TePla over the course of the year gave cause for optimism regarding the company's economic success and confirmed its earnings and growth targets. With its highly specialized solutions, the Group is excellently positioned in both the semiconductor and industrial segment to benefit from demand driven by economic megatrends such as automation, digitalization, e-mobility, and the energy transition.

During the reporting period, PVA TePla AG carried out a capital measure in the form of the 2024/2025 share buyback program. Under this program, the company is currently buying back treasury shares with a maximum value of EUR 30 million or up to a maximum of 10% of the share capital. The program has a term until December 31, 2025. As of February 28, 2025, the company had repurchased 696,531 shares with a value of around EUR 9.5 million.

Strong liquidity and good tradability: PVA TePla share remains attractive for investors

Trading liquidity of PVA TePla shares remained largely stable year-on-year at an average of 78,373 (previous year: 73,515) shares per trading day via XETRA. Over-the-counter share placements cannot be ruled out.

Investor relations work

Dialog with capital market participants based on continuous, timely, and transparent reporting on relevant corporate events and developments was once again at the center of PVA TePla AG's investor relations work in fiscal year 2024. The aim is to further strengthen confidence in the company's performance and its economic and technological profile on the one hand, and to create the necessary transparency and market knowledge on the other, in order to enable analysts, shareholders, and potential investors to comprehensively and adequately evaluate the company. PVA TePla endeavors to explain its business model, technological developments, and products, sales markets, as well as growth and earnings potential to all capital market players in a comprehensible manner and to keep them up to date.

To this end, PVA TePla held its first Capital Markets Day in 2024. On May 16, 2024, the company invited investors and analysts to its headquarters in Wettenberg to learn more about the strategy and technology portfolio of the PVA TePla Group. In presentations and tours, investors and analysts were able to get a personal impression of the highly specialized technology solutions and how they work, and meet the technology management team. In addition, CEO Jalin Ketter presented the cornerstones of Strategy 2028, in which the company set its mid-term growth targets in 2024. As part of Strategy 2028, the company plans to achieve a balanced revenue share between Metrology and Material Solutions through significant growth in the Metrology division. At the same time, the growth market of North America will be addressed more intensively and the distribution of revenues across the world regions will be balanced. In 2028, one third of revenues should be generated in Europe, Asia and North America respectively. Total revenue is planned to increase to around EUR 500 million by 2028.

In addition to the Capital Markets Day, PVA TePla maintains direct contact with private and institutional shareholders and analysts. In the reporting year, the Management Board and Investor Relations held numerous one-on-one and group discussions, attended conferences, and went on roadshows throughout Europe. The Management Board and IR department answered questions from investors and financial analysts regarding the business strategy and development of the PVA TePla Group, as well as industry and market trends. The number of discussions increased significantly again in 2024 due to the continued high level of interest in PVA TePla. The main topics discussed with institutional and private investors were the long-term prospects in the semiconductor market – particularly in the areas of silicon and silicon carbide crystallization – as well as metrology and the operating profitability of the PVA TePla Group.

Broad research coverage

In fiscal year 2024, a total of twelve national and international investment banks, brokerage houses and investment boutiques regularly published equity research reports on PVA TePla AG. In 2024, two new companies, Edison and Hauck Aufhäuser Lampe, published research reports of PVA TePla. In light of the sluggish development of the semiconductor market, some analysts revised their target price downwards in 2024, but the majority still sees considerable upside potential. The consensus continues to recommend a "buy" rating with an average target price of € 20.33 at present.

PVA TePla Research Coverage 2024

Bank	Location	Analyst	Vote	Target price	Last update
Berenberg	London	Gustav Froberg	Buy	30.00 €	Nov. 2024
BNP Paribas	Paris	Martin Jungfleisch	Hold	12.00 €	Feb. 2025
Deutsche Bank	Frankfurt	Michael Kuhn	Hold	14.50 €	Jan. 2025
Edison	London	Edwin de Jong	Buy	35.26 €	Aug. 2024
Jefferies	London	Constantin Hesse	Buy	19.00 €	Feb. 2025
Hauck Aufhäuser Lampe	Frankfurt	Finn Kemper	Sell	10.20 €	Jan. 2025
Matelan	Bonn	Hartmut Moers	Buy	25.20 €	Feb. 2025
Montega	Hamburg	Miguel Lago Mascato	Buy	21.00 €	Nov. 2024
Oddo BHF	Paris	Maissa Keskes	Buy	20.00 €	Nov. 2024
SMC Research	Münster	Adam Jakubowski	Buy	24.30 €	Feb. 2025
Stifel	Frankfurt	Jürgen Wagner	Buy	22.00 €	Aug. 2024
Quirin	Frankfurt	Vincent Steindl	Hold	13.50 €	Feb. 2025

PVA TePla share data

ISIN	DE0007461006
WKN	746100
Symbol	TPE
Reuters Instr. Code	TPG.DE
Bloomberg Symbol	TPE GY Equity
Share type	Ordinary share
Type of share	Bearer share
First listing	21.06.1999
Market	Regulated market
Market segment	Prime Standard
Supersector	Industrials
Sector	Industry
Subsector	Advanced industrial plants
Index membership	SDAX, CDAX, Prime All Share, DAXsubsector Advanced Industrial Equipment
Number of shares	21,749,988
Nominal value	Ordinary bearer shares with no par value, arithmetical value 1 €
Share capital	21,749,988,00 €

PVA TePla share data

	2024	2023	2022	2021	2020	2019
Price on 31.12. in euros	12,94	20,4	18,56	41,90	19,60	15,30
Number of shares	21.749.988	21.749.988	21.749.988	21.749.988	21.749.988	21.749.988
Market capitalization in million €	281.444.845	443.699.755	403.679.777	911.324.497	426.299.765	332.774.816
Highest price €	23,58	25,92	44,60	50,60	20,90	15,90
Lowest price €	10,97	14,16	13,87	16,50	5,68	10,10
Spread high vs. low price in %	114,95%	83,05 %	221,6 %	206,7 %	268,0 %	57,4 %
Turnover XETRA/trading day	78,373	73.515	82.149	83.985	51.775	25.117
Turnover XETRA in € million/trading day	1.299	1,469	1,858	2,695	0,618	0,307

Combined Management Report

Fundamentals of the Group

About this report

PVA TePla Group's Annual Report 2024 contains both financial and non-financial information and provides a comprehensive overview of the company's economic, operational, and strategic developments. It was prepared in accordance with the applicable legal requirements.

Compared to the previous year, the sustainability aspects are covered in a separate chapter. This contains the non-financial Group statement of the PVA TePla Group. All relevant information on environmental, social, and governance (ESG) aspects is bundled there.

This report is based on consolidated financial data of PVA TePla AG and its subsidiaries and summarizes the management report of the PVA TePla Group and the management report of PVA TePla AG. The balance sheet date is December 31. The information relates to the fiscal year from January 1 to December 31, 2024.

German Accounting Standard 20 (DRS 20) "Konzernlagebericht" (Group Management Report) was applied. The information on PVA TePla AG is contained in the section "Summary report on the separate financial statements of PVA TePla AG" with disclosures in accordance with the German Commercial Code (HGB). The consolidated financial statements comprise the company and its subsidiaries. In order to clarify which disclosures relate to the parent company and which relate to the Group, the term "PVA TePla AG" is always used for the parent company. The terms "PVA TePla Group" or "PVA TePla" are used for disclosures relating to the Group. Where the above distinctions do not apply and no other separate references are made, the information relates equally to the Group and the parent company.

Unless otherwise stated, all amounts are shown in millions of euros (EUR million). For computational reasons, rounding differences of +/- one unit (EUR thousand, %, etc.) may occur in the information presented in these financial statements. Unless otherwise stated in the text, margins and ratios refer to revenue.

This document contains forward-looking statements based on estimates and made by management or third parties. Forward-looking statements may involve risks and uncertainties. Many of these risks and uncertainties are determined by factors that are beyond the control of PVA TePla.

Business model

PVA TePla is a provider of high-tech solutions in the fields of materials and metrology . We offer our broad portfolio of innovative products, processes, and services to customers in numerous industries that are driven by the global megatrends of digitalization, decarbonization, and mobility. These include systems and solutions for the production of components for energy storage systems, photovoltaic modules, and wind turbines.

With locations in Germany, France, Italy, Switzerland, the United States, China, Taiwan, Korea, and Singapore, PVA TePla Group has a global network that ensures broad market coverage and proximity to our customers. Our operating activities are divided into two reporting segments:

- In the **Industrial Systems** segment, we develop and manufacture solutions for material processing, refining, and synthesis. From design to production, we offer highly specialized systems for the synthesis of high-value materials such as semiconductor materials, crystals, optical components, and other high-tech materials.

- In the **Semiconductor Systems** segment, we offer high-precision metrology and analysis devices for a wide range of applications – from surface inspection to 3D inspection as part of quality control, process monitoring, and defect analysis. These solutions support our customers in improving the quality of their products and optimizing production processes.

The PVA TePla Group offers its customers a broad product portfolio that is divided into two central product groups, Material Solutions and Metrology.

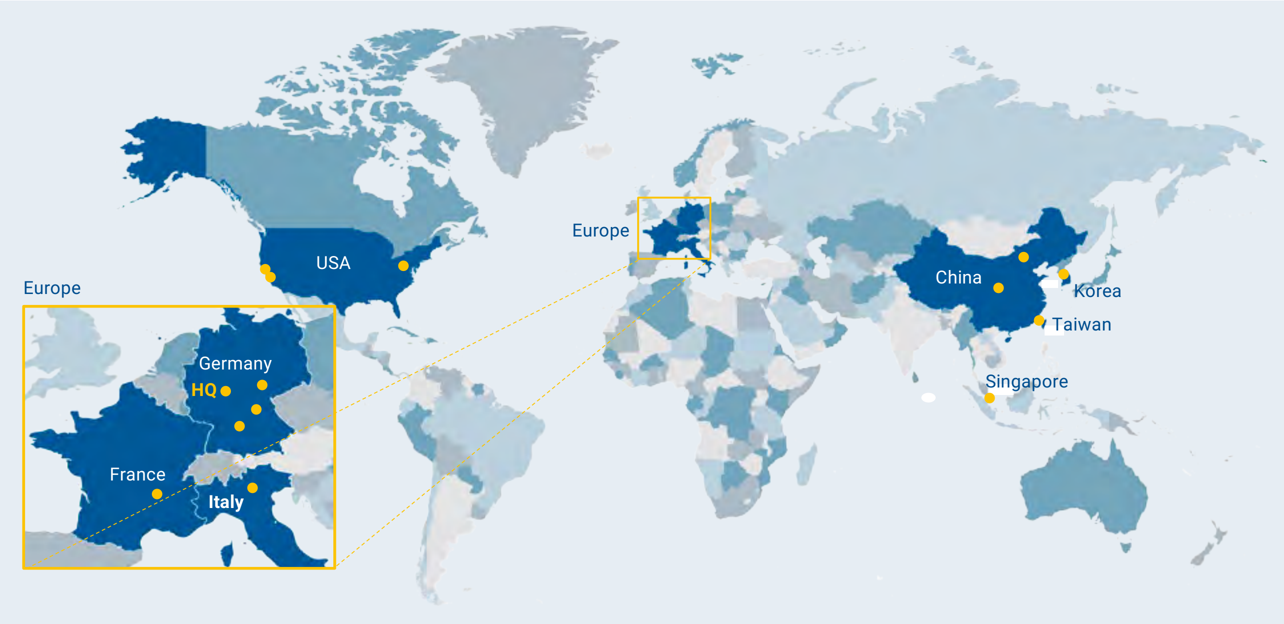
The **Material Solutions** product group comprises technologies for the generation and refinement of high-tech materials and substances. This includes highly specialized systems for the synthesis of materials such as silicon and silicon carbide crystals; for creating complex connections using soldering and welding technologies; and for refining and surface treatment. The innovative solutions are used in key industries such as semiconductor technology, mobility, aerospace, and the renewable energy industry. PVA TePla strengthens its technological leadership in these dynamic markets through continuous research and development work.

Metrology stands for leading acoustic, chemical, and optical measurement technologies that are essential for quality control and process monitoring in a wide range of industries. In addition to the semiconductor industry, these technologies are also used in the aerospace and automotive industries as well as in materials science. The use of artificial intelligence optimizes the precision and efficiency of metrology systems, minimizes error rates, and contributes to greater process stability and productivity. This enables our customers to achieve improved product quality and more efficient production.

With the establishment of the **PVA Technology Hub** in 2024, we are driving forward the development of high-tech materials and -processes. This center serves as a platform for future-oriented developments in strategically relevant fields of technology, in particular for silicon carbide (SiC) and power electronics. Experts from the fields of physics, chemistry, materials science, and data analysis work together here on an interdisciplinary basis to transfer innovative technologies from research into industrial applications. In addition to our decentralized R&D activities, the PVA Technology Hub creates targeted development impetus for future technologies and materials that we believe have high commercialization potential.

Key locations and scope of consolidation

The Group's management and parent company is PVA TePla AG with its registered office in Wettenberg, Germany. It holds stakes in domestic and foreign subsidiaries, including nine (previous year: eight) domestic and ten (previous year: ten) international locations in the USA, China, Taiwan, Korea, Singapore, France, and Italy. Production takes place primarily in Wettenberg, Jena, Westhausen, Corona (USA), Manassas (USA), Schio (Italy), and Chapelle d'Aurec (France). The scope of consolidation includes all subsidiaries in which PVA TePla AG directly or indirectly holds the majority of voting rights.



Organizational structure and management system

PVA TePla AG acts as the management and functional holding company of the PVA TePla Group and is responsible for steering and leading the Group. It also organizes the technology, primarily in the form of patents and the associated intellectual property of the PVA TePla Group. PVA TePla AG also oversees, among other things, the Group's strategic direction, including the expansion of the product portfolio, acquisitions, and financial matters. The holding company is further responsible for corporate identity, investor relations, and marketing. In addition, PVA TePla AG is responsible for financing strategically important development projects of the operating subsidiaries. The operating companies are organized by segment and have their own management structures that work closely with Group headquarters. As part of "Strategy 2028", an additional level below the Management Board was introduced with clear responsibilities for the two product areas and the overarching R&D activities, consisting of proven experts in their respective specialist areas. This level monitors the implementation of strategic measures, advises the respective divisions and provides impetus for innovations and long-term developments. While the individual divisions remain independently responsible for their operational implementation, this structure supports targeted management and strategic orientation. In addition, they strengthen cross- functional collaboration to better leverage synergies within the Group and further increase the efficiency of decision-making processes.

The Management Board of PVA TePla AG is responsible for leading the company, setting strategic goals, and ensuring the consistent implementation of the growth strategy. The focus is on sustainable value enhancement, taking all stakeholders into account. In addition to profitable growth, key priorities include increasing efficiency and technological development.

The Group is managed on the basis of financial performance indicators. In order to support growth and increase profitability at the same time, we manage the Group primarily on the basis of the most important financial performance indicators of revenue and EBITDA (earnings before interest, taxes, depreciation, and amortization). In addition, order intake and order backlog are used to assess market dynamics, while revenues by region and business segment help to identify growth areas. Various cost ratios also support the assessment of operating efficiency.

In addition to financial indicators, non-financial performance indicators are becoming increasingly important. The volume of CO_2 emissions is recorded to measure and reduce the ecological footprint, while we aim to continuously increase the proportion of renewable energy within the Group. Employee satisfaction and fluctuation rates serve as indicators of attractiveness as an employer. In addition, the company invests more in further training programs to ensure the long-term skills development of the workforce.

The relevant key figures are non-financial performance indicators, but not management-relevant performance indicators within the meaning of management reporting.

Key performance indicators

in EUR million	2024	2023
Revenue	270.1	263.4
EBITDA	47.8	41.5

The continuous increase in revenue forms the basis for sustainable and profitable corporate development. Revenue development is monitored monthly by region and business segment in order to be able to react to changes in the market at an early stage. EBITDA, which is calculated on a monthly basis, also serves as a key indicator of profitability. This key figure is regularly discussed with management to initiate any necessary measures to optimize earnings.

Management structure

The executive bodies of the company are the Management Board, the Supervisory Board, and the Annual General Meeting. The company has a dual management and control system consisting of the Management Board and the Supervisory Board. The Management Board of PVA TePla AG currently comprises three members who are jointly responsible for managing the Group. The Supervisory Board, which according to the Articles of Association is composed of four members, regularly advises and monitors the Management Board. Decisions of fundamental importance are made jointly. As of the balance sheet date, the Supervisory Board had three members.

Goals, strategy, and market opportunities

The strategic direction of the PVA TePla Group is guided by the "Strategy 2028", which was defined during the reporting period. We are pursuing the goal of increasing our consolidated revenues to around EUR 500 million by 2028. In addition, we are focusing on a range of strategic measures to promote our sustainable growth:

- **Fostering innovation:** We make targeted investments in research and development, particularly in silicon carbide technology and advanced metrology systems in order to further expand our technological expertise. Our R&D expenditure was increased significantly in 2024 and accounts for a growing share of revenue.
- **Geographic expansion:** We are focusing on developing growth markets, particularly in Asia and North America. We are expanding our sales and service presence in these regions to meet the growing needs of our customers. We see major growth opportunities in Asia and the USA in particular.
- **Sustainability:** We aim to achieve CO_2 neutrality in our Group and to develop sustainable solutions for our customers.
- **Acquisitions and partnerships:** We supplement our organic growth with strategic acquisitions and partnerships. For example, we have acquired stakes in innovative companies in the field of quality control and process automation in order to further strengthen our market position.

We operate in a dynamic market environment characterized by the megatrends of digitalization, mobility, and decarbonization. The global semiconductor market continues to record strong growth[1], particularly in microelectronics and semiconductor manufacturing. Additional demand is being driven by the increasing spread of artificial intelligence (AI), which requires more powerful semiconductor architectures and new production technologies. We expect significant growth in the area of power electronics for electromobility and energy solutions, as these sectors are becoming increasingly important. In addition, new business opportunities are arising in connection with energy storage and the infrastructure for electromobility.

The expansion of 5G networks, the ongoing digitalization of industrial processes, and investments in the hydrogen economy are also creating additional growth areas. Our metrology and material solutions help ensuring quality standards in these areas and optimize manufacturing processes – for example in the production of semiconductors for 5G infrastructures.

We mitigate the natural cyclicality of the semiconductor market through by strategically developing new markets to increase our resilience to long-term market fluctuations. We counter geopolitical risks through our global presence and strategic partnerships, which give us a broad market positioning. The diversification of our business activities across different regions contributes to stability. We also respond to ESG requirements with a sustainability strategy that encompasses environmental, social, and governance aspects.

[1] https://www.netzwoche.ch/news/2024-10-29/gartner-prognostiziert-globales-umsatzwachstum-der-halbleiterindustrie

Research and development

Research and development (R&D) plays a central role in our corporate strategy. We are continuously developing our technologies and aligning our portfolio with the megatrends of digitalization, mobility, and decarbonization. Our aim is to drive technological innovation and to open up new business areas. To this end, we work closely with our customers to understand specific requirements and implement them in a targeted manner. The focus of our R&D activities lies on the further development of high-precision metrology systems and innovative manufacturing solutions. In addition, we established PVA Technology Hub GmbH as an independent entity during in the reporting period. This organizational unit serves as an innovation center for the development of new materials and processes and provides support as an internal and external service provider with tailored solutions along specific value chains and throughout the entire development cycle. At the PVA Technology Hub, new materials such as silicon carbide (SiC) play an important role for future applications.

Responsibility for Group-wide R&D lies with the Executive Board. The respective business units and subsidiaries are also responsible for individual research and development projects.

In order to identify technological trends at an early stage, we carry out continuous market and trend analysis. On this basis, we systematically evaluate relevant developments in order to promote innovation in a targeted manner. In the 2024 fiscal year, we focused on the following research and development activities in our two product groups Material Solutions and Metrology:

In the area of Material Solutions, we have further developed technologies for high-performance ceramics and battery materials in customer-specific projects to enable new applications in electromobility and decarbonization. A concept for a high-temperature pressure sintering furnace for processing silicon nitride substrates was developed and completed in 2024. This furnace reaches temperatures of over 2000°C and enables the efficient processing of hard metals such as silicon nitride, which are used in high-performance electronics. We have also researched a new anode concept for batteries that improves the energy efficiency of storage systems and further increases the performance of batteries and capacitors. Another development concerns a diffusion bonding system with reduced material usage. This cost-efficient model should be available from 2025 and promote wider industrial application.

In the Metrology product area, innovation concentrated on further increasing throughput and detection accuracy in inspection processes. The ultrasound measurement technologies used were specifically developed further to enable more efficient quality control. To this end, the depth of added value for key components was increased, which contributes to the optimization of central system functions. The lens technologies for ultrasound microscopes have been significantly improved once again, which also results in higher throughput, more precise defect detection, and greater reliability in material testing.

In the 2024 fiscal year, we invested EUR 11.7 million (previous year: EUR 9.5 million) in R&D. This corresponds to an R&D ratio of 4.3% (previous year: 3.6%) of total revenue. Development costs for customer projects are not included.

In the reporting period, an average of 40 people (previous year: 26) worked in research and development. This figure refers to employees directly assigned to R&D who work in various units within the PVA TePla Group.

Consolidated non-financial statement

General disclosures

In 2024, PVA TePla AG prepared a consolidated non-financial statement in accordance with sections 315b and 315c of the German Commercial Code (HGB) and extensively enhanced its sustainability reporting. This consolidated non-financial statement also satisfies the requirements of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") (pages 59 to 70). We did not apply a recognized framework in the preparation of this statement since we are currently focusing on full implementation of the ESRS requirements. For the current reporting period, we already applied the ESRS with regard to the following points:

- Reporting structure
- Performance of the materiality assessment in accordance with the double materiality concept
  – taking into account actual and potential negative and positive impacts, risks and opportunities
  – including the value chain in the assessment of our impacts, risks and opportunities
  – indirectly involving affected stakeholders in the assessment of our material topics
- Presentation of policies, actions and targets for each material topic
- Presentation of selected metrics
- General disclosures on governance, strategy and impacts, risks and opportunities management
- Information on PVA TePla's workforce

The statement provides a detailed overview of PVA TePla's progress in the areas of environment, social, governance, and research and development – the four key pillars of our sustainability strategy.

Our sustainability reporting covers the entire PVA TePla Group and corresponds to the basis of consolidation used for our consolidated financial statements. PVA TePla AG and all subsidiaries are included in the reporting.

When identifying material sustainability topics, we consider not only our own company but also our upstream and downstream value chain. This means that the material impacts, risks and opportunities determined based on the materiality assessment and described in this report relate both to PVA TePla as a company and to our value chain.

To manufacture our systems, we purchase various components made from materials such as metals and plastics from our direct suppliers. Our indirect suppliers extract and process the raw materials required to make these components. PVA TePla manufactures advanced systems for vacuum, high-temperature and plasma processes as well as for quality inspection in single unit and small series production. These systems are used by our customers in a range of sectors, including in the semiconductor industry and power electronics. Our systems are designed to have a long service life and can be used by our customers for several years before they are replaced due to technical advances. Individual components can be recycled or must be disposed of at the end of their life cycle.

Further information on our business model can be found in the "Business model" chapter of the Group management report.

Our materiality assessment analyzes impacts, risks and opportunities in relation to various sustainability topics for a short-, medium- and long-term time horizon. Short-term covers a period of up to one year, medium-term a period of one to five years and long-term a period of more than five years. Metrics relating to our upstream and downstream value chain are not included in this report.

We additionally use estimates in the calculation of our energy consumption where invoices are not yet available for individual months due to timing reasons. This relates to our key performance indicators “fuel consumption from natural gas”, “consumption of purchased or acquired electricity from fossil sources” and “consumption of purchased or acquired electricity from renewable sources”. Similarly, the energy consumption and greenhouse gas emissions of locations that exclusively perform sales and service functions and have fewer than 20 employees are extrapolated based on the average per capita consumption within the Group. This applies to all metrics relating to our energy consumption and energy mix.

The methodological basis, the underlying assumptions and resulting degree of accuracy as well as measures for future improvement are described in detail in the “Energy consumption and mix” and “Gross Scope 1 and Scope 2 GHG emissions” chapters.

Likewise, the number of hours worked was extrapolated when calculating the accident rate per 1,000,000 hours worked. The number of hours worked was based on the target working hours less the respective vacation days. The exact calculation is shown in the “Health and safety” chapter.

For the following information presented in this statement, the relevant chapters contain references to other parts of the Annual Report:

Information	Section of the non-financial statement	Verweis
Information on the business model	“General disclosures” chapter	“Business model” chapter of the Group management report
How the risk management system works	“Risk management in sustainability reporting” chapter	“Risks and opportunities” chapter of the Group management report
Breakdown of revenue by ESRS sector	“Strategy, business model and value chain” chapter and “Energy consumption and mix” chapter	“Segment reporting” chapter of the consolidated financial statements

Our management and supervisory bodies

PVA TePla’s management and supervisory bodies comprise our Management Board and our Supervisory Board.

Management Board

In the reporting period, our Management Board was made up of Jalin Ketter as CEO and Oliver Höfer as COO. This means that its membership in 2024 was 50 percent female and 50 percent male. Our Chief Executive Officer is responsible for the strategic direction and implementation of our ESG targets as well as for prioritizing ESG actions. This includes the integration of sustainability aspects into our strategic and operational decision-making processes as well as monitoring the related impacts, risks and opportunities.

We manage and oversee our sustainability strategy through internal processes that enable us to regularly review progress and make strategic adjustments. Our ESG management team, which has overarching responsibility for sustainability strategy implementation, reports to the Management Board each quarter. The reporting covers the evolution of our impacts, risks and opportunities in relation to our material sustainability topics.

Supervisory Board

The Supervisory Board is responsible for monitoring and regularly reviewing attainment of the ESG targets. As part of this, it assesses whether the Management Board's strategic decisions regarding our impacts, risks and opportunities align with the long-term interests of the company and its stakeholders. The Supervisory Board additionally reviews the effectiveness of the sustainability strategy and makes recommendations for its refinement. At the Supervisory Board meetings, which are held four times per year, the Management Board reports on general strategic and sustainability-related topics.

PVA TePla AG's Supervisory Board was partially re-elected in 2024. It currently has three members: Dr. Myriam Jahn, Prof. Dr. Gernot Hebestreit and Christoph von Seidel. All members are independent board members. To date, no employee representatives or other workers sit on the Supervisory Board.

Expertise of the Supervisory Board and Management Board

Our Supervisory Board members have many years of experience in German industry as well as in internationally operating companies. These include international companies in the machinery and plant engineering sector, IT and automation technology sector, audit firms and strategy consulting firms. Their know-how includes, for instance, environmental standards and regulations, especially in the area of decarbonization and international mechanical engineering, social and sociopolitical developments and international human resources development. Furthermore, they have comprehensive governance knowledge regarding the legal and regulatory framework for business processes and products.

Our Supervisory Board Chair, Dr. Myriam Jahn, is additionally the expert on the Supervisory Board with responsibility for sustainability and ESG.

The Supervisory Board's membership is currently 33 percent women and 66 percent men.

Jalin Ketter has been with the company since 2015, Oliver Höfer since 2007. Both have many years' experience within PVA TePla AG.

The Management Board can draw on the sustainability expertise of PVA TePla's various specialist departments. As mentioned above, the ESG management team, which has cross-cutting expertise on ESG matters, holds overarching responsibility for policies, actions and targets in relation to sustainability topics. The ESG management team is led by our Head of Sustainability. It gathers and analyzes the relevant data and metrics on our impacts, risks and opportunities, which are presented in detail in the following sections of this report. PVA TePla currently collects data on its ESG metrics and reviews their development annually as part of the company's sustainability reporting. We have already used some of these metrics in the past to refine our management approach and implement specific actions as well as to monitor our target attainment. Moreover, we gathered some additional metrics for the first time. Looking ahead, these will enable us to enhance our management approach and control mechanisms in relation to our impacts, risks and opportunities.

Additionally, specific technical expertise from facility management at individual locations serves as a valuable source of information for the Management Board regarding environmental matters.

Our human resources department as well as the works council and the quality management team play a pivotal role in the area of employee matters and human rights. While human resources and the works council are well versed in employee matters, quality management contributes expertise on occupational safety and continuously reviews the corresponding measures within PVA TePla.

In the area of anti-corruption and anti-bribery, technical expertise mainly sits with our risk and compliance management team, which regularly reports to the Management Board and Supervisory Board.

With regard to our supplier relationships, our procurement team is of vital importance as it deals directly with our suppliers.

As described in the “Material impacts, risks and opportunities” chapter, our impacts, risks and opportunities identified can be allocated to the above topics.

Sustainability matters addressed

Our Management Board addressed various sustainability topics in the reporting period. Enhancing our sustainability reporting was one focal point. In addition, the agenda included various actions in respect of our impacts, risks and opportunities. These included refining the calculation of our CO_2 emissions in the area of environmental matters, devising a diversity metric to further improve the fostering of diversity within the company and redesigning our risk and compliance management system as a means of preventing corruption and bribery.

At the same time, our material impacts, risks and opportunities feed into our strategic decision making. This notably applies to those also identified as material for PVA TePla through our risk management process.

The implementation of actions to avoid negative impacts identified as material and the risks and opportunities in the area of employee matters constituted a strategic focus in the reporting period. In this connection, the Management Board launched a comprehensive project to fine-tune our human resources strategy. Detailed information on this project is presented in the “Employee matters” chapter.

Supervisory Board meetings likewise addressed various sustainability topics in the reporting period. These mainly related to the enhancement of our risk and compliance management system, refinement of the data collection process, an external audit of our CO_2 metrics and analysis of the findings of an employee survey conducted in 2024.

Sustainability-related remuneration system components

In the 2024 reporting period, the remuneration system for the Management Board incorporated various sustainability-related aspects. For instance, the variable remuneration was based on the evolution of our CO_2 emissions in relation to business volume as well as on aspects pertaining to the development of employee satisfaction and the integration of non-financial criteria into remuneration structures.

The corresponding metrics are non-financial performance indicators that have no management relevance in the context of management reporting.

By including sustainability aspects in the remuneration systems, we aim to more firmly embed responsibility for implementing our sustainability strategy across the organization.

The members of our Supervisory Board receive fixed remuneration with no sustainability-related incentive schemes.

Statement on due diligence

The following overview shows how and where in the sustainability statement the main core elements of due diligence are included.

Core elements of due diligence	Chapter in the sustainability statement
a) Embedding due diligence in governance, strategy and business model	– "Our management and supervisory bodies" (page 41) – "Risk management in sustainability reporting" (page 44) – "Corporate culture" (page 88) – "Prevention and detection of corruption and bribery" (page 90)
b) Engaging with affected stakeholders in all key steps of the due diligence	– "Interests and views of stakeholders" (page 47) – Information on the whistleblower system can be found in the "Processes to remediate negative impacts and channels for own workforce to raise concerns" chapter (page 75) – "PVA TePla's workforce" (page 72)
c) Identifying and assessing adverse impacts	– "Material impacts, risks and opportunities" (page 48)
d) Actions to address those adverse impacts	"Actions" section of the relevant chapters: – "Climate change and energy consumption" (page 52) – "Water" (page 71) – "Working time" (page 83) – "Health and safety" (page 86)
e) Tracking the effectiveness of these efforts and communicating	"Actions" and "Targets" sections of the relevant chapters: – "Climate change and energy consumption" (page 52) – "Water" (page 71) – "Working time" (page 83) – "Health and safety" (page 86)

Risk and opportunity management in sustainability reporting

PVA TePla has two processes for assessing sustainability-related risks – within our risk management system and through our double materiality assessment.

As for the risk management system, we conduct Group-wide risk inventories twice yearly to identify potential risks and respond appropriately early on. These also incorporate sustainability risks. The inventories help us systematically pinpoint risks in various areas, including production, supply chain, environment as well as occupational health and safety. The findings contribute to the ongoing improvement of our processes and systems, minimizing risks while simultaneously underpinning the security and stability of our business operations. In the event of serious risks, actions to reduce their potential impacts to an acceptable level are established with the relevant department. Additionally, we run an annual risk workshop for senior management and technical experts, during which the material risks and one major risk are discussed in depth. The workshop in the reporting period focused on security-related risks. In the coming fiscal year, in addition to the risks defined as material in the risk inventory, the impact of environmental risks on our business activities will be addressed in great depth. Irrespective of the inventory timings, each and every employee is at all times required to report any risks they become aware of.

It was established in the reporting period that there is a high risk relating to the availability of qualified specialists because this could jeopardize our company's growth and ability to innovate. Targeted actions were hence implemented in this area and are described in greater detail in the "Employee matters" chapter. Further details on how our risk management system works can be found in the "Risks and opportunities" chapter of the Group management report.

Within the framework of our double materiality assessment, we consider risks and opportunities along our entire value chain, taking into account both internal and external factors. As described in greater detail in the "Impacts, risks and opportunities" chapter, we take an outside-in approach, whereby external factors such as regulatory developments, social trends or environmental conditions are analyzed to assess their potential impacts on the company. At the same time, we pursue an inside-out approach, analyzing our in-house workflows to determine which material sustainability aspects are impacted by our company and its business relationships.

As part of our ESG strategy, our ESG management team works in consultation with the Management Board to establish how we prioritize the impacts, risks and opportunities we identify as material and which actions we take to address them. In addition to the risk processes implemented, audits are carried out by the internal audit function. The Management Board and Supervisory Board determine the areas in which these internal audits are carried out. This also applies to ESG management topics.

The risk management, ESG management and internal audit functions regularly report to the Management Board on developments in our risk processes as well as the findings of the risk inventory and internal audits. The Management Board then reports the information to the Supervisory Board at the regular Supervisory Board meetings.

Strategy, business model and value chain

Our products and markets

PVA TePla is a provider of high-tech solutions in the fields of materials technology and metrology. We offer our broad portfolio of innovative products, processes and services to customers in a variety of industries driven by the global megatrends of digitalization, decarbonization and mobility. These include solutions for sustainability-related fields such as the production of components for energy storage systems, hydrogen technology, photovoltaic panels and wind turbines. In addition, our inspection solutions facilitate non-destructive material testing which can reduce material waste in production processes. We maintain business relationships worldwide through our locations in Germany, France, Italy, Switzerland, USA, China, Taiwan, South Korea and Singapore. Going forward, we intend to focus our regional growth on Asia and North America.

As a systems supplier, we develop and manufacture solutions for the production, finishing and inspection of materials as well as for surface treatment and process monitoring through our Industrial Systems operating segment. We provide highly specialized systems for the manufacture of high-quality materials for the energy, automotive, aerospace and medical industries.

The Semiconductor Systems operating segment delivers solutions as well as plant and equipment systems for the semiconductor industry, including crystal growing systems for silicon and silicon carbide, metrology systems for quality control and plasma systems for surface treatment.

Our employees

Our employee numbers by geographical area are reported in the “Employee matters” chapter (under “Characteristics of the company’s employees”).

Our revenues

Information on revenue distribution can be found under “Segment reporting” in the consolidated financial statements. Beyond this, no revenues are generated in other sectors.

Strategic sustainability-related goals

We do not currently define specific sustainability-related goals in terms of product groups and services, customer categories, geographical areas or relationships with stakeholders. Strategically, we focus on markets whose growth is driven by decarbonization, digitalization and mobility. In line with this, our systems enable the production of key components for sustainable applications such as solar panels, heat exchangers and wind turbines. Our internal approach to sustainability involves optimizing our human resources strategy, reducing our Scope 1 and Scope 2 CO_2 emissions, advancing our research and development activities as well as enhancing our anti-corruption and anti-bribery systems.

Our value chain

We maintain close working relationships with the suppliers who provide us with the components we need to produce our systems. Long-term partnerships allow us to optimize both component quality and availability. Further details can be found in the “Management of relationships with suppliers” chapter.

Our systems are partly developed based on our customers’ individual requirements and wishes. Following development and production at our subsidiaries, the systems are assembled and installed on-site with the customer to ensure they are integrated into their production process to optimum effect. Some of our subsidiaries also conduct research and development independently of direct customer requirements. This enables us to continuously deepen our expertise in developing future materials to further enhance our solutions.

The added value of our systems reaches a range of stakeholders. Our customers benefit from efficient and reliable custom solutions. For investors, we create a stable basis for long-term growth and profitability through constant innovation and lasting customer relationships.

In the upstream supply chain, the key features of our value chain include our close cooperation with suppliers and the procurement of specialist, high-quality components through strategic partnerships. Our activities center on developing systems and solutions that meet our customers’ specific requirements in a range of different industries. Downstream, we serve international customers with a focus on the Asian, European and North American markets. We seek to continuously expand our network through the addition of sales channels and service partners.

Interests and views of stakeholders

Engagement with our stakeholders is an important factor for our company's success and sustainable development. Our key stakeholders include our employees, customers, investors, suppliers, analysts and the financial market as well as the local communities at our locations. We engage with them via a range of channels and in different formats, encompassing employee surveys and events, works council meetings, direct contact with customers and suppliers through our sales and service and purchasing specialists, talks with investors, the Annual General Meeting as well as specially organized information events. In addition, our regular reporting provides respective stakeholder groups with information on relevant topics, giving them the opportunity to form and express opinions on our approaches.

The various stakeholder groups have their own topics and expectations that they consider to be of vital importance. For our employees, aspects such as occupational safety, professional development and a good work-life balance are pivotal. Our customers expect us to provide innovative and reliable solutions. Investors and analysts prioritize transparency, financial stability, sustainable growth and our sustainability-related initiatives. Suppliers are looking for fair partnerships and long-term cooperation, while local communities especially value our contribution to regional development and job creation.

The outcomes of our stakeholder engagement inform our strategic and operational decisions. We incorporate customer feedback into fine-tuning our products and services on an ongoing basis. Suggestions from our employees, put forward via the works council or other internal communication channels, are taken into consideration when structuring working conditions. One example is the “Together into the Future” project launched in the current reporting year. As part of this, different project groups and a core team are working on retooling our human resources policies with the aim of creating a more clear-cut strategic framework as well as fostering employees' development and interests. Detailed information on this project is presented in the “Employee matters” chapter. Feedback from investors and analysts helps us fine-tune our long-term business strategy. Stakeholder expectations are integrated into our business strategy and growth targets as a key consideration in our long-term positioning.

The management and supervisory bodies are regularly updated on the views and interests of relevant stakeholders in relation to sustainability-related matters. This exchange of information takes place by means of regular reporting and dialogue between the responsible functions – including investor relations, human resources, communications and ESG management – as well as through the management teams of our subsidiaries and the Management Board and Supervisory Board.

Material impacts, risks and opportunities

In fiscal year 2024, we performed a double materiality assessment (DMA) to determine the material sustainability topics for PVA TePla in line with ESRS 1. In the course of this assessment, the impacts on the environment and society as well as the financial risks and opportunities for the respective topics were considered from two perspectives:

1. PVA TePla's impact on the environment and society ("impact materiality")
2. The risks and opportunities arising for the company from the respective topics ("financial materiality")

This analysis was applied not only to our own operations but also to our upstream and downstream value chain, taking into account a short-, medium- and long-term time horizon. We will draw on the experience gained from preparing the materiality assessment for our first year of reporting in line with the ESRS to continuously refine and optimize our methodology. A review of the materiality assessment is planned for the coming reporting period.

Analysis of our value chain

In order to assess the relevance of the various sustainability topics for our company and our value chain, a data analysis was performed on our purchased materials as well as on their countries of origin and the countries of destination of the products sold. Based on this, we identified the potential sustainability topics and risks, including those relating to our indirect business relationships.

As a manufacturer of complex systems, we purchase components made from various metals and plastics. Most of our purchased materials come from Germany. Our systems are used all over the world in sectors such as high-performance electronics. These business relationships do not give rise to the risk of adverse impacts.

Identification of material impacts, risks and opportunities (IROs)

For our analysis, we compiled a comprehensive longlist of sustainability topics that included topics from various sustainability standards. This list was then edited to focus on the topics of relevance for our business model, eliminating any irrelevant matters.

The resulting shortlist was further elaborated by ESG management, identifying the positive and adverse environmental and social impacts as well as the associated risks and opportunities for PVA TePla for each topic. Furthermore, it was determined whether the respective topics relate to our own operations or to our upstream and downstream value chain and whether they involve a short-, medium- or long-term time horizon.

In applying the ESRS for the first time, our stakeholders' views were integrated into the process through indirect consultation. Expert groups made up of contacts from various parts of the company acted as representatives for our stakeholder groups in validating and assessing our impacts, risks and opportunities. Suppliers were represented by our procurement department, customers by our sales and engineering departments, investors by our internal investor relations department and regulators by our risk and compliance department. The stakeholder group comprising our employees was represented by representatives from the works council, HR management, the occupational safety specialist as well as the risk and compliance department.

Assessment methodology

In line with the requirements of the ESRS, various parameters must be assessed to identify the topics that are material for our company. This involves a comprehensive assessment of our actual environmental and social impacts, taking into account their scale, scope and irremediability. Positive impacts were not included in the assessment of irremediability. In the case of potential impacts, the likelihood of occurrence is also considered. For actual adverse impacts, materiality is based on the severity of the impact while, for potential adverse impacts, it is based on the severity and likelihood of the impact. Severity is determined by the scale, scope and irremediability of the impacts.

Risks and opportunities are assessed based on the scale of their financial effects and the likelihood of their occurrence. Expert groups conducted the assessment for the scale and likelihood parameters for all impacts, risks and opportunities. The separate assessment of scope and irremediability was performed by ESG management, making it possible to interpret the extensive assessment dimensions in the workshops with the expert groups in a more consistent and comparable way.

The assessment results were determined in light of existing internal structures and measures, applying a net approach. The risk management assessment system was used as the basis for the materiality rating scales and thresholds. This will simplify the potential future integration of the two systems and facilitates a common understanding of our approach. Until now, the processes for assessing material topics and risk management have run in parallel. Our risk management also considers sustainability-related risks that could give rise to financial risks for the company. Topics involving impacts, risks and/or opportunities that exceed the established threshold are classified as material and reported accordingly.

The rating system is described below. The topics assessed are considered material if they score 21 or higher.

- **Impacts**
  - Scale: insignificant (0), low (2), relevant (5), significant/critical (8), very significant/threatening (10)
  - Scope: very small (0), small (2), moderate (5), extensive (8), very extensive (10)
  - Irremediability: easy to remediate (0), moderately difficult to remediate (5), difficult to remediate (8), irremediable (10)
    Irremediability was assessed solely for adverse impacts.
  - Likelihood: highly unlikely (1), unlikely (2), possible (3), likely (4), very likely (5)
    For actual impacts, likelihood was rated as “very likely (5)”
- **Risk**
  - Scale of damage: insignificant (0), low (2), relevant (5), critical (8), threatening (10)
  - Likelihood: highly unlikely (1), unlikely (2), possible (3), likely (4), very likely (5)
- **Opportunity**
  - Scale of success: insignificant (0), low (2), relevant (5), significant (8), very significant (10)
  - Likelihood: highly unlikely (1), unlikely (2), possible (3), likely (4), very likely (5)

The findings of the materiality assessment were validated by the Management Board, the top management and technical experts.

The following table provides an overview of all impacts, risks and opportunities (IROs) identified as material. The results show that key opportunities and risks exist for our business model and corporate strategy, especially in the areas of decarbonization, employee matters and good corporate governance – and at the same time have a significant impact on these areas.

We are aware of these correlations and have already made strategic adjustments where necessary to specifically address them. In the area of environmental matters, one of the targets we set ourselves and also achieved was carbon neutrality for our Scope 1 and Scope 2 emissions by the end of 2024. Additionally, research and development remains pivotal to the success of our business model. By establishing the Technology Hub in the reporting period, we paved the way for the targeted enhancement of this business area.

With regard to employee matters, we launched an extensive project to overhaul our human resources strategy in light of the skills shortage in our industry. A number of the measures derived from this project also play a crucial part in good corporate governance.

Since it is of secondary importance to understanding PVA TePla's business performance, the aspect of social matters was not classified as material.

Further details on our approaches to individual IROs are presented in the following chapters of this report. We will use the findings of our materiality assessment to fine-tune our sustainability strategy, ensuring we fully capitalize on opportunities, actively manage risks and build on our positive impacts while reducing adverse impacts to a minimum.

Overview of impacts, risks and opportunities

	Topic	Material impact	Material risk	Material opportunity	Upstream or downstream value chain; own operations	Time horizon (short-, medium- and long-term) short-term: <1 year medium-term: 1–5 years long-term: >5 years
Environmental matters	Climate change	(–) Greenhouse gas emissons (+) Development of systems in the sector of decarbonization and mobility			own operations	short-term
	Energy	(–) Own energy consumption			own operations; upstream and downstream value chain	short-term
	Energy	(+) Development of energy efficient systems			own operations; downstream value chain	short-term
	Water	(–) Water-intensive value chain			upstream and downstream value chain	short-term
Employee matters and human rights	Secure employment	(+) Secure jobs through a future-proof business model			own operations	short-term
	Training and skills development		(↓) Employee turnover leads to loss of knowledge		own operations	short-term
	Working time	(–) Work overload due to growth strategy			own operations	short-term
	Adequate wages	(+) Fair pay system	(↓) High wage expectations	(↑) Low employee turnover	own operations	short-term
	Work-life balance	(+) Options for achieving a balance between work and private life			own operations	short-term
	Gender equality	(+) Contribution to gender equality			own operations	short-term
	Diversity	(+) Promoting diversity			own operations	short-term
	Health and safety	(–) Increased risk of accidents as a result of the business model			own operations	short-term
Anti-corruption and anti-bribery	Corporate culture	(+) Strengthening the company through different approaches to good corporate culture		(↑) Positive external and internal reputation	own operations	short-term
	Management of relationships with suppliers		(↓) Risk of supply shortages due to termination of business relationships		own operations; downstream value chain	short-term
	Corruption and bribery (Prevention and detection including training as well as incidents)		(↓) Reputational risk		own operations; upstream and downstream value chain	short-term

Environmental matters

Climate change and energy consumption

As a manufacturing company, we are conscious of the environmental impact of our business operations – especially when it comes to our energy consumption and CO_2 emissions.

At the same time, our technologies are used in applications for renewable energies and energy-efficient production processes, thereby contributing to decarbonization.

In light of this, our focus in the climate change and energy consumption topic areas is on targeted actions to reduce energy use and emissions.

Transition plan for climate change mitigation

We did not yet have a formalized transition plan for climate change mitigation in the 2024 reporting year, as the initial focus was on comprehensively analyzing our emissions data and identifying effective emission reduction levers. Laying this groundwork is essential to creating a robust and practicable planning basis.

In the coming fiscal year, the lessons learned from our first-time reporting in line with the ESRS will be evaluated, regulatory developments monitored and industry best practices taken into account. On this basis, we will hone our strategic approach to drawing up a transition plan with the dual aim of satisfying regulatory requirements and ensuring our long-term economic viability.

Impacts, risks and opportunities

Manufacturing our advanced equipment and systems requires energy – for internal production processes as well as for raw materials extraction, the manufacture of the components we use and for the application of our solutions by customers. This goes hand in hand with environmental impacts, particularly as regards global energy consumption, greenhouse gas emissions and the ecological damage caused by industrial processes.

At the same time, we contribute to reducing greenhouse gas emissions by developing systems for decarbonization, mobility and digitalization. Our systems are used, for instance, to produce components for key technologies deployed in renewable energy generation or optimization of electric vehicle charging. Additionally, through our research and development work, our systems are constantly evolving to become more energy- and resource-efficient.

Also in this reporting period, climate-related risks were queried from the risk owners as part of our existing risk management process. This revealed that PVA TePla does not currently face any direct or significant financial risk. So far, climate change has affected our business operations and locations to a limited extent. Potential risks that could arise – for example, due to physical or regulatory changes – were classified as low.

The analysis focused on our own business operations and not on our upstream or downstream value chain. In our risk management process, the time horizons established to define risks are two years in the risk early warning system and three years in the risk inventory. While no explicit distinction is made between transition and physical risks, the results are consistent with the definition and assessment of climate-related risks and opportunities under the materiality assessment. Accordingly, risks relating to the topics of climate change and energy consumption were examined individually by ESG management, assessed by expert groups and supplemented where necessary. More detailed information about this process is contained in the “Material impacts, risks and opportunities” chapter.

Since ESG management is also responsible for calculating CO_2 emissions, the current sources of emissions in our own business operations are known.

The CSRD requires detailed reporting on the resilience of the business model and strategy to long-term climate risks under various climate scenarios. Due to the highly complex nature of these requirements and the estimation yielded by our risk management process that climate-related risks are low, we did not conduct this analysis in the reporting year. We continuously monitor regulatory developments and will examine our business model’s long-term resilience to transition and physical risks accordingly.

Policies

The PVA TePla Group’s greenhouse gas emissions and energy consumption are recorded each year. The Group-wide policy on recording greenhouse gas emissions defines a structured process for capturing the data, which enables us to track our energy consumption and greenhouse gas emissions as well as to define appropriate actions to reduce our environmental impacts. Our Head of Sustainability is responsible for policy implementation while the managing directors of the individual Group companies and other relevant functions – for example, facilities management – are tasked with preparing the data. The policy is available throughout the Group on the intranet.

ESG management aggregates the energy consumption data for the different companies, which it converts to CO_2 equivalents following the GHG Protocol methodology. The policy describes this process and provides clear guidelines regarding the required documentation.

We do not currently have specific policies on the development of more energy- and resource-efficient systems or with regard to our research and development in the areas of decarbonization, mobility and digitalization.

Actions

We seek to continuously minimize our environmental impact. In recent years, we have implemented targeted actions to reduce CO_2 emissions and work more resource-efficiently – even while pursuing our company’s growth.

The use of renewable energies as a decarbonization lever was a major focal point in the reporting year.

Actions to improve energy efficiency primarily center on our German sites at Wettenberg and Jena whose processes account for more than two-thirds of our total electricity, heat, gas and fuel energy consumption.

Actions impacting our Scope 1 emissions

Progress was made on implementing our heat recovery system at the Jena location in the reporting period with installation of the necessary pipework. This will bring down our energy consumption and heating costs in the coming year. Waste heat from the production facilities is collected by a recooling tower and fed into the heating circuit by means of a heat pump.

Connection to the existing heating network is all that remains for the project to be completed. When the system is commissioned in the next fiscal year, it will be used to heat a production hall and permanently reduce our gas consumption.

Actions impacting our Scope 2 emissions

We already transitioned our Wettenberg and Jena locations to certified electricity from renewable sources in 2023. This means that around 85 percent of our total electricity consumption comes from certified green energy sources. As a result, we saved 2,218 metric tons of CO_2 equivalents in 2024 compared with operating both locations without this action.

Our project to expand photovoltaic capacity progressed in the reporting year with the installation of all planned photovoltaic panels at the Wettenberg location. Grid connection is scheduled for the coming fiscal year. Implementation at the Jena location is slated for 2026, as the panels are to be installed on the roof of a new production hall, the construction of which starts in the next fiscal year.

PVA Italy's new production location in Schio opened at the end of 2024. Full relocation to the new building was completed at the beginning of fiscal year 2025. The integrated large-scale photovoltaic system, which is to be commissioned in spring 2025, will cover the bulk of the company's own needs, especially in the summer months. The anticipated annual electricity output of around 371,000 kWh will contribute to avoiding around 171 metric tons of CO_2 equivalents.

The building is heated by an air heat pump, which is also used for cooling in summer and is mostly powered by self-generated solar electricity.

Actions relating to the research and development of decarbonization and mobility solutions

The Technology Hub was founded as a PVA TePla subsidiary in the reporting year. This hub acts as an internal and external service provider, developing custom solutions and providing end-to-end advisory services across the full development cycle. Its initial focus is optimizing the process for monocrystalline silicon carbide synthesis, a key material in decarbonization and electromobility applications. By establishing the Technology Hub, we will deepen our process development expertise, enabling us to offer even more targeted and comprehensive solutions for the relevant applications.

There are currently no firm plans to introduce other new technologies to reduce our Scope 1 and Scope 2 emissions. In determining our decarbonization levers, we did not consider a diverse range of climate scenarios to detect potential environment-, society-, technology-, market- and policy-related developments.

Financing for our CO_2 reduction measures is an integral part of our financial planning. Implementation of the intended measures is secured through both budgeting and potential external financing options.

The actions to reduce our Scope 1 and Scope 2 emissions are also reflected in the capital expenditure presented in the “EU Taxonomy” chapter. Investments in the heat recovery system at the Jena location are included in the taxonomy-eligible capital expenditures for the economic activity “Installation, maintenance and repair of renewable energy technologies”. The project to install photovoltaic systems in Jena and Wettenberg is classified under the economic activity “Electricity generation using solar photovoltaic technology” and the construction of our new location in Italy under “Construction of new buildings”.

In our consolidated financial statements, capital expenditure is included under property, plant and equipment. This is also the basis for calculating our taxonomy-eligible capital expenditure.

Targets

In the reporting year, we achieved our target of becoming carbon neutral for our Scope 1 and Scope 2 emissions by the end of 2024. This target had been set by the Management Board in consultation with ESG management and approved by the Supervisory Board in 2022. Calculated retroactively, emissions are derived from the base year 2021 in accordance with GHG Protocol guidelines. The target encompasses the CO_2 emissions of all PVA TePla companies. In line with the market-based approach, we reduced our Scope 1 and Scope 2 emissions to 909 metric tons of CO_2 equivalents in the reporting period. This corresponds to a reduction of 74 percent. The remaining 909 metric tons were compensated for with offset certificates. Details on offset projects are described in the “GHG mitigation projects financed through carbon credits” chapter.

In the coming fiscal year, we will evaluate whether – and when – our next carbon reduction target can be extended in line with ESRS requirements.

Energy consumption and mix

Energy consumption and mix (in MWh)	2024
Fuel consumption from coal and coal products	0
Fuel consumption from crude oil and petroleum products[2]	19.9
Fuel consumption from natural gas	1,874.5
Fuel consumption from other fossil sources	0
Consumption of purchased or acquired electricity, heat, steam or cooling from fossil sources[3]	1,301.6
Total consumption of fossil energy	**3,195.9**
Share of fossil sources in total energy consumption (%)	**31%**
Consumption from nuclear sources[4]	**186.4**
Share of consumption from nuclear sources in total energy consumption (%)	**2%**
Fuel consumption for renewable sources, including biomass	0
Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources[5]	6,924.6
Consumption of self-generated non-fuel renewable energy	0
Total consumption of renewable energy	**6,924.6**
Share of renewable sources in total energy consumption (%)	**67%**
Total energy consumption	**10,306.9**

[2] Fuel consumption by fossil-fueled vehicles in our fleet is not included in this metric
[3] PVA TePla purchases fossil electricity and heat solely from the above categories
[4] This relates to the relevant share of nuclear power in the purchased electricity mix
[5] PVA TePla purchases renewable electricity solely from the above categories

Our total energy consumption results in an energy intensity of 0.00004 MWh/€. Under the ESRS, PVA TePla's activities are to be allocated to high climate impact sectors. This means that the energy intensity describes the total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors. Net revenue corresponds to our revenue reported in the consolidated financial statements and amounts to EUR 270,115 thousand.

The data on energy consumption and the energy mix is based on data collected by the individual PVA subsidiaries. Data from locations that are purely sales and service locations and have fewer than 20 employees was extrapolated based on the total consumption of the rest of the Group per number of employees at the locations concerned. This applies to our locations in China, South Korea, Taiwan and Singapore as well as an office in Dresden, Germany, which is part of the Technology Hub.

Not all consumption data relevant for billing was available for individual locations and months at the preparation date of this report. In these cases, the energy consumption was estimated based on the previous year's consumption figures. This relates in particular to the electricity and gas consumption of one of our German subsidiaries and the gas consumption of our subsidiary in Italy. In addition, the gas bill for our location in Wettenberg, Germany, for the month of December was not yet available at the preparation date of this report.

There are also projections for two warehouses whose space we rent at one of our German subsidiaries. No bills are available for the energy consumption of the warehouses, such that electricity and gas consumption was assumed on the basis of consumption per unit of area.

In total, the projections relate to 2,155.5 MWh of our consumption, corresponding to 21 percent of our total energy consumption.

Our two Semiconductor Systems and Industrial Systems operating segments are assigned to high climate impact sectors in accordance with the ESRS. The Industrial Systems operating segment falls under NACE code 28.99, (Manufacture of other special-purpose machinery), the Semiconductor Systems (operating segment) is assigned to NACE code 26.51, (Manufacture of instruments and appliances for measuring, testing and navigation).

To calculate energy intensity, we consider both the revenue and energy consumption of these operating segments. This ensures that all consolidated revenue is included in the measurement of energy intensity. Revenue can be found in the "Segment reporting" chapter of the consolidated financial statements.

Gross Scopes 1 and 2 GHG emissions

In the reporting year, we reduced our Scope 1 and Scope 2 CO_2 emissions using the market-based approach to 909 metric tons of CO_2 equivalents. This corresponds to a reduction of 74 percent compared with the base year 2021. The market-based approach takes into account our specific electricity contracts. This means it reflects the reduction of CO_2 emissions through the purchase of electricity from renewable sources at the Jena and Wettenberg sites in Germany.

Using the location-based method, our emissions in the reporting year amounted to 3,313 metric tons of CO_2 equivalents. In contrast to the market-based approach, the location-based calculation draws on the average electricity mix in the relevant supply region. This includes the regional emission factors of the electricity grid, regardless of our specific electricity procurement sources.

A comparison of the two approaches shows that we were able to save 2,404 metric tons of CO_2 equivalents in the reporting year through targeted investments in renewable energies compared with using the average regional electricity mix.

Our Scope 1 emissions are direct GHG emissions and result from the combustion of fossil fuels and the use of process gases and coolants by our company. Fuel consumption mainly comprises gas for heating purposes, diesel and petrol for our vehicle fleet and, to a lesser extent, heating oil to operate an emergency power generator.

Our Scope 2 emissions are indirect GHG emissions resulting from the purchase of electricity and district heating.

GHG gross emissions (t CO_2e)	2024
Scope 1	431
Scope 2 (location-based)	2,882
Scope 2 (market-based)	478

Our total CO_2 emissions are presented in the following table.

Total GHG emissions (t CO_2e)	2024
Total GHG emissions (location-based)	3,313
Total GHG emissions (market-based)	909

GHG emissions were calculated on the basis of our individual subsidiaries' energy consumption and energy mix. To this end, energy consumption was converted into metric tons of CO_2 equivalents on the basis of various emission factors. To calculate market-related emissions, the emission factors were taken directly from our energy bills where available. In all other cases – and for calculating site-related emissions – current emission factors from publicly available sources were used. The emission factors for calculating our vehicle fleet emissions constitute an exception. Here, the emission factors from previous years were used.

We drew on the following sources for emission factors:

Scope 1:
- US EPA: "Emission Factors for Greenhouse Gas Inventories" (2024)
- US EPA: "Emission Factors for Greenhouse Gas Inventories" (2018)

Scope 2 (location-based method):
- EMBER (2024)
- Southern California Edison Company (2023)
- German Federal Environment Agency (2023)
- US EPA: "Emission Factors for Greenhouse Gas Inventories" (2024)

Scope 2 (market-based method):
- Individual energy contracts (2023)
- Individual energy contracts (2024)

For locations that only perform sales and service functions and have fewer than 20 employees, the GHG emissions were extrapolated based on the average per capita consumption within the Group. This applies to our locations in China, South Korea, Taiwan and Singapore as well as an office in Dresden, Germany, that is used by the Technology Hub. In total, the emissions from these extrapolations amount to 47 metric tons of CO_2 equivalents (market-based method) and 172 metric tons of CO_2 equivalents (location-based method), each of which represents 5 percent of total emissions.

The GHG intensity per net revenue is as follows:

GHG intensity per net revenue (t CO_2e/€)	2024
Total GHG emissions per net revenue (location-based)	0.00001
Total GHG emissions per net revenue (market-based)	0.000003

Net revenue corresponds to consolidated revenue of EUR 270,115 thousand.

PVA TePla does not currently have an in-house CO_2 pricing mechanism. The present focus is on refining CO_2 data analysis and identifying key emission sources. However, the introduction of an internal CO_2 pricing mechanism is being examined and remains an option for the future.

GHG mitigation projects financed through carbon credits

We achieved our goal of carbon neutrality for Scope 1 and Scope 2 emissions in the reporting year by way of various actions as well as by purchasing offset certificates for those emissions we have not yet been able to reduce or avoid by way of suitable actions.

In total, the 909 metric tons of CO_2 equivalents that remain when applying the market-based method were offset by investments in two different climate change mitigation projects. Of our Scope 1 and Scope 2 emissions, 75 percent were offset by a CO_2 reduction project and 25 percent by a CO_2 removal project. Both projects were implemented outside our value chain.

In the reduction project, we are assisting with the distribution of efficient cooking stoves in Rwanda. Compared with open cooking fires, these ovens reduce household energy consumption, improve indoor air quality and reduce local deforestation. The certificates are registered under the Clean Development Mechanism (CDM) of the United Nations Framework Convention on Climate Change (UNFCCC) and the Gold Standard for the Global Goals of the Swiss Gold Standard Foundation and were retired in November 2024. This project allowed us to offset 975 metric tons of CO_2 equivalents; 682 metric tons of CO_2 equivalents were necessary to offset 75 percent of our total emissions.

The CO_2 removal project is a reforestation project in the southern Harz Mountains of Germany. Its aim is the sustainable reforestation of wooded areas that have been severely damaged by drought and bark beetle infestation. Special focus is trained on establishing a climate-resistant mixed forest in order to promote long-term stability and biodiversity in the region.

The project was audited by independent certification bodies in accordance with the requirements of the Forest Climate Standard and the corresponding emission allowances were retired in December 2024. It is not subject to any more far-reaching quality standards such as the CDM or Gold Standards. This project allowed us to offset 325 metric tons of CO_2 equivalents; 227 metric tons of CO_2 equivalents were necessary to offset 25 percent of our total emissions.

This means that a total of 25 percent of our selected climate change mitigation projects are located within the EU.

EU Taxonomy

In accordance with Article 19a and Article 29a of Directive 2013/34/EU of the European Parliament and of the Council (Accounting Directive), we are obliged to disclose in our non-financial reporting the extent to which our business activities are linked to environmentally sustainable economic activities within the meaning of Regulation (EU) 2020/852 and the associated delegated acts (hereinafter: "EU Taxonomy Regulation").

Under Article 3 of the EU Taxonomy Regulation, an economic activity qualifies as environmentally sustainable "where that economic activity:

a) contributes substantially to one or more of the environmental objectives set out in Article 9 in accordance with Articles 10 to 16;
b) does not significantly harm any of the environmental objectives set out in Article 9 in accordance with Article 17;
c) is carried out in compliance with the minimum safeguards laid down in Article 18; and
d) complies with technical screening criteria that have been established by the Commission in accordance with Article 10(3),11(3), 12(2), 13(2), 14(2) or 15(2).

The following environmental objectives are set forth in Article 9:

1. Climate change mitigation (Article 10)
2. Climate change adaptation (Article 11)
3. Sustainable use and protection of water and marine resources (Article 12)
4. Transition to a circular economy (Article 13)
5. Pollution prevention and control (Article 14)
6. Protection and restoration of biodiversity and ecosystems (Article 15)

In accordance with the amended Delegated Regulation (EU) 2021/2178 in conjunction with Delegated Regulation (EU) 2023/2486 of November 21, 2023, we are required to disclose both taxonomy eligibility and taxonomy alignment for all six environmental objectives. In the 2024 reporting year, environmental objectives 3 to 6 must also be assessed for the first time with regard to both taxonomy eligibility and taxonomy alignment. This information must be disclosed based on the appropriate proportion of turnover (referred to in the consolidated financial statements of the PVA TePla Group as "revenue"), capital expenditure (CapEx) and operating expenditure (OpEx).

To avoid double counting, we prioritized the analysis of turnover, CapEx and OpEx for the environmental goal "climate change mitigation" and then supplemented this with a review of other potential economic activities in connection with the environmental goal of "climate change adaptation". In the course of this review, we were unable to identify any additional taxonomy-eligible economic activities.

Analysis of minimum safeguards

For the purposes of generally assessing taxonomy alignment, we conducted an analysis based on the minimum safeguards requirements. In the year under review, PVA TePla committed no known violations of labor law or human rights as a result of corruption or bribery, tax evasion, competition law or other elements of the Directive relevant to the minimum safeguards. Individual processes for documenting the minimum safeguards still need to be implemented. Consequently, full compliance in accordance with the taxonomy requirements cannot yet be reported.

Nor did the Group pursue any taxonomy-aligned activities in the reporting year to cover its own internal consumption within the meaning of Annex I Section 1.2.3 of Delegated Regulation 2021/2178.

Do no significant harm (DNSH) criteria

In order to meet the requirements for taxonomy-compliant turnover, capital expenditure and operating expenditure, the "do no significant harm" criteria must be met for each economic activity. This means that an economic activity is considered sustainable within the meaning of the EU Taxonomy Regulation only if it does not cause significant harm to any of the six defined environmental objectives. Besides criteria that apply individually to each economic activity, the following requirements are among those of relevance for the economic activities that concern us:

- Performance of a climate risk and hazard analysis for the objective of climate change mitigation
- Performance of an environmental impact assessment for the objective of protection and restoration of biodiversity and ecosystems
- Identification and remediation of environmental degradation in connection with the preservation of water quality and prevention of water scarcity for the objective of sustainable use and protection of water and marine resources

As these analyses and assessments have not yet been implemented, full taxonomy alignment cannot be reported.

Assessment of turnover

First, all economic activities of the PVA TePla Group relevant to external turnover were cross-referenced against the activity descriptions for the six environmental objectives, as set forth in Delegated Regulations (EU) 2021/2139 and 2023/2485 (climate change mitigation and climate change adaptation) and Delegated Regulation (EU) 2023/2486 (the four other environmental objectives), to determine which economic activities are taxonomy-eligible under the EU Taxonomy Regulation in association with the six environmental objectives. The analysis covered the PVA TePla Group's full basis of consolidation.

The economic activities of the PVA TePla Group not covered by Delegated Regulations (EU) 2021/2139 and 2023/2485 (climate change mitigation and climate change adaptation) and Delegated Regulation (EU) 2023/2486 (the four other environmental objectives) do not qualify as taxonomy-eligible.

From the analysis of our economic activities and comparison with the taxonomy-eligible activities defined in the EU Taxonomy Regulation, it became apparent that the manufacture of our products cannot be classified as a taxonomy-eligible economic activity. This is because our systems and technologies do not meet the specific criteria for the economic activities described in the regulation.

At the same time, our highly developed systems and services make a decisive contribution to supporting manufacturing processes and technological innovations in various industrial sectors. The systems and types of equipment that the PVA TePla Group manufactures and delivers to its customers can generally be used for the following economic activities:

Climate change mitigation environmental objective:

3.1 Manufacture of renewable energy technologies
3.2 Manufacture of equipment for the production and use of hydrogen
3.3 Manufacture of low carbon technologies for transport
3.4 Manufacture of batteries
3.5 Manufacture of energy efficiency equipment for buildings
3.6 Manufacture of other low carbon technologies
3.18 Manufacture of automotive and mobility components
3.21 Manufacture of aircraft

Transition to a circular economy environmental objective:

1.2 Manufacture of electrical and electronic equipment

These economic activities are not carried out directly by us. That means they do not constitute taxonomy-eligible activities for PVA TePla within the meaning of the EU Taxonomy Regulation.

However, turnover in connection with repair and spare parts orders was identified for the environmental objective "transition to a circular economy".

This can be allocated to the activities "5.1 Repair, refurbishment and remanufacturing" and "5.2 Sale of spare parts", respectively.

That means a total taxonomy-eligible turnover of EUR 13.7 million was identified, of which EUR 11.2 million was attributable to the "5.2 Sale of spare parts" activity and EUR 2.6 million to the "5.1 Repair, refurbishment and remanufacturing" activity. The turnover is the revenue in accordance with IAS1.82 (a), as reported in the consolidated income statement.

The analysis did not identify any taxonomy-aligned turnover because full compliance with the DNSH criteria and minimum safeguards is not ensured.

Assessment of capital expenditure

The figures for the denominator for the CapEx metric were taken from the consolidated financial statements for fiscal year 2024 and comprise property, plant and equipment as well as intangible assets, less goodwill. To compute the numerator for the CapEx metric, an analysis of the consolidated statement of changes in non-current assets for fiscal year 2024 was carried out. All additions to assets that were also used to compute the denominator for CapEx were assessed with regard to taxonomy eligibility.

For fiscal year 2024, the assessment identified taxonomy-eligible CapEx associated with the following categories:

Climate change mitigation environmental objective:

4.1 Electricity generation using solar photovoltaic technology
6.4 Operation of personal mobility devices, cycle logistics
6.5 Transport by motorbikes, passenger cars and light commercial vehicles
7.1 Construction of new buildings
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings
7.7 Acquisition and ownership of buildings
8.1 Data processing, hosting and related activities

Transition to a circular economy environmental objective:

1.2 Manufacture of electrical and electronic equipment

Our taxonomy-eligible capital expenditure declined from EUR 9.8 million in 2023 to EUR 8.8 million in 2024. As in the previous year, the majority of our taxonomy-eligible capital expenditure falls under category 7.1 "Construction of new buildings of the climate change mitigation environmental goal". In the reporting year, this was due in particular to investments in our new building in Schio, Italy.

Under the climate change mitigation environmental goal, we continued to invest in the installation of photovoltaic systems in Wettenberg and Jena, Germany. These fall under category 4.1.

Category 6.4. includes our additions through bicycle leasing, which relates to the JobRad offer to employees.

PVA TePla's vehicle fleet is covered by category 6.5 "Transport by motorbikes, passenger cars and light commercial vehicles". According to the Commission Notice on the interpretation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the reporting of taxonomy-eligible economic activities and assets (2022/C 385/01), all vehicles, including those with combustion engines, qualify as taxonomy-eligible. This means that PVA TePla's vehicle fleet is a taxonomy-eligible asset category in terms of CapEx.

The capital expenditure assigned to category 7.4 relates to the installation of charging stations at our location in Wettenberg, Germany.

Category 7.7 mainly includes the acquisition of additional buildings at our Wettenberg location.

Our investments in servers fall under category 8.1.

For the transition to a circular economy environmental goal, we were able to identify taxonomy-eligible investment expenditure in category 1.2 "Manufacture of electrical and electronic equipment". This mainly includes our employees' work equipment and other electrical appliances such as refrigerators and coffee machines.

The assessment did not take into account any capital expenditure for parts of a plan to expand taxonomy-aligned economic activities or to allow taxonomy-eligible economic activities to become taxonomy-aligned (referred to as CapEx plans). This is because PVA TePla's CapEx planning does not yet include evaluation in respect of DNSH criteria or compliance with minimum safeguarding requirements.

Assessment of operating expenditure

For the denominator of the operating expenditure in accordance with the EU Taxonomy Regulation, direct, noncapitalized costs were recorded that relate to research and development, building renovation measures, short-term leasing, maintenance and repair as well as all other direct expenses in connection with the day-to-day maintenance of items of property, plant and equipment by us or third parties to which activities are outsourced that are necessary to ensure the continuous and effective functioning of these assets. They are not reported in this form in the consolidated financial statements, but were derived from an analysis of income statement accounts and supplemented by research and development (R&D) expenses. To determine the taxonomy-eligible operating expenditure, the direct, non-capitalized costs were examined to determine whether they relate to assets or processes associated with taxonomy-eligible economic activities.

For fiscal year 2024, our taxonomy-eligible operating expenditure stood at EUR 1.0 million. It was identified in the following categories of the climate change mitigation environmental goal:

6.5 Transport by motorbikes, passenger cars and light commercial vehicles
7.2 Renovation of existing buildings
7.7 Acquisition and ownership of buildings
8.1 Data processing, hosting and related activities

Category 6.5 includes expenses relating to vehicle repairs and maintenance as well as vehicle tires for our vehicle fleet.

Category 7.7 contains costs for maintaining our business premises, cleaning costs and the costs of short-term rentals such as warehouses.

Category 8.1 covers server maintenance costs and server leasing costs.

For the environmental objective of transition to a circular economy, additional operating expenditure was identified for economic activity 1.2 “Manufacture of electrical and electronic equipment”. This includes operating expenses for items such as cables, monitors and lamps.

The analysis did not identify any taxonomy-aligned operating expenditure because full compliance with the DNSH criteria and minimum safeguards is not ensured.

Proportion of revenue from products or services associated with taxonomy-aligned economic activities – disclosure covering 2024

Financial year 2024	2024			Substantial contribution criteria						DNSH criteria ("does not significantly harm")									
Economic activities (1)	Code(a) (2)	Revenue (3)	Proportion of revenue 2024 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (1)	Biodiversity (16)	Minimum safeguards (17)	Proportion of taxonomy-aligned (A.1.) or eligible (A.2.) revenue, 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
		EUR mill.	%	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b) (c)	Y N; N/EL (b)(c)	Y N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
Revenue of environmentally sustainable activities (taxonomy-aligned) (A.1)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%		
Of which enabling activities		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%	E	
Of which transitional activities		n/a	n/a	n/a						n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Repair, refurbishment and remanufacturing	CE 5.1	2.58	1.0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.2%		
Sale of spare parts	CE 5.2	11.17	4.1%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								2.7%		
Revenue of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		13.75	5.1%	0%	0%	0%	0%	5.10%	0%								2.9%		
A. Revenue of taxonomy-eligible activities (A.1 + A.2)		13.75	5.1%	0%	0%	0%	0%	5.10%	0%								2.9%		
B. Taxonomy-non-eligible activities																			
Revenue of taxonomy-non-eligible activities		256.37	94.4%																
Total		270.11	100%																

Proportion of CapEx from products or services associated with taxonomy-aligned economic activities – disclosure covering 2024

Financial year 2024	2024			Substantial contribution criteria						DNSH criteria (“does not significantly harm”)									
Economic activities (1)	Code(a) (2)	CapEx (3)	Proportion of CapEx 2024 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (1)	Biodiversity (16)	Minimum safeguards (17)	Proportion of taxonomy-aligned (A.1.) or eligible (A.2.) CapEx, 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
		EUR mill.	%	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b) (c)	Y N; N/EL (b)(c)	Y N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%		
Of which enabling activities		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%	E	
Of which transitional activities		n/a	n/a	n/a						n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Electricity generation using solar photovoltaic technology	CCM 4.1	0.67	2.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.9%		
Operation of personal mobility devices, cycle logistics	CCM 6.4	0.02	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.3%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	0.78	2.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								3.4%		
Construction of new buildings	CCM 7.1	5.10	16.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								48.5%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings	CCM 7.4	0.01	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.3%		
Acquisition and ownership of buildings	CCM 7.7	1.60	5.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								8.3%		
Data processing, hosting and related activities	CCM 8.1	0.04	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.1%		
Manufacture of electrical and electronic equipment	CE 1.2	0.54	1.7%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								2.7%		
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		8.76	27.8%	26.1%	0%	0%	0%	1.70%	0%								66.8%		
A. CapEx of taxonomy-eligible activities (A.1 + A.2)		8.76	27.8%	26.1%	0%	0%	0%	1.70%	0%								66.8%		
B. Taxonomy-non-eligible activities																			
CapEx of taxonomy-non-eligible activities		22.79	72.2%																
Total		31.55	100%																

Proportion of OpEx from products or services associated with taxonomy-aligned economic activities – disclosure covering 2024

Financial year 2024	2024			Substantial contribution criteria						DNSH criteria (“does not significantly harm”)									
Economic activities (1)	Code(a) (2)	OpEx (3)	Proportion of OpEx 2024 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (1)	Biodiversity (16)	Minimum safeguards (17)	Proportion of taxonomy-aligned (A.1.) or eligible (A.2.) OpEx, 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
		EUR mill.	%	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b) (c)	Y N; N/EL (b)(c)	Y N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a		
Of which enabling activities		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	E	
Of which transitional activities		n/a	n/a	n/a						n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	0.12	2.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n/a		
Renovation of existing buildings	CCM 7.2	0.15	3.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n/a		
Erwerb von Eigentum an Gebäuden	CCM 7.7	0.47	10.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n/a		
Data processing, hosting and related activities	CCM 8.1	0.10	2.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n/a		
Manufacture of electrical and electronic equipment	CE 1.2	0.15	3.2%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								n/a		
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		0.99	21.3%	18.1%	0%	0%	0%	3.2%	0%								n/a		
A. OpEx of taxonomy-eligible activities (A.1 + A.2)		0.99	21.3%	18.1%	0%	0%	0%	3.2%	0%								n/a		
B. Taxonomy-non-eligible activities																			
OpEx of taxonomy-non-eligible activities	**3.65**	78.7%	78.7%																
Total	**4.64**	100%	100%																

a) The code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i. e.

– Climate change mitigation (CCM)
– Climate change adaptation (CCA)
– Water (WTR)
– Circular economy (CE)
– Pollution prevention and control (PPC)
– Biodiversity and ecosystems (BIO)

b) Y Yes, taxonomy-eligible and taxonomy-aligned activity with the relevant environmental objective
N No, taxonomy-eligible and non-taxonomy-aligned activity with the relevant environmental objective
N/EL Not eligible, non-taxonomy-eligible activity for the relevant environmental objective
EL Eligible, taxonomy-eligible activity for the relevant environmental objective

c)

	Proportion of revenue/ Total revenue			Proportion of CapEx/ Total CapEx			Proportion of OpEx/ Total OpEx	
	Taxonomy alignment per objective	Taxonomy eligibility per objective		Taxonomy alignment per objective	Taxonomy eligibility per objective		Taxonomy alignment per objective	Taxonomy eligibility per objective
CCM	0%	0%	CCM	0%	26.10%	CCM	0%	18.1%
CCA	0%	0%	CCA	0%	0%	CCA	0%	0%
WTR	0%	0%	WTR	0%	0%	WTR	0%	0%
CE	0%	5.10%	CE	0%	1.7%	CE	0%	3.2%
PPC	0%	0%	PPC	0%	0%	PPC	0%	0%
BIO	0%	0%	BIO	0%	0%	BIO	0%	0%

f) EL Eligible, taxonomy-eligible activity for the relevant environmental objective
N/EL Not eligible, non-taxonomy-eligible activity for the relevant environmental objective

Template 1 Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Template 2 Taxonomy-aligned economic activities (denominator)

Row	Economic activities	Amount and proportion (presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change mitigation (CCM)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
2.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
3.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
4.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
5.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
6.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	–	–	–	–	–	–
8.	**Total applicable KPI**	**–**	**0%**	**–**	**0%**	**–**	**0%**

Template 3 Taxonomy-aligned economic activities (numerator)

Row	Economic activities	Amount and proportion (presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
2.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
3.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
4.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
5.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–	–	–	–	–
6.	"Amount and proportion of taxonomyaligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI"	–	–	–	–	–	–
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	–	–	–	–	–	–
8.	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**–**	**0%**	**–**	**0%**	**–**	**0%**

Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities

Row	Economic activities	Proportion (presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
2.	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
3.	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
4.	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
5.	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
6.	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
7.	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of theapplicable KPI"**	–	–	–	–	–	–
8.	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KP**	**–**	**0%**	**–**	**0%**	**–**	**0%**

Template 5 Taxonomy non-eligible economic activities

Row	Economic activities	Amount	Percentage
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–
7.	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	–	–
8.	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**–**	**0%**

Water

Impacts, risks and opportunities

Water is a key resource for the operation of some of our products, as it is used for the continuous cooling of systems that operate at very high temperatures. In our own production processes, we use water primarily for cleaning purposes and for functional tests of our systems before delivery to customers. However, thanks to a closed-loop system, water consumption in our own processes is low overall.

We see the greatest impacts in relation to water in the downstream value chain, particularly in the semiconductor industry. The water requirement here is considerable, as extremely pure water is essential for wafer cleaning, cooling processes and other production steps in order to ensure the highest quality standards.

Policies

Application of the dual materiality concept has heightened our awareness of sustainability-related issues along the value chains. Water was identified as an aspect that has come into greater focus for the first time as a result of this process. In the current reporting year, we are concentrating on creating transparency with regard to the use of water resources. Our medium-term goal is to fine-tune our strategies in the area of water and marine resources, both in our own operations and in the supply chain, and to specifically address aspects of water treatment.

There are currently no specific Group-wide guidelines on water and marine resources because water consumption has not previously been a focus of our sustainability approach. Responsibility for water management lies with the management of the relevant subsidiaries and central facility management.

Actions

Our customers' water consumption primarily relates to certain systems in the Semiconductor segment. The actual volumesof water needed vary depending on the individual production processes and the required degree of water purity.

In order to offer a water-saving solution, some of our systems are equipped with integrated water tanks and water filter systems that enable recirculation and closed-circuit use. However, the decision to implement a closed-loop water system such as this lies with our customers and depends on their specific requirements.

Looking ahead, we will assess what additional technical optimizations and awareness-raising measures we can develop to further reduce water consumption in the semiconductor industry.

We also intend to examine the extent to which our business activities are affected by water risks and water stress areas in order to develop suitable concepts and actions to mitigate risks where necessary.

Targets

There are currently no measurable, outcome-oriented targets for the topic of water or any tracking of effectiveness.

Employee matters and human rights

PVA TePla's workforce

Our employees represent a key stakeholder group for our company. With our core message "With innovation through appreciation to success", we emphasize that appreciation of our employees is a pivotal success factor.

Our business model is based on promoting innovations developed by our employees with their extensive knowledge and expertise. In addition, suggestions from our employees are incorporated into the structuring of working conditions and our corporate strategy via the works council or other internal communication channels.

Material impacts, risks and opportunities related to our employees are closely linked to our strategy and business model. Material topics such as secure employment, working times, fair pay and work-life balance are directly linked to our business model.

We can only successfully implement our business model under optimal working conditions, as we rely on motivated and qualified employees. In order to attract and retain the right talent over the long term, we create a working environment that offers fair working conditions, development opportunities and a good work-life balance.

These factors contribute significantly to the satisfaction and loyalty of our employees and promote the long-term competitiveness of our company. Given that our business model is geared toward growth markets such as decarbonization, digitalization and mobility, it offers our employees a work environment with a viable future.

Performance of the double materiality assessment was based on aspects such as a holistic view of PVA TePla's business activities and their impacts on employees.

Various groups of employees are affected by the material impacts of our business activities. This primarily includes our employees and external specialists. They all contribute significantly to realizing our corporate goals and should expect to be able to work under fair and safe conditions.

Most of our workforce is employed directly by PVA TePla AG or one of its subsidiaries. Moreover, we occasionally deploy external specialists from service providers during production peaks, particularly from recruitment and temporary employment agencies.

We have identified two key challenges as material potential negative impacts – the risk of employee overload and the risk of workplace accidents. Overload is the result of both industry-specific challenges such as the shortage of skilled workers as well as company-specific factors in connection with our ambitious growth strategy and the order situation. Workplace accidents are a widespread risk, notably in manufacturing companies. Detailed information on the actions taken to mitigate these impacts can be found in the "Working time" and "Health and safety" chapters.

In principle, all PVA TePla employees can be affected by the potentially negative material effects as these impacts are not tied to personal characteristics. However, employees in production processes are exposed to a higher risk of accidents at work due to their working environment. This risk results exclusively from the specific working conditions and not from the individual characteristics of the persons concerned.

The potentially positive impacts identified as material affect all PVA TePla employees. They comprise core topics such as secure employment, adequate wages, work-life balance, diversity and gender equality. Detailed information on these aspects can be found in the relevant specific chapters.

Risks for PVA TePla arise in particular from the availability of qualified specialists who are needed to implement our growth strategy but are difficult to find due to the shortage of skilled labor. Another risk for PVA TePla is employee turnover, to which we are responding with actions to increase employee satisfaction. There is likewise a risk of rising wage expectations due to the shortage of skilled labor, which has financial implications for PVA TePla. The risks and related countermeasures are described in greater detail in the “Adequate wages” and “Training and skills development” chapters.

These risks are offset by the opportunity of enhancing employee satisfaction by offering appropriate salaries, which in turn increases the length of service, keeping employee turnover low and retaining knowledge within the company. This is explained in further detail in the “Adequate wages” chapter.

These identified risks and opportunities generally affect all employees and cannot be assigned to a specific group of people.

There are no material impacts on our employees at PVA TePla in connection with transition plans to mitigate negative environmental impacts or to promote environmentally friendly and climate-neutral business activities. Our actions to reduce carbon emissions have no negative effects on job security. Rather, we see opportunities. The growth areas we are addressing – decarbonization, digitalization and mobility – offer development potential that is likely to lead to the creation of additional jobs.

There are no identifiable risks with regard to forced and child labor in PVA TePla’s areas of activity. This means that these issues were classified as not material in the double materiality assessment conducted in the reporting period.

Based on the outcome of our double materiality assessment, the topic of “human rights” has not been identified as a material topic for PVA TePla. However, it must be reported in accordance with the requirements of the non-financial statement under the German Commercial Code (HGB). It is reflected in various chapters of the “Employee matters” section and is described in greater detail in the “Policies related to human rights” chapter. Our management approach is based on our Code of Conduct. Its contents are described in greater detail in the “Policies related to our own workforce” chapter.

Policies related to our own workforce

Our employees are a key success factor and innovation driver at PVA TePla. That makes appreciation a core element of our corporate culture. Responsible and ethical behavior toward our employees, business partners, society and the environment is enshrined in the core values of the PVA TePla Group. These policies are defined in the Code of Conduct, which is binding for all employees at all locations. Available to the entire workforce on the intranet, the Code of Conduct forms part of the onboarding process for new employees.

PVA TePla complies with the applicable laws and regulations of the countries in which it operates. For us as a group of companies, this is a fundamental precondition for acting with integrity and responsibility and is enshrined in our Code of Conduct. The principle of equal treatment is a key element of the Code of Conduct. PVA TePla does not tolerate any form of discrimination or harassment, irrespective of ethnic or national origin, skin color, gender, religion or ideology, disability, age, sexual identity or other characteristics relevant to discrimination.

We employ various actions to implement the policies enshrined in our Code of Conduct for the prevention of discrimination. These include a grievance mechanism ("Processes to remediate negative impacts and channels for its own workforce to raise concerns" chapter) that offers employees the opportunity to anonymously report cases of discrimination or disadvantage. Reported incidents are examined carefully and, if necessary, appropriate measures are taken to support affected persons and prevent future discrimination.

The representative body for severely disabled employees (SBV) also plays a key role in promoting inclusion, acting as a direct point of contact for employees with disabilities at the company's German locations. It helps to ensure that legal inclusion requirements are met, identifies barriers in the working environment and works to remove them.

Policies related to human rights

We are aware of the responsibility we bear as a company with regard to the protection of human rights and are committed to developing a strategy that ensures support for internationally recognized human rights. We support the principles enshrined in the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises and the fundamental conventions of the International Labour Organization (ILO).

There are currently no specific policies in place at PVA TePla that explicitly cover topics such as human rights, human trafficking, forced labor and child labor. However, we are committed not only to complying with all applicable legal provisions for the protection of human and employee rights but also to aligning with the UN Guiding Principles on Business and Human Rights.

The PVA TePla Group aims to prevent human rights violations both within the Group and at all points along the supply chain. This is underpinned by preventive measures such as risk analyses and the implementation of due diligence processes that enable us to identify and mitigate potential risks at an early stage.

We promote dialogue and the implementation of human rights standards in close cooperation with workers' representatives, especially the works councils. Our materiality assessment has not yet identified any evident human rights impacts. As our production sites are located exclusively in Europe and America, we consider the risk of human rights violations in our own business processes to be very low.

Processes for engaging with own workforce and workers' representatives about impacts

The General Works Council and the works councils at the various German locations are core workforce participation instruments. They play a key role in representing the interests of employees at the German sites and safeguarding their rights. Regular exchanges between the works council and the Management Board are essential to gain an understanding of the needs of the workforce and derive appropriate measures. Employees can communicate their needs to the works council in various ways – for example, at works meetings.

Another tool for engaging with our employees is the employee workload survey, which was conducted for the first time in the reporting year. This enabled employees at our German sites to provide anonymous assessments of working conditions. The aim is to identify potential health hazards at an early stage and initiate suitable measures to mitigate the risks. For the next reporting year, we intend to develop an employee satisfaction survey that will be conducted regularly at all locations.

In addition, the company suggestion scheme is instrumental in promoting active employee participation in the continuous improvement process. It offers a structured platform for submitting ideas, suggestions for improvement and innovative approaches. The topics covered range from environmental protection and occupational safety to optimizing work processes and conditions.

We regularly publish our employee magazine "connect" for all our subsidiaries to transparently communicate sustainability initiatives and general developments at the company. This medium serves to inform employees about strategic goals, ongoing measures and important company news. We use this form of in-house communication to strengthen the trust and commitment of our employees and contribute to promoting a corporate culture based on values and sustainability.

Processes to remediate negative impacts and channels for the company's own workforce to raise concerns

When carrying out the double materiality assessment, we identified material impacts of our company on society and the environment. One key challenge in working time management is avoiding the negative impact of excessive workloads, as departures from general working time arrangements are possible, particularly when capacity utilization is high.

Another key action area is the prevention of workplace accidents. We rely on various measures that systematically reduce potential hazards to minimize the risk of accidents.

As a grievance mechanism, we have set up an internal reporting office in accordance with the German Whistleblower Protection Act (Hinweisgeberschutzgesetz). Employees can turn to this office to report any potential or actual misconduct or breaches of legal requirements they have observed, regardless of whether these are committed by other employees, management, the Management Board or other business partners.

Alongside employees, other stakeholders such as business partners, customers, suppliers and shareholders are a valuable source of information. They make a significant contribution to identifying breaches of legal and ethical standards.

A freely accessible online platform has been made available to these stakeholders to promote transparency. It can be used to anonymously and confidentially report suspected cases that fall within the scope of the Whistleblower Protection Act. To ensure legal compliance, external lawyers are the first point of contact for this reporting office. Appropriate follow-up action is taken by qualified, in-house contacts acting in consultation with the lawyers.

This procedure serves to protect whistleblowers from possible reprisals. Further information can be found in the “Anti-corruption and anti-bribery” chapter.

Ensuring confidentiality in the reporting process is a high priority. We encourage our employees to take responsibility and actively promote a working environment based on integrity and compliance with the rules.

Aside from our whistleblower system and the internal reporting office, our employees have other in-house reporting channels at their disposal. Suspicions can be brought to the attention of the direct supervisor, the works council, the company’s management, corporate security and the human resources department. Annual feedback meetings likewise provide an opportunity to address concerns openly.

We attach great importance to our employees being informed about these channels and trusting them. This is why the whistleblower system is introduced to new employees of our companies in Germany during the onboarding process. It was also featured in our employee magazine, which can be accessed by all employees worldwide. Additionally, the policy and process description have been made available on the intranet.

PVA TePla promotes a positive no-blame culture that enables deficiencies to be handled openly and thus helps identify areas for improvement. By providing various channels for expressing concerns, we foster open communication that is accessible, fair, comprehensible and transparent. Moreover, we see the opportunity to express concerns as a valuable basis for continuous learning and refining improvement mechanisms.

Characteristics of the company’s employees

Under the principle of appreciation that is firmly embedded in our corporate culture, all individuals employed by the PVA TePla Group count as our employees. This includes trainees, managing directors and members of the Management Board. Trainees (including work-study students and interns), managing directors and the Management Board are hence included in our metrics for employee matters.

In 2024, the PVA TePla Group had a total of 894 employees (headcount on the reporting date of December 31, 2024). The proportion of female employees was 19.91 percent in 2024[6].

[6] All employee figures refer to the headcount as of the Dec 31, 2024 reporting date.

Information on number of employees by gender (headcount)

Gender	Number of employees (headcount) as of the Dec 31, 2024 reporting date[7]
Male	716
Female	178
Other	0
Undisclosed	0
Total number of employees	**894**

Breakdown of employees by geographical region

America

Europe

Asia

Information on employees by contract type, broken down by gender (headcount)

Reporting date Dec. 31, 2024	Male	Female	Other	Undisclosed	Total
Number of employees (headcount)	716	178	0	0	894
Number of permanent employees (headcount)	669	166	0	0	835
Number of temporary employees (headcount)	47	12	0	0	59
Number of non-guaranteed hours employees (headcount)	10	2	0	0	12

[7] Unless otherwise indicated, all employee figures include the Management Board, managing directors, trainees, interns and temporary staff. Hence, the figure differs from the figure given in the financial report, which does not include the Management Board, managing directors and trainees.

Seventy-three employees left the PVA TePla Group in the reporting period. This figure includes both voluntary turnover (voluntary exits, termination agreements) and terminations of employment due to redundancies for operational or personal reasons, retirement and death. The employee turnover rate in the reporting period was 8.8 percent[8]. For the German companies, the data on which this metric is based is taken from our HR systems. The data for the international subsidiaries is gathered from individual systems and through manual processes. The data is consolidated and the metric calculated in the ESG management system. The turnover rate in the previous year included only voluntary turnover.

Another metric that, in our view, permits indirect inferences regarding employee satisfaction is the average length of service with the company. This stood at 7.4 years in the reporting year. This metric is calculated by the HR department.

Metrics: Employee matters

Metrics	2024
Employee turnover	8.8%
Average length of service	7.4 years
Proportion of women in management positions in %	20.0%
Workplace accidents per 1,000,000 hours worked	10.5

Overarching impacts, risks and opportunities related to our employees

One of the biggest challenges we currently face is the limited availability of qualified expert staff in the high-tech sector. This topic is reflected in various material risks, which are described in the “Working time”, “Adequate wages” and “Training and skills development” chapters. By creating secure employment (“Secure employment” chapter) and valuing our employees through an above-average remuneration system (“Adequate wages” chapter), we aim to increase the attractiveness of our company to qualified expert staff and ensure their long-term retention.

In response to this challenge, our focus in the reporting year was on developing a wide range of actions to increase employee satisfaction at PVA TePla. A core project in this regard is the human resources project “Together into the Future”, which was launched in 2023 and is being implemented up to and including 2025. Its goal is to devise standardized policies for the entire Group. A core team comprising managers from different areas, a representative of the General Works Council and the CEO was set up to conduct the project. Responsibility for the successful implementation of this policy lies with our CEO. The core team is assisted by experts in the area of human resources development. Several project groups were additionally created as part of the project. These are supported by employees from various areas of the company.

One of the project groups is focusing on developing a program to promote employee engagement and job satisfaction through various benefits. The human resources project also includes developing distinct role concepts, establishing management principles and improving feedback processes, likewise with the aim of promoting employee satisfaction. New employees also benefit, with a redesigned onboarding process implemented to help all new entrants at the German sites. The project is set to run until 2025 inclusive. However, all measures developed as part of it will be taken up by the responsible departments and continuously pursued with a view to maintaining the improvements in employee satisfaction over the long term. Further actions relating to this project are discussed in the following chapters.

[8] The employee turnover rate is calculated by dividing the total number of persons (per capita) who left the company by the average headcount (per capita) in 2024.

Secure employment

Impacts, risks and opportunities

We see it as our responsibility to offer our employees a secure job and seek to live up to this by way of foresighted strategic human resources planning. By focusing our business model on growth areas such as digitalization, decarbonization and mobility, we believe that PVA TePla offers long-term job – and hence also financial – security for our employees. This has a positive impact on our employees.

Policies

Our HR policy is geared toward long-term employment, as stable working relationships are mutually beneficial both for employees and for our company. This promotes trust between employer and employees and helps create secure jobs that in turn contribute to achieving our strategic growth objectives. There is currently no specific policy on this approach. Our primary aim is to focus our business model on growth areas such as digitalization, decarbonization and mobility to create a secure and future-ready workplace. These sectors offer long-term growth potential, enabling us to develop innovative solutions that not only meet today's requirements but also address tomorrow's challenges. By continuously evolving in these areas, we can go on offering stable employment.

Actions

The number of temporary employees is low; PVA TePla employs flexible workers solely in exceptional cases. These actions strengthen the job security of our employees. We seek to offer our employees financial stability through a sustainable business model. We pave the way for long-term job security by diversifying into different segments (Semiconductor and Industrial).

Targets

Our goal is to retain existing knowledge in the company over the long term and to create an attractive, motivating working environment through stable, reliable employment relationships. Secure jobs can not only contribute to employee satisfaction but also strengthen our employees' identification with the company, reinforcing their long-term loyalty and reducing employee turnover.

There are as yet no concrete, measurable, outcome-oriented targets related to secure employment.

Diversity and equal opportunities

Diversity

Impacts, risks and opportunities

Diversity and equal opportunities are core values in our corporate culture. A diverse workforce promotes knowledge sharing, brings in different perspectives and strengthens collaboration at all levels. Our HR policy is geared to cultivating a culture that promotes diversity and equal opportunities, avoids discrimination in any form and provides equal development opportunities for all employees.

Policies

We are committed to ensuring that every employee is treated fairly and has equal access to career development, irrespective of gender, age, ethnic origin and nationality, religion, sexual orientation or disability. Employees and applicants are assessed according to the principle of equal treatment; no form of discriminatory behavior is tolerated whatsoever. This principle is enshrined in our Code of Conduct. The HR department serves as the central point of contact in this regard. Responsibility for implementing the principle lies with the Management Board.

Actions

For managing diversity in-house, we drew up a plan in the reporting period outlining how we intend to more closely address this topic going forward. As an initial step, we have devised a metric that makes diversity within PVA TePla measurable. It will be implemented in the coming reporting period.

In this metric, diversity is separated into different dimensions: demographics, gender, cultural diversity and inclusion. This is supplemented by a team-level KPI encompassing age and gender diversity in order to record diversity also within our working teams. Weighting the various dimensions results in an overall diversity metric that we aim to continuously improve over time. This metric represents a starting point for introducing appropriate actions to help improve diversity at PVA TePla and promote a diverse and inclusive corporate culture.

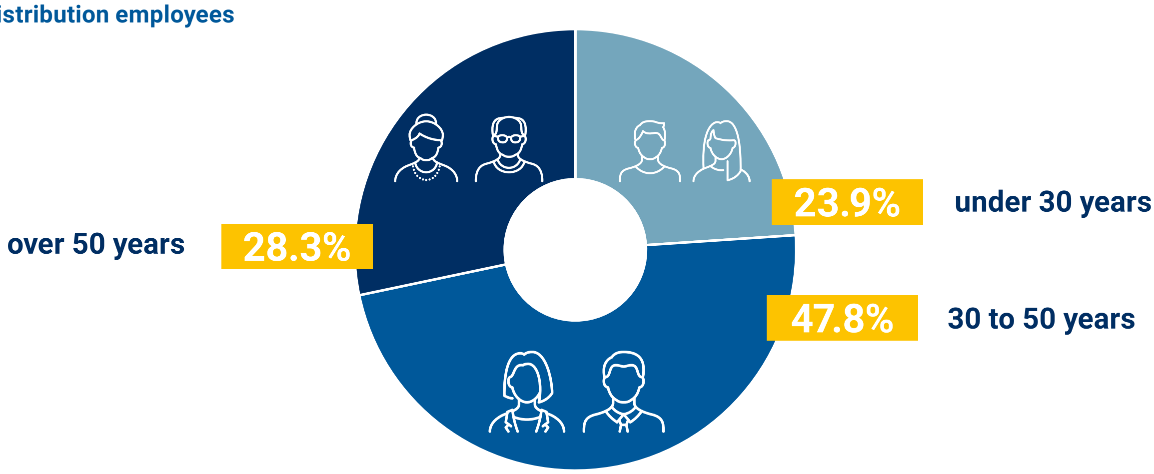
Targets

Measurable, outcome-oriented targets will be set after determining the metric for the first time.

Metrics

The age distribution within PVA TePla is shown in three age groups (under 30, 30 to 50, and over 50) in the chart below. All employees are included in the age distribution, including trainees, managing directors and the Management Board. For the German companies, the data on which this metric is based is taken from our HR systems. The data for the international subsidiaries is gathered from individual systems and through manual processes. The data is consolidated and the metric calculated in the ESG management system.

Age distribution employees



Another metric is the percentage of female employees within PVA TePla. This stood at 19.9 percent in the reporting year. The data on which this metric is based is provided for the German companies by the HR department. For the sites in Italy, France, Asia and America, responsibility for providing the data lies with the managing directors. The data is consolidated and the metric calculated in the ESG management system.

At the first two levels below the Management Board, the percentage of women in management positions was 20.0 percent in the reporting year. The first level below the Management Board comprises the managing directors of the subsidiaries and the holders of “Prokura” (statutory general power of attorney) at PVA TePla AG. Departmental heads make up the second level. For the German companies, the data on which this metric is based is taken from our HR systems. The data for the international subsidiaries is gathered from individual systems and through manual processes. The data is consolidated and the metric calculated in the ESG management system. To calculate the percentage of each gender in management positions, the number of women and the number of men are each divided by the total number of individuals in management positions.

	Male	Female	Total
Management positions by gender	88	22	110
Percentage of each gender in management positions	80%	20%	100%

Gender equality and equal pay for work of equal value

Impacts, risks and opportunities

Another major impact on our employees relates to gender equality and equal pay for work of equal value. We are actively committed to ensuring that all employees have the same development opportunities and career prospects, irrespective of gender or other personal characteristics.

Policies

The principle of equal treatment is enshrined in our Code of Conduct. We do not tolerate any discrimination on the basis of ethnic or national origin, skin color, gender, religion or ideology, disability, age, sexual identity or other characteristics. In addition to complying with all relevant laws and regulations, our policies on employee recruitment, hiring, remuneration, management and promotion are based on equal opportunities, fair play and diversity.

At PVA TePla, we are actively committed to equal treatment. Nevertheless, achieving a balanced ratio of men and women poses a challenge in our industry, which is largely characterized by technical and manufacturing-related occupations. This is partly because men predominate in many technical and manufacturing occupations – which also further exacerbates the skills shortage in this domain.

Our principles such as the Code of Conduct and our HR policy make no distinction between genders or other personal characteristics. These values are an integral part of our corporate culture. We work to ensure equality of opportunities and development for all employees, irrespective of gender or other characteristics, and to shape a work environment characterized by respect and appreciation.

Actions

We did not take any specific action related to gender equality in the reporting year. However, we plan to measure the gender pay gap for the first time, which will provide us with valuable insights into equitable pay and where we can take suitable action to reduce any gender pay imbalances that potentially exist. These insights enable us to develop targeted initiatives to promote equal opportunities and fair pay.

Targets

No measurable, outcome-oriented targets have been set at the present time. We consider that the effectiveness of the action can be measured indirectly from employee satisfaction as well as by recording any grievances regarding discrimination. After measuring the gender pay gap for the first time, we will also seek to take action toward continuously reducing any gap found. This measurement is planned for the coming reporting period. To gain a more differentiated view of the gender pay gap, we consider it useful going forward to additionally determine the adjusted gender pay gap. This takes into account differences in position, qualifications and professional experience, thereby providing a more accurate picture of actual pay inequalities for work of equal value.

Working conditions

Working time

Impacts, risks and opportunities

Experts are urgently needed to deliver PVA TePla's growth strategy, but are difficult to find due to the increasing skills shortage. This could lead to an excessive workload for our existing employees. We counter this with clear-cut, structured policies on working time and other actions.

Policies

Working time is generally specified in employment contracts. We have defined working time models that align with the requirements of the respective work areas. For example, flexible working time models have been established at our German companies. These operate as a flextime arrangement with fixed core hours, allowing employees to organize their working time in a flexible yet structured manner. Under our company agreement on working time, all employees on flextime are free to work earlier or later within a set hour range to complete their working time. The purpose of this flexible working time arrangement is to allow employees to attend to personal matters such as visiting authorities, doctors' appointments or other private engagements and commitments. In the absence of flextime credit, employees needing to tend to personal matters can also go into deficit on their flextime account.

Actions

For the sake of transparency and to ensure compliance with the applicable statutory and internal requirements, employees' working times at the German sites are tracked in a time recording system. The regular working day is seven or eight hours depending on the employment contract, subject to a maximum of ten hours on any one working day at the German sites. Adherence to this is monitored by HR management.

Overtime beyond the flextime contingent has to be approved in each instance by the manager, stating the reasons and the timeframe. The HR department must also be notified.

To minimize the negative impact of excessive workloads on our employees, the different areas of the company were strengthened through the addition of new employees in the reporting year. Action was similarly taken to make work easier, including investment in digital infrastructure and various improvements in production that are to be expanded in future years. A key part of these initiatives is the introduction of a shop floor management system. This means that managers are regularly on site during the production process, thereby facilitating communication and streamlining the identification and resolution of any issues. The aim is to improve processes and in turn reduce our employees' workload. This has so far been launched at one PVA TePla Group subsidiary and is to be rolled out at other subsidiaries going forward.

Targets

No measurable, outcome-oriented targets on the topic of working time have been set at the present time.

Adequate wages

Impacts, risks and opportunities

A material positive impact in relation to adequate wages arises from a fair pay system that contributes to a positive working environment, enhances employee satisfaction and reflects due appreciation of the workforce. Despite these positive aspects, finding the experts we need to deliver our growth strategy is challenging due to the current skills shortage. This is further exacerbated by high wage expectations. These wage expectations due to the shortage of skilled workers have financial implications for PVA TePla, which are also reflected in the prices of our products, as we produce entirely in high-wage economies. At the same time, a material opportunity presents itself here in that competitive and adequate wages can enhance employee satisfaction, which in turn increases length of service, thus keeping employee turnover at low levels and retaining valuable expertise within the company over the long term.

Policies

At PVA TePla, we pay fair levels of remuneration based on national benchmarks. We aim to offer above-average pay in order to be perceived as an attractive employer for highly skilled workers. Employees at the German locations are classified into salary groups in accordance with the collective pay scale agreement. This is designed to reduce any pay gaps. The salary groups defined in the agreement relate to set definitions of career levels and responsibilities that are assigned a corresponding salary level. Employees in Italy (PVA TePla Italy) and France (M.P.A. Industrie SAS) are paid according to a uniform collective agreement for the metal industry.

Actions

As part of our commitment to ensuring that our employees are paid adequate wages, we hold regular negotiations between the works council and management in Germany to make sure that wages are set at an attractive level. Implementation of the wage adjustment agreed in 2023 continued to progress successfully in the 2024 reporting year. This was supplemented by a voluntary one-time payment for 2023. We are planning additional targeted action to further strengthen our remuneration policy in 2025 and 2026. In 2025, for example, a pay increase that has already been decided will be implemented for all employees (including trainees) at our German locations. For 2026, we plan to introduce a uniform benefit program with monthly balances.

Targets

The overriding aim of our remuneration policy is to provide adequate wages that secure our competitiveness for skilled workers and promote long-term employee loyalty. There are currently no plans to introduce a measurable, outcome-oriented target. However, the effectiveness of our action can be monitored indirectly – for instance, by tracking the rate of voluntary employee turnover and perceptions of PVA TePla on the labor market.

Metrics

One hundred percent of employees are paid at least the minimum wage of the country where they work or, in the absence of a statutory minimum wage, an adequate living wage consistent with the principles of the Wage Indicator Foundation[9].

[9] Minimum Wages, Living Wages and Labour Law Around the World – WageIndicator.org

Work-life balance

Impacts, risks and opportunities

PVA TePla takes action to promote work-life balance in various ways, including flexible working times. In this way, we enable our employees to have enough time for their families and personal lives, thus contributing to greater satisfaction and stronger loyalty to our company.

Policies

While PVA TePla does not have an overarching policy on the topic, it has introduced various company agreements that promote work-life balance. These include an agreement on working time, an open-ended agreement on mobile working and an agreement on partial retirement. The agreements were drawn up and agreed in close cooperation between the works council and the Management Board. They apply to all employees at our German sites.

Actions

We act in various ways to promote a healthy work-life balance, enabling our employees to reconcile their work commitments with sufficient time for their families and personal lives. To this end, we offer models that align with the needs of the respective workplaces such as flexible working hours (flextime), mobile working, remote working and individually variable part-time arrangements. The aim is to increase employee satisfaction and contribute to long-term employee loyalty to the company.

Targets

Measurable, outcome-oriented targets on work-life balance have not been set.

Training and skills development

Impacts, risks and opportunities

High employee turnover with inadequate training and skills development impacts our business operations due to the knowledge drain caused by experienced employees leaving the company, coupled with the significant costs associated with onboarding new employees. To counter the risk of high employee turnover, we attach great importance to continuous professional development for our employees. We promote our employees' individual development through a variety of professional and personal training opportunities.

Policies

We have devised a skills and training matrix to systematically promote skills development among our workforce at the German locations. The matrix helps us determine whether employees, teams and departments have the necessary skills, competencies and qualifications for their day-to-day work. It reveals any need for further training and optimization while laying the groundwork for identifying development priorities. On this basis, we can plan targeted development activities and efficiently allocate resources to advance both the professional development of our employees and the achievement of our corporate goals. The skills and training matrix is made available on the intranet by Quality Management and is applied by managers at the German sites.

Actions

In 2023, the "Together into the Future" HR project was launched to give HR development a greater strategic focus. The project involves working with a variety of employees to come up with measures that contribute to personnel and organizational development. One example is a comprehensive management training program launched in 2024 and set for expansion in the coming year.

All employees at PVA TePla's German sites also receive mandatory training in occupational safety, IT security and data protection. This is complemented by voluntary training individually tailored to the professional development of our employees. We additionally offer in-house training on personal development, communication, feedback and stress management. Provided online in both German and English, this training is accessible to a large number of employees.

Targets

The measures described are aimed at increasing employees' performance and efficiency by systematically developing their skills and competencies. At the same time, they are designed to help employees hone their creative and troubleshooting skills and boost the company's capacity for innovation. Continuous professional and personal development opportunities also enhance employee motivation and loyalty. Another focus is on improving leadership skills to nurture a consistent and effective leadership culture.

In the area of training and skills development, an additional goal is to introduce systematic tracking of training programs and hours in order to transparently monitor the progress and success of training activities. Moreover, additional professional advancement opportunities are to be offered to promote targeted employee development. No measurable, outcome-oriented targets have been set so far. However, the effectiveness of further training is reviewed in annual employee appraisals, in which actions are discussed on an individual basis.

Health and safety

Impacts, risks and opportunities

As a manufacturing company and producer of systems, there is a heightened risk of work-related accidents for production employees, in particular, leading to a potentially negative impact on our workforce. It is hence a matter of course for us to take proactive measures to protect the health and enhance the performance of our employees. These activities contribute significantly to workforce safety.

Policies

PVA TePla AG and its certified subsidiaries[10] operate a quality management system (DIN EN ISO 9001:2015) that also covers environmental management as well as occupational safety and health management. This system governs strategic accountability and operational practices across all areas and promotes compliance with legal requirements. Responsibility for its effectiveness lies with the Management Board of PVA TePla and the managing directors of the certified subsidiaries. Cross-cutting quality management ensures implementation of the standard and a regular audit schedule. With regard to occupational health and safety, care is taken to ensure that all relevant legal requirements are adhered to for the protection of employees.

[10] PVA Analytical Systems GmbH, PVA Crystal Growing, PVA Italy S.R.L., PVA Industrial Vacuum Systems GmbH, PVA Löt- und Werkstofftechnik GmbH, PVA Metrology & Plasma Solutions GmbH, PVA SPA Software Entwicklungs GmbH, PVA Vakuum Anlagenbau Jena GmbH

Actions

We have put a number of measures in place to further promote the health and safety of our employees. These include both general training on occupational safety and specialized training and instruction tailored to specific work areas. Such preventive measures serve to avoid accidents. Production, service, administration and sales each have specific occupational safety requirements. That is why the PVA TePla Group has implemented measures geared to local conditions, thus minimizing the hazards to which employees are exposed at work.

Furthermore, the provision of personal protective equipment – such as helmets, protective footwear and safety goggles – is consistently promoted in order to further improve the working environment. In addition, employees at the German locations are covered by group accident insurance.

Our approach to continuously improving our occupational health and safety management system encompasses annual inspections and assessments. These allow us to identify potential risks and weaknesses at an early stage and take appropriate action to mitigate or eliminate risks.

As part of our occupational health management, employees have access to an occupational physician for general check-ups, eye tests, various inoculations and similar services, frequently even in the workplace.

Targets

The above preventive measures are aimed at avoiding accidents and providing a safe working environment. A key target is keeping the accident rate as low as possible.

Metrics

The management system covers 82.1 percent of our Group companies (DIN EN ISO 9001:2015 or DIN EN ISO 45001). In 2024, the accident frequency rate per 1,000,000 hours worked stood at 10.5 (work-related accidents involving at least one lost day). Calculation of this metric involves a number of uncertainties, as working hours are not recorded uniformly across the various subsidiaries. That is why it is calculated on the basis of annual target working hours less vacation time. The number of work-related accidents is divided by the working hours of all employees and multiplied by 1,000,000. As in the previous year, there were no fatal work-related accidents at PVA TePla in fiscal year 2024.

Anti-corruption and anti-bribery

Corporate culture

Impacts, risks and opportunities

Unethical conduct, such as corruption and bribery, can have serious negative implications for our company. Not only does it put our reputation and the trust of our customers, business partners and investors at risk but can also have serious legal consequences. These could impair our long-term competitiveness and jeopardize the achievement of our strategic goals.

This means that, at PVA TePla, we are committed to a corporate culture free from corruption and bribery, one that embraces ethical values and is reflected in our structure as well as in our day-to-day business. These principles are enshrined in our Code of Conduct.

In addition to avoiding unethical behavior, we also regard a strong corporate culture as an opportunity that benefits us in numerous ways. Clear structures and respectful interaction coupled with the consideration of diverse opinions and interests are critical to employee satisfaction. These factors are also a prerequisite to ensuring that PVA TePla enjoys a positive reputation as a business partner and employer.

Policies

At PVA TePla, the roles of the management and supervisory bodies are clearly defined, ensuring consistent adherence to the principles of good corporate governance. The Management Board, headed by our CEO, is responsible for setting and implementing the corporate strategy and is actively committed to the corporate values and compliance with all relevant legal requirements, which are similarly enshrined in the Group-wide Code of Conduct (Tone from the Top).

The Supervisory Board performs a supervisory role and ensures that our business practices comply with legal requirements and ethical standards.

At the heart of our corporate culture is our Code of Conduct in its most recently amended and published form. It is binding for all PVA TePla Group employees and management worldwide. The Code of Conduct is available to each and every employee on the intranet. All managing directors and managers in the PVA TePla Group are required to bring the Code of Conduct to the attention of employees on an annual basis as well as when people join the company.

The Code of Conduct covers topics such as data protection, environmental protection, fair competition and the prevention of corruption and bribery. In addition to legal requirements and company policies, we adhere to the German Corporate Governance Code.

Our corporate culture and our maxim “With innovation through appreciation to success” are rooted in our four core corporate values: appreciation, reliability, innovation and sustainability. Special emphasis is placed here on the two facets of innovation and appreciation, which also play an important role in our HR approach as described in the “Employee matters” chapter. This approach is intended to promote fair and respectful relations within the company and reflect our ethical values in our daily work.

Actions

PVA TePla has implemented various training portals to raise awareness of our internal policies and in particular the Code of Conduct. These provide online training on key topics such as occupational health and safety, IT security, compliance and data security. In collaboration with Compliance Management, we devised a training program covering the Code of Conduct in the 2024 reporting year. A concept was drawn up and a suitable provider selected to conduct the online training. This training course is provided on the intranet in German and English for all PVA TePla Group employees.

Key topics covered by the training content include the purpose of the Code of Conduct, discrimination, information security, data protection, IT security, conflicts of interest, corruption and bribery, competition law, insider information and social responsibility. We aim for all employees to complete the training annually and to verifiably document take-up. The training is to be made available to employees in the next reporting period and will contribute to further consolidating our corporate culture.

Our employees can report potential violations of our internal policies at any time by directly contacting their supervisor, the works council, the company's management, corporate security or the human resources department. All reports are reviewed and processed individually. We also provide both internal and external stakeholders with a channel for reporting violations anonymously through our whistleblower system. Further details are provided in the "Prevention and detection of corruption and bribery" chapter.

Targets

No measurable, outcome-oriented targets were set in relation to our corporate culture in the reporting period.

The effectiveness of our policies and actions is reflected, for instance, in the metric on cases of corruption and bribery (see the "Prevention and detection of corruption and bribery" chapter). In addition, our corporate culture is evident in our daily interactions and is indirectly reflected in various HR metrics. A strong corporate culture contributes to overall employee satisfaction and thus has a positive impact on metrics such as our employee turnover rate and length of service (see the "Employee matters" chapter).

Prevention and detection of corruption and bribery

Impacts, risks and opportunities

As already noted in the “Corporate culture” chapter, corruption and bribery pose serious risks to PVA TePla’s reputation and to our business relationships. That is why we have taken action to prevent corruption and bribery and to promote ethical business practices. Our risk and compliance management system (RCMS), internal audits and the Code of Conduct form the cornerstone of our prevention strategy. If, despite these precautions, any suspicion of corruption or bribery should arise, our whistleblower system provides for such incidents to be securely and anonymously reported.

These actions not only ensure that our conduct is in accordance with the law but also preserve the integrity of our business relationships and avoid any unfair competitive advantage.

Policies

The PVA TePla Group has implemented an effective risk and compliance management system (RCMS) to continuously assess potential risks relating both to compliance and to purely financial matters. This system ensures compliance with all relevant legal and regulatory requirements as well as internal company policies.

The RCMS is supplemented by our comprehensive risk and compliance management manual, which is available on the intranet and binding for all companies in the PVA TePla Group. This sets out the procedures and organizational structures for ensuring compliance. Overall responsibility for risk and compliance management lies with the Management Board of PVA TePla AG. Our risk and compliance management team regularly informs the Management Board of any relevant developments. Detailed quarterly reports are provided to the Management Board by our Risk and Compliance Manager. The Supervisory Board is also regularly briefed on all relevant matters in this area.

The internal audit department of PVA TePla AG reviews the effectiveness of our RCMS and reports its findings, together with recommended improvements, directly to the Management Board.

Actions

We initiated the revision of our RCMS manual during the reporting period. The aim of this revision is to divide the manual into two sections – separately covering risk management and compliance management – with clear, specific requirements for each of these areas. We plan to bring out the new manuals in the coming reporting period.

Our compliance management is based on the three-pillar, “Prevent, Detect, Respond” model of the Deutsches Institut für Compliance (DICO). The “Prevent” pillar aims to ensure that criminal offences are prevented from the outset. Among other things, this relates to training and policies. “Detect” means that we take proactive measures such as the annual compliance risk survey among our compliance owners and the whistleblower system. “Respond” relates to making adjustments to processes in the event that a compliance risk or compliance incident is detected. This includes sanctions and immediate notification of the Management Board.

Above these three pillars is a clearly defined accountability structure based on the Institute of Auditors Three Lines Model. In this model, the first line of defense consists of the owners of each compliance issue; the second line is compliance management, which provides support, oversight and advice; and the third line is the independent internal audit function. Responsibility for compliance lies with the Management Board.

Augmenting the compliance training described in the “Corporate culture” chapter, we foster a corporate culture of actively encouraging people to look out for and report violations. Managers in the PVA TePla Group are required to lead by example in this regard, encouraging employees to report potential violations and become actively involved in implementing the Code of Conduct. Responsibility for these tasks is assigned to managers by the managing directors of the various PVA TePla companies.

As described in the “Corporate culture” chapter, various channels are available for both employees and external stakeholders to report suspected violations. These include, firstly, the whistleblower system, which can be used to report information on breaches of the law anonymously. Secondly, our employees can directly contact their supervisor, the works council, the company’s management or the information security, data protection, export control, occupational health and safety or human resources functions.

Revised in 2023, the whistleblower system is available on our website for all employees and external stakeholders. All cases submitted are processed by external ombudspersons. In addition, two officers have been appointed within PVA TePla to determine the necessary follow-up measures in consultation with the ombudspersons. In the event that either of these officers is implicated in a case, the second takes over.

Targets

Our target is to completely eliminate all forms of bribery, including conflicts of interest, money laundering and related practices, in order to create a compliant and ethical work environment. In this way, we seek to ensure that risks are identified at an early stage and effectively prevented. We track our progress toward this target using our metric on confirmed incidents of corruption or bribery (see the “Incidents of corruption or bribery” chapter). Our aim is for our preventive action to be so effective that no incidents of corruption or bribery occur. We successfully achieved this target in 2024.

Incidents of corruption or bribery

Number of confirmed incidents of corruption or bribery
The number of confirmed incidents of corruption or bribery is requested from the managing directors of all PVA TePla Group companies and centrally consolidated in the ESG management system. There were no confirmed incidents of corruption or bribery in the 2024 reporting year.

Number of convictions and the amount of fines for incidents of corruption or bribery
The number of convictions for corruption or bribery is recorded for the entire Group by the Head of Legal Affairs, who is responsible for handling any such incidents that occur. There were no convictions for incidents of corruption or bribery and hence no fines in the 2024 reporting year.

Management of relationships with suppliers

Impacts, risks and opportunities

At PVA TePla, we work with a wide variety of different suppliers whose products and services contribute significantly to the quality of our systems. To ensure the stability and reliability of our supply chain, we place great emphasis on maintaining long-term business relationships based on trust.

In view of the high quality standards that are central to our business model, we recognize that supplier disruption caused by unethical conduct or improper treatment of our suppliers may present us with a significant risk.

Policies

Our supplier management is based on close and trusting partnership. Especially in the case of highly specialized or technology-intensive components that are critical to the performance of our systems, we collaborate closely with the suppliers and work with them on component development. Alongside procurement, quality assurance plays a key role here. Our quality assurance function is directly involved in dealings with suppliers in order to ensure that the quality standards and requirements for our products are consistently met at the highest level. Aside from specially developed components, we procure standardized mass parts that do not require extensive quality assurance.

For quality and transportation reasons, we source most of the components for our German companies from suppliers in Germany. There is currently no specific policy for this approach.

For the German companies, our payment processes are centrally monitored by the finance department to ensure that payment deadlines are met and payment delays avoided. This, of course, also applies to small and medium-sized enterprises (SMEs). The process is documented in instructions that set out the responsibilities and procedures for processing incoming invoices. These instructions have been approved by our Management Board, while the finance department is responsible for implementation. Our international subsidiaries have payment processes of their own. In some cases, these are operated by external service providers. Here too, specific rules for invoice approval apply.

Actions

For our German sites – especially in the case of critical components – we subject new suppliers to a detailed, structured approval process that includes both on-site visits and comprehensive, documented audits. This process includes a supplier self-assessment and a credit check. We hold annual strategy meetings with our key suppliers to discuss the business relationship and specific quality issues. At our Italian site, as with the process in Germany, the procurement and quality management departments hold meetings with and assess new suppliers. Our sites in Asia are exclusively sales and service companies that largely source their product purchases internally from other PVA TePla companies.

The aim of these measures is to ensure that the quality of sourced components meets our high standards, to maintain delivery reliability and to strengthen long-term business relationships with our suppliers. Close dialogue with our core suppliers also enables us to move quickly in response to potential risks such as supply shortages. At present, suppliers are not systematically surveyed on social or environmental standards.

One example of risk management in this area during the reporting year involved severe hurricane damage to major silica sand deposits and related infrastructure in the USA. This could have interrupted the supply chain for several months. However, by proactively communicating with our suppliers, we were able to place additional orders in time to avoid production disruptions and ensure that our projects could continue as planned.

In 2024, our procurement team for the German sites launched two pilot projects to establish a structured process for quality assurance and communication with new suppliers. This process will make us even more resilient to potential supply disruptions going forward. It includes structured preliminary discussions and on-site meetings with the involvement of our quality assurance team. The process is to be implemented in the coming reporting period.

With regard to payment terms, we work on the basis of the contractual agreements with our suppliers. We respect the various payment requirements and incorporate them into our internal processes. More precisely, incoming invoices are entered into our accounting systems and are subjected to a defined checking and approval process.

Targets

There is currently no measurable, outcome-oriented target in relation to direct business relationships with suppliers, quality assurance and the avoidance of supply shortages. However, the effectiveness of the action we take is reflected in indicators such as the frequency of quality defects in purchased components, the frequency of supply shortages and supplier relationship terminations. These factors serve as a frame of reference for assessing the effectiveness of our approaches.

There are likewise no measurable, outcome-oriented targets in relation to our payment practices. The effectiveness of our approaches is nevertheless reflected in a metric, “Percentage of payments aligned with standard payment practices”, as well as through the analysis of complaints or inquiries in connection with delayed invoices, which are continuously monitored.

Metrics

Days payable outstanding

This metric measures the average time it takes to pay an invoice from the date when the contractual or statutory term of payment starts to be calculated, in number of days. We calculate the days payable outstanding (DPO) as average trade payables in the reporting year divided by cost of materials and multiplied by the 360 days of the commercial year. We obtain these data from our financial systems, which enables precise monitoring of our payment processes. The calculation is an approximation, as it relates to the average time taken to settle the accounts payable and not the number of days after the contractual payment obligation. In the 2024 reporting year, the DPO (in the IFRS consolidated financial statements) was 47 days.

Percentage of payments aligned with standard payment practices

Our payment practices are based on the periods specified by our suppliers. This metric shows the percentage of payments for which we have met the payment periods agreed with our suppliers. It is measured on the basis of our financial systems. In the reporting year, the figure was 64.22 percent .

Number of legal proceedings for late payments

This metric measures the number of legal proceedings initiated due to late payments. It provides an insight into the effectiveness of our payment practices and shows potential weaknesses in complying with payment periods. There were no legal proceedings for late payments in the 2024 reporting year.

[11] This metric is only recorded for companies that use our standardized eGecko accounting system.

Macroeconomic environment and sector development

Macroeconomic and sector-specific conditions primarily concern the subsidiaries of PVA TePla AG. However, since PVA TePla AG generates the bulk of its income from profit transfer agreements with its subsidiaries, these conditions are not only relevant for the PVA TePla Group as a whole, but also for the holding company as a stock corporation under German law (AG).

Overall, 2024 presented PVA TePla AG with market challenges that were actively countered with targeted measures, including an increased focus on growth areas such as silicon carbide technologies, advanced metrology solutions and automation, enabling the company to further develop its market position. This adaptability strengthens PVA TePla's long-term competitiveness, as it enables the company to benefit from structural market growth as well as successfully manage short-term fluctuations. The increasing diversification into different end markets also reduces dependence on individual sectors and strengthens the resilience of the business model.

Global economy

The global economy continued to be characterized by major uncertainties in 2024, but overall conditions have stabilized. While inflation rates in the advanced economies fell significantly, giving central banks room to cut interest rates for the first time, there was no sustained economic upturn in most industrialized countries. Gross domestic product (GDP) in Germany fell slightly by 0.1%, reflecting the weakness of industry and persistently low private demand. Economic momentum also remained subdued in China, a key sales market for German industry, despite political impetus to stabilize the economy. Globally, the world economy grew by 3.2% in 2024, a sign of continued moderate momentum.[12]

Industrial production and global trade, both key factors for PVA TePla AG's business development, remained weak. Although global industrial production recovered slightly over the course of the year, it remained well below the record levels of previous years. The Kiel Trade Indicator, which is based on real-time container traffic data, indicating weak momentum in global trade in 2024. A hesitant recovery in global industrial production was held back in particular by weak international demand from China. The purchasing managers' indices for the manufacturing sector remained at a low level throughout the year, indicating continued subdued development[13].

Despite challenging conditions, there were business and growth opportunities for PVA TePla in some submarkets in fiscal year 2024. However, the general conditions for the industry as a whole remained challenging due to high energy prices in many regions, increased production costs, and a subdued willingness to invest.

[12] https://www.ifo.de/fakten/2024-12-12/ifo-konjunkturprognose-winter-2024-deutsche-wirtschaft-am-scheideweg https://www.ifw-kiel.de/de/publikationen/weltwirtschaft-im-winter-2024-im-zeichen-wirtschaftspolitischer-unsicherheit-33587/

[13] https://www.ifw-kiel.de/de/themendossiers/internationaler-handel/kiel-trade-indicator
www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/fis-import/b6400436-e48e-4080-8751-9b6736201b75-KKB_119_2024-Q4_
https://World_EN.pdf

Expected recovery in the eurozone: forecasts point to gradual growth

Following a strong recovery from the pandemic-related declines, economic growth in the eurozone stagnated in 2024. The industrial sector in which the PVA TePla Group operates continued to face challenging conditions. High energy prices, restrictive financing conditions as a result of the previously tight monetary policy, and persistently weak international demand led to virtually stagnant development in key industrial sectors such as mechanical engineering and the semi-conductor industry. In particular, subdued demand in key export markets such as China weighed on external economic impetus[14].

As 2024 progressed, there were signs of a temporary stabilization in industrial demand, although momentum weakened again somewhat over the summer. The decline in inflation and initial monetary easing improved investment conditions for companies in the eurozone. This particularly benefited technology-driven industries such as the semiconductor industry and other high-tech sectors, which are among PVA TePla Group's core markets.

While energy-intensive industries continued to struggle with high costs, demand for high-tech equipment and production systems benefited from a more stable supply of raw materials as well as advancing electrification and digitalization. The structural need to invest in technologies to increase efficiency and sustainability remained a key growth driver for the industries in which PVA TePla AG operates[15].

Nevertheless, economic growth in the eurozone will remain subdued in 2024 at an estimated 0.7%, only slightly above the previous year's 0.5%. A significant acceleration to around 1.4% is not expected until 2025 if global economic conditions continue to stabilize and corporate investment activity increases[16].

Inflation in the eurozone fell from an average of 5.4% in the previous year to an estimated 2.4% in 2024. The European Central Bank is forecasting a further decline to 1.9% by 2025, which should bring inflation back within the target range. This development has been supported by continued high but declining energy prices, a normalization of global supply chains and a reduction in price pressure in many areas of production, although production costs remain high in some areas[17].

China's economy: solid growth with challenges for key industries

The Chinese economy grew by 5.0% in 2024, driven by government stimulus measures such as interest rate cuts and targeted export promotion[18]. Despite this growth impetus, China continues to face significant structural challenges. In particular, the ongoing real estate crisis and high levels of corporate and municipal debt have dampened investment activity in the industrial sector[19].

[14] https://www.ifw-kiel.de/de/publikationen/deutsche-wirtschaft-im-winter-2024-kein-aufschwung-in-sicht-33589
[15] https://www.ifw-kiel.de/de/publikationen/weltwirtschaft-im-winter-2024-im-zeichen-wirtschaftspolitischer-unsicherheit-33587
[16] https://www.ecb.europa.eu/stats/ecb_surveys/survey_of_professional_forecasters/html/ecb.spf2024q4~ee6e2cd847.en.html
[17] https://www.ecb.europa.eu/press/pr/date/2024/html/ecb.pr241018_1~9b5ce6a9bf.de.html
[18] https://apnews.com/article/china-economy-gdp-exports-stimulus-7ae30cf2b48fa82c8e4feeee85483846
[19] https://www.iwkoeln.de/studien/gero-kunath-regierung-sieht-risse-im-fundament.html

The Chinese market remains an important factor for PVA TePla AG, whose business areas include systems for semiconductor production, material synthesis and refining, as well as metrology systems for various industries. Demand in the Chinese semiconductor industry remained strong, but structural uncertainties and restrained investment activity had an inhibiting effect on market growth.

The escalating technology conflict between the US and China also shaped 2024 and is expected to continue in 2025. The US further expanded its export controls to restrict China's access to advanced semiconductor technology. Chinese companies that rely on modern chips and manufacturing technologies are particularly affected. While more restrictive export regulations could affect Chinese customers' investment activities, Chinese companies are pushing ahead with the expansion of local production capacities. This could increase demand for semiconductor manufacturing equipment and metrology systems. PVA TePla is monitoring developments closely and adapting its strategy accordingly.

China responded by expanding state support for the semiconductor industry. In addition to the EUR 44.3 billion fund for technological independence launched in 2024, further measures were announced to strengthen domestic chip production. China also restricted the export of important raw materials for semiconductor production[20].

US economy remains resilient – investments drive growth

The US economy remained robust in 2024. Gross domestic product (GDP) grew by 3.1% in the third quarter, driven by strong domestic demand and corporate investments[21].

According to the International Monetary Fund's (IMF) October forecast, growth of 2.8% is expected for 2024, while a similarly dynamic development is expected for 2025[22].

The restrictive monetary policy of the US Federal Reserve (Fed) has been gradually eased since September 2024, after several interest rate hikes had previously made borrowing costs more expensive. The investment climate remained stable, particularly in technology-intensive sectors. Government support programs and the continuing demand for high technologies continue to drive corporate spending. The inflation rate was 2.9% in December 2024 and is therefore approaching the central bank's target of 2%. This could further drive the monetary easing cycle in 2025 and thus provide positive impetus for investments[23].

One growth driver has been the increased expansion of domestic production capacities, particularly in strategically important industries. In view of geopolitical tensions and economic policy measures, companies are increasingly investing in new production sites within the USA in order to make themselves less dependent on global supply chains. This particularly affects the semiconductor industry. Increased investment in new production capacities is boosting demand for process technologies and quality assurance systems along the entire value chain. For PVA TePla, this opens up potential in the area of process technologies and quality assurance systems, as increasing investment in semiconductor production also results in higher demand for corresponding systems and measurement technologies.

[20] https://www.reuters.com/technology/china-sets-up-475-bln-state-fund-boost-semiconductor-industry-2024-05-27/
https://www.handelsblatt.com/finanzen/maerkte/devisen-rohstoffe/gallium-germanium-china-stoppt-ausfuhr-von-halbleiter-rohstoffen-in-die-usa/100091402.html
[21] https://tradingeconomics.com/united-states/gdp-growth
[22] https://www.gtai.de/de/trade/usa-wirtschaft/wirtschaftsausblick
[23] https://www.reuters.com/markets/us/fed-hold-now-eyes-strong-jobs-easing-inflation-2025-01-24/

Sector development: Dynamic growth in the semiconductor industry

The global semiconductor market continued its recovery in 2024 and grew by 19% to a turnover of USD 630 billion US. Market analysts are forecasting further growth of around 14% for 2025, meaning that the industry is expected to exceed the USD 700 billion mark.

Growth was driven in particular by high-performance computers for artificial intelligence. In particular, the increasing demand for advanced chips and memory technologies led to high investments in new production capacities[24].

Market development continued to be characterized by regional differences. The global semiconductor industry recorded robust growth in the third quarter of 2024, with revenue from integrated circuits (ICs) increasing by 12% compared to the previous quarter. IC sales are expected to grow by over 20% in 2024 as a whole, driven by strong demand for memory chips for data centers and general price increases in the memory segment. Despite this growth, structural uncertainties remain in some regions. In China in particular, the reluctance to invest is having a dampening effect on the growth of individual segments[25].

Nevertheless, large manufacturers are increasingly focusing on the expansion and modernization of production facilities in order to remain competitive in the long term. Global semiconductor production capacity reached a new record level in 2024 and is expected to expand further in 2025[26]. For PVA TePla, the market situation described above is driving increased demand. While this is not yet reflected inorder intake, there are clear investment intentions among existing and new customers. The ongoing capacity expansions in the semiconductor industry offer potential for additional growth impetus in the medium to long term.

[24] https://www.netzwoche.ch/news/2024-10-29/gartner-prognostiziert-globales-umsatzwachstum-der-halbleiterindustrie
[25] https://www.all-electronics.de/markt/globale-halbleiterindustrie-waechst-im-3-quartal-2024-2-146.html
[26] https://silicon-saxony.de/semi-globale-halbleiterindustrie-verzeichnet-starkes-wachstum-im-3-quartal-2024/

Business development Group

Overall statement by the Executive Board

Despite the challenges of a demanding macroeconomic environment, we successfully achieved our strategic goals. Targeted investments in technology, innovation, and new customer relationships enabled us to further strengthen our competitive position in the 2024 fiscal year. Another important step was the establishment of the PVA Technology Hub GmbH, which enabled us to significantly expand our research and development capacities driving innovation faster and more efficiently. We also expanded our portfolio in the field of optical inspection technologies through targeted transactions and further developed our technological expertise.

At the same time, we consistently invested in pioneering technologies and diversified our portfolio to tap into new growth areas. These strategic measures significantly contributed to sharpening our market profile, strengthening our competitive position, and driving dynamic business development.

The success of these initiatives is also reflected in the key financial figures. Group revenue grew by around 2.5% to EUR 270.1 million, while the EBITDA margin reached 17.7%, underlining our operational progress and the successful implementation of efficiency enhancement measures.

For the 2024 fiscal year, we had forecasted revenues between EUR 270 and 290 million and an EBITDA of EUR 47 to 51 million. While revenue increased slightly to EUR 270.1 million and was at the lower end of this range, EBITDA rose disproportionately and was well within the forecast range – a clear proof of our profitability and the resilience of our business model.

The Management Board is overall satisfied with this development, particularly in light of improved profitability, and considers the implementation of the innovation and growth strategy as an essential basis of the company's long-term development .

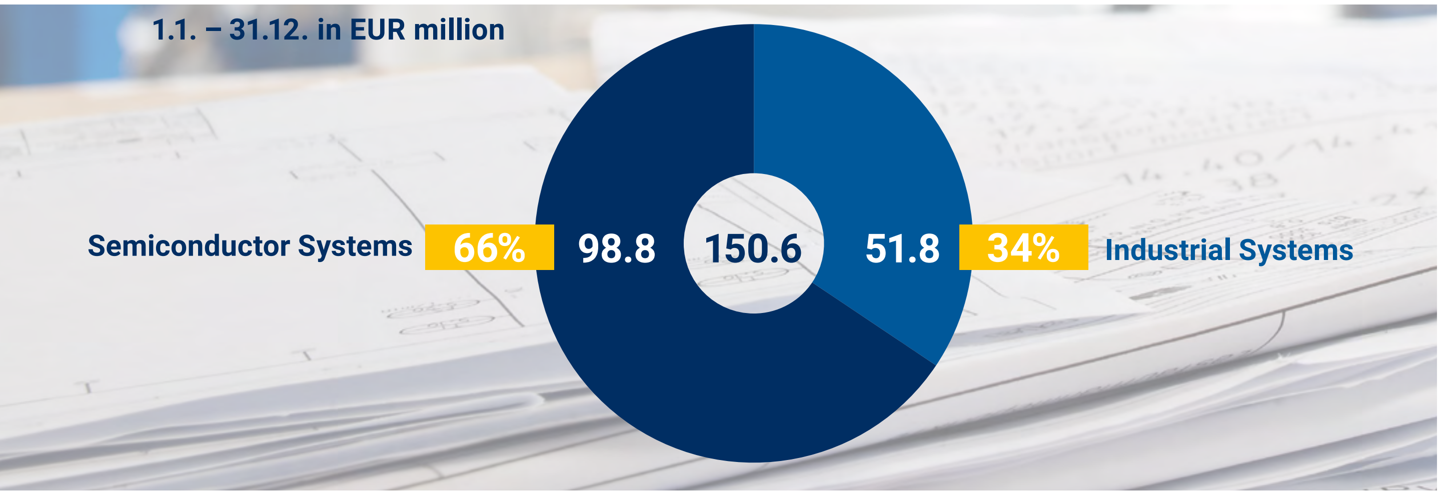
Key figures PVA TePla Group

	2023	2024	Change
Revenue	263.4	270.1	+ 2.5%
Gross profit	77.5	88.0	+ 13.5%
EBITDA	41.5	47.8	+ 15.2%
EBITDA margin (in %)	15.8	17.7	+ 1.9 pp
EBIT	34.4	39.6	+ 15.1%
EBIT margin (in %)	13.0	14.7	+ 1.7 pp
Earnings before taxes	34.1	39.0	+ 14.4%
Earnings after taxes	24.4	27.1	+ 11.1%

Orders

The PVA TePla Group's order backlog declined significantly to EUR 155.6 million compared to the high level at the previous year's reporting date (EUR 278.3 million). In addition to the trend in incoming orders, the main reasons for the decline are the high number of orders realized in the last calendar quarter of the fiscal year and a change in the order mix. Despite the decline, we consider demand to be robust. The current order backlog provides a solid basis for further business

Incoming orders



development and the achievement of corporate goals. This applies in particular against the backdrop of shorter lead times, which enable faster implementation and fulfillment of existing orders.

The Semiconductor Systems segment accounted for EUR 80.8 million (previous year: EUR 174.3 million) and the Industrial Systems segment for EUR 74.8 million (previous year: EUR 103.9 million) of the order backlog as at the balance sheet date.

At EUR 150.6 million, order intake was 32% below the previous year's figure of EUR 221.8 million. This corresponds to a book-to-bill ratio (i.e. the ratio of incoming orders to revenue) of 0.56 (previous year: 0.84). The decline is primarily due to a cyclical weakness in demand in the semiconductor industry. While the overall market grew, many orders were fulfilled from existing inventories, which temporarily slowed down investment activity in new production facilities. In addition, some customers adjusted their investment strategies by postponing planned projects or implementing them in stages rather than in large volumes.

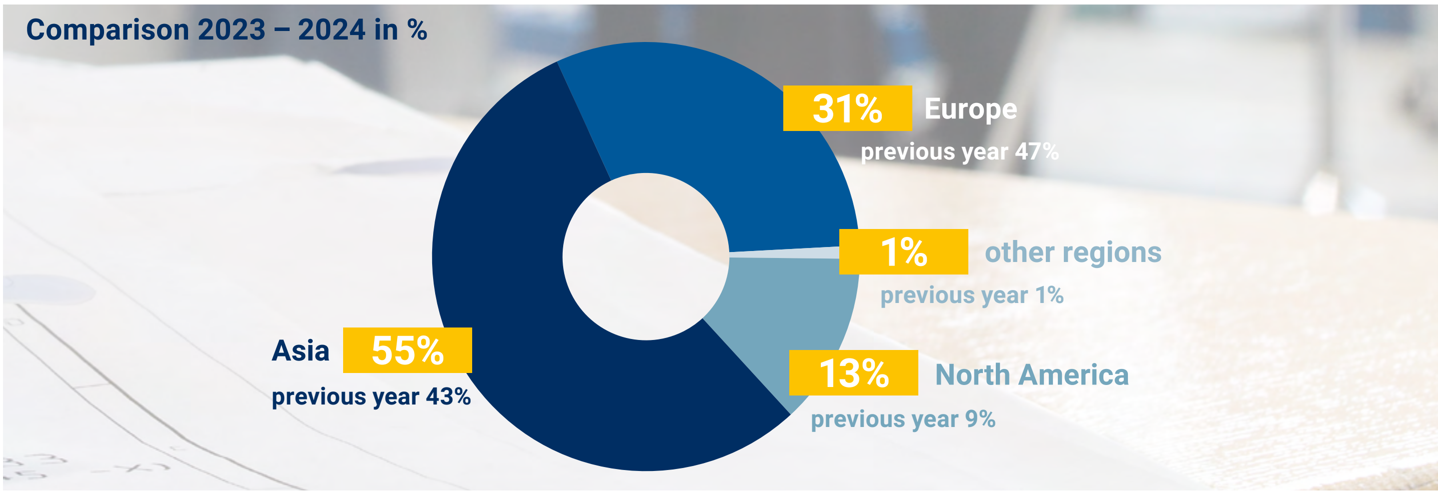
The Semiconductor Systems segment recorded an order intake of EUR 98.8 million (previous year: EUR 142.4 million). Within the segment, metrology systems again accounted for a high proportion of the order intake.

Order intake in the Industrial Systems segment amounted to EUR 51.8 million (previous year: EUR 79.4 million). Demand was particularly stronger for technologies for the aerospace, medical technology, and optical industries.

Revenue and results of operation

Despite challenging market conditions, we were able to increase our revenue slightly by 2.5% to EUR 270.1 million in the reporting period (previous year: EUR 263.4 million). This development is mainly due to our targeted growth strategy in our core markets and the high order backlog from the previous year. Although the global semiconductor market recorded growth, this was strongly driven by the sale of existing inventories, while investment in new production capacity was more restrained. The segments relevant to PVA TePla showed a differentiated development: the strong growth in the Metrology product area compensated for the lower demand in crystal growing and underlines the flexibility of our business model. We have successfully adapted to changing market conditions and further strengthened our market position in strategic future fields by opening up new areas of application for our products.

Revenue contribution by region



Asia remains largest sales market, solid development in Europe

From a regional perspective, the Asian market was once again the largest sales market with a 55% share of revenue (previous year: 43%). Within Asia, the most important markets were China, Singapore, Hong Kong, and Taiwan. However, China's importance goes beyond direct sales. As a key player in the global semiconductor value chain, the development of the Chinese market also influences investment activity in other regions.

While the share of revenue in Europe declined to 31% (previous year: 47%), business in North America saw noticeable growth of 13% (previous year: 9%). This growth resulted, among other things, from the establishment and expansion of local sales structures and increased investment in US semiconductor production in the wake of the CHIPS and Science Act.

This development reflects the fact that the strong investment activities in the semiconductor market, which took place in Germany and other countries in the previous year, were increasingly continued in Asia – particularly in Singapore – in the current reporting period. At the same time, investment decisions in Europe remained more cautious due to the current market situation.

Gross margin improved again

The cost of revenues fell slightly by 2.1% to EUR 182.1 million (previous year: EUR 185.9 million). This is due to a change in the product mix with a higher proportion of higher-margin metrology systems. In addition, efficiency improvements at various production sites, which comprise, among others, the switch to modular production concepts, the reduction of production times through the introduction of cycle steps including the reduction of work in progress, and the implementation of smart store floor management, are having a positive effect. Purchasing processes were also improved, for example through the agreement of framework contracts.

Accordingly, the gross profit improved significantly by 13.5% to EUR 88.0 million (previous year: EUR 77.5 million). The gross margin also increased significantly to 32.6% (previous year: 29.4%). This development is confirmation of the successful implementation of our strategic measures.

Lower sales costs, with a planned increase in administrative and R&D expenses

Selling and distribution costs fell by 3.1% to EUR 18.5 million (previous year: EUR 19.1 million). This corresponds to 6.8% of revenue (previous year: 7.3%). The expansion of our own sales structures and more efficient sales management contributed here. The increased use of in-house sales resources also enabled a reduction of commission levels.

At the same time, administrative expenses increased significantly by 32.9% to EUR 20.6 million (previous year: EUR 15.5 million). In addition to targeted investments in personnel expansion in preparation for the planned mid-term growth, increased regulatory requirements led to additional expenses. These related in particular to the implementation of new compliance requirements, including extended reporting obligations and measures to comply with stricter ESG and sustainability regulations. In addition, higher consulting and recruitment costs increased administrative expenses, as we are increasingly relying on external expertise to recruit specialists for key strategic positions.

Research and development costs (R&D), which mainly consist of personnel expenses, cost of materials, and depreciation of property, plant and equipment, increased significantly to EUR 11.7 million (previous year: EUR 9.5 million) and were therefore EUR 2.2 million higher than in the previous year. The R&D ratio increased accordingly from 3.6% to 4.3%, reflecting our increased investment in innovation.

Development activities carried out as part of customer orders are invoiced on a project basis and are not included in R&D costs. The increase in R&D expenses is primarily due to the consistent implementation of our strategy, which is aimed at broadening the focus of our activities. In addition to our established business areas, we are increasingly developing forward-looking fields of application with high growth potential. These include, in particular, new production technologies and process solutions that are used in the areas of digitalization, mobility, and decarbonization.

Information on our research and development activities in the reporting period can be found in the section “Group fundamentals – Research and development.”

Other operating income was slightly below the previous year’s level at EUR 5.0 million (previous year: EUR 5.8 million) and mainly includes income from subsidies and exchange rate gains, while other operating expenses fell significantly by 45.8% to EUR 2.6 million (previous year: EUR 4.8 million) due to lower exchange rate effects.

Key earnings figures rise faster than revenue

EBITDA grew significantly by 15.2% to EUR 47.8 million (previous year: EUR 41.5 million), reflecting a noticeable improvement in profitability. The EBITDA margin also rose to 17.7%, exceeding the previous year’s already strong figure of 15.8%. The operating result (EBIT) also improved by 15.1% to EUR 39.6 million (previous year: EUR 34.4 million). The EBIT margin improved accordingly to 14.7% (previous year: 13.1%). This development is the result of revenue growth as well as the higher gross margin and an improved revenue cost ratio.

The financial result of EUR -0.6 million (previous year: EUR - 0.3 million) is due to significantly higher financial expenses of EUR 2.3 million (previous year: EUR 1.0 million), which were partially offset by significantly higher financial income of EUR 1.7 million (previous year: EUR 0.7 million). The increase in financial expenses is mainly due to interest and transaction costs incurred as part of the renegotiated syndicated credit lines, while financial income rose primarily due to higher interest income.

Earnings before taxes amounted to EUR 39.0 million, which corresponds to a significant increase of 14.2% compared to the previous year (EUR 34.1 million). After deducting income taxes of EUR 11.9 million (previous year: EUR 9.7 million), the net profit for the year was EUR 27.1 million – a solid increase of 10.8% compared to the previous year (EUR 24.4 million). Earnings per share increased accordingly to EUR 1.25 (previous year: EUR 1.12).

The effects of the share buyback program launched in the 2024 fiscal year are explained in section H. of the notes to the consolidated financial statements.

Business development of the operating segments

Key performance indicators of the operating segments

in TEUR	Semiconductor Systems			Industrial Systems		
	2023	2024	+/–	2023	2024	+/–
Revenue	186,070	187,578	+ 0.8%	77,376	82,537	+ 6.7%
EBITDA	33,975	40,171	+ 18.2%	13,117	14,085	+ 7.4%
EBIT	30,937	35,689	+ 15.4%	10,278	12,070	+ 17.4%

Costs of the holding company

2023 (TEUR)	2024 (TEUR)	+/– (%)
– 6,836	– 8,156	19.3%

We have taken targeted measures in the holding company to optimally align the organization with future growth. In particular, holding costs comprise central administration, control, and management expenses, including personnel and IT costs as well as external consulting services. These included the expansion of personnel structures, targeted investments in the IT infrastructure, and an increase in consulting services. These measures led to a significant increase in holding costs of 19.3% to EUR 8.2 million. In fiscal year 2024, the PVA TePla Group's research and development costs recognized in the consolidated income statement amounted to EUR 11.7 million (previous year: EUR 9.5 million). The majority, amounting to EUR 11.0 million (previous year: EUR 9.2 million), was attributable to the Semiconductor Systems segment, where plant and system development requires continuous technological advancement. The newly established PVA Technology Hub GmbH is also making a significant contribution to this rise in R&D costs.

In the Industrial Systems segment, research and development is mainly carried out as part of customer-specific projects, which is why only part of the expenses are recognized in R&D costs. These amounted to EUR 0.6 million (previous year: EUR 0.3 million). In addition, EUR 0.1 million (previous year: EUR 0.02 million) in R&D costs were recognized within the holding company that are not directly allocated to any segment.

Growth continued in the Semiconductor Systems segment. Sales increased slightly by 0.8% to EUR 187.6 million in the 2024 fiscal year (previous year: EUR 186.1 million). This increase was driven in particular by continued high demand for acoustic metrology systems, such as ultrasound microscopy, as well as the processing of the order backlog in the area of material synthesis, including crystal growing systems. These technologies are increasingly required for high-precision applications in semiconductor production and quality assurance, which has had a positive impact on business development. Particularly noteworthy is the disproportionately high increase in EBITDA of 18.2% to EUR 40.2 million (previous year: EUR 34.0 million), which is reflected in an increase in the EBITDA margin to 21.4% (previous year: 18.3%). The operating result (EBIT) also developed positively, reaching EUR 35.7 million, an increase of 15.4% compared to the previous year (EUR 30.9 million). This is mainly due to the change in the product mix towards higher-margin products.

The Industrial Systems segment was also able to continue its positive development. Revenues grew significantly by 6.7% from EUR 77.4 million to EUR 82.5 million. Demand for joining technologies and surface treatment solutions, which are increasingly playing a central role in industrial production processes, was particularly strong. The segment benefited in particular from increasing investments in automation and quality assurance in various industrial sectors. EBITDA rose by 7.4% to EUR 14.1 million (previous year: EUR 13.1 million) due to the higher level of revenue, resulting in an EBITDA margin of 17.1% (previous year: 17.0%). The operating result (EBIT) also recorded significant growth and, at EUR 12.1 million, was 17.4% above the previous year's level of EUR 10.3 million.

Financial position

We were able to significantly improve our financial position in the reporting period. Cash and cash equivalents increased significantly, which is due in particular to the positive cash flow from operating activities.

Guiding principles and objectives of financial management

In the 2024 fiscal year, significant adjustments were made as part of a renegotiation of the syndicated loan agreement. These primarily concern the agreed credit volume, the term of the agreement, and the specific financing purpose of one of the credit lines provided. Compared to the previous year, the credit line now also includes a component for long-term investment financing. The planned investments on the further expansion of fixed assets are in line with the budget planning.

The adjustments are in line with strategic financial planning and ensure PVA TePla Group's long-term liquidity and financial flexibility. The interest-dependent conditions, which are linked to the achievement of defined financial ratios, remain unchanged compared to the previous agreement. PVA TePla Group's financial management is centrally consolidated in the parent company. A cash pooling structure ensures that the main cash and cash equivalents are centralized in the main accounts of the parent company. At the same time, intercompany loan agreements efficiently regulate intra-Group financing flows.

PVA TePla makes targeted use of derivative financial instruments to hedge foreign currency risks. These are managed by the central treasury department, which acts on behalf of operating subsidiaries and exclusively hedges cash flows from existing customer transactions using forward exchange contracts.

The parent company's syndicated loan agreement serves as the Group's central source of financing and guarantees long-term liquidity security. The interest-dependent conditions, which are tied to the achievement of defined financial ratios, remain unchanged from the previous agreement.

Cash flow development

Cash flow from operating activities increased significantly compared to the previous year and amounted to EUR 46.2 million (previous year: EUR 2.0 million). This significant improvement was primarily due to the development of working capital and the positive business development. At the same time, income tax payments fell compared to the previous year, which also had a positive impact.

The cash outflow from investing activities amounted to EUR – 23.3 million (previous year: EUR – 10.8 million). The increase in our capital expenditure is due in particular to increased investments in intangible assets and property, plant, and equipment, which amounted to EUR – 24.2 million (previous year: EUR – 11.3 million). These investments primarily related to the expansion of our capacities at the Wettenberg and Schio sites and the establishment of the PVA Technology Hub as a new development center. This was offset by proceeds from the disposal of financial assets in the amount of EUR 3.0 million and interest payments of EUR 0.7 million.

Cash flow from financing activities amounted to EUR – 6.0 million in the 2024 fiscal year (previous year: EUR 7.3 million). While a positive financing cash flow was recorded in the previous year, payments for the buyback of treasury shares (EUR – 4.0 million) and interest payments in particular led to a negative financing contribution in the reporting year. At the same time, we took out new financial loans in the amount of EUR 5.9 million, which partially compensated for the cash outflow.

Development of cash and cash equivalents

PVA TePla Group's cash and cash equivalents increased significantly in the reporting period by EUR 17.4 million to EUR 31.4 million (previous year: EUR 14.0 million). In addition, current financial assets of EUR 6.0 million were reported, which were still classified as non-current assets in the previous year due to their maturity. Changes in exchange rates also had a positive impact of EUR 0.5 million on cash and cash equivalents.

The financial liabilities primarily stem from the utilization of loans under the existing syndicated loan agreement, with the utilized credit lines having a remaining term of 1 to 5 years. The interest rate is variable and is based on the 3-month EURIBOR, supplemented by a contractually defined interest margin that depends on certain key financial figures.

As of the 2024 balance sheet date, the PVA TePla Group had freely available cash and cash equivalents of EUR 180.9 million, consisting of cash and cash equivalents of EUR 31.4 million and freely available credit lines of EUR 149.5 million. The total amount of committed but unused credit lines is EUR 235.1 million, of which EUR 85.6 million is attributable to guarantee credit lines and EUR 149.5 million to revolving and investment loans.

The net financial position (balance of cash and cash equivalents and current and non-current financial liabilities) improved significantly compared to the previous year and amounted to EUR 6.8 million as of December 31, 2024 (previous year: EUR – 5.8 million).

Net assets

Total assets fell by 0.9% compared to December 31, 2023 to EUR 299.5 million (previous year: EUR 302.4 million).

Current assets decreased by EUR 18.1 million from EUR 223.2 million to EUR 205.1 million. With the finalization of projects with long lead times, inventories fell by EUR 10.1 million to EUR 84.5 million (previous year: EUR 94.6 million) and contract assets by EUR 7.2 million to EUR 28.8 million (previous year: EUR 36.0 million). Receivables and other financial assets also fell noticeably by EUR 11.8 million to EUR 59.9 million (previous year: EUR 71.7 million), mainly as a result of lower advance payments and unconditional payment claims from advance payments. This was offset by the reclassification of securities amounting to EUR 6 million to current assets.

Non-current assets, on the other hand, increased by EUR 15.1 million to EUR 94.3 million (previous year: EUR 79.2 million). The reason for the increase is the continued investment activity in the buildings in Wettenberg and Italy as well as in showroom and research facilities (EUR +16.9 million). The reclassification of securities from non-current to current also had an offsetting effect.

Current liabilities fell from EUR 138.1 million to EUR 104.3 million, in particular due to a decrease in contract liabilities of EUR 33.9 million to EUR 61.4 million (previous year: EUR 95.3 million). Trade payables also fell by EUR 4.3 million to EUR 14.5 million (previous year: EUR 18.8 million), which is partly due to lower purchasing activities compared to the previous year.

In contrast, non-current liabilities increased from EUR 36.9 million to EUR 44.9 million, mainly due to an increase in financial liabilities from EUR 14.5 million to EUR 22.0 million.

Equity rose significantly to EUR 150.3 million (previous year: EUR 127.4 million), increasing the equity ratio to 50.2% (previous year: 42.1%). This demonstrates greater financial stability and an improved capital structure.

Summary report on the separate financial statements of PVA TePla AG

The separate financial statements of PVA TePla AG were prepared in accordance with the provisions of the German Commercial Code (HGB) as amended. The "Summary report on the separate financial statements of PVA TePla AG" supplements the consolidated financial statements by providing specific information on the financial position and business development of the parent company.

The report includes key disclosures on the net assets, financial position, and results of operations of PVA TePla AG as well as information on significant events after the balance sheet date. It serves to clarify the financial relationships between the parent company and its subsidiaries and forms the basis for the appropriation of profits.

The accounts are prepared in accordance with generally accepted accounting principles and German accounting standards.

Control system

The operating result is the key performance indicator for managing the company.

Economic situation of PVA TePla AG

The company provides services for other Group companies. PVA TePla AG's revenues mainly result from service fees from subsidiaries. As of the balance sheet date, the company employed 83 people (previous year: 68).

In fiscal year 2024, PVA TePla AG recorded significant revenue growth of around 22.6% to EUR 18.7 million (previous year: EUR 15.3 million). PVA TePla AG's revenues are almost exclusively of an intra-Group nature and comprise internal services, property rights, and space rental. At EUR 19.1 million, total operating performance was also noticeably higher than in the previous year (previous year: EUR 16.2 million). Other operating income amounted to EUR 1.6 million, compared to EUR 2.9 million in the previous year and therefore fell significantly.

The cost of materials amounted to EUR 0.4 million (previous year: EUR 0.9 million). Personnel expenses rose to EUR 9.1 million (previous year: EUR 7.5 million), with pension expenses in particular increasing significantly to EUR 1.8 million (previous year: EUR 224 thousand).

At EUR 1.5 million, depreciation and amortization were significantly higher than in the previous year (previous year: EUR 1.1 million). Other operating expenses increased significantly to EUR 16.6 million (previous year: EUR 13.0 million), particularly impacted by the one-off effects of the new syndicated loan agreement and increased energy costs .

The operating result (EBIT) fell significantly and amounted to EUR – 7.0 million (previous year: EUR – 3.5 million). The financial result rose sharply to EUR 45.6 million (previous year: EUR 24.9 million) and continues to be significantly influenced by income from profit and loss transfer agreements with subsidiaries.

After deducting taxes, PVA TePla AG reported net income of EUR 26.8 million in the fiscal year 2024 (previous year: EUR 14.7 million). After offsetting against the profit carried forward and taking into account the treasury shares acquired (EUR 3.6 million), retained earnings amount to EUR 94.2 million (previous year: EUR 71.0 million), which is to be carried forward to new account.

Net assets

Total assets increased from EUR 144.1 million to EUR 204.5 million in the reporting period.

Fixed assets mainly consist of property, plant, and equipment, primarily land and buildings, which had a carrying amount of EUR 21.4 million as of the balance sheet date (previous year: EUR 18.6 million), as well as financial assets of EUR 34.6 million (previous year: EUR 37.8 million), primarily comprising shares in affiliated companies and securities. The securities reported in the previous year in the amount of EUR 9.0 million were reduced to EUR 6.0 million in the reporting period.

Current assets of EUR 143.9 million (previous year: EUR 84.8 million) mainly comprise receivables, in particular from affiliated companies (EUR 114.0 million, previous year: EUR 68.1 million) and cash in hand of EUR 26.1 million (previous year: EUR 11.8 million).

The equity and liabilities side of the balance sheet is mainly determined by equity amounting to EUR 117.8 million (previous year: EUR 94.9 million) as well as liabilities to banks amounting to EUR 16.0 million (previous year: EUR 13.2 million) and to affiliated companies amounting to EUR 51.5 million (previous year: EUR 21.3 million). The increase in liabilities to banks is related to the long-term financing of investments in buildings and infrastructure. The significant increase in liabilities to affiliated companies is primarily due to the cash pooling agreements with the individual subsidiaries.

At EUR 4.3 million, tax provisions were also significantly higher than the previous year's figure of EUR 0.3 million. As of the balance sheet date, the equity ratio was 57.6% (previous year: 66.0%) and hastherefore fallen significantly.

Financial position

PVA TePla AG's financial position improved significantly overall in fiscal year 2024. Cash and cash equivalents increased significantly from EUR 11.8 million in the previous year to EUR 26.1 million.

At the same time, liabilities to banks increased moderately from EUR 13.2 million to EUR 16.0 million. This was due to the targeted use of the syndicated loan to finance strategic investments.

As a result of this development, the net financial position improved significantly from EUR – 1.4 million to EUR + 10.1 million, further strengthening financial stability. In addition, a new syndicated loan agreement was concluded in the 2024 fiscal year, the main terms of which are explained in the Group report.

The balance of receivables from and liabilities to affiliated companies increased significantly from EUR 46.8 million to EUR 62.6 million. This development reflects more intensive intra-Group financial and service relationships as part of the strategic business development.

Risks and opportunities

As the company acts as the holding company of the PVA TePla Group, the risks and opportunities of PVA TePla AG essentially correspond to those of the Group. In this respect, we refer to the "Risks and opportunities" section in the combined management report.

Appropriation of profits

The separate financial statements of PVA TePla AG as of December 31, 2024 (in accordance with German commercial law) show a net profit for the year of EUR 26.8 million (previous year: EUR 14.7 million) and retained earnings of EUR 94.1 million (previous year: EUR 71.0 million). The Executive Board and Supervisory Board propose that the net retained profits reported in the 2024 annual financial statements be used to carry forward the same amount to new account. No dividend is to be distributed for the 2024 financial year. No withdrawals were made from the capital reserve or retained earnings (with the exception of EUR 22 thousand as part of the share buy-back program).

Forecast

We expect the operating result for the 2025 financial year to be roughly on a par with the previous year.

With regard to economic and market-specific developments, please refer to the Group's forecast report.

Risk and opportunity report

Our risk and opportunity policy aims to ensure sustainable growth and increase the value of the company. We actively manage risks in order to avoid undue exposure, while at the same time identifying and exploiting opportunities to strengthen our competitiveness. Risk management is an integral part of our corporate strategy and is continuously developed.

We operate in a dynamic market environment that provides both risks and opportunities. Risks are potential events that could affect our financial stability or profitability. Opportunities, on the other hand, offer the potential to improve our market position or increase profitability. There is no offsetting; instead, we evaluate and manage both aspects separately.

We report on risks whose occurrence could have a significant negative impact on our net assets, financial position, and results of operations. It cannot be ruled out that we are exposed to further risks that are not yet known or are not currently classified as material.

At the same time, our dynamic market environment is constantly giving rise to further opportunities which are not significant individually but can provide significant growth impetus when taken together. Our assessment of opportunities is subject to ongoing adjustments, as markets, technologies, and business conditions are constantly evolving. By acting with foresight and making strategic decisions, we make targeted use of potential to strengthen our market position.

Risk and opportunity strategy

In the PVA TePla Group's core areas of expertise, we consciously take on manageable and controllable risks if they are either unavoidable or associated with a reasonable earnings expectation. Our internal reporting system enables close monitoring of these risks in the course of business.

Where possible, we transfer risks in supporting processes to external risk carriers. These include, in particular, insurance for potential claims or liability risks as well as the strategic outsourcing of risks to suppliers and the use of a low level of vertical integration. These measures help us to reduce our level of risk, maintain our flexibility in production and cost structure, and avoid or minimize losses. We avoid risks that are not directly related to core or support processes as far as possible.

PVA TePla Group's risk policy is determined by the Management Board. We define clear responsibilities for all relevant risks and opportunities. Hierarchical responsibility is based on the significance of the respective risk or opportunity. Our risk strategies are based on a regular risk inventory and assessment and comprise the following categories:

- Recognize and monitor: Continuous monitoring of potential risks.
- Avoidance: Identification and exclusion of unacceptable risks.
- Transferred: Use of external risk carriers to hedge risks.
- Accept: Conscious acceptance of acceptable risks within defined framework conditions.

Our opportunity strategy is continuously developed as part of regular strategy processes for our business areas.

Internal control system for the accounting process and risk management system

As part of the accounting process, we analyze and evaluate identified risks for the PVA TePla Group specifically with regard to their potential impact on financial reporting. Our aim is to generate relevant information on possible changes in the fair value of assets and liabilities at an early stage, to identify impending impairments and to enable a well-founded assessment of the need to recognize and release provisions. The control measures also ensure compliance with applicable regulations.

Our methods and measures are designed to protect the company's assets and increase operational efficiency. We use an internal control system (ICS) to ensure the reliability of accounting and reporting as well as compliance with internal requirements and legal and statutory regulations. We attach particular importance to a clear separation of functions, appropriate spans of control, and non-overlapping responsibilities that clearly regulate tasks, competencies, and responsibilities. In addition, control mechanisms are firmly integrated into operational processes.

The central elements of our control structures include

- Compliance with the dual control principle in all key accounting processes,
- Random checks by superiors at all levels,
- Structured organizational and operational structure including relevant company processes as part of the certified quality management system.

These basic principles of our internal control system (ICS) apply to all functional areas and are designed to support the completeness, traceability, and compliant preparation of financial reports.

Group accounting and consolidation are based on the decentralized preparation of financial statements by the individual Group companies. Each Group company prepares its financial statements in accordance with IFRS standards and submits them in a uniformly defined data format. Our central accounting system in Germany is connected to the ERP system via interfaces to ensure an efficient data flow.

This process is managed and controlled by the central Group accounting and controlling department. In addition to checks on the content and form of the data, all employees involved receive training in their areas of responsibility as required.

In the opinion of the Management Board, the measures described above ensure that the consolidated financial statements are prepared in compliance with legal requirements and other accounting-related regulations and laws and that all identified risks are adequately reflected in the financial statements. Despite comprehensive control mechanisms, it should be noted that neither an ICS nor a risk management system can provide absolute certainty in achieving objectives. As with all discretionary decisions, there is a fundamental risk of errors or mistakes. In addition, changes in external factors can be recognized with a delay despite monitoring.

The aim of our risk management system (RMS) is to identify, assess, and actively manage the financial and non-financial risks associated with our business at an early stage. Group-wide risk management includes all companies in the scope of consolidation and complies with the relevant legal requirements and relevant industry standards.

Risk management is carried out at PVA TePla AG, its subsidiaries, and in the business processes on the basis of organizational principles. Management Board members and managing directors are responsible for central tasks. They have access to a “risk manual” with procedural instructions for structured and forward-looking risk management. This manual defines the processes for identifying, assessing, managing, reporting, and monitoring risks. Defined risk categories are taken into account in order to systematically analyze and evaluate business segments, operating units, and central functions.

The early identification of risks is a central component of the risk management system in order to keep the Management Board constantly informed of the current risk situation. Those responsible develop measures to avoid, reduce, and hedge risks and initiate countermeasures where necessary. Significant risks and countermeasures introduced are monitored regularly. The risk reports are summarized and analyzed centrally and submitted to the Management Board and the Supervisory Board for review and discussion. In addition to regular reporting, there is ad hoc reporting for risks that arise unexpectedly in order to address relevant issues promptly.

The risk management system also includes an annual risk inventory in which relevant risks for the PVA TePla Group are recorded and assessed in terms of their significance and potential impact. Risk reduction measures are defined and their implementation monitored. The system supports the Management Board in identifying and assessing material risks at an early stage and initiating countermeasures where necessary. In addition, a compliance management system (CMS) is integrated into the RMS, which is specifically geared towards legal and regulatory risks and the associated requirements of the company.

As with risks, potential opportunities are recorded and managed on a decentralized basis. Regular reporting enables to identify market and competitive developments at an early stage and make any necessary adjustments.

Opportunity management is generally reported on a quarterly basis. In addition, there is an ad hoc reporting obligation in order to be able to react promptly to significant changes or newly emerging opportunities.

The appropriateness, efficiency, and effectiveness of the risk and opportunity management system is regularly reviewed at Management Board level and adjusted if necessary. The Management Board and Supervisory Board determine the areas in which internal audits are to be carried out. These audits are supported by external companies as required.

In addition to the implemented controls, line managers monitor the functional areas assigned to them. The Management Board and the Supervisory Board define activities for internal auditing, which can be supported by external service providers. The results of the internal audit are regularly analyzed and communicated to the Management Board, Supervisory Board, and relevant business units in order to ensure continuous process improvements.

Overall responsibility for the RMS and ICS lies with the Management Board. The company-wide risk and opportunity situation is regularly assessed at Management Board meetings and the results of the internal control process are explained. An overall statement on the appropriateness and effectiveness of our ICS and RMS is made annually. This information is also made available to the Audit Committee of the Supervisory Board for systematic monitoring.

Internal control and risk management system (ICS & RMS)

The Management Board has no indication that the ICS or the RMS as a whole was inadequate or ineffective as of the balance sheet date[27].

Despite all measures, the inherent limitations of any risk management system must be taken into account. No system can guarantee absolute security, but our RMS ensures that risks are identified at an early stage, assessed, and managed using suitable measures.

Risk reporting in relation to the use of financial instruments

The PVA TePla Group uses derivative financial instruments specifically to hedge against interest rate and currency fluctuations. This serves to minimize earnings volatility. As of December 31, 2024, hedges existed in the form of forward exchange contracts for US dollar transactions in order to limit exchange rate risks.

In addition, continuous analyses are carried out on a monthly basis to minimize default risks for receivables and other financial assets. If necessary, value adjustments are made to take appropriate account of these.

The use of other financial instruments does not result in any significant risks with regard to the Group's net assets, financial position, and results of operations.

Risk assessment

Risks are assessed in terms of their probability of occurrence in the four levels „very low", „low", „high" or „very high". These categories are underpinned by percentage ranges for the probability of occurrence and can be further specified as required by time intervals in which the risk typically occurs.

When assessing the potential extent of damage, we are guided by financial thresholds in EUR and the potential impact on EBITDA.

Non-quantifiable risks, such as reputational damage, regulatory changes, or cyberattacks with unclear consequences, are assessed qualitatively. Possible effects are determined on the basis of scenario analyses and expert assessments in order to take appropriate measures to mitigate risks.

In this report, we explain the main financial and non-financial risks and opportunities that are relevant to the achievement of the company's targets in 2025 and beyond. We take into account in particular, but not exclusively:

- Risks with a potential net loss amount of at least EUR 18 million.
- Risks that are assigned to at least the "high" category in terms of the amount of damage and probability of occurrence.
- Significant risks from the previous year if our assessment has changed.

[27] Unaudited information not included in the management report

Economic relevance	Probability of occurrence			
	Very low up to 5 %	Low 5 % – 20 %	High 20 % – 50 %	Very high over 50 %
Very high over EUR 18 million		Trade barriers	Personnel	
High EUR 6 – 18 million		Sales market		
Low EUR 2 – 6 million			Information technology	
Very low up to EUR 2 million				

The PVA TePla Group distinguishes between business risks and opportunities and operating risks and opportunities. These two categories comprise the central areas of risk management and reflect the main factors influencing our company:

- **Business risks and opportunities** relate to strategic aspects such as market developments, competitive changes, and technological advances.
- **Operational risks and opportunities** result from day-to-day business, for example through production processes, supply chains, or compliance requirements.

Risks and opportunities are not equally present in all areas of the company.

As the products in both divisions are based on similar technological principles and overlap to some extent in their areas of application, the risk and opportunity profile is largely comparable. Key influencing factors such as supply chain stability, regulatory requirements, and technological developments affect the entire Group and cannot be considered in isolation for individual segments. In addition, the main corporate risks are managed at Group level, which means that segment-specific differentiation in reporting is not necessary.

Summarized presentation of the risk situation

In the past fiscal year 2024, the overall risk situation of the PVA TePla Group changed only moderately compared to the previous year. The main risks continue to focus on the areas of personnel, IT, trade barriers, and sales markets.

The personnel situation remains challenging. The ongoing shortage of skilled workers, rising salary costs, and increased competition for highly qualified employees have further increased the risks in this area.

In the area of trade barriers, uncertainties have increased further due to the US government's trade policy measures and geopolitical tensions. The additional trade restrictions imposed by the US on China and potential transatlantic trade conflicts could have a long-term impact on global supply chains.

IT risks remain at a high level. The threat of targeted cyberattacks on companies in the high-tech sector has increased worldwide, meaning that protecting business-critical data and systems remains a key priority.

Sales risks have increased compared to the previous year. The semiconductor industry continues to be subject to economic fluctuations, and investment decisions are increasingly influenced by global economic developments and uncertainties in the supply chains. Delayed demand development or a reluctance to invest on the part of customers could have an impact on revenue growth.

The risks in the areas of legal disputes, finance, and research & development remain low and show no significant changes. Procurement market risks have become less relevant as global supply chains have stabilized and the availability of materials has improved compared to previous years.

Business risks and opportunities

Economic, political, and geopolitical conditions

Global economic conditions have stabilized in 2024, particularly as a result of interest rate cuts by central banks. Nevertheless, geopolitical tensions, particularly between the USA and China, uncertainties in the Middle East, and the economic situation in Europe remain significant influencing factors. Trade restrictions and regulatory uncertainties make it difficult to plan in technology-based industries. At the same time, however, significant opportunities are opening up as a result of advancing digitalization and increasing demands for sustainability, which require increased investment in innovative technologies.

Risks from trade barriers and geopolitical trade conflicts

The PVA TePla Group is operating in an increasingly protectionist trade environment. Since US President Donald Trump took office in January 2025, the US government has adopted new trade restrictions that particularly affect trade with China. These include additional import tariffs, stricter export controls for high-tech products, and a reassessment of existing trade privileges.

These measures could have a significant impact on global supply chains, particularly in the semiconductor and high-tech industries. The PVA TePla Group could be affected by indirect effects, such as rising procurement costs or trade restrictions that make it more difficult to plan investments. In addition, further protectionist measures or counter-sanctions from China cannot be ruled out, which would create additional uncertainty for internationally operating companies.

There are also increasing tensions in trade relations between the US and Europe. The EU has announced that it will reintroduce significant retaliatory tariffs on US imports, which could further strain transatlantic trade relations. The EU is also in negotiations with the US on the purchase of energy and defense equipment in order to avert possible new tariffs. These developments could change the competitive conditions on important sales markets. Despite the looming trade policy conflicts, we do not currently see any significant change in the risk situation with regard to the procurement of important components and demand for our products.

The PVA TePla Group continuously reviews its compliance and risk management systems in order to be prepared for regulatory adjustments and to maintain flexibility in international business. Software-supported sanctions reviews, regular training, and contractual approval requirements help to minimize regulatory risks and maintain the ability to act in geopolitically uncertain markets.

Opportunities through geopolitical repositioning

The geopolitical shifts are opening up new growth opportunities for PVA TePla. Many companies are increasingly focusing on diversifying their supply chains and looking for more stable production locations. As a European company, PVA TePla can position itself as a reliable partner for companies seeking to reduce their dependence on geopolitically sensitive markets.

At the same time, demand for high technology and specialized production processes is increasing, particularly in the areas of semiconductor technology and industrial precision manufacturing. The expansion of regional subsidiaries and alternative supply chains not only helps to minimize risk, but also strengthens the company's global competitiveness.

Through these forward-looking measures, PVA TePla is securing a strong market position in the long term, tapping into new business potential and promoting sustainable growth.

Growth opportunity through AI-supported technologies

The increasing spread of artificial intelligence (AI) and high-performance computer systems is leading to a growing demand for specialized materials and precision technologies. PVA TePla can benefit from this trend with its solutions for the semiconductor and metrology industry, as modern AI applications require high-performance and particularly precisely manufactured components. There are new growth opportunities for the company, particularly in the areas of automated quality control and materials research.

Operational risks and opportunities Information technology risks

Digital technologies are essential for PVA TePla Group's product and business portfolio. However, advancing digitalization also increases potential risks, particularly in the areas of cybercrime, industrial espionage, and data protection. Threats such as cyberattacks, data loss, or system failures could compromise the confidentiality, availability, and integrity of business-critical data.

There is a particular risk of targeted attacks on central company systems, which could lead to production downtime or financial losses. In addition, increasing regulation, particularly in the area of IT security, requires continuous adaptation of internal processes. To counter these risks, PVA TePla Group invests in a high-performance IT infrastructure, redundant systems, and an IT security control center. In addition, employees are regularly trained in IT security and an external data protection team ensures compliance with regulatory requirements.

The probability of IT risks occurring is still considered to be high, although their economic relevance has decreased due to organizational and technical measures.

Sales market risks

PVA TePla Group's business development is closely linked to demand in its core markets. Market and economic fluctuations, particularly in the semiconductor industry, can affect revenues. A slowdown in global willingness to invest or a decline in demand for high-tech manufacturing processes could have a negative impact on business development.

To reduce these risks, the PVA TePla Group is focusing on targeted diversification of the product portfolio and the development of new market segments. The development of innovative technologies and the expansion of strategic partnerships with customers are intended to generate recurring revenues and cushion cyclical market fluctuations.

Change compared to the previous year: The risk assessment has increased in terms of probability of occurrence compared to the previous year.

Personnel risks

The availability of qualified employees is a key success factor for PVA TePla Group. The risk of not recruiting enough or sufficiently qualified specialists or losing existing talent could limit the company's growth and ability to innovate.

Targeted measures have been implemented to counter these risks, including a dedicated working group for recruiting, employee retention, and development. PVA TePla Group is also investing more heavily in training programs, attractive career prospects, and employer branding initiatives in order to remain an attractive employer in the competition for skilled workers.

Change compared to the previous year: The shortage of skilled workers remains a relevant issue, as competition for qualified employees continues. However, the risk assessment has not changed significantly compared to the previous year.

Overall statement on the risk and opportunity situation

The overall risk position of PVA TePla Group has changed only slightly compared to the previous year. While risks in the areas of skills shortages, trade restrictions, cybercrime, and IT security continue to exist, no new significant risks have arisen. Sales market risks have increased due to the challenging market environment. At the same time, there are still significant opportunities for growth, particularly through technological innovations and increasing market penetration in strategic future fields.

According to current estimates, neither individual risks nor the accumulation of various risks posess a threat to the company as a going concern. The Group's risk-bearing capacity is ensured by its solid financial position, stable balance sheet structure, and existing control mechanisms.

Forecast report

The International Monetary Fund (IMF) forecasts global economic growth of 3.3% for 2025, which represents a slight acceleration compared to previous years[28]. While the US economy will continue to be supported by robust labor markets and rising investment with growth of 2.7%, growth in the eurozone is likely to be more subdued at 1.0%. A growth rate of just 0.3% is expected in Germany, while the emerging markets will continue to expand at an above-average rate of 4.2%. India in particular is highlighted as a growth market with + 6.7%. In China, GDP growth of 4.6% is expected, supported by fiscal incentives and a stabilization of the real estate sector[29].

The global semiconductor market will continue to grow in 2025. After an already strong year in 2024, further growth of over 15% is expected for the coming year. The main drivers are the increasing demand for artificial intelligence (AI), high-performance computing and automotive semiconductors[30]. Semiconductor production capacities are expected to exceed the mark of 31 million wafers per month. Revenue in the semiconductor manufacturing equipment sector are also developing positively: SEMI analysts forecast a market volume of USD 121 billion for 2025, which will be driven in particular by investments in advanced logic and memory technologies [31].

Opportunities continue to open up for the segments relevant to PVA TePla within this growth market, particularly in the field of metrology. PVA TePla will continue to drive forward its technological development and optimize production processes in order to exploit the market potential in a targeted manner. A particular focus lies on the further development of silicon carbide technologies, which are especially important for high-performance applications in electromobility, renewable energies, and digital infrastructure. The PVA Technology Hub plays a central role in the testing of new production processes. At the same time, PVA TePla will continue to expand its product portfolio in the field of metrology in order to meet the increasing demands of the semiconductor industry. High-precision acoustic, chemical, and optical measurement processes are helping to further improve quality assurance in production.

In 2025, PVA TePla will continue to focus on the targeted expansion of sales and service capacities and the intensification of R&D activities in order to drive technological innovations and open up new fields of application. With these measures, the company is creating the basis for sustainable growth and a promising position in its dynamic future markets.

For fiscal year 2025, PVA TePla anticiptaes revenues of EUR 260 million to EUR 280 million, approximately in line with the previous year, and EBITDA of between EUR 34 million and EUR 39 million. The further expansion of the organization as part of the strategic growth targets will lead to a higher cost base in the short term and temporarily burden the EBITDA margin accordingly. At the same time, structural improvements are already reflected in a higher gross margin, which is positively influenced in particular by the increasing share of the high-margin Metrology segment. In the medium term, the temporary impact on EBITDA will be offset by economies of scale driven by further growth.

A significant proportion of the planned revenue is already covered by the existing order backlog, while the remainder is to be realized through new orders that generate revenue. Equipment and systems with comparatively short lead times, in particular plasma and metrology solutions, are of particular importance for revenue development. Another component will be the production progress of the orders acquired in the first half of 2025, meaning that some of these projects will generate revenue in the current fiscal year. In addition, the service business will be important due to its contribution to stabilizing the earnings situation and the further expansion of these high-margin services.

[28] https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025
[29] https://www.reuters.com/markets/us/imf-lifts-us-outlook-warns-countries-against-protectionism-subsidies-2025-01-17/
[30] https://www.netzwoche.ch/news/2024-12-13/globaler-halbleitermarkt-waechst-2025-um-15-prozent
[31] https://silicon-saxony.de/semi-weltweiter-gesamtumsatz-mit-halbleiterausruestung-erreicht-im-jahr-2026-voraussichtlich-einen-rekordwert-von-139-milliarden-us-dollar/

Events after the balance sheet date

After the balance sheet date, PVA TePla strategically strengthened its metrology business through the acquisition of desconpro engineering GmbH. The vertical integration of the long-standing partner for automation solutions extends the vertical range of manufacture and supports the expansion of production capacities in the field of high-precision ultrasound metrology systems for the semiconductor industry.

Wettenberg, March 14, 2025

PVA TePla AG

For the Executive Board

Jalin Ketter CEO	**Oliver Höfer** COO	**Carl Markus Groß** CFO

Takeover-related disclosures (Sections 289a, 315a HGB)

Composition of the subscribed capital

The subscribed capital of PVA TePla AG remained unchanged at EUR 21,749,988 as of December 31, 2024 and is composed of the same number of no-par value bearer shares with a notional interest in the share capital of EUR 1.00 per share. As a result of the share buy-back program launched in the 2024 fiscal year, an average of 21,732,034 shares were in circulation as of31 December 2024.

Restrictions affecting voting rights or the transfer of shares

The Management Board is not aware of any restrictions relating to voting rights or the transfer of shares, in particular none that could arise from agreements between shareholders.

Direct or indirect shareholdings in the capital that exceed 10% of the voting rights

According to the notifications available to the company, no shareholder held more than 10% of the share capital and voting rights in PVA TePla AG as of the editorial deadline for this report in March 2025.

Holders of shares with special rights

There were and are no shares in PVA TePla AG with special rights conferring powers of control.

Type of voting rights control for employee participation

There are no employees holding an interest in the share capital of PVA TePla AG who cannot exercise their control rights directly.

Statutory provisions and provisions of the Articles of Association on the appointment and dismissal of members of the Management Board and on amendments to the Articles of Association

a) Appointment of members of the Management Board: PVA TePla AG's Management Board members are appointed in accordance with Section 84 AktG and Section 6 (2) of PVA TePla AG's Articles of Association. The following is regulated there: "(2) The appointment of the members of the Management Board, the revocation of their appointment and the conclusion, amendment, and termination of service contracts with the members of the Management Board shall be carried out by the Supervisory Board. The same applies to the appointment of a member of the Management Board as Chairman or Spokesman of the Management Board."

b) Dismissal of members of the Management Board: The Supervisory Board may revoke the appointment of a member of the Management Board and the appointment of the Chairman of the Management Board in accordance with Section 84 para. 4 sentence 1 of the German Stock Corporation Act if there is good cause. According to Section 84 para. 4 sentence 2 of the German Stock Corporation Act, such a reason is, in particular, a gross breach of duty, inability to manage the company properly, or withdrawal of confidence by the Annual General Meeting, unless confidence was withdrawn for obviously improper reasons. The revocation of the appointment to the Management Board is effective in accordance with Section 84 para. 3 sentence 4 of the German Stock Corporation Act until its invalidity has been legally established.

c) Amendments to the company's Articles of Association: According to Section 179 para. 1 sentence 1 of the German Stock Corporation Act, any amendment to the Articles of Association requires a resolution by the Annual General Meeting. However, in accordance with Section 179 para. 1 sentence 2 of the German Stock Corporation Act, the Supervisory Board is authorized to resolve amendments to the Articles of Association that only affect their wording. According to Section 179 para. 2 sentence 1 of the German Stock Corporation Act, a resolution by the Annual General Meeting to amend the Articles of Association generally requires a majority of at least three quarters of the share capital represented. On the basis of this statutory authorization, Section 14 (3) sentence 3 of the Articles of Association stipulates that amendments to the Articles of Association can be resolved by a simple majority of the votes cast, insofar as this is permitted by law.

Authorities of the Management Board to issue or repurchase shares

The Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital of PVA TePla AG by up to EUR 5,437,497 by issuing a total of up to 5,437,497 new no-par value shares against cash and/or non-cash contributions on one or more occasions until June 22, 2027 (Authorized Capital 2022/I).

The share capital of PVA TePla AG is also conditionally increased by up to EUR 5,437,497 by issuing up to 5,437,497 new no-par value bearer shares (Conditional Capital 2022/I). This capital serves exclusively to grant new shares to the holders of conversion or option rights issued by PVA TePla AG or by companies in which PVA TePla AG directly or indirectly holds a 100% interest in accordance with the authorization resolution of the Annual General Meeting on June 23, 2022.

By resolution of the Annual General Meeting on 28 June 2023, the Management Board was authorized to acquire treasury shares in a volume of up to 10% of the share capital existing at the time of the resolution or – if this value is lower – at the time the authorization is exercised. The authorization is valid until 27 June 2028. The authorization may be exercised in whole or in part, once or several times, for one or several purposes by the company, by its Group companies, or by third parties for its or their account.

This authorization has already been partially exercised, and the share buyback is currently being continued. Further details can be found in section H of the notes to the consolidated financial statements.

Significant agreements subject to a change of control following a takeover bid

The current framework agreements with the banks assume an essentially unchanged shareholder structure and provide for renegotiations or a right of termination on the part of the bank in the event of a change of control. The provisions for a publicly funded research and development project also provide for a special right of termination on the part of the funding body in the event of a change of control. Furthermore, a change of control leads to a right of termination for individual customer orders. Beyond this, the company has no other agreements that are subject to the condition of a change of control as a result of a takeover bid.

Change of Control agreements

In the event of a change of control, the members of the Management Board receive benefits that should not exceed 150% of the severance payment cap (value of two years' remuneration including fringe benefits).

Corporate governance statement and corporate governance report[32]

The combined corporate governance statement of PVA TePla AG and the Group in accordance with Section 289f HGB and § Section 315d HGB includes the declaration of compliance with the German Corporate Governance Code ("GCGC") in accordance with Section 161 AktG, relevant disclosures on corporate governance practices, the description of the working methods of the Management Board and Supervisory Board and their composition and the working methods of Supervisory Board committees, the targets set in accordance with Section 76 (4) and Section 111 (5) AktG and the disclosures on the achievement of the targets, including the description of the diversity concept.

Declaration of the Management Board and Supervisory Board of PVA TePla AG on the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG)

As set out and explained in more detail in the Declaration of Conformity of March 2024, the company does not comply with recommendations C.5, C.7, D.4, G.6, G.7, G.10, G.11, G.12 of the “Government Commission on the German Corporate Governance Code” in the version dated April 28, 2022, which was published in the Federal Gazette on June 27, 2022 (“GCGC”) (essentially composition of the Supervisory Board, Nomination Committee, and remuneration) with the provison that the deviation from C.5 and D.4, as communicated in the update of the Declaration of Conformity in September 2024, no longer applies.

The company intends to comply with the recommendations of the GCGC in future with the deviations described below:

- Under G.1 to G.16, the Code provides certain recommendations for the remuneration of the Management Board. At the Annual General Meeting on August 30, 2024, a new remuneration system was adopted with effect from January 1, 2025. Since 1 January 2025, the company has complied with all recommendations on Management Board remuneration with the exception of the remuneration of Mr Höfer, whose Management Board service contract dates back to the time before the first remuneration system was introduced. Mr. Höfer will leave the Management Board when his contract expires at the end of June 2025.

Wettenberg, March 2025

for the Management Board

Jalin Ketter
Chairwoman of the Executive Board

for the Supervisory Board

Dr. Myriam Jahn
Chairwoman of the Supervisory Board

[32] Non-audited component of the management report

Disclosures on corporate governance practices

The PVA TePla Group is a listed, internationally operating Group based in Wettenberg (Germany) and has a dual management system. For this reason, the German Stock Corporation Act, our Articles of Association, the rules of procedure for the Management Board and Supervisory Board, and the company-specific requirements of the German Corporate Governance Code (GCGC) form the basis for the division of responsibilities between the Management Board and Supervisory Board and the organization of the management and monitoring structure within the Group. We base our business activities on Group-wide standards that go beyond the requirements of the law and the GCGC. These also include trust, respect, and integrity in our dealings with one another.

Risk and opportunity management and ICS

The principles of responsible corporate governance include a continuous and forward-looking assessment of risks and opportunities aimed at achieving a balance between growth and return targets and the associated risks. The system is designed in such a way that it complies with the relevant legal requirements and the relevant industry standards. The Management Board members and managing directors are responsible for central tasks within the risk management system. A “risk manual” with procedural instructions for proper and forward-looking risk management is available to the managing directors and employees for this purpose. The manual regulates the specific processes in risk management. It is aimed at the entirety of all risk-related activities and measures, i. e. the identification, assessment, management, reporting, and monitoring of risks.

The aim of the internal control system (ICS) for the accounting process is to ensure the reliability of external reporting by preparing financial statements that comply with regulations. To monitor the effectiveness of the ICS, regular reviews of accounting-related processes are carried out using internal controls. The Audit Committee of the Supervisory Board also assesses the effectiveness of the system.

Compliance & Code of Conduct

For PVA TePla, responsible and legally compliant behavior is an indispensable prerequisite for sustainably successful business activities. Therefore, the primary objective of our Compliance Management System (CMS) is to ensure the lawful conduct of companies, management bodies, and employees with regard to legal and internal company regulations and prohibitions and to prevent violations. Compliance management is based on the currently published Code of Conduct. This describes risks in business activities and provides specific recommendations for conduct. The Code of Conduct is binding for all PVA TePla Group employees worldwide.

Other key components of our CMS are preventive measures to prevent compliance violations, mechanisms for the early detection of potential violations, and clear processes responding to and remedying compliance violations. We attach great importance to raising awareness among our employees to ensure that they are familiar with the applicable rules and actively support compliance with them. Examples of measures in our CMS include training on compliance issues, the establishment of a whistleblower system for anonymous reporting of violations, internal audits to check compliance with guidelines, and procedures and clear sanction mechanisms in the event of misconduct. Our CMS is continuously monitored by the Risk & Compliance Data Protection department and adapted to new business-specific risks and changing legal requirements. Findings from compliance risk management are incorporated into the further development of the system. In this way, we ensure that our CMS is always effective and appropriate in order to maintain the integrity and ethical standards of our company.

In addition, the example set by managers, open and fair communication at and between all levels in the company, and close and cooperative partnerships with customers and suppliers are important prerequisites for our business activities. At the same time, we also expect our suppliers and business partners to share our attitude towards integrity and sustainability.

An electronic whistleblower system makes it possible to report suspected economic crime or violations of compliance regulations. The PVA TePla Group aims to completely avoid corruption and bribery (including conflicts of interest, money laundering, etc.) in order to strengthen a compliant and ethical working environment in which risks can be identified and prevented in advance.

Sustainable corporate governance

PVA TePla Group aims to operate sustainably and responsibly in all areas of the company. For us, this means respecting the law, conserving resources, promoting climate protection, and fulfilling our responsibility to employees and society. Based on our self-image and the conviction that sustainable and responsible business practices increase the Group's capacity for innovation and future viability, we take environmental, social, and governance aspects into account not only in our sustainability strategy, but also in our corporate orientation and operational decisions.

Functioning of the Management Board and Supervisory Board as well as the composition and functioning of their committees

As a stock corporation domiciled in Germany, PVA TePla AG is managed in accordance with the legally stipulated management and supervisory structure. The Management Board is responsible for managing the company and determines its strategic direction. The Supervisory Board monitors and advises the Management Board and is directly involved in decisions of fundamental importance to the company. It appoints and dismisses the members of the Management Board, decides on the remuneration system for the members of the Management Board, which is submitted to the Annual General Meeting for approval in accordance with Section 120a AktG, and determines their respective total remuneration. The Supervisory Board and Management Board work together closely and in a spirit of trust for the benefit of the company and for sustainable value creation. Their common goal is to secure and further expand PVA TePla Group's leading market positions in the long term in order to benefit sustainably from growing end markets.

Certain decisions require the approval of the Supervisory Board in accordance with the rules of procedure of the Management Board.

Board of Directors and its composition

The Management Board jointly manages the operating business. As of the balance sheet date (December 31, 2024), it consisted of two members, Jalin Ketter (CEO) and Oliver Höfer (COO). Carl Markus Groß (CFO) has also been a member of the Executive Board since January 1, 2025. Following the departure of Oliver Höfer (COO) at the end of the 2025 Annual General Meeting, the Management Board will once again consist of two members: Jalin Ketter (CEO) and Carl Markus Groß (CFO).

Executive Board (as of January 1, 2025)

Name	Function	First appointment	Appointed until
Jalin Ketter	CEO	30.06.2020	20.06.2028
Carl Markus Groß	CFO	01.01.2025	31.12.2027
Oliver Höfer	COO	01.12.2013	24.06.2025

Irrespective of the statutory overall responsibility of the Executive Board and the duty of its members to work closely together in a spirit of trust, the areas of responsibility of the individual Management Board members are allocated as follows in accordance with the current schedule of responsibilities dated December 11, 2023:

CEO **Jalin Ketter** coordinates the work of the Management Board and is also responsible for strategic planning including M&A, human resources, marketing, and research & development (R&D) within the PVA TePla Group. **Carl Markus Groß** is responsible for Finance, Legal, and Information Technology. **Oliver Höfer** coordinates the areas of procurement, production, and sales.

The members of the Management Board are closely involved in operational activities. In view of the small number of Executive Board members, no Management Board committees have been established. Irrespective of the overall responsibility of the Management Board, each member of the Management Board manages the business areas assigned to them by the rules of procedure independently. A detailed description of responsibilities can be found in the schedule of responsibilities in the Management Board's rules of procedure, which can be downloaded from the Investor Relations/ Corporate Governance section of the company's website: PVA TePla AG/Corporate Governance.

The age limit for the Management Board is 65 and is set out in the rules of procedure for the Management Board.

The remuneration report for the 2024 fiscal year and the auditor's report in accordance with Section 162 AktG, and the applicable remuneration system approved by the Annual General Meeting on August 30, 2024 in accordance with Section 87a (1) and (2) sentence 1 AktG are publicly available at
https://www.pvatepla.com/investor-relations/corporate-governance.

Functioning of the Management Board

The Management Board of PVA TePla AG determines the corporate objectives, strategic direction, corporate policy, and Group organization. In particular, this includes the management of the Group, including its financial resources, the coordination and monitoring of the divisions, personnel planning, and the presentation of the company to the capital market and the public.

In accordance with the Management Board's rules of procedure and schedule of responsibilities, the Chairwoman of the Executive Board is responsible in particular for managing and coordinating the Group Management Board. She represents the company and the Group vis-à-vis third parties and the workforce in matters that do not only affect parts of the company or the Group. In addition, she has special responsibility for certain areas of responsibility in accordance with the schedule of responsibilities and the strategic development of the company.

Resolutions of the Management Board are passed in meetings. Board meetings are chaired by the Chairwoman of the Management Board. Any member of the Management Board may request that a meeting be convened, stating the subject of the meeting. The full Management Board makes decisions by resolution with a simple majority of the participating members. In the event of a tie, the Chairwoman of the Management Board has the casting vote. The aforementioned casting vote only applies if the Management Board consists of more than two persons. If the Management Board consists of only two members, the proposed resolution must be submitted to the Chairwoman of the Supervisory Board for mediation in the event of a tie.

The rules of procedure of the Management Board also provide for a catalog of measures that require discussion and decision-making by the entire Management Board, such as the determination of the corporate objectives of the company and the Group. There is also a catalog of business transactions that require the approval of the Supervisory Board. These include the adoption of the annual corporate plan, the raising of bonds or financial loans, as well as transactions and measures that lead to a significant change in the company's development. Board meetings are also held regularly and are also attended by the managing directors of the subsidiaries.

The Management Board reports to the Supervisory Board regularly, promptly, and comprehensively on all key issues relating to business development, corporate strategy, and potential risks.

Long-term succession planning for the Management Board and diversity concept

It is very important for PVA TePla to fill the Management Board with suitable candidates. Following the generational change in the Management Board, the Supervisory Board is also pursuing long-term succession planning. In doing so, the Personnel and Nomination Committee is guided by the requirements and skills profile that has been established, which is regularly reviewed and adjusted.

In the course of succession planning, the Supervisory Board and Management Board will also consider potential internal candidates for the Management Board.

When considering which personalities would best complement the Management Board as a body, the Supervisory Board also takes diversity into account as part of its long-term succession planning. The Supervisory Board understands diversity as a point of consideration to mean, in particular, different, complementary professional profiles, professional, educational, and life experience, including international experience, age, and appropriate representation of both genders.

Irrespective of individual criteria, the Supervisory Board is convinced that ultimately only the holistic assessment of the individual personality can be decisive for an appointment to the Management Board of PVA TePla AG. The Supervisory Board considers the following criteria to be essential for the Management Board as a whole:

- Many years of management experience in scientific, technical, and commercial fields of work
- International experience due to origin and/or professional activity
- A balanced age structure to ensure continuity in the work of the Management Board and enable smooth succession planning

Together with the Management Board, potential succession issues are identified, and an action plan is adopted for the specific individual case. The Supervisory Board considers the following aspects in particular:

- Early identification of suitable candidates from different disciplines and of different genders
- Systematic development of managers through the successful assumption of tasks with increasing responsibility, preferably in different businesses, regions, and functions
- Proven, successful strategic and operational drive and leadership, especially under challenging business conditions

The Supervisory Board fills Management Board positions based in particular on the professional and personal suitability of the candidates. In the case of equal suitability, the Supervisory Board will take diversity into account and also considers the share of women. When appointing members of the Management Board, the Supervisory Board will therefore not only ensure that the persons appointed have the personal and professional aptitude and experience required to perform the office. It will also strive to ensure that the members of the Management Board are characterized by a diversity of opinions and experience. At present, the Management Board has two male and one female member. The proportion of women on the Management Board is therefore 33%. A target of 30% is currently defined for the proportion of women on the Management Board by December 31, 2026.

Composition of the Supervisory Board

In accordance with the Articles of Association, the Supervisory Board of PVA TePla AG consists of four members. Until the election or appointment of the fourth member, the Supervisory Board currently (February 2025) consists of three members. The Supervisory Board elects a Chairperson and a Deputy Chairperson from among its members. The Chairwoman of the Supervisory Board convenes and chairs the meetings of the Supervisory Board. If she is unable to attend, her deputy takes over this task. The Supervisory Board has adopted rules of procedure. They define the tasks, rights, and duties of the Supervisory Board, the organization of meetings and resolutions, and the formation of committees. The Chairwoman of the Supervisory Board is generally prepared to hold discussions with investors on topics specific to the Supervisory Board, but only insofar as these take place within an appropriate framework and the topics fall within the sole competence of the Supervisory Board.

- Dr. Myriam Jahn, Chairwoman of the Supervisory Board, German nationality, * 1968
- Christoph von Seidel, Deputy Chairman of the Supervisory Board, German nationality, * 1968
- Prof. Dr. Gernot Hebestreit, German nationality, * 1963

Dr. Myriam Jahn has been a member of the Supervisory Board since 2023 (appointed until 2027), Christoph von Seidel since 2024 (appointed until 2029) and Prof. Dr. Gernot Hebestreit since 2008 (appointed until 2025). Their appointment took into account the objectives adopted by the Supervisory Board for its composition and the diversity concept. Christoph von Seidel was appointed as a new member of the Supervisory Board and subsequently elected as Chairman of the Audit Committee. Prof. Dr. Gernot Hebestreit was confirmed in office for a further year to ensure the transition and transfer of knowledge within the Audit Committee.

The age limit for the Supervisory Board is 70 years and is set out in the rules of procedure for the Supervisory Board.

Information on other mandates held by Supervisory Board members is available at
https://www.pvatepla.com/management/.
The remuneration of Supervisory Board members is reported in the separate remuneration report, which is available in the Investor Relations/Corporate Governance section of our website PVA TePla AG/Corporate Governance.

Functioning of the Supervisory Board

The Supervisory Board has the task of advising and monitoring the Management Board in the management of PVA TePla AG. It has adopted rules of procedure. The rules of procedure for the Supervisory Board are available on the company's website in the Investor Relations/Corporate Governance section.

The Chairperson of the Supervisory Board is elected by its members. The Supervisory Board consults regularly. It carries out its activities in accordance with the statutory provisions, the articles of association, its rules of procedure, and its resolutions. In accordance with the statutory provisions, the Supervisory Board monitors the Executive Board in the performance of its activities and the management of the company. In particular, it accompanies the Management Board in critical discussions on fundamental issues relating to the company's direction. These include, in particular, the annual corporate planning and the preparation of the financial statements, but also fundamental issues relating to the strategic direction and further development of the company. The Supervisory Board also reports on the scope of its work in its report to the Annual General Meeting.

The Supervisory Board is informed in detail about the economic situation and the course of business in the company at four ordinary meetings per year. The Supervisory Board also holds extraordinary meetings in the event of special external or internal company events. The meetings of the Supervisory Board are convened by the Chairwoman or, if she is unable to do so, by her deputy, giving at least seven days' notice, except in urgent cases in which the notice period may be shortened. Resolutions of the Supervisory Board are passed by a simple majority of votes. If a vote in the Supervisory Board results in a tie, the Chairwoman of the Supervisory Board shall have two votes in the event of a new vote on the same matter if this also results in a tie. If necessary, the Management Board attends the meetings of the Supervisory Board and reports in writing and orally on the individual agenda items and draft resolutions and answers the questions of the Supervisory Board members. Reports with explanations of key corporate financial and non-financial figures from the Management Board provide the Supervisory Board with an insight into the course of business. In addition to the meetings and reports, the members of the Supervisory Board keep themselves informed in regular discussions with the Management Board.

At regular intervals, the Supervisory Board reviews the efficiency of its work by interviewing the members of the Supervisory Board and Management Board using a structured questionnaire.

Committees of the Supervisory Board

The Supervisory Board of PVA TePla AG has formed two committees: an Audit Committee and a Personnel and Nomination Committee. The Supervisory Board may also form further committees from among its members.

The Audit Committee has three members and deals in particular with the audit of accounting, the monitoring of the accounting process, the appropriateness and effectiveness of the internal control system, the risk management system, and the internal audit system as well as the audit of the financial statements and compliance. In particular, the accounting comprises the consolidated financial statements and the combined management and Group management report (including non-financial reporting), interim financial reports, and the separate financial statements in accordance with the German Commercial Code (HGB). The Chairman of the Audit Committee is Christoph von Seidel. He fulfills the statutory requirements for independence and expertise in the areas of accounting and auditing. Prof. Dr. Gernot Hebestreit also meets the requirements in the areas of accounting and auditing. Another member of the Audit Committee is Dr. Myriam Jahn.

The Personnel and Nomination Committee has three members, including Dr. Myriam Jahn as Chairwoman. It makes proposals to the full Supervisory Board in the event of new appointments to executive bodies and deals with succession planning for positions on the Supervisory Board. The committee also deals with issues relating to remuneration and the conclusion, amendment, extension, and termination of employment contracts for members of the Management Board.

Diversity concept for the Supervisory Board

The Supervisory Board of PVA TePla AG, which currently consists of three members, aims to achieve a composition of the Supervisory Board that takes into account the following elements in view of the company's specific situation, its business purpose, and its size:

On the shareholder side, all persons without potential conflicts of interest should be represented on the Supervisory Board, in particular without such conflicts of interest that may arise due to a consultancy or board function with customers, suppliers, lenders, or other third parties.

The Supervisory Board will continue to pay attention to diversity in the form of age, educational and professional background, internationality, and the proportion of women when proposing candidates to the Annual General Meeting.

Competence profile of the Supervisory Board

The Supervisory Board has adopted a comprehensive requirements profile for its composition, which includes both the skills profile required by the German Corporate Governance Code (GCGC) and the diversity concept required by Section 289f (2) no. 6 of the German Commercial Code (HGB). The requirements profile is available on our website in the Investor Relations/ Corporate Governance section.

Based on the objectives for its composition, the Supervisory Board has prepared the following overview of the current status of implementation in the form of a qualification matrix:

Competence requirements	Dr. Myriam Jahn	Christoph von Seidel	Prof. Dr. Gernot Hebestreit
Period of affiliation			
Member since	2023	2024	2008
General suitability			
Independence	Fulfilled	Fulfilled	Fulfilled
No overboarding	Fulfilled	Fulfilled	Fulfilled
Diversity			
Gender	Female	Male	Male
Year of birth (age)	1968 (57 years)	1968 (57 years)	1963 (62 years)
Nationality	German	German	German
International experience	Fulfilled	Fulfilled	Fulfilled
Educational background	Electrical engineering, business administration, computer science	Business Administration	Business Administration

Specialist knowledge	Dr. Myriam Jahn	Christoph von Seidel	Prof. Dr. Gernot Hebestreit
Experience at senior level of a technology company in a medium-sized and international environment, preferably e.g. C/NED level of a listed company	Competence	Competence	Competence Lead
Experience in PVA TePla AG's target industries, in particular energy, decarbonization, mobility, or semiconductor and semiconductor equipment market from a customer and technology perspective	Competence Lead	Competence	Competence
International management and organizational development experience (especially for the main sales markets of PVA TePla AG)	Competence	Competence	Competence Lead
Experience with strategy development, implementation and the resulting transformation processes in rapidly changing markets	Competence Lead	Competence	Competence
Information technology: in-depth digitalization expertise and cyber risk	Competence Lead	Competence	Competence
Technology: In-depth expertise in innovation and digitalization of products	Competence Lead	Competence	Competence
Finance: Expertise in accounting, corporate planning and management as well as ICS in the Supervisory Board and Audit in accordance with the GCGC and the new §§ 100 (5), 107 (4) sentence 3 AktG within the framework of the Financial Market Integrity Security Act (FISG)	Competence	Competence	Competence Lead
Audit of financial statements: expertise in internal auditing and in the Supervisory Board and Audit Committee in accordance with the GCGC and the new Sections 100 (5) and 107 (4) Sentence 3 AktG within the framework of the Financial Market Integrity Security Act (FISG)	Competence	Competence Lead	Competence
Capital market experience, in particular in connection with M&A and the legal framework provided by stock exchange listings, as well as in the area of compliance.	Competence	Competence	Competence Lead
Environment: Experience with environmental standards and regulation, especially in decarbonization and international engineering	Competence Lead	Competence	Competence
Social: Experience in social and socio-political developments and international human resources development	Competence	Competence Lead	Competence
Governance: National and international legal framework and regulatory framework for corporate processes and -products at supervisory board or committee level	Competence	Competence Lead	Competence

■ Competence Lead ■ Competence

Diversity

The Management Board and Supervisory Board of PVA TePla AG rely on the diversity and variety of its employees. For PVA TePla Group, they form the basis of an efficient and successful company. The activities are aimed at bringing together the right people to tackle our challenges and creating a work culture that promotes the performance, motivation, and satisfaction of our employees and managers.

Management level below the Management Board

Below the Management Board in the holding company PVA TePla AG exists a management level whose members have been appointed as authorized signatories. In May 2023, a target of 30% was set for the proportion of women in this management level, which is currently achieved at 50%. The company aims to at least maintain this target by December 31, 2026[33].

Management Board

The Supervisory Board fills Management Board positions based in particular on the professional and personal suitability of the candidates. In the case of equal suitability, the Supervisory Board will take diversity into account and also consider the proportion of women. When appointing members of the Management Board, the Supervisory Board will therefore not only ensure that the persons appointed have the personal and professional aptitude and experience required to perform the office. It will also strive to ensure that the members of the Management Board are characterized by a diversity of opinions and experience.

At the present time (February 2025), the Management Board has two male and one female member. The proportion of women on the Management Board is therefore 33%. A target of 30% has currently been defined for the proportion of women on the Management Board by December 31, 2026.

Supervisory Board

The Supervisory Board currently consists of two male members and one female member. The target for the proportion of women on the Supervisory Board is defined as 25% by December 31, 2026, which is currently 33%. With regard to the issue of gender equality, the Supervisory Board is guided in its proposals for the election of new Supervisory Board members to the Annual General Meeting in particular by the professional and personal suitability of the candidates. In the case of equal suitability, the Supervisory Board will take diversity into account.

Jalin Ketter	**Oliver Höfer**	**Carl Markus Groß**
CEO	COO	CFO

[33] As part of our sustainability reporting, we report on the proportion of women in the first and second management levels of the Group, i.e. including all Group companies.

Consolidated Financial Statements

for Fiscal Year 2024

Consolidated Financial Statements

Consolidated Balance Sheet of the PVA TePla Group

Assets

in EUR '000	Notes	Dec 31, 2024	Dec 31, 2023*
Non-current assets			
Intangible assets	8	20,227	18,597
Right-of-use assets	20	4,832	2,924
Property, plant and equipment	9	58,563	41,646
Non-current investments	10	3,641	9,011
Deferred tax assets	13	7,068	6,989
Total non-current assets		**94,330**	**79,167**
Current assets			
Inventories	11	84,519	94,601
Receivables and other assets	12	59,941	77,825
Contract assets	12	28,788	35,972
Income tax assets		510	823
Cash and cash equivalents	G	31,371	13,964
Total current assets		**205,128**	**223,185**
Total assets		**299,459**	**302,352**

* Prior-year figures adjusted (for further explanations, see section "B. Changes in accounting policies")

Consolidated Balance Sheet of the PVA TePla Group

Liabilities and Shareholders Equity

in EUR '000	Notes	Dec 31, 2024	Dec 31, 2023*
Shareholders' equity			
Share Capital	H	21,750	21,750
Reserves	H	132,975	105,667
Treasury shares	H	– 4,470	0
Total shareholders' equity		**150,255**	**127,417**
Non-current liabilities			
Retirement pension provisions	15	13,721	11,770
Other provisions	16	651	853
Financial liabilities	14	22,015	14,458
Deferred tax liabilities	13	8,495	9,800
Total non-current liabilities		**44,882**	**36,881**
Current liabilities			
Other provisions	16	10,034	7,300
Financial liabilities	14	2,563	5,291
Liabilities to employees		8,449	7,699
Trade payables		14,532	18,825
Contract liabilities	17	61,383	95,268
Provisions for taxes		4,558	529
Other liabilities		2,802	3,142
Total current liabilities		**104,322**	**138,054**
Total liabilities		**299,459**	**302,352**

* Prior-year figures adjusted (for further explanations, see section "B. Changes in accounting policies")

Consolidated Income Statement of the PVA TePla Group

in EUR '000	Notes	Jan 1 – Dec 31, 2024	Jan 1 – Dec 31, 2023
Sales revenues	1	**270,115**	**263,446**
Cost of sales		– 182,079	– 185,939
Gross profit		**88,035**	**77,507**
Selling and distributing expenses		– 18,494	– 19,147
General administrative expenses		– 20,559	– 15,451
Research and development expenses	2	– 11,711	– 9,513
Other operating income	3	4,976	5,795
Other operating expenses	3	– 2,644	– 4,811
Operating result (EBIT)		**39,604**	**34,379**
Financial result	4	**– 642**	**– 274**
Financial income	4	1,662	714
Finance costs	4	– 2,303	– 988
Net result before tax		**38,962**	**34,105**
Income taxes	5	– 11,894	– 9,684
Consolidated net result for the period		**27,068**	**24,421**
Earnings per share (basic/diluted)			
Earnings per share (basic) in EUR		1.25	1.12
Earnings per share (diluted) in EUR		1.25	1.12

Consolidated Statement of Comprehensive Income of the PVA TePla Group

in EUR '000	Jan 1 – Dec 31, 2024	Jan 1 – Dec 31, 2023
Consolidated net result for the period	27,068	24,421
Other comprehensive income		
Items that may be reclassified to profit or loss:		
– Currency changes	834	– 406
– Income taxes	0	0
Changes in the amount recognised in equity (currency differences)	834	– 406
Total of items that may be reclassifies to profit or loss	834	– 406
Items that will never be reclassified to profit or loss:		
– Change in retirement pension provisions	– 847	– 977
– Income taxes	253	283
Changes recognized outside profit or loss	– 594	– 694
Total of items that will never be reclassified to profit or loss	– 594	– 694
Total comprehensive income	**27,308**	**23,321**

Consolidated Cash Flow Statement of the PVA TePla Group

in EUR '000	Jan 1 – Dec 31, 2024	Jan 1 – Dec 31, 2023
Consolidated net result for the year	27,068	24,421
Adjustments to the consolidated net result for the year reconciliation to the cash flow operating activities		
+ Income taxes	11,894	9,684
– Financial income	– 1,662	– 714
+ Financial expenses	2,303	988
= Operating result (EBIT)	**39,604**	**34,379**
+/– Income tax payments	– 8,651	– 15,807
+ Amortization and depreciation	8,207	7,149
+/- Share of profit or loss of associates	33	0
–/+ Income/expenses from the disposal of fixed assets	14	24
+/– Other non cash expenses/income	– 693	– 293
–/+ Increase/decrease in inventories, trade receivables and other assets	42,145	– 8,620
+/– Increase/decrease in provisions	3,437	2,068
+/– Increase/decrease in trade payables and other liabilities	– 37,910	– 16,902
Cash flow from operating activities	**46,184**	**1,998**
– Cash flow from obtaining control of subsidiaries or other business less aquired cash	– 282	– 300
– Payments for the acquisition of associated companies	– 2,704	0
+ Receipts from intangible assets and property, plant and equipment	111	44
– Payment of intangible assets and property, plant and equipment	– 24,156	– 11,266
+ Receipts from financial assets	3,000	8
+ Interest receipts	704	673
Cash flow from investing activities	**– 23,327**	**– 10,841**
– Payments for purchase of treasury shares	– 3,964	0
+ Proceeds from (financial) loans raised	5,934	13,352
– Repayment of (financial) loans	– 3,290	– 144
– Payments for the repayment of leasing liabilities	– 1,781	– 1,293
– Payments from redumption of financial liabilities	0	– 4,386
– Payment of interest	– 2,896	– 226
Cash flow from financing activities	**– 5,997**	**7,303**
= Net change in cash and cash equivalents	**16,860**	**– 1,540**
+/– Effect of exchange rate fluctuations on cash	547	– 99
+ Cash and cash equivalents at the beginning of the period	13,964	15,602
= Cash and cash equivalents at the end of the period	**31,371**	**13,964**

Consolidated Statement of Changes in Equity of the PVA TePla Group

in EUR '000	Shares issued	Share capital	Retained earnings	Other reserves		Total reserves	Treasury shares	Total shareholders' interest
				Currency exchange	Retirement pension provisions			
	Number							
As at Jan 1, 2023	**21,749,988**	21,750	**83,491**	**1,003**	**– 2,148**	82,346	**0**	**104,096**
Net result			24,421			24,421		24,421
Other result				– 406	– 694	– 1,100		– 1,100
Total			24,421	– 406	– 694	23,321		23,321
Purchase of treasury shares						0		0
As at Dec 31, 2023	21,749,988	21,750	**107,912**	**597**	**– 2,842**	105,667	**0**	**127,417**
As at Jan 1, 2024	21,749,988	**21,750**	**107,912**	**597**	**– 2,842**	105,667	**0**	**127,417**
Net result			27,068			27,068		27,068
Other result				834	– 594	240		240
Total			27,068	834	– 594	27,308		27,308
Purchase of treasury shares	– 295,531					0	– 3,964	– 3,964
Obligation to acquire treasury shares						0	– 506	– 506
As at Dec 31, 2024	21,454,457	**21,750**	**134,980**	**1,431**	**– 3,436**	132,975	**– 4,470**	**150,255**

Notes to the consolidated financial statements 2024

A. Basis of preparation

Registered office and legal form of the company

PVA TePla AG, Wettenberg (hereinafter referred to as “PVA TePla AG”) is a stock corporation under German law. The company is registered in the commercial register at the Local Court in Giessen, Germany, under the number HRB 6845 and has its registered office at Im Westpark 10 – 12 in 35435 Wettenberg, Germany. PVA TePla AG’s shares are listed in the Prime Standard segment of the Frankfurt Stock Exchange (ISIN: DE0007461006) and have been included in the SDAX index since September 20, 2021.

Business activities and operating segments

PVA TePla AG and the subsidiaries it controls (hereinafter referred to as the “PVA TePla Group”) are leading providers of high-tech solutions in the fields of materials technology and metrology. With a broad portfolio of innovative products, processes and services, PVA TePla supports customers in meeting demanding challenges in a wide variety of industries driven by the global megatrends of digitalization, decarbonization and mobility. PVA TePla manages and maintains business relationships worldwide through its locations in Germany, France, Italy, USA, China, Taiwan, South Korea and Singapore. Going forward, PVA TePla’s regional growth initiatives will focus in particular on Asia and the Americas.

The PVA TePla Group divides its business activities into the two operating segments of Semiconductor Systems and Industrial Systems. The Group is managed, coordinated and controlled on the basis of these two operating segments, which in this respect form the two operating segments for the purposes of segment reporting. The Semiconductor Systems operating segment comprises solutions as well as plant and equipment systems for the semiconductor industry, primarily crystal growing systems, metrology systems for quality control and plasma systems for removing surface contamination from wafers. The Industrial Systems operating segment comprises solutions as well as plant and equipment systems for the semiconductor industry for the production, refinement and inspection of innovative materials, for surface treatment, cleaning and inspection, and for monitoring production processes, which are specially configured to meet the requirements and needs of other industries, such as the medical, electrical and tool industries.

Accounting standards and general basis of presentation

The consolidated financial statements of PVA TePla AG for the fiscal year ended December 31, 2024 were prepared in accordance with the International Financial Reporting Standards (IFRSs) developed by the International Accounting Standards Board (IASB), as adopted by the European Union (EU), in application of section 315e of the German Commercial Code (HGB). All International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs) and interpretations of the IFRS Interpretations Committee (IFRS IC) that are required to be applied for fiscal year 2024 have been taken into account. Moreover, all statutory disclosure and explanation requirements of the German Commercial Code (HGB) in addition to those of the IASB were met. As the ultimate parent company, PVA TePla AG prepares the consolidated financial statements for the smallest and largest group of companies in the PVA TePla Group.

PVA TePla AG’s fiscal year and that of its subsidiaries is the calendar year. PVA TePla AG’s fiscal year 2024 began on January 1, 2024 and ended on December 31, 2024. This means that the corresponding prior-year period (hereinafter also referred to as the “previous year”) covers the period from January 1, 2023 to December 31, 2023.

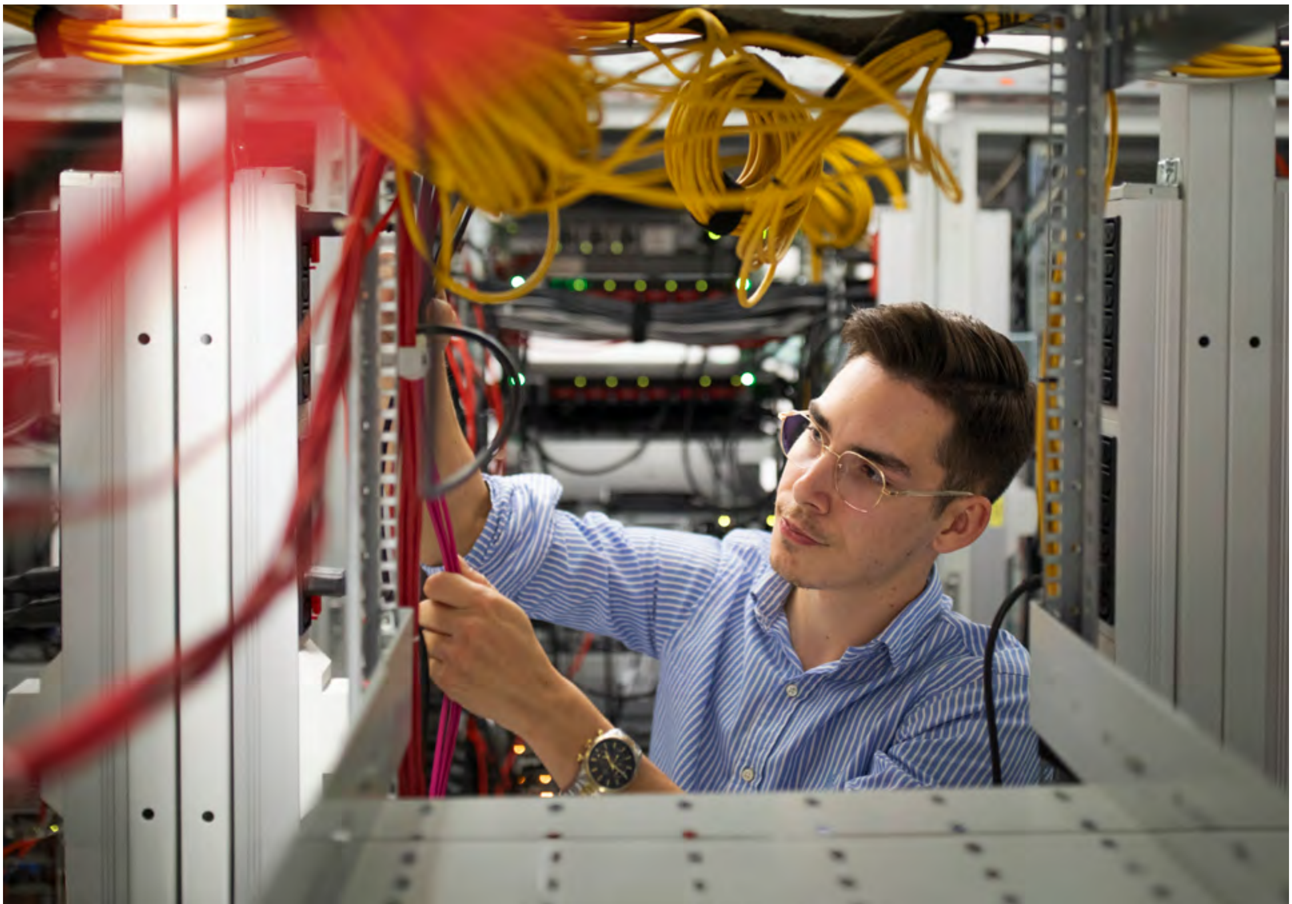
The consolidated financial statements were prepared on a going concern basis using the historical cost principle. Derivative financial instruments and earn-out liabilities, which are measured at fair value, are an exception to this policy.

The consolidated income statement is prepared using the cost of sales method. Where items in the consolidated balance sheet and/or the consolidated income statement or consolidated statement of comprehensive income have been combined to enhance the clarity of presentation or for reasons of materiality, these are disclosed separately in the notes to the consolidated financial statements. An explanation of the accounting policies applied in relation to individual items in the consolidated balance sheet and consolidated income statement or consolidated statement of comprehensive income is provided in the individual notes to the consolidated financial statements, together with the relevant specific notes disclosures in each case.

The consolidated balance sheet classifies assets and liabilities into current and non-current. Assets and liabilities are classified as current if they are due within one year or within a longer normal operating cycle. Deferred tax assets and liabilities are generally presented as non-current items in the consolidated balance sheet.

The reporting currency and the functional currency of the PVA TePla Group's consolidated financial statements is the euro (EUR). All amounts are presented in thousands of euros (EUR thousand), unless otherwise stated. For technical reasons, the information presented in these financial statements may contain rounding differences of +/– one unit (EUR thousand, percent, etc.).

The PVA TePla Group's consolidated financial statements for the fiscal year from January 1, 2024 to December 31, 2024 were approved by the Management Board of PVA TePla AG on March 14, 2025 and submitted to the Supervisory Board for approval.



B. Changes in accounting policies

Pronouncements applied for the first time in fiscal year 2024

The accounting policies applied in the PVA TePla Group's consolidated financial statements for fiscal year 2024 generally correspond to those of the previous year (fiscal year 2023). As a departure from this policy, the PVA TePla Group applied the following new or amended standards as adopted into EU law by the European Union for the first time in fiscal year 2024. The initial application of these pronouncements in fiscal year 2024 resulted in the changes for the PVA TePla Group explained below the table.

Standard	Title	Initial application PVA TePla Group	Adopted by the EU	Effects on the PVA TePla Group
Amendments to IFRS 16	Lease liability in a sale and leaseback transaction	January 1, 2024	November 20, 2023	not relevant
Amendments to IAS 1	Classification of liabilities as current or non-current and non-current liabilities with covenants	January 1, 2024	December 19, 2023	no material effects
Amendments to IAS 7 / IFRS 7	Supplier finance arrangements	January 1, 2024	May 15, 2024	not relevant

Changes in presentation in fiscal year 2024

In fiscal year 2024, PVA TePla AG modified the structure and classification of the consolidated balance sheet to enhance clarity and comparability, changing the names of items and making various reclassifications ("changes in presentation"). The reclassifications recognized directly in equity were carried out retrospectively in accordance with IAS 8 and relate to the following items:

- **Disclosure of prepayment invoices due:**
  The rights to payment due from prepayment invoices billed by the PVA TePla Group but not yet collected on the reporting date that were previously reported in the balance sheet item "Contract assets" will be reported in balance sheet item "Receivables and other assets" starting in fiscal year 2024. The prior-year figures of EUR 14,641 thousand were correspondingly restated in accordance with IAS 8.

- **Net presentation of deferred tax assets and liabilities:**
  The accounting policy applied in the past by the PVA TePla Group to present deferred tax assets and deferred tax liabilities gross is not standard practice either nationally or internationally. To improve comparability with other companies, PVA TePla AG amended the presentation of deferred taxes in fiscal year 2024 to net presentation at the level of the consolidated Group companies, which is the predominant presentation policy in corporate practice. The deferred tax assets of EUR 9,997 thousand and the deferred tax liabilities of EUR 12,808 thousand presented gross in the previous year were correspondingly restated in accordance with IAS 8.

- **Presentation of term deposits:**
  The term deposits with a term of more than three months (EUR 6,168 thousand) reported under the "cash and cash equivalents" balance sheet item in the previous year are reported under the "receivables and other assets" balance sheet item from fiscal year 2024.

Pronouncements required to be applied in future periods

The IASB issued the following pronouncements that were not yet required to be applied in fiscal year 2024. The PVA TePla Group does not intend to apply these new or amended standards before their effective date.

Standard	Title	Initial application PVA TePla Group	Adopted by the EU	Effects on the PVA TePla Group
Amendments to IAS 21	The effects of changes in foreign exchange rates: lack of exchangeability	January 1, 2025	November 12, 2024	not relevant
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual Improvements to IFRSs, Volume 11	probably January 1, 2026	outstanding	Effects are currently being analyzed
Amendments to IFRS 9 and IFRS 7	Classification and measurement of financial instruments	probably January 1, 2026	outstanding	Effects are currently being analyzed
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	probably January 1, 2026	outstanding	No material effects
IFRS 18	Presentation and Disclosures in Financial Statements	probably January 1, 2027	outstanding	Effects are currently being analyzed
IFRS 19	Subsidiaries without Public Accountability: Disclosures	probably January 1, 2027	outstanding	Effects are currently being analyzed

C. Basis of consolidation, consolidation methods and foreign currency translation

Basis of consolidation

The accompanying consolidated financial statements include PVA TePla AG as well as its domestic and foreign subsidiaries over which it can exercise control ("PVA TePla Group"). In general, it is assumed that owning a majority of the (direct or indirect) voting rights leads to control. The financial statements of subsidiaries to be included in the consolidated financial statements are incorporated from the date control is obtained until the date control ceases. As the top level parent company, PVA TePla AG prepares the consolidated financial statements for the smallest and largest group of companies in the PVA TePla Group.

In addition to PVA TePla AG, nine domestic (previous year: eight) and ten foreign (previous year: ten) subsidiaries were consolidated in the PVA TePla Group's consolidated financial statements as of December 31, 2024:

		Equity share (%)	
Company	Registered office	Direct shareholding Dec 31, 2024	Indirect shareholding Dec 31, 2024
PVA Industrial Vacuum Systems GmbH	Wettenberg, Germany	100	
PVA Crystal Growing Systems GmbH	Wettenberg, Germany	100	
PVA Metrology & Plasma Solutions GmbH	Wettenberg, Germany	100	
PVA TePla Analytical Systems GmbH	Westhausen, Germany	100	
PVA Löt- und Werkstofftechnik GmbH	Jena, Germany	100	
PVA Control GmbH	Wettenberg, Germany	100	
PVA SPA Software Entwicklungs GmbH	Coburg, Germany	100	
PVA Vakuum Anlagenbau Jena GmbH	Jena, Germany	100	
PVA Technology Hub GmbH	Wettenberg, Germany	100	
PVA Holding, LLC	Wilmington DE, USA	100	
OKOS Solutions, LLC	Manassas VA, USA		100
PVA TePla America, LLC	Corona CA, USA		100
PVA Italy S.r.l.	San Vito di Leguzzano, Italy	100	
M.P.A. Industrie SAS	La Chapelle-d'Aurec, France	100	
PVA TePla Singapore Pte. Ltd.	Singapore	100	
PVA TePla (China) Ltd.	Beijing, PR China	100	
PVA Semiconductor Systems Xi'an Ltd.	Xi'an, PR China	100	
PVA Taiwan Ltd.	Hsinchu, Taiwan	100	
PVA TePla Korea LLC	Gyeonggi-do, Republic of Korea	100	

Exemption under section 264(3) of the HGB

The following domestic subsidiaries of PVA TePla AG make use of the exemption under section 264(3) of the HGB and are exempt for fiscal year 2024 from their obligation to prepare and publish German GAAP annual financial statements and a management report in accordance with the provisions applicable to corporations:

- PVA Industrial Vacuum Systems GmbH, Wettenberg
- PVA Crystal Growing Systems GmbH, Wettenberg
- PVA Metrology & Plasma Solutions GmbH, Wettenberg
- PVA TePla Analytical Systems GmbH, Westhausen
- PVA Löt- und Werkstofftechnik GmbH, Jena
- PVA Control GmbH, Wettenberg
- PVA SPA Software Entwicklungs GmbH, Coburg
- PVA Vakuum Anlagenbau Jena GmbH, Jena
- PVA Technology Hub GmbH, Wettenberg

Changes in the basis of consolidation in fiscal year 2024

In January 2024, PVA Technology Hub GmbH, Wettenberg, was formed, in which PVA TePla AG directly holds 100 percent of the shares. This formation is designed to further advance the company's evolution from a pure-play systems manufacturer to a solution provider and strengthen its leading position in the area of research and development. The PVA Technology Hub focuses on the development of processes and plant used in the manufacture, processing and application of high-tech materials and components, focusing initially on silicon carbide.

Changes in the basis of consolidation in the previous year

There were no changes in the basis of consolidation in fiscal year 2023.

Consolidation methods

The financial statements of PVA TePla AG and its subsidiaries included in the consolidated financial statements are prepared in accordance with uniform measurement policies as of the reporting date of the consolidated financial statements (December 31, 2024). Recognition, measurement and classification principles as well as consolidation methods were applied consistently by all companies included in the consolidated financial statements. All intragroup assets and liabilities, income and expenses as well as cash flows from transactions between the companies included in the consolidated financial statements are fully eliminated in the process of consolidation. Income tax effects were taken into account and deferred taxes were recognized for consolidation adjustments recognized in profit or loss.

Accounting for subsidiaries in the consolidated financial statements uses the acquisition method. Under this method, the cost of the investment (consideration transferred) is allocated to the identifiable assets acquired and the identifiable liabilities and contingent liabilities assumed in accordance with their fair values at the acquisition date. Costs incurred as part of an acquisition are recognized as an expense. Deferred taxes are recognized on hidden reserves and liabilities realized in the course of initial consolidation, unless this realization is also recognized for tax purposes.

In subsequent periods, the realized hidden reserves and liabilities are carried forward to reflect the accounting for the corresponding assets and liabilities. Any excess of the cost of the investment over the net fair value of the identifiable assets, liabilities and contingent liabilities is recognized as goodwill.

Foreign currency translation

The items recognized in the financial statements of the individual subsidiaries of PVA TePla AG are measured on the basis of the applicable functional currency. The reporting currency of the PVA TePla Group's consolidated financial statements is the euro (EUR).

Foreign currency transactions are translated into the applicable functional currency at the current exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate. Exchange differences are recognized in profit or loss and reported in the consolidated income statement under other operating expenses or other operating income. Non-monetary assets and liabilities measured at historical cost in a foreign currency are translated using the exchange rate at the transaction date.

The financial statements of consolidated subsidiaries whose functional currency differs from the Group's reporting currency (EUR) are translated as follows: Assets and liabilities are translated at the closing rate (middle rate), equity is translated at historical rates, and expenses and income are translated at the average rate for the year. Exchange differences arising from changes in exchange rates between individual fiscal years are generally accumulated in equity outside profit or loss under "Other reserves".

Changes in the most important exchange rates versus the euro

EUR = 1	Average foreign exchange rate		Closing rate	
	2024	2023	Dec 31, 2024	Dec 31, 2023
USA (USD)	1.08205	1.08158	1.03890	1.10500
China (CNY)	7.78626	7.65907	7.58330	7.85090
Singapore (SGD)	1.44567	1.45234	1.41640	1.45910
South Korea (KRW)	1,475.25642	1,413.26445	1,532.15000	1,433.6600
Taiwan (TWD)	34.71900	33.68100	33.94200	33.96200

D. Management judgments and estimation uncertainties

In the PVA TePla Group's consolidated financial statements, estimates and assumptions must be made to a limited extent, affecting the recognition, measurement and disclosure of assets, liabilities, income, expenses and contingent liabilities. Material management judgments and estimation uncertainties applying to recognition and measurement relate in particular to the determination of the difference between fair values and carrying amounts in the course of initial consolidation at the acquisition date and the measurement of variable purchase price components (earn-out clauses) when new companies are acquired (see note C), the measurement of goodwill (see note 8), the measurement of inventories (see note 11), impairment losses on receivables and contract assets (see note 12 and note 19), the recognition and measurement of deferred tax assets in respect of loss carryforwards (see note 13) as well as the amount and probability of settlement of retirement pension provisions (see note 15) and of other provisions (see note 16), including the measurement of long-term remuneration components (see note 22). Management judgments with regard to presentation primarily relate to the assessment of whether the requirements for offsetting deferred tax assets and deferred tax liabilities are met in individual cases. When assessing these judgments and estimation uncertainties, management is guided by past experience, assessments by experts (lawyers, rating agencies, associations, etc.) and the outcome of carefully considering various scenarios. Actual results and developments beyond the scope of management's control may differ significantly from the forecast developments and assumptions. This means that the management of the PVA TePla Group reviews the estimates and assumptions made on an ongoing basis. Changes in estimates are recognized in profit or loss when better information becomes available.

Material management judgments and estimation uncertainties relating to revenue recognition are made when determining separate performance obligations, when determining the settlement date of performance obligations, when determining the method for ascertaining the progress of projects to be realized over time, when assessing significant financing components and when allocating the transaction price to the separate performance obligations:

- Determining whether a value proposition is to be considered a separate performance obligation (e. g., in the case of installation, training, maintenance, service and warranty obligations) may involve the exercise of considerable judgment in individual cases.

- The performance obligations resulting from contracts with PVA TePla Group customers in connection with system production and with services are either recognized over time over the performance period in accordance with the stage of completion (POC method) or recognized at a point in time as soon as the deliveries or services are rendered, depending on the specific facts and circumstances of the individual case. With regard to customer-specific system production, a judgment must be made as to whether an asset without an alternative use is created in the specific single case and whether there is also an enforceable legal claim to payment for the services already brought, including an appropriate profit mark-up (in the event of an assumed termination of contract by the customer).

- In the case of projects to be realized over time, the method that most reliably measures the services rendered must be identified to measure progress. The PVA TePla Group mainly uses input methods to determine revenue from customer-specific system production, above all the cost-to-cost method. The stage of completion is measured as the proportion that costs incurred to date bear to the estimated total costs. The PVA TePla Group management holds the view that the cost-to-cost method is generally most suited to determine the progress of system production to be realized over time, as there is a more direct link between the pattern of the PVA TePla Group's costs and the transfer of control to the customer. The estimate of performance progress is based on experience and is monitored and adjusted on an ongoing basis.

- When determining the transaction price, significant financing components must always be taken into account if the performance and payment dates differ. Determining whether any significant financing component exists (at all) in individual cases calls for a judgment-based assessment of all relevant facts and circumstances in each specific case.

- If there are several performance obligations, the estimated contract consideration must be allocated to the identified performance obligations on the basis of the applicable relative standalone selling prices. The PVA TePla Group estimates standalone selling prices using other adequate methods solely in cases where the prices of individual goods and services cannot be observed directly on the market. Depending on the specific facts and circumstances in individual cases, the following methods are used: adjusted market assessment approach, expected cost plus a margin approach or – if certain restrictive conditions are met – the residual method. The PVA TePla Group predominantly uses the expected cost plus a margin approach.

The PVA TePla Group continues to operate in a macroeconomic and geopolitical environment characterized by considerable uncertainties and risks. This is particularly the case with regard to global geopolitical conflicts, trade disputes as well as national political and economic changes. In this context, uncertainties and risks arise primarily from the ongoing uncertainties regarding the future development of energy, material and commodity prices as well as volatile interest rates, exchange rates and share prices. Given that the political and economic consequences cannot currently be predicted, the judgments and estimates made by PVA TePla Group management are subject to increased uncertainty and risks, especially in the case of revenue recognition, determining the impairment of trade receivables and contract assets using the expected credit loss model, testing goodwill for impairment and accounting for non-current provisions. The management of the PVA TePla Group monitors and analyzes the situation on an ongoing basis in order to take measures and mitigate identified risks.

E. Consolidated income statement disclosures

1. Sales revenues

The PVA TePla Group generates its revenue primarily from the sale of systems. Additional revenue is generated from services and the supply of spare parts (collectively "after-sales service") and services for customers on their own systems ("contract processing"). The standard contract periods and payment terms for customer contracts in these operating areas of the PVA TePla Group are listed in the following, although individual contracts may differ from these contractual terms.

Operating areas	Contract durations	Payment conditions
Systems	3 – 18 months	30 – 40% on receipt of order; 50 – 65% on delivery; 5 – 10% on acceptance
After-sales service	1 – 6 weeks	100% on delivery (e. g. spare parts) or 100% when service is provided (e. g. contract processing; repairs)
Contract processing	1 – 4 weeks	

Breakdown of revenue by operating area

EUR '000	2024	%	2023	%
Systems	220,599	82	225,406	85
After-sales service	40,064	15	29,935	11
Contract processing	7,165	3	6,781	3
Other	2,287	1	1,324	1
Total	**270,115**	**100**	**263,446**	**100**

Breakdown of revenue by timing of performance

EUR '000	2024	%	2023	%
Sales revenues recognized at a point in time	174,044	64	163,514	62
Sales revenues recognized over time	96,070	36	99,932	38
Total	**270,115**	**100**	**263,446**	**100**

Please refer to the segment reporting in note 18 for additional revenue breakdowns.

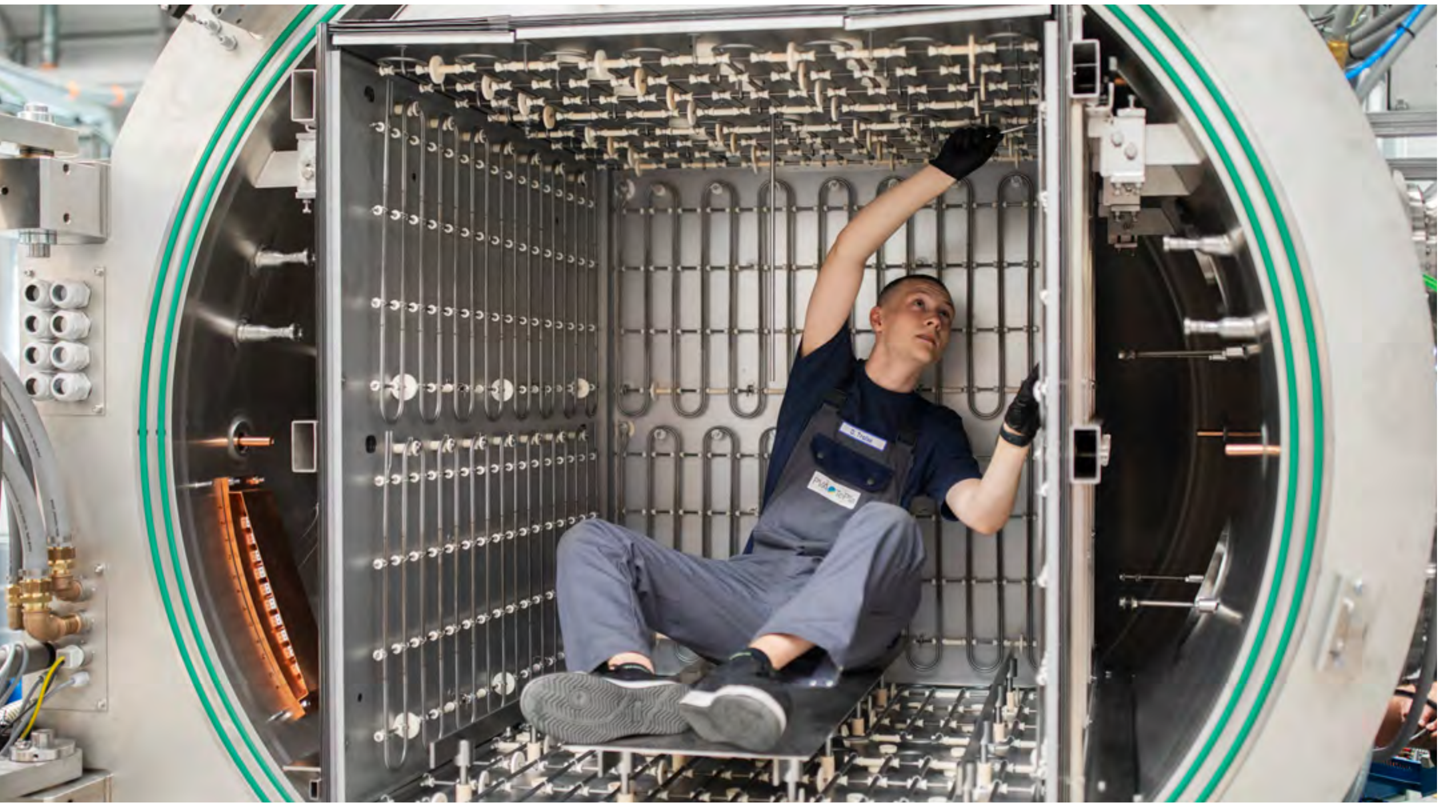
Customer-specific system manufacturing (POC method)

EUR '000	Dec 31, 2024	Dec 31, 2023
Contract revenue	70,980	87,633
Contract costs	– 53,677	– 64,048
Profit from customer-specific system manufacturing (POC method)	**17,303**	**23,585**

No significant financing components were agreed in contracts with customers in either fiscal year 2024 or the previous year.

Performance obligations not yet satisfied as of the reporting date

EUR '000	of which expected to be satisfied in ≤ 12 months	of which expected to be satisfied in > 12 months
Overall scope of contractual obligations contracted at Dec 31, 2024 but not yet (fully) satisfied as of Dec 31, 2024	132,981	22,633
Overall scope of contractual obligations contracted at Dec 31, 2023 but not yet (fully) satisfied as of Dec 31, 2023	228,583	49,672



Presentation of material accounting policies

Revenue is measured on the basis of the consideration specified in a contract with a customer that the PVA TePla Group expects to receive and realize when the customer obtains control of the agreed goods and services. The transfer of control may occur at a specific point or over a period of time. Revenue is recognized net of value added tax and any sales deductions (e. g. credit notes and trade discounts). When determining the transaction price, significant financing components must always be taken into account if the performance and payment dates differ. The transaction price generally corresponds to the purchase contract price. Variable purchase price components are either insignificant or non-existent.

Contracts with customers regularly contain various value propositions (products and services) that may be classified as separate performance obligations and to which a portion of the contract price must subsequently be allocated. Determining whether a product or service is to be classified as a separate performance obligation can involve considerable judgment. If several deliveries or services are provided to a customer, these are either contractually specified in separate individual contracts or combined in a single contract comprising several performance obligations. If deliveries or services contracted in separate individual contracts with a customer are closely related in time, these are combined into a multiple-element arrangement in the event of economic interdependencies.

Performance obligations resulting from contracts with PVA TePla Group customers in connection with the production of systems are only recognized over time over the production period in accordance with the stage of completion (POC method) if an asset is created without an alternative use and, additionally (in the event of an assumed termination of contract by the customer), there is also an enforceable legal claim to payment for the services already rendered (including an appropriate profit mark-up). In other cases, revenue is recognized at a point in time as soon as the deliveries or services have been provided, the risk has been transferred and there are no technical risks or special contractual provisions that contradict this. Revenue from services is recognized at a point in time or over time, depending on the specific facts and circumstances of the individual case.

When applying the POC method, revenue is recognized over time based on the progress of performance. The service rendered (including the share of profit or loss) is recognized in the income statement over time within the “Revenue” item. The PVA TePla Group mainly uses input methods to determine the stage of completion of longer-term customer-specific system production contracts, above all the cost-to-cost method. The stage of completion is measured as the proportion that costs incurred to date bear to the estimated total costs. The ratio of these two figures produces the proportion of project revenue to be recognized as of the reporting date (cumulative performance). Revenue to be recognized using the POC method is reported either in the balance sheet item “Contract assets” or in the balance sheet item “Contract liabilities”. If the cumulative performance (contract costs including profit shares) exceeds the advance payments received, the construction contracts are recognized as contract assets. However, any negative balance remaining after deducting advance payments is recognized as a liability in the balance sheet item “Contract liabilities”. Advance payments already issued and due (but not yet paid) by the PVA TePla Group are recognized under “Trade receivable” and “Contract liabilities”. Anicipated contract losses are accounted for based on identifiable risks and are fully recognized in the contract result immediately. Contractual revenue and contract modifications (e. g. contract modifications and supplementary agreements) are recognized as contract revenue. Contract assets and contract liabilities are reported as separate balance sheet items within current assets and current liabilities, as these are generally realized within one year in the PVA TePla Group.

2. Research and development expenses

The PVA TePla Group is engaged in high-tech mechanical engineering in single unit and small series production. Research into new methods and processes and the development of new product features are closely integrated into the refinement of products. The activities of both areas are tightly interconnected in an iterative manner, meaning that research and development activities and hence research and development costs cannot generally be reliably distinguished from one another. Moreover, the assessment of expected benefits is too uncertain in light of the currently unknown future market developments. This means that, to date, the PVA TePla Group has not capitalized any development costs, with the result that research and development expenditures are recognized as expenses in the period in which they are incurred.

The PVA TePla Group obtains a small amount of input from prominent research and development institutions as part of cooperation agreements (service contracts). The development expenses incurred are capitalized as intangible assets if there is adequate experience from this collaboration regarding the usability of the development results and the other recognition criteria under IAS 38 are met. No development costs were capitalized pursuant to IAS 38 in the fiscal year.

In fiscal year 2024, research and development expenses of EUR 11,711 thousand (previous year: EUR 9,513 thousand) were recognized in the consolidated income statement.

3. Other operating income / Other operating expenses

EUR '000	2024	2023
Grants received for research and development projects	2,016	783
Foreign exchange gains	1,760	3,850
Insurance compensation	475	89
Reversal of impairment losses	30	76
Gains on disposal of non-current assets	6	–
Miscellaneous other operating income	689	997
Other operating income	**4,976**	**5,795**

Income from research and development project grants was recognized in other operating income in the amount of EUR 2,016 thousand (previous year: EUR 783 thousand). This amount includes government grants applied for by the PVA TePla Group in Germany under the German Research Grants Act for eligible research and development projects amounting to EUR 0.9 million (previous year: EUR 0). These government grants were already recognized as other operating income in fiscal year 2024 in view of the reasonable certainty, although payment was still outstanding on the reporting date. There is no net presentation in the corresponding expense item.

EUR '000	2024	2023
Foreign exchange losses	– 2,036	– 3,863
Emission certificates	– 51	–
Impairment losses on receivables	– 38	– 185
Expenses from the disposal of fixed assets	– 1	– 20
Miscellaneous other operating expenses	– 518	– 743
Other operating expenses	**– 2,644**	**– 4,811**

Expenses for occupancy costs amounting to EUR 182 thousand (previous year: EUR 190 thousand), expenses for compensation payments amounting to EUR 97 thousand (previous year: EUR 96 thousand), expenses for repairs and maintenance amounting to EUR 77 thousand (previous year: EUR 67 thousand) and expenses for insurance premiums amounting to EUR 57 thousand (previous year: EUR 19 thousand) were recognized under miscellaneous other operating expenses.

Foreign exchange losses (as well as foreign exchange gains in other operating income) arose in the course of managing our customer projects and were lower than in the previous year.

4. Financial result

EUR '000	2024	2023
Income from the fair value measurement of derivative financial instruments	958	225
Income from cash equivalents and term deposits measured at amortized cost	704	489
Financial income	**1,662**	**714**

EUR '000	2024	2023
Interest expense on loans from banks	– 940	– 324
Arrangement and participation fees	– 471	– 101
Net interest expense on retirement pension provisions	– 383	– 414
Interest expense on lease liabilities	– 249	– 108
Gains or losses from investments accounted for using the equity method	– 33	–
Other interest and similar expenses	– 227	– 41
Finance costs	**– 2,303**	**– 988**

The finance costs for financial liabilities that are not measured at fair value through profit or loss amount to EUR 1,189 thousand (previous year: EUR 432 thousand) and are attributable to interest expense on loans from banks and lease liabilities.

5. Income taxes

EUR '000	2024	2023
Current tax expenses	– 12,994	– 8,164
Deferred tax expenses	– 12,174	– 7,612
Previous period tax charges (–) / income (+) tax expense (–) / income (+)	– 820	– 552
Deferred tax expenses (–) / income (+)	1,100	– 1,520
Credit from tax loss carryforwards	– 586	– 48
Other deferred taxes	1,686	– 1,472
Income taxes	**– 11,894**	**– 9,684**

Deferred tax income of EUR 253 thousand (previous year: deferred tax income of EUR 283 thousand) was recognized directly in equity outside profit or loss. This is attributable to effects recognized in equity for retirement pension provisions.

The difference between the expected income tax expenses and the tax expenses actually reported is shown in the reconciliation in the following. The tax rate of 29.4 percent applicable for fiscal year 2024 (previous year: 29 percent) was multiplied by net result before tax to determine the expected tax expenses. This tax rate is a combined income tax rate comprising the standard corporate income tax rate of 15 percent (previous year: 15 percent) plus a solidarity surcharge of 5.5 percent (previous year: 5.5 percent) and an effective trade tax rate of 13.6 percent (previous year: 13.6 percent). The country-specific income tax rates used for foreign companies were between 17 percent and 28 percent in fiscal year 2024 (previous year: between 17 percent and 28 percent).

EUR '000	2024	%	2023	%
Net result before tax	**38,962**		**34,105**	
Expected tax expenses	**– 11,455**	**– 29**	**– 9,891**	**– 29**
Effect of tax rate differences in foreign tax jurisdictions	76	0	293	1
Consolidation effects	125	0	221	1
Changes in tax rate differences from different trade tax rates	0	0	– 143	0
Increase in taxes due to non-deductible expenses	– 37	0	– 15	0
Tax reductions due to tax-free income	17	0	2	0
Effects concerning deferred tax assets from tax loss carryforwards	229	– 1	– 8	0
Tax back payments (–) / tax refunds (+) for previous years	– 820	– 2	– 552	– 2
Other tax effects	– 29	0	408	1
Current tax expenses	**– 11,894**	**– 31**	**– 9,684**	**– 28**

Deferred taxes were measured according to the time of their realization at the tax rate stated or, for foreign companies, at the country-specific tax rates. Deferred taxes from tax rate differences of foreign companies are attributable to the fact that PVA TePla Group subsidiaries outside Germany are subject to different tax rates than those prevailing in Germany. The consolidation effects largely include amounts from the elimination of intragroup profit or loss from foreign companies that are subject to different tax rates.

Presentation of material accounting policies

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authority. The amount is calculated based on the tax rates and tax laws that have been enacted or substantively enacted at the reporting date in the countries in which the PVA TePla Group operates and generates taxable income. Current taxes relating to items that are required to be recognized directly in equity are not recognized in profit or loss but also directly in equity.

Please refer to the relevant comments on the material accounting policies in note 13 on the accounting for deferred taxes.

Other taxes, such as transaction taxes or taxes on assets and capital, are reported as operating expenses.

6. Earnings per share

	2024	2023
Numerator (EUR thousand): Consolidated net profit for the period	27,068	24,421
Denominator (shares): Weighted average number of no-par shares outstanding	21,732,034	21,749,988
Earnings per share (in EUR): **(basic/diluted)**	**1.25**	**1.12**

The weighted average number of no-par shares outstanding is calculated as the weighted average number of shares held in the period from January 1, 2024 to December 31, 2024. Treasury shares reduce the number of outstanding shares. The calculation is based on the relevant daily updated number of shares.

No options were issued in fiscal year 2024 or in the previous year that would entitle employees, Management Board members or Supervisory Board members to acquire shares of PVA TePla AG. This means that there are no dilutive effects on earnings per share for fiscal years 2024 or 2023.

7. Supplementary information about the type of expenses

Cost of materials

EUR '000	2024	2023
Cost of raw materials, consumables and supplies and of goods purchased and held for resales	– 117,240	– 133,171
Cost of purchased services	– 9,919	– 12,519
Total cost of materials	**– 127,159**	**– 145,690**

Cost of materials is included in cost of sales. The materials ratio (cost of materials/total revenue) was 47.1 percent in fiscal year 2024, compared with 55.3 percent in 2023.

Personnel expenses

EUR '000	2024	2023
Wages and salaries	– 57,706	– 53,587
Social charges	– 13,094	– 9,541
Total staff costs	**– 70,800**	**– 63,128**

Personnel expenses rose as a proportion of revenue to 26.2 percent in fiscal year 2024, compared with 24.0 percent in the previous year. The absolute increase is mainly due to new hires. Social security contributions in fiscal year 2024 include retirement benefit expenses of EUR 2,007 thousand (previous year: EUR 294 thousand).

Number of employees by function

Number of employees by function (average for year	2024	2023
Production and Service	443	405
Engineering, Research and Development	148	118
Sales	108	104
Administration	112	90
Total	**811**	**717**

The average number of employees is calculated without including members of governing bodies, apprentices/trainees, marginal part-time employees, employees on parental leave and employees on long-term sick leave. In fiscal year 2024, an average of 34 apprentices/trainees (previous year: 35) and 21 marginal part-time employees, employees on parental leave and employees on long-term sick leave (previous year: 20) were also employed.

Depreciation, amortization and impairment losses

EUR '000	2024	2023
Intangible assets	– 1,293	– 2,150
Right-of-use assets	– 1,838	– 1,310
Property, plant and equipment	– 5,076	– 3,689
Depreciation, amortization and impairment losses	**– 8,207**	**– 7,149**

The depreciation, amortization and impairment losses shown are mainly recognized in cost of sales.

F. Disclosures on the consolidated balance sheet

8. Intangible assets

EUR '000	Goodwill	Other intangible assets	Advance payments	Total
Cost				
Jan 1, 2023	18,525	14,832	–	33,357
Exchange differences	–	– 5	–	– 5
Additions	–	162	90	252
Disposals	–	–	–	–
Transfers	–	8	– 8	–
Dec 31, 2023	18,525	14,997	82	33,603
Jan 1, 2024	18,525	14,997	82	33,603
Exchange differences	–	6	–	6
Additions	–	1,367	1,525	2,892
Disposals	–	– 61	–	– 61
Transfers	–	113	– 82	31
Dec 31, 2024	18,525	16,422	1,525	36,471
Accumulated amortization, depreciation and write-downs				
Jan 1, 2023	4,850	8,010	–	12,860
Exchange differences	–	– 5	–	– 5
Additions	–	2,151	–	2,151
Disposals	–	–	–	–
Transfers	–	–	–	–
Dec 31, 2023	4,850	10,156	–	15,006
Jan 1, 2024	4,850	10,156	–	15,006
Exchange differences	–	5	–	5
Additions	–	1,293	–	1,293
Disposals	–	– 60	–	–60
Transfers	–	–	–	–
Dec 31, 2024	4,850	11,394	–	16,244
Net carrying amounts				
Dec 31, 2024	13,675	5,027	1,525	20,227
Dec 31, 2023	13,675	4,840	82	18,597

The intangible assets of the PVA TePla Group mainly comprise software and goodwill in connection with business combinations. There are currently no other intangible assets with indefinite useful lives.

The goodwill impairment test was carried out at the level of the smallest cash-generating units (CGUs) within the PVA TePla Group listed in the following, and thus at the lowest level at which goodwill is monitored for internal management purposes.

Cash-generating units (CGUs)

EUR '000	Dec 31, 2024	Dec 31, 2023
M.P.A. Industrie SAS, La Chapelle-d'Aurec, France	5,761	5,761
PVA TePla Analytical Systems GmbH, Westhausen, Germany	4,831	4,831
PVA Crystal Growing Systems GmbH, Wettenberg, Germany	2,734	2,734
PVA Metrology & Plasma Solutions GmbH, Wettenberg, Germany	193	193
PVA SPA Software Entwicklungs GmbH, Coburg, Germany	90	90
PVA Industrial Vacuum Systems GmbH, Wettenberg, Germany	50	50
OKOS Solutions, LLC, Manassas, USA	16	16
Goodwill	**13,675**	**13,675**

In the Semiconductor Systems operating segment, goodwill is tested separately for impairment for five cash-generating units. In addition to PVA TePla Analytical Systems GmbH, whose registered office is in Westhausen, Germany, PVA Crystal Growing Systems GmbH, whose registered office is in Wettenberg, Germany, has been accounted for as a separate cash-generating unit since 2015. PVA Metrology & Plasma Solutions GmbH, Wettenberg, Germany, has likewise been a separate cash-generating unit since 2015. The goodwill of PVA SPA Software Entwicklungs GmbH, whose registered office is in Coburg, Germany – which is also accounted for as an independent cash-generating unit – was added in fiscal year 2018. Acquired in fiscal year 2020, OKOS Solutions, LLC, based in Manassas, USA, is another separate cash-generating unit of the Semiconductor Systems operating segment.

Goodwill has been tested separately for impairment in the Industrial Systems operating segment for two cash-generating units since fiscal year 2022. PVA Industrial Vacuum Systems GmbH, whose registered office is in Wettenberg, Germany, has been a cash-generating unit since 2015. The goodwill of M.P.A. Industrie SAS, whose registered office is in La Chapelle d'Aurec, France, was added in fiscal year 2022.

The recoverable amount is determined for each cash-generating unit as the value in use by applying the discounted cash flow method. Future cash flows are estimated based on assumptions. Key assumptions include assumptions regarding changes in order intake, revenue, margins, investments and personnel. These figures are based on past experience and also take into account foreseeable future developments. The assumptions underlying the key planning indicators (such as cash flow, long-term growth, discount rates) reflect past experience and were made in accordance with external information sources. Planning is based on a three-year financial planning horizon. For the period thereafter, a cash flow growth rate of 0.5 percent (previous year: 0.5 percent) is applied for the purposes of impairment testing. The underlying USD/EUR exchange rate is 1.0812 (previous year: 1.0811). The CGU-specific discount rate used in the goodwill impairment tests was derived from the weighted average cost of equity and debt in the industry, based on the capital asset pricing model (WACC approach). The cost of equity is based on a risk-free capital market interest rate for the period in question, taking into account the beta factor for the industry and a risk premium related to the relevant capital market.

A pretax discount rate was derived from this, based on the tax situation.

The following pre-tax discount rates were used for the goodwill impairment tests:

Cash-generating units (CGUs)

in %	Dec 31, 2024	Dec 31, 2023
M.P.A. Industrie SAS, La Chapelle-d'Aurec, France	16.9	14.5
PVA TePla Analytical Systems GmbH, Westhausen, Germany	18.8	14.5
PVA Crystal Growing Systems GmbH, Wettenberg, Germany	18.9	15.3
PVA Metrology & Plasma Solutions GmbH, Wettenberg, Germany	18.4	14.3
PVA SPA Software Entwicklungs GmbH, Coburg, Germany	18.6	14.6
PVA Industrial Vacuum Systems GmbH, Wettenberg, Germany	16.5	14.3
OKOS Solutions, LLC, Manassas, USA	18.0	14.5

The following developments were assumed for cash-generating units with significant goodwill:

Revenue constitutes the assumption with the greatest influence on future cash flows in planning for the cash-generating units. The changes in the other assumptions are highly dependent on the development of revenue. In the product area of crystal growing systems (PVA Crystal Growing Systems GmbH), moderate percentage revenue growth in the low to medium single-digit range is expected for the next two fiscal years, which will return to revenue growth in the low double--digit range in fiscal year 2027 (detailed planning period). In the product area of CVD systems (M.P.A. Industrie SAS), significant revenue growth is assumed for the next fiscal year, which will decrease by the end of the detailed planning period (2027). By contrast, compared with the high level of revenue actually achieved in the past two fiscal years in the measurement systems product area (PVA TePla Analytical Systems GmbH), revenue growth is projected to be flat in fiscal year 2025. For fiscal years 2026 and 2027 (detailed planning period), however, the management is projecting revenue growth in the lower double-digit range. In all product areas, a growth rate of the perpetual annuity of 0.5 percent was assumed (unchanged from the previous year). Strategic measures as part of management at Group level are not fully reflected in these plans for the CGUs.

The goodwill impairment test did not result in any need to recognize impairment losses in either fiscal year 2024 or the previous year. As part of a sensitivity analysis for the PVA TePla Group's cash-generating units (CGUs) to which material goodwill has been allocated, an increase in the discount rates by one percentage point, a reduction in the long-term growth rate by 0.5 percentage point and a 25 percent reduction in cash flow were assumed. None of the parameter changes described above, either in isolation or in combination, lead to an impairment requirement for a cash-generating unit.

As the uncertainties and risks in relation to the macroeconomic and geopolitical environment described in section D. are currently unforeseeable, the forecasts for fiscal year 2024 are subject to considerable uncertainty with regard to their duration and the extent of the impact on cash flows. PVA TePla's management prepared the underlying estimates and assumptions on the basis of the best information available and applied a scenario according to which there will be no long-term economic impact.

Presentation of material accounting policies

Separately acquired intangible assets are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination correspond to their fair values at the acquisition date. Purchased goodwill is recognized under “Intangible assets” in the PVA TePla Group’s consolidated balance sheet. A condition for recognizing internally generated intangible assets is, that these assets will generate probable economic benefits for the PVA TePla Group and that the costs can be reliably determined. Internally generated goodwill cannot be recognized.

A condition for recognizing development costs is that this asset will generate probable economic benefits for the PVA TePla Group and that the costs can be reliably determined. In contrast, research and non-capitalizable development costs are expensed in the period in which they are incurred. Research and development activities in the PVA TePla Group are tightly interconnected in an iterative manner, meaning that research and development activities and hence research and development costs cannot generally be reliably distinguished from one another.

With the exception of goodwill, the PVA TePla Group’s consolidated financial statements only include intangible assets with finite useful lives. For measurement subsequent to initial recognition, these assets are measured at cost less accumulated depreciation or amortization (straight-line depreciation or amortization over the contractual or estimated useful life) and accumulated impairment losses. Amortization charges on intangible assets are allocated to the functions that use them. The relevant useful lives are reviewed annually and, if necessary, adjusted prospectively in line with future expectations. The useful lives of intangible assets recognized by the PVA TePla Group range from three to eight years.

Goodwill impairment
Goodwill is tested for impairment once a year (in the fourth quarter) within the PVA TePla Group. In addition, an impairment test is performed, if circumstances indicate that the value of goodwill may be impaired. Goodwill is tested for impairment in a one-step process at the level of the PVA TePla Group’s cash-generating Units (CGUs) to which goodwill has been allocated. The impairment test compares the carrying amount of a cash-generating unit with its recoverable amount. If the carrying amount exceeds the recoverable amount, the carrying amount is reduced to the recoverable amount through profit or loss. The impairment loss is initially allocated to goodwill and, for amounts in excess of this, is allocated proportionately to the assets of the CGU, taking specific restrictions into account. An impairment loss may not be subsequently reversed if the reasons for a goodwill impairment recognized in previous years no longer apply.

Impairment of other intangible assets, property, plant and equipment as well as right-of-use assets
For right-of-use assets, property, plant and equipment as well as intangible assets with finite useful lives, the PVA TePla Group examines at each reporting date whether there are any indications of impairment. If facts or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, it is subjected to an impairment test. There were no indications that the PVA TePla Group was required to perform impairment tests at either the fiscal year 2024 reporting date or the previous year’s reporting date.

9. Property, plant and equipment

EUR '000	Land	Technical equipment and machinery	Equipment, fixtures and fittings	Assets under construction	Total
Cost					
Jan 1, 2023	**37,498**	**14,392**	**12,409**	**198**	**64,497**
Exchange differences	– 18	– 122	– 25	– 6	– 171
Additions	358	799	1,669	8,684	11,509
Disposals	–	– 243	– 255	–	– 498
Transfers	3,727	181	42	– 3,950	–
Dec 31, 2023	**41,566**	**15,006**	**13,840**	**4,927**	**75,338**
Jan 1, 2024	**41,566**	**15,006**	**13,840**	**4,927**	**75,338**
Exchange differences	32	132	131	5	300
Additions	3,276	5,658	6,608	6,435	21,976
Disposals	–	– 30	– 455	– 9	– 493
Transfers	6,529	728	2,235	– 9,522	– 31
Dec 31, 2024	**51,402**	**21,494**	**22,358**	**1,836**	**97,090**
Accumulated amortization, depreciation and write-downs					
Jan 1, 2023	**15,383**	**8,201**	**6,917**	**–**	**30,501**
Exchange differences	– 5	– 46	– 12	–	– 63
Additions	1,138	1,005	1,546	–	3,689
Disposals	–	– 228	– 207	–	– 435
Transfers	–	–	–	–	–
Dec 31, 2023	**16,516**	**8,932**	**8,244**	**–**	**33,692**
Jan 1, 2024	**16,516**	**8,932**	**8,244**	**–**	**33,692**
Exchange differences	15	80	33	–	128
Additions	1,461	1,315	2,300	–	5,076
Disposals	–	– 10	– 358	–	– 368
Transfers	5	– 94	89	–	–
Dec 31, 2024	**17,997**	**10,222**	**10,308**	**–**	**38,527**
Net carrying amounts					
Dec 31, 2024	**33,405**	**11,271**	**12,050**	**1,836**	**58,563**
Dec 31, 2023	25,049	6,074	5,595	4,927	41,646

As part of government economic development programs, the PVA TePla Group has received financial incentives from various public agencies to construct production facilities. Investment subsidies and tax-free investment grants received are deducted from the carrying amount of the relevant assets.

As in the previous year, land is encumbered with land charges amounting to EUR 17,330 thousand to secure the financing facility in the form of a syndicated loan agreement.

There are no other material restrictions on ownership or disposal of the reported property, plant and equipment.

No impairment losses were recognized on property, plant and equipment in either fiscal year 2024 or the previous year.

Presentation of material accounting policies

Property, plant and equipment is recognized at cost less accumulated straight-line depreciation and accumulated impairment losses. Cost comprises expenses directly attributable to acquisition. Investment subsidies and tax-free investment grants received are deducted from the carrying amount of the relevant assets. The cost of property, plant and equipment acquired in a business combination corresponds to its fair value at the acquisition date. Subsequent costs are recognized as part of the cost of the assets solely if it is likely there will be a future economic benefit for the PVA TePla Group and the costs can be reliably determined.

Depreciation is recognized on a straight-line basis over the expected useful life or, in the case of leasehold improvements, over the shorter term of the lease. Depreciation charges on property, plant and equipment are allocated to the functions that use the assets. As before, depreciation is generally based on the following economic useful lives:

	Years
Buildings	25 – 35
Technical equipment and machinery	3 – 20
Other equipment, operating and office equipment	2 – 15

Please refer to the relevant comments on the material accounting policies in note 8 for information on the impairment of property, plant and equipment.

Maintenance and repair expenses are recognized in profit or loss as incurred. Cost and related accumulated depreciation and impairment losses are derecognized when items of property, plant and equipment are scrapped or sold, and any book gains or losses are recognized in profit or loss under “Other operating income” (book gains) or “Other operating expenses” (book losses).

10. Non-current financial assets

EUR '000	Dec 31, 2024	Dec 31, 2023
Non-current securities	1	9,001
Investments accounted for using the equity method	2,671	–
Trade receivables	1,688	1,688
Derivatives	958	–
Other non-current receivables	11	10
Gross value	**5,329**	**10,699**
Less write-downs	– 1,688	– 1,688
Non-current financial assets	**3,641**	**9,011**

On August 7, 2024, the PVA TePla Group acquired a total of 23.9 percent of the shares of Scientific Visual SA, based in Lausanne-Renens, Switzerland. The purpose of this partnership is to further strengthen activities relating to silicon carbide (SiC) – a key material for the future – and to supplement the company's own technologies for quality control and material testing. In addition, the PVA TePla Group was granted the right to acquire further shares in the investee in fiscal years 2027 and 2029. The call options are measured at fair value as of December 31, 2024 in the amount of EUR 958 thousand and, as with the investment ("Investments accounted for using the equity method"), are reported under the balance sheet item "Non-current financial assets" ("Derivatives").

Non-current financial assets also include trade receivables that are already due or due shortly if they are not expected to be realized within 12 months after the reporting date or within the usual business cycle.

Non-current securities were reclassified as current securities.

EUR '000	2024	2023
Write-downs on Jan 1	**1,688**	**1,706**
Currency exchange differences	–	–
Additions	–	–
Utilization	–	–
Reversals	–	– 18
Write-downs on Dec 31	**1,688**	**1,688**

The reversal of write-downs of EUR 18 thousand recognized in fiscal year 2023 is attributable to payments received in connection with previously impaired non-current receivables.

Presentation of material accounting policies

The financial assets of the PVA TePla Group consist of current and non-current items. Non-current financial assets mainly include trade receivables, financial investments (shares, bonds, fund units, etc.) and derivative financial instruments. Current financial assets mainly include cash and cash equivalents, trade receivables and derivative financial instruments. Financial assets are recognized in the consolidated balance sheet if the PVA TePla Group has a contractual right to receive cash or other financial assets from a third party.

Non-derivative financial assets
Debt instruments are classified in one of the following two categories on initial recognition:

- measurement at amortized cost; or
- measurement at fair value through profit or loss.

Classification is based on the business model for managing the debt instruments and the contractual cash flow characteristics. Debt instruments that are held within a business model whose objective is to collect contractual cash flows where the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost. Debt instruments held that are not measured at amortized cost are measured at fair value through profit or loss. The debt instruments held by the PVA TePla Group are mainly cash, cash equivalents and trade receivables, which are allocated to the “measurement at amortized cost” measurement category.

Equity instruments are measured at fair value at each reporting date. If equity instruments are held for trading, they are recognized at fair value through profit or loss. There is an option for all other equity instruments to recognize changes in the fair value in other comprehensive income. The option is examined on an instrument-specific basis and irrevocably determined. To date, the PVA TePla Group has not made use of the option to recognize changes in the fair value of equity instruments in other comprehensive income. The equity instruments held by the PVA TePla Group are mainly equities and fund shares that are allocated to the “measurement at fair value through profit or loss” measurement category.

Write-downs are recognized for debt instruments measured at amortized cost in the amount of the expected credit loss. They are adjusted at each reporting date to reflect the change in the credit risk of the relevant financial instruments since initial recognition and are generally based on the amount of the lifetime expected credit losses. For trade receivables, the PVA TePla Group uses a simplified model to record the expected credit loss on the basis of an impairment matrix. Please refer to the relevant explanations under note 12 for additional information.

Derivative financial instruments
In individual cases, the PVA TePla Group enters into forward exchange contracts if needed to hedge exchange rate risks in connection with sales in foreign currencies (exchange rate hedges) and interest rate hedges to hedge interest rate risks in connection with investment financing (interest rate hedges). Such derivatives are measured at fair value both on initial recognition and on subsequent measurement. Any resulting changes are generally recognized in profit or loss. The PVA TePla Group does not make any use of the option to designate a corresponding hedging relationship (hedge accounting).

In the case of exchange rate hedges, the measurement effects on the fair value of the derivative resulting from exchange rate changes are recognized as a component of other operating expenses or other operating income. By contrast, the corresponding changes in the fair value of interest rate hedges are recognized in financial result ("Financial income" or "Finance costs"). All derivative financial instruments are reported in the consolidated balance sheet under "Other financial assets" in the case of a positive fair value and under "Other liabilities" in the case of a negative fair value (in both cases current items).

Fair value measurement
The PVA TePla Group measures certain financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, if no principal market exists, in the most advantageous market for the asset or liability.

The PVA TePla Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is determined or reported in the consolidated financial statements are categorized in the measurement hierarchy described below, based on the lowest level input that is significant to fair value measurement as a whole:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2:** valuation techniques in which the lowest level input that is significant to fair value measurement as a whole is directly or indirectly observable in the market; or
- **Level 3:** valuation techniques in which the lowest level input that is significant to attach the value measurement as a whole is not observable in the market

11. Inventories

EUR '000	Dec 31, 2024	Dec 31, 2023
Raw materials and operating supplies	36,313	43,414
Work in progress	49,603	57,122
Finished products and goods	10,731	1,347
Gross value	**96,647**	**101,883**
less impairment losses	– 12,128	– 7,282
Inventories	**84,519**	**94,601**

Changes in impairment losses amounting to EUR 4,846 thousand were recognized in profit or loss in fiscal year 2024 (previous year: EUR 1,454 thousand).

Presentation of material accounting policies

Inventories are recognized at cost using the weighted average cost method or at lower net realizable values. In addition to directly attributable costs, production cost also includes production and material overheads as well as depreciation and impairment losses. Fixed overheads are recognized on the basis of normal capacity utilization of the production facilities. Impairment losses are recognized on inventories if cost exceeds the expected net realizable value. Net realizable value is the estimated selling price less the costs incurred until the sale.

12. Receivables and other assets as well as contract assets

EUR '000	Dec 31, 2024	Dec 31, 2023*
Trade receivables concerning product sales and services	36,005	36,528
Unconditional payment entitlements (down payment invoices)	6,168	14,641
Term deposits	–	6,168
Other assets (financial)	6,504	742
Total receivables and other assets (financial)	48,677	58,079
Advance payments	6,698	13,875
Other assets (non-financial)	5,074	6,371
Total receivables and other assets (non-financial)	**11,772**	**20,246**
Contract assets	28,788	35,972
Gross value	89,237	114,297
less impairment losses	– 508	– 500
Receivables and other assets as well as contract assets	**88,729**	**113,797**

Trade receivables do not bear interest and are generally due within 30 to 90 days.

EUR '000	Dec 31, 2024	Dec 31, 2023
POC receivables (gross value)	79,311	92,148
Less advance payments received	– 52,950	– 58,383
Subtotal	**26,361**	**33,765**
Contract assets (not including POC method)	2,428	2,207
Contract assets	**28,788**	**35,972**

EUR '000	2024	2023
Write-downs on Jan 1	– 500	– 373
Additions	– 38	– 185
Utilization	–	–
Reversals	+ 30	+ 58
Write-downs on Dec 31	**– 508**	**– 500**

* Prior-year figures adjusted (for further explanations, see section "B. Changes in accounting policies")

Presentation of material accounting policies

Trade receivables are recognized from the time they arise at the fair value of the consideration given (transaction price). Trade receivables are generally not discounted as they do not usually contain any significant financing components and as a rule are due within one year. Advance payments that have already been invoiced by the PVA TePla Group and are due (but not yet paid) are also reported under "Trade receivables".

Contract assets include customer-specific plant production contracts recognized over time using the POC method where the contract costs incurred, including profit shares, exceed the advance payments received (gross amount due from customers). In addition, contract assets include performance obligations already satisfied by the PVA TePla Group for which a legally enforceable claim for payment only arises at a later date (e. g. on final acceptance).

Trade receivables and contract assets are subsequently recognized at amortized cost (historical cost less recognized impairment losses). The PVA TePla Group uses a simplified method for calculating expected credit losses based on calculated loss rates (expected credit loss model) to determine impairment losses. Under this method, the impairment losses are determined using an impairment matrix based on historical experience of credit losses and adjusted for forward- looking factors specific to the borrower and the economic environment. A special review of credit risk is carried out on a case-by-case basis for credit-impaired trade receivables and contract assets. Indicators that an asset may be credit- impaired notably include significant financial difficulty of the debtor or the likelihood of insolvency. Impairment losses are recognized in the income statement using an allowance account. If it emerges in subsequent periods that the reasons for impairment no longer apply, the impairment loss is reversed through profit or loss up to a maximum of the original cost. Impairment testing of doubtful trade receivables and contract assets requires estimates to be made about customers' credit quality. Any deterioration in customer financial data may lead to differences in relation to the expected impairment losses.

13. Deferred tax assets/liabilities

EUR '000	Dec 31, 2024		Dec 31, 2023*	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Non-current assets	1,226	2,834	702	2,373
Inventories	5,581	194	5,848	149
Receivables and other assets	50	2,160	4	1,644
Contract assets	–	6,180	–	7,935
Tax loss carryforwards	166	–	732	–
Retirement pension provisions	1,071	–	925	–
Other provisions	1,081	674	915	707
Financial liabilities	1,459	21	871	–
Total before offset	**10,635**	**12,062**	**9,997**	**12,808**
Offset	– 3,567	– 3,567	– 3,008	– 3,008
Net amount	**7,068**	**8,495**	**6,989**	**9,800**

Tax loss carryforwards are reviewed for potential utilization based on a multiyear budget and recognized using a company-specific tax rate. Loss carryforwards were recognized if this analysis indicated that they may be utilized in a period of between two and five years. Loss carryforwards are classified as fully recoverable if they are likely to be utilized within the forecast period. There are losses of EUR 767 thousand (previous year: EUR 306 thousand) which are unlikely to be utilized within the forecast period. These were not classified as recoverable and hence no deferred taxes were recognized in respect of them. Deferred tax assets of EUR 471 thousand were recognized for companies that generated a tax loss in the current fiscal year or in the previous year. This relates to two foreign subsidiaries. The losses were partly due to non-recurring effects. Based on current corporate planning, it is assumed that sufficient taxable income will be available in future fiscal years to fully utilize the deferred tax assets.

Similarly, no deferred taxes were recognized in respect of temporary measurement differences between the tax base of the equity investments and the related net assets in the individual IFRS statements of financial position (outside basis differences), as PVA TePla AG is able to control the timing of the reversal of the temporary differences and there are no plans to sell the equity investments for an indefinite period. The total of unrecognized taxable temporary differences amounted to EUR 165 thousand as at December 31, 2024 (previous year: EUR 231 thousand).

* Prior-year figures adjusted (for further explanations, see section "B. Changes in accounting policies")

Presentation of material accounting policies

Deferred tax assets and liabilities are recognized for all temporary differences between the tax base of assets and liabilities and their carrying amounts in the IFRS consolidated statement of financial position. In addition, deferred tax assets must be recognized in respect of loss carryforwards if it is likely that these can be used in the future. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced if it is no longer probable that sufficient taxable income will be available to realize the asset in full or in part.

Deferred tax assets and liabilities are recognized in the amount of the expected tax liability or benefit in subsequent fiscal years on the basis of the tax rate applicable at the time of realization. Deferred tax assets and deferred tax liabilities are offset if the PVA TePla Group has a legally enforceable right to set off current income tax assets against current tax liabilities, and if the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity. Deferred tax assets and liabilities are not discounted and are presented as non-current assets and liabilities in the consolidated balance sheet.

Current and deferred taxes are recognized as income or expense in profit or loss unless they relate to items that are recognized in other comprehensive income or directly in equity. In this case, the taxes are also recognized directly in equity.

Recognition of deferred tax assets in respect of loss carryforwards is based on estimates that are highly dependent on the earnings performance of the taxable entities concerned. This means that the actual amounts arising in future periods may differ from the estimates.

14. Financial liabilities

EUR '000	Dec 31, 2024			Dec 31, 2023		
	Current	Non-current	Total	Current	Non-current	Total
Liabilities from leases	1,850	3,114	4,964	1,653	1,349	3,002
Loans from credit institutes	207	17,222	17,429	3,356	11,430	14,786
Earn-out liabilities	–	1,679	1,679	282	1,679	1,961
Obligation to purchase own equity instruments	506	–	506	–	–	–
Total	**2,563**	**22,015**	**24,578**	**5,291**	**14,458**	**19,749**

PVA TePla AG has a financing facility in the form of a syndicated loan agreement (club deal). The original syndicated loan agreement entered into on November 6, 2020 for EUR 120 million and modified to EUR 160 million through approved increase options was amended and restated in an amendment agreement dated May 15, 2024. The basic term is five years and can be extended by one year in each case by exercising the contractual prolongation options (term ends in 2031). As of December 31, 2024, the financing facility has a total volume of EUR 325 million (previous year: EUR 160 million), which is divided into a revolving working capital line of EUR 60 million (previous year: EUR 20 million), a credit line for M&A activities of EUR 50 million (previous year: EUR 20 million) and a guarantee line of EUR 160 million (previous year: EUR 120 million), as well as a credit line for long-term investments of EUR 55 million (previous year: 0). As in the previous year, land is encumbered with land charges amounting to EUR 17,330 thousand to secure the financing facility in the form of a syndicated loan agreement.

As of December 31, 2024, guarantee lines totaling EUR 74.4 million (previous year: EUR 95.4 million) had been utilized. As of the December 31, 2024 reporting date, a total of EUR 16 million of the financing line had been drawn down, and the carrying amount was EUR 15,929 thousand. The nominal value was reduced by pro rata transaction costs at the time of drawing, which are added back to the loan amount in installments over the term of the loan. The cash line was not utilized as of the balance sheet date. Interest is charged at EURIBOR plus a sliding margin based on the debt-equity ratio. The syndicated loan agreement defines financial covenants for compliance with standard financial ratios. These financial covenants were met in both fiscal year 2024 and the previous year.

PVA TePla AG also has a further working capital line of EUR 500 thousand, which had not been utilized as of the reporting date (as in the previous year).

Payment obligations from recognized leases are structured as follows:

EUR '000	2024	2023
Due		
≤ one month	195	135
> one month and ≤ three months	389	272
> three months and ≤ one year	1,522	1,133
> one year und ≤ five years	3,465	1,462
> five years	290	–

Payment obligations from loans from banks are structured as follows:

EUR '000	2024	2023
Due		
≤ one month	11	3.225
> one month and ≤ three months	89	24
> three months and ≤ one year	103	108
> one year und ≤ five years	16,531	10,534
> five years	761	896

Payment obligations from earn-out liabilities are structured as follows:

EUR '000	2024	2023
Due		
≤ one month	–	–
> one month and ≤ three months	–	–
> three months and ≤ one year	–	282
> one year und ≤ five years	1,814	1,814
> five years	–	–

Payment obligations from the financial liability in connection with the obligation to purchase own equity instruments are structured as follows:

EUR '000	2024	2023
Due		
≤ one month	506	–
> one month and ≤ three months	–	–
> three months and ≤ one year	–	–
> one year und ≤ five years	–	–
> five years	–	–

Presentation of material accounting policies

In addition to derivative financial instruments, the PVA TePla Group's financial liabilities notably comprise lease liabilities, liabilities from variable purchase price components for acquisitions (earn-out liabilities), loans from banks and trade liabilities. Financial liabilities are recognized in the consolidated balance sheet if the PVA TePla Group has a contractual obligation to transfer cash or other financial assets to a third party.

Non-derivative financial liabilities
Financial liabilities are classified in one of the following two categories on initial recognition:
- measurement at amortized cost; or
- measurement at fair value through profit or loss.

The PVA TePla Group only measures derivative financial liabilities and liabilities from company acquisitions with variable purchase price components (earn-out liabilities) at fair value through profit or loss.

On initial recognition, all financial liabilities are measured at fair value (less any directly attributable transaction costs). In the course of subsequent measurement, financial liabilities allocated to the "fair value through profit or loss" category are measured at fair value at each reporting date, and net gains or losses are recognized in the consolidated income statement. All other financial liabilities are subsequently measured at amortized cost using the effective interest method. These include in particular trade payables, which generally do not bear interest and are due within 30 to 60 days. Interest expenses and foreign exchange differences are recognized in profit or loss, as are gains or losses from the derecognition of financial liabilities.

Derivative financial instruments
Please refer to the relevant information on the material accounting policies in note 12.

15. Retirement pension provisions

Provisions for retirement benefit obligations are recognized on the basis of pension plans for retirement, disability and surviving dependents' benefits. The amount of the benefits generally depends on the length of service and the employee's remuneration.

There are pension commitments at PVA TePla AG, PVA Industrial Vacuum Systems GmbH, PVA Crystal Growing Systems GmbH, PVA SPA Software Entwicklungs GmbH and PVA Vakuum Anlagenbau Jena GmbH, all of which are based in Germany These are exclusively legacy commitments. New pension commitments are no longer made. There are no retirement benefit obligations outside Germany. The PVA TePla Group has no material plan assets to cover retirement benefit obligations.

Actuarial reports were obtained to measure the retirement benefit obligations. The biometric parameters were determined in accordance with the 2018 G mortality tables published by Prof. Dr. Klaus Heubeck. Risks from the recognition of retirement benefit obligations relate to risks from changes in actuarial parameters, which are shown in the table below. The most significant risk of change relates to the interest rate.

in %	Dec 31, 2024	Dec 31, 2023
Income trend	3.00	3.00
Pension trend	2.00	1.25
Interest rate	3.40	3.35

A pension trend of 2.5 percent is applied to individual commitments of PVA SPA that provide for a fixed annual pension adjustment of 2.5 percent.

EUR '000	2024	2023
Present value of future pensions on Jan 1	11,770	11,453
Additions through company acquisition	–	–
Current service expense for services provided by employees in the fiscal year	54	46
Net interest expense	383	414
Changes in the estimation of financial reporting	1,350	–
Pension payments	– 683	– 1,120
Actuarial gains (–) and losses (+) arising from changes in financial assumptions	787	604
Actuarial gains (–) and losses (+) arising from experience adjustments	60	373
Actuarial gains (–) and losses (+) arising from changes in demographic assumptions	0	0
Retirement pension provisions at Dec 31	13,721	11,770
Plan assets	207	191
Present value of future pensions on Dec 31	**13,128**	**11,961**

Current service cost is recognized primarily in cost of sales as well as in general and administrative expenses.

As of the December 31, 2024 reporting date, there is an assumption that EUR 708 thousand (previous year: EUR 677 thousand) will have to be settled within the next twelve months and EUR 13,013 thousand (previous year: EUR 11,093 thousand) at a later date (in some cases very long-term). On December 31, 2024, the weighted average term of the defined benefit obligation was 11.1 years (previous year: 11.5 years).

Sensitivity analyses

A change in the two key actuarial parameters of half of a percentage point for the interest rate and a quarter of a percentage point for the pension trend, while maintaining the other assumptions, would change the present value of the projected benefit obligation as of the December 31, 2024 and December 31, 2023 reporting dates as follows:

EUR '000	Dec 31, 2024		Dec 31, 2023	
	Increase	Decrease	Increase	Decrease
Interest rate (0.5 % change) (previous year: 0.25% change)	– 677	+ 742	– 135	+ 532
Pension trend (0.25% change)	+ 327	– 315	+ 496	– 102

Defined contribution plans

Defined contribution plans are relevant for PVA TePla AG in the form of statutory employer contributions to pension insurance, contributions to pension funds and contributions to direct insurance policies. Expenses of EUR 4,245 thousand (previous year: EUR 4,168 thousand) were incurred for this purpose in fiscal year 2024.

Presentation of material accounting policies

Retirement pension provisions for defined benefit plans are calculated using the projected unit credit method, which is based on key assumptions such as discount factors, mortality rates, salary and pension trends. Remeasurements consisting of actuarial gains and losses are recognized in other comprehensive income. The remeasurements recognized in other comprehensive income are a component of other reserves and are no longer reclassified to the income statement in subsequent periods. Past service cost is recognized as a personnel expense when the plan amendment materializes.

Defined benefit costs include both service cost and interest expense. The PVA TePla Group reports service cost in the income statement under operating expenses, while interest expense is reported under finance costs.

Payments for defined contribution plans are recognized as personnel expenses in the relevant functions if the work was performed by eligible employees.

16. Other provisions

EUR '000	Jan 1, 2024	Changes to the companies included in consolidation	Utilization	Reversals	Additions	Dec 31, 2024
Warranties	5,151	–	– 2,910	– 710	5,804	7,335
Penalties	0	–	–	–	679	679
Impending losses from customer projects	37	–	–	–	353	390
Other	2,966	–	– 2,329	– 2	1,646	2,281
Total	**8,154**	**–**	**– 5,239**	**– 712**	**8,482**	**10,685**

In general, contracts with customers include defect notification and warranty periods following completion of the specific projects. These obligations are not considered to be separate performance obligations and are hence included in the total cost of the contracts as estimates. Where necessary, amounts are recognized under other provisions in accordance with IAS 37. Miscellaneous other provisions include long-term provisions for variable remuneration components of EUR 38 thousand (previous year: EUR 252 thousand), provisions for partial retirement obligations of EUR 304 thousand (previous year: EUR 311 thousand), provisions for services rendered in the fiscal year of EUR 1,483 thousand (previous year: EUR 1,805 thousand) that have not yet been invoiced and provisions for archiving of EUR 54 thousand (previous year: EUR 54 thousand).

17. Contract liabilities

EUR '000	Dec 31, 2024	Dec 31, 2023
Contract liabilities (net exposure)	7,067	23,656
Advance payments received concerning product sales and services	54,316	71,612
Contract liabilities	**61,383**	**95,268**

An amount of EUR 51,347 thousand (previous year: EUR 60,420 thousand) of the customer advance payments of EUR 95,268 thousand (December 31, 2022: EUR 113,510 thousand) deferred in the balance sheet item “Contract liabilities” as of December 31, 2023 was recognized as revenue in fiscal year 2024.

EUR '000	Dec 31, 2024	Dec 31, 2023
Advance payments received	19,164	36,701
less contract costs incurred, including profit shares (POC method)	– 12,096	– 13,045
Contract liabilities (net exposure)	**7,067**	**23,656**

“Contract liabilities (POC method)” include customer advance payments outstanding on the December 31, 2024 reporting date with legally enforceable payment claims amounting to EUR 4,630 thousand (previous year: EUR 3,971 thousand).

G. Disclosures on the consolidated statement of cash flows

EUR '000	Dec 31, 2024	Dec 31, 2023
Cash in bank	17,586	10,320
Cash in hand	20	11
Cash investments	13,765	9.801
Cash and cash equivalents	31,371	13,964

Payments for investments in intangible assets and property, plant and equipment only include cash investments. In fiscal year 2024, EUR 712 thousand (previous year: EUR 523 thousand) was reclassified from inventories to property, plant and equipment. This was a non-cash transaction.

Changes in financial liabilities whose cash flows have been or will be reported as cash flows from financing activities in the consolidated statement of cash flows are presented in the following.

EUR '000	Jan 1, 2024	Cash changes	Non-cash changes			Dec 31, 2024
			Acquisitions	Currency effects	Other changes	
Non-current financial liabilities	12,779	5,792	–	–	1,765	20,336
Current financial liabilities	5,009	– 7,825	–	–	5,380	2,564
Total	**17,788**	**– 2,033**	**–**	**–**	**7,147**	**22,900**

EUR '000	Jan 1, 2023	Cash changes	Non-cash changes			Dec 31, 2023
			Acquisitions	Currency effects	Other changes	
Non-current financial liabilities	5,073	9,574	–	–	– 1,868	12,779
Current financial liabilities	5,801	– 2,271	–	–	1,479	5,009
Total	**10,874**	**7,303**	**–**	**–**	**– 389**	**17,788**

Presentation of material accounting policies

“Cash and cash equivalents” reported in the balance sheet comprise cash in hand, immediately available cash in bank, term deposits and immediately available financial investments that are subject to a no more than insignificant risk of changes in value. Cash and cash equivalents are measured at amortized cost. Please refer to the relevant explanations under note 10 for additional information. By contrast, cash and cash equivalents reported in the statement of cash flows only include cash equivalents and term deposits with a remaining term of no more than three months from the acquisition date.

The statement of cash flows reports the cash flows for the fiscal year in order to present information on the changes in cash and cash equivalents according to the PVA TePla Group’s statement of cash flows during the fiscal year. A distinction is made between the three areas of operating, investing and financing activities.

Cash flow from operating activities is calculated using the indirect method by adjusting consolidated profit after tax for non-cash transactions and transactions attributable to investing or financing activities. As with cash flow from financing activities, cash flow from investing activities is calculated using the direct method, i. e., by comparing gross cash inflows and outflows.

H. Disclosures on the consolidated statement of changes in equity

Subscribed capital

As of December 31, 2024, the subscribed capital of PVA TePla AG is composed of 21,749,988 no-par value shares (previous year: 21,749,988 no-par value shares) with a notional interest in the share capital of EUR 1.00 each and was fully paid up.

Contingent and authorized capital

The Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital of PVA TePla AG by up to a maximum of EUR 5,437,497 by issuing up to 5,437,497 new no-par value bearer shares against cash and/or non-cash contributions on one or more occasions until June 22, 2027 (Authorized Capital 2022/I).

Additionally, the share capital of PVA TePla AG is contingently increased by up to EUR 5,437,497.00 by issuing up to 5,437,497 new no-par value bearer shares (Contingent Capital 2022/I). Contingent Capital 2022/I serves exclusively to grant new shares to the holders of conversion rights or options issued by PVA TePla AG or by companies that are directly or indirectly wholly owned by PVA TePla AG in accordance with the authorization resolution of the Annual General Meeting on June 23, 2022.

By resolution of the Annual General Meeting on June 28, 2023, the Management Board of the company was authorized to acquire treasury shares in a volume of up to 10 percent of its share capital existing at the date of the resolution or – if this value is lower – at the date the authorization is exercised. The authorization is valid until June 27, 2028. This authorization may be exercised in full or in partial amounts, on one or several occasions, for one or several purposes by the company, by its Group companies or by third parties for its or their account. At the discretion of the Management Board, shares will be acquired on the stock market or by means of a public purchase offer to all shareholders. The consideration paid per share for the acquisition of shares on the stock market (excluding incidental acquisition costs) may not be more than 10 percent higher or lower than the average closing price on the three stock exchange trading days preceding the date on which the obligation to purchase the shares was entered into.

No capital increases were resolved in fiscal year 2024 either from the Authorized Capital 2022/I or from the Contingent Capital 2022/I.

Purchase of treasury shares

PVA TePla AG acquired 295,531 treasury shares between November 22, 2024 and December 31, 2024 at an average price of EUR 13.37 per share (plus transaction costs of EUR 13 thousand) and reported them as an offsetting item in equity under “Treasury shares” in the amount of EUR – 4,470 thousand. The obligation to acquire additional own equity instruments in the amount of EUR 506 thousand as of December 31, 2024 was recognized under current financial liabilities.

Appropriation of profit

The Management Board and Supervisory Board are proposing to carry forward the net retained profits of EUR 94,170 thousand reported in the 2024 annual financial statements of PVA TePla AG (in accordance with German GAAP) to new account in the same amount. No withdrawals were made from the capital reserves or revenue reserves.

Reserves

The reserves reported in the German GAAP balance sheet include net retained profits of EUR 135.2 million (previous year: EUR 108.4 million), revenue reserves of EUR – 0.2 million (previous year: EUR – 0.5 million) and other reserves of EUR – 2.0 million (previous year: EUR – 2.2 million).

I. Other disclosures

18. Segment reporting

The PVA TePla Group comprises the two operating segments Industrial Systems and Semiconductor Systems. It is managed, coordinated and controlled on the basis of these two operating segments. The business activities are combined in the two reported segments based on technology sectors. Information on the products and services of our operating segments is presented in E.1 and does not differ fundamentally between the segments. Based on our technology fields, the Industrial Systems segment includes solutions as well as equipment systems for the semiconductor industry for the production and refinement of innovative materials, for surface treatment and for monitoring production processes, which are specially configured to meet the requirements and needs of other sectors such as the medical, electrical and tool industries. The Semiconductor Systems segment comprises solutions as well as equipment systems for the semiconductor industry, primarily crystal growing systems, metrology systems for quality control and plasma systems for removing surface contamination from wafers. In this respect, segment reporting follows the organizational structure underlying the PVA TePla Group's internal management reporting systems (management approach).

Breakdown of revenue by operating segment

EUR '000	2024		2023	
	External sales revenues	Internal sales revenues	External sales revenues	Internal sales revenues
Segment revenues				
Industrial Systems	82,537	15,012	77,376	16,235
Semiconductor Systems	187,578	1,408	186,070	661
Total PVA TePla Group	**270,115**	**16,421**	**263,466**	**16,896**

Sales and revenue between the segments are generally transacted at arm's length conditions.

Order intake und order backlog by operating segment

EUR '000	2024	2023
Order intake		
Industrial Systems	51,811	79,428
Semiconductor Systems	98,822	142,401
Total PVA TePla Group	**150,633**	**221,829**
Order backlog		
Industrial Systems	74,779	103,927
Semiconductor Systems	80,835	174,328
Total PVA TePla Group	**155,614**	**278,255**

The research and development expenses of the PVA TePla Group recognized in the consolidated income statement in fiscal year 2024 amounted to EUR 11,381 thousand (previous year: EUR 9,513 thousand). The Semiconductor Systems operating segment accounts for a significant proportion of this figure, totaling EUR 10,699 thousand (previous year: EUR 9,196 thousand). Due to the product-oriented nature, the technological refinement of the systems and equipment in this reporting segment requires a high level of internal research and development activity in order to be able to offer marketable solutions in the long term. The newly formed PVA Technology Hub GmbH is also making a considerable contribution to this. In the Industrial Systems operating segment, the majority of research and development takes place within customer projects, which means it is only partially reported under research and development costs. In fiscal year 2024, these amounted to EUR 587 thousand (previous year: EUR 302 thousand). In addition, a small amount (EUR 95 thousand) of research and development costs are incurred by the holding company and are not allocated to any segment (previous year: EUR 15 thousand).

EBITDA (earnings before interest, tax, depreciation and amortization) by operating segment

EUR '000	2024	2023
Segment profit or loss		
Industrial Systems	14,085	13,117
Semiconductor Systems	40,171	33,975
Holding company costs	– 6,445	– 5,563
Total PVA TePla Group	**47,811**	**41,529**

Amortization and depreciation by operating segment

EUR '000	2024	2023
Industrial Systems	2,015	2,839
Semiconductor Systems	4,481	3,038
Holding company costs	1,711	1,273
Total PVA TePla Group	**8,207**	**7,150**

Operating result by operating segment

EUR '000	2024	2023
Segment profit or loss		
Industrial Systems	12,070	10,278
Semiconductor Systems	35,689	30,937
Holding company costs	– 8,156	– 6,836
Total PVA TePla Group	**39,604**	**34,379**

Reconciliation of segment profit or loss to consolidated net result for the period

EUR '000	2024	2023
Operating result (EBIT)	39,604	34,379
Financial result	– 642	– 274
Net result before taxes	38,963	34,105
Income taxes	– 11,894	– 9,684
Consolidated net result for the period	**27,068**	**24,421**

Breakdown of revenues by region (customer country of origin)

EUR '000	2024	in %	2023	in %
Asia	149,382	55	113,940	43
Germany	23,832	9	63,342	24
Europe (excluding Germany)	60,050	22	61,337	23
North America	35,348	13	23,508	9
Other	1,503	1	1,319	1
Total PVA TePla Group	**270,115**	**100**	**263,446**	**100**

Revenue for fiscal year 2024 includes revenue of EUR 57.4 million (previous year: EUR 105.4 million) with one customer (previous year: two customers) of the Group who accounts for more than 10 percent of total revenue. That customer comes under the Semiconductor Systems operating segment.

All material non-current assets of the PVA TePla Group are located in Germany.

19. Additional disclosures on financial instruments

Financial risks

The PVA TePla Group's financial liabilities primarily comprise lease liabilities, liabilities from variable purchase price components for acquisitions (earn-out liabilities), loans from banks and trade liabilities. The primary purpose of these financial liabilities is to finance the PVA TePla Group's operating activities. In addition to derivative financial instruments, the PVA TePla Group's financial assets mainly comprise cash and cash equivalents (including term deposits), current and non-current trade receivables and financial investments (equities, bonds, fund shares, etc.).

The PVA TePla Group is exposed to various financial risks in the course of its ordinary business activities. These include credit, liquidity and market risks (foreign currency and interest rate risks). The risk report, which is part of the combined management report, contains a description of the risk management system in terms of goals, methodologies and processes. Financial risk management is performed in accordance with the principles defined by the company. These govern the hedging of foreign currency, interest rate and credit risks, cash management as well as short and long-term financing. The goal is to reduce financial risks while balancing the hedging costs and the risks entered into. Where appropriate, derivative financial instruments are used to hedge underlying transactions. Derivative financial instruments are used exclusively as hedging instruments, i.e. they are not used for trading or other speculative purposes. To minimize counterparty risk, transactions are only entered into with prime-rated counterparties. The fundamentals of the financial policy are determined each year by the Management Board and monitored by the Supervisory Board. The Management Board is responsible for implementing the financial policy and for ongoing risk management.

Credit risk

Credit risk is the risk that a business partner fails to meet its obligations under the terms of a financial instrument or customer framework agreement, resulting in a financial loss. In the course of its operating activities, the PVA TePla Group is exposed to credit risk (particularly with regard to trade receivables) and risks in connection with financing activities, including those from deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The PVA TePla Group grants trade credit to a wide range of customers in the normal course of business. Theoretically, the maximum exposure to credit risk is reflected by the carrying amounts of the financial assets recognized in the consolidated balance sheet. The PVA TePla Group recognized impairment losses of EUR 38 thousand (previous year: EUR 185 thousand) in profit or loss to cover identified and expected risks from current and non-current trade receivables and contract assets in fiscal year 2024. Risks from advance payments are avoided by means of prepayment guarantees. There are no identifiable risks for other receivables. As in the previous year, there were no other significant agreements in the PVA TePla Group as of the December 31, 2024 reporting date that reduce the maximum exposure to credit risk.

Customers' credit quality is reviewed regularly. The risk of bad debt losses is mitigated by credit checks and dunning. In the operating business, outstanding receivables and contract assets are monitored locally on an ongoing basis, i. e. on a decentralized basis. The PVA TePla Group deploys appropriate control procedures to ensure that services are only provided to customers who have proven to be creditworthy in the past and that the credit risk associated with these transactions remains reasonable. Appropriate impairment losses are recognized to reflect credit risks. The impairment requirement is analyzed at each reporting date using an impairment matrix to determine the expected credit losses. General impairment allowances are based on past experience with credit losses in the form of historical credit loss data and adjusted for forward-looking factors specific to the borrowers (e. g., expected insolvency default rates) and the economic environment. This methodology is used to identify default rates specific to risk clusters.

There are no concentrations of risk arising from the stated risks from financial instruments.

EUR '000	Dec 31, 2024	Impairment matrix not applied	Impairment matrix			
			not past due	< 30 days past due	30 – 90 days past due	> 90 days past due
Trade receivables (gross carrying amount)	42,173	116	26,072	5,711	3,291	6,982
Contract assets (gross carrying amount)	28,644	–	28,644	–	–	–
Weighted average default rate (%) FY 2024	–	–	0,5%	0,6%	0,9%	1,4%
Weighted average default rate (%) FY 2023	–	–	0,3%	0,5%	0,9%	1,5%
Impairment	**– 508**	**– 72**	**– 274**	**– 34**	**– 30**	**– 98**

EUR '000	Dec 31, 2023	Impairment matrix not applied	Impairment matrix			
			not past due	< 30 days past due	30 – 90 days past due	> 90 days past due
Trade receivables (gross carrying amount)	36,528	171	19,311	5,379	3,490	8,177
Contract assets (gross carrying amount)	50,613	–	50,613	–	–	–
Weighted average default rate (%) FY 2024	–	–	0,3%	0,5%	0,9%	1,5%
Weighted average default rate (%) FY 2022	–	–	0,3%	0,3%	0,4%	0,6%
Impairment	**– 500**	**– 107**	**– 212**	**– 27**	**– 31**	**– 123**

Liquidity risk

Maintaining solvency at all times is extremely important for the PVA TePla Group. Revolving liquidity planning is prepared for the PVA TePla Group to ensure solvency at all times and the greatest possible financial flexibility. A liquidity reserve in the form of credit lines and cash is maintained where necessary. Management reporting includes a monthly liquidity forecast and the determination of compliance with financial covenants.

Please refer to the corresponding disclosures on the maturity of financial liabilities in note 14. Maturity analyses of derivative financial liabilities are described in the following section.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk includes foreign currency and interest rate risk.

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Exchange rate fluctuations affect the presentation of assets and liabilities in PVA TePla AG's consolidated financial statements, which are prepared in euros, to the extent that assets and liabilities are denominated in currencies other than the euro. Foreign currency risks are hedged if they have a material impact on the Group's cash flows.

In the context of operating activities, foreign currency risks result primarily from the fact that planned transactions are settled in a currency other than the functional currency (EUR). Such planned transactions relate in particular to forecast revenue that is invoiced in USD. To manage foreign currency risk, the PVA TePla Group endeavors to generate cash inflows and outflows with matching timing and currencies.

PVA TePla Analytical Systems GmbH enters into forward exchange contracts to hedge receivables (additionally PVA Metrology & Plasma Solutions GmbH in the previous year). These derivative financial instruments have a maturity of up to one year and hedge receivables amounting to EUR 2,696 thousand as of December 31, 2024 (previous year: EUR 5,913 thousand). The expected net payments from the currency hedging instruments are shown below.

EUR '000	Dec 31, 2024	Dec 31, 2023
Expected net payments		
≤ one month	– 106.6	– 6
> one month and ≤ three months	–	– 1.5
> three months and ≤ one year	– 68.9	84
> one year and ≤ five years	–	– 3

Interest income and expense relating to financial instruments are recorded in the functional currency (EUR) at the German companies. This means that foreign currency risk can only arise from the financial instruments and assets of the individual foreign companies that would be reflected in the currency reserves in other comprehensive income. For this reason, only an equity-related sensitivity analysis is shown below.

If the euro had appreciated (depreciated) by 10 percent against the US dollar as of December 31, 2024, the other reserves in equity would have been EUR 1,064 thousand lower (EUR 1,300 thousand higher) (previous year: EUR 895 thousand lower [EUR 1,094 thousand higher]).

If the euro had appreciated (depreciated) by 10 percent against the other currencies relevant for the company as of December 31, 2024, the other reserves in equity would have been EUR 275 thousand lower (EUR 336 thousand higher) (previous year: EUR 293 thousand lower [EUR 358 thousand higher]).

Interest rate risks arise in the context of non-current variable-rate liabilities. Such risks are minimized by the PVA TePla Group where necessary through interest rate hedging measures and continuous monitoring of global interest rate policy.

The company is exposed to interest rate risk mainly in the eurozone. Taking into account the existing and planned debt structure, the company uses interest rate derivatives (interest rate swaps) to mitigate interest rate risk. No interest rate derivatives were used in fiscal year 2024.

With regard to both December 31, 2024 and December 31, 2023, there are no material interest rate risks for the PVA TePla Group from financial instruments relating to profit or loss for the period and other components of equity.

Financial instrument categories

Dec 31, 2024	Carrying amount per measurement category (IFRS 9)				Not allocated to any measurement category (out of scope of IFRS 7)	Total carrying amounts
EUR '000	Financial assets		Financial liabilities			
	at fair value through profit or loss	at amortized cost	at fair value through profit or loss	at amortized cost		
Non-current assets						
Financial assets	958	–	–	–	2,682	3,641
Current assets						
Receivables and other assets	–	42,000	–	–	17,940	59,941
Cash and cash equivalents	–	31,371	–	–	–	31,371
Non-current liabilities						
Financial liabilities	–	–	1,679	17,222	3,114	22,015
Current liabilities						
Financial liabilities	–	–	–	713	1,850	2,563
Trade payables	–	–	–	14,532	–	14,532
Other liabilities	–	–	175	12	2,615	2,802
Of which derivatives	958		175			
Total	**958**	**73,372**	**1,854**	**32,479**	**28,201**	**136,865**

Financial instrument categories

Dec 31, 2023*	Carrying amount per measurement category (IFRS 9)				Not allocated to any measurement category (out of scope of IFRS 7)	Total carrying amounts
EUR '000	Financial assets		Financial liabilities			
	at fair value through profit or loss	at amortized cost	at fair value through profit or loss	at amortized cost		
Non-current assets						
Financial assets	–	9,001	–	–	10	9,011
Current assets						
Receivables and other assets	–	42,938	–	–	34,887	77,825
Cash and cash equivalents	–	13,964	–	–	–	13,964
Non-current liabilities						
Financial liabilities	–	–	1,679	11,430	1,349	14,458
Other financial liabilities						
Current liabilities						
Financial liabilities	–	–	282	3,355	1,654	5,291
Trade payables	–	–	–	18,825	–	18,825
Other liabilities	–	–	18	38	3,086	3,142
Of which derivatives			18			
Total	**–**	**65,903**	**1,979**	**33,648**	**40,986**	**142,516**

* Prior-year figures adjusted (for further explanations, see section "B. Changes in accounting policies")

The carrying amounts represent a reasonable approximation of fair value in all measurement categories. That is why carrying amounts and fair values are not presented separately.

The financial instruments measured at fair value through profit or loss are primarily purchase price components from acquisitions as well as call options of associates. Fair value is calculated as the present value of the expected discounted cash flows on the basis of the projected future business development of the company concerned and is hence based on unobservable market data (Level 3). In addition, individual forward exchange and interest rate hedges are entered into and measured at fair value. Fair value is measured using quoted or market prices for similar instruments or using valuation techniques based on inputs observable on the market (Level 2). The fair values of both forward exchange contracts and interest rate hedges were determined on the basis of discounted expected future cash flows. Applicable market interest rates were used for the remaining maturities of the financial instruments.

The earn-out liability is determined using the contractually defined calculation formula, which is based on the acquired company’s EBIT for fiscal years 2023 to 2027. The maximum earn-out per year is EUR 750 thousand, and any unused amounts can be carried forward to subsequent years. However, the total earn-out is limited to a maximum of EUR 2.25 million. A cost of debt of 4.59 percent is used for discounting. Measurement is based on the present value of the expected future payments, taking into account the relevant EBIT forecasts.

Measurement of the earn-out liability depends in particular on the development of EBIT and the discount rate used. A 10 percent increase in the expected EBIT would change the fair value of the earn-out liability by + EUR 148 thousand (as in the previous year), a 10 percent reduction by – EUR 193 thousand (as in the previous year). A one percent increase in the discount rate would reduce fair value by EUR 24 thousand (as in the previous year), whereas a one percent decrease would increase fair value by EUR 30 thousand (as in the previous year).

The derivative, which relates to call options on investments in associates, is measured using an option pricing model. The forecast equity value is calculated from the result of the enterprise valuation as of December 31, 2024 less net debt (as of December 31, 2026 or December 31, 2028). The strike price is calculated by multiplying the forecast turnover by a multiple (3.5 or 3). Measurement of the option considers a term until March 31, 2027 or March 31, 2029, a 30 percent volatility, a risk-free spot rate (0.22 percent or 0.23 percent) and a correlation of 0.80 for the second option. The call option values calculated are weighted in line with the shares to be acquired (42.75 percent or 33.33 percent).

Net gains or losses on financial instruments by measurement category

EUR ’000	2024	2023
Financial assets and liabilities at fair value through profit or loss	958	124
Financial assets at amortized cost	704	702
Financial liabilities at amortized cost	– 1,189	– 76
Total	**473**	**750**

Net gains or losses on financial assets and liabilities at fair value through profit or loss are attributable to fair value changes of derivative hedging instruments. As in the previous year, all changes in derivative hedging instruments resulted in cash flows in fiscal year 2024.

Capital management

The primary objective of capital management at the PVA TePla Group is to safeguard the financial flexibility required to achieve its growth and return targets. Capital management focuses on the company's equity and on the debt needed to finance its operating activities. The PVA TePla Group manages its capital structure and makes adjustments to reflect changes in the economic environment. The equity ratio is the key capital management indicator. Specifically, this is managed by optimizing the return and limiting the amount of funds tied up. Other goals of capital management are to safeguard the Group's liquidity by agreeing appropriate, adequate credit lines and by maintaining the existing prepayment ratio as well as optimizing net finance costs to improve the return. The financial covenants from the syndicated loan agreement are calculated monthly and reported to the relevant banks on a quarterly basis. They were complied with at all times during the fiscal year.

EUR '000	Dec 31, 2024	Dec 31, 2023*
Shareholders' equity	150,255	127,417
Total assets	**299,459**	**302,352**
Equity ratio	50.2%	42.1%

Power purchase agreements with Stadtwerke Würzburg AG, Germany, do not fall within the scope of IFRS 9. As the requirements of the "own use exemption" are met for these power purchase agreements, they cannot be classified as financial derivatives.

20. Lease disclosures

The PVA TePla Group acts as lessee of property, plant and equipment to a limited extent in the course of its business transactions. It acts as lessor only to an insignificant degree.

Leases as lessee

The recognized right-of-use assets relate to the buildings leased by the PVA TePla Group as lessee as well as to individual items of equipment, fixtures and fittings. The PVA TePla Group has leased premises for production and administration from third parties at standard contractual terms at the Munich, Jena, Westhausen, Coburg, Manassas/Virginia (USA), Corona/California (USA), Beijing (China) and Singapore sites. In addition, the PVA TePla Group leases a limited number of company vehicles, including various pool vehicles and company cars for Management Board members, managing directors and, in some cases, for employees with a high proportion of field work.

* Prior-year figures adjusted (for further explanations, see section "B. Changes in accounting policies")

EUR '000	Land and buildings	Equipment, fixtures and fittings	Total
Cost			
Jan 1, 2023	3,657	2,704	6,361
Exchange differences	17	-45	-28
Additions	1,230	518	1,748
Disposals	– 57	– 78	– 135
Transfers	–	–	–
Dec 31, 2023	4,847	3,099	7,945
Jan 1, 2024	4,847	3,099	7,945
Exchange differences	– 6	76	70
Additions	2,996	985	3,981
Disposals	– 302	– 3	– 305
Transfers	–	–	–
Dec 31, 2024	7,536	4,157	11,692
Accumulated amortization, depreciation and write-downs			
Jan 1, 2023	2,065	1,646	3,711
Exchange differences	–	–	–
Additions	834	476	1,310
Disposals	–	–	–
Transfers	–	–	–
Dec 31, 2023	2,900	2,122	5,021
Jan 1, 2024	2,900	2,122	5,021
Exchange differences	–	–	–
Additions	1,237	601	1,838
Disposals	–	–	–
Transfers	–	–	–
Dec 31, 2024	4,137	2,723	6,860
Net carrying amounts			
Dec 31, 2024	3,399	1,434	4,832
Dec 31, 2023	1,947	977	2,924

Amortization, depreciation and write-downs relating to the right-of-use assets recognized in the consolidated balance sheet are reported in the function costs in the consolidated income statement.

For low-value leased assets and for short-term leases (less than twelve months), the company uses practical expedients and the payments are recognized as an expense on a straight-line basis in the consolidated income statement. Expenses for leases not recognized in the consolidated balance sheet amounted to EUR 600 thousand in fiscal year 2024 (previous year: EUR 435 thousand), of which EUR 269 thousand (previous year: EUR 177 thousand) was attributable to short-term leases and EUR 331 thousand (previous year: EUR 258 thousand) to leases of low-value assets.

Total cash outflows for leases amounted to EUR 2,631 thousand in fiscal year 2024 (previous year: EUR 1,836 thousand), of which EUR 2,030 thousand (previous year: EUR 1,401 thousand) was attributable to payments of interest and principal for lease liabilities. EUR 600 thousand (previous year: EUR 435 thousand) relates to cash outflows for low-valued leased assets and for short-term leases for which practical expedients are used. The relevant interest expenses are reported in net finance costs in the income statement.

Individual real estate leases contain extension options after the end of the basic term (including automatic extensions of lease periods thereafter). Optional lease periods are included in the measurement of lease liabilities if it is reasonably certain that these options will be exercised.

Leases as lessor

The PVA TePla Group leases out its own equipment and systems to customers and parts of its own or leased office buildings only to an insignificant extent.

21. Contingent liabilities and other financial obligations

The PVA TePla Group is occasionally involved in legal disputes in the course of its business activities. Management is not aware of any events that could materially impact net assets, financial position or results of operations. Appropriate provisions are recognized to take account of any risks arising from legal disputes.

As of December 31, 2024, as in the previous year 2023, there are no significant other financial obligations with regard to purchase commitments for property, plant and equipment or with regard to leases entered into but not yet commenced.

22. Related party disclosures

Related parties as defined by IAS 24 are legal or natural persons that, at minimum, can exert significant influence on PVA TePla AG or are controlled, jointly controlled or significantly influenced by PVA TePla AG. Related parties additionally include key management personnel, their close family members and companies controlled, jointly controlled or significantly influenced by this group of persons.

With regard to the PVA TePla Group, related party transactions concern business transactions with the companies included in the consolidated financial statements. For an explanation of the volume of these transactions, please refer to the presentation of revenue in the segment reporting in note 18, which also includes intragroup revenue. All intragroup transactions are eliminated in full when preparing the consolidated financial statements. In this respect, they do not impact the net assets, financial position or results of operations of the PVA TePla Group.

Members of the Management Board

- Jalin Ketter, Giessen (CEO)
- Oliver Höfer, Jena (COO)
- Carl Markus Groß, Wetzlar (CFO) (from January 1, 2025)

Total remuneration of the members of the Management Board

EUR '000	2024	2023
Short-term benefits	1,015	1,306
Share-based payments	37.5	252
Post-employment benefits	–	–
Termination benefits	97	851
Other long-term benefits	0	412
Total	**1,149**	**2,821**

Each member of the Management Board receives a fixed contractually agreed annual remuneration plus fixed fringe benefits (company car, insurance allowances) including salary supplements for pensions, which are paid out with the salary in the current year or paid into an insurance contract with a provident fund commitment. Variable remuneration components comprise a short-term variable component based on the consolidated operating result and individual targets with a one-year term and a long-term bonus component with a three-year term.

Total remuneration in the fiscal year amounted to EUR 1,149 thousand (previous year: EUR 2,821 thousand). Of this amount, EUR 535 thousand (previous year: EUR 769 thousand) is attributable to fixed remuneration, EUR 480 thousand (previous year: EUR 538 thousand) to short-term variable remuneration and EUR 37.5 thousand (previous year: EUR 272 thousand) to the long-term bonus component.

Termination benefits paid in fiscal year 2024 to Management Board members amounted to EUR 97 thousand (previous year: EUR 851 thousand), of which EUR 0 thousand (previous year: EUR 755 thousand) related to severance payments and EUR 97 thousand (previous year: EUR 96 thousand) to compensation payments.

Four members of the Management Board were granted long-term bonus components in the period 2020 to 2023 in accordance with the Management Board employment contract. These awards resulted in payments of EUR 0 thousand in fiscal year 2024 (previous year: EUR 750 thousand).

In 2023, two members of the Management Board were granted a long-term bonus component (Long-Term Incentive) in line with the Management Board employment contract. This bonus component is determined on the basis of changes in PVA TePla AG's market capitalization between the date of the Annual General Meeting 2023 and the date of the Annual General Meeting 2026. This is a long-term remuneration component that qualifies as a cash-settled share-based payment as defined by IFRS 2. The long-term bonus granted to both of the members of the Management Board amounts to 0.5 percent and 0.3 percent of the increase in market capitalization, respectively, after adjustment for capital increases that have taken place in the meantime. Calculated using the Black-Scholes option pricing model, the fair value of these long-term bonus components amounted to EUR 27 thousand and EUR 10.5 thousand, respectively, for the two members of the Management Board as of December 31, 2024. A liability of EUR 37.5 thousand was recognized in this respect as of December 31, 2024 under "Other provisions", and the amounts will be paid out in 1.5 years. The Black-Scholes option pricing model was based on the inputs presented below. The expected volatility was derived from historical peer group volatility (median).

	Dec 31, 2024	Dec 31, 2023
Dividend yield (%)	0.0	0.2
Expected volatility (%)	46.2	43.55
Risk-free interest rate (%)	2.1	2.65
Residual term at measurement date (years)	1.50	2.5
Market capitalization (6-month average) (EUR million)	286	389

Long-term benefits relate to the long-term performance-related component. All other payments are short-term. No employer contributions to pension insurance are paid. There are no pension commitments for any current members of the Management Board. No stock options were granted to members of the Management Board in either fiscal year 2024 or in the previous year. There were no unusual transactions with key management personnel, their close family members or companies controlled, jointly controlled or significantly influenced by this group of persons.

Pension payments of EUR 138 thousand (previous year: EUR 137 thousand) were made to former members of the management body in fiscal year 2024. There is a provision of EUR 1,946 thousand (previous year: EUR 1,629 thousand) for such pension obligations as of the December 31, 2024 reporting date.

Detailed information on the remuneration system and the remuneration components can be found in the PVA TePla Group's separate remuneration report.

Members of the Supervisory Board

- **Dr. Myriam Jahn, self-employed entrepreneur, Düsseldorf, Germany**
  (until August 30, 2024: Member of the Supervisory Board, since August 30, 2024: Chair of the Supervisory Board, member of the Audit Committee, Chair of the Personnel and Nomination Committee)

  Other memberships in supervisory bodies:
  SUSS MicroTec AG, Munich, Germany (Deputy Chair of the Supervisory Board, Chair of the ESG Committee)
  AUMA Riester GmbH & Co. KG, Müllheim, Germany (Member of the Advisory Board until December 31, 2024)

- **Christoph von Seidel, auditor and tax consultant in private practice, Bad Homburg v. d. Höhe, Germany**
  (since August 30, 2024: Deputy Chair of the Supervisory Board, since August 30, 2024: Chair of the Audit Committee)

  Other memberships in supervisory bodies:
  None

- **Prof. Dr. Gernot Hebestreit, self-employed entrepreneur, Leverkusen, Germany**
  (until August 30, 2024: Deputy Chair of the Supervisory Board, until August 30, 2024: Chair of the Audit Committee, since August 30, 2024: Member of the Supervisory Board)

  Other memberships in supervisory bodies:
  Comvis AG, Essen, Germany (until June 30, 2024: Deputy Chair of the Supervisory Board)
  Biotest AG, Dreieich, Germany (Member of the Supervisory Board, Chair of the Audit Committee)

- **Alexander von Witzleben, Chair of the Board of Directors**
  (and until December 31, 2024: CEO Arbonia AG (Arbon, Switzerland),
  Chair of the Board of Directors Feintool International Holding AG (Lyss, Switzerland),
  (until August 30, 2024: Chair of the Supervisory Board, until August 30, 2024: Deputy Chair of the Audit Committee)

  Other memberships in supervisory bodies:
  VERBIO SE, Leipzig, Germany (Chair of the Supervisory Board)
  KAEFER SE & Co KG, Bremen, Germany (Member of the Administrative Board)
  Siegwerk Druckfarben AG & Co. KGaA, Siegburg, Germany (Member of the Supervisory Board)
  Innoviz Technologies Ltd., Nitzba, Israel (Member of the Board of Directors)

- **Prof. Dr. Markus H. Thoma, Schöffengrund, Germany,**
  Professor of Physics of Plasmas and Astronautics, University of Giessen, Germany
  (until August 30, 2024: Member of the Supervisory Board)

  Other memberships in supervisory bodies:
  Nationales Zentrum für Plasmamedizin e. V. (National Center for Plasma Medicine)
  (Member of the Board of Trustees)

Total remuneration of Supervisory Board members

EUR '000	2024	2023
Short-term fixed compensation	173	168
Variable compensation	–	–
Total	**173**	**168**

Supervisory Board remuneration does not contain any performance-related components.

23. Auditor's fees and services

EUR '000	2024	2023
Audit of annual financial statements	547	498
Other assurance services	124	72
Tax consulting services	–	–
Other services	–	–
Total	**671**	**570**

The fee for auditing services provided by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Germany (previous year: BDO AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Germany) primarily related to the audit of the consolidated financial statements, including the ESEF audit and the audit of the remuneration report, and the annual financial statements of PVA TePla AG as well as various audits of the annual financial statements of its subsidiaries. An amount of EUR 155 thousand of the fees reported for fiscal year 2024 (previous year: EUR 205 thousand) relates to fees for the previous year paid to BDO AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Germany. The other assurance services relate to the audit of the non-financial statement and the certification of compliance with covenants.

24. Declaration of conformity in accordance with section 161 of the German Stock Corporation Act (AktG)

The Management and Supervisory Boards of PVA TePla AG issued the declaration of conformity with the recommendations of the German Corporate Governance Code in accordance with section 161 of the AktG and made it available to the shareholders.

The full declaration is permanently available on the company's website at **https://www.pvatepla.com/investor-relations/corporate-governance/**. Declarations of conformity published in previous fiscal years are also available there.

25. Significant events after the reporting date

On January 29, 2025 (acquisition date), PVA TePla AG acquired all shares of desconpro engineering GmbH, whose registered office is in Hüttlingen, Germany (“desconpro engineering GmbH”). Since this date, the acquiree has been included in the consolidated financial statements of PVA TePla AG by way of consolidation and is assigned to the “Semiconductor Systems” reporting segment. Already a longstanding partner of the PVA TePla Group, this automation specialist will continue to manufacture key components for the Group’s ultrasound microscopy systems. This strategic acquisition in the form of vertical integration strengthens the PVA TePla Group’s position in the fast-growing global market for ultrasonic metrology. The purchase price for the shares of desconpro engineering GmbH consists of a fixed purchase price of EUR 5.5 million and two variable purchase price components totaling EUR 1.5 million, which are contingent on future performance targets over a three-year period. Purchase price allocation is currently still outstanding. desconpro engineering GmbH generated a revenue volume in the mid single-digit million range in fiscal year 2024, primarily with companies in the PVA TePla Group, although the operating result was slightly negative. Total assets were also in the mid single-digit million range as of the reporting date.

No other reportable events occurred after the reporting date that could have had a material impact on the net assets, financial position and results of operations of the PVA TePla Group.

Wettenberg, Germany, March 14, 2025

PVA TePla AG

For the Management Board

Jalin Ketter	**Oliver Höfer**	**Carl Markus Groß**
CEO	COO	CFO

Responsibility statement by the legal representatives

To the best of our knowledge, and in 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 combined management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Wettenberg, Germany, March 14, 2025

PVA TePla AG

Jalin Ketter	**Oliver Höfer**	**Carl Markus Groß**
CEO	COO	CFO

Independent auditor's report

To PVA TePla AG, Wettenberg

Report on the audit of the consolidated financial statements and of the group management report

Audit Opinions

We have audited the consolidated financial statements of PVA TePla AG, Wettenberg, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2024, and notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the group management report of PVA TePla AG, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2024. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

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 IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) (the IFRS Accounting Standards) as adopted by the EU and the additional requirements of German commercial law pursuant to § (Article) 315e Abs. (paragraph) 1 HGB (Handelsgesetzbuch: German Commercial Code) and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2024, and of its financial performance for the financial year from 1 January to 31 December 2024, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group 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 group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

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 group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group 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 group 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 to 31 December 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

❶ Recognition of production orders over time
❷ Recoverability of goodwill

Our presentation of these key audit matters has been structured in each case as follows:

① Matter and issue
② Audit approach and findings
③ Reference to further information

Hereinafter we present the key audit matters:

❶ Recognition of system production orders over time

① In the Company's consolidated financial statements sales revenues amounting in total to € 270.1 million are in the consolidated income statement. € 96.1 million of revenues are attributable to customer-specific system production orders, which are recognized over time. In the case of customized system construction, the stage of completion is estimated based on the ratio of the actual contract costs already incurred to the planned total costs. IFRS 15 requires estimates or judgements to be made for certain areas, the appropriateness of which had to be assessed as part of our audit. In particular, the estimate of the planned total costs of the plant construction contracts to be recognized over time and the appropriate allocation of the costs incurred to the contracts are based on the estimates and assumptions of the executive directors. Against this background and due to the resulting estimation uncertainties and the complexity of accounting under group-wide application of IFRS 15, this matter was of particular significance in the context of our audit.

② As part of our audit, we assessed, among other things, the processes and controls established in the Group for the recognition of revenue from system production orders, taking into account the stage of completion. In addition, with regards to system production orders recognized over time, we tested, on a sample basis, orders for the existence of the requirements for revenue recognition over time in accordance with IFRS 15. In doing so, we assessed the estimates and judgements made by the executive directors regarding revenue recognition and revenue deferral for the various groups of systems of the Group companies. We also assessed the measuring of the progress and the resulting proportionate revenue and profit recognition. In this context, we analyzed the determination of both the planned total costs and the actual costs incurred. We were able to satisfy ourselves that the estimates and assumptions made by the executive directors were sufficiently documented and substantiated for the appropriate recognition of revenue.

③ The company's disclosures on the recognition of system production contracts to be recognized over time are contained in sections D, E.1 and F.12 of the notes to the consolidated financial statements.

❷ Recoverability of goodwill

① In the Company's consolidated financial statements goodwill amounting in total to € 13.7 million (4.6% of total assets or 9.1% of equity) is reported under the "Intangible assets" balance sheet item. Goodwill is tested for impairment by the Company once a year or when there are indications of impairment to determine any possible need for write-downs. The impairment test is carried out at the level of cash-generating units to which the relevant goodwill is allocated. The carrying amount of the relevant cash-generating units, including goodwill, is compared with the corresponding recoverable amount in the context of the impairment test. The recoverable amount is generally determined using the value in use. The present value of the future cash flows from the respective cash-generating units normally serves as the basis of valuation. Present values are calculated using discounted cash flow models. For this purpose, the adopted medium-term business plan of the Group forms the starting point which is extrapolated based on assumptions about long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the discount rate for the segment to which the respective cash-generating unit belongs to. The impairment test determined that no write-downs were necessary.

The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the future cash inflows from the respective cash-generating units, the discount rate used, the rate of growth and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

② As part of our audit, we assessed the methodology used for the purposes of performing the impairment test, among other things. After matching the future cash inflows used for the calculation against the adopted medium-term business plan of the Group, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. In addition, we assessed the appropriate consideration of the costs of Group functions. In the knowledge that even relatively small changes in the discount rate and growth rates applied can have a material impact on the value of the entity calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate applied, and assessed the calculation model. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analyses performed by the Company. We verified that the necessary disclosures were made in the notes to the consolidated financial statements relating to cash-generating units for which a reasonably possible change in an assumption would result in the recoverable amount falling below the carrying amount of the cash-generating units including the allocated goodwill.

Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

③ The Company's disclosures on goodwill are contained in sections D and F.8 of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management report:

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in section "Corporate governance statement and corporate governance report" of the group management report
- the non-financial group statement to comply with §§ 315b to 315c HGB included in section "Consolidated non-financial statement" of the group management report
- the disclosure marked as unaudited included in section "Principles and objectives of the internal control system (ICS) and risk management system (RMS)" of the group management report

The other information comprises further the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

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 group 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 Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS Accounting Standards 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 group 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 group 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 group 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 group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group 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 group 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 group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group 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 group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of the internal control and these arrangements and measures (systems), respectively.

- 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 group 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 IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and review of the audit work performed for 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 group 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 **PVA_TePla_AG_KA+LB_ESEF-2024-12-31.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 to 31 December 2024 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

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

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

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

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.

- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 30 August 2024. We were engaged by the supervisory board on 26 October 2024. We have been the group auditor of the PVA TePla AG, Wettenberg, without interruption since the financial year 2024.

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 Christina Erkmen.

Frankfurt am Main, March 14, 2025

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Christina Erkmen Wirtschaftsprüferin (German Public Auditor)	Dominik Höhler Wirtschaftsprüfer (German Public Auditor)

Assurance report of the independent german public auditor on a limited assurance engagement in relation to the group non-financial statement included in the group management report

To PVA TePla AG, Wettenberg

Assurance Conclusion

We have conducted a limited assurance engagement on the group non-financial statement of PVA TePla AG, Wettenberg, (hereinafter the “Company”) included in section “Consolidated non-financial statement” of the group management report, which is combined with the Company’s management report, to comply with §§ (Articles) 315b to 315c HGB (Handelsgesetzbuch: German Commercial Code) including the disclosures contained in this group non-financial statement to fulfil the requirements of Article 8 of Regulation (EU) 2020/852 (hereinafter the “Consolidated non-financial statement”) for the financial year from 1 January to 31 December 2024.

Not subject to our assurance engagement were the external sources of documentation or expert opinions mentioned in the Non-Financial Group Reporting, which are marked as unassured.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the accompanying Non-Financial Group Reporting for the financial year from 1 January to 31 December 2024 is not prepared, in all material respects, in accordance with § 315c in conjunction with §§ 289c to 289e HGB and the requirements of Article 8 of Regulation (EU) 2020/852 as well as with the supplementary criteria presented by the executive directors of the Company.

We do not express an assurance conclusion on the external sources of documentation or expert opinions mentioned in the Non-Financial Group Reporting, which are marked as unassured.

Basis for the Assurance Conclusion

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) are further described in the “German Public Auditor's Responsibilities for the Assurance Engagement on the Non-Financial Group Reporting” section.

We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit firm has complied with the quality management system requirements of the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)) issued by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW). We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

Responsibility of the Executive Directors and the Supervisory Board for the Non-Financial Group Reporting

The executive directors are responsible for the preparation of the Non-Financial Group Reporting in accordance with the relevant German legal and European regulations as well as with the supplementary criteria presented by the executive directors of the Company. They are also responsible for the design, implementation and maintenance of such internal controls that they have considered necessary to enable the preparation of a Non-Financial Group Reporting in accordance with these regulations that is free from material misstatement, whether due to fraud (i. e., manipulation of the Non-Financial Group Reporting) or error.

This responsibility of the executive directors includes selecting and applying appropriate reporting policies for preparing the Non-Financial Group Reporting, as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The supervisory board is responsible for overseeing the process for the preparation of the Non-Financial Group Reporting.

Inherent Limitations in the Preparation of the Non-Financial Group Reporting

The relevant German statutory legal and European regulations contain wording and terms that are still subject to considerable interpretation uncertainties and for which no authoritative, comprehensive interpretations have yet been published. As such wording and terms may be interpreted differently by regulators or courts, the legal conformity of measurements or evaluations of sustainability matters based on these interpretations is uncertain.

These inherent limitations also affect the assurance engagement on the Non-Financial Group Reporting.

German Public Auditor's Responsibilities for the Assurance Engagement on the Non-Financial Group Reporting

Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the Non-Financial Group Reporting has not been prepared, in all material respects, in accordance with the relevant German legal and European regulations as well as with the supplementary criteria presented by the executive directors of the Company, and to issue an assurance report that includes our assurance conclusion on the Non-Financial Group Reporting.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional skepticism. We also:

- obtain an understanding of the process to prepare the Non-Financial Group Reporting.

- identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misleading representations, or the override of internal controls.

- consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

Summary of the Procedures Performed by the German Public Auditor

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgement.
In conducting our limited assurance engagement, we have, amongst other things:

- evaluated the suitability of the criteria as a whole presented by the executive directors in the Non-Financial Group Reporting.

- inquired of the executive directors and relevant employees involved in the preparation of the Non-Financial Group Reporting about the preparation process, and about the internal controls relating to this process.

- evaluated the reporting policies used by the executive directors to prepare the Non-Financial Group Reporting.

- evaluated the reasonableness of the estimates and the related disclosures provided by the executive directors.

- performed analytical procedures and made inquiries in relation to selected information in the Non-Financial Group Reporting.

- performed site visits.

- considered the presentation of the information in the Non-Financial Group Reporting.

- considered the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Non-Financial Group Reporting.

Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is solely towards the Company. We do not accept any responsibility, duty of care or liability towards third parties.

Frankfurt am Main, 14 March 2025

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Christina Erkmen	Dominik Höhler
Wirtschaftsprüferin	Wirtschaftsprüfer
(German public auditor)	(German public auditor)

Financial calendar

May 14, 2025	Interim Report Q1
June 24, 2025	Shareholders' Meeting
August 13, 2025	Half year report
November 12, 2025	Interim Report Q3

Imprint

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