

Report Profile

Forward-Looking Statements

This Report may contain forward-looking statements based on assumptions and forecasts made by the management of Covestro AG, Leverkusen (Germany), at the time the report was prepared. Various known and unknown risks, uncertainties, and other factors could lead to material differences between the actual future results, financial situation, development, or performance of the Group and the estimates given here. The various factors include those discussed in Covestro's public reports, which are available at www.covestro.com. The company assumes no liability whatsoever to update such forward-looking statements or to conform them to future events or developments.

External Audit

KPMG AG Wirtschaftsprüfungsgesellschaft, Essen (Germany), audited the Consolidated Financial Statements of Covestro AG and the Combined Management Report during the financial statement audit required by law, and issued an unqualified audit opinion. Pursuant to Section 317 (2) sentence 6 of the German Commercial Code (HGB), the disclosures in the combined Declaration on Corporate Governance were not included in the financial statement audit. The disclosures in the Nonfinancial Group Statement contained in the Combined Management Report pursuant to Sections § 315b, 315c HGB and the disclosures in the Group Sustainability Statement were not included in the auditor's substantive audit of the consolidated financial statements. In addition, the compensation report forms an integral part of this Annual Report. The compensation report was subjected to a substantive audit, including the formal examination required by Section 162 of the German Stock Corporation Act (AktG), and issued with an unqualified audit opinion, which confirms that the compensation report, including the related disclosures, complies in all material respects with the financial reporting requirements of Section 162 AktG.

The Group Sustainability Statement contained in the Combined Management Report was prepared in accordance with the requirements for a nonfinancial group statement of Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022 (Corporate Sustainability Reporting Directive, CSRD), Article 8 of Regulation (EU) 2020/852, and Sections 315b and 315c HGB. The Combined Management Report was subjected to a separate review with limited assurance pursuant to the International Standard on Assurance Engagements (ISAE) 3000 Revised and, for selected parts of the Groups Sustainability Statement, to a review with reasonable assurance by KPMG AG Wirtschaftsprüfungsgesellschaft, Düsseldorf (Germany). The parts of the Group Sustainability Statement reviewed with reasonable assurance are presented in curly braces. In a separate review, selected disclosures in the Declaration on Corporate Governance in the general part of the Combined Management Report were also reviewed with limited assurance. The parts reviewed with limited assurance are presented in square brackets. This relates to those disclosures for which reporting is mandatory as part of nonfinancial reporting on the role of the administrative, management, and supervisory bodies (ESRS 2 GOV-1) when the European Sustainability Reporting Standards (ESRS) are applied in full. In addition, disclosures under ESRS that are made outside the Group Sustainability Statement are presented in chevrons and identified by a specific ESRS reference.

The following table summarizes the symbols described above:

Legend of Symbols

Symbols	Meaning	Relevant Report Sections
{ }	Content within the Group Sustainability Report that has undergone a review with reasonable assurance	Group Sustainability Statement
[]	Content outside the Group Sustainability Report that has undergone a review with limited assurance	Declaration on Corporate Governance
» «	Disclosures according to ESRS that are made outside the Group Sustainability Report	Management Report (excluding Group Sustainability Statement), Declaration on Corporate Governance

Content not covered by the Combined Management Report, compensation report, and consolidated financial statements, such as information provided on websites, is not part of the Group Sustainability Statement and substantive audit conducted by the KPMG AG Wirtschaftsprüfungsgesellschaft.

Rounding and Percentage Deviations

As the indicators in this Report are stated in accordance with commercial rounding principles, totals and percentages may not always be exact. If a deviation changes from positive to negative or vice versa, or if it is greater than 1,000%, this is shown by a period.

Inclusive Language

Diversity, equity, and inclusion are important to Covestro. To ensure better readability, we therefore strive to use gender-neutral language and avoid gender-specific terms in this Report. All terms should be taken to apply equally to all genders.

Publication

This Annual Report was published on February 26, 2025. It is available in German and English. The German version is binding. In addition to publication in this report, components subject to disclosure requirements in accordance with Section 328 (1) sentence 4 HGB are published in the company register, in compliance with the provisions of the European Single Electronic Format (ESEF) Regulation. They are accessible via the website www.unternehmensregister.de.

Key Data

COVESTRO GROUP

	2023	2024	Change
Sales	€14,377 million	€14,179 million	- 1.4%
Change in sales			
Volume	- 6.8%	7.4%	
Price	- 11.0%	- 8.0%	
Currency	- 2.2%	- 0.8%	
Sales by region			
EMLA ¹	€5,941 million	€5,848 million	- 1.6%
NA ²	€3,735 million	€3,507 million	- 6.1%
APAC ³	€4,701 million	€4,824 million	2.6%
EBITDA⁴	€1,080 million	€1,071 million	- 0.8%
Changes in EBITDA			
Volume	- 23.7%	37.0%	
Price	- 122.5%	- 106.9%	
Raw material price	96.8%	59.4%	
Currency	- 4.7%	- 1.4%	
Other ⁵	20.9%	11.1%	
EBIT ⁶	€186 million	€87 million	- 53.2%
Financial result	(€113 million)	(€114 million)	0.9%
Net income⁷	(€198 million)	(€266 million)	34.3%
Earnings per share ⁸	(€1.05)	(€1.41)	34.3%
Cash flows from operating activities ⁹	€997 million	€870 million	- 12.7%
Cash outflows for additions to property, plant, equipment and intangible assets	€765 million	€781 million	2.1%
Free operating cash flow¹⁰	€232 million	€89 million	- 61.6%
Net financial debt ^{11, 12}	€2,487 million	€2,618 million	5.3%
Return on capital employed (ROCE) ¹³	1.5%	0.7%	
Weighted average cost of capital (WACC) ¹⁴	7.6%	8.1%	
ROCE above WACC^{13, 14}	- 6.1% points	- 7.4% points	
Employees ^{12, 15}	17,516 FTE	17,503 FTE	- 0.1%
Greenhouse gas emissions (CO₂ equivalents)¹⁶	4.9 million metric tons	4.7 million metric tons	- 4.1%

1 EMLA: Europe, Middle East, Latin America (excluding Mexico), Africa region.

2 NA: North America region (Canada, Mexico, United States).

3 APAC: Asia and Pacific region.

4 Earnings before interest, taxes, depreciation and amortization (EBITDA): EBIT plus depreciation, amortization, and impairment losses; less impairment loss reversals on property, plant and equipment and intangible assets.

5 Other changes in EBITDA.

6 Earnings before interest and taxes (EBIT): income after income taxes plus financial result and income taxes.

7 Net income: income after income taxes attributable to the shareholders of Covestro AG.

8 Earnings per share: according to IAS 33 (Earnings per Share), net income divided by the weighted average number of outstanding no-par value voting shares of Covestro AG.

The calculation for fiscal 2024 was based on 188,740,330 no-par shares (previous year: 189,262,192 no-par shares).

9 Cash flows from operating activities according to IAS 7 (Statement of Cash Flows).

10 Free operating cash flow (FOCF): cash flows from operating activities less cash outflows for additions to property, plant, equipment and intangible assets.

11 Excluding provisions for pensions and other post-employment benefits.

12 As of December 31 in each case.

13 Return on capital employed (ROCE): ratio of EBIT after imputed income taxes to capital employed. Imputed income taxes are calculated by multiplying an imputed tax rate of 25% by EBIT.

14 Weighted average cost of capital (WACC): weighted average cost of capital reflecting the expected return on the company's equity and debt capital.

15 Employees calculated as full-time equivalents (FTEs).

16 Greenhouse gas (GHG) emissions (Scope 1 and Scope 2, GHG Protocol) at main production sites (responsible for more than 95% of our energy usage).

The Board of Management





Dr. Markus Steilemann

2024 was a stormy year.

How did you meet the challenges?

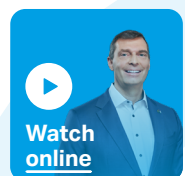
Through flexibility and foresight. We fully focused on what we have in our hands. That includes efficiency, costs and capacity utilization. In addition, we further sharpened our strategy to take account of the many momentous and rapid developments – in our industry and in an increasingly complex, uncertain world. In particular, we intensified the customer focus in everything we do. At the same time, we stayed the course for our major long-term goals: to align Covestro completely with the circular economy and make it climate-neutral. We underpinned our pioneering role in this area last year with many measures, including additional direct contracts for the supply of green energy, new partnerships for innovative recycling, for example in the automotive industry, and the completion of our ambitious climate targets. Overall, we made Covestro more weatherproof, streamlined and future-oriented.

What does the planned acquisition by ADNOC mean for the company?

The planned acquisition by ADNOC is the right step at the right time for Covestro. I am looking forward to it, as it is in the best interests of Covestro, our shareholders, our employees and all other stakeholders. The Board of Management and the Supervisory Board unanimously agree that ADNOC is a strong and long-term oriented partner. This will help us execute our strategy even more consistently, enabling us to further strengthen our foundation for sustainable growth in highly attractive sectors and make an even greater contribution to the green transformation. ADNOC shares our ambitions, is absolutely convinced of our vision to become fully circular, and values our unique “We are 1” corporate culture. We therefore recommended that our shareholders accept the takeover offer, and are pleased that such a significant majority followed our recommendation.

How are you looking ahead to 2025?

I basically think positively. At the same time, I am a realist: 2025 will not be easy either. But when I see how well our company is positioned, I have no doubt that we will master the new fiscal year even under further difficult conditions. But perhaps the economy will pick up and other framework conditions change in our favor. What feeds my optimism above all are our employees, with their know-how, their commitment and the very special spirit that is based on our culture and values. They deserve my greatest thanks. In the future, we will promote agile cooperation in the company even more strongly and make sure that skills and talents are used in a tailor-made way. At the same time, we encourage and empower everyone to take advantage of the immense opportunities offered by digitization and artificial intelligence, because this opens up sensational new possibilities for us everywhere. Overall, I am full of confidence for Covestro – far beyond 2025.



How do you assess the developments and results of the 2024 fiscal year?

2024 was a mixed year for Covestro. On the one hand, it demanded a lot from us once again, but on the other hand, we clearly demonstrated what we are capable of achieving. However, global markets did not develop as we had anticipated at the beginning of the year. While demand for our products remained steady, it stayed at a low level overall. In addition, sustained price pressure significantly impacted our margins. Nevertheless, we closed the year within our guidance – despite operating in a market environment that was challenging for Covestro and the chemical industry as a whole.

What personally pleases me and makes me proud are the successes we achieved despite these external circumstances. We sharpened our focus and worked on the levers we can control: improving the availability of our plants and maintaining strict cost discipline. Moreover, we continuously review and optimize our structures and processes to make ourselves more efficient and competitive. This embodies the Covestro spirit and aligns perfectly with our “Sustainable Future” strategy: We become the best of who we are, also in challenging times. My sincere thanks go to all colleagues worldwide whose dedication in 2024 made this possible.

Are there specific projects or developments from 2024 that stand out positively for you?

In 2024, we made significant progress in digitalization and the use of artificial intelligence (AI). AI offers huge potential – from production to various other

business areas. Equipping our global workforce with the skills to leverage AI effectively is a crucial step. For example, our internal training initiative, “Expedition C,” lays the foundation for that. With AI, we can test new ideas quickly and cost-effectively, and are not afraid to discontinue projects that don’t deliver value. I am convinced that this approach will propel us forward significantly.

Another major milestone this year was undoubtedly the takeover offer from ADNOC and the high acceptance rate by our shareholders at the end of the year. The negotiations and processes required significant effort from many colleagues, and while we are still in the process, we have already achieved a lot in 2024. I look back on that very positively.

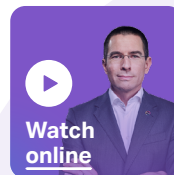
Looking ahead to 2025: What are your expectations, and what are you looking forward to?

We do not anticipate a quick economic recovery in global markets in 2025. That means rolling up our sleeves and tackling the next steps with determination. We are also taking a closer look inward: How do we work together? What can

we improve? We will continue our transformation with full commitment – guided by measurable actions, concrete steps, and our clear strategic alignment firmly in focus. In the foreseeable future, we expect to have a strong partner by our side: With ADNOC, we can further accelerate the implementation of our “Sustainable Future” strategy and our focus on the circular economy.

I see 2025 as a year that will undoubtedly bring challenges but also many opportunities: opportunities to shape, to drive change, and to move forward as a team. Mastering such phases is what Covestro is all about. That’s why I look ahead with confidence, curiosity, and anticipation for what lies ahead – and what we will achieve together.

Christian Baier





Dr. Thorsten Dreier

In 2024, the strategic focus for the CTO area was on...

...reliability. In 2024, we initiated important projects that further increase our plant availability. Our strategy: sustainable growth. In addition to building new plants, we are therefore focusing even more on modernizing our production. To this end, we have launched the "Global Operational Excellence" initiative. This initiative plans to invest around 500 million euros in the existing plant structure from 2024 to the end of 2027, in addition to ongoing maintenance costs. At the same time, the annual base amount for investments in existing assets will be gradually increased from 450 million euros to 500 million euros annually from 2024 to 2028. For the modernization projects, we are consistently focusing on innovative, more energy-efficient process technology. This ensures safe and reliable production, meets state-of-the-art standards in terms of efficiency, and simultaneously reduces our carbon emissions: The lower energy consumption brings us closer to our goal of climate-neutral production and at the same time helps us optimize our

production costs. And this combination is key to the long-term success of our company, especially in business with standard products. After all, our customers in an oligopolistically structured market want one thing above all: A partner who delivers reliably – and at competitive prices. We are that partner!

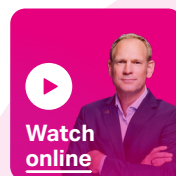
What pleasant moments do you look back on when thinking about 2024?

One special day was the inauguration of the world's first pilot plant for bio-based aniline in Leverkusen, with guests from politics, business, and science. For the first time, we succeeded in producing this important basic chemical from biomass. This is a scientific breakthrough of international significance. It shows that sustainable chemistry of the future is possible. We at Covestro are convinced of that. That's why, in addition to our biotechnology research, we are also pushing forward with the development of new recycling methods.

An example of our commitment in this area is the collaboration with the company BioBTX, in which we acquired shares in 2024. The investment enables the construction of the world's first demonstration plant for an innovative recycling technology that can extract valuable chemicals such as benzene, toluene and xylene from mixed plastic waste and organic waste. Both projects demonstrate that in 2024 we consistently worked on realizing our vision of a circular economy – and made good progress in doing so.

What do you definitely want to achieve in 2025?

To further reduce our carbon emissions in production by concluding more supply contracts for renewable energy and promoting the use of energy-efficient technologies. At Covestro, we aim to achieve climate-neutral production by 2035 – and I hope we will make good progress on this path again in 2025. And in production, for me as CTO, before we think about efficiency and reliability, one pre-requisite must be met: It must be safe. Ensuring that none of our employees or contractors is harmed at work is once again my primary goal for 2025.



What are the milestones in 2024 regarding our commercial success?

Industries are facing major challenges especially in Europe. The chemical industry is no exception. Other regions offered attractive business opportunities, which Covestro seized. In 2024, we continued our momentum. We landed commercially successful collaborations with the big players in our customer industries like Henkel for adhesives, Carlisle for construction materials, and Deutsche Telekom for home connectivity.

With increasing global environmental awareness and stricter regulatory requirements, sustainable developments in automotive are becoming more pressing. That is why innovation, smart design and a consistent circular approach lead the way in the automotive sector. With a technology called "DirectCoating", we are successfully offering new design opportunities to the auto industry. A seamless production process from injection molding to coating in one tool lowers the carbon footprint effectively.

Also, car-to-car recycling and Design for Circularity are becoming even more important. We are staying ahead of this development by starting an automotive plastic recycling system with strong international partners, advancing the transformation of the industry. In our collaboration with Neste and Borealis we have completed the closed loop system for the automotive industry. With the chemical recycling of car tires we now have the right set-up to foster a circular economy for engineering plastics in the automotive sector.

Sucheta Govil



Why is customer centricity at the heart of what we do?

Because it's a key driver for our business: provide added value for our customers. We deliver in the fields where demand is rising – whether it's post-consumer recycled materials, lower carbon footprint products, or solutions made with alternative raw materials.

That's why we keep investing in innovation and R&D for new sustainable materials. Our success in producing the basic chemical aniline entirely from plant-based raw materials for the first time in our pilot plant in Leverkusen gives us a headstart in this field.

Another topic close to our customers' needs is providing innovative ideas for the future of mobility. With the Sonnenwagen team, our long-term partnership, we once again had the spotlight on our ambassador for reshaping e-mobility. For these trends, high-performance plastics are the material of choice – and full circularity is the North Star on our roadmap to a customer-centric portfolio.

Where has Covestro set the course for growth opportunities in key markets?

With our R&D focus on innovative plastics, we are helping our clients stay ahead of their business. We are all in, especially in the long-term growing markets of electronics and mobility. Our products Makrolon® and Makrofol® can be used to create nearly monomaterial electronic displays, ideal for integration into smart surfaces in kitchens and consumer electronics. Also, autonomous and connected vehicles require new materials for sensors, electronics, and advanced interior designs, presenting many opportunities for our polymer innovations.

AI and big data for predictive modeling and designing new materials for mobility applications will give us an extra boost on our way.

