Annual Report 2024

Your partner wherever you drive

Key figures

RESULTS OF OPERATIONS

IN kEUR

	Q1-Q4 / 2024	Q1-Q4 / 2023	Change absolute	Change in %
Sales	1,876,747	2,106,170	– 229,423	– 10.9
Gross profit	417,728	412,759	4,969	1.2
Gross profit margin in %	22.3	19.6		
Adjusted gross profit	425,507	425,518	– 11	0.0
Adjusted gross profit margin in %	22.7	20.2		
EBITDA	252,405	248,659	3,746	1.5
EBITDA margin in %	13.4	11.8		
Adjusted EBITDA	257,992	264,127	– 6,135	– 2.3
Adjusted EBITDA margin in %	13.7	12.5		
EBIT	161,449	163,815	– 2,366	– 1.4
EBIT margin in %	8.6	7.8		
Adjusted EBIT	190,450	202,051	– 11,601	– 5.7
Adjusted EBIT margin in %	10.1	9.6		
Result for the period without non-controlling interests	77,349	79,933	– 2,584	– 3.2
Adjusted result for the period without non-controlling interests	110,129	118,486	– 8,357	– 7.1
Basic earnings per share in EUR	1.70	1.76	– 0.06	– 3.2
Adjusted earnings per share	2.43	2.61	– 0.18	– 7.1

NET ASSETS (EQUITY, LIABILITIES)

IN kEUR

	12/31/2024	12/31/2023*	Change absolute	Change in %
Balance sheet total	1,711,869	1,662,143	49,726	3.0
Equity	527,100	475,969	51,131	10.7
Equity ratio in %	30.8	28.6		
Non-current and current liabilities	1,184,769	1,186,174	– 1,405	– 0.1

FINANCIAL POSITION

IN kEUR

	Q1-Q4 / 2024	Q1-Q4 / 2023	Change absolute	Change in %
Net cash flow from operating activities	**200,652**	**202,726**	**– 2,074**	**– 1.0**
Net cash flow from investing activities (property, plant and equipment/intangible assets)	– 54,139	– 60,005	5,866	– 9.8
Operating free cash flow	**146,513**	**142,721**	**3,792**	**2.7**
Net cash flow from investing activities (acquisition of subsidiaries)	– 39,810	42,579	– 82,389	
Total free cash flow	**106,703**	**185,300**	– 78,597	

YIELD

IN %

	Q1-Q4 / 2024	Q1-Q4 / 2023
Return on Capital Employed (ROCE)	18.3	20.8

EMPLOYEES

	12/31/2024	12/31/2023	Change absolute	Change in %
Employees at the balance sheet date**	5,495	5,927	– 432	– 7.3

SUSTAINABILITY***

	12/31/2024	12/31/2023
Total energy consumption (in MWh)	129,525	108,460
CO_2 emissions scope 1 and 2 (in t CO_2e)	33,122	36,218
CO_2 emissions scope 3 (in t CO_2e)	5,645,446	–
Total amount of waste generated (in t)	19,112	19,538
Rate of recordable work-related accidents (cases per 1 million hours worked)	11.3	14.2
Functions-at-risk covered by training programmes (in %)	100.0	–

* Restated in accordance with IAS 8.42.
** Employees at the reporting date = Active employees and temporary workers.
*** Comparability with the previous year's figures could be limited due to an expanded scope in 2024.

All figures shown are rounded. Minor discrepancies may arise from additions of these amounts.

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Portrait

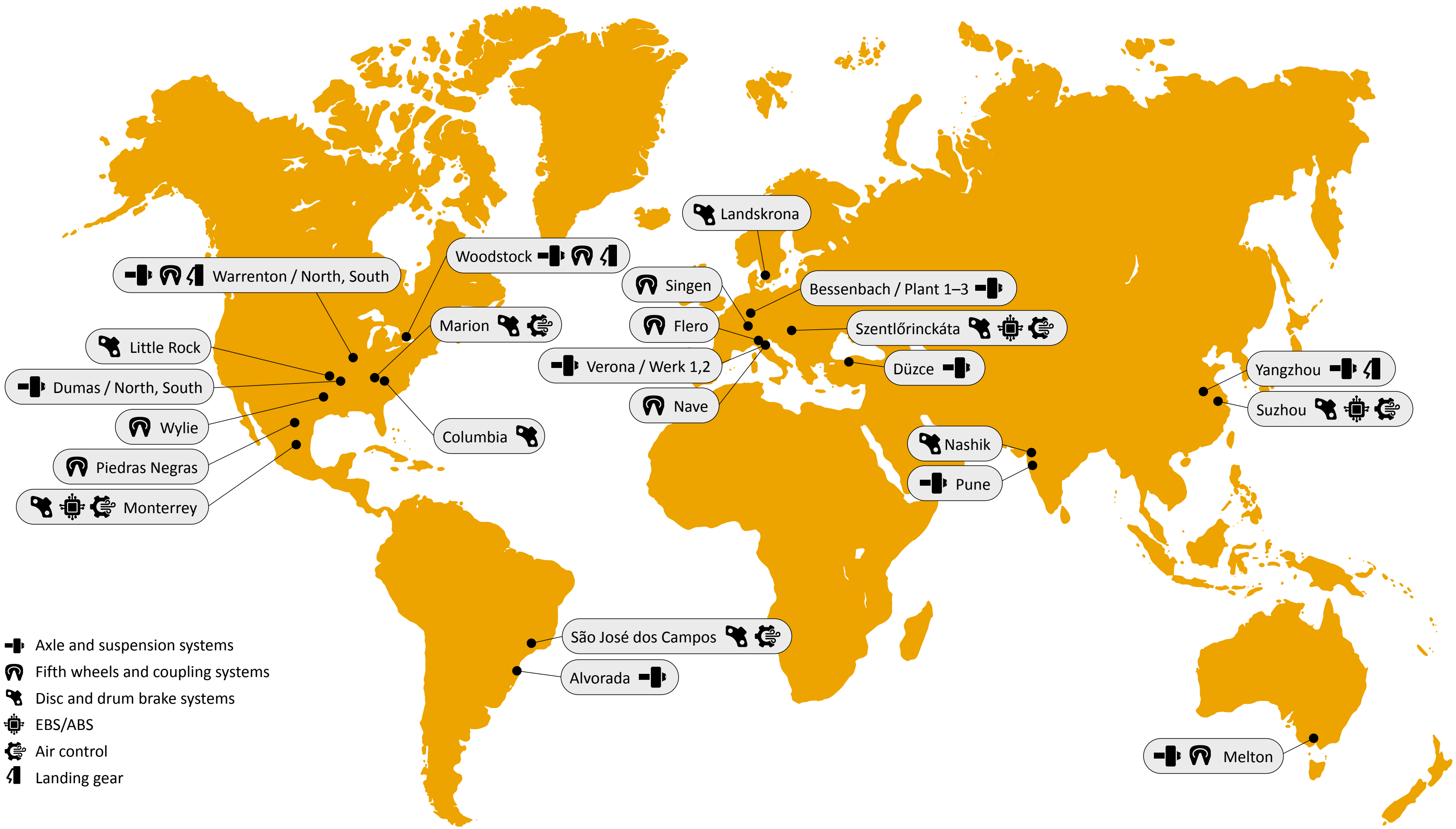
SAF-HOLLAND SE is a leading international manufacturer of chassis-related assemblies and components for trailers, trucks and buses. With its around 5,500 dedicated employees worldwide, the company generated sales of EUR 1.88 billion in 2024.

The product range includes axle and suspension systems for trailers as well as fifth wheels and coupling systems for trucks, trailers and semi-trailers as well as brake and EBS systems. In addition, SAF-HOLLAND also develops innovative products to increase the efficiency, safety and environmental friendliness of commercial vehicles. With the brands SAF, Holland, Haldex, Assali Stefen, KLL, Neway, Tecma, V.Orlandi and York, the Group achieved strong market positions in the top three positions in the most important regions worldwide in 2024.

SAF-HOLLAND supplies manufacturers in the original equipment market on six continents. In the after-market business, the company supplies spare parts to manufacturers' service networks and whole-salers as well as to end customers and service centers via an extensive global distribution network.

SAF-HOLLAND worldwide

Production locations with main product groups



Management Board

Alexander Geis
Chairman of the Management Board and Chief Executive Officer

Frank Lorenz-Dietz
Member of the Management Board and Chief Financial Officer

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LETTER FROM THE CHAIRMAN OF THE MANAGEMENT BOARD

Alexander Geis
Chairman of the Management Board and Chief Executive Officer

DEAR SHAREHOLDERS,

After a long phase of continuous growth and a series of record figures in the global trailer and truck market, 2024 was a particularly challenging year with declining markets in the EMEA and Americas regions – both for the global economy and for SAF-HOLLAND. However, it was also a year in which we managed to demonstrate the resilience of our business model and secure our success through the necessary flexibility and diversity of the business.

The past year was characterized by a challenging economic environment, particularly in Europe, and ongoing geopolitical tensions, which affected the entire industry and led to a reluctance to buy on the part of our customers in many markets. SAF-HOLLAND stands for customer proximity and always puts the needs of its customers first. We were in regular contact not only in our day-to-day business but also at major industry trade fairs in 2024. This enabled us to react quickly to changes in demand and thus act economically.

As a result of these changes in demand, we adjusted our company forecast for fiscal year 2024 following its initial publication in March 2024. On the one hand, we have specified the sales forecast in line with demand and market developments. On the other hand, we increased our profitability forecast and the adjusted EBIT margin accordingly.

And we hit this target almost perfectly – the adjusted EBIT margin amounted to 10.1% and thus met the increased target over the course of the year. Adjusted for non-recurring effects, earnings before interest and taxes in absolute figures amounted to EUR 190.5 million (previous year: EUR 202.1 million).

Group sales declined in the fiscal year and amounted to EUR 1,876.7 million (previous year: EUR 2,106.2 million). SAF-HOLLAND could not escape the shrinking trend of the major global markets. While demand from original equipment customers declined, sales in the much less cyclical aftermarket business continued to increase. Here we benefited from the positive development in the original equipment business in recent years and our extensive service network. Strict cost management and the commitment of our employees enabled us to make the necessary adjustments to the lower production figures in the original equipment business and achieve the highest profitability in the company's history.

THE SAF-HOLLAND SHARE IS AN ATTRACTIVE DIVIDEND STOCK

Our dividend policy is to distribute 40 – 50% of the available net earnings. Your investment and trust in SAF-HOLLAND has to pay off. The Management Board and Supervisory Board will therefore propose to the Annual General Meeting of SAF-HOLLAND SE on May 20, 2025, that a dividend of EUR 0.85 per share be distributed. This corresponds to a payout ratio of 49.9%. Based on the closing price of our share at the end of December 2024, this would be an attractive yield of around 5.8%. The SAF-HOLLAND share therefore remains a reliable and attractive dividend stock.

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TARGETED EXPANSION OF THE PRODUCTION AND R&D FOOTPRINT

We opened a new production site in Piedras Negras, Mexico, in July in response to the expected market development in the coming years. This site focuses on the production of fifth wheels and supports demand in the aftermarket business. The plant is highly automated and has state-of-the-art technologies to increase production efficiency and regional capacity in the long term.

At the same time, we are optimizing our presence in the United States. In this important market for us, where we have a strong No. 1 market position in fifth wheels, we intend to increase our production capacity in the medium term. The construction of a new plant in Rowlett, Texas, is in full swing. This plant will replace the current plant in Wylie, Texas, which is located nearby. We are therefore ideally positioned in North America to meet growing customer demand.

We were delighted to be able to open our new Tech Center India (TCI) in Pune, India, in August 2024. The TCI will play a key role as a globally integrated site for research and development as well as IT activities. We are thus addressing the increasing complexity at the system level and deepening our expertise in the area of software for the further development of our mechatronic systems.

With the TCI, we are strategically well positioned to drive innovation and expand our competitive lead in the industry.

STRENGTHENING THE PRODUCT PORTFOLIO AND PROXIMITY TO OUR CUSTOMERS

Following the successful acquisition and rapid integration of the Swedish manufacturer of brake and air suspension systems Haldex, we focused on strengthening our customer relationships in the reporting year. We achieved this very successfully by acquiring the IMS Group, our former exclusive distribution partner in the Benelux countries. The acquisition of the IMS Group will now enable us to further expand our original equipment and aftermarket activities in the Benelux countries and, in particular, offer the products of our new Group brand Haldex in a more targeted manner.

With the acquisitions of Tecma and Assali Stefen, both based in Verona, Italy, we have expanded our product portfolio in a targeted manner, most notably in the area of special axle systems.

The expansion of our product portfolio also strengthens our service business. Our global service network is available to our end customers 365 days a year to provide rapid assistance and a comprehensive supply of spare parts. Today, we can promise our customers worldwide: Your partner – wherever you drive.

SUSTAINABILITY REPORTING DEVELOPED FURTHER

We have continued to drive our sustainability activities, as well as our sustainability reporting, forward. In 2024, we made great efforts to comply with the future European reporting standards. You can see the result in this Annual Report. For the first time, we are not reporting in a separately accessible Sustainability Report. Applying the European Sustainability Reporting Standards (ESRS), we have integrated the reporting into this Annual Report as part of the separate non-financial report.

In the reporting year, we took an important step forward in our reporting on greenhouse gas emissions and now also provide information on our Scope 3 emissions in accordance with the Greenhouse Gas Protocol. This means we also record all indirect greenhouse gas emissions that arise in our value chain and thus provide the basis for further reducing greenhouse gas emissions.

We are committed to renewable energies and are equipping the roofs of our existing and new plants with photovoltaic systems. In 2024, we completed the installation of the photovoltaic system at the Bessenbach site in Germany. This enables us to generate over 2 million kilowatt hours of power per year, covering about 15% of the electrical energy needs at this site.

We also made important progress in our ESG focus areas. For example, we implemented an energy management system to identify further potential for reducing emissions. We also took various sustainability efforts by our customers into account as part of our R&D activities and expanded our supplier selection criteria to include additional ESG-related aspects with regard to the value chain. To promote our corporate culture and governance, standards of values and conduct were revised, an additional reporting channel for complaints under the German Supply Chain Compliance Act was introduced and further compliance training was rolled out across the Group.

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WITH CONFIDENCE INTO THE YEAR 2025

The year 2025 will also present challenges. Nevertheless, I am confident that we will have a successful year and seize opportunities even without tailwind from the markets. We were able to prove this in 2024 and are well prepared for it. The new strategy developed in fiscal year 2024 for the period up to 2030 will pave the way for us. In line with the vision of SAF-HOLLAND being the most trustworthy and dependable partner for its customers worldwide, we want to play a leading role in the transformation of mobility and work together with our customers on the path to a sustainable future.

Thank you for your trust and loyalty.

Sincerely yours,

Alexander Geis

Chairman of the Management Board and Chief Executive Officer

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REPORT OF THE SUPERVISORY BOARD

Dr. Martin Kleinschmitt
Chairman of the Supervisory Board

DEAR SHAREHOLDERS,

Fiscal year 2024 was characterized by a number of exogenous factors worldwide. It is therefore all the more pleasing that SAF-HOLLAND was once again able to demonstrate the resilience of its business model in this very demanding market environment and in view of the ongoing geopolitical and economic challenges. Although the forecast of achieving sales of around EUR 1.95 billion was missed slightly due to a short-term decline in sales in the fourth quarter, the adjusted EBIT margin of 10.1% not only confirmed the earnings forecast of around 10%, but also marked a new high for the adjusted EBIT margin.

From the Supervisory Board's perspective, 2024 was another year in which important decisions were made for the further development of SAF-HOLLAND. One focus of the Supervisory Board was on IT, in particular the global roll-out of SAP S/4HANA and activities in the area of cyber security. The Supervisory Board also focused on the Group's sustainability activities.

In preparation for the regulatory requirements in this area, we received regular reports on progress and activities, particularly with regard to the CSRD Directive and EU taxonomy, but also on further ambitions to strengthen the Group's commitment to sustainability. Another key focus of our work was supporting the strategy process for developing the strategy for the period up to 2030. As the Supervisory Board, we were closely involved in the strategy development phases, held joint workshops with the Management Board and finally approved the strategy. Furthermore, we were able to support various portfolio measures from the perspective of the Supervisory Board, in particular the acquisition and integration of the Italian companies Tecma and Assali Stefen.

We also keep a close eye on the further development of our work as a body and work continuously to increase the effectiveness and efficiency of our activities as well as our contribution to monitoring and advising the Management Board. As scheduled, we carried out a self-assessment of the Supervisory Board in fiscal year 2024, which was independently accompanied by an external expert. This confirmed the positive level of maturity of our work on the one hand and defined individual areas of action that we would like to focus on in the future.

The focus of our regular training sessions in fiscal year 2024 was on the topic of artificial intelligence. Experts in this field provided us with comprehensive information on the latest developments and discussed their impact on our business activities. Secondly, at the IAA TRANSPORTATION industrial trade fair in Hanover in September 2024, we were given a direct insight into the further development of the product portfolio and the latest innovations of the SAF-HOLLAND Group. As part of a Supervisory Board excursion, we were able to gain a comprehensive picture of the newly acquired Italian subsidiaries Tecma and Assali Stefen and get to know their portfolio and production as well as the local management personally. In addition, the members of the Supervisory Board attend further training courses on their own responsibility and are supported by the company.

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In view of the continuing volatile and uncertain geopolitical and macroeconomic situation, our main goal as the Supervisory Board remains to support the Management Board in the continuous development of its strategy, its product portfolio and its employees. In view of SAF-HOLLAND's resilient business model, solid financial profile and committed managers and employees, we remain confident for the future.

COOPERATION BETWEEN THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

In the past fiscal year, the Supervisory Board of SAF-HOLLAND SE diligently and dutifully fulfilled its duties in accordance with the law, the Articles of Association and the Rules of Procedure, continuously advised the Management Board on the management of the company and monitored its work on an ongoing basis. Cooperation between the Supervisory Board and the Management Board was constructive, open and trustful at all times. The Management Board informed the Supervisory Board promptly, regularly and comprehensively about all significant events and developments at the company, both verbally and in writing. The focus here was on business development, the company's situation and status reports on central Group programs and initiatives. In addition, the Management Board and Supervisory Board closely coordinated the strategic direction of SAF-HOLLAND. Market developments, topics in the area of research and development, as well as the financial situation and planning were discussed. As the Supervisory Board, we also dealt intensively with a variety of sustainability issues and sustainability reporting. In this context, the Supervisory Board discussed employee, social and environmental issues, respect for human rights and the fight against corruption and bribery in particular. Matters requiring approval were submitted by the Management Board well in advance and approved by the Supervisory Board after being reviewed. Resolutions on matters to be decided between meetings were passed by circular resolution on the basis of written information and telephone calls. We made use of this procedure six times on the Supervisory Board and seven times in the Audit Committee during the reporting year. In my role as Chairman of the Supervisory Board, I was in close and regular contact with the Chairman of the Management Board. As Chairwoman of the Audit Committee, Ingrid Jägering also regularly discussed current developments with the Chief Financial Officer, the auditor and selected central Group functions.

MEETINGS OF THE SUPERVISORY BOARD

The Supervisory Board held a total of seven meetings in fiscal year 2024 – five of which were held in person and two virtually. The committees met a total of twelve times in the fiscal year. In the case of the Audit Committee, five of the seven meetings were held virtually and two meetings were held in person. The Nomination and Remuneration Committee met once in person and four times virtually at its five meetings. The option of virtual participation was available for all meetings and was used in individual cases.

An average attendance rate of 99% was achieved at the meetings of the full Supervisory Board and the committees. A detailed overview of the attendance of Supervisory Board members at plenary and committee meetings can be found below:

Participation overview

Member	Plenum	Audit Committee	Nomination/ Remuneration Committee	Total quota
Dr. Martin Kleinschmitt	7/7	7/7	5/5	100%
Ingrid Jägering	7/7	7/7		100%
Carsten Reinhardt	7/7			100%
Matthias Arleth	6/7			92%
Jurate Keblyte	7/7	7/7		100%
TOTAL	97%	100%	100%	**99%**

At each meeting of the Supervisory Board in fiscal year 2024, we received reports from the Management Board on the status of the operational business development and on key Group initiatives and projects. We dealt with acquisition and investment projects as well as opportunities and risks for the company on an ad hoc basis. Where committee meetings were held in advance, the committee chairpersons reported on the main content of the committee meetings and were available to answer questions. In addition, we generally provided for various regular resolutions and an agenda item without the Management Board present for reflection and a confidential exchange at each Supervisory Board meeting. We hereby follow recommendation D.6 of the German Corporate Governance Code to hold regular meetings without the Management Board being present.

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At the meeting on March 8, 2024, we discussed in particular the Annual and Consolidated Financial Statements for 2023, including the Combined Management Report and the Audit Report for the company for fiscal year 2023. The financial statements were approved by the Supervisory Board following a detailed review. In approving the Annual and Consolidated Financial Statements, we followed the recommendation of the Audit Committee. The same applied to the audit of the Sustainability Report and the Non-financial Group Statement. In one part of the balance sheet meeting, we met without the Management Board for our exchange with the auditor. We approved the Management Board's proposal for the appropriation of net retained earnings and adopted the agenda and the proposed resolutions contained therein for the Annual General Meeting on June 11, 2024. We resolved to propose to the Annual General Meeting that PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) be reappointed as auditor for fiscal year 2024. Other proposed resolutions included the approval of the remuneration system for the members of the Management Board, the election of the members of the Supervisory Board in unchanged composition and various capital measures, including the necessary amendments to the Articles of Association. We approved the Remuneration Report, which was audited by PwC in accordance with Section 162 (3) of the German Stock Corporation Act (AktG). We had already passed various resolutions, including on the Report of the Supervisory Board and the Declaration on Corporate Governance, in advance by written circulation procedure. At the first meeting of the year, we also determined the focus of our work for fiscal year 2024 and received reports on current Group projects. We also received reports on compliance and legal matters as well as risk management. Based on the recommendations of the Nomination and Remuneration Committee, various resolutions were also passed with regard to the remuneration of the Management Board.

Following the Annual General Meeting on June 11, 2024, the constituent meeting was held as an in-person meeting in Lohr am Main. We elected the Chairman and Deputy Chairwoman at this meeting and formed the committees, the composition of which we also passed resolutions on. This was followed by our further training on the topic of artificial intelligence.

Following a review of the Annual General Meeting and further training, we focused on the topics of IT strategy, IT projects and IT security at the meeting on June 12, 2024, and received reports on the roll-out of SAP S/4HANA in particular. We received additional reports on topics including ESG, purchasing and the aftermarket. We passed various resolutions, including on the acquisition of Assali Stefen in Italy and the Rules of Procedure for the Management Board. We were also presented with the results report from the Supervisory Board's self-assessment, which we discussed in detail.

The meeting on August 5, 2024, focused on discussing the half-year financial report 2024 and the report on current business developments and projects. The meeting served as a kick-off for the commencement of the strategy process. We also received a detailed report on the integration of the latest acquisitions and passed various resolutions, including with regard to individual personnel matters in accordance with our catalog of transactions requiring approval.

Various regular reports on business development and selected projects were once again on the agenda for our in-person meeting in Hanover on September 18, 2024. We received reports from the Presidents of the EMEA, Americas and APAC regions on the local organization, economic development, production sites, key projects, strategic initiatives and local investment projects and approved an investment project in the Americas region. As part of a further milestone in the strategy process, we were presented with a market study, which we discussed. Further reports were given on topics including data protection, the capital market and M&A. Following the meeting, we visited the IAA TRANSPORTATION trade fair to gain a comprehensive picture of SAF-HOLLAND's current product portfolio and innovations.

At the meeting on November 5, 2024, we received a report on current business developments, ongoing projects and sustainability activities as well as a report from the HR department on activities relating to diversity, equality & inclusion and talent management. The topics of occupational safety and health management were also reported on in detail. As part of an R&D update, the topics of partnerships, innovation and technology management and selected projects were discussed in greater depth. In addition, the Management Board informed us about the further development of the internal control system.

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On December 11, 2024, in addition to the regular reports, a number of topics were once again on our agenda. Firstly, we passed various resolutions relating to the remuneration of the Management Board based on the recommendations of the Nomination and Remuneration Committee. We adopted our updated skills profile and the skills matrix for the Supervisory Board, which can be viewed on the company's website and in the Corporate Governance Statement. We also dealt with succession planning for the Management Board and Supervisory Board. The discussion on succession planning for the Management Board also included the Executive Committee level and selected other functions within the Group. The meeting traditionally focused on the budget for the coming year, medium-term planning and the performance targets for the members of the Management Board. The Supervisory Board also passed a resolution on the election proposal for the auditor for fiscal year 2026 to the Annual General Meeting in 2026. The election proposal was based on the recommendation of the Audit Committee, which intensively conducted and supported the associated tender process that preceded this resolution. Another focus of the December meeting was the final discussion of Strategy 2030, which we approved. We also adopted the Declaration of Compliance for fiscal year 2024 and received various regular reports, including from the compliance function, on the topic of IT and on the region of China.

In the fiscal year, we also passed individual resolutions by written circulation procedure. In advance of the meeting on March 8, we passed various resolutions in preparation for reporting in connection with the Annual Financial Statements, approved a profit and loss transfer agreement in April 2024 and approved a new version of the agenda for the Annual General Meeting. In July 2024, we passed a resolution on taking out a loan. The Audit Committee also passed various circular resolutions as part of the invitation to tender for the audit of the financial statements for fiscal year 2026 and approved individual permissible non-audit services by circular resolution.

WORK OF THE COMMITTEES

The Supervisory Board sets up Supervisory Board committees to promote the effectiveness of its work. To the extent permitted by law, individual decision-making powers can also be transferred to the committees. Two committees have currently been formed, the Audit Committee and the Nomination and Remuneration Committee.

If necessary, special committees can be set up at any time to deal with specific topics. No use was made of this option this fiscal year.

Audit Committee

The Audit Committee met seven times in the reporting year. The Audit Committee's work focused on the audit of the Annual and Consolidated Financial Statements for fiscal year 2023, including the Combined Management Report, the audit of the Non-financial Group statement and the preparation of recommendations for resolutions for the Supervisory Board. The Audit Committee also made recommendations to the Supervisory Board regarding the appointment of the auditor.

At each meeting of the Audit Committee, the Chairwoman of the Audit Committee reported on her regular exchanges with the Management Board, the auditor and key functions within the company. The Chief Financial Officer also reported on current issues in the finance department and in his other areas of responsibility.

One focus of work this year was the tender for the audit of the financial statements for fiscal year 2026. Due to the rotation requirements, PwC will audit the Annual Financial Statements for fiscal year 2025 for the last time. For this reason, SAF-HOLLAND carried out a non-discriminatory and transparent tendering process in accordance with the European Parliament Regulation (EU Audit Regulation), for which the Audit Committee was largely responsible. As part of these efforts, various resolutions were necessary in the fiscal year that were passed either at the committee meetings or by written circulation procedure. In addition, the Audit Committee dealt with a whistleblower case in the reporting year.

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The committee also reviewed the quarterly financial statements for the first and third quarters, sustainability reporting, risk management, internal auditing, the internal control system (ICS), compliance and legal, tax issues, financing and refinancing, export control and capital market issues. It also dealt with the global financial organization, finance governance in the Group and individual local financial areas with a view to meeting global requirements.

The committee received regular reports from those responsible for the key control functions on the latest developments and the effectiveness and ongoing development of the control systems. For example, regular reports were provided on compliance within the Group, the global compliance organization and its further development, tax compliance and the further development of risk management. With the Head of Internal Audit in attendance, the committee also discussed the audit results for 2024, approved the audit planning for fiscal year 2025 and received reports on the activities to further develop the internal control system. The committee also focused on IT and received regular reports on the progress of the project to introduce SAP S/4HANA, IT security and compliance with various regulatory requirements such as NIS2.

The contents of the meetings were presented to the Supervisory Board as part of the oral reports from the committee meetings and – where necessary – submitted for decision. The auditor attended the meeting at which the 2023 Audit Report was explained, as well as another meeting to discuss the audit procedure for the 2024 audit of the Annual and Consolidated Financial Statements. The Chairwoman of the Audit Committee is also in regular contact with the auditor, including outside of meetings. The auditor informs the Audit Committee immediately of all findings and events of significance to its tasks that come to its attention during the audit. He informs the Audit Committee and makes a note in the Audit Report if he discovers facts during the audit that indicate an inaccuracy in the declaration on the German Corporate Governance Code issued by the Management Board and Supervisory Board. The auditor has declared to the Audit Committee that there are no circumstances that would give rise to the assumption that it is biased. The Audit Committee obtained the required independence agreement from the auditor, reviewed the auditor's qualifications and concluded a fee agreement with the auditor. The Audit Committee, and in particular its chairperson, is also in regular contact with the auditor regarding the quality of the audit. The Audit Committee receives regular reports on this from the auditor. In addition, the Audit Committee once again commissioned an external assessment of the quality of the audit in the reporting year and discussed the results and recommendations for action in detail. The Audit Committee approves any non-audit services provided by the auditor. The Audit Committee includes Ingrid Jägering, Dr. Martin Kleinschmitt and Jurate Keblyte, all proven financial experts. Expertise in sustainability issues is also ensured among all members of the Audit Committee and is continuously developed.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee held a total of five meetings in 2024. It prepared the resolutions on all remuneration issues for the Management Board, including the financial targets and sustainability targets. On the basis of a Remuneration Report prepared by a remuneration expert, the committee discussed the appropriateness of the structure and amount of Management Board remuneration in advance of the Supervisory Board's discussion. It dealt with the Remuneration Report and addressed a corresponding resolution recommendation to the Supervisory Board.

In addition, the committee focused on succession planning for the Management Board, including transparency regarding talent and talent development, dealt with the committee-specific recommendations for action from the Supervisory Board's self-assessment and reflected on the Annual General Meeting with regard to remuneration-related topics. It also dealt with succession planning for the Supervisory Board.

CONFLICTS OF INTEREST

No conflicts of interest of Supervisory Board members arose in the reporting year. If necessary, the members of the Supervisory Board consult with the Chairman of the Supervisory Board on the handling of any conflicts of interest that may arise.

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CORPORATE GOVERNANCE

SAF-HOLLAND SE is a company in the legal form of a European company (Societas Europaea, SE). As an SE domiciled in Germany, SAF-HOLLAND SE is subject to European and German SE regulations as well as German stock corporation law. As a listed company in Germany, SAF-HOLLAND SE's corporate governance is based on the German Corporate Governance Code (GCGC) as amended. Corporate governance is also governed by the Articles of Association, the Rules of Procedure and internal guidelines.

SAF-HOLLAND SE has a dualistic management system that provides for a strict separation of personnel and functions between the Management Board as the management body and the Supervisory Board as the monitoring body (two-tier board). The Management Board manages the company, while the Supervisory Board monitors and advises the Management Board. Both bodies work closely together in a spirit of trust for the benefit of the company.

SAF-HOLLAND SE is a financial holding company without its own operating business. The management of the company's business by the Management Board focuses primarily on the strategic direction of SAF-HOLLAND and monitoring the business activities of the individual direct and indirect operating subsidiaries.

In 2024, the Supervisory Board and its committees continued to focus intensively on the topic of corporate governance and the continuous further optimization of committee work. The Management Board and Supervisory Board of SAF-HOLLAND SE issued the 2024 Declaration of Conformity with the recommendations of the German Corporate Governance Code on December 11, 2024. The current Declaration of Conformity and previous Declarations of Conformity can be viewed on the company's website.

Further information on the company's corporate governance can be found in the Corporate Governance Statement. This is also available on the company website.

AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS AND BALANCE SHEET MEETING

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), which was appointed by the Annual General Meeting on June 11, 2024, to audit the financial statements for fiscal year 2024, audited the Annual and Consolidated Financial Statements prepared by the Management Board as of December 31, 2024, including the Combined Management Report for fiscal year 2024, and issued an unqualified audit opinion. It was determined that the Annual and Consolidated Financial Statements give a true and fair view of the asset, financial and earnings position. The audit partner responsible was Stefan Hartwig.

The Annual Financial Statements of SAF-HOLLAND SE and the Combined Management Report for the SAF-HOLLAND Group were prepared in accordance with German statutory accounting regulations. The Consolidated Financial Statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in accordance with the additional requirements of German law pursuant to Section 315e (1) of the German Commercial Code (HGB).

After preliminary referral to the Audit Committee, the Supervisory Board dealt with the Annual and Consolidated Financial Statements and the Combined Management Report for fiscal year 2024 at its meeting on March 14, 2025, and discussed them in detail with the Management Board. The auditor reported on the scope, focus and key findings of the audit, focusing in particular on the key audit matters and the audit procedures performed. No significant weaknesses in the internal control system or the risk management system were reported. The auditor reported both at the meeting of the Audit Committee and at the meeting of the Supervisory Board and was available to answer in-depth questions. In accordance with the German Act to Strengthen Financial Market Integrity (FISG), the Management Board's opportunities to participate in discussions with the auditor were also restricted. In following the committee's recommendation, the Supervisory Board concurred with the results of the audit by the auditor, raised no objections and approved the Annual and Consolidated Financial Statements for fiscal year 2024. The Annual Financial Statements are thus adopted.

The Remuneration Report was subjected to the legally required formal audit by the auditor in accordance with Section 162 (1) and (2) of the German Stock Corporation Act (AktG).

The Supervisory Board had formed an impression of the quality of the audit in advance and adopted the resolution proposal to the Annual General

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Meeting based on the recommendation of the Audit Committee on the selection of the auditor. This was based on the Audit Committee's declaration that its recommendation was free from undue influence by third parties and that no clause restricting the selection options within the meaning of Art. 16 para. 6 of the EU Statutory Audit Regulation had been imposed on it. EU Regulation 537/2014 stipulates an obligation for regular external rotation of the auditor or Group auditor. Such an external rotation is planned for SAF-HOLLAND SE for fiscal year 2026.

The Supervisory Board has endorsed the Management Board's proposal for the appropriation of net retained profits and will propose to the Annual General Meeting on May 20, 2025, that a dividend of EUR 0.85 per share be distributed for fiscal year 2024.

The non-financial Group statement for fiscal year 2024 was discussed by the Audit Committee at its meeting on March 13, 2025, and by the Supervisory Board at its meeting on March 14, 2025.

CHANGES IN THE MANAGEMENT BOARD AND SUPERVISORY BOARD

There were no changes to the Management Board and Supervisory Board in fiscal year 2024.

The Supervisory Board would like to thank the members of the Management Board, the employee representatives and all employees for their great commitment and hard work in fiscal year 2024.

Bessenbach, March 14, 2025

For the Supervisory Board

Dr. Martin Kleinschmitt

Chairman of the Supervisory Board

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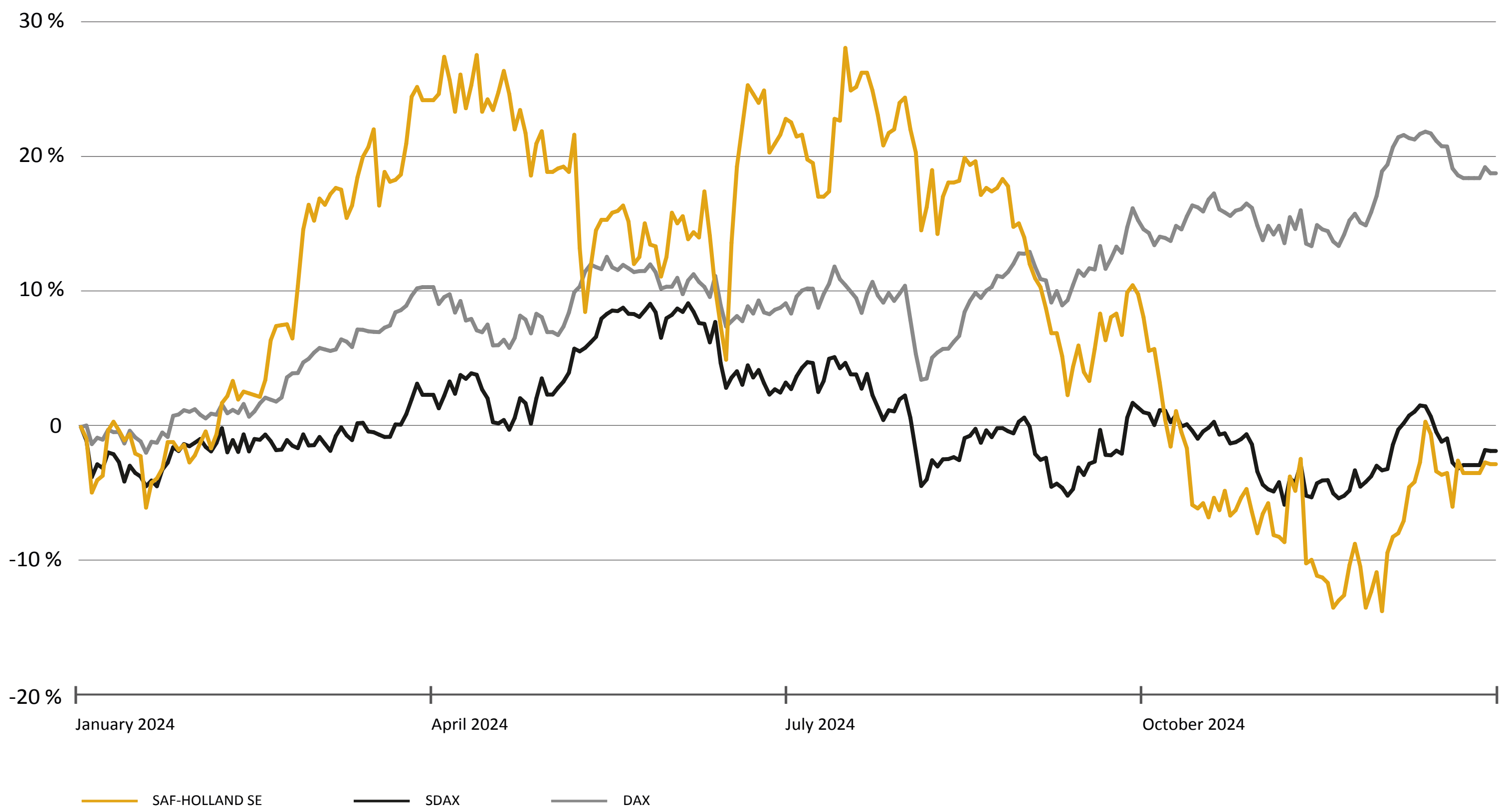
STOCK MARKET AND SHARE PRICE DEVELOPMENT IN 2024

WEAK MARKET ENVIRONMENT AFFECTS SAF-HOLLAND SHARE
The favorable global economic and inflation trends, coupled with the interest rate cuts implemented by central banks, enabled the stock markets to continue their positive performance in the first half of 2024. In the second half of the year, however, weak economic outlooks for Germany and a heightened preference for other asset classes and regions led to the MDAX and SDAX, which has a higher exposure to Germany, in particular, having to contend with outflows of liquidity. In contrast, the leading German index, the DAX, could continue to rise. It ended the year 2024 up 18.9% and closed at 19,909 points on December 30, 2024. The SDAX selection index of Deutsche Börse AG, in which the SAF-HOLLAND share is also listed, recorded a minus of 1.8% over the course of the year and closed at 13,711 points.

Performance of SAF-HOLLAND SE shares relative to DAX and SDAX

in %



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The SAF-HOLLAND share could record significant price gains beyond the first half of 2024, but due to the weak market environment, it only reached a closing price of EUR 14.78 at the end of the year despite strong profitability. Compared to the closing price at the end of 2023, the share declined by 2.8% and thus lagged behind the benchmark indices DAX and SDAX. Accordingly, SAF-HOLLAND's market capitalization fell from EUR 690.0 million to EUR 670.9 million in 2024.

Accordingly, the company reached position 111 (previous year: position 111) in the index ranking of Deutsche Börse AG, which is used to determine the composition of the indices, as of the end of December 2024.

Key share data

WKN/ISIN	SAFH00/DE000SAFH001
Ticker symbol	SFQ
Initial listing	July 26, 2007
Stock exchange	Frankfurt
Transparancy standard	Prime Standard
Index	SDAX
Number of shares	45,394,302
Free float	100%
Designated sponsors	Hauck Aufhäuser Lampe Privatbank AG
Year high/low 2024[1]	EUR 19.78/EUR 12.80
Year-end price 2024[1]	EUR 14.78
Full-year performance 2024	-2.8%
Market capitalization as of December 31, 2024	671 Mio. Euro

[1] Xetra closing price.

SAF-HOLLAND SHARE TRADING VOLUME

According to a Bloomberg market share analysis, the Xetra trading platform was the most important trading venue for the SAF-HOLLAND share in 2024, as in the previous year, accounting for 44.4% (previous year: 51.1%) of the volume traded. The average daily turnover of SAF-HOLLAND shares on Xetra in 2024 was 78.485 shares (previous year: 95,792 shares). The value of the daily turnover of SAF-HOLLAND shares on Xetra alone decreased to an average of EUR 1.30 million (previous year: EUR 1.16 million). Taking all German stock exchanges into account, the average daily turnover in shares amounted to 81.564 (previous year: 99,059). In addition, 92.153 SAF-HOLLAND shares were traded on multilateral trading platforms on a daily average.

INTENSIFIED INVESTOR RELATIONS ACTIVITIES OUTSIDE THE DOMESTIC MARKET

IN CONTINUOUS CONTACT WITH ALL STAKEHOLDERS

SAF-HOLLAND's investor relations activities are aimed at providing all capital market participants with comprehensive, timely and transparent information on strategic objectives and current market and business developments. To this end, SAF-HOLLAND maintains a close dialog with current shareholders, potential investors and analysts. The company regularly participates in capital market conferences, organizes international roadshows and informs fund managers and analysts on site during company visits, for example in production or research and development. A number of conference calls were also held, mostly on current topics and events.

In 2024, the focus of communication continued to be on positioning SAF-HOLLAND as a resilient company in the transportation industry combined with a robust profutability. The main reason for this was the emphasis placed on the aftermarket business as a key pillar of strength in view of the sharp regional or product-specific market declines in some areas, as well as the flexible adaptation of cost structures in response to the weak market environment.

In addition to regular dialog with current and potential investors from Germany, one focus of investor relations work was on increasingly addressing investors from outside Germany. Among other activities, virtual and physical roadshows were held in France, England, Spain, Switzerland, the Netherlands and the United States. The Management Board and investor relations managers participated in a total of 23 capital market conferences and roadshows in 2024.

EXTENSIVE PROVISION OF INFORMATION AND DIRECT CONTACT

Detailed and up-to-date information on the SAF- HOLLAND share is published on the SAF-HOLLAND Investor Relations website at http://corporate.safholland.com/en/investor-relations. The latest financial news and reports, presentations and conference call recordings as well as an overview

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of the current consensus estimates of the analysts who cover the SAF-HOLLAND share are available on this website. The contact details of the investor relations contacts for telephone or digital contact are also available on this website.

PREDOMINANTLY BUY RECOMMENDATIONS FOR THE SAF-HOLLAND SHARE

Seven banks and research firms currently monitor and analyze the SAF-HOLLAND share on a regular basis. At the end of 2024, five analysts recommended the share as a buy. Two recommendations were "hold." The analysts' price targets averaged EUR 20.90, with the highest price target at EUR 28.00 and the lowest price target at EUR 14.00.

Analyst ratings as of December 31, 2024

Bank	Recommendations
Berenberg	Buy
Deutsche Bank	Hold
DZ Bank	Buy
Hauck Aufhäuser Lampe	Buy
Kepler Cheuvreux	Hold
Oddo BHF	Outperform
Warburg Research	Buy

The latest analyst ratings are available on the Investor Relations website at https://corporate.safholland.com/en/investorrelations/share/share/consensus.

INTERNATIONAL SHAREHOLDER STRUCTURE

According to Deutsche Börse AG's definition, 100% of the company's shares issued are in free float. The shareholder base mainly consists of institutional investors such as investment funds and asset managers, banks and insurance companies, as well as private investors from Germany and abroad. The company's largest shareholders currently include investment firms from Germany, the United States, France, Luxembourg, the Netherlands and the United Kingdom. The share of international investors holding SAF-HOLLAND shares is around 64%.

Based on the voting rights notifications received, seven institutional investors directly or indirectly held more than 3% of the share capital of SAF-HOLLAND SE as of December 31, 2024.

Voting rights notifications > 3% s of December 31, 2024

Shareholder name	Country of origin	% shares of notified voting rights
JP Morgan	Luxemburg	5.23%
Universal-Investment-Gesellschaft	Germany	5.07%
Kempen Oranje Participaties	Netherlands	5.07%
Union Investment	Germany	5.04%
Bank of America Corporation	USA	4.96%
Amiral Gestion	France	3.24%

Active members of the Management Board and the Supervisory Board of SAF-HOLLAND SE together held 1.0% of the shares outstanding as of December 31, 2024.

ANNUAL GENERAL MEETING 2024 APPROVES ALL ITEMS ON THE AGENDA AND RESOLVES DIVIDEND OF EUR 0.85 PER SHARE

The Annual General Meeting of SAF-HOLLAND SE was held as an in-person event on June 11, 2024, in Lohr am Main. The shareholders approved all resolutions proposed by the Management Board and Supervisory Board. Among other items, the shareholders approved the management's proposal to significantly increase the dividend to EUR 0.85 per share, which represents a distribution ratio of 48.3%. Furthermore, authorization was granted to increase the share capital and to issue convertible bonds, bonds with warrants and/or other profit-sharing certificates, and all incumbent members of the Supervisory Board were confirmed in office until the Annual General Meeting in 2028.

DESPITE CHALLENGING MARKET ENVIRONMENT, DIVIDEND OF EUR 0.85 PER SHARE PROPOSED FOR FINANCIAL YEAR 2024

The goal of SAF-HOLLAND's company policy is to allow shareholders to participate appropriately in its success through dividends. SAF-HOLLAND SE's dividend policy generally provides for the distribution of 40% to 50% of the available profit for the period.

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For the 2024 financial year, the Management Board and Supervisory Boardwill propose to the Annual General Meeting on May 20, 2025, that, despite a challenging market environment, an unchanged dividend of EUR 0.85 (previous year: EUR 0.85) per share will be distributed. With a total dividend payout of EUR 38.6 million, this would represent a payout ratio of around 49.9% of the Group's profit for the period attributable to shareholders.

POSITIVE CREDIT RATING

"BBB-" INVESTMENT GRADE RATING – OUTLOOK RAISED TO POSITIVE

SAF-HOLLAND SE published the rating report of Scope Ratings GmbH ("Scope") on May 2, 2024. In this report, Scope confirmed the long-term investment grade rating of SAF-HOLLAND SE at BBB-. Scope also raised the outlook from stable to positive.

The company's strong market position, broad customer base and high share of the cyclically resilient aftermarket business were viewed positively in this report. The assessment was further underpinned by the growth and cost synergy potential from the acquisition of Haldex and the fact that debt has been reduced faster than expected.

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REMUNERATION REPORT 2024

The Remuneration Report explains the remuneration system for both the members of the Management Board and the members of the Supervisory Board and presents the individual remuneration granted and due to the individual members in fiscal year 2024.

In the past, the Remuneration Report was prepared on the basis of the payment-oriented view. This means that remuneration is granted if it actually accrues to the member of the Management or Supervisory Board. Starting this year, the earnings-oriented view will serve as the basis for the Remuneration Report. The remuneration will thus be stated in the Remuneration Report for the fiscal year in which the activity underlying the remuneration was fully performed. This decision is based on investor feedback, according to which only 60.64% approved the Remuneration Report 2023 at this year's Annual General Meeting. Since this feedback is always taken very seriously, the decision was made to switch to the earnings-oriented view as the basis for the Remuneration Report 2024. In the future, the company would like to apply the earnings-oriented view in order to improve comparability and transparency and to ensure the continuous improvement of the Remuneration Report.

The report explains in detail the individual structure and amount of the various components of the Management Board and Supervisory Board remuneration. The report complies with the requirements of Section 162 of the German Stock Corporation Act (AktG), and the requirements of the German Corporate Governance Code (GCGC). The Annual General Meeting on June 11, 2024, approved the Remuneration Report 2023 by a majority of 60.64%. Compilation of the Remuneration Report pursuant to Section 162 of the German Stock Corporation Act (AktG) is the responsibility of the Management Board and the Supervisory Board. The Remuneration Report and the independent auditor’s report regarding the formal audit that was conducted are contained in the Annual Report and can also be accessed from the website of SAF-HOLLAND SE.

The remuneration system will include an adjusted maximum remuneration for the Chairman of the Management Board and the ordinary members of the Management Board starting on January 1, 2024. Another change relates to the increase of the upper and lower target achievement limits for the short-term variable remuneration (STI), in particular to increase the incentive effect of this remuneration element. Both amendments were submitted to the Annual General Meeting 2023 for resolution and were approved by a vote of 99.94 percent.

COMPOSITION OF THE MANAGEMENT BOARD

There were no changes to the Management Board in fiscal year 2024. The Management Board is comprised of the CEO, Alexander Geis, and the CFO, Frank Lorenz-Dietz.

MANAGEMENT BOARD REMUNERATION

BASIC PRINCIPLES OF REMUNERATION

The current system of Management Board remuneration was approved by the participants in the Annual General Meeting on May 23, 2023. Resolutions on remuneration are generally prepared by the Nomination and Remuneration Committee. If necessary, the Nomination and Remuneration Committee can recommend that the Supervisory Board make amendments to the remuneration system. In the event of substantial changes, and at least every four years, the remuneration system is submitted to the Annual General Meeting for approval.

The remuneration system is aligned towards the business strategy and is aimed at performance-based and sustainable corporate governance and ensuring the long-term success of the company. The criteria for determining the appropriateness of remuneration consist of the individual duties of the Management Board members, their personal performance, the economic situation, success and future prospects of the company.

The employment contracts of the Management Board stipulate that an annual review of the amount of fixed remuneration is carried out. The Nomination and Remuneration Committee reviews the appropriateness and market conformity of the remuneration of each individual member of the Management Board in terms of its amount and structure and discusses its findings with the Supervisory Board. The appropriateness of the Management Board remuneration, as well as the maximum remuneration for Man-

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agement Board members, was last reviewed in June 2024 by an independent external remuneration consultant and was deemed in line with market conditions.

The aforementioned remuneration also covers the activities of Managing Directors or Supervisory Board members at subsidiaries.

SUMMARY OF MANAGEMENT BOARD REMUNERATION IN 2024

The remuneration of the members of the Management Board of SAF-HOLLAND SE consists of fixed and variable components. The fixed, non-performance-based portion of remuneration consists of a fixed annual base salary and fringe benefits. The performance-based and variable components consist of a short-term variable incentive (STI) and a long-term variable incentive (LTI).

Variable remuneration components are to be measured on a multi-year basis. With regard to variable remuneration, the Supervisory Board ensures that long-term variable remuneration components outweigh the short-term components, in accordance with the recommendation of the GCGC. At the same time, short-term variable remuneration also places sufficient emphasis on annual operating targets, which serve as the basis for the company's future development.

The financial assessment basis for 2024 was only partially achieved. The weak market environment meant that the sales target was missed. Both net profit (adjusted EBIT margin) and the net working capital target were exceeded despite the difficult market situation. After taking individual target achievement into account, the STI target achievement of CEO Mr. Alexander Geis is therefore 105% of the 2024 target, which will be paid out in 2025. The target achievement of CFO Mr. Frank Lorenz-Dietz is 106% of the 2024 STI target value, which will also be paid out in 2025.

The total long-term incentive (LTI) earned in the fiscal year from 2021 to 2024 for the Management Board member Alexander Geis amounts to 165% of the target.

There was no reason to make use of the possibilities set out in the remuneration system in accordance with legal requirements, to temporarily deviate from the remuneration system or to reclaim variable remuneration components.

The following table presents a summary of the components of the remuneration system applicable in fiscal year 2024, the structure of the individual remuneration components and the respective targets set for the members of the Management Board:

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Remuneration system

REMUNERATION COMPONENT	BRIEF SUMMARY	PURPOSE AND CONNECTION TO THE STRATEGY
1. Fixed annual base salary	— Fixed contractually agreed remuneration, paid monthly	— Ensures appropriate, fixed income to ensure no undue risk is taken — Attracts and retains board members who can develop and successfully implement the strategy on the basis of their experience and expertise
2. Fringe benefits	— Particularly use of a company car, subsidies for health and long-term care insurance	
3. Short-term variable remuneration	— As a rule, 75 % financial and 25 % non-financial performance targets — Maximum amount: 150 % of the respective target — Payment in the following year	— Provides an incentive to board members to focus on successfully implementing the business priorities and sustainability for the year
4. Long-term variable remuneration	— Grant of virtual share units — Performance targets: – Development of the share price – Business performance – Sustainability targets — Maximum amount (cap): 200 % of the grant value — Payment: in the fifth year after granting	— Links the development of Management Board compensation directly to share price performance and thus to investor interest — Provides an incentive to Management Board members to raise the value of the company in the long term — Proves SAF-HOLLAND's social responsibility and documents the importance of sustainable corporate action

TARGET REMUNERATION AND MAXIMUM REMUNERATION

The total target remuneration represents a target remuneration amount that sets an incentive for high business performance and the individual and collective performance of the Management Board by defining clear targets. The "pay for performance" principle underlying the remuneration system results in a noticeable reduction if the targets are not attained and an increase in the remuneration if the targets are surpassed or in the case of special performance, though these are limited by the cap on the maximum remuneration.

The targets set for the variable remuneration components are equal to slightly more than half of the fixed remuneration components (base salary plus fringe benefits). The share of long-term variable remuneration exceeds that of short-term variable remuneration. This ensures that the remuneration of the Management Board is aligned with the sustainable and long-term development of the company.

In the event of possible future adjustments to the remuneration paid to members of the Management Board, the Supervisory Board has resolved that these will mainly consist of variable components to ensure that the share of variable remuneration components continues to increase.

The following table shows the contractually agreed target remuneration and maximum remuneration for fiscal year 2024:

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Target remuneration and maximum remuneration of the Management Board members

		Alexander Geis		Frank Lorenz-Dietz	
		Chairman of the Management Board since February 26, 2019		Ordinary member of the Management Board since January 1, 2023	
All figures in EUR thousand		Target remuneration	Maximum remuneration	Target remuneration	Maximum remuneration
	Base salary in 2024	868	868	500	500
Non-performance-based remuneration	Fringe benefits in 2024	41	41	43	43
	Pension benefits in 2024	0	0	0	0
Total		**909**	**909**	**543**	**543**
One-year variable remuneration	STI 2024	433	649	250	375
Multi-year variable remuneration	LTI 2024 – 2027	580	1,160	273	546
Total		**1,013**	**1,809**	**523**	**921**
Total remuneration		**1,922**	**2,718**	**1,066**	**1,464**

In accordance with Section 87a of the German Stock Corporation Act (AktG), maximum remuneration has been set for the sum of the remuneration components specified above. Including the fixed base salary, fringe benefits and the cap on variable remuneration components, this amounts to EUR 3,000,000 for the Chairman of the Management Board and EUR 1,500,000 for ordinary members of the Management Board.

Overview of the maximum remuneration of Management Board members:

Maximum limits of remuneration (maximum remuneration)

Remuneration component	Cap
Short-term variable remuneration (STI)	150 % of the target amount
Long-term variable remuneration (LTI)	200 % of the endowment value
Maximum remuneration	Chairman of the Management Board: EUR 3,000,000 Ordinary member of the Management Board: EUR 1,500,000

Reviewing and ensuring compliance with the maximum remuneration level for fiscal year 2024 is therefore not possible until 2027, when the last re-

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muneration component for fiscal year 2024 has been determined and accrues to the Management Board member. If the calculated total remuneration exceeds the respective maximum remuneration, the LTI payment will be reduced accordingly.

In 2024, the maximum remuneration of our CEO, Alexander Geis, was reviewed for the first time for the year 2021. In addition to the fixed annual salary, the short-term variable remuneration and the long-term variable remuneration, LTI 2021–2024, were used to review this maximum remuneration. The result of the review showed that the maximum remuneration was not exceeded, as can be seen in the table below.

Retrospective review of the maximum remuneration for the year 2021

		Alexander Geis Chairman of the Management Board since February 26, 2019
Non-performance-based remuneration	Base salary	€ 734,000.00
	Fringe benefits	€ 28.000,00
Total		€ 762.000,00
One-year variable remuneration	STI 2021	€ 393.062,50
Multi-year variable remuneration	LTI 2021 – 2024	€ 667.279,57
Total		**€ 1,067.650,31**
Total remuneration		**€ 1,829.650,31**
Maximum remuneration		**€ 1,984.000,00**

APPROPRIATENESS OF MANAGEMENT BOARD REMUNERATION

When setting the amount of total remuneration, the Supervisory Board ensures that it is commensurate with the tasks and performance of the respective Management Board member. The criteria for assessing the appropriateness of remuneration are therefore the individual tasks and performance of the Management Board member. When setting the amount of total remuneration, the Supervisory Board ensures that the customary level of remuneration does not exceed the level paid at a suitable peer group of comparable companies in an external comparison nor to the overall workforce in an internal comparison, unless there is special justification for doing so. The external assessment is primarily based on a comparison with all the other companies listed on the SDAX. For comparative purposes, SAF-HOLLAND is positioned within the respective peer group market based on the valuation criteria of sales, headcount and market capitalization. From this positioning, the remuneration paid to Management Board members is reviewed for its market conformity. In making the assessment, the Supervisory Board is supported by an independent external remuneration consultancy. The latter most recently confirmed in June 2024 that the remuneration of the members of the Management Board in office is to be considered market-based and thus appropriate.

To assess the market conformity of total remuneration within the organization, the Supervisory Board also considers the remuneration and working conditions of the entire Group workforce in Germany on an FTE basis. The ratio of Management Board remuneration to the remuneration of the entire workforce is also taken into account over time (vertical remuneration comparison). In addition, the company's economic position and performance also need to be appropriately taken into consideration.

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The company's earnings development and the average remuneration paid to employees in Germany on an FTE basis over the last five years compared to the annual change in Management Board remuneration are presented in the following table:

Total remuneration paid (actual)

		2020	2021	2022	2023	2024
Management Board remuneration (in EUR thousand)						
	Alexander Geis since March 1, 2019	943.8	1,241.9	1,216.4	1,954.0	2031,0
	YoY % change	–2.4	31.6	–2.0	59.24	3,9
	Frank Lorenz-Dietz since January 1, 2023				666.0	807,0
	YoY % change					21,2
Supervisory Board remuneration (in EUR thousand)						
	Dr. Martin Kleinschmitt since April 1, 2013	108.5	115.0	120.5	146.0	148.0
	YoY % change	7.2	6.0	4.8	21.7	1.4
	Carsten Reinhardt since April 1, 2017	50.2	52.0	53.3	68.5	65.0
	YoY % change	–29.3	3.6	2.5	28.5	-5.1
	Ingrid Jägering since October 1, 2019	64.5	69.0	68.0	102.5	104.5
	YoY % change	437.5	7.0	–1.4	50.0	2.0
	Matthias Arleth since July 1, 2020	34.4	69.0	68.5	76.0	76.5
	YoY % change		100.6	–0.7	10.9	0.7
	Jurate Keblyte since April 3, 2023				49.9	69.5
	YoY % change					39.3

	2020	2021	2022	2023	2024
Adjusted EBIT margin (%)	6.1	7.5	8.0	9.6	10.1
YoY percentage point change	–0.1	1.4	0.5	1.6	0,5
SAF-HOLLAND SE result for the period in EUR thousand	2,027	20,624	23,985	48,523	59,113
YoY percentage change		917.50	16.30	102.31	21.87

	2020	2021	2022	2023	2024
Average employee remuneration in EUR	52,671.00	51,613.00	57,617.00	57,409.00	59,927.51
YoY percentage point change	–7.56	–2.01	11.63	–0.36	4.39

The slight decline in employee compensation from 2022 to 2023 is due to the introduction of short-time working as a result of the cyberattack in 2023.

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REMUNERATION GRANTED AND OWED

The following table shows the individually granted and owed remuneration in accordance with Section 162 (1) sentence 2 no. 1 of the German Stock Corporation Act (AktG) for members of the Management Board in office in fiscal year 2024.

In the interests of completeness, we present both the remuneration according to the earnings-oriented and the payment-oriented view in the transition year 2024.

REMUNERATION GRANTED AND OWED PURSUANT TO SECTION 162 TO FORMER MEMBERS OF THE MANAGEMENT BOARD (ACCORDING TO THE SERVICE ORIENTATION)

		Alexander Geis				Frank Lorenz-Dietz			
		Chairman of the Management Board since February 26, 2019				Ordinary member of the Management Board since January 1, 2023			
		2023		2024		2023		2024	
		in EUR thousand	in %	in EUR thousand	in %	in EUR thousand	in %	in EUR thousand	in %
Non-performance-based	Base salary	795	41	868	43	390	59	500	63
remuneration	Fringe benefits	37	2	41	2	43	6	43	5
	Pension benefits	0	0	0	0	0	0	0	0
Total		**832**	**43**	**909**	**45**	**433**	**65**	**543**	**68**
One-year variable remuneration	STI 2023	414	21			233	35		
	STI 2024			455	22			264	33
Multi-year variable remuneration	LTI 2020 – 2023	708	36			-	-		
	LTI 2021 – 2024			667	33			-	-
Total		**1,122**	**57**	**1.122**	**55**	**233**	**35**	**264**	**33**
Total remuneration		**1,954**	**100**	**2.031**	**100**	**666**	**100**	**807**	**100**

In 2023, the calculation of the remuneration components granted and owed was calculated on the basis of the payment-oriented perspective. If this perspective had been applied again in 2024, the remuneration of the Management Board would have been comprised as follows.

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ACTING MEMBERS OF THE MANAGEMENT BOARD (FROM A PAYMENT-ORIENTED PERSPECTIVE)

		Alexander Geis				Frank Lorenz-Dietz			
		Chairman of the Management Board since February 26, 2019				Ordinary member of the Management Board since January 1, 2023			
		2023		2024		2023		2024	
		in TEUR	in %	in TEUR	in %	in TEUR	in %	in TEUR	in %
Non-performance-based	Base salary	795	56	868	43	390	90	500	64
Remuneration	Fringe benefits	37	3	41	2	43	10	43	6
	Pension benefits	0	0	0	0	0		0	0
Total		**832**	**59**	**909**	**45**	**433**	**100**	**543**	**70**
One-year variable remuneration	STI 2022 (Payment in 2023)	360	26			-	-		
	STI 2023 (Payment in 2024)			414	20			233	30
Multi-year variable remuneration	LTI 2019 - 2022 (Payment in 2023)	217	15			-	-		
	LTI 2020 - 2023 (Payment in 2024)			708	35			-	-
Total		**577**	**41**	**1.122**	**55**	**0**	**0**	**233**	**30**
Total remuneration		**1,409**	**100**	**2,031**	**100**	**433**	**100**	**776**	**100**

FORMER MEMBERS OF THE MANAGEMENT BOARD (ACCORDING TO THE SERVICE ORIENTATION)

		Wilfried Trepels				André Philipp			
		Ordinary member of the Management Board from May 16, 2022, to March 31, 2023				Ordinary member of the Management Board from January 1, 2019, to June 30, 2023			
		2023[1]		2024		2023[2]		2024	
		in EUR thousand	in %	in EUR thousand	in %	in EUR thousand	in %	in EUR thousand	in %
Non-performance-based	Base salary	98	46	-	-	72	11	-	-
remuneration	Fringe benefits	10	5	-	-	23	4	-	-
	Pension benefits	0	0	-	-	0		-	-
Total		**108**	**51**	**-**	**-**	**95**	**15**	**-**	**-**
One-year variable remuneration	STI 2023	50	24			190	31		
	STI 2024			-	-			-	-
Multi-year variable remuneration	LTI 2020 - 2023	55	25			337	54		
	LTI 2021 - 2024			-	-			330	100
Total		**105**	**49**	**-**	**-**	**527**	**85**	**330**	**100**
Total remuneration		**213**	**100**	**-**	**-**	**622**	**100**	**330**	**100**

[1] Pro-rata amount until March 31, 2023
[2] Pro-rata amount until June 30, 2023

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NON-PERFORMANCE-BASED FIXED REMUNERATION

Fixed annual base salary

The base salary represents fixed remuneration for the full year and is granted on a monthly basis. Unlike many other companies, the members of the Management Board do not receive pension benefits from the company for their services. The fixed remuneration has included a compensation component for this since fiscal year 2018.

Fringe benefits

The taxable fringe benefits granted to the Management Board consist primarily of the use of a company car and the costs of coverage for occupational accident insurance, which also covers insurance benefits in the event of death. Furthermore, there is a pecuniary damage liability insurance with a deductible of 10% (D&O insurance). In addition, health and pension insurance contributions are made in accordance with social security regulations. In the event of incapacity to work due to illness, the remuneration will be paid for a maximum of 6 months.

PERFORMANCE-BASED VARIABLE REMUNERATION

The performance-based remuneration components are the short-term incentive (STI), which relates to the performance in the respective fiscal year, and the long-term incentive (LTI), which measures performance over a number of years. The two components are based on different measurement bases and have different performance parameters corresponding to their respective performance periods. These performance-based variable remuneration components are granted on the basis of financial and non-financial performance criteria.

No subsequent changes may be made to the target values or the comparison parameters for variable remuneration.

Both of the variable remuneration components in 2024 are presented in detail below.

Short-term variable remuneration (STI)

Basic structure

The annual bonus consists of a variable cash payment that is based on the company's measurable performance in the past fiscal year and the degree to which the individual targets were achieved. The STI is calculated using financial and non-financial performance criteria that are based on the key performance indicators explained below and the individual targets derived from them. With the help of the individual targets, the individual performance of each Management Board member is considered in the determination of remuneration.

Individual targets may consist of financial and non-financial targets and include the environmental, social and governance (ESG) performance criteria set by the company in keeping with its corporate social responsibility. Business targets have a weighting of 75% in total and comprise three specific targets. The individual targets also consist of three targets and are weighted at 25% of the total. The following table provides an overview of the targets and their percentage weighting for the years 2023 and 2024.

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Overview of the targets and their percentage weighting:

TYPE OF TARGET	DEFINITION OF THE TARGET	PERCENTAGE WEIGHTING
Corporate targets	— Group sales — Adjusted EBIT margin — Net working capital ratio	**25 %** **25 %** **25 %**
Possible individual targets	— Strategic business development — Corporate culture — Diversity — Employees and leadership — Environment — Corporate social responsibility	**25 %**
Total amount		**100 %**

A lower limit of 75% and an upper limit of 150% apply to target achievement. If the sum of the weighted individual target achievement is below 75% (threshold value), no pro rata payment of the target bonus is granted. The amount of remuneration to be paid is calculated by multiplying the percentage of target achievement by the target bonus amount. For the year a Management Board member joins the company and for the year the member leaves the company, the member is entitled to a pro rata bonus. The short-term variable remuneration is paid out in the year following the respective fiscal year.

The calculation of the target achievement factor is based on the individual measured target achievement factors based on their weighting. Multiplying the total target achievement factor by the STI target amount results in the STI payout amount. The aforementioned upper and lower limits of 150% and 75% apply here. Payment is made at the end of the first quarter of the following fiscal year for which the respective STI was granted.

Calculation of the STI payout:

Individual target achievement factor (75 % – 150 %)	×	**Target**	=	**Pay-out**
Corporate targets (75 % weighting) **Individual targets** (25 % weighting)				**Pay-out cap = 150 % of the target**

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Structure

Company targets

Three company targets were defined for fiscal year 2024
- Group sales
- Adjusted EBIT margin as a % of sales
- Net working capital ratio as a % of sales

These take the overall responsibility of the Management Board into consideration and set incentives geared primarily towards the company's continued growth, better profitability and stronger cash flow.

A core element of the company strategy is profitable growth, whereby sales constitute an important instrument in planning the next business-related steps.

The adjusted EBIT margin sets an incentive to strengthen the company's operating profitability. EBIT measures earnings before interest and taxes. The EBIT indicator also considers depreciation and amortization and encourages investments that provide an adequate return on capital employed.

Next to profitability, the effective management of working capital, measured as the sum of inventories and trade receivables less trade payables, is also a key factor in cash flow.

Individual and sustainability targets

For fiscal years 2024, the Supervisory Board set two individual targets in the direct area of responsibility of each Management Board member as well as one target each in the area of sustainability. The individual targets contribute specifically to increasing the efficiency of the Group's projects and advancing the company's further development.

As a globally operating company in the trailer and truck industry, SAF-HOLLAND strives to make an important contribution to the future and society by providing innovative products and acting sustainably. The focus of the sustainability target for 2024 was the implementation of the ESG strategy, including the fulfillment of the new CSRD reporting requirement.

Target achievement

The following table shows the key performance indicators for the annual bonus 2024 (payable in 2025), their performance corridors and the corresponding target achievement, with the resulting overall target achievement, including the respective payout amounts, are presented in detail for the current members of the Management Board:

The individual targets and the common sustainability target for 2024 are listed in the table below:

Acting Management Board members	Focus area	Specific target	Actual achievement	Target achievement
Alexander Geis (CEO) since March 1, 2019	Business development	Implementation of low-cost country sourcing strategy	150%	150%
	Project innovation	Expansion of capacity of Air Disc Brakes (ADB) while simultaneously ensuring quality	144%	150%
	ESG	Implementation of the ESG strategy, including fulfillment of CSRD reporting requirements	150%	150%
Frank Lorenz-Dietz (CFO) since January 1, 2023	Business development	PMI: Implementation of a concept agreed with the Supervisory Board for the merger of legal entities	150%	150%
	Project innovation	SAP S4 Hana Integration	150%	150%
	ESG	Implementation of the ESG strategy, including fulfillment of CSRD reporting requirements	150%	150%

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The individual targets and the common sustainability target for 2023 are listed in the table below:

Current Board members	Subject area	Concrete goal	Target achievement	Actual target achievement
Alexander Geis (CEO)	Company development	Post Merger Integration (PMI) of Haldex	125%	125%
since March 1, 2019	ESG	Development of ESG-appropriate training material & mandatory SF training for all white-collar employees	125%	125%
	ESG	Fulfillment of the audit requirement in accordance with the CSRD Report	100%	125%
Frank Lorenz-Dietz (CFO)	Company development	Post Merger Integration (PMI) of Haldex	125%	125%
since January 1, 2023	Project innovation	SAP Hana integration	125%	125%
	ESG	Fulfillment of the audit requirement in accordance with the CSRD Report	100%	125%

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STI – Overall target achievement in 2024

			75%	100%	125%	150%	Weighting	Actual target achieve-ment	Target achieveme nt in %	Weighted value	Target amount in EUR	Payout amount in EUR
Alexander Geis - CEO	Company targets*	Group sales (EUR million)	1,923.9	1,983.4	2,042.9	2,104.2	0.25	1,876.7	0.00%	0.00%		
		Adjusted EBIT margin (in %)	8.8	9.1	9.4	9.7	0.25	10.4*	150.00%	37.50%		
		Net working capital (in % of sales)	15.6	15.4	15.1	14.9	0.25		122.25%	30.56%		
	Individual targets	Implementation of low-cost country sourcing strategy					0.075		150.00%	11.25%		
		Expansion of capacity of Air Disc Brakes (ADB) while simultaneously ensuring quality					0.075		144.17%	10.65%		
		Implementation of the ESG strategy, including fulfillment of CSRD reporting requirements					0.10		150.00%	15,00%		
							100%			**105,12%**	**432,500.00**	**454.644,00**
Frank Lorenz-Dietz - CFO	Company targets*	Group sales (EUR million)	1,923.9	1,983.4	2,042.9	2,104.2	0.25	1,876.7	0.00%	0.00%		
		Adjusted EBIT margin (in %)	8.8	9.1	9.4	9.7	0.25	10.4*	150.00%	37.50%		
		Net working capital (in % of sales)	15.6	15.4	15.1	14.9	0.25		122.25%	30.56%		
	Individual targets	PMI: Implementation of a concept agreed with the Supervisory Board for the merger of legal entities					0.075		150.00%	11.25%		
		SAP S4 Hana Integration					0.075		150.00%	11.25%		
		Implementation of the ESG strategy, including fulfillment of CSRD reporting requirements					0.10		150.00%	15,00%		
							100%			**105,56%**	**250,000.00**	**263.900**

*Result excluding acquisitions made in 2024

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STI – Overall target achievement in 2023

			50%	75%	100%	125%	Weighting	ACTUAL target achieve-ment	Target achieve-ment in %	Weighted value	Target amount in EUR	Payout amount in EUR
Alexander Geis - CEO	Company targets	Group sales (EUR million)	1,755.5	1,809.8	1,865.8	1,921.8	0.25	2,106.2	125.00	31.25%		
		Adjusted EBIT margin (in %)	7.0	7.5	8.0	8.5	0.25	9.6	125.00	31.25%		
		Net working capital (in % of sales)	18.3	17.8	17.3	16.8	0.25	14.8	125.00	31.25%		
	Individual targets	Post Merger Integration (PMI) of Haldex					0.075		125.00	9.38%		
		Development of ESG-appropriate training material & mandatory SF training for all white-collar employees					0.075		125.00	9.38%		
		Fulfillment of the audit requirement in accordance with the CSRD Report					0.10		100.00	10.00%		
							100%			122.51%	355,500	435,523 [1]
Frank Lorenz-Dietz - CFO	Company targets	Group sales (EUR million)	1,755.5	1,809.8	1,865.8	1,921.8	0.25	2,106.2	125.00	31.25%		
		Adjusted EBIT margin (in %)	7.0	7.5	8.0	8.5	0.25	9.6	125.00	31.25%		
		Net working capital (in % of sales)	18.3	17.8	17.3	16.8	0.25	14.82	125.00	31.25%		
	Individual targets	Post Merger Integration (PMI) of Haldex					0.075		125.00	9.38%		
		SAP Hana integration					0.075		125.00	9.38%		
		Fulfillment of the audit requirement in accordance with the CSRD Report					0.10		100.00	10.00%		
							100%			122.51%	200,000	245,020 [1]

[1] This amount is reduced by 5% due to a voluntary waiver under the future collective agreement.

Long-term variable remuneration (LTI)

Basic structure

The long-term variable remuneration, or LTI, is a share-based variable remuneration component aimed at increasing the company's long-term value and aligning the interests of the management and executives with the interests of the shareholders of SAF-HOLLAND SE in the long-term. This takes the form of a Performance Share Unit Plan (PSUP), introduced in 2013, which considers both the company's performance and its share price development. The LTI also includes an ESG target, which is consistent with the provisions of the Corporate Governance Code. The financial targets are weighted at 80%, and the ESG target is weighted at 20%. The PSUP stipulates a performance period of four years. With the help of the PSUP, the interests of the Management Board members are to be aligned even more clearly with those of the shareholders with respect to a sustainable increase in the company's value. The PSUP also ensures the long-term commitment of the Management Board members to the company and increases their motivation.

Participants receive virtual shares at the beginning of the performance period. The number of virtual shares at the beginning of the performance period is determined by dividing the respective endowment by the average

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share price in the last two months of the year preceding the grant. Upon expiration of the performance period, the number of virtual shares granted is adjusted by multiplying it by a target achievement factor. The target achievement factor is the ratio of the company's average performance (adjusted EBIT margin) during the performance period versus the average target value previously set for the performance period. The long-term variable remuneration is paid out with the payroll on the basis of the audited Consolidated Financial Statements.

The amount of the participants' payment entitlement is determined by multiplying the virtual shares with the average share price during the last two months of the performance period and the target achievement factor.

The calculation of the PSUP payout is as follows:

Endowment Performance Share Unit Plan (PSUP)		Multiplier based on target achievement curve		Average share price in November and December of the 4th year		200 % of the endowment value
Number of share units	×	**Target achievement factor**	×	**Value of the share**	=	**PSUP pay-out**

The prerequisite for exercising value appreciation rights is the achievement of a defined performance target. The performance target has been met when the Group has achieved an average minimum operating performance measured by the performance indicator "adjusted EBIT margin" during the entitlement period. A level of target achievement that is below 70% results in a target achievement factor of "0" and no payout.

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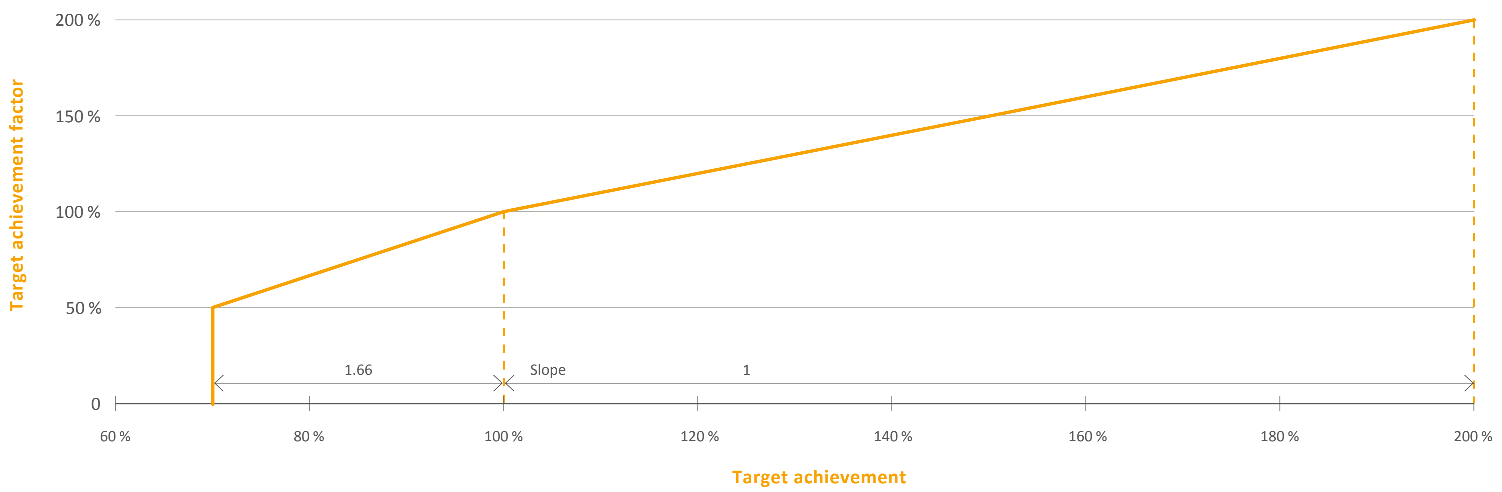
LTI target achievement curve

in %



A potential payment may be temporarily withheld by the Supervisory Board should imminent or urgent financial factors at SAF-HOLLAND SE and/or a Group company make the payment impossible. Generally, the Supervisory Board is allowed to suspend or terminate the LTI plan at any time. Rights under plans already granted cannot be subsequently changed without the participant's consent.

The maximum payout under the terms of the PSUP is 200% of the grant (maximum value) in each case. This cap, in conjunction with the fixed base salary and the upper limit for short-term variable remuneration of 150%, constitutes the maximum limit of remuneration for Management Board members.

If a Management Board member leaves the company prior to the expiration of the performance period as a result of death, disablement, disability or reaching the contractually agreed retirement age, the member or their surviving dependents will receive any potential payout on a pro rata basis on the due date for the payment.

The loss of all rights under the PSUP occurs only in the case of extraordinary termination by the company. In the event of termination of the employment contract for any other reason, payment shall be made at the time of payment in the amount that the Management Board member would have been entitled to at the time of payment. This determination of the amount takes any pro rata reduction into account. In deviation from the above regulation, the virtual shares allocated for 2021 for Alexander Geis and the former member of the Management Board Dr. André Philipp are vested. This means that they will not be reduced on a pro rata basis in the event of termination of the employment contract before the end of the respective assessment period.

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Grants in fiscal year 2024

The LTI plan granted in fiscal year 2024 is based on the following performance indicators (basis: mid-term planning 2024):

Performance period 2024 – 2027	
Average target: Adjusted EBIT margin	9.35%
Average share price (issue price)	€ 14.17
Sustainability target	CO_2 reduction by 10%

Grants (target amount divided by the issue price)

	Target amount in EUR thousand	No. of shares granted
Alexander Geis	580	40,932
Frank Lorenz-Dietz	273	19,290

Target achievement and payout in 2023 and 2024

The following table shows the key figures for the LTI plan allocated for 2021, the corresponding target achievement and the resulting payout amount:

Calculation of LTI – PSUP 2021-2024

	2021	2022	2023	2024	Average
Earnings adjusted EBIT margin	7.50%	8.00%	9.60%	10.40%	8.88%
Share price Nov./Dec. 2020	9.93 €				
PSUP target 2019	7.63%				
Target achievement	116.32				

70% target achievement = 50% bonus

	in kEUR at 100% target achievement	Number of shares granted	Target achievement factor	Allocation price Nov./Dec. 2024	Target achievement in kEUR	Target achievement in %
Alexander Geis	404	40,685	1.1632	14.10	667	165
Frank Lorenz-Dietz	Due to the start date of January 1, 2023, there is no entitlement to the Performance Share Unit Plan 2021-2024.					
Dr. André Philipp*	200	20,141	1.1632	14.10	330	165

As stated at the beginning of the Remuneration Report, the switchover to the long-term incentive based on the performance-oriented perspective was carried out in 2024. For the sake of completeness, we have therefore decided to also show the LTI 2020–2023.

Calculation of LTI – PSUP 2020

	2020	2021	2022	2023	Average
Earnings adjusted EBIT margin	6.10%	7.50%	8.00%	9.60%	7.80%
Share price Nov./Dec. 2020	7.29				
PSUP target 2019	7.70%				
Target achievement	101.30				

	in kEUR at 100% target achievement	Number of shares granted	Target achievement factor	Allocation price Nov./Dec. 2023	Target achievement in kEUR	Target achievement in %
Alexander Geis	357	48,971	1.0196	14.17	708	198
Frank Lorenz-Dietz	Due to the start date of January 1, 2023, there is no entitlement to the Performance Share Unit Plan 2020-2023.					
Dr. André Philipp*	170	23,320	1.0196	14.17	337	198

*Former member of the Management Board (01.01.2019 to 30.06.2023)

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Malus and clawback clauses

The Supervisory Board is permitted to take extraordinary developments and events appropriately into account. In such cases, the employment contracts of Management Board members provide for malus and clawback clauses. These largely concern the performance-based variable remuneration components and, above all, the LTI. Entitlements to remuneration may be cancelled in justified cases (malus). Alternatively, there is the option to reclaim a payment already made (clawback). The malus or clawback provision can apply when a Management Board member intentionally breaches a material duty and this breach of duty meets the definition of a "gross breach of duty," justifying the member's dismissal from the Management Board (Section 84 (3) of the German Stock Corporation Act (AktG).

In fiscal year 2024, the Supervisory Board did not see any reason to make use of the options to reduce the variable remuneration components, claw them back, or waive them entirely.

Post-contractual non-compete clause

Mr. Geis's employment contract contains a post-contractual non-competition clause, which prohibits him from working for or rendering services to a competitor for a period of one year after leaving the company. As consideration, he receives non-contractual compensation in accordance with Section 74 (2) HGB of 50% of his last drawn contractual remuneration package.

A contractual non-competition clause generally applies to all members of the Management Board during the terms of their contracts.

Provisions for regular termination

No compensation has been promised to members of the Management Board in the event of regular termination of their contracts.

Severance clause

In the event of the early termination of the employment contract due to revocation of the appointment or any other cause of early termination, the decision of whether or not to grant a severance payment is at the company's discretion. Severance payments are always limited to a maximum of two years' total remuneration (i.e., annual base salary, short-term variable remuneration [STI] and long-term variable remuneration [LTI]). The calculation of the fixed annual remuneration is based on either the previous or the current year. When determining variable remuneration (STI and LTI), the amount of variable remuneration granted in the past fiscal year is to be used as a basis.

If the contract with a Management Board member is terminated for good cause for which the member is responsible or terminated at the request of the member, no severance payment shall be made.

When severance payments are made, they are to be credited against the non-competition compensation.

Disclosures on third-party benefits

No benefits were promised or granted to the members of the Management Board by third parties in fiscal year 2024.

Change of control

In the event of a change of control, every member of the Management Board has the right once to resign from office by observing a three-month notice period to the end of the respective month and to terminate the service contract on that same date. This extraordinary right of termination only exists within one month of the date on which the Management Board member becomes aware that a change of control has actually taken place. In the event of premature termination of the service contract due to a change of control, the Management Board member has no entitlement to severance pay.

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Share ownership guidelines

The Management Board is contractually obliged to acquire and hold shares in the company amounting to one year's fixed salary. 50% of virtual shares under the LTI program and 100% of shares already acquired count towards this. The shares may be acquired within 48 months in four equal annual installments. The respective rules are contained in the Share Ownership Guidelines. This further aligns the Management Board's interests with those of the shareholders and additionally rewards the sustainable and long-term development of SAF-HOLLAND.

In the opinion of the Supervisory Board, the remuneration system, including the current LTI program, satisfies the requirements of comparable share ownership guidelines for the following reasons: (1) The performance of the virtual shares corresponds to the share price performance. (2) The members of the Management Board have no freedom of choice regarding the investments of their compensation, but are obliged to invest in the virtual shares. (3) Due to the annual granting and four-year performance period, the value of the virtual shares held after a four-year accumulation phase corresponds at least to the annual base salary of a Management Board member.

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SUPERVISORY BOARD REMUNERATION

The currently valid remuneration paid to the members of the Supervisory Board is governed by Article 16 of the Articles of Association of SAF-HOLLAND SE. It has been in force since the company's Annual General Meeting on May 23, 2023, at which the proposed system of remuneration for Supervisory Board members and the proposed amendment to Section 16 of the Articles of Association were approved by a majority of 99.97%. The remuneration of the Supervisory Board is designed as purely fixed remuneration and is commensurate with the tasks of the Supervisory Board and the situation of the company. No performance-related or share-based remuneration components are granted.

Under the current remuneration system, the members of the Supervisory Board receive fixed annual remuneration and the members of the Audit Committee and the Nomination and Remuneration Committee receive additional remuneration for their work on the respective committees. The Chair and Deputy Chair of the Supervisory Board as well as the Chair of the Audit Committee and other committees receive additional remuneration. The remuneration of the Supervisory Board is as follows:

Remuneration of the Supervisory Board

FIXED REMUNERATION OF THE SUPERVISORY BOARD		
Chairman	Deputy Chairman	Member
EUR 120,000	EUR 70,000	EUR 50,000

COMMITTEE WORK REMUNERATION			
Audit Committee		Nomination and Remuneration Committee	
Chairman	Member	Chairman	Member
EUR 25,000	EUR 10,000	EUR 20,000	EUR 7,500

The remuneration system therefore takes the greater time commitment of the Chairman and his deputy into account. The increased time required for committee work, both for their chairmen and their members, is also appropriately reflected in the remuneration.

For their participation in meetings of the Supervisory Board, members receive an attendance fee of EUR 1,000.00 per meeting. For their participation in a committee meeting, members receive an attendance fee of EUR 500.00 per meeting. The attendance fee is only paid once for several meetings held on the same day. Attendance of a meeting also includes attendance of a meeting held by telephone or video conference or participation in a meeting by telephone or video conference.

The company shall ensure that liability insurance exists for the benefit of the Supervisory Board members. In addition to the remuneration described in the above paragraphs, the company shall reimburse Supervisory Board members for any expenses reasonably incurred in the exercise of their Supervisory Board mandate and any value-added taxes payable on their remuneration and expenses.

Supervisory Board members who are members of the Supervisory Board or one of its committees or hold the office of chair or deputy chairperson for only part of the fiscal year shall receive the appropriate remuneration on a pro rata basis. This also applies to the remuneration for the chairpersons of committees.

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The remuneration is paid after the end of the Annual General Meeting that receives the Consolidated Financial Statements for the fiscal year for which the remuneration is paid or decides on their approval. Remuneration for fiscal year 2023 was paid in 2024; remuneration for fiscal year 2024 will thus be paid after the Annual General Meeting in 2025.

No advances or loans were extended to Supervisory Board members or to former Supervisory Board members in 2023.

The total remuneration of the Supervisory Board members for 2024 amounted to EUR 466,500.00 (previous year: EUR 442,897.00).

The presentation of the Supervisory Board remuneration in 2024 now follows the concept of the service-orientation view, analogous to the presentation of the Management Board remuneration, and is distributed among the individual members as follows:

Remuneration granted and owed to the Supervisory Board for fiscal years 2023 and 2024 (in EUR thousand)

	Components of total remuneration												Total remuneration	
	Fixed remuneration of the Supervisory Board as a whole (% of total remuneration)				Committee work remuneration (% of total remuneration)				Attendance fees (% of total remuneration)					
Supervisory Board member	**2023**	**in %**	**2024**	**in %**	**2023**	**in %**	**2024**	**in %**	**2023**	**in %**	**2024**	**in %**	**2023**	**2024**
Dr. Martin Kleinschmitt	120.0	82%	120.0	81%	17.5	12%	17.5	12%	8.5	6%	11.5	8%	146.0	149.0
Ingrid Jägering	70.0	68%	70.0	67%	25.0	24%	25.0	24%	7.5	7%	9.5	9%	102.5	104.5
Carsten Reinhardt	50.0	73%	50.0	76%	11.0	16%	7.5	11%	7.5	11%	8.5	13%	68.5	66.0
Matthias Arleth	50.0	66%	50.0	65%	20.0	26%	20.0	26%	6.0	8%	7.5	10%	76.0	77.5
Jurate Keblyte	37.4	75%	50.0	72%	6.5	13%	10.0	14%	6.0	12%	9.5	14%	49.9	69.5
TOTAL	**327.4**	**74%**	**340.0**	**73%**	**80.0**	**18%**	**80.0**	**17%**	**35.5**	**8%**	**46.5**	**10%**	**442.9**	**466.5**

Voluntary commitment of the Supervisory Board to acquire shares

The members of the Supervisory Board made a voluntary commitment to purchase shares in fiscal year 2023. This voluntary commitment stipulates that in the first five years of their membership on the Supervisory Board, the members of the Supervisory Board will each acquire SAF-HOLLAND SE shares for 20% of their annual fixed remuneration (basic remuneration) and hold them for at least the duration of their membership. The voluntary commitment provides for a total of 100% of the fixed remuneration to be invested in shares over the five-year term. Shares have already been purchased for fiscal years 2022 and 2023. The next scheduled share purchase for fiscal year 2024 will take place after the 2025 Annual General Meeting. Through this voluntary commitment, the members of the Supervisory Board want to create a further element for aligning their interests with the long-term corporate success of SAF-HOLLAND SE.

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To SAF-HOLLAND SE, Bessenbach

OPINION

We have formally audited the remuneration report of the SAF-HOLLAND SE, Bessenbach, for the financial year from January 1 to December 31, 2024 to determine whether the disclosures pursuant to § [Article] 162 Abs. [paragraphs] 1 and 2 AktG [Aktiengesetz: German Stock Corporation Act] have been made in the remuneration report. In accordance with § 162 Abs. 3 AktG, we have not audited the content of the remuneration report.

In our opinion, the information required by § 162 Abs. 1 and 2 AktG has been disclosed in all material respects in the accompanying remuneration report. Our opinion does not cover the content of the remuneration report.

BASIS FOR THE OPINION

We conducted our formal audit of the remuneration report in accordance with § 162 Abs. 3 AktG and IDW [Institut der Wirtschaftsprüfer: Institute of Public Auditors in Germany] Auditing Standard: The formal audit of the remuneration report in accordance with § 162 Abs. 3 AktG (IDW AuS 870 (09.2023)). Our responsibility under that provision and that standard is further described in the “Auditor's Responsibilities” section of our auditor’s report. As an audit firm, we have complied with the requirements of the IDW Quality Management Standard: Requirements to quality management for audit firms [IDW Qualitätsmanagementstandard - IDW QMS 1 (09.2022)]. We have complied with the professional duties pursuant to the Professional Code for German Public Auditors and German Chartered Auditors [Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer - BS WP/vBP], including the requirements for independence.

RESPONSIBILITY OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

The management board and the supervisory board are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of § 162 AktG. They are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

AUDITOR’S RESPONSIBILITIES

Our objective is to obtain reasonable assurance about whether the information required by § 162 Abs. 1 and 2 AktG has been disclosed in all material respects in the remuneration report and to express an opinion thereon in an auditor's report.

We planned and performed our audit to determine, through comparison of the disclosures made in the remuneration report with the disclosures required by § 162 Abs. 1 and 2 AktG, the formal completeness of the remuneration report. In accordance with § 162 Abs 3 AktG, we have not audited the accuracy of the disclosures, the completeness of the content of the individual disclosures, or the appropriate presentation of the remuneration report.

Frankfurt am Main, March 13, 2025

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Stefan Hartwig Wirtschaftsprüfer (German Public Auditor)	Richard Gudd Wirtschaftsprüfer (German Public Auditor)

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FUNDAMENTAL INFORMATION ABOUT THE GROUP

BUSINESS MODEL AND PRODUCT PORTFOLIO

The SAF-HOLLAND Group together with its Group companies is one of the world's leading manufacturers and suppliers of chassis-related assemblies and components for trailers, trucks and buses.

The Group's business model comprises the development, production and sale of an extensive portfolio of one-stop-shop solutions for the commercial vehicle industry, which in the trailer segment includes axle and suspension systems, steering systems, landing gear and telematics systems in particular. The main products in the truck segment include a comprehensive range of fifth wheels and other coupling systems. The company also supplies brake and air suspension systems as well as air control products for trailers and trucks.

With this product range, the Group addresses the key issues for its customers. On the one hand, this means optimizing the total cost of ownership – which includes all recurring and non-recurring costs, as well as direct and indirect purchase costs –, and, on the other hand, includes megatrends in the commercial vehicle industry such as digitalization, electrification, autonomous driving, road safety and sustainability. The SAF-HOLLAND Group's lightweight solutions offer weight savings and can therefore help reduce the CO_2 emissions of truck and trailer combinations. By combining mechanics with sensors and electronics, SAF-HOLLAND is driving the digital networking of commercial vehicles and logistics chains.

SAF-HOLLAND not only sells its products to manufacturers of commercial vehicles (Original Equipment Manufacturers, OEMs), but is also in direct contact with its end customers, the fleet operators. With many of the products, such as axle and suspension systems, the specifications of the trailer are generally set by the fleet operators themselves, who then select their supplier. By maintaining direct contact, SAF-HOLLAND is in constant dialog with its customers, ensuring that the Group's product and solution portfolio is tailored to changing customer requirements.

In the OEM segment, SAF-HOLLAND mainly supplies manufacturers of trailers and semi-trailers (Trailer OEMs) as well as trucks and buses (Truck OEMs).

SAF-HOLLAND generates the greatest share of its sales with trailer manufacturers, who contributed 48.8% to Group sales in fiscal year 2024, while business with truck manufacturers (Truck OEMs) accounted for 13.3% of Group sales.

Besides the original equipment business, the aftermarket business represents another important pillar of the business model. SAF-HOLLAND serves these customers via a global network of around 10,000 spare parts and service stations, dealers and workshops. The prompt supply of spare parts is one important criterion for fleet operators when selecting their suppliers and at the same time acts as a barrier to entry for potential competitors. The aftermarket business primarily depends on the product population in the market and the wear and tear of the components, making it largely independent of the investment decisions of fleet operators in the original equipment business. This means that cyclical fluctuations in the original equipment business could be largely cushioned, which contributes significantly to the resilience of the SAF-HOLLAND business model and helping it achieve sustainable operating profitability, even in economically difficult times, such as during the COVID-19 pandemic in 2020. The aftermarket business contributed 37.9% to Group sales in fiscal year 2024.

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SAF-HOLLAND'S Product Brands

Trailer Axles and Suspension Systems	Coupling and Lifting Technologies	Brake Systems and Air Suspension Solutions
Trailer Axles and Suspension Systems	Suspensions and Components for Commercial Vehicles	Suspensions for Trucks and Buses
Special Axle Systems and Suspensions	Coupling and Lifting Technologies	Trailer Axles and Suspensions Systems

SAF-HOLLAND sells its products worldwide under three main brands: SAF, Holland and Haldex. The brands Assali Stefen, Axscend, KLL, Neway, Tecma, V.Orlandi and York stand for a regional or technology-specific focus. In the aftermarket business, SAF-HOLLAND offers a broad product range that ensures the supply of spare parts for a vehicle over its entire life cycle and is marketed under various brands.

LOCATIONS

At the end of 2024, SAF-HOLLAND had 29 production plants in North and South America, Europe, Asia and Australia. In addition to plants in its core markets of Europe and North America, SAF-HOLLAND also has production facilities in India, Brazil, Türkiye, China and Australia. In January 2024, SAF-HOLLAND began building up additional production capacities for fifth wheel systems in Piedras Negras, Mexico. The acquisitions of Tecma Srl in April 2024 and Assali Stefen Srl in July 2024 added two further production sites for axle and suspension systems in Verona, Italy, to the production network.

In August 2024, SAF-HOLLAND opened its new Tech Center India (TCI) in Pune, India. The Tech Center India is an important addition to the global R&D network that includes sites in Bessenbach, Germany, Landskrona, Sweden, Mira (Nuneaton), United Kingdom, Kansas City, USA and Muskegon, USA. With the Tech Center India as a globally integrated location, the increasing complexity at the system level is to be countered and expertise in the area of software for the further development of mechatronic systems is to be deepened. By expanding its capacities in India, the company is not only expanding its global backbone for R&D and IT but also strengthening its commitment to delivering innovative and high-quality solutions to customers around the world.

MARKETS AND COMPETITIVE SITUATION

Europe and North America are the most important core markets for SAF-HOLLAND. SAF-HOLLAND is mainly active in the mid and premium segments in these markets. Other important sales markets for the group are Brazil, India and Australia.. Brazil is the largest sales market in South America. SAF-HOLLAND concentrates primarily on the premium segment in this market. In India, SAF-HOLLAND specifically serves the demand for particularly durable and reliable products in the mid- and upper-price segments. In Australia, SAF-HOLLAND offers a product portfolio that is designed to meet the country's typical requirements with long truck-trailer combinations (road trains) and long transportation routes as well as the mining industry.

In Europe and North America, the supplier markets for truck and trailer components have an oligopolistic competitive structure. SAF-HOLLAND is one of the three leading suppliers in each of the product segments of importance to the Group: axle and suspension systems for trailers, fifth wheels, disc and drum brake systems for trailers, landing gear, EBS and ABS systems, and air control. In Europe, SAF-HOLLAND is the market leader in axles and suspension systems for trailers. In North America, SAF-HOLLAND is the market leader for fifth wheels. With its Group brand Haldex, SAF-HOLLAND is the leading supplier of disc brakes for trailers in Europe. SAF-HOLLAND is also the market leader in India for trailer axles following its acquisition of the York Group in 2018. SAF-HOLLAND strengthened its position by acquiring Tecma and Assali Stefen in fiscal year 2024, particularly in the area of special axle systems in the commercial vehicle industry. Today, SAF-HOLLAND offers a comprehensive product segment for trailers and trucks that is always adapted to the requirements of the respective market.

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ECONOMIC AND REGULATORY FACTORS

Globalization and sustainability are the most important key issues for the transport and logistics sector. In addition, electrification, digitalization, autonomous driving and road safety are the megatrends in the commercial vehicle industry.

GLOBALIZATION

The transportation and logistics sector is a growing industry, with road transport playing an important role. Factors such as global population growth, advancing urbanization, emerging economies' increasing industrialization, rising disposable incomes and, lastly, global gross domestic product growth, positively influence the demand for trailers and trucks.

SUSTAINABILITY

Due to the CO_2 emissions from road freight transport, the transport and logistics sector is facing increasing pressure from regulatory authorities, but also from consumers and investors. The focus is mainly on reducing fuel consumption, exhaust gas and brake dust emissions, and the mechanical stress on the roads. This increases the need for weight-reduced components in particular. The quest for greater economic efficiency, the vision of emission-free cities with quieter vehicles, and the concept of a zero-carbon footprint are driving demand for alternative drive concepts in particular and leading the shift towards electric mobility.

For SAF-HOLLAND, sustainability means assuming social responsibility and operating sustainably. To this end, the company identifies opportunities throughout the Group to use available resources sparingly. An overview of SAF-HOLLAND's sustainability activities in the areas of the Environment, Social Affairs, Governance and Compliance can be found in the chapter "Separate non-financial report".

ELECTRIFICATION

In light of ever stricter regulations and CO_2 reduction targets, electrification stands out as the key technology in the transport and logistics sector. In these fields, SAF-HOLLAND is a key partner for its customers to support them with the electrification of their fleets.

Besides the electrification of the tractor drivetrain, the focus is also on the electrification of trailer axles. Key solutions in this area include intelligent electric recuperation systems based on integrated brake control. A high-voltage generator unit in the SAF TRAKr recuperation axle converts the kinetic energy of the vehicle into electrical energy during braking or in overrun phases. This energy can be temporarily stored in a battery or supply the auxiliary consumers in the trailer, such as cooling, heating or tail lift, while driving. The SAF TRAKr is particularly well suited for use in refrigerated vehicles in which the refrigeration units are operated fully electrically. This helps to reduce fuel consumption and CO_2 emissions.

An overview of SAF-HOLLAND's innovative solutions in response to these megatrends can be found in the comments on research and development in the chapter entitled "Non-financial aspects."

DIGITALIZATION

Connectivity solutions (including telematics systems) for trucks and trailers are a key element of digitalization in the transport and logistics sector as they enable fleet operators to analyze vehicle performance in detail. Vehicle connectivity helps to optimize uptime and capacity utilization as well as costs for repairs and maintenance (keyword: predictive maintenance) and therefore the total cost of ownership for trailers and trucks. The Axscend TrailerMaster telematics system networks certain trailer components with one another and provides digital vehicle and movement data in real time. All events can be monitored and controlled centrally via the Axscend TrailerMaster portal. The perfectly tailored hardware and software can be used for all types of trailers and ensures smooth and seamless documentation of trailer and transport processes.

AUTONOMOUS DRIVING

The megatrend of autonomous driving also essentially originates from the goal to achieve ever-greater efficiency and CO_2 savings. The rising shortage of drivers in the transport and logistics sector is also making increased automation inevitable in the long term.

SAF-HOLLAND is setting standards in this area for both the mechanical interface and the intelligent communication between the tractor and the trailer. SAF-HOLLAND SHAC, an automated coupling system, is paving the way to fully automated driving in the future.

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TRAFFIC SAFETY

Regulations are also of great importance for the industry when it comes to road safety. Legal regulations can lead to more stringent safety requirements. In China, for example, new requirements for hazardous goods transport introduced in 2020 promote the use of disc brakes. In addition to economic advantages, disc brake technology offers a shorter braking distance compared to drum brakes. In India, legal regulations permit higher payloads when air suspension systems are used on trailers. The demand for weight-reduced and safety-relevant components is therefore particularly influenced by regulatory requirements.. This also applies to the use of tire pressure monitoring systems. In Europe, such systems, which inform the driver of a loss of pressure in the tire, became mandatory in trailers from July 2024 on due to the amendment of the UN ECE R 141 regulation. SAF-HOLLAND has developed the SAF TIRE PILOT I.Q system, which permanently monitors the tire pressure and independently adjusts it as needed. The software-controlled system thus helps save fuel and reduces tire wear by always maintaining optimal tire pressure.

SEGMENTS

SAF-HOLLAND's operating business is divided into three regions, which form the reportable segments as defined by the International Financial Reporting Standards (IFRS):

- EMEA (Europe, Middle East and Africa)
- Americas
- APAC (Asia-Pacific)

The regions cover both the original equipment and the aftermarket businesses. Each segment is fully responsible for its own results and has the resources necessary to carry out its operational activities.

LEGAL STRUCTURE OF THE GROUP

SAF-HOLLAND SE is the parent company of the SAF-HOLLAND Group. The company has its headquarters in Bessenbach, near Aschaffenburg, Germany. It acts as the Group's holding company and is responsible for the strategic management of business activities. In addition, Group-wide central functions such as Group Finance, Group Accounting and Controlling, Internal Audit, Legal and Compliance, Human Resources, IT as well as Investor Relations, ESG and Corporate Communications are centrally organized and are the direct responsibility of the Management Board.

SAF-HOLLAND SE holds 100% of the shares in SAF-HOLLAND GmbH and Haldex AB, which in turn hold the interests in all regional subsidiaries and majority shareholdings. As of December 31, 2024, SAF-HOLLAND SE held direct or indirect interests in 65 companies that belong to the SAF-HOLLAND Group and are fully consolidated.

Investments in associates and joint ventures are included in the Consolidated Financial Statements using the equity method. These include Castmetal FWI S.A. and SAF-HOLLAND Nippon Ltd., in which SAF-HOLLAND Inc. holds 34.1% and 50% respectively, as well as Shaanxi Fast Haldex Brake Products Co. Ltd., in which Haldex AB holds a 49% interest.

CHANGES IN THE GROUP STRUCTURE

With effect from January 2, 2024, SAF-HOLLAND GmbH acquired IMS Group B.V. Barneveld, Netherlands, and it was included in the Consolidated Financial Statements of SAF-HOLLAND SE for the first time. Subsequently, the IMS Group B.V. was reincorporated as SAF-HOLLAND Benelux B.V.

Tecma Srl was included in the Consolidated Financial Statements of SAF-HOLLAND SE for the first time as of April 2, 2024, after SAF-HOLLAND GmbH had acquired 100% of the shares.

SAF-HOLLAND GmbH acquired 100% of the shares in Assali Stefen Srl in Verona, Italy, in July 2024. The transaction was completed and the company was included in the Consolidated Financial Statements of SAF-HOLLAND SE for the first time on July 31, 2024.

In addition, the following mergers took place within the SAF-HOLLAND Group as of January 1, 2024: Haldex Ltd. was merged into SAF-HOLLAND Canada Ltd, Haldex Italia Srl. was merged into SAF-HOLLAND Italia s.r.l. unipersonale, Haldex Espana S.A. was merged into SAF-HOLLAND España S.L.U., Haldex Sp. z.o.o. was merged into SAF-HOLLAND Polska Sp. z o.o., Haldex Financial Services AB was merged into Haldex Financial Services Holding AB. Furthermore, Haldex Financial Services Holding AB, Haldex I Halmstad AB, Haldex Traction Holding II and Haldex Holding AB were merged into Haldex AB.

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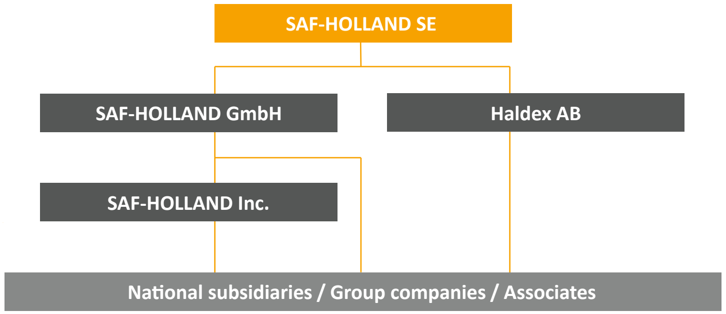
SAF-HOLLAND (Thailand) Co., Ltd. was liquidated on June 18, 2024. Haldex Wien GmbH was liquidated on August 29, 2024, and SAF-HOLLAND Hong Kong Ltd. on December 5, 2024.

A simplified overview of the legal structure of the SAF-HOLLAND Group is shown in the following diagram. A presentation of all SAF-HOLLAND Group companies as of December 31, 2024, can be found in the Consolidated Financial Statements under Note 7.6.



GROUP MANAGEMENT

As a European Company (Societas Europaea, SE), SAF-HOLLAND SE has a dual board structure consisting of a Management Board and a Supervisory Board. The Management Board is responsible for managing the company's affairs and is advised and monitored by the Supervisory Board.

Information on the composition of the Management Board and Supervisory Board, including the allocation of responsibilities in fiscal year 2024, can be found in the Corporate Governance Statement that is available on the company's website at https://corporate.safholland.com/en/cgs. In addition to the Declaration of Compliance in accordance with Section 161 of the German Stock Corporation Act (AktG), a description can be found of the working practices of the Management Board and the Supervisory Board, as well as information on the key corporate governance practices and an explanation of the diversity concept followed by SAF-HOLLAND.

GROUP CONTROL

CONTROL SYSTEM

The Management Board is responsible for the strategic direction of the Group as well as its operational implementation. SAF-HOLLAND's internal Group management system is designed to support the implementation of the Group strategy and the related targets. The performance indicators used for management purposes are primarily based on cross-divisional business indicators, which are reflected in the annual budget and medium-term planning (planning horizon: 5 years), the quarterly forecasts and the monthly reporting to the Management Board.

This enables the Management Board to make timely decisions based on sound information regarding current and expected operational and economic business developments.

As a company that is aware of its environmental and social responsibility, SAF-HOLLAND also takes non-financial performance indicators, mainly from the environmental and social areas, into account. Detailed information on the material impacts, risks and opportunities (IROs) for SAF-HOLLAND can be found in the chapter "Separate non-financial report". A detailed presentation of the key financial performance indicators as well as other key performance indicators, in particular their development over the past fiscal year, can be found in the "net assets, financial position and results of operations," chapter.

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KEY PERFORMANCE INDICATORS

The three most important key financial performance indicators for managing the company are:

- Sales
- Adjusted EBIT margin (ratio of earnings before interest and taxes, adjusted in particular for depreciation of property, plant and equipment and intangible assets from purchase price allocations, restructuring and transaction costs to sales)
- Capex ratio (ratio of capital expenditure on property, plant and equipment and intangible assets to sales)

The first two key financial indicators shown are also the cornerstones of the Management Board's short-term variable remuneration scheme (see Remuneration Report).

SAF-HOLLAND plans, calculates and monitors these three indicators at both the Group and the segment level. For the Group, the consolidated indicators at the Group level are of the greatest importance.

OTHER PERFORMANCE INDICATORS

SAF-HOLLAND uses other key performance indicators to assess its business performance for company management and financial reporting purposes. In contrast to the key indicators already mentioned, no forecast within the meaning of GAS 20 is issued for these other performance indicators. These indicators include, in particular:

- Adjusted gross margin (ratio of adjusted gross profit to sales)
- Adjusted EBITDA margin (ratio of earnings before interest, taxes, depreciation and amortization of property, plant and equipment and intangible assets, in particular adjusted for restructuring and transaction costs to sales)
- EBIT (according to the income statement)
- Net working capital ratio (ratio of inventories and trade receivables less trade payables to sales of the last twelve months)
- Result for the period (EBIT less the financial result less income taxes)
- Net cash flow from operating activities
- Operating free cash flow (net cash flow from operating activities less investments in property, plant and equipment and intangible assets plus proceeds from the sale of property, plant and equipment)
- Total free cash flow (operating free cash flow less net cash flow from the acquisition of company shares)
- Net financial debt (total interest-bearing loans and borrowings and lease liabilities less cash and cash equivalents)
- Leverage ratio (ratio of net financial debt to EBITDA)
- Equity ratio (ratio of equity to total assets)
- Return on capital employed (ratio of adjusted EBIT for the last twelve months to total equity plus financial liabilities [excl. refinancing costs, incl. lease liabilities] plus pensions and similar obligations less cash and cash equivalents)

INDUSTRY AND COMPANY-SPECIFIC LEADING INDICATORS

In the view of SAF-HOLLAND, the key leading indicators specific to the company are order intake and the order backlog. These are tracked on a daily basis by the respective Group companies and serve as an indication of the expected capacity utilization and the probable development of sales and earnings.

In addition, the management constantly monitors and analyzes statistics and forecasts on the general economic development as well as on the development of the trailer and truck markets in the relevant countries and regions. Such statistics include production and registration figures as well as order intake.

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STRATEGY

STRATEGY 2025 FORMS THE ORIENTATION FRAMEWORK FOR THE CORPORATE ACTIVITIES

In fiscal year 2024, business activities were based on Strategy 2025, which was supplemented by further financial targets for 2027 as part of the significant acquisition of Haldex AB in February 2023. SAF-HOLLAND's target of being the most trustworthy and reliable partner in the commercial vehicle industry remained unchanged. SAF-HOLLAND has therefore pursued the following Group-wide targets since the introduction of Strategy 2025 in 2020:

— Profitable sales growth

— Improvement in the adjusted EBIT margin to around 8% by no later than 2023

— Stronger cash flow generation

The more specific company goals for 2027 take account of the more resilient business model following the acquisition of Haldex AB and included:

— Increase in Group sales to EUR 2.4 billion to EUR 2.5 billion

— Development of the adjusted EBIT margin in the range of 9.0% to 9.5%, a range that should also be achievable in an average market cycle

— Achievement of a ROCE of at least 15.0%

— Reduction in the average capital tied up in net working capital to 15.0% to 16.0% of sales

— Reduction in the leverage ratio (ratio of net financial debt to EBITDA) to below 2x by the end of 2024

— Maximum capex ratio of 3.0%

The implementation of Strategy 2025 and the related medium-term goals is based on five strategic pillars:

Growth and strategic optimization of the product portfolio: In recent years, SAF-HOLLAND has expanded its global presence and product portfolio both organically and through numerous acquisitions. With the completion of the acquisition of Haldex AB on February 21, 2023, SAF-HOLLAND created a leading system supplier for "smart trailers." The company now offers customers integrated solutions for axle and suspension systems, combined with telematics and EBS-based predictive maintenance functions, in addition to intelligent additional functions such as anti-theft alarm systems and tire pressure monitoring – all from a single source.

The merger of the two companies' regional sales networks has also created cross-selling opportunities from which additional sales growth can be generated. In addition, the acquisition has strengthened SAF-HOLLAND's position in the less cyclical aftermarket business.

The acquisitions of Tecma Srl and Assali Stefen Srl in 2024 are also an expression of the consistently pursued company strategy. As a result, the product portfolio was expanded to include special axle systems, among other products, and the position as one of the leading one-stop-shop providers in the commercial vehicle industry for chassis-related applications was strengthened even further. The acquisition of IMS Group B.V. at the beginning of the reporting year has further improved direct access to original equipment customers and customers in the aftermarket business in the Benelux countries by offering lucrative cross-selling opportunities

Technology as a key driver of megatrends: To ensure the long-term success of the product and service portfolio, SAF-HOLLAND started at an early stage to address the three global innovation trends of the commercial vehicle industry – digitalization, electrification and autonomous driving – in the two relevant product areas of axle and suspension systems and fifth wheels. These include products that combine mechanics with sensors and electronics (TrailerMaster, for example), electrified axles (TRAKr and TRAKe axle family) as well as automated coupling systems (SAF-HOLLAND SHAC). Partnerships with other companies also play an important role in these areas. In addition, global competence centers were set up for the core products to increase efficiency. The establishment of the new Tech Center in Pune, India, will also play an important role as a globally integrated location for the development of software for mechatronic products.

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Global backbone: SAF-HOLLAND has further expanded its activities in the Group-wide standardization and harmonization of processes and thus further developed and improved its corporate governance and compliance, the further optimization of operational processes and development activities as well as its global infrastructure and management model. These efforts have laid the foundation for future product platforms, reinforced the Group's core know-how and realized ongoing cost reductions.

Operational excellence: SAF-HOLLAND strives to steadily improve its business processes in order to maximize safety, quality, flexibility and quantity. This is accomplished while taking environmental protection and scarce resources into account. The health and safety of employees have the highest priority. The SAF-HOLLAND Operational Excellence System "SAF-HOLLAND Way" supports these efficiency enhancements and implemented improvements and is closely interlinked with the financial targets. A key focus of this system is on the Group's international manufacturing network. The "SAF-HOLLAND Way" creates global guidelines and defines the focus for future development. The system defines the meaning of "best in class" and creates detailed step-by-step roadmaps for implementation, providing guidance and direction for aligning improvement activities. These roadmaps form the basis for company-wide standards in all its core areas.

Focus on employees: SAF-HOLLAND firmly believes that its future growth rests on a solid relationship with its stakeholders, cooperating with respect and a high level of integrity. To remain an attractive employer, SAF-HOLLAND relies on a competent and committed workforce, invests in its employees, and encourages them to engage in lifelong learning. In addition to promoting employee commitment, employee retention and employee efficiency, the company is implementing various measures aimed at increasing the share of female managers, which is low in the industry, as well as the overall share of female employees in the Group. The Group also attaches great importance to well-qualified employees and gears its training measures accordingly.

In addition, SAF-HOLLAND strives to develop responsibly sustainable products and solutions. The rapidly growing challenges that affect the environment and society require clear objectives for the years ahead. SAF-HOLLAND therefore integrates sustainability as an essential component of its company strategy and sets itself strategic sustainability goals.

In addition to being closely linked to the company strategy, the sustainability strategy is derived from the SDGs (United Nations Sustainable Development Goals), the United Nations Global Compact and the annual materiality analysis, among other criteria.

In order to achieve its sustainability goals, SAF-HOLLAND is focusing on five areas of action:

1. Net zero emissions by 2050 at the latest

2. Sustainable products and innovations for our customers

3. Sustainable operational excellence in the value chain

4. Being an attractive employer

5 Effective corporate governance

STRATEGY FOR THE PERIOD UP TO 2030 DEVELOPED IN THE FISCAL YEAR

Thanks to the consistent implementation of the various strategic initiatives, the following financial goals for 2025 were achieved early in some cases:

— Thanks to a strong customer focus, consistent cost management and targeted realization of synergies from the acquisition of Haldex, profitability could be further increased in all three regions. As of the balance sheet date on December 31, 2024, SAF-HOLLAND recorded an adjusted EBIT margin of 10.1%, which was significantly higher than originally targeted.

— Free operating cash flow before income tax payments amounted to EUR 190.5 million in the 2024 fiscal year. Since the presentation of Strategy 2025, the average cash conversion rate (ratio of free operating cash flow before income tax payments to EBITDA) over the last four years has amounted to 86.1%, which is 16.5 percentage points higher than in the 2019 fiscal year.

— The leverage ratio (ratio of net financial debt to EBITDA) amounted to 1.9 at the end of 2024, thus contributing to a further strengthening of the company's value.

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— The return on capital employed of 18.3% also showed a very positive development and generated sustainable added value for shareholders.

Due to development that was better than expected, the Management Board and Supervisory Board of SAF-HOLLAND SE began developing a new Group strategy in fiscal year 2024, which will continue the profitable growth already successfully implemented with Strategy 2025 and pave the way for the next five years. With the Strategy 2030, SAF-HOLLAND has set itself the goal of assuming the number one leadership role in the transformation of mobility and working together with its customers on the way to a sustainable future. The company is driven by the vision of being the most trustworthy and reliable partner for its customers worldwide.

The Strategy 2030 will be published on March 27, 2025, and will replace the previous strategic direction that has been pursued since 2020.

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REPORT ON ECONOMIC POSITION

ECONOMIC SITUATION

MACROECONOMIC CONDITIONS: GLOBAL ECONOMY GROWS BY 3.2% IN 2024

The global economy stabilized over the course of 2024. In its “World Economic Outlook” published in January 2025, the International Monetary Fund (IMF) noted an increase of 3.2%. The development varied greatly from region to region.

According to the report, the US economy performed strongly and better than expected at the start of the year. The economies in Brazil and China also grew more strongly in 2024 than initially forecast at the beginning of the year. India confirmed the annual forecast published in January 2024. The eurozone fell just short of the forecast, while the German economy deviated significantly downwards.

According to the IMF, the positive development in the United States was driven by strong consumer spending. Overall, the US economy grew by 2.8% in 2024. In China, net exports increased over the course of the year, but consumption weakened and had a dampening effect on the economy. Nevertheless, the Chinese economy grew by 4.8%. With a plus of 3.7%, the Brazilian economy also developed very positively and thus significantly better than expected at the beginning of the year. In India, growth slowed over the course of the year, mainly due to a stronger than expected slowdown in industrial activity. The Indian economy therefore closed the year up 6.5%. Growth in the eurozone remained subdued, posting an increase of 0.8% and declined in Germany (-0.2%). This development was due to the weakness in the manufacturing industry and goods exports.

Economic development in key markets

in %

	2023	2024
Eurozone	0.4	0.8
Germany	-0.3	-0.2
United States	2.9	2.8
Brazil	3.2	3.7
India	8.2	6.5
China	5.2	4.8
World	3.3	3.2

Source: International Monetary Fund, World Economic Outlook Update, January 2025

INDUSTRY ENVIRONMENT

With its products for the commercial vehicle industry, SAF-HOLLAND serves the Original Equipment Trailer, Original Equipment Truck and Aftermarket customer groups, which are of varying importance in the respective regions. The majority of sales are attributable to the Original Equipment Trailer and Aftermarket customer groups. In fiscal year 2024, the Original Equipment Trailers customer group accounted for 48.8% and the Aftermarket business for 37.9% of Group sales. The Original Equipment Truck customer group, which generates most of its sales in the Americas region, accounted for 13.3% of Group sales in fiscal year 2024.

DECLINING DEVELOPMENT IN MANY COMMERCIAL VEHICLE MARKETS

The commercial vehicle markets declined in the reporting period following years of growth in many markets.

IHS Markit estimates that around 243,600 heavy trucks were manufactured in the region **Europe** in 2024. This represents a decline of around 24% compared to the previous year. The market for trailers in the region Europe was also unable to match the previous year’s level. Based on the demand situation, SAF-HOLLAND expects the trailer market to have declined by around 20% to 25% in 2024. The Company sees the reason for this market decline in the challenging economic environment in conjunction with weak

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industrial production and customers' reluctance to buy after fleet renewals in recent years.

The truck market in **North America** developed strongly at the beginning of the year and was still at the previous year's level in the second quarter. As expected, the truck market turned negative in the third quarter and continued this trend in the fourth quarter. According to ACT Research, 332,382 Class 8 trucks were manufactured in North America in 2024 (-2.3%). The North American trailer market saw a significant decline across all quarters in 2024. Besides low freight rates, which weakened the economic performance of haulage companies, this was also due to the persistently high-interest rate environment, resulting in a decline of around 30% over the year (299,232 units).

According to estimates by Anfir (Associação Nacional Fabricantes de Implementos Rodoviários), around 2% fewer trailers were registered in **Brazil**, the most important commercial vehicle market in South America, than in the previous year. According to estimates by Anfavea (Associação Nacional dos Fabricantes de Veículos Automotores), production figures for heavy trucks rose by around 41% in 2024.

At the beginning of the year, the commercial vehicle markets in **China** continued the positive recovery of the previous year and got off to a positive start to the year. Low freight rates dampened vehicle sales over the course of the year. SAF-HOLLAND estimates that around 7% fewer trailers and around 2% fewer heavy trucks were manufactured in China in 2024.

In **India**, government-funded infrastructure programs were suspended in the run-up to the parliamentary elections in the spring of 2024. Even during the adoption of the national budget following the formation of the new government, there was no positive impetus from these infrastructure programs. According to SAF-HOLLAND's estimates, the trailer market recorded a decline of around 7% in fiscal year 2024. The Indian truck market, which is of lesser importance to SAF-HOLLAND, also developed negatively. According to SAF-HOLLAND's estimates, the Indian truck market shrank by around 8% in fiscal year 2024.

TARGET ACHIEVEMENT

SALES TARGET REVISED – MARGIN TARGET RAISED

SAF-HOLLAND published its original forecast for fiscal year 2024 on March 14, 2024. At that time, the Management Board expected demand for commercial vehicle components to vary from region to region in 2024. The Group also did not expect that the targeted market share gains would fully compensate for the negative effects of the market slowdown in the core markets of Europe and North America. For the aftermarket business, SAF-HOLLAND planned a stable to slightly positive development based on the successful original equipment business of previous years. Overall, the Management Board expected the SAF-HOLLAND Group to generate consolidated sales of around EUR 2,000 million (previous year: EUR 2,106.2 million) in fiscal year 2024 based on stable exchange rates.

It was also expected that the lower sales volumes and higher labor, IT and freight costs would impact profitability in 2024. In contrast, the Company planned to adjust its cost structure in line with the order situation, increase efficiency and realize further synergy potential from the integration of Haldex, which should partially offset the negative effects. In addition, the increased share of the aftermarket business was expected to have a positive effect on the development of the margin. Overall, the Management Board expected an adjusted EBIT margin for the Group of 9.0% to 9.5%.

In order to achieve its medium and long-term growth targets and position the Company for the future in terms of products, the Group planned an investment ratio of up to 3% of Group sales for fiscal year 2024.

On June 17, 2024, SAF-HOLLAND SE adjusted its forecast for the adjusted EBIT margin for the full year 2024 in an ad hoc announcement based on the business performance from January to May 2024. The adjustment was made against the backdrop of a favorable development of the product mix with a higher share of the aftermarket business in conjunction with special sales measures. Furthermore, the early cost adjustments in response to the normalized market environment in the EMEA and Americas regions as well as the continued realization of synergies from the Haldex acquisition had a positive impact on profitability in the second quarter of 2024.

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At that time, the Management Board of SAF-HOLLAND SE expected the adjusted EBIT margin for the full year 2024 to be around 10%.

With the publication of the quarterly statement for the third quarter on November 12, 2024, the Management Board of SAF-HOLLAND SE specified the forecast for Group sales for fiscal year 2024 – based in particular on the market development through October and general industry expectations and weighing up the potential risks and opportunities –from previously around EUR 2,000 million to around EUR 1,950 million (previous year: EUR 2,106.2 million), and left the forecast for the adjusted EBIT margin and investment rate unchanged at the same time.

On January 15, 2025, SAF-HOLLAND announced on the basis of preliminary calculations that it had achieved Group sales of approximately EUR 1,877 million for the full year 2024.

The reason for this was the continued restrained demand from trailer and truck manufacturers in the EMEA and Americas regions, combined with postponed customer call-offs due to early plant vacations, which meant that the expected upturn in sales in the fourth quarter failed to materialize, both organically and acquisition-related. By contrast, the APAC region performed slightly better than in the third quarter of 2024, benefiting from the first signs of recovery in the Indian commercial vehicle market.

At that time, the Management Board of SAF-HOLLAND SE assumed that the adjusted EBIT margin would reach the forecast target of around 10% almost exactly due to the continued strong aftermarket business and initial projections for the full year 2024.

Group sales of EUR 1,876.7 million and the adjusted EBIT margin of 10.1% therefore confirmed the results published according to preliminary calculations. In fiscal year 2024 investments in property, plant and equipment and intangible assets (excluding M&A) were adjusted to the lower sales level, taking into account future growth potential, and decreased by 6.9% to EUR 57.4 million (previous year: EUR 61.7 million). The capex ratio was thus 3.1%, almost reaching the forecast of up to 3% of Group sales issued in March 2024.

Comparison of actual and forecast business performance

Indicator	2023 result	2024 forecast on March 14, 2024	Adjustment on June 17, 2024	Adjustment on November 12, 2024	2024 result
Sales (in EUR million)	2,106.2	around 2,000	around 2,000	around 1,950	1,876.7
Adjusted EBIT margin	9.6%	9.0% to 9.5%	around 10.0%	around 10.0%	10.1%
Capex ratio	2.9%	≤ 3%	≤ 3%	≤ 3%	3.1%

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SIGNIFICANT EVENTS IN FISCAL YEAR 2024

ACQUISITION OF IMS GROUP B.V. AND IMS GROUP STEERING SYSTEMS B.V.

Effective January 2, 2024, SAF-HOLLAND GmbH acquired IMS Group B.V. and IMS Group Systems Steering Systems B.V. – both based in Barneveld, Netherlands – from its long-standing exclusive distribution partner Pon Group in a single transaction. The IMS Group B.V. exclusively distributes the Group's own quality brands SAF and Holland in the original equipment and aftermarket business in the Benelux. In addition, IMS Group B.V. offers sustainable and efficient solutions for the transportation industry with mechanical and hydraulic steering systems.

ACQUISITION OF SOFTEC SRL AND TECMA SRL

Effective April 2, 2024, SAF-HOLLAND GmbH acquired 100% of the shares in Softec Srl, based in Verona, Italy. As a holding company, it held 100% of the shares in the operating company Tecma Srl, Verona, Italy. Tecma Srl specializes in the development and production of customer-specific axle systems and suspensions for special vehicles and heavy-duty applications, which are developed in close cooperation with vehicle manufacturers in line with customer requirements.

ANNUAL GENERAL MEETING OF SAF-HOLLAND SE ON JUNE 11, 2024

The Annual General Meeting of SAF-HOLLAND SE, which took place on June 11, 2024, approved all of the resolutions proposed by the management and, among other items, followed the proposal of the Management Board and the Supervisory Board to distribute a dividend of EUR 0.85 per share. Authorization was also granted to cancel the existing authorized capital in connection with the creation of new authorized capital and to create conditional capital in connection with the issue of convertible bonds, bonds with warrants and/or income bonds. In addition, all incumbent Supervisory Board members were confirmed in office until the Annual General Meeting in 2028. Following the Annual General Meeting, Dr. Martin Kleinschmitt was re-elected Chairman of the Supervisory Board.

ACQUISITION OF ASSALI STEFEN SRL AND BFA SERVIVE SRL

Effective July 31, 2024, SAF-HOLLAND GmbH acquired 100% of the shares in Assali Stefen Srl and BFA Service Srl, both based in Verona, Italy, in a single transaction.

Assali Stefen Srl is a company known worldwide for the development, production and distribution of chassis-related components for trailers and semi-trailers as well as other special applications. By acquiring Assali Stefen Srl, SAF-HOLLAND is expanding its product portfolio for standard and special applications, ranging from standard rigid axles to self-steering axles for trailer. At the same time, the acquisition strengthens SAF-HOLLAND's position in the industry, particularly in the EMEA region and New Zealand.

BFA Service Srl is a sales specialist for spare parts for special applications.

SAF-HOLLAND OPENS NEW TECH CENTER IN PUNE

In August 2024, SAF-HOLLAND opened a new Tech Center in Pune, India, which will play a key role in the development of software for mechatronic products such as the electronic braking system for trailers. The Tech Center is an important part of SAF-HOLLAND's global R&D strategy and enables the Company to deliver innovative and high-quality solutions to customers worldwide.

PROMISSORY NOTE LOAN SUCCESSFULLY PLACED

On August 30, 2024, SAF-HOLLAND SE successfully placed a promissory note transaction with a volume of EUR 100 million via its subsidiary SAF-HOLLAND GmbH. The tranches of the promissory note loan have variable interest rates and terms of three and five years. The payment was made with a value date of September 10, 2024. The issue proceeds were used, among other purposes, to make an early repayment of EUR 68 million on the term loans taken out in August 2022 (original volume EUR 300 million, remaining volume after repayment EUR 100 million), which were used to finance the acquisition of Haldex AB.

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EARNINGS, ASSET AND FINANCIAL POSITION

EARNINGS POSITION

Weaker market environment leads to a decline in Group sales

SAF-HOLLAND's Group sales fell by 10.9% to EUR 1,876,7 million in fiscal year 2024 (previous year: EUR 2,106.2 million) due to weak customer demand in the Original Equipment segment, particularly in EMEA and the Americas.

In organic terms – i.e. excluding the influence of exchange rate and acquisition effects – Group sales declined by EUR 326.8 million or 15.5% in fiscal year 2024.

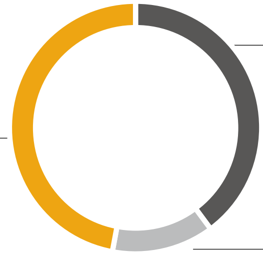
In addition, exchange rate effects had a negative impact on the development of sales and amounted to EUR 6.1 million in fiscal year 2024.

By contrast, acquisition effects amounting to EUR 103.5 million had an increasing effect on sales. These relate to the first-time consolidation of Haldex AB for the entire reporting period (previous year February 21 to December 31) and the companies consolidated for the first time in the reporting year (further information can be found in the Notes under item 3), which accounted for a total sales contribution of EUR 42.9 million.

The distribution of Group sales by region in fiscal year 2024 was influenced in particular by acquisition effects and the market environment in the EMEA and Americas regions. With sales of EUR 882.8 million (previous year: EUR 946.3 million) and a 47.0% share of Group sales (previous year: 44.9%), the EMEA region remains the Company's largest region. The Americas region accounted for 39.8% of sales (previous year: 42.3%) or EUR 747.3 million (previous year: EUR 890.3 million). The APAC region achieved sales of EUR 246.6 million (previous year: EUR 269.5 million) and thus contributed 13.2% (previous year: 12.8%) to Group sales.

Group sales by segment 2024

in %



Group sales by region

in kEUR

	Q1-Q4/ 2024	Q1-Q4/ 2023	Change absolute	Change in %
EMEA	882,764	946,338	−63,574	−6.7%
in % of Group sales	47.0%	44.9%		
Americas	747,335	890,332	−142,997	−16.1%
in % of Group sales	39.8%	42.3%		
APAC	246,648	269,500	−22,852	−8.5%
in % of Group sales	13.2%	12.8%		
Group sales	**1,876,747**	**2,106,170**	**−229,423**	**−10.9%**

Share of sales from the cyclically resilient aftermarket business reaches 37.9%

Due to weaker global demand in the original equipment business, the sales contribution of the Original Equipment Trailer customer segment fell by 21.0% to EUR 915.6 million (previous year: EUR 1,158.6 million). This represents 48.8% of Group sales (previous year: 55.1%). Sales from the Original Equipment business with trucks were down 13.9% to EUR 249.2 million (previous year: EUR 289.4 million), which is attributable in particular to the Americas and EMEA regions. In total, the Original Equipment business thus generated 62.1% (previous year 68.8%) of Group sales. In contrast, the more cyclically resilient aftermarket business was able to significantly improve its share of sales from 31.2% to 37.9%. The EUR 53.8 million increase in sales to EUR 711.9 million (previous year: EUR 658.1 million) resulted from organic growth, due to the strong growth

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of the OE business in previous periods, as well as from acquisition effects (particularly Haldex).

Group sales by customer segment

in kEUR

	Q1-Q4/ 2024	Q1-Q4/ 2023	Change absolute	Change in %
Original Equipment Trailer	915,626	1,158,622	–242,996	–21.0%
in % of Group sales	48.8%	55.1%		
Original Equipment Trucks	249,176	289,427	–40,251	–13.9%
in % of Group sales	13.3%	13.7%		
Aftermarket business	711,945	658,121	53,824	8.2%
in % of Group sales	37.9%	31.2%		
Group sales	**1,876,747**	**2,106,170**	**–229,423**	**–10.9%**

Significant increase in the gross margin

The individual expense items in the income statement showed diverging trends in fiscal year 2024. Comparability with the same period of the previous year is limited due to the first-time consolidation of Haldex AB for the entire reporting period (previous year: February 21 to December 31) and the companies consolidated for the first time in the reporting year (further information can be found in the Notes under item 3).

In fiscal year 2024, the cost of sales fell by EUR 234.4 million or 13.8% year on year to EUR 1,459.0 million (previous year: EUR 1,693.4 million), while the cost of sales ratio fell accordingly by 2.7 percentage points from 80.4% to 77.7%. Of this, 2.2 percentage points were due to the lower material cost ratio, which decreased from 65.1% to 62.9% due to the higher share of sales of the aftermarket business (see explanations in the Notes under item 5.2).

It should be noted that cost of sales included amortization from purchase price allocations of EUR 6.6 million (previous year: EUR 4.2 million), restructuring expenses of EUR 0.8 million (previous year: EUR 0.0 million) and amortization from the step-up purchase price allocation from the inventory valuation of Assali Stefen of EUR 0.3 million (previous year: EUR 5.3 million). In the previous year, impairment losses on property, plant and equipment and intangible assets in the amount of EUR 3.3 million were also adjusted within cost of sales.

Gross profit of EUR 417.7 million was generated in nominal terms (previous year: EUR 412.8 million). This represents an increase of 1.2%. With cost of sales falling faster than sales, the gross margin increased from 19.6% to 22.3% in fiscal year 2024.

Operating result nearly at the previous year's level

At EUR 161.2 million, the operating result in fiscal year 2024 nearly reached the previous year's level of EUR 162.6 million. The slight decline is due to the development of other income and expenses, selling and administrative expenses and research and development expenses, which increased by a total of 2.6% to EUR 256,5 million (previous year: EUR 250.2 million). In addition to the effects of the first-time consolidation of Haldex AB for the entire reporting period (previous year: February 21 to December 31), the companies consolidated for the first time in the reporting year (further information can be found in the Notes under item 3), the costs for marketing measures – the Automechanica Frankfurt and IAA TRANSPORTATION trade fairs only take place every two years – and the preparations for the introduction of S/4HANA had an impact.

Due to the aforementioned acquisitions, these cost items include increased amortization from purchase price allocations of EUR 16.8 million (previous year: EUR 15.0 million) as well as restructuring and transaction costs of EUR 4.0 million (previous year: EUR 10.5 million).

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Earnings development

in kEUR

	Q1-Q4/ 2024	Q1-Q4/ 2023	Change absolute	Change in %
Sales	1,876,747	2,106,170	–229,423	–10.9%
Cost of sales	–1,459,019	–1,693,411	234,392	–13.8%
Gross profit	417,728	412,759	4,969	1.2%
Gross margin in %	22.3%	19.6%		
Adjusted gross profit	425,507	425,518	–11	0.0%
Adjusted gross profit margin in %	22.7%	20.2%		
Other income	4,449	4,652	–203	–4.4%
Other expenses	–	–1,260	1,260	
Selling expenses	–110,052	–103,128	–6,924	6.7%
Administrative expenses	–111,945	–111,999	54	0.0%
Research and development expenses	–39,001	–38,433	–568	1.5%
Operating result	**161,179**	**162,591**	**–1,412**	**–0.9%**

EBITDA margin improved to 13.4%, EBIT margin increased to 8.6%

Earnings before interest, taxes, depreciation and amortization (EBITDA) improved by 1.5% from EUR 248.7 million to EUR 251.9 million due to consistent cost adjustments in the original equipment business, the advantageous product mix with a higher share of aftermarket business and the continued realization of synergies from the integration of Haldex. The EBITDA margin improved accordingly from 11.8% to 13.4%.

Based on the decline in the operating result and the share of earnings from companies accounted for using the equity method, earnings before interest and taxes (EBIT) only fell by 1.4% from EUR 163.8 million to EUR 161.4 million in fiscal year 2024 despite a significant 10.9% sales decline. At the same time, the EBIT margin improved from 7.8% to 8.6%.

Reconciliation of operating result to adjusted EBIT

in kEUR

	Q1-Q4/ 2024	Q1-Q4/ 2023	Change absolute	Change in %
Operating result	161,179	162,591	–1,412	–0.9%
Share of net profit of investments accounted for using the equity method	270	1,224	–954	–77.9%
EBIT	161,449	163,815	–2,366	–1.4%
EBIT margin in %	8.6%	7.8%		
Additional depreciation and amortization from PPAs	23,414	19,142	4,272	22.3%
Restructuring and transaction costs	5,240	10,207	–4,967	–48.7%
Impairment of tangible assets and intangible assets	–	3,626	–3,626	
Step-up purchase price allocation from the valuation of inventories from acquisitions	347	5,261	–4,914	–93.4%
Adjusted EBIT	190,450	202,051	–11,601	–5.7%
Adjusted EBIT margin in %	10.1%	9.6%		
Depreciation and amortization of intangible assets and property, plant and equipment	67,542	62,076	5,466	8.8%
Adjusted EBITDA	257,992	264,127	–6,135	–2.3%
Adjusted EBITDA margin in %	13.7%	12.5%		
EBITDA	252,405	248,659	3,746	1.5%
EBITDA Marge margin in %	13.4%	11.8%		

Adjusted EBIT adjusted for non-recurring and acquisition-related expenses and income

In order to manage and present the underlying operating earnings situation of the Group, SAF-HOLLAND adjusts for special effects outside of ordinary business activities. These include depreciation and amortization of property, plant and equipment and intangible assets from purchase price allocations (PPA), reversals and impairments, restructuring and transaction costs, measurement effects from option valuations and other non-recurring effects such as expenses in connection with the post-merger integration. From a management perspective, in addition to sales, adjusted EBIT and the adjusted EBIT margin are the most important performance

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indicators for assessing and evaluating the earnings position of the Group and the three regions.

In fiscal year 2024, special effects outside of ordinary business activities totaling EUR 29.0 million (previous year: EUR 38.2 million) were recorded at the earnings before interest and taxes (EBIT) level.

These mainly comprise depreciation and amortization from purchase price allocations amounting to EUR 23.4 million (previous year: EUR 19.1 million). The increase is the result of additional depreciation and amortization from the first-time consolidation of Haldex AB for the entire reporting period (previous year: February 21 to December 31) as well as the companies consolidated for the first time in the reporting year (further information can be found in the Notes under item 3).

In addition, restructuring and transaction costs of EUR 5.2 million were incurred in fiscal year 2024 (previous year: EUR 10.2 million), primarily in connection with the acquisitions and their post-merger integration. In fiscal year 2023, these costs were primarily attributable to the integration of Haldex and the cyber-attack (approx. EUR 4 million). In addition, in fiscal year 2024, there were write-downs from the step-up purchase price allocation from inventory valuation amounting to EUR 0.3 million (previous year: EUR 5.3 million) in connection with the acquisitions made. Impairment losses on property, plant and equipment and intangible assets amounted to EUR 3.6 million in the previous year.

Adjusted EBIT margin increased to 10.1%

Despite the 10.9% sales decline, adjusted EBIT only fell by 5.7% from EUR 202.1 million to EUR 190.5 million in fiscal year 2024. Accordingly, the adjusted EBIT margin improved from 9.6% to 10.1%. This was due to the significant improvement in the adjusted gross margin from 20.2% to 22.7%.

Financial result improved by EUR 0.8 million

Financial expenses fell by EUR 2.0 million year-on-year to EUR 60.6 million in fiscal year 2024. This was due in particular to lower financial expenses in connection with pensions and similar obligations as well as lower realized exchange rate losses from foreign currency loans and dividends (further details can be found in the Notes under item 5.3.5).

This was offset by financial income of EUR 19.2 million (previous year: EUR 20.4 million). The decrease of EUR 1.2 million is the result of significantly higher unrealized exchange rate gains from the valuation of intercompany foreign currency loans at the closing rate as well as significantly lower realized exchange rate gains from foreign currency loans and dividends (further details can be found in the Notes under item 5.3.5).

Finance result

in kEUR

	Q1-Q4/ 2024	Q1-Q4/ 2023	Change absolute	Change in %
Finance income	19,219	20,421	–1,202	–5.9%
Finance expenses	–60,567	–62,532	1,965	–3.1%
Finance result	**–41,348**	**–42,111**	**763**	**–1.8%**

Profit for the period and earnings per share only just below the previous year's level

The EUR 2.4 million decrease in EBIT and the EUR 0.8 million improvement in the financial result led to a EUR 1.6 million decrease in earnings before taxes to EUR 120.1 million in fiscal year 2024 (previous year: EUR 121.7 million).

With a slightly higher tax rate for the Group of 34.9% (previous year: 33.8%), the Company generated a result for the period of EUR 78.2 million (previous year: EUR 80.5 million) despite the significant sales decline.

The result for the period attributable to the shareholders of the parent company amounted to EUR 77.3 million (previous year: EUR 79.9 million).

Based on an unchanged number of shares compared to the previous year of 45.4 million, earnings per share for fiscal year 2024 amounted to EUR 1,70 (previous year: EUR 1.76).

At EUR 110.1 million, the adjusted result for the period after minority interests was 7.1% below the previous year's figure of EUR 118.5 million and adjusted earnings per share amounted to EUR 2.43 (previous year: EUR 2.61).

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Reconciliation of the result before taxes to earnings per share

in kEUR

	Q1-Q4/ 2024	Q1-Q4/ 2023	Change absolute	Change in %
Result before taxes	120,101	121,704	–1,603	–1.3%
Income taxes	–41,874	–41,182	–692	1.7%
Income tax rate in %	–34.9%	–33.8%		
Result for the period	78,227	80,522	–2,295	–2.9%
attributable to equity holders of the parent	77,349	79,933	–2,584	–3.2%
Basic earnings per share in EUR	1.70	1.76	–0.06	–3.2%
Adjusted result for the period	111,007	119,075	–8,068	–6.8%
attributable to equity holders of the parent	110,129	118,486	–8,357	–7.1%
Adjusted earnings per share in EUR	2.43	2.61	–0.18	–7.1%

SEGMENT REPORTING

EMEA region: adjusted EBIT margin improved to 8.7%

With sales of EUR 882.8 million in fiscal year 2024, the EMEA region fell 6.7% short of the previous year's figure of EUR 946.3 million. Adjusted for exchange rate and acquisition effects, the region's sales were 13.4% below the previous year's figure. Compared to the underlying market, the EMEA region performed better in fiscal year 2024, particularly in the original equipment business for trailers, which is of importance to SAF-HOLLAND.

The aftermarket business, which is more resilient to economic cycles, recorded double-digit sales growth in fiscal year 2024. On the one hand, this is due to the inclusion of the acquisitions made in the reporting year and the first-time consolidation of Haldex AB for the entire reporting period (previous year: February 21 to December 31) with a significantly higher share of sales in the aftermarket business. On the other hand, the successful original equipment business of previous years had a positive impact on demand for spare parts in fiscal year 2024.

EMEA

in kEUR

	Q1-Q4/ 2024	Q1-Q4/ 2023	Change absolute	Change in %
Sales	882,764	946,338	–63,574	–6.7%
EBIT	**62,559**	**51,732**	**10,827**	**20.9%**
EBIT margin in %	7.1%	5.5%		
Additional depreciation and amortization from PPA	10,906	7,202	3,704	51.4%
Restructuring and transaction costs	3,331	10,455	–7,124	–68.1%
Impairment of tangible assets and intangible assets	–	2,715	–2,715	
Restructuring and transaction costs	347	1,033	–686	–66.4%
Adjusted EBIT	**77,143**	**73,137**	**4,006**	**5.5%**
Adjusted EBIT margin in %	8.7%	7.7%		
Depreciation and amortization of intangible assets and property, plant and equipment	35,010	33,798	1,212	3.6%
Adjusted EBITDA	**112,153**	**106,935**	**5,218**	**4.9%**
Adjusted EBITDA margin in %	12.7%	11.3%		

Adjusted EBIT in the EMEA region improved by 5.0% to EUR 76.8 million in the reporting period (previous year: EUR 73.1 million), which corresponds to an adjusted EBIT margin of 8.7% (previous year: 7.7%). The improvement in adjusted EBIT is the result of strict cost management, the continued realization of synergies from the integration of Haldex and a favorable customer mix in favor of a significantly higher share of sales in the aftermarket business.

Americas region: further margin improvement to 11.3%

The Americas region recorded a sales decline of 16.1% to EUR 747.3 million in fiscal year 2024 (previous year: EUR 890.3 million). Adjusted for exchange rate effects and acquisitions, sales declined by 19.6%. This was due in particular to the decline in customer demand for trailer components. In contrast, the aftermarket business in the Americas region recorded growth. The main driver of this development was the first-time consolidation of Haldex AB for the entire reporting period (previous year: February 21 to December 30).

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Adjusted EBIT in the Americas region was down 13.0% to EUR 84.4 million in fiscal year 2024 (previous year: EUR 97.0 million). The adjusted EBIT margin nevertheless increased from 10.9% to 11.3%. This was due to the consistent cost adjustments in the original equipment business, the continued realization of synergies from the integration of Haldex and the higher share of sales in the aftermarket business.

AMERICAS

in kEUR

	Q1-Q4/ 2024	Q1-Q4/ 2023	Change absolute	Change in %
Sales	747,335	890,332	–142,997	–16.1%
EBIT	**73,453**	**78,957**	**–5,504**	**–7.0%**
EBIT margin in %	9.8%	8.9%		
Additional depreciation and amortization from PPA	9,348	8,304	1,044	12.6%
Restructuring and transaction costs	1,552	5,511	–3,959	–71.8%
Impairment of tangible assets and intangible assets	–	354	–354	
Step-up purchase price allocation from the valuation of inventories from acquisitions	–	3,840	–3,840	
Adjusted EBIT	**84,353**	**96,966**	**–12,613**	**–13.0%**
Adjusted EBIT margin in %	11.3%	10.9%		
Depreciation and amortization of intangible assets and property, plant and equipment	26,511	22,766	3,745	16.4%
Adjusted EBITDA	**110,864**	**119,732**	**–8,868**	**–7.4%**
Adjusted EBITDA margin in %	14.8%	13.4%		

APAC region: Adjusted EBIT margin of 11.7% nearly at the previous year's level

APAC

in kEUR

	Q1-Q4/ 2024	Q1-Q4/ 2023	Change absolute	Change in %
Sales	246,648	269,500	–22,852	–8.5%
EBIT	**25,437**	**33,126**	**–7,689**	**–23.2%**
EBIT margin in %	10.3%	12.3%		
Additional depreciation and amortization from PPA	3,160	3,636	–476	–13.1%
Restructuring and transaction costs	357	–5,760	6,117	
Impairment of tangible assets and intangible assets	–	557	–557	
Step-up purchase price allocation from the valuation of inventories from acquisitions	–	388	–388	
Adjusted EBIT	**28,954**	**31,947**	**–2,993**	**–9.4%**
Adjusted EBIT margin in %	11.7%	11.9%		
Depreciation and amortization of intangible assets and property, plant and equipment	6,021	5,512	509	9.2%
Adjusted EBITDA	**34,975**	**37,459**	**–2,484**	**–6.6%**
Adjusted EBITDA margin in %	14.2%	13.9%		

The APAC region generated sales of EUR 246.6 million in fiscal year 2024 (previous year: EUR 269.5 million), which corresponds to a decline of 8.5%. The development of sales was temporarily negatively impacted by the sharp reduction in government spending on infrastructure programs in the run-up to and aftermath of the Indian parliamentary elections (April 19 to June 1) as well as monsoon-related sales shortfalls with the mining industry in the third quarter, resulting in a 9.4% organic sales decline compared to the same period of the previous year.

Adjusted EBIT in the APAC region fell from EUR 31.9 million to EUR 29.0 million in fiscal year 2024, which corresponds to an adjusted EBIT margin of 11.7% (previous year: 11.9%). This was due to the declining earnings contribution from the original equipment business, which was

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only partially offset by the improved profitability in China and the positive development of the aftermarket business.

ASSET POSITION

Balance sheet total grew by 3.0%

Total assets increased by 3.0% from EUR 1,662.1 million to EUR 1,711.9 million compared to the balance sheet date of December 31, 2023.

Net assets: Assets

in kEUR

	31.12.2024	31.12.2023*	Change absolute	Change in %
Non-current assets	**854,619**	**824,804**	**29,815**	**3.6%**
Intangible assets	440,296	427,195	13,101	3.1%
Property, plant and equipment	358,567	344,411	14,156	4.1%
Other (financial) assets	55,756	53,198	2,558	4.8%
Current assets	**857,250**	**837,339**	**19,911**	**2.4%**
Inventories	291,469	306,692	–15,223	–5.0%
Trade receivables	184,975	219,739	–34,764	–15.8%
Cash and cash equivalents	300,730	246,276	54,454	22.1%
Other (financial) assets	80,076	64,632	15,444	23.9%
Total assets	**1,711,869**	**1,662,143**	**49,726**	**3.0%**

* Restated in accordance with IAS 8.42

Non-current assets by rose by 3.6 percent

Compared to December 31, 2023, the carrying amount of non-current assets increased by EUR 29.8 million to EUR 854.6 million (previous year: EUR 824.8 million).

The carrying amount of intangible assets increased by 3.1% to EUR 440.3 million (previous year: EUR 427.2 million). Excluding the companies newly consolidated in the course of 2024, the carrying amount of this item would have fallen by 1.9% to EUR 419.0 million. The purchase price allocation of the companies newly consolidated during the course of the year resulted in goodwill of EUR 7.2 million as of December 31, 2024. The carrying amount of property, plant and equipment increased by 4.1% to EUR 358.6 million (previous year: EUR 344.4 million). Excluding the acquisitions, the carrying amount of property, plant and equipment would have amounted to EUR 351.1 million. The 4.8% increase in other (financial) assets to EUR 55.8 million (previous year: EUR 53.2 million) resulted in particular from other long-term financial investments and higher assets from defined benefit obligations. For further details, please refer to Note 6.5 of the Consolidated Financial Statements.

Current assets increased by 2.4%

Current assets increased by 2.4% to EUR 857.3 million as of the reporting date of December 31, 2024 (previous year: EUR 837.3 million). While the item “Cash and cash equivalents” increased significantly to EUR 300.7 million (previous year: EUR 246.3 million), inventories fell by 5.0% from EUR 306.7 million to EUR 291.5 million. In the reporting year, the significantly higher share of the aftermarket business with a higher commitment of funds as well as the structurally higher inventory levels of the acquired companies had an impact on inventories. In line with the sales decline, trade receivables decreased by 15.8% from EUR 219.7 million to EUR 185.0 million. Without the acquisitions, the decline in inventories and trade receivables would have been more pronounced.

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Equity ratio improved to 30.8%

Net assets: Equity and liabilities

in kEUR

	31.12.2024	31.12.2023*	Change absolute	Change in %
Total equity	**527,100**	**475,969**	**51,131**	**10.7%**
Non-current liabilities	**673,022**	**814,917**	**–141,895**	**–17.4%**
Interest-bearing loans and bonds	479,070	615,253	–136,183	–22.1%
Lease liabilities	72,841	64,373	8,468	13.2%
Other non-current liabilities and provisions	121,111	135,291	–14,180	–10.5%
Current liabilities	**511,747**	**371,257**	**140,490**	**37.8%**
Interest-bearing loans and bonds	205,010	13,415	191,595	1428,2%
Lease liabilities	17,284	13,798	3,486	25.3%
Trade payables	185,381	228,630	–43,249	–18.9%
Other current liabilities and provisions	104,072	115,414	–11,342	–9.8%
Total equity and liabilities	**1,711,869**	**1,662,143**	**49,726**	**3.0%**

* Restated in accordance with IAS 8.42

Compared to December 31, 2023, equity increased by EUR 51.1 million to EUR 527.1 million. Due to the disproportionately low increase in total assets, this results in an equity ratio of 30.8% (December 31, 2023: 28.6%).

Equity increased in particular by the result for the period in fiscal year 2024 of EUR 78.2 million, while the dividend payment of EUR 38.6 million in June 2024 had a negative impact on equity.

Decrease in non-current liabilities by 17.4%

Non-current liabilities decreased by EUR 141,9 million to EUR 673.0 million compared to December 31, 2023, and thus accounted for 39.3% of total assets (December 31, 2023: 49.0%). This decrease was mainly due to the reclassification of non-current to current loans and borrowings in the amount of EUR 200.5 million, whereby the successful promissory note transaction from June 2024 with a volume of EUR 100 million partially offset this. Further details on the maturities and interest rates of the loans and borrowings can be found in Note 6.12 of the Consolidated Financial Statements.

The 13.2% increase in lease liabilities to EUR 72.8 million is mainly due to additions to rights of use as a result of new contracts for the Haldex branches in the US and Mexico and for the site in Sweden. In addition, contracts for buildings at sales branches at various sites were renewed.

Current liabilities influenced by the maturity profile

Current liabilities increased by EUR 140.5 million to EUR 511.7 million compared to December 31, 2023. This was mainly due to the increase in current interest-bearing loans and borrowings by EUR 191.6 million to EUR 205.0 million, whereby EUR 200.5 million was reclassified from non-current to current loans and borrowings. Further details on the maturities and interest rates of loans and borrowings can be found in Note 6.12 of the Consolidated Financial Statements.

Trade payables fell by 18.9% compared to the previous year, from EUR 228.6 million to EUR 185.4 million.

Leverage ratio target of below 2.0 for fiscal year 2024 achieved at 1.9

Net financial debt (including lease liabilities) increased by EUR 12.9 million or 2.8% to EUR 473.5 million compared to the reporting date of December 31, 2023. This includes cash and cash equivalents of EUR 300.7 million, which increased by EUR 54.5 million (December 31, 2023: EUR 246.3 million). The leverage ratio (ratio of net financial debt to EBITDA for the last 12 months) was 1.9 at the end of 2024 (December 31, 2023: 1.8). The target of reducing the leverage ratio, which had temporarily increased as a result of the acquisition of Haldex, to a maximum of 2.0 by the end of 2024 was therefore achieved once again.

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Change in net debt

in kEUR

	31.12.2024	12/31/2023*	Change absolute	Change in %
Non-current interest-bearing loans and bonds	479,070	615,253	–136,183	–22.1%
Current interest-bearing loans and bonds	205,010	13,415	191,595	1428,2%
Non-current lease liabilities	72,841	64,373	8,468	13.2%
Current lease liabilities	17,284	13,798	3,486	25.3%
Total financial liabilities	**774,205**	**706,839**	**67,366**	**9.5%**
Cash and cash equivalents	–300,730	–246,276	–54,454	22.1%
Net debt	**473,475**	**460,563**	**12,912**	**2.8%**

* Restated in accordance with IAS 8.42

Net working capital ratio influenced by acquisitions and strong aftermarket business

Net working capital development

in kEUR

	31.12.2024	31.12.2023	Change absolute	Change in %
Inventories	291,469	306,692	–15,223	–5.0%
Trade receivables	184,975	219,739	–34,764	–15.8%
Trade payables	–185,381	–228,630	43,249	–18.9%
Net working capital	**291,063**	**297,801**	**–6,738**	**–2.3%**
Group sales (last 12 months)	1,876,747	2,106,170	–229,423	–10.9%
Net working capital ratio	**15.5%**	**14.1%**		

Net working capital is defined as the sum of inventories and trade receivables less trade payables.

The net working capital ratio – net working capital in relation to Group sales for the last twelve months – amounted to 15.5% as of December 31, 2024, and was therefore 1.4 percentage points higher than the figure on the balance sheet date of December 31, 2023. In terms of sales, it should be noted that Tecma and Assali Stefen have only been fully consolidated since April 2, 2024, and July 31, 2024, respectively. Net working capital in the reporting year was impacted by the significantly higher share of the aftermarket business with a higher commitment of funds and the structurally higher net working capital ratio of the acquired companies.

Excluding the companies consolidated for the first time in the reporting year, the net working capital ratio in the 2024 fiscal year would have amounted to 14.5%.

As in previous years, SAF-HOLLAND used factoring to optimize liquidity. This amounted to EUR 39.4 million as of the balance sheet date (previous year: EUR 37.3 million).

FINANCIAL POSITION

Financial position

in kEUR

	Q1-Q4/ 2024	Q1-Q4/ 2023	Change absolute	Change in %
Net cash flow from operating activities	**200,652**	**202,726**	**–2,074**	**–1.0%**
Net cash flow from investing activities (property, plant and equipment/intangible assets)	–54,139	–60,005	5,866	–9.8%
Operating free cash flow	**146,513**	**142,721**	**3,792**	**2.7%**
Net cash flow from investing activities (acquisition of subsidiaries)	–39,810	42,579	–82,389	-
Total free cash flow	**106,703**	**185,300**	**–78,597**	**–42.4%**

Net cash flow from operating activities nearly at the previous year's level

Due to strict net working capital management SAF-HOLLAND was able to achieve a significantly improved net cash inflow from the change in net working capital of EUR +29.5 million (previous year: EUR +1.7 million). In contrast, cash changes – in particular due to changes in other assets and liabilities as well as the utilization of provisions – had a negative impact on net cash flow from operating activities. In the 2024 fiscal year, net cash flow from operating activities totaled EUR 200.7 million (previous year: EUR 202.7 million) and was thus almost at the previous year's level. Further information can be found in the consolidated statement of cash flows and the references in the Notes.

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Net cash flow from investing activities (excluding M&A) amounted to EUR -54.1 million in the fiscal year (previous year: EUR -60.0 million). Investments in property, plant and equipment and intangible assets amounted to EUR 57.4 million (previous year: EUR 61.7 million) and related to the further automation of production processes in EMEA and America regions as well as preparations for the new plant in Texas. In contrast, the Company received funds from the sale of property, plant and equipment in the amount of EUR 3.3 million (previous year: EUR 1.7 million).

Operating free cash flow above the previous year's level

As a result, operating free cash flow (net cash flow from operating activities after deducting net investments in property, plant and equipment and intangible assets) amounted to EUR 146.5 million, EUR 3.8 million higher than the previous year's figure of EUR 142.7 million. In connection with the companies acquired in the course of 2024, there was a net cash outflow totaling EUR 39.8 million. The net cash inflow of EUR 42.6 million in the previous year related to the cash received less the payment for the acquisition of the outstanding shares in Haldex AB.

Accordingly, free cash flow amounted to EUR 106.7 million (previous year: EUR 185.3 million).

Financial and capital management

The aim of financial management is to ensure that the SAF-HOLLAND Group is solvent at all times by procuring the necessary financial resources, to hedge or limit liquidity, credit, interest, and foreign currency risks across the Group, and to optimize capital costs. Responsibility for Group-wide financial management, including the control of financial resources within the Group, lies with SAF-HOLLAND SE as the Group's parent company. In addition, financial management should enable the Company to take advantage of any acquisition opportunities that may arise.Risk management aims to limit liquidity, credit, interest rate and foreign currency risks through natural hedging and the use of derivative and non-derivative hedging instruments. Further information can be found in the risk and opportunity report, section "Overview of material business risks" and in Note 7.1 on financial instruments and financial risk management.

ROCE of 18.3% remains well above the medium-term target of 15%

SAF-HOLLAND manages the economic utilization of capital and the achievement of an appropriate return on capital employed via the return on capital employed (ROCE). This amounted to 18.3% in the past fiscal year (previous year 20.8%).

A 6.5% increase in capital employed was offset by a 5.7% decrease in adjusted EBIT over the last 12 months.

Financial return: ROCE

in kEUR

	31.12.2024	31.12.2023	Change absolute	Change in %
Equity	527,100	475,969	51,131	10.7%
Interest-bearing loans and bonds, current and non-current	684,080	628,668	55,412	8.8%
Lease liabilities, current and non-current	90,125	78,171	11,954	15.3%
Pensions and other similar benefits	42,713	43,209	–496	–1.1%
Cash and cash equivalents	–300,730	–246,276	–54,454	22.1%
Capital employed	1,043,288	979,741	63,547	6.5%
Adjusted EBIT (last 12 months)	190,450	202,051	–11,601	–5.7%
ROCE	**18.3%**	**20.8%**		

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OVERALL STATEMENT OF THE MANAGEMENT BOARD ON THE ECONOMIC POSITION

In the forecast issued in March 2024 for fiscal year 2024, the Management Board assumed Group sales of around EUR 2,000 million (previous year: EUR 2,106 million) and an adjusted EBIT margin of between 9.0% and 9.5%.

In a weak market environment – with demand from trailer and truck manufacturers in the EMEA and Americas regions falling well short of original expectations – the Company achieved Group sales of EUR 1,876.7 million, 10.9% below the previous year. Nevertheless, thanks to strict cost discipline and the ability to react quickly to fluctuations in demand, the Group succeeded in achieving an adjusted EBIT margin of 10.1% (previous year: 9.6%). The further realization of synergies from the integration of Haldex and the significantly higher share of sales generated by the aftermarket business, which is a key pillar of the Company's resilience, had a positive impact here.

Consistent net working capital management laid the foundation for generating strong operating free cash flow of EUR 146.1 million in fiscal year 2024 (previous year: EUR 142.7 million) despite the significant decline in sales. The leverage ratio (ratio of net financial debt to EBITDA) of 1.9 remained below the target figure for 2024.

The Management Board therefore believes that the SAF-HOLLAND Group is solidly positioned for the future.

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SEPARATE FINANCIAL STATEMENTS OF SAF-HOLLAND SE (HGB)

BALANCE SHEET AS OF DECEMBER 31, 2024

Assets

	12/31/2024	12/31/2023
	EUR	EUR
A. Fixed assets		
I. Financial assets		
1. Shares in affiliated companies	646,633,935.29	646,633,935.29
2. Loans to affiliated companies	75,096,736.39	129,122,803.39
	721,730,671.68	**775,756,738.68**
B. Current assets		
I. Receivables and other assets		
1. Receivables from affiliated companies	100,485,279.61	19,953,928.04
2. Other assets	40,280.55	31,775.58
	100,525,560.16	**19,985,703.62**
II. Bank balances	132,672.54	222,440.26
	100,658,232.70	**20,208,143.88**
C. Prepaid expenses and deferred charges	227,532.92	186,289.13
	822,616,437.30	**796,151,180.69**

Liabilities

	12/31/2024	12/31/2023
	EUR	EUR
A. Equity		
I. Subscribed capital	45,394,302.00	45,394,302.00
II. Capital reserve	231,914,540.25	231,914,540.25
III Retained earnings		
1. Legal reserve	45,361.11	45,361.11
2. Other revenue reserves	720,087.15	720,087.15
IV. Retained earnings	89,569,314.58	69,041,306.01
	367,643,605.09	**347,115,596.52**
B. Provisions		
1. Provisions for pensions and similar obligations	10,668.00	11,298.00
2. Tax provisions	1,156,633.88	0.00
3. Other provisions	4,584,122.08	5,057,094.54
	5,751,423.96	**5,068,392.54**
C. Liabilities		
1. Trade payables	443,706.68	278,346.45
2. Liabilities to affiliated companies	448,216,545.25	443,145,999.31
3. Other liabilities	561,156.32	542,845.87
of which from taxes EUR 151,658.15 (previous year: EUR 145 thousand)		
	449,221,408.25	**443,967,191.63**
	822,616,437.30	**796,151,180.69**

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INCOME STATEMENT FOR THE FISCAL YEAR FROM 01/01/2024 TO 12/31/2024

		2024	2023
	EUR	EUR	EUR
1. Sales	2,991,114.00		2,852,231.28
2. Other operating income	314,322.45		155,782.03
of which income from currency translation EUR 22,584.20 (previous year: EUR 5 thousand)			
		3,305,436.45	**3,008,013.31**
3. Cost of materials			
a) Expenses for services purchased	835,098.82		1,039,666.67
4. Personnel expenses			
a) Salaries	6,811,205.56		7,362,626.14
b) Social security contributions and pension expenses	502,453.69		414,897.16
of which for pensions EUR 324.86 (previous year: EUR 6 thousand)			
5. Other operating expenses	5,170,306.40		6,773,126.09
of which expenses from currency translation EUR 929.19 (previous year: EUR 27 thousand)			
		13,319,064.47	**15,590,316.06**
6. income from investments	0.00		80,000,000.00
of which from affiliated companies EUR 0.00 (previous year: EUR 80,000 thousand)			
7. income from profit transfer	90,975,833.06		0.00
8. Income from loans of financial assets	5,529,568.98		7,263,239.00
of which from affiliated companies EUR 5,529,568.98 (previous year: EUR 7,260 thousand)			
9. Interest and similar expenses	26,218,388.87		26,145,753.39
of which to affiliated companies EUR 26,218,388.87 (previous year: EUR 26,146 thousand)			
of which expenses from discounting EUR 0.00 (previous year: EUR 0 thousand)			
		60,273,385.15	**48,535,182.86**
10. Taxes on income and earnings	1,156,633.88		0.00
11. Earnings after taxes		59,116,751.27	48,535,182.86
12. Other taxes	3,586.00		12,838.17
13. Net profit for the year		59,113,165.27	48,522,344.69
14. Profit carried forward		30,456,149.31	20,518,961.32
15. Retained earnings		**89,569,314.58**	**69,041,306.01**

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BUSINESS AND GENERAL CONDITIONS

SAF-HOLLAND SE holds and manages direct and indirect equity investments and performs a management and holding function, and provides administrative, financial, commercial and technical services for the associated companies.

The company is the parent company of the globally operating SAF-HOLLAND Group and is based in Bessenbach.

A profit and loss transfer agreement has been in place with SAF-HOLLAND GmbH since 2024.

ECONOMIC REPORT

EARNINGS POSITION

In fiscal year 2024, SAF-HOLLAND SE generated sales of EUR 2,991 thousand (previous year: EUR 2,852 thousand). Sales were generated entirely by providing services to subsidiaries.

Other operating income of EUR 314 thousand (previous year: EUR 156 thousand) resulted from the granting of non-cash benefits, reversals of provisions in the amount of EUR 141 thousand (previous year: EUR 0 thousand) and currency translation in the amount of EUR 23 thousand (previous year: EUR 5 thousand).

Cost of materials includes other expenses for services purchased amounting to EUR 835 thousand (previous year: EUR 1,040 thousand), which are charged on within the Group.

Due to lower bonuses, personnel expenses fell by EUR 464 thousand from EUR 7,778 thousand to EUR 7,314 thousand.

Other operating expenses amounted to EUR 5,170 thousand and were therefore below the previous year’s level (EUR 6,773 thousand); the decrease was mainly due to lower expenses in connection with the integration of Haldex than in 2023.

The loss before interest and taxes for the fiscal year amounted to EUR 10,014 thousand (previous year: EUR 12,582 thousand).

Income from profit transfer includes the transfer from SAF-HOLLAND GmbH in the amount of EUR 90,976 thousand (previous year: EUR 0 thousand); in the previous year, a dividend of EUR 80,000 thousand was distributed by SAF-HOLLAND GmbH.

Income from loans declined from EUR 7,263 thousand in 2023 to EUR 5,530 thousand due to the repayment of loans from Haldex AB and the associated reduction in interest received.

Interest and similar expenses rose by EUR 73 thousand to EUR 26,218 thousand in the fiscal year. This increase is due to a slight increase in interest rates on intercompany financial liabilities.

The net profit for the year amounted to EUR 59,113 thousand in the reporting year (previous year: EUR 48,522 thousand).

ASSET POSITION

Total assets amounted to EUR 822,616 thousand as of December 31, 2024 (previous year: EUR 796,151 thousand), an increase of EUR 26,465 thousand.

Shares in affiliated companies remained the same in the fiscal year and amounted to EUR 646,634 thousand.

The shares relate to a 100% stake in SAF-HOLLAND GmbH and a 100% stake in Haldex AB.

The decrease in loans to affiliated companies of EUR 54,026 thousand from EUR 129,123 thousand to EUR 75,097 thousand is due to repayments by Haldex AB of EUR 17,300 thousand and offsetting of intercompany loans of SAF-HOLLAND GmbH with Haldex AB in the amount of EUR 36,726 thousand.

The increase in receivables from affiliated companies from EUR 19,954 thousand to EUR 100,485 thousand is mainly due to the profit transfer from SAF-HOLLAND GmbH in the amount of EUR 90,976 thousand.

As of December 31, 2024, provisions for taxes were recognized in the amount of EUR 1,157 thousand (previous year: EUR 0 thousand) due to the profit and loss transfer agreement in place since fiscal year 2024 and the

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consolidated income tax group with SAF-HOLLAND GmbH. This meant that existing loss carryforwards of SAF-HOLLAND SE could be utilized.

The decrease in other provisions from EUR 473 thousand to EUR 4,584 thousand is due to provisions for outstanding invoices (EUR 91 thousand; previous year: EUR 456 thousand).

At EUR 448,217 thousand, liabilities to affiliated companies are above the previous year's level of EUR 443,146 thousand; the increase of EUR 5,071 thousand is due to lower cost allocations from SAF-HOLLAND GmbH.

FINANCIAL POSITION

Equity increased from EUR 347,116 thousand to EUR 367,644 thousand. This is due to the higher retained earnings of EUR 89,569 thousand (previous year: EUR 69,041 thousand).

The equity ratio increased by 1.09 percentage points to 44.69% (previous year 43.60%).

The company's cash and cash equivalents amounted to EUR 133 thousand as of December 31, 2024 (previous year: EUR 222 thousand).

The company is financed by profit transfers and dividends, which serve to cover the interest burden and dividend distributions.

OVERALL STATEMENT

Overall, the Management Board views the company's economic situation as having remained stable. The company believes it is well equipped to continue to successfully meet the economic challenges.

PERSONNEL

As of December 31, 2024, the company had 31 employees (previous year: 28).

OPPORTUNITIES AND RISKS

SAF-HOLLAND SE acts as a holding company that manages the Group. Its development as well as its risks and opportunities therefore largely depend on the performance of the companies affiliated with the company. SAF-HOLLAND SE is integrated into the Group-wide risk and opportunity management system. For detailed information, please refer to the Group's risk and opportunity management section. The description of the internal control system for SAF-HOLLAND required by Section 289 (4) of the German Commercial Code (HGB) is also provided there.

SAF-HOLLAND SE generates its income primarily from investment income from its direct and indirect subsidiaries. Due to its holding function, SAF-HOLLAND SE is therefore exposed to the risk of receiving lower investment income if the profits of its subsidiaries fall. In particular, global conflicts could have a negative impact on the global economy and – directly or indirectly – on SAF-HOLLAND's business activities. Due to the solid financial position of the SAF-HOLLAND companies and the ability to manage distributions by the subsidiaries, the opportunities and risks in connection with investment income are not considered to be material.

FORECAST AND OUTLOOK

In the forecast for 2024, the company assumed slightly lower net profit for the year, however due to the profit transfer from SAF-HOLLAND GmbH, an increase in net profit of 21.8% from EUR 48,522 thousand to EUR 59,113 thousand was achieved in 2024 compared to the previous year.

For fiscal year 2025, SAF-HOLLAND SE expects interest expenses to fall slightly compared to 2024 due to the loans. The Management Board of SAF-HOLLAND SE assumes that potential increases in personnel expenses and other relevant cost factors can be offset by increased cost allocations and cost-saving measures.

Taking the expected results of SAF-HOLLAND SE's subsidiaries and the interest result for 2025 into account, net income is expected to be stable to slightly lower than in 2024.

In this context, it is assumed that the balance sheet profit will be sufficient and that the company's ability to pay dividends is still ensured.

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SUSTAINABILITY

Sustainability means doing business in a sustainable manner and assuming social responsibility. SAF-HOLLAND is convinced that this approach increases its own innovative capacity and future viability. That is why sustainability is an integral part of SAF HOLLAND's corporate philosophy and strategy.

With the revised sustainability strategy in 2022, the Company ensures that sustainability issues are managed across the Group and contribute to the Company's performance.

The SAF-HOLLAND sustainability strategy is based on five strategic fields of action:

- Net-zero emissions by 2050 at the latest
- Sustainable products and innovations for our customers
- Sustainable operational excellence in the value chain
- Attractive employer
- Effective corporate governance

The dual materiality analysis conducted in 2024 confirmed and further developed the priorities of the sustainability strategy.

In accordance with Sections 315c in conjunction with 289c to 289e of the German Commercial Code (HGB) and Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020, on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 20172088 ("Taxonomy Regulation"), the SAF-HOLLAND Group reports on material non-financial aspects for fiscal year 2024. The report covers the aspects necessary for an understanding business performance, results and position of the SAF-HOLLAND Group as well as the impact of its business activities on the environment and society.

This separate non-financial report can be found in the chapter "Separate non-financial report" of the Annual Report.

RESEARCH AND DEVELOPMENT

In order to secure its position in the commercial vehicle market and the Company's technology base in the long term, the SAF-HOLLAND Group places great strategic importance on its development activities. The development activities at SAF-HOLLAND are aimed at offering customers products that reduce their total cost of ownership (TCO) and thus ensure efficient fleet operation. New or further developments are aimed at optimizing processes, minimizing the use of materials, or improving the functionality or efficiency of products and thus customer benefits.

The development focus is on the topics of safety, durability and lightweight construction, which are all relevant from the customer's perspective, as well as on the innovation trends of the commercial vehicle industry: digitalization, electrification, autonomous driving and sustainability. Safety and the quality of the products have top priority for SAF-HOLLAND. Ongoing quality tests already in the development process are extremely important. In addition, measures aimed at minimizing the product defect rate are implemented in the product development phase. In order to optimize the weight of trucks and trailers, SAF-HOLLAND develops lightweight components, which can reduce fuel consumption and thus CO_2-emissions.

Regional market requirements and customer preferences differ in the most important commercial vehicle markets of EMEA, North and South America, China and India. In order to meet the diverse legal requirements and registration conditions, in addition to new and further developments, an additional focus of development activities is on the adaptation of current solutions to meet regional requirements. SAF-HOLLAND is therefore present in the above-mentioned markets with developers and engineers. The direct proximity to its customers ensures that the market knowledge of the locally based units flows directly into product development.

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RESEARCH AND DEVELOPMENT PRIORITIES 2024

Research and development activities in fiscal year 2024 were again determined by the two megatrends of electrification and digitalization as well as the focus on ISO/SAE 21434, which deals with cybersecurity in the development of electrical and electronic systems in road vehicles.

On the product side, development activities focused on the electrified trailer axles of the TRAKr/e family, a further development of the HOLLAND FW 35 fifth wheel coupling, a new generation of landing gear, and the SAF TIRE PILOT I.Q. tire pressure monitoring system. The Haldex portfolio of electronic braking and anti-lock braking systems, as well as suspension and valve products benefited from numerous developments. In addition, progress was made in the area of telematics, resulting in improved user features and a better customer experience for fleet operators.

Electrified axle family TRAKr/e

Electrification is one of the most important technology trends in the commercial vehicle industry. In recent years, SAF-HOLLAND has put considerable resources and investments into the development of electrified trailer axles and built up expertise in this area. The two electrified trailer axles SAF TRAKr and SAF TRAKe from SAF-HOLLAND make a valuable contribution to reducing CO_2-emissions from vehicles and help customers to comply with future legislation such as VECTO. VECTO is a simulation tool developed by the European Commission to determine the CO_2-emissions and fuel consumption of heavy-duty commercial vehicles.

The SAF TRAKr for electric recuperation is already in series production and SAF-HOLLAND has now gained around 3 million kilometers of practical experience, proving the benefits in terms of reducing pollutant and noise emissions. Production of the SAF TRAKr is currently being ramped up in line with customer demand. The SAF TRAKr has already been successfully sold not only in Europe but also in Australia. SAF-HOLLAND is also planning to launch the SAF TRAKr in North America in the coming years. To this end, the product has been technically adapted to the specific requirements of the North American market.

The design of the SAF TRAKr offers several advantages for trailer manufacturers and fleet operators, such as low weight, easy installation and maintenance, a wide range of products including twin tires and small installation space. SAF-HOLLAND plans to expand the product range in 2025 to include air-cooled generators in addition to the SAF TRAKr that has a liquid-cooled generator.

The SAF TRAKe for electric recuperation and traction to support the tractor unit is currently being developed and tested. The SAF TRAKe shares many components and its basic structure with the SAF TRAKr yet has a more powerful drive unit to cover the higher power and torque range. This modularity will enable SAF-HOLLAND to flexibly adapt the product mix to customer requirements in the future and to react to changes in the market and legislation.

The SAF TRAKe is still in the development phase. Several prototypes are currently in use in Europe and North America to gather practical experience.

Fifth wheel HOLLAND FW35

The fifth wheel HOLLAND FW35 is a fifth wheel that has been systematically developed over generations and is characterized by a long service life and low operating costs. In the year under review, the focus of development was on efficiency improvements and technological enhancements. For example, the casting was optimized to reduce weight and improve its geometry and manufacturability. Development activities were also carried out to integrate intelligent systems with a view to future automatic coupling.

New generation landing gear platform

Landing gear is used when a trailer is coupled and uncoupled and enables a trailer to be parked without a tractor unit. Development activities are aimed at creating a new generation of products on a global platform. The first field trials with customers took place back in 2023. Large-scale customer trials that achieved outstanding results were continued in 2024. The first adaptations for automated systems were made for the next generation platform.

New air disc brake for trucks

ModulT is a tried-and-tested air disc brake for trailers and tractor units. To further expand the product portfolio of air disc brakes for trucks, the focus was on developing additional variants in order to be able to offer customers all brake sizes. Two versions of the new disc brake systems for trucks went into series production in the third quarter of 2024. Another is planned for 2025.

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Tire pressure monitoring system TIRE PILOT I.Q.

Another development focus of SAF-HOLLAND is on tire pressure monitoring systems. In Europe, such systems that inform the driver in the event of a loss of pressure in the tire have been mandatory in trailers since July 2024 due to the amendment of the UN-ECE R 141 regulation. The SAF-HOLLAND Group has developed the SAF TIRE PILOT I.Q. system, which permanently monitors tire pressure and automatically inflates the tire if necessary. The software-controlled system thus helps to save fuel and reduce tire wear. With mandatory use in Europe, the development focus is on adapting the current technology to the specific requirements and integrating additional required functionalities.

STRATEGIC COOPERATION WITH CUSTOMERS AND RESEARCH INSTITUTIONS

SAF-HOLLAND collaborates closely with its customers in all areas of product development, but also with research and development institutes, suppliers and other external partners. This way, customer requirements can be addressed directly and taken into account in the development of new products and technologies, thus minimizing development risks. This ensures rapid marketing. For competitive reasons, we refrain from publishing the concrete contents of these development cooperations.

R&D EXPENSES

In fiscal year 2024, total research and development costs amounted to EUR 45.0 million (previous year: EUR43.2 million). In relation to Group sales, this resulted in an R&D ratio of 2.4% (previous year: 1.8%).

EMPLOYEES IN R&D

As of December 31, 2024, SAF-HOLLAND employed 302 people worldwide in research and development. This equates to around 3.5% of the workforce.

PRIORITY APPLICATIONS

SAF-HOLLAND again recorded a double-digit number of priority applications in fiscal year 2024 with 21 new applications. A priority application is the first application for a patent or patent family at a patent office. It is usually accompanied by a number of other partial or supplementary applications.

Multi-period overview of research and development

	2024	2023	2022	2021	2020
R&D expenses including capitalized development costs (in EUR million)	45.0	43.2	23.2	20.2	22.3
R&D ratio (R&D expenses as a percentage of sales)	2.4	1.8	1.5	1.6	2.3
Capitalization rate (as a percentage of R&D expenses)	13.3	11.0	20.9	16.1	12.5
Depreciation, amortization and impairment (in EUR million)	-7.2	– 6.2	–2.8	–2.5	–6.2
Number of employees in development, design and testing	302	300	188	168	166
Number of priority applications	21	14	12	12	15

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PRODUCTION

At the end of 2024, the SAF-HOLLAND Group had 29 production sites worldwide. There are also smaller assembly sites.. In addition, the Group serves its customers in the aftermarket business via an extensive global network of spare parts and service stations, dealers and workshops, thus ensuring the timely supply of spare parts. An overview of the Group's international production network can be found on page 5 of the Annual Report.

CAPACITY EXPANSIONS AND EFFICIENCY-ENHANCING MEASURES

In fiscal year 2024, SAF-HOLLAND focused its investments on its production sites in Germany, India, Mexico, Sweden, Türkiye, and the United States.

In Düzce, Türkiye, the axle welding lines were expanded to include systems for the production of drum-braked axles. The first systems were put into operation in December 2024. The start of series production (SOP) on the new welding systems is scheduled for the second quarter of 2025.

Furthermore, an assembly line for fifth wheels has been planned and ordered for this location, so that the Turkish plant will be able to fully cover the needs of a local customer starting in mid-2025. A second hall has been rented and equipped for this and for further possible capacity expansions in the future.

An assembly line for air disc brakes (ADB) from the Swedish site in Landskrona is also planned in order to optimize the supply chain. Commissioning is planned for the second quarter of 2025.

At the same time, new assembly lines were purchased for Landskrona for a Scandinavian truck customer and put into operation in October 2024. Two additional double-spindle machining centers were also procured to ensure delivery capability and put into operation in March 2024.

A new system for bolting fifth wheels was developed and ordered for the plant in Singen to increase capacity and improve quality. This is currently in the start-up phase and is expected to go into operation by mid-2025. This is in the supply line and expected to go into operation by mid-2025.

Among other things, a new wheel hub assembly line was designed and ordered for the plants in Bessenbach to expand capacity and improve quality within the plant network.

The new site in Piedras Negras, Mexico, was commissioned as planned by mid-April 2024 and has been producing standard fifth wheels ever since. At the same time, planning began for the new plant in Rowlett, Texas (USA), to which the activities from Wylie, Texas, will be transferred. Special fifth wheels with a significantly higher degree of automation are expected to be manufactured there as of the third quarter of 2025.

A new ADB production line has been ordered for the plant in Monterrey, Mexico. This is scheduled to go into operation in the third quarter of 2025.

The first standard welding cell was put into operation at the Indian plant in Pune in January 2024 that corresponds conceptually to the systems used in Germany or Türkiye.

QUALITY MANAGEMENT, PRODUCT QUALITY AND SAFETY

The main goal is to ensure that the products of SAF-HOLLAND meet all of its customers' expectations and quality requirements. Since customers' end products are often functionally critical, the Company pursues a consistent zero-defect strategy.

The SAF-HOLLAND Group operates globally. A key challenge is to recognize and understand the different customer requirements as well as the numerous different standards and market conditions. The Company uses a number of key performance indicators to measure quality, customer satisfaction and delivery performance. One important metric is the number of defective parts rejected by customers.

Root cause analyses are also conducted at the plant level and countermeasures are defined if necessary. This is supported by the QRQC (Quick Response Quality Control) method, in which all employees are regularly trained.

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PURCHASING AND SUPPLIER MANAGEMENT

In addition to the central Global Sourcing organizational unit, purchasing at SAF-HOLLAND is carried out by regional units in the EMEA, Americas and APAC regions. SAF-HOLLAND thus ensures the achievement of competitive prices for goods and services and at the same time minimizes both supply bottlenecks and dependencies on individual suppliers. SAF-HOLLAND also pursues a multi-supplier strategy for the most important product groups and thereby expands its sources of supply.

During the reporting period, the availability of key preliminary products improved further, meaning that material bottlenecks did not result in any significant production restrictions. Due to inflation, prices for components remained at a high level, however the price level improved slightly overall compared to 2023 due to a further decline in raw material and energy prices.

SUPPLIER MANAGEMENT AND STRUCTURE

The performance of suppliers is constantly monitored by the purchasing organization. Regular supplier evaluations are a key tool in this process. Criteria from the areas of quality, logistics and sustainability are used.

In addition to commercial aspects, the focus of the supplier selection process is on achieving a balance between consolidating suppliers to improve the supplier structure and avoiding strong dependencies. In fiscal year 2024, the top 10 suppliers of the SAF-HOLLAND Group accounted for around 21% (previous year: around 27%) of the purchasing volume.

SAF-HOLLAND is required by law to comply with the provisions of the German Supply Chain Due Diligence Act (LkSG). In order to meet these obligations, SAF-HOLLAND has implemented a new IT-supported system with which the compliance requirements can be efficiently implemented. This underscores SAF-HOLLAND's commitment to maintaining the highest standards of ethical business practices and regulatory compliance. SAF-HOLLAND takes human rights and environmental due diligence throughout its entire supply chain into account and has established processes to identify and address the associated risks.

WORKFORCE

DECENTRALIZED ORGANIZATION, A COMPANY CULTURE THAT IS LIVED

The workforce of the SAF-HOLLAND Group makes a significant contribution to the success of the Company. For this reason, personnel management and personnel development play important roles. The guidelines of the global human resources strategy as well as the internationally oriented organization form the framework for human resources management across the various locations. To promote a uniform company culture, the Group published a Culture Code in 2020 that is binding for all employees and sets out the Group's basic values and objectives in concrete terms. On the occasion of the acquisition of Haldex, this was comprehensively updated in 2024, published globally and has been binding for all employees in the Group ever since.

Personnel management is organized on a decentralized basis. The decentralized organization takes the Group's international orientation into account and enables the individual sites to adapt flexibly to local conditions and contribute their specifications, especially with regard to regional expertise in personnel development and recruiting.

In Germany, Sweden, France and the United States, the interests of the workforce are represented by trade unions and works councils. In addition, employees at all sites have the right to freedom of association and collective bargaining.

PERSONNEL DEVELOPMENT AND DIVERSITY

Human resources work at SAF-HOLLAND focuses on the further development of its employees as well as on the recruitment of well-trained specialists and managers and on the training of talented young people. Digital learning opportunities are an integral part of the diverse further training measures. Digital learning opportunities are an integral part a wide range of further training opportunities. SAF-HOLLAND strives to build a culture of continuous learning. Qualified employees are increasingly becoming a key success factor in global competition. SAF-HOLLAND creates individual development opportunities for the professional success of its employees. Employees with high potential are offered attractive development opportunities as part of the training and continuing education programs.

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As in 2023, the focus in 2024 was on the further integration of Haldex employees into the SAF-HOLLAND Group. The main emphasis here was on standardizing global processes and creating uniform regulations through the development and implementation of global guidelines such as a Global Compensation & Benefits Policy. In addition, SAF-HOLLAND places great importance on being an attractive employer. Employee satisfaction is therefore of the utmost importance. For this reason, a global survey tool was introduced in the reporting year, which makes it possible to obtain weekly feedback from employees and respond to their concerns at short notice in order to evaluate and strengthen employee satisfaction within the Company.

NUMBER OF EMPLOYEES DOWN SIGNIFICANTLY

As of December 31, 2024, SAF-HOLLAND employed 5,495 people worldwide (previous year: 5,927). Of these, 164 employees are attributable to companies acquired in 2024. The total number of employees therefore fell by 7.9%. The total number of employees as of December 31, 2024, included 560 temporary and contract employees (previous year: 673). The total number of employees as of December 31, 2024 included 560 temporary and contract workers (previous year: 673).

Headcount development

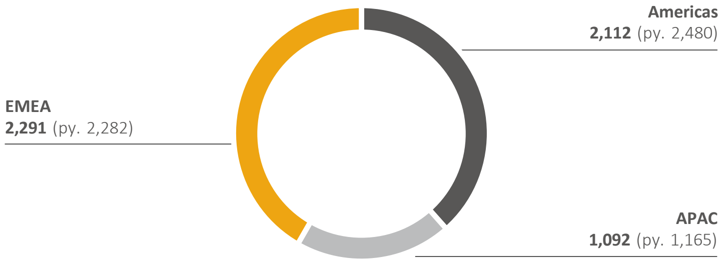
December 31

In the EMEA region, the number of employees increased to 2,291 as of December 31, 2024 (previous year: 2,282) due to the acquired companies. This means that 41.7% (previous year: 44.1%) of the workforce was employed in this region.

In the Americas region 2,112 people were employed as of December 31, 2024 (previous year: 2,480). The Americas region therefore accounted for 38.4% (previous year: 41.8%) of the Group's workforce. This was due to the increase in personnel as part of the new production plant in Piedras Negras, Mexico, as well as the market-related adjustment of production and administrative capacities.

The APAC region had 1,092 employees as of December 31, 2024 (previous year: 1,165). The proportion of the Group workforce thus fell slightly from 19.9% in the previous year to 19.7%

Headcount by region



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ECONOMIC FRAMEWORK CONDITIONS

GLOBAL ECONOMY EXPECTED TO DEVELOP STRONGLY

The International Monetary Fund (IMF) expects the global economy to grow by 3.3% in 2025. The IMF is thus forecasting robust growth in the global economy, although this would fall short of the historical annual average of 3.7% for the years 2000 to 2019. In its forecast, the IMF took the latest market developments and the effects of increased trade policy uncertainties and geopolitical conflicts into account. The IMF expects prices for energy commodities to fall by 2.6% in 2025. In addition, the IMF assumes that the key interest rates of the leading central banks will continue to fall. However, due to regional differences in growth and inflation forecasts, key interest rates are likely to develop at different rates.

After the German economy has been in recession for the last two years, the IMF expects it to return to slight growth of 0.3% in 2025. Nevertheless, high energy prices are slowing down any further recovery.

The IMF forecasts that the Spanish, French and Italian economies will perform better than Germany. The IMF only expects growth of 1.0% for the eurozone as a whole, however. According to the IMF, ongoing geopolitical tensions and political uncertainty continue to have a dampening effect on economic performance.

For the United States, the IMF expects the new government to pursue a business-friendly, neoliberal approach to the national economy, characterized by lower corporate taxes and less government regulation. As a result, the IMF forecasts growth of 2.7% in 2025.

The IMF is optimistic about the development of the Chinese and Indian economies. The Chinese economy is expected to grow by 4.6%, while India is expected to grow by 6.8% this year. This would mean that India would exceed its growth rate in 2024.

Economic development in key markets

in %

	2024	2025
Eurozone	0.8	1.0
Germany	-0.2	0.3
United States	2.8	2.7
Brazil	3.7	2.2
China	4.8	4.6
India	6.5	6.8
World	3.2	3.3

Source: International Monetary Fund, World Economic Outlook Update, January 2025

INDUSTRY ENVIRONMENT

WEAKER DEVELOPMENT IN MANY COMMERCIAL VEHICLE MARKETS

After most of the commercial vehicle markets declined in 2024, a more positive trend is expected for some markets in 2025.

In **Europe**, according to a study published in 2024, the research institute Clear expects the European trailer market to grow by around 5.5% in 2025. SAF-HOLLAND assumes that the challenging economic environment and the related customer reluctance to buy will initially continue in 2025 and that a recovery may not begin until the second half of the year. Consequently, SAF-HOLLAND currently expects stable development for the European trailer market in 2025. In the market for heavy trucks, SAF-HOLLAND expects the market to develop in a range of between 0% and 5%.

The research institute ACT Research expects the **North American** markets for trailers and heavy trucks to continue to decline in 2025. Political uncertainties with regard to tariffs, taxes and financing costs could have a dampening effect, according to ACT Research. As a result, SAF-HOLLAND expects the North American trailer market to decline by around 5% to 10%. In the market for heavy trucks, which is of greater importance to SAF-HOLLAND in North America, SAF-HOLLAND expects the decline to be

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around 0% to 5%. This means that the decline in the truck segment will be significantly weaker than in the previous year.

The **Brazilian** trailer market recorded a slight decline in 2024. For this year, SAF-HOLLAND anticipates slight market growth in a range of between 0% and 5%. SAF-HOLLAND also expects the market for heavy trucks, which showed strong growth in 2024, to be in the range of 0% to 5% in 2025.

SAF-HOLLAND does not anticipate a turnaround in the **Chinese** commercial vehicle market. After declining production figures in the second half of 2024, SAF-HOLLAND expects both the Chinese trailer and truck market to be slightly negative in the range of 0% to -5% in 2025

Last year, the trailer market in **India** was unable to build on the growth of 2023, which was largely driven by investments in infrastructure measures and failed to materialize in 2024 due to the scheduled parliamentary elections and a long phase of government formation. Now that the government has been formed and the national budget has been approved, investments in infrastructure programs are expected to continue. SAF-HOLLAND therefore also expects the Indian trailer market to recover and grow by around 5% to 10%. SAF-HOLLAND also expects the market for heavy trucks to grow. Growth of around 5% to 10% is also expected here.

FORECAST OF THE COMPANY'S DEVELOPMENT

FUTURE DEVELOPMENT OF SAF-HOLLAND

In the past fiscal year 2024, SAF-HOLLAND was able to generate a strong adjusted EBIT margin and a solid free operating cash flow despite a weak market environment, thus demonstrating the resilience of the business model based on high cost flexibility in the original equipment business and a positive development of the aftermarket business, which is less susceptible to economic cycles.

For the coming reporting year, SAF-HOLLAND also assumes that the development of demand will vary from region to region due to the development of the original equipment business described above. The new Group strategy through 2030 that was developed by the Management Board and Supervisory Board of SAF-HOLLAND SE in fiscal year 2024 is also based on these assumptions and, in addition to the general drivers and trends of the underlying market, which in the long term is largely dependent on the development of general economic performance and transport volumes, also takes the implications of new technological trends such as electrification, autonomous driving, digitalization and road safety into account.

In preparing the forecast for fiscal year 2025, SAF-HOLLAND also takes the analysis of potential opportunities and risks into account. The assumptions in this outlook also assume an unchanged structure and composition of the SAF-HOLLAND Group.

GROUP SALES CHARACTERIZED BY REGIONAL DIFFERENCES IN HOW THE MARKETS DEVELOP

In the core markets of EMEA and North America, SAF-HOLLAND expects the truck and trailer markets to remain weak in the first half of the year. A recovery is likely to begin in the second half of 2025, however. Growth is expected in the APAC region, driven in particular by the Indian market. Based on current estimates, the aftermarket business is expected to develop stable due to the one hand to increased population from original equipment deliveries in previous years and on the other hand to robust growth in fiscal year 2024.

Overall, the Management Board expects the SAF-HOLLAND Group to generate Group sales in the range of EUR 1,850 million to EUR 2,000 million (previous year: EUR 1,876.7 million) in fiscal year 2025,

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based on stable exchange rates. This will include positive contributions to Group sales from the completed acquisitions of Tecma as of April 2, 2024, and Assali Stefen as of July 31, 2024, in the amount of around EUR 25 million.

ADJUSTED EBIT MARGIN EXPECTED AT A HIGH LEVEL

The development of sales volumes, the product mix between standard products and specialty solutions as well as the development of the segment mix between the original equipment and aftermarket business have a noticeable influence on the development of SAF-HOLLAND's margin. Other relevant influencing factors include the cost of materials, personnel and energy, as well as price enforcement.

For 2025, SAF-HOLLAND expects to achieve an adjusted EBIT margin of 9% to 10% (previous year: 10.1%). The Management Board assumes that the stable aftermarket business will continue to have a positive impact on profitability. However, in addition to general inflation-related cost increases, higher wages and freight costs, which are unlikely to be offset to the same extent by efficiency and cost-saving measures as in the past fiscal year, are likely to have a negative impact. In addition, SAF-HOLLAND expects costs associated with the SAP S/4HANA implementation to remain roughly the same as in the previous year, but with lower capitalizations.

INVESTMENTS IN GROWTH AND R&D OF UP TO 3% OF GROUP SALES

In order to achieve its medium- and long-term growth targets and to position the company for the future in terms of its products, the Group plans to make payments for investments of up to 3% of Group sales in fiscal year 2025 (previous year: 3.1%). Compared to other companies in the commercial vehicle supply industry and the automotive supply industry in particular, the business model is therefore significantly less investment-intensive (asset-light).

The planned expenditures include investments in improvements to the production network, such as the optimization of the site structure in the US, as well as automation projects to strengthen process efficiency in manufacturing. Another focal point will be the roll-out of SAP S/4 HANA as the ERP system. This system changeover will create global standards and implement best practice processes with maximum synergy potential across the Group.

Group forecast for fiscal year 2025

Sales	EUR 1,850 to EUR 2,000 million
Adjusted EBIT margin	9.0 – 10.0%
Investment ratio	Up to 3.0%

OVERALL STATEMENT BY THE MANAGEMENT BOARD ON THE EXPECTED DEVELOPMENT

At the time of preparing the Combined Management Report 2024, the Management Board expects SAF-HOLLAND to be able to successfully assert itself against the competition in 2025 with a product portfolio strengthened by the acquisitions of Tecma and Assali Stefen, a less cyclical aftermarket business and contributions from new products.

For fiscal year 2025, the Management Board of SAF-HOLLAND SE therefore assumes that the current market environment in the core markets of EMEA and the Americas will not deteriorate any further and that the first signs of recovery should emerge in the second half of the year. The Management Board expects moderate growth for the APAC region.

Further cost adjustments to remain competitive even in a continued weak market environment will be the focus for fiscal year 2025. The Management Board of SAF-HOLLAND SE assumes that increases in personnel costs as well as general inflation-related cost increases and lower capitalization values of IT costs are unlikely to be offset to the same extent by efficiency and cost-saving measures. A high material cost ratio and flexible automation in production support continued high adaptability with regard to potential fluctuations in demand.

In the middle of the forecast ranges, the Management Board therefore expects to see a slight increase in sales and a slight decrease in adjusted EBIT for fiscal year 2025 compared to the strong previous year. In the area of investments, the Management Board remains true to its asset-light concept and plans to make payments for investments of up to 3% of Group sales.

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Due to the aforementioned market-related geopolitical risks, which are difficult to assess, there are still uncertainties for the Group's business development, such as potential burdens resulting from the introduction or increase of import tariffs in the US, which are not yet foreseeable at this time.

SAF-HOLLAND will continue to drive the implementation of its Group strategy in the coming years. The future strategy through 2030, which builds on Strategy 2025, lays the foundation for profitable growth and a solid balance sheet structure with sufficient financial resources and will be published on March 27, 2025.

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RISK AND OPPORTUNITY REPORT

As an international supplier to the commercial vehicles industry, SAF-HOLLAND is faced with a range of opportunities and risks that arise from the Group's business activities, its business strategy and its market environment. On the basis of the systematic management of opportunities and risks, SAF-HOLLAND pursues the goal of identifying opportunities and risks as early as possible, assessing them appropriately and taking appropriate action to mitigate or avoid risks and exploit opportunities.

ORGANIZATION OF RISK MANAGEMENT AND RESPONSIBILITIES

The risk management of SAF-HOLLAND comprises all of its activities for the systematic management of risks. In this regard, risks are recognized and analyzed at an early stage using a uniform system, from which measures are derived to optimize the risk position. Risk management is a central element of Group-wide corporate governance.

The Management Board of SAF-HOLLAND SE is responsible for ensuring an effective risk management system. Anchoring risk management within Group Controlling allows the risk management system to be holistically integrated into the planning and reporting process. In applying the risk management instruments, the main focus is on assessing any possible deviation in the performance indicator EBITDA (Group earnings before interest, taxes, depreciation and amortization). This focus is a result of the fact that SAF-HOLLAND's risk-bearing capacity is determined from its compliance with the financial covenant "net financial debt to EBITDA" of the syndicated loan agreement concluded recently in 2022 and the two term loans to finance the acquisition of Haldex. A breach of the financial covenant could result in the loan amounts becoming due. In this case, the Group's liquidity and financial independence would be uncertain. In addition to EBITDA, the risk management system also identifies and assesses risks that concern the result for the period in order to ensure that risk is viewed in a holistic manner.

The primary responsibility for risk, risk identification, and risk management along the value chain is decentralized and lies with the functional managers in the operating units and the central departments. The company's risk manager is responsible for defining and further developing processes and coordinating their implementation. The risk manager prepares quarterly risk reports and coordinates the assessment of risk-bearing capacity. The risk manager also receives the ad hoc notifications and forwards these without delay to the Management Board.

The Supervisory Board's responsibility is to monitor the effectiveness of the risk management system. In addition, monitoring the compliance of the Group entities and Group departments with the Group's internal risk management policies is integrated into the routine audit activities of the Internal Audit department.

PROCESS OF COMPANY-WIDE RISK MANAGEMENT

The risk management process at SAF-HOLLAND comprises the core elements of risk recognition, risk assessment and risk management and monitoring. This process is fully mapped in an integrated software solution. With this tool, the risk owners record and assess the risks that have been identified. The software is then used to review and approve the risks at the next level of the hierarchy and, depending on the risk category, escalate them for approval by the heads of the respective functions at the Group level. The process of risk identification, assessment and management is accompanied by the continuous monitoring and communication of the reported risks by the risk owners.

Risk identification at SAF-HOLLAND is carried out by the risk officers and the risk managers at the company, regional and Group level at the end of each quarter. It is their duty to regularly assess whether all risks have been recorded. The company's risk manager initiates the quarterly risk survey process.

As part of the risk assessment process, the risks identified are assessed using systematic evaluation procedures and quantified both in terms of financial impact and probability of occurrence.

Appropriate risk mitigating control measures are developed, initiated and their implementation is monitored as part of risk management. The strategy or goal is to avoid, reduce or hedge against risks. This requires the development of measures that mitigate the financial impact or

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probability of occurrence of risks. The Group's risks are managed in accordance with the risk management principles described in the Group's risk management policy.

The Group-wide recognition and assessment of risks is reported to the Management Board on a quarterly basis, broken down by risk category and region. The Supervisory Board is informed regularly of the risk position of the Group. In addition, risks identified within a quarter that have a net expected value exceeding one million euros are reported ad hoc to the Management Board.

In order to analyze the overall risk position of SAF-HOLLAND and initiate appropriate countermeasures, individual risks at the local business units, the business segments and Group-wide risks are aggregated into a risk portfolio. The scope of consolidation for risk management corresponds to the scope of consolidation used for the Consolidated Financial Statements. This allows individual risks to be aggregated into risk categories. In addition to facilitating individual risk management, this aggregation also allows for trends to be recognized and managed, thus allowing the risk factors for certain risk categories to be influenced and reduced. Unless stated otherwise, the risk assessment applies to all three regional segments.

THE RISK PROFILE OF SAF-HOLLAND SE

As part of the preparation and monitoring of the risk profile, risks at SAF-HOLLAND are assessed based on their financial impact and their probability of occurrence. The financial impact of risks is quantified on the basis of their impact on the Group's earnings before interest, taxes, depreciation and amortization of property, plant and equipment and intangible assets (EBITDA) after taking risk mitigation measures into account. The following five categories are used:

— less than EUR 400 thousand
— more than EUR 400 thousand and less than EUR 1,500 thousand
— more than EUR 1,500 thousand and less than EUR 3,000 thousand
— more than EUR 3,000 thousand and less than EUR 5,000 thousand
— more than EUR 5,000 thousand

The probabilities of occurrence used in the risk assessment are broken down into the following six categories:

— 0% to 5%
— 5% to 20%
— 20% to 35%
— 35% to 50%
— 50% to 75%
— 75% to 100%

Depending on the severity of the impact and probability of occurrence, SAF-HOLLAND classifies risks into A, B and C risks.

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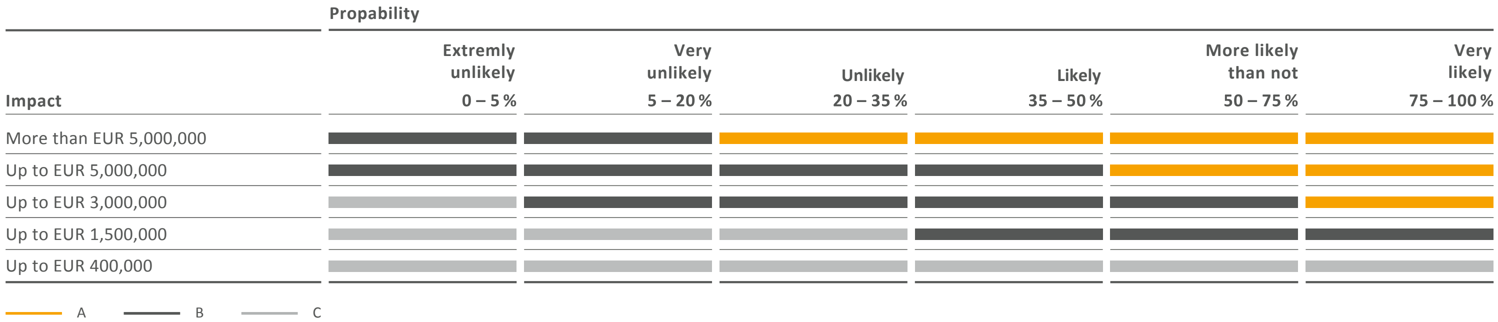

OVERVIEW OF SIGNIFICANT BUSINESS RISKS

Risk	Risk rating A	Risk rating B	Risk rating C	YoY change
Strategic risks/elementary risks				
Economic, political and geopolitical environment	x			→
Russia-Ukraine conflict		x		→
Project and process risks				
Cybersecurity deficiencies		x		→
Business interruptions due to IT failures		x		→
Supply chain disruptions			x	↓
Pandemic			x	↓
Strikes			x	↓
Compliance risks				
Data protection		x		→
Financial and reporting risks				
Exchange rate risks		x		→
Assessment risks (EAT risks)			x	↓

All of the risks in the risk portfolio are classified to one of the main risk categories in order to consolidate and present the overall risk position in a clear manner. These categories are based on the globally recognized framework of the “Committee of Sponsoring Organizations of the Treadway Commission” (COSO):

— Strategic risks/elementary risks
— Compliance risks
— Process and project risks
— Financial and reporting risks

The risks that could have the most detrimental impact on the asset, financial and earnings position, as well as the reputation of SAF-HOLLAND over the next four years, measured in terms of the relative extent of risk, are described below. The order of the risks presented reflects the current assessment of the relative extent of risk for SAF-HOLLAND in descending order and therefore provides an indication of the current significance of these risks for the company.

In addition, the company is also exposed to other risks that due to their probability of occurrence and/or potential impact do not currently result in their classification as A or B risks.

Significant risks from SAF-HOLLAND’s current risk profile:

Deterioration in the economic, political and geopolitical environment – Level A risk – Strategic risks/elementary risks
With operations worldwide, SAF-HOLLAND’s business is dependent on global economic developments. An economic downturn – particularly in the markets important to SAF-HOLLAND – could result in the company falling

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short of its sales and earnings targets. Risks could also arise from political and social changes, particularly in the countries where SAF-HOLLAND manufactures and/or markets its products.

For instance, the new US administration has announced that it will pursue a significantly more decisive customs policy, in particular with respect to its largest trading partners Mexico, China, Canada and the European Union, and that it will impose new and/or higher tariffs on these countries in order to offset existing trade deficits. The extent to which these tariff increases will actually be introduced and maintained in the long term is not foreseeable at this point in time. Depending on the countries or products affected, this could have a negative impact on SAF-HOLLAND. The company is attempting to counteract this by further diversifying its supply chains and working closely with customers.

Trade and customs disputes and trade restrictions could also have a negative impact on global trade and, in turn, on global economic growth. These could result from political tensions or trade conflicts between individual countries or regions, leading to short-term or unforeseeable decisions which could have an impact on sales and results of operations as a result.

The conflict in the Middle East and the tense security situation surrounding the Suez Canal are also contributing to uncertainty on the markets.

Irrespective of the evaluated scenarios and possible reactions in this complex risk field, these developments could have a negative impact on SAF-HOLLAND’s sales and margin development.

The risk is reported under A risks, just as it was last year.

Russia-Ukraine conflict – Level B risk – Strategic risks/elementary risks
Against the backdrop of the war in Ukraine, the overall political situation remains tense, especially in the EMEA region. The ongoing conflict could lead to a further deterioration in economic growth and, consequently, in the demand for trucks and trailers. There could also be indirect effects on sales in other countries. For example, western European fleet operators often sell their trailers to Russia after they reach a certain age. If this sales channel is no longer available due to the sanctions in force, fleet operators could be forced to use their vehicles for longer and postpone new purchases.

In addition, there is a risk that the assets or subsidiaries of Western companies could be seized or nationalized by the Russian government as part of retaliatory measures. SAF-HOLLAND is present in Russia through its three subsidiaries. Investments in a new plant in Russia were suspended immediately after the breakout of the war until further notice. Nevertheless, there is a risk that there could be a related impairment required on the subsidiary’s assets. The carrying amount of the investments in non-current assets in Russia amounted to EUR 1.6 million as of the December 31, 2024, reporting date. Impairment losses on fixed assets in the amount of EUR 2.7 million were already recognized in fiscal year 2023. The short-term assets of the Russian companies of the SAF-HOLLAND Group amounted to EUR 24.5 million as of the December 31, 2024, reporting date. Based on the Group’s current knowledge, it does not see any material need to make an impairment on current assets.

This year, the risk is reported under level B risks.

Cybersecurity deficiencies – Level B risk – Process and project risks
Information technology (IT) is a key element of the business model. SAF-HOLLAND relies on its systems running efficiently without any disruptions. In addition, the company depends on IT services from third-party providers. There has been an increase in cybersecurity threats over the past several years as well as in the sophistication of cyber criminals. This represents a risk to the security of computer systems, networks and products as well as to the privacy, availability and integrity of data. The IT environment could become compromised, by attacks on the networks or those of the IT service providers or from social engineering, data manipulation to critical applications or the loss of critical resources, for example.

There can be no guarantee that the measures taken by the company or its IT service providers to safeguard uninterrupted and efficient operations (firewalls, penetration testing, etc.) can successfully ward off these threats in all circumstances. Such attacks can have a detrimental effect on business operations and especially on smart factories, which have a comparatively high degree of automation.

Risks associated with cyber risks that have a direct impact on products and services can also have negative effects. SAF-HOLLAND distributes, among other items, products and systems with integrated digital and mechatronic

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solutions, but also offers digital and mechatronic solutions itself, such as the TrailerMaster information system, sensors in its products or electric trailer axles. If such products, systems or solutions would become compromised or impaired, due to a cyber-attack, by interruptions, including by any of the possible incidents described above, a liability to pay damages to customers could arise and the company's reputation could suffer.

Moreover, there is a risk that confidential data or private information, including third-party data, can be leaked, stolen, manipulated or compromised in some other way in the event of a security incident.

If information pertaining to intellectual property is lost or stolen due to a data breach, this could have a negative impact on the competitive position and on the earnings position.

If confidential or private data is compromised, the company could be confronted with contractual penalties or official fines or other sanctions under non-disclosure agreements or data protection legislation and regulations could be imposed.

Cyberattacks or other disruptions could also result in intentional unlawful access to or use of the company's locations or systems. They could also result in production outages or supply shortages. Such incidents could have an adverse impact on the company's reputation, competitiveness and the earnings position.

SAF-HOLLAND attempts to mitigate these risks using a range of measures, including employee training, cybersecurity teams to monitor networks and systems, and maintaining back-up and security systems such as firewalls and virus scanners.

In 2023, SAF-HOLLAND announced that the company's IT systems had been the target of a cyberattack. From SAF-HOLLAND's perspective, the company's current security systems have proven their worth overall. The risks from the area of IT continue to be reported under the B risks.

IT risks from failures of IT infrastructure or IT application landscape components – Level B risk – Process and project risks
Information technology risks that could lead to productivity losses could also result from the failure of IT infrastructure components (networks, data centers, hardware components, cloud operations/infrastructure as a service). Such failures could arise from an outdated IT infrastructure or from the sheer diversity of hardware components due to past company acquisitions. Components in the IT application landscape can fail due to a heterogeneous application landscape resulting from the absence of an overarching application architecture, a lack of common guidelines, and inadequate monitoring. Too few or inadequately qualified personnel could also have a negative impact.

SAF-HOLLAND mitigates such risks by establishing a medium-term replacement program for critical IT components and by having contracts in place with suppliers for extended maintenance. SAF-HOLLAND also works to mitigate these risks by harmonizing its IT infrastructure and acquiring additional, qualified personnel.

This risk remained unchanged compared to the prior year and continues to be categorized as a Level B risk.

Risks of non-compliance with data protection requirements – Level B risk – Compliance risks
As a globally operating company, SAF-HOLLAND is subject to a broad spectrum of legislative and regulatory requirements in a range of different jurisdictions, which have a significant influence on its daily operations and processes. Any legal action whatsoever taken against the company related to breaches of data protection requirements could result in painful penalties.

In order to mitigate this risk, a data protection officer is available to SAF-HOLLAND employees and provides support through appropriate training and specific rules of conduct.

This risk remained unchanged compared to the prior year and continues to be categorized as a Level B risk.

Exchange rate risks – Level B risk – Financial and reporting risks
Due to the international nature of its business activities, the Group is exposed to foreign currency risks from investments, financing and operations. The individual subsidiaries conduct most of their operations in the respective local currencies. In the event of a devaluation of the US dollar against the euro, however, the earnings contribution to the risk

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management indicator EBITDA of the Group companies invoicing in US dollars would be reduced as a result of currency translation. However, since the raw materials purchased by the Group are predominantly traded in US dollars, a depreciation in the US dollar against the euro would simultaneously result in lower purchasing prices, which would result in a positive contribution to earnings. SAF-HOLLAND permanently monitors its net financial positions in foreign currencies so that it can hedge them if necessary.

This risk remained essentially unchanged compared to the previous year.

The following risks were reported as Level A and Level B risks in the prior year and categorized as Level C risks this year:

Supply chain disruptions – Level C risk – Process and project risks
Due to the tense global situation in the supply chains for raw materials, intermediate products and energy, there is still a risk of disruptions in the supply chain.

In particular, disruptions to trade routes can have a significant impact on the timely availability of goods and on the associated procurement and logistics costs. In this context, the tense security situation surrounding the Suez Canal and the restrictions on shipping traffic at the Panama Canal should be mentioned, among other issues.

Compared to the previous year, the risk is considered to be lower. It is therefore no longer listed among the A or B risks.

Pandemic – C risk – Process and project risks
The probability of occurrence is considered extremely low for this risk. However, should it occur, the potential impact could be significant. Nevertheless, SAF HOLLAND's business model has proven resilient in the volatile market environment of recent years (including COVID-19).

According to the current risk assessment, the probability is considered to be lower, and the risk is currently not listed among the A or B risks.

Work stoppages/strikes - Level B risk - Process and project risks
In 2024, several collective wage agreements and company agreements relevant to SAF HOLLAND were due to expire. As a result, there was a risk of work stoppages during this period. Unions and employee representatives tried to make up for the loss of real wages due to higher inflation in recent years by making corresponding wage demands.
Strikes by other professional groups can also lead to short-term interruptions in production at individual locations, as a result of blocked transport routes, for example.

The risk is no longer listed under the A and B risks compared to the previous year, as new collective agreements were concluded at the end of 2024.

Valuation risks – Level C risk – Financial and reporting risks – EAT (earnings after tax) risks
SAF-HOLLAND constantly invests in new concepts for a successful and sustainable future. To this end, a wide variety of development projects are being advanced and capitalized in accordance with accounting regulations. There is always a latent valuation risk if individual projects are not continued. The reasons for this could be either deteriorating prospects of success or, for example, a change in market demand. The valuation is reviewed on a regular basis.

The risk is considered to be lower than in the previous year. It is therefore no longer listed under A or B risks.

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OVERALL STATEMENT OF THE MANAGEMENT BOARD: NO RISKS THAT WOULD JEOPARDIZE SAF-HOLLAND'S VIABILITY

The general risk situation of the SAF-HOLLAND Group did not change significantly in fiscal year 2024. From today's perspective, there are still no risks that, individually or in combination, could lead to the excess indebtedness or insolvency of the company. SAF-HOLLAND's maximum risk-bearing capacity is determined on the basis of its compliance with the financial covenant "net financial debt to EBITDA" attached to the syndicated loan agreement concluded on June 6, 2022, as well as to the two term loans to finance the acquisition of Haldex. Compliance with the financial covenant is monitored continuously so that appropriate measures can be taken at an early stage if necessary and to avoid the breach of any covenants.

OVERVIEW OF SIGNIFICANT OPPORTUNITIES

The opportunity management system used by the SAF-HOLLAND Group is based on the risk management system. The objective of opportunity management is to recognize potential opportunities arising from positive developments in our business as early as possible and seize them as well as possible by taking appropriate measures. Seizing such opportunities will ensure that the targets planned are met or even outperformed. As part of opportunity management, realizable opportunities are considered that have not yet been used as planning inputs.

OPPORTUNITIES THROUGH CONFLICT RESOLUTION – STRATEGIC OPPORTUNITIES

The resolution of conflicts, particularly in the Middle East and Ukraine, could have a positive impact on economic growth in the affected countries and regions. In addition, the elimination or removal of tariff-related trade restrictions and the lifting of sanctions could significantly increase the international trade in the affected countries and regions, which could have a positive impact on SAF-HOLLAND's business performance.

OPPORTUNITIES FROM THE ACQUISITION AND SUCCESSFUL INTEGRATION OF HALDEX – PROJECT AND PROCESS OPPORTUNITIES

By acquiring Haldex, SAF-HOLLAND has gained extensive capabilities in the technology areas of software engineering, sensor technology and electronic control, and thereby paying heed to the megatrends of electrification, (semi-)autonomous driving and digitalization. With Haldex, SAF-HOLLAND is creating a leading systems supplier for "Smart Trailers." In the future, the Group will offer customers integrated solutions for axle and suspension systems combined with telematics and EBS control-based, predictive maintenance functions as well as intelligent added functions such as theft warning systems and tire pressure monitoring from a single source. This will open up new added growth opportunities for SAF-HOLLAND.

The acquisition also strengthens SAF-HOLLAND's position in the less cyclical, high-margin aftermarket business.

SAF-HOLLAND initially expected potential synergies of more than EUR 10 million per year from the acquisition of Haldex. As part of the "Capital Markets Brush-up" information event in January 2023, SAF-HOLLAND quantified the targets for the anticipated net synergies (after offsetting transformation expenses) at EUR 10 to 12 million for 2023, with an increase to EUR 25 to 35 million for 2027.

STRONGER-THAN-EXPECTED DEMAND FOR TRUCKS AND TRAILERS WORLDWIDE – STRATEGIC OPPORTUNITIES

Should the general economic environment develop better than expected, SAF-HOLLAND assumes that demand for new trucks and trailers will also be stronger than the company expects. Improved economic development generally leads to higher demand for transport capacity.

The forecasts of market research institutes for 2025 assume a decline in truck and trailer production in North America and Europe, the most important regions for SAF-HOLLAND. These forecasts are based on the assumption of a possible recession over the course of the year. If the performance of the economy is more robust than expected or recovers faster than expected, these forecasts could prove to be too cautious.

The Eastern European market, which accounts for more than one-third of the total market in terms of new European trailer registrations and includes high-volume trailer production and sales markets such as Poland, Türkiye and Russia, recorded significant decreases due to the war in Ukraine. An end to the military conflicts in the region could result in a sudden dynamic surge in demand by unlocking a significant degree of pent-up demand. Consequently, Group sales could develop better than expected, enabling SAF-HOLLAND to benefit from positive earnings as a result of lower fixed costs.

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SUPPORT FROM GLOBAL MEGATRENDS AND GROWTH IN INTERNATIONAL FREIGHT TRANSPORT – STRATEGIC OPPORTUNITIES

Several global megatrends are benefiting the long-term development of worldwide freight transport and, in turn, the markets for trucks and trailers. The growing world population, especially in developing and emerging countries, and the globalization of the economy are leading to an increasing exchange of international goods. A global transport infrastructure is vital to supporting this. Urbanization is also drawing an increasing number of people to cities. Trucks and trailers are the most important means of transportation for supplying major cities.

The long-term growth of the social middle class, especially in the Asia-Pacific region, is another aspect. As incomes rise, the purchasing power of the global middle class is set to increase in the years ahead and lead to higher freight volumes.

In the developed economies, it is primarily trends such as the increasing share of e-commerce that are further boosting demand for transport capacity.

CONTINUOUS GROWTH IN DEMAND FOR SPARE PARTS – STRATEGIC OPPORTUNITIES

Fleet sales in recent years, especially in SAF-HOLLAND's core markets of Europe and North America, have resulted in larger fleet sizes in these markets. With the increasing age of these vehicles, the demand for spare parts is also rising and is expected to continue to rise in the years ahead, regardless of the development of the original equipment business. With margins in the aftermarket business generally higher than in the original equipment business, this development should have a positive effect on the Group's profitability in the medium term.

Through its trademarks SAUER QUALITY PARTS and Gold Line, SAF HOLLAND has opened up a further segment within the aftermarket. SAF-HOLLAND is supplying parts to trucks and trailers in what is known as the "second life" marketplace with a tailored brand that offers more cost-effective parts specially designed for comparatively older vehicles. This opens up additional sales potential, particularly in the emerging markets, which have a high number of older vehicles on the roads. This is because the company can deliver the special qualities that characterize trucks and trailers in these countries: robustness, reliability and a favorable price.

OPPORTUNITIES FROM INDUSTRY-SPECIFIC MEGATRENDS – STRATEGIC OPPORTUNITIES

Autonomous driving, digitalization and alternative drive concepts will open up growth opportunities for SAF-HOLLAND in the medium to long term.

The Group offers digitization solutions for fleet managers via its UK subsidiary, Axscend. The TrailerMaster information system provides operating data in real time and enables fleet managers to better utilize their resources. From SAF-HOLLAND's perspective, the most important functionalities that can be integrated include lighting function control, load testing and optimization, maintenance condition testing, data evaluation from the tire pressure control system and electronic braking systems (EBS), patented performance data and the condition evaluation of the brake system – which in the UK exempts operators from the obligation to have their trailers tested on test beds – and GPS data transmission for trailer tracking.

The TRAKr and TRAKe axles complement the classical axle by adding a centrally installed electric motor. In the TRAKr system, this motor acts solely as a generator to recuperate energy during braking that can then be used to power electrical aggregates in the trailer. In the TRAKe system, the power generated by the system can be used to power the electrical motor itself, so that the axle contributes to the drive of the trailer. Both solutions take load off the combustion engine in the tractor unit, thereby making an active contribution to reducing CO_2 emissions. In addition, the extra drive in the trailer will improve the range of electrically powered trucks. At the same time, logistics companies operating in urban environments benefit from the systems. TRAKr allows a trailer with an electrically powered and battery supported cooling system and refrigerated goods to be parked in an urban area, as the system can function without a running combustion engine.

RISING DEMAND FOR DISC BRAKE TECHNOLOGY – STRATEGIC OPPORTUNITIES

Whereas the majority of trailers in Europe have been equipped with disc brakes for many years, the percentage of trailers equipped with disc brakes in the US lies at roughly 25%. Traditional drum brakes still dominate the US market, despite being inferior in terms of performance, weight and ease of

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maintenance. Disc brakes have clear advantages in terms of safety due to their better braking performance. A truck and trailer combination equipped with disc brakes, for example, needs 20% less braking distance (dropping from 129 meters to 104 meters at a speed of 75 mph) compared to drum brakes.

The share of disc brake technology in the US is expected to increase in the medium term to 30-35%. SAF-HOLLAND has been playing a pioneering role in this segment of the European market for years and has many years of expertise. By employing disc brake technology in its axle systems, the Group could increase its added value per vehicle by 50% or more.

OPPORTUNITIES THROUGH ACQUISITIONS – PROJECT AND PROCESS OPPORTUNITIES

Already in the past, SAF-HOLLAND has proven its ability to consolidate its market position and accelerate its growth with the acquisitions of KLL, York, V.Orlandi, Assali and Tecma and especially Haldex. Similarly, even after the acquisition of Haldex, SAF-HOLLAND continuously conducts targeted market reviews and analyses of the potential in both the original equipment business and the aftermarket business in the relevant regions.

In recent years, potential sellers of family-run businesses have offered options but not at attractive terms and conditions. In view of the challenges many of these sellers are facing, SAF-HOLLAND expects interesting opportunities going forward to expand its position in select markets. A good example of this approach was the acquisition of KLL in 2016 and the purchase of the outstanding stake in this company in 2021, with which SAF-HOLLAND expanded its product portfolio to include products that are characterized by durability and relatively low prices. The Group also sees tremendous sales potential for such products in other emerging markets, opening up cross-selling opportunities in this area.

SAF-HOLLAND also pursued strategic objectives when it acquired the York Group, the market leader for trailer axles in India, in 2018. So far, demand for robust and reliable trucks and trailers has dominated the market, with price playing an important role. With York's product portfolio, SAF-HOLLAND precisely meets the current market demand as a first step. However, as already seen in China in recent years, market observers expect India and other APAC markets to transition to gradually stricter loading and safety regulations over the next few years. Consequently, the Group also expects these markets to shift towards technologically more sophisticated solutions. With the York acquisition, SAF-HOLLAND has gained a foothold with its product portfolio at an early stage and is in a strong position to exploit the available market potential.

In fiscal year 2024, SAF-HOLLAND generated 86.9% of its sales in its traditional regions of the EMEA and Americas. It is the company's stated objective to raise its sales outside of these key regions in the mid-term.

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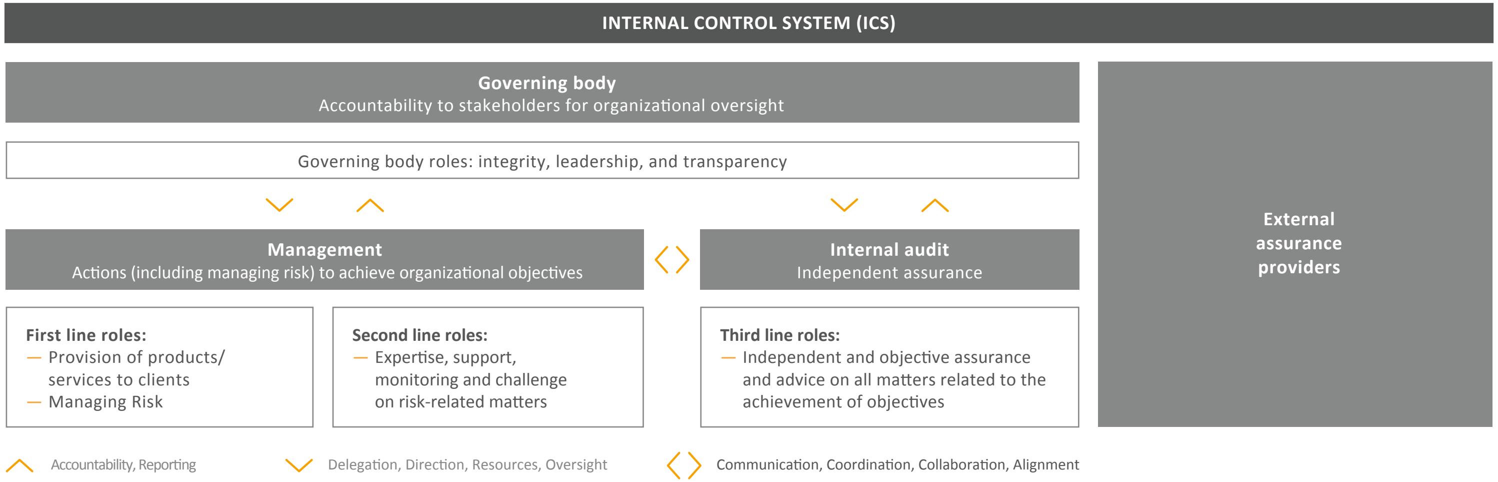
INTERNAL CONTROL SYSTEM WITH REGARD TO THE GROUP ACCOUNTING PROCESS

Three-Lines-Model

Role of the Risk Management System within the ICS



The primary goal of the internal control system (ICS) for the Group accounting processes is to ensure the compliance of the financial reporting by making sure that the Consolidated Financial Statements and the Combined Management Report of the SAF-HOLLAND Group and the financial statements of the parent company SAF-HOLLAND SE comply with all relevant laws and regulations. It is the responsibility of the Management Board to design the ICS to meet the specific needs of the company. According to the allocation of executive functions, the CFO is responsible for finance and accounting. These departments define and review the accounting standards used throughout the Group and combine the information when compiling the Consolidated Financial Statements. Significant risks for the accounting process arise from possible non-compliance with the need to communicate complete and accurate information within the specified reporting deadlines. To ensure this, the needs must be clearly communicated, and the units concerned must be enabled to fulfill the requirements. Risks that could impact the accounting process can arise, for example, from transactions being recognized too late or incorrectly, or when accounting standards are not observed. The failure to recognize transactions also constitutes a potential risk. To minimize such errors, the accounting process is based on a strict segregation of functions.

The accounting process is fully integrated into the risk management system of SAF-HOLLAND SE. This ensures that accounting-relevant risks are identified at an early stage and that measures for risk prevention and mitigation can be promptly initiated.

Accounting-related processes are reviewed regularly by the Internal Audit department to ensure the effectiveness of the internal control system and risk management system. The effectiveness of the controls is ensured by the constant monitoring of key indicators in the course of the monthly management reporting.

First and foremost, the Supervisory Board, represented by the Audit Committee, monitors the accounting process, the effectiveness of the control system and the risk management system, as well as the audit of the annual financial statements. In addition, it reviews the documents

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pertaining to the separate financial statements of SAF-HOLLAND SE, the Consolidated Financial Statements and the Combined Management Report and discusses these with the Management Board and the auditor. The auditor reviews the system for the early detection of risk within the course of its audit of the annual financial statements. During this review, the auditor assesses whether the Management Board is able to use this system to identify any risks early on that could jeopardize the company's continued existence.

The IFRS accounting manual serves as the basis for the Group's accounting and reporting processes. All Group entities must base their accounting processes on the standards described in the manual. Significant recognition, presentation and valuation policies, such as for non-current assets, inventories and receivables, as well as provisions and liabilities, are defined in a binding manner.

In addition, reporting mechanisms have been installed in the Group to ensure uniform treatment of extraordinary issues arising from operating activities. Reporting deadlines have been set for all entities to allow timely compilation of the Consolidated Financial Statements and the Group Management Report.

The individual financial statements of the Group companies are prepared in accordance with the relevant local accounting standards. Intragroup deliveries and services are recorded by the Group companies in separately identified accounts.

The balances of the intercompany clearing accounts are reconciled on the basis of defined guidelines and schedules via balance confirmations. The Group companies' financial reporting is carried out using the SAP-BPC reporting system up to and including December 31, 2024, and using the OneStream reporting system from January 1, 2025.

In accordance with the regional segmentation of SAF-HOLLAND, the technical responsibility for the financial area is borne both by the financial officers in the Group parent company and by the regional CFOs for the respective region. They are involved in the quality assurance of the financial statements of the Group companies included in the Consolidated Financial Statements. The overall quality assurance of the financial statements of the Group companies included in the Consolidated Financial Statements is performed by the corporate department Group Consolidation and Controlling, which is responsible for the preparation of the Consolidated Financial Statements. The preparation of the Combined Management Report is the responsibility of the corporate Investor Relations department, which also reports directly to the CFO of SAF-HOLLAND.

The financial accounting systems used by the Group companies of SAF-HOLLAND are gradually being standardized.

ADEQUACY AND EFFECTIVENESS OF THE OVERALL RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM[1]

SAF-HOLLAND's risk management system is based on the globally recognized framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The appropriateness and effectiveness of the ICS is reviewed in regular audits by the Group Audit department. The audits are carried out as part of a risk-oriented audit planning process. Any weaknesses identified are recorded and a review of the measures taken to rectify the weaknesses is carried out by the Group Audit department.

The risk management officers work continuously and in a structured manner on improvements. On a quarterly basis, additional internal audits are carried out at the most important companies using a structured review protocol for the main control areas. The scope and thus the informative value of these audits have been expanded during the year and were transferred into a Group-wide, IT-supported ICS tool.

SAF-HOLLAND's Internal Control System (ICS) for financial and non-financial reporting is designed to mitigate process risks impacting financial and non-financial reporting to a level that is acceptable to the company. An effective ICS is necessary to ensure the functionality of all essential business processes.

[1] The disclosures in this section are not part of the Management Report and are not the subject of an audit by the auditors PricewaterhouseCoopers.

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The Management Board of SAF-HOLLAND Group is committed to continuously strengthening the ICS, enhancing the set of policies, procedures, and processes to provide reasonable assurance to the stakeholders that the organization can meet its objectives related to financial and non-financial reporting, operational efficiency, and compliance with laws and regulations. The enhanced ICS shall benefit from self-assessments and continuous control monitoring. Internal controls are an integral part of business operations. Management, the first line of business, is and remains responsible for sound business controls.

The SAF Holland ICS guideline governs and documents the basic principles, organization, and procedures of the ICS in place. The guideline describes responsibilities and roles, as well as the ICS process and reporting such as a risk and impact analysis, definition of internal controls that must be followed by the different divisions and subsidiaries of the Group, assessment and review of control points, control performance and documentation. Once every quarter the controls need to be reported and documented in the Groups ICS software.

The Management Board of SAF-HOLLAND has no information whatsoever suggesting that the risk management system or internal control system were not appropriate or effective as of December 31, 2024.

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CORPORATE GOVERNANCE STATEMENT

The German Corporate Governance Code designates the Corporate Governance Statement pursuant to Sections 289f and 315d of the German Commercial Code (HGB) as the main instrument for Corporate Governance reporting. The Management Board and Supervisory Board report on SAF HOLLAND's Corporate Governance in this statement.

At SAF HOLLAND, Corporate Governance stands for responsible company management and monitoring geared towards sustainable value creation that encompasses all areas of the Group. Transparent reporting and company communication, company management aligned with the interests of all stakeholders, trust-based cooperation between the Management Board, Supervisory Board and employees as well as compliance with the applicable laws are key cornerstones of the company culture.

The Corporate Governance Statement is publicly available on the company website https://corporate.safholland.com/en/cgs.

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TAKEOVER-RELEVANT INFORMATION AND EXPLANATORY REPORT

The disclosures as of December 31, 2024, required by Article 9 (1) lit. c) ii) SE Regulation in conjunction with Sections 289a and 315a HGB are presented below.

I. COMPOSITION OF SUBSCRIBED CAPITAL

As of December 31, 2024, the share capital of SAF-HOLLAND SE amounted to EUR 45,394,302.00, divided into 45,394,302 no-par value bearer shares, each with imputed notional interest in the share capital of EUR 1.00 per share. All shares confer the same rights and obligations.

II. RESTRICTIONS AFFECTING VOTING RIGHTS OR THE TRANSFER OF SHARES

Each share entitles the bearer to one vote at the Annual General Meeting. The voting right may be subject to legal restrictions, such as Section 136 (1) of the German Stock Corporation Act (AktG). The company is not aware of any other restrictions affecting voting rights or the transfer of shares, such as those arising from agreements between individual shareholders.

III. HOLDINGS OF MORE THAN 10% OF THE VOTING RIGHTS

At the time of reporting, the company had not received any notifications of shareholdings exceeding 10% of the voting rights.

IV. SHARES EQUIPPED WITH SPECIAL RIGHTS CONFERRING POWERS OF CONTROL

There are no shares with special rights conferring powers of control.

V. EMPLOYEES WITH EQUITY INTERESTS

Employees who hold SAF-HOLLAND shares exercise their rights of control arising from shares directly in the same way as other shareholders in accordance with statutory provisions and the Articles of Association.

VI. STATUTORY PROVISIONS AND REQUIREMENTS OF THE ARTICLES OF ASSOCIATION ON THE APPOINTMENT AND DISMISSAL OF MEMBERS OF THE MANAGEMENT BOARD AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The requirements for the appointment and dismissal of members of the Management Board as well as for any amendments to the Articles of Association are governed by the respective provisions of the applicable European and German laws, including the SE Regulation and the German Stock Corporation Act (AktG), as well as the Articles of Association.

The appointment and dismissal of members of the Management Board is governed by Art. 9 para. 1 lit. c) ii) SE Regulation in conjunction with Section 84 of the German Stock Corporation Act (AktG). The Management Board consists of at least two people; the Supervisory Board may set a higher number of members for the Management Board (Article 8 (1) of the Articles of Association). The members of the Management Board are appointed by the Supervisory Board for a maximum period of five years; reappointments are permitted (Article 8 (3) of the Articles of Association). The Supervisory Board may appoint a Chairman or Spokesman of the Management Board and a Deputy Chairman or Deputy Spokesman (Article 8 (2) sentence 2 of the Articles of Association). If a required member of the Management Board has not been appointed, a court appointment may be made in urgent cases in keeping with Article 9 (1) lit. c) ii) SE Regulation in conjunction with Section 85 of the German Stock Corporation Act (AktG).

Amendments to the Articles of Association are governed by Article 59 SE Regulation, Section 179 of the German Stock Corporation Act (AktG) and the Articles of Association. According to Article 21 (3) sentence 2 of the Articles of Association, unless mandatory statutory provisions stipulate otherwise, resolutions to amend the Articles of Association must be adopted by a two thirds majority of the valid votes cast at the Annual General Meeting or, if at least half of the share capital is represented, by a simple majority of the valid votes cast at the Annual General Meeting. Where statutory provisions require the majority of the share capital in addition to the majority of the votes cast for resolutions of a General Meeting, the simple majority of the share capital represented in the vote is sufficient, to the extent permitted by law. The Supervisory Board is authorized to make amendments to the Articles of Association that only concern their wording (Section 179 (1) sentence 2 of the German Stock Corporation Act (AktG) and Article 13 (3) of the Articles of Association).

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VII. AUTHORIZATION OF THE MANAGEMENT BOARD TO ISSUE AND REPURCHASE SHARES

AUTHORIZED CAPITAL

The Management Board is authorized by resolution of the Annual General Meeting of June 11, 2024, with the consent of the Supervisory Board, to increase the share capital in the period until the end of June 10, 2029, once or several times, in partial amounts of up to a total of EUR 9,078,860.00 by issuing new no-par value bearer shares against cash and/or non-cash contributions (Authorized Capital 2024/I). The same resolution of the Annual General Meeting on June 11, 2024, cancelled the Authorized Capital 2020 that had been approved by the Extraordinary General Meeting on May 20, 2020.

New shares are to be offered, in principle, to the company's shareholders for subscription; they may also be underwritten by one or more credit institution(s) or companies as defined by Article 5 of the SE Regulation in conjunction with Section 186 (5) sentence 1 of the German Stock Corporation Act (AktG) with the obligation to offer them to the shareholders for subscription ("indirect subscription rights").

However, the Management Board is authorized, subject to the approval of the Supervisory Board, to exclude shareholders' subscription rights for one or more capital increases under Authorized Capital 2024/I

a) insofar as this is necessary to offset peak amounts;

b) insofar as it is necessary to grant the holders and/or creditors of convertible bonds, bonds with warrants, and/or income bonds (or combinations of these instruments) (hereinafter collectively referred to as 'bonds') that are equipped with conversion or option rights or conversion or option obligations and that have been or will be issued by the company or a Group company, an exchange or to grant a right to exchange or subscribe to new bearer shares in the company to the extent that they would have been entitled to after exercising the conversion and/or option rights or after fulfilling the conversion and/or option obligations, or to the extent that the company exercises an option to grant shares in the company instead of payment of the due cash amount in whole or in part;

c) to issue shares against contributions in kind, in particular – but without limitation to this – in the context of company mergers or for the purpose of acquiring (including indirectly) companies, businesses, parts of companies, interests in companies or other assets, including claims against the company or its Group companies, or to service bonds issued against contributions in kind;

d) for the issuance of shares in exchange for cash contributions, provided that the issuing price of the new shares is not significantly lower than the stock exchange price of the already listed shares of the company within the meaning of Sections 203 (1) and (2), 186 (3) sentence 4 of the German Stock Corporation Act (AktG) and the pro-rata amount of the share capital attributable to the new shares issued under exclusion of subscription rights in accordance with Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) does not exceed a total of 10% of the share capital of the company, either at the time of coming into effect or – if this amount is lower – at the time of utilization of Authorized Capital 2024/I. The proportionate amount of the share capital attributable to shares (i) issued or sold during the term of Authorized Capital 2024/I in direct or analogous application of Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) and (ii) issued or to be issued to service bonds with conversion or option rights or conversion or option obligations are issued or are to be issued, provided that these bonds are issued in corresponding application of Section 186 (3) sentence 4 of the German Stock Corporation Act during the term of Authorized Capital 2024/I, excluding shareholders' subscription rights.

According to this authorization, shares may only be issued under the exclusion of shareholders' subscription rights as part of Authorized Capital 2024/I if the total of the new shares, together with shares that are issued or transferred by the company during the term of Authorized Capital 2024/I under another authorization excluding shareholders' subscription rights or that are to be issued on the basis of a convertible bond and/or warrant bond issued during the term of Authorized Capital 2024/I on the basis of the utilization of another authorization under exclusion of subscription rights, a notional interest in the share capital of the company totaling no more than 10% of the share capital of the company is attributable, both at the time this authorization becomes effective and – if this amount is lower – at the time this authorization is exercised.

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The Management Board is authorized, with the approval of the Supervisory Board, to determine additional terms regarding the share rights and the details of the execution of the capital increase.

In fiscal year 2024, the Management Board did not exercise the authorization to increase the capital from Authorized Capital 2024/I. In fiscal year 2024, the Management Board also did not exercise the authorization to increase the capital from Authorized Capital 2020.

CONTINGENT CAPITAL

The Management Board is also authorized by resolution of the Annual General Meeting on June 11, 2024, with the consent of the Supervisory Board, to issue bearer or registered convertible bonds, bonds with warrants and/or participating bonds (or combinations of these instruments) (collectively referred to as 'bonds'), with or without a term limitation to the bearer or the account of the company or a third party as issuer, up to a total nominal amount of EUR 350,000,000.00, dated or undated, on one or several occasions up to and including June 10, 2029, and to grant the bearers or creditors of bonds conversion or option rights to subscribe to up to 9,078,860 no-par-value bearer shares in the company with a notional interest in the share capital of up to EUR 9,078,860.00, as specified in the terms and conditions of the bonds, and/or to establish obligations in the terms and conditions of the bonds to convert the respective bond into such shares. The bonds may be issued in exchange for cash or contributions in kind.

The shareholders shall, in principle, have a subscription right to the bonds. The subscription right may also be granted indirectly by the bonds being underwritten by one or several credit or securities institution(s) or other companies within the meaning of Section 186 (5) sentence 1 of the German Stock Corporation Act (AktG) with the obligation to offer them to the shareholders for subscription. If bonds are issued by a Group company, the company must ensure that the statutory subscription rights for shareholders of the company are granted in accordance with the above.

Nevertheless, the Management Board is authorized, with the consent of the Supervisory Board, to exclude the shareholders' subscription right to the bonds:

a) for fractional amounts arising as a result of the subscription ratio;

b) insofar as it is necessary to grant the holders of previously issued conversion or option rights to shares in the company or the creditors of convertible bonds with conversion obligations a subscription right to the extent to which they would be entitled as shareholders after exercising these conversion or option rights or after fulfillment of the conversion obligations;

c) to the extent that bonds with conversion and/or option rights or conversion obligations are to be issued against cash contributions and the issue price is not significantly lower than the theoretical market value of the bonds with conversion and/or option rights or conversion obligations determined in accordance with recognized actuarial methods. Nevertheless, this authorization to exclude subscription rights applies only to the extent that the shares issued to service the conversion and option rights or to fulfill the conversion obligation do not in total represent more than 10% of the share capital, either at the time of entry into force or – should this be lower – at the time of exercise of the authorization ("maximum amount"). The maximum amount is to be reduced by the portion of the share capital attributable to new or previously acquired treasury shares that are issued or sold during the term of this authorization under the simplified exclusion of subscription rights in accordance with or pursuant to Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG), as well as the portion of the share capital attributable to shares that can or must be subscribed for on the basis of option and/or conversion rights or obligations that are issued during the term of this authorization under exclusion of subscription rights in analogous application of Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act;

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d) insofar as bonds are issued in return for contributions in kind (in particular, of companies, parts of companies or interests in companies or other assets, including receivables), provided that the value of the contribution in kind is commensurate with the market value of the bonds.

Insofar as profit-sharing bonds without conversion rights, option rights or conversion obligations are issued, the Management Board is authorized, with the consent of the Supervisory Board, to exclude the shareholders' subscription rights altogether if these profit-sharing bonds have bond-like features, i.e. if they do not establish any membership rights in the company, do not grant any participation in liquidation proceeds and the amount of interest is not calculated on the basis of the amount of net profit, the balance sheet profit or the dividend. Furthermore, in this case, the interest and the issue price of the participating bonds must correspond to the current market conditions for comparable borrowings at the time of issue.

The Management Board has voluntarily declared that, on the basis of the above authorization, it will only issue bonds excluding shareholders' subscription rights if the total number of new shares to be issued on the basis of such bonds, together with shares that are issued or transferred by the company during the term of this authorization under another authorization excluding subscription rights or that are to be issued on the basis of a bond issued during the term of this authorization bond issued on the basis of the utilization of another authorization under exclusion of subscription rights, does not exceed a total of 10% of the share capital, either at the time this authorization takes effect or – if this value is lower – at the time this authorization is exercised.

The Annual General Meeting on June 11, 2024, created Contingent Capital 2024/I of up to EUR 9,078,860.00 for the purpose of granting no-par bearer shares to the holders or creditors of bonds issued on the basis of the authorization resolution of the Annual General Meeting on June 11, 2024.

In fiscal year 2024, the Management Board did not utilize the authorization to execute a capital increase from Authorized Capital 2024/I.

PURCHASE OF TREASURY SHARES

SAF-HOLLAND SE is permitted to repurchase treasury shares only after obtaining prior authorization from the Annual General Meeting or in the rare cases expressly governed by the German Stock Corporation Act. The Annual General Meeting passed the following resolutions on June 10, 2021:

a) The company shall be authorized until June 9, 2026, to purchase treasury shares up to a total of 10% of the share capital existing at the time the resolution is adopted or – if lower – at the time the authorization is exercised, subject to the statutory limits. Together with other treasury shares acquired by the company and held by or attributable to the company, the treasury shares purchased on the basis of this authorization may at no time exceed 10% of the company's share capital existing at the time the resolution is adopted or – if lower – at the time the authorization is exercised. Purchases for the purpose of trading in treasury shares are not permitted.

The authorization may be exercised in whole or in part, once or several times, in pursuit of one or more purposes by the company or also by its Group companies or by third parties for its or their own account.

At the discretion of the Management Board, treasury shares may be purchased on the stock exchange or by means of a public purchase offer to all shareholders or a public invitation to tender an offer for sale. In the event of a purchase via the stock exchange, the consideration paid per share (excluding incidental acquisition costs) may not be more than 10% higher or 20% lower than the average closing price of the company's shares of the same class in Xetra trading (or a comparable successor system) on the last five trading days of the Frankfurt Stock Exchange prior to entering into the obligation to purchase. In the case of a public offer to purchase or a public invitation to tender an offer to sell, the purchase price offered or the limits of the purchase price range per share (excluding incidental acquisition costs) may not be more than 10% higher or 20% lower than the average closing price of the company's shares of the same class in Xetra trading (or a comparable successor system) on the last five trading days of the Frankfurt Stock Exchange prior to the date of publication of the offer or the public invitation to tender an offer to sell. If there are significant deviations in the relevant price after publication of a purchase offer or the public invitation to tender an offer to sell, the offer or the invitation to tender an offer may be adjusted. In this case, the relevant price shall be

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determined on the basis of the closing price for shares of the company of the same class in Xetra trading (or a comparable successor system) on the last day of trading on the Frankfurt Stock Exchange prior to publication of the adjustment; the 10% limit for exceeding or the 20% limit for falling short shall be applied to this amount. The volume of the offer or invitation to tender an offer may be limited. If the total acceptance of the offer or the offers tendered by the shareholders in response to an invitation to tender an offer exceed or exceeds this volume, the purchase or acceptance must take place by partially excluding any tender rights of the shareholders in proportion to the shares offered in each case. Preferential purchase or preferential acceptance of smaller numbers of up to 100 shares of the company offered for purchase per shareholder of the company may be provided for with the partial exclusion of possible tender rights of shareholders. The offer to purchase or the invitation to tender a sales offer may include additional terms and conditions.

b) The Management Board is authorized to utilize the company shares purchased on the basis of this authorization for all legally permissible purposes, including, but not limited to, the following purposes:

aa) The purchased treasury shares may also be sold in a manner other than via the stock exchange or by means of an offer to all shareholders if the shares are sold for cash at a price that is not significantly lower than the stock market price of company shares of the same class at the time of the sale. The relevant stock market price for the purposes of the above provision shall be the average closing price of the company's shares of the same class in Xetra trading (or a comparable successor system) on the last five trading days of the Frankfurt Stock Exchange prior to entering into the obligation to sell the shares. The subscription rights of shareholders are excluded. However, this authorization shall only apply on the condition that the shares sold subject to the exclusion of subscription rights in accordance with Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) may not exceed a total of 10% of the share capital, either at the time this authorization becomes effective or at the time it is exercised ("maximum limit"). Shares issued from authorized capital during the term of this authorization in accordance with Sections 203 (2), 186 (3) sentence 4 of the German Stock Corporation Act (AktG), excluding subscription rights, shall be included in this maximum limit. Furthermore, this maximum limit shall include those shares which have been or may still be issued to service convertible bonds and/or bonds with options, profit participation rights and/or income bonds (or combinations of these instruments), provided that the underlying bonds were issued during the term of this authorization excluding subscription rights on the basis of an authorization to issue convertible bonds and/or bonds with options, profit participation rights and/or income bonds (or combinations of these instruments) applying Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) accordingly. Such offsetting shall not apply if authorizations to issue new shares from authorized capital with the possibility to exclude subscription rights pursuant to Section 203 (2) and Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) or to issue convertible bonds and/or bonds with options, profit participation rights and/or income bonds (or combinations of these instruments) are granted again by the Annual General Meeting applying Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) by analogy, after the exercise of such authorizations which led to the offsetting.

bb) The purchased treasury shares may also be sold in a way other than via the stock exchange or by means of an offer to all shareholders, insofar as this is done in return for non-cash contributions by third parties, including, but not limited to, in connection with the acquisition of companies, businesses, parts of companies or interests in companies, or other assets or claims to the acquisition of assets eligible for a contribution in kind, including claims against the company or its Group companies, or in order to fulfill conversion rights or obligations of holders or creditors of convertible bonds and/or bonds with options, profit participation rights and/or income bonds (or combinations of these instruments) issued by the company or by Group companies. The subscription rights of shareholders are excluded in each case.

cc) The purchased treasury shares may be canceled in whole or in part without any further resolution by the Annual General Meeting. They may also be retired in a simplified procedure without a capital reduction by adjusting the notional interest of the remaining no-par value shares in the company's share capital. Such cancellation of share capital may be limited to a portion of the shares purchased. If the cancellation is affected by simplified procedure, the Management Board is authorized

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to adjust the number of no-par value shares in the Articles of Association.

c) The authorizations under lit. b) also cover the use of shares in the company purchased on the basis of Section 71d sentence 5 of the German Stock Corporation Act (AktG).

d) The authorizations under lit. b) may be exercised once or several times, in whole or in part, individually or jointly; the authorizations under lit. b), aa) and bb) may also be exercised by dependent companies or companies in which the company holds the majority ownership or by third parties acting for their account or for the account of the company.

e) The Supervisory Board may determine that measures of the Management Board based on this resolution of the Annual General Meeting may only be taken with its consent.

In fiscal year 2024, the Management Board did not utilize the authorization to acquire company shares.

VIII. SIGNIFICANT COMPANY AGREEMENTS CONTINGENT UPON A CHANGE OF CONTROL

The company has issued one promissory note in each of the years 2015, 2020, 2022, 2023 and 2024 with volumes of EUR 200 million, EUR 250 million, EUR 176 million and EUR 105 million and EUR 100 million respectively. These promissory notes become due at various times, depending on the terms of their individual tranches. There are still tranches outstanding in the amount of EUR 9 million for the promissory note issued in 2015 and EUR 89 million for the promissory note from 2020. In the event of a change of control, the contractual terms and conditions for all promissory note loans stipulate that each lender may, within a certain period of time after receiving notification of the change of control, call due its portion of the respective loan in full and demand repayment at the nominal amount plus any accrued interest and all other amounts owed under the respective promissory note loan (e.g. compensation for interest lost due to early repayment). Repayment is due immediately, in the case of the promissory note loan from 2024 within 30 bank working days of receipt of the notification of the change of control by the paying agent.

The current syndicated loan agreement for up to EUR 550 million from 2022 (divided into Term Loan A with EUR 150 million (completely repaid), Term Loan B with EUR 150 million (remaining amount EUR 94.4 million) and the drawn and undrawn revolving lines totaling EUR 250 million) also contains an agreement in the event of a change of control. In this case, the company must notify the agent under the syndicate agreement of the event immediately after the change of control. After the change of control has taken place, each lender has the right, at its discretion, to refuse to draw on the credit lines provided by it under the syndicated loan agreement and to terminate all credit lines granted by it and to demand payment of all amounts owed under the respective loan agreement plus accrued interest via the agent with a notice period of 10 days, provided that it notifies the agent of this within a period of 30 days.

Under two loan agreements dated June 13, 2016, SAF-HOLLAND SE, together with SAF-HOLLAND Inc., is acting as a guarantor to IKB Deutsche Industriebank AG, with SAF-HOLLAND GmbH as the borrower. The loans of EUR 25 million and EUR 10 million are to be repaid no later than June 26, 2026. In the event of a change of control, the contractual conditions of the respective loans stipulate that the bank may call the loan due in full within a period of 15 days from receipt of the change of control notification and demand immediate repayment of the loan plus any accrued interest and all other amounts owed (such as compensation for interest lost due to early repayment).

In 2021, SAF-HOLLAND GmbH took out an additional loan of EUR 10 million from Oldenburgische Landesbank AG. SAF-HOLLAND SE is also a guarantor for this loan. In the event of a change of control, Section 12 of the loan agreement allows for a prolongation of the contract to the mutual satisfaction of both parties in good time.

Beyond the above, the company is not party to any other important agreements that take effect, change or terminate upon the company's change of control following a takeover bid.

In the event of a change of control, each member of the Management Board has a one-time right to resign from office by giving three months' notice to the end of the respective month and to terminate the employment contract on that same date. This special right of termination exists solely within one month of the date on which the Management Board member becomes

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aware that a change of control has actually occurred. In the event of premature termination of the employment contract due to a change of control, there is no entitlement to severance pay.

IX. COMPENSATION AGREEMENTS IN THE EVENT OF A TAKEOVER BID

No agreements exist between the company and the members of the Management Board that would provide for compensation arrangements for the members of the Management Board if, in the event of a takeover bid, the employment relationship is terminated without due cause or because of a takeover bid.

There are agreements however between the company and individual employees in corresponding departments that provide for compensation agreements for the employees in the event of a takeover bid if the employment relationship in the respective position ends, under certain conditions, indirectly due to a takeover. According to the company's assessment, these agreements are of minor financial significance for the company and include an extension of the statutory notice period by an additional three months or/as well as the assurance of a severance payment in the amount of an average gross monthly salary per year of employment.

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SUBSEQUENT EVENTS

No events relevant to the report on subsequent events occurred after the balance sheet date.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR thousands	Notes	Q1-Q4/2024	Q1-Q4/2023
Sales	(5.1)	1,876,747	2,106,170
Cost of sales	(5.2)	–1,459,019	–1,693,411
Gross profit		**417,728**	**412,759**
Other income	(5.3.1)	4,449	4,652
Other expenses		–	–1,260
Selling expenses	(5.3.2)	–110,052	–103,128
Administrative expenses	(5.3.3)	–111,945	–111,999
Research and development expenses	(5.3.4)	–39,001	–38,433
Operating result		**161,179**	**162,591**
Share of net profit of investments accounted for using the equity method		270	1,224
Earnings before interest and taxes		**161,449**	**163,815**
Finance income	(5.3.5)	19,219	20,421
Finance expenses	(5.3.5)	–60,567	–62,532
Finance result	**(5.3.5)**	**–41,348**	**–42,111**
Result before income tax		**120,101**	**121,704**
Income tax	(5.4)	–41,874	–41,182
Result for the period		**78,227**	**80,522**
Attributable to:			
Equity holders of the parent		77,349	79,933
Shares of non-controlling interests		878	589

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in EUR thousands	Notes	Q1-Q4/2024	Q1-Q4/2023
Result for the period		**78,227**	**80,522**
Attributable to:			
Equity holders of the parent		77,349	79,933
Shares of non-controlling interests		878	589
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Net gain/loss on equity instruments measured at fair value through other comprehensive income	(6.9)	–	996
Remeasurements of defined benefit plans	(6.9)	8,436	963
Income tax effects on items recognised in other comprehensive income	(6.9)	–2,045	–275
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	(6.9)	5,274	–20,658
Other comprehensive income		**11,665**	**–18,974**
Comprehensive income for the period		**89,892**	**61,548**
Attributable to:			
Equity holders of the parent		88,913	61,196
Shares of non-controlling interests		979	352
(Diluted) Basic earnings per share in EUR	**(7.2)**	**1.70**	**1.76**

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CONSOLIDATED BALANCE SHEET

in EUR thousands

	Notes	12/31/2024	12/31/2023*
Assets			
Non-current assets		**854,619**	**824,804**
Goodwill	(6.1)	137,925	128,839
Other intangible assets	(6.1)	302,371	298,356
Property, plant and equipment	(6.2)	358,567	344,411
Investments accounted for using the equity method	(6.4)	13,024	11,608
Financial assets	(6.5)	7,288	95
Other non-current assets	(6.5)	26,191	17,596
Deferred tax assets	(5.4)	9,253	23,899
Current assets		**857,250**	**837,339**
Inventories	(6.6)	291,469	306,692
Trade receivables	(6.7)	184,975	219,739
Income tax receivables		6,757	5,865
Other current assets	(6.5)	62,869	53,397
Financial assets	(6.5)	10,450	5,370
Cash and cash equivalents	(6.8)	300,730	246,276
Balance sheet total		**1,711,869**	**1,662,143**

in EUR thousands

	Notes	12/31/2024	12/31/2023*
Equity and liabilities			
Total equity	(6.9)	**527,100**	**475,969**
Equity attributable to equity holders of the parent		**523,463**	**473,046**
Subscribed share capital		45,394	45,394
Share premium		224,104	224,104
Retained earnings		259,749	220,896
Accumulated other comprehensive income		–5,784	–17,348
Shares of non-controlling interests		3,637	2,923
Non-current liabilities		**673,022**	**814,917**
Pensions and other similar benefits	(6.10)	42,713	43,209
Other provisions	(6.11)	17,755	20,716
Interest bearing loans and bonds	(6.12)	479,070	615,253
Lease liabilities	(6.3)	72,841	64,373
Other liabilities	(6.14)	417	426
Deferred tax liabilities	(5.4)	60,226	70,940
Current liabilities		**511,747**	**371,257**
Other provisions	(6.11)	23,436	29,677
Interest bearing loans and bonds	(6.12)	205,010	13,415
Lease liabilities	(6.3)	17,284	13,798
Trade payables	(6.13)	185,381	228,630
Income tax liabilities		13,138	7,869
Other financial liabilities	(6.14)	16,283	16,338
Other liabilities	(6.14)	51,215	61,530
Balance sheet total		**1,711,869**	**1,662,143**

*Adjustments based on IAS 8.42 (see Chapter 2.5 on the notes)

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR thousands							12/31/2024
	Attributable to equity holders of the parent						
	Subscribed share capital	Share premium	Retained earnings	Accumulated other comprehensive income	Total amount	Shares of non-controlling interests	Total equity (Note 6.9)
As of 01/01/2024	**45,394**	**224,104**	**220,896**	**–17,348**	**473,046**	**2,923**	**475,969**
Result for the period	–	–	77,349	–	77,349	878	78,227
Other comprehensive income	–	–	–	11,564	11,564	101	11,665
Comprehensive income for the period	**–**	**–**	**77,349**	**11,564**	**88,913**	**979**	**89,892**
Dividend	–	–	–38,585	–	–38,585	–	–38,585
Share-based payment	–	–	89	–	89	–	89
Transactions with non-controlling interests	–	–	–	–	–	–265	–265
As of 12/31/2024	**45,394**	**224,104**	**259,749**	**–5,784**	**523,463**	**3,637**	**527,100**

in EUR thousands							12/31/2023
	Attributable to equity holders of the parent						
	Subscribed share capital	Share premium	Retained earnings	Accumulated other comprehensive income	Total amount	Shares of non-controlling interests	Total equity (Note 6.9)
As of 01/01/2023	**45,394**	**224,104**	**169,648**	**1,389**	**440,535**	**819**	**441,354**
Effects from adjustments according to IAS 12*	**–**	**–**	**134**	**–**	**134**	**–**	**134**
As of 01/01/2023	**45,394**	**224,104**	**169,782**	**1,389**	**440,669**	**819**	**441,488**
Result for the period	–	–	79,933	–	79,933	589	80,522
Other comprehensive income	–	–	–	–18,737	–18,737	–237	–18,974
Comprehensive income for the period	**–**	**–**	**79,933**	**–18,737**	**61,196**	**352**	**61,548**
Dividend	–	–	–27,237	–	–27,237	–	–27,237
Transactions with non-controlling interests	–	–	–1,582	–	–1,582	–13,090	–14,672
Addition of shares of non-controlling interests from business combinations	–	–	–	–	–	14,842	14,842
As of 12/31/2023	**45,394**	**224,104**	**220,896**	**–17,348**	**473,046**	**2,923**	**475,969**

*Further information in note 2.4

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CONSOLIDATED STATEMENT OF CASH FLOWS

	in EUR thousands	Notes	Q1-Q4/2024	Q1-Q4/2023
	Cash flow from operating activities			
	Result before income tax		**120,101**	**121,704**
–	Finance income	(5.3.5)	–19,219	–20,421
+	Finance expenses	(5.3.5)	60,567	62,532
+/–	Share of net profit of investments accounted for using the equity method	(6.4)	–270	–1,224
+/–	Other non-cash transactions	(7.3)	–3,154	4,433
+	Amortisation and depreciation of intangible assets and property, plant and equipment	(5.3.7)	89,001	76,325
+	Impairment of tangible assets and other intangible assets	(5.3.7)	1,955	4,893
+	Allowance of current assets	(6.6)/ (6.7)	10,812	9,953
+/–	Change in other provisions and pensions		–5,044	15,972
+/–	Change in other assets		–21,149	–3,497
+/–	Change in other liabilities		–18,770	–15,250
+/–	Loss/Gain on disposal of property, plant and equipment		–271	–153
+	Dividends from investments accounted for using the equity method	(6.4)	578	4,300
	Cash flow before change of net working capital		**215,137**	**259,567**
+/–	Change in inventories		32,155	–20,150
+/–	Change in trade receivables[1]		54,743	1,837
+/–	Change in trade payables		–57,363	20,053
	Change of net working capital		**29,535**	**1,740**
	Cash flow from operating activities before income tax paid		**244,672**	**261,307**
–	Income tax paid	(5.4)	–44,020	–58,581
	Net cash flow from operating activities		**200,652**	**202,726**
	Cash flow from investing activities			
–	Purchase of property, plant and equipment	(6.2)	–48,505	–54,893
–	Purchase of intangible assets	(6.1)	–8,940	–6,791
+	Payments received from sales of property, plant and equipment		3,306	1,679
–	Payments for other financial assets		–6,529	–
–	Payments for acquisition of subsidiaries net of cash	(3)	–39,810	42,579
+	Interest received		3,054	3,643
	Net cash flow from investing activities		**–97,424**	**–13,783**
	Cash flow from financing activities			
–	Dividend payments to shareholders of SAF-HOLLAND SE	(6.9)	–38,585	–27,237
+	Proceeds from non-current financial liabilities	(6.12)	100,000	105,000
–	Repayments of current and non-current financial liabilities	(6.12)	–68,000	–208,125
–	Paid transaction costs relating to financing agreements	(6.12)	–240	–182
+/–	Proceeds and payments from hedging instruments	(7.1)	–365	1,025
–	Payments for lease liabilities	(7.1)	–16,794	–12,566
–	Interest paid for finance leases		–4,622	–2,543
–	Interest paid		–33,866	–36,315
+/–	Change in drawings on the credit line and other financing activities	(6.12)	13,694	14,746
+/–	Transactions with non-controlling interests	(6.9)	–265	–14,672
	Net cash flow from financing activities		**–49,043**	**–180,869**
	Net increase/decrease in cash and cash equivalents		**54,185**	**8,074**
+/–	Effect of changes in exchange rates on cash and cash equivalents		269	–5,258
	Cash and cash equivalents at the beginning of the period	(6.8)	**246,276**	**243,460**
	Cash and cash equivalents at the end of the period	(6.8)	**300,730**	**246,276**

As of December 31, 2024, and 2023, trade receivables were sold under a factoring agreement. (see note 6.7 in the notes to the consolidated financial statements)

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For the fiscal year January 1 through December 31, 2024.

1. CORPORATE INFORMATION

SAF-HOLLAND SE, headquartered at Hauptstraße 26, Bessenbach, is the ultimate parent company of the SAF-HOLLAND Group. The company is registered in the Commercial Register of the District Court of Aschaffenburg under the registration number HRB 15646.

The SAF-HOLLAND Group is one of the world's leading manufacturers of chassis-related systems and components, primarily for trailers, trucks and buses. The product range includes, among other products, axle and suspension systems for trailers, as well as fifth wheels and coupling systems for trucks, trailers and semi-trailers, and braking and EBS systems.

The company's shares are listed in the SDAX of the Frankfurt Stock Exchange.

The Consolidated Financial Statements of SAF-HOLLAND SE were compiled by the Management Board on March 12, 2025, and are scheduled for publication by the Management Board after being reviewed and approved by the Supervisory Board on March 14, 2025.

The financial statements, the Consolidated Financial Statements, and the Combined Management Report of SAF-HOLLAND SE for fiscal year 2024 will be published in the Federal Gazette. The financial statements of SAF-HOLLAND SE for 2024 and the Consolidated Financial Statements and Combined Management Report can be downloaded from https://corporate.safholland.com/de/investor-relations.

2. ACCOUNTING AND VALUATION PRINCIPLES

2.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The Consolidated Financial Statements of SAF-HOLLAND SE were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union and applicable as of the reporting date.

The Consolidated Financial Statements are prepared using the historical cost principle, except for equity instruments and derivative financial instruments, which are measured at fair value.

The balance sheet presents current and non-current assets and current and non-current liabilities. The Consolidated Statement of Comprehensive Income is prepared according to the cost of sales method. Certain items in the Consolidated Statement of Comprehensive Income and the balance sheet are aggregated. They are disclosed separately in the Notes to the Consolidated Financial Statements.

The Consolidated Financial Statements are prepared in euros. Unless stated otherwise, all amounts are presented in euro thousands (kEUR). Due to rounding, individual figures may not add up precisely to the totals provided.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In preparing the Consolidated Financial Statements, the management has made assumptions and estimates that affect the reported amounts of assets, liabilities, income, expenses and contingent liabilities as of the reporting date. Due to the currently unpredictable consequences of the Ukraine and Middle East conflicts and other political and economic uncertainties – such as the trade policy of the new US administration – estimates and discretionary decisions are subject to increased uncertainty. This applies in particular to the assumptions regarding the future development of cash flows made during the impairment testing of goodwill. The actual figures may in some cases differ from these assumptions and estimates, which could have an impact on the recognition and measurement of assets and liabilities – and goodwill in particular. However, the sensitivity analyses conducted during the impairment testing of goodwill revealed that there are no indications of impairment for any of the three regions: EMEA, Americas and APAC. Reference is made to the comments on the assumptions and sensitivity analyses in Note 6.1.

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Any changes in assumptions and estimates are recognized in profit and loss as soon as they become known. The following section details the key forward-looking assumptions as well as other main sources of estimation uncertainty as of the reporting date that pose a significant risk that a material adjustment to the carrying amounts of assets and liabilities may be necessary within the subsequent fiscal year.

Impairment of goodwill and intangible assets with indefinite useful lives

The Group tests goodwill and other intangible assets with indefinite useful lives for impairment at least once a year and when there is an indication of impairment. The Group performed its annual impairment for recognized goodwill and intangible assets with indefinite useful lives as of October 1 thus far. The Group intends to perform its annual impairment test for recognized goodwill and intangible assets with indefinite useful lives in line with the budget preparation process as of December 31. In light of this, the Group has performed an additional impairment test as of December 31, 2024. The Group's impairment tests as of October 1, 2024 and December 31, 2024, are based on calculations of the recoverable amount using a discounted cash flow model. Future cash flows are derived from the Group's five-year financial plan, which was approved by the Supervisory Board. Cash flows beyond the planning period are extrapolated using individual growth rates. The recoverable amount depends heavily on the discount rate used in the discounted cash flow model, expected future cash inflows and outflows and the growth rate used for purposes of extrapolation.

Assumptions are based on the information available at the time, particularly the expected business developments, current conditions and realistic assessments of the future development of the global and industry-specific environment. The key assumptions underlying the company's planning are based on projected unit volumes for the truck and trailer markets published by market research companies and planning discussions with the Group's main customers. Although management believes that the assumptions used to calculate the recoverable amount are reliable, any unforeseen changes in these assumptions could lead to an impairment charge that could adversely affect the Group's asset, financial and earnings position. The basic assumption to determine the recoverable amount for the various cash-generating units and intangible assets with indefinite useful lives, including a sensitivity analysis, are discussed in more detail in Note 6.1. As of December 31, 2024, the carrying amount of goodwill was EUR 137.9 million (previous year: EUR 128.8 million), and that of intangible assets with indefinite useful lives amounted to EUR 62.4 million (previous year: EUR 62.3 million).

Measurement of property, plant and equipment and intangible assets with finite useful lives

Measurement of property, plant and equipment and intangible assets with finite useful lives requires the use of estimates for determining the fair value at the acquisition date, particularly for assets acquired in a business combination. Furthermore, the expected useful lives of these assets must be determined. The determination of the fair values of the assets and the useful life as well as the impairment tests in the event of indications of impairment are based on management's judgment. As of December 31, 2024, the carrying amount of obligations was EUR 358.6 million (previous year: EUR 344.4 million), and that of intangible assets with a defined useful life amounted to EUR 239.9 million (previous year: EUR 236.0 million). Further details are provided in Notes 6.1 and 6.2.

Equity instruments measured at fair value through other comprehensive income

If the fair value of the recognized financial assets and financial liabilities cannot be determined by reference to listed prices on active markets, it is measured using valuation techniques, including the discounted cash flow method, among others. The input factors for this model are taken from observable market data when possible; If these are not available, fair value measurement relies heavily on management's judgement. Changes to assumptions made could affect the recognized fair values of financial and equity instruments. Reference is made to Note 7.1 for more information.

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Income taxes

Tax items are determined taking the local tax laws and relevant administrative opinions into account. Due to their complexity, tax positions are subject to the risk that the taxpayer and the tax authorities interpret tax matters differently. Different interpretations of existing or new tax legislation introduced by tax reforms or other law-making procedures can lead to back-taxes for past years (transfer prices, for instance). Such matters are considered by the management when they make their estimate.

At each reporting date, the Group assesses whether the realization of future tax benefits is probable enough to recognize deferred tax assets. Among other tasks, this requires management to assess the tax benefits arising from the available tax strategies and future taxable income and to take any other positive or negative factors into account. In order to make this assessment, the projected taxable income is estimated based on the company's planning. The reported amount of deferred tax assets could decline if the projected taxable income is lower than expected, or if changes in current tax legislation restrict the timing or scope of future tax benefits.

Deferred tax assets are recognized for all unused tax loss carryforwards to the extent that it is probable that there will be taxable profits against which the losses can be utilized. Deferred tax assets for all unused interest carryforwards are recognized to the extent that it is probable that they can be used in the future to reduce taxable income. As of December 31, 2024, the carrying amount of deferred tax assets recognized on unused loss carryforwards came to EUR 21.3 million (previous year: EUR 23.4 million). Tax loss carryforwards for which no deferred tax assets were recognized, amounted to EUR 57.9 million (previous year: EUR 73.7 million). In addition, as of December 31, 2024, there was no carrying amount of deferred tax assets recognized on interest carryforwards (previous year: EUR 1.6 million). Further details are provided in Note 5.4.

Leasing liabilities

According to IFRS 16, the terms of leases are based on the non-cancellable term of the lease and an assessment of any options to extend or terminate the lease. The decision on the lease terms and the discount rate used has an influence on the amount at which right-of-use assets and lease liabilities are recognized.

Pension and similar commitments

The costs of defined benefit plans and post-employment medical benefits are determined on the basis of actuarial calculations. The actuarial valuation is based on assumptions regarding discount rates, future wage and salary increases, mortality rates, future pension increases and expected fluctuations as well as trends in healthcare costs. All assumptions are reviewed on the reporting date. Management derives the appropriate discount rates based on the interest rates on corporate bonds in the respective currency that have at least an AA rating. Bonds with higher default risks or offering much higher or lower returns (statistical outliers) compared to other bonds in the same risk category are not considered. The bonds are adjusted to the expected term of the defined benefit obligations through extrapolation. Mortality rates are based on publicly available mortality tables for the respective country. Future wage, salary and pension increases are based on expected future inflation rates for a given country and the structure of the defined benefit plan.

Due to the long-term nature of pension plans, such estimates are subject to significant uncertainty. As of December 31, 2024, the carrying amount of pensions and other similar obligations was EUR 42.7 million (previous year: EUR 43.2 million). Further details, including a sensitivity analysis, are provided in Note 6.10.

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Other provisions
The recognition and measurement of other provisions are based on estimates of the probability of the future outflows of benefits based on past experience and the circumstances known as of the reporting date. As a result, the actual outflow of benefits may differ from the amount recognized under other provisions.

As of December 31, 2024, other provisions amounted to EUR 41.2 million (previous year: EUR 50.4 million). Further details are provided in Note 6.11.

Guarantees and warranties
The provision for guarantees and warranties is recognized on the basis of past experience considering the circumstances on the reporting date for the products in circulation. For this reason, the actual cash outflows could differ from the amount set aside in the provision for guarantees and warranties. The provision for guarantees and warranties is included in other provisions and amounts to EUR 20.5 million as of the reporting date (previous year: EUR 27.7 million). Further details are provided in Note 6.11.

Variable remuneration
The Group initially recognizes the cost of Share Units (appreciation rights) granted to members of the Management Board and certain managers at the fair value of the appreciation rights at the grant date and subsequently measures them on each reporting date as well as on the settlement date. Estimating the fair value of variable payments requires the selection of an appropriate valuation model depending on the terms and conditions of the agreements. This model includes a variety of inputs for which assumptions must be made to estimate the fair value. The main inputs are the expected life of the option, the volatility of the share price and the expected dividend yield. The life of the option is based on the remaining period of the performance share unit plans. As of December 31, 2024, the carrying amount of obligations was EUR 5.1 million (previous year: EUR 5.1 million). Further details are provided in Note 6.11.

Derivative financial instruments
If the fair value of financial assets and financial liabilities recognized in the balance sheet cannot be derived from an active market, it is determined by using valuation models. The input factors for this model are taken from observable market data when possible; If this is not possible, the determination of fair values represents a discretionary decision to a certain extent. This judgement considers parameters such as liquidity risk, credit risk and volatility. Changes in the assumptions about these factors could affect the recognized fair value of financial instruments. As of December 31, 2024, the carrying amount of derivative financial instruments was EUR 0.2 million (previous year: EUR 0.3 million). Further details are provided in Note 7.1.

Climate-related aspects

In the past fiscal year, the Group examined the extent to which climate-related issues had a material impact on the Group's net assets, financial position, and results of operations. These may, for example, have an impact on the recoverability of non-financial assets and inventories, on the useful lives and residual book values of assets, as well as on input factors and assumptions for measuring values in use and fair values.

Based on the review performed, no material influences of climate-related risk factors on the reporting were identified.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation principles
The Consolidated Financial Statements consist of the financial statements of SAF-HOLLAND SE and its subsidiaries as of December 31 of each year. The financial statements of the consolidated subsidiaries, associates and joint ventures are prepared for the same reporting date as the parent company and apply uniform accounting and measurement policies.

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All receivables and payables, sales and income, expenses and unrealized gains and losses from intercompany transactions are eliminated in full during consolidation.

Subsidiaries are fully consolidated from the date of acquisition, i.e., from the date on which the company obtains control. SAF-HOLLAND SE controls an investee when it has direct or indirect power over the investee, is exposed to the variable returns from its involvement with the company and has the ability to affect the variable returns through its power over the investee. An entity is no longer consolidated when a control relationship with the parent company no longer exists.

Business combinations

Business combinations are accounted for using the acquisition method. Under this method, the cost of an acquisition represents the total consideration transferred measured at fair value on the acquisition date. For each business combination, the acquirer measures the non-controlling interest in the acquired company either at fair value or the proportionate share of the acquired company's identifiable net assets measured at fair value. Acquisition costs related to a business combination are expensed as incurred. The contingent consideration agreed is recognized at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration, which represents an asset or liability, are recognized in profit and loss. If the contingent consideration is classified as equity, it will not be remeasured. The subsequent settlement is accounted for within equity. In a business combination achieved in stages, the acquirer's previously held interest in the acquired company is first remeasured at its fair value on the acquisition date and any resulting gain or loss is recognized in profit and loss.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the parent company loses control over a subsidiary, it will:

- derecognize the assets (including goodwill) and liabilities of the subsidiary,
- derecognize the carrying amount of any non-controlling interest in the former subsidiary,
- derecognize cumulative translation differences recognized in equity,
- recognize the fair value of the consideration received,
- recognize the fair value of any investment retained,
- recognize any gains and losses in profit and loss,
- reclassify the parent company's share of other comprehensive income components to profit and loss or retained earnings, depending on the specific circumstances.

Shares in associates and joint ventures

Investments in associates and joint ventures are accounted for in the Consolidated Financial Statements using the equity method.

An associate is an entity over which the Group can exercise considerable influence by participating in the entity's financial and operating policy decisions but cannot exert control or joint control over those decision processes. Considerable influence is generally assumed when the Group holds between 20% and 50% of the voting rights.

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A joint venture is a joint arrangement in which the parties have joint control over the arrangement and rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control via an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations for determining whether considerable influence or joint control exists are similar to those for determining control over the subsidiaries. Investments in associates and joint ventures are no longer included in the Consolidated Financial Statements using the equity method when the Group no longer exercises considerable influence or participates in the joint control over decision processes. Profits and losses from transactions between the Group and the associated company or joint venture are eliminated in proportion to the share in the associate or joint venture.

The complete list of the Group's shareholdings is provided in Note 7.6.

Foreign currency translation

The Consolidated Financial Statements are presented in euros, which is the Group's functional and reporting currency. Each entity in the Group determines its own functional currency, and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially translated into the functional currency at the spot rate on the day of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the reporting day's closing rate. All exchange differences are recognized in profit and loss. Non-monetary items measured at historical cost in a foreign currency are translated at the rate prevailing on the date of the transaction. Any goodwill arising from the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising from the acquisition of this foreign operation are accounted for as assets and liabilities of the foreign operation and translated at the reporting day's closing rate. As of the reporting date, the assets and liabilities of foreign operations are translated into euros at the closing rate. Income and expenses are translated at the weighted average exchange rate for the fiscal year. The exchange differences arising from translation are recognized in equity. On disposal of a foreign operation, the accumulated amount recognized in equity relating to that particular foreign operation is recognized in profit and loss. Exchange differences from foreign currency loans that are part of a net investment in a foreign operation are recognized directly in equity until disposal of the net investment, at which time they are recognized in profit and loss.

In fiscal year 2024, none of the functional currencies used within the Group were considered as that of a hyperinflationary economy in the sense of IAS 29 (Financial Reporting in Hyperinflationary Economies).

The most important functional currencies of foreign operations are listed in the following table:

	Closing rate		Average rate	
	12/31/2024	12/31/2023	Q1-Q4/2024	Q1-Q4/2023
Australian Dollar	0.59804	0.61680	0.60990	0.61466
Brazilian Real	0.15501	0.18642	0.17228	0.18531
Chinese Renminbi	0.13156	0.12803	0.12865	0.13088
Indian Rupee	0.01123	0.01087	0.01105	0.01120
Canadian Dollar	0.66750	0.68327	0.67502	0.68554
Polish Zloty	0.23416	0.23039	0.23238	0.22036
Swedish Krona	0.08720	0.09021	0.08749	0.08724
US-Dollar	0.96010	0.90425	0.92450	0.92493

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Goodwill

Goodwill acquired in a business combination is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated as of the acquisition date to each of the Group's cash-generating units that are expected to benefit from the synergy effects of the combination, irrespective of whether other assets or liabilities of the acquired company are allocated to those cash-generating units.

Intangible assets

Intangible assets acquired separately are measured at cost upon their initial recognition.

The acquisition cost of an intangible asset acquired in a business combination is its fair value as of the acquisition date.

Research costs are expensed in the period in which they are incurred. Development costs for internally generated intangible assets are only capitalized as an intangible asset when the Group can demonstrate:

— the technical feasibility of completing the intangible asset to make it available for internal use or sale,

— the intention to complete the intangible asset and its ability to use or sell the asset,

— the recoverability of future economic benefits,

— the availability of resources to complete the asset, and

— the ability to reliably measure the expenditure attributable to the intangible asset during its development.

Following their initial recognition, intangible assets are carried at amortized cost less any accumulated impairment losses.

For capitalized development costs, amortization begins when the development phase has been completed and the asset is available for use.

A distinction is made between intangible assets with finite useful lives and those with indefinite useful lives.

Intangible assets with finite useful lives are amortized over their useful lives and tested for impairment whenever an indication of impairment exists. The useful life and the amortization method used for an intangible asset with a finite useful life are reviewed at the end of each fiscal year at a minimum. Amortization is recognized in the expense category that corresponds to the intangible asset's function within the company.

Intangible assets with indefinite useful lives are not subject to scheduled amortization but rather tested for impairment at least once annually. The useful life of these intangible assets is also examined annually to determine whether the assessment of an indefinite useful life still applies. If this is not the case, the change in the assessment of indefinite to limited useful life is made prospectively.

An indefinite useful life is assumed for brands that were acquired as part of a business combination and that will be continued in the long term and expanded in the future. By contrast, a limited useful life was assumed for acquired intangible assets such as technology and customer relationships or brands that will not be continued in the long term.

The accounting principles applied to the Group's intangible assets can be summarized as follows:

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	Customer relationship	Technology	Capitalised development cost	Brand	Service network	Licenses and software
Amortisation method used	Amortised on a straight line basis over the useful life	Amortised on a straight line basis over the useful life	Amortised on a straight line basis over the useful life	No amortisation or linear amortisation within useful life	Amortised on a straight line basis over the useful life	Amortised on a straight line basis over the useful life or over the period of the right
Useful life	2– 40 years	8 – 13 years	8 – 10 years	Infinite or 10 - 20 years	20 years	3 – 10 years

Gains or losses on the derecognition of intangible assets are determined as the difference between the net realizable value and the carrying amount of the asset and are recognized in profit and loss in the period in which the asset is derecognized.

Property, plant and equipment
Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

The cost of self-constructed property, plant and equipment includes direct material and production costs, any allocable material and production overheads, as well as production-related depreciation. Administrative expenses are capitalized only when there is a direct link to production.

Ongoing maintenance and repairs are expensed immediately.

The costs of replacing components or of overhauling plant and equipment are capitalized only when the recognition criteria are met.

The useful lives and depreciation methods of the assets are reviewed and adjusted prospectively at the end of each fiscal year when appropriate.

Scheduled depreciation is generally based on the following useful lives:

	Buildings	Plant and equipment	Other equipment, office furniture and equipment
Amortisation method used	Amortised on a straight line basis over the useful life	Amortised on a straight line basis over the useful life	Amortised on a straight line basis over the useful life
Useful life	5 – 50 years	3 – 15 years	3 – 10 years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefit is expected from its continued use. Gains or losses on the derecognition of the asset are measured as the difference between the net realizable value and the carrying amount of the asset and are recognized in profit and loss in the period in which the item is derecognized.

Borrowing costs
Borrowing costs consist of interest and other costs incurred by an entity when assuming liabilities. Borrowing costs directly attributable to the acquisition, construction or production of an asset that requires a substantial period of time to prepare for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they are incurred.

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Leases

At the inception of a contract, the Group assesses whether the contract is or contains a lease. For all leases in which the Group acts as lessee, the Group recognizes a right-of-use asset and a corresponding lease liability. This does not apply to short-term leases with a term of 12 months or less or to leases of low-value assets. For these leases, the Group posts the lease payments as rental and lease expenses on a straight-line basis over the lease term.

The Group recognizes rights of use on the commencement date of a lease (i.e. the date on which the underlying leased asset is available for use). Rights of use are measured at cost of purchase less any accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liabilities. The costs of rights of use include the recognized lease liabilities, the initial direct costs incurred and the lease payments made at or before the commencement date, less any lease incentives received. Rights of use are depreciated on a straight-line basis over the shorter of the lease term or the expected useful life of the lease.

The lease liability is measured on the commencement date at the present value of lease payments not yet made at the inception of the lease, discounted using the interest rate implicit in the lease. Where this interest rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments include fixed payments less any lease incentives to be received, variable lease payments linked to an index or (interest) rate, and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option if it is reasonably certain that the Group will actually exercise it, and penalty payments for termination of the lease if the term is measured after taking into account that the Group will exercise the termination option.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and the right of use. Rather, these payments are recognized as an expense in the period in which the triggering event or condition occurs.

After the commencement date, the amount of the lease liability is increased to reflect the higher interest expense and decreased to reflect the lease payments made. In addition, the carrying amount of lease liabilities is remeasured upon any changes in the lease, such as a change in the lease term, changes in lease payments (changes in future lease payments as a result of a change in the index or interest rate used to determine those payments, for instance), or a change in the assessment of a purchase option for the underlying asset.

The Group does not act as a lessor under any lease agreements.

Investments in companies accounted for using the equity method

Under the equity method, investments in associates and joint ventures are recognized on the balance sheet at cost plus any changes in the Group's interest in the net assets of the equity investment following its acquisition. The Group's interest in the profit or loss of the associate or joint venture is reported separately in the result for the period. Any changes recognized directly in the equity of the associate or joint venture are recognized by the Group in the amount of its share and reported in accumulated other comprehensive income. Goodwill resulting from the acquisition of an associate or joint venture is included in the carrying amount of the investment in the associates or jointly controlled entities and is neither amortized nor tested separately for impairment. After applying the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on the Group's investments in associates and joint ventures. At each reporting date, the Group determines whether there is any objective evidence indicating that investments in associates or joint ventures are impaired. If evidence exists, the Group calculates the amount of the impairment as the difference between the investment's fair value and carrying amount and recognizes the amount in profit and loss.

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Impairment of non-financial assets

An impairment test for goodwill and intangible assets with indefinite useful lives is conducted at least on an annual basis on October 1 of each fiscal year. In future, the annual impairment test will be carried out as of December 31. Therefore, an additional impairment test was carried out for the financial year 2024 as of December 31, 2024. In addition, an impairment test is carried out whenever there are specific indications of impairment. An impairment test is conducted for other intangible assets with finite useful lives, property, plant and equipment and other non-financial assets only if there are specific indications of impairment.

Impairment is recognized in profit and loss if the recoverable amount of the asset or cash-generating unit is lower than the carrying amount. The recoverable amount must be determined for each individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. The recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing the value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market expectations of the time value of money and the risk specific to the asset. In determining fair value less costs to sell, an appropriate valuation model based on discounted future cash flows is used. To ensure the objectivity of the results, these calculations are corroborated by valuation multiples, quoted prices for shares in publicly traded companies or other available fair value indicators.

If the reason for impairment recognized in previous years no longer exists, the carrying amount of the asset (the cash-generating unit) with the exception of goodwill, is increased to the amount of the new estimate of the recoverable amount. The increase in the carrying amount is limited to the value that would have been determined had no impairment loss been recognized for the asset (the cash-generating unit) in previous years. Such a reversal is recognized through profit and loss.

Financial instruments

Financial instruments

A financial instrument is a contract that creates a financial asset at one entity and a financial liability or equity instrument at another entity.

Financial assets – initial recognition and measurement

Upon initial recognition, financial assets are classified for subsequent measurement either as at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss.

The classification of financial assets upon first-time recognition depends on the characteristics of the contractual cash flows of the financial assets and the Group's business model for managing its financial assets. With the exception of trade receivables, the Group measures a financial asset at its fair value and, in the case of a financial asset that is not measured at fair value through profit or loss, plus transaction costs. Trade receivables are measured at the transaction price determined in accordance with IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or at fair value through other comprehensive income, the cash flows may only consist of payments of principal and interest (solely payments of principal and interest – SPPI) on the outstanding principal amount.

Subsequent measurement

For subsequent measurement, financial assets are classified into four categories:

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- Financial assets measured at amortized cost (debt instruments),
- Financial assets measured at fair value through other comprehensive income with the reclassification of accumulated gains and losses (debt instruments),
- Financial assets measured at fair value through other comprehensive income without reclassification of accumulated gains and losses upon derecognition (equity instruments),
- Financial assets measured at fair value through profit or loss.

Financial assets measured at amortized cost

This category is the most significant for the Consolidated Financial Statements. The Group measures financial assets at amortized cost when the following two conditions are met:

- The financial asset is held as part of a business model whereby the objective is to hold financial assets for collection of the contractual cash flows, and
- the contractual terms of the financial asset give rise to cash flows at fixed dates that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are measured in subsequent periods using the effective interest method and should be tested for impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Group's financial assets measured at amortized cost include trade receivables.

Financial assets measured at fair value through other comprehensive income

The Group measures financial assets at fair value through other comprehensive income when the following two conditions are met:

- The financial asset is held as part of a business model whereby the objective is collection of contractual cash flows and the sale of financial assets, and
- the contractual terms of the financial asset give rise to cash flows at fixed dates that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value through other comprehensive income (equity instruments)

Upon initial recognition, the Group may irrevocably choose to classify its equity instruments as equity instruments at fair value through other comprehensive income if they meet the definition of equity in accordance with IAS 32 and are not held for trading. The classification is done individually for each instrument.

Gains and losses on these financial assets are never reclassified to the income statement. Dividends are recognized in the income statement as other income if there is a legal claim to payment unless the dividends recover part of the acquisition cost of the financial asset. In this case, profits are recognized in other comprehensive income. Equity instruments measured at fair value through other comprehensive income are not tested for impairment.

Financial assets measured at fair value through profit or loss

The group of financial assets measured at fair value through profit or loss includes financial assets held for trading that were designated as measured at fair value through profit or loss upon initial recognition and financial assets that must be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of sale or repurchase in the near future. Derivatives, including separately recognized embedded derivatives, are also classified as held for trading except for derivatives designated as hedging instruments that are effective as such. Financial assets with cash flows that are not solely repayments and interest

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payments are classified as at fair value through profit or loss, regardless of the business model, and measured accordingly.

Financial assets measured at fair value through profit or loss are recognized in the balance sheet at fair value, with changes in fair value being netted in the income statement.

This category includes mainly derivative financial instruments, such as currency forwards and interest rate swaps, that the Group has concluded to hedge transactions and not designated as cash flow hedges.

Derecognition

A financial asset (or part of a financial asset or part of a group of similar financial assets) is derecognized (removed from the consolidated balance sheet) if one of the following conditions is met:

— The contractual rights to receive cash flows from the financial asset have expired.

— The Group has transferred its contractual rights to receive cash flows from the financial asset to third parties or has assumed a contractual obligation to pay the cash flow immediately to a third party under a transfer agreement and thereby either (a) transferred substantially all of the risks and rewards of ownership of the financial asset or (b) neither transferred nor retained substantially all of the risks and rewards of ownership of the financial asset but instead transferred control over the asset.

When the Group transfers its contractual rights to receive cash flows from an asset or enters into a transfer agreement, it assesses whether and to what extent the opportunities and risks associated with ownership remain with it. If it does not transfer or retain substantially all of the opportunities and risks that are related to the ownership of the asset nor transfers control over the asset, it will continue to recognize the transferred asset to the extent of its continuing involvement. In this case, the Group also recognizes a related liability. The transferred asset and the related liability are measured in such a way that the rights and obligations that the Group has retained are taken into account.

If the continuing involvement formally guarantees the transferred asset, then the extent of the continuing involvement is the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group may have to repay.

Impairment of financial assets

The Group recognizes impairment for expected credit losses (ECL) for all debt instruments that are not measured at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows that are contractually payable and the total cash flows that the Group expects to receive, discounted using an approximate value of the original effective interest rate. The expected cash flows include cash flows from the sale of the collateral held or other credit guarantees that are an integral part of the terms of the contract. Expected credit losses are recognized in two steps. For financial instruments whose default risk has not significantly increased since their initial recognition, a risk provision is recognized at the amount of the expected credit losses that are based on a default event within the next twelve months (12-month ECL). For financial instruments whose default risk has increased significantly since their initial recognition, an entity must recognize a risk provision in the amount of the credit losses expected over the remaining term, regardless of when the default event occurs (total term ECL).

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For trade receivables and contract assets, the Group applies the simplified approach in accordance with IFRS 9 to measure the expected credit losses; accordingly, the expected credit losses over the term are used for all trade receivables.

The Group assumes default on a financial asset when internal or external information indicates that the Group is unlikely to fully receive the outstanding contractual amounts, even when all of the credit protection it holds is taken into account. A financial asset is impaired if there are no reasonable expectations that the contractual cash flows will be realized.

Financial liabilities – initial recognition and measurement

Financial liabilities are classified upon first-time recognition as financial liabilities measured at fair value through profit or loss, as loans, as liabilities or as derivatives that have been designated as hedging instruments and are effective as such. All financial liabilities are initially measured at fair value upon first-time recognition and, in the case of loans and liabilities, less directly attributable transaction costs. The Group's financial liabilities include trade payables and other liabilities, loans, including overdrafts and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification:

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and other financial liabilities that are initially recognized at fair value through profit or loss.

Financial liabilities are classified as held for trading when entered into for the purpose of repurchasing in the near future. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships in accordance with IFRS 9. Separately recognized embedded derivatives are also classified as held for trading with the exception of derivatives that have been designated as hedging instruments and that are effective as such.

Gains and losses on financial liabilities held for trading are recognized in profit or loss.

The classification of financial liabilities measured at fair value through profit or loss takes place at the time of initial recognition, provided the criteria in accordance with IFRS 9 are met. The Group has not classified any financial liabilities measured at fair value through profit or loss.

Loans

After initial recognition, interest-bearing loans are measured at amortized cost using the effective interest method.

Interest-bearing loans usually fall into this category. Further information is provided in Note 6.12.

Derecognition

A financial liability is derecognized when the underlying obligation is met, cancelled or extinguished.

Measurement of fair value

Fair value is the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants on the measurement date. Fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability takes place either:

— in the principal market for the asset or liability or

— in the absence of a principal market, in the most advantageous market for the asset or liability.

The Group must have access to the principal or most advantageous market.

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The fair value of an asset or liability is measured using the assumptions market participants would use when pricing the asset or liability, assuming market participants act in their own best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate an economic benefit with the asset's highest and best use or by selling it to another market participant who would make the highest and best use of the asset.

The Group uses valuation techniques appropriate for the respective circumstances and for which sufficient data is available to measure fair value while maximizing the use of relevant observable input factors and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the following fair value hierarchy based on the lowest level of input that is significant for the fair value measurement as a whole:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Valuation techniques for which the lowest level of input that is significant for the fair value measurement is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level of input that is significant for the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether reclassifications have occurred between levels in the hierarchy by reassessing their categorization (based on the lowest level of input parameters that is significant for the fair value measurement as a whole) at the end of each reporting period.

An analysis of the fair value of financial instruments and further details on the method used to measure them are provided in Note 7.1.

Derivative financial instruments

Derivative financial instruments are measured at fair value both on the date on which a derivative contract is entered into and in subsequent periods. Derivative financial instruments are recognized as assets when the fair value is positive and as liabilities when the fair value is negative.

The Group uses derivative financial instruments such as forward exchange contracts, interest rate swaps and caps to hedge risk positions arising from currency and interest rate fluctuations. The hedges cover financial risk from recognized underlying transactions, in the case of interest rate swaps and caps from future interest rate risks and, in the case of currency risks, also risks from pending delivery and service transactions.

The fair value of derivatives corresponds to the present value of estimated future cash flows. The fair value of forward exchange contracts is determined using the mean spot exchange rate prevailing on the reporting date taking the forward premiums and discounts for the residual term of each contract into account and compared with the contracted forward exchange rate. Interest rate swaps are measured at fair value by discounting estimated future cash flows using interest rates with matching maturities.

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Any measurement gain or loss is recognized immediately in profit and loss unless the derivative is designated as a hedging instrument under hedge accounting and is effective. A derivative that has not been designated as a hedging instrument must be classified as held for trading.

At the inception of the hedge relationship, the Group determines the hedge relationship and strategy under the risk management objective. Depending on the type of hedge relationship, the Group classifies the individual hedging instruments either as fair value hedges, cash flow hedges or hedges of a net investment in a foreign operation. When entering into hedges and at regular intervals during their terms, the Group also reviews in each new reporting period whether the hedging instrument designated in the hedge is highly effective in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

In accordance with IAS 32.23, put options to shares that do not have any controlling interests attached are measured upon initial recognition at the present value of the estimated repurchase price and presented under other financial liabilities. As IAS 32 does not set any guidance on how put options with an indefinite date of exercise should be measured, the earliest possible date of exercise has been assumed to measure the other financial liabilities.

Inventories

Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated necessary selling expenses.

Costs incurred in bringing inventories to their present location and current condition are accounted for as follows:

Raw materials and supplies	– cost of purchase on a weighted average cost basis
Finished goods and work in progress	– direct material and labor costs, an appropriate proportion of manufacturing overheads based on normal operating capacity (but excluding borrowing costs), as well as production-related conveyance and administrative costs

Cash and cash equivalents

The balance sheet item cash and cash equivalents consists of cash on hand, cash at banks and short-term deposits with an original maturity of less than three months.

Other provisions

A provision is recognized when the Group has a present obligation (legal or constructive) resulting from a past event when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation's amount can be made. If the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is relatively certain. The expense for forming a provision is recognized in profit or loss net of any reimbursement. If the interest effect resulting from discounting is material, provisions are discounted at a pre-tax interest rate that reflects the risks specific to the liability. If discounting is used, the increase in the provision due to the passage of time is recognized as a financial expense.

Variable remuneration

Members of the Management Board and certain managers of the Group receive variable payments in the form of Share Units (share appreciation rights) in return for services rendered; these share appreciation rights can only be settled in cash (cash-settled payment transactions). The cost of cash-settled payment transactions is measured initially at fair value at the grant date using a "Monte Carlo" simulation. The fair value is expensed over the period recognizing a corresponding liability until the vesting date. The liability is remeasured at each reporting date and at the settlement date. Changes in the fair value are assigned to the costs of the functional areas. No cost is recognized for appreciation rights that do not vest. If the

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conditions for a transaction with cash settlement are changed, these changes are considered within the scope of the remeasurement on the respective reporting date. If a cash-settled payment transaction is cancelled, the relevant liability is derecognized through profit and loss.

Pensions and similar commitments

Defined benefit pension plans and similar obligations

The obligations resulting from defined benefit plans are determined separately for each plan using the projected unit credit method. The remeasurement of defined benefit plans includes actuarial gains and losses, returns on plan assets (provided they are not included in net interest expense) as well as effects from the upper limitation of asset values (the “asset ceiling”). The Group recognizes the remeasurement of defined benefit plans in other comprehensive income. All other expenses under defined benefit plans are immediately recognized in the result for the period.

Past service cost is recognized immediately in profit and loss.

The amount recognized as a defined benefit asset or liability comprises the present value of the defined benefit obligation less the fair value of plan assets from which the obligations are to be settled directly. The value of any asset is limited to the present value of any economic benefits available in the form of plan refunds or reductions in future contributions to the plan. Insofar as payment obligations in connection with fund assets exist as a result of minimum funding requirements for benefits already earned, this can also lead to the recognition of an additional provision if the economic benefit of a financing surplus is limited for the company when taking the minimum funding requirements yet to be paid into account.

The effects of closure or curtailing plans are recognized in the result for the period in which the curtailment or closure takes place.

In the North American subgroup, existing obligations for the payment of post-employment medical benefits are classified as pensions and other post-employment obligations due to their pension-like nature.

Defined contribution pension plans

The Group's obligations under defined contribution plans are recognized in profit and loss within operating profit. The Group has no further payment obligations once the contributions have been paid.

Other benefits after termination of the employment relationship

The Group grants its employees in Germany the option of concluding phased retirement agreements. The so-called block model is used for these agreements. Obligations of the phased retirement model are accounted for as non-current employee benefits.

Other long-term employee benefits

The Group grants anniversary benefits to a number of employees for their length of service. The corresponding obligations are calculated using the projected unit credit method.

Taxes

Actual income taxes

Actual income tax assets and liabilities for the current and previous periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The calculation of the amount is based on the tax rates and tax legislation applicable on the reporting date.

Deferred taxes

Deferred tax assets and liabilities are generally recognized for temporary differences between the carrying amount in the balance sheet and the tax base as well as for tax loss carryforwards and interest carryforwards, with the following exceptions:

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- deferred tax liabilities from the initial recognition of goodwill and deferred tax assets and liabilities from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the profit and loss according to IFRS nor the taxable profit and loss; and

- deferred taxes from temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, which are not to be recognized if the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the near future.

Deferred income tax assets are recognized only if it is probable that sufficient taxable profit will be available to allow the deductible temporary difference to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled. The tax rates and tax laws used to calculate the amount are those that are applicable on the reporting date. Deferred income tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets against current income tax liabilities, and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred income taxes relating to items recognized directly in equity are recognized in other comprehensive income rather than in profit and loss.

Sales

Sales are recognized when the control over the goods or services is transferred to the customer. Sales are recognized in the amount of consideration that the Group is expected to receive in exchange for these goods or services. The Group has basically come to the conclusion that it acts as the principal in its sales transactions, as it usually retains control over the goods or services before they pass to the customer. Revenue arising from the sale of goods and merchandise in the OEM and Aftermarket segments is recognized at a point in time, namely when control over the asset passes to the customer, i.e. the good is delivered to the customer and no outstanding performance obligation remains that could affect acceptance of the goods by the customer. Delivery occurs when the goods are handed over to the customer in accordance with the respective incoterms arranged with the customer, the risk of loss or damage has passed to the customer and the customer has either accepted the goods in accordance with the sales contract or the criteria for acceptance have been met or the Group has objective evidence that all of the acceptance criteria have been met. The usual payment terms are 30 to 120 days from delivery. The Group examines whether the contract contains other commitments that represent separate performance obligations to which part of the transaction price must be allocated.

When determining the transaction price for deliveries made, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration and any consideration payable to customers. If consideration under a contract contains a variable component, the Group determines the amount of the consideration it is entitled to in exchange for the transfer of the goods to the customer. Variable consideration is estimated at the contract's inception and may only be included in the transaction price if it is highly probable that there will be no significant reversal in the cumulative sales recognized once the uncertainty associated with the variable consideration no longer exists. Some contracts for the sale of goods and merchandise give customers a volume discount. These volume discounts result in variable consideration.

The Group generally offers the warranties required by law to remedy any defects that existed at the time of sale. Such *assurance-type warranties* are recognized as warranty provisions.

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As part of a further business model, SAF-HOLLAND delivers complete telematics solutions through its subsidiary Axscend Ltd. that include not only the software but also the hardware and installation service. As part of this business model, the Group is generating revenues in a mid single-digit million range. The telematics software is used as software as a service (SaaS), i.e. the granting of a right to use software functions in a cloud-based infrastructure hosted by a third-party provider, whereby this third-party provider has been commissioned by Axscend Ltd.

The Group therefore considers the sale of hardware and installation services, as well as the provision of telematics software, to be separate performance obligations, since the customer could theoretically benefit from them by purchasing the other elements elsewhere. Proceeds from the provision of telematics software are recognized over the period in which the services were provided. Since the use of the telematics software is generally granted for a certain period of time, the proceeds are recognized in proportion to the time elapsed and thus in installments over this period. By contrast, proceeds from the sale of hardware and proceeds from installation services are generally recognized at a point in time.

Contract liabilities result primarily from invoices issued prior to the completion of services or payments received prior to revenue recognition. As of the reporting date, contract liabilities are amounted to EUR 2.7 million and are included in other liabilities.

In the course of the Haldex acquisition, yet another business model is applied with regard to revenue recognition. In this business model, the Group reconditions the company's products at the end of their respective useful lives and sells these reconditioned products in the aftermarket. These products are those that have a cast-iron housing/core, such as air disc brakes, drum brakes, brake adjusters or slack adjusters. As part of the reconditioning process, these products are cleaned and wear parts are replaced. To encourage customers to return these old products for reconditioning, the customer is granted a right of return. If the product can be reconditioned, the customer receives a credit note upon return, the amount of which depends on the condition of the returned product. The customer can only deduct the credit when purchasing new products. As this consideration is not fixed when the contract is concluded, the right of return results in a variable consideration. Based on the Group's past experience, an other liability is recognized at the time of the original sale in the amount of the expected reimbursements. At the same time, the Group recognizes an other asset by adjusting the cost of sales for its right to recover products from the customer upon settlement of the refund liability. No revenue is recognized in the amount of the expected refund.

The Group makes use of the practical expedients provided by IFRS 15. Disclosures regarding performance obligations not yet satisfied at the reporting date are omitted because the outstanding performance obligations are part of a contract with an original term of up to twelve months.

Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Expense-related grants are recognized as income over the same period as the corresponding expenses. Where the grant relates to an asset, it is recognized as deferred income and recognized as income in equal amounts over the expected useful life of the related asset.

2.4 CHANGES IN ACCOUNTING AND VALUATION STANDARDS

Amendments to IAS 1: Classification of liabilities as current or non-current

The amendments to IAS 1 released in the years 2020 and 2022 included clarifications of the criteria for classifying debt as current or non-current and require new disclosures on non-current liabilities that are subject to forward-looking covenants. The amendments are mandatory for fiscal years that begin on or after January 1, 2024.

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The Group has bank loans that are subject to certain covenants. Although these liabilities are classified as non-current as of December 31, 2024, a future breach of the corresponding covenant could necessitate repayment of the liability before the contractual maturity date.

The amendments to the standard had no effect on the classification of the liabilities.

Amendments to IAS 7 and IFRS 7: Supplier Agreements
The IASB published amendments to IAS 7 and IFRS 7 on May 25, 2023. The amendments introduce new disclosures on supplier financing arrangements to help users of financial statements assess the impact of such arrangements on an entity's liabilities and cash flows and liquidity risk. The amendments apply to fiscal years beginning on or after January 1, 2024.

The amendments did not have any effect on the Consolidated Financial Statements.

Amendments to IFRS 16: Lease liabilities from a sale and leaseback transaction
The amendments stipulate that when subsequently measuring the lease liability, the seller/lessee must determine the payments expected at the beginning of the lease term in such a way that no profit is realized on the retained right of use. In each period, the lease liability is reduced by the underlying expected payments and the difference to the actual payments is recognized in profit or loss.

The amendments are to be applied to fiscal years beginning on or after January 1, 2024.

The amendments did not have any effect on the Consolidated Financial Statements.

2.5 ADJUSTMENT PURSUANT TO IAS 8.42

The Group has made a retrospective adjustment as defined in IAS 8.42 with regard to the presentation of a lease. As of October 31, 2023, a lease should have been accounted for in accordance with IFRS 16, as the provision of the leased asset took place at that time.

Due to this adjustment pursuant to IAS 8.42 in connection with the presentation of the lease agreement, the values of property, plant and equipment and of long- and short-term lease liabilities in the Consolidated Statement of Financial Position as of December 31, 2023, are to be amended.

Prior to the restatement of the previous year's figures, property, plant and equipment amounted to EUR 334.0 million as of December 31, 2023, and non-current and current lease liabilities amounted to EUR 54.3 million and EUR 13.5 million, respectively. After the adjustment, property, plant and equipment are recognized at EUR 344.4 million and non-current and current lease liabilities at EUR 64.4 million and EUR 13.8 million, respectively.

Due to considerations of materiality, the equity and the profit and loss statement of the previous year were not adjusted.

In addition, the Group has made a further retrospective adjustment within the meaning of IAS 8.42 with regard to the accounting treatment of current other assets, other financial assets, other liabilities and other financial liabilities. The adjustment was made on the basis of a review of the classification of the other assets and liabilities according to the definition of IAS 32.11. This resulted in a material correction in the presentation of the liabilities to the factor.

In this context, the classification of other items of other assets and liabilities was adjusted.

As of December 31, 2023, other current assets and current financial assets were reported at EUR 57.5 million and EUR 1.3 million, respectively. After the adjustment, other current assets and current financial assets amounted to EUR 53.4 million and EUR 5.4 million, respectively, as of December 31, 2023. Other current assets and current financial assets were recognized in the amount of EUR 29.0 million and EUR 5.1 million, respectively, as of January 1, 2023. After the adjustment, other current assets and current financial assets amounted to EUR 26.5 million and EUR 7.6 million, respectively, as of January 1, 2023. Other current liabilities and other current financial liabilities were reported at EUR 77.7 million and EUR 0.1 million respectively as of December 31, 2023. After the reclassifications, other current liabilities and other current financial

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liabilities are now reported at EUR 61.5 million and EUR 16.3 million respectively. As of January 1, 2023, other current liabilities and other current financial liabilities were reported at EUR 52.1 million and EUR 2.7 million, respectively. After the reclassifications, the other current liabilities and the other current financial liabilities are reported as of January 1, 2023, in the amount of EUR 34.3 million and EUR 20.5 million, respectively.

2.6 PUBLISHED BUT NOT YET MANDATORY STANDARDS

The following new or amended standards and interpretations, which are relevant for the business operations of the Group, have already been adopted by the International Accounting Standards Board (IASB) but are not yet mandatory in the current reporting period or have not yet been endorsed by the European Union. The Group has decided to forego early adoption of the following standards that have already been adopted. They will be applied at the latest in the year in which they first become mandatory.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 and is effective for annual reporting periods beginning on or after January 1, 2027. The new standard introduces the following significant new requirements:

- Companies will be required to categorize all income and expenses in the income statement into five categories: operating, investing, financing, income taxes and discontinued operations. Companies will also be required to present a redefined "operating profit" subtotal. The net profit or loss for the period will not change.
- Certain company-specific key performance indicators (so-called management-defined performance measures, MPMs) are stated in a separate appendix to the financial statements.
- Improved guidelines for grouping information within the financial statements have been introduced.

In addition, all companies will be required to use profit or loss as the starting point for the statement of cash flows when presenting cash flow from operating activities using the indirect method. The Group is currently evaluating the potential impact of the new standard, particularly with regard to the structure of the Consolidated Statement of Income, the statement of cash flows and the additional disclosure requirements.

Amendments to IAS 21: Lack of Exchangeability

The amendments require an entity to apply a consistent approach when assessing whether a currency is not exchangeable and, if this is the case, when determining the exchange rate to be used and the required disclosures in the notes. The amendment is to be applied for fiscal years beginning on or after January 1, 2025.

The Group does not expect the application of the amendments to have a material impact on the Consolidated Financial Statements, as no transactions are generally conducted in non-exchangeable currencies.

3. SCOPE OF CONSOLIDATION

The Consolidated Financial Statements comprise the financial statements of SAF-HOLLAND SE and all domestic and foreign companies in which SAF-HOLLAND SE directly or indirectly exercises control.

The scope of consolidation has changed as follows compared to the Consolidated Financial Statements as of December 31, 2023:

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ACQUISITIONS AND OTHER CHANGES TO THE CONSOLIDATION GROUP IN FISCAL YEAR 2024

BUSINESS ACQUISITIONS

Acquisition of IMS Group B.V. and IMS Group Steering Systems B.V.
SAF-HOLLAND GmbH acquired 100% of the shares in its Dutch sales partner, IMS Group B.V., and the sales specialist for special axles, IMS Group Steering Systems B.V., both based in Barneveld, Netherlands, in a single transaction on January 2, 2024. Because SAF-HOLLAND GmbH holds the majority of voting rights, it obtained control of IMS Group B.V. and IMS Group Steering Systems B.V. as of the acquisition date.

The initial consolidation of both companies was carried out in accordance with IFRS 3 using the purchase method.

The purchase price for both companies of EUR 10.5 million was paid in cash on January 2, 2024. EUR 10.3 million of the total purchase price was paid for IMS Group B.V. and EUR 0.2 million for IMS Group Steering Systems B.V.

The following table shows the preliminary purchase price allocation and the amounts of the main groups of acquired assets and assumed liabilities at the time of acquisition:

in kEUR	Fair value as of acquisition date
Other intangible assets	5,659
Property, plant and equipment	607
Inventories	6,365
Trade receivables	7,358
Other assets	239
Cash and cash equivalents	425
Deferred tax assets	198
	20,851
Other provisions	124
Trade payables	3,767
Lease liabilities	599
Other liabilities	3,818
Deferred tax	1,392
	9,700
Total of identified net assets	**11,151**
Goodwill from the acquisition	–696
Consideration transferred	**10,455**

The negative goodwill of EUR –0.7 million was recognized in profit or loss and reported under other income. To calculate the adjusted EBIT, the income from the reversal of negative goodwill was adjusted and reported under restructuring and transaction expenses. The main reason for the purchase price for IMS Group B.V. and IMS Group Steering Systems B.V. being below market value was that the distribution contract between IMS Group B.V. and SAF-HOLLAND GmbH would have expired in the near future and it was considered unlikely that this contract would have been continued.

The gross amount of trade receivables as of the date of initial consolidation was EUR 7.4 million.

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The cash outflow due to the acquisition is as follows:

in kEUR	
Cash outflow	10,455
Cash acquired	425
Actual cash outflow	**10,030**

IMS Group B.V. and IMS Group Steering Systems B.V. were assigned to the EMEA region.

In the period between the closing of the transaction on January 2 and December 31, 2024, both acquired companies contributed sales revenue of EUR 19.3 million and net earnings before taxes of EUR 1.7 million to the Group result before taking the effects of the purchase price allocation and integration costs into account.

Acquisition of Softec Srl and Tecma Srl

With effect from April 2, 2024, SAF-HOLLAND GmbH acquired 100% of the shares in Softec Srl, based in Verona, Italy. Softec is a holding company that exclusively holds 100% of the shares in the operating company Tecma Srl, based in Verona, Italy. Tecma Srl specializes in the development and production of customized axle systems and chassis for special vehicles and heavy-duty applications. The goal of this transaction is to expand the product portfolio in the area of applications for special vehicles. Due to the voting rights majority, SAF-HOLLAND GmbH has gained control over Softec Srl directly and indirectly through Tecma Srl.

The initial consolidation of both companies was carried out in accordance with IFRS 3 using the purchase method.

The purchase price of EUR 7.2 million was paid in cash on April 2, 2024.

The following table shows the preliminary purchase price allocation and the amounts of the main groups of assets acquired and liabilities assumed that were recognized as of the acquisition date:

in kEUR	Fair value as of acquisition date
Other intangible assets	4,819
Property, plant and equipment	2,603
Inventories	5,150
Trade receivables	3,598
Other assets	583
Financial assets	70
Deferred tax assets	321
Cash and cash equivalents	1,081
	18,225
Other provisions	49
Pension liabilities	552
Bank liabilities	6,586
Trade payables	3,053
Lease liabilities	1,449
Other liabilities	2,377
Deferred tax	1,342
	15,408
Total of identified net assets	**2,817**
Goodwill from the acquisition	4,394
Consideration transferred	**7,210**

The goodwill of EUR 4.4 million includes non-separable intangible assets, such as revenue synergies resulting mainly from the expansion of the product portfolio, as well as cost synergies, particularly in the area of purchasing.

The gross amount of trade receivables came to EUR 3.8 million at the time of initial consolidation.

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The cash outflow due to the acquisition is as follows:

in kEUR	
Cash outflow	7,210
Cash acquired	1,081
Actual cash outflow	**6,129**

Softec Srl and Tecma Srl were assigned to the EMEA region.

In the period between the closing of the transaction on April 2 and December 31, 2024, Tecma Srl contributed sales revenue of EUR 11.9 million and earnings before taxes of EUR 0.3 million to the Group result before taking the effects of the purchase price allocation and integration costs into account.

Acquisition of Assali Stefen Srl and BFA Service Srl

SAF-HOLLAND GmbH acquired 100% of the shares in Assali Stefen Srl and BFA Service Srl – both based in Verona, Italy – in a single transaction effective July 31, 2024. Assali Stefen Srl specializes in the development and production of chassis-related components for trailers and semi-trailers as well as other special applications. BFA Service Srl is a sales specialist for spare parts for special applications. The goal of this transaction is to expand the product portfolio for standard and special applications. Because SAF-HOLLAND GmbH holds the majority of voting rights, it obtained control of both companies.

The initial consolidation of both companies was carried out in accordance with IFRS 3 using the purchase method.

The purchase price for both companies amounted to EUR 27.7 million. A preliminary purchase price of EUR 26.4 million was paid in cash on July 31, 2024. In the course of determining the final purchase price, an additional EUR 1.3 million was paid to the former owners in February 2025. Of the total purchase price, EUR 16.3 million was attributable to Assali Stefen Srl and EUR 11.4 million to BFA Service Srl.

The following table shows the preliminary purchase price allocation and the amounts of the main groups of assets acquired and liabilities assumed that were recognized as of the acquisition date:

in kEUR	Fair value as of acquisition date
Other intangible assets	7,147
Property, plant and equipment	3,877
Inventories	11,021
Trade receivables	9,604
Other assets	977
Financial assets	1,912
Cash and cash equivalents	2,768
	37,306
Other provisions	306
Pension liabilities	1,103
Bank liabilities	731
Trade payables	3,967
Lease liabilities	2,430
Other liabilities	1,710
Deferred tax	2,090
	12,337
Total of identified net assets	**24,969**
Goodwill from the acquisition	2,774
Consideration transferred	**27,743**

The business or company value of EUR 2.8 million includes intangible assets that cannot be separated, such as sales synergies from the expansion of the product portfolio and also from cost synergies in the area of purchasing.

The gross amount of the trade receivables at the time of acquisition is EUR 9.8 million.

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in kEUR	
Cash outflow	26,418
Cash acquired	2,768
Actual cash outflow	**23,650**

In the period between the closing of the transaction on July 1 and December 31, 2024, Assali Stefen Srl and BFA Services Srl contributed sales revenue of EUR 13.7 million and earnings before taxes of EUR 0.1 million to the Group result before taking the effects of the purchase price allocation and integration costs into account.

The transaction costs incurred in connection with the acquisitions totaled EUR 0.6 million. The transaction costs were recognized in the income statement under administrative expenses.

If the acquisitions had been included in the Consolidated Financial Statements as of January 1, the Group's sales and earnings before taxes would have been EUR 1,903.6 million and EUR 122.4 million respectively in fiscal year 2024.

OTHER CHANGES

Subsequent to the acquisition of IMS Group B.V. and IMS Group Steering Systems B.V., the companies were reincorporated as SAF-HOLLAND Benelux B.V. and SAF-HOLLAND Steering B.V.

The companies Haldex Wien GmbH, Austria, SAF-HOLLAND Thailand Ltd., Thailand, and SAF-HOLLAND Hong Kong Ltd., China, were deconsolidated upon their liquidation on May 10, 2024, June 18, 2024, and December 15, 2024, respectively.

The deconsolidation had no effect on the Group's asset, financial and earnings position.

Furthermore, in the course of the ongoing integration of the Haldex Group, the shareholdings in Haldex Sp.z.o.o., Poland, Haldex Italia Srl, Italy and Haldex Espana S.A., Spain were sold within the Group and then merged with the respective SAF-HOLLAND national company. The merger of Haldex Sp.z.o.o. into SAF-HOLLAND Polska Sp. z.o.o. was completed on September 20, 2024. The merger of Haldex Italia Srl with SAF-HOLLAND Italia Srl took effect upon entry in the commercial register on September 3, 2024. Haldex Espana S.A. was merged with SAF-HOLLAND Espana S.L.U. on November 8, 2024.

In addition, the following companies based in Sweden - Haldex I Halmstad AB, Haldex Traction Holding II AB, Haldex Financial Services Holding AB, Haldex Holding AB and Haldex Financial Services AB - were merged with Haldex AB, Sweden, by way of an upstream merger as of December 10, 2024.

ACQUISITIONS AND OTHER CHANGES TO THE SCOPE OF CONSOLIDATION IN FISCAL YEAR 2023

BUSINESS ACQUISITIONS

Acquisition of Haldex AB

The Polish antitrust authorities unconditionally approved the acquisition of the Swedish brake and EBS company Haldex AB by SAF-HOLLAND SE on February 21, 2023, without any conditions. Beforehand, the European and US antitrust authorities had already declared their consent. Upon completion of the merger control clearance procedure, SAF-HOLLAND SE gained control over Haldex AB. Accordingly, Haldex AB and its subsidiaries were included in the scope of consolidation of SAF-HOLLAND SE as of February 21, 2023.

SAF-HOLLAND SE had already announced a cash offer to the shareholders of the Swedish company Haldex AB on June 8, 2022. The offer price amounted to SEK 66 per share in cash.

After the extended acceptance period expired on August 31, 2022, SAF-HOLLAND SE held a total of 46,656,597 Haldex shares as of the previous balance sheet date, which corresponded to approximately 95.9% of the total Haldex shares outstanding.

Due to the time lag between the purchase price payment to the shareholders in August 2022 and the conclusion of the merger control clearance procedure and the associated acquisition of control in February 2023, the fair value of the consideration transferred was derived on the basis of a discounted cash flow model. As of the date of acquisition

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of control, the fair value of the consideration transferred was EUR 293.5 million.

The first-time consolidation of Haldex AB was carried out in accordance with IFRS 3 using the acquisition method.

The following table shows the preliminary purchase price allocation and the amounts of the main groups of acquired assets and assumed liabilities at the time of acquisition:

in EUR thousands	Fair value as of acquisition date
Brand	22,071
Other intangible assets	153,625
Property, plant and equipment	120,870
Investments accounted for using the equity method	2,754
Inventories	97,036
Trade receivables	82,513
Contractual assets	6,295
Other financial assets	3,506
Other assets	28,211
Cash and cash equivalents	42,579
	559,460
Deferred tax liabilities	34,412
Interest bearing loans and bonds	117,309
Trade payables	51,770
Contractual liabilities	12,017
Lease liabilities	26,534
Other liabilities	25,707
Pension liabilities	23,723
Other provisions	10,427
Income tax liability	2,468
	304,367
Total of identified net assets	**255,093**
Shares of non-controlling interests	–11,288
Goodwill from the acquisition	49,650
Consideration transferred	**293,455**

The gross amount of trade receivables came to EUR 83.9 million at the time of initial consolidation.

The Group measured the lease liabilities it acquired at the net present value of the remaining lease payments on the date of acquisition. Rights of use are measured at the same amount as the lease liabilities.

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Goodwill in the amount of EUR 49.7 million is mainly based on sales and cost synergies. Sales synergies are expected in particular from the expansion of the product portfolio. Cost synergies are expected to be realized mainly in the areas of purchasing and general administration.

Through the addition of Haldex AB to the scope of consolidation of the SAF-HOLLAND Group, cash and cash equivalents amounting to EUR 42.6 million were acquired.

The cash outflow for the acquisition of the Haldex shares in the amount of EUR 286.5 million was incurred in 2022.

The transaction costs incurred in connection with the acquisition amounted to a total of EUR 5.9 million, of which EUR 5.6 million was incurred in 2022. The transaction costs were recognized in the income statement under administrative expenses.

The subsidiaries and associates were allocated to the EMEA, Americas or APAC regions depending on where they are based.

In the period between the closing of the transaction on February 21 and December 31, 2023, the acquired Haldex Group contributed sales revenue of EUR 399.4 million and earnings before taxes of EUR 13.8 million to the Group result before taking the effects of the purchase price allocation and integration costs into account.

If the acquisition had been included in the Consolidated Financial Statements as of January 1, the Group's sales and earnings before taxes would have been EUR 2,171.1 million and EUR 122.9 million, respectively in fiscal year 2023.

OTHER CHANGES

Following completion of the cash tender offer to the shareholders of Haldex AB and the approval of the Polish competition authority, SAF-HOLLAND acquired approximately 95.9% of the shares outstanding in Haldex AB. Subsequently, SAF-HOLLAND initiated a compulsory takeover procedure under Swedish company law to acquire all shares not tendered in the offer. The squeeze-out proceedings were completed on February 28, 2023. The remaining minority interests in Haldex AB were transferred to SAF-HOLLAND SE on March 1, 2023. Upon conclusion of the squeeze-out proceedings, SAF-HOLLAND now holds all the shares in Haldex AB.

In April 2023, SAF-HOLLAND Inc. acquired the remaining 49% of the shares in the American manufacturer of tire pressure management systems PressureGuard LLC for a purchase price of EUR 2.5 million. SAF-HOLLAND now holds all shares in PressureGuard LLC, having already acquired 51% of the shares in the first quarter of 2019.

As part of the integration of the Haldex companies into the SAF-HOLLAND Group, the investment of Haldex AB, Sweden, in Haldex GmbH, Germany, was sold to SAF-HOLLAND SE and subsequently merged into SAF-HOLLAND GmbH as part of a sideways merger on August 16, 2023.

Furthermore, as part of the integration of the Haldex Group, Haldex Brake Products AB, Sweden, was merged with Haldex AB, Sweden, as of December 27, 2023.

In addition, all shares in the joint venture Haldex VIE (China) Electromechanical Brake Systems Co. Ltd., which were included in the Consolidated Financial Statements using the equity method, were sold to the joint venture partner for a purchase price of EUR 0.7 million. Prior to the sale, the shares in the Haldex VIE (Kunshan) joint venture were transferred to Haldex VIE (China) Electromechanical Brake Systems Co. Ltd.

After SAF-HOLLAND do Brazil Ltda. acquired the outstanding 42.5% of the shares in KLL Equipamentos para Transporte Ltda. in 2021, KLL Equipamentos para Transporte Ltda. was merged into SAF-HOLLAND do Brazil Ltda. as part of an upward merger.

4. SEGMENT INFORMATION

Company management and Group reporting are segmented into the "EMEA", "Americas", and "APAC" segments. The three regions cover both the original equipment business as well as the aftermarket business.

Management monitors the regions' operating results separately for the purpose of making decisions on resource allocation and performance assessment. The development of the regions is assessed on the basis of the adjusted operating result (adjusted EBIT). The determination of operating result (EBIT) can deviate to a certain extent from the

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Consolidated Financial Statements because special effects such as depreciation and amortization of property, plant and equipment and intangible assets due to the purchase price allocation (PPA), reversals and impairments as well as restructuring and transaction expenses and valuation effects from option valuations as well as other one-off effects such as the expenses in connection with the cyberattack or the post-merger integration are not taken into account (see table below). Group financing (including finance expenses and finance income) and income taxes are managed on a Group basis and not allocated to the individual regions. Transfer prices between the regions are determined under normal market conditions for transactions with third parties.

The reconciliation of operating result to adjusted EBIT is as follows:

in EUR thousands	Q1-Q4/2024	Q1-Q4/2023
Operating result	161,179	162,591
Share of net profit of investments accounted for using the equity method	270	1,224
EBIT	**161,449**	**163,815**
Additional depreciation and amortisation from PPA	23,414	19,142
PPA step-up from inventory measuring of acquisitions	347	5,261
Impairment of tangible assets and intangible assets	–	3,626
Restructuring and transaction expenses	5,240	10,207
Adjusted EBIT	**190,450**	**202,051**

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Segment information for the periods from January 1 through December 31:

in EUR thousands	EMEA[1]		Americas[2]		APAC[3]		Total	
	Q1-Q4/2024	Q1-Q4/2023	Q1-Q4/2024	Q1-Q4/2023	Q1-Q4/2024	Q1-Q4/2023	Q1-Q4/2024	Q1-Q4/2023
Sales[4]	882,764	946,338	747,335	890,332	246,648	269,500	1,876,747	2,106,170
Cost of sales	–694,129	–768,302	–571,501	–706,147	–193,389	–218,962	–1,459,019	–1,693,411
Gross profit	**188,635**	**178,036**	**175,834**	**184,185**	**53,259**	**50,538**	**417,728**	**412,759**
Gross profit margin in %	21.4	18.8	23.5	20.7	21.6	18.8	22.3	19.6
Selling and administrative expenses, research and development expenses, other income and expenses, impairment goodwill, share of net profit of investments accounted for using the equity method	–126,076	–126,304	–102,381	–105,227	–27,822	–17,413	–256,279	–248,944
Adjustments	14,584	21,406	10,900	18,008	3,517	–1,178	29,001	38,236
Adjusted EBIT	**77,143**	**73,138**	**84,353**	**96,966**	**28,954**	**31,947**	**190,450**	**202,051**
Adjusted EBIT margin in %	8.7	7.7	11.3	10.9	11.7	11.9	10.1	9.6
Amortization and depreciation of intangible assets and property, plant and equipment (without PPA)	35,010	33,798	26,511	22,766	6,021	5,512	67,542	62,076
in % of sales	4.0	3.6	3.5	2.6	2.4	2.0	3.6	2.9
Purchase of property, plant and equipment and intangible assets	26,882	30,354	28,473	27,682	2,090	3,648	57,445	61,684
in % of sales	3.0	3.2	3.8	3.1	0.8	1.4	3.1	2.9

[1] Includes Europe, Middle East and Africa.
[2] Includes Canada, the USA as well as Central and South America.
[3] Includes Asia/Pacific, India and China.
[4] Sales include only external sales. The following internal sales revenues were generated between the regions: EMEA EUR 23.7 Mio (previous year EUR 26.7 Mio), Americas EUR 10.7 Mio (previous year EUR 10.2 Mio) and APAC EUR 34.6 Mio (previous year EUR 29.0 Mio).

Finance income and expenses are not allocated to the business segments as the underlying financial instruments are controlled at the Group level.

Business in the EMEA region includes the manufacture and sale of axles, brakes, EBS and suspension systems for trailers and semi-trailers as well as fifth wheels for heavy trucks. In this region, the Group also provides spare parts for the trailer and commercial vehicle industry.

In the Americas region, the Group manufactures and sells key components for the semi-trailer, trailer, truck, bus and recreational vehicle industries. In this region, the Group provides axle, brake, ABS and suspension systems, slack adjusters, fifth wheels, kingpins and landing legs as well as coupling devices. In the Americas region, the Group also provides spare parts for the trailer and commercial vehicle industry.

The focus of business activities in the APAC region lies on the manufacture and sale of axle, brake, EBS/ABS and suspension systems for buses, trailers and semi-trailers. The Group also offers spare parts for the trailer and commercial vehicle industry in this region.

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The following table shows the breakdown of non-current assets by geographical region:

in EUR thousands	12/31/2024	12/31/2023
Non-current assets		
AMERICAS[2]	368,595	361,544
EMEA[1]	398,361	396,236
APAC	71,122	43,030
Total	**838,078**	**800,810**

[1] Of this amount EUR 164.0 Mio. (previous year: EUR 173.8 Mio. EUR; thereof EUR 77.3 Mio. intangible assets recognized as part of the purchase price allocation, previous year: EUR 79.4 Mio.) is attributable to non-current assets of companies registered in Germany and EUR 112.6 Mio. (previous year: EUR 118.2 Mio. EUR; thereof EUR 51.8 Mio. intangible assets recognized as part of the purchase price allocation, previous year: EUR 55.4 Mio.) of companies registered in Sweden.

[2] Of this amount EUR 334.5 Mio. (previous year: EUR 304.3 Mio. EUR; thereof EUR 206.5 Mio. intangible assets recognized as part of the purchase price allocation, previous year: EUR 216.2 Mio.) is attributable to non-current assets of companies registered in the US.

Non-current assets include goodwill, intangible assets, property, plant and equipment, investments accounted for using the equity method and other non-current assets.

5. NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

5.1 SALES

Sales declined by - 10.9% compared to the previous year. The decline in sales is mainly due to the weaker market environment in the OEM business in the EMEA and Americas regions. Organic growth – i.e. excluding the impact of currency and acquisition effects – amounted to -15.5%.

Acquisition effects increased sales by EUR 103.5 million. These relate to the first-time inclusion of the Haldex Group for the entire reporting period (previous year February 21 to December 31) and the companies acquired in the reporting year.

The following table presents the breakdown of sales by business unit that the Group has generated from contracts with customers:

in EUR thousands	Q1-Q4/2024	Q1-Q4/2023
Trailer	915,626	1,158,622
Truck	249,176	289,427
Aftermarket	711,945	658,121
Total	**1,876,747**	**2,106,170**

The distribution of sales by business segment shifted in favor of the less cyclical spare parts business (aftermarket) in the past fiscal year. Due to weaker global demand in the original equipment business, the share of sales from the original equipment business declined from 68.8% in 2023 to 62.1% in 2024.

The performance obligation is met through the delivery of axle, brake, EBS/ABS and suspensions systems, fifth wheel couplings, kingpins, landing gear, trailer couplings, slack adjusters (OEM products) and spare parts. Payment terms are usually 30 to 120 days following delivery.

In both the reporting year and the previous year, no one customer reached a share of 10 percent of the Group's total sales.

SAF-HOLLAND generated external sales of EUR 224.6 million through its companies based in Germany. The Group generated external sales of EUR 539.6 million through its companies based in the United States.

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5.2 COST OF SALES

The cost of sales is composed as follows:

in EUR thousands	Q1-Q4/2024	Q1-Q4/2023
Cost of materials	1,180,601	1,370,834
Personnel expenses	174,661	190,425
Amortisation and depreciation of intangible assets and property, plant and equipment	54,157[1]	45,923
Property expenses	14,218	13,950
Expenses related to rent and leasing	4,507	5,578
Temporary employees expenses	6,321	9,970
Repair and maintenance expenses	16,638	18,677
FX-valuation	–3,120	924
Legal and consulting expenses	1,392	5,401
Travel expenses	2,176	3,140
Warranty expenses	3,010	18,224
Insurance	2,450	1,992
Loss from disposal of PPE	148	543
Restructuring and transaction expenses	834	3,343
Other	1,026	4,487
Total	**1,459,019**	**1,693,411**

[1] Includes impairment of property, plant and equipment in the amount of EUR 0.4 million.

As a result of the global decline in sales, cost of sales in fiscal year 2024 declined by 13.8% year on year to EUR 1,459.0 million. Despite higher write-downs on inventories due to the general decline in sales, the cost of materials ratio improved by 2.2 percentage points due to the higher share of sales from the aftermarket business. Lower warranty expenses had a positive impact on cost of sales.

In fiscal year 2024, cost of sales included inventory consumption of EUR 1.4 million (previous year: EUR 1.6 million).

As a result of the energy price crisis in 2022 and 2023, various European countries have granted energy cost subsidies to cushion the impact of the rise in energy prices. The previous year, the Group had received energy cost subsidies amounting to EUR 2.5 million, which were recognized in cost of sales. These expense allowances are not subject to any conditions and are non-repayable.

5.3 OTHER INCOME AND EXPENSES

5.3.1 Other income

Other operating income breaks down as follows:

in EUR thousands	Q1-Q4/2024	Q1-Q4/2023
Gain from disposal of property, plant and equipment	598	957
Income from employee leasing	724	535
Income from export grants	713	485
Restructuring and transaction income	692	1,352
Other	1,722	1,323
Total	**4,449**	**4,652**

The restructuring and transaction income primarily includes the release of the negative goodwill from the acquisition of IMS Group B.V.

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5.3.2 Selling expenses

The following table presents a breakdown of selling expenses:

in EUR thousands	Q1-Q4/2024	Q1-Q4/2023
Personnel expenses	55,412	52,416
Expenses for advertising and sales promotion	12,018	10,672
Amortisation and depreciation of intangible assets and property, plant and equipment	22,105	17,512
Expenses related to rent and leasing	1,574	1,472
Expenses for distribution	5,346	3,719
Temporary employees expenses	412	657
Trade receivable allowance and write-off	924	3,678
Storage expenses	676	648
Commissions	2,180	2,003
Insurance	1,500	1,252
Legal and consulting expenses	2,475	3,045
FX-valuation	192	55
Repair and maintenance expenses	578	558
Property Costs	686	567
Restructuring and transaction expenses	203	707
Other	3,771	4,167
Total	**110,052**	**103,128**

Selling expenses recorded an increase of 6.7% to EUR 110.1 million in fiscal year 2024. The increase is mainly due to the fact that the Haldex Group was included in the Consolidated Financial Statements for the full reporting period for the first time in fiscal year 2024. In addition, depreciation and amortization from the purchase price allocation for the acquisitions made in the reporting period and expenses for participating in the IAA, which takes place every two years, led to an increase in selling expenses.

5.3.3 General administrative expenses

The following table shows the general administrative expenses:

in EUR thousands	Q1-Q4/2024	Q1-Q4/2023
Personnel expenses	45,848	45,153
Temporary employees expenses	1,211	1,622
Licenses, software and hardware	19,272	13,805
Expenses for office and operating supplies	2,966	4,209
Amortisation and depreciation of intangible assets and property, plant and equipment	7,528	7,930
Legal and consulting expenses	16,790	11,563
Insurance	4,581	2,915
Travel expenses	2,404	2,241
FX-valuation	–107	2,255
Repair and maintenance expenses	1,570	2,777
Property Costs	1,698	1,430
Restructuring and transaction expenses	4,445	9,281
Other	3,739	6,818
Total	**111,945**	**111,999**

At EUR 111.9 million, general administrative expenses were on par with the previous year despite the first-time inclusion of the Haldex Group for the full twelve-month period in fiscal year 2024 and the acquisitions completed in the reporting period. The general administrative expenses of the previous year were influenced, among other factors, by higher restructuring and transaction expenses in connection with the acquisition and integration of the Haldex Group as well as by negative FX effects. The restructuring expenses in fiscal year 2024 mainly include legal and consulting fees related to the ongoing legal integration of the Haldex Group as well as severance payments due to capacity adjustments as a result of the weak market environment in North America.

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5.3.4 Research and development expenses

Research and development expenses break down as follows:

in EUR thousands	Q1-Q4/2024	Q1-Q4/2023
Personnel expenses	20,872	19,013
Amortisation and depreciation of intangible assets and property, plant and equipment	5,611	4,960
Expenses related to rent and leasing	190	448
Testing expenses	3,317	2,863
Service costs	320	672
Impairment of R&D projects	1,555	1,267
Travel expenses	844	741
License	1,459	1,459
Repair and maintenance expenses	711	939
Property Costs	869	582
Restructuring and transaction expenses	13	594
Legal and consulting expenses	2,218	2,338
Other	1,022	2,557
Total	**39,001**	**38,433**

At EUR 39.0 million, research and development expenses are at the same level as in the previous year. Development costs of EUR 6.0 million (previous year: EUR 4.8 million) were capitalized in the fiscal year.

5.3.5 Financial result

Financial income breaks down as follows:

in EUR thousands	Q1-Q4/2024	Q1-Q4/2023
Unrealised foreign exchange gains on foreign currency loans and dividends	12,891	4,648
Realised foreign exchange gains on foreign currency loans and dividends	2,107	6,702
Finance income due to derivatives	331	58
Financial income from plan assets	419	4,585
Interest income	3,052	3,643
Other	419	785
Total	**19,219**	**20,421**

Financial expenses were comprised as follows:

in EUR thousands	Q1-Q4/2024	Q1-Q4/2023
Interest expenses due to interest bearing loans and bonds	–34,598	–34,182
Amortisation of transaction costs	–1,796	–2,468
Finance expenses due to pensions and other similar benefits	–1,439	–5,804
Finance expenses due to derivatives	–838	–724
Realised foreign exchange losses on foreign currency loans and dividends	–1,959	–3,539
Unrealised foreign exchange losses on foreign currency loans and dividends	–12,932	–11,611
Finance expenses due to leasing	–4,622	–2,543
Other	–2,383	–1,661
Total	**–60,567**	**–62,532**

The amortization of transaction costs of EUR -1.8 million (previous year: EUR -2.5 million) relate to contract signing fees for financing, which were recognized as an expense for the period over the term of the respective financing agreement using the effective interest method. In previous year, the partial early refinancing of the bank loans taken out for the Haldex acquisition resulted in a one-time additional amortization of transaction costs in the amount of EUR 1.0 million.

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In fiscal year 2024, financial income from plan assets and financial expenses related to pensions and other post-employment benefits were summarized and presented net at the level of the respective pension plans.

Unrealized exchange gains and losses from loans and dividends denominated in foreign currency mainly result from the translation of intercompany loans denominated in foreign currency using the closing rate. The exchange rate gains realized primarily include transaction effects from the repayment of intercompany loans.

The financial expenses in connection with derivative financial instruments in the past fiscal year mainly include the effect from the measurement of foreign currency derivatives and interest rate swaps at fair value at the end of the year.

Further explanations can be found in Notes 6.12 and 7.1.

5.3.6 Employee benefit expenses

Expenses for employee benefits consist of the following:

in EUR thousands	Q1-Q4/2024	Q1-Q4/2023
Wages and salaries	–249,786	–261,041
Social insurance contributions	–44,734	–43,122
Pension expenses	–613	–694
Termination benefits	–1,660	–2,150
Total	**–296,793**	**–307,007**

[1] EUR 1.4 Mio. (prior year: EUR 1.9 Mio.) of the expenses resulting from the termination of employment are reported under restructuring and transaction costs.

Social insurance contributions include expenses from defined contribution benefit plans of EUR 6.5 million (previous year: EUR 6.5 million).

5.3.7 Depreciation, amortization and impairments

Depreciation, amortization and impairment by function:

in EUR thousands	Depreciation of property, plant, and equipment		Amortisation of intangible assets		Total	
	Q1-Q4/2024	Q1-Q4/2023	Q1-Q4/2024	Q1-Q4/2023	Q1-Q4/2024	Q1-Q4/2023
Cost of sales	–48,863	–40,943	–4,894	–4,980	–53,757	–45,923
Selling expenses	–5,867	–4,948	–16,238	–12,564	–22,105	–17,512
Administrative expenses	–4,628	–3,811	–2,900	–4,119	–7,528	–7,930
Research and development expenses	–3,320	–2,903	–2,291	–2,057	–5,611	–4,960
Impairment of R&D projects	–	–	–1,555	–1,267	–1,555	–1,267
Impairment of intangible assets	–	–	–	–502[1]	–	–502[1]
Impairment of tangible assets	–400	–3,124[1]	–	–	–400	–3,124[1]
Total	**–63,078**	**–55,729**	**–27,878**	**–25,489**	**–90,956**	**–81,218**

[1] Included in the restructuring and transaction costs.

The increase in depreciation of property, plant and equipment and amortization of intangible assets before impairment is mainly due to the fact that the Haldex Group was included in the Consolidated Financial Statements for the full reporting period for the first time in the fiscal year 2024. Furthermore, additional amortization from the purchase price allocations for the acquisition made in the reporting year led to an increase in amortization of intangible assets.

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5.4 INCOME TAXES

The main components of income taxes are:

in EUR thousands	Q1-Q4/2024	Q1-Q4/2023
Current income taxes incl. non-creditable foreign withholding tax	–47,817	–52,923
Deferred income taxes	5,943	11,741
Income tax reported in the result for the period	**–41,874**	**–41,182**

In fiscal year 2024, deferred taxes of EUR -2.0 million (previous year: EUR -0.3 million) were recognized in other comprehensive income.

The effective tax rate for the Group for the fiscal year ending December 31, 2024, is 34.86% (PY: 33.84%). The following table shows the reconciliation between the reported and expected income taxes for the Group, applying the Group tax rate of 25.50% (PY: 25.55%). The Group tax rate is derived from the weighted tax rates of the EMEA, Americas and APAC regions based on earnings before tax. The average weighted tax rate of the Group companies in each of these regions was applied (23.96% for EMEA, 27.17% for the Americas and 24.58% for APAC).

The expected income tax expenses (current and deferred) based on the Group tax rate of 25.50% differ from the reported income tax expenses as follows:

in EUR thousands	12/31/2024	12/31/2023
Result before income tax	**120,101**	**121,704**
Income tax based on Group's income tax rate of 25.50% (previous year: 25.55%)	–30,626	–31,095
Unused interest carry-forwards	–6,607	–3,685
Unused tax loss carry-forwards (including valuation allowance)	–4,190	–6,771
Use of previously not recognised tax loss carry-forwards	4,402	1,049
Non-deductible operating expenses	–3,498	–6,087
Tax-Exempt income	1,909	1,746
Differences in tax rates	–633	429
Income taxes resulting from previous year	–771	5,487
Tax effects from currency fluctuations	619	–1,628
Other	–333	–462
Non-creditable foreign withholding tax	–2,146	–
Effects from changes in foreign tax legislation	–	–165
Income tax based on effective income tax rate of 34.86% (previous year: 33.84%)	–41,874	–41,182

The development of deferred income taxes in the position unrecognized loss carryforwards (including valuation allowance) is characterized by the expiry of tax loss carryforwards in countries with time-limited loss carryforwards.

The use of previously unused loss carryforwards will arise in 2024 due to the write-up of deferred tax assets on loss carryforwards of SAF-Holland Brazil. Here, forecasts show the full utilization of loss carryforwards not previously booked with a deferred tax asset within the next five years.

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Furthermore, in 2024, loss carryforwards of Axscend Ltd. UK, Haldex UK Ltd. and Haldex Brake Products Uk, Ltd., on which no deferred tax assets had previously been recognized, could be utilized by offsetting them against the positive taxable income of SAF-Holland UK Ltd.

Due to the loss history of these companies, no deferred tax assets on loss carryforwards potentially utilized in the future were recognized in 2024 for reasons of prudence.

In addition, tax losses carried forward by SAF-Holland Yangzhou, China, and Haldex Vehicle China, to which no deferred tax assets had previously been recognized, were offset against taxable income.

The development of deferred income taxes as of the reporting date was as follows:

in EUR thousands	12/31/2024	12/31/2023
Inventories	6,798	5,022
Pensions and other similar benefits	3,030	4,670
Lease liabilities	16,359	12,055
Other financial liabilities	135	65
Other provisions	4,820	7,477
Tax loss carry-forwards	21,269	23,405
Interest carry-forwards	–	1,556
Other	7,610	7,272
Deferred income tax assets	**60,021**	**61,522**
Intangible assets	–70,998	–71,869
Property, plant and equipment	–13,649	–15,978
Right-of-use assets	–15,729	–12,560
Investments accounted for using the equity method	–504	–474
Other assets	–980	–313
Interest bearing loans and bonds	–4,739	–2,695
Other	–4,396	–4,674
Deferred income tax liabilities	**–110,995**	**–108,563**

No deferred tax assets were recognized on losses of Haldex AB, Sweden, in the current year 2024 in the amount of EUR 11.0 million.

These losses of EUR 11.0 million include the loss carryforwards of Haldex Financial Services Holding AB, Haldex Finance Services AB, Haldex Holding AB and Haldex Traction II AB. The aforementioned companies were merged with Haldex AB in 2024. As part of the merger, the loss carryforwards of these companies were transferred to Haldex AB, where they can be carried forward indefinitely.

As of the reporting date, deferred tax assets and liabilities of EUR 50.8 million (previous year: EUR 37.6 million) were netted if the conditions for offsetting were met. The balance sheet thus shows deferred tax assets of EUR 9.3 million (previous year: EUR 23.9 million) and deferred tax liabilities of EUR 60.2 million (previous year: EUR 70.9 million).

The Group has tax loss carryforwards of EUR 155.0 million (previous year: EUR 188.6 million). Of this, EUR 103.3 million is attributable to the companies of the Haldex Group that were initially consolidated in 2023. These loss carryforwards are available for an unlimited or limited period in various Group companies, where they can be offset against future taxable income of the respective company or other Group companies. Due to insufficient taxable income or possibilities for offsetting in the individual companies or other Group companies, no deferred tax assets were recognized on loss carryforwards of EUR 57.9 million (previous year: EUR 73.7 million). Of this amount, EUR 35.5 million is attributable to the companies of the Haldex Group that were initially consolidated in 2023.

The usability of the unrecognized tax loss carryforwards expires as follows:

in EUR thousands	12/31/2024	12/31/2023
Expiry date		
Infinite or 10 - 20 years	36,229	40,935
Within 5 years	21,640	32,786
Total	**57,869**	**73,721**

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In addition to tax loss carryforwards, the Group has interest carryforwards of EUR 46.2 million (previous year: EUR 31.6 million), which are available without limit to SAF-Holland SE and can be deducted for tax purposes in the future. These interest carryforwards result from the interest barrier rule in Germany.

Furthermore, no deferred taxes were recognized on taxable temporary differences of EUR -101.5 million (previous year: EUR -96.6 million) in connection with shares in companies. Similarly, no deferred taxes were recognized on deductible temporary differences of EUR 145.4 million (previous year: EUR 205.7 million) in connection with shares in companies. These deductible temporary differences of EUR 145.4 million result from the interests in the companies of the Haldex Group that was initially consolidated in 2023.

The SAF-HOLLAND Group, with its Group parent company SAF-HOLLAND SE, is based in Germany. Germany has implemented the global minimum taxation (so-called Pillar 2 model) in German law with the law of December 21, 2023 (published in the Federal Law Gazette on December 27, 2023).

The Group falls within the scope of the OECD model regulations for minimum taxation under the Pillar 2 model and has come to the conclusion that the global minimum tax (Pillar 2 tax) payable under national legislation implementing the global minimum taxation rules is an income tax within the scope of IAS 12.

The Pillar 2 legislation was enacted in Germany with the law of December 21, 2023, (published in the Federal Law Gazette on December 27, 2023) and came into force on January 1, 2024.

Under the provisions of the law that came into force on January 1, 2024, the Group's parent company, SAF-HOLLAND SE, is required to pay additional tax in Germany on the profits of its subsidiaries that are taxed at an effective tax rate of less than 15%. The effective tax rate is determined taking the special provisions of the Pillar 2 legislation into account.

According to the Group's calculations and analyses as of December 31, 2024, an additional tax (so-called top-up tax) of EUR 0.5 million may be levied on the result of the Group subsidiary in the United Arab Emirates (SAF-HOLLAND Middle East).

The Group does not consider the effects of the Pillar Top-Up-Tax in the aforementioned amount to be material and therefore does not disclose the tax effects of the Top-Up Tax.

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6. NOTES TO THE CONSOLIDATED BALANCE SHEET

6.1 GOODWILL AND INTANGIBLE ASSETS

in EUR thousands	Customer relationship	Technology	Development costs	Brand	Service network	Licenses and software	Intangible assets	Goodwill
Historical costs								
As of 01/01/2023	**145,229**	**30,405**	**36,889**	**42,356**	**3,494**	**51,155**	**309,528**	**117,732**
Additions from initial consolidation	110,208	26,580	14,787	22,071	–	2,050	175,696	49,650
Additions	–	–	4,767	–	–	2,024	6,791	–
Disposals	–	62	–	–	–	4,538	4,600	–
Transfers	–	–	524	–	–	351	875	–
Foreign currency translation	–6,520	–802	–613	–596	–	–994	–9,525	–1,575
As of 12/31/2023	**248,917**	**56,121**	**56,354**	**63,831**	**3,494**	**50,048**	**478,765**	**165,807**
Additions from initial consolidation	16,827	437	34	–	–	327	17,625	7,168
Additions	–	–	6,007	–	–	2,933	8,940	–
Disposals	–	–	191	–	–	292	483	–
Transfers	–	–	–1,202	–	–	–1,146	–2,348	–
Foreign currency translation	8,720	402	368	149	–	1,369	11,008	2,714
As of 12/31/2024	**274,464**	**56,960**	**61,370**	**63,980**	**3,494**	**53,239**	**513,507**	**175,689**
Accumulated amortisation								
As of 01/01/2023	**69,613**	**25,217**	**19,344**	**1,433**	**2,928**	**43,488**	**162,023**	**37,319**
Impairment	–	–	1,267	–	–	502	1,769	–
Additions	12,624	2,871	4,509	74	175	3,467	23,720	–
Disposals	–	61	–	–	–	4,539	4,600	–
Foreign currency translation	–1,195	–244	–339	–5	–	–720	–2,503	–351
As of 12/31/2023	**81,042**	**27,783**	**24,781**	**1,502**	**3,103**	**42,198**	**180,409**	**36,968**
Impairment	–	–	1,555	–	–	–	1,555	–
Additions	16,164	3,164	4,416	109	175	2,295	26,323	–
Disposals	–	–	243	–	–	285	528	–
Transfers	–	–1	–1,267	–	–	–351	–1,619	–
Foreign currency translation	2,602	575	729	–72	–	1,162	4,996	796
As of 12/31/2024	**99,808**	**31,521**	**29,971**	**1,539**	**3,278**	**45,019**	**211,136**	**37,764**
Carrying amount 12/31/2023	**167,875**	**28,338**	**31,573**	**62,329**	**391**	**7,850**	**298,356**	**128,839**
Carrying amount 12/31/2024	**174,656**	**25,439**	**31,399**	**62,441**	**216**	**8,220**	**302,371**	**137,925**

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The carrying amount of capitalized development expenses as of December 31, 2024 includes capitalized development expenses of EUR 13.9 million attributable to ongoing research and development projects that have not yet been completed.

Two development projects were discontinued on account of a change in the allocation of resources. The development expenses incurred during the development phase for this project were written off by recording an impairment loss of EUR 1.6 million. Of the impairment charge, EUR 0.7 million was allocated to the EMEA region and EUR 0.9 million to the Americas region.

Intangible assets with finite useful lives that are significant to the Group are presented in the following table:

	2024		2023	
	Carrying amount	Useful life	Carrying amount	Useful life
Customer relationship "OEM"	20,624	21	21,594	22
Customer relationship "5th-Wheel"	9,150	14	9,818	15
Customer relationship "Americas"	79,655	13	80,729	14
Customer relationship "EMEA"	8,836	13	9,836	14
Customer relationship "APAC"	8,631	13	9,039	14

Impairment test for goodwill and intangible assets with indefinite useful lives
The Group has carried out its annual impairment tests of recognized goodwill and intangible assets with indefinite useful lives as of October 1 thus far. The Group intends to perform its annual impairment test for recognized goodwill and intangible assets with indefinite useful lives in line with the budget preparation process as of December 31. In light of this, the Group has performed an additional impairment test as of December 31, 2024.

For the purpose of impairment testing, the goodwill and brands originating from business combinations, which have an indefinite useful life, were allocated to the "EMEA," "Americas" and "APAC" cash-generating units, which also constitute the reportable segments. The allocation of the brands "SAF," "Holland," "York," "V.ORLANDI" and "HALDEX" to the cash-generating units was done on the basis of the primary geographical use of these brands. The impairment test of the "SAF," "V.ORLANDI" and "HALDEX" brands was performed on the basis of the EMEA cash-generating unit and the impairment test of the "Holland" brand was performed on the basis of the Americas cash-generating unit. The impairment test of the "York" brand was performed on the basis of the APAC cash-generating unit.

The recoverable amount of a cash-generating unit is determined on the basis of the value in use.

A discounted cash flow method was used to calculate the recoverable amount. A detailed five-year plan based on past experience, current operating earnings, management's best estimate of future development and market assumptions served as the basis for calculating cash flows. The value contribution as of 2029 is supplemented by the perpetual annuity. The basis for the calculation of the perpetual annuity is the assumed long-term sustainably achievable result given the market environment's cyclical nature.

To calculate the discount rates, a weighted average cost of capital (WACC) method was applied. This method considers yields on government bonds at the beginning of the budget period as a risk-free interest rate. As in the previous year, a growth rate deduction of 1.0 percent was applied for the perpetual annuity.

The following table presents the discount factors before taxes as of October 1, 2024, and December 31, 2024, that are applied during the impairment tests for goodwill and intangible assets with indefinite useful lives:

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	Discount rate before tax		
	12/31/2024	09/30/2024	09/30/2023
Americas	14.26%	14.08%	11.76%
EMEA	12.85%	12.79%	12.20%
APAC	15.11%	14.89%	13.43%

In addition, specific peer group information for beta factors and leverage is taken into account.

The carrying amounts are as follows:

in EUR thousands	Americas		EMEA		APAC		Total	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Goodwill	68,095	65,243	57,994	51,492	11,836	12,104	137,925	128,839
Brand	13,388	12,725	45,851	46,587	3,202	3,017	62,441	62,329

In addition, the Group owns other brands that are being amortized over their intended useful lives on the basis of the brand strategy pursued.

An average growth rate of 5.6 percent was used for the five-year planning of the Americas cash-generating unit. After a significant general decline in demand for trucks and trailers in the reporting year 2024, the Group expects the weak market situation to continue into fiscal year 2025 before a significant market recovery for trucks and trailers begins in 2026 due to stricter environmental and emissions regulations.

An average growth rate of 4.1% is expected for the five-year planning of the EMEA cash-generating unit.

At 11.4%, the APAC cash-generating unit reports the highest average growth rate among the cash-generating units. The comparatively high average growth rate is partly due to the fact that, following the decline in truck and trailer production figures in recent years in the Chinese market, which is important for the region, catch-up investments are expected to lead to a significant increase in sales in China. The anticipated increase in sales is supported, among other factors, by expected changes in regulations that urge trailer manufactures to shift to weight-reduced and disc-brake technology, both a key competence of SAF-HOLLAND. On the other hand, the comparatively high average growth rate results from the expected increase in transport volume as a result of the growth in e-commerce, particularly in India. Infrastructure projects by the Indian government also suggest that additional growth impulses can be expected.

Within the scope of a sensitivity analysis either an increase in the average cost of capital (after taxes) of 150 basis points, a decline of future cash flows (after taxes) of 10 percent or a one percent reduction in the long-term growth rate was assumed for the cash-generating units to which material goodwill and intangible assets with indefinite useful lives were allocated. Based on this method, SAF-HOLLAND determined that there was no need for impairment at any of the cash-generating units.

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6.2 PROPERTY, PLANT AND EQUIPMENT

in EUR thousands

	Land and buildings	Plant and equipment	Other equipment, office furniture and equipment	Assets under construction	Advance payments	Right-of-use assets	Total
Historical costs							
As of 01/01/2023	**105,451**	**220,608**	**39,813**	**28,146**	**671**	**65,479**	**460,168**
Additions from initial consolidation	9,747	53,223	21,375	10,076	–	26,449	120,870
Additions	389	6,866	4,970	41,551	1,118	28,357*	83,251
Disposals	3,564	14,267	6,269	284	113	2,803	27,300
Transfers	3,120	36,129	6,105	–45,313	–912	–	–871
Foreign currency translation	–1,310	–4,955	–1,198	–1,168	–22	–1,441	–10,094
As of 12/31/2023	**113,833**	**297,604**	**64,796**	**33,008**	**742**	**116,041**	**626,024**
Additions from initial consolidation	361	2,167	82	–	–	4,477	7,087
Additions	1,558	6,638	1,740	37,480	1,089	26,056	74,561
Disposals	2,604	20,215	3,470	460	–	6,244	32,993
Transfers	5,155	16,968	6,552	–28,009	–228	–	438
Foreign currency translation	890	3,114	75	814	–203	13	4,703
As of 12/31/2024	**119,193**	**306,276**	**69,775**	**42,833**	**1,400**	**140,343**	**679,820**
Accumulated amortisation							
As of 01/01/2023	**42,494**	**148,127**	**31,733**	**–**	**–**	**32,085**	**254,439**
Impairment	354	2,770	–	–	–	–	3,124
Additions	4,010	25,518	8,747	–	–	14,330	52,605
Disposals	3,029	13,730	6,214	–	–	1,717	24,690
Transfers	–	–	4			–	4
Foreign currency translation	–683	–2,338	–511	–	–	–337	–3,869
As of 12/31/2023	**43,146**	**160,347**	**33,759**	**–**	**–**	**44,361**	**281,613**
Impairment	–	400	–	–	–	–	400
Additions	4,479	28,765	10,750	–	–	18,684	62,678
Disposals	1,278	17,988	3,008	–	–	4,443	26,717
Transfers	163	–454	–	–	–	–	–291
Foreign currency translation	512	2,470	412	–	–	176	3,570
As of 12/31/2024	**47,022**	**173,540**	**41,913**	**–**	**–**	**58,778**	**321,253**
Carrying amount 12/31/2023	**70,687**	**137,257**	**31,037**	**33,008**	**742**	**71,680**	**344,411**
Carrying amount 12/31/2024	**72,171**	**132,736**	**27,862**	**42,833**	**1,400**	**81,565**	**358,567**

*Adjustments based on IAS 8.42 (see Chapter 2.5 on the notes)

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Due to the closure of a production line in China (APAC region), an impairment loss on property, plant and equipment in the amount of EUR 0.4 million was recognized in the income statement in accordance with IAS 36. The expected net realizable value less costs to sell was used as the recoverable amount. This was derived from market data. Due to the ongoing conflict in Ukraine and the related sanctions, an impairment loss of EUR 2.7 million on property, plant and equipment in accordance with IAS 36 was recognized in profit or loss last year for an asset in Russia (EMEA region).

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6.3 LEASES

The following items are presented in the balance sheet in connection with leases:

in EUR thousands	Land and buildings	Plant and equipment	Other equipment, office furniture and equipment	Total
Right-of-use assets				
As of 01/01/2023	**54,840**	**265**	**10,374**	**65,479**
Additions from initial consolidation	25,435	33	981	26,449
Additions	24,530*	72	3,755	28,357
Disposals	2,541	12	250	2,803
Foreign currency translation	–1,378	–3	–60	–1,440
As of 12/31/2023	**100,886**	**355**	**14,800**	**116,042**
Additions from initial consolidation	3,450	711	316	4,477
Additions	19,113	85	6,858	26,056
Disposals	5,221	–	1,023	6,244
Foreign currency translation	–227	–	240	13
As of 12/31/2024	**118,001**	**1,151**	**21,191**	**140,344**
Accumulated amortisation				
As of 01/01/2023	**25,130**	**157**	**6,798**	**32,085**
Additions	11,827	63	2,440	14,330
Disposals	1,493	7	217	1,717
Foreign currency translation	–396	–2	–56	–454
As of 12/31/2023	**35,068**	**211**	**8,965**	**44,244**
Additions	14,963	278	3,443	18,684
Disposals	3,685	–	758	4,443
Foreign currency translation	27	–	148	176
As of 12/31/2024	**46,373**	**489**	**11,798**	**58,661**
Carrying amount 12/31/2023	**65,818**	**144**	**5,835**	**71,798**
Carrying amount 12/31/2024	**71,628**	**662**	**9,393**	**81,683**

*Adjustments based on IAS 8.42 (see Chapter 2.5 on the notes)

The Group has entered into various lease agreements for office, warehouse and production buildings as well as for technical equipment, machinery, vehicles and operating and office equipment that it uses in its operations. The leases for buildings generally have terms ranging between 5 and 15 years. The terms of the leases for technical equipment and machinery as well as vehicles and operating and other equipment generally range between 3 and 5 years. A series of real estate lease agreements of the Group include extension and termination options. Such terms and conditions are used to provide the Group with the greatest possible flexibility with regard to the leased assets. The majority of the existing options to extend or terminate the leases can only be exercised by the Group and not by the respective lessor.

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Payments for short-term leases of technical equipment and machinery and vehicles, as well as leases of low-value assets are expensed through profit or loss on a straight-line basis. Short-term leases are those that have a residual lease term of twelve months or less. Low-value assets consist of IT equipment and smaller items of office furniture.

As of December 31, 2024, the carrying amount of right-of-use assets recorded an increase of EUR 9.9 million compared to the previous year. The inclusion of the new companies in the Consolidated Financial Statements is one of the reasons for the increase. As of December 31, 2024, the right-of-use assets for these amounted to EUR 6.5 million.

In addition, additions to right-of-use assets in fiscal year 2024 were particularly influenced by new contracts for the Haldex branches in the US and Mexico and for the site in Sweden. In addition, contracts for the buildings of our sales branches were renewed at various locations. Overall, the additions amounted to EUR 26.1 million (previous year: EUR 28.4 million, see Note 2.5 of the Notes to the Consolidated Financial Statements).

The age structure of lease liabilities breaks down as follows:

Aging of lease liabilities 2024

in EUR thousands

	Remaining term of up to 1 year	Remaining term of up to 2 years	Remaining term of up to 3 years	Remaining term of up to 4 years	Remaining term of up to 5 years	Remaining term of more than 5 years	Total
Land and buildings	13,500	10,609	9,272	7,059	5,110	33,853	79,403
Plant and equipment	536	357	185	103	56	551	1,788
Vehicles	2,930	2,240	1,791	856	457	26	8,300
Other equipment, office furniture and equipment	318	198	101	17	–	–	634
Total	**17,284**	**13,404**	**11,349**	**8,035**	**5,623**	**34,430**	**90,125**

Aging of lease liabilities 2023

in EUR thousands

	Remaining term of up to 1 year	Remaining term of up to 2 years	Remaining term of up to 3 years	Remaining term of up to 4 years	Remaining term of up to 5 years	Remaining term of more than 5 years	Total
Land and buildings	11,028	10,859	8,345	6,175	5,705	29,239	71,351*
Plant and equipment	253	307	53	50	42	575	1,280
Vehicles	2,320	1,580	851	335	113	24	5,223
Other equipment, office furniture and equipment	197	75	26	11	8	–	317
Total	**13,798**	**12,821**	**9,275**	**6,571**	**5,868**	**29,838**	**78,171**

*Adjustments based on IAS 8.42 (see Chapter 2.5 on the notes)

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This had the following impact on the Consolidated Statement of Comprehensive Income:

Consolidated Statement of Comprehensive Income

in EUR thousands

	Q1-Q4/2024	Q1-Q4/2023
Amortisation of right of use assets	–18,684	–14,330
Interest expenses	–4,622	–2,543
Expenses related to short-term leases	–6,065	–7,372
Expenses related to low-value leases	–206	–126

Total lease expenditure in fiscal year 2024 came to EUR 27.7 million previous year: EUR 22.6 million).

The Group does not act as a lessor.

6.4 INVESTMENTS IN COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

The following companies are investments in companies accounted for using the equity method:

	Country of incorporation	% Equity interest
Associates		
Castmetal FWI S.A.	Luxembourg	34.09
Joint ventures		
SAF-HOLLAND Nippon, Ltd.	Japan	50.0
Shaanxi Fast Haldex Brake Products Co. Ltd.	China	49.0

Details about the Group's associates are presented in the following table:

Name of the associate	Castmetal FWI S.A.
Nature of relationship with the Group	Supplier of components in cast steel
Principal place of business	Luxembourg
Ownership interest	34.09%

The summarized financial information regarding Castmetal FWI S.A. is shown below. It corresponds to the amounts in the financial statements of the associated company prepared in accordance with IFRS (adjusted for the purposes of accounting according to the equity method at the Group.

in EUR thousands

	Castmetal FWI S.A.	
	12/31/2024	12/31/2023
Current assets	31,817	32,639
Non-current assets	12,935	13,615
Current liabilities	–10,828	–12,672
Non-current liabilities	–5,391	–5,389
Sales	54,477	58,084
Net profit of the financial year from continuing operations	2,905	5,125
Total comprehensive income	**2,905**	**5,125**
Group's share in total comprehensive income	990	1,747
Other equity holders	1,915	3,378

The following is a reconciliation between the reported summarized financial information and the carrying amount of the investment in Castmetal FWI S.A. as shown in the Consolidated Financial Statements:

in EUR thousands

	12/31/2024	12/31/2023
Net assets of the associate	28,533	28,193
Equity interest of the Group	34.09%	34.09%
Other adjustments	859	–1,299
Carrying amount of the investment in Castmetal FWI S.A.	10,586	8,312

The reconciliation item "other adjustments" resulted primarily from declared but unpaid dividends and the disclosure of hidden reserves in the context of the acquisition of the investment and its amortization.

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A dividend of EUR 0.6 million (previous year: EUR 4.3 million) was distributed by Castmetal FWI S.A. in the past fiscal year.

The shares in the joint ventures SAF-HOLLAND Nippon, Ltd. and Shaanxi Fast Haldex Brake Products Co. Ltd. are not material joint ventures in themselves. The financial information on these joint ventures is presented below:

in EUR thousands

	12/31/2024	12/31/2023
Group's share in profit or loss	–720	–523
Group's share in total comprehensive income	–720	53
Aggregate carrying amount of Group's share in this company	2,438	3,297

Due to the ongoing loss situation, a valuation allowance of EUR 0.4 million was recognized on the investment in Shaanxi Fast Haldex Brake Products Co. Ltd. This is recognized as restructuring and transaction expenses in the result of companies accounted for using the equity method.

SAF-HOLLAND Nippon, Ltd. distributed a dividend of EUR 0.01 million (previous year: EUR 0.02 million) in the past fiscal year.

6.5 OTHER ASSETS

in EUR thousands

	12/31/2024	12/31/2023
Other long-term investments	6,471	–
Deposits within the framework of factoring	3,839	2,333
Payment with drawing restrictions	1,974	157
Other short-term investments	1,897	–
Receivables from suppliers	1,768	1,636
Loans and interest receivables	817	61
Derivaties with a positive market value	314	448
Receivables from related parties	336	292
Receivables from employees	–	158
Other assets	322	380
Other financial assets	**17,738**	**5,465**
thereof non-current	7,288	95
thereof current	10,450	5,370
Tax refund claims (sales and other taxes)	27,414	29,452
Defined benefit assets	19,521	10,477
Advance payment	15,843	16,590
Assets from right of return	5,059	5,894
Insurance premiums	917	1,083
Other assets	20,306	7,497
Other non-financial assets	**89,060**	**70,993**
thereof non-current	26,191	17,596
thereof current	62,869	53,397

The other non-current financial investments mainly comprise loans to customers that are secured by liens. As of December 31, 2024, these receivables were written down in the amount of EUR 0.3 million as a result of a fair value measurement.

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6.6 INVENTORIES

in EUR thousands

	12/31/2024	12/31/2023
Raw materials	139,018	149,229
Semi finished goods	50,991	56,215
Finished and trading goods	80,735	70,924
Goods in transit	20,725	30,324
Total	**291,469**	**306,692**

Cost of sales includes impairment of inventories of EUR 9.4 million (previous year: EUR 5.6 million) and is recognized in cost of sales. The inventory impairment is recorded in a separate impairment account and netted against the gross amount of inventories.

in EUR thousands

	Allowance account
As of 01/01/2023	**14,891**
Additions from initial consolidation	6,164
Additions	5,945
Utilised	4,187
Release	386
Foreign currency translation	–583
As of 12/31/2023	**21,844**
Additions	13,154
Utilised	3,389
Release	3,788
Foreign currency translation	216
As of 12/31/2024	**28,037**

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6.7 TRADE RECEIVABLES

Trade receivables are non-interest bearing and are generally due within 30-120 days.

in EUR thousands					Thereof partly impaired on the reporting date and past due in the following periods					
	Gross carrying amount	Impairment	Carrying amount	Thereof neither impaired nor past due on the reporting date	Less than 30 days	Between 31 and 60 days	Between 61 and 90 days	Between 91 and 120 days	Between 121 and 360 days	More than 360 days
Trade receivables as of 12/31/2024	192,615	7,640	184,975	143,843	29,677	4,888	3,639	991	1,781	156
Trade receivables as of 12/31/2023	227,354	7,615	219,739	194,943	19,698	3,055	351	151	1,541	–

Impairment of trade receivables is recorded in a separate impairment account and netted against the gross amount of trade receivables.

in EUR thousands	Allowance account
As of 01/01/2023	**5,784**
Additions from initial consolidation	1,339
Additions	5,351
Utilised	3,862
Release	957
Foreign currency translation	–40
As of 12/31/2023	**7,615**
Additions	2,872
Utilised	1,463
Release	1,426
Foreign currency translation	42
As of 12/31/2024	**7,640**

Trade receivables that are not impaired and past due show no indications as of the reporting date that the debtors will not meet their payment obligations. The Group has taken out trade credit insurance in Europe and the US to insure against the default risk.

The Group has entered into factoring agreements in Germany, France, Spain and the US for a maximum volume of EUR 30 million and USD 25 million. Under the factoring programs, receivables with a volume of EUR 39.4 million (previous year: EUR 37.3 million) were sold as of the balance sheet date. SAF-HOLLAND continues to manage the receivables sold. Although the Group is not entitled to dispose of the receivables sold in any way other than as part of its debtor/receivables management, the Group retains control over the receivables sold because the buyers do not have the actual ability to resell the receivables acquired. Provided that not all risks and rewards have been transferred to the factor, SAF-HOLLAND continues to recognize the trade receivables sold in the amount of its continuing involvement, i.e., in the amount of the maximum amount for which it remains liable for the late payment risk inherent in the receivables sold and recognizes a corresponding other financial liability. As of the balance sheet date, the continuing involvement amounted to EUR 0.3 million. Customer payments received from sold receivables are recognized as liabilities to the factor under other financial liabilities.

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6.8 CASH AND CASH EQUIVALENTS

in EUR thousands

	12/31/2024	12/31/2023
Cash on hand, cash at banks and checks	288,080	240,319
Short-term deposits	12,650	5,957
Total	**300,730**	**246,276**

Cash and cash equivalents include EUR 4.5 million (previous year: EUR 11.7 million), which the Group can only transfer to a limited extent.

Short-term investments consist of highly liquid financial assets that have a residual term of not more than three months and are only exposed to insignificant fluctuations in value.

For further information on the development of cash and cash equivalents, please refer to the Statement of Cash Flows.

6.9 EQUITY

Share capital

The company's share capital has not changed compared to the previous year and amounted to EUR 45,394,302.00 (previous year: EUR 45,394,302.00) as of the balance sheet date. It is represented by 45,394,302 (previous year: 45,394,302) ordinary shares with a nominal value of EUR 1.00 each and is fully paid up.

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Authorized capital

As of the reporting date, existing authorized share capital is as follows:

Articles of Association	Date of resolution/expiration	Euro/number of shares	Subscription rights excluded/ execution of capital increase
Article 5.3	June 11, 2024/valid until June 10, 2029	9,078,860 EUR = 9,078,860 Shares	Capital increases can be conducted, excluding the subscription rights of existing shareholders, under the certain circumstances defined in the articles of association and only to an upper limit of 10% of subscribed share capital

Capital reserve

As of December 31, 2024, the capital reserve was unchanged at EUR 224.1 million (previous year: EUR 224.1 million).

Retained earnings

Retained earnings include the result for the period attributable to shareholders of SAF-HOLLAND SE of EUR 77.3 million (previous year: EUR 79.9 million).

A dividend of 0.85 EUR per share will be proposed for fiscal year 2024, corresponding to a total dividend distribution of EUR 38.6 million based on 45,394,302 shares. This amounts to a payout ratio of the available net income attributable to equity holders of the parent company of 49.9%, which is within the targeted range. A dividend of EUR 0.85 was paid in the previous year. The total distribution thus amounted to EUR 38.6 million.

Accumulated other changes in equity

in EUR thousands

	Before tax amount		Tax income/expense		Net of tax amount	
	Q1-Q4/2024	Q1-Q4/2023	Q1-Q4/2024	Q1-Q4/2023	Q1-Q4/2024	Q1-Q4/2023
Exchange differences on translation of foreign operations	5,274	–20,658	–	–	5,274	–20,658
Net gain/loss on equity instruments measured at fair value through other comprehensive income	–	996	–	–	–	996
Remeasurements of defined benefit plans	8,436	963	–2,045	–275	6,391	688
Total	**13,710**	**–18,699**	**–2,045**	**–275**	**11,665**	**–18,974**

The total amount of exchange differences from the translation of foreign operations included in other comprehensive income amounts to EUR -16.2 million (previous year: EUR -21.5 million).

The total amount after taxes included in other comprehensive income that arises from the remeasurement of defined benefit plans is EUR 4.8 million (previous year: EUR -1.6 million).

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6.10 PENSIONS AND OTHER SIMILAR BENEFITS

Germany

The Group has offered defined benefit plans to its employees in Germany in accordance with a supplemental agreement.

Under a supplementary agreement dated January 1, 2007, SAF-HOLLAND GmbH's pension plans were frozen, and no further pension entitlements can be earned. The future pension payments for these plans depend on an employee's length of service.

Future pension payments for the plan of SAF-HOLLAND Verkehrstechnik GmbH depend on the length of service and the individual's income. In February 2011, the company restructured its existing pension plans from a direct pension commitment to an indirect pension commitment in the form of a reinsured employee benefit fund. The conversion did not alter the benefits granted to employees. Pension commitments of the employee benefit fund are covered by a group insurance contract. As these reinsurance claims do not constitute plan assets because the employees' claims are not protected against insolvency, the asset value of the pension liability insurance of EUR 1.0 million (previous year: EUR 0.9 million) is recognized under other non-current assets in accordance with IAS 19.

In the course of the merger of Haldex GmbH into SAF-HOLLAND GmbH, an active pension scheme for company pensions was also transferred. This is based on the company agreement dated August 22, 1991, in conjunction with the pension scheme of Grau GmbH (legal predecessor of Haldex GmbH) dated August 20, 1991, and was adopted and applied accordingly by Haldex. The monthly pension is granted after a waiting period of 5 full years of service and consists of a basic amount of EUR 51.13 plus an increase of EUR 2.20 for each year of service completed after 10 years. The period of service up to retirement age is taken into account for the disability pension. The early retirement pension is granted in the amount of the retirement pension reached by the time of retirement. The surviving dependents' pension amounts to 60% of the pension of the entitled person. In addition, there are two closed pension schemes in which the group of persons only consists of active pension recipients and retired persons with vested entitlements.

There are no legal or regulatory minimum funding requirements in Germany.

United States

SAF-HOLLAND Inc. maintains three pension plans that are closed to new entrants. The benefits paid under the defined benefit pension plans depend on the length of service or, in some cases, the participant's individual income. The investment oversight of the plan assets was delegated to an investment committee. The plan assets are managed by a trustee. The trustee responsible for the management of the assets acts under the instruction of the investment committee. The pension plans comply with the funding requirements of the US Employee Retirement Income Security Act of 1974, as amended. Minimum funding requirements for defined benefit plans are 80 percent to avoid any performance restrictions.

In addition, SAF-HOLLAND Inc. maintains a plan for post-employment medical benefits. This is granted on a voluntary basis and covers the medical costs of eligible employees for a period of up to three years.

Canada

SAF-Holland Canada Ltd. operates a defined benefit plan in Canada that is still open to new entrants. Under the terms of Canada's Ontario Pension Benefits Act and the Canadian Revenue Agency, pension plans that are not fully funded and will not be fully funded in the near future have a minimum funding requirement of 85 percent.

Sweden

In Sweden, Haldex AB has defined benefit plans in accordance with the 1960 collective agreement (ITP). These defined benefit plans are active and new pension entitlements can be acquired. The scope of the pension benefits depends on the participant's length of service and salary. The pension plans are covered by a reinsurance policy.

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In addition, there is a defined benefit plan for three former decision-makers, which is currently being paid out. The pension plan is partly financed by pension foundations and is covered by reinsurance. The pension plan is closed to new entrants.

United Kingdom

In the United Kingdom, Haldex Ltd. and Haldex Brake Product Ltd. maintain defined benefit plans that are closed to future service-related increases and new entrants.

The financing of the plans is determined by the provisions of the Finance Act of 2004. The defined benefit plans are administered by a trust company whose board of trustees represents the interests of the beneficiaries in accordance with the trust agreement and the law and ensures that the benefits can be paid in the future.

The development of the defined benefit pension plans as of December 31 is as follows:

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in EUR thousands	Defined benefit obligation (DBO)		Fair value of plan assets		Effects of asset ceiling		Net defined benefit balance	
	(I)		(II)		(III)		(I – II + III)	
	2024	2023	2024	2023	2024	2023	2024	2023
Balance as of the beginning of the period	**135,418**	**76,739**	**104,011**	**67,427**	**1,324**	**1,384**	**32,731**	**10,696**
Additions from initial consolidation	**1,655**	**55,473**	**–**	**31,750**	**–**	**–**	**1,655**	**23,723**
Beginning Balance	**137,073**	**132,212**	**104,011**	**99,177**	**1,324**	**1,384**	**34,386**	**34,419**
Current service cost	683	492	–	–	–	–	683	492
Administrative cost	–	–	–124	–	–	–	124	–
Past service cost	–	30	–	–	–	–	–	30
Settlement	–194	172	–	–	–	–	–194	172
Interest expenses	5,750	5,735	–	–	90	69	5,840	5,804
Interest income	–	–	4,820	4,585	–	–	–4,820	–4,585
Components of defined benefit costs recognised in the Consolidated Statements of income	**6,239**	**6,429**	**4,696**	**4,585**	**90**	**69**	**1,633**	**1,913**
Actuarial gains/losses	–6,072	5,874	3,628	6,723	–	–	–9,700	–849
Effects of asset ceiling	–	–	–	–	1,264	–114	1,264	–114
Remeasurements recognised in the Consolidated Statements of Comprehensive Income	**–6,072**	**5,874**	**3,628**	**6,723**	**1,264**	**–114**	**–8,436**	**–963**
Employer Contributions	–	–	1,390	1,023	–	–	–1,390	–1,023
Benefits paid	–8,039	–7,156	–6,560	–5,837	–	–	–1,479	–1,319
Foreign currency translation effects	3,112	–1,467	4,387	–1,660	–46	–15	–1,321	178
Settlement	–7,983	–474	–7,783	–	–	–	–200	–474
Other reconciling items	**–12,910**	**–9,097**	**–8,566**	**–6,474**	**–46**	**–15**	**–4,390**	**–2,638**
Balance as of the end of the period	**124,330**	**135,418**	**103,769**	**104,011**	**2,632**	**1,324**	**23,193**	**32,731**
of which provisions for pensions and similar obligations							**42,713**	**43,209**
of which net assets (reported under other non-current assets)							**19,520**	**10,478**
thereof:								
Germany	19,212	19,897	13	12	–	–	19,199	19,885
Sweden	21,024	22,178	2,843	2,774	–	–	18,181	19,404
UK	26,088	27,850	30,923	30,388	–	–	–4,835	–2,538
USA	47,019	47,493	59,040	52,783	–	–	–12,021	–5,290
Canada	4,982	13,417	10,278	17,390	2,632	1,324	–2,664	–2,649
Other countries	4,113	2,533	672	664	–	–	3,441	1,869
Post-employment medical plan	1,892	2,050	–	–	–	–	1,892	2,050
Actual return on plan assets	**–6,063**	**–**	**8,448**	**11,308**	**–**	**–**	**–14,511**	**–**

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The net method of accounting for defined benefit plans of EUR 23.2 million (previous year: EUR 32.7 million) is presented under the provision for pensions and similar obligations in an amount of EUR 42.7 million and in an amount of EUR 19.5 million under other non-current assets. The net interest expense amounted to EUR 1.0 million (previous year: EUR 1.2 million).

The actuarial gains (–) and losses (+) included in the revaluation resulted from:

in EUR thousands	12/31/2024	12/31/2023
Experience losses/gains related to defined benefit obligation	–2,306	592
Experience losses/gains related to plan assets	–3,628	–6,723
Changes in demographic assumptions	–5	1,894
Changes in financial assumptions	–3,761	3,388
Total	**–9,700**	**–849**

Actuarial assumptions

The key assumptions used in determining pension and post-employment medical benefit obligations for the Group's pension plans are shown in the following table:

in %	12/31/2024	12/31/2023
Discount rate		
Germany pension plan	3.20	3.20
USA pension plan	5.53	4.97
Canada pension plan	4.70	4.65
Post-employment medical plan	5.38	4.87
Sweden pension plan	3.50	3.85
UK pension plan	5.45	4.60
Future salary increases		
Germany pension plan	0.00/2.00[1]	0.00/2.00[1]
USA pension plan	3.00	3.00
Canada pension plan	–[2]	–[2]
Post-employment medical plan	n. a.	n. a.
Sweden pension plan	2.50	2.50
UK pension plan	3.10	3.00
Future pension increases		
Germany pension plan	2.00	2.00
USA pension plan	–[3]	–[3]
Canada pension plan	–[2]	–[2]
Post-employment medical plan	n.a.	n.a.
Sweden pension plan	3.00	3.00
UK pension plan	3.00	2.00
Turnover rates		
Germany pension plan	4.60	4.60
USA pension plan	2.88	2.88
Canada pension plan	–	–
Post-employment medical plan	Sarason T5	Sarason T5
Sweden pension plan	3.00	3.00
UK pension plan	n.a.	n.a.

[1] For the calculation of SAF-HOLLAND GmbH's defined benefit obligations, no salary increases were considered because the amount of the obligation depends on the length of service of the respective employee and the pension plan has been frozen so that no additional entitlements can be earned. The future salary trend for the pension obligations of SAF-HOLLAND Verkehrstechnik GmbH is assessed to be 2.00%.

[2] For the Canadian pension plans, no future salary and pension increases were considered as the pension payments depend on the years of service.

[3] For the pension plans in the USA, no future pension increases were considered as the pension payments remain constant. Therefore, only years of service or salary and wage increases up to retirement were considered in determining the defined employee benefit obligations for these plans.

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The following mortality tables were used:

Germany	Heubeck Richttafeln 2018G
USA	Pri-2012(BC) mortality table with MP-2021 generational projection
Canada	RP-2014Priv mortality table with MI-2017 generational projection
Sweden	DUS23
UK	102% S3PMA/101% S3PFA_M YoB

Healthcare cost inflation:

in %	12/31/2024	12/31/2023
Initial rate (health care cost trendrate assumed for next year)	5.00	5.25
Ultimate rate (health care cost trend rate assumed to reduce cost)	5.57	5.91
Year of ultimate	2027	2027

Sensitivity analyses

The discount rate is seen as a significant input for the value of defined benefit obligations. A 0.75 percentage point change in the discount rate would have the following effect on the amount of defined benefit obligations:

in EUR thousands	12/31/2024		12/31/2023	
	Increase	**Decrease**	**Increase**	**Decrease**
	Increase	Decrease	Increase	Decrease
in EUR thousands				
Total	**–10,377**	**11,887**	**–11,551**	**13,196**
thereof:				
Germany	–1,644	1,926	–1,686	1,972
USA	–2,885	3,233	–3,116	3,512
Canada	–702	702	–1,369	1,369
Sweden	–2,553	3,029	–2,651	3,152
UK	–2,410	2,797	–2,600	3,049
Other countries	–183	200	–129	142

A one percentage point change in the assumed trend in healthcare costs would have the following effects:

in EUR thousands	12/31/2024		12/31/2023	
	Increase	**Decrease**	**Increase**	**Decrease**
	Increase	Decrease	Increase	Decrease
Effect on the aggregate current service cost and interest expenses	4	–4	5	–5
Effect on the defined benefit obligation	76	–70	93	–85

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Future cash flows

Future payments of defined benefit obligations are summarized in the following table:

in EUR thousands

					2024
	2025	2026 - 2029	2030 - 2034	2035 ff.	Total
Germany	1,045	4,352	5,451	19,610	30,458
USA	4,284	16,776	19,013	45,631	85,704
Canada	146	803	1,420	9,177	11,546
Sweden	938	3,445	3,995	11,993	20,371
UK	1,086	6,445	9,191	43,387	60,109
Other countries	512	1,131	2,528	5,003	9,174
Total	**8,011**	**32,952**	**41,598**	**134,801**	**217,362**

					2023
	2024	2025 - 2028	2029 - 2033	2033 ff.	Total
Germany	1,140	4,481	5,472	20,172	31,265
USA	3,995	15,787	18,300	46,060	84,142
Canada	722	3,146	4,291	17,573	25,732
Sweden	1,051	2,217	2,940	11,630	17,838
UK	965	5,733	8,639	43,352	58,689
Other countries	146	628	3,956	1,583	6,313
Total	**8,019**	**31,992**	**43,598**	**140,370**	**223,979**

The weighted average duration of pension plans is shown below:

in years	12/31/2024	12/31/2023
Germany	13	14
USA	9	9
Canada	19	14
Sweden	9	15
UK	15	16
Other countries	9	7

The employer contributions to defined benefit plans expected for fiscal year 2025 amount to EUR 1.8 million.

Breakdown of plan assets

The major categories of plan assets as a percentage of the fair value of total plan assets and according to value are as follows:

	12/31/2024		12/31/2023	
	%	in EUR thousands	%	in EUR thousands
Equities	45.92%	47,640	54.67%	56,859
Bonds	24.18%	25,095	21.33%	22,188
Cash and money market	0.31%	326	1.42%	1,475
Real estate	2.70%	2,802	2.41%	2,506
Insurance	26.89%	27,906	20.17%	20,983
Total	**100.00%**	**103,769**	**100.00%**	**104,011**

US pension fund investments are managed through a diversified portfolio of highly liquid institutional investment funds, as governed by the US Investment Advisors Act of 1940. The portfolio is invested in various asset classes. Investments include US equities, global equities, US and global fixed income and real estate.

The shares, bonds, money market and capital market instruments had quoted prices in an active market. The values for insurance contracts represent their fair values for which no quoted prices in an active market exist.

6.11 OTHER PROVISIONS

The main components of other provisions and their development are shown in the following table:

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in EUR thousands

	Product warranty	Partial retirement	Other long-term employee benefits	Pending Litigation	disability and health insurance benefits	Restructuring	variable compensation	Other	Total
As of 01/01/2023	**14,447**	**339**	**958**	**779**	**1,509**	**538**	**2,334**	**2,953**	**23,857**
Additions from initial consolidation	4,673	–	2,917	957	–	865	–	1,015	10,427
Additions	12,857	55	229	413	1,784	156	3,650	6,939	26,083
Utilised	3,039	–	375	389	1,143	474	851	1,346	7,617
Release	765	–	–	98	–	–	33	789	1,685
Foreign currency translation	–490	–	–13	–9	–66	–24	–38	–32	–672
As of 12/31/2023	**27,683**	**394**	**3,716**	**1,653**	**2,084**	**1,061**	**5,062**	**8,740**	**50,393**
Additions from initial consolidation	124	–	–	–	–	–	–	355	479
Additions	8,432	181	370	353	836	1,345	2,280	4,045	17,842
Utilised	7,426	–	–	248	990	877	2,077	5,583	17,201
Release	8,646	–	9	559	468	20	256	603	10,561
Foreign currency translation	337	–	–109	–13	104	31	75	–186	239
As of 12/31/2024	**20,504**	**575**	**3,968**	**1,186**	**1,566**	**1,540**	**5,084**	**6,768**	**41,191**
Thereof in 2024									
Current	14,061	–	17	257	615	1,540	1,815	5,131	23,436
Non-current	6,443	575	3,951	929	951	–	3,269	1,637	17,755
Thereof in 2023									
Current	18,105	–	14	799	1,158	1,061	2,077	6,463	29,677
Non-current	9,578	394	3,702	854	926	–	2,985	2,277	20,716

Product warranty

Provisions are recognized for expected guarantees and warranty claims on products sold in past periods. The amount of the provision is based on past experience, taking the circumstances on the reporting date into account. Product warranties include free repairs and, at the Group's discretion, the free replacement of components conducted by authorized partner repair shops. The reversal of this provision in the past fiscal year resulted primarily from a change in the assessment of risk for existing guarantee and warranty cases.

Partial retirement

The Group offers a part-time retirement plan to employees in Germany going into early retirement. In Germany, the Group uses what is known as a block model, which divides part-time retirement into two phases. Under such an arrangement, employees generally work full-time during the first half of the transition period and leave the company at the start of the second half. The provision is discounted and recognized at its present value. Part-time retirement commitments are insured against potential insolvency.

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Other long-term employee benefits

The provision for other long-term employee benefits includes long-service benefits and deferred compensation.

Disability and health insurance benefits for employees

Disability and health insurance benefits are recognized in the amount of the claims made. In addition, overall liability for claims of this kind is estimated based on past experience and taking stop-loss insurance coverage into account.

Restructuring provisions

Provisions include mainly personnel costs in the form of severance payments.

Variable compensation

Performance-Share-Unit-Plan (PSU-Plan)

Under the PSU Plan, members of the Management Board and selected executives can receive cash bonuses based on the achievement of certain performance targets. A PSU plan with a four-year term has been offered each year to the scheme's participants since 2013.

The goal of this plan is to sustainably link the interests of the management and executives with the interests of SAF-HOLLAND SE shareholders in a long-term increase in the company's value. The performance share unit plan takes both the company's performance and the share price development for a performance period of four years into account.

Participants receive virtual Share Units at the beginning of the performance period. The number of Share Units at the beginning of the performance period is determined by dividing the allowance value set annually by the Supervisory Board by the average share price in the last two months of the year preceding the allowance. Upon expiration of the performance period, the number of Share Units allowed is adjusted by the multiplication with a target achievement factor. The target achievement factor is the ratio of the company's average performance (adjusted EBIT margin) during the performance period versus the average target value previously set for the performance period.

The amount of the participants' payment entitlement is determined by multiplying the Share Units with the average share price during the last two months of the performance period and the target achievement factor. There is no entitlement to shares of SAF-HOLLAND SE.

Payouts under the performance Share Unit plan are limited to 200% of the target value.

The prerequisite for exercising appreciation rights is the achievement of a defined performance target. The performance target is met if during the entitlement period the Group has achieved an average minimum operating performance measured by the performance indicator "adjusted EBIT."

OTHER PROVISIONS

Other provisions include, among other items, provisions for customer bonuses and for outstanding invoices, as well as provisions for the audit of the annual financial statements and provisions for additional claims for sales and excise taxes.

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The total of Share Units granted as of the reporting date amounts to 572,473 and comprises the following:

	Performance Share Unit Plan				
	Performance Share Unit Plan 2020-2023	Performance Share Unit Plan 2021-2024	Performance Share Unit Plan 2022-2025	Performance Share Unit Plan 2023-2026	Performance Share Unit Plan 2024-2027
Share Units outstanding at the beginning of the period	153,642	116,838	111,754	213,510	–
Share Units granted during the period	–	–	–	–	159,973
Share Units forfeited during the period	–	2,523	10,889	8,427	7,763
Share Units exercised during the period	153,642	–	–	–	–
Share Units outstanding at the end of the period	**–**	**114,315**	**100,865**	**205,083**	**152,210**
Share Units exercisable at the end of the period	–	114,315	100,865	205,083	152,210

The Share Units granted are classified and accounted for as cash-settled, variable payments. The fair value of the Share Units is remeasured on each reporting date using a Monte-Carlo simulation and in consideration of the conditions under which the Share Units were granted. The measurement of the options granted was based exclusively on the following parameters:

	Performance Share Unit Plan			
	Performance Share Unit Plan 2021-2024	Performance Share Unit Plan 2022-2025	Performance Share Unit Plan 2023-2026	Performance Share Unit Plan 2024-2027
Expected remaining contractual life (years)	0.00	1.00	2.00	3.00
Average share price on measurement date (in EUR)	14.09	14.68	14.54	14.40
Expected volatility	n/a	31.35%	31.84%	37.23%
Risk free interest rate	–	2.22%	2.08%	1.98%
Dividend return	3.00%	3.00%	3.00%	3.00%

Further information on the measurement parameters is provided in Note 2.2.

The fair value is expensed over the contract term with recognition of a corresponding liability. As of December 31, 2024, provisions for these performance plans amounted to EUR 5.1 million (previous year: EUR 5.1 million). The net expense for the period of EUR 0.01 million (previous year: EUR -2.7 million) has been allocated to the relevant functional areas in the Consolidated Statement of Comprehensive Income.

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6.12 INTEREST-BEARING LOANS AND BONDS

in EUR thousands	Non-current		Current		Total	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Interest bearing bank loans	201,866	193,750	–	9,311	201,866	203,061
Promissory note loan	233,609	379,000	200,500	–	434,109	379,000
Financing costs	–1,437	–2,551	–1,009	–1,456	–2,446	–4,007
Accrued interests	–	–	5,482	4,752	5,482	4,752
Other loans	45,032	45,054	37	808	45,069	45,862
Total	**479,070**	**615,253**	**205,010**	**13,415**	**684,080**	**628,668**

SAF-HOLLAND SE successfully placed a promissory note loan of EUR 100 million via its subsidiary, SAF-HOLLAND GmbH, on August 30, 2024.

The tranches of the promissory note loan featured variable interest rates and maturities of three and five years.

Overview of promissory note loans 2024

Tranche	Volume	Interest rate	Expiry date
3 variable	EUR 50.0 Mio.	6M-Euribor + 1.3%	09/10/2027
5 variable	EUR 50.0 Mio.	6M-Euribor + 1.49%	09/10/2029

The proceeds from the issue were used, on the one hand, for an early repayment of EUR 68 million on the annuity loans taken out in August 2022 (original volume EUR 300 million, remaining volume after repayment EUR 100 million), which were used to finance the acquisition of Haldex AB. On the other hand, the Group was able to further optimize its maturity profile through this transaction.

SAF-HOLLAND placed a promissory note loan in the amount of EUR 105 million in the previous year. The tranches of the promissory note loan feature fixed as well as variable interest rates and maturities of three, five and seven years.

Overview of promissory note loans 2023

Tranche	Volume	Interest rate	Expiry date
3 fix	EUR 23.5 Mio.	4.59%	06/15/2026
3 variable	EUR 35.5 Mio.	6M-Euribor + 1.3%	06/15/2026
5 fix	EUR 20 Mio.	4.55%	06/13/2028
5 variable	EUR 17.5 Mio.	6M-Euribor + 1.5%	06/13/2028
7 fix	EUR 7.5 Mio.	4.78%	06/13/2030
7 variable	EUR 1 Mio.	6M-Euribor + 1.8%	06/13/2030

The issue contributed to optimizing the maturity profile as well as the borrowing costs. The issue proceeds were used for the early repayment of existing bank liabilities that were taken out in the course of the acquisition of Haldex AB.

To refinance the acquisition of the Haldex Group, SAF-HOLLAND SE concluded a new credit facility agreement in August 2022 with credit lines in the amount of EUR 250 million and two annuity loans with a credit volume of EUR 300 million. The terms of the annuity loans range between three and five years.

The following table shows the total liquidity calculated as the sum of freely available credit lines valued at the rate as of the reporting date in addition to available cash and cash equivalents:

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in EUR thousands

	12/31/2024			
	Amount drawn valued as at the period-end exchange rate	Agreed credit lines valued as at the period-end exchange rate	Cash and cash equivalents	Total liquidity
Revolving credit line	62,000	250,000	300,730	488,730
Total	**62,000**	**250,000**	**300,730**	**488,730**

	12/31/2023			
	Amount drawn valued as at the period-end exchange rate	Agreed credit lines valued as at the period-end exchange rate	Cash and cash equivalents	Total liquidity
Revolving credit line	22,773	250,000	246,276	473,503
Total	**22,773**	**250,000**	**246,276**	**473,503**

6.13 TRADE PAYABLES

Trade payables of EUR 185.4 million (previous year: EUR 228.6 million) are non-interest-bearing and are normally settled within two to six months.

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6.14 OTHER LIABILITIES

in EUR thousands

	12/31/2024	12/31/2023
Liabilities to factor	11,170	14,107
Liabilites to costumers	3,494	2,052
Liabilites from business combination	1,324	–
Derivatives with a negative market value	129	127
Bonuses and sales aid	166	52
Other financial liabilities	**16,283**	**16,338**
thereof non-current	–	–
thereof current	16,283	16,338
Personnel-related liabilities	20,948	25,700
Liabilites for return goods	10,905	11,262
Other taxes	2,950	8,658
Liabilties from social security	4,499	4,467
Contractual liabilities	2,656	2,182
Liability from pass-through agreements	779	1,912
Other	8,895	7,775
Other non-financial liabilities	**51,632**	**61,956**
thereof non-current	417	426
thereof current	51,215	61,530

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7. OTHER INFORMATION

7.1 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Carrying amounts, amounts recognized and fair values by measurement category are as follows:

in EUR thousands

	12/31/2024					
			Amounts recognised in balance sheet according to IFRS 9			
	Measurement category in accordance with IFRS 9	Carrying amount	(Amortised) cost	Fair value recognised in equity	Fair value recognised in profit or loss	Fair value
Assets						
Cash and cash equivalents	FAAC	300,730	300,730	–	–	300,730
Trade receivables	FAAC	184,975	184,975	–	–	184,975
Other financial assets						
Derivatives without a hedging relationship	FAtPL	314	–	–	314	314
Other financial assets	FAAC	17,424	17,424	–	–	17,424
Liabilities						
Trade payables	FLAC	185,381	185,381	–	–	185,381
Interest bearing loans and bonds	FLAC	684,080	684,080	–	–	669,530
Other financial liabilities						
Derivatives without a hedging relationship	FLtPL	129	–	–	129	129
Other financial liabilities	FLAC	16,154	16,154	–	–	16,154
of which aggregated by category in accordance with IFRS 9						
Financial assets measured at amortised cost	FAAC	503,129	503,129	–	–	503,129
Financial liabilities measured at amortised cost	FLAC	885,615	885,615	–	–	871,065
Financial assets at fair value through profit and loss	FAtPL	314	–	–	314	314
Financial Liabilities at fair value through profit and loss	FLtPL	129	–	–	129	129

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in EUR thousands						12/31/2023
			Amounts recognised in balance sheet according to IFRS 9			
	Measurement category in accordance with IFRS 9	Carrying amount	(Amortised) cost	Fair value recognised in equity	Fair value recognised in profit or loss	Fair value
Assets						
Cash and cash equivalents	FAAC	246,276	246,276	–	–	246,276
Trade receivables	FAAC	219,739	219,739	–	–	219,739
Other financial assets						
Derivatives without a hedging relationship	FAtPL	448	–	–	448	448
Other financial assets	FAAC	5,017	5,017	–	–	5,017
Liabilities						
Trade payables	FLAC	228,630	228,630	–	–	228,630
Interest bearing loans and bonds	FLAC	628,668	628,668	–	–	616,160
Other financial liabilities						
Derivatives without a hedging relationship	FLtPL	127	–	–	127	127
Other financial liabilities	FLAC	16,211	16,211	–	–	16,211
of which aggregated by category in accordance with IFRS 9						
Financial assets measured at amortised cost	FAAC	471,032	471,032	–	–	471,032
Financial liabilities measured at amortised cost	FLAC	873,509	873,509	–	–	861,001
Financial assets at fair value through profit and loss	FAtPL	448	–	–	448	448
Financial Liabilities at fair value through profit and loss	FLtPL	127	–	–	127	127

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The following table shows the financial assets and liabilities measured at fair value allocated to the three fair value hierarchy levels:

in EUR thousands

	12/31/2024			
Financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Other financial assets	–	17,424	–	17,424
Derivative financial assets	–	314	–	314
Total financial assets	**–**	**17,738**	**–**	**17,738**
Financial liabilities				
Promissory note loan	–	472,329	–	472,329
Interest bearing loans and bonds	–	197,201	–	197,201
Other financial liabilities	–	16,154	–	16,154
Derivative financial liabilities	–	129	–	129
Total financial liabilities	**–**	**685,813**	**–**	**685,813**

in EUR thousands

	12/31/2023			
Financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Other financial assets*	–	5,017	–	5,017
Derivative financial assets	–	448	–	448
Total financial assets	**–**	**5,465**	**–**	**5,465**
Financial liabilities				
Promissory note loan	–	373,985	–	373,985
Interest bearing loans and bonds	–	242,175	–	242,175
Other financial liabilities*	–	16,211	–	16,211
Derivative financial liabilities	–	127	–	127
Total financial liabilities	**–**	**632,498**	**–**	**632,498**

*Adjustments based on IAS 8.42 (see Chapter 2.5 on the notes)

Cash and cash equivalents, trade receivables and trade payables, as well as current, non-derivative financial assets and liabilities, mainly have short remaining maturities. For this reason, their carrying amounts as of the reporting date approximate their fair values.

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The Group applies the following methods and assumptions when measuring fair value:

- The fair value of unlisted shares was determined using the discounted cash flow method. These measurements require management to make certain assumptions regarding the input factors used in the model, including cash flow projections and the discount rate.
- Non-current fixed-interest loan receivables are measured by the Group using various parameters such as the interest rates, certain country-specific risk factors and the credit ratings of specific customers.
- The fair values of interest-bearing loans and the promissory note loan are calculated as the present value of the payments associated with the debt based on the applicable yield curve and currency-specific credit spreads.
- Derivative financial instruments such as interest rate swaps and forward exchange contracts are measured using a valuation technique that uses observable input factors from active markets. The most frequently applied valuation techniques include forward pricing and swap models calculated at net present value.

In the balance sheet as of December 31, 2024, only derivatives in the amount of EUR 0.2 million (previous year: EUR 0.3 million) were measured at fair value.

The fair value of liabilities from interest-bearing loans, the promissory note loan and derivative financial assets and liabilities, was measured based on directly (e.g. prices) or indirectly (e.g. derived from prices) observable input factors. Under IFRS 7, this fair value measurement can therefore be allocated to Level 2 of the measurement hierarchy. The fair value hierarchy levels are described below:

Level 1: Quoted prices in active markets for identical assets or liabilities,

Level 2: Information other than quoted market prices that is observable either directly (e.g. prices) or indirectly (e.g. derived from prices), and

Level 3: Information on assets and liabilities that is not based on observable market data.

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Net results break down by measurement categories as follows:

in EUR thousands

	12/31/2024				
		From subsequent measurement			
	From interest	At fair value	Currency translation	Impairment	Net result
Financial assets measured at amortised cost	2,409	–	–	–2,872	–463
Financial assets at fair value through profit and loss	–	331	–	–	331
Financial liabilities measured at amortised cost	–36,394	–	107	–	–36,287
Financial liabilities held for trading	–	–838	–	–	–838
Total	**–33,985**	**–507**	**107**	**–2,872**	**–37,257**

	12/31/2023				
		From subsequent measurement			
	From interest	At fair value	Currency translation	Impairment	Net result
Financial assets measured at amortised cost	3,151	–	–	–4,394	–1,243
Financial assets at fair value through profit and loss	–	58	–	–	58
Financial liabilities measured at amortised cost	–36,650	–	–3,800	–	–40,450
Financial liabilities held for trading	–	–724	–	–	–724
Total	**–33,499**	**–666**	**–3,800**	**–4,394**	**–42,359**

The components of the net result are recognized as finance income or finance expenses, except for allowances on trade receivables which are reported under selling expenses.

The interest result from financial liabilities in the category “financial liabilities measured at amortized cost” primarily consists of interest expenses on interest-bearing loans and bonds and the amortization of transaction costs.

Financial risks

As an internationally active Group, SAF-HOLLAND SE is exposed to both business and industry-specific risks. Controlling opportunities and risks in a targeted manner is an integral part of management and decision-making within the Group.

To be adequately prepared for changes in competitive and environmental conditions and to efficiently control the creation of value within the Group, the Management Board has implemented a risk management system that is monitored by the Audit Committee. Risk management processes, required limits and the use of financial instruments to manage risks are defined in the Group’s risk management handbook and supplementary guidelines. The risk management system is aimed at identifying and assessing the risks that arise. The risks identified are communicated, managed and monitored in a timely manner.

The Group is exposed mainly to liquidity risk, credit risk, interest rate risk and foreign currency risk. The risk management of the Group has the objective of limiting the risks posed by operating and financing activities.

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This is primarily done using derivative and non-derivative hedging instruments.

Liquidity risk

The Group's liquidity risk is the risk that it will be unable to meet current or future payment obligations because of insufficient funds. Limiting and managing liquidity risk are among the management's primary tasks. The Group monitors the current liquidity situation on a daily basis. To manage future liquidity requirements, the Group uses a weekly 3-month forecast and a monthly rolling liquidity plan on a twelve-month basis. The management also continually monitors compliance with the financial covenants laid out in the long-term loan agreement.

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The maturity structure of the Group’s financial liabilities is as follows:

in EUR thousands				12/31/2024
	Total	Remaining term of up to 1 year	Remaining term of more than 1 year and up to 5 years	Remaining term of more than 5 years
Interest bearing loans and bonds	684,080	205,010	465,570	13,500
Lease liabilities	90,125	17,284	38,411	34,430
Trade payables	185,381	185,381	–	–
Other financial liabilities				
Other financial liabilities	16,154	16,154	–	–
Derivatives without a hedging relationship	129	129	–	–
Financial liabilities	**975,869**	**423,958**	**503,981**	**47,930**

				12/31/2023
	Total	Remaining term of up to 1 year	Remaining term of more than 1 year and up to 5 years	Remaining term of more than 5 years
Interest bearing loans and bonds	628,668	13,415	601,753	13,500
Lease liabilities*	78,171	13,798	34,535	29,838
Trade payables	228,630	228,630	–	–
Other financial liabilities	127			
Other financial liabilities	16,211	16,211	–	–
Derivatives without a hedging relationship	127	127	–	–
Financial liabilities	**951,807**	**272,054**	**636,288**	**43,338**

*Adjustments based on IAS 8.42 (see Chapter 2.5 on the notes)

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The following tables show the contractually agreed (undiscounted) interest and principal payments of the primary financial liabilities and the derivative financial instruments with a negative fair value:

in EUR thousands

	12/31/2024								
	Cashflows 2025			Cashflows 2026			Cashflows 2027–2031		
	Fixed interest rate	Variable interest rate	Repayment	Fixed interest rate	Variable interest rate	Repayment	Fixed interest rate	Variable interest rate	Repayment
Interest bearing loans and bonds	–4,103	–17,729	–200,537	–2,598	–13,357	–104,000	–3,567	–17,639	–376,506
Lease liabilities	–5,670	–	–17,284	–4,100	–	–13,404	–20,712	–	–59,437
Other financial liabilities									
Derivatives without a hedging relationship	–129	–	–	–	–	–	–	–	–

	12/31/2023								
	Cashflows 2024			Cashflows 2025			Cashflows 2026–2030		
	Fixed interest rate	Variable interest rate	Repayment	Fixed interest rate	Variable interest rate	Repayment	Fixed interest rate	Variable interest rate	Repayment
Interest bearing loans and bonds	–4,694	–23,170	–10,119	–4,263	–20,432	–235,500	–6,165	–21,606	–382,304
Lease liabilities	–2,227	–	–13,485	–1,561	–	–12,482	–14,932	–	–41,800
Other financial liabilities									
Derivatives without a hedging relationship	–127	–	–	–	–	–	–	–	–

All instruments are included that were held as of the reporting date and for which payments were already contractually agreed. Budgeted figures for future new debt are not included. Amounts denominated in foreign currency were translated at the spot rate as of the balance sheet date. Variable interest payments arising from financial instruments were calculated using the most recent interest rates determined ahead of the reporting date. All on-call financial liabilities are allocated to the earliest possible period in the table.

The following table shows the change in liabilities from financing activities:

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		Financial liabilities			Equity		
in EUR thousands	Notes	Interest bearing loans and bonds	Derivatives with a negative market value	Lease liabilities	Retained earnings	Shares of non-controlling interests	Total
As of 12/31/2023		**628,668**	**127**	**78,171**	**220,896**	**2,923**	**930,785**
Change in net cash flow from finance activities							
Dividend payments to shareholders of SAF-HOLLAND SE	(6.9)	–	–	–	–38,585	–	–38,585
Proceeds from non-current financial liabilities	(6.12)	100,000	–	–	–	–	100,000
Repayment of loans	(6.12)	–54,305	–	–	–	–	–54,305
Paid transaction costs relating to financing agreements		–240	–	–	–	–	–240
Proceeds and payments from hedging instruments		–	–365	–	–	–	–365
Payments for lease liabilities	(6.3)	–	–	–16,794	–	–	–16,794
Interest paid (-)/ Interest received (+)		–33,866	–	–4,622	–	–	–38,488
Transactions with non-controlling interests	(6.9)	–	–	–	–	–265	–265
Net cash flow from financing activities		**11,589**	**–365**	**–21,416**	**–38,585**	**–265**	**–49,042**
Effects of changes from exchange rates		**112**	**–3**	**16**	**–**	**–**	**125**
Changes from initial consolidation		**7,317**	**–**	**4,478**	**–**	**–**	**11,795**
With regards to liabilities							
Interest expenses	(5.3.6)	36,394	370	4,622	–	–	41,386
Disposals from lease liabilities		–	–	–1,801	–	–	–1,801
Additions to lease liabilities	(6.3)	–	–	26,055	–	–	26,055
Total other changes, with regards to liabilities		**36,394**	**370**	**28,876**	**–**	**–**	**65,640**
Total other changes, with regards to equity		**–**	**–**	**–**	**77,438**	**979**	**78,417**
As of 12/31/2024		**684,080**	**129**	**90,125**	**259,749**	**3,637**	**1,037,720**

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		Financial liabilities			Equity		
in EUR thousands	Notes	Interest bearing loans and bonds	Derivatives with a negative market value	Lease liabilities	Retained earnings	Shares of non-controlling interests	Total
As of 01/01/2023		**715,659**	**174**	**38,393**	**169,648**	**819**	**924,693**
Change in net cash flow from finance activities							
Dividend payments to shareholders of SAF-HOLLAND SE	(6.9)	–	–	–	–27,237	–	–27,237
Proceeds from non-current financial liabilities	(6.12)	105,000	–	–	–	–	105,000
Repayment of loans	(6.12)	–193,379	–	–	–	–	–193,379
Paid transaction costs relating to financing agreements		–182	–	–	–	–	–182
Proceeds and payments from hedging instruments		–	1,025	–	–	–	1,025
Payments for lease liabilities	(6.3)	–	–	–12,566	–	–	–12,566
Interest paid (-)/ Interest received (+)		–36,315	–	–2,543	–	–	–38,858
Transactions with non-controlling interests	(6.9)	–	–	–	–	–14,672	–14,672
Net cash flow from financing activities		**–124,876**	**1,025**	**–15,109**	**–27,237**	**–14,672**	**–180,869**
Effects of changes from exchange rates		**1,235**	**–116**	**–1,066**	**–**	**–257**	**–204**
Changes from initial consolidation		**–**	**–**	**26,534**	**–**	**–**	**26,534**
With regards to liabilities							
Interest expenses	(5.3.6)	36,650	–956	2,543	–	–	38,237
Disposals from lease liabilities		–	–	–1,086	–	–	–1,086
Additions to lease liabilities	(6.3)	–	–	27,962	–	–	27,962
Total other changes, with regards to liabilities		36,650	–956	29,419	–	–	65,113
Total other changes, with regards to equity		**–**	**–**	**–**	**78,485**	**17,033**	**95,518**
As of 12/31/2023		**628,668**	**127**	**78,171**	**220,896**	**2,923**	**930,785**

Credit risk

The Group is exposed to default risk through the possibility that a contracting party may fail to fulfil its commitment with respect to financial instruments. To minimize default risk, the outstanding receivables in all business areas are monitored continuously at the local level by all Group companies. To limit credit risks, the Group as a rule only does business with creditworthy business partners. In doing so, ongoing credit management is implemented that requires potential customers to undergo a credit verification procedure. To manage specific default risks, the Group also takes out commercial credit insurance coverage in Europe and the United States and defines credit limits for each customer.

Any subsequent credit risk that arises is covered by individual and collective impairment on receivables carried on the balance sheet. The expected credit loss is calculated on each reporting date. In addition to the credit ratings of customers, the expected credit loss considers such criteria as country credit ratings as issued by rating agencies, days of sales outstanding and macroeconomic factors.

The measurement reflects the probability-weighted result taking into account interest rate effects and appropriate and dependable information of past events, current circumstances and expected future economic conditions available as of the reporting date. Letters of credit and other

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forms of credit collateral are considered components of trade receivables and included in the calculation of the need for impairment.

Interest rate risk

The Group is exposed to interest rate risk due to its financing activities. Market-induced interest rate changes, in particular, can have an effect on the interest burden of floating-rate loans and bonds. Changes in interest rates affect interest-related cash flows. To hedge the cash flow risk, the Group holds interest rate swaps to transform certain variable cash flows into fixed cash flows and to hedge the interest rate.

The Group is also exposed to the risk of the carrying amount of financial liabilities changing as a result of interest rate changes. The Group has no plans to measure these financial liabilities at their market price, therefore there is no related economic risk.

The Group is exposed to interest rate risk mainly in the euro zone.

According to IFRS 7, the Group must show relevant interest rate risks using sensitivity analyses. These analyses demonstrate the effects of changes in market interest rates on interest payments, interest income and interest expenses.

If market interest rates on December 31, 2024, had been 100 base points lower (higher), the result would have been EUR 3.6 million (previous year: EUR 4.5 million) higher (lower). All other variables are assumed to be constant.

Foreign currency risk

The international nature of the Group's investing, financing and operating activities exposes the Group to foreign currency risk. The individual subsidiaries predominantly conduct their operating activities and investments in their respective local currency. The Group uses foreign exchange forward contracts to hedge a portion of the remaining transaction risks. The foreign exchange forward contracts are not designated as hedging instruments to hedge cash flows. The period for which the foreign exchange forward contracts are entered into corresponds to the period in which the underlying business transaction is subject to foreign currency risk, which is usually up to a period of twelve months. Financing the Group's companies is conducted primarily by SAF-HOLLAND SE and SAF-HOLLAND GmbH. Loans granted to international Group companies are generally denominated in euros. The translation of intercompany loans as of the reporting date can result in unrealized foreign exchange gains and losses. Unrealized foreign exchange gains and losses as of the reporting date amounted to EUR 12.9 million (previous year: EUR 4.6 million) and EUR -12.9 million (previous year: EUR -11.6 million). Of the unrealized foreign exchange gains EUR 0.0 million (previous year: EUR 0.0 million) and EUR 0.0 million (previous year: EUR 0.0 million) of the unrealized foreign exchange losses were reclassified to other comprehensive income (OCI) as translation effects from the valuation of intercompany foreign currency loans, which are considered part of a net investment in a foreign operation and are therefore recognized directly in equity.

The tables below show the Group's sensitivity to a 5 percent increase or decrease in the euro versus the US dollar, the Swedish krona and the Brazilian real. The sensitivity analysis includes only outstanding monetary items denominated in foreign currencies and adjusts their translation at the end of the period by a five percent change in exchange rates.

	Change in exchange rate USD/EUR	Effect on earnings before taxes	Effect on equity after taxes
2024	5%	96	910
	–5%	–96	–910
2023	5%	90	2,093
	–5%	90	–2,093

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	Change in exchange rate SEK/EUR	Effect on earnings before taxes	Effect on equity after taxes
2024	5%	1,610	1,353
	–5%	–1,610	–1,353
2023	5%	4,311	4,146
	–5%	–4,311	–4,146

	Change in exchange rate BRL/EUR	Effect on earnings before taxes	Effect on equity after taxes
2024	5%	1,429	1,012
	–5%	–1,429	–1,012
2023	5%	1,429	1,174
	–5%	–1,429	–1,174

7.2 EARNINGS PER SHARE

		Q1-Q4/2024	Q1-Q4/2023
Result for the period	**in EUR thousands**	**77,349**	**79,933**
Weighted average number of shares outstanding	thousands	45,394	45,394
Basic earnings per share	Euro	1.70	1.76
Diluted earnings per share	**Euro**	**1.70**	**1.76**

Undiluted earnings per share are calculated by dividing the result for the period attributable to shareholders of SAF-HOLLAND SE by the average number of shares outstanding. New shares issued during the period would be included pro rata for the period in which they are outstanding.

As of the reporting date, the Group did not hold any debt instruments that could have a dilutive effect on earnings per share.

7.3 CASH FLOW STATEMENT

The statement of cash flows was prepared in accordance with IAS 7 and is divided into cash flows from operating, investing and financing activities.

The cash flow from operating activities was calculated using the indirect method. By contrast, the cash flow from investing activities was calculated using the direct method. Cash flows from investing activities are used to generate income over the long-term, generally for more than one year. Cash flows from financing activities were also calculated using the direct method and include cash flows from transactions with shareholders and the issue and repayment of financial liabilities.

Other non-cash transactions include value adjustments of unrealized price gains and losses as of the reporting date.

7.4 CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

Legal disputes

In the reporting year and as of the reporting date, there were no material legal disputes that could potentially have a significant impact on the Group's asset, financial or earnings position.

Minimum lease payments from leases

The Group's other financial obligations mainly consist of the minimum lease payments arising from leases of EUR 0.4 million (previous year: EUR 0.1 million).

Financial guarantees

Haldex AB has issued a performance bond of up to GBP 22.0 million to a pension trust for a defined benefit pension plan of Haldex Limited, United Kingdom.

Capital obligations

As at the balance sheet date, there were contractual obligations of EUR 4.3 million (previous year: EUR 5.5 million) for capital expenditure (nominal values) on property, plant and equipment.

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7.5 NUMBER OF EMPLOYEES

The average number of employees broken down by region was as follows in the reporting period:

Average number of employees by region

	2024	2023
EMEA	2,244	2,087
Americas	2,079	2,421
APAC	612	549
Total	**4,935**	**5,057**
thereof industrial employees	2,942	3,184
thereof salaried employees	1,993	1,873

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7.6 RELATED PARTY DISCLOSURES

The Consolidated Financial Statements include the financial statements of SAF-HOLLAND SE and the following subsidiaries, associates and joint ventures:

Subsidiaries

	Country of incorporation	% Equity interest
SAF-HOLLAND GmbH	Germany	100.0
SAF-HOLLAND Polska Sp. z o.o.	Poland	100.0
SAF-HOLLAND France S.A.S.	France	100.0
SAF-HOLLAND Czechia spol.s.r.o.	Czechia	100.0
SAF-HOLLAND España S.L.U.	Spain	100.0
SAF-HOLLAND Italia Srl. unipersonale	Italy	100.0
SAF-HOLLAND Romania SRL	Romania	100.0
SAF-HOLLAND do Brasil Ltda.	Brazil	100.0
SAF-HOLLAND South Africa (Pty) Ltd.	South Africa	100.0
SAF (Xiamen) Axle Co., Ltd.	China	100.0
SAF-Holland RUS OOO	Russia	100.0
SAF-HOLLAND Middle East FZE	VAE	100.0
SAF-HOLLAND Otomotiv Sanayi ve Ticaret Limited Sirketi	Turkey	100.0
SAF-HOLLAND Sweden AB	Sweden	100.0
SAF-HOLLAND Finland Oy	Finland	100.0
BFA Service Srl.	Italy	100.0
Assali Stefen Srl.	Italy	100.0
Softec Srl.	Italy	100.0
Tecma Srl.	Italy	100.0
SAF-HOLLAND Benelux	Netherlands	100.0
SAF-HOLLAND Steering	Netherlands	100.0
SAF-HOLLAND Inc.	USA	100.0
SAF-HOLLAND Canada Ltd.	Canada	100.0
SAF-HOLLAND (Aust.) Pty. Ltd.	Australia	100.0
SAF-HOLLAND (Malaysia) SDN BHD	Malaysia	100.0
SAF-Holland Verkehrstechnik GmbH	Germany	100.0
SAF-HOLLAND International de México S. de R.L. de C.V.	Mexico	100.0
SAF-HOLLAND Manufacturing S.A. de C.V.	Mexico	100.0
SAF-HOLLAND (Xiamen) Co., Ltd.	China	100.0
Corpco Beijing Technology and Development Co., Ltd.	China	100.0
SAF-Holland Russland OOO	Russia	100.0

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Subsidiaries	Country of incorporation	% Equity interest
PressureGuard LLC	USA	100.0
V.ORLANDI S.p.A.	Italy	100.0
V. Orlandi Rus LLC	Russia	100.0
York Transport Equipment (Asia) Pte. Ltd.	Singapore	100.0
York Transport Equipment (India) Pty. Ltd.	India	100.0
YTE Special Products Pte. Ltd.	Singapore	100.0
Axscend Group Ltd.	Great Britain	100.0
Axscend Ltd.	Great Britain	100.0
SAF-Holland UK	Great Britain	100.0
SAF-HOLLAND (Shanghai) Investment Co., Ltd.	China	100.0
SAF-Holland (Yangzhou) Vehicle Parts Co., Ltd.	China	100.0
Haldex AB	Sweden	100.0
JSB Hesselman AB	Sweden	100.0
Haldex Ltd.	Great Britain	100.0
Haldex Brake Products Ltd.	Great Britain	100.0
Haldex Brake Products Corp.	USA	100.0
Haldex Acquisition Corp.	USA	100.0
Haldex Products de Mexico S.A. de C.V.	Mexico	100.0
Haldex NV	Belgium	100.0
Haldex Europe SAS	France	100.0
Haldex Hungary Kft.	Hungary	100.0
Haldex Rus LLC	Russia	100.0
Haldex International Trading Co. Ltd.	China	100.0
Haldex Hong Kong Co. Ltd.	Hong Kong	100.0
Haldex Vehicle Products Co. Ltd.	China	100.0
Haldex India Ltd.	India	60.0
Haldex Korea Ltd.	South Korea	100.0
Haldex do Brasil Industria e Comercio Ltda	Brazil	100.0
Haldex Pty Ltd.	Australia	100.0

The domestic subsidiary SAF-HOLLAND GmbH has made use of the exemption provisions in accordance with Section 264 (3) of the German Commercial Code (HGB) for fiscal year 2024 and has therefore waived the disclosure of its annual financial statements and, in most cases, the preparation of (HGB) Notes and a Management Report.

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Associates and joint ventures

	Country of incorporation	% Equity interest
SAF-HOLLAND Nippon, Ltd.	Japan	50.0
Castmetal FWI S.A.	Luxembourg	34.1
Shaanxi Fast Haldex Brake Products Co. Ltd.	China	49.0

The table below shows the composition of the Management Board and the Supervisory Board of SAF-HOLLAND SE in the reporting year:

Management Board

Alexander Geis	Chief Executive Officer (CEO)
Frank Lorenz-Dietz	Chief Financial Officer (CFO)

Supervisory Board

Dr. Martin Kleinschmitt	Chairman of the Supervisory Board
Matthias Arleth	Member of the Supervisory Board
Ingrid Jägering	Member of the Supervisory Board
Carsten Reinhardt	Member of the Supervisory Board
Jurate Keblyte	Member of the Supervisory Board

The terms of office and other positions held by the members of the Supervisory Board and the Management Board can be found in the chapter "Mandates of the Supervisory Board / Management Board" in this Annual Report.

As of December 31, 2024, members of the Management Board directly or indirectly held ordinary shares in the nominal amount of EUR 0.5 million (previous year: EUR 0.5 million) while members of the Supervisory Board directly or indirectly held ordinary shares in the nominal amount of EUR 0.02 million (previous year: EUR 0.01 million).

The following shows the transactions with associates / joint ventures:

in EUR thousands	Sales to related parties		Purchases from related parties	
	Q1-Q4/2024	Q1-Q4/2023	Q1-Q4/2024	Q1-Q4/2023
Joint Ventures	2,813	2,653	–	–
Associates	–	–	21,644	35,307
Total	2,813	2,653	21,644	35,307

in EUR thousands	Amounts owed by related parties		Amounts owed to related parties	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Joint Ventures	433	722	–	–
Associates	–	–	1,472	4,447
Total	433	722	1,472	4,447

The transactions with associates / joint ventures were conducted at arm's length. Outstanding balances as of December 31, 2024, are unsecured, interest-free and paid on time. No guarantees have been provided or received for any receivables or payables from related parties. As of December 31, 2024, and in the previous year, the Group did not record any impairment of receivables for amounts owed by related parties. An evaluation is carried out in each reporting period that examines the financial position of the related parties as well as the markets in which these parties operate.

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7.7 REMUNERATION OF THE MANAGEMENT BOARD

7.7.1 Basic principles of Management Board remuneration

Every year, the Supervisory Board reviews the remuneration of each individual member of the Management Board in terms of amount and structure. Resolutions on remuneration are generally prepared by the Remuneration and Nomination Committee.

The remuneration system for the Management Board is geared towards the sustainable and long-term development of the company. The remuneration system also promotes the business strategy and long-term development of the company. In accordance with the recommendation of the GCGC, the Supervisory Board ensures that variable remuneration is structured on a multi-year basis. This means that the long-term variable components exceed the short-term components, generally by a small margin. At the same time, short-term variable remuneration also places sufficient emphasis on annual operating targets, which serve as the basis for the company's future development.

The following criteria applied to the individual components of the Management Board's remuneration in fiscal year 2024:

1. Fixed basic annual salary

The base salary is fixed for the entire year and is granted on a monthly basis. Unlike many other companies, the members of the Management Board do not receive pension benefits from the company for their services. To counterbalance this, the company introduced a remuneration component in fiscal year 2018 that is added to the base salary.

2. Fringe benefits

The taxable fringe benefits granted to the Management Board consist primarily of the use of company cars and the premiums for occupational accident insurance and directors and officers (D&O) insurance. In addition, subsidies towards health and pension insurance are paid in accordance with the provisions of social security law.

3. Variable short-term remuneration (STI)

The annual bonus is a variable cash payment that is based on the measurable performance of the company over the past fiscal year and the degree to which individual goals are attained. With the help of the individual targets, the individual performance of each Management Board member is taken into account when measuring remuneration. In terms of the company, the three parameters are Group sales, the net working capital ratio and the adjusted EBIT margin. In terms of goal attainment, the lower limit for the bonus is 75% and the upper limit 150%. If the sum of the weighted individual target achievement is below 75% (threshold), then there is no pro rata payout of the bonus. In exceptional cases, the Supervisory Board may set a lower limit of 50%. The amount of the remuneration to be paid is calculated by multiplying the percentage of target achievement with the target bonus. In the year of joining and leaving the company, the Management Board member is entitled to a bonus on a pro rata temporis basis. The short-term incentive is paid out in the following fiscal year.

In addition, non-financial performance goals were set for the CEO and COO for fiscal year 2024 that are oriented towards the sustainability of the company's activities.

4. Variable long-term remuneration (LTI)

The LTI is a variable remuneration component whose objective is the company's long-term appreciation in value, which sustainably links the interests of the company's management and executives with the interests of the shareholders of SAF-HOLLAND SE. The program used is a Performance Share Unit Plan (PSUP) introduced in 2013 that takes both the company's performance and the share price performance into account and stipulates a four-year performance period. For further information, please refer to Note 6.11.

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7.7.2 Remuneration of the Management Board

The remuneration of the members of the Management Board in accordance with IFRS is as follows:

in EUR thousands	2024	2023
Short-term benefits due	2,154	2,193
Benefits after termination of the employment relationship	0	130
Share-based payment	997	1,236
Total remuneration according to IFRS	**3,151**	**3,559**

As of the balance sheet date, provisions totaling EUR 1.9 million (previous year: EUR 1.8 million) had been recognized for the stock appreciation rights granted to members of the Management Board that are classified as share-based payments. Of this amount, EUR 0.8 million (previous year: EUR 1.2 million) was recognized as an expense. The portion of the provision classified as current amounted to EUR 0.6 million (previous year: EUR 0.7 million).

7.8 REMUNERATION OF THE SUPERVISORY BOARD

Remuneration of the members of the Supervisory Board in accordance with IFRS totaling EUR 0.47 million. (previous year: EUR 0.44 million) includes short-term benefits of EUR 0.38 Mio. (previous year: EUR 0.44 million). Performance-related remuneration components are not granted. At the end of 2023, the Supervisory Board members voluntarily committed themselves to investing 20% of their remuneration in shares each year, which are subject to a blocking period in accordance with SAF-HOLLAND's specifications. The blocked shares under the share program will only be released upon notification by SAF-HOLLAND. The corresponding purchase for 2022 took place on January 8, 2024. The purchase for 2023 will take place after the Annual General Meeting in June 2024. The share purchase for fiscal year 2024 amounted to EUR 0.089 million and was recognized in accordance with IFRS 2. The provisions for members of the Supervisory Board amounted to EUR 0.38 million (previous years: EUR 0.44 million) as of the balance sheet date.

7.9 TOTAL REMUNERATION OF THE CORPORATE BODIES IN ACCORDANCE WITH THE GERMAN COMMERCAL CODE (HGB)

The amounts shown below for the remuneration of the Management Board and Supervisory Board of SAF-HOLLAND SE are based on the valuation principles defined in the German Commercial Code (HGB) and may differ from the amounts recognized in the IFRS consolidated financial statements.

The remuneration of the Management Board and the Supervisory Board is as follows:

Remuneration of the executive bodies

in EUR thousands	2024	2023
Total remuneration of the executive board	**3,007**	**2,920**
of which non-performance-related	1,368	1,338
of which market value of the share-based remuneration allocated to the Management Board in the financial year at the time of granting	853	727
Remuneration of the Supervisory Board	443	443

The stated market value of the share-based remuneration granted to the Management Board is based on 60,221 virtual shares granted in the financial year (previous year: 81,648).

The remuneration of the members of the Supervisory Board is regulated in Article 16 of the Articles of Association of SAF-HOLLAND SE. It is commensurate with the tasks of the Supervisory Board and the situation of the company.

Under the current remuneration system, the members of the Supervisory Board receive a fixed annual remuneration, which is paid after the end of the financial year, i.e. for the 2024 financial year in 2025. In addition, a share-based remuneration component is granted.

7.10 CORPORATE GOVERNANCE

The Management Board and Supervisory Board have issued the Declaration of Compliance with the German Corporate Governance Code required by Section 161 of the German Stock Corporation Act (AktG). This can be found on the company's website at https://corporate.safholland.com /de/unternehmen/ueber-uns/corporate-governance.

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7.11 CAPITAL MANAGEMENT

The overriding goal of the Group's capital management is to ensure that the Group's ability to repay debt and its financial substance is maintained in the future. The foundation for steering and optimizing the existing financing structure are EBIT, EBITDA and monitoring the development of net working capital and cash flows. Net debt is comprised of interest-bearing loans and bonds as well as lease liabilities less cash and cash equivalents.

in EUR thousands	12/31/2024	12/31/2023*
Interest bearing loans and bonds	684,080	628,668
Lease liabilities	90,125	78,171
Cash and cash equivalents	–300,730	–246,276
Net debt	**473,475**	**460,563**
Equity attributable to equity holders of the parent	**523,463**	**473,046**
Equity and net debt	**996,938**	**933,609**

*Adjustments based on IAS 8.42 (see Chapter 2.5 on the notes)

According to a financial covenant under the financing agreement signed in August 2022, the Group is obliged to maintain a certain level of net debt coverage (net debt divided by adjusted consolidated EBITDA).

When calculating the net debt coverage as of the reporting date, it has been assumed that the Haldex Group is included in the Consolidated Financial Statements of SAF-HOLLAND SE. In addition, the EBITDA of the Haldex Group has been considered on a 12-month basis.

7.12 AUDITOR'S FEES

In the fiscal year of 2024 the following expenses for services provided by the auditors and their related companies were recognized in expenses:

in EUR thousands	Q1-Q4/2024	Q1-Q4/2023
Auditing of financial statements	2,313	1,204
other confirmation services	265	–
Total	**2,578**	**1,204**

In relation to the fees incurred for the audit of the financial statement that were recognized in expenses in the 2024 fiscal year, EUR 0.5 million are related to the audit of the financial statement of the 2023 fiscal year.

The auditing firm PricewaterhouseCoopers GmbH has been the appointed auditor of the Consolidated Financial Statements since fiscal year 2020. Mr. Stefan Hartwig has signed the auditor's report on the Consolidated Financial Statements for the third time as the responsible auditor. Of the total fee, an amount of EUR 0.7 million (previous year: EUR 0.5 million) is attributable to Wirtschaftsprüfungsgesellschaft PricewaterhouseCoopers GmbH, Germany, of which EUR 0.5 million (previous year: EUR 0.5 million) for auditing service and EUR 0.3 million (previous year: EUR 0.0 million) for other confirmation services.

7.13 EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date.

Bessenbach, March 12, 2025

Alexander Geis	**Frank Lorenz-Dietz**
Chief Executive Officer (CEO)	Chief Financial Officer (CFO)

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MANDATES OF THE SUPERVISORY BOARD/MANAGEMENT BOARD

SUPERVISORY BOARD

Dr. Martin Kleinschmitt
- Born in 1960
- Nationality: German
- Chairman of the Supervisory Board
- Member since July 1, 2020
- Elected until the end of the 2028 Annual General Meeting
- Main activity: Managing Director of Noerr Consulting GmbH & Co. KG[1] and Partner of Noerr Partnerschaftsgesellschaft mbB[1]
- Memberships of statutory supervisory boards or comparable domestic or foreign supervisory bodies of commercial enterprises (as of December 31, 2024):
  - GRAMMER Aktiengesellschaft[2]: Chairman of the Supervisory Board
  - G&H Bankensoftware AG[1]: Chairman of the Supervisory Board
  - Lech-Stahlwerke GmbH[1], Member of the Supervisory Board
  - SAF-HOLLAND GmbH[3]: Chairman of the Supervisory Board

Matthias Arleth
- Born in 1967
- Nationality: German
- Member since July 1, 2020
- Elected until the end of the 2028 Annual General Meeting
- Main activity: President BU Cells at Northvolt AB[1]
- Memberships of statutory supervisory boards or comparable domestic or foreign supervisory bodies of commercial enterprises (as of December 31, 2024): none

Ingrid Jägering
- Born in 1966
- Nationality: German
- Member since July 1, 2020
- Elected until the end of the 2028 Annual General Meeting
- Main activity: Member of the Management Board of STIHL AG[1]
- Memberships of statutory supervisory boards or comparable domestic or foreign supervisory bodies of commercial enterprises (as of December 31, 2024):
  - Hensoldt AG[2]: Member of the Supervisory Board
  - Wegmann Unternehmens-Holding GmbH & Co. KG[1]: Chairwoman of the Company Council
  - KNDS N.V.[1]: Member of the Board of Directors
  - SAF-HOLLAND GmbH[3]: Member of the Supervisory Board

Jurate Keblyte
- Born in 1975
- Nationality: German
- Member since April 3, 2023
- Elected until the end of the 2028 Annual General Meeting
- Main activity: Member of the Management Board and CFO of GRAMMER Aktiengesellschaft[2]
- Memberships of statutory supervisory boards or comparable domestic or foreign supervisory bodies of commercial enterprises (as of December 31, 2024):
  - Ottobock SE & Co. KGaA[1]: Member of the Supervisory Board
  - HAWE Hydraulik SE[1]: Member of the Supervisory Board

[1] Not listed
[2] Listed
[3] Non listed group company

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Carsten Reinhardt
- Born in 1967
- Nationality: German
- Member since July 1, 2020
- Elected until the end of the 2028 Annual General Meeting
- Main activity: Independent senior consultant
- Memberships of statutory supervisory boards or comparable domestic or foreign supervisory bodies of commercial enterprises (as of December 31, 2024):
  - Stoneridge, Inc.[2]: Member of the Board of Directors
  - Beinbauer Automotive GmbH & Co. KG[1]: Member of the Advisory Board
  - Grundfos Holding A/S[1]: Deputy Chairman of the Board of Directors
  - Samson AG[1]: Member of the Supervisory Board
  - tmax Holding GmbH[1]: Chairman of the Advisory Board
  - WEZAG GmbH & Co. KG[1]: Member of the Advisory Board

MANAGEMENT BOARD

Alexander Geis
- Born in 1974
- Nationality: German
- Chairman of the Management Board and Chief Executive Officer
- First appointment with effect from July 1, 2020
- Appointed until June 30, 2026
- Memberships of statutory supervisory boards or comparable domestic or foreign supervisory bodies of commercial business enterprises (as of December 31, 2024): none

Frank Lorenz-Dietz
- Born in 1973
- Nationality: German
- Member of the Management Board and Chief Financial Officer
- First appointment with effect from January 1, 2023
- Appointed until December 31, 2025
- Memberships of statutory supervisory boards or comparable domestic or foreign supervisory bodies of business commercial enterprises (as of December 31, 2024): none

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INDEPENDENT AUDITOR'S REPORT

To SAF-Holland SE, Bessenbach

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 SAF-Holland SE, Bessenbach, 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 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 SAF-Holland SE, 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 the disclosures marked as unaudited contained in the subsection "Adequacy and effectiveness of the overall risk management and internal control system" of the section "Risk and opportunity report" of the group management 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 § 315e Abs. [paragraph] 1 HGB 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 disclosures in the subsection "Adequacy and effectiveness of the overall risk management and internal control system" of the section "Risk and opportunity report" referred to above.

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.

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In our view, the matters of most significance in our audit were as follows:

❶ 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 Recoverability of goodwill

① In the Company's consolidated financial statements goodwill amounting in total to € 137,9 million (8.0 % of total assets or 26.2 % of equity) is reported under the "Goodwill" 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 the groups 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 group of 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 on the business activities of the Group are also taken into account. The discount rate used is the weighted average cost of capital for the respec-tive group of cash-generating units. 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 group of 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 im-pairment 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 this connection, we also evaluated the assessment of the executive directors regarding the effects of the macroeconomic factors on the business activities of the Group and examined how they were taken into account in determining the future cash flows. In the knowledge that even relatively small changes in the discount rate 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 determined that taking into account the information available, the carrying amounts of the cash-generating units, including the allocated goodwill, were adequately covered by the discounted future cash flows. Overall, the valuation parameters and assumptions used by the executive directors are comprehensible and are also within what we consider to be reasonable ranges.

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③ The Company's disclosures on the "Goodwill" balance sheet item are contained in section 6.1 of the notes to the consolidated financial statements.

OTHER INFORMATION

The executive directors are responsible for the other information. The other information comprises the disclosures marked as unaudited contained in the subsection "Adequacy and effectiveness of the overall risk management and internal control system" of the section "Risk and opportunity report" of the group management report, as an audited part of the group management report.

The other information comprises further

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB
- the separate non-financial report to comply with §§ 289b to 289e HGB and with §§ 315b to 315c HGB
- the remuneration report pursuant to § 162 AktG [Aktiengesetz: German Stock Corporation Act], for which the supervisory board is also responsible
- all remaining parts of 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.

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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

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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 SAF-HOLLAND_SE_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.

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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.

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FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as group auditor by the annual general meeting on 11 June 2024. We were engaged by the supervisory board on 25 September 2024. We have been the group auditor of the SAF-Holland SE, Bessenbach, without interruption since the financial year 2020.

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 Stefan Hartwig.

Frankfurt am Main, March 13, 2025

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Stefan Hartwig Wirtschaftsprüfer	Richard Gudd Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

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DECLARATION OF LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable financial reporting principles, the consolidated financial statements give a true and fair view of the sales and earnings performance, net assets and cash flows of the Group, and the combined Group's management report includes a fair review of the development and performance of the Group's business and position, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Bessenbach, March 12, 2025

SAF-HOLLAND SE

Alexander Geis	**Frank Lorenz-Dietz**
Chairman of the Management Board and Chief Executive Officer (CEO)	Member of the Management Board and Chief Financial Officer (CFO)

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INTRODUCTION TO THE NON-FINANCIAL REPORTING

REGULATORY CONTEXT

The European directive on corporate sustainability reporting (Corporate Sustainability Reporting Directive – CSRD) was developed to modernize and standardize the ESG (Environmental, Social, and Governance) reporting of companies. The European Sustainability Reporting Standards (ESRS) consist of two overarching and ten topical standards, with the latter covering various topics within the ESG dimensions. Currently, this directive has not yet been implemented into German law; however, SAF-HOLLAND has decided to report for the first time under partial application of the ESRS for the fiscal year 2024.

This separate non-financial group report has been prepared in accordance with §§ 289b ff. HGB and §§ 315b to 315c HGB, thus representing the consolidated non-financial statement for the SAF-HOLLAND Group and SAF-HOLLAND SE. In preparing the separate non-financial group report, the European Sustainability Reporting Standards (ESRS) were partially used as a framework in accordance with § 315c Abs. 3 in conjunction with 289d HGB. This means that not all components of the non-financial group statement were prepared in accordance with the ESRS. The separate non-financial group report considers the ESRS, except for the ESRS disclosure obligations listed in the "List of Consolidated Disclosure Requirements" on page 238. Furthermore, this report has not been located in the group management report contrary to ESRS 1.

To fulfill the commercial reporting obligations, we declare the following:

The initial, albeit partial, use of the ESRS as a framework is due to the significance of the ESRS as reporting standards for sustainability adopted by the European Commission. The conducted double materiality analysis also addresses the five aspects mentioned in the HGB. It should be noted that the sustainability aspects according to ESRS are not fully congruent and assignable to the aspects according to HGB. A reconciliation aid is provided below:

- The aspect "Environmental concerns" is addressed by ESRS E1, E2 and E5
- The aspect "Employee concerns" is addressed by ESRS S1 and S2
- The aspect "Respect for human rights" is addressed at various points in the ESRS S-standards (especially through the disclosures on concepts in the area of human rights policy in ESRS S1 and S2
- The aspect "Combating corruption and bribery" is addressed by ESRS G1
- No significant issues have been identified for the aspect of "Social concerns."

Significant risks arising from our own business activities as well as from business relationships, products, and services that are very likely to have serious negative impacts on the non-financial aspects according to § 289c HGB do not exist. Significant financial risks in the sense of the ESRS were identified in the context of the materiality analysis and are described in the section "Significant impacts, risks, and opportunities (IRO) and their interaction with strategy and business model." The development of these risks is continuously monitored.

Information due to the EU-Taxonomy Regulation

As part of the environmental information in this non-financial group statement, the disclosures according to Article 8 of Regulation 2020/852 of the European Parliament and of the Council of June 18, 2020, on the establishment of a framework to facilitate sustainable investments and amending Regulation (EU) 2019/2088 for SAF-HOLLAND are included in the chapter "EU Taxonomy Reporting."

Supplementary explanations for the non-financial statement of SAF-HOLLAND SE according to § 289b

For the non-financial statement regarding SAF-HOLLAND SE according to § 289b HGB, no framework was used, as an ESRS sustainability statement for the group is relevant for stakeholders. SAF-HOLLAND SE is the parent company of the SAF-HOLLAND Group and is responsible for all business decisions. Therefore, regarding the content of the non-financial statement for SAF-HOLLAND SE according to § 289b HGB, reference can be made to the statement concerning the group.

All information in this separate non-financial report generally refers to the consolidation Scope of the consolidated financial statements of SAF-HOLLAND SE and covers fiscal year 2024.

The report will be published in German and English on the SAF-HOLLAND website at https://corporate.safholland.com/en/investor-relations/publications/financial-reports/all-reports. This report will be published as part of the 2024 annual report and has been approved by the management board.

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INITIATIVES

This report also serves as a basis for meeting ESG initiatives such as EcoVadis and the Carbon Disclosure Project (CDP). These initiatives enable SAF-HOLLAND to monitor, assess and improve its impact on ESG factors, while promoting transparency and accountability.

SAF-HOLLAND works with EcoVadis to assess and compare its ESG practices. As proof of its commitment to sustainable business practices, SAF-HOLLAND has been awarded the EcoVadis Commitment Badge. It recognizes the company's outstanding achievements in each area covered by the assessment: environmental protection, labor and human rights, ethics and sustainable procurement, all of which are above the industry average.

SAF-HOLLAND also participates in the Carbon Disclosure Project (CDP) to disclose its environmental impact and climate-related data. Through the CDP, SAF-HOLLAND transparently reports on its greenhouse gas emissions, energy consumption and efforts to mitigate climate change. Participation in the CDP enables the company to track progress towards its emissions reduction targets, identify opportunities for improvement and align with global standards for environmental responsibility.

These initiatives enhance the company's ability to make data-driven decisions, strengthen relationships with stakeholders, and contribute to SAF-HOLLAND's overarching mission to create positive environmental and social impact along the entire value chain. They are to be seen as an addition to the regulatory reporting.

TOPICS OF THE REPORT

The ESRS require SAF-HOLLAND to report on all sustainability matters that are either mandatory under ESRS 2 or that have been classified as material in the double materiality analysis (DMA). Details on how the double materiality analysis was conducted can be found in the chapter "Double Materiality Analysis". Overall, SAF-HOLLAND reports on ESRS 2 and the 6 topical standards "E1 – Climate Change", "E2 – Environmental Pollution", "E5 – Resource Use and Circular Economy", "S1 – Company Workforce", "S2 – Labour Force in the Value Chain" and "G1 – Corporate Management".

In accordance with Article 8 of Regulation 2020/852 (Taxonomy Regulation), SAF-HOLLAND also discloses details on the methodology, classification approach and financial KPIs that relate to the EU taxonomy reporting (see chapter "EU Taxonomy Reporting").

In the following chapters, these topics are explained in detail. This report has been audited by an external auditor according to the "List of Consolidated Disclosure Requirements".

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GENERAL CONSIDERATIONS

[BP-1] GENERAL BASIS FOR PREPARATION OF SUSTAINABILITY STATEMENTS

BP-1, 5 a), BP-1, 5 b) (i,ii)

SAF-HOLLAND’s sustainability report has been prepared on a consolidated basis and is aligned with the Scope of the annual report.

BP-1, 5 c)

SAF-HOLLAND includes the value chain in this report, spanning both upstream and downstream activities, which are further explained below The Company recognizes that its environmental and social impacts extend beyond its own operations and include the activities of suppliers, the lifecycle of products, and the ways in which its solutions are used by customers.

BP-1, 5 e)

For the reporting period, SAF-HOLLAND confirms that it has not made use of the exemptions as provided for in articles 19a(3) and 29a(3) of Directive 2013/34/EU.

[BP-2] DISCLOSURES IN RELATION TO SPECIFIC CIRCUMSTANCES

BP-2, 10 a)

The specific metrics that utilize estimated data due to the indirect nature of sourcing include Scope 3 CO_2 emissions.

BP-2, 10 b)

The estimations of the metrics mentioned in BP-2; 10 a) are based on:

- The methodologies used for each one of the reported Scope 3 emissions recommended by the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and the GHG Protocol Technical Guidance for Calculating Scope 3 Emissions.
- The emissions factors corresponding to activities, products or sectors average data of the related Scope 3 emissions categories obtained from industry reports and established databases that reflect standard practices and outcomes for businesses of similar size and Scope.

BP-2, 10 c)

Estimates based on information from the SAF-HOLLAND value chain were used. Further details on the applied estimates of Scope 3 emissions can be found in the corresponding chapters.

BP-2, 10 d)

To enhance the reliability and precision of these metrics, SAF-HOLLAND is planning to implement the following actions:

— Increase of direct engagement with suppliers to improve data collection methods and encourage more accurate reporting of their environmental impacts for categories 1 and 4 of Scope 3 emissions.

BP-2, 16

SAF-HOLLAND has incorporated the following information by reference.

Incorporation by reference

Additional Information	Page
Information on SAF-HOLLAND’s products and business model (SBM-1, 40 a(i))	205
Information on the development of number of employees (ESRS S1-6, 50f)	283
Information regarding total net revenue (EU taxonomy, definition of revenue KPI)	260, 264
Information regarding research and development expenses, as well as maintenance and repair costs (EU taxonomy, OpEx KPI)	261–262
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SUSTAINABILITY STRATEGY AT SAF-HOLLAND

[SBM-1] STRATEGY, BUSINESS MODEL AND VALUE CHAIN

SBM-1, 42

SAF-HOLLAND is a leading international manufacturer of chassis-related assemblies and components for trailers, trucks and buses.

SBM-1, 40 a(i)

The business model comprises the development, production and distribution of an extensive portfolio of one-stop-shop solutions for the commercial vehicle industry, which in the trailer sector includes axle and suspension systems, steering systems, landing legs and telematics systems in particular. The main products in the truck sector include a comprehensive range of fifth wheels and other coupling devices. The company also supplies brake and air suspension systems as well as air control products for trailers and trucks. Further information can be found in the Management Report in the chapter “Foundations of the Corporation”.

SBM-1, 42 b)

With its comprehensive range of products, the Group addresses the key topics of its customers. On the one hand, the optimization of total cost of ownership – i. e. the consideration of all one-time and ongoing as well as direct and indirect costs of a purchase – and on the other hand, megatrends in the commercial vehicle industry such as digitization, electrification, autonomous driving, traffic safety and sustainability. With its lightweight solutions, SAF-HOLLAND enables weight savings and thus contributes to lower CO_2 emissions from the truck-trailer combination. SAF-HOLLAND offers two innovative electric trailer axles designed to enhance efficiency and sustainability in commercial transportation: TRAKr that focuses on energy recuperation and TRAKe that adds traction support through a more powerful electric motor. By combining mechanics with sensors and electronics, SAF-HOLLAND is advancing the digital networking of commercial vehicles and logistics chains.

SBM-1, 40 a(ii)

The main customer groups of SAF-HOLLAND relate to Original Equipment for Trailer (OE trailer), Original Equipment for Trucks (OE trucks) and the aftermarket business (AM). Further information can be found in the Management Report on page in the chapters “Fundamental information about the Group” as well as “Report on economic position – Earnings, asset and financial position”.

SBM-1, 42 b)

By aligning with global sustainability trends and maintaining strong financial performance, SAF-HOLLAND generates long-term value for its investors and communities benefit from SAF-HOLLAND’s commitment to reducing environmental impact through innovative and sustainable product solutions.

SBM-1, 40 a(ii)

SAF-HOLLAND’s operating business is conducted in three regions, which also constitute reportable segments in accordance with IFRS:

- EMEA (Europe, Middle East and Africa)
- Americas (North and South America)
- APAC (Asia-Pacific).

SAF-HOLLAND is a globally active Company. As of December 31. 2024, the employees are distributed throughout three regions as follows:

Employees per region

Geographical area	Count
EMEA	2,427
Americas	2,192
APAC	613
Total	**5,232**

SBM-1, 42

At the end of 2024, SAF-HOLLAND operated 29 production plants in the EMEA, Americas and APAC regions. In addition to plants in the core markets of Europe and North America, SAF-HOLLAND has manufacturing facilities in India, Brazil, Türkiye and China. The central development activities are concentrated at the sites in Bessenbach (Germany), Landskrona (Sweden), Mira (United Kingdom), Muskegon (USA), Suzhou (China), as well as the new R&D Tech Center in Pune (India). Smaller R&D units in the regions ensure that the demanded products in the respective markets can be offered.

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SBM-1, 42 c)
SAF-HOLLAND's value chain encompasses the following main features:

- Upstream: The company collaborates with a network of suppliers for raw materials and components. They are responsible for extraction and processing, intermediate product manufacturing and transportation to SAF-HOLLAND's sites. Raw material distributors are tier 2 and 3 suppliers to the Company, with the order of the chain being mine, melter, distributor, supplier of refined intermediate products and finally SAF-HOLLAND production sites. The products sourced from tier 1 suppliers are mainly steel, iron or aluminum. The Company uses a multi-supplier strategy for all product groups, meaning the sources of supply are expansive. These suppliers are subject to assessments to ensure compliance with Environmental, Social, and Governance (ESG) criteria.

- Downstream: SAF-HOLLAND serves a diverse customer base, especially original equipment manufacturers (OEMs). The Company additionally works closely with fleet operators and trucking companies, to which not only parts but also innovation and service packages are offered. Furthermore, SAF-HOLLAND is supplying spare parts to manufacturers' service networks (OES), wholesalers and end customers. End-users benefit from SAF-HOLLAND's durable and efficient products, which contribute to reducing the total cost of ownership and environmental footprint.

SAF-HOLLAND's position in the value chain as a key supplier to the global transportation industry enables it to influence and drive sustainability throughout its operations and partnerships. By integrating sustainability principles across its value chain, SAF-HOLLAND expects its business model to remain resilient, competitive, and aligned with stakeholder expectations.

SBM-1, 42
Most of the SAF-HOLLAND products, especially axles, suspensions brake systems, couplings and fifth wheels contain a large number of parts and components. In addition to cast and stamped products, forged parts are among the largest product groups. These are purchased parts such as clutch plates, brake calipers, wheel hubs, brake discs, stub axles and axle tubes. Due to the large number of raw materials and finished products, the supply chain is correspondingly complex. All suppliers in turn have sub-suppliers, partly for raw materials, parts and components.

SBM-1, 42 a)
SAF-HOLLAND uses a range of critical inputs, including raw materials, components, human capital, and technological expertise.

- Materials and Components: The Company sources metals in the form of iron and steel, polymers in the form of rubber and plastics, and other key materials comprised of electronics, sensors and packaging materials from a network of global suppliers. This supplier diversity, as well as SAF-HOLLAND's prioritization of suppliers that adhere to sustainability standards are the main components of the Company's strategy to gather, develop and secure material inputs.

- Human Capital: SAF-HOLLAND invests in a skilled and diverse workforce to drive innovation and operational excellence. Efforts to develop and secure human capital are described more closely in Section S1 "Own Workforce".

- Technological Innovation: Continuous research and development ensure that SAF-HOLLAND makes strong technological advancements for more sustainable mobility solutions. Maintaining these advancements is a strategic focus of the Company, which is closely tied to our Human Capital and is also described more closely in Section S1 "Own Workforce".

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SBM-1, 40 e) / SBM-1, 40 g)

SAF-HOLLAND has defined five strategic focus topics that guide its sustainability-related goals across its operations:

1. Net Zero Emissions by 2050: SAF-HOLLAND is committed to achieving net zero emissions no later than 2050, to reduce greenhouse gas emissions in line with the Paris Agreement.
   - Main Challenge: Reducing carbon emissions across the value chain while balancing operational growth and customer demands.
   - Measures: SAF-HOLLAND is investing in energy-efficient technologies, transitioning to renewable energy sources, and implementing decarbonization initiatives in production and logistics. To lower emissions in the value chain, SAF-HOLLAND is selling and further developing electrified trailer axles, which lower emissions from vehicles (see chapter E1) and evaluates suppliers air pollution practices (see chapter E2).
2. Sustainable Products and Innovation for Customers: The Company aims to design and deliver innovative, sustainable products that enhance energy efficiency and reduce emissions to meet customer demands for environmentally responsible solutions.
   - Main Challenge: Addressing market demand for environmentally responsible products while meeting stringent regulatory requirements.
   - Measures: The Company is prioritizing the development of innovative products that enhance fuel efficiency and reduce emissions. Examples include the electrical trailer axles TRAKr and TRAKe, Air Disk Brakes (ADB), as well as the Tire Pilot I.Q. (see chapter E1). Collaboration with customers on sustainable mobility solutions is a central focus.
3. Sustainable Operational Excellence in the Value Chain: SAF-HOLLAND strives to optimize its supply chain and operational processes to reduce waste, improve resource efficiency, and promote ethical and sustainable sourcing practices.
   - Main Challenge: Reducing resource intensity and waste within complex supply chains as well as ensuring ethical sourcing practices.
   - Measures: SAF-HOLLAND is optimizing its operational processes to improve resource efficiency, reduce waste, and adopt circular economy principles. Key projects include the assessment of supplier sustainability.
4. Attractive Employer: The Company is dedicated to fostering an inclusive workplace that attracts and retains top talents, supports employee development, and upholds health and safety standards.
   - Main Challenge: Attracting and retaining diverse talents through maintaining high employee engagement and satisfaction.
   - Measures: The Company is enhancing its employer value proposition through inclusive policies, robust training programs, and a focus on health and safety.
5. Effective Governance: SAF-HOLLAND ensures that governance frameworks are in place to drive accountability, transparency, and adherence to regulatory and sustainability standards.
   - Main Challenge: Maintaining transparency and compliance in a rapidly evolving regulatory landscape.
   - Measures: SAF-HOLLAND has strengthened its governance frameworks by extending its sustainability team and developing a target operating model for reporting, ensuring robust sustainability reporting, risk management, and ethical decision-making processe.

These focus topics are embedded across SAF-HOLLAND's product and service offerings, customer relationships, geographical operations, and stakeholder engagements to deliver on its commitment to sustainability and long-term value creation.

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SBM-1, 40 f)

SAF-HOLLAND evaluates its current products, markets, and customer groups to ensure alignment with its five strategic focus topics. This assessment revealed the following:

- Significant Products: Key product lines, such as trailer and truck components, support customers in reducing emissions and improving fuel efficiency, in particular the product categories of TRAKe, TRAKr, ADB and EBS. Opportunities for improvement include the increasing use of recyclable materials and integrating circular economy principles into product design.
- Markets and Customer Groups: SAF-HOLLAND operates in diverse markets in the EMEA, Americas and APAC regions where sustainability is increasingly prioritized. Within these markets, EMEA & the Americas are currently leading in regard to the significant products mentioned in the paragraph before.

SBM-1, 42 b)

The company’s products include advanced axle systems, fifth wheels, kingpins, brakes among other commercial vehicle components which deliver the following benefits:

- Customers: SAF-HOLLAND’s products enhance vehicle efficiency, safety, and sustainability, providing value to its customer base in the transportation and logistics sectors.
- Investors: By aligning with global sustainability trends and maintaining strong financial performance, SAF-HOLLAND generates long-term value for its investors.
- Other stakeholders: Communities benefit from SAF-HOLLAND’s commitment to reducing environmental impact through innovative and sustainable product solutions.

[SBM-2] INTERESTS AND VIEWS OF STAKEHOLDERS – GENERAL

SBM-2, 45 a)

SAF-HOLLAND recognizes the importance of engaging with its stakeholders to ensure alignment between the Company’s sustainability goals, business strategy, and stakeholder expectations. Stakeholder engagement is an integral part of the Company’s governance and decision-making processes.

(i) Key stakeholders

SAF-HOLLAND’s key stakeholders include:

- Customers: Trailer manufacturers, fleet operators, and truck manufacturers
- Employees: A diverse and skilled workforce across global operations
- Suppliers: Providers of raw materials, components, and services
- Workers in the value chain: SAF-HOLLAND recognizes that the company could have an impact on workers in the value chain if suppliers with unethical business practices are not identified and excluded. All consequences that the company draws from this are described in detail in chapter S2 “Workforce in the value chain”.
- Investors: Shareholders such as financial institutions or private shareholders
- Communities: Local populations impacted by SAF-HOLLAND’s operations
- Regulators and industry bodies: Entities that influence or oversee compliance and industry standards

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(ii) Engagement with stakeholders

SAF-HOLLAND actively engages with all identified categories of stakeholders. The Company tailors its engagement efforts to each group's unique interests and needs, ensuring an open and constructive dialogue.

(iii) Organization of stakeholder engagement

The Company organizes stakeholder engagement through various methods, including:

- Structured dialogues: Regular meetings with customers, suppliers, and investors.
- Surveys and questionnaires: Gathering input from employees. For example, the Company has established Winningtemp as a tool to listen to employees' satisfaction and empowering management with relevant insights to improve work environment.
- Digital platforms: To maintain open channels of communication with a broader audience. For example, the use of the whistleblower system internally and with suppliers or for customers the I.Q. Portal, an information and service platform accessible via a website, as well as the EcoVadis platform.

(iv) Purpose of engagement

The primary objectives of SAF-HOLLAND's stakeholder engagement are to:

- Understand stakeholder perspectives on material sustainability issues
- Identify impacts, risks and opportunities related to sustainability
- Foster collaboration to achieve shared goals
- Enhance trust and transparency through active dialogue

(v) Consideration of outcomes

The insights gained from stakeholder engagement are incorporated into SAF-HOLLAND's decision-making and sustainability strategy. For example:

- Feedback from customers informs the development of sustainable product innovations.
- Employee input leads to enhanced workplace diversity and well-being initiatives.
- Collaboration with suppliers results in responsible sourcing practices.

By maintaining an ongoing dialogue with its stakeholders, SAF-HOLLAND ensures that its strategy and operations are responsive to the evolving expectations of all relevant parties. This engagement reinforces the Company's commitment to creating long-term value while addressing critical sustainability challenges.

SBM-2, 45 b)

SAF-HOLLAND is committed to aligning its strategy and business model with the interests and expectations of its key stakeholders. This alignment is informed by the Company's due diligence and materiality assessment processes, which systematically analyze stakeholder perspectives to identify and address material sustainability issues.

1. Stakeholder engagement process:

SAF-HOLLAND engages with a diverse range of stakeholders, including customers, employees, suppliers, investors, regulators and communities. The Company uses structured approaches such as surveys, workshops, and partnerships to capture their views on sustainability-related priorities and challenges.

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2. Key findings from materiality assessment:

During the materiality assessment conducted the previous reporting period, stakeholders were considered through proxies (e. g. Investor Relations department represented investors), which highlighted the following areas of focus:

- Environmental Priorities: Reducing greenhouse gas emissions, increasing resource efficiency, and developing sustainable products.
- Social Priorities: Enhancing employee well-being, safety, and diversity, as well as fostering ethical supply chain practices.
- Governance Priorities: Strengthening transparency, compliance, and effective risk management practices.

3. Integration into strategy and business model:

SAF-HOLLAND incorporates stakeholder feedback into its strategic focus areas, ensuring that the Company's actions align with stakeholder expectations. For example:

- Achieving net zero emissions by 2050 reflects investor and customer priorities on climate action.
- Sustainable products and innovation address customer demand for environmentally responsible solutions.
- Attractive employer responds to employee interests in career development, diversity, and well-being.

SBM-2, 45 c)
Since the creation of these strategic focus areas, there has been no further amendments to the Company's strategy and business model on the basis of stakeholder integration. Key information provided by a detailed transition plan or climate resilience analysis will only be obtained within the next reporting cycle, which are expected to inform SAF-HOLLAND's sustainability strategy, going forward.

SBM-2, 45 d)
SAF-HOLLAND's Management and Supervisory Boards are regularly informed about the views and interests of affected stakeholders concerning the Company's sustainability-related impacts. This process is designed to support effective governance and align the Company's strategic decisions with stakeholder expectations.

Regular reporting mechanisms
The Company has established structured reporting mechanisms, which provide comprehensive insights into stakeholder views and interests. The results of stakeholder engagements are reported to the Management Board and the Supervisory Board as part of the materiality analysis. In addition, the Head of ESG regularly provides information at Management Board or Supervisory Board meetings about stakeholder feedback and its impact analyses.

Integration into decision-making
The governance bodies incorporate stakeholder insights into their decision-making processes to ensure that SAF-HOLLAND's strategy and operations are responsive to stakeholder interests. For example, the Supervisory Board reviews risks and opportunities in connection with stakeholders as part of its supervisory function for sustainability. The Management Board, in turn, uses stakeholder feedback to prioritize initiatives such as sustainable product development, climate change measures and the implementation of ESG requirements at suppliers.

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CORPORATE GOVERNANCE

[GOV-1] ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

SAF-HOLLAND SE has a dualistic management system that provides for a strict individual and functional separation between the Management Board as the management body and the Supervisory Board as the supervisory body (two-tier board).

Management Board

The Management Board is responsible for the strategic and operational leadership of the Company. It sets the business policy and strategic direction, ensuring that these are implemented effectively while adhering to legal and internal policy requirements. The Management Board also maintains robust control and risk management systems to monitor and mitigate risks, including those associated with social and environmental factors. In doing so, it integrates ecological and social objectives, based on the identified IROs, into the Company's long-term economic and sustainability-related targets.

At least once a quarter, the Management Board of SAF-HOLLAND SE addresses the key impacts, risks and opportunities in relation to environmental, social and governance sustainability issues and monitors progress in achieving the defined targets.

The Management Board of SAF-HOLLAND SE currently consists of two male members – the CEO (Alexander Geis) and the CFO (Frank Lorenz-Dietz). This corresponds to an average ratio of female to male members of zero and a female representation of 0%. Further information on the targets for women on the Management Board can be found in SAF-HOLLAND's Corporate Governance Statement (https://corporate.safholland.com/en/corporate-goverance-statement).

The responsibilities of the members of the Management Board are reflected in the Articles of Association (https://corporate.safholland.com/en/articles-of-association), in the Management's rules of procedure (https://corporate.safholland.com/en/company/management-board) and in the Corporate Governance Statement (https://corporate.safholland.com/en/corporate-goverance-statement).

The rules of procedure set out the principle of joint responsibility of the Management Board for the manner in which to conduct business and the responsibility of the full Management Board for certain matters of particular importance and Scope.

Regarding sustainability in particular, the CEO is primarily responsible for ESG Strategy and Operations, focusing on integrating sustainability into the Company's core activities. The CFO is overseeing ESG Communications & Compliance, managing the transparent communication of the Company's ESG efforts and ensuring that financial strategies are aligned with sustainability goals. Thus, he is overall accountable for ESG-Reporting.

Alexander Geis, Chairperson of the Management Board and Chief Executive Officer, has extensive knowledge about the Company, its products and locations and company-specific sustainability topics. He began his professional career in 1995 at Otto Sauer Achsenfabrik GmbH, Bessenbach, a predecessor company of the present-day SAF-HOLLAND Group. After holding various positions in the Aftermarket division, he was appointed to the Group Management Board of the SAF-HOLLAND Group and President of the Business Unit Aftermarket in 2011. In 2016, he assumed responsibility for the EMEA region. Alexander Geis has been Chairperson of the Management Board and CEO of the SAF-HOLLAND Group since 25 February 2019.

Further information on Alexander Geis can be found in the curriculum vitae on the website at https://corporate.safholland.com/en/company/management-board.

Frank Lorenz-Dietz has been a member of the Management Board and Chief Financial Officer of SAF-HOLLAND since 1 January 2023. He is a proven financial expert with operational industry experience in an international environment and expertise in M&A and integration. After two years of service for SAF-HOLLAND, he has extensive knowledge about the Company and its products and locations as well as company-specific sustainability topics, especially in the field of sustainability reporting.

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Further information on Frank Lorenz-Dietz can be found in the curriculum vitae on the website at https://corporate.safholland.com/en/company/management-board.

The extensive, company-specific knowledge enables the Management Board to evaluate a wide range of identified IROs, including but not limited to, the transformation of SAF- HOLLAND to an environmentally sustainable organization in regard to GHG emissions (ESRS E1) and resource use (ESRS E5), matters of business conduct (ESRS G1) and the positioning of SAF-HOLLAND as an employer of choice (ESRS S1). Every IRO that is outside of the Management Board's direct area of responsibility is covered by various internal stakeholders and bodies (e. g. LkSG Committee for supply chain issues). The Management Board has direct access to the entire knowledge of these stakeholders.

For more details on the composition and responsibilities of the Management Board, please see SAF-HOLLAND's Corporate Governance Statement (https://corporate.safholland.com/en/corporate-goverance-statement).

ESG Council

The Management Board is supported by the ESG Council in its task to implement ESG into the daily operations of SAF-HOLLAND. It consists of the members of the Management Board (CEO and CFO), as well as the Presidents of the EMEA, Americas and APAC region. The ESG Council is responsible for creating the ESG strategy together with its corresponding milestones and ambitions as well as integrating it into the corporate strategy. Additionally, the Council is responsible for providing operational guidance, especially in the management of regional affairs, and is instrumental in the progress of ESG projects.

The ESG Council is informed about progress in the quarterly Management Board meetings, where the Head of ESG reports on all sustainability related topics, including the input from other functions within SAF-HOLLAND, particularly Operations, Supply Chain, HR, Human Resources, Governance & External Reporting. The individual contributions are coordinated between the Head of ESG and the functions prior to the board meetings. All information above directly relates to the management of the material IROs.

Supervisory Board

The Management Board reports to the Supervisory Board on information that is relevant for assessing the economic and financial situation of the Company and its holdings, which also includes sustainability topics [22c-ii].

The Supervisory Board monitors and advises the Management Board on the management of the Company. The monitoring and advisory activities of the Supervisory Board also extend in particular to sustainability issues. In this regard it monitors targets in relation to significant impacts, risks and opportunities and the progress towards achieving these targets at its regular meetings, which take place at least once per quarter.

The responsibilities of the Supervisory Board and the members of the Supervisory Board are reflected in the Articles of Association (https://corporate.safholland.com/en/articles-of-association), the Supervisory Board's rules of procedure (https://corporate.safholland.com/en/company/supervisory-board) and in the membership of the Audit Committee and the Nomination and Remuneration Committee (see Qualification matrix – https://corporate.safholland.com/en/company/supervisory-board).

The Supervisory Board of SAF-HOLLAND SE currently consists of Dr. Martin Kleinschmitt, Ingrid Jägering, Matthias Arleth, Jurate Keblyte and Carsten Reinhardt, three of them are men, two of them are women. This corresponds to an average ratio of female to male members of 0.67 and a female representation of 40%. Further information on the targets for women on the Supervisory Board can be found in the SAF-HOLLAND's Corporate Governance Statement (https://corporate.safholland.com/en/corporate-goverance-statement).

Four of the five members are over 50 years of age, while one is between 30 and 50 years old. All members of the Supervisory Board are independent as defined by the German Corporate Governance Code (see qualification matrix – https://corporate.safholland.com/en/company/supervisory-board).

When making appointments to the Supervisory Board, the Supervisory Board of SAF-HOLLAND SE is guided by the competency profile and the qualifications matrix, which presents the requirements for the Supervisory Board in detail in the areas of independence, diversity and professional expertise. The competency profile also considers the company-specific situation of SAF-HOLLAND, its international structure and the future development of the markets and the product portfolio.

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Qualification matrix for the Supervisory Board of SAF-HOLLAND SE (Status: December 2024)

		Dr. Martin Kleinschmitt	**Ingrid Jägering**	**Matthias Arleth**	**Jurate Keblyte**	**Carsten Reinhardt**
	Elected until*	2028	2028	2028	2028	2028
Function	Supervisory Board	Chair	Deputy Chairwoman	Member	Member	Member
	Audit Committee	Member	Chairwoman		Member	
	Nomination and Remuneration Committee	Member		Chairman		Member
Independence	Independence in line with GCGC**	Yes	Yes	Yes	Yes	Yes
Diversity	Gender	Male	Female	Male	Female	Male
	Age	56 to 65	56 to 65	56 to 65	46 to 55	56 to 65
	Nationality	German	German	German	German	German
	International experience	✓	✓	✓	✓	✓
	Training background	Lawyer	Industrial clerk	Engineer	M.Sc. Management	Engineer
Professional suitability	Management / Leadership	✓	✓	✓	✓	✓
	Strategic business development			✓		✓
	Corporate development, organization and structuring	✓	✓	✓	✓	✓
	Knowledge of international markets		✓	✓	✓	✓
	Industry-relevant technologies, products, services and new business models			✓		✓
	Operations / operational excellence		✓	✓		✓
	Digitization / IT / Software		✓	✓	✓	✓
	Human resources / New work	✓	✓	✓	✓	✓
	ESG / Sustainability	✓	✓	✓	✓	✓
	Legal / Compliance / Corporate Governance	✓	✓	✓	✓	
	Control systems (CMS, RMS, ICS, Internal Audit)	✓	✓	✓	✓	
	Accounting	✓	✓		✓	
	Audit	✓	✓		✓	
	Restructuring / Transformation	✓	✓	✓	✓	✓
	Financing / Capital market	✓	✓		✓	
	Experience in advisory or supervisory boards	✓	✓		✓	✓

Notes:
- A ticked box corresponds to a self-assessment of at least 75% or 100% competence fulfillment
* Term: Annual General Meeting 2028, which resolves on the formal approval of the activities of the Supervisory Board for fiscal year 2027
** German Corporate Governance Code (Deutscher Corporate Governance Codex -DCGK)

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The Supervisory Board of SAF-HOLLAND SE sufficiently fulfills the requirements of the competency profile in its entirety. In addition, there is at least one expert on the Supervisory Board for each of the defined areas of expertise.

According to the qualification matrix, all members of the Supervisory Board have appropriate knowledge in the area of ESG/sustainability. This knowledge includes experience in ESG reporting and industry specific knowledge with regards to sustainable operations (E), managing a modern workforce (S), and ethical business conduct (G). This qualifies them to evaluate and comment on SAF-HOLLAND's identified IROs.

The Supervisory Board has set up an audit committee that deals, among other things, with the audit of the accounting, the monitoring of the accounting process and the audit of the financial statements. The accounting includes, in particular, the consolidated financial statements and the group management report.

Within the Audit Committee, Ms. Jurate Keblyte has particular knowledge and experience in sustainability reporting. Ms. Ingrid Jägering has particular knowledge and experience in auditing, including the audit of sustainability reports.

Further information on the professional background of the current Supervisory Board members can be found in the curriculum vitae on the website at https://corporate.safholland.com/en/company/supervisory-board.

Works Council

The participation of the European employees of SAF-HOLLAND SE is regulated by the law on the participation of employees in a European Company (SE Participation Act – SEBG).

According to this, there is a works council at SAF-HOLLAND SE that represents the interests of the employees. However, it only has information rights, no co-determination rights.

GOV-1, 22 c)

Corporate integrity has the highest priority at SAF-HOLLAND. For this reason, the Group views compliance not merely as the act of adhering to the applicable national and international laws and regulations. Rather, SAF-HOLLAND sees itself as under an obligation to uphold ethical and moral values. For this reason, the company has implemented a compliance management system aligned with the company's risk situation, which supports employees and managers in meeting these requirements. The individual compliance processes are mapped in the so-called process management manual.

The Legal & Compliance Department oversees the compliance management system and reports directly to the Chief Financial Officer. The design and effectiveness of the measures and processes are also the subject of reviews conducted by the Internal Audit Department. The Management Board is responsible for the compliance with compliance-relevant measures and processes, legal requirements and the company's internal guidelines. Within the Supervisory Board, it is primarily the Audit Committee that regularly addresses compliance issues, ensuring a reporting line to the Supervisory Board.

In addition, there is a Compliance Committee whose chairperson informs CEO and CFO in terms ofa compliance incident within the group and reports directly to the chairperson of the Audit Committee immediately in the event of a compliance violation by the CEO or CFO. The chairperson of the Compliance Committee reports regularly to the Audit Committee on the committee's activities. The members of the Compliance Committee are experienced managers from Legal & Compliance, Human Resources and Internal Audit.

The Group-wide whistleblower system gives employees the opportunity to provide anonymous and protected information about any legal violations in the company. The whistleblower system is available, also to third parties, on the website of SAF-HOLLAND at https://safholland.integrityline.io/. The Compliance Committee processes any incoming reports. Corresponding procedural standards for the whistleblower system were adopted and published on the SAF-HOLLAND website.

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The Code of Conduct summarizes the compliance requirements for SAF-HOLLAND, which are binding for the company and the management, as well as each individual employee. The Code of Conduct is available on the website of SAF-HOLLAND at https://corporate.safholland.com/en/code-of-conduct. Further details on the Code of Conduct can be found in section G1-1.

In the event of questions or suspicion of a breach of the Code of Conduct, employees may contact the Legal & Compliance Department at any time or leave an anonymous message in the whistleblower system.

Group-wide guidelines regulate other compliance issues, such as the handling of gratuities, human rights issues and insider information. In case of changes in the legal framework, the relevant information is updated, and the employees affected are informed, also within the course of training.

[GOV-2] INFORMATION PROVIDED TO AND SUSTAINABILITY MATTERS ADDRESSED BY ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

At SAF-HOLLAND, the Management Board and the Supervisory Board, along with their relevant functions, are systematically informed about material impacts, risks, and opportunities, as well as the implementation of due diligence and the results and effectiveness of related policies, actions, metrics, and targets.

Frequency and responsible parties

The Head of ESG is responsible for providing updates to the Management Board and the Supervisory Board. These updates occur at least on a quarterly basis and ensure that the governance bodies are well-informed on all sustainability-related matters relevantto the company's strategy and operations.

Process of preparation and alignment

To ensure the accuracy and relevance of the information shared, the Head of ESG collaborates with the heads and responsible management of all pertinent functions before presenting to the boards. This alignment guarantees that inputs are comprehensive and reflect a coordinated understanding of SAF-HOLLAND's material impacts, risks, and opportunities.

Scope of information shared

The information provided includes:

- Material impacts, risks, and opportunities: Key issues identified through SAF-HOLLAND's materiality assessment and risk management processes.
- Implementation of due diligence: Progress on due diligence processes, particularly regarding sustainability-related matters across the value chain, led by the Human Rights Officer and Supply Chain function.
- Effectiveness of policies, actions, metrics, and targets: Updates on the implementation and effectiveness of SAF-HOLLAND's sustainability policies, initiatives, and performance against defined metrics and targets.

Purpose and impact

This structured communication framework is supposed to ensure that SAF-HOLLAND's management and supervisory bodies are equipped to make informed decisions that align with the Company's sustainability commitments and stakeholder expectations. It also reinforces accountability and transparency in the governance of sustainability matters.

SAF-HOLLAND's management and supervisory bodies actively consider sustainability-related impacts, risks, and opportunities when overseeing the Company's strategy, making decisions on major transactions, and managing risks. These considerations are integrated into SAF-HOLLAND's governance framework to ensure alignment with the Company's ESG commitments and overall business strategy.

Integration into risk management processes

Within SAF-HOLLAND, risks and controls related to ESG have been partially incorporated into the Internal Control System (ICS), which is under the responsibility of the Management Board. The ICS outlines operational process controls and is reviewed quarterly by the Management Board. During this review, a designated report is approved and discussed within the quarterly Group Risk Steering Committees.

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In addition to operational controls, strategic risks are addressed through the Double Materiality Analysis (DMA). Internal stakeholders from SAF-HOLLAND functions identify a wide range of strategic risks, informed by functional expertise and aligned with the Company's strategy.

Decision-making and oversight

The Management Board, Executive Committee, and Supervisory Board are informed of the results of both the ICS and DMA through established meetings and reporting lines. These bodies are responsible for approving theDMA results and ensuring that any trade-offs between impacts, risks, and opportunities are carefully evaluated in the context of SAF-HOLLAND's business priorities. The Executive Committee consists of the Management Board and the three Regional Presidents.

Alignment with strategy and value chain

SAF-HOLLAND's ESG strategy development and approval process are designed to align closely with the Company's business model and value chain. This alignment enables the integration of the identified risks and opportunities into strategic decisions and major transactions, creating a comprehensive approach to sustainability governance. In this alignment, trade-offs between sustainability- and corporate strategy have not been considered in detail yet, as material information about sustainability will only be collected next year (i. e. transition plan, resilience analysis). However, the Company is generally aware of potential trade-offs between maximizing profitability and introducing more sustainable business practices. These trade-offs have not been assessed in detail yet and can therefore not be verified at this point.

During the reporting period, SAF-HOLLAND, including the Supervisory Board, addressed material impacts, risks, and opportunities identified through the Double Materiality Assessment (DMA) conducted in 2024. This assessment was pivotal in determining material subtopics and IROs aligned with the following ESRS topics: Climate change (ESRS E1), pollution (ESRS E2), resource use and circular economy (ESRS E5), own workforce (ESRS S1), workers in the value chain (ESRS S2) and governance (ESRS G1). The list of IROs identified can be found under section ESRS 2, SBM-3, 48. Within these IROs ESRS E1 has been especially prioritized by SAF-HOLLAND, in alignment with the Management and Supervisory Board, with a pronounced focus on the collection of Scope 3 emissions.

[GOV-3] INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES

GOV-3, 29 a-e)

The high importance of sustainable company development is reflected in the structure of remuneration. Depending on the position, different incentive schemes apply.

Sustainability-related targets are already part of the Long-Term Incentive Scheme (LTI) and Short-Term Incentive Scheme (STI) for the CEO and CFO. For the LTI, an incentive of 20% is linked to a 10% global reduction in total CO_2 emissions from 2024 – 2027.

For the STI, an incentive of 10% is linked to the successful integration of the ESG strategy as defined in the last annual report and the successful implementation of the CSRD requirements, including the measurement of Scope 3 emissions and the derivation of measures from these emissions.

This means, across LTI and STI, 8.4% of total remuneration of the Management Board and 15.6% of the recognized variable remuneration is linked to sustainability related considerations.

The selection of the objectives of the members of the Management Board are approved by the Supervisory Board.

[GOV-4] STATEMENT ON DUE DILIGENCE

SAF-HOLLAND has implemented due diligence processes that are supposed to ensure that operations adhere to its sustainability standards. The table below outlines the specific sections where more detailed information on SAF-HOLLAND's due diligence practices can be found.

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Core elements of due diligence

Core elements of due diligence	Section in the sustainability statement	Page
Embedding due diligence in governance, strategy and business model	- **ESRS-2, GOV-1** - **ESRS-2, GOV-2** - **ESRS-2, GOV-5**	211–215 215–216 217–218
Engaging with affected stakeholders in all key steps of the due diligence	- **ESRS-2, SBM-2** - **S1-2; S1-5** - **S2-1; S2-2; S2-4** - **G1-1**	208–210 273; 279–282 289–291; 291–293; 294–296 297–300
Identifying and assessing adverse impacts	- **ESRS-2, IRO-1, 53 (Double Materiality Analysis)**	219–225
Taking actions to address those adverse impacts	- **E1-3** - **E2-2** - **E5-2** - **S1-4** - **S2-4** - **G1-1; G1-2; G1-3**	240 250–251 252–253 274–279 294–296 297–300; 300–302; 302–303
Tracking the effectiveness of these efforts and communicating	- **E1-4; E1-5; E1-6** - **E2-3** - **E5-3; E5-5** - **S1-5; S1-6; S1-9; S1-14; S1-16** - **S2-5** - **G1-1; G1-2; G1-3; G1-4**	243–244;244;245–247 251 253–254;254–256 279–282;282–283;284;284–285; 285–286 296 297–300;300–302;302–303;303

[GOV-5] RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING

GOV-5, 36 a)

SAF-HOLLAND’s risk management approach in regard to sustainability reporting is generally separated into two distinct areas.

Firstly, strategic risks, in regard to the completeness of topics, are covered in the legislature by the DMA process. Here, the organization ensures that all topics are appropriately incorporated by including a wide range of stakeholders from the relevant functions, as described above. Developments of the overall strategic landscape are reflected in regular updates of the DMA.

Secondly, procedural risks are covered by the internal ESG Reporting Policy, which describes the ESG reporting process and defines responsibilities, as well as within the Internal Control System (ICS). The ESG Reporting Policy includes both a Governance structure, which describes the roles & responsibilities of the involved functions, as well as a standardized reporting process. This process delineates the nine distinct steps of the reporting process, from Strategic Scoping and Materiality Assessment to Reporting & Review and specifies the roles of key stakeholders and the timelines for each step, ensuring a robust and reliable reporting mechanism.

The ESG Reporting Policy is amended by the ESG considerations within the ICS which are not only supposed to ensure that the general ESG principles SAF-HOLLAND is committed to are reflected operationally, but also that reported data is complete and reliable.

GOV-5, 36 b)

Through the ESG Reporting Policy and the ICS, this general risk management approach is built on general reporting principles of materiality, completeness, reliability and accuracy. While the materiality aspect is directly reflected in the legislature with the DMA, the complexity and novelty of the sustainability reporting standards required SAF-HOLLAND to prioritize the principles of completeness and reliability, especially regarding quantitative data.

GOV-5, 36 c)

For that purpose, the organization has also developed a “Metric Manual”, which was given to all involved functions and includes a complete and detailed description and calculation of all KPIs that need to be reported. Besides that, risks especially related to completeness and reliability of metrics are covered by designated controls in the ESG Reporting Policy for every reporting step (e. g. four-eyes-principle).

SAF-HOLLAND is committed to improving the risk assessment approach in the following reporting cycles, in order to improve accuracy of data (e. g. in regard to the calculation of values which need to be based on assumptions).

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GOV-5, 36 d)

The then identified risks are integrated into the organization in several different channels. For strategic sustainability-related risks, as identified in the DMA, a designated step in the ESG Reporting Policy has been integrated called “Scope Validation” in which each function is informed about changes in the reporting demands. Those changes are not only related to the DMA specifically, but also for possible changes in the Scope of consolidation or the product portfolio. Ideally, changes in the material topics (DMA) are identified and flagged by the functions themselves in the annual update/review of the DMA. Centrally identified changes (e. g. with a peer comparison) are also communicated on time in the “Scope Validation” step.

New procedural risks and controls that are incorporated in sustainability reporting, are immediately included in the ESG Reporting Policy. The newly improved policy will then be sent to the relevant functions, while explicitly describing the changes, after it has been reviewed by the Management Board.

GOV-5, 36 e)

The Management Board aligns with the Head of ESG (which in turn is informed regularly on ESG updates by the functions) in quarterly Management Board Meetings. While these meetings have a larger Scope than ESG, all important updates in regard to newly identified risks or updated policies are shared in this context and reviewed by the Management Board. Those updates are then shared by the Management Board to the Supervisory Board in regular intervals, one week after the Management Board meeting. This close involvement of both bodies ensure the necessary thoroughness of SAF-HOLLANDs risk management approach regarding sustainability reporting.

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DOUBLE MATERIALITY ASSESSMENT

REGULATORY CONTEXT

ESRS 2, IRO-1, 53 a)

The CSRD requires SAF-HOLLAND to report on all sustainability matters that are either mandatory according to ESRS 2 or assessed as material according to the double materiality principle. Therefore, SAF-HOLLAND conducted a Double Materiality Analysis (DMA) to analyze and assess relevant topics.

Following the ESRS guidance (see ESRS 1 Section 21-57), this means the evaluation was performed according to the impacts that SAF-HOLLAND has with regards to each sustainability matter on people and environment (the so-called inside-out perspective), as well as the financial risks and opportunities for SAF-HOLLAND resulting from each matter (the so-called outside-in perspective). Both views need to be considered for the evaluation of sustainability matters. In accordance with ESRS 1 Section 3, the materiality of a sustainability matter is determined from the impact perspective as well as from the financial perspective, or both. The exact methodology used for the DMA is further explained in the following paragraphs.

DMA APPROACH & PROCESS OF SAF-HOLLAND

ESRS 2, IRO-1, 53 a)

SAF-HOLLAND's materiality assessment process is a structured process designed to identify and prioritize the sustainability impacts, risks, and opportunities (IROs) that are material to the Company and its stakeholders.

ESRS 2, IRO-1, 53 h)

A four-phase comprehensive DMA analysis was carried out with the intensive support of different stakeholders started in 2023 and finalized in 2024. The DMA analysis is reviewed on a yearly basis and is undergoing a full revision every three years. The changes and adjustments resulting from the extensive review conducted in 2024 are presented in section "Review in 2024 and integration of results".

STAKEHOLDER ENGAGEMENT

ESRS 2, IRO-1, 53 b (iii), d)

For completing phase two and three of the DMA analysis, over 30 internal participants took on the task of determining material IROs for SAF-HOLLAND in 17 workshops. In preparation of the workshops, the value chain was broken down and analyzed in order to grasp the spread of SAF-HOLLAND's impact and identify the required stakeholders. In order to execute a thorough assessment, the workshop participants were familiarized with the ESRS methodology in advance through a distribution of a written description and a training. If any participant was not familiar with the methodology, it was repeated at the beginning of the workshop. This enabled them to evaluate the matters based on their company and topic-specific knowledge.

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ESRS 2, IRO-1, 53 b (i) & (ii)

The participants were subject matter experts from across regions and functions with a large bandwidth of expertise, including but not limited to climate & environment, health & safety, compensation, diversity & inclusion, compliance, and risk management. This diversity in participants ensured that the impacts of specific activities, geographies or business relationships were also considered.

For example, technical experts from the business provided insights on the production and impact of axles, stakeholders from different regions were present to cover potential adverse impacts in different geographies, and representatives of the Marketing & Sales, Purchasing, and R&D functions ensured the coverage of business relationships.

ESRS 2, IRO-1, 53 b (iii)

The participants were also asked to reflect on the perspectives of external stakeholders, as their interaction with them provides them with potentially helpful input and opinions. The views of customers were included through self-assessment questionnaires and the regular interactions of salespeople. Suppliers were covered through the procurement and sourcing functions' close contact with them. Similarly, investors' opinions were brought in by the investor relations team.

ESRS 2, IRO-1, 53 b (iii)

The process was also supported by external industry and ESG specialists to avoid self-serving biases and inconsistencies. Specifically, those experts were asked to prepare the aforementioned workshops by providing examples on the basis of industry benchmarks, as well as to critically question the scoring given in the workshops themselves.

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DESCRIPTION OF THE IRO IDENTIFICATION PROCESS

1. LIST OF SUSTAINABILITY TOPICS

ESRS 2, IRO-1, 53 d, g)

We utilized earlier annual and sustainability reports from SAF-HOLLAND and the Swedish company Haldex AB, which was acquired in 2023, to determine a long list of all potentially relevant topics. This list also included all ESRS topics. In consecutive steps, these topics were amended by the relevant SASB (Sustainability Accounting Standards Board) industry recommendations, broad web research reflecting SAF-HOLLAND's activities in the value chain, as well as a peer review of selected companies in order to add any topics that might be missing. External consultants with industry and ESG experience supported the entire process.

ESRS 2, IRO-1, 53 d)

The ESG Council was responsible for reviewing the resulting long list of potentially material sustainability topics and amended it further. Those topics were mapped against and amended by the ESRS topical standards at the sub-subtopic level. Resulting from this was the definition of 17 workshops to collect the input from relevant stakeholders throughout the whole organization and help to ensure the coverage of the full complexity of SAF-HOLLAND's business model. The workshops served the purpose of identifying the IROs as well as scoring them according to the methodology described in the following paragraphs. SAF-HOLLAND based its analysis on the assumption that the scientific research supporting the increase in temperature of 1.5 degrees or more is accurate. It was also assumed that the proxies chosen for certain stakeholders were representative of their respective groups.

2. COLLECTION/IDENTIFICATION OF IROS

2.1 Impact materiality:

ESRS 1 – 3.4 Impact materiality (43-46)

ESRS 1, 77

Impact materiality describes the influence that SAF-HOLLAND has on the people and environment during the execution of its business model. This includes not only the own operations, but also the upstream and downstream value chain, business relationships, and the impact of products and services. Thus, during the workshops, impact materiality of sustainability matters was assessed by participants on whether impacts were actual or potential, positive or negative over the short-, medium- or long-term (1 year, between 1 and 5 years, more than 5 years). It was also assessed where in the value chain the impact is applicable (upstream, downstream, own operations). Impacts that are evaluated as "actual" describe effects that are actually or currently happening, while "potential" impacts describe effects that could happen in the future, the likelihood of which is incorporated in the evaluation (see the following).

ESRS 2, IRO-1, 53 e, f)

While the actual impacts on the people and environment that are identified within the DMA are monitored throughout the financial year by the stakeholders, who are involved in the aforementioned workshops, potential impacts are newly evaluated within the DMA process (review or reassessment) and updated on the basis of observed actual impacts.

Evaluation categories: Scale, Scope, irremediability and likelihood

ESRS 2, IRO-1, 53 b (iv), c (ii)

Actual impacts are scaled only by severity whereas potential impacts are assessed on severity and likelihood. In turn, to determine the severity of an impact, for positive impacts, the scale and Scope is assessed, while for negative impacts, scale, Scope as well as the irremediability are evaluated. The terms "scale", "Scope", "irremediability" and "likelihood" as well as their scales are defined as follows:

Scale:

The scale describes how grave or beneficial the negative/positive impact is for people and the environment. It is assessed on a scale from 1 to 5, where 1 signifies "minimal" and 5 is termed as "absolute".

Scope:

The Scope describes how widespread the impacts are (extent of environmental impact or number of people affected). It is assessed on a scale from 1 to 5, where 1 signifies "limited" and 5 is termed as "absolute/global".

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Irremediability:
The irremediability describes whether and to which extent the negative impacts can be remedied, meaning e. g. restoring the environment/people to their prior state. It is assessed on a scale from 1 to 5, where 1 signifies "relatively easy to remedy short-term" and 5 is termed as "non-remediable/irreversible".

Likelihood:
The likelihood describes how probable the occurrence of a potential impact is. It is assessed by using percentages ranging from 0% to 100%, where 100% signifies an actual impact and percentages below 100% describe the probability of a potential impact, ranging from "highly improbable" to "highly probable".

The scores in each of these categories were unanimously agreed upon by all stakeholders within the workshop through an open discussion.

2.2. Financial materiality:
ESRS 1 – 3.5 Financial materiality (47-51)
ESRS 2, IRO-1, 53 c (ii), ESRS 1, 49
Considering the financial materiality, sustainability matters were determined as material, if they (may) trigger events that would significantly influence SAF-HOLLAND's development, financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium- and/or long-term time horizons. Both, risks and opportunities, can be causes for financial materiality. Similarly to impact materiality, financial materiality is also assessed with regards to the entire value chain.

Risks or opportunities can result from dependencies on natural, human, and social resources or from earlier described impacts. Dependencies have the ability to influence risks or opportunities by either influencing SAF-HOLLAND's ability to use or obtain the resources needed in its business processes, as well as the quality and pricing of those resources, or by affecting SAF-HOLLAND's ability to rely on relationships needed in its business processes on acceptable terms.

Similarly to the assessment of impacts, financial risks and opportunities are assessed on the likelihood of occurrence and the potential magnitude, where the latter describes the size of the effect the opportunity or risk could generate in terms of cash flow, development, performance, position, cost of capital or access to finance. Financial magnitude is qualitatively assessed on a scale from 1 to 5, where 1 signifies "negligible" and 5 is termed as "significant".

2.3 Gross evaluation
In the DMA, SAF-HOLLAND has evaluated the IROs according to a gross evaluation approach. This means that SAF-HOLLAND does not account for actions to avoid, minimize, mitigate, or rehabilitate impacts or risks and opportunities. Additionally, a connection with internationally recognized frameworks, including the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights, is established.

ESRS 2, IRO-1, 53 c (i)
SAF-HOLLAND considers the interconnections between impacts and dependencies. Within the workshops, stakeholders have also been asked to assess whether inside-out had consequences on the outside-in perspective, e. g. an insufficient work-life balance has an influence on employees' mental health, which then negatively impacts their productivity, hence creating an outside-in risk. Similarly, great safety measures and health programs and initiatives can lead to cost savings through reduced employee turnover (lower costs for recruiting and onboarding), lower insurance and litigation costs from fewer accidents, decreased staff absenteeism.

3. ASSESSMENT OF IRO
ESRS 2, IRO-1, 53 b (iv) Calculation of severity
The characteristics described above (scale, Scope, irremediability) were assessed and combined into an aggregate value for severity for each individual IRO, where an aggregated value of 5 would indicate the largest, most severe impact and 1 would indicate little to no impact. To arrive at this aggregated value, the following formulas were applied:

Negative impacts:

$$\text{Severity (negative impacts)} = \frac{(\text{Scale} + \text{Scope} + \text{Irremediability})}{3}$$

Positive impacts:

$$\text{Severity (positive impacts)} = \frac{(\text{Scale}+\text{Scope})}{2}$$

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The obtained average was then multiplied by the likelihood (value between 0 and 1, where 1 signifies an actual impact). The resulting number represented the final assessment of the IRO.

ESRS 1, 45, Human rights clause (AR 11)

When evaluating sustainability matters that relate to human rights, a different approach applied and the “human rights clause” was used. This “human rights clause” was applied by SAF-HOLLAND to all human rights-related topics. The clause states that for all human rights-related topics and in case of a potential negative impact, severity takes precedence over likelihood. This means that when either of the severity components (scale, Scope, irremediability) is evaluated as a ”5”, the sub-(sub-) topic is material even if the likelihood of occurrence is low.

4. DETERMINATION OF MATERIAL TOPICS

ESRS 2, IRO-1, 53 b (iv), c (ii)

The final value obtained for each IRO in phase 3 was compared against the threshold of 2.5, where all values from this threshold on implied a material IRO. This threshold was set in a way, that every topic which has at least “medium”-importance is included as a material topic. That approach ensures that only topics of minor importance are not reported. Moreover, the annual review should ensure that changes affecting an IRO are reflected in the assessment and thus in the annual sustainability reporting.

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REVIEW IN 2024 AND INTEGRATION OF RESULTS

ESRS 2, 53, h)

The four phases described above were conducted in 2023 as the first materiality analysis. In 2024, the prior work was reviewed extensively with the help of external consultants, who were sustainability experts, to encompass new learnings with regards to the regulation, as well as potential changes within SAF-HOLLAND's business landscape.

The aim was to review the results of the DMA of 2023 and ensure consistency of the different IROs with the corporate strategy and corporate reporting. Apart from having added new sub-sub-topics (e. g. Management of relationships with suppliers), the granularity of the reporting has also increased by the indication of where in the value chain the IRO applies, and more details provided in the following pages. Some topics that were identified before as company-specific topics, were either integrated in existing ESRS sub-topics (e. g. "Innovation" moved to "E1 – Climate Change Mitigation") or have been excluded, as they were not relating to ESG topics (e. g. "Data", "Digital Transformation"). After the revision of the material topics and IRO's, they were then validated by the Management Board and the Supervisory Board.

ESRS 2, 53, e, f)

SAF-HOLLAND's overall risk profile has been considered throughout the entire process, to ensure a high degree of alignment between general risk and opportunity management and the risks and opportunities identified in the DMA. In turn, after the completion of the DMA, the results were partly used to update SAF-HOLLANDs risk management processes.

The results of the DMA have been integrated into the ESG strategy as depicted below:

Results of the DMA

Identified material topic	Strategic focus topic
Climate Change Mitigation, Energy	Net zero emissions until 2050
Energy (downstream value chain), Pollution of air	Sustainable Products
Climate Change Mitigation, Energy, Resource Inflows, Waste, Working conditions (own workforce)	Sustainable Operational Excellence
Corruption & Bribery, Protection of Whistle-blowers	Robust Governance
Working conditions (own workforce), Equal training & opportunities for all (own workforce), Other work-related rights (own workforce)	Attractive Employer
Working conditions (value chain), Other work-related rights (value chain), Pollution of air (upstream value chain), Management of supplier relationships	Value chain related IRO are reflected in procurement process and will be further integrated into the strategy in the upcoming years

ESRS 2, 53, f)

With these strategic focus topics, the DMA results are integrated into the operational day-to-day activities within each function. The integration into the corporate strategy is reflected in the R&D process through product development, which increasingly focusses on the electrification of vehicles due to climate change. Additionally, it influences supplier onboarding through the supplier Code of Conduct, which aims to make the value chain more sustainable.

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ESRS 2, 53, e, ESRS 2, IRO-1, 53 c (iii)

In addition to the strategic integration, SAF-HOLLAND is also in the process of integrating the IROs into the internal risk and opportunity management processes. Strategically, sustainability risks identified within the DMA or otherwise are considered and treated by the Management and Supervisory Boards with the same importance as direct financial risks or other qualitative risks with financial implications (e. g. data security), while operational risks are currently covered by the Internal Control System (ICS). However, the integration of sustainability in the risk and opportunity management, is still an ongoing process and will be furthered in the upcoming reporting cycles.

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MATERIAL IMPACTS, RISKS AND OPPORTUNITIES (IRO) AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

The material impacts, risks and opportunities (IROs) indicated below, result from the DMA. Included in the list are:

- indications of where in the business and value chain the IROs appear,
- how they affect the aforementioned areas,
- what impact they have on people and the environment,
- what effect sustainability has/may have on the financial position of SAF-HOLLAND, as well as the expected time-horizons and information regarding whether they relate to SAF-HOLLAND's activities or business relationships.

ESRS E1: CLIMATE CHANGE

ESRS 2, SBM-3, 48 a-d)

Climate change mitigation

Character	Value Chain (VC)	Material IRO	Time horizon	Description
Actual negative impact	Own Operations (OO)	Contribution to Climate Change due to Scope 1 & 2 emissions	short-term	Currently, the execution of SAF-HOLLAND's business model leads to a substantial amount of CO_2 emissions, especially in the production activities. Additionally, the weekday usage of the car fleet and the heating of offices and production facilities lead to CO_2 emissions.

Climate change mitigation

Character	VC	Material IRO	Time horizon	Description
Actual negative impact	Upstream (US)	Indirect Contribution to Climate Change due to Scope 3 emissions	short-term	A detailed description of Scope 3 emissions will be disclosed in chapter E1-6. They arise from sources not owned or controlled directly by SAF-HOLLAND such as supply chain, transportation, product use or disposal. Examples are raw material extraction (e. g. iron ore), as well as the smelting process where raw materials are processed into intermediate products, which are subsequently used in SAF-HOLLAND's operations.
Actual negative impact	Downstream (DS)	Indirect Contribution to Climate Change due to Scope 3 emissions	short-term	The end usage of finished products downstream the value chain primarily concerns carbon-intensive long-haul transport emissions to which SAF-HOLLAND products are associated (e. g. by weight and efficiency).
Actual positive impact	OO	Adoption of more sustainable energy and reduction of GHG in production positively impact Climate Change mitigation.	short-term	Due to the energy-intensive production processes, there are limits to how much GHG emissions can be reduced in the short to medium term. The use of more sustainable energy sources (e. g. solar roof modules) and improving the energy efficiency of operations can make a positive contribution to mitigating Climate Change.
Actual positive impact	US	Reduced energy consumption due to remanufacturing of brake shoes	short-term	Since the manufacturing processes are the largest driver of energy consumption, which in turn drives up GHG emissions, remanufacturing of brake shoes serves to reduce energy consumption by enabling the reuse of otherwise disposable products.

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Climate change mitigation

Character	VC	Material IRO	Time horizon	Description
Financial risk	OO	Change of regulation demanding environmental thresholds that cannot be met	medium-term	The rapidly changing regulatory environment regarding Climate Change makes it difficult to predict future environmental performance requirements. This challenge is especially evident in the long-haul transport industry, which is of increasing political interests. If upcoming requirements cannot be met by SAF-HOLLAND products this would lead to a reduction in sales and profits.
Financial risk	DS	Reduced demand for carbon-intensive products	long-term	Aside from top-down regulatory driven requirements, there is a growing interest of customers in improving the environmental performance of suppliers. While there are clear interdependencies between both challenges (e. g. bottom-up demands being driven by legislative demands), the isolated decline in demand for carbon-intensive products is considered a financial risk in itself.

Energy

Character	VC	Material IRO	Time horizon	Description
Actual negative impact	OO	High energy consumption in production process as well as operation of office buildings	short-term	Energy is used in daily operations, including energy derived from fossil-fuels, leading to GHG emissions at all sites.
Actual negative impact	US	Very high energy consumption during raw material extraction and intermediate production	short-term	The most material impact in terms of energy usage is the raw material extraction as well as the intermediate production (e. g. smelting). Due to the high energy requirements, this leads to corresponding GHG emissions.
Actual negative impact	DS	Very high energy consumption, especially in end-product use.	short-term	Energy consumption derived from fossil-fuels occur in the end usage of SAF-HOLLAND products in trucks and trailers, as well as the assembly towards those end-products.
Actual positive impact	OO	Producing energy and adopting more efficient energy practices would improve energy usage in own operations.	short-term	If improvements in energy efficiency and the self-generation of energy (e. g. through solar panels) were introduced in operations globally, this could markedly reduce the need for fossil fuels and, at the same time, GHG emissions.
Potential positive impact	DS	SAF-HOLLAND recuperation systems improve energy efficiency of vehicles	medium-term	The recuperation systems of SAF-HOLLAND products reduce CO_2 emissions by converting the kinetic energy of the trailer into electrical energy and hence improves the energy efficiency of downstream products. Further development of those systems can further improve fuel efficiency and reduce emissions, thus having a positive impact on the environmental footprint of customer products.

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ESRS E2: POLLUTION

In addition to the process described in the chapter concerning the Double Materiality analysis, SAF-HOLLAND has considered the factors laid out by ESRS E2 IRO-1 11 as follows:

- In identifying and assessing IROs related to pollution, SAF-HOLLAND has reviewed its locations and business activities. The Company is conducting regular software-based environmental impact assessments on its sites, which cover various pollution related issues such as air and water pollution and substances of concern. Suppliers are also screened and audited according to their pollution control measures. Suppliers of suppliers, though not directly screened, are included in the IRO considerations through the Supplier CoC, which implicates them.

- Product-related compliance requirements within the upstream value chain were also taken into account in the identification and assessment of IROs. The Company conducts value chain mapping through the Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT). These tools allow SAF-HOLLAND to trace mineral origins, identify smelters and refiners, and gain deeper knowledge on potential pollution within the upstream value chain.

- SAF-HOLLAND did not conduct any consultations, particularly with affected communities, in the identification and assessment of significant IROs related to pollution.

Pollution of air

Character	VC	Material IRO	Time horizon	Description
Actual negative impact	US	Release of dust during mining, as well as during smelting and steel production could cause illness	short-term	When melting or breaking up materials in mining, dust can potentially be released that contains a variety of heavy metals often associated with health problems. As dust, these minerals (such as the asbestos-like mineral riebeckite) can be absorbed into lung tissue, causing problems like pneumoconiosis and silicosis, commonly known as "Black Lung". Another example of harmful dust generated, is flue dust, a byproduct of mining fluorine. Additionally, the transport and production of unfinished goods can contribute to air pollution via emission especially in densely populated areas.
Actual negative impact	DS	Release of heavy metals during the use of vehicles	medium-term	The use of SAF-HOLLAND products in commercial vehicles contributes to air pollution due to the abrasion and distribution of fine dust from the use of brakes and axles.

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ESRS E3: WATER & MARINE RESOURCES

In addition to the process described in the chapter concerning the Double Materiality analysis, SAF-HOLLAND has considered the factors laid out by ESRS E3 IRO-1 8 as follows:

- SAF-HOLLAND did not screen its assets in order to identify impacts on water and marine resources. However, the Company’s business activities were investigated quantitatively in regard to the water usage of own operations, and qualitatively in regard to the water usage within the value chain. Ahead of the double materiality assessment SAF-HOLLANDs value chain has been analyzed, which revealed that the most important impacts for water and marine resources are to be placed in the raw material extraction, as well as the production of intermediate products.

- SAF-HOLLAND has not engaged in consultations within the upstream and downstream value chain for the evaluation of impacts concerning water and marine resources.

SAF-HOLLAND did not identify any material impacts, risks or opportunities for ESRS E3 Water and marine resources.

ESRS E4: BIODIVERSITY AND ECOSYSTEMS

In addition to the process described in the chapter concerning the Double Materiality analysis, SAF-HOLLAND has considered the factors laid out by ESRS E4 IRO-1 17-19 as follows:

- SAF-HOLLAND has conducted internet research to identify and assess the actual and potential impacts on biodiversity and ecosystems at its own locations, as well as in the upstream and downstream value chain.

- SAF-HOLLAND has not analyzed dependencies on biodiversity and ecosystems.

- SAF-HOLLAND has not analyzed transitional and physical risks and opportunities related to biodiversity and ecosystems. SAF-HOLLAND did not consider systemic risks inherent to biodiversity and ecosystems, as they were not deemed financially relevant for the Company’s operations.

- SAF-HOLLAND has not engaged in specific consultations with affected communities within the upstream and downstream value chain for the evaluation of impacts concerning biodiversity and ecosystem related impacts, risks and opportunities.

- SAF-HOLLAND has not identified any sites located in- or near biodiversity areas and not concluded that it is necessary to implement biodiversity mitigation measures.

SAF-HOLLAND did not identify any material impacts, risks or opportunities for ESRS E4 biodiversity and ecosystems.

ESRS E5: RESOURCE UTILIZATION AND CIRCULAR ECONOMY

In addition to the process described in the chapter concerning the Double Materiality analysis, SAF-HOLLAND has considered the factors laid out by ESRS E5 IRO-1 11 as follows:

- SAF-HOLLAND analyzed information about its assets and business activities in order to identify the impacts, risks and opportunities concerning ESRS E5. In particular, the total volume of sold products, as well as the intermediate products they consist of and an analysis of their lifecycle, i. e. the raw material they consist of, the production, the disposal and the transportation steps in between. Consequently, a prioritization of the material resources was conducted, as well as the impacts and risks of staying in business as usual. The impacts, risks and opportunities related to the transition of a circular economy were also addressed in the workshops by considering the stages of the value chain where resource use, risks and negative impacts are concentrated.

- SAF-HOLLAND has not engaged in consultations with affected communities within the upstream and downstream value chain for the evaluation of impacts concerning Circular economy and resource inflow related impacts, risks and opportunities.

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Resource inflows

Character	VC	Material IRO	Time-horizon	Description
Actual positive impact	US	Reduced amount of primary-steel procurement	short-term	Through efficient use of inbound materials and recycling/remanufacturing activities and mechanisms, SAF-HOLLAND is able to reduce the steel supply in its facilities in the Americas, thus requiring fewer materials. By buying fewer materials, upstream impacts in the value chain are reduced.

Waste

Character	VC	Material IRO	Time-horizon	Description
Actual negative impact	OO	Various waste is created in the production of SAF-HOLLAND products	short-term	In connection with the production of SAF-HOLLAND products, scrap metal and metal chips are the main waste products that have to be disposed of. Furthermore, wood and plastic from packaging are some other forms of waste that are generated during production.
Actual negative impact	US	Various waste (most notably metal waste) is created in the production of intermediate products	short-term	In the upstream value chain, a large amount of scrap metal is produced through the cutting of parts, which is then recycled and later used to produce SAF-HOLLAND products. Metal based waste makes up the most material share of waste in the upstream value chain.
Actual negative impact	DS	Downstream disposal of SAF-HOLLAND products might eliminate key materials out of the value chain	medium-term	Though the dispose of vehicles is strictly regulated, and SAF-HOLLAND offers possibilities for remanufacturing, the disposal of SAF-HOLLAND's products (built-into end products) is likely to remove some key materials, such as valuable metals, from the value chain and does not return them to a reusable state.

ESRS S1: WORKFORCE OF THE COMPANY

ESRS S1, SBM-3, 14 a)

All people in SAF-HOLLANDs workforce, who could be materially impacted by the Company, are included in the disclosure under ESRS 2. They can be divided into several categories, as described in the table below:

Categories of employees

Employees	The total number of individuals who are in an employment relationship with SAF-HOLLAND. Employment describes non-independent work and also includes the acquisition of professional knowledge, skills or experience within the framework of company-based vocational training. Thus, this definition includes permanent and temporary employees, active and inactive employees, interns, students and apprentices. Excluded are temporary agency employees (see "non-employees").
Permanent employees	In general, these are employees that have a contract with SAF-HOLLAND, that does not have a predetermined end date. They can be employed full time and part-time.
Temporary employees	Employees that have been hired for a limited period of time. The employment can vary between short durations up to longer periods of time, but the contract always has a predetermined end-date. Temporary employees also may work full-time or part-time.
Non-employees	Individual contractors supplying labor to SAF-HOLLAND ("self-employed people") and workers provided by undertakings primarily engaged in "employment activities" (NACE Code N78). Examples of people who fall under these two categories are: • contractors hired to perform work that would otherwise be carried out by an employee • contractors hired to deliver the work/service directly at the workplace of a client of the undertaking. or • people who fill in for employees who are temporarily absent (due to illness, holiday, parental leave, etc.); • people performing work additional to regular employees. • people who are dispatched temporarily from another EU member state to work for SAF-HOLLAND ('posted workers').
Own workforce	SAF-HOLLAND's own workforce consists of both, employees and non-employees.

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ESRS S1, SBM-3, 13 a+b), 14 b-g)

The impacts that SAF-HOLLAND has on its workforce are described in the paragraphs below. The description includes information on whether and how the impacts originate from the Company's strategy and business model and how these impacts lead to the rise of risks and opportunities. They also include indications of whether negative impacts are systemic or related to individual incidents, as well as information on which groups of employees and non-employees are affected by positive impacts.

As SAF-HOLLAND has not developed and implemented a transition plan yet, no related impacts are disclosed in this reporting cycle. More details addressing the Company's operations that are at significant risk of incidents of forced labor or child labor are disclosed in terms of countries in chapter S1-4.

ESRS S1, SBM-3, 15 + 16

While SAF-HOLLAND has not developed an understanding of how people with particular characteristics may be at greater risk of harm or specifically included them in the materiality assessment, there are approaches to address this in upcoming reporting cycles.

As a minimum, the Company considers personal characteristics like ethnic background, gender identity but also disability as protected. These categories were identified on the basis of ongoing investigations into the Company's own employees working experience. In the upcoming reporting cycles, specific questions in the Company's anonymous employee engagement survey tool will be included for this group of employees. For the risks and opportunities that relate to a specific group of people, this is indicated in the description of the particular risk or opportunity.

Working conditions – Secure employment

Character	VC	Material IRO	Time-horizon	Description
Actual positive impact	OO	Stability in employment boosts morale and productivity	medium-term	Through operations, SAF-HOLLAND provides secure employment, leading to higher motivation and output and lower turnover rates.

Working conditions – Working time, work-life balance

Character	VC	Material IRO	Time-horizon	Description
Potential negative impact	OO	Stressed-out workforce due to lack of work-life balance and overtime.	medium-term	Longer working hours may be required within certain time periods, which holds the potential risk of employees not being able to establish a work-life balance. This impact mostly affects individuals, although the risk for systemic impact in certain countries is increased.

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Working conditions – Adequate wages

Character	VC	Material IRO	Time-horizon	Description
Financial Opportunity	OO	Competitive wages attract and retain talent	medium-term	Since SAF-HOLLAND operates with a profitable business model, SAF-HOLLAND pays its own employees a competitive salary, which secures a qualified workforce and keeping and recruiting of talents. A close observation of competitors is required to maintain an attractive salary level.

Working Conditions – Health and safety

Character	VC	Material IRO	Time-horizon	Description
Potential negative impact	OO	Illness, long-time sickness leave; physical and mental illnesses	short-term	Physical and mental illnesses may occur at any time and have a negative impact on the affected employees' overall well-being. At SAF-HOLLAND the current health impacts (not considering existing safeguards) can include minor injuries (e. g. cuts), illness from conducting many years of physical labor, illness caused by polluted air in production halls (e. g. welding work), working in unsafe situations/areas, all of which are considered systemic.
Potential negative impact	OO	Injuries of workers due to workplace accidents	short-term	Working with heavy production machinery includes a risk of injury for workers on the shop floor. Incidents and accidents nevertheless happen in all work environments and can include the impacts listed above, thus they are considered systemic.
Potential positive impact	OO	Increase of employees' well-being, motivation & satisfaction	medium-term	The establishment of strong health and safety measures and procedures, increases the employees' (as well as non-employees) safety and therefore improves work-morale by enabling them to follow their work in a motivated and productive manner.

Working Conditions – Health and safety

Character	VC	Material IRO	Time-horizon	Description
Financial risk	OO	Costs due to consequences of low H&S awareness and standards	medium-term	If SAF-HOLLAND does not manage to uphold safety standards, injuries, absenteeism, employee fluctuation, lower productivity, etc. could result in material financial consequences for the organization in the mid- to long-term. Though this risk generally relates to the overall workforce, there is an increased level of dependency on blue collar workers, due to an increased risk of injury.
Financial opportunity	OO	Cost savings derived from reduced employee turnover & staff absenteeism	medium-term	Positive health & safety efforts might result in cost savings through reduced employee turnover (lower costs for recruiting and onboarding), lower insurance and litigation costs from fewer accidents, decreased staff absenteeism due to improved employee health and heightened productivity. Though this opportunity generally relates to the overall workforce, there is an increased level of dependency on blue collar workers, due to an increased risk of injury.

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Equal treatment and opportunities for all – Gender equality and equal pay for work of equal value

Character	VC	Material IRO	Time-horizon	Description
Financial risk	OO	Reputational risk leading to financial risks related to employees and sales	medium-term	If SAF-HOLLAND does not manage to implement gender equality and equal pay, there is a reputational risk, which could lead to less attractiveness as an employer, thus increasing costs through higher necessary effort for recruiting and higher general employee turnover. Additionally, some customers include gender equality as an ESG criteria in their Supplier Code of Conduct, so non-compliance jeopardizes the start of new business relationships or the maintenance of existing ones.

Equal treatment and opportunities for all – Training and skills development

Character	VC	Material IRO	Time-horizon	Description
Potential negative impact	OO	Employee dissatisfaction and disengagement caused by lack of training opportunities	short-term	Inadequate training opportunities can result in a lack of professional development among employees, causing dissatisfaction and disengagement. This impact is considered systemic, as a lack of training opportunities would affect large groups of workers or the entire workforce.
Financial opportunity	OO	Providing training can lead to a more skilled and adaptable workforce.	medium-term	A well-educated and trained workforce (own employees) supports higher productivity, resiliency and innovation capabilities.
Potential positive impact	OO	Investing in employee training can increase motivation and satisfaction.	medium-term	Offering options for the own employees to enhance their skills and improve their knowledge will likely improve morale and general attitude towards work and SAF-HOLLAND as an employer.
Financial risk	OO	Provision of no or ineffective training may increase turnover rate & recruitment costs	medium-term	A lack of trainings or ineffective trainings could lead to employee dissatisfaction and a higher turnover rate, decreased innovation capabilities and overall reputational risks.

Equal treatment and opportunities for all – Training and skills development

Character	VC	Material IRO	Time-horizon	Description
Financial opportunity	OO	Increased motivation and job satisfaction can decrease turnover rate & recruitment costs	medium-term	As SAF-HOLLAND invests in employee training, employees' productivity and innovation capabilities might improve by an increase in workforce skills and transferring company-specific knowledge. This approach could increase job satisfaction and loyalty, subsequently reducing turnover rates and lowering recruitment costs.

Equal treatment and opportunities for all

Character	VC	Material IRO	Time-horizon	Description
Potential negative impact	OO	Harassment in the workplace	short-term	Employees might be exposed to harassment which could potentially occur anywhere within the organization. Safeguards within SAF-HOLLAND are meant to decrease occurrence but might not deter ill-intending individuals from harassing employees. This impact relates to individual incidents.

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Equal treatment and opportunities for all – Diversity

Character	VC	Material IRO	Time horizon	Description
Potential negative impact	OO	Social exclusion of employees	short-term	Social exclusion in the workplace (e. g. due to discrimination) can have a significant impact on an employee's well-being, which in extreme cases can also lead to the loss of physical health and thereby affect not only the employee himself but also have large scale ramifications (e. g. family). This impact relates to individual incidents.
Financial risk	OO	A workforce that is insufficiently diverse can negatively impact business performance.	medium-term	Lack of diversity might lead to potential loss of skilled workers, increased recruitment costs due to diminished employer attractiveness, legal consequences from non-compliance with regulations, and expenses arising from possible lawsuits due to discriminatory actions. Furthermore, there is a risk of impaired innovation and problem-solving capabilities resulting from a lack of diversity in viewpoints, impacting overall organizational success. This risk specifically relates to minorities and women.

Other work-related rights – Child labor

Character	VC	Material IRO	Time horizon	Description
Potential negative impact	OO	Extreme bodily and mental harm for children in case of child labor	short-term	SAF-HOLLAND employs many people around the world in many different countries and while the overall risk for child-labor is very low (even excluding existing safeguards), the low likelihood of occurrence has been neglected due to the extreme tail-risk of an impact actually happening, which could severely impact the health and mental well-being of affected individuals. This impact is considered systemic in the contexts in which SAF-HOLLAND operates.
Financial risk	OO	Financial risk through reputational damage/ lawsuits due to violations in the area of child and/ or forced labor	medium-term	Violations of the prohibition of child labor would lead to severe financial consequences ensued from negative publicity or lawsuits. This risk specifically relates to workers in high-risk countries for child labor.

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Other work-related rights – Forced labor

Character	VC	Material IRO	Time horizon	Description
Potential negative impact	OO	Physical or psychological damage for workers involved in forced labor (e. g. withholding identity documents, non-payment for services rendered)	medium-term	SAF-HOLLAND employs many people around the world in many different countries and while the overall risk for forced labor is very low (even excluding existing safeguards), the low likelihood of occurrence has been neglected due to the extreme tail-risk of an impact actually happening, which could severely impact the health and mental well-being of affected individuals. This impact is considered systemic in the contexts in which SAF-HOLLAND operates.
Financial risk	OO	Financial risk through reputational damage / lawsuits due to violations in the area of child and / or forced labor	medium-term	Violations of the prohibition of forced labor would lead to severe financial consequenses ensued from negative publicity or lawsuits. This risk specifically relates to workers in high-risk countries for forced labor.

ESRS S2: VALUE CHAIN WORKERS

Working conditions

Character	VC	Material IRO	Time horizon	Description
Potential negative impact	US	Potentially insufficient working conditions of mining workers in the upstream value chain	short-term	For some of the parts that SAF-HOLLAND produces and assembles, materials and products that at an earlier point in the value chain required mining, are used. Especially mining activities are associated with little compensation for dangerous work, poor working conditions and security, long/unregulated working hours, inadequate payment of wages, no social dialogue, no freedom of association, no collective bargaining and no work-life balance. SAF-HOLLANDs value chain includes suppliers of mined materials operating in predominantly unregulated markets without regulatory standards for working conditions. Sub-contracting is common in large-scale mining, usually sub-contracted workers are vulnerable to short-term or temporary contracts, unwarranted lay-offs, and lack of unemployment protection.

Other work-related rights

Character	VC	Material IRO	Time horizon	Description
Potential negative impact	US	Child or forced labor in the upstream value chain (especially regarding material extraction) can lead to extreme bodily and mental harm for children and other laborers.	short-term	As SAF-HOLLAND products utilize input materials and intermediate products which require mining, there is the potential risk of child or forced labor in the upstream value chain. Even though SAF-HOLLAND has a no-tolerance policy for those types of labor and demands the same for suppliers, working conditions in the value chain are less transparent, thus increasing the risk.

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ESRS G1: BUSINESS CONDUCT

In addition to the process described in the chapter concerning the Double Materiality analysis, SAF-HOLLAND has considered the factors laid out by ESRS G1 IRO-1 § 6 as follows:

- In evaluating impacts, risks and opportunities concerning ESRS G1 Business conduct, SAF-HOLLAND took a holistic view of the Company's business model, taking into consideration the implications of operating as a supplier to the commercial vehicle industry, operating globally, with a global network of suppliers. While the industry in which SAF-HOLLAND operates did not have a major impact on the impacts, risks and opportunities below, the global nature of SAF-HOLLAND's business model was a determining factor in their identification.

Protection of whistleblowers

Character	VC	Material IRO	Time-horizon	Description
Potential negative impact	OO	A lack of whistleblower protection increases likelihood of misconduct	medium-term	A lack of whistleblower protection leads to a serious lack of trust in the compliance system, thereby increasing the likelihood of misconduct within the organization, leading towards negative impacts for a wide range of stakeholders.

Management of relationships with suppliers

Character	VC	Material IRO	Time-horizon	Description
Financial risk	OO	Increased costs or decreased production capacity through dependency on single suppliers	short-term	In some cases, SAF-HOLLAND is dependent on a limited range of suppliers or specific regions of the world to obtain the needed input products/resources. This could lead to negative financial implications in cases of political difficulties (e. g. China – Taiwan) or other problems in the relationship management with suppliers.

Corruption & bribery

Character	VC	Material IRO	Time-horizon	Description
Potential negative impact	OO	Incidents of corruption and bribery	short-term	While SAF-HOLLAND does not operate in an industry which is generally at a high risk of bribery or corruption, leftover risks could have severe negative impacts on a large number of stakeholders (which takes precedence over likelihood) and are therefore incorporated as a potential negative impact.

ESRS 2, SBM-3, 48 g, h)

SAF-HOLLAND has not defined entity specific disclosures, all IROs addressed in the tables above relate to the disclosure requirements according to the ESRS.

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FINANCIAL EFFECTS OF RISKS AND OPPORTUNITIES

ESRS 2, SBM-3, 48 d, e)

While some general information and indication of the size of current and anticipated financial effects can be taken from the aforementioned tables , as well as the disclosures in the topical standards, as of now, SAF-HOLLAND does not execute precise, quantitative tracking of these effects. Similarly, investments and disposal plans as well as planned sources of funding have not been determined yet. No significant risks which necessitate a material financial adjustment within the next annual reporting period have been identified. Nevertheless, SAF-HOLLAND plans to implement and report this in the upcoming reporting cycles.

INTEGRATION OF IRO INTO CORPORATE STRATEGY

ESRS 2, SBM-3, 48 b)

The identification of specific impacts, risks, and opportunities (IROs) across various sustainability dimensions has influenced the development of the ESG strategy, which in turn affects the corporate strategy to take the No. 1 leadership role in the transformation of mobility and partner with the customers on the road to a sustainable future. SAF-HOLLAND has established five strategic focus areas relating to the IROs. For instance, the strategy to achieve net zero emissions by 2050 was a response to the IROs, such as the Company's Scope 1 and 2 emissions as well as the energy consumption within the production processes (see also the section "Review in 2024 and integration of results" in the chapter comprising the DMA description on page 224). To ensure consistent integration of IROs into the corporate strategy and a profound management of the identified IROs, SAF-HOLLAND implemented an ESG Governance & Strategy Policy. It ensures responsibility and transparency about the internal governance and strategic processes relating to ESG and sustainability matters.

ESRS 2, SBM-3, 48 f)

The strategy and business model have the capacity to address the material impacts and risks and utilize potential opportunities, leading to a resilient setup of SAF-HOLLANDs operations for the future. A new strategy has been established, covering the time horizon until 2030. All impacts, risks and opportunities have been analyzed on how they support the strategy, whether the strategy needs adaption and regarding potential conflicts between IROs and SAF-HOLLANDs strategic ambition. By choosing to focus on and prioritizing the material topics in the strategy, SAF-HOLLANDs measures can target weaknesses or utilize strengths early and thus reduces exposure to risks and increases the likelihood of profiting from opportunities. Examples include the development of electrified axles, which use recuperation to convert kinetic energy of a semitrailer into electrical energy that is stored temporarily and can then be used to operate auxiliary equipment such as pumps and cooling systems. This reduces the fuel required addressing long-haul transport emissions and thus reducing the exposure to the negative impact of the IRO "Indirect Contribution to Climate Change due to Scope 3 emissions". Similarly, SAF-HOLLAND regularly makes improvements to diversity, work-life balance, talent management and corporate health management programs, for example by executing related training programs and introducing safeguards addressing the IRO "Injuries of workers following workplace accidents."

ESRS 2, SBM-3, 48 b)

The further adjustments and actions SAF-HOLLAND has taken to respond to the IROs are described in more detail in the following sections addressing the individual sustainability topics.

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DISCLOSURE REQUIREMENTS IN ESRS COVERED BY THE UNDERTAKING'S SUSTAINABILITY STATEMENT (IRO-2)

LIST OF NON-MATERIAL STANDARDS

The following standards were excluded as part of the Double Materiality Analysis:

- ESRS E3 "Water and Marine Resources"
- ESRS E4 "Biodiversity and Ecosystems"
- ESRS S3 "Affected Communities"
- ESRS S4 "Consumers and End Users"

LIST OF CONSOLIDATED DISCLOSURE REQUIREMENTS

ESRS

ESRS	Disclosure requirement	Reported?	Page
2	BP-1	Yes	204
2	BP-2	Yes	204
2	GOV-1	Yes	211–215
2	GOV-2	Yes	215–216
2	GOV-3	Yes	216
2	GOV-4	Yes	216–217
2	GOV-5	Yes	217–218
2	SBM-1	Yes (except for paragraph 40b and 40c)	205–208
2	SBM-2	Yes	208–210
2	SBM-3	Yes	226–227
2	IRO-1	Yes	252
2	IRO-2	Yes	238
2	MDR	Yes	Included in the topical standards

E1

ESRS	Disclosure requirement	Related Application/Disclosure requirement	Reported?	Page
E1		ESRS 2 GOV-3	Yes	216
E1	1		Yes	240
E1		ESRS 2 SBM-3	No (only Paragraph 18 reported)	240
E1		ESRS 2 IRO-1	No	252
E1	2	ESRS 2 MDR-P	Non-disclosure in accordance with ESRS 2 62	241
E1	3	ESRS 2 MDR-A	Yes	241–243
E1	4	ESRS 2 MDR-T	Non-disclosure in accordance with MDR-T 81	243–244
E1	5		Yes	244
E1	6		Yes (except for AR 45d)	245–247
E1	7		Yes	248
E1	8		Yes	248
E1	9		Not applicable to SAF-Holland	–

E2

ESRS	Disclosure requirement	Related application/Disclosure Requirement	Reported?	Page
E2		ESRS 2 IRO-1	Yes	252
E2	1	ESRS 2 MDR-P	Yes	249–250
E2	2	ESRS 2 MDR-A	Yes	250–251
E2	3		Non-disclosure in accordance with MDR-T 81	251
E2	4		Not applicable to SAF-Holland	–
E2	5		Not applicable to SAF-Holland	–
E2	6		Not applicable to SAF-Holland	–

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E5

ESRS	Disclosure requirement	Related application/Disclosure requirement	Reported?	Page
E5		ESRS 2 IRO-1	Yes	252
E5	1	ESRS 2 MDR-P	Yes	252
E5	2	ESRS 2 MDR-A	Yes	252–253
E5	3	ESRS 2 MDR-T	Yes	254
E5	4		No (only Paragraph 30 reported)	254
E5	5		Yes	254–256
E5	6		Not applicable to SAF-Holland	–

S1

ESRS	Disclosure requirement	Related application/Disclosure requirement	Reported?	Page
S1		ESRS 2 SBM-2	Yes	208–210
S1		ESRS 2 SBM-3	Yes	230–235
S1	1	ESRS 2 MDR-P	Yes	268–273
S1	2		Yes	273
S1	3		Yes	273–274
S1	4	ESRS 2 MDR-A	Yes	274–279
S1	5	ESRS 2 MDR-T	Yes	279–282
S1	6		Yes	282–284
S1	7		No (Phase-In)	–
S1	8		Not applicable to SAF-Holland	–
S1	9		Yes	284
S1	10		No	–
S1	11		Not applicable to SAF-Holland	–
S1	12		Not applicable to SAF-Holland	–
S1	13		No (Phase-In)	–
S1	14		Yes (except Phase-In 88d and 88e)	284–285
S1	15		No (Phase-In)	–
S1	16		Yes	285–286
S1	17		Yes	286–287

S2

ESRS	Disclosure requirement	Related application/Disclosure requirement	Reported?	Page
S2	SBM-2		Yes	208–210
S2	SBM-3		Yes	288–289
S2	1	ESRS 2 MDR-P	Yes	289–290
S2	2		Yes	291–292
S2	3		Yes	292–293
S2	4	ESRS 2 MDR-A	Yes	294–296
S2	5	ESRS 2 MDR-T	Yes	296

G1

ESRS	Disclosure requirement	Related application/Disclosure requirement	Reported?	Page
G1	GOV-1		Yes	211–215
G1		ESRS 2 IRO 1	Yes	252
G1	1	ESRS 2 MDR-P	Yes	297–300
G1	2		Yes	300–302
G1	3		Yes	302–303
G1	4		Yes	303
G1	5		Not applicable to SAF-Holland	–
G1	6		Not applicable to SAF-Holland	–
G1		ESRS 2 MDR-A	Yes	252–253
G1		ESRS 2 MDR-T	Yes	253–254

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ESRS E1 – CLIMATE CHANGE

[SBM-3] MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

SBM-3, E1, 19 a)

As part of its ESG strategy, SAF-HOLLAND has the ambition to achieve net zero emissions no later than 2050, the Company acknowledges the importance of conducting a comprehensive resilience analysis to understand the potential impacts of material physical and transition risks associated with climate change. Therefore, since a formal analysis has not yet been conducted, the current focus lies on actively preparing the foundational requirements necessary to undertake this work in 2025. In the future analysis, SAF-HOLLAND intends to address the Scope comprehensively, covering:

- Own operations: This includes facilities, production processes, and logistics networks.
- Upstream value chain: Focusing on supplier activities that may be exposed to climate-related risks.
- Downstream value chain: Analyzing risks affecting distribution, customers, and end-use of products.

Currently, the exact elements of the value chain or specific risk categories (e. g., material physical or transition risks) have been preliminarily identified using a double materiality analysis. They are shortly described below.

SBM-3, E1, 18)

SAF-HOLLAND has identified two material risks related to climate change. First of all, changing regulations could demand certain criteria or thresholds regarding CO_2 emissions for the products of the company, such as EU CO_2 Emission Standards for Heavy-Duty Vehicles (HDV) or EU Taxonomy. If these criteria are not met, SAF-HOLLAND could lose out on significant revenue or customers. This risk represents a transition risk, as it is associated with the shift towards a low carbon economy. This also applies to the second identified material climate change related risk identified. This is namely a potentially reduced demand for unsustainable products, which similarly could affect customers and revenue and also presents a transition risk.

Additionally, SAF-Holland commits to amend the identified risks, if necessary, with the results of a planned resilience analysis, which has not been conducted yet but will be presumably part of the next sustainability report.

SBM-3, E1, 19 b)

As mentioned above, in 2025 SAF-HOLLAND will establish a structured approach to conduct the resilience analysis in alignment with best practices as shared by external sustainability experts and the CSRD requirements.

[E1-1] TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION

E1-1, 17

SAF-HOLLAND acknowledges the importance of having a robust transition plan to address climate change and align with the global commitment to limit global warming to 1.5 °C. As part of the future development of ESG-related targets and also in accordance to the ambition of achieving net-zero emissions not later than 2050, SAF-HOLLAND plans to define and establish targets and a transition plan with regards to climate change mitigation. Once the plan is finalized, SAF-HOLLAND will disclose its strategy and specific actions for achieving sustainability and aligning with decarbonization goals. The company is committed to adopting and publicly disclosing its transition plan by 2025. This timeline ensures sufficient time for thorough analysis, stakeholder engagement, and alignment with regulatory requirements and internal sustainability goals.

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[E1-2] POLICIES RELATED TO CLIMATE CHANGE MITIGATION

Disclosures following ESRS 2, 62 (non-disclosure)

SAF-HOLLAND recognizes the critical need to address climate-related risks and opportunities as part of its commitment to sustainability and plans to develop a comprehensive Climate Change Policy aimed at mitigating greenhouse gas (GHG) emissions and transitioning towards a low-carbon future. This forthcoming policy will be designed to set clear objectives and actionable strategies for reducing the Company's carbon footprint and enhancing energy efficiency across its global operations as well as the entire value chain.

The company has not yet developed a Climate Change Policy, as the focus has been on capturing Scope 3 emissions so far. Based on peer-reviews, it is apparent that Scope 3 emissions are by far the largest contributor to SAF-HOLLAND's GHG footprint, which is why the analysis of such data needs to precede the development of a policy.

Nevertheless, SAF-HOLLAND has already taken some actions, which are described in Section E1-3 below.

[E1-3] ACTIONS AND RESOURCES IN RELATION TO CLIMATE CHANGE

E1-3, 28-29 & MDR-A 68 a-c)

SAF-HOLLAND is committed to addressing climate change through strategic actions and resource allocation aimed at reducing GHG emissions, enhancing energy efficiency, and promoting sustainable practices across its operations and value chain. These initiatives are an integral part of SAF-HOLLAND's sustainability strategy and align with global efforts to combat climate change. The table below connects the sustainability matters and IRO's to the corresponding actions taken by SAF-HOLLAND.

IRO and actions of climate change

Sustainability matter	IRO	Action
Climate Change Mitigation	Contribution to Climate Change due to Scope 1 & 2 emissions	Upgrading manufacturing processes and equipment, Energy management software
	Indirect Contribution to Climate Change due to Scope 3 emissions – upstream	Continuous operations in remanufacturing
	Indirect Contribution to Climate Change due to Scope 3 emission – downstream	Sale of TRAKr and TRAKe, TIRE PILOT I.Q., ADBs, EBS
	Adoption of more sustainable energy and reduction of GHG in production positively impact climate change mitigation.	Establishing solar energy projects
	Reduced energy consumption due to remanufacturing business for brake shoes	Continuous operations in remanufacturing
	Change of regulation demanding environmental thresholds that cannot be met	Upgrading manufacturing processes and equipment, Establishing solar energy projects, Energy management software
	Reduced demand for carbon-intensive products	Sale of TRAKr and TRAKe, TIRE PILOT I.Q., ADBs, EBS
Energy	High energy consumption in production process, as well as operation of office buildings	Upgrading manufacturing processes and equipment, Energy management software
	Very high energy consumption during raw material extraction and intermediate production	Continuous operations in remanufacturing
	Very high energy consumption, especially in end-product use.	Sale of TRAKr and TRAKe, TIRE PILOT I.Q., ADBs, EBS
	Producing energy and adopting more efficient energy practices would improve energy usage in own operation.	Establishing solar energy projects
	SAF Recuperation systems improve energy efficiency of vehicles	Sale of TRAKr and TRAKe

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The table below indicates all climate change related actions either taken in 2024 or planned for the future.

Actions related to climate change

Actions taken in 2024 or planned for the future (MDR-A 68 a)	Decarbonization lever (E1-3 29 a)	Expected outcome/ expected GHG emissions reductions (MDR-A 68 a, E1-3 29 b)	Scope (MDR-A 68 b)	Time horizon to completion (MDR-A 68 c)
Upgrading manufacturing equipment (transitioning to electric forklifts and transitioning to LED lighting)	Electrification and energy efficiency in operations	Reduction in fuel consumption (diesel) and as consequence reduction of Scope 1 GHG emissions Reduction in electricity consumption and as consequence, reduction of Scope 2 GHG emissions	Own operations, production sites worldwide	Action taken in 2024 and will continue next years
Solar energy projects	Renewable energy	Reduction of Scope 2 GHG emissions	Own operations	Completed in 2024
Continuous operations in remanufacturing	Circular economy	Reduction of Scope 3 GHG- emissions in upstream supply chain	Upstream supply chain in the USA, especially for steel and cast iron.	Ongoing
Sale of TRAKr and TRAKe, Air Disk Brakes ModulT, Tire Pilot IQ, Electronic Brake Systems (EB+ 4.0)	Energy and fuel efficiency	Reduction of Scope 3 GHG emissions for the category of “Use of sold products”	Downstream value chain	Ongoing

Elaboration on actions

Modernization of production equipment

SAF-HOLLAND has implemented several changes in its own production process, in order to reduce energy usage and CO_2 emissions. The Company continues replacing diesel/LPG forklifts with electrical forklifts as well as changing the lighting to LED. These actions have been implemented in several locations and together enabled CO_2 emissions savings. The Company will continue with upgrading forklifts and lighting in the ongoing years.

Solar energy projects

During the reporting year, solar energy initiatives have not only increased the capacity for clean energy generation but also contribute to reducing the carbon footprint By harnessing solar power, SAF-HOLLAND continues to advance its sustainability ambitions, demonstrating the tangible benefits of green energy in enhancing operational efficiency and supporting the journey towards a net-zero future.

TRAKr and TRAKe

Electrification is an important technology trend in the commercial vehicle industry. In recent years, SAF-HOLLAND has put resources and investments into the development of electrified trailer axles and building up expertise in this area. The two electrified trailer axles SAF TRAKr and SAF TRAKe make a contribution to reducing CO_2 emissions from vehicles.

The SAF TRAKr for electrical recuperation is already in series production and the production of the SAF TRAKr is currently being ramped up and will be also introduced in North America in 2025.

The SAF TRAKe for electrical recuperation and traction to support the tractor is currently in the developmpent and testing phase. The SAF TRAKe shares many components and the basic structure with the SAF TRAKr but has a more powerful drive unit to cover the higher power and torque range and thus can reduce the energy / fuel consumption of the tractor.

Air Disk Brake (ADB)

The product portfolio of SAF-HOLLAND also includes Air Disc Brake (ADB) developed by Haldex, which has a high market share in the European trailer segment. The focus of further development of Air Disc Brakes lies in weight reduction, process improvements and particle emission reduction. This includes the friction pair i. e. pads and disc. An established well-functioning non-lubricated dry slide function ensures a low brake drag torque over the life of the brake. Low brake drag torque and a benchmark product weight both contribute to reduced cast iron material usage and lower fuel consumption in use and thereby lower CO_2 emissions.

Ease of product maintenance and a broad service network extend the useful life of ADB. Remanufacturing of brakes further extend the life of cast parts, contributing to an additional reduction of the downstream CO_2 footprint.

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TIRE PILOT I.Q.

SAF-HOLLAND's TIRE PILOT I.Q. system can prevent punctures and ensures fuel-efficient operation of the vehicle by monitoring and controlling the tire pressure level and communicating pressure loss to the driver fleet management system. By keeping the tire pressure at the optimal level, the system prevents enhanced local particle and CO_2 emissions. Unnecessary tire wear is prevented and rolling resistance is minimized, thereby reducing the vehicle's energy consumption.

Electronic Brake System (EBS)

The new generation of Electronic Brake System (EBS) for trailers, the EB+4.0, is a multi-voltage platform that can be used as both ABS and EBS. Through its low weight and a corresponding lower CO_2 footprint compared to the previous generation, this new platform is aligned with market needs. The data collected by these solutions can also be used for autonomous driving systems.

Continuous operations in remanufacturing

SAF-HOLLAND's remanufacturing operations in Marion, Little Rock, and Columbia, USA, are a critical part of its climate change mitigation strategy, directly contributing to reducing CO_2 emissions, material waste, and energy consumption through the extension of product lifecycles. These facilities remanufacture a wide range of components, ensuring like-new performance through rigorous disassembly, cleaning, reconditioning, and testing processes.

The remanufacturing process significantly lowers CO_2 emissions by reducing the need for virgin raw materials such as steel, cast iron, and aluminum, as evidenced by the company's material recovery efforts across these facilities. By integrating remanufacturing excellence programs, advanced measurement technologies, and industry standards, SAF-HOLLAND continues to scale its circular economy initiatives while contributing to its net-zero emissions ambition by 2050.

MDR-A, 69 a-c)

Financial resources related to climate change

Action	Types of resources allocated	Current financial resources	Relation to financial statements	Future financial resources
Production of TRAK, TRAKe, ADB and EBS	Financial investments	8,509 TEUR	CapEx	1,561 TEUR
Remanufacturing	Infrastructure and assets	163 TEUR	CapEx	710 TEUR

During the reporting year, financial resources that relate to CapEx for climate change mitigation amounted to 8,672 TEUR. SAF-HOLLAND's ability to implement the actions is not dependent on preconditions, such as granting of financial support or public policy and market developments.

The future financial resources will only relate to CapEx and are expected to amount to 2,271 TEUR.

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[E1-4] TARGETS RELATED TO CLIMATE CHANGE MITIGATION AND ENERGY

ESRS 2, E1-4, 81 a-b)

SAF-HOLLAND does not yet have a specific, formal, science-based GHG emission reduction target compatible with limiting global warming to 1.5°C, nor an energy reduction target. However, the company has been working on collecting Scope 3 emissions data and will conduct a resilience analysis, as well as establish a transition plan. Hence, targets will be set as soon as a clearer picture of the emissions is available. Nonetheless, the Company is already committed to its ambition of achieving net-zero emissions no later than 2050.

Progress towards this commitment is tracked in a standardized way through key performance indicators, with results reported annually for transparency. As 2024 marks the first time for reporting in accordance with ESRS, SAF-HOLLAND has chosen 2024 as a base period, in order to ensure a consistent methodology going forward.

Although no targets in line with the CSRD have been defined yet, the company has integrated an ESG component into the Management Board's LTI program. The goal is to reduce SAF-HOLLAND's total emissions worldwide by 10% in the period between 2024 and 2027.

[E1-5] ENERGY CONSUMPTION AND MIX

SAF-HOLLAND actively monitors and manages its energy consumption across operations. Efforts are being made to optimize energy usage through the adoption of energy-efficient technologies and processes, as well as by implementing energy management systems at key facilities. The energy consumption of SAF-HOLLAND was examined within the Scope of the limited assurance audit.

The value presented in the table "Energy consumption and mix" below represents the total consumption across all production and non-production facilities within its operation models. With the ongoing solar energy projects described above, The Company is committed to continuously improve its energy mix to reduce carbon emissions and contribute to the global transition to a low-carbon economy. Progress is measured and reported annually to ensure transparency and accountability in energy management.

Energy consumption and mix

		2024
1	Fuel consumption from coal and coal products (MWh)	–
2	Fuel consumption from crude oil and petroleum products (MWh)	12,472
3	Fuel consumption from natural gas (MWh)	52,998
4	Fuel consumption from other fossil sources (MWh)	–
5	Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	54,654
6	**Total fossil energy consumption (MWh) (sum of lines 1 to 5)**	**120,124**
	Share of fossil sources in total energy consumption (%)	**92.74**
7	Consumption from nuclear sources (MWh)	927
	Share of consumption from nuclear sources in total energy consumption (%)	**0.72**
8	Fuel consumption for renewable sources, including biomass (MWh)	–
9	Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	5,388
10	The consumption of self-generated non-fuel renewable energy (MWh)	4,013
11	Total renewable energy consumption (MWh) (sum of lines 8 to 10)	9,401
	Share of renewable sources in total energy consumption (%)	**7.26**
	Total energy consumption (MWh) (sum of lines 6, and 11)	**129,525**

The energy intensity metric measures total energy consumption per unit of net revenue, helping to assess the efficiency of energy use in relation to business performance.

Energy intensity based on net revenue

	2024
Total energy consumption (KWh)	129,524,702
Net revenue (EUR)	1,876,747,065
Energy intensity (Total energy consumption per net revenue) (KWh/EUR)	0.069016

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[E1-6] GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS

The table below breaks down the GHG emissions of SAF-HOLLAND by Scope categories.

Total GHG emissions disaggregated by Scopes 1 and 2 and significant Scope 3

	Retrospective				Milestones and target years			
	Base year	Comparative	2024	% 2024 / 2023	2025	2030	2050	Annual % target / base year
Scope 1 GHG emissions								
Gross Scope 1 GHG emissions (tCO_2eq)			13,739					
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)			–					
Scope 2 GHG emissions								
Gross location-based Scope 2 GHG emissions (tCO_2eq)			19,383					
Gross market-based Scope 2 GHG emissions (tCO_2eq)			23,155					
Significant Scope 3 GHG emissions								
Total gross indirect (Scope 3) GHG emissions (tCO_2eq)			5,184,064					
1 Purchased goods and services [Optional sub-category: Cloud computing and data centre services]			742,637					
2 Capital goods								
3 Fuel and energy-related Activities (not included in Scope 1 or Scope 2)								
4 Upstream transportation and distribution								
5 Waste generated in operations								
6 Business traveling								
7 Employee commuting								
8 Upstream leased assets								
9 Downstream transportation								
10 Processing of sold products								
11 Use of sold products			4,441,427					
12 End-of-life treatment of sold products								
13 Downstream leased assets								
14 Franchises								
15 Investments								
Total GHG emissions								
Total GHG emissions (location-based) (tCO_2eq)			5,217,186					
Total GHG emissions (market-based) (tCO_2eq)			5,220,958					

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The calculation of emissions is carried out by multiplying the recorded activity data with documented and regularly updated greenhouse gas emission factors. The following methodologies were used for the current calculation:

Scope 1: Scope 1 emissions arise from the use of fuels such as natural gas and LPG for heat generation and production processes, as well as fuels like gasoline and diesel for the operation of vehicles owned by the company. The greenhouse gas emission factors used for this purpose come from the “UK Department for Business, Energy & Industrial Strategy (BEIS).” SAF-HOLLAND currently does not collect data on biogenic CO_2 related to Scope 1 greenhouse gas emissions. The company expects to integrate reporting on biogenic CO_2 by the reporting period 2025 (AR43c).

Scope 2: Scope 2 emissions result from the use of electricity and purchased heat. The greenhouse gas emission factors used for location-based emissions come from the “U.S. Environmental Protection Agency (EPA),” the “Climate Transparency Report (CTR),” and the Federal Environment Agency (UBA). The greenhouse gas emission factors used for market-based emissions come from the UK Department for Business, Energy & Industrial Strategy (BEIS). SAF-HOLLAND currently does not collect data on biogenic CO_2 related to Scope 2 greenhouse gas emissions. The company expects to integrate reporting on biogenic CO_2 by the reporting period 2025 (AR45e).

Scope 3: Scope 3 emissions arise from the included categories “Purchased Goods and Services” and “Use of Sold Products.” These are indirect emissions that stem from SAF-HOLLAND’s upstream and downstream value chain. The following methodologies were used for the calculation of these emissions:

- Scope 3.1 “Purchased Goods and Services”: The expenditure-based method defined by the GHG Protocol was used for the calculation of these emissions. This method utilizes financial purchasing data to estimate emissions with tailored emission factors. The emission factors used for this purpose come from the “UK Department for Business, Energy & Industrial Strategy (BEIS),” the “U.S. Environmental Protection Agency (EPA),” and the “Extended Input-Output Database (EXIOBASE).”

- Scope 3.11 “Use of Sold Products”: A methodology prescribed by the GHG Protocol was also used for the calculation of these emissions, which is based on expected emissions over the entire lifecycle of a product. The emission factors used for this purpose come from the “UK Department for Business, Energy & Industrial Strategy (BEIS).”

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AR 46 i)

The table below lists the reasons for the exclusion of the remaining greenhouse gas emission categories related to Scope 3.

Exclusion of Scope 3 GHG emissions categories

Scope 3 GHG emissions category	Included category	Justification for exclusion (if applicable)
1. Purchased Goods & Services	Yes	–
2. Capital Goods	No	Excluded category, due to quantitative significance analysis
3. Fuel- and Energy-Related Activities	No	Excluded category, due to quantitative significance analysis
4. Upstream Transportation & Distribution	No	Excluded category, due to quantitative significance analysis
5. Waste Generated in Operations	No	Excluded category, due to quantitative significance analysis
6. Business Travel	No	Excluded category, due to quantitative significance analysis
7. Employee Commuting	No	Excluded category, due to quantitative significance analysis
8. Upstream Leased Assets	No	Excluded. Operation of assets leased by SAF-Holland were all included in Scope 1 and Scope 2.
9. Downstream Transportation & Distribution	No	Excluded category, due to quantitative significance analysis
10. Processing of Sold Products	No	SAF-HOLLAND products do not undergo significant post-sale processing.
11. Use of Sold Products	Yes	–
12. End-of-Life Treatment of Sold Products	No	Excluded category, due to quantitative significance analysis
13. Downstream Leased Assets	No	Excluded. Not applicable to SAF-Holland because the Company is not acting as a lessor.
14. Franchises	No	Excluded. Not applicable to SAF-Holland because the Company is not a franchisor.
15. Investments	No	Excluded category, due to quantitative significance analysis

EMISSIONS CALCULATION AND REDUCTION TRACKING

Envoria's emissions calculation module allows SAF-HOLLAND to monitor its GHG emissions comprehensively across all Scopes. This module utilizes emission factors from recognized sources such as the German Environment Agency (UBA), the UK Department for Business, Energy & Industrial Strategy (BEIS) and the U.S. Environmental Protection Agency (EPA). By leveraging these established datasets, SAF-HOLLAND ensures accurate, industry-aligned emissions calculations. This enables the company to track its carbon footprint over time while supporting its climate change mitigation strategies and emissions reduction ambitions.

E1-6, AR 53-55

GHG Intensity per net revenue

	2024
Total GHG emissions (location-based) per net revenue (tCO_2eq/Monetary unit)	0.002780
Total GHG emissions (market-based) per net revenue (tCO_2eq/Monetary unit)	0.002782

SAF-HOLLAND ensures consistency between its financial and sustainability reporting by reconciling the net sales used to calculate greenhouse gas intensity with the corresponding annual financial statements. The net sales used in the calculation of GHG intensity directly correspond to the item "Revenue," which is reported in the company's consolidated financial statements under note 5.1.

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E1-7 REMOVAL OF GREENHOUSE GASES AND PROJECTS TO REDUCE GREENHOUSE GASES, FINANCED THROUGH CO_2 CERTIFICATES

E1-7, 56-61

SAF-HOLLAND is not making use of GHG removals and GHG mitigation projects. The current focus is on determining the amount of all emissions the Company is emitting (Scope 1-3) and reducing emissions through adjusting production processes and the energy mix. Thus, the Company has neither developed GHG reduction projects itself nor financed projects through the purchase of carbon credits inside or outside its value chain. SAF-HOLLAND has also not made claims of carbon neutrality.

E1-8 INTERNAL CO_2 PRICING

E1-8, 62-63

Similarly to E1-7, SAF-HOLLAND has not implemented an Internal Carbon Pricing scheme. Currently, there is also no implementation planned for the upcoming reporting cycles, as the Company is prioritizing the reduction of GHG emissions within its operations through the adjustment of processes.

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ESRS E2 – POLLUTION

[E2-1] POLICIES RELATED TO AIR POLLUTION IN THE VALUE CHAIN

E2-1, 14

SAF-HOLLAND addresses the IRO “Release of dust during mining as well as during smelting and steel production could cause illness” through the Code of Conduct for Suppliers and the Supply Chain Pollution Policy, which are described within the next paragraphs. For the IRO “Release of heavy metals during the use of vehicles” no policies, actions or targets have been defined yet, since SAF-HOLLAND’s influence on customers’ behavior is very limited.

The Code of Conduct for Suppliers is addressed in detail in the chapters S2-1 and G1-1 and includes a provision stating that suppliers of SAF-HOLLAND’s suppliers that are indirectly part of the supply chain must also be obligated by the supplier. Thus, the reach is extended beyond Tier 1 suppliers. The Code of Conduct for suppliers also specifically outlines the expected handling of critical materials, which cause pollution, by suppliers.

Nevertheless, in 2024, SAF-HOLLAND identified a gap in its approach to pollution management, as the topic was only covered within the Code of Conduct for Suppliers. Recognizing the need for a more comprehensive and dedicated framework, the Company established a group-wide Supply Chain Pollution Policy to better address pollution-related risks and responsibilities across the Company’s global value chains. The Director Global Sourcing holds primary responsibility for overseeing this policy that applies to all aspects of the value chain and distribution activities, globally.

SAF-HOLLAND is committed to complying with legal regulations such as REACH, RoHS, California Proposition 65, and to the application of its Code of Conduct for Suppliers, which also references key international agreements including the Minamata, Stockholm, and Basel Conventions. The Supply Chain Pollution Policy is made available to suppliers as part of the Supply Agreement, which ensures the communication of clear expectations from SAF-HOLLAND regarding compliance with environmental protection standards. In line with these standards, the policy actively engages suppliers, encouraging them to adopt measures that minimize air pollution while raising awareness of environmental impacts.

E2-1, 15 a)

Suppliers within SAF-HOLLAND’s upstream value chains as well as logistics providers must adhere to all applicable laws and regulations concerning air pollution. In alignment with the SAF-HOLLAND Code of Conduct for Suppliers, upstream suppliers are expected to identify and regularly monitor air pollution levels. They must also implement appropriate measures to minimize pollutants that pose risks to health or the environment, with a particular focus on CO_2 emissions, in accordance with the Paris Climate Agreement. Regarding customers in the downstream value chain, there are currently no policies addressing air pollution. Air pollution in the downstream value chain occurs mainly due to the release of fine dust from the usage of SAF-HOLLAND brake systems.

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E2-1, 15 c)

In the event of incidents or violations related to air pollution in the upstream or downstream value chain, suppliers and customers can submit a report through SAF-HOLLAND's electronic whistleblower system. This system is accessible via the SAF-HOLLAND website 24/7, allowing for immediate and anonymous reporting of any misconduct or non-compliance. Detailed information on reporting channels and procedures is also available on the website.

This process supports the fast and effective handling of incidents in accordance with SAF-HOLLAND's procedural standards in order to avoid or minimize impacts on the environment or people. SAF-HOLLAND's grievance mechanism, in the form of the whistleblower mechanism, is further described in chapter G1-1.

Besides that, the Company employs a mandatory Code of Conduct for Suppliers, as well as a designated air pollution policy, that sets pollution standards for suppliers, including REACH, RoHS, California Proposition 65, in order to reduce the occurrence of incidents.

[E2-2] ACTIONS AND RESOURCES RELATED TO AIR POLLUTION IN THE VALUE CHAIN

E2-19, AR 13

SAF-HOLLAND actively addresses the IRO "Release of dust during mining could cause illness „through targeted actions within its global upstream value chains. This includes regular assessments to evaluate suppliers' air pollution management practices and ensure adherence to established standards. All suppliers with a spend over €15,000 during the previous year, along with newly onboarded suppliers (excluding one-time purchases), are required to acknowledge and sign the SAF-HOLLAND Code of Conduct for Suppliers. This applies to both direct and indirect material and service providers, ensuring a commitment to ethical and sustainable operations. In 2024, the Company conducted a workshop with top suppliers, representing 80% of its procurement expenses, to strengthen collaboration on environmental impact reduction. To ensure compliance with air pollution prevention standards, SAF-HOLLAND is enhancing its auditing processes while identifying opportunities for improvement along the way. Additionally, SAF-HOLLAND encourages suppliers to adopt pollution reduction initiatives and provides a whistleblower system for reporting incidents or misconduct.

The table below indicates all actions related to air pollution in the upstream value chain either taken in 2024 or are planned for the future (MDR-A 68a-c).

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Measures related to air pollution in the upstream value chain

Actions taken in 2024 and planned for the future (MDR-A 68 a)	Expected outcome (& contribution to policy/target) (MDR-A 68 a)	Scope (MDR-A 68 b)	Time horizon to completion (MDR-A 68 c)
Create a pollution policy for the supply chain.	Structured approach to pollution management, expanding beyond previous coverage in the Code of Conduct for Suppliers. Strengthens supplier accountability and environmental risk mitigation.	Upstream Supply Chain	2024
Environmental risk assessment	Identifies high-risk suppliers, enabling targeted action to reduce environmental impact and ensure compliance with pollution control standards.	Upstream Supply Chain	2024 (yearly analysis)
Action plan for suppliers with high environmental risk	Implements corrective measures for high-risk suppliers, ensuring alignment with SAF-HOLLAND's pollution prevention policies.	Upstream Supply Chain	2024 (yearly analysis)
Supplier Quality Manual (SQM) updated with pollution improvement requirements	Environmental pollution is integrated into procurement and supplier evaluation. This includes the supplier performance scorecard for monitoring and improving suppliers' pollution performance.	Upstream Supply Chain	2024
Supply Agreement updated with criteria regarding environmental pollution.	The Supply Agreement is a contract, signed between SAF-HOLLAND and the supplier, formalizing the business relationship. It includes terms on pricing, delivery, product specifications, air pollution requirements, confidentiality, and more.	Upstream Supply Chain	2024
Supplier Development related to air pollution actions	SAF-HOLLAND's approach to supplier development integrates environmental pollution requirements through the supplier selection process, targeted workshops, and collaboration on Scope 3 emissions calculations to obtain PCF values.	Upstream Supply Chain	2024

[E2-3] TARGETS RELATED TO AIR POLLUTION IN THE VALUE CHAIN

ESRS 2, 81

Due to the limited influence in the more distant supply chain and the challenges related to data accessibility, SAF-HOLLAND currently does not have measurable, outcome-oriented, and time-bound goals for reducing air pollution associated with the IRO "The release of dust during mining can lead to diseases." Setting specific goals related to the IRO "Release of heavy metals during the usage phase of vehicles" is also a challenge, as it depends on how customers use SAF-HOLLAND products. However, SAF-HOLLAND is actively working to minimize environmental impacts during the production phase by requiring suppliers to comply with established environmental standards through the supplier code of conduct, which addresses key aspects of air pollution and environmental responsibility. In the reporting year 2024, the code of conduct for suppliers was signed by a large majority of the suppliers. This allowed for a close alignment of the suppliers with the environmental protection expectations of SAF-HOLLAND throughout the entire supply chain.

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ESRS E5 – RESOURCE USE AND CIRCULAR ECONOMY

[IRO-1] DESCRIPTION OF PROCESSES TO IDENTIFY AND ASSESS MATERIAL RESOURCE USE AND CIRCULAR ECONOMY-RELATED IMPACTS, RISKS AND OPPORTUNITIES

E5, IRO-1, 11 a-b)

The process to identify and assess material resource use and circular economy related impacts, risks and opportunities is described in ESRS 2, IRO-1.

SAF-HOLLAND conducted consultations on the topic of resource use and circular economy as part of the Double Materiality Assessment workshops with the participation of representatives of the different organizational functions and regions. During this process, the Company's activities and assets as well as upstream and downstream value chains were screened as described in section IRO-1.

This includes, for example, the assessment of environmental impacts of locations using the software IntegrityNext, whose environmental protection module addresses waste generation, among other things. In addition, the production sites assess environmental risks based on the internal control system (ICS) through audits of waste disposal companies.

[E5-1] POLICIES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

E5-1, 14 (MDR-P 62)

In fiscal year 2024 SAF-HOLLAND has drawn up a proposal for a policy to manage the environmental impacts, risks, and opportunities associated with resource use and the circular economy. which was not yet conclusively discussed and finalized. SAF-HOLLAND's approach to managing resource use involves assessing through the DMA material impacts across the value chain, identifying risks related to resource scarcity, and capitalizing on opportunities to adopt more sustainable practices.

[E5-2] ACTIONS AND RESOURCES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

E5-2, 19)

SAF-HOLLAND is committed to advancing sustainable resource management and circular economy practices across its operations. The Company has implemented dedicated actions and resources to enhance material efficiency, reduce waste, and promote remanufacturing, recycling and reuse within its value chain. These initiatives are part of SAF-HOLLAND's sustainability strategy to minimize environmental impact and transition to a more circular economy.

The table below indicates all actions relating to circular economy either taken in 2024 or are planned for the future (MDR-A 68 a-c). As none of the monetary amounts required for the below listed actions were significant, they are not reported (ESRS 2 69).

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Actions related to resource use and circular economy

Actions taken in 2024 and planned for the future (MDR-A 68 a)	Expected outcome (& contribution to policy/ target) (MDR-A 68 a)	Scope (MDR-A 68 b)	Time horizon to completion (MDR-A 68 c)
Remanufacturing of heavy-duty brake parts	Large number of remanufactured parts with a high mass recovery, saving steel and cast iron	Own operations: Marion remanufacturing facility, Little Rock and Columbia friction centers in the US	Ongoing
Reducing waste through the use of returnable packaging	Reduce waste and packaging purchases	Own operations, production facilities	Ongoing
Optimization of production processes	Reduction of on-site waste through scrap reduction	Own operations, production facilities	Ongoing

The measures in detail:

Remanufacturing of heavy-duty brakes

The SAF-HOLLAND facilities located in Marion (North Carolina), Columbia (South Carolina), and Little Rock (Arkansas), USA, specialize in the remanufacturing of heavy-duty brake parts, such as air compressors, brake pads, water pumps, air dryers, and air disc brakes among other parts. SAF-HOLLAND is a major player in the heavy-duty remanufacturing industry and an advocate for a more robust circular economy. For over 40 years, the sites have contributed to the circular economy and company representatives are involved in the Remanufacturing Industries Council, which is the main proponent of advocating, educating, and collaborating on the advancement of the remanufacturing industry. Remanufacturing reduces the consumption of natural resources, energy, and ultimately the emission of greenhouse gases. For the purpose of this report, the action directly targets the IRO “Reduced amount of steel procurement” for Resource Inflows, as well as “Various waste (most notably metal waste) is created in the production of intermediate products” for Waste. All this can be achieved while providing SAF-HOLLAND customers with a high-quality product that is warranted to the equivalent to the original equipment product at a lower price.

Waste reduction through the use of reusable packaging

SAF-HOLLAND locations have implemented a range of initiatives aimed at optimizing resource use throughout its manufacturing processes, such as using reusable packaging units for customers in SAF-HOLLAND do Brazil. The Company has adopted lean manufacturing practices and streamlined production techniques to optimize raw material waste. By focusing on reducing material input needs and increasing resource efficiency, SAF-HOLLAND not only lowers its environmental footprint, but also enhances operational cost savings. This directly addresses the IROs all IROs related to Resource Inflows & Waste.

Improving production quality

In pursuit of a circular economy, SAF-HOLLAND has executed initiatives focused on waste reduction, for instance, Haldex Hungary Kft. As it has adapted its production process to reduce scrap for products Gen4, Gen3, Ilas and Colas. On-site waste segregation enables the Company to maximize the reuse or recycling of waste, while partnerships with waste management providers ensure that non-recyclable materials are disposed of responsibly. Waste reduction addresses the IRO “Various waste is created in the production of SAF products” for Waste.

[E5-3] TARGETS RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

E5-3, 23 & 24 e)

SAF-HOLLAND has not yet established specific targets for ESRS E5 – Circular Economy in accordance with the ESRS Minimum Disclosure Requirements. The Company has prioritized the implementation of robust data collection processes to ensure accurate measurement of resource flows, waste management, and circularity metrics. This foundational work is essential to define a reliable baseline, enabling the development of meaningful and achievable circular economy targets.

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E5-3, 24 a-f)

As the targets are not yet defined, SAF-HOLLAND plans to monitor the advancement of actions by comparing the metrics disclosed in the following sections (E5-4 Resource inflows and E5-5 Waste) compared to the prior years. In the future, the year 2024 will be used as a base period. Further details on tracking will be published once the targets are formalized in 2025 (MDR-T 81 a-b).

[E5-4] RESOURCE INFLOWS

E5-4, 30

SAF-HOLLAND's resource inflows primarily consist of key components such as hubs, fabricated metals, and iron castings, sourced from regions such as Europe, Asia, and North America. These inflows are essential to the Company's manufacturing processes and also include packaging materials, which are largely managed by upstream suppliers as part of their services. While SAF-HOLLAND incurs minimal direct contribution for upstream packaging, the Company ensures proper handling of packaging to mitigate waste and align with sustainability goals.

In addition to standard materials, SAF-HOLLAND's supply chain incorporates critical raw materials and rare earths, including:

- Gold, Tantalum, Tin, and Tungsten: Commonly used in electronic components.
- Cobalt: Found in advanced technologies, batteries, or electronic devices.
- Mica: Commonly used in insulation and other industrial applications.

These materials are sourced globally from Europe, Asia, and the Americas. SAF-HOLLAND adheres to the Responsible Minerals Initiative (RMI), ensuring compliance with its requirements for reporting and disclosing supply chain information. Additionally, the Company aligns with international standards such as the OECD Due Diligence Guidance and the EU Conflict Minerals Regulation to ensure responsible sourcing.

While the Company monitors material inflows, precise quantitative data is not yet available. Efforts are underway to enhance data collection and improve disclosures in the future.

[E5-5] WASTE

E5-5, 37 a-d)

To ensure transparency and accountability, the Company has introduced metrics to monitor, measure, and report its waste generation. The following metrics have been implemented to track SAF-HOLLAND's waste-related performance:

Waste generation metrics

Metric	Description & Measurement Scope	Unit
Total waste generated	Total waste produced across all operations (hazardous & non-hazardous).	tons
Hazardous waste	Total amount of waste exhibiting one or more hazardous properties as listed in Annex 3 of Directive 2008/98/EC of the European Parliament and the Council on waste.	tons / %
Non-hazardous waste	Total amount of waste that does not meet any of the criteria above.	tons
Waste diverted from disposal (hazardous and non-hazardous waste)	Total amount and percentage of overall waste diverted from landfill, incineration, or other disposal methods through preparation for reuse, recycling, or other recovery processes.	tons / %
Preparation for reuse (hazardous and non-hazardous waste).	Preparation for reuse includes any operation by which products and components that are not waste are used again for the same purpose for which they were conceived. Preparation for reuse therefore describes the process by which (Non-hazardous) waste can be modified to enable its reuse without substantial alteration of its original form.	tons / %
Recycling (hazardous and non-hazardous waste)	Recycling includes any process in which waste materials are reprocessed into products, materials, or substances that can be used for their original or another purpose (excluding processing for use as fuel).	tons / %
Other recovery operations (hazardous and non-hazardous waste)	Other recovery operations include all methods where the main outcome is that waste serves a useful purpose by replacing other materials that would otherwise have been used to fulfill a specific function, or where waste is prepared to fulfill this function within the facility or the broader economy.	tons / %
Waste directed to disposal (hazardous and non-hazardous waste)	Total amount and percentage of overall waste disposed of in landfills, incineration facilities, or through other disposal methods.	tons / %
Disposal through incineration (hazardous and non-hazardous waste)	The controlled incineration of waste at high temperatures, with or without energy recovery.	tons / %
Disposal through landfilling (hazardous and non-hazardous waste).	Waste that is directed to a landfill for disposal.	tons / %
Other disposal operations (hazardous and non-hazardous waste)	All waste disposed of using methods not previously specified.	tons / %

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Amount of waste from own operations

Category	Total amount (tons)	Hazardous waste (tons)	Non-hazardous waste (tons)	
(a) Total waste generated	19,112	1,628	17,483	

(b) Waste diverted from disposal (by type of recovery)

Type of recovery operation	Total amount (tons)	Hazardous waste (tons)	Non-hazardous waste (tons)	% of total waste generated
i. Preparation for reuse	399	68	332	2.09
ii. Recycling	13,289	402	12,887	69.53
iii. Other recovery operations	578	44	534	3.03
Total diverted waste	14,266	513	13,753	74.65

(c) Waste directed to disposal (by type of waste treatment)

Type of disposal	Total amount (tons)	Hazardous waste (tons)	Non-hazardous waste (tons)	% of total waste generated
(c) Waste directed to disposal (by type of waste treatment)				
i. Incineration	860	595	265	4.50
ii. Landfill	3,838	484	3,354	20.08
iii. Other disposal operations	147	36	111	0.77
Total disposed waste	4,845	1,115	3,730	25.35

(d) Non-recycled waste

Total non-recycled waste (tons)	Percentage share of total waste (%)			
5,823	30.47			

E5-5, 38 a-b)

SAF-HOLLAND generates specific waste streams that are inherent to its production processes and sector activities. These waste streams relate to materials, such as metal, plastic, hazardous materials, packaging materials and general industry waste.

Metal waste, including steel and aluminum, is the primary waste stream for SAF-HOLLAND. These materials are essential in manufacturing durable, high-performance components. Plastic materials are used in product components for their lightweight and durability benefits. SAF-HOLLAND generates plastic waste through cutting and assembly processes. As part of the manufacturing process, SAF-HOLLAND also generates small quantities of hazardous waste, including solvents, oils, and lubricants, which are carefully managed to ensure environmental safety. Additionally, packaging materials, including cardboard, plastics, and protective materials, form another relevant waste stream for SAF-HOLLAND. Packaging is used for both inbound raw materials as well as outbound finished products. Finally, general industrial waste, including non-hazardous materials such as paper, wood, and general trash, is also generated across SAF-HOLLAND's facilities. To manage such waste, the Company has established waste segregation practices and mitigation actions as described in section E5-2. These efforts are part of SAF-HOLLAND's broader commitment to waste management and environmental stewardship.

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E5-5, 39

The Company does not produce any radioactive waste.

Amount of hazardous waste and radioactive waste

Waste type	Total amount (tons)	Percentage of total waste generated (%)
Hazardous waste generated	1,628	8.5
Radioactive waste generated	0	0

E5-5, 40

The amount of waste is calculated based on weights provided by waste management companies to SAF-HOLLAND in the form of invoices, or other reports. The weight of waste is determined by direct measurement or estimations executed by the waste management company. Based on this information, SAF-HOLLAND is able to determine the applicable recovery operation or waste treatment.

In the following cases, waste is estimated using the methods and assumptions described below.

- Other non-hazardous waste in the category "Disposal through landfilling" for the production sites in the USA: Estimated waste using the Dumas site as a reference. The calculation divides the total amount of non-hazardous waste at Dumas by the total number of employees at that site, and then multiplies the result by the total number of employees at the corresponding production site in the USA.
- Other non-hazardous waste (Disposal through landfilling) for Haldex Products de México (Monterrey): Waste containers of $3m^3$ have an average weight of 275 kg. The total weight of the waste is obtained by multiplying the number of containers by 275 kg.
- Other non-hazardous waste (Other recovery operations) for SAF-HOLLAND Benelux B.V.: The result for November 2024 is estimated to be identical to the result for October.

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EU TAXONOMY REPORTING

CONSOLIDATED DISCLOSURES PURSUANT TO ART. 8 TAXONOMY REGULATION

The Taxonomy Regulation [1] is a key component of the European Commission's action plan to redirect capital flows towards a more sustainable economy.

It represents an important step towards achieving carbon neutrality by 2050 in line with EU goals as the Taxonomy is a classification system for environmentally sustainable ("Taxonomy-aligned") economic activities.

In the following section, SAF-HOLLAND presents the share of the Group turnover, capital expenditure (CapEx) and operating expenditure (OpEx) for the reporting period 2024, which are associated with Taxonomy-eligible economic activities related to the six environmental objectives. Those objectives are:

1. climate change mitigation (CCM),
2. climate change adaptation (CCA),
3. sustainable use and protection of water and marine resources (WTR),
4. transition to a circular economy (CE),
5. pollution prevention and control (PPC), and
6. protection and restoration of biodiversity and ecosystems (BIO).

Taxonomy-eligible economic activity means an economic activity that is described in the delegated acts supplementing the Taxonomy Regulation (i.e. the Climate Delegated Act [2], the Complementary Climate Delegated Act [3], the Environmental Delegated Act [4] and a Delegated Act introducing new economic activities [5] as of now) irrespective of whether that economic activity meets any or all of the technical screening criteria laid down in those delegated acts. An activity that is not described in the delegated acts supplementing the Taxonomy Regulation is referred to as a Taxonomy-non-eligible economic activity.

Taxonomy-aligned economic activity means an economic activity that complies with all of the following requirements:

a) the economic activity contributes substantially to one or more of the environmental objectives;
b) it does not significantly harm any of the other environmental objectives;
c) it is carried out in compliance with the minimum safeguards; and
d) it complies with technical screening criteria in the delegated acts supplementing the Taxonomy Regulation (i.e. Climate Delegated Act and Environmental Delegated Act as of now).

In 2024, for the first time, SAF-HOLLAND has to report on the alignment on all six environmental objectives.

This report includes all subsidiaries consolidated in the SAF-HOLLAND Group financial statements.

1 Regulation (EU) 2020/852.
2 Commission Delegated Regulation (EU) 2021/2139 supplementing Regulation (EU) 2020/85
3 Commission Delegated Regulation (EU) 2022/1214 amending Delegated Regulation (EU) 2021/2139 and Delegated Regulation (EU) 2021/2178
4 Commission Delegated Regulation (EU) 2023/2486 supplementing Regulation (EU) 2020/852 and amending Commission Delegated Regulation (EU) 2021/2178.
5 Commission Delegated Regulation (EU) 2023/2485 amending Delegated Regulation (EU) 2021/2139.

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TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES

SAF-HOLLAND has examined the relevant activities of the Group and identified the following taxonomy-eligible economic activities[6].

Environmental objective 1: Climate change mitigation (CCM)

Code	Activity name	Description
CCM 3.6	Manufacture of other low carbon technologies	Manufacture of technologies aimed at substantial greenhouse gas emission reductions in other sectors of the economy. SAF-Holland produces the following products for which production processes are classified as the economic activity CCM 3.6: • Electrified axles TRAKe and TRAKr • Air Disc Brake (ADB). Only ModulT • Electric Brake System (EBS). Only Gen4 • Electromechanical Brake (EMB)
CCM 5.1	Construction, extension and operation of water collection, treatment and supply systems	Construction, extension and operation of water-collection, treatment and supply systems. — e.g. collection of rainwater, treatment of water for industrial purposes, distribution of water through mains.
CCM 5.5/ CE 2.3	Collection and transport of non-hazardous waste in source segregated fractions/ Collection and transport of non-hazardous and hazardous waste	Separate collection and transport of non-hazardous waste in single or comingled fractions aimed at preparing for reuse or recycling. — e.g. collection of non-hazardous waste (metal, plastic, wood, paper, etc., in particular waste metal from machining like axle production steps, wooden packaging), usually to be sent and sold to other companies to be reused or recycled
CCM 6.5	Transport by motorbikes, passenger cars and commercial vehicles	Purchase, financing, renting, leasing and operation of vehicles designated as category M1, N1, as per the relevant EU legislation, or L (2- and 3-wheel vehicles and quadricycles). e.g. renting, leasing, purchasing or maintenance of cars and light motor vehicles; service vehicles, company vehicles, employee transport. The propulsion of the vehicles can be of any kind (i.e. combustion engine, electric or hybrid).
CCM 7.2/ CE 3.2	Renovation of existing buildings	Construction and civil engineering works or preparation thereof. e.g. renovation of existing buildings, including leased buildings (expansion, modernization), specialized construction activities, cleaning done by own workforce or 3rd party company.

Environmental objective 1: Climate change mitigation (CCM)

Code	Activity name	Description
CCM 7.3	Installation, maintenance and repair of energy efficiency equipment	Individual renovation measures consisting of installation, maintenance or repair of energy efficiency equipment. e.g. addition of insulation, replacement of existing windows & doors, replacing obsolete lighting in LED, installation, replacement, maintenance and repair of heating, ventilation and air-conditioning (HVAC) and water heating systems.
CCM 7.6	Installation, maintenance and repair of renewable energy technologies	Installation, maintenance and repair of renewable energy technologies, on-site. e.g. installation, maintenance and repair of solar photo-voltaic systems, solar hot water panels, heat pumps, wind turbines, thermal or electric energy storage units, solar transpired collectors and the ancillary technical equipment, heat exchanger/recovery systems.
CCM 7.7 [7,8]	Acquisition and ownership of buildings (incl. Construction of new buildings)	Buying, constructing and exercising ownership of that real estate. This activity applies within the EU Taxonomy to both construction companies and to entities that commission the construction of new buildings. The scope therefore encompasses scenarios where SAF-Holland contracts a construction company to build an office building. e.g. buying industrial buildings, exercising the ownership of buildings.

6 Adjusted activities are not taxonomy-eligible unless there is an adjustment plan with specific measures in place. Currently, there is no such plan.

7 According to the FAQ on the EU taxonomy (C/2023/267, No. 107), SAF-HOLLAND has decided to include construction activities related to buildings owned by SAF-HOLLAND in the economic activity CCM 7.7. This means that the economic activity CCM 7.1 'New Construction' is included in CCM 7.7.

8 There is a correspondence between the economic activity CCM 7.1 and CE 3.1 'New Construction'. It is therefore reported as CCM 7.1/CE 3.1 (included in CCM 7.7).

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Environmental objective 4: Transition to a circular economy (CE)

Code	Activity name	Description
CE 5.4	Sale of second-hand goods	Sale of second-hand goods that have been used for their intended purpose before by a customer (physical person or legal person), possibly after repair, refurbishment or remanufacturing. Within SAF-HOLLAND, this includes the remanufacturing business – e.g. the friction business in Americas (Marion, Little Rock and Columbia) remanufactures goods that have been used for their intended purpose before by a customer. This economic activity (CE 5.4) has previously been reported under economic activity CE 5.1.

RELEVANT JUDGEMENT ON THE TAXONOMY-ELIGIBILITY OF THE ECONOMIC ACTIVITIES

Economic activity CCM 3.18 under the Climate Delegated Act, Annex I

The economic activity CCM 3.18 "Manufacture of commercial vehicle and mobility components", added in 2023 to the Climate Delegated Act, is generally relevant for SAF-HOLLAND as the Group produces different commercial vehicle components (see above). In 2024 an analysis of the interpretative issues in the description was carried out. With a view to the latest guidance of the EU Commission (Draft commission notice on the interpretation and implementation of certain legal provisions of the EU Taxonomy Environmental Delegated Act, 29 November 2024, FAQ no. 17), the components produced must be essential for the environmental performance of the vehicle they are manufactured for in order to meet the description of the economic activity. Products of SAF-HOLLAND that would meet the other criteria of the description of economic activity CCM 3.18 are, for example, type-approved kingpins, pin coupling, ball coupling, hook coupling and fifth wheel. Within our analysis we came to the conclusion that such products (vehicle components), whilst well relevant for the environmental performance of the vehicle, they are not "essential" for it in the sense of the aforementioned FAQ. Hence our related production processes do not meet the description of the economic activity and therefore economic activity CCM 3.18 is not an eligible economic activity of SAF-HOLLAND.

Economic activity CCM 3.6 under the Climate Delegated Act, Annex I

The description of economic activity CCM 3.6 "Manufacture of other low carbon technologies" includes the notion of manufacture of technologies aimed at substantial greenhouse gas emission reductions in other sectors of the economy. SAF-HOLLAND conducted an eligibility analysis of relevant products in order to assess whether a reduction in GHG emissions in the downstream value chain is attributable to their use. Consequently, the company has classified the production processes of the following products of the Group as economic activity CCM 3.6: electrified axles TRAKe and TRAKr, Air Disc Brake (ADB), Electric Brake System (EBS) as well as Electromechanical Brake (EMB). Other products of the portfolio were classified as taxonomy-non-eligible under this economic activity.

Economic activity CE 5.4 under the Environmental Delegated Act, Annex II

The remanufacturing business of SAF-HOLLAND was reclassified under economic activity CE 5.4 "Sale of second-hand goods" instead of CE 5.1 "Repair, refurbishment and remanufacturing". While the conduct of the remanufacturing business has not changed, we came to the conclusion that the products subject to the remanufacturing activities are better reflected by the description of economic activity CE 5.4.

Core business activities and external turnover

With a view to the revenue-generating economic activities and the environmental objective of climate change mitigation, with SAF-HOLLAND as a manufacturer of commercial vehicle components the production processes reported under economic activity CCM 3.6 represent the company's core business activities. Moreover, for the environmental objective of transition to a circular economy (CE) sale of second-hand goods (CE 5.4) covering SAF-Holland's remanufacturing business was identified as eligible core business activity of the Group.

Underlying activities, such as acquisition/construction of new buildings (for the production sites), are subsumed under the company's core activities, as they only support the main activities. Such activities underlying core business activities are not reported as separate taxonomy-eligible activities but are deemed an integral part of the company's core activities. However, such activities (e.g. acquisition/construction of new buildings) are reported as separate Taxonomy-eligible activities if they, considering the relevant

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circumstances, do not support production processes (e.g. a building used for administrative purposes only).

TAXONOMY-NON-ELIGIBLE ECONOMIC ACTIVITIES

SAF-HOLLAND manufactures certain products that have been excluded from classifying them under economic activity CCM 3.6, although they also contribute to reducing greenhouse gas emissions in other sectors. For economic activity CCM 3.6, the reason for classifying such products and the related production processes as taxonomy non- eligible is that either the reductions of greenhouse gas emissions in other sectors are not sufficient to be deemed "substantial" (e.g. reduction of approx. 2%) or the data quality to evidence the emission reduction and its causal relationship with the product is not sufficiently reliable (yet). This reasoning applies to products like weight-reduced axles and TirePilot (an axle-based tire pressure control), which in principle contribute to emission reductions. Furthermore, there is also a group of products for which no analysis has been conducted in detail because they are clearly EU Taxonomy non-eligible.

TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

As for the current annual period (2024), SAF-HOLLAND has not yet carried out a robust climate risk and vulnerability analysis (generic DNSH criterion for climate change adaptation for economic activities eligible under the other environmental objectives), none of the identified eligible economic activities are being reported as taxonomy-aligned, irrespective of their performance against the technical screening criteria for substantial contribution and do no significant harm.

KPI-S AND ACCOUNTING POLICIES

The key performance indicators ("KPIs") within the EU Taxonomy include the turnover KPI, the CapEx KPI and the OpEx KPI. For the reporting period 2024, the KPIs must be disclosed with regard to taxonomy-aligned and taxonomy- eligible economic activities, considering all six environmental objectives. The specification of the KPIs is determined in accordance with Annex I of the Disclosures Delegated Act. As the company does not disclose any taxonomy-aligned turnover, CapEx or OpEx (no taxonomy- aligned economic activities as yet, see above), in the following, SAF-HOLLAND describes its accounting policies in this regard for shares of turnover, CapEx and OpEx from taxonomy-eligible economic activities in each total financial measure in accordance with the legal requirements.

TURNOVER-KPI

Definition

The share of turnover from taxonomy-eligible economic activities in total turnover for the business year 2024 has been calculated as the part of net turnover derived from products and services associated with taxonomy-eligible economic activities (e.g. from the products classified under economic activity CCM 3.6 or CE 5.4) divided by the total net turnover, in each case for the Group's fiscal year from 01/01/2024 to 12/31/2024.

The total net turnover is represented by the consolidated net turnover in accordance with IAS 1.82 (a) (see the company net turnover reported as "sales" as the first line item of the Consolidated Statement of Comprehensive Income in the IFRS Consolidated Financial Statements 2024). For further details on the company accounting policies regarding consolidated net turnover, please see page 127 following and Note 5.1 of the SAF-HOLLAND Annual Report 2024.

In some cases, taxonomy-eligible products are sold together with non-eligible products to customers in a bundle (e.g. an eligible brake system with a non-eligible axle). In such cases, the total revenue of the bundled product has been allocated to the components of the bundled product based on the estimated individual prices. The individual prices have been estimated using a cost-plus approach. The method described applies to almost the entire turnover reported under economic activity CCM 3.6.

In other cases, as the information on turnover was directly available in the SAF-HOLLAND IT systems on the level of each (eligible or non-eligible) individual product, no allocations were needed to determine the amount of eligible turnover. Also, because of the structure of the economic activities identified and their relation to the environmental objectives, the company did not identify any general double counting issues. Individual incidents, where the risk of double counting was identified in the data collection process, were discussed and resolved on an individual basis.

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CAPEX KPI (KPI ON CAPITAL EXPENDITURES)

Definition

The share of CapEx from taxonomy-eligible economic activities in total CapEx has been calculated as taxonomy-eligible CapEx divided by the company's total CapEx.

SAF-HOLLAND's total capital expenditure includes additions to property, plant and equipment (IAS 16), intangible assets (IAS 38) and right-of-use assets (IFRS 16) in the financial year before depreciation, amortization, revaluations and impairment. Additions resulting from business combinations are also included. Additions to goodwill are not included in capital expenditure, as goodwill is not defined as an intangible asset in accordance with IAS 38. Further details on the company's accounting policies with regard to capital expenditure can be found in the notes to the consolidated financial statements in the sections 'Intangible assets', 'Property, plant and equipment' and 'Leases' in the chapter 'Summary of significant accounting policies'.

The numerator consists of:

a) CapEx related to assets or processes that are associated with taxonomy- eligible economic activities (equivalent to "category a" CapEx as per the Disclosures Delegated Act).

   SAF-HOLLAND considers that assets and processes are associated with taxonomy-eligible economic activities when they are components within an economic activity.

   Consequently, all CapEx invested, in machinery for an eligible production process or related buildings, for example, are considered in taxonomy-eligible CapEx.

   The company has not prepared a CapEx plan in the sense of the EU taxonomy. Hence, the information presented does not contain any amounts relating to CapEx "category b" as per the Disclosures Delegated Act.

Furthermore, SAF-HOLLAND has not identified, in the current fiscal year, any amounts under CapEx "category c" as per the Disclosures Delegated Act. Therefore, the information presented does not include any amounts relating to this CapEx category.

Total CapEx can be reconciled to the Consolidated Financial Statements. Please see the corresponding tables on changes in intangible assets, property, plant and equipment and in right-of-use assets on the pages 144 and 148 in the SAF-HOLLAND Annual Report 2024; the relevant amounts are reported under the two-line items (movement types) "Additions" and "Additions from initial consolidation."

Allocation keys

Where both taxonomy-eligible and taxonomy-non-eligible economic activities relate to capital expenditures, the taxonomy-eligible portion of CapEx is determined on the basis of appropriate allocation measures depending on the specific situation (e.g. occupancy of an asset by activities or number of output units produced). CapEx related to different eligible economic activities likewise was allocated using appropriate quantitative allocation measures; however, this necessity only applied to rare cases.

Double counting in the allocation of taxonomy-eligible CapEx

As SAF-HOLLAND does not yet have an established CapEx plan (CapEx category b) and did not specifically identify CapEx category c, the share of CapEx from taxonomy-eligible economic activities in total CapEx only includes amounts that relate to CapEx category a. Hence, no individual amounts of capital expenditure were considered multiple times (under multiple categories) within the taxonomy-eligible share of CapEx and therefore double counting was avoided. Furthermore, individual incidents, where the risk of double counting was identified in the data collection process, were discussed and resolved on an individual basis.

OPEX KPI (OPERATING EXPENSES KPI)

Definition

The share of taxonomy-eligible economic activities in total OpEx is calculated as taxonomy-eligible OpEx divided by total OpEx. Total OpEx consists of direct non-capitalized costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, training costs and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment. This includes:

- Research and development expenditure recognized as an expense during the reporting period in the statement of profit or loss. In line with the company's Consolidated Financial Statements (IAS 38.126),

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this includes all non-capitalized expenditure that is directly attributable to research or development activities.

- The volume of non-capitalized leases was determined in accordance with IFRS 16 and includes expenses for short-term leases and low-value leases. Even though low-value leases are not explicitly mentioned in the Disclosures Delegated Act, the company has interpreted the legislation as to include these leases.

- Maintenance and repair and other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment are determined based on the maintenance and repair costs. The related cost items can be found in various line items in the statement of profit or loss and other comprehensive income, including production costs (maintenance in operations). This also includes building renovation measures. In general, this includes staff costs, costs for services, and material costs for daily servicing as well as for regular and unplanned maintenance and repair measures.

- Direct costs for training and other human resources adaptation needs are also included in the denominator.

The following expenditures relating to the day-to-day operation of property, plant and equipment were, among others not meeting the aforementioned criteria, not included in the total OpEx: raw materials, cost of employees operating the machine, electricity or fluids that are necessary to operate property, plant and equipment, petrol costs, production costs.

As for taxonomy-eligible OpEx amounts, the corresponding information on the CapEx KPI (see above) applies analogously. Regarding the use of allocation methods and keys, reference is also made to the corresponding statements on CapEx.

In addition, the company has applied allocation keys on personnel costs, according to which the proportion of hours spent by people that related to maintenance of assets was applied to the total personnel costs. The corresponding portions were subject to estimates carried out by production leadership personnel.

SAF-HOLLAND has also included the non-capitalized personnel costs related to research and development. In addition, direct research and development costs were calculated using estimates that take into account the average annual share of indirect costs in total research and development costs.

Production personnel costs are not included in the operating expenditure in the sense of the Taxonomy.

Double counting in the allocation of taxonomy-eligible OpEx

The measures to avoid double counting within OpEx are similar as with CapEx (see above). In addition, relevant financial accounts were clearly identified and mapped to different categories of OpEx.

RESTATEMENT OF COMPARATIVE INFORMATION RELATING TO THE YEAR 2023

The information reported for the business year 2023 within this report deviates from the information reported for the same period in the EU Taxonomy report published last year. Within the year 2024, some changes within the reporting process occurred, that, in order to provide comparable information for the prior period, were also applied to the information to be reported for the year 2023. The most relevant of these changes relates to

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the fact that SAF-HOLLAND no longer presents spare parts selling activities, which in last year's report were included in economic activity CE 5.2 "Sale of spare parts", as taxonomy-eligible economic activity. Instead, such activities are now included in the taxonomy-non-eligible economic activities. Other relevant reasons for differences with a view to the numbers for year 2023 are:

- All consolidated entities of the SAF-HOLLAND Group are now included in the EU Taxonomy information reported.
- Remanufacturing activities previously reported under economic activity CE 5.1 "Repair, refurbishment and remanufacturing" are now reported under economic activity CE 5.4 "Sale of second-hand goods" (movement within taxonomy-eligible economic activities).
- As opposed to last year's report, now are included the assets acquired as part of the business combination with Haldex within the CapEx of the SAF-HOLLAND Group. For economic activity CCM 3.6, some taxonomy-eligible sales were identified and reported as such for the first time and bundled sales were split into taxonomy-eligible and non-taxonomy-eligible bundle components.
- Some changes relate to a better understanding of the reporting requirements throughout the group and corresponding refinements.

As a result of the restated information for the year 2023, the information presented within this report for year 2023 is comparable to the information presented for year 2024.

REASONS FOR THE CHANGES IN TURNOVER, CAPEX AND OPEX KPIS IN THE YEAR 2024 AND COMPARATIVE ANALYSIS

COMPARATIVE ANALYSIS OF KPI DEVELOPMENT IN 2024

Based on the restated information for year 2023 (see above), the comparative analysis of the 2024 Taxonomy information with the prior year information is as follows:

- There is no change with respect to the aligned portions of turnover, CapEx and OpEx; these continue to be zero).
- For eligible turnover, there is a 1 percent increase which reflects the growth in sales in our remanufacturing business (economic activity CE 5.4) of 4 percent and a decline in revenue of 3 percent for the product categories that are part of the economic activity CCM 3.6.
- Eligible CapEx declined by 70 percent, mainly due to the significant acquisition in 2023 (Haldex), whilst there was no equivalent investment activity in 2024. The economic activity most impacted by this effect is CCM 3.6. A further significant effect stems from a decline in acquisition and ownership of buildings (economic activity CCM 7.7).
- Eligible OpEx decreased by 28 percent which can be explained mainly by a decline in R&D expenses related to economic activity CCM 3.6 and a decline in building-related expenses (economic activity CCM 7.7).

PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2024

Financial year 2024	**2024**			**Substantial Contribution Criteria**						**DNSH criteria ('Does Not Significantly Harm')**									
Economic Activities (1)	Code (2) (a)	Turnover (3)	Proportion of Turnover, year 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 (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2023 (18)	Category enabling activity (19)	Category transactional activity (20)
		EUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.0		
Of which enabling		0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.0	E	
Of which transitional		0	0.0	0.0%						n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.0		T
A.2.Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (b)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of other low carbon technologies	CCM 3.6	89,957,117	4.8	EL	N/EL	N/EL	N/EL	N/EL	N/EL								4.4		
Sale of second-hand goods	CE 5.4	38,725,004	2.1	N/EL	N/EL	N/EL	N/EL	EL	N/EL								1.6		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		128,682,121	6.9	4.8%	0.0%	0.0%	0.0%	2.1%	0.0%								6.0		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		128,682,121	6.9	4.8%	0.0%	0.0%	0.0%	2.1%	0.0%								6.0		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy – non-eligible activities		1,748,064,944	93.1																
TOTAL		**1,876,747,065**	**100.0**																

PROPORTION OF TURNOVER/TOTAL TURNOVER

%	**Taxonomy-aligned per objective**	**Taxonomy-eligible per objective**
CCM	0.0	4.8
CCA	0.0	0.0
WTR	0.0	0.0
CE	0.0	2.1
PPC	0.0	0.0
BIO	0.0	0.0

1 The Code constitutes the abbreviation of the relevant objective to which the economic activity is for, 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 and Marine Resources: WTR
- Circular Economy: CE
- Pollution Prevention and Control: PPC
- Biodiversity and ecosystems: BIO

For example, the Activity 'Afforestation' would have the Code: CCM 1.1.

Where activities are eligible to make a substantial contribution to more than one objective, the codes for all objectives should be indicated.
For example, if the operator reports that the activity 'Construction of new buildings' makes a substantial contribution to climate change mitigation and circular economy, the code would be: CCM 7.1. / CE 3.1.

2 Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL – not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2024

Financial year 2024	2024			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (2) (a)	CapEx (3)	Proportion of CapEx, year 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 (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2023 (18)	Category enabling activity (19)	Category transactional activity (20)
		EUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.0		
Of which enabling		0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.0	E	
Of which transitional		0	0.0	0.0%						n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.0		T
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (b)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of other low carbon technologies	CCM 3.6	8,778,827	8.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL								17.8		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	2,741,314	2.5	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.7		
Renovation of existing buildings	CCM 7.2/CE 3.2	4,545,849	4.2	EL	N/EL	N/EL	N/EL	EL	N/EL								1.9		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	243,438	0.2	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.7		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	593,213	0.5	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.7		
Acquistion and ownership of buildings	CCM 7.7	17,004,508	15.7	EL	N/EL	N/EL	N/EL	N/EL	N/EL								8.5		
Sale of second-hand goods	CE 5.4	162,504	0.2	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.5		
CapEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		34,069,653	31.5	30.5%	0.0%	0.0%	0.0%	1.0%	0.0%								30.7		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		34,069,653	31.5	30.5%	0.0%	0.0%	0.0%	1.0%	0.0%								30.7		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non- eligible activities		74,143,718	68.5																
TOTAL		**108,213,371**	**100.0**																

PROPORTION OF CAPEX/TOTAL CAPEX

%	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.0	31.3
CCA	0.0	0.0
WTR	0.0	0.0
CE	0.0	4.4
PPC	0.0	0.0
BIO	0.0	0.0

1 The Code constitutes the abbreviation of the relevant objective to which the economic activity is for, 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 and Marine Resources: WTR
— Circular Economy: CE
— Pollution Prevention and Control: PPC
— Biodiversity and ecosystems: BIO
For example, the Activity 'Afforestation' would have the Code: CCM 1.1.
Where activities are eligible to make a substantial contribution to more than one objective, the codes for all objectives should be indicated.
For example, if the operator reports that the activity 'Construction of new buildings' makes a substantial contribution to climate change mitigation and circular economy, the code would be: CCM 7.1. / CE 3.1.

2 Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL – not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

3 Regarding the economic activity CCM 7.2/CE 3.2, which is eligible under two environmental goals, an assessment was conducted based on the results of the materiality analysis in accordance with ESRS standards. It indicates that climate change is far more relevant for SAF-HOLLAND than the transition to a circular economy. Therefore, CapEx from CCM 7.2/CE 3.2 is distributed between CCM and CE in a proportion of 80 to 20.

PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2024

Financial year 2024	**2024**			**Substantial Contribution Criteria**						**DNSH criteria ('Does Not Significantly Harm')**									
Economic Activities (1)	Code (2) (a)	OpEx (3)	Proportion of OpEx, year 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 (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2023 (18)	Category enabling activity (19)	Category transactional activity (20)
		EUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.0		
Of which enabling		0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.0	E	
Of which transitional		0	0.0	0.0%						n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.0		T
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (b)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of other low carbon technologies	CCM 3.6	7,486,673	9.8	EL	N/EL	N/EL	N/EL	N/EL	N/EL								13.4		
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	205,430	0.3	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1		
Collection and transport of non-hazardous waste in source segregated fractions/ Collection and transport of non-hazardous and hazardous waste	CCM 5.5/ CE 2.3	179,162	0.2	EL	N/EL	N/EL	N/EL	EL	N/EL								0.3		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	669,188	0.9	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.0		
Renovation of existing buildings	CCM 7.2/CE 3.2	1,745,626	2.3	EL	N/EL	N/EL	N/EL	EL	N/EL								3.1		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	200,176	0.3	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.4		
Acquistion and ownership of buildings	CCM 7.7	7,806,613	10.2	EL	N/EL	N/EL	N/EL	N/EL	N/EL								12.4		
Sale of second-hand goods	CE 5.4	639,180	0.8	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.9		
OpEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		18,932,048	24.8	23.4%	0.0%	0.0%	0.0%	1.3%	0.0%								31.5		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		18,932,048	24.8	23.4%	0.0%	0.0%	0.0%	1.3%	0.0%								31.5		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non- eligible activities		57,521,438	75.2																
TOTAL		**76,453,486**	**100.0**																

PROPORTION OF OPEX/TOTAL OPEX

%	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.0	23.9
CCA	0.0	0.0
WTR	0.0	0.0
CE	0.0	3.4
PPC	0.0	0.0
BIO	0.0	0.0

1 The Code constitutes the abbreviation of the relevant objective to which the economic activity is for, 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 and Marine Resources: WTR
— Circular Economy: CE
— Pollution Prevention and Control: PPC
— Biodiversity and ecosystems: BIO
For example, the Activity 'Afforestation' would have the Code: CCM 1.1.
Where activities are eligible to make a substantial contribution to more than one objective, the codes for all objectives should be indicated.
For example, if the operator reports that the activity 'Construction of new buildings' makes a substantial contribution to climate change mitigation and circular economy, the code would be: CCM 7.1. / CE 3.1.

2 Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL – not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

3 Regarding the economic activities CCM 5.5/CE 2.3 and CCM 7.2/CE 3.2, which are eligible under two environmental goals, an assessment was conducted based on the results of the materiality analysis in accordance with ESRS standards. It indicates that climate change is far more relevant for SAF-HOLLAND than the transition to a circular economy. Therefore, OpEx from CCM 5.5/CE 2.3 and CCM 7.2/CE 3.2 is distributed between CCM and CE in a proportion of 80 to 20.

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NUCLEAR ENERGY 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

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ESRS S1 – OWN WORKFORCE

[S1-1] POLICIES RELATED TO OWN WORKFORCE

CODE OF CONDUCT

The Code of Conduct (CoC) is based on corporate values and contains binding guidelines for all employees worldwide regarding conduct in business life. SAF-HOLLAND is committed to be a trustworthy and reliable business partner and employer. The aim of the CoC is to anchor uniform and responsible behavior towards colleagues, employees, and towards society and it includes topics from the policies addressed within this chapter, representing an overarching policy. Thus, the topics addressed within the code include, but are not limited to, health & safety, human rights, compliance and diversity (MDR-P 65a). Within the CoC, SAF-HOLLAND also commits to following the International Bill of Human Rights and the principles on workers' rights set out in the Declaration on Fundamental Principles and Rights to Work from the International Labour Organisation (ILO) (MDR-P 65d).

The list below indicates, which IROs are primarily addressed in the policy (MDR-P 65a):

Working Conditions – Health & Safety

- Illness (office & production), long-time sickness leave; physical and mental illnesses
- Injuries of workers following workplace accidents
- Increase of employees' well-being, motivation & satisfaction
- Costs due to consequences of low H&S awareness and standards
- Cost savings derived from reduced employee turnover & staff absenteeism

Other work-related rights – Child labor

- Extreme bodily and mental harm for children
- Financial risk through reputational damage / lawsuits due to violations in the area of child and / or forced labor

Other work-related rights – Forced labor

- Physical or psychological damage for workers involved in forced labor (e.g. withholding identity documents, non-payment for services rendered)
- Financial risk through reputational damage / lawsuits due to violations in the area of child and / or forced labor

The guidelines apply worldwide to all employees, regions and SAF-HOLLAND Group divisions. Therefore, no stakeholder groups or geographic regions are excluded (MDR-P 65b). Within the Company, the most senior level accountable for the implementation of the policy is the Vice President Legal & Compliance (MDR-P 65c).

Stakeholders were indirectly involved in the preparation of the CoC (MDR-P 65e); in particular, information via the communication channels is regularly taken into account (see chapters S1-2, S1-3 & G1-1).

In order to disseminate the content of the CoC among the workforce, the Company specially designed basic compliance training course is available in the Learning Management System (LMS) (see chapter G1-1). The CoC is also accessible to the public or affected stakeholders on SAF-HOLLAND's website (Code of Conduct | SAF-HOLLAND) (MDR-P 65f). The process of monitoring is done in particular by tracking the distribution of the policy to all sites and their employees and is strengthened through regular compliance questionnaires (MDR-P 65a).

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HUMAN RIGHTS POLICY STATEMENT

As a global company, SAF-HOLLAND is committed to respecting internationally recognized human rights wherever the Company operates. The Human Rights Policy Statement set up by SAF-HOLLAND addresses fair working conditions, health and safety in the workplace, forced labor, child labor, as well as modern slavery and human trafficking (MDR-P 65 a, S1-1 20a, 22). It aims to preserve all human rights within the influence of the Company, with some of the stakeholders' most important interests by nature being at the core of the policy (MDR-P 65e). Therefore, the Company's human rights commitment extends to the employees, management staff in all business regions, business partners, and, in the reach of its leverage and responsibility, to other parties in the supply chain (MDR-P 65b). The Company complies with the following international regulations / guidelines:

- UN Global Compact
- International Bill of Human Rights
- ILO Declaration on Fundamental Principles and Rights to Work
- OECD Guidelines for Multinational Enterprises
- UN Guiding Principles on Business and Human Rights

All of the abovementioned regulations and guidelines are anchored in the Human Rights Policy Statement (MDR-P 65d, S1-1 21). The updated policy is also aligned with the requirements of the German LkSG. The most senior position accountable for the Human Rights Policy Statement is the Director of Global Sourcing (MDR-A 65c).

The list below indicates, which IROs are primarily addressed in the policy (MDR-P 65a):

Working conditions – health & safety
- Illness (office & production), long-time sickness leave; physical and mental illnesses
- Injuries of workers following workplace accidents
- Increase of employees' well-being, motivation & satisfaction
- Costs due to consequences of low H&S awareness and standards
- Cost savings derived from reduced employee turnover & staff absenteeism

Other work-related rights – child labor
- Extreme bodily and mental harm for children
- Financial risk through reputational damage / lawsuits due to violations in the area of child and / or forced labor

Other work-related rights – forced labor
- Physical or psychological damage for workers involved in forced labor (e.g. withholding identity documents, non-payment for services rendered)
- Financial risk through reputational damage / lawsuits due to violations in the area of child and / or forced labor

Similarly to the CoC, the Company distributes the Human Rights Policy Statement throughout the entire organization and has also set up training material for Human Rights, which are mandatory for all employees. External stakeholders can access the Policy online under: https://corporate.safholland.com/de/nachhaltigkeit/unternehmensfuehrung-compliance/human-rights-policy (MDR-P 65f).

The process of monitoring is done in particular by tracking the distribution of the policy to all sites and their employees and is strengthened through regular compliance questionnaires as well (MDR-P 65a). SAF-HOLLAND's employees can resort either directly to their superior or to the global Legal & Compliance Department in case of inquiries, compliance risks or suspected violations of this policy statement through existing reporting channels (S1-1 20b). All internal and external parties can use the Company's whistleblower system to report incidents, compliance risks or violations of the Human Rights Policy Statement. SAF-HOLLAND is committed to investigating, addressing and responding to such concerns as the Company places great importance on the provision of effective remedy. So far, no measures or remedy for human rights impacts were required, as also can be seen in chapter S1-4 (S1-1 20c).

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WORKPLACE ACCIDENT PREVENTION (S1-1 23)

Regarding workplace accident prevention, SAF-HOLLAND is using the management system ISO 45001 on occupational health and safety management systems in Germany. All other countries are covered by the local health and safety management systems (MDR-P 65d). As an additional internal measure, the Company has established BROSI, which is SAF-HOLLAND's Basis Requirement of Occupational Safety Infrastructure. Currently this management system is being rolled out. The guideline includes basic safety training, especially for its production workforce (MDR-P 65b&f), as well as an internal monthly audit and going forward an external yearly audit by each location. Through these systems, the Company is aiming to provide a safe working environment (MDR-P 65a).

DIVERSITY POLICY

SAF-HOLLAND is committed to providing an inclusive culture of mutual respect, where equality is a given, and differences are embraced. In the Diversity policy, SAF-HOLLAND emphasizes the Company values and encourages diversity within the workplace and an open company culture.

Diversity is defined as a core value, which means that individual differences, life experiences, unique capabilities and talents are appreciated and represent a significant part of the Company culture, reputation and the Company's achievements. The Company recognizes that differences bring value to the work environments. This is why through the Diversity and Anti-Discrimination Policies, SAF-HOLLAND actively works to provide an environment free from all forms of discrimination where people are treated with dignity, courtesy and respect enabling all employees to reach their full potential within the organization (MDR-P 65e, S1-1 24a).

With this ethos in mind, SAF-HOLLAND seeks to attract, develop and retain and promote a truly diverse team. SAF-HOLLAND knows it is the individual differences that help people connect and better serve each other, help connect to the customers and the business partners while further supporting the global communities (MDR-P 65a). The Company's commitment to diversity, equality and inclusion extends to its employees, management staff in all business regions, business partners and, in the reach of its leverage and responsibility, to other parties in the supply chain (MDR-P 65b).

The list below indicates, which IROs are addressed in the Diversity Policy (MDR-P 65a):

Equal treatment and opportunities for all – Gender equality and equal pay for work of equal value

- Reputational risk leading to financial risks related to employees and sales

Equal treatment and opportunities for all – Measures against violence and harassment in the workplace

- Harassment in the workplace

Equal treatment and opportunities for all – Diversity

- Social exclusion of employees
- A workforce that is insufficiently diverse can negatively impact business performance

At the most senior level, the Head of ESG is responsible for ensuring company-wide compliance with the Diversity Policy (MDR-P 65c). Further, the Diversity Council has oversight of all Diversity, Equity, and Inclusion (DEI) strategies and measures. These policies and institutions ensure that SAF-HOLLAND is able to eliminate discrimination and harassment in the Company and assure a respectful environment for all employees (S1-1 24a).

The Diversity Council aims to:

- Establish easy communication channels
- Provide opportunities for increased awareness of diversity and inclusion matters through open learning discussions and training programs
- Review current policies, processes and practices related to recruitment, selection, development, promotional opportunities, compensation and benefits and general business involvement
- Develop and implement new policies and practices as needed
- Present recommendations to the Management Board that include strategies, individuals responsible for specific actions, timelines for implementation, and measurable outcomes that reflect continuous improvement towards a broadening of diversity and employee support

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In addition to that, the Diversity Council is available for all questions, concerns and requests of the workforce (MDR-P 65f). If a person internally or externally needs to report or submit an incident anonymously, the whistleblower system can be used. Further, the Company offers the option to set up an Employee Resource Group (ERG), which will be supported by the Diversity Council to provide a platform for discussions to the employees (24d). The first ERG – the Women Network Group – was already set up as part of a Diversity initiative following an internal survey with focus on women network and career planning or promotion (MDR-P 65a, S1-1 24c&d).

ANTI-DISCRIMINATION POLICY

All grounds for discrimination such as racial and ethnic origin, color, sex, sexual orientation, gender identity, disability, age, religion, political opinion, national extraction or social origin, or other forms of discrimination covered by European Union regulation and national law are covered in the Anti-Discrimination Policy (S1-1 24a&b). SAF-HOLLAND follows the key principle “Diverse by nature, equal by instinct and inclusive by mindset”, aiming not only to harness the strengths of a diverse workforce but also to protect the employees’ rights and interests (MDR-P 65e). Moreover, SAF-HOLLAND sees diversity, equality and inclusion as a responsibility, making the Company committed to respecting and valuing everyone equally (MDR-P 65a).

Respect for each individual is at the core of the Company’s corporate culture. SAF-HOLLAND strongly stands against any form of discrimination or harassment and is an equal-opportunity employer. Through the diversity strategy and the specially established Diversity Council, SAF-HOLLAND strengthens inclusion, equity, and affiliation among its people, the scope of the policy covering all employees within the Company (MDR-P 65b).

In cases of harassment, employees can use different reporting channels to prevent and stop harassment. The Company does not accept any type of discrimination and acts accordingly in response to cases. The handling of the report depends on the type of the case and feedback channel (MDR-P 65a).

The list below indicates, which IROs are addressed in the Diversity Policy (MDR-P 65a):

Equal treatment and opportunities for all – Measures against violence and harassment in the workplace

- Harassment in the workplace

Equal treatment and opportunities for all – Diversity

- Social exclusion of employees
- A workforce that is insufficiently diverse can negatively impact business performance

The Vice President ESG is the most senior person accountable for the implementation of the Anti-Discrimination Policy (MDR-65c).

GLOBAL COMPENSATION POLICY

SAF-HOLLAND has a Global Compensation Policy in place. The purpose of this policy is to provide those who determine and manage compensation of employees with guidance. In doing so, the Company seeks to remain attractive to top talent and to ensure fair payment across the workforce. The policy defines how appropriate salary ranges are determined, transparency is ensured, and how remuneration should be managed in an equitable, consistent, and meritocratic way. To ensure compliance with the Global Compensation Policy, base salaries are subject to a formal review process, which takes place annually (MDR-P 65a). The most senior accountable person in this context is the Senior Vice President (SVP) HR Global (MDR-P 65c).

The Global Compensation Policy applies globally to all salaried white-collar employees of SAF-HOLLAND (MDR-P 65b).

The list below indicates, which IROs are addressed in the Global Compensation Policy (MDR-P 65a):

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Working Conditions – Secure employment

- Stability in employment boosts morale and productivity

Working Conditions – Adequate wages

- Competitive wages attract and retain talents

WORKING TIME AGREEMENT

In line with the ESRS definition of policies, SAF-HOLLAND has set up an agreement with the Works Council, which specifies the working times and opportunities for employees to start and end their working days flexibly. It includes the conditions connected to absence and holiday as well as holiday compensation. The maximum working time and required breaks are specified as well. It was set up to ensure fair treatment of and an appropriate work-life balance for all employees (MDR-65a).

The list below indicates, which IROs are addressed in the Working time agreement (MDR-P 65a):

Working Conditions – Working time, work-life balance

- Stressed-out workforce due to lack of work-life balance and overtime.

It applies to white collar employees located in Europe and North America (MDR-65b) and the Senior Vice President HR Global is the most senior level accountable for this agreement (MDR-65c). The interests of the affected stakeholders (employees) in Germany were actively represented by the Works Council who was involved in the negotiations (MDR-65e). In other countries outside of Germany the union representatives are representing the interests of the stakeholders. The policy is not accessible for external stakeholders but can be accessed by employees (MDR-65f).

GLOBAL HR MANUAL

SAF-HOLLAND also has set up a Global HR Manual, which outlines the Company Culture Code, specific expectations and guidelines for managers, staffing measures as well as training and development opportunities for employees. The manual follows the objective of establishing a global standard for human resource management and enable managers to best guide and manage their teams (MDR-65a). While the manual is addressed to managers, the sub-sections are applicable to larger groups of employees. While the manual itself covers a broad range of topics ranging from company culture to staffing measures addressing all employees, the chapter addressing training and development possibilities is applicable to all white-collar employees worldwide (MDR-A65b).

The list below indicates, which IROs are addressed in the Global HR Manual (MDR-P 65a):

Equal treatment and opportunities for all – Training and skills development

- Employee dissatisfaction and disengagement caused by lack of training opportunities.
- Providing training opportunities can lead to a more skilled and adaptable workforce.
- Investing in employee training can increase motivation and satisfaction.
- Provision of no or ineffective training may increase turnover rate & recruitment costs.
- Increased motivation and job satisfaction can decrease turnover rate & recruitment costs.

The most senior level accountable for the manual is the Senior Vice President HR Global (MDR-65c). The manual is made available to HR managers and teams in each region (MDR-65f).

PROCESS FOR MONITORING

Overall, the Senior Vice President (SVP) HR Global has regular bi-weekly appointments with the HR representatives of all regions. In these appointments, open topics like complaints, breaches of policies, needs for improvements or negative feedback by employees will be discussed. The handling of these cases does not follow a single process as it depends on the topic. However, every upcoming case will be handled and solved, if necessary, together with related departments (MDR-A 65a). Solutions might be for example setting up new processes, implementing new policies to fill gaps in regulations, investing in the improvement of working conditions or discussing the case with Legal & Compliance Department, Health & Safety Department or the Works Council and Union representatives (MDR-P 65a).

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[S1-2] PROCESSES FOR ENGAGING WITH OWN WORKERS AND WORKERS' REPRESENTATIVES ABOUT IMPACTS

S1-2, 27 a)

Union representatives and Works Councils are available in most locations. Both parties are regularly informed and, depending on the topic and respective legal regulations directly included in the decision-making process. In addition, there are regular appointments for discussions and decision making between Works Council, Management and HR. Further, employees are directly involved via regular global surveys and pulse checks via the employee engagement survey tool which is available globally. For women there is an Employee Resource Groups (ERG), which provides a platform for discussions. There is the possibility of setting up further Employee Resource Groups, if requested by employees.

S1-2, 27 b)

Union representatives and Works Councils are available permanently, so that employees can address their concerns, questions or requests to them at any time. "Pulse Surveys", in which a set of questions mostly related to working conditions are sent to employees randomly on a weekly basis, are conducted weekly. In addition to these weekly surveys, SAF-HOLLAND is conducting a global working condition survey which takes place every two to three years. The evaluation of the "Pulse Surveys" is regularly discussed through the direct manager. After evaluating the global survey, the workforce is updated about the final result and the following action plans. While current actions with regards to transitioning to greener and climate-neutral operations have no impact on its workforce, SAF-HOLLAND would engage with its workforce through the channels described within this chapter as well as G1-1, should they impact them in the future.

S1-2, 27 c)

The Senior Vice President HR Global is operationally responsible for ensuring the engagement between the Company and its workforce. This engagement is then aligned with the Management Board, so that the results of the described employee engagement, are incorporated into SAF-HOLLAND's decisions in regard to its own workforce.

S1-2, 28

Besides the employee engagement tool which allows a general insight into the perspectives of the own workforce, SAF-HOLLAND has a Global Diversity Council and supports the operation of Employee Resource Groups (ERG). The Council members are representatives of major locations and countries worldwide, and their contact details are available to all employees. The Council members are approachable with regard to diversity topics and bring insights and perspectives of the employees to the monthly meetings of the Council, where they are discussed, and actions are taken. The Diversity Council also actively collects feedback through surveys. The most extensive survey was conducted in 2020 and was an essential input for the Council's initiatives and resulted in forming the Employee Resource Group (ERG) for women. The Women's Network is supported by the Council but operates independently with the specific goal to understand and support female employees in their life and careers.

[S1-3] PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR OWN WORKERS TO RAISE CONCERNS

S1-3 32a)

Wherever SAF-HOLLAND caused or contributed to a negative impact related to its own workforce, remedial measures are employed after a careful case-by-case analysis of the specific negative impact. In general, a standardized approach is applied based on the Procedural Standards for the whistleblower System and the Rules of Procedure on the Complaints Procedure according to Section 8 LkSG. The documents also contain information on remedial measures and effectiveness.

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S1-3, 32b), c)

Potential and actual negative impacts are flagged to SAF-HOLLAND via different channels which have been established for its workforce to raise any possible concerns or needs.

Firstly, the SAF-HOLLAND whistleblower system is available to address compliance risks and violations. The respective procedure is described in section G1-1, as well as the additional reporting channels that are available. All of the available channels have been established by the Company itself. The process regarding reports via the whistleblower system depends on the type of information and includes but is not limited to grievance / complaints mechanisms concerning discrimination, harassment, bullying or violations of occupational safety. More details can be found in section G1-1 below.

S1-3, 32 d)

Permanent availability and access to the “Pulse Surveys” and the whistleblower system is provided to all employees globally. There is also the possibility for the workforce to participate in additional surveys globally.

S1-3, 32 e)

The “Pulse Survey” results are compared with benchmark figures and reviewed in the monthly HR Team meeting. After this, the results are presented by the local HR-Manager to the different site management teams. Depending on the results, the review of action plans on site level are conducted on a monthly or quarterly basis.

Additionally, the general effectiveness of the “Pulse Survey” engagement is ensured, with a review of the participation numbers within the system. Should those numbers drop noticeably below the expected participation, based on past averages, the Company will define an action plan to improve participation. SAF-HOLLAND has also implemented a procedure how to handle whistleblowing concerns. The whistleblower system is further detailed in section G1-1.

S1-3, 33

Information regarding the policies in place addressing the protection of whistleblowers can be found in section G1-1 as well. SAF-HOLLAND assesses the awareness and trust in the structures and processes by evaluating their usage. The more often a process or channel such as the whistleblower system is used to submit reports, the more trusted it is.

[S1-4] TAKING ACTION ON MATERIAL IMPACTS ON OWN WORKFORCE, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO OWN WORKFORCE, AND EFFECTIVENESS OF THOSE ACTIONS

SAF-HOLLAND highly values its employees, aims to create great working conditions and minimize potential negative impacts on its own workforce. In order to implement the Company’s policies and achieve its targets, SAF-HOLLAND has identified a number of actions which prevent and mitigate negative and achieve positive effects and impacts for employees and overall workforce. The summary table below indicates which Policies, Actions and Targets address the respective Sustainability matters and IROs.

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Overview of sustainability issues in connection with our own workforce

Sustainability Matter	IRO	Policy	Action	Target
Working Conditions – Secure employment	Stability in employment boosts morale and productivity	Global Compensation Policy	A5, A6, A7, A15, A16	No target
Working Conditions – Working time, work-life balance	Stressed-out workforce due to lack of work-life balance and overtime.	Working time agreement	A1	No target
Working Conditions – Adequate wages	Competitive wages attract and retain talent	Global Compensation Policy	A4, A5, A6	No target
Working Conditions – Health & Safety	Illness (office & production), long-time sickness leave; physical and mental illnesses	Code of Conduct	A2, A7	T1, T2, T3
	Injuries of workers following workplace accidents	Human Rights Policy Statement	A8	
	Increase of employees' well-being, motivation & satisfaction		A2, A7	
	Costs due to consequences of low H&S awareness and standards		A8	
	Cost savings derived from reduced employee turnover & staff absenteeism		A1, A2, A7	
Equal treatment and opportunities for all – Gender equality and equal pay for work of equal value	Reputational risk leading to financial risks related to employees and sales	Diversity Policy Anti-Discrimi-nation Policy	A9-A14	T5
Equal treatment and opportunities for all – Training and skills development	Employee dissatisfaction and disengagement caused by lack of training opportunities	Global HR Manual	A15, A16	No target
	Providing training opportuni-ties can lead to a more skilled and adaptable workforce.		A3, A15,	
	Investing in employee training can increase motivation and satisfaction.		A3, A15, A16	
	Provision of no or ineffective training may increase turnover rate & recruitment costs		A15, A16	
	Increased motivation and job satisfaction can decrease turnover rate & recruitment costs		A3, A15, A16	

Overview of sustainability issues in connection with our own workforce

Sustainability Matter	IRO	Policy	Action	Target
Equal treatment and opportunities for all – Measures against violence and harassment in the workplace	Harassment in the workplace	Diversity Policy Anti-discrimi-nation Policy	A14	T4
Equal treatment and opportunities for all – Diversity	Social exclusion of employees A workforce that is insufficiently diverse can negatively impact business performance	Diversity Policy Anti-discrimi-nation Policy	A9-A14	T4, T5
Other work-related rights – Child labor	Extreme bodily and mental harm for children Financial risk through reputa-tional damage / lawsuits due to violations in the area of child and / or forced labor	Code of Conduct Human Rights Policy Statement	A17	T6
Other work-related rights – Forced labor	Physical or psychological damage for workers involved in forced labor (e.g. withholding identity documents, non-payment for services rendered)	Code of Conduct Human Rights Policy Statement	A17	T7
	Financial risk through reputa-tional damage / lawsuits due to violations in the area of child and / or forced labor			

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The sections below indicate individual actions, which were taken in connection to SAF-HOLLAND's own workforce, as well as their scope, expected outcome and time horizons (MDR-68a-c; S1-4 38a-d; S1-4 40a-b; S1-4 38d). Up until the end of the reporting year, there were no impacts identified for which taking remediate action was required (S1-4 38b). The decision on which actions were appropriate was based on the "Pulse Surveys" that are conducted by the Company on a regular basis. Every week, employees are asked a set of questions which they respond to. These responses are analyzed and aggregated into monthly overviews that the HR team discusses and presents to the president of the region. Additionally, the site management team reviews and adjusts the action plan on a monthly or quarterly basis as needed (S1-4 39). The above-mentioned processes and feedback mechanisms are also utilized to ensure and regularly monitor that SAF-HOLLAND does not cause or contribute to the negative material impacts on its own workforce (S1-4 41). Thus, material risks related to own workforce are handled separately and are not yet integrated into the Company's existing risk management processes.

FLEXIBLE WORKING HOURS AND MOBILE WORKING – A1

Flexible working hours and mobile working are implemented across Europe wherever possible for all white-collar employees. It has been newly implemented in the Americas as well. The action is ongoing without a fixed time horizon. It is monitored through the weekly "Pulse Surveys", the Company's employee engagement tool. In this tool, questions addressing whether the employee feels they have a reasonable workload and how easy they find it to relax in their spare time are asked. The expected outcome of this action is an increase in employee satisfaction as well as employer attractiveness.

HEALTH INITIATIVES – A2

SAF-HOLLAND offers health initiatives to all of its employees worldwide on an ongoing basis. Examples include a global step contest and back health training courses. Individual geographies also have their own initiatives, such as for example cooking courses in Germany. Depending on the health initiative, employees can either register through the "My SAF-HOLLAND App" or the app of the respective provider. SAF-HOLLAND expects a decrease of lost days through illness and increased employee satisfaction. Health activities are tracked through the number of registered participants. The Senior Global Project Manager Operations and HSE is responsible for consolidating this data on an annual basis.

DEVELOPMENT PROGRAMS (PDDS) – A3

Highly educated employees are better able to cope with stress and high demands. Thus, the Company globally offers its white-collar employees development programs and skill trainings. The personnel development discussions (PDD's) take place on an annual basis and the improvement and progress of employees is tracked by the local HR Department and their managers. Employees are evaluated by their managers as "low", "solid" or "top" performers and have a discussion with HR after their evaluation, where the next steps are discussed. This action is ongoing without a fixed time horizon and SAF-HOLLAND expects it to increase employee motivation.

COLLABORATIVE UNION OR BARGAINING AGREEMENTS – A4

Trustful relationships with its employees are essential to SAF-HOLLAND. Thus, the Company has set up collaborative union or bargaining agreements with its employees, particularly at the production sites in the USA and Germany. The Company aims to replace expiring collective agreements with new ones and thus enable employees to receive competitive wages. This shall attract and retain talent.

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CONSTANT OBSERVATION OF THE MARKET AND SALARY DEVELOPMENT AT PRODUCTION SITES– A5

Apart from setting up bargaining agreements, SAF-HOLLAND also constantly observes the market and salary development within the industry to achieve the expected outcome of offering fair and transparent remuneration. Global benchmarks are assessed through an annual survey with employees at the production locations of SAF-HOLLAND, making this action continuous without a time horizon. A third-party vendor has been appointed to provide reliable and quality market data. The company determines its position based on the median annual base salary and total compensation of the defined competitors. This action is tracked on an annual basis by the Senior Vice President HR Global and the persons responsible for the respective departments.

INTRODUCTION OF GLOBAL COMPENSATION POLICY – A6

In the autumn of 2024, SAF-HOLLAND developed and published a Global Compensation Policy applying to all white-collar employees worldwide. The policy establishes the principles and requirements of compensation and sets guidelines for salary ranges. The aim is to offer fair remuneration and transparency regarding salaries. This action is tracked by the Senior Vice President HR Global and is considered completed, as the policy was rolled out and applicable to 100% of the employees at the end of 2024.

PRODUCTION & SITE INVESTMENTS – A7

As the working environment can influence the health and well-being of employees, SAF-HOLLAND is conducting production investments each year. For example, in 2024, the air conditioning in certain production sites (USA, Germany) was replaced, ergonomic aids were provided as well as forklift driver ergonomics (Germany). The investments are adjusted each year and tailored to the sites and aim to increase employee health and well-being. Actions are tracked through an action plan, which keeps track of each region / site that is planned to receive investments. In general, the actions are ongoing, though the specific measures and investments are planned for one specific year. The expected outcome is to achieve targets T1, T2 and T3 as described in the next chapter.

SAFETY STANDARDS & SAFETY TRAININGS – A8

To reduce injuries and accidents of employees, the Company has established BROSI, the Basis Requirement of Occupational Safety Infrastructure. Part of these are audits that are conducted per location as self-assessment on a monthly basis and additionally going forward one external audit per year. There are also safety trainings and reviews of work accidents from the previous year to educate employees about potential dangers. These actions are global and applicable to all employees. SAF-HOLLAND has set the goal to implement BROSI in all locations each year continuously without a fixed end date of these measures.

IMPLEMENTING A DEI STRATEGY – A9

SAF-HOLLAND has developed a Diversity, Equity & Inclusion (DEI) strategy which aims to establish easy communication channels and increase awareness of diversity and inclusion matters. This strategy supports the company culture and the values of respect and trust. As part of the Campaign during the reporting year, the company Values and Behavior expectations including the attention to Inclusion and Diversity was communicated to all employees worldwide in form of announcements and trainings. The strategy is an ongoing measure, without a fixed time horizon, though the implementation and full roll-out was completed in 2024.

DIVERSITY COUNCIL – A10

The Global Diversity Council is comprised of 14 members and coordinates Diversity and Inclusion actions. The Company expects the establishment of the Council to promote and encourage dialogue, provide information, implement initiatives and foster respect for all employees and stakeholders. There is no associated time horizon with this action, as the Council acts on a continuous basis on a global scale, addressing all employees worldwide. This action is not tracked specifically, but it is connected to the goal of achieving 22.22% women the level of Director and (Senior) Vice President at SAF-HOLLAND SE and 0 cases of discrimination, which both serve as indicators of how successfully this action has been implemented.

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DIVERSITY DAYS & TRAININGS – A11

In 2024 a total of 14 days were selected to communicate and post about diversity topics, such as International Women's Day, World Day for Cultural Diversity, LGBT+ and Pride or Day for the Elimination of Racial Discrimination. There were also complementary online training offerings set up, which were accessible to all employees worldwide. This action is tracked in the same manner as the Diversity Council described in the previous paragraph and the expected outcome is to achieve targets T4 and T5 and increase the awareness of diversity and the support for values of respect and trust.

ERG WOMEN'S NETWORK – A12

SAF-HOLLAND has been working to increase gender equality within the Company. Currently, female employees account for 22% of the total workforce. Through a Diversity Survey and discussion groups, female employees have expressed an interest in being a part of a SAF-HOLLAND Networking Group. This (ERG) will sit under the auspice of the Diversity Council and is in direct response to the request from many female colleagues to provide a forum where they can establish connections, learn, share experiences, discuss career support, and seek general advice. For example, on October 24th one of the meetings has taken place via Microsoft Teams to discuss the objective of the ERG, its program elements and the Women Inspire initiative, which aims to enable conversations with successful women about their careers and experiences. Similar to A11, the expected outcome of this action is to increase the awareness of diversity and the support for values of respect and trust. The ERG Women's Network is open to all female employees worldwide and is tracked along the target of 22.22% female employees in SAF-HOLLAND SE. It will be further advanced in 2025 and serve as a recurring action.

GENDER-NEUTRAL LANGUAGE & SELF-IDENTIFICATION – A13

In 2024, SAF-HOLLAND approved gender-neutral language for all policies and communication materials on Group level and started offering the opportunity for employees to self-identify as non-binary. This action is expected to increase the awareness of diversity and the support for values of respect and trust. It applies to all employees who work for SAF-HOLLAND in countries in which regulation allows to register as a third gender. This action has an indefinite time horizon. It is not connected to any targets and also not measured.

ANTI-DISCRIMINATION POLICY & MEASURES – A14

SAF-HOLLAND is strongly committed to provide a pleasant work-environment. The Company has implemented an anti-discrimination policy and tracks its implementation through the official reporting channels. Employees can report harassment through the whistleblower system, their superiors or submit a complaint through HR. The expected outcome is an increase in awareness of diversity, as well as support for the values of respect and trust. The actions and monitoring happen on an ongoing basis without a finite time horizon and apply globally. The Company has the goal to have no cases of discrimination.

DEVELOPMENT PROGRAMS AND TRAININGS – A15

Apart from the PDD, the Company also offers additional development programs and trainings for white-collar employees globally. One example is the International Leadership development program, which is planned for 2025, and which is expected to develop the skills of SAF-HOLLAND's managers as well as increase employee satisfaction. Based on the PDD and in consultation with management it will be decided who is eligible for the programs based on appraisal interviews and proposals made by the direct manager. There are one or two programs per year and region with 10-12 employees. These programs and their success are continuous and are tracked through HR in the annual PDD discussions.

LEARNING OPPORTUNITIES– A16

To provide employees with the possibility of learning, SAF-HOLLAND is providing access to LinkedIn learning to all white-collar employees worldwide. The content covered by the courses comprised, among others, learning offers relating to Excel, Word, PowerPoint, leadership skills and stress management. SAF-HOLLAND aims to have a high number of participants. The Company's Learning Management System (LMS) is directly connected to LinkedIn learning. The expected outcome is for all employees to use the LMS system globally on an ongoing basis to enhance their skills and competencies as well as increase their job satisfaction. The usage is tracked in the system through metrics such as hours spent in learnings. This action is continuous and has no time horizon for implementation.

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ANALYSIS OF RISK COUNTRIES FOR CHILD AND FORCED LABOR – A17

SAF-HOLLAND has been analyzing the countries with significant risk of incidents of forced labor or compulsory labor. This was done with a software, which covers not only forced and child labor, but is also part of the risk assessment and due diligence process for suppliers.

In the scope of SAF-HOLLAND are Brazil, China, India, USA, Mexico, Türkiye and South Africa. After this process of identification, the Company pays particular attention to these countries to prevent any violation of forced labor or compulsory labor directly. The expected outcome of this action is to achieve zero cases of child and forced labor. The analysis was executed in 2024 and is now considered completed. Nevertheless, as a consequence continuous monitoring of the countries at risk is required.

For the IRO “Stability in employment boosts morale and productivity” no separate action has been described, as the Company’s profitable operations are brought forth and supported through a production & site investments, learning opportunities, such as development programs and trainings, as well as competitive salaries.

Of all actions listed above, only A4 (PDD’s), A8 (production & site investments), and A18 (LinkedIn Learning) were found to require significant financial resources (MDR-A, 69). The investment overview below indicates the amount of current and future financial resources required, as well as an indication of where in the financial statement the current financial resources can be found (MDR-A 69a-c; S1-4 43).

Investment overview 2024

Actions taken in 2024 or planned for the future	Current financial resources	Relation to financial statements	Future financial resources
Development programs & trainings (PDD’s) – global annual budget incl all trainings, “Pulse Surveys”, etc.	Approx. EUR 600,000 (for example, EUR 200,000 for 2,000 LinkedIn licenses)	The financial resources reported here are included in the administrative costs and account for less than 1% of them.	Approx. EUR 600,000
Production & site investments (Europe & USA)	Approx. EUR 160,00	The financial resources reported here are included in the administrative costs and account for less than 1% of them.	Approx. EUR 200,000

[S1-5] TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

In order to track whether the implementation of the policies and actions described in chapters S1-1 and S1-4 is successful, SAF-HOLLAND has set itself a number of measurable, time-bound outcome-oriented targets that it plans to achieve. The targets, as well as the corresponding scope and their applicable period and milestones are disclosed in the target table below (MDR-T a-e, S1-5 44a-c, S1-5 46). The relationship between the corresponding policies and targets has been established in section S1-4 (MDR-T 80a).

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OVERVIEW TARGETS 2025

No.	Defined target (+ absolute / relative & unit)	Scope	Applicable period
T1	0 work-related fatalities Absolute target Integer	Scope: global	Recurring goal, next reporting period 01/01 – 12/31/2025
T2	0 cases of work-related accidents Absolute target Integer	Scope: global	Recurring goal, next reporting period 01/01 – 12/31/2025
T3	Implementation of BROSI in all locations Absolute target Percentage	Scope: global	01/01 – 12/31/2025
T4	0 cases of discrimination resulting in conviction of SAF-HOLLAND Absolute target Integer	Scope: global / all employees	Recurring goal, next reporting period 01/01 – 12/31/2025
T5	22.22% women at the level of Director and (Senior) Vice President SAF-HOLLAND SE Absolute target Percentage	Scope: SAF-HOLLAND SE	2022 – 06/30/2025
T6	0 cases of child labor within SAF-HOLLAND's own operations Absolute target Integer	Scope: global	Recurring goal, next reporting period 01/01 – 12/31/2025
T7	0 cases of forced labor within SAF-HOLLAND's own operations Absolute target Integer	Scope: global	Recurring goal, next reporting period 01/01 – 12/31/2025

The methodologies and assumptions, as well as the stakeholder involvement in setting these targets will be described in the paragraphs below (MDR-T 80f&h). Additionally, a description of the performance against each target is given (MDR-T 80j). The adjustments of targets and the inclusion of stakeholders in identifying lessons of improvements (S1-5 47c) are not reported, as 2024 is the first year of reporting according to the ESRS, meaning no prior targets had been set, which could have been adjusted or provided any learnings. Thus, the corresponding metrics, underlying measurement methodologies, significant assumptions, limitations, sources and processes to collect data remain unchanged (MDR-T 80i). Stakeholders were not involved in the tracking of SAF-HOLLAND's performance against its targets (S1-5 47b).

ZERO WORK-RELATED FATALITIES – T1

The defined target of achieving 0 work-related fatalities has been set, as SAF-HOLLAND values and aims to protect its employees at all times. The data to track this goal is retrieved from each location / branch of the Company separately through a centralized reporting tool and Excel sheets and then consolidated by the global HR function. In 2024, SAF-HOLLAND had no work-related fatalities, thus achieving the goal. The same goal has now been set for 2025. In the setting of this target, stakeholders were not involved.

ZERO CASES OF WORK-RELATED ACCIDENTS – T2

Similar to the target stated above, SAF-HOLLAND aimed for no work-related accidents. In 2024, a total of 98 work-related accidents were recorded, meaning the target was not achieved. For 2025, the goal is renewed, and SAF-HOLLAND aims to reduce the number of accidents. Just as with fatalities, the data is collected from each location / branch of the Company and then consolidated. In the setting of this target, stakeholders were not involved.

IMPLEMENTATION OF BROSI IN ALL LOCATIONS – T3

SAF-HOLLAND aims to fully implement the health and safety management BROSI at all locations by the second quarter of 2025. The data on the implementation of BROSI is provided by the respective responsible parties on each site. The monthly audits are tracked and recorded, as well as the yearly external audits. While stakeholders did not actively participate in the setting of this goal, it was developed with their interest in health and safety in mind. In 2024, at 90% of all locations BROSI was fully implemented.

ZERO CASES OF DISCRIMINATION RESULTING IN CONVICTION OF SAF-HOLLAND – T4

The Company has set an additional goal of achieving zero cases of discrimination in which SAF-HOLLAND is prosecuted and found guilty. The Company aims to have as few cases overall as possible. The achievement is tracked through a variety of channels, including the whistleblower system, the Works Council, trade union and the reporting channels through HR. These feedback channels are reviewed on a regular basis. For 2025, the goal is renewed. Stakeholders were not actively involved in the setting of this target.

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22.22% WOMEN AT THE LEVEL OF DIRECTOR AND (SENIOR) VICE PRESIDENT SAF-HOLLAND SE – T5

In order to define useful targets relating to the proportion of female managers at SAF-HOLLAND SE, the numbers are reviewed annually, and the target is updated correspondingly. For the share of women at the management level below the Management Board of SAF-HOLLAND SE (job title "Senior Vice President," "Vice President" or "Director") the Management Board has set a target of 22.22% In accordance with Section 76 (4) of the German Stock Corporation Act (AktG) in conjunction with Article 9 (1) c) ii) of the SE Regulation and determined that this target must be achieved by the end of June 30, 2025. By the end of 2024, SAF-HOLLAND SE had a share of 33.33%. Stakeholders were not involved in setting this target.

ZERO CASES OF CHILD LABOR WITHIN SAF-HOLLAND'S OWN OPERATIONS – T6

SAF-HOLLAND has set itself the goal of having zero cases of child labor within its own operations in 2025. To identify potential risk, the Company has conducted an analysis to identify countries that are more likely to have cases of child labor (see chapter S1-4). The performance against this target is tracked through the engagement channels that SAF-HOLLAND has set up to engage with its stakeholders. Similarly to discrimination, cases can be raised through e.g. the whistleblower system. The engagement channels are assumed to be functional and used in case of risks and violations. In 2024, there were no reported cases of child labor at the Company's production sites. Stakeholders were not directly involved in the setting of this target.

ZERO CASES OF FORCED LABOR WITHIN SAF-HOLLAND'S OWN OPERATIONS – T7

The same process and assumptions as described for child labor also apply to forced labor. SAF-HOLLAND also aims for no cases of forced labor across all its own operations in 2025. This is tracked through the same communication channels as child labor. In 2024, there were no reported incidents of forced labor at the Company's production sites. Regarding the development of this goal, there were also no stakeholders involved.

FUTURE TARGETS

Global target for gender equality and equal pay in 2025

In the course of 2025 SAF-HOLLAND will set up a target for the gender pay gap. The gap was analyzed for the first time in 2024. As a next step the Company aims to improve on the results and decrease the gender gap. The development of the goal will be tracked by the Senior Vice President HR Global through regular meetings and updates.

SAF-HOLLAND has not set any measurable, outcome-oriented targets for the following sustainability matters (MDR-T 81):

- Working Conditions – Secure employment
- Working Conditions – Working time, work-life balance
- Working Conditions – Adequate wages
- Equal treatment and opportunities for all – Training and skills development

The reason for this is that currently data is gathered to set targets in upcoming reporting cycles. Regarding the topics relating to "Secure employment" and "Working time, work-life balance", the Company is conducting a survey addressing employee satisfaction, which will determine which targets will be set in 2025. Similarly, for the topic "Adequate wages", the metrics are currently not tracked in their entirety, meaning a target will be set, once the data is available. With regards to "Training and skills development", SAF-HOLLAND is collecting data as well, which will be used to potentially define a target in 2025 (MDR-T 81a).

Though no fixed targets have been set for the above-mentioned topics yet, for three of them, the Company still tracks the implementation of the corresponding actions it has taken. For "Working Conditions – Secure employment", no actions have been taken, thus there is no requirement for tracking (MDR-T, 81b).

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WORKING CONDITIONS – WORKING TIME, WORK-LIFE BALANCE

SAF-HOLLAND is conducting a global employee survey in 2025, which will measure overall satisfaction levels within the workforce, and which will be used to track the Company's actions, such as flexible working hours and health initiatives. For example, employees will be asked whether they are satisfied with their current overall workload and working hours. The last survey was conducted in 2022 on paper and the tool used for the evaluation in 2025 was previously only used in certain sites. Thus, 2025 will be the first year in which global data of all sites will be available in the tool. Nevertheless, SAF-HOLLAND aims to achieve a higher level of satisfaction than in 2022, which will be tracked through the overall satisfaction score resulting from the survey in 2025 (MDR 81b i & ii).

WORKING CONDITIONS – ADEQUATE WAGES

The process used to measure the fairness of SAF-HOLLAND's wages will be based on a global Mercer study, which benchmarks wages for all production sites worldwide. The results of this survey aid in tracking whether the bargaining agreements and the implementation of the Global Compensation Policy have been effective. Though the Company has not defined a fixed target, it is SAF-HOLLAND's ambition to offer adequate wages in all countries in which it has employees. (MDR 81b i & ii).

EQUAL TREATMENT AND OPPORTUNITIES FOR ALL – TRAINING AND SKILLS DEVELOPMENT

In 2025 the training hours of employees will be recorded for the first time. This data is then used to track the implementation of actions, e.g. learning opportunities, meaning whether the offers of LinkedIn Learning and the Learning Management System have been used and had a positive impact. As the base period from which the hours are measured is 2025, no quantifiable ambition level has been determined (MDR 81b i & ii). An additional tracking instrument are the Personnel Development Discussions, which have been described in further detail in chapter S1-4 and which are stored through the Company's internal system in a master worksheet. For both tracking measures, the Company aims for participation levels that are high as well as for a broad geographical coverage, with employees taking advantage of the offers internationally.

METRICS CONCERNING SAF-HOLLAND'S WORKFORCE

The key figures described in this chapter are all defined according to ESRS and have not been validated by any external entity.

[S1-6] CHARACTERISTICS OF UNDERTAKING'S EMPLOYEES

The table below labels and defines the metrics utilized, as well as their methodologies and assumptions (MDR-M, 77a+c) with regards to S1-6.

Key figures in connection with the own workforce

Metric	Definition, methodology & assumptions (incl. limitations)
Number of employees by gender	The total number of individuals who are in an employment relationship with SAF-HOLLAND according to national law or practice, either permanent or on a temporary basis, broken down by gender and depicted as an integer. The number of headcounts is calculated as the number of employees which are working at SAF-HOLLAND on December 31st, the last day of the reporting period.
Number of employees by country	The definition of the metric is the same as described for "number of employees by gender". For this metric, the number of employees is broken down by country with more than 50 employees. It is calculated as a sum of employees in each country (with more than 50 employees). The numbers reported are based on employee numbers on December 31st, the last day of the reporting period.
Employee turnover (number & percentage)	The turnover rate measures the share of employees who resigned their employment voluntarily, abandon their employment without notice, or who were dismissed, retired or were separated because of death in service. Each case that fits this description is counted as a "separation". To attain the employee turnover, the number of employee separation within the reporting year is divided by the average number of employees over the reporting year 2024. The baseline year is 2024 and the numbers are reported annually based on employee numbers on December 31st.

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Number of employees in countries where the company has at least 50 employees representing at least 10% of its total number of employees

Country	Number of employees (head count)
Germany	1,125
USA	876
Mexico	539
Brazil	525

The number of employees by gender who are employed at SAF-HOLLAND as of December 31, 2024, the last day of the reporting period, is as follows:

Information on employee head count by gender

Gender	Number of employees (head count)
Male	4,093
Female	1,139
Other	0
Not reported	0
Total Employees	5,232

The number of employees by contract type and gender as of December 31, 2024, is as follows:

Information on employees by contract type, broken down by gender (head count or FTE) (reporting on full-time and part-time employees is voluntary)

2024				
Female	**Male**	**Other***	**Not disclosed**	**Total**
Number of employees (head count)				
1,139	4,093	0	0	5,232
Number of permanent employees (head count)				
1,053	3,776	0	0	4,829
Number of temporary employees (head count)				
86	317	0	0	403
Number of non-guaranteed hours employees (head count)				
0	0	0	0	0

* gender according to the employee's own statements

S1-6, 50 c) AR59
The total number of employees who have left SAF-HOLLAND during the reporting period amounted to 1,122 and the turnover rate in the reporting period amounted to 22., 03% (S1-6, 50d).

S1-6, 50 e)
Due to the decline in revenue experienced during the past fiscal year 2024, SAF-HOLLAND had to make adjustments to the workforce. These changes primarily affected the America region.

S1-6, 50 f)
For further information on the development of the number of employees, please refer to item 7.5 Number of Employees in the Consolidated Notes and under Workforce in the chapter on non-financial aspects in the management report.

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[S1-9] DIVERSITY METRICS

The table below labels and defines the metrics utilized, as well as their methodologies and assumptions (MDR-M, 77a+c) with regards to S1-9.

Overview diversity key figures

Metric	Definition, Methodik und Annahmen (einschließlich Einschränkungen)
Number and percentage of employees at top management level by gender	This is the gender distribution of employees in top management positions given as an integer as well as percentage. "Top Management" refers to the administrative and supervisory bodies as well as employees one and two levels below these bodies. Applied to SAF-HOLLAND this means that people holding a contract with one of the following titles are rated as Top Management: CEO, CFO, President, Senior Vice President, Vice President. The sum of all female employees at top management level is calculated as an integer. To obtain the percentage, this value is divided by the headcount of all employees in top management positions, and this is multiplied by 100. This is repeated for male and other employees. The numbers are disclosed as the number and the percentage of top management employees on December 31st, 2024.
Number and percentage of employees under 30 years old, between 30 and 50 years old & over 50 years old	This is the number of employees holding an employment contract with SAF-HOLLAND, which are under 30 years old, between the ages of 30 and 50 years and over 50 years old, respectively. It is calculated as the sum of all employees in the respective age categories. The numbers include the employee headcount as of December 31st, 2024.

The gender distribution at top management and the age distribution amongst SAF-HOLLAND employees as of December 31, 2024, is as follows:

Gender distribution at Top Management

Gender	Number	Percentage
Female	5	11.90
Male	37	88.10
Other	0	0

Age distribution of employees

Age group	Number	Percentage
Under 30 years	937	17.91
30 to 50 years	2,759	52.73
Over 50 years	1,536	29.36

[S1-14] HEALTH AND SAFETY METRICS

The table below labels and defines the metrics utilized, as well as their methodologies and assumptions (MDR-M, 77a+c) with regards to S1-14.

Overview of key figures for health and safety

Metric	Definition, methodology & assumptions (incl. limitations)
Percentage of people in its own workforce who are covered by health and safety management system based on legal requirements and (or) recognized standards or guidelines	This KPI describes the percentage of people who work at SAF-HOLLAND's sites (in 2024 only employees are considered) that have a health and safety management system in place. It considers employees within sites that are covered by the ISO45001 certification or employees within sites where BROSI (Basic Requirement for Ocuppational Safety Infrastructure) has been implemented and internally audited. This metric is reported on a headcount basis and calculated as a percentage of the total workforce. The metric is calculated on an annual basis.
Number of fatalities in own workforce as result of work-related injuries and work-related ill health	This KPI gives the deaths caused by injuries or ill-health that are work-related. Excluded are deaths that happen at work but are not related to the work (as specified by S1-14, AR 83). Work-related hazards that pose potential risk factors to increase injuries and ill-health are, according to Annex 2 of the ESRS: physical, ergonomic, chemical, biological, psychosocial or related to work-organization. Deaths caused by injuries and ill health are reported jointly. The metric is calculated by summing up all fatalities in SAF-HOLLAND's workforce caused by injuries or ill-health that are work-related. The metric is given as an integer.
Number of fatalities as result of work-related injuries and work-related ill health of other workers working on undertaking's sites	This KPI indicates the deaths of other workers, which are not part of SAF-HOLLAND's workforce, on SAF-HOLLAND's sites that were caused by injuries or ill-health. Work-related hazards that pose a potential risk are the same as described above. Deaths caused by injuries and ill health are reported jointly. The calculation is the same as described above.

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Overview of key figures for health and safety

Metric	Definition, methodology & assumptions (incl. limitations)
Number and rate of recordable work-related accidents for own workforce (phase-in non-employees)	A work-related accident is an occurrence arising out of or in the course of work that does result in injury or ill health. According to Annex 2 of the ESRS, work-related accidents might be due to, for example, electrical problems, explosion, fire, overflow, overturning, leakage, flow, breakage, bursting, splitting, loss of control, slipping, stumbling and falling, body movement without stress, body movement under / with stress, shock, fright, workplace violence or harassment (e.g., sexual harassment). Accidents can also be caused by the work-related hazards described earlier. An accident is counted as recordable, if it results in any of the following: • Death (fatalities recorded earlier are included in this KPI as well) • days away from work • restricted work or transfer to another job • medical treatment beyond first aid • loss of consciousness • significant injury or ill health diagnosed by a physician or other licensed healthcare professional (even if it does not result in any of the other aspects above) This KPI describes accidents relating to SAF-HOLLAND's workforce (in 2024 only employees are considered) and include commuting accidents. All accidents that follow the definition above are summed up and indicated as an integer. For the rate, this number is multiplied with 1,000,000 and divided by the total hours worked of SAF-HOLLAND's workforce. The resulting value indicates the cases per million hours worked, which equals the number of work-related injuries per 500 full-time people in the workforce over a 1-year timeframe. The baseline year is 2024 and the values are calculated on an annual basis.

The percentage of employees of SAF-HOLLAND own workforce who are covered by health and safety management system is: 88.02%. The number of fatalities in 2024 for both, employees and non-employees working at SAF sites, was zero. The number of recordable work-related accidents for own workers is: 104. The rate of recordable work-related accidents of employees in the reporting year was at 11.25 cases per 1 million hours worked.

[S1-16] REMUNERATION METRICS (PAY GAP AND TOTAL REMUNERATION)

The table below labels and defines the metrics utilized, as well as their methodologies and assumptions (MDR-M, 77a+c) with regards to S1-16.

Overview of key remuneration figures

Metric	Definition, methodology & assumptions (incl. limitations)
Gender pay gap	The gender pay gap considers all employees' gross hourly pay level and determines the difference in salaries between men and women. This gap is indicated as a percentage and to be interpreted as "male employees earn XX% more / less than female employees." SAF-HOLLAND reports the gender pay gap, as one global Group KPI, additionally broken down by employee category. To obtain the values, the average gross hourly pay level of all female employees is subtracted from the average gross hourly pay level of all male employees and then divided by the average gross hourly pay level of all male employees. This is then multiplied by 100 to obtain the pay gap in percent. Average gross hourly pay level of the employees relates to wage or salary including any other remuneration, which the worker receives directly or indirectly. This metric is reported yearly.
Annual total remuneration ratio	The annual total remuneration ratio describes the difference in salaries between the highest paid individual within SAF-HOLLAND and the Median employee. The calculation includes the salaries of all employees and addresses total remuneration (base salary, benefits in cash, benefits in kind and direct remuneration) rather than just base salary. The metric is reported as a percentage and calculated by dividing the annual total remuneration for the undertaking's highest paid individual by the median employee annual total remuneration (excluding the highest paid individual). This metric is recorded on an annual basis.

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S1-16, 97 a)

The gender pay gap, defined as the difference of average pay levels between female and male employees, expressed as percentage of the average pay level of male employees

The gender pay gap was 16.58% based on a global level of the SAF-HOLLAND Group in the reporting year. For permanent employees, the gender pay gap was 17.30%, and for temporary employees, it was 12.43% for the reporting year 2024.

S1-16, 97 b)

The annual total remuneration ratio of the highest-paid individual to the median annual total remuneration for all employees (excluding the highest-paid individual) was 55.

[S1-17] INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS IMPACTS

The table below labels and defines the metrics utilized, as well as their methodologies and assumptions (MDR-M, 77a+c) with regards to S1-17.

Key figures in connection with human rights

Metric	Definition, methodology & assumptions (incl. limitations)
Number of incidents of discrimination	This metric measures the number of discrimination cases which are still active or were active during the reporting period (one year). This includes discrimination on the grounds of gender, racial or ethnic origin, nationality, religion or belief, disability, age, sexual orientation, or other relevant forms of discrimination involving internal and / or external stakeholders across operations in the reporting period. It also includes incidents of harassment as a specific form of discrimination. This KPI is cumulative, given as an integer and calculated on an annual basis
Number of complaints filed through channels for people in own workforce to raise concerns	This KPI depicts the number of complaints that were filed through channels that have been set up (by SAF-HOLLAND or other stakeholders) for SAF-HOLLAND’s workforce (employees & non-employees) to raise concerns. Included in this definition are reporting channels, which can be state based (courts, labor tribunals, national human rights institutions) or non-state based (mechanisms administered by undertaking, industry associations, civil society organizations, multi-stakeholder groups). Effective grievance mechanisms are legitimate, accessible, predictable, equitable, transparent and rights compatible. This KPI is calculated as the sum of complaints filed against SAF-HOLLAND by its own workforce through channels to raise concerns. The metric is recorded annually.
Number of complaints filed to National Contact Points for OECD Multinational Enterprises	Reported under this metric are all cases that are filed against SAF-HOLLAND to National Contact Points for OECD Multinational Enterprises that have not been already disclosed under incidents of discrimination. It is calculated as a sum on an annual basis. This metric is only reported if notifications have been received through the described channels.
Amount of material fines, penalties, and compensation for damages as result of violations regarding social and human rights factors	Reported is the total amount of fines, penalties and compensation SAF-HOLLAND has to pay because of problems related to social and human rights factors in general. This can include not respecting community rights, discrimination in the workplace, or not providing safe working conditions. This KPI addresses violations that affect employees of SAF-HOLLAND. The metric is indicated as a monetary amount (in euros) and recorded on an annual basis.

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Key figures in connection with human rights

Metric	Definition, methodology & assumptions (incl. limitations)
Number of severe human rights issues and incidents connected to own workforce	This KPI is defined as all incidents of severe human rights issues that SAF-HOLLAND has identified connected to its own workforce. Severe human rights incidents include instances of lawsuits, formal complaints through the undertaking or third-party complaint mechanisms, serious allegations in public reports or the media, where these are connected to the undertaking's own workforce, and the fact of the incidents is not disputed by the undertaking, as well as any other severe impacts of which the undertaking is aware. Severe human rights incidents include forced labor, human trafficking or child labor. Cases that are classified as instances of non-respect of any of the following principles are in addition indicated separately: • UN Guiding Principles on Business and Human Rights • ILO Declaration on Fundamental Principles and • Rights at Work • OECD Guidelines for Multinational Enterprises Both metrics are reported as integers and calculated as sums. They are reported yearly.
Amount of fines, penalties, and compensation for severe human rights issues and incidents connected to own workforce	This metric cumulates all fines and penalties that are to be paid due to severe human rights issues and incidents connected to SAF-HOLLAND's own workforce. It also includes compensation for damages caused in this context. This metric accumulates the amount of payments made in connection with the previous KPI. The metric is calculated as a sum and recorded yearly.

In the reporting period there were seven complaints of discrimination, including harassment, reported. Two of these complaints were filed through the whistleblowing system. The above-mentioned complaints turned out to be unjustified against the Company SAF-HOLLAND. Hence, there were no cases of discrimination and no amount of material fines, penalties, and compensation for damages can be specified.

There were no serious incidents related to human rights connected to SAF-HOLLAND's workforce in the reporting period. Hence, there were no fines, penalties, and compensation for damages.

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ESRS S2 – WORKERS IN THE VALUE CHAIN

[S2-SBM-3] MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

SBM-3-11 a)

SAF-HOLLAND is a company in the commercial vehicle supply industry, whose value chain includes various groups of workers who are exposed to the following material impacts:

On-site contractors and service providers:

These refer to workers who are not part of SAF-HOLLAND's direct workforce but work on-site, such as contractors for maintenance, cleaning, and security. Their working conditions are influenced by the Company's health and safety policies and operational standards.

Upstream workers:

These workers are involved in the extraction, manufacturing, and processing of raw materials such as steel, rubber, and aluminum, which are crucial basic materials in the Company's products. They face risks related to labor rights, occupational health and safety, and environmental conditions, particularly in regions with less stringent regulations.

Downstream workers & workers in joint ventures:

At SAF-HOLLAND, downstream employees are involved in the assembly of the Company's parts in commercial vehicles but are not exposed to any significant impacts or risks in this regard. The Company has employees working in joint ventures, encompassing both blue- and white-collar workers. Their working conditions are guided by the Company's health and safety policies and operational standards.

Vulnerable groups within prior categories:

Certain categories of workers and individuals are particularly vulnerable to negative impacts due to systemic disadvantages or lack of protection. These include elderly, sick, and disabled people, who may face barriers in accessing fair working conditions and protections. Ethnic and religious minorities can be subjected to discrimination and unequal treatment in employment. People with limited education or restricted access to education are more susceptible to exploitation due to limited awareness of their rights. Migrant workers, especially in regions with weaker labor protections, may encounter health risks, exploitation, or challenges related to labor rights.

These groups, and therefore also the following disclosures, cover all employees in the value chain who are or could be affected by impacts in connection with the Company's own business activities and the value chain.

SBM-3-11 b)

As a globally active company, SAF-HOLLAND's value chain is also exposed to the following potential risks materially impacting workers well-being.

Forced labor and mistreatment:

Within the Company's value chain, Türkiye in particular has been identified as a region with a potential risk for forced labor and mistreatment. In order to mitigate this risk, SAF-HOLLAND focuses its due diligence efforts here, including enhanced monitoring and engagement with suppliers in the country.

Brazil, China, India, and Mexico have been rated as moderate risk for forced labor and mistreatment. Although these regions do not pose the same level of a risk as Türkiye, they are still continuously monitored and suppliers are actively engaged in this process.

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Child labor:

Across Brazil, China, India, Mexico, and Türkiye, the risk of child labor has been assessed as moderate. This suggests that although the risk is present, it does not currently pose a critical threat. SAF-HOLLAND continues to monitor these regions closely and collaborates with suppliers.

Commodities of concern:

While the focus of SAF-HOLLAND's risk assessment has primarily been on geographies, certain commodities associated with these regions, such as steel, rubber, aluminum, and other raw materials sourced from Brazil, India, and China, have historically been linked with forced labor and child labor concerns in the value chain.

SBM-3-11 c)

In countries like Türkiye, India, China, Brazil, and Mexico, there are systemic risks related to forced and child labor, as well as poor working conditions in general, all of which are identified as material impact for SAF HOLLAND. These risks are associated with industries such as raw material extraction and manufacturing, where labor rights may be compromised. The risks are particularly heightened in Türkiye, where both forced labor and mistreatment have been flagged. SAF-HOLLAND has not identified any specific incidents, such as industrial accidents or major environmental issues, but continuously monitors the situation to mitigate future risks.

SBM-3-12

SAF-HOLLAND recognizes that certain groups, such as migrant workers, ethnic and religious minorities, the elderly, disabled individuals, and those with limited education, are more vulnerable to risks like discrimination and exploitation. These risks are heightened in upstream activities such as raw material extraction, particularly in less regulated regions like Türkiye and India, where hazardous conditions and weak labor standards may exist. This identification is based on country and industry analysis, which has helped provide insight into potential risk areas within the value chain.

[S2-1] POLICIES RELATED TO VALUE CHAIN WORKERS

S2-1, 16

The following SAF-HOLLAND policies are designed to address the potential material impacts of poor working conditions in the upstream supply chain. These policies do not target specific groups of value chain workers but apply generally to all suppliers to ensure broad compliance and promote fair working conditions across the value chain:

- SAF-HOLLAND Code of Conduct for Suppliers
- SAF-HOLLAND Responsible Sourcing Policy
- SAF-HOLLAND Human Rights Policy

The **SAF-HOLLAND Code of Conduct for Suppliers** outlines essential requirements and principles aimed at promoting ethical business conduct, respect for human rights, and environmental responsibility across its value chain. The policy requires suppliers to comply with international standards for labor, health and safety. Suppliers are expected to uphold fair working conditions, prohibiting child labor, forced labor, and discrimination, and must maintain safe, healthy workplaces for their employees. Suppliers must sign and adhere to the SAF-HOLLAND Code of Conduct for Suppliers, and non-compliance may result in business termination. Thereby, the policy directly addresses the identified IROs "Potentially insufficient working conditions of mining workers in the upstream value chain", and "Child or forced labor in the upstream value chain (especially regarding material extraction) can lead to extreme bodily and mental harm for children and other laborers".

SAF-HOLLAND retains the right to conduct inspections or request documentation to test compliance. The policy emphasizes adherence to established international standards, encouraging suppliers to align with principles from key agreements like the UN Global Compact. The most senior level responsible for implementing the SAF-HOLLAND Code of Conduct for Suppliers is SAF-HOLLAND's Director Global Sourcing, which is tasked to ensure accountability at all levels of the value chain. This document is readily accessible to suppliers as an attachment to agreements and is distributed to strive for consistent understanding and implementation across the supply chain.

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The **SAF-HOLLAND Responsible Sourcing Policy** focuses on responsible sourcing as a key part of business sustainability, aiming to ensure that procurement practices respect human rights, uphold environmental standards and creating social and economic development within the global supply chain. This commitment aligns with international human rights standards and environmental principles, which SAF-HOLLAND expects its suppliers to follow. Core commitments include eliminating forced labor, child labor, ensuring fair wages and safe work environments, and minimizing environmental impacts by reducing emissions, waste, and unsustainable resource use. Thus, the policy addresses the IROs "Working Conditions – Potentially insufficient working conditions of mining workers in the upstream value chain" and "Other work-related rights – Child or forced labor in the upstream value chain (especially regarding material extraction) can lead to extreme bodily and mental harm for children and other laborers". The most senior level accountable is the Director Global Sourcing.

The policy applies to all regions, promoting transparent and ethical sourcing. SAF-HOLLAND uses tools like ESG Self-Assessment Questionnaire (SAQ) for initial risk assessments and conducts regular audits. Through internal and external ESG training, the Company enhances its supply chain's understanding of sustainable practices. SAF-HOLLAND has implemented specific ESG requirements within its Supplier Quality Manual (SQM), standardized contracts, and supplier selection processes, further embedding sustainability criteria into supplier relationships.

The **SAF-HOLLAND Human Rights Policy** outlines the Company's commitment to protecting human rights within its operations, supply chain, and local communities. It applies to employees, business partners, and suppliers, ensuring compliance with international human rights standards, including the UN Global Compact, ILO Principles, and OECD Guidelines. This policy is directly linked to the value chain, as SAF-HOLLAND requires suppliers to uphold fair working conditions, prohibit forced and child labor, and implement grievance mechanisms. The Company conducts risk assessments, audits, and preventive actions to ensure compliance. This policy addresses the IROs "Working Conditions - Potentially insufficient working conditions of mining workers in the upstream value chain" and "Other work-related rights – Child or forced labor in the upstream value chain (especially regarding material extraction) can lead to extreme bodily and mental harm for children and other laborers." The most senior level accountable for the policy is the Human Rights Officer.

S2-1, 17

SAF-HOLLAND is committed to upholding human rights for value chain workers, guided by its policies. That aligns with international standards such as the UN Guiding Principles on Business and Human Rights, the International Labour Organization (ILO) Declaration, and the OECD Guidelines. Engagement with suppliers focuses on addressing labor practices through communication, assessments, and audits to enable fair treatment, safe working conditions and compliance with ethical standards.

A grievance mechanism, in the form of the whistleblower mechanism further described in chapter G1-1, is in place to enable value chain workers and stakeholders to report concerns related to human rights confidentially. The LkSG Complaints Committee is responsible for ensuring that reported issues are thoroughly investigated and appropriate remedial measures are taken.

S2-1, 18

SAF-HOLLAND's Code of Conduct for Suppliers, Human Rights Policy and the Responsible Sourcing Policy explicitly address critical human rights issues related to value chain workers. These policies emphasize a strong stance against human trafficking, forced or compulsory labor, and child labor, underscoring SAF-HOLLAND's commitment to ethical practices and respect for human rights throughout its value chain.

The SAF-HOLLAND's Code of Conduct for Suppliers requires all suppliers to uphold these principles by actively prohibiting any form of forced or child labor and ensuring safe, fair working conditions. The Company expects suppliers to adhere to these guidelines as a condition for continued cooperation, which is supposed to promote a responsible and ethical sourcing environment.

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S2-1, 19

SAF-HOLLAND's Code of Conduct for Suppliers and Responsible Sourcing Policy align with multiple internationally recognized standards concerning the rights and well-being of value chain workers. Key standards include:

- UN Guiding Principles on Business and Human Rights – SAF-HOLLAND's policies are rooted in these principles, emphasizing respect for human rights and the responsibility of businesses to prevent adverse impacts on individuals.
- ILO Declaration on Fundamental Principles and Rights at Work – SAF-HOLLAND's policies commit to upholding core labor standards, which prohibit forced labor, child labor, and discrimination, and support freedom of association and the right to collective bargaining.
- OECD Guidelines for Multinational Enterprises – SAF-HOLLAND's supports these guidelines, advocating for responsible business conduct and sustainable practices across global value chains.
- UN Global Compact – SAF-HOLLAND's policies are aligned with the principles of the UN Global Compact, especially regarding labor, human rights, environmental sustainability, and anti-corruption.

SAF-HOLLAND actively monitors supplier adherence to these standards through audits and assessments, ensuring compliance across its supply chain. While no instances of non-compliance have been identified in SAF-HOLLAND's supply chain, the SAF-HOLLAND Code of Conduct for Suppliers includes mechanisms to address any potential incidents, enabling prompt measures if necessary.

[S2-2] PROCESSES FOR ENGAGING WITH VALUE CHAIN WORKERS ABOUT IMPACTS

S2-2, 22 a)

SAF-HOLLAND actively engages with value chain workers and their representatives through various channels to enable awareness, compliance, and continuous improvement. SAF-HOLLAND also leverages a third-party platform to facilitate ongoing engagement and data sharing on ESG performance.

S2-2, 22 b)

Commodity managers are tasked to visit suppliers every other week to strengthen relationships, assess compliance, and monitor performance. The SQA team conducts supplier meetings and audits on a weekly basis to review adherence to SAF-HOLLAND's sustainability and quality standards. With the main supplier base, structured meetings are held at least twice a year with value chain representative to discuss key developments, compliance expectations, and continuous improvement initiatives. Additionally, when new production lines are launched, it is common for Sourcing and Research & Development representatives to be present, actively engaging with value chain workers and their representatives to enable smooth implementation, alignment with SAF-HOLLAND's standards, and adherence to responsible business practices. The supplier engagement process for signing SAF-HOLLAND Code of Conduct for Suppliers includes commodity managers actively engaging with value chain representatives to ensure commitment to upholding responsible business practices. Also, suppliers identified through the ESG risk assessment are engaged by the ESG manager and commodity managers, requiring representatives of value chain workers to complete a Self-Assessment Questionnaire to gain further insight into their ESG business practices.

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S2-2, 22 c)

Operational responsibility for value chain engagement and compliance within SAF-HOLLAND lies within the global role of the Human Rights Officer. This role oversees the implementation of engagement strategies, is responsible for alignment with sustainability standards, and maintains oversight of supplier compliance processes.

S2-2, 22 e)

SAF-HOLLAND assesses the effectiveness of its engagement with value chain workers through regular feedback mechanisms, audit results, Self-Assessment Questionnaire (SAQ) evaluations, and tracking improvements in supplier compliance and ESG performance.

[S2-3] PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR VALUE CHAIN WORKERS TO RAISE CONCERNS

S2-3, 27 a-b)

SAF-HOLLAND has established a LkSG (Lieferkettensorgfaltspflichtengesetz – Act on Corporate Due Diligence in Supply Chains) Complaints Committee, which includes the Human Rights Officer, the Head of Global Sourcing, the Head of Global Legal & Compliance, and other members, that provides remedy for negative impacts caused by SAF-HOLLAND. This committee oversees the management of human rights and environmental violations reported via the Company's whistleblower system.

Workers in the value chain can raise their concern via the Company's whistle-blower system. That is accessible via the electronic web-based whistleblower system on the corporate website, relevant information can be submitted securely, safely and anonymously. Moreover, they can contact the global Legal & Compliance Department of SAF-HOLLAND SE (directly or by post). Besides that, the supplier also shall establish an appropriate grievance mechanism for their employees and other stakeholders (see 3.2 Code of Conduct for Suppliers).

S2-3, 27 c)

The electronic whistleblower system is accessible 24/7 via the SAF-HOLLAND corporate website and is available in multiple languages. Reports submitted through this system are initially handled by the global Legal & Compliance Department, which is responsible for reviewing and processing incoming cases at a central level.

SAF-HOLLAND has established the LkSG Complaints Committee as a permanent body to assess human rights and environmental risks. This committee conducts ad hoc reviews on potential or actual violations and risks arise, whether within SAF-HOLLAND's own operations or in its direct and indirect supply chain. Its main purpose of the LkSG Committee is to discuss and assess the handling of compliance reports and potential compliance violations within the scope of the LkSG.

S2-3, 27 d)

SAF-HOLLAND is in contact with the whistleblower throughout the entire complaint process and ensures its involvement to the extent possible. The facts described are first examined at a central level by the global Legal & Compliance Department and assessed as to whether the complaint falls within the scope of the complaint's procedure. If the complaint falls within the scope of the law, the matter will be dealt with in more detail by the responsible authority (LkSG Complaints Committee) within the Company and appropriate investigations will be carried out.

If it is determined that a human rights or environment-related risk exists or that a corresponding violation is taking place, a proposal for further action is drawn up and preventive and remedial measures are initiated immediately. The whistleblower will be informed of the conclusion of the complaint procedure. The persons responsible for carrying out the procedure will then monitor compliance with the agreed measures.

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SAF-HOLLAND always treats reports with high priority. Once a report has been received, it is documented internally, and the whistleblower receives confirmation within a reasonable period of time. Regardless of whether the whistleblower wishes to remain anonymous or enter their name, it is requested to open a secure mailbox when submitting a report. The whistleblower receives a case number randomly generated by the system directly after sending the incident. With the case number and a previously set password, the whistleblower can easily and securely access the mailbox at any time to be available for future enquiries, to share further information or to view case-related information. If desired, all communication with the case manager remains anonymous. The effectiveness of the complaint's procedure is reviewed once a year as well as on an ad hoc basis and adjusted if necessary. The LkSG Complaints Committee also evaluates compliance with the agreed measures and identifies areas for improvement. By discussing any necessary adjustments to ensure the procedure remains efficient, secure, and aligned with legal requirements and company policies.

S2-3, 28

The Code of Conduct for Suppliers outlines how value chain workers can raise concerns and highlights the supplier's responsibility to ensure that workers receive sufficient information and training on upholding the Code, including the grievance mechanism. During audits, SAF-HOLLAND verifies that suppliers have procedures in place to ensure compliance with the Code of Conduct for Suppliers, including the grievance mechanism, to enable that workers can securely report concerns and that suppliers uphold the required standards.

SAF-HOLLAND enables protection against retaliation for whistleblowers through its complaints procedure. The Code of Conduct for Suppliers prohibits reprisals for reports made in good faith, including dismissal, denied promotion, or hostility. All reports are treated confidentially, with disclosure limited to those handling the investigation, except in legally regulated cases. Investigations comply with data protection regulations, covering storage, transmission, and deletion of data. The LkSG Committee is responsible for maintaining confidentiality obligations.

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[S2-4] TAKING ACTION ON MATERIAL IMPACTS ON VALUE CHAIN WORKERS, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO VALUE CHAIN WORKERS, AND EFFECTIVENESS OF THOSE ACTIONS

S2-4, 31 and MDR-A, 68 and 69

The table below indicates all actions connected to the two identified material impacts taken in 2024 and planned for the future (MDR-A, 68a-c).

Actions taken in 2024 and planned for the future (MDR-A, 68 a)	Expected outcome (& contribution to policy/ target) (MDR-A, 68 a)	Scope (MDR-A, 68 b)	Time horizon to completion (MDR-A, 68 c)
SAF-HOLLAND's Supply Chain Due Diligence Process	The development of SAF-HOLLAND's Supply Chain Due Diligence Process enables a structured approach to identifying, preventing, and mitigating risks related to human rights, environmental compliance, and ethical business practices across the supply chain. This initiative enhances risk management by establishing clear procedures for assessing supplier practices and addressing violations. It strengthens compliance by aligning operations with international frameworks, such as the UN Guiding Principles on Business and Human Rights and relevant ESG standards, while improving transparency through documentation, audits, and reporting mechanisms. Furthermore, it drives supplier engagement by encouraging alignment with SAF-HOLLAND's values, adherence to the Code of Conduct for Suppliers, and the implementation of sustainable practices. Overall, this process is a critical step in achieving SAF-HOLLAND's long-term sustainability and ESG goals, enabling compliance with both regulatory requirements and stakeholder expectations.	Supply chain and own business units	2024
Social & Governance risk assessment	Tool purchased to identify high-risk suppliers, enabling targeted action to reduce risk impact and ensure compliance with social & governance control standards.	Supply chain	2024 (yearly analysis)
Supplier Quality Manual (SQM) updated with improvement requirements for workers in the value chain	Improvement Requirements for workers in the value chain are integrated into procurement and supplier evaluation. This includes the supplier performance scorecard for monitoring and improving suppliers' pollution performance, which is relevant for the health of value chain workers.	Supply chain	2024
Supply Agreement updated with ESG requirements	The Supply Agreement is a contract, signed between SAF-HOLLAND and the supplier, formalizing the business relationship. It includes terms on pricing, delivery, product specifications, ESG requirements, confidentiality, and more. It therefore strengthens contractual commitments, ensuring suppliers adhere to SAF-HOLLAND's ESG standards.	Supply chain	2024
Updating ESG requirements in the supplier selection process	SAF-HOLLAND's approach to supplier development integrates social requirements through the supplier selection process.	Supply chain	2024
Own workforce workshop on ESG standards	Enhances the workforce's understanding of ESG standards and strengthens their ability to promoting best practices in sustainability and supplier engagement.	Supply chain	Workshop conducted in 2024, more to be held in 2025
SAF-HOLLAND's Human Rights Policy	Formalizes the Company's commitment to protecting human rights across operations and the supply chain. By integrating human rights into procurement and supplier evaluations, the policy supports SAF-HOLLAND's commitment to ethical practices and a socially responsible value chain.	Supply chain and own business units	Big revision in 2024. Reviewed Yearly

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S2-4, 32 b)

SAF-HOLLAND has not yet needed to take remedial action for victims of a material impact. However, the Company enables effective remedy through its LkSG Complaints Committee, which is prepared to investigate violations, implement corrective measures, and provide remediation as needed, aligning with international standards.

S2-4, 32 d)

SAF-HOLLAND tracks the effectiveness of its actions through several mechanisms. The Code of Conduct for Suppliers is tracked so that all suppliers have signed and committed to the standards of the Code of Conduct for Suppliers, compliance with it is regularly reviewed. Additionally, SAF-HOLLAND utilizes a third-party system to monitor supplier's adherence to ESG requirements and track progress on preventive actions. Action status updates are logged in the tool, and outcomes, such as policies and certifications are reviewed during regular assessments. This approach has the target, that the intended improvements for value chain workers are effectively implemented and sustained.

S2-4, 33 a)

SAF-HOLLAND has not encountered any negative impacts on value chain workers. Should such an issue arise, the LkSG Complaints Committee, would address the matter. The negative impact would be thoroughly reviewed, and the supplier would be contacted for clarification. If additional information is required, a visit to the supplier would follow.

Depending on the severity, an action plan would be developed during the inspection in cooperation with the supplier to ensure that such incidents do not occur again or in cases where there is substantial evidence of significant negative impacts as defined in SAF-HOLLAND's Supplier Code of Conduct (e.g. forced labor, child labor or serious violations of health and safety standards), the business relationship will be terminated as such violations constitute a breach of SAF-HOLLAND's Supplier Relationship Management (SRM) requirements.

S2-4, 33 b)

Although no specific incidents have been identified, SAF-HOLLAND addresses material negative impacts on value chain workers through its Code of Conduct for Suppliers, which establishes clear expectations for ethical labor practices, including prohibitions on forced and child labor, discrimination, and requirements for safe working conditions. Compliance with the Code of Conduct for Suppliers is tested through regular supplier audits and assessments, and Suppliers are required to implement corrective measures if violations are detected.

S2-4, 33 c)

The risk management system allows SAF-HOLLAND to track and ensure that all remediation processes are documented, implemented, and verified. Supplier compliance is monitored to review that remedies are effective.

S2-4, 35

SAF-HOLLAND actively works to improve its sourcing practices to prevent the creation of negative impacts within its value chain. Future plans include implementing a supplier performance score that incorporates ESG targets, creating incentives for suppliers to uphold ethical practices and avoid causing or contributing to material negative impacts on value chain workers.

S2-4, 36

No human rights incidents connected to SAF-HOLLAND's value chain or own operations, in any capacity, have been reported. SAF-HOLLAND has a LkSG Complaints Committee ready to take action if anything were to happen.

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[S2-5] TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

S2-5, 41 (and MDR-T, 80)
The target, which is described further below, addresses both material impacts identified by SAF-HOLLAND.

RELATIONSHIP WITH POLICY OBJECTIVES:
The target of achieving 100% signing of the SAF-HOLLAND Code of Conduct for Suppliers aligns with SAF-HOLLAND's commitment to responsible sourcing and ethical business practices.

MEASURABLE TARGET:
Achieve 100% signing of SAF-HOLLAND Code of Conduct for Suppliers by the end of 2024.

DESCRIPTION OF SCOPE OF TARGET:
All suppliers with a spend over €15,000 during the previous year, along with newly onboarded suppliers (excluding one-time purchases), are required to acknowledge and sign the SAF-HOLLAND Code of Conduct for Suppliers. This applies to both direct and indirect material and service providers, ensuring a commitment to ethical and sustainable operations.

PERIOD TO WHICH TARGET APPLIES:
2025

DISCLOSURE OF HOW STAKEHOLDERS HAVE BEEN INVOLVED IN TARGET SETTING:
The target was established as a top-down directive from the CEO, with input from internal stakeholders, including sourcing and legal, to align it with practical implementation across the value chain.

DESCRIPTION OF PERFORMANCE AGAINST DISCLOSED TARGET:
At the end of 2024, most of the suppliers have signed the SAF-HOLLAND Code of Conduct for Suppliers.

S2-5, 42 a)
While the aforementioned target have not been informed by any direct engagement with workers in the value chain either directly or with proxies, SAF-HOLLAND's target setting procedure is guided by industry requirements, benchmarking against sector standards, and alignment with regulatory frameworks to enable comprehensive and relevant objectives.

S2-5, 42 b)
Performance is tracked regularly using digital monitoring tools and data-analytics to assess compliance with set targets. Supplier audits, assessments, and ongoing communication provide data points that help in evaluating progress.

S2-5, 42 c)
SAF-HOLLAND has identified the critical importance of effective communication and collaboration with suppliers. A key lesson learned is that ESG efforts are often more established within the EU, while awareness and practices can vary significantly in other regions. This highlights the need to educate suppliers on ESG principles, emphasizing their importance not only for compliance but also for creating sustainable and ethical business practices. By explaining the value of ESG, we aim to build stronger partnerships and encourage suppliers to integrate these principles into their operations.

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ESRS G1 – BUSINESS CONDUCT

[G1-1] BUSINESS CONDUCT POLICIES AND CORPORATE CULTURE

Integrity and compliance are basic elements of corporate governance and the CMS. SAF-HOLLAND is aware of its social responsibility and acts with integrity, reliability and compliance towards its employees, investors, customers, and other business partners. Guided by its values, SAF-HOLLAND wants to lead by example in the global business world and thus ensure trust in its business transactions and corporate governance. This corporate culture is specifically reflected in the Code of Conduct, Code of Conduct for Suppliers, Global Sourcing Guideline, Global Anti-Corruption Policy, Guideline for Handling of Gifts and Invitations, as well as the Money Laundering Policy. By clearly defining acceptable behavior and ethical standards, they create a transparent, fair, and accountable work environment. This not only enhances trust and cooperation among employees but also builds a positive reputation with stakeholders, including customers, suppliers, and regulatory bodies. A robust corporate culture grounded in ethical practices is essential for the Company's long-term sustainable success.

One of SAF-HOLLAND's goals is to create an open Company culture in which employees and business partners can confidently address potential risks and breaches of rules. All employees and external persons have the opportunity to report violations of laws and internal regulations of which they become aware or to provide information on possible violations. This helps the Company to identify and prevent regulatory breaches at an early stage. Reports can be submitted through the whistleblower system accessible via the SAF-HOLLAND corporate website, which allows secure reporting worldwide, 24 hours a day, seven days a week, in various languages. Whistleblowers are free to decide whether or not they wish to remain anonymous during the reporting process and further investigation. Additional reporting channels are also available. The global Legal and Compliance Department can be contacted at any time, employees can report directly to their immediate manager or contact the relevant HR Department.

Any information on potential compliance violations or risks related to illegal or non-standard conduct or conditions within the Company and its supply chain can be reported. This includes, but is not limited to, corruption and bribery.

SAF-HOLLAND carefully examines all incoming information and initiates the necessary measures if required. During an in-depth examination of the facts, the Compliance Committee is convened to jointly decide on the further course of action, which may include assistance, involvement of other specialist departments, or sanctions. If it specifically concerns human rights and environment-related risks and violations, the newly in the reporting year established LkSG Complaints Committee, explained in detail in the chapter regarding ESRS S2 – Workers in the Value Chain, will be entrusted with the case handling.

Investigations are conducted neutrally and objectively in a fair procedure, considering the presumption of innocence. All persons responsible for handling the reports have the necessary expertise and act independently. Other tasks and duties may not lead to conflicts of interests.

The protection of whistleblowers and affected persons is a top priority for SAF HOLLAND. Therefore, appropriate processes have been implemented. The identity of the whistleblower and the persons affected by a report may only be disclosed to those responsible for receiving reports or taking follow-up actions, as well as to those assisting in these tasks, following the need-to-know principle (disclosure only if necessary; necessity principle). All persons involved in an investigation, or the processing of reports are obliged to maintain confidentiality vis-a-vis third parties. Exceptions to this rule are only permitted in legally regulated cases. If desired and permitted under local law, reports on possible violations and risks can also be submitted anonymously, as described above. SAF-HOLLAND does not tolerate retaliation against anyone who submits a report in good faith, even if the report is unfounded. Reprisals or unjustified discrimination, such as dismissal, denial of promotion, or hostility against whistleblowers are prohibited. This protection also extends to threats and attempts of reprisals.

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The investigation of a compliance report is carried out in accordance with data protection legislation, including the storage, transmission and deletion of data.

The process and principles are described extensively in the Procedural Standards for the whistleblower system and the Rules of Procedure on the Complaints Procedure according to Section 8 LkSG. Both documents have been communicated internally and are also available on the Company website for external parties. In addition, a one-pager is available for all employees internally, which illustrates the whole whistleblower process. The process efficiency and the documents are regularly reviewed and, if necessary, updated. The persons responsible for handling the reports have been instructed on the basis of these documents and have confirmed adherence to the structured procedure as well as the confidentiality obligations. The official whistleblower system including relevant documents can be found under https://safholland.integrityline.io/?lang=en.

Guidelines are continuously developed and gradually introduced to the Group companies to fulfill the requirements of the Code of Conduct. Among other aspects, they pertain to the handling of gratuities and invitations from business partners, authorities, and auditing bodies. They strictly prohibit any form of bribery, extortion, or corruption and forbid the acceptance, granting, or offering of unlawful benefits. New guidelines and changes to existing guidelines are approved and communicated by the Management Board. In the following, the guidelines and policies SAF-HOLLAND has in place are summarized:

CODE OF CONDUCT

The Code of Conduct has already been described in chapter S1-1, where information on the most senior person accountable as well as scope and aim are given (MDR-P 65 a-c). In addition to the information disclosed in chapter S1-1, the CoC also addresses further topics. These include but are not limited to: Conflicts of interest, insider trading, competitive & antitrust law, corruption & bribery, confidentiality & intellectual property, and proper accounting & financial reporting. Therefore, the policy addresses the IRO "Corruption & Bribery - Incidents of corruption and bribery" (MDR-P 65 a).

CODE OF CONDUCT FOR SUPPLIERS

The Code of Conduct for Suppliers deals with social, environmental and governance topics that suppliers of SAF-HOLLAND need to comply with. Within the section addressing Governance, fair competition & anti-trust, the prohibition of corruption & bribery, avoidance of conflicts of interest, confidentiality & data protection, intellectual property, prohibition of money laundering & terrorist financing, and international trade regulations are mentioned (MDR-P 65 a). The policy thus relates to the following IRO: "Corruption & Bribery - Incidents of corruption and bribery".

The policy applies worldwide to all supply chain partners who deliver goods and/or services to SAF-HOLLAND and aims to establish the minimum requirements needed to enter a business relationship with the Company (MDR-P 65 b). The most senior level accountable is the Director Global Sourcing.

The Code is based on international conventions and guidelines – such as the International Bill of Human Rights, the ten principles of the United Nations Global Compact Initiative, the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the labor standards set by the International Labor Organization (ILO). Requirements from other statutory regulations – such as the German Supply Chain Due Diligence Act – are also taken into account.

GLOBAL ANTI-CORRUPTION POLICY

SAF-HOLLAND's Anti-Corruption Policy addresses key facts relevant to corruption including guidelines and warning signs as well as processes for risk identification and dealing with cases of corruption. It details control measures and sanctions for non-compliance as well. The aim of this policy is to prevent and detect instances of corrupt behavior by SAF-HOLLAND and employees of SAF-HOLLAND as well as make employees aware of potentially hazardous situations (MDR-P 65 a). The policy extends beyond the business area of SAF-HOLLAND, as it also has a knock-on effect throughout the entire value chain, because corruption and other offences – such as fraud, embezzlement, theft, extortion and falsification of documents, which are intended to be covered up with corrupt acts – may be expected at many points in the supply chain (MDR-P 65 b). The following IRO is addressed by this policy: "Corruption & Bribery - Incidents of corruption and bribery" (MDR-P 65 a). The most senior person accountable in the organization is the Vice President Legal & Compliance (MDR-P 65 c).

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MONEY LAUNDERING POLICY

The Money Laundering Policy contains guidelines around (cash) payments and due diligence, as well as the reporting obligations and the internal processes in case there is suspicion of money laundering. It aims to prevent, mitigate and handle cases of money laundering. It addresses the IRO "Corruption & Bribery - Incidents of corruption and bribery" (MDR-P 65 a). In combination with the legal provisions in each respective country, the policy applies to all companies of the SAF-HOLLAND Group and thus all SAF-HOLLAND employees worldwide (MDR-P 65 b). The most senior person accountable within the Company is the Vice President Group Treasury (MDR-P 65 c).

GUIDELINE FOR HANDLING OF GIFTS AND INVITATIONS

The Guideline for Handling of Gifts and Invitations revolves around the basic principles applied to receiving gifts and invitations in addition to outlining rules for donations and sponsoring. It has the goal of establishing benchmarks for dealing with gifts in everyday situations and avoiding corruption or the appearance of corruption. It addresses the IRO "Corruption & Bribery – Incidents of corruption and bribery" (MDR-P 65 a). The guideline applies to all employees and organs of worldwide (MDR-P 65 b) and the most senior person accountable is the Vice President Legal & Compliance (MDR-P 65c).

PROCEDURAL STANDARDS FOR THE WHISTLEBLOWER SYSTEM

These standards outline the channels for reporting, the procedure for investigation of compliance reports, as well as the protective measures taken for whistleblowers and the communication. The aim of the guideline is therefore to identify, clarify and counteract possible violations of laws and risks at an early stage and it addresses the IRO "Protection of Whistleblowers – A lack of whistleblower protection increases likelihood of misconduct" (MDR-P 65 a). The scope of the policy is global and applies to operations of the entire Group but might be subject to deviating local legal requirements (MDR-P 65 c). The most senior person accountable for the Procedural Standards for the whistleblower system is the Vice President Legal & Compliance (MDR-P 65 c).

GLOBAL SOURCING GUIDELINE

This guideline describes SAF-HOLLAND's global sourcing strategy, based on the item that needs to be sourced. For different categories of items, depending on the overall volume of the item, as well as its complexity, different sourcing approaches apply. The guideline therefore directly addresses the IRO "Management of relationships with suppliers - Increased costs or decreased production capacity through dependency on singular suppliers" (MDR-P 65 a), by reducing the risk of the dependency on singular suppliers. The most senior person accountable for this guideline is the Director Global Sourcing (MDR-P 65 c).

COMPLIANCE TRAININGS

Regular training of staff on compliance-related topics is an integral part of the comprehensive CMS.

Within SAF-HOLLAND, various training formats are provided to all employees on a yearly basis. Additionally, risk-group-specific and specialized training courses are conducted for individual departments and employees. These training sessions, organized annually by the respective specialist departments, include extensive e-learning courses on topics such as anti-corruption, antitrust law, and data protection.

A specially designed basic compliance training course is available in the Learning Management System (LMS). This training currently covers general compliance topics, dealing with gifts and benefits, signature authorizations, and corruption. The basic training is rolled out globally to all employees of SAF-HOLLAND.

A software tool and lists about on-site trainings ensure that all affected employees complete the trainings. The training courses are repeated at annual intervals. Questions or a quiz at the end of the trainings ensure that employees know and understand the content. The training courses are available in German and English, with other languages offered as needed.

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The Company's commitment to comprehensive compliance training is particularly emphasized in its global Anti-Corruption Policy. The areas and departments within the Company that are more susceptible to corruption include those responsible for directly concluding contracts with external parties, applying for and receiving authorizations, and initiating critical payment flows. These high-risk functions include the respective, finance, sales, sourcing, and engineering departments as well as all "Directors and above" of each entity. The policy mandates that they are thoroughly informed and trained. More information on this is provided in the section G1-3.

ACTIONS

The trainings described above represent the key action taken by SAF-HOLLAND to address the material IRO "Incidents of corruption and bribery". The expected outcome of the e-learning courses, training sessions and additional training of high-risk functions is that all employees are aware of and adhere to relevant SAF-HOLLAND's policies. The trainings took place in the reporting year and the Company intends to complete them in the same manner in 2025. The scope of each training has been described above.

For the IRO "A lack whistleblower protection increases likelihood of misconduct" no specific action has been taken, as the protection of whistleblowers is taken care of through a plethora of actions taken and decisions made by SAF-HOLLAND's employees and management in daily operations.

To address the IRO "Increased costs or decreased production capacity through dependency on single suppliers", SAF-HOLLAND is employing a dual sourcing strategy, which aims to reduce the dependency on singular suppliers. This action applies to suppliers providing standard commodities and strategic items and will be implemented from 2024 onwards, as this is a recurring action.

TARGETS

SAF-HOLLAND has set a target of zero cases of conviction with regards to corruption and bribery. The target is thus in line with the objective of the Code of Conduct, the Code of Conduct of Suppliers, the Global Anti-Corruption Policy and the Money Laundering Policy, which all aim to prevent instances of corrupt behavior by Group companies and employees of the SAF-HOLLAND. It applies globally to all of the Group companies' operations. It is set for the year 2025 also and serves as a recurring target. The target is set with the interest of stakeholders in mind, though they were not directly involved in setting it. In 2024 there were no convictions for violation of anti-corruption and anti-bribery laws.

While SAF-HOLLAND has already established detailed protection mechanisms for whistleblowers as described above, the company has not yet defined specific targets along the ESRS. The reason for this is that the company is currently evaluating which targets best represent the IRO concerned, as the appropriate quantification of this issue is a complex challenge. The effectiveness of the policies and actions described above is assessed through the review of the process and the policies. Currently, there are no established qualitative or quantitative indicators, nor a fixed reference period from which progress is measured.

The same applies to targets relating to the IRO "Increased costs or reduced production capacity due to dependence on individual suppliers". There is already a quantitative dimension here via the "dual sourcing strategy", meaning that the development of further target-oriented KPIs involves a high degree of complexity. Currently, there is no specific tracking of the effectiveness of the policies and measures in this context.

[G1-2] MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS

14)

SAF-HOLLAND doesn't work with a policy to prevent late payments, specifically to SMEs. This is because SAF-HOLLAND instead follows local and global laws and sets up payment's agreements together with the supplier at hand.

15a)

SAF-HOLLAND employs a structured approach to managing supplier relationships, focusing on supply chain risks, according to the identified IRO "Increased costs or decreased production capacity through dependency on singular suppliers". The Company conducts regular supplier visits, audits, and meetings to maintain close collaboration and ensure compliance with its standards. Additionally, the Company engages with suppliers at industry events to strengthen relationships and encourage open communication. SAF-HOLLAND also implements a dual sourcing strategy to reduce dependency on any single supplier, providing flexibility and ensuring continuity in the event of disruptions.

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15b)
SAF-HOLLAND expects its suppliers to share SAF-HOLLAND's principles and to fulfill their responsibility towards the environment, society, business partners and their own employees. The acceptance of a new supplier begins with a careful selection process in which a potential new supplier:

- must complete the SAF-HOLLAND self-disclosure form, which includes information on relevant sustainability elements such as ISO 14001, CO_2 emissions and energy consumption
- sign the SAF-HOLLAND Supplier Guideline, which refers to environmental and energy management requirements
- must sign the SAF-HOLLAND Supplier Code of Conduct.

The information provided in the supplier self-assessment is reviewed and evaluated by the respective purchaser. Corresponding proof of certificates etc. is requested. The further, final assessment for approval of the supplier takes place during an on-site audit by SQA (Supplier Quality Assurance) and the Sourcing department.

In the future, SAF-HOLLAND intends to integrate an evaluation matrix in the course of supplier selection, in which ESG aspects and risks, among other things, are evaluated.

In addition, risk analyses are carried out for new and existing suppliers, which can be divided into five steps and are described below.

1. COUNTRY AND INDUSTRY RISK ASSESSMENT
The first step in the approach is the evaluation of suppliers based on geographical and industry-specific risks. The risk management system allows to assess risks associated with the supplier's country of operation and their industry sector. This assessment includes factors such as:

- Regulatory and governance risks.
- Labor rights and human rights violations.
- Environmental impacts, such as deforestation or emissions-intensive industries.

These factors give a high-level understanding of the inherent risks associated with a particular supplier's operations.

2. TUNNELING DOWN TO SUPPLIER SPEND AND TURNOVER
Once the initial risk assessment is complete, the Company further refines this analysis by tunneling down to the financial relationship it has with each supplier. Specifically, the spend is evaluated on each supplier in relation to the supplier's overall annual turnover. This comparison gives a clear indicator of SAF-HOLLAND's level of influence over the supplier, which is critical for understanding the leverage to be addressed for any identified risks.

- High spend relative to supplier turnover: This indicates significant influence, and the Company can more directly engage the supplier to mitigate risks.
- Low spend relative to supplier turnover: This suggests a limited influence, and the Company may need to rely more on industry standards or external verification for risk management.

3. FLAGGING HIGH-RISK SUPPLIERS
Based on the combined assessment of country, industry, and spend analysis, high-risk suppliers are flagged within the risk management system. This flagging allows to prioritize due diligence efforts, focusing on suppliers where Company influence is greatest and where the potential risks are most severe.

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4. SUPPLIER ENGAGEMENT THROUGH QUESTIONNAIRES

For flagged suppliers, the Company issues a targeted questionnaire through risk management. The questionnaire is designed to gather detailed information about the supplier's operations, sustainability practices, and compliance with ESG (Environmental, Social, and Governance) standards. Key areas of focus include:

- Ethical labor practices
- Environmental management
- Certifications and compliance with regulatory requirements

Suppliers are required to complete this questionnaire and provide documented proof to demonstrate that, despite being flagged, they do not present any "real" risks. This step allows us to validate the system's initial risk assessment and provides an opportunity for suppliers to demonstrate compliance and sustainability performance.

5. RISK MITIGATION AND CONTINUOUS MONITORING

Once the questionnaire is reviewed, it is determined if any mitigation actions are required. If a supplier can show through documentation that the risk is well managed, SAF-HOLLAND continues the relationship under regular monitoring. However, if risks are confirmed, the Company may engage further with the supplier to address specific concerns, implement corrective actions, or in some cases, reconsider ending the partnership.

This structured process enables the Company to maintain transparency and ensure that its supply chain is aligned with SAF-HOLLAND's sustainability goals, all while managing risks efficiently and engaging with suppliers.

[G1-3] PREVENTION AND DETECTION OF CORRUPTION OR BRIBERY

SAF-HOLLAND commits itself, its employees, and business partners to comply with national and international laws, legal regulations, and ethical principles in accordance with the SAF-HOLLAND Code of Conduct.

Where applicable local laws and regulations are stricter than the provisions of its Anti-Corruption Policy, the stricter provisions shall prevail over the policy. Together with the provisions of the Guideline for Handling of Gifts and Invitations as well as the Code of Conduct, the Anti-Corruption Policy forms the binding framework for all employees, serving as the foundation for preventing and combating corruption within the SAF-HOLLAND Group.

Individual business sectors are systematically and periodically assessed for potential internal and external corruption risks. The risk management software used globally by the Group is deployed for this purpose. It should be noted that corruption risks can involve both financial and non-financial risks. The purpose of the risk assessment is to identify the most important risk areas and to derive measures for risk minimization. The risk assessment is conducted according to regions and risk groups, with particular emphasis on country- or region-specific risk assessments. The Corruption Perceptions Index (CPI) by Transparency International is used as the basis for the review.

Moreover, it is necessary to identify those areas within the Company that are more likely to be susceptible to corruption. These high-risk functions are already described in section G1-1. In addition to the basic compliance training, individuals in high-risk functions are trained annually with an extended anti-corruption training video and supplementary presentation materials. This training session particularly covers definitions as well as general rules and processes for interacting with third parties in business. It also includes information on risk assessments, control measures, reporting channels, handling of corruption reports, as well as potential sanctions. This comprehensive approach helps to reinforce the Company's commitment to ethical practices and compliance with anti-corruption standards. In the reporting year, high-risk functions across the SAF-HOLLAND Group were identified, and 100% of those high-risk functions were assigned to anti-corruption training. The training figures were collected through a global survey, utilizing both the LMS and MS Forms. The Management and the Supervisory Board have access to a learning environment specific to their responsibilities, which also covers trainings related to anti-corruption and bribery.

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In the event of potential violations of anti-corruption laws, the Anti-Corruption Policy, or the Guideline for Handling of Gifts and Invitations – even in the case of a mere suspicion – every employee is encouraged to immediately report their concerns to the respective superior or the global Legal and Compliance Department of the SAF-HOLLAND SE. In addition, corresponding information can also be provided anonymously at any time via the whistleblower system https://safholland.integrityline.io/?lang=en.

The purpose of the Money Laundering Act is to prevent funds and assets from criminal activities being transferred into the legal economic cycle. SAF-HOLLAND SE and its subsidiaries are, therefore, subject to the due diligence, organizational, and reporting obligations described in the Company's Money Laundering Policy. For instance, there exist prohibitions and restrictions on accepting or granting (cash) payments. Additionally, there are specific identification obligations as well as regular controls. Internal controls include, for example, the consistent application of the dual control principle (four-eyes principle) or the complete documentation of business transactions. In addition to the German regulations on money laundering, the legal provisions of the respective countries in which SAF-HOLLAND operates also apply.

Regarding current topics and case results, the internal reporting and communication processes of the Compliance Committee as well as the LkSG Complaints Committee are determined in the relevant charters. Their reporting structure to the Management Board, Supervisory Board, and Audit Committee is clearly defined. Moreover, the global Legal & Compliance Department reports to the CFO at regular jour fix meetings and informs the Supervisory Board and the Audit Committee of the Supervisory Board twice a year in regular meetings. Depending on the severity and the individuals involved, reporting on compliance cases can also be made on an ad hoc basis if required.

In addition to clearly defined reporting processes, SAF-HOLLAND places significant emphasis on effective communication of policies and guidelines throughout the organization. To ensure that employees are well-informed and understand the rules, various communication channels are used. The implemented policies and guidelines must be communicated and conveyed to employees in an understandable way. Therefore, new or updated policies and guidelines are communicated via roll-out e-mails to all Managing Directors and Compliance Ambassadors, and depending on the topic, to all employees. Key parts of the guidelines, work instructions, or process descriptions are explained as part of training sessions. Additionally, it can be beneficial to make the topic of compliance generally known in the Company through information materials, brochures, etc., to emphasize the importance of compliant behavior.

Global guidelines are also made available to the employees centrally on the intranet platform/SharePoint solution and the employee app "mySAF-HOLLAND".

The combination of responsible behavior and knowledge of the rules and regulations at SAF-HOLLAND leads to employees who act responsibly.

[G1-4] INCIDENTS OF CORRUPTION OR BRIBERY

In the reporting year, there have been no convictions for violation of anti-corruption and anti-bribery laws. Consequently, no fines have been paid for such violations. The metric is based on the number of legally binding convictions relating to corruption and bribery. Each conviction is counted as a case, regardless of the number of people involved or the seriousness of the offence. The metrics have not been validated by an external body.

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ASSURANCE REPORT OF THE INDEPENDENT GERMAN PUBLIC AUDITOR ON A LIMITED ASSURANCE ENGAGEMENT IN RELATION TO A COMBINED SEPARATE NON-FINANCIAL REPORT

To SAF-Holland SE, Bessenbach

ASSURANCE CONCLUSION

We have conducted a limited assurance engagement on the combined separate non-financial report of SAF-Holland SE, Bessenbach, (hereinafter the „Company") to comply with §§ [Articles] 289b to 289e HGB [Handelsgesetzbuch: German Commercial Code] and §§ 315b to 315c HGB including the disclosures contained in this combined separate non-financial report to fulfil the requirements of Article 8 of Regulation (EU) 2020/852 (hereinafter the „Combined Non-Financial Reporting") 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 Combined Non-Financial 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 Combined Non-Financial 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 Combined Non-Financial 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 Combined Non-Financial 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.

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EMPHASIS OF MATTER - PRINCIPLES FOR THE PREPARATION OF THE COMBINED NON-FINANCIAL REPORTING

Without modifying our assurance conclusion, we refer to the disclosures in the Combined Non-Financial Reporting, which describe the principles for the preparation of the Combined Non-Financial Reporting. According to these, the Company has applied the European Sustainability Reporting Standards (ESRS) to the extent specified in section "Application of ESRS" of the Combined Non-Financial Reporting.

RESPONSIBILITY OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE COMBINED NON-FINANCIAL REPORTING

The executive directors are responsible for the preparation of the Combined Non-Financial 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 Combined Non-Financial Reporting in accordance with these regulations that is free from material misstatement, whether due to fraud (i.e., manipulation of the Combined Non-Financial Reporting) or error.

This responsibility of the executive directors includes establishing and maintaining the process performed by the Company to identify the disclosures to be included in the Combined Non-Financial Reporting (hereinafter the "materiality assessment"), selecting and applying appropriate reporting policies for preparing the Combined Non-Financial 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 Combined Non-Financial Reporting.

INHERENT LIMITATIONS IN THE PREPARATION OF THE COMBINED NON-FINANCIAL 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 Combined Non-Financial Reporting.

GERMAN PUBLIC AUDITOR'S RESPONSIBILITIES FOR THE ASSURANCE ENGAGEMENT ON THE COMBINED NON-FINANCIAL 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 Combined Non-Financial 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 Combined Non-Financial 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 Combined Non-Financial Reporting, including the materiality assessment process carried out by the Company to identify the information to be included in the Combined Non-Financial Reporting.

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— 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. In addition, the risk of not detecting a material misstatement within value chain information from sources not under the control of the company (value chain information) is generally higher than the risk of not detecting a material misstatement of value chain information from sources under the control of the company, as both the executive directors of the Company and we, as assurance practitioners, are ordinarily subject to limitations on direct access to the sources of value chain information.

— 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 Combined Non-Financial Reporting.

— inquired of the executive directors and relevant employees involved in the preparation of the Combined Non-Financial Reporting about the preparation process, including the materiality assessment process carried out by the company to identify the information to be included in the Combined Non-Financial Reporting, and about the internal controls relating to this process.

— evaluated the reporting policies used by the executive directors to prepare the Combined Non-Financial Reporting.

— evaluated the reasonableness of the estimates and the related disclosures provided by the executive directors. If, in accordance with the ESRS, the executive directors estimate the value chain information to be reported for a case in which the executive directors are unable to obtain the information from the value chain despite making reasonable efforts, our assurance engagement is limited to evaluating whether the executive directors have undertaken these estimates in accordance with the ESRS and assessing the reasonableness of these estimates, but does not include identifying information in the value chain that the executive directors have been unable to obtain.

— performed analytical procedures and made inquiries in relation to selected information in the Combined Non-Financial Reporting.

— performed site visits.

— considered the presentation of the information in the Combined Non-Financial Reporting.

— considered the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Combined Non-Financial Reporting.

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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, 13 March 2025

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Stefan Hartwig
Wirtschaftsprüfer
[German public auditor]

sgd. Richard Gudd
Wirtschaftsprüfer
[German public auditor]

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ADDITIONAL INFORMATION IN ADDITION TO THE SEPARATE NON-FINANCIAL REPORT

COMPREHENSIVE GREENHOUSE GAS EMISSIONS REPORTING: SCOPE 1, 2 (SITE-BASED AND MARKET-BASED) AND 3

Total GHG emissions disaggregated by Scopes 1, 2 and 3

	2024
Scope 1 GHG emissions	
Gross Scope 1 GHG emissions (tCO_2eq)	13,739
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0
Scope 2 GHG emissions	
Gross location-based Scope 2 GHG emissions (tCO_2eq)	19,383
Gross market-based Scope 2 GHG emissions (tCO_2eq)	23,155
Significant scope 3 GHG emissions	
Total Gross indirect (Scope 3) GHG emissions (tCO_2eq)	5,645,446
1 Purchased goods and services [Optional sub-category: Cloud computing and data centre services]	742,637
2 Capital goods	13,631
3 Fuel and energy-related Activities (not included in Scope 1 or Scope 2)	7,675
4 Upstream transportation and distribution	26,270
5 Waste generated in operations	5,408
6 Business traveling	28,091
7 Employee commuting	11,317
8 Upstream leased assets	0
9 Downstream transportation	43,261
10 Processing of sold products	245,942
11 Use of sold products	4,441,427
12 End-of-life treatment of sold products	74,944
13 Downstream leased assets	0
14 franchises	0
15 Investments	4,844
Total GHG emissions	
Total GHG emissions (location-based) (tCO_2eq)	5,678,568
Total GHG emissions (market-based) (tCO_2eq)	5,682,340

Scope 2 Location-Based and Market-Based Emissions

Scope 2 Location-Based Emissions (tCO_2e)	Scope 2 Market-Based Emissions (tCO_2e)	Contractual Instrument Type/ Share of Market-Based Emissions with Certificates (%)
19,383	23,155	REC / 100% in the following 3 locations: Haldex AB (Sweden), Haldex Hungary Kft and Haldex UK (MIRA).

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MULTI-YEAR OVERVIEW

Earnings position

In TEUR

	Q1-Q4 2024	Q1-Q4 2023	Q1-Q4 2022	Q1-Q4 2021	Q1-Q4 2020	Q1-Q4 2019
Sales	1,876,747	2,106,170	1,565,089	1,246,583	959,519	1,284,155
Adjusted gross profit	425,507	425,518	266,800	216,738	178,831	217,598
Adjusted gross margin in %	22.7%	20.2%	17.0%	17.4%	18.6%	16.9%
Adjusted EBITDA	257,992	264,127	162,695	132,105	98,126	114,129
Adjusted EBITDA margin in %	13.7%	12.5%	10.4%	10.6%	10.2%	8.9%
Adjusted EBIT	190,450	202,051	124,601	93,128	58,799	79,816
Adjusted EBIT margin in %	10.1%	9.6%	8.0%	7.5%	6.1%	6.2%
Adjusted result for the period (incl. minority interests)	111,007	119,075	82,635	61,281	34,494	49,756
Adjusted result for the period (excluding minority interests)	110,129	118,486	82,489	61,222	34,113	48,438

Financial position

in TEUR

	12/31/2023	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019
Total assets	1,711,869	1,662,143	1,498,423	1,014,267	920,486	979,244
Equity	527,100	475,969	441,354	371,070	300,463	318,007
Equity ratio in %	30.8%	28.6%	29.5%	36.6%	32.6%	32.5%

Financial position

in TEUR

	Q1-Q4 2024	Q1-Q4 2023	Q1-Q4 2022	Q1-Q4 2021	Q1-Q4 2020	Q1-Q4 2019
Net cash flow from operating activities	**200,652**	**202,726**	**153,392**	**39,651**	**137,922**	**90,546**
Net cash flow from investing activities in property, plant and equipment and intangible assets	-54,139	-60,005	-33,358	-23,528	-23,675	-47,727
Free operating cash flow	**146,513**	**142,721**	**120,034**	**16,123**	**114,247**	**42,819**
Net cash flow from the acquisition of company shares	-39.810	42,579	-289,650	-	-	-10,852
Total free cash flow	**106,703**	**185,300**	**-169,616**	**16,123**	**114,247**	**31,967**

Yield

	Q1-Q4 2024	Q1-Q4 2023	Q1-Q4 2022	Q1-Q4 2021	Q1-Q4 2020	Q1-Q4 2019
Return on capital employed (ROCE)	18.3%	20.8%	12.9%	15.7%	11.1%	5.5%

Employees

	12/31/2023	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019
Employees as of the reporting date	5,495	5,927	3,768	3,572	3,369	3,924

All figures shown are rounded; minor discrepancies may arise due to additions to these amounts.

The figures presented show the currently valid figures. Due to changes in accounting standards, the previous year's figures may only be comparable with figures from previous years' publications to a limited extent .

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EXPLANATION OF FINANCIAL INDICATORS AND ALTERNATIVE PERFORMANCE INDICATORS

SAF-HOLLAND SE prepares its financial reporting in accordance with International Financial Reporting Standards (IFRS). In addition, SAF-HOLLAND SE uses "Alternative Performance Measures" (APM). APMs are company-specific key figures whose calculation does not result directly from statutory regulations or accounting standards. They are calculated in part by making company-specific adjustments to certain financial performance indicators, for example by adjusting financial performance indicators for non-recurring effects. APMs are used both internally for management purposes and for external communication and reporting purposes to various stakeholders.

A

Adjusted EBIT
Earnings before interest and taxes (EBIT) are adjusted in particular for special effects such as depreciation and amortization of property, plant and equipment and intangible assets from the purchase price allocation (PPA), step-up effects from the purchase price allocation, reversals of impairment losses and impairment losses, restructuring and transaction costs as well as valuation effects from option valuations.

Adjusted EBIT margin
Adjusted EBIT / sales x 100.

Adjusted EBITDA
Adjusted EBIT plus depreciation and amortization of property, plant and equipment and intangible assets (excluding PPA).

Adjusted EBITDA margin
Adjusted EBITDA / sales x 100.

Adjusted earnings before taxes
Adjusted EBIT less adjusted financial result.

Adjusted gross profit
Gross profit is adjusted in particular for special effects such as depreciation and amortization of property, plant and equipment and intangible assets from the purchase price allocation (PPA), step-up effects from the purchase price allocation, reversals of impairment losses and impairment losses as well as restructuring and transaction costs.

Adjusted gross profit margin
Adjusted gross profit / sales x 100

Adjusted result for the period (including minority interests)
Adjusted earnings before taxes less expected income taxes using the Group tax rate

Adjusted result for the period (excluding minority interests)
Adjusted profit for the period (incl. minority interests) less minority interests.

C

Cash conversion rate
Cash flow from operating activities before income tax payments to EBITDA.

Capex ratio
Capital expenditure on property, plant and equipment and intangible assets to sales *100

Capital employed
Total equity plus current and non-current loans and borrowings, current and non-current lease liabilities and pensions less cash and cash equivalents.

E

EBIT
Earnings before interest and taxes.

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EBITDA
Earnings before interest, taxes, depreciation and amortization.

Equity ratio
Ratio of equity to total assets.

F

FAAC (Financial assets at amortized cost
Financial assets measured at amortized cost.

Total free cash flow
Operating free operating cash flow less net cash flow from the acquisition of subsidiaries.

Operating free cash flow
Net cash flow from operating activities less net cash flow from investing activities (acquisition of property, plant and equipment and intangible assets less proceeds from the sale of property, plant and equipment).

FLAC
Financial liabilities measured at amortized cost.

FLtPL
Financial liabilities measured at fair value through profit and loss.

FLHfT
Financial liabilities held for trading.

G

Gross Profit
Sales less cost of sales.

Gross margin
Gross profit / sales revenue x 100.

Group tax rate
The Group tax rate is calculated by weighting the tax rates of the EMEA, Americas and APCA regions with earnings before taxes.

L

Leverage ratio
Net financial debt / EBITDA

N

Net financial debt
Total non-current and current liabilities from interest-bearing loans and bonds as well as current and non-current lease liabilities less cash and cash equivalents.

Net working capital
Inventories plus trade receivables less trade payables.

Net working capital ratio
Ratio of net working capital to sales over the last twelve months.

P

Payout ratio
Proportion of the total dividend (distribution amount) in relation to the result for the period attributable to the shareholders of the parent company.

Purchase price allocation (PPA)
Allocation of acquisition costs in connection with the acquisition of company shares to the identifiable assets, liabilities and contingent liabilities of the (acquired) subsidiary.

R

R&D ratio
R&D costs plus capitalized development costs / sales x 100.

Restructuring and transaction costs
Restructuring and transaction costs are defined as expenses incurred outside normal operating activities. These expenses include, among others, expenses for the acquisition of company shares, restructuring

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within the Group, severance payments for executives, value adjustments and impairments as well as non-recurring expenses (e.g. expenses in connection with cyber-attacks or post-merger integration). The definition of restructuring and transaction costs used is not congruent with the definition of restructuring used in IAS 37.

ROCE (return on capital employed)
Adjusted EBIT of the last twelve months in relation to capital employed on the balance sheet date.

T

Total liquidity
Total cash and cash equivalents and other short-term investments as well as the agreed credit line.

Tax rate (effective)
Income taxes according to the income statement / earnings before taxes x 100.

Tax rate (expected)
Expected income taxes using the Group tax rate / adjusted earnings before taxes x 100

W

WACC (Weighted Average Cost of Capital)
Weighted average cost of capital.

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FINANCIAL CALENDAR

March 27, 2025
Capital Markets Day 2025

May 8, 2025
Publication of the Quarterly Statement Q1 2025

May 20, 2025
Annual General Meeting 2025

August 7, 2025
Publication of the Half-Year Financial Report 2025

November 13, 2025
Publication of the Quarterly Statement Q3 2025

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ALTERNATIVE PERFORMANCE MEASURES

SAF-HOLLAND SE prepares its financial reporting in accordance with International Financial Reporting Standards (IFRS). In addition, SAF-HOLLAND SE uses Alternative Performance Measures (APM). APMs are company-specific key figures whose calculation does not result directly from statutory regulations or accounting standards. They are calculated in part by making company-specific adjustments to certain financial performance indicators, such as adjusting financial performance indicators for special effects. APMs are used both internally for management purposes and for external communication and reporting purposes to various stakeholders. Further information can be found in the Annual Report 2023 in the section "Explanation of key financial ratios and Alternative Performance Measures".

DISCLAIMER

The Annual Report is also available in German. In case of doubt, the German version shall take precedence. The key figures in the Annual Report have been rounded in accordance with standard commercial practice. In individual cases, rounding may result in figures in this Annual Report not adding up to exactly the totals shown and percentages may not add up to the figures shown.

The Annual Report contains forward-looking statements. Such forward-looking statements are based on certain assumptions and expectations at the time of publication of this Quarterly Statement. They are therefore subject to risks and uncertainties and actual events may differ materially from those described in the forward-looking statements. Many of these risks and uncertainties are determined by factors that are beyond the control of SAF HOLLAND SE and cannot be estimated with certainty today. These include future market conditions and economic developments, the behavior of other market participants, the achievement of expected synergy effects as well as legal and political decisions. Readers are cautioned that the statements on future developments made here only reflect the state of knowledge at the time of this publication. SAF HOLLAND SE does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of publication of this information.