SFS Group AG
Annual Report

Inventing success together

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SFS in brief

Value engineering specialist

SFS is a worldwide leading supplier of application-critical precision components and assemblies, mechanical fastening systems, quality tools and procurement solutions. Positioned as Value Engineering specialist, the SFS Group creates added value for its customers with tailored solutions for mission-critical end applications. SFS operates in the three segments Engineered Components, Fastening Systems and Distribution & Logistics, which represent the company’s different business models.

SFS is a reliable companion throughout your day, from early in the morning to late at night, seven days a week. Mostly unnoticed, since our precision components, fastening systems and quality tools are embedded in the successful products and processes of our customers, where they often fulfill mission-critical functions.

The history of SFS began in 1928 with a hardware store in Altstätten (Switzerland). The cornerstone was laid for the development of industrial activities in 1960 when the company set up its own screw manufacturing plant in Heerbrugg (Switzerland).

Engineered Components segment
In the Engineered Components (EC) segment, the SFS Group operates as development and manufacturing partner for customer-specific precision components, assemblies and fastening solutions. EC serves the end markets Automotive, Electronics and Medical & Industrial Specials under the SFS, UNISTEEL, Tegra Medical and GESIPA® brands.

Fastening Systems segment
The Fastening Systems (FS) segment develops, manufactures and markets application-specific mechanical fastening systems for the construction industry under the SFS, TFC and HECO® brands, among others.

Distribution & Logistics segment
In the Distribution & Logistics (D&L) segment, the SFS Group is one of Europe’s leading distribution partners for direct and indirect materials in the areas of quality tools, fasteners and other C-parts as well as procurement solutions for customers in industrial manufacturing. The segment operates in the market under its well-established brands SFS, Hoffmann Group, GARANT and HOLEX, as well as other leading manufacturer brands.

SFS Group
The SFS Group is a global player with 150 manufacturing sites and distribution companies in 35 countries in Asia, Europe and North America. It generated third-party sales of CHF 3,039.0 million in the 2024 financial year with a workforce – our Value Creators – of approximately 13,700 (FTEs).

24/7 by your side

Your first contact with SFS products happens early in the morning when using your coffee machine or your smartphone. Even when driving to work or on a plane for a business trip, you are also surrounded by numerous SFS products: integrated into your car's safety systems such as seat belts, airbags and brake systems, they help to save your life in the event of an accident. At work, hard disc drives function smoothly thanks to our high-precision miniature components. SFS products can be found in many electronic lifestyle products, such as adventure cameras, smart watches and AR/VR solutions. You can also find our products in use in high-quality buildings, stadiums and airports. Quality tools play a pivotal role in industrial manufacturing, with one example of this being CNC machining. In the field of healthcare, our precision components in the form of bone screws, dental implants and surgical instruments make an important contribution toward improving your quality of life.

Video: 24/7 by your side

Our Value Proposition: Creating sustainable added value for customers
SFS components embedded into a customer's product or used in the production process often account for less than 1% of the total product cost. But the costs at the customer end arising from procurement, logistics and handling operations can be several times the actual cost of these products. That is why we are not primarily focusing on reducing our direct product costs and differentiating ourselves on price, but on optimizing our customers' overall product-related costs.

This approach generates significantly more cost-saving potential and allows us to create sustainable added value for our customers. Our Value Engineering model focuses on product design, the definition of manufacturing processes and leveraging the power of digitalization. The result: tailored products and intelligent solutions that increase the competitiveness of our customers.

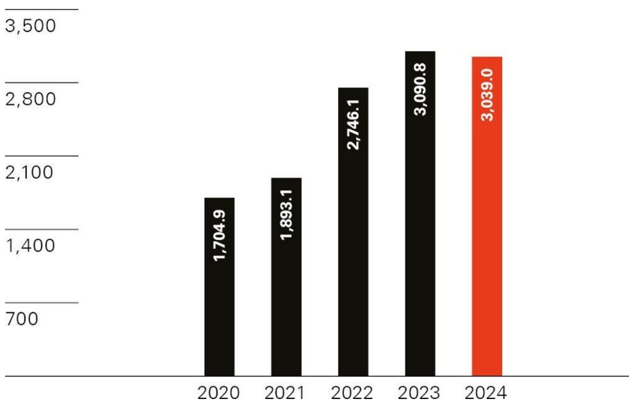
Worlwide presence

With 150 manufacturing and sales locations worldwide, SFS is strategically well positioned in respect of customer proximity. As a result, the SFS Group and its customers benefit from increased supply reliability thanks to regional and robust supply chains.

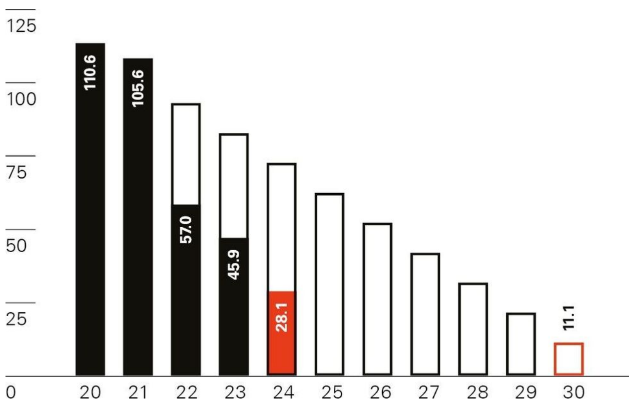
Key figures

Priorities defined

Slight decrease in sales due to currency effects
Third-party sales in CHF million



Emissions reduction (Scope 1+2) by –74.6% vs. 2020
CO_2 emissions in metric tons/million value-added francs



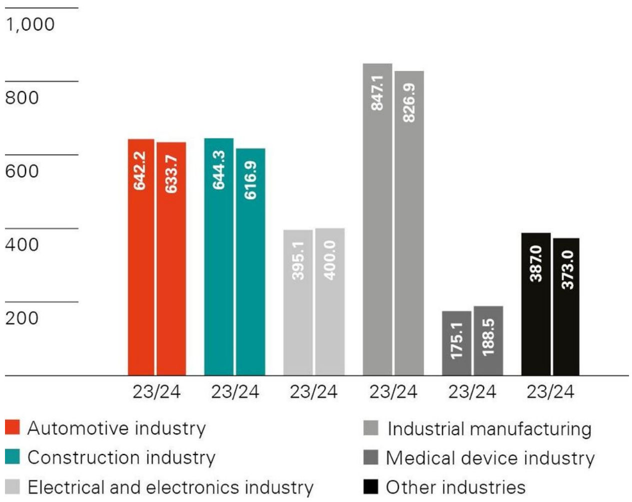
Profitability impacted by mix effects
EBIT in % of net sales

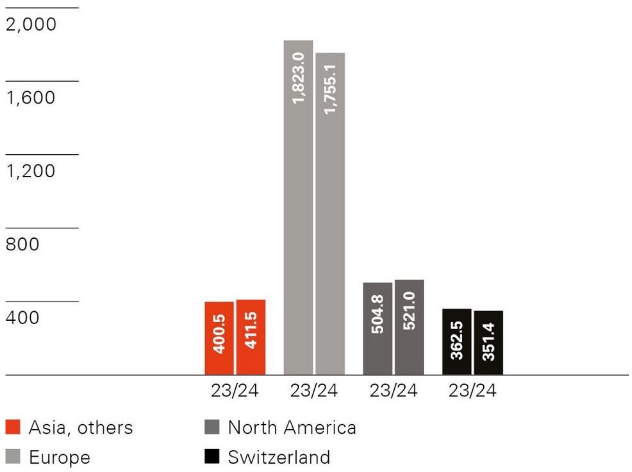
11.6

Slight increase in accident rate
Number of accidents per million hours worked

4.1

Challenging economic environment in Europe clearly visible
Sales by end market/region in CHF million





Steady performance

Income statement in CHF million	2024	2023	2022	2021	2020
Third–party sales	3,039.0	3,090.8	2,746.1	1,893.1	1,704.9
Change to previous year in %	–1.7	12.6	45.1	11.0	–4.3
thereof currency effects	–1.9	–4.1	–1.9	–0.1	–4.1
thereof change in scope of consolidation	0.1	14.6	37.9	0.8	3.0
thereof organic growth	0.1	2.1	9.1	10.3	–3.2
Net sales	3,031.1	3,073.0	2,738.7	1,897.3	1,707.1
EBITDA	479.8	486.0	448.1	407.1	327.6
in % of net sales	15.8	15.8	16.4	21.5	19.2
Operating profit (EBIT)	350.2	358.6	330.3	301.7	227.4
in % of net sales	11.6	11.7	12.1	15.9	13.3
Operating profit (EBIT) adjusted[1]	350.2	358.6	353.2	298.6	225.3
in % of net sales	11.6	11.7	12.9	15.7	13.2
Net income	242.7	268.5	270.6	248.0	184.8
in % of net sales	8.0	8.7	9.9	13.1	10.8
Balance sheet in CHF million					
Assets	2,612.2	2,546.8	2,574.2	1,839.1	1,684.1
Net cash (+)/debt (–)	–335.1	–445.3	–477.7	279.1	144.3
Equity	1,559.2	1,375.7	1,303.6	1,450.4	1,278.2
in % of assets	59.7	54.0	50.6	78.9	75.9
Cash flow statement in CHF million					
Cash flow from operating activities	375.0	313.4	287.9	324.5	296.4
Purchase of property, plant, equipment and intangible assets	–148.9	–174.0	–171.0	–121.4	–104.1
Acquisition (–)/Disposal (+) of subsidaries, net of cash	–17.1	–10.3	–519.1	–7.6	–59.5
Employees					
Full-time equivalents (FTE)	13,689	13,198	13,282	10,509	10,692
Financial key ratios (unaudited)					
ROCE in %[2] (Return on Capital Employed)	19.4	20.4	22.7	26.1	19.9
ROIC in %[2] (Return on Invested Capital)	8.4	8.9	8.9	11.2	8.6
Non financial key ratios (unaudited)					
CO_2 emissions in metric tons/million value-added francs (Scope 1+2)	28.1	45.9	57.0	105.6	110.6
Share of renewable electricity in %	75.2	40.0	49.7	37.7	6.1
Accident rate in quantity/million hours	4.1	4.0	4.0	4.1	4.7
Share key ratios					
Earnings per share in CHF	6.21	6.84	6.95	6.51	4.90
Payout per share in CHF[3]	2.50	2.50	2.50	2.20	1.80
Payout in CHF million	97.3	97.2	97.2	82.0	67.5
Payout ratio in %[4]	40.3	36.5	36.4	33.6	36.7

[1]Adjustments are explained in the Information on the publication section
[2]Calculation of the key figure is shown in the Information on the publication section
[3]Proposed payout at SFS Group's Annual General Meeting on April 30, 2025
[4]Calculation is based on the net income attributable to shareholders of SFS Group AG

Management Report

Stable positioning

The 2024 financial year saw the SFS Group operating in a challenging economic environment characterized by uneven business performance and ongoing inventory destocking in individual end markets. With sales of CHF 3,039.0 million, an EBIT margin of 11.6% and major progress in the area of sustainability, the Group achieved most of its targets. SFS is in a robust and good position to meet the current economic challenges and any opportunities that arise.

Jens Breu, CEO, and Thomas Oetterli, Chair of the Board of Directors

Dear Shareholders,

The challenging environment of the first half of 2024 improved to a lesser degree than expected in the second half of the year. Global economic momentum fell short of expectations throughout the entire reporting period, primarily due to geopolitical tensions and economic uncertainties that resulted in lower rates of investment on the international stage as well as subdued demand.

The challenging environment impacted the results of SFS's individual business areas to varying degrees. While all divisions of the Engineered Components (EC) segment improved over the previous year, the repercussions were clearly felt in the Fastening Systems (FS) segment and in the Distribution & Logistics (D&L) segment. In the FS segment, an improved market environment started to emerge in the fourth quarter of 2024 with slowly recovering demand.

The ongoing appreciation of the Swiss franc continued to put strong demands on our Swiss production sites, to prevent profitability from eroding with productivity boosting measures.

The SFS Group was still able to achieve most of its financial targets thanks to its broad positioning across different end markets and regions. The substantial investments of the past years in the realization of growth projects proved effective and made a vital contribution toward the overall result. The local-for-local strategy establishes a foundation for systematically and sustainably seizing any opportunities that arise due to changes in the environment and framework conditions.

SFS generated third-party sales of CHF 3,039.0 million and organic growth of 0.1% in the 2024 financial year. Persistently strong negative currency effects impacted the result by –1.9%. Overall, this results in a sales decline of –1.7% compared to 2023.

Consistent financial performance
Mix effects, lower utilization of production capacities in the FS and D&L segments, a cost base that remains elevated due to inflation, and the ongoing appreciation of the Swiss franc all had an impact on profitability. The EC segment's positive development of the first half of 2024 continued in the second half of the year. Operating profit (EBIT) came to CHF 350.2 million (PY CHF 358.6 million) and the resulting EBIT margin to 11.6% (PY 11.7%) in the period under review. At CHF 242.7 million (PY CHF 268.5 million), net income amounted to 8.0% of net sales. The SFS Group achieved an operating free cash flow of CHF 226.1 million (PY CHF 139.4 million) in the 2024 financial year.

Earnings per share (EPS) of CHF 6.21 (PY CHF 6.84) were burdened by the economic environment as well as currency and tax effects. The equity ratio stood at an encouraging 59.7% at the end of the year under review.

The completion of several projects brought a substantial year-over-year reduction in growth-related expenditure on plant, equipment, hardware and software, which amounted to CHF 148.9 million in the reporting period (PY CHF 174.0 million). This continued to be driven by the equipment of the new production facility in Heerbrugg (Switzerland), the expansion of the production platform in Nantong (China) and the successful switch to S/4HANA, the new-generation ERP system.

The increased expenditure on research and development was mainly driven by the continued development and ramp-up of key projects and amounted to CHF 76.0 million (PY CHF 60.8 million). It was charged in full to the income statement for the period.

SFS made meaningful progress in the three areas of sustainability – environmental, social and governance – in the year under review.

Environment: On track to achieve targets, transparency in the supply chain increased
In 2024, the SFS Group reduced its Scope 1 and 2 greenhouse gas emissions by –38.8%. Compared to the 2020 reference year, this equates to a reduction of –74.6% in tons of CO_2 equivalents per value-added franc. This means that SFS has made significant progress toward achieving its target of reducing direct emissions by at least 90% by 2030. Scope 3 emissions were recorded in full for the first time and were reduced slightly on a like-for-like basis versus the previous year. The share of renewable electricity rose considerably to 75.2%. This means that SFS has already exceeded its target of drawing half of its power requirements from renewable sources by 2025. Vital progress has also been made in the management of the supply chain: The number of suppliers that have been assessed on the basis of environmental and social criteria has risen by approximately 74%.

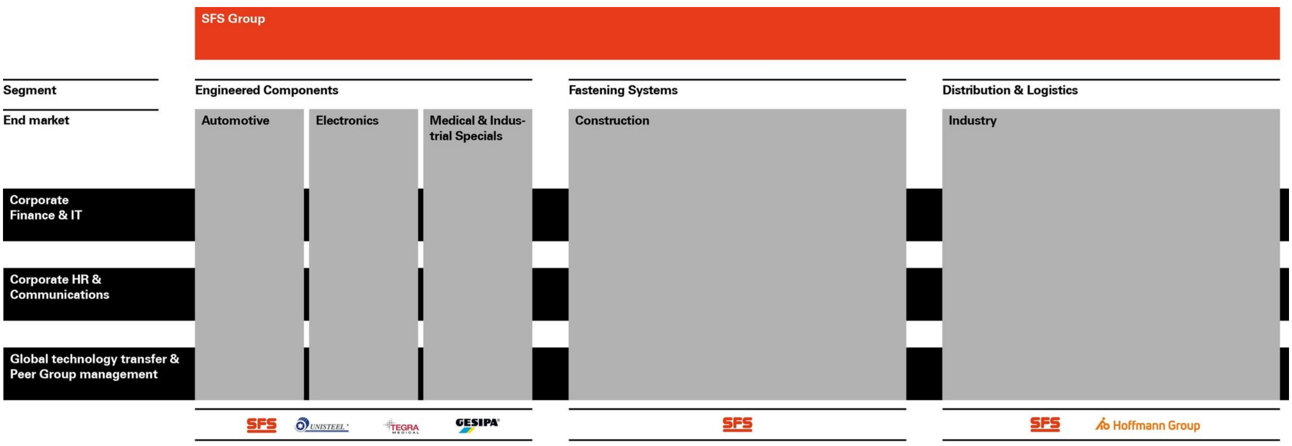
Social: Talent development expanded, accident rate slightly higher
Over the past year, the SFS Group has increased the percentage of permanent employees enrolled in dual education and training programs worldwide to 6.3% (PY 5.1%). With an 11.2% year-on-year increase in part-time employees, SFS also made improvements in the area of working time flexibility. The accident rate stood at 4.1 accidents per million working hours (PY

4.0). With the "Vision Zero" initiative launched in 2024, SFS is making great efforts to reduce the accident rate for the long term.

Governance: Responsibility embraced, due diligence obligations fulfilled
There were once again no compliance violations that resulted in fines or legal proceedings in the year under review. Furthermore, SFS has no knowledge of any human rights violations that were committed within the company's sphere of influence in 2024. This also includes the topic of child labor. The Code of Conduct, which is applicable to all employees, was updated in the year under review. The SFS Group continued to roll out the Supplier Code of Conduct, which has been mandatory since 2024, and will also integrate it into the Terms and Conditions of Purchase in 2025.

Organizational development to strengthen the customer focus
To strengthen the focus on selected end markets, make systematic use of potential arising through the inclusion of Hoffmann and intensify collaboration even further, the FS and D&L segments were newly organized as at January 1, 2025:

- The D&L segment was made up of two distinct divisions – D&L Switzerland and D&L International – until the end of 2024. To better leverage the cross-selling potential that exists between tools, fastening systems and procurement solutions, the two divisions were disbanded and merged to form the D&L segment. The segment will now focus fully on the trading business with customers in industrial manufacturing. The Construction & Wood business area of the D&L Switzerland division that is focused on customers in the construction industry was allocated to the FS segment from January 1, 2025, onward. Martin Reichenecker will lead the D&L segment.
- The FS segment has solely consisted of the Construction division since January 1, 2024. This division was also disbanded and transferred to the FS segment as of January 1, 2025. This change will enable SFS to further sharpen the FS segment's end-market-specific focus. It will be headed up by Thomas Jung, who previously served as Head of the Construction division.
- Iso Raunjak, previously Head of the D&L Switzerland division, took on the position of Chief Human Resources Officer (CHRO) at the start of 2025, giving him responsibility for Human Resources (HR), Marketing & Corporate Communications and ESG (Environment, Social and Governance).



The group structure of the SFS Group as of January 1, 2025

13,689 Value Creators
The SFS Group had 13,689 employees (FTE, PY 13,198) as at December 31, 2024.

Potential risks evaluated
The Group Executive Board and the Board of Directors assess the main business risks to which SFS Group is exposed on a regular basis. A comprehensive risk assessment is conducted at least once a year in which the relevant risks are systematically classified according to the likelihood of occurrence and the severity of the potential consequences. Accordingly, potential risks and ways to contain them were also discussed during the year under review. The focus

was on to the dependency of the global economic environment and geographic shifts in demand; currency fluctuations; geopolitical instabilities; data breaches and business interruptions due to cyber attacks; disinformation, natural disasters; the impact of failing to meet the sustainability targets set; and increasing regulatory requirements in the area of supply chains and tax.

Changes in the Group Executive Board
Iso Raunjak, previously head of the D&L Switzerland division, replaced Arthur Blank as CHRO as at January 1, 2025. Arthur Blank has been working at SFS since 1982 and stood at the helm of the Construction division from 2014 to 2023. He took charge of Corporate HR & Communications on an interim basis at the start of 2024. At the end of 2024, he stepped down from the Group Executive Board but will continue to support SFS in the area of talent management. The Board of Directors and Group Executive Board would like to thank Arthur Blank for his loyalty and all his successful efforts over these many years in a variety of management positions.

Changes in the Board of Directors
Shareholders elected Tanja Birner to the Board of Directors as a member at the Annual General Meeting on April 24, 2024.

Looking ahead to the 32nd Annual General Meeting on April 30, 2025
The next Annual General Meeting of SFS Group AG will be held at Sportzentrum Aegeten in Widnau (Switzerland) on April 30, 2025.

In view of the stable earnings situation, the Board of Directors proposes that a dividend of CHF 2.50 (PY CHF 2.50) per share be distributed. Half of it shall be distributed from retained earnings and half of it from the statutory capital reserve.

Further information will follow together with the invitation, which will be sent out in March 2025.

Outlook for the 2025 financial year
The outlook continues to be shaped by considerable uncertainty. Placing the highest possible focus on customers, pushing further ahead the innovation projects and ensuring efficient and profitable business processes retain top priority in this volatile environment.

For the financial year 2025, SFS expects an EBIT margin around previous year level.

Thank you
We would like to express our most heartfelt gratitude to all employees of the SFS Group, whose motivation, efforts, expertise and great innovative spirit made SFS's successful development possible in the year under review.

Our thanks also go out to our business partners for the consistently constructive collaboration. The trust they place in us lays the foundation for our work together to develop solutions that generate lasting added value.

We would also like to thank our shareholders for their loyalty and their trust in SFS. They lend the SFS Group stability, thereby contributing to the company's sustainable development.

Thomas Oetterli Chair of the Board of Directors	Jens Breu CEO

SFS

Segment Report

Challenging market setting

The Engineered Components (EC), Fastening Systems (FS) and Distribution & Logistics (D&L) segments operated in different market environments. While demand that was more stable and higher overall enabled the EC segment to achieve good results in the 2024 financial year, market demand in the FS segment only started to improve in the fourth quarter. Economic momentum in the D&L segment was restrained year-over-year for the entire financial year.

Developments at the three divisions of the EC segment were positive during the 2024 financial year. The Electronics division achieved a significant recovery in results, driven by a strong increase of demand for high capacity Nearline Hard Disk Drives for data centers. The Automotive division's good start in the first half of 2024 was tarnished by European automakers' troubles in the second half of the year. The division's positioning remains good and measures initiated in 2023 to restore sustainable profitability are having an impact. In the Medical & Industrial Specials division, the development of the Medical Devices and Aerospace application areas in particular was highly encouraging throughout the entire year.

Key figures Engineered Components in CHF million	**2024**	+/–%	2023 restated[1]	2023 reported
Third–party sales	1,115.4	1.6	1,097.5	987.7
Organic growth		3.7		
Net sales	1,124.9	2.0	1,102.8	989.2
EBITDA	236.2	16.0	203.6	179.4
in % of net sales	21.0		18.5	18.1
Operating profit (EBIT)	155.2	25.5	123.7	104.2
in % of net sales	13.8		11.2	10.5
Operating profit (EBIT) adjusted	155.2	25.5	123.7	104.2
in % of net sales	13.8		11.2	10.5
Average capital employed	923.8	3.0	897.2	824.9
Investments	106.1	–16.5	127.1	124.6
ROCE in %[2]	16.8		13.8	12.6
CO_2 emissions in metric tons/million value-added francs (Scope 1+2)	38.9	–53.0	82.7	87.5
Share of renewable electricity in %	76.4		28.8	26.7
Employees (FTE)	7,394	5.0	7,045	6,529
Accident rate in quantity/million hours	3.0	0.0	3.0	2.9

[1]The previous year's figures were adjusted to the new segment composition for better comparability.
[2]EBIT adjusted in % of average capital employed

The FS segment, which serves customers in the construction industry in Europe and North America, only saw the market environment improve in the fourth quarter of the 2024 financial year. Both regions benefited equally from the positive development in the final quarter of the year. With the segment's acquisitions of Etanco (Spain, as of May 1, 2024), EPRO (Slovenia, as of October 1, 2024) and Pro Fastening Systems (USA, as of November 1, 2024), the segment succeeded in expanding its market access considerably in the respective regions. As in the past, several product innovations underscored the segment's strong customer focus.

Key figures Fastening Systems in CHF million	**2024**	+/–%	2023 restated[1]	2023 reported
Third–party sales	480.6	–4.9	505.5	615.3
Organic growth		–3.8		
Net sales	488.5	–5.2	515.3	626.3
EBITDA	80.6	–4.6	84.5	108.7
in % of net sales	16.5		16.4	17.4
Operating profit (EBIT)	68.8	–6.5	73.6	93.1
in % of net sales	14.1		14.3	14.9
Operating profit (EBIT) adjusted	68.8	–6.5	73.6	93.1
in % of net sales	14.1		14.3	14.9
Average capital employed	228.9	–4.8	240.5	312.8
Investments	18.5	–2.6	19.0	21.5
ROCE in %[2]	30.1		30.6	29.8
CO_2 emissions in metric tons/million value-added francs (Scope 1+2)	48.4	23.5	39.2	35.5
Share of renewable electricity in %	63.6		76.5	77.4
Employees (FTE)	2,046	5.8	1,934	2,450
Accident rate in quantity/million hours	7.1	–20.2	8.9	8.0

[1]The previous year's figures were adjusted to the new segment composition for better comparability.
[2]EBIT adjusted in % of average capital employed

The industrial manufacturing end market – mainly served by the D&L segment, which provides quality tools and in Switzerland additionally fastening technology – experienced a restraint market momentum throughout the entire financial year. In this challenging environment, the D&L segment managed to achieve solid results thanks to its prudent cost management and comprehensive range of products and services. A European distribution partner replaced its warehouse with the warehouse in LogisticCity during the 2024 financial year. This distribution partner's customers will be supplied directly from LogisticCity in Nuremberg (Germany) going forward, providing them the opportunity to reap the benefits offered by the modern tool logistics and excellent connection to logistics partners. In addition, the capacity utilization of LogisticCity will be increased significantly as a result.

Key figures Distribution & Logistics

in CHF million	**2024**	+/–%	2023
Third–party sales	1,443.0	–3.0	1,487.8
Organic growth		–1.4	
Net sales	1,437.1	–2.8	1,477.8
EBITDA	159.0	–17.9	193.7
in % of net sales	11.1		13.1
Operating profit (EBIT)	128.7	–21.5	164.0
in % of net sales	9.0		11.1
Operating profit (EBIT) adjusted	128.7	–21.5	164.0
in % of net sales	9.0		11.1
Average capital employed	638.3	3.6	616.3
Investments	15.4	–24.5	20.4
ROCE in %[1]	20.2		26.6
CO_2 emissions in metric tons/million value-added francs (Scope 1+2)	8.5	13.3	7.5
Share of renewable electricity in %	93.7		90.0
Employees (FTE)	3,769	–0.5	3,789
Accident rate in quantity/million hours	5.5	37.5	4.0

[1]EBIT adjusted in % of average capital employed

The complementation of the Automotive and Medical & Industrial Specials divisions in the EC segment with the end-market-specific business areas of the former Riveting division was successfully implemented as of January 1, 2024. The previous year's figures have been restated to reflect the new segmentation in the interests of better comparability.

Investment projects progressing as planned
Major strategic projects to create the additional capacity needed for growth proceeded according to plan:

- SFS has been successfully positioning itself as a development partner and supplier for customers from the automotive industry for years. Innovations are being driven by trends toward greater comfort, better safety and increased efficiency and, from a higher perspective, autonomous driving technology. The associated electrification of vehicles is a promising growth area that benefits SFS. One example of this is the production of precision components and assemblies for a new generation of electric brake systems. Further strides were made in the ramp-ups at the Heerbrugg (Switzerland), Medina (USA) and Nantong (China) locations.
- The planned expansion of the location in Nantong was completed on schedule. This extension increased the production area by roughly 70%. The additional capacities are mainly used for producing stamped precision components for the electronics industry and utilization was already at a high level throughout the year. This has successfully increased the Group's share of wallet in devices like smartphones. Other areas are being used by the Automotive and Medical & Industrial Specials divisions.
- In order to meet the needs of customers of the Automotive and Electronics divisions locally, competently and with agility, a new plant construction project was kicked off in India during the year under review. The new plant is located in the vicinity of existing locations.
- Work on the expansion of manufacturing capacities for local medical device customers in Heredia (Costa Rica) was concluded. The production area is now twice as large as before. The location generated strong growth again in the financial year.
- The FS segment started expanding its production capacities at the location in Exeter (USA). Local needs will increasingly be met directly from the US once the additional machines have been installed. Production is scheduled to be ramped up in the second quarter of 2025.

Organizational further development
To strengthen the focus on selected end markets, make systematic use of potential arising through the inclusion of Hoffmann and intensify collaboration even further, the FS and D&L segments were newly organized as at January 1, 2025:

- The industrial business areas of D&L Switzerland, Allchemet and D&L International will be combined to form the D&L segment.
- The Construction & Wood business area of D&L Switzerland will be integrated into the FS segment.
- The FS and D&L segments will no longer have any divisions.

This step will serve to streamline the Group structure. The D&L segment will be led by Martin Reichenecker effective January 1, 2025, and the FS segment by Thomas Jung. Iso Raunjak will take over the role of Chief Human Resources Officer (CHRO).

Strategy

Inventing success together

Creating added value for our stakeholder groups and inventing success together in close partnership with our customers is our number one goal. A sustainable mindset and approach are key drivers of innovation that will help us reach that goal. We analyze our impact on the economy, environment and society and strive for continuous improvement. As a value engineering specialist, we develop sustainable solutions based on our employees' high levels of application and technology expertise.

SFS has set itself the goal of holding a leading position in the market for the development, manufacturing and distribution of application-critical precision components and assemblies, mechanical fastening systems, quality tools and procurement solutions. We embrace a systematic customer focus in everything we do. We strive to create added value for our stakeholder groups through our products and services across the entire value chain – from the initial design concept to timely delivery.

Focus on megatrends
To meet our customers' needs, we operate within clearly defined end markets and regions and focus on selected application areas that have strong underlying innovation and growth drivers. The megatrends relevant to SFS are:

- Digital revolution
- Innovation acceleration
- Economic globalization
- Evolving consumption
- Resource constraints
- Demographic asymmetries
- Growing global risks

These megatrends guide our decision-making and enable us to continuously enhance our expertise and develop both our customers' and our own internal processes.

Strategic priorities

Strategy execution
- → Foster high team motivation to capitalize on opportunities and lay the foundation for future growth
- → Conduct disciplined reviews and execute strategic options meticulously

Mega-trends
- → Understand and monitor megatrends, anticipate changes and adapt strategies to remain competitive
- → Focus on application areas with strong underlying growth drivers based on global megatrends

“Local-for-local”
- → Ensure balanced emphasis on different regions, end markets, and distribution channels
- → Maintain close customer relationships to enable value proposition
- → Achieve superior supply reliability

Focus on technology
- → Integrate progress in AI, Machine Learning, IoT and automation into daily operations
- → Update standardized processes, systems and equipment to mitigate risks and enhance flexibility continuously

Solid financing
- → Emphasize strict cost discipline in response to challenging market conditions
- → Maintain good profitability and a robust balance sheet
- → Achieve continued increase in equity ratio

Implementing our strategic priorities calls for effort and engagement on the part of every one of our Value Creators. Innovative spirit and perseverance are key prerequisites for our success. We promote and acknowledge those in different ways, with one example being the Value Engineering Award, which is given to recognize innovations.

The motto of SFS’s in-house Value Engineering Award is: “We create value – for customers and us”. Teams that have successfully undertaken an innovation or improvement project can submit their project every year. Awards are presented to projects in these three categories:

- Best innovation realized
- Best digital innovation
- Best production-related innovation/best improvement project

The “Abbott ProGlide and ProStyle” project from the Medical & Industrial Specials division won an award in 2024 for being the best innovation realized. These two medical devices are used to close the access site in the body after cardiac catheterization, such as a stent implantation. ProStyle is a next-gen version of the proven and trusted ProGlide. The optimized ProStyle was developed with features such as needles with more tensile strength for improved reliability.

The stainless steel cannulas of the “Abbott ProGlide and ProStyle” project in size comparison with a paper clip.

Double materiality analysis performed for CSRD

SFS performed a double materiality analysis in 2024 in accordance with the requirements of the Corporate Sustainability Reporting Directive (CSRD). The results of this analysis will be presented in the 2025 Sustainability Report. SFS will adapt its reporting system to the new European standards, the European Reporting Standards (ESRS), in 2025. This also requires it to collect new key indicators and define measurable targets. The current Sustainability Report was prepared in accordance with the GRI Standards once again and shows progress made on the following topics.

List of material topics in 2024

- Energy and emissions (GRI 302, 305)
- Sustainable solutions (GRI 301)
- Procurement (GRI 308, 414)
- Employee promotion and engagement (GRI 404, 405)

List of important topics that were not defined as material topics in 2024

- Occupational health and safety
- Compliance and due diligence
- Climate change and corresponding risks (see TCFD Report)

Information about how SFS identified the topics listed here in 2022 and then reviewed them in subsequent years can be found in the Sustainability Report 2023.

Clearly defined responsibilities

Board of Directors/Audit Committee
→ Approves sustainability strategy and controls execution

Group Executive Board
→ Defines the sustainability strategy, sets the priorities and reviews the progress made

Steering Team
→ Coordinates implementation of the sustainability strategy, monitors progress and ensures that new regulatory requirements are complied with

Reporting Team
→ Creates the Sustainability Report, ensures participation in numerous ratings and questionnaires and monitors regulatory environment

EHS Peer Group
→ Implements sustainability initiatives relating to environment and occupational health and safety; ensures data collection at all relevant sites

CSR Peer Group
→ Makes current CSR activities visible and develops new social initiatives

Sustainability is a firmly established aspect of our company's business activities and impacts every level – from the Board of Directors as the highest governance body to the Group Executive Board to the individual segments, sites and teams. The Group Executive Board defines the sustainability strategy, sets the priorities and monitors the Group's progress in close cooperation with the Board of Directors and the Steering team. The Sustainability Report and the Annual Report will be presented to the 2025 Annual General Meeting for approval.

Success stories

Adding value

The goal of continuous improvement to create added value for our customers requires a consistent attitude: the unwavering will of the SFS Value Creators to "Inventing success together". This is our DNA, which impressively becomes reality through our success stories.

Growing together

The collaboration between Yilong Technology and Unisteel Technology China (UTC) made rapid progress and set an important milestone for innovation in the automotive industry. Efficiency is the motto of this partnership, from the introduction of the "local-for-local" strategy to fully automated mass production. Yilong, a leading force in automotive chassis electronic control systems, strategically chose UTC as partner. This shows that Yilong not only focuses on quality, but also considers a responsive supply chain to be important.

To success story

Innovative fastening systems

Many urban areas lack secure spaces for parking bikes. That's where V-Locker AG comes in: a young Swiss company with an innovative, fully automatic bike tower. The days of cyclists having to worry about theft, vandalism or weather damage are over. These bike towers give them a secure place to store their bikes and luggage 24/7. SFS's nonut® TDBL thread-forming screws help make this innovative solution a reality.

To success story

A masterpiece in sustainable and efficient construction

The CO'MET Orléans Congress Center in Orléans (France) is a marvel of modern architecture – a true showstopper. Its cutting-edge design and modular spaces are setting brand-new standards for sustainable and efficient construction. This multifunctional events center was built using an array of impressive technologies, not least SFS's high-performance fastening solutions. Thanks to the close collaboration and vast expertise of the teams involved, the project meets the highest standards in durability and safety.

To success story

Envisioning access to clean water for all

Petra Wadström, the visionary founder of Solvatten – a social enterprise in Stockholm (Sweden) – developed the Solvatten kit, a cannister that uses solar power to purify and heat water. Working in close collaboration with the Value Creators at the SFS Group, Solvatten identified components for the cannister that are both lightweight and especially robust. SFS then optimized the existing fasteners and now provides them to Solvatten, along with an annual financial contribution.

To success story

Using exercise as a catalyst for good

Sports and social engagement are a match made in heaven. The SFS Group uses athletic activities as a platform for employees' social engagement while strengthening their cohesion as a team. Nearly all German and many US locations host a variety of company fun runs and races for charitable causes every year.

To success story

Environmental impact reduced, health promoted

Environment, health and safety is a central component of SFS's sustainability strategy. Apart from Group-wide measures, the locations and divisions implement a large number of projects each and every year that are aimed at reducing the Group's environmental impact, improving occupational safety and promoting employees' health.

To success story

Targeted employee development

SFS attaches great value to its employees' ongoing personal and professional development. Our goal is to ensure that 5–7% of our permanent employees worldwide are enrolled in dual education and training programs. SFS additionally offers numerous tailored internal training programs aimed at upgrading its employees' skills and qualifications.

To success story

Sustainability Report

SFS

Energy and emissions

Meaningful progress

In 2024, the SFS Group reduced its Scope 1 and 2 greenhouse gas emissions by –38.8%. Compared to the 2020 reference year, this equates to a reduction of –74.6% in tons of CO_2 equivalents per value-added franc. This means that SFS has made significant progress toward achieving its target of reducing direct emissions by at least 90% by 2030. Scope 3 emissions were recorded in full for the first time and were reduced slightly on a like-for-like basis versus the previous year. The share of renewable electricity rose considerably and now stands at 75.2%. This means that SFS has already exceeded its target of drawing half of its power requirements from renewable sources by 2025.

In the area of sustainability, climate and environmental protection is a top priority for SFS. We use renewable energies, reduce our air emissions, develop sustainable solutions and optimize our supply chain management. In the last materiality analysis in 2022, the following four topics from “Environment” were identified as material:

- Emissions
- Energy
- Sustainable solutions
- Procurement

We outline our position on other relevant topics, such as water resources and biodiversity, in our sustainability guidelines. These topics are important to us, but were not identified by our stakeholders as material and will therefore not be covered in this report.

While the topic of “Emissions” has already been classified as material in 2019, SFS included “Energy” on its list of material topics for the first time in 2022. As a manufacturing company, we have high energy requirements and electricity consumption accounts for around two-thirds of our total energy consumption, which means that it is understandable that stakeholders attach the highest priority to this topic. Stakeholders believe that the SFS Group has the greatest environmental impact in the area of energy and emissions. Conversely, energy costs and the availability of energy have a high impact on SFS’s business activities. We are therefore striving to continually improve energy efficiency and increase the share of self-produced renewable energy.

We commit to the following undertaking in our sustainability guidelines: “We strive to use energy sustainably and are taking measures to reduce our energy consumption. We are looking for ways to obtain energy from sources that protect the environment. We have defined targets and taken measures to reduce greenhouse gas emissions and maintain air quality in accordance with the respective statutory and local regulations.”

The basic principles of our environmental management are enshrined in the guideline on "Quality, Environment, Occupational Health and Safety, and Information Security" and in the sustainability guidelines. SFS undertakes to manufacture and offer all products and services in compliance with statutory and official environmental protection and health and safety requirements.

Certification of the production sites in accordance with ISO 14001 is part of our environmental management system that aims to reduce our environmental impact. In the year under review, 2 (PY 12) additional locations were certified, with 3 further certifications planned.

The Group EHS Manager presents the emissions management approaches and measures to the Group Executive Board once a year. The targets are then reviewed and adjusted if necessary.

Scope 1 emissions further reduced
In the year under review, SFS once again reduced its direct emissions further and lowered its Scope 1 emissions on a like-for-like basis by –2.5% (PY –4.6%). Standing at –38.6%, emissions were mainly reduced in the "Operating fluid" category. This was largely achieved through a reduction in refrigerants.

GRI 305-1 Direct (Scope 1) GHG emissions

in metric tons of CO_2eq	**2024**	%	+/–%	2023	2022
ecoinvent	v3.11			v3.10	v3.9.1
Car fuels/Fuels	7,533.9	28.2	5.1	7,171.1	6,738.2
Oil/Gas	17,943.5	67.1	–1.4	18,202.3	19,257.2
Operating fluid	1,271.7	4.8	–38.6	2,070.0	1,170.1
Total Scope 1	**26,749.1**		–2.5	27,443.3	27,166.0
Total Scope 1 "like-for-like"	**26,749.1**		–2.5		

The following overview shows the substances that have a significant impact on air quality and their share of Scope 1 emissions. Nitrogen oxides from combustion-related activities make up 71.2% of our Scope 1 emissions and thus have the largest negative impact on air quality. All in all, a slight increase was recorded in all of the categories, which can be mainly attributed to the increased consumption of process gases.

GRI 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions

Scope 1 in kg	**2024**	%	+/–%	2023
Nitrogen oxides (NOx)	39,460.9	71.2	5.7	37,324.4
Sulfur oxides (SOx)	1,146.4	0.8	10.1	1,041.4
Fine particulate matter, 2.5 µm (PM2.5)	2,539.0	22.2	24.2	2,045.0
Coarse particulate matter, 10 µm (PM10)	432.7	3.8	1.3	427.3
Non-methane volatile organic compounds (NMVOC)	1,820.8	1.2	26.7	1,437.5

Scope 2 emissions cut in half

In 2024, we cut Scope 2 emissions by –55.3%. Adjusted for the new emissions factors in the ecoinvent dataset (a switch from the ecoinvent v3.10 database to the v3.11 database), this resulted in a total like-for-like reduction of –54.9% (PY –10.4%). The main driver of this huge improvement is the higher share of renewable energies used in the Engineered Components segment and mainly concerns our locations in China and the US. The further expansion of our photovoltaic systems and the switch to 100% renewable electricity at the location in Czech Republic have also contributed to this improvement.

GRI 305-2 Energy indirect (Scope 2) GHG emissions

in metric tons of CO_2eq	**2024**	%	+/–%	2023	2022
ecoinvent	v3.11			v3.10	v3.9.1
Electricity	26,950.2	100.0	–55.4	60,361.8	67,828.0
District heating	5.0	0.0	–2.4	5.1	5.9
Total Scope 2	**26,955.1**		–55.3	60,366.9	67,834.0
Total Scope 2 "like-for-like"	**27,224.2**		–54.9		

Taken together, absolute CO_2 emissions in Scope 1 and 2 declined by –38.8% (PY –7.6%) in the year under review. Adjusted for the new emissions factors in the ecoinvent dataset (a switch from the ecoinvent v3.10 database to the v3.11 database), this resulted in a total like-for-like reduction of –38.5% (PY –8.7%).

Direct and indirect GHG emissions

in metric tons of CO_2eq	**2024**	+/–%	2023	2022
ecoinvent	v3.11		v3.10	v3.9.1
Total Scope 1 and 2	53,704.0	–38.8	87,810.0	95,000.0
Update emission factors (ecoinvent)	269.0	0.0		
Total Scope 1 and 2 "like-for-like"	**53,973.0**	–38.5		

On track to achieve our targets

Compared to the previous year, SFS was able to reduce the intensity of greenhouse gas emissions measured in tons of CO_2 equivalents per value-added franc by –38.8% (PY –19.6%). The SFS Group has set itself the target of reducing this figure by at least 90% by 2030 compared to the 2020 reference year. With a total reduction of –74.6% over the past five years, SFS is certainly on the right track, but will have to take further measures in the future in order to further reduce its emissions consistently. The major progress made on the greenhouse gas emissions intensity ratio can be mainly attributed to the –48.8% reduction in absolute emissions as well as to the increase in value creation.

GRI 305-4 GHG emissions intensity

in metric tons of CO_2eq	**2024**	2023	2022	2021	+/–% 2020
ecoinvent	v3.11	v3.10	v3.9.1	v3.7.1	
Scope 1 and 2	53,704.0	87,810.0	95,000.0	116,880.9	–48.8
Value-added francs in million (VA–CHF million)	1,910.8	1,913.7	1,666.0	1,106.8	101.6
Scope 1 and 2/VA–CHF million	**28.1**	45.9	57.0	105.6	–74.6

Data basis for Scope 3 completed
In the year under review , SFS was able for the first time to map a complete data basis for Scope 3 emissions, which make up over 90% of the total emissions. The greenhouse gas inventory was expanded to include the categories "Use of sold products" and "End-of-life treatment of sold products" and was amended retroactively for 2023. In total, Scope 3 emissions declined by –2.4% on a like-for-like basis in comparison with the previous year. Our target is to reduce Scope 3 emissions per value-added-franc by at least 90% by 2040, with 2023 being used as the reference year.

The largest change was in the "Capital goods" category (–56.2%), which can be attributed to completed expansion projects in Nantong (China) and Heerbrugg (Switzerland).

We were also able to significantly lower emissions in the categories "Fuel- and energy-related activities" (–37.6%) and "Downstream transport and distribution" (–34.9%). This development can be ascribed to the increasing use of renewable energy sources as well as to the progress being made in the electrification of transportation.

GRI 305-3 Other indirect (Scope 3) GHG emissions

in metric tons of CO_2eq	**2024**	+/–%	2023	2022
ecoinvent	v3.11		v3.10	v3.9.1
Purchased goods and services	836,243.7	–4.9	879,137.7	509,987.9
Capital goods	23,442.8	–56.2	53,509.3	2,458.2
Fuel and energy-related activities (not included in Scope 1 or 2)	20,044.2	–37.6	32,145.8	30,012.8
Upstream transport and distribution	52,087.7	63.0	31,955.8	827.3
Waste generated in operations	8,083.4	–0.4	8,119.9	21,248.7
Business travel	1,831.5	24.9	1,466.8	1,335.3
Employee commuting	24,021.1	10.7	21,691.3	20,809.8
Downstream transport and distribution	13,175.4	–34.9	20,249.8	33,046.8
Use of sold products*	45,000.0	36.4	33,000.0	0.0
End-of-life treatment of sold products*	5,300.0	17.8	4,500.0	0.0
Other (upstream)	531.5	–0.6	534.9	458.0
Total Scope 3	**1,029,761.4**	–5.2	1,086,312.2	620,184.8
Total Scope 3 "like-for-like"	**1,060,337.7**	–2.4		

*This category was assessed for the first time this year and represents an approximation based on available data.

Interim target achieved in the area of renewable electricity
In the year under review, we increased the share of renewable energies to a total of 50.6%. We achieved our target of using at least 50% renewable electricity on a Group-wide basis by 2025 a year earlier, with the figure totaling 75.2%. We aim to draw 90% of our power consumption from renewable energy sources by 2030.

GRI 302-1 Energy consumption within the organization

Scope 1 and 2 in MWh	**2024**	+/– pp	2023	2022
ecoinvent	v3.11		v3.10	v3.9.1
Purchased electricity	210,186.7		202,563.0	209,216.4
thereof renewable in %	73.5	37.3	36.2	47.4
Self-generated electricity	14,488.6		12,443.5	9,807.4
thereof renewable in %	99.3	0.1	99.3	99.8
Total electricity	**224,675.3**		215,006.5	219,023.8
thereof renewable in %	75.2	35.3	39.8	49.7
Purchased heat	**343.8**		352.4	351.6
thereof renewable in %	100.0	0.0	100.0	100.0
Natural gas	80,809.2		83,114.9	85,479.1
Heating oil	1,308.4		1,700.1	2,823.8
Methanol	4,117.0		3,822.7	5,011.8
Propane	4,141.1		4,150.4	1,559.9
Diesel	21,586.2		22,091.8	20,527.3
Petrol	5,596.6		3,745.6	3,761.3
Total fuel and combustibles	**117,558.5**		118,625.5	119,163.1
thereof renewable in %	3.5	–0.4	3.9	1.5
Total energy	**342,577.6**		333,984.4	338,538.6
thereof renewable in %	50.6	23.5	27.1	32.8

Share of self-produced renewable energy expanded

SFS is aware that purchasing renewable energy alone will not be enough to sufficiently limit negative impacts on the climate. By expanding our own electricity production, we are taking responsibility for the environment and society and strengthening our autonomy. In the year under review, we increased the share of self-generated electricity by installing two new photovoltaic systems and expanding two existing ones. At the Wyomissing location (US), the new system covers approximately one-third of the electricity requirements, while the new system in Campia Turzi (Romania) covers around 22%. Thanks to the expanded photovoltaic systems in Heerbrugg and Schramberg (Germany), these systems now provide 12% and 7% of the electricity required in their respective locations. In total, SFS increased the amount of self-generated electric energy by 16.4% compared with the previous year. Our success story "Environmental impact reduced, employee health promoted" outlines the highlights realized in this area in the year under review.

Project for a wind power plant on company premises canceled

To supplement the large-scale photovoltaic installation, the SFS Group had, in recent years, planned to build a wind turbine on its premises in Heerbrugg. The aim was to produce 5 GWh of electricity per year and increase the share of self-generated electricity in Switzerland by approximately 10%. With this project, SFS wanted to fulfill its responsibility toward the environment and society and contribute to regional energy security and autonomy. After promising preliminary investigations into technical feasibility, the project's compatibility with nearby settlements, the environment, and cost-effectiveness, we spent a year taking wind measurements and carrying out environmental studies, which went well. In the year under review, SFS published the extensive feasibility study for the project, which comprised twelve individual reports from independent experts. The results confirmed the findings from the preliminary study and demonstrated that the turbine would be cost-effective and environmentally friendly. A municipal petition for a referendum in the local community of Au-Heerbrugg proposed a minimum distance between wind turbines and residential buildings. On February 9, 2025, the initiative was passed with 50.1% of votes in its favor. As we would not be able to comply with the prescribed minimum distance of 500 m at the location where the turbine was planned to be built, the project was suspended. SFS will remain strongly committed to promoting climate protection and the expansion of renewable energies. The self-imposed target of producing 30% of the electricity consumed in Switzerland ourselves will be hugely challenging without the planned wind power plant.

Energy intensity further reduced
Compared to the reference year, we reduced energy intensity, i.e. absolute energy consumption in relation to value added, by –37.3%. This pleasing development can be mainly attributed to the acquisition of Hoffmann. The sustained efforts to make sparing and efficient use of energy also contributed to this positive performance.

GRI 302-3 Energy intensity

Scope 1 and 2 in MWh	**2024**	2023	2022	2021	+/–% 2020
ecoinvent	v3.11	v3.10	v3.9.1	v3.7.1	
Electricity	224,675.3	215,006.5	219,024.0	203,381.1	26.8
Purchased heat	343.8	352.4	351.6	383.5	–17.0
Fuel	117,558.5	118,625.5	119,163.1	112,790.6	25.9
Total fuel and combustibles	**342,577.6**	333,984.4	338,538.8	316,555.2	26.4
Value-added francs in million (VA–CHF million)	1,910.8	1,913.7	1,666.0	1,106.8	101.6
Total energy/VA–CHF million	**179.3**	174.5	203.2	286.0	–37.3

Data on energy consumption in Scope 3 completed
At approximately 3 TWh, the "Purchased goods and services" category accounts for more than 80% of energy consumption in Scope 3, which illustrates the considerable impact of the supply chain. Fortunately, energy consumption in this category declined by –3.0% and the total indirect energy consumption likewise fell by –7.2%.

Owing to the completion of investment projects, such as the expansions in Nantong and Heerbrugg, the SFS Group significantly reduced energy consumption in the "Capital goods" category in comparison with the previous year. The higher share of renewable energy sources also has a positive impact in the area of embodied energy and has contributed to the massive reduction of –64.9% in the "Fuel- and energy-related activities" category.

In the year under review, we analyzed energy consumption in the categories "Use of sold products" and "End-of-life treatment of sold products" and roughly calculated the carbon footprint for the first time. Following this analysis, the energy consumption of our products in both categories was classified as insignificant and thus does not have a value.

GRI 302-2 Energy consumption outside of the organization

Scope 3 in MWh	**2024**	+/–%	2023
ecoinvent	v3.11		v3.10
Purchased goods and services	2,983,870.3	–3.0	3,074,771.0
Capital goods	72,160.5	–52.8	152,957.0
Fuel and energy-related activities (not included in Scope 1 or 2)	119,804.2	–64.9	341,421.0
Upstream transport and distribution	197,449.9	216.7	62,349.0
Waste generated in operations	7,987.5	1.0	7,905.0
Business travel	6,701.7	24.9	5,366.0
Employee commuting	87,781.9	12.1	78,302.0
Downstream transport and distribution	49,829.9	–34.0	75,459.0
Use of sold products			
End-of-life treatment of sold products			
Other (upstream)	3,179.2	0.4	3,166.0
Total Scope 3	**3,528,765.1**	–7.2	3,801,696.0

Sustainable solutions

Innovative added value

SFS's value engineering approach helps develop sustainable solutions for our stakeholders that create economic, environmental and social added value. The focus of this approach is on the conscious use of raw materials, the increased use of recycled materials, and product innovations that promote sustainable development. One such innovation realized in the year under review was a machining tool that is made from 99% recycled raw materials. Another new product is the innovative fastening solution for solar modules on building facades.

All stakeholders involved in the double materiality analysis back in 2022 identified the topic of "Sustainable solutions" as material. Customers, in particular, assigned a high rating to the impact of sustainable solutions on people and the environment. Their focus was on the materials used, recyclability and energy consumption during use.

We strive to develop products and services that have economic, environmental and social utility factored in throughout their entire life cycle and create sustainable added value for all stakeholder groups. To this end, we are committed to the following guidelines:

- **Efficient use of raw materials**
  We are aware of the value of raw materials and minimize our consumption of those materials through optimized product and process design. Using the cold forming process – one of our core technologies – helps us to achieve significant material savings compared to other technologies.
- **Focused waste management and recycling**
  We avoid waste and ensure its proper disposal. Wherever possible, we use recycled materials and integrate used materials back into a circular economy system.
- **Energy-efficient design**
  Our products are developed with a focus on energy-efficient use. This includes the consumption of resources and the optimized design of the components.
- **Use of renewable energies**
  We develop solutions that support the use of renewable energies.

Percentage of renewable materials increased
In order to optimally implement these principles for new and existing solutions, SFS rolled out additional data collection processes in 2023. The aim is to improve transparency regarding the use and efficiency of materials as well as the type and amount of waste generated and to increase the proportion of recycled materials.

The GRI standard "Materials" was used for the report on the topic of "Sustainable solutions" (see Table GRI 301-1: Materials used by weight or volume). While the GRI Standard "Waste", which was also allocated to this topic, was classified by stakeholders as important, they did not classify it as a priority. As a result, the current report does not elaborate on this GRI Standard in any great detail.

GRI 301-1 Materials used by weight or volume

in tons	**2024**	+/– in pp	2023
Raw materials (e.g. ores, minerals, wood)	78,447.9		71,737.0
thereof renewable in %	0.5	0.2	0.3
Associated process materials (e.g. lubricants)	3,756.6		3,907.5
thereof renewable in %	0.0	0.0	0.0
Semi-manufactured goods or parts	19,408.5		15,822.4
thereof renewable in %	0.0	–0.3	0.3
Packaging materials (e.g. paper, cardboard, plastics)	12,679.2		8,642.1
thereof renewable in %	92.2	–2.6	94.7
Trading goods	54,761.5		62,095.4
thereof renewable in %	2.3	0.7	1.6
Total material	**169,053.7**		162,204.4
thereof renewable in %	7.9	2.1	5.8

Around 80% of the materials used at SFS come from the categories of raw materials (predominantly steel) and trading goods. Due to the large volumes used, we would like to systematically increase the percentage of recycled materials in these two categories. We succeeded in doing so in both product categories this financial year. In total, SFS increased the percentage of renewable materials to 7.9% (PY 5.8%). In addition to the use of renewable materials, the local-for-local strategy in the acquisition of raw materials was also expanded with the aim of reducing transport routes and CO_2 emissions.

Creating sustainable added value for stakeholders
Our value engineering approach focuses on product design, the optimization of manufacturing processes and the utilization of potential for digitalization. This results in the creation of tailored products and innovative solutions that boost our customers' competitiveness. They also help to achieve greater differentiation and strengthen collaborative partnerships. In the year under review, the SFS Group developed the following sustainable solutions:

- **Machining tool made from recycled carbide metal**
  The GARANT GreenPlus series in the D&L segment enables greater sustainability in the work carried out in workshops and production facilities while ensuring the highest level of safety, quality and performance. The new machining tools are made from over 99% recycled raw materials. The carbide metal substrate used has the same mechanical properties as conventional carbide metal. During the manufacturing process, we only use electricity generated from renewable energy sources, which results in significant reductions in the carbon footprint of the machining tools. In addition, the high-quality tools can be reprocessed multiple times, which means that the product life cycle can be extended considerably.
- **Rapid and tool-free installation of solar modules on building facades**
  The innovative RGrip fastening solution allows for simple and rapid installation of solar modules directly on new or existing building facades. Thanks to the ability to adjust the degree to which the modules tilt, the system guarantees that the solar modules can be optimally arranged to collect solar radiation and utilize the available surface areas in the best possible manner. With the help of RGrip, renewable energy can be produced efficiently. Only minimal work needs to be carried out on the facade thanks to the slim joint opening measuring just 11 mm. The fastening solution not only impresses with its aesthetic benefits, but also with its weather-resistant durability.

Procurement

Increase in transparency

The SFS Group made vital progress in supply chain management in the year under review. Of the total number of 12,173 suppliers, some 51.2% (PY 33.7%) are registered on the online assessment platform. The number of suppliers that have been assessed on the basis of environmental and social criteria has risen by approximately 74%. In 2024, the new Supplier Code of Conduct was rolled out on a mandatory basis. This will also be included in our Terms and Conditions of Purchase as of 2025.

The topic of "Procurement" is very important to SFS for multiple reasons: On the one hand, we need to meet the increasing regulatory requirements for sustainable supply chain management; on the other hand, the supplier assessments help us to quantify Scope 3 emissions, which account for over 90% of SFS's emissions. The decisions we make with respect to procurement have major impacts – from both a social and an environmental perspective. Conversely, suppliers and their activities also impact SFS's environmental footprint and ethical integrity. In the materiality analysis carried out in 2022, this topic was therefore classified as one of the most important issues. It includes the two GRI Standards: "Supplier Environmental Assessment" and "Supplier Social Assessment". The standard "Procurement Practices" also falls under the topic, but stakeholders did not classify it as material.

Clear guidelines promote sustainable procurement practices

With our procurement practices we reduce negative and increase positive impacts in the supply chain. This includes compliance with human rights, the ban on child labor and the responsible procurement of minerals and metals from conflict areas. We expect our suppliers to conduct themselves in line with our principles and the Supplier Code of Conduct and ensure that their business partners and suppliers adhere to these principles as well.

Local-for-local: Our procurement strategy

Within the framework of our local-for-local strategy, SFS is steadily expanding its global development and production platform. This provides our stakeholders with superior supply reliability thanks to short, robust, environmentally sustainable and traceable supply chains.

The (raw) materials purchased are broken down by SFS into the following main product groups:

- FC (finished components): 67.6% (PY 70.1%)
- ME (machines and equipment): 4.4% (PY 4.4%)
- OCE (oil, chemistry, energy): 2.5% (PY 1.6%)
- PACK (packing materials): 1.3% (PY 1.2%)
- SP (service providers): 6.7% (PY 7.0%)
- Tools: 3.0% (PY 1.9%)
- WOM (wire and other materials): 14.5% (PY 13.8%)

Global procurement amounted to approximately CHF 1.5 billion (PY >CHF 1.5 billion) in the year under review, with the procured goods coming from the following three regions:

- Asia 16.0% (PY 14.7%)
- Europe 70.9% (PY 77.9%)
- North America 13.1% (PY 7.4%)

Systematic supply chain management
In order to manage our supply chains as effectively as possible and continuously increase transparency along the entire value chain, we have implemented systematic supplier assessments. These help us to:

- Carry out risk assessments by means of abstract analyses before establishing a supplier relationship.
- Obtain a real-time overview of the sustainability status.
- Evaluate suppliers based on country- and sector-specific risks as well as critical news.
- Identify critical suppliers as well as potential opportunities and risks.
- Implement, monitor and document preventive and corrective measures.
- Share information with suppliers and ensure regular communication.
- Measure key figures related to supply chain management.

The supplier assessment is supplemented by the following instruments:

- Anonymous whistleblowing system for internal and external stakeholders
- Application of recognized standards and certification systems (e.g. ISO 14001 and ISO 45001)
- Cooperation with authorities, international organizations and business partners
- Regular consultation of experts
- Regular on-site supplier audits (carried out by SFS or an independent partner company)

These instruments help SFS to systematically manage supply chains and, at a higher level, to implement its sustainability strategy and goals in the area of procurement. They complement our risk management approach and help us to fulfill our due diligence obligations.

Content of the supplier assessments
Our supplier assessment takes social and environmental criteria into consideration and is carried out using standardized questionnaires based on the principle of self-declaration. In the year under review, the assessment covered the following key topics:

- Anti-corruption and anti-bribery
- Carbon footprint (new as of 2024)
- Conflict minerals
- Cybersecurity
- Environmental protection
- Human and labor rights
- Occupational safety
- REACH (new as of 2024)
- Responsibility in the supply chain
- RoHS (new as of 2024)
- Supplier Code of Conduct (new as of 2024)

Increase in number of assessed suppliers
In the year under review, the SFS supplier network comprised 12,173 contacts (PY 11,700), 51.2% of which (PY 33.7%) are registered on the online assessment platform and monitored in an abstract or concrete risk analysis. The abstract analysis offers a risk assessment based on country- and sector-specific codes as well as publicly accessible ESG key figures.

In 2024, we monitored 3,924 suppliers (PY 3,821) by means of a concrete risk analysis. In the concrete risk analysis, suppliers are invited to take part in a supplier assessment that addresses specific topics (see “Content of the supplier assessments”). At the end of the reporting period, the response rate for the concrete risk analysis was 81% (PY 55%).

The sustainability monitoring also revealed that 98.6% (PY 96%) of the registered suppliers did not have any critical news.

Results of the concrete risk analysis
The results of the concrete risk analysis with reference to environmental and social topics can be summarized as follows:

in %	**2024**	+/– pp	2023
Share of new suppliers screened based on ecological and social criteria	44	5	39

Quantity suppliers	**2024**	+/–%	2023
Suppliers investigated for negative environmental impacts in the supply chain	3,243.0	73.1	1,873.0
thereof non-hazardous	2,624.0	93.4	1,357.0
thereof potentially hazardous	619.0	20.0	516.0
Suppliers assessed for social impacts in the supply chain	3,144.0	74.2	1,805.0
thereof non-hazardous	2,542.0	79.0	1,420.0
thereof potentially hazardous	602.0	56.4	385.0
Critical suppliers blocked for future orders due to insufficient evaluations	10.0		0.0

Supplier Code of Conduct rolled out on mandatory basis
The Supplier Code of Conduct was rolled out primarily according to a risk-based approach and was sent to both existing and new suppliers. In 2024, 1,551 suppliers that are responsible for 90% of our purchasing volume were subject to an ESG-based risk analysis. At the end of the year under review, 427 of these identified suppliers and 2,227 suppliers in total acknowledged the Supplier Code of Conduct. To speed up the roll out, the Supplier Code of Conduct will also be integrated into our Terms and Conditions of Purchase in 2025.

Outlook
SFS launched the supply chain monitoring initiative in 2023 and is currently in the consolidation phase. At the end of the year under review, we had monitored approximately 81% of our strategic suppliers. In 2025, we will continue work on expanding the supplier assessments so that we can achieve our goal of monitoring 85% of all strategic direct suppliers.

Strategic suppliers have an enormous impact on SFS's performance contribution and account for around 80% of the procurement volume. They are frequently characterized by materials with unique selling points as well as highly integrated and automated business processes.

In addition to the intention to increase transparency in our supply chains, we also consider it our duty of due diligence to investigate all suspected cases of potentially negative environmental or social impacts that were identified in 2024. If necessary, we will come to an agreement with our suppliers on appropriate measures to make improvements by the end of 2025.

The SFS Group is making initial progress with the identification of upstream Scope 3 emissions. As of 2024, we have been able to request emission data from our suppliers and trace upstream emissions via our assessment platform. In the year under review, we were in contact on this matter with the first suppliers. The majority of these business partners are willing to work together with us to increase transparency with respect to upstream Scope 3 emissions and to improve the dataset on the carbon footprint of our products. SFS will also continue to press ahead with this project in 2025.

Employee promotion and engagement

Talents promoted

In the year under review, SFS increased the percentage of permanent employees enrolled in dual education and training programs worldwide to 6.3% (PY 5.1%). With an 11.2% year-on-year increase in part-time employees, we also made improvements in the area of working time flexibility. The SFS Group also successfully expanded the retirement support programs in 2024.

In the materiality analysis carried out in 2022, "Training and education" was classified as the most important social topic and was combined with "Diversity and equal opportunity" to form the focus topic of "Employee promotion and engagement".

Continuous dialog with employees
Well-trained, motivated and satisfied employees achieve the best results and create added value. Open communication, the regular engagement of employees and good working conditions are therefore of central importance to us. We make a commitment to these principles in our sustainability guidelines: "We encourage discussions and dialog with employees and employee representatives. We grant employees the right to freedom of association in accordance with the laws and regulations of the individual countries and regions."

Continued focus on "Diversity and equal opportunity"
SFS is a company whose diversity is already reflected in its international corporate structure. Diversity contributes to a positive overall environment and strengthens our business performance. Diversity relates to gender, ethnicity, age and disability, as well as religion, personal lifestyle and sexual orientation. The promotion of diversity and equal treatment is part of our sustainability guidelines and the Code of Conduct: "We promote a working environment in which the diversity of our employees plays an active role. We are aware that our employees are important stakeholders and strive to treat everyone fairly and equally."

Targets defined for gender diversity at management level
Greater diversity helps SFS to counteract the shortage of skilled labor and increase team performance. At present, gender diversity at management level is still not as pronounced as desired (see GRI 405-1). The SFS Group is working on the target of having women make up at least 30% of the Board of Directors by 2026 and at least 20% of the Group Executive Board by 2031. Future recruitment activities will focus more on team composition, with women with similar qualifications being preferred to their male counterparts. Candidates aged 50 and above will also be employed in increasing numbers to promote age diversity. We are increasingly factoring diversity into new and existing projects, particularly in the composition of project teams.

GRI 405-1 Diversity of governance bodies and employees

in headcount	**2024**	%	+/– in pp
Board of Directors	8.0		
thereof internally hired	1.0	12.5	–1.8
thereof male	6.0	75.0	–10.7
thereof female	2.0	25.0	10.7
thereof age <30	0.0	0.0	0.0
thereof age 30–50	2.0	25.0	–3.6
thereof age >51	6.0	75.0	3.6
Group Executive Board	9.0		
thereof internally hired	8.0	88.9	–1.1
thereof male	9.0	100.0	0.0
thereof female	0.0	0.0	0.0
thereof age <30	0.0	0.0	0.0
thereof age 30–50	3.0	33.3	–6.7
thereof age >51	6.0	66.7	6.7
Division Management	50.0		
thereof internally hired	35.0	70.0	–2.2
thereof male	44.0	88.0	2.8
thereof female	6.0	12.0	–2.8
thereof age <30	0.0	0.0	0.0
thereof age 30–50	18.0	36.0	8.2
thereof age >51	32.0	64.0	–8.2
Middle Management	283.0		
thereof internally hired	191.0	67.5	–3.8
thereof male	233.0	82.3	–0.1
thereof female	50.0	17.7	0.1
thereof age <30	5.0	1.8	–1.2
thereof age 30–50	161.0	56.9	–0.2
thereof age >51	117.0	41.3	1.4
Total governance bodies	**350.0**		

Flexibility of working hours increased

The tables "GRI 2-7/GRI 2-8 Employee figures by employment relationship and by region" provide an overview of the current personnel structure at SFS. In order to further improve the work-life balance, we are advocates of flexible working-time models: In the year under review, this offering was taken up by 428 female (PY 392) and 361 male (PY 318) employees (figures quoted in FTE). SFS thus recorded an 11.2% increase in the number of part-time employees in 2024 in comparison to the previous year.

GRI 2-7/GRI 2-8 Employee figures by employment relationship

in FTE	**Total**	Male	Female
Employment relationship indefinite	11,682.0	8,484.5	3,197.5
+/–%	2.0	1.7	3.0
Employment relationship definite	313.3	196.2	117.1
+/–%	–9.1	–13.9	0.5
Employment relationship definite – external	1,082.8	701.4	381.4
+/–%	24.3	17.9	38.1
Employment relationship full time	11,206.3	8,319.9	2,886.4
+/–%	1.1	0.8	2.1
Employment relationship full time – external	1,063.1	693.4	369.7
+/–%	23.2	17.3	36.1
Employment relationship part time	789.0	360.8	428.2
+/–%	11.2	13.6	9.3
Employment relationship part time – external	19.7	8.0	11.7
+/–%	137.3	110.5	160.0
Total number of employees[1]	**13,078.1**	9,382.1	3,696.0
+/–%	3.3	2.3	5.7

[1]The data base for the sustainability reporting comprises 54 sites. This corresponds to a coverage level of 95% in FTE.

GRI 2-7/GRI 2-8 Employee figures by region

in FTE	**Total**	Asia	Europe	North America	Switzerland
Employment relationship indefinite	11,682.0	3,333.1	4,257.5	1,714.2	2,377.2
+/–%	2.0	6.3	0.3	–0.7	1.3
Employment relationship definite	1,396.1	843.1	395.2	60.7	97.1
+/–%	14.8	21.5	–10.0	2.7	309.7
Employment relationship full time	12,269.4	4,160.7	4,195.1	1,759.4	2,154.2
+/–%	2.7	8.8	–1.4	0.9	1.3
Employment relationship part time	808.7	15.5	457.6	15.5	320.1
+/–%	12.7	181.8	7.1	–62.1	31.1
Total number of employees	**13,078.1**	4,176.2	4,652.7	1,774.9	2,474.3
+/–%	3.3	9.1	–0.6	–0.6	4.4

Employee development programs expanded

SFS is convinced of the enormous importance of the dual-track system of education and training as well as its impact on the economy and society. We attach great importance to professional development and future planning for our employees. The SFS Group also supports its employees with relevant programs when they decide to retire from gainful employment. During the year under review, the following changes were implemented in various areas:

- In the Netherlands and the UK, a joint career and future planning offering was provided with individual development goals.
- A special training course for management was held at the locations in Italy, the US and Switzerland with a focus on improving the participants' soft skills.
- Based on the annual assessment process, we created a monthly training calendar in India to ensure that regular training sessions are held.
- The Advanced Leadership Development Program (ALDP) was also launched in India. The regional training course for experienced team and project leads, which has already been successfully implemented in other parts of Asia, Europe and North America, also promotes establishing an international network.
- In the reporting period, we also focused on taking measures to ensure we are seen as an attractive employer by young talented individuals. These measures included our employer branding campaign in Switzerland, participation in various vocational training events at our locations in Europe as well as the international exchange of apprentices.
- In the US and Asia, we established cooperation programs with students and universities to connect young talents with the company at an early stage. In Switzerland, the number of

trainee positions for students was expanded to make it easier for them to enter the world of work.

- One particular highlight was the expansion of the "Gurukul" training center in India. Following the launch of the center with 17 apprentices in summer 2023, two year groups and a total of 42 apprentices successfully completed the dual program in 2024.
- With an increase of 54% in comparison with the previous year, SFS significantly expanded the retirement support programs (see table GRI 402-2). The growth in demand can mainly be attributed to the large number of people born in the "baby boomer generation", who are now gradually reaching retirement age.

GRI 404-2 Programs for upgrading employee skills and transition assistance programs

in headcount	**2024**	+/–%	2023
Pre-retirement planning for intended retirees	28.0	–26.3	38.0
Retraining for those employees intending to continue working	0.0	–100.0	3.0
Job placement services	19.0	–32.1	28.0
Assistance on transitioning to a non-working life	167.0	138.6	70.0
Total	**214.0**	54.0	139.0

Objectives in the area of dual education and training successfully met

The high priority given to the dual-track system of education and training by SFS is evident, among other things, in the enshrining of the topic in the corporate strategy and long-term objectives. The SFS Group aspires to ensure that 5–7% of its permanent employees worldwide are enrolled in dual education and training programs. In the year under review, we were once again able to confirm the achievement of this target with 6.3% (PY 5.1%) enrolled in such programs.

GRI 404-1 Average hours of training per year per employee

	2024	+/–%	Ø per employee	% of employees
in headcount	800.0	27.6		6.3
Training hours internal	188,089.0	–7.1	14.8	
Training hours external	105,914.0	11.1	8.3	
Total hours	**294,003.0**	–1.3	23.1	

In-house succession arrangements ensure knowledge transfer

SFS implements suitable training measures to promote employees at all levels and to enlarge the talent pool for internal appointments. The aim is to fill 70% of upper management positions with internal candidates. In the year under review, we filled 67.1% (PY 70.8%) of the key functions with internal candidates and thus just fell short of our target (see table GRI 405-1). Divisional and segment management as well as the HR team are responsible for filling these positions, while the Structured Employee Development Process (SEDP) ensures the promotion of talented individuals. The CEO and HR officers review whether targets have been achieved and inform the Nomination and Compensation Committee (NCC) and the Group Executive Board of the degree of target achievement.

Feedback from the employee survey offers valuable starting points for improvement

Only satisfied and committed employees can deliver extraordinary performances. This is something that was confirmed by our employees, the value creators, not only through their creative and innovative solutions but also their responses in surveys. SFS conducts this Group-wide survey every two years. The results of the employee survey in 2023 were analyzed in great detail and further clarified by means of workshops. In so doing, we developed suitable measures to boost the attractiveness of SFS as an employer and further improve working conditions. The measures focus primarily on the following topics:

- Employer branding (attractiveness as an employer)
- Employee development (incl. training and education)
- Employee engagement
- Health protection
- Work-life balance

Engagement promoted through dialog and leadership tools
In addition to the survey, SFS employs other dialog and leadership tools in order to make ongoing improvements to working conditions and promote open, two-way communication. Such tools include:

- After-work, sporting and themed events such as the Sustainability Day
- CEO town hall meetings: Our CEO informs managers from all around the world about current business performance twice a year
- Information events where employees can hold in-person discussions (such as quarterly information or shop floor meetings)
- "Internes", the magazine published by employees for employees
- Regular performance reviews (management by objectives, see GRI 404-3)
- Targeted internal employee development programs
- The "mySFS" employee app, which serves as a digital communications platform and intranet

Slight decrease in the number of employees with a performance review
SFS has established a globally valid process for regular employee performance reviews, which pursues the following objectives:

- Achievement of the overarching corporate targets
- Employees' degree of identification with the corporate targets
- Employee promotion and engagement
- Identification of training needs and verification of the effectiveness of training programs
- Review of employees' performance and conduct

In the year under review, the percentage of employees with a performance review stood at 72.6%, which was slightly down year-on-year. Our aim is to increase the performance review rate. In addition to performance reviews, the global process is also used to determine training needs, as part of which managers work together with employees to define the relevant training measures.

GRI 404-3 Percentage of employees receiving regular performance and career development reviews

Employees in %	**2024**	+/– in pp	2023
Male	72.7	–0.8	73.5
Female	72.5	–2.4	74.9
Total	**72.6**	–1.3	73.9

Employees in FTE	**2024**	+/–%	2023
Male	6,816.7	1.2	6,737.0
Female	2,680.6	2.3	2,620.3
Total	**9,497.3**	1.5	9,357.3

Occupational health and safety

Slight increase in the accident rate

In the year under review, the accident rate rose slightly to 4.1 accidents per million working hours (PY 4.0). With the "Vision Zero" initiative launched in 2024, we are making great efforts to reduce the accident rate and achieve the ambitious target of zero accidents by 2030. Based on an accident rate of 4.7 in 2020, the target for 2025 is 2.35 accidents per million working hours.

"Occupational health and safety" was no longer classified as a material topic in the materiality analysis in 2022. Together with our stakeholders, we decided to classify it as a standard topic, much like the topics of "Human rights" and "Socioeconomic compliance". These define the framework for our business activity and we will continue to report on these topics on an ongoing basis, but not in the same scope as for material topics.

A focus on occupational health and safety
The company's employees are crucial to the success of the SFS Group, which makes creating a healthy and safe working environment a major concern at SFS. This holds particularly true at our production sites, where the work poses health and safety risks for employees. SFS minimizes these risks by implementing numerous measures. "The quality, environmental and safety policy that we are implementing is aimed at ensuring the health and safety of our employees when carrying out their work, as well as preventing accidents at work and promoting mental and physical health." – this is a commitment we made in our sustainability guidelines.

Measures to reduce the accident rate
In order to reduce potential risks and negative consequences for employees' health at the workplace and lower the accident rate, we are implementing the following measures:

- Identifying and assessing hazards, burdens and risks on a regular basis to continuously improve safety precautions
- Preventive measures such as communicating the "10 SFS Safety Rules" to prevent accidents
- Engaging in a constant dialog with relevant stakeholders to improve working conditions (see "Compliance and due diligence")
- Encouraging employees to take personal responsibility for their own health by identifying hazards preventively and carrying out risk assessments at their own workplaces
- Obligation to report unsafe circumstances to managers and supervisors (opportunity to submit anonymous reports)

Employees are encouraged to put forward ideas and suggestions for improvement via various channels, such as the "mySFS app", an ideas box, shop floor meetings and personal meetings. There will be no negative consequences for employees who report any noticeable problems or violations. To support the measures already in place and to gradually move closer to achieving our goal of zero occupational accidents by 2030, the SFS Group launched the "Vision Zero" initiative in the year under review. Under this initiative, the accident rate is to be integrated into employees' performance reviews, an annual safety day is to be held, regular awareness campaigns are to be organized and unannounced walkthroughs of the production facilities are to be carried out to identify any safety hazards, to name but a few of the measures to be introduced.

Difference in the accident rate between the segments

At the end of 2024, the SFS Group employed 13,689 employees (PY 13,198, figures in FTE). The reporting entities comprise 13,078 FTE (PY 12,666). The number of accidents per million working hours stood at 4.1, representing a slight increase on the previous year. However, this trend differed from one segment to the next. While the number of accidents in the Engineered Components segment remained stable overall, the accident rate in the D&L segment rose once again. In contrast, the Fastening Systems segment made good progress in reducing the accident rate, which can be mainly attributed to the introduction of the "Vision Zero" initiative. In order to reduce the number of occupational accidents in the long term, the measures planned as part of this initiative will also be implemented on a wide scale in the two other segments in the coming year. SFS has set itself the target of halving the occupational accident rate by 2025. To achieve this ambitious target, the accident rate of 4.7 recorded in the 2020 reference year must be reduced to 2.35 accidents per million working hours in 2025.

Zero accidents with serious consequences

Although the number of work-related accidents has risen slightly to 107 (PY 103), we made vital progress in reducing the number of working days lost: During the year under review, the number of working days lost fell by 32.9% year-on-year to 1,262 days (PY 1,880). No work-related injuries with serious consequences were recorded. This pleasing trend can be attributed to the increased focus on creating a safe and healthy working environment and is evidence of the first successes of the "Vision Zero" initiative.

ISO 45001 certification expanded

The prevention of all accidents, regardless of their severity, remains the top priority. In addition to the blanket roll out of the Vision Zero measures, we remain focused on expanding ISO 45001 certification. This standard has proven itself to be an efficient instrument for promoting occupational health and safety, and is therefore an integral part of our management approach. The SFS Group certified 2 locations (PY 5) in accordance with ISO 45001 during the year under review. This now makes 27 locations that have been validated accordingly, with 13 more locations set to follow in the coming years.

GRI 403-9 Work-related injuries

	Unit	**2024**	+/–%	2023	2022
Employees[1]	FTE	13,078.1	3.3	12,665.5	12,616.9
Total hours worked	Hours	25,816,775.0	1.2	25,504,900.0	25,233,800.0
thereof permanent employees		23,710,025.0	0.3	23,628,550.0	23,650,800.0
thereof temporary employees		2,106,750.0	12.3	1,876,350.0	1,583,000.0
Occupational accidents >=1 day[2]	Quantity	107.0	3.9	103.0	102.0
thereof permanent employees		106.0	3.9	102.0	92.0
thereof temporary employees		1.0	0.0	1.0	10.0
Accident rate >=1 day[2]	Quantity/ million hours	4.1	2.6	4.0	4.0
thereof permanent employees		4.5	3.6	4.3	3.9
thereof temporary employees		0.5	–10.9	0.5	6.3
Occupational accidents >3 days	Quantity	83.0	23.9	67.0	69.0
thereof permanent employees		83.0	25.8	66.0	66.0
thereof temporary employees		0.0	–100.0	1.0	3.0
Accident rate >3 days	Quantity/ million hours	3.2	22.4	2.6	2.7
thereof permanent employees		3.5	25.3	2.8	2.8
thereof temporary employees		0.0	–100.0	0.5	1.9
Work-related injuries with serious consequences[3]	Quantity	0.0	–100.0	2.0	3.0
thereof permanent employees		0.0	–100.0	2.0	3.0
thereof temporary employees		0.0	0.0	0.0	0.0
Accident rate with serious consequences	Quantity/ million hours	0.0	–100.0	0.1	0.1
thereof permanent employees		0.0	–100.0	0.1	0.1
thereof temporary employees		0.0	0.0	0.0	0.0
Work-related injuries resulting in fatalities	Quantity	0.0	0.0	0.0	0.0
thereof permanent employees		0.0	0.0	0.0	0.0
thereof temporary employees		0.0	0.0	0.0	0.0
Rate of deaths	Quantity/ million hours	0.0%	0.0	0.0	0.0
thereof permanent employees		0.0%	0.0	0.0	0.0
thereof temporary employees		0.0%	0.0	0.0	0.0
Total absence days (absolute)	Quantity	**1,262**	–32.9	1,880	2,217
Absence days (relative)	Days/1.000 FTE	**96**	–35.0	148	176
Occupational accidents (relative)	Quantity/ 1.000 FTE	**8.2**	0.6	8.1	8.1
Absence days due to work-related illnesses	Quantity of days	**0.0**	–100.0	45.0	268.0
Absence rate due to work-related illnesses	Days/1.000 FTE	**0.0**	–100.0	3.6	21.2

[1]Number of employees in the entities currently reporting
[2]Occupational accidents are based on the number of work-related injuries resulting in an absence of at least one working day
[3]Work-related injuries with serious consequences resulting in a recovery period of at least 6 months (not including fatalities)
The quantity refers to the absolute number of incidents in each case

Compliance and due diligence

Responsibility embraced

There were once again no compliance violations at SFS during the year under review that resulted in fines or legal proceedings. Furthermore, we have no knowledge of any human rights violations that were committed within the company's sphere of influence in 2024. That also includes the topic of child labor. The Code of Conduct, which applies to all employees, was updated during the year under review and efforts continued to roll out the Supplier Code of Conduct, which has been mandatory since 2024. The results of the compliance audit conducted revealed shortcomings that have been remedied.

SFS is committed to sustainable and responsible business practices in accordance with the OECD Guidelines. To uphold these principles, we take great care to respect the interests of our company, our employees, society and the environment. Of course, this also implies compliance with applicable laws and regulations. We respect cultural, social, political and legal diversity and expect our business partners and suppliers to do the same.

Our guidelines are set out in the updated SFS Code of Conduct, our Corporate Principles and the Supplier Code of Conduct. They include, among other things, the protection of human rights and the ban on child and forced labor as defined by the International Labour Organization (ILO). SFS does not tolerate child labor and does not cooperate with partners that accept child labor. Our commitment to this is also set forth in our sustainability guidelines.

Responsibility embraced, due diligence obligations fulfilled
By fulfilling our due diligence obligations, we protect our employees, create attractive jobs, meet our responsibilities toward society and safeguard our competitive edge for the long term. As a signatory of the UN Global Compact, SFS is committed to the United Nations Declaration of Human Rights. The risk of human rights violations must be prevented and reduced to the greatest extent possible, both at the company's own locations and within its entire supply chain. We are therefore increasingly incorporating human diligence into our business processes and have been working with our suppliers since 2023 to conduct regular assessments that include both social and ecological criteria (see Procurement, risk analysis).

Code of Conduct updated
The SFS Group revised and updated its Code of Conduct during the year under review. The new version supersedes the previous version from 2015. The Code is aimed at all management bodies and employees and is a key part of sustainable, positive corporate development. Our Corporate Principles describe the cornerstones of our corporate culture: partnership, commitment, community, success and change. Both documents – which have been translated into more than ten languages – are available to all employees. They lay the basis for SFS's values and provide specific guidance for our value creators.

Effective compliance system implemented
To ensure compliance with the requirements of the Code of Conduct, SFS has established an effective compliance system. In practice, the system comprises various elements such as guidelines, regular training, new employee onboarding, e-learning campaigns, periodic newsletters, integration of compliance-related issues into internal audits, annual reporting on the Code of Conduct to the Board of Directors and an anonymous, external whistleblowing system for employees and external partners. This system exists alongside other reporting channels and is accessible both internally and to the public. The compliance system focuses on the following eight topics:

- Anti-corruption
- Antitrust law
- Data protection
- Foreign trade compliance
- Human rights
- Information security
- Insider trading
- Protection of personal integrity

The e-learning course entitled "Protection of personal integrity" was revised and relaunched during the year under review. This course aims to convey to employees of the SFS Group the importance of treating others with respect and give them some specific rules of conduct. This mandatory training ensures that everybody throughout the company has a common understanding of what it means to protect personal integrity.

Supplier Code of Conduct mandatory since 2024
By introducing the Supplier Code of Conduct at the end of 2023, SFS underscored the importance of compliance with regulations and social standards along the entire supply chain. We expect our suppliers to conduct themselves in line with the principles of this Code, which is based on the principles of the UN Global Compact and the ILO Declaration on Fundamental Principles and Rights at Work. The Supplier Code of Conduct also meets the requirements of the various supply chain due diligence acts that have been enacted in the EU and Switzerland. Corresponding provisions were also added to contracts with our distribution partners.

Compliance reports examined carefully
During the year under review, 16 compliance reports (PY 36) were submitted to the Group Compliance Officer and the local Compliance Officers. Following careful examination, 14 of those reports (PY 19) were confirmed as being compliance violations and appropriate corrective measures were taken. The violations reported related mainly to unethical conduct and other violations of the Code. None of the violations resulted in a need for provisions, fines or court proceedings. All except two pending cases were investigated locally or with the support of the Group Compliance Officer and appropriate steps were taken. The consequences ranged from warnings under labor law to dismissals, depending on the severity of the violation. Decisions regarding sanctions were made by the local Compliance Officer in consultation with the specialist units or the Group Compliance Officer. There were no reports received through the new anonymous whistleblowing system during the year under review. Other internal reporting channels were used to submit the reports received.

Compliance audit conducted revealed shortcomings
SFS conducted an internal compliance audit at a location in Romania during the year under review. The audit focused on the Code of Conduct and the reporting channels in place for compliance violations. It revealed a few isolated shortcomings: Some employees were not sufficiently knowledgeable about the Code and implementation of the process for reporting conflicts of interest was inadequate. The local management made a note of the recommendations for improvement and implemented appropriate measures. Internal compliance audits are used as an effective tool for identifying opportunities and risks. Further compliance audits will be conducted in other countries again in 2025 as part of the financial audits. The results are included in the annual compliance report submitted to the Board of Directors and are used to develop the compliance system.

No cases of corruption again in the year under review

We have had an anti-corruption policy in force since 2016 and imparted this policy to staff in high-risk positions, in particular, via mandatory e-learning courses. This policy was additionally communicated to new managers and employees in the sales, procurement and finance units during the year under review. We take a clear stand on this topic in our sustainability guidelines as well: "We are not corruptible and do not demand or accept gifts or payments. We do not engage in any unfair action that could influence the decisions of customers, suppliers, competitors or authorities." Anonymized reports appear in the quarterly compliance newsletter in order to raise employees' awareness of actual incidents on a regular basis. As in the previous year, there were no confirmed cases of corruption in the reporting year.

ESG risk analysis updated

SFS updated its ESG risk analysis in 2024 based on findings from the TCFD report and the double materiality analysis. Our risk assessment looks at the likelihood of occurrence and the amount of the loss and then classifies these based on predefined threshold values. Substantial strategic or financial risks are avoided or mitigated through proactive risk management. We also actively seize opportunities that align with our strategic objectives and introduce corresponding measures. ESG risks and opportunities with strategic impacts – such as the development of energy and commodity prices, natural disasters, non-achievement of sustainability targets and the increase in regulatory requirements – were incorporated into the business risk analysis. The Management Report summarizes the business risks for the current reporting year.

Dialog with stakeholder groups continued

"We encourage discussions and dialog" – this is a commitment we make in our sustainability guidelines. To ensure that we consider more than merely the internal perspective when assessing both critical issues as well as potential opportunities and risks, we get our external stakeholder groups involved on a regular basis. We offer our stakeholders different platforms for expressing concerns and discussing them with us. That includes regular discussions and events for customers, suppliers, investors and analysts. We also invite media representatives to our conferences and respond to their inquiries in a timely manner. The summary below shows the most important topics addressed in this context in 2024 and how we dealt with them:

Stakeholders: Inclusion in double materiality analysis

SFS performed a double materiality analysis in 2024 in accordance with the requirements of the ESRS. To that end, 131 representatives of relevant stakeholder groups were invited to participate in a survey. 76 stakeholders participated and rated the potentially relevant topics. To identify the new material topics for SFS, the results of the survey were then further analyzed and refined during three internal workshops attended by a total of 30 participants. Inclusion of all relevant stakeholder groups ensures that these topics reflect both the internal company perspective as well as the expectations of our external stakeholders. The detailed results of this analysis will be presented in the 2025 Sustainability Report.

Media: Challenges in the automotive industry

The European automotive industry faced major challenges during the year under review and this had repercussions for Swiss industrial companies as well. Various media outlets reported on the matter and asked SFS for a statement. The reports portrayed us as a company that is capable of responding to fluctuations in individual sectors due to the fact that we serve several different business areas. Some reports also reiterated the measures introduced at the end of October 2023 in order to improve the profitability of the Automotive division in Switzerland. SFS strives to create transparency and win public trust by cooperating with media representatives.

Population and the media: Planned wind turbine in Heerbrugg (Switzerland)

SFS organized a public information event in 2024 to report on the status of the "RhintlWind" project and present the results of the feasibility study. The results of the study confirmed the cost-effectiveness and environmental friendliness of the planned wind turbine and were published in connection with the second participation procedure carried out by the Canton of St. Gallen. The public interest group "IG Gegenwind Au-Heerbrugg" submitted a municipal initiative in August 2024 that proposes a minimum distance between wind turbines and residential buildings. On February 9, 2025, the initiative was passed with 50.1% of votes in its favor. As we would not be able to comply with the prescribed minimum distance of 500 m at the location where the turbine was planned to be built, the project was canceled.

Investors: Negative corporate governance rating from ISS
SFS received nine of ten points in the "Governance Quality Score", an ESG rating issued by Institutional Shareholder Services (ISS). This result corresponds to a high level of governance risk. Areas where SFS performed poorly related in particular to its independence, the diversity of its Board of Directors as well as the transparency and structure of its compensation system. SFS has analyzed the ISS rating and duly noted the concerns raised. Corporate governance assessments based exclusively on standards defined by rating agencies are not necessarily expedient for all shareholder structures. We conducted individual discussions with investors and addressed the issues highlighted in a transparent way. We are convinced that we have an independent Board of Directors and an appropriate compensation system. The company is working on making ongoing improvements to the level of diversity found in the Board of Directors and Group Executive Board.

Focus on key external ratings
In 2024, SFS was assessed within the scope of the following external ratings or participated in the following assessments:

Rating/questionnaire	2024 rating	2023 rating	2022 rating	Scale
CDP (climate questionnaire)	B	B	–	A to F
EcoVadis (ESG questionnaire)	Bronze (64/100)	Silver (63/100)	Bronze (54/100)	Platinum to Bronze
Ethos	B+	A- (51/100)	A- (60/100)	A+ to C-
Inrate, zRating	66/100	69/100	67/100	100 to 0
ISS	C-	D+	D+	A+ to D-
MSCI	A	AA	AA	AAA to CCC
SAQ 5.0	B88	B86 (location in Heerbrugg, CH)		A to D, 100 to 0
Sustainalytics	ESG risk status: high, 30.2	ESG risk status: medium, 26.3	ESG risk status: medium, 25.0	Negligible to severe
UN Global Compact	Active	Active	Active	Active – inactive – not reporting

GRI content index

GRI 1

Foundation 2021

Statement	GRI 1 applied	Applicable GRI sector standard(s)
SFS prepared this report for the period from December 2023 to November 2024 in compliance with the GRI Standards.	GRI 1: Foundation 2021	No applicable sector standard is available yet.

GRI 2

General Disclosures 2021

Disclosure	Place	Omission
2-1 Organizational details	SFS Group AG, Rosenbergsaustrasse 8, 9435 Heerbrugg, Switzerland	
	Corporate Governance, Group structure & shareholders	
	Financial Report, Group structure	
2-2 Entities included in the organization's sustainability reporting	Scope: Entities in which SFS holds a stake of ≥50% are included in the scope of consolidation. For this, sustainability data is collected for locations with production activities as well as for locations without production activities with ≥50 employees. This was the case for 54 entities in the year under review (PY: 54 entities).	
2-3 Reporting period, frequency and contact point	About the Sustainability Report	
2-4 Restatements of information	About the Sustainability Report	
2-5 External assurance	About the Sustainability Report	
2-6 Activities, value chain and other business relationships	Financial Report, Segment information	
	SFS in brief, page 4	
	Procurement	
2-7 Employees	Employees by employment relationship	
	Employee figures by region	
2-8 Workers who are not employees	Employees by employment relationship	
	Employee figures by region	
2-9 Governance structure and composition	Corporate Governance, Board of Directors and Group Executive Board	
2-10 Nomination and selection of the highest governance body	Corporate Governance, Board of Directors	
	Organizational regulations	
	Articles of Association of SFS Group AG	
2-11 Chair of the highest governance body	Corporate Governance, Members of the Board of Directors	
2-12 Role of the highest governance body in overseeing the management of impacts	Strategy, Clearly defined responsibilities	
2-13 Delegation of responsibility for managing impacts	Strategy, Clearly defined responsibilities	
2-14 Role of the highest governance body in sustainability reporting	The 2024 Sustainability Report was approved by the Board of Directors as an integral part of the 2024 Annual Report. The report will also be presented to shareholders at the 2025 Annual General Meeting for approval.	
2-15 Conflicts of interest	Code of Conduct	
	Explanatory document on the Code of Conduct	

2-16 Communication of critical concerns	Corporate Governance, Shareholders' participation	
	Corporate Governance, Information policy	
	Compliance and due diligence	
2-17 Collective knowledge of the highest governance body	All members of the Board of Directors have taken various steps during the year under review to expand their knowledge on the topic of sustainability. These efforts included workshops/training, regular exchanges of information with audit firms, communication with peers and the reading of specialized literature.	
2-18 Evaluation of the performance of the highest governance body	Corporate Governance:	
	Members of the Board of Directors	
	Compensation, shareholdings and loans	
2-19 Remuneration policies	Compensation Report, Fundamental principles of the compensation system	
2-20 Process to determine remuneration	Compensation Report, Fundamental principles of the compensation system	
2-21 Annual total compensation ratio		SFS does not currently have a centralized system in place at the international level for managing salary payments; the information requested cannot be calculated due to the insufficient dataset.
2-22 Statement on sustainable development strategy	Management Report	
	Strategy	
2-23 Policy commitments	Code of Conduct	
	Explanatory document on the Code of Conduct	
	Supplier Code of Conduct	
	Sustainability guidelines	
2-24 Embedding policy commitments	Code of Conduct	
	Explanatory document on the Code of Conduct	
2-25 Processes to remediate negative impacts	Compliance@SFS, incl. anonymous complaint process	
2-26 Mechanisms for seeking advice and raising concerns	Corporate Governance, Information policy	
	Compliance and due diligence	
2-27 Compliance with laws and regulations	During the year under review, SFS was not impacted by any material violation and there were no compliance incidents at SFS that resulted in fines or legal proceedings.	
2-28 Membership associations	Arbeitgeberverband Rheintal (Rhine Valley Employers, Association)	
	Hans Huber Stiftung (Hans Huber Foundation)	
	Hoffmann Group Foundation	
	Saint Gallen-Appenzell Chamber of Commerce and Industry	
	Landesverband Gross- und Aussenhandel Bayern (LGAD; Bavarian Wholesale and Export Association)	
	Stiftung FH SCHWEIZ – zur Förderung des dualen Bildungswegs (Foundation of the University of Applied Sciences Switzerland – for the promotion of the dual education system)	
	Swissavant	
	Swissmem	
	SFS is an active member of the associations and interest groups listed above and supports the organizations both financially and through the provision of personnel.	
2-29 Approach to stakeholder engagement	Strategy, Stakeholder dialog as the basis for reporting	
2-30 Collective bargaining agreements	At the end of the year under review, 31.5% (PY: 32.3%) of all employees were covered by collective bargaining agreements.	

GRI 3
Material Topics 2021

Disclosure	Place	Omission
3-1 Process to determine material topics	Strategy, Stakeholder dialog as the basis for reporting	
3-2 List of material topics	Strategy, List of material topics	

GRI 301
Materials 2016

Disclosure	Place	Omission
3-3 Management of material topics	Sustainable solutions	
301-1 Materials used by weight or volume	Sustainable solutions	
301-2 Recycled input materials used		The information on recycled raw materials used is currently not available or incomplete. From 2025, the sustainability report will be adapted to the requirements of the European Sustainability Reporting Standards (ESRS) and the materiality analysis carried out in 2024. As part of this, we will review which data will be collected and published in future.
301-3 Reclaimed products and their packaging materials		Currently not applicable: Once the products (primarily high-precision components and fastening solutions) have been installed in a customer's product, SFS does not have any opportunity to require or recycle them.

GRI 302
Energy 2016

Disclosure	Place	Omission
3-3 Management of material topics	Energy and emissions	
302-1 Energy consumption within the organization	Energy and emissions	
302-2 Energy consumption outside of the organization	Energy and emissions	
302-3 Energy intensity	Energy and emissions	
302-4 Reduction of energy consumption		The information on reducing energy consumption is currently incomplete. From 2025, the sustainability report will be adapted to the requirements of the European Sustainability Reporting Standards (ESRS) and the materiality analysis carried out in 2024. As part of this, we will review which data will be collected and published in future.
302-5 Reductions in energy requirements of products and services		Not material: In 2024, the screening of energy consumption was carried out and a CO_2 footprint was calculated accordingly. The energy consumption of our products was classified as insignificant.

GRI 305
Emissions 2016

Disclosure	Place	Omission
3-3 Management of material topics	Energy and emissions	

305-1 Direct (Scope 1) GHG emissions	Energy and emissions	
305-2 Energy indirect GHG emissions (Scope 2)	Energy and emissions	
305-3 Other indirect (Scope 3) GHG emissions	Energy and emissions	
305-4 GHG emissions intensity	Energy and emissions	
305-5 Reduction of GHG emissions		The information regarding the reduction of greenhouse gas emissionsis currently not available or incomplete. From 2025, the sustainability report will be adapted to the requirements of the European Sustainability Reporting Standards (ESRS) and the materiality analysis carried out in 2024. As part of this, we will review which data will be collected and published in future.
305-6 Emissions of ozone-depleting substances (ODS)		Not applicable: According to our in-house life cycle assessment, the emissions of ozone-depleting substances amounts to 0.01%.
305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Energy and emissions	

GRI 308

Supplier Environmental Assessment 2016

Disclosure	Place	Omission
3-3 Management of material topics	Procurement	
308-1 New suppliers that were screened using environmental criteria	Procurement	
308-2 Negative environmental impacts in the supply chain and actions taken	Procurement	

GRI 404
Training and Education 2016

Disclosure	Place	Omission
3-3 Management of material topics	Employee promotion and engagement	
404-1 Average hours of training per year per employee	Employee promotion and engagement	Information regarding the average hours of training per year per employee is not currently available or not available in full. The process for collecting the required information will be expanded in the next few reporting years.
404-2 Programs for upgrading employee skills and transition assistance programs	Employee promotion and engagement	
404-3 Percentage of employees receiving regular performance and career development reviews	Employee promotion and engagement	Any presentation/breakdown by employee category that is still missing will be added in the reporting years to come.

GRI 405
Diversity and Equal Opportunity 2016

Disclosure	Place	Omission
3-3 Management of material topics	Employee promotion and engagement	
405-1 Diversity of governance bodies and employees	Employee promotion and engagement	Data regarding additional categories of diversity will be added in the reporting years to come.
405-2 Ratio of basic salary and remuneration of women to men		Information regarding the ratio of basic salary and remuneration of women to men is not currently available or not available in full. The process for collecting the required data is expected to be implemented on a Group-wide basis in the next two to three years.

GRI 414
Supplier Social Assessment 2016

Disclosure	Place	Omission
3-3 Management of material topics	Procurement	
414-1 New suppliers that were screened using social criteria	Procurement	
414-2 Negative social impacts in the supply chain and actions taken	Procurement	

CO content index

Index used for reporting on non-financial matters pursuant to the Swiss Code of Obligations (CO) Art. 964 and the Responsible Business Initiative (RBI) on due diligence and transparency regarding minerals and metals from conflict-affected areas and child labor.

Topic	Link	Explanation	Compliance with GRI
Business model	SFS in brief, page 4		GRI 2-1, 2-6
	Corporate Governance, Group structure and shareholders		
Environmental concerns	Energy and emissions		GRI 302, 305
	Sustainable solutions		GRI 301
	Supplier environmental assessment		GRI 308
	Procurement		GRI 308
	Sustainability guidelines		
Social concerns	Corporate Governance, Information policy		GRI 2-16, 2-23, 2-24, 2-25, 2-26, 2-27
	Compliance and due diligence		
	Supplier social assessment		GRI 414
	Sustainability guidelines		
Employee concerns	Attractiveness as an employer		
	Training and education		GRI 404
	Diversity and equal opportunity		GRI 405
	Occupational health and safety		GRI 309
	Remuneration system and policies		GRI 2-19, 2-20
	SFS Code of Conduct		
Respect for human rights	Procurement		GRI 414
	Compliance and due diligence		GRI 1 Foundation
	Sustainability guidelines		
	SFS Code of Conduct		
	Supplier Code of Conduct		
Combating corruption	Compliance and due diligence		GRI 2-27
	Sustainability guidelines		
	SFS Code of Conduct		

Due diligence obligations regarding conflict minerals and child labor	Sustainability guidelines Supplier Code of Conduct	Conflict minerals: (CO 964j-l and VSoTR 3-4) SFS screens for minerals and metals from conflict and high-risk areas once per year. The import and processing quantities as defined under Swiss law were not exceeded during the year under review, which means that no reporting obligation applies.	GRI 1 Foundation
		Suspicion of child labor: (CO 964j-l and VSoTR 5 and 11): SFS uses questionnaires to screen for suspected child labor at its suppliers. There were no substantiated suspicions in the reporting year. 81% of strategic suppliers were monitored in the reporting year. Procurement practices are governed by the Supplier Code of Conduct, which has been mandatory for all suppliers since 2024. Violations can be submitted anonymously via the public reporting system.	

TCFD Report – Climate reporting

Risks identified

In 2024, the SFS Group carried out a climate-based scenario analysis for the first time. The findings gained from this analysis are helping to expand our established approach for assessing climate-related risks. The additional evaluation of transition and physical risks in particular provided valuable information that supports our strategic focus.

Governance

This report meets the requirements laid down in the Swiss Federal Council's ordinance on mandatory climate disclosures and follows the requirements set out by the Task Force on Climate-related Financial Disclosures (TCFD). It explains how the impacts of climate change are integrated and factored into our corporate governance. The structures necessary for this are described in the Corporate Governance Report.

Scenario analysis provides important findings

The Board of Directors continuously monitors the achievement of climate targets, reviews the progress made with the help of the ESG KPI and approves additional optimization measures where necessary.

It uses the findings from the scenario analysis, which was introduced in 2024 and is based on the results of the double materiality analysis, in order to incorporate the impacts of climate change into ESG risk management. The Board of Directors oversees financial decisions such as acquisitions and capital expenditure with the aim of ensuring that such financial expenditure is compatible with our climate targets.

Involvement of all stakeholders

The Group Executive Board is responsible for the implementation of the climate strategies and the quarterly reporting to the Board of Directors. Involving the relevant stakeholders (see "Compliance and due diligence" section: Dialog with stakeholder groups continued) ensures that the decision-making framework meets changing expectations and takes into consideration both short-term and long-term climate impacts.

Strategy

Management of climate-related opportunities and risks

SFS carries out climate scenario analyses and double materiality analyses in order to identify potential climate risks and the resulting business opportunities as well as to prioritize their potential financial influence. Qualitative and quantitative methods guarantee an in-depth decision-making process and alignment with strategic objectives.

Time frames and strategic measures

Time horizon	Strategic measure
Short–term (0–2 years)	Focus on immediate risks such as raw material availability and energy price volatility, which are part of ongoing business operations.
Mid–term (2–5 years)	Implementation of energy efficiency measures and increased use of renewable energy to achieve 2030 targets. Commitment to reducing direct emissions (Scope 1 and 2), measured in tons of CO_2 equivalents per value-added Swiss franc, by at least 90% by 2030 compared to 2020.
Long-term (>5 years–2050)	Scope 3 emissions should be reduced by ≥90% by 2040, measured in tons of CO_2 equivalents per value-added Swiss franc.

An overview of the types of risks and opportunities

Transition risks

- Market risks: Changing consumer behavior and increasing demand for sustainable solutions
- Regulatory risks: Rising carbon prices, stricter emissions standards, regulatory costs and climate-related damage
- Technological risks: Challenges in the launch of low-emission technologies

Reputational risks

Changes in consumer preferences as well as negative stakeholder feedback due to growing ESG expectations represent reputational risks for SFS. Reputational risk has been assessed in qualitative terms within the double materiality analysis and is not part of the scenario-based risk analysis.

Physical risks

- Acute weather events: Sudden events such as floods and storms
- Chronic weather events: Long-term changes, such as changes in the precipitation pattern

Opportunities

- Operational efficiency through energy and resource optimization: Improving resource efficiency will reduce energy requirements and costs, and will also improve environmental performance
- Resilience: Reduced exposure to climate-related damage under ambitious climate protection scenarios (e.g. 1.5 °C Paris Agreement)
- Changing customer demand: Expansion of the market for sustainable solutions and products

Climate-related risks are gradually being integrated into our financial planning through the introduction of additional KPIs. This enables the assessment of sustainable capital expenditure and ESG-oriented sales to be refined. At present, the scenario analysis assesses the transition and physical risks with a focus on financially significant risks and regulatory trends. Opportunities such as investments in energy efficiency and low-carbon products are prioritized according to their benefits and their strategic relevance.

Scenario analysis for transition risks

In 2024, the SFS Group carried out a scenario analysis to assess the impacts of transition risks on the company. Within this analysis, several scientifically substantiated climate scenarios were used that are summarized in internationally recognized scenarios. These were not developed by us, but are based on globally established models. The underlying data was obtained from a tool developed by the World Business Council for Sustainable Development (WBCSD). The SFS Group analyzed the financial and operational impacts on the company on the basis on the following general scenarios:

Scenario 1: (BAU) operations are conducted as before. **Business-As-Usual (BAU)/SSP[1] 5-8.5 (4.3°C)**	**Szenario 2: (WB2C) operations are adapted in order to minimize global warming to considerably lower than 2 °C.** **Well Below 2°C (WB2C)/SSP[1] 1-2.6 (1.6°C)**	**Szenario 3: (NZE) operations are adapted in order to produce net-zero emissions.** **Net Zero Emissions (NZE)/SSP[1] 1-1.9 (1.5°C)**
This scenario assumes minimal climate protection measures and reflects current regulatory actions. No significant demand for lower-carbon products is expected. Regulatory measures to support renewable energy, circular economy initiatives, improved energy efficiency standards for electric motors, and mandatory energy audits are not implemented across all regions.	This scenario represents moderate climate protection efforts with increasing demand for lower-carbon products and gradual political progress in energy transition technologies.	This ambitious scenario depicts rapid decarbonization through globally aggressive climate protection measures. Regulatory actions include strong support for carbon capture, transport, and utilization, as well as hydrogen, circular economy initiatives, and strict energy efficiency standards.

[1]Shared Socioeconomic Pathways: Scenarios that specifically consider socioeconomic factors.

Data sources and methodology

Internal Data	External Data
Data on our greenhouse gas emissions and financial data from 2023 were used to assess the potential impacts of climate-related opportunities and risks.	External data from publicly available research projects (e.g., World Business Council for Sustainable Development) were used to evaluate opportunities and transition risks, while data from our insurance provider were used to assess physical risks.

This comprehensive method allowed us to identify transition opportunities and risks in various regions and in so doing factor in medium- and long-term developments under different climate scenarios. During the scenario analysis, we made the following observations:

Findings from the scenario analysis

Risks	BAU	WB2C	NZE
Impact of Carbon Pricing The findings from the different scenarios, except for the BAU scenario, underline the necessity of ramping up the transition to energy-efficient, low-carbon operation. Through proactive management, such as investments in renewable energy, electrification, and carbon offsetting, SFS can mitigate the financial impact of rising carbon prices and contribute to decarbonization.	There is no or a negligible carbon price and only minimal incentives for decarbonization. This also means that there are no risks that need to be considered in this context.	Rising carbon prices with noticeable impacts on business performance. Initial incentives for lower-carbon solutions emerge.	The highest projected carbon costs lead to significant capital expenditures and strong impacts on operating profit (EBIT). The greatest incentives for low-carbon solutions arise.
Climate Damage and Regulatory Costs Climate damage and regulatory costs were analyzed in relation to SFS's CO_2 footprint, providing a framework for assessing potential business impacts. Regions with higher emission profiles were identified as particularly high-risk.	Low to no climate protection efforts lead to permanent and irreversible damage, with long-term high cost projections.	Increasing climate protection efforts significantly reduce the costs of climate-related damages.	Initial regulatory costs are higher than in other scenarios but decrease in the medium term, making them the lowest in the long run. Highlights the benefits of ambitious climate targets and offers the greatest potential to minimize climate damage.

Opportunities	BAU	WB2C	NZE
Sustainable Solutions Demand The demand forecasts for sustainable solutions provide key insights into changing market interests, allowing us to align our strategy accordingly. To assess the impact on SFS, we analyzed the projected demand increase in various regions in relation to market presence and revenue share. This helped identify regions with the highest growth potential for sustainable products and solutions.	Demand for sustainable solutions remains consistently low.	Significantly increased demand for sustainable solutions leads to corresponding market growth.	This scenario also focuses on energy efficiency, decarbonization through renewable energy, and systemic solutions like carbon capture and storage. This broader approach results in slightly lower demand for sustainable products than in the WB2C scenario but allows for a more versatile and potentially accelerated implementation of climate goals.
Cost Savings through Energy Efficiency and Renewable Energy (Upstream) To support SFS's goal of increasing self-generated energy, an analysis was conducted on renewable energy capacity and final energy demand. This assessment evaluated projected growth in key regions relative to our energy consumption, providing valuable insights for achieving our energy targets. The analysis also highlights cost-saving potential, as energy is a critical input for SFS's production.	Since the BAU scenario includes no explicit policy- or market-driven incentives for energy efficiency and renewable energy, no reliable modeling could be conducted. Based on current developments, efficiency gains and the expansion of renewable energy are expected to continue only to a limited extent.	The highest availability of renewable energy and energy efficiency measures at the level of the NZE scenario lead to significant cost savings and aggressive decarbonization of the energy supply. However, overall energy demand is slightly higher than in the NZE scenario.	In addition to renewable energy, this scenario focuses on efficiency improvements and technologies for achieving a negative emissions balance. These measures reduce overall energy demand, allowing ambitious climate targets to be met with a lower share of renewable energy than in the WB2C scenario.

Physical risk analysis
The SFS Group carried out a risk analysis within the BAU scenario in order to assess how extreme climate change would impact operations. All of the regions with production facilities were analyzed with respect to risks such as precipitation, weather conditions that facilitate fires, drought, cold stress and heat stress. Each region was assessed using a seven-point scale ranging from "very low" to "extreme". Risks were considered as relevant if 50% of the locations were assessed as "medium" or above. The time frames for physical risks were adjusted to the transition risks in order to ensure a consistent climate risk assessment.

The physical risks vary according to the time period. In the medium term, precipitation is a moderate risk, which could negatively impact water availability and infrastructure. Weather conditions that facilitate fires is considered a very low long-term risk, with drought likewise constituting a minor problem in the long term. Cold stress is deemed to be a moderate risk in the medium term, potentially causing business disruptions and increased heating requirements. In the long term, heat stress represents a moderate risk that could impact energy consumption and productivity.

The findings illustrate the potential challenges in different regions and support the development of a climate strategy and the prioritization of mitigation measures. Although the identified physical risks are relevant for the company, they are considered manageable at this moment in time. Continuous monitoring will enable the SFS Group to respond to new and changing risks.

Sensitivity analysis of climate risk

Climate change-related risks and opportunities	Risk Onset	Impact Severity BAU	Impact Severity WB2C	Impact Severity NZE
Transition Risks				
Carbon Price	Short-Term		High	High
Climate Damages/Policy Cost	Long-term	High	High	Low
Climate change-related opportunities				
Changed consumer behavior	Long-term	Low	High	High
Cost savings through energy efficiency and renewable energy (Upstream)	Long-term	Low	High	High
Physical Risks				
Precipitation	Medium-term	Medium		
Fire Weather	Long-term	Very Low		
Drought	Long-term	Low		
Cold-Stress	Medium-term	Medium		
Heat Stress	Long-term	Medium		

Mapping of the supply chain and significant locations
As part of the mapping of the supply chain, the significant regions were identified based on emissions intensity, physical risks and transition risks. This approach enables us to focus our efforts on the regions that have the greatest potential to mitigate climate-related risks and make use of sustainable opportunities for growth. Heavily affected regions such as China, the EU and the UK are given preference here for climate protection measures and investments.

Tools and methods used
SFS uses a variety of instruments such as CDP, IntegrityNext, EcoVadis, ISO 14001 and the WWF Water Risk Filter as well as external advisors and involves its stakeholders in order to guarantee holistic environmental risk assessments. The findings from these assessments are incorporated into our risk management process to improve decision-making.

Risk management

Management and mitigation of climate-related risks
SFS manages climate-related risks by means of four main measures:

- Decarbonization efforts: Promoting energy efficiency and the use of renewable energies
- Diversifying the supply chain: Reducing reliance on climate-sensitive regions, based on the local-for-local strategy
- Insurance coverage: Taking out appropriate insurance policies to protect against catastrophic losses caused by severe physical risks
- Operational resilience: Strengthening the resilience of our facilities and processes, especially in heavily impacted regions where SFS has a high presence or business activity, such as China, the EU and the UK

Based on the results of the scenario analyses and the double materiality analysis, identified risks are prioritized according to their financial materiality.

Integration into the strategic planning process
Climate-related risks are integrated into our strategic planning and decision-making processes in order to ensure that they are consistent with our corporate and sustainability targets. This integration is supported by the following measures:

- Cross-functional and cross-departmental collaboration
- Monitoring by the Board of Directors
- The measurement of key performance indicators (KPIs)

Measures for continuous improvement
We strive to continuously optimize our risk management in the following ways:

- Regularly updating the decision-making framework
- Using insights from the past and exchanges with partners
- Using the latest information digitalization technologies

Key figures and targets

Managing climate-related key figures is of enormous importance to SFS. In accordance with international frameworks such as the TCFD, these key figures support the implementation of our decarbonization strategy. The key figures and targets serve as the basis for measuring our progress, assessing risks and opportunities, and ensuring accountability in the achievement of our sustainability targets.

Gauging climate-related risks and opportunities
In order to comprehensively assess and manage climate-related risks and opportunities, we compile and measure the following key figures:

- Measurement of greenhouse gas emissions (GHG): Scope 1, 2 and 3 (see About this report)
- Corresponding targets (see Energy and emissions) These are intensity-based targets that will be supplemented by short- and long-term science-based targets and validated by the SBTi by the end of 2025.

- Measurement of energy consumption as well as corresponding targets (see Energy and emissions)

Progress and accountability
Detailed information about our climate targets, the progress made in the financial year, and climate-related measures is provided in the Energy and emissions section.

Conclusion and outlook
The listed key figures and targets have been integrated into the main strategic objectives of the SFS Group in order to ensure that sustainability initiatives promote long-term growth and resilience. These efforts are supported by our commitment to transparency and are reflected in the regular disclosures to our stakeholders as well as compliance with TCFD recommendations. As of financial year 2025, SFS will report in accordance with the European Sustainability Reporting Standards (ESRS).

About the Sustainability Report

Reporting period
Annual reporting, December 1, 2023 to November 30, 2024. The Sustainability Report 2024 was published together with the Annual Report on March 7, 2025, as a combined report.

System limitations
The management system as it relates to sustainability as well as all data specified is currently limited to 54 locations. This corresponds to a coverage level of 95% expressed in FTE terms. The greenhouse gas emissions (GHG emissions) of the locations not covered are considerably lower than 5% of the total emissions. Consolidation is carried out in accordance with the "financial control approach" of the GHG Protocol.

Method for calculating greenhouse gas emissions
The calculation of greenhouse gas emissions (Scope 1, Scope 2 and Scope 3) is based on the WRI/WBCSD Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition). The GWP (Global Warming Potential) factors were adopted from the 6th IPCC Assessment Report (AR6). The GHG emissions were calculated with the help of the REGIS expert system and version 3.11 of the ecoinvent dataset (secondary data).

Scope 1
Scope 1 emissions were generated by the burning of natural gas, heating oil, propane, methanol, direct emissions from privately owned vehicles and operating materials (e.g. refrigerant losses).

Scope 2
Scope 2 emissions from electricity and district heating were calculated based on the market. In so doing, the purchase of certificates of origin, "Energy Attribute Certificates" (EACs) as well as any contract documents with energy suppliers regarding the energy mix purchased for each location were taken into consideration. In the event that certificates of origin were not available for the purchased energy, an appropriate country-specific residual mix or, if this was not available, the market mix was used in each instance. In addition, the location-related Scope 2 emissions were also calculated.

Scope 3
Scope 3 emissions were calculated in all categories using the secondary data in the ecoinvent dataset (average data method).

- **Category 1 – Purchased goods and services**
  Emissions in this category were calculated based on purchased raw materials, trading goods, packaging and outsourced services.
- **Category 2 – Capital goods**
  The annual expenditure in the various categories of property, plant and equipment was used to calculate these emissions. Every category of property, plant and equipment is linked to a defined activity basket and takes regional aspects into consideration.
- **Category 3 – Fuel and energy-related activities (not included in Scope 1 or 2)**
  This category is based on energy-related data that has already been collected for Scope 1 and 2 emissions.
- **Category 4 – Upstream transportation and distribution**
  The emissions were calculated based on distance. In so doing, data on the transported weight, the distance and the means of transport for the upstream transportation was collected. In the event of incomplete data, the available data was extrapolated at a number of locations.
- **Category 5 – Waste generated in operations**
  The calculation of the emissions in this category factored in the weight and type of all waste, including hazardous and non-hazardous waste, as well as various waste disposal methods such as recycling, incineration with and without energy recovery, and landfilling.
- **Category 6 – Business travel**
  The emissions in this category were calculated based on distance. In so doing, both the distance and the means of transport used for business travel were taken into consideration.

- **Category 7 – Employee commuting**
  The emissions were calculated based on distance in this category too. The distances covered by employees were extrapolated based on random samples and the number of FTEs.
- **Category 8 – Upstream leased assets**
  The emissions in this category are already taken into consideration in Scope 1 and 2 emissions.
- **Category 9 – Downstream transportation and distribution**
  The emissions in this category were calculated in the same way as in category 4.
- **Category 10 – Processing of sold products**
  Sold products are not processed further at the customer’s location. This category is not material.
- **Category 11 – Use of sold products**
  Although most sold products do not require any energy during their use, the remaining products were analyzed to determine the lifespan of their rechargeable batteries/batteries and also their energy consumption during their service life with the customer. The calculated emissions were rounded due to modeling uncertainties.
- **Category 12 – End-of-life treatment of sold products**
  Most of the products sold by the SFS Group can be recycled. Nevertheless, the emissions for this category were calculated based on the weight of the products, the materials contained in the products and the waste disposal methods, such as “waste-to-energy” for the respective end market. The calculated emissions were rounded due to modeling uncertainties.
- **Category 13 – Downstream leased assets**
  This category is not material for SFS.
- **Category 14 – Franchises**
  Not applicable, as the SFS Group does not have any franchises.
- **Category 15 – Investments**
  Not applicable, as the SFS Group does not hold any substantial investments outside of the scope of consolidation.
- **Other Scope 3 emissions**
  The road infrastructure was taken into consideration in this category. No separate data was collected for this purpose, as it was available in the secondary data used.

Restatements
In the current year under review, the following material restatements or changes were made compared to the 2023 reporting year:

- Transparency on non-financial matters (Art. 964a-c of the Swiss Code of Obligations): A separate section on climate reporting in accordance with the requirements set out by the Task Force on Climate-related Financial Disclosures (TCFD)
- Switch from using secondary data from ecoinvent’s v3.10 dataset to the v3.11 dataset
- The data used to calculate Scope 3 emissions in categories 11 and 12 was only collected for the first time after the publication of the Annual Report 2023. The prior-year figures were added to this report

External assurance
No external assurance has been obtained for the Sustainability Report. The Compensation Report and Financial Report were audited by PricewaterhouseCoopers AG as external auditors.

See the Compensation Report, Auditor’s Report and Financial Report, Auditor’s Report.

Contact

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Member of the Group Executive Board
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T +41 71 727 51 51
sustainability@sfs.com

Corporate Governance

SFS

Introduction

Responsibility and transparency

The Board of Directors and Group Executive Board attach very great importance to effective Corporate Governance. In the interest of shareholders, customers, business partners and employees, the principles of good Corporate Governance ensure the necessary transparency and a healthy balance of management and control.

The structure of the following Corporate Governance report follows the Directive on Information relating to Corporate Governance (DCG) published by the SIX Swiss Exchange AG. All figures apply to December 31, 2024, unless otherwise stated.

Group structure and shareholders

Group structure
As of the end of 2024, the SFS Group is divided into the three segments Engineered Components (EC), Fastening Systems (FS) and Distribution & Logistics (D&L) as well as into six divisions.

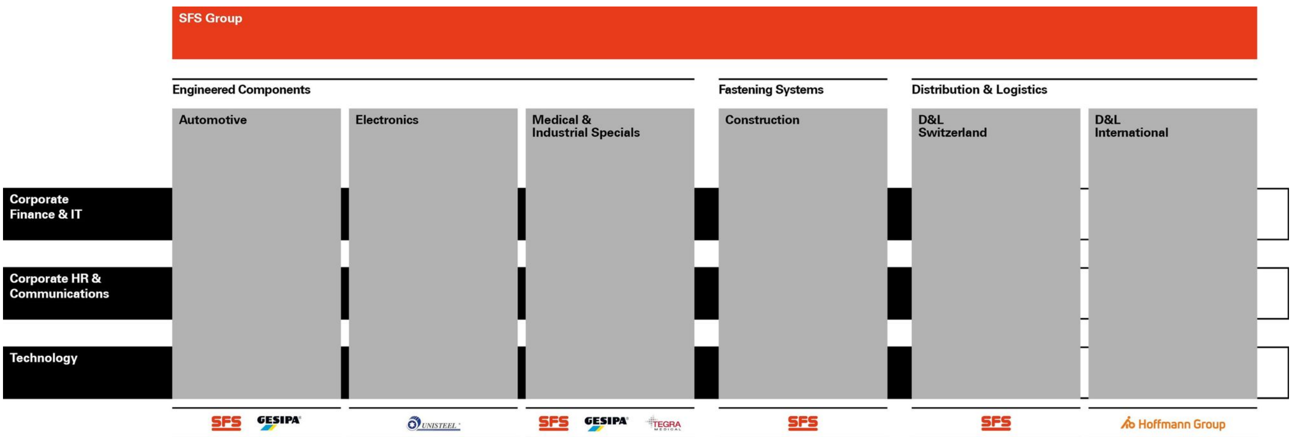
As of January 1, 2024, the Industrial and Medical divisions (EC segment) were merged to form the Medical & Industrial Specials division. The Riveting division (FS segment) was also integrated into the Automotive and Medical & Industrial Specials divisions (EC segment) from the start of 2024. As a result, SFS Group AG comprises six divisions (PY eight divisions).

In the Engineered Components segment, the SFS Group partners with customers to develop and manufacture customer-specific precision-molded parts, assemblies and fastening solutions. Engineered Components serves the automotive, electronics and medical and industrial specials end markets. The Fastening Systems segment develops, manufactures and markets application-specific mechanical fastening systems for the construction industry. In the Distribution & Logistics segment, the SFS Group is a leading sales partner in Europe for direct and indirect materials in the areas of quality tools, fasteners and other C-parts as well as procurement solutions for customers in the industrial manufacturing sector.

The Board of Directors (BoD) and Group Executive Board are supported in their management and supervisory functions by the corporate cross-functions Corporate Finance & IT (information technology, finance, controlling, tax, legal & compliance, corporate development and investor relations), Corporate HR & Communications (HR, communications and marketing) and Technology (technology and knowledge transfer, operations and business development).

The parent company of the SFS Group is SFS Group AG, domiciled in Heerbrugg, municipality of Widnau, Switzerland. It is incorporated under Swiss law and listed on the SIX Swiss Exchange AG under the Swiss Reporting Standard (security number 23.922.930, ISIN CH 023 922 930 2). Its share capital amounts to CHF 3,890,000 (PY CHF 3,890,000) and its market capitalization was CHF 4,885.8 million (PY CHF 4,053.4) as of December 31, 2024.

An overview of all affiliated companies in the scope of consolidation can be found in Section 5.2 of the appendix of the Financial Report. The scope of consolidation does not contain any other listed companies besides SFS Group AG.



The structure of the SFS Group on December 31, 2024 – the Group structure as of January 1, 2025, is shown in the Management Report.

Significant shareholders
The founding families of SFS Group AG, Huber and Stadler/Tschan, form an organized group according to Art. 12 of the Ordinance of the Swiss Financial Market Supervisory Authority on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FINMA Financial Market Infrastructure Ordinance, FinMIO-FINMA). As of December 31, 2024, this shareholder group held 53.08% (20,649,616 shares) of SFS Group shares (PY 53.01%, 20,619,177 shares). Detailed information about the group composition can be found here: Significant shareholders | Founding families , whereby it should be noted that the shareholding according to the disclosure notification of September 8, 2018, was lower and that a new disclosure notification was published after the balance sheet date (December 31, 2024) on February 14, 2025: Significant shareholders | Founding families.

Both families have defined their principles of cooperation and partnership in a pool agreement. It is their intention to retain a majority of more than 50% of the capital and the voting rights in the long run. They agree with each other on important decisions and always put the successful development of the SFS Group before the particular interests of the families.

In the context of the acquisition of Hoffmann SE, a group in the sense of Art. 12 of the FinMIO-FINMA was established by the former owners of Hoffman SE in 2021. The purpose of this group, consisting of First SALT Stiftung and First ELF Stiftung which were established by the former owners of Hoffmann SE, was the future acquisition of shares in SFS Group AG in the light of the acquisition and the associated obligation to not sell the acquired SFS shares for a specific period of time (lock-up obligation). Since the lock-up obligation is still valid at the end of the reporting year, this group still exists. This shareholder group under the name "First SALT Stiftung/First ELF Stiftung" holds 4.11% (1,600,000 shares) of the shares in SFS Group AG as per the last notification to the SIX Swiss Exchange (PY 4.11%, 1,600,000 shares). Detailed information about this notice can be found here: Significant shareholders | First SALT Stiftung/ First ELF Stiftung

As per the last notification to the SIX Swiss Exchange, UBS Fund Management (Switzerland) AG holds 5.75% of the shares in SFS Group AG (PY 3.01%). The company is not aware of any other disclosure notifications. Detailed information about this notice can be found here: Significant shareholders | UBS Fund Management (Switzerland) AG

SFS Group AG holds treasury shares to the extent of 0.09% (PY 0.03%).

Disclosure notifications pertaining to changes in shareholdings during the business year under review are published on the electronic publication platform of SIX Swiss Exchange AG. The notifications can be accessed via the following web link to the database search page of the disclosure office: Significant shareholders.

Cross-shareholdings
No cross-shareholdings of capital or voting rights exist with any other company.

Capital structure

Capital
The share capital of SFS Group AG amounts to CHF 3,890,000 (PY CHF 3,890,000) and is divided into 38,900,000 (PY 38,900,000) registered shares each with a par value of CHF 0.10.

Capital band and conditional capital
As of December 31, 2024, SFS Group AG has no conditional capital or capital band (PY none).

Changes in capital
There were no changes in the share capital in the reporting year, as was also the case in the previous year.

Shares and participation certificates
The share capital of SFS Group AG is divided into 38,900,000 registered shares with a nominal value of CHF 0.10 each. The share capital is fully paid in and each share is entitled to dividend. Each share represents one voting right at the Annual General Meeting. SFS Group AG has issued no participation certificates.

Dividend right certificates
SFS Group AG has issued no dividend right certificates.

Limitations on transferability and nominee listings
Persons acquiring registered shares of SFS Group AG are entered in the share register without limitation as shareholders with voting rights, provided they expressly declare themselves to have acquired the said shares in their own name and for their own account and comply with the disclosure requirement stipulated by the Financial Market Infrastructure Act (FinMIA). This is also set out in the SFS Articles of Association in Art. 5.

Persons not expressly declaring themselves to be holders of shares for their own account in their application for entry in the share register, or on request by the company (nominees), are entered in the share register with voting rights without further inquiry up to a maximum of 2.0% of the share capital outstanding at that time. Above this limit, registered shares held by nominees are entered in the share register with voting rights only if the nominees declare the names, addresses and shareholdings of the persons for whose account they are holding 0.3% or more of the share capital outstanding at that time, and provided that they comply with the disclosure requirements stipulated by the Financial Market Infrastructure Act (FinMIA). The Board of Directors has the right to conclude agreements with nominees concerning their disclosure requirements. In the year under review no such agreements were concluded.

The above-mentioned limit of registration also applies to the subscription for or acquisition of registered shares by exercise of pre-emptive, option or convertible rights arising from shares or any other securities issued by the company or third parties.

Legal entities or partnerships or other associations or joint ownership arrangements linked through capital ownership or voting rights, through common management or in like manner, and individuals, legal entities and partnerships (in particular syndicates) that act in concert with the intent to avoid the entry restriction are considered as one shareholder or nominee.

The company may in special cases approve exceptions to the above restrictions. After due consultation with the persons concerned, the company is further authorized to delete entries in the share register as shareholder with voting rights with retroactive effect if they were effected on the basis of false information or if the respective person does not provide the information requested. The person concerned must be informed of the deletion. In the reporting year, no exceptions were granted, and no deletions were executed (PY none). Cancellation or easing of the restrictions on the transferability of registered shares requires a resolution of the General Meeting passed by at least two thirds of the shares represented and an absolute majority of the par value of the shares represented.

Convertible bonds and options
No convertible bonds are outstanding and the SFS Group has issued no options (including employee options).

Board of Directors

Members of the Board of Directors
The Board of Directors of SFS Group AG consists of a minimum of five and a maximum of nine members. At the end of the reporting year, it consisted of eight members (PY seven). The average age of the members of the Board of Directors was 55.3 years as at December 31, 2024 (PY 54.7 years). The members of the Board of Directors were on average in their 7th term of office (PY 7th term of office).

Over the last three years, the external members of the Board of Directors have not had any material business relationship with the SFS Group with the exception of the relationships mentioned below.

The SFS Group rendered services for information technology, finance, and human resources to some related parties and some of their companies based on internal group rates. In addition, and at arm’s length, some goods were exchanged and property was rented or leased.

From left: Thomas Oetterli, Nick Huber, Manuela Suter, Jörg Walther, Fabian Tschan, Tanja Birner, Urs Kaufmann, Peter Bauschatz

Thomas Oetterli

Chair of the BoD, since 2022
Independent, non-executive BoD member, since 2011
Chair of the Audit Committee, 2014–2022
Swiss citizen, born 1969

Professional background

2016–2022	Schindler Group, Chief Executive Officer
2013–2016	Schindler Group, Head of China
2010–2022	Schindler Group, member of the Group Executive Committee
2010–2013	Schindler Group, Head of Europe North & East
2006–2009	Schindler Group, Head of Switzerland
1994–2022	Schindler Group

Other current activities and vested interests

Since 2023	SWISSMEM, member of the Board
Since 2023	Rieter, member of the BoD and since April 2024 Chair of the BoD
Since 2023	Rieter, Chief Executive Officer

Qualifications

1996	Master’s degree in economics, University of Zurich

Urs Kaufmann

Vice Chair, since 2023
Chair of the Nomination and Compensation Committee, since 2014
Independent, non-executive BoD member, since 2012
Lead Director, 2014–2023
Swiss citizen, born 1962

Professional background

2014–2017	HUBER + SUHNER AG, delegate of the BoD
2002–2017	HUBER + SUHNER AG, Chief Executive Officer

Other current activities and vested interests

Since 2023	Bucher Industries AG, member of the BoD and since April 2024 Chair of the BoD
Since 2017	HUBER + SUHNER AG, Chair of the BoD
2017–2024	Vetropack Holding AG, member of the BoD until April 2024
Since 2009	Müller Martini Holding AG, member of the BoD

Qualifications

1995	Senior Executive Program, IMD Lausanne
1987	Master's degree in mechanical engineering, Swiss Federal Institute of Technology (ETH) Zurich

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Peter Bauschatz

Independent, non-executive BoD member, since 2022
German citizen, born 1971

Professional background

2013–2016	TRITIO Rechtsanwaltsgesellschaft, partner
2007–2013	McDermott Will & Emery Attorneys at law, partner
2004–2007	GSK Gassner Stockmann & Kollegen, partner
2001–2004	ckss Attorneys at law, tax consultant

Other current activities and vested interests

Since 2017	Hoffmann SE, Chair of the Supervisory Board
Since 2017	NV Holding GmbH, Managing Director
Since 2016	SZA Schilling, Zutt & Anschütz Rechtsanwaltsgesellschaft mbH, partner

Qualifications

2001	Specialist attorney for tax law
2001	Master in European and International Business Law (MBL-HSG), University of St. Gallen
2000	Doctorate in tax law, University of Augsburg
1998	Attorney at law
1996	Master of law, University of Bayreuth and Constance

Tanja Birner

Non-executive BoD member, since 2024
German citizen, born 1972

Professional background

2020–2023	Siemens AG, Senior Vice President Sense and Act
2019–2020	Siemens AG, Senior Vice President Automation Products and Customizing Solution
2018–2019	KUKA AG, Vice President Global Key Account Management
2014–2017	KUKA AG, Vice President Global Sales Development
2009–2014	KUKA Robotics, Director Product Management
2000–2009	KUKA Robotics, Global Key Account Manager Daimler Chrysler
1999–2000	Messer Cutting Systems GmbH, Head of Sales
1997–1999	Messer Cutting Systems GmbH, Product and Project Manager

Other current activities and vested interests

Since 2023	Siemens AG, Senior Vice President Sales & Marketing – Factory Automation
Since 2021	Verband deutscher Unternehmerinnen (VdU), member of the MINT Commission

Qualifications

2000	Global Executive MBA, University of Toronto
1997	Master’s degree in mechanical engineering, Augsburg University of Applied Sciences

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SFS

Nick Huber

Non-executive BoD member, since 2017
Family shareholder Huber
Swiss citizen, born 1964

Professional background

1995–2016	Various management positions at SFS
1990–1995	IBM (Switzerland) AG, Account Manager

Other current activities and vested interests

Since 2023	Mettler Entwickler AG, member of the BoD
Since 2022	Inventx AG, member of the BoD
Since 2017	DGS Druckguss Systeme AG, member of the BoD
Since 2014	stürmsfs ag, member of the BoD
Since 2014	Inhaus AG, member of the BoD
Since 2009	Rauch Trading AG and Rauch Schweiz AG, member of the BoD
Since 2008	COLTENE Holding AG, Chair of the BoD
Since 1997	HUWA Finanz- und Beteiligungs AG, member of the BoD
Since 1995	Gurit Holding AG, member of the BoD

Qualifications

2013	Stanford Executive Program, Stanford University
2002	SKU, Advanced Management Program, Switzerland
1984	Matura (university entrance examination) type E in economics

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Fabian Tschan

Non-executive BoD member, since 2023
Family shareholder Stadler/Tschan
Swiss citizen, born 1977

Other current activities and vested interests

Since 2022	Lilly Capital AG, member of the BoD
Since 2020	MBaer Merchant Bank AG, member of the BoD
Since 2019	Golfyr AG, member of the BoD
Since 2018	Stiftung Gehresbisches für Appenzeller Musik, member of the Foundation Board
Since 2017	Altoo AG, member of the BoD

Since 2015	Octopus Cloud AG, member of the BoD
Since 2014	Hawak Holding AG, CEO and since 2008 member of the BoD
Since 2013	Data Cave Switzerland AG, member of the BoD and since 2015 Chair of the BoD
Since 2012	priaid AG, member of the BoD
Since 2008	CONPLIO Consulting GmbH, managing partner

Qualifications

2010	Master of Advanced Studies in business excellence, Lucerne University of Applied Sciences and Arts
2007	Bachelor's degree in business administration, Zurich University of Applied Sciences, Winterthur

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Manuela Suter

Independent, non-executive BoD member, since 2021
Swiss citizen, born 1974

Professional background

2014–2018	Bucher Industries, Head of Group Controlling
2011–2014	Bucher Industries, Group Controller
2010–2011	SIX Exchange Regulation, Zurich, Senior Financial Reporting Specialist
2007–2010	Holcim, Zurich, Head Financial Holdings
2001–2007	Ernst & Young, Auditor

Other current activities and vested interests

Since 2018	Bucher Industries, Chief Financial Officer

Qualifikationen

2005	Certified public accountant
2001	Master's degree in economics, University of Zurich

Jörg Walther

Chair of the Audit Committee, since 2022
Independent, non-executive BoD member, since 2014
Swiss citizen, born 1961

Professional background

2015–2018	Sika AG, Chair of the Special Expert Committee
2010–2012	Resun AG, General Counsel and Head Corporate Services, member of the Executive Committee
2001–2009	Novartis International AG, Global Head Legal M&A and Antitrust, member of the Group Legal Executive Committee
1999–2001	ABB Asea Brown Boveri AG, Group Vice Chair M&A
1995–1998	ABB Schweiz AG, Senior Legal Counsel
1991–1995	Danzas Management AG, Senior Legal Counsel and Head Group Legal Services

Other current activities and vested interests

Since 2010	Schärer Attorneys at Law, partner
Since 2023	Apotheke im Stadtspital Zürich AG, member of the BoD
Since 2023	Aare-Apotheke Rombach AG, member of the BoD
Since 2021	swissVR, member of Executive Board
Since 2016	HUBER + SUHNER AG, member of the BoD and Chair of the Audit Committee
Since 2016	Zehnder Group AG, Vice Chair of the BoD and Chair of the Audit Committee
Since 2015	Kraftwerk Augst AG, member of the BoD
Since 2015	Immobilien AEW AG, Vice Chair of the BoD
Since 2014	AEW Energie AG, member of the Audit Committee and since 2020 Vice Chair of the BoD

Qualifications

1999	Master's degree in business administration (MBA), University of Chicago
1996	Certificate Advanced Management Program (AMP), University of Oxford
1993	Postgraduate certificate in European economic law, University of St. Gallen
1990	Admitted to the bar (Attorney at Law)
1989	Master's degree in law, University of Zurich

Other current activities and vested interests
The profiles of the members of the Board of Directors give an overview of other current activities and vested interests. Beyond that, no member of the Board of Directors belongs to any important body, is permanent head of or consultant to important interest groups, has public functions or holds public office.

Permitted additional activities
The members of the Board of Directors may have other functions in executive management or supervisory bodies. The number of functions for third parties and legal units that are not controlled by the SFS Group is limited to:

- A maximum of five mandates as a member of executive management or supervisory bodies or other comparable functions at other listed legal entities, as well as
- A maximum of ten mandates as a member of executive management or supervisory bodies or other comparable functions at unlisted legal entities with an economic purpose

Mandates in companies that are under uniform control or the same beneficial ownership are deemed one mandate.

Election and terms of office
The terms of office of each member of the Board of Directors correspond to the legally permitted maximum term of one year. The members of the Board of Directors, the Chair and the members of the Nomination and Compensation Committee are elected by the Annual General Meeting. Every member is elected individually.

The term of office ends at the end of the next Annual General Meeting. Re-election is possible as long as the relevant member has not attained the age of 70.

If the office of the Chair of the Board of Directors is vacant, the Nomination and Compensation Committee is not complete or the company does not have an Independent Proxy, the Board of Directors shall appoint a substitute for the time period until the conclusion of the next Annual General Meeting who must be – with the exception of the Independent Proxy – a member of the Board of Directors.

Internal organizational structure
The Board of Directors is responsible for the ultimate direction, supervision and control of the Group Executive Board.

In support of its directive and supervisory capacity, the Board of Directors has formed two standing committees, the Nomination and Compensation Committee and the Audit Committee.

Board of Directors' procedures
A meeting of the Board of Directors is held whenever the business of the company requires but at least six times per annum. The meetings are usually spread at regular intervals over the first and second half-year. The Chair or in his absence the Vice Chair, or in the absence of both, another member of the Board of Directors, chairs the meeting. The Chair convenes Board meetings and sets meeting agendas. Additionally, the Chair ensures that the meeting agenda and supporting material are sent to Board members in principle seven days before the meeting date. The Chief Executive Officer, the Chief Financial Officer and the Group General Counsel in their function as Company Secretary attend each BoD meeting. Other members of the Group Executive Board, as the case may be, attend partially BoD meetings for specific agenda items within their area of managerial responsibility in an advisory function. The Board of Directors carries out an internal self-evaluation usually every two years.

In the reporting year, a total of eight ordinary (PY eight) und no extraordinary (PY none) Board meetings took place. Two meetings lasted less than two hours, six meetings lasted for a day, and one strategy conference was held over a period of three days. The meetings were held at regular intervals of one or two months during the reporting year. All members of the Board of Directors participated in all Board meetings (PY no absences).

The Chair of the Board of Directors maintains continuous contact with the members of the Board of Directors and keeps them updated in a regular and timely fashion. Decisions are made by the Board of Directors as a whole. A quorum of the Board of Directors is constituted when a majority of the members attend the meeting in person. In exceptional cases, the presence can take place by telephone or electronic media. The Board of Directors passes its resolutions with the majority of the votes cast. In the event of a tie, the Chair has the casting vote. Voting by proxy is not allowed. All resolutions and deliberations are recorded. The minutes are signed by the Chair and the Company Secretary and must be approved by the Board of Directors in the subsequent meeting.

Vice Chair

The Board of Directors elected Urs Kaufmann as Vice Chair until the end of the next Annual General Meeting. In his function, he takes the chair of the Board meetings if the Chair is indisposed. In particular, the Vice Chair presides Board meetings if the Chair is required to abstain from the deliberation and decision taking if the following items are on the agenda:

- Assessment of the Chair's work
- Decision of the Board of Directors on the request to the General Meeting for the re-election or not of the Chair
- Decision about the Chair's compensation

Committees' constitution and procedures

The committees' areas of authority and responsibility are defined in Section 5 of the Organizational Regulations of the SFS Group. These are available on the SFS Group website: Organizational Regulations

The committees support the Board of Directors in its supervisory and control capacities and act mainly as consulting, assessment and preparation bodies. The committees have final decision competence only in the topics explicitly mentioned below.

At the end of the reporting period, the committees were set up as follows:

Nomination and Compensation Committee

Urs Kaufmann	Chair
Nick Huber	Member

Audit Committee

Jörg Walther	Chair
Fabian Tschan	Member
Manuela Suter	Member

The committees meet as often as the business of the company requires. The Audit Committee typically meets in January, February and the fall. The Nomination and Compensation Committee usually meets in February and December. A record is kept of every meeting, and participants and the Board of Directors are provided with the minutes. The Chairs of the committees report on the committees' activities at the next meeting of the Board of Directors and prepare formal requests to the Board of Directors.

The term of office of the committee members is one year and corresponds to their term of office as members of the Board of Directors.

Nomination and Compensation Committee

The committee consists of a Chair and at least one additional member with a maximum of four members of the Board of Directors. The committee members are elected by the General Meeting on a yearly basis by request of the Board of Directors. The Nomination and Compensation Committee constitutes itself. The committee prepares all relevant decisions related to the nomination and compensation of the members of the Board of Directors and the Group Executive Board.

The Chief Executive Officer and the Chief Human Resources Officer attend the meetings of the committee unless their own nomination or compensation is being discussed. In the reporting period, the committee held four meetings (PY four), each lasting an average of three hours. In particular, the Nomination and Compensation Committee has the following duties:

- Requests related to the compensation system of the SFS Group;
- Requests related to the setting of compensation-related targets for the Group Executive Board;

- Requests related to the approval of the individual compensation of the Chair and the members of the Board of Directors, the Chief Executive Officer and other members of the Group Executive Board;
- Requests related to amendments to the Articles of Association in respect of the compensation system;
- Proposals related to a balanced composition of the Board of Directors and determination of the criteria of independence;
- Selection process for new members of the Board of Directors, the Chief Executive Officer and members of the Group Executive Board;
- Evaluation of proposals of the Chief Executive Officer related to the appointment or removal from office of members of the Group Executive Board;
- Approval of agreements and employment contracts with the Chair of the Board of Directors, the Chief Executive Officer and other members of the Group Executive Board;
- Approval of the acceptance of external mandates by members of the Board of Directors and the Group Executive Board

The motions of the committee are proposed to the full Board of Directors as a whole. Further functions of the Nomination and Compensation Committee are defined in Section 5.3 of the Organizational Regulations.

Audit Committee

The Audit Committee has a minimum of three members, elected by the Board of Directors. The Audit Committee constitutes itself and supports the Board of Directors in its ultimate supervisory function on the completeness of the financial statements, compliance with the legal requirements, the aptitude of the external auditor and the performance of the internal and external auditors. The Audit Committee assesses the appropriateness of the financial reporting, the non-financial reporting, the internal control system and the general control of business risks.

The Chief Financial Officer, the Chief Executive Officer, the Head of Corporate Accounting and Reporting, the Head of Internal Audit, the Group General Counsel and the external auditor attend the meetings of the Audit Committee. If necessary, the Audit Committee discusses certain agenda items separately with the external auditor. In the reporting period, the committee held four meetings (PY four), each lasting about two hours.

In particular, the Audit Committee has the following duties and competences:

- Evaluation of the external auditor and proposal to the Board of Directors on the appointment of the external auditor at the General Meeting:
- Assessment of the performance and independence of the current external auditor and approval of the budget for auditing and other fees by the external auditor;
- Organization of the internal audit, appointment of the internal auditor and assessment of its performance review;
- Approval of the audit plans of both the internal and external auditors;
- Approval of any non-audit related services of the external auditor;
- Request for information from the Group Executive Board and the internal and external auditors on major risks, contingent liabilities and other liabilities of the Group and assessment of the mitigation measures taken;
- Review and discussion of the annual and interim financial statements and other published financial information;
- Discussion of the results of the annual audit with the external auditor and the reports of the internal audit and submissions or proposals to the Board of Directors;
- Assurance of the collaboration between external and internal auditors

Further functions of the Audit Committee are defined in Section 5.2.2 of the Organizational Regulations.

Definition of areas of responsibility
The functions and responsibilities of the various bodies are set out in detail in Section 2 ff. of the Organizational Regulations. The Board of Directors is responsible for the ultimate direction, supervision and control of the Group Executive Board.

The Board of Directors deals with all matters that are not delegated to the General Meeting or another body of the company either by law, its Articles of Association or the Organizational Regulations.

Pursuant to the law, the Articles of Association and the Organizational Regulations, the Board of Directors has delegated corporate management responsibility to the Group Executive Board. The Organizational Regulations are reviewed and amended by the Board of Directors on a regular basis.

The Board of Directors approves in particular the business strategy and organization as proposed by the Group Executive Board, the budgets, medium-term plans, and any other business that by its nature or financial importance is considered strategically significant. For any projects that require a Board of Directors' decision, the Group Executive Board submits written requests and appropriate documentation.

Information and control instruments vis-a-vis Group Executive Management
During the Board of Directors' meeting, the Chief Executive Officer and the Chief Financial Officer give information on the current state of business, the most important business transactions of the segments, the divisions and the subsidiaries (management units), and the execution of functions delegated to the Group Executive Board.

The management information system of the SFS Group works as follows: The balance sheet, income statement, cash flow statement and key figures of the management units are set up and consolidated on a quarterly, half-yearly and yearly basis, and compared with the previous year's figures and budget. The budget is reviewed based on the quarterly financials in the form of a latest best estimate on the reachability of each unit and on a consolidated basis. The Board of Directors is provided with a monthly overview of the development of the group sales and a quarterly estimate of financial results for the whole reporting year.

The Board of Directors approves the budget of the SFS Group, the segments and the divisions. Once a year, the Board of Directors is provided with the results of the current mid-term planning for the following three to five years. Usually, the Board of Directors deals with strategic questions about the group, the segments and the divisions in a three-day meeting.

The Chief Executive Officer, the Group Executive Board and the Chair of the Board of Directors are provided with condensed financial reporting about the business development on a monthly basis. Substantial discrepancies and developments are brought to the attention of the whole Board of Directors immediately.

The internal audit is executed by the Corporate Controlling team and in cooperation with an external specialized partner. Although the Head of Internal Audit is subordinate to the Chief Financial Officer, they report directly to the Audit Committee in regard to these activities. The internal audit of the SFS Group is aligned with the size of the group. Based on financial risk considerations approved by the Audit Committee, the group companies are audited every two to four years depending on the risk assessment. The written internal audit report is discussed with the management of the companies concerned, and the most significant measures are agreed. Material findings of the internal audit and the audit reports are presented to and discussed in the Audit Committee. In the reporting year, nine internal audits took place (PY six).

The external auditor assesses the internal control system (ICS) annually in a comprehensive report to the Audit Committee and Board of Directors and confirms its existence.

The Group Executive Board selects and assesses the substantial financial, operational and strategic risks annually together with the ICS managers. Based on its own assessment (top-down) and on information provided by the segments and divisions (bottom-up), risks are categorized depending on their probability of occurrence and their potential financial impact. For each listed risk, mitigation measures are defined. The risks assessed and the actions defined are submitted in the Risk Analysis of the SFS Group to the Board of Directors' meeting in December for discussion and approval. In the reporting period, the following potential risks with possible mitigation measures were discussed in particular:

- Exposure to the global economic environment and geographic shifts in demand
- Currency fluctuations
- Geopolitical instabilities
- Data breaches and business interruptions due to cyber attacks
- Disinformation
- Natural disasters
- Impact of failing to meet the sustainability targets set; and increasing regulatory requirements in the area of supply chains and tax

Group Executive Board

Members of the Group Executive Board
The Chief Executive Officer, together with the Group Executive Board, is responsible for the management of the SFS Group. Under the CEO’s leadership, the Group Executive Board addresses all issues of relevance to the Group, takes decisions within its remit and submits proposals to the Board of Directors. The Heads of the segments, divisions and corporate cross-functions are responsible for the outline and achievement of their business objectives and for the autonomous management of their units.

At the end of the reporting year 2024, the Group Executive Board consisted of nine (PY ten) members.

From left: Volker Dostmann, Iso Raunjak, Thomas Jung, Jens Breu, George Poh, Arthur Blank, Urs Langenauer, Walter Kobler, Martin Reichenecker

Jens Breu

Chief Executive Officer, since 2016
Head of Engineered Components segment, since 2014
Head of Fastening Systems segment, since 2014
Head of Distribution & Logistics segment, since 2022
With SFS since 1995
Swiss citizen, born 1972

Functions within the company

	Member of the BoD of several SFS Group companies
2014–2015	Chief Operating Officer
2012–2013	Head of Industrial division
2008–2013	Technical Director SFS intec
2000–2008	Vice President of Manufacturing, SFS Group USA
1995–2000	Tool engineer

Other current activities and vested interests

Since 2024	SWISSMEM, member of the Board
Since 2019	Dätwyler Holding AG, member of the BoD

Qualifications

2007	MBA, Cleveland State University
1996	Mechanical engineer, University of Applied Sciences St. Gallen

Arthur Blank

Head of Corporate HR and Communications
With SFS since 1979
Swiss citizen, born 1959

Functions within the company

	Member of the BoD of several SFS Group companies
2014–2023	Head of Construction division
2010–2013	General Manager Europe
2008–2010	Head of various Business Units
1998–2008	General Manager International Manufacturing

Qualifications

2000	SKU, Advanced Management Program, Switzerland
1994	International management program with focus on manufacturing management, IMD Lausanne
1982	Bachelor of Science (B. Sc.), Buchs Institute of Technology (NTB)

Volker Dostmann

Chief Financial Officer, since 2021
With SFS since 2020
Swiss citizen, born 1970

Functions within the company

	Member of the BoD of several SFS Group companies
Since 2020	Member of the Group Executive Board

Other current activities and vested interests

Since 2024	Schneeberger Holding AG, member of the BoD

Qualifications

2017	Senior Executive Program, London Business School
2007	Executive MBA Business Engineering, University of St. Gallen
1994	Economist SEBA, HWV Zürich

Thomas Jung

Head of Construction division, since 2024
With SFS since 2010
German citizen, born 1969

Functions within the company

	Member of the BoD of several SFS Group companies
2020–2023	General Manager Construction Region North America
2013–2020	General Manager Construction Region Europe Central/East
2010–2013	General Manager Germany

Qualifications

2023	Stanford Executive Program, Stanford University
2008	MBA, TIAS School for Business Administration
1997	Diploma as a merchant, business administration, Saarland University

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Walter Kobler

Head of Medical & Industrial Specials division, since 2024
With SFS since 1987
Swiss citizen, born 1963

Functions within the company

	Member of the BoD of several SFS Group companies
2021–2023	Head of Medical division
2014–2023	Head of Industrial division
2004–2014	General Manager of aircraft activities

Qualifications

2012	Stanford Executive Program, Stanford University
1994	Sales manager at the Institute of Marketing, University of St. Gallen
1992	Advanced courses in sales and leadership, Management Center St. Gallen
1990	Federally certified marketing planner, Kaderschule St. Gallen

Urs Langenauer

Head of Automotive division, since 2024
With SFS since 1995
Swiss citizen, born 1979

Functions within the company

2019–2023	Head of Riveting division
2013–2019	General Manager Automotive division, SFS Group USA
2008–2013	Vice President of Manufacturing, SFS Group USA

Qualifications

2003	Engineer in mechatronics, University of Applied Sciences St. Gallen

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George Poh

Head of Electronics division, since 2014
With SFS (Unisteel) since 1995
Singapore citizen, born 1963

Functions within the company

	Member of the BoD of several SFS Group companies
2012–2014	Chief Operating Officer Unisteel
2011–2012	Chief Technology Officer Unisteel
2003–2011	Managing Director Unisteel
1995–2003	Various management positions within Unisteel

Qualifications

1998	MBA, University of Hull, UK
1988	Bachelor of Engineering (B. Eng.), mechanical engineering, University of Sheffield, UK
1983	Diploma mechanical engineering, Singapore Polytechnic

Iso Raunjak

Head of Distribution & Logistics Switzerland division, since 2020
With SFS since 1992
Swiss citizen, born 1976

Functions within the company

2018–2019	Head of Business Unit Architectural Hardware
2012–2018	Head of Business Unit Central Logistics
2006–2012	Head of Quality Management

Other current activities and vested interests

Since 2023	Pestalozzi AG, member of the BoD
Since 2020	SWISSAVANT association, member of the Board and since 2024 Vice Chair of the Board

Qualifications

2023	Stanford Executive Program, Stanford University
2014	Diploma in logistics management, University of St. Gallen
2008	Training in antitrust law, University of Constance
2004	Diploma as a technical merchant

Martin Reichenecker

Head of Distribution & Logistics International division, since 2022
With SFS (Hoffmann) since 2004
German citizen, born 1977

Functions within the company

	Member of the Management and the BoD of several SFS Group companies
Since 2021	Chief Executive Officer of Hoffmann SE
2018–2021	Director of Sales and Marketing and Spokesman of the Hoffmann Executive Board
2015–2018	Group Executive Sales and Marketing, Hoffmann
2014–2015	Group Executive Product Management and Purchasing, Hoffmann
2011–2013	Head of International Key Account Management, Hoffmann
2004–2011	Various management positions within Hoffmann

Other current activities and vested interests

Since 2023	Cordes & Graefe KG, member of the Advisory Forum

Qualifications

2004	Master of Business Administration and Engineering, University of Applied Sciences Mannheim
2001	Diploma in Business Administration, Academy Ravensburg

Other current activities and vested interests

The profiles of the members of the Group Executive Board give an overview of other current activities and vested interests. Beyond that, no member of the Group Executive Board belongs to any important body, is permanent head of or consultant to important interest groups, has public functions or holds public office.

Permitted additional activities

The members of the Group Executive Board may have other functions in executive management or supervisory bodies if approved by the Nomination and Compensation Committee of the Board. The number of functions for third parties and legal units that are not controlled by the SFS Group is limited to:

- A maximum of two mandates as a member of executive management or supervisory bodies or other comparable functions at other listed legal entities, as well as
- A maximum of five mandates as a member of executive management or supervisory bodies or other comparable functions at unlisted legal entities with an economic purpose.

Mandates in companies that are under uniform control or the same beneficial ownership are deemed one mandate.

Management contracts

No management contracts exist with companies or individuals outside the SFS Group.

Compensation, shareholdings and loans

All information on this subject can be found in the Compensation Report.

Shareholders’ participation

Voting rights and representation restrictions
Shareholders’ participation rights are detailed in Art. 11 of the Articles of Association.

Each share represents one voting right, subject to the provisions above on capital structure, limitations on transferability and nominee listings. In the reporting year, no exceptions were granted (PY none).

The Board of Directors determines the requirements related to proxies and voting instructions.

An easement or abolition of the restriction of the transferability of the registered shares can be resolved by the General Meeting. A resolution passed by at least two thirds of the represented share votes and an absolute majority of the represented shares par value is required.

The Articles of Association do not contain any regulations concerning the issuance of instructions to the Independent Proxy or electronic participation at the Annual General Meeting.

Each shareholder may be represented by the Independent Proxy. The term of office of the Independent Proxy ends at the next Annual General Meeting. Re-election is possible. Its duties are governed by the relevant statutory provisions. The Annual General Meeting of April 24, 2024, elected bürki bolt Rechtsanwälte, 9435 Heerbrugg, as Independent Proxy until the next Annual General Meeting.

Statutory quorums
For:

- The cases listed in Art. 704 para. 1 and 2 CO and in Art. 18 and 64 of the Federal Act on Mergers, Demergers, Transformations and Transfers of Assets and Liabilities (Mergers Act);
- The easement or abolition of the restrictions of the transferability of registered shares;

a resolution of the General Meeting passed by at least two thirds of the represented share votes and an absolute majority of the represented shares par value is required.

Convocation of the Annual General Meeting
No regulations deviate from the relevant statutory provisions.

Inclusion of items on the agenda
The Board of Directors states the items on the agenda.

Registered shareholders with voting rights individually or jointly representing at least 0.5% of the share capital or the votes may demand that items are put on the agenda. The request for an item to be added to the agenda must be submitted in writing to the Chair of the Board of Directors at least 45 days before the Annual General Meeting, stating the subject to be discussed and the proposals.

Registration in the share register
No registrations are made in the share register around ten days before and five days after the date of the Annual General Meeting. The exact dates of closing of the share register are set out in the invitation to the Annual General Meeting. In the reporting year, the Board of Directors has granted no exceptions to this rule (PY none).

Changes of control and defense measures

Duty to make an offer
Pursuant to Art. 31 of the Articles of Association, the obligation to submit a public takeover offer pursuant to Art. 135 of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FinMIA) has been waived in accordance with Art. 125 para. 3 FinMIA (opting out).

Clauses on changes of control
No contractual clauses governing changes in control exist in agreements or plans with the members of the Board of Directors. The employment contracts of the members of the Group Executive Board do not contain any provisions related to change of control. The blocking period of shares continues to apply in the event of a change of control. There are no clauses related to a change of control in the employment contracts of other key members of the management.

The contractual notice period for members of the Group Executive Board is set to a maximum of twelve months. The agreed non-competition clause of members of the Group Executive Board of two years is not applicable if employment is terminated due to a change of control.

Auditing body

Duration of the mandate and term of office of the lead auditor
PricewaterhouseCoopers AG, St. Gallen, has been the independent auditor of SFS Group AG and several subsidiaries since 1993. The independent auditor is elected by the Annual General Meeting for a period of one year. The lead auditor in the present mandate, Gianluca Galasso, took office at the Annual General Meeting of 2021.

Audit fees
In the reporting period, PricewaterhouseCoopers charged the SFS Group around CHF 1.1 million (PY CHF 1.2 million) for the audit of SFS Group AG, the Group financial statements and several subsidiaries.

Additional fees
PricewaterhouseCoopers AG and affiliated companies did not raise invoices for audit-related services in the reporting period (PY none). For additional services related to tax compliance and other tax consulting services, a total amount of CHF 0.4 million (PY CHF 0.3 million) and for other consulting services a total amount of CHF 0.2 million (PY CHF 0.2 million) was invoiced from PricewaterhouseCoopers AG to SFS Group.

Informational instruments pertaining to an external audit
The Audit Committee briefs the Board of Directors on the work done by and the working relation with the external auditor at least once a year.

Each year, the external auditor submits an audit plan and a comprehensive report on the financials for the attention of the Board of Directors and the Audit Committee. The report contains conclusions on financial accounting, the internal control system and the process and results of the audit.

The Audit Committee evaluates the scope of the annual audit and the audit plans, and discusses audit results with the external auditor. In the reporting period, the external and internal auditors were present at three meetings of the Audit Committee (PY four).

The Audit Committee makes an annual assessment of the effectiveness, performance, independence and fees paid to the external auditor, and provides the Board of Directors with a proposal for the election of the auditor by the General Meeting.

This evaluation is based on the reports and presentations provided by the external auditor, the discussions held in the meetings, its objectivity and its technical and operational competency.

The Audit Committee assesses the sustainability, the scope and the fee for the services rendered by the external auditor. For internal organizational structure and further functions of the Audit Committee reference is made to the section “Internal organizational structure” above.

Information policy

Open and regular communication on all levels is an important part of the managerial responsibility. All information measures are based on a commitment to uphold the credibility of the group. Communication is carried out in an active, open and timely way with all stakeholders.

The SFS Group maintains a dialog with investors and media on a regular basis, including media and analyst conferences in March and in July, an investor day every other year in August/September, roadshows in spring and every other fall, a volume notification with sales numbers in January and investors days at various banks. An overview of the dates of the most important events for all stakeholders, such as the date of the Annual General Meeting and the date of the publication of the Annual Report, can be found here: Agenda

As a company listed on the SIX Swiss Exchange AG, SFS Group AG is subject to ad hoc publicity rules, i.e. the obligation to promptly report any information that is potentially relevant to the share price. All ad hoc announcements according to Art. 53 LR, as well as further news, can be found here: Media & Newsroom

Interested parties can subscribe to an email service free of charge at the following link: Mailing list

Annual Reports and Half-Year Reports, presentations on important activities and other relevant documents go online simultaneously with publication on the following website: Financial publications

The Annual Report webpage can be found here: Annual Report 2024

Shareholders receive the summary of the Annual Report automatically with the invitation to the Annual General Meeting. The complete version of the Annual Report is available electronically on the website.

Official announcements and company notices are published in the Swiss Commercial Gazette (SOGC).

The following information and documents are available on the SFS Group website sfs.com:

- Numbers: SFS at a glance
- Information for investors
- Articles of Association
- Organizational regulations

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Blocked periods

The SFS Group Trading Policy specifies fixed blocking periods for trading in shares of SFS Group AG or derivatives that are significantly influenced by the share price of SFS Group AG (Ordinary Blocked Periods) for employees who have insider knowledge due to their function in the phase of preparing the Half-Year and Annual Financial Reports. In addition to the members of the Board of Directors and the Group Executive Board, this group consists of various persons designated by the CEO or CFO, in particular in the areas of finance, IT, legal and communication. The fixed blocking periods last from December 1 until the end of one day after the publication of the Annual Report and from June 1 until the end of one day after the publication of the Half-Year Report. In the reporting year, there were thus fixed blocking periods from December 1, 2023, to March 7, 2024, from June 1, 2024, to July 18, 2024, and from December 1, 2024, to March 7, 2025. Exceptions to the trading suspension may be approved by the CEO or the Chair of the Board of Directors. No exceptions were requested or granted under the year under review.

Furthermore, the Trading Policy of the SFS Group provides for Extraordinary Blocked Periods, which can be declared by the CEO or the Chair of the Board of Directors if there is a risk of insider information being available during a certain period of time which is only accessible to a limited group of persons.

Compensation Report

Introduction

The compensation system of the SFS Group strengthens the company by attracting, motivating and retaining talented individuals. It also takes into consideration the interests of the shareholders at the same time.

It rewards short-term achievements as well as the long-term success of the company. The Compensation Report contains detailed information about the compensation paid to the members of the Board of Directors and Group Executive Board in financial year 2024.

The report was prepared in accordance with the provisions of the Swiss Code of Obligations, which defines the regulations on remuneration for public listed companies, as well as with the provisions set forth in the Directive on Information relating to Corporate Governance issued by SIX Swiss Exchange AG and the Swiss Code of Best Practice for Corporate Governance. The report refers to the Articles of Association of the SFS Group.

Dear Shareholders
Over the next few pages, you will find the Compensation Report of the SFS Group for financial year 2024. This report was prepared in accordance with the applicable laws, regulations and provisions.

The Nomination and Compensation Committee (NCC) carried out its regular activities in the year under review, such as succession planning for the Board of Directors and the Group Executive Board, setting the performance targets at the start of the year and reviewing performance at the end of the year, determining the compensation to be paid to the members of the Board of Directors and the Group Executive Board and preparing the Compensation Report (see also "duties of the Nomination and Compensation Committee" in the Corporate Governance Report).

The benchmarking of the compensation system by the NCC is performed using the benchmark companies listed in the Compensation Report. The NCC concluded that the compensation system remains consistent with the general business strategy as well as the interests of the shareholders and is well-balanced. Therefore, no changes were made in 2024. We are confident that the compensation concept helps to generate the commitment to realize both financial and non-financial values in the long term and is finely tuned to the interests of our shareholders. We will also review and evaluate our compensation program in the future and will engage in an open dialog with our shareholders and their representatives.

Thank you for sharing your views on executive compensation with us. We trust that you will find this report informative.

Urs Kaufmann
Chair of the Nomination and Compensation Committee (NCC)

Principles of the compensation system

The success of SFS Group depends largely on the quality, entrepreneurial mindset and motivation of its workforce. The aim of the compensation system is to attract well-qualified specialists and executives, and foster commitment to the company's long-term goals. The compensation policy of SFS Group satisfies the following criteria:

- Performance-oriented with fixed and variable compensation components
- Based on clearly defined and measurable targets
- Clear and straightforward
- Compensation is fair and market-based
- Predefined maximum and minimum thresholds

The Articles of Association prohibit the company from providing members of the Board of Directors (BoD) or the Group Executive Board (GEB) with any loans, credits, or pension benefits other than from occupational pension plans.

The basic principles of the compensation paid to the Board of Directors and Group Executive Board are set forth in Arts. 25–30 of SFS Group AG's Articles of Association.

Responsibility for revision of the compensation system and the proposal of the amounts of compensation to be paid lies with the Nomination and Compensation Committee. Its proposals are submitted to the entire BoD. The composition, tasks, duties and working methods of the NCC are disclosed in the Corporate Governance Report.

Compensation of the Board of Directors
The members of the Board of Directors receive a fixed basic fee, fixed fees for membership of committees and a fixed number of SFS shares. The various amounts of compensation are determined annually by the BoD based on a proposal submitted by the NCC. The amount of compensation paid is subject to and within the limits of the aggregate amounts approved by the Annual General Meeting. Compensation is paid in cash and in the form of a fixed number of shares of SFS Group AG. The SFS shares are a compensation component focused on long-term success and are subject to a minimum holding period of three years. The NCC reviews the weighting of SFS shares as a component of overall compensation on a regular basis and submits proposals for modification to the BoD.

Basic fee and share allocation (per term of office)

	Fixed basic fee	Fee for membership in a committee	Shares
Chair of the Board of Directors	260,000	–	1,500
Vice Chair of the Board of Directors	90,000	20,000	500
Member of the Board of Directors	70,000	20,000	500

An additional compensation, as specified in Art. 25 of the Articles of Association, was not awarded during the year under review or during the previous year. Compensation of the members of the BoD is subject to approval by the Annual General Meeting.

In principle, there will be no payments to pension funds or similar institutions for the members of the BoD. In exceptional cases, such payments may be made upon request of the NCC and are subject to approval by the Annual General Meeting if the members in question do not have other insurable income from subordinate employment.

Compensation of the Group Executive Board

Members of the GEB receive a base salary in cash commensurate with their responsibilities and experience. In addition, a variable component of compensation based on individual performance and the operational results is paid in cash and in the form of SFS shares. The SFS shares awarded are blocked for a period of at least three years.

The compensation of the members of the GEB is subject to approval by the Annual General Meeting. Members of the GEB additionally receive a lump-sum cash payment as reimbursement for business and representational expenses. This is in accordance with local legislation and in Switzerland with the business and travel expense policy document approved by the competent cantonal tax authority.

The compensation for GEB members comprises the following components:

1. Base salary
2. Variable cash compensation
3. Variable SFS share compensation

1. Base salary

The base salary is fixed individually and considers the function performed and the responsibility of the respective member of the GEB.

2. Variable cash compensation

The variable compensation system of the GEB is based on the MbO (Management by Objectives) process of the SFS Group. A success and performance-oriented target compensation in cash is agreed in advance for each member of the GEB that, according to the Articles of Association, may not exceed an amount equal to 100% of the base salary. In accordance with the compensation system of the SFS Group, which is approved by the entire Board of Directors at the request of the NCC, the variable target cash compensation is limited to 40 to 60% of the base salary for the Chief Executive Officer (CEO) and to 30 to 50% for the other GEB members. If the threshold for the specific target is not met, no variable cash compensation will be paid out. Where the agreed targets are significantly outperformed, a cap for this salary component is set at 150% of the agreed variable cash amount.

The amount of variable cash compensation is governed by three criteria:

a. Extent to which the financial targets have been achieved
   The financial targets are proposed by the NCC and set by the BoD in advance for a one-year period of service. These include the sales and the EBIT margin and also the cash-to-cash cycle at Group and divisional level.

b. Achievement of individual annual targets
   The Board of Directors determines these compensation-relevant targets for the CEO and the CEO, in coordination with the Chair of the BoD, determines them individually in respect of all other GEB members. Ongoing projects, the established strategic targets and sustainable corporate development serve as guidelines in this process. A floor value is determined for each of the defined targets, below which there is no entitlement to compensation. A cap value determines the maximum amount of variable compensation for each target.
   Specific ESG goals are defined as part of the individual target agreements for the Group Executive Board to strengthen the emphasis on ecological and social governance aspects in the context of corporate management. These include, for example, the use of renewable energy, CO_2 reduction and topics from the fields of occupational health and safety, equal treatment as well as training and education.

c. A discretionary decision regarding leadership
   Leadership, values and behavior are also topics that are evaluated when determining entitlement to variable cash compensation. These compensation-relevant components for the CEO are determined by the BoD; in respect of all other GEB members, they are determined individually by the CEO, in coordination with the Chair of the BoD.

The weighting of the goals for the variable cash compensation is determined by the BoD based on a proposal submitted by the NCC. For the year under review and the previous year, these weightings were set as follows:

Weighting in %	CEO, CFO and CHRO	Other members of Group Executive Board
Financial targets Group	60	30
Financial targets segments and divisions	–	30
Individual targets	20	20
Leadership, values and conduct	20	20

3. Variable SFS share compensation
A second part of the variable compensation is paid out in the form of SFS shares. This compensation component rewards the long-term performance of the Group Executive Board and is aligned with the interests of the shareholders. The BoD defines the number of shares to be awarded to each member every year at the beginning of the performance period. The number of the shares for the CEO should be within a target range of 1,500 to 2,500 shares and for the other members of the GEB within a target range of 250 to 1,000 shares. At the end of the performance period, the BoD will determine at its own discretion how many shares will be granted based on the proposal submitted by the NCC, taking into consideration the market environment (economic activity, industry developments, etc.), the execution of company strategy, the company’s financial situation as well as the individual performance. A factor of 0 to 1.5 may be applied. The SFS shares are transferred to the members at the end of the Annual General Meeting at which the variable compensation is confirmed. These SFS shares are blocked for a period of at least three years. Shares awarded to a member of the GEB shall remain their property on separation from the company.

The compensation will be paid to the members of the GEB subject to the approval of the Annual General Meeting.

Stock ownership plan
SFS Group AG can periodically offer company shares to selected and long-standing employees (at all levels). The BoD issued a regulation addressing the following elements in particular: Determination of the purchase price, granting of a potential discount on the purchase price, maximum reference value (valued upon allocation) in relation to the individual annual base compensation as well as a blocking period of the shares. The NCC calculates the figures for the respective plan based on these figures and submits the terms to the Board of Directors for approval. Members of the BoD and the GEB may be included in this program. The SFS shares acquired through this plan will be blocked for at least three years.

A stock ownership program was not implemented in financial year 2024.

Determination process

Based on a proposal submitted by the CEO, the NCC discusses the financial and individual targets to be set for the members of the GEB for the coming financial year at the end of every year. It submits its proposals to the entire BoD for approval.

Compensation of the BoD and the variable compensation of the GEB is determined every year in February after the close of the financial year by the full BoD based on the proposals of the NCC, subject to approval by the Annual General Meeting. The base salary of the GEB for the upcoming year is determined in December of the previous year by the full BoD at the request of the NCC.

When setting its own compensation, all members of the BoD are present and they all have decision-making authority.

When setting the aggregate compensation of the BoD and the GEB, data for listed international industrial companies with a similar geographic footprint and of a similar size and with headquarters in Switzerland are consulted, and the area of responsibility, the individual performance and experience of the respective member are also taken into consideration. This data is reviewed on a regular basis.

In the year under review, the peer group included: Arbonia AG, Autoneum, Bossard AG, Bucher Industries AG, EMS-Chemie AG, Geberit AG, Georg Fischer AG, Huber+Suhner AG, Rieter Holdings AG, Stadler Rail AG and VAT Vakuumventile AG.

Responsibility for determination of variable compensation and aggregate compensation is shown in the following table:

	Proposal	Decision	Approval
Board of Directors	NCC	BoD	AGM
Chief Executive Officer (CEO)	NCC	BoD	AGM
Group Executive Board	NCC	BoD	AGM

As stated in the Articles of Association, each year the Annual General Meeting approves the aggregate amounts decided by the BoD for:

1. Compensation of the BoD for the term of office up to the next Annual General Meeting
2. Any additional compensation of the BoD for the preceding financial year
3. The variable compensation of the CEO and the GEB based on the operational results and individual objectives achieved in the preceding financial year, to be paid immediately after approval
4. The fixed compensation of the CEO and the GEB to be paid in the following financial year

If the Annual General Meeting does not approve the proposed amount of the fixed compensation or the variable compensation, the BoD may convene a new extraordinary Annual General Meeting and submit new proposals for approval. Alternatively, it may submit the proposals for compensation for retrospective approval at the next ordinary Annual General Meeting.

The respective amounts of aggregate compensation include all social and pension plan contributions due from the members of the BoD and the GEB and of the company (employee and employer contributions).

If new members are appointed to the GEB or existing members promoted and take up their position with the company after the Annual General Meeting has approved the maximum aggregate amount of fixed compensation for members of the GEB for the next financial year, these members may be paid no more than 25% of the aggregate compensation most recently approved for the GEB by the Annual General Meeting for the period up to the next Annual General Meeting.

Compensation in the financial year 2024 (audited by the external auditor)

Compensation of the Board of Directors 2024

At the Annual General Meeting 2024, the shareholders approved a maximum aggregate amount of CHF 1,900,000 (incl. social security contributions) for the 2024/2025 term of office. The compensation allocated for this period amounts to CHF 1,568,174 (incl. social security contributions) and is therefore below the approved amount.

in CHF except number of shares	Base salary in cash	Number of SFS shares	Value of SFS shares[1]	Social benefits[2]	Total
Thomas Oetterli, Chair	253,333	1,500	163,800	57,799	474,932
Urs Kaufmann, Vice Chair	106,666	500	54,600	24,632	185,898
Peter Bauschatz	86,667	500	54,600	–	141,267
Tanja Birner, since April 24, 2024	60,000	500	54,600	–	114,600
Nick Huber	86,667	500	54,600	21,595	162,862
Manuela Suter	86,667	500	54,600	21,595	162,862
Fabian Tschan	86,667	500	54,600	21,595	162,862
Jörg Walther	86,667	500	54,600	21,623	162,890
Total Board of Directors	**853,334**	**5,000**	**546,000**	**168,840**	**1,568,174**

[1]The market value of the SFS shares at the time the number of shares were allocated on May 2, 2024, was CHF 109.20 per share.
[2]Employer contributions as well as employee contributions taken over by the employer to social benefits.

Compensation of the Board of Directors 2023

in CHF except number of shares	Base salary in cash	Number of SFS shares	Value of SFS shares[1]	Social benefits[2]	Total
Thomas Oetterli, Chair	240,000	1,500	178,500	64,283	482,783
Urs Kaufmann, Vice Chair since April 26, 2023	93,333	500	59,500	–	139,500
Peter Bauschatz	80,000	500	59,500	23,792	163,292
Nick Huber	80,000	500	59,500	25,816	178,649
Bettina Stadler, until April 26, 2023	33,333	–	–	5,066	38,399
Manuela Suter	80,000	500	59,500	23,792	163,292
Fabian Tschan, since April 26, 2023	53,333	500	59,500	19,748	132,581
Jörg Walther	80,000	500	59,500	24,651	164,152
Total Board of Directors	**740,000**	**4,500**	**535,500**	**187,149**	**1,462,648**

[1]The market value of the SFS shares at the time the number of shares were allocated on May 3, 2023, was CHF 119.00 per share.
[2]Employer contributions and employee contributions for social benefits paid by the employer.

Compensation of the Group Executive Board 2024

Two members left the GEB on December 31, 2023, and one new member joined the GEB on January 1, 2024. The total target compensation of the GEB was reviewed by the NCC as of January 1, 2024. Adjustments were made within the regular 3-year review cycle. The CEO’s base salary was reduced by 10% over a period of nine months to contribute to the project to increase the performance of Automotive Switzerland.

The total compensation paid out for the financial year amounted to CHF 6,814,298 (gross, incl. social security contributions). This was 7.3% less than in the previous year, which is due to the resignations of members of the GEB.

The 2023 and 2024 Annual General Meeting approved the maximum total compensation (fixed and variable compensation, incl. social security contributions) for the Group Executive Board of CHF 7,600,000. The compensation actually paid was thus below the approved amount.

SFS Group target achievement by category

	Organic sales growth in %	EBIT margin in %	Cash-to-cash cycle in days
SFS Group			
Target achievement in %	66.8	66.7	62.5
Divisions			
Target achievement in %	41–124	48–137	70–150
Individual targets[1]			
Target achievement in %			97–113
Leadership/Values/Behavior			
Target achievement in %			100–150

[1]3–5 individual targets, that are derived from the targets defined for the SFS Group

The weighted target achievement for the variable cash compensation of the GEB for financial year 2024 was in the range between 74 and 103%.

For the determination of the share factor, the BoD assessed the aspects of market environment, strategy implementation and the financial situation of the company. Due to the broad economic slowdown, it assessed the market environment as challenging. Overall, strategy implementation is on track in all areas and the company's financial situation and future prospects are considered to be positive. This results in an individual share factor of 1.00 for all members of the Group Executive Board.

The fixed total remuneration for 2024, comprising the basic salary, the variable cash salary, the value of the allocated shares and the other benefits, is shown in the table below.

in CHF except number of shares	Base salary gross in cash	Variable cash compensation gross	Number of SFS shares	Value of SFS shares gross[1]	Other benefits[2]	**Total**
Jens Breu, CEO	623,622	302,250	2,000	260,411	168,768	1,355,051
Other members of Group Executive Board[3]	2,895,851	1,118,468	5,400	708,864	637,188	5,360,371
Total Group Executive Board	**3,519,473**	**1,420,718**	**7,400**	**969,275**	**805,956**	**6,715,422**

[1]The exchange value of the SFS shares at the time of the determination at the meeting of the Board of Directors on February 17, 2025, was CHF 117.00 per share. Employee contributions to social benefits had been added to compensation "gross" numbers.
[2]Employer contributions to social benefits and occupational pension plans.
[3]At the end of the reporting period, the Group Executive Board consisted of eight members (not including the CEO).

Compensation of the Group Executive Board 2023

in CHF except number of shares	Base salary gross in cash	Variable cash compensation gross	Number of SFS shares	Value of SFS shares gross[1]	Other benefits[2]	**Total**
Jens Breu, CEO	628,352	312,805	2,000	240,309	154,746	1,336,212
Other members of Group Executive Board[3]	3,087,797	1,220,678	5,580	685,823	713,201	5,707,500
Total Group Executive Board	**3,716,149**	**1,533,483**	**7,580**	**926,132**	**867,947**	**7,043,711**

[1]The exchange value of the SFS shares at the time of the determination at the meeting of the Board of Directors on February 19, 2024, was CHF 109.00 per share. Employee contributions to social benefits had been added to compensation "gross" numbers.
[2]Employer contributions to social benefits and occupational pension plans.
[3]At the end of the reporting period, the Group Executive Board consisted of nine members and in the reporting period of ten members (not including the CEO).

Loans and credit facilities

SFS Group did not grant any loans, credits, securities or pension benefits other than from occupational pension funds to the members of the BoD, of the GEB or to any related parties.

Board of Directors’ and Group Executive Board’s shareholdings (audited by the external auditor)

Board of Directors

in number of shares	12/31/2024[1]	12/31/2023
Thomas Oetterli, Chair, non-executive, independent member	14,340	11,840
Urs Kaufmann, non-executive, independent member	13,340	12,840
Peter Bauschatz, non-executive, independent member	2,060	1,560
Tanja Birner, non-executive, independent member since April 2024	500	n/a
Nick Huber, non-executive member[2]	117,932	117,232
Manuela Suter, non-executive, independent member	2,540	2,040
Fabian Tschan, non-executive member[2]	2,687,533	2,687,033
Jörg Walther, non-executive, independent member	8,220	7,720
Total	**2,846,465**	2,840,265

[1]Including number of shares of persons living in the same household

[2]The above holdings of Nick Huber and Fabian Tschan include the individual share holdings. The founding families of SFS Group AG, Huber and Stadler/Tschan, form an organized group according to Art. 12 of the Ordinance of the Swiss Financial Market Supervisory Authority on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FINMA Financial Market Infrastructure Ordinance, FinMIO-FINMA). As of December 31, 2024, this shareholder group held 53.08% (20,649,616 shares) of SFS Group shares (PY 53.01%, 20,619,177 shares). Detailed information about the group composition can be found here: Significant shareholders | Founding families, whereby it should be noted that the shareholding according to the disclosure notification of September 8, 2018, was lower and that a new disclosure notification was published after the balance sheet date (December 31, 2024) on February 14, 2025: Significant shareholders | Founding families.

Group Executive Board

in number of shares	12/31/2024[1]	12/31/2023
Jens Breu, Chief Executive Officer	35,920	33,870
Arthur Blank, Head of Corporate HR and Communication, Head of Construction division until 2023	17,035	16,235
Volker Dostmann, Chief Financial Officer	3,121	2,571
Thomas Jung, Head of Construction division since 2024	1,970	n/a
Walter Kobler, Head of Medical & Industrial Specials division	25,026	24,415
Urs Langenauer, Head of Automotive division since 2024, Head of Riveting division until 2023	5,491	5,091
George Poh, Head of Electronics division	51,417	50,567
Iso Raunjak, Head of Distribution & Logistics Switzerland division	2,313	1,913
Martin Reichenecker, Head of Distribution & Logistics International division	2,580	1,830
Alfred Schneider, Head of Automotive division until 2023	n/a	19,655
Claude Stadler, Head of Corporate Services[2] until 2023	n/a	393,716
Total	**144,873**	549,863

[1]Including number of shares of persons living in the same household

[2]The above holding of Claude Stadler includes the individual shareholding. The founding families of SFS Group AG, Huber and Stadler/Tschan, form an organized group according to Art. 12 of the Ordinance of the Swiss Financial Market Supervisory Authority on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FINMA Financial Market Infrastructure Ordinance, FinMIO-FINMA). As of December 31, 2024, this shareholder group held 53.08% (20,649,616 shares) of SFS Group shares (PY 53.01%, 20,619,177 shares). Detailed information about the group composition can be found here: Significant shareholders | Founding families, whereby it should be noted that the shareholding according to the disclosure notification of September 8, 2018, was lower and that a new disclosure notification was published after the balance sheet date (December 31, 2024) on February 14, 2025: Significant shareholders | Founding families.

Business activities of the members of the Board of Directors and Group Executive Board (audited by the external auditor)

Members of the Board of Directors

Thomas Oetterli

Chair of the BoD, since 2022
Independent, non-executive member, since 2011
Chair of the Audit Committee, 2014–2022
Swiss citizen, born 1969

Other current activities and vested interests

Since 2023	SWISSMEM, member of the Board
Since 2023	Rieter, member of the BoD and since April 2024 Chair of the BoD
Since 2023	Rieter, Chief Executive Officer

Urs Kaufmann

Vice Chair, since 2023
Chair of the Nomination and Compensation Committee, since 2014
Independent, non-executive BoD member, since 2012
Lead Director, 2014–2023
Swiss citizen, born 1962

Other current activities and vested interests

Since 2023	Bucher Industries AG, member of the BoD and since April 2024 Chair of the BoD
Since 2017	HUBER + SUHNER AG, Chair of the BoD
2017–2024	Vetropack Holding AG, member of the BoD until April 2024
Since 2009	Müller Martini Holding AG, member of the BoD

Peter Bauschatz

Independent, non-executive BoD member, since 2022
German citizen, born 1971

Other current activities and vested interests

Since 2017	Hoffmann SE, Chair of the Supervisory Board
Since 2017	NV Holding GmbH, Managing Director
Since 2016	SZA Schilling, Zutt & Anschütz Rechtsanwaltsgesellschaft mbH, partner

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Tanja Birner

Non-executive BoD member, since 2024
German citizen, born 1972

Other current activities and vested interests

Since 2023	Siemens AG, Senior Vice President Sales & Marketing – Factory Automation
Since 2021	Verband deutscher Unternehmerinnen (VdU), member of the MINT Commission

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Nick Huber

Non-executive BoD member, since 2017
Family shareholder Huber
Swiss citizen, born 1964

Other current activities and vested interests

Since 2023	Mettler Entwickler AG, member of the BoD
Since 2022	Inventx AG, member of the BoD
Since 2017	DGS Druckguss Systeme AG, member of the BoD
Since 2014	stürmsfs ag, member of the BoD
Since 2014	Inhaus AG, member of the BoD
Since 2009	Rauch Trading AG und Rauch Schweiz AG, member of the BoD
Since 2008	COLTENE Holding AG, Chair of the BoD
Since 1997	HUWA Finanz- und Beteiligungs AG, member of the BoD
Since 1995	Gurit Holding AG, member of the BoD

Fabian Tschan

Non-executive BoD member, since 2023
Family shareholder Stadler/Tschan
Swiss citizen, born 1977

Other current activities and vested interests

Since 2022	Lilly Capital AG, member of the BoD
Since 2020	MBaer Merchant Bank AG, member of the BoD
Since 2019	Golfyr AG, member of the BoD
Since 2018	Stiftung Gehresbisches für Appenzeller Musik, member of the Foundation Board
Since 2017	Altoo AG, member of the BoD
Since 2015	Octopus Cloud AG, member of the BoD
Since 2014	Hawak Holding AG, CEO and since 2008 member of the BoD
Since 2013	Data Cave Switzerland AG, member of the BoD and since 2015 Chair of the BoD
Since 2012	priaid AG, member of the BoD
Since 2008	CONPLIO Consulting GmbH, managing partner

Manuela Suter

Independent, non-executive BoD member since 2021
Swiss citizen, born 1974

Other current activities and vested interests

Since 2018	Bucher Industries, Chief Financial Officer

Jörg Walther

Chair of the Audit Committee, since 2022
Independent, non-executive BoD member, since 2014
Swiss citizen, born 1961

Other current activities and vested interests

Since 2010	Schärer Attorneys at law, partner
Since 2023	Apotheke im Stadtspital Zürich AG, member of the BoD
Since 2023	Aare-Apotheke Rombach AG, member of the BoD
Since 2021	swissVR, member of Executive Board
Since 2016	HUBER + SUHNER AG, member of the BoD and Chair of the Audit Committee
Since 2016	Zehnder Group AG, Vice Chair of the BoD and Chair of the Audit Committee
Since 2015	Kraftwerk Augst AG, member of the BoD
Since 2015	Immobilien AEW AG, Vice Chair of the BoD
Since 2014	AEW Energie AG, member of the Audit Committee and since 2020 Vice Chair of the BoD

Members of the Group Executive Board

Jens Breu

Chief Executive Officer, since 2016
Head of Engineered Components segment, since 2014
Head of Fastening Systems segment, since 2014
Head of Distribution & Logistics segment, since 2022
With SFS since 1995
Swiss citizen, born 1972

Other current activities and vested interests

Since 2024	SWISSMEM, member of the Board
Since 2019	Dätwyler Holding AG, member of the BoD

Arthur Blank

Head of Corporate HR and Communications
With SFS since 1979
Swiss citizen, born 1959

Volker Dostmann

Chief Financial Officer, since 2021
With SFS since 2020
Swiss citizen, born 1970

Other current activities and vested interests

Since 2024	Schneeberger Holding AG, member of the BoD

Thomas Jung

Head of Construction division, since 2024
With SFS since 2010
German citizen, born 1969

Walter Kobler

Head of Medical & Industrial Specials division since 2024
With SFS since 1987
Swiss citizen, born 1963

Urs Langenauer

Head of Automotive division since 2024
With SFS since 1995
Swiss citizen, born 1979

George Poh

Head of Electronics division since 2014
With SFS (Unisteel) since 1995
Singapore citizen, born 1963

Iso Raunjak

Head of Distribution & Logistics Switzerland division, since 2020
With SFS since 1992
Swiss citizen, born 1976

Other current activities and vested interests

Since 2023	Pestalozzi AG, member of the BoD
Since 2020	SWISSAVANT association, member of the Board and since 2024 Vice Chair of the Board

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Martin Reichenecker

Head of Distribution & Logistics International division since 2022
With SFS (Hoffmann) since 2004
German citizen, born 1977

Other current activities and vested interests

Since 2023	Cordes & Graefe KG, member of the Advisory Forum

Report of the statutory auditor

to the General Meeting of SFS Group AG

Heerbrugg, municipality of Widnau

Opinion

We have audited the compensation report of SFS Group AG (the Company) for the year ended 31 December 2024. The audit was limited to the information pursuant to article 734a-734f of the Swiss Code of Obligations (CO) in the tables marked 'audited' namely in the chapter "Compensation in the financial year 2024" on page 105 and 106, in the chapter "Board of Directors' and Group Executive Board's shareholdings" on page 107 and in the chapter "Business activities of the members of the Board of Directors and Group Executive Board" on pages 108 to 114 of the compensation report.

In our opinion, the information pursuant to article 734a-734f CO in the compensation report (pages 105 to 114) complies with Swiss law and the Company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the compensation report' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked 'audited' in the compensation report, the consolidated financial statements, the financial statements and our auditor's reports thereon.

Our opinion on the compensation report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the compensation report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the compensation report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the compensation report

The Board of Directors is responsible for the preparation of a compensation report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a compensation report that is free from material misstatement, whether due to fraud or error. It is also charged with structuring the remuneration principles and specifying the individual remuneration components.

PricewaterhouseCoopers AG, Kornhausstrasse 25, 9000 St. Gallen
Telefon: +41 58 792 72 00, www.pwc.ch

Auditor's responsibilities for the audit of the compensation report

Our objectives are to obtain reasonable assurance about whether the information pursuant to article 734a-734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. 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 this compensation report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the compensation 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 opinion. 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 control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee 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 the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, 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.

PricewaterhouseCoopers AG

Gianluca Galasso	André P. Kueffer
Licensed audit expert	Licensed audit expert
Auditor in charge	

St. Gallen, 6 March 2025

Financial Report

Consolidated financial statements

Financial statements SFS Group AG

Information on the publication

Consolidated income statement

in CHF million	Notes	**2024**	%	2023	%
Net sales	2.2	**3,031.1**	100.0	3,073.0	100.0
Other operating income	2.3	35.5		37.9	
Change in work in progress and finished goods		5.2		–14.8	
Material expenses		–1,284.0		–1,318.7	
Contribution margin		1,787.8	59.0	1,777.4	57.8
Personnel expenses	2.4	–854.2		–829.6	
Other operating expenses	2.5	–453.8		–461.8	
Depreciation on property, plant and equipment	3.4	–117.9		–117.0	
Amortization of intangible assets	3.5	–11.7		–10.4	
Total operating expenses		**–1,437.6**	–47.4	–1,418.8	–46.1
Operating profit (EBIT)		**350.2**	11.6	358.6	11.7
Financial result	2.6	–26.7		–8.3	
Share of profit/(loss) from associates/joint ventures		2.8		1.9	
Earnings before tax		**326.3**	10.8	352.2	11.5
Income taxes	2.7	–83.6		–83.7	
Net income		**242.7**	8.0	268.5	8.7
Attributable to SFS shareholders		241.3		266.0	
Attributable to non-controlling interests		1.4		2.5	
Earnings per share in CHF basic and diluted	4.6	**6.21**		6.84	

Consolidated balance sheet

Assets in CHF million	Notes	12/31/2024	%	12/31/2023	%
Cash and cash equivalents	4.1	224.6		227.5	
Trade receivables	3.1	468.4		458.5	
Other current receivables	3.2	106.8		86.3	
Inventories	3.3	552.4		550.9	
Prepayments and accrued income		32.0		31.5	
Current assets		**1,384.2**	53.0	1,354.7	53.2
Property, plant and equipment	3.4	1,037.2		991.9	
Intangible assets	3.5	65.3		59.4	
Financial assets	4.2	72.6		97.0	
Deferred tax assets	3.11	52.9		43.8	
Non-current assets		**1,228.0**	47.0	1,192.1	46.8
Assets		**2,612.2**	100.0	2,546.8	100.0
Liabilities and equity in CHF million					
Current borrowings	4.3	276.0		36.7	
Trade payables	3.7	168.0		186.9	
Other current payables	3.8	101.0		92.5	
Accrued liabilities and deferred income		127.9		124.8	
Current liabilities		**672.9**	25.7	440.9	17.3
Non-current borrowings	4.3	283.6		636.1	
Other non-current payables		7.6		6.8	
Pension benefit obligations	3.9	12.1		12.0	
Non-current provisions	3.10	13.3		14.2	
Deferred tax liabilities	3.11	63.5		61.1	
Non-current liabilities		**380.1**	14.6	730.2	28.7
Liabilities		**1,053.0**	40.3	1,171.1	46.0
Share capital		3.9		3.9	
Capital reserves		82.6		131.1	
Treasury shares		–4.1		–1.4	
Retained earnings		1,459.0		1,223.8	
Equity attributable to SFS shareholders	4.6	**1,541.4**	59.0	1,357.4	53.3
Non-controlling interests		17.8		18.3	
Total equity		**1,559.2**	59.7	1,375.7	54.0
Liabilities and equity		**2,612.2**	100.0	2,546.8	100.0

Consolidated statement of changes in equity

in CHF million	Notes	Share capital	Capital reserves	Treasury shares	Goodwill offset against equity	Cash flow hedges	Net investment hedges	Currency translation adjustments	Other retained earnings	Retained earnings	Equity attributable to SFS shareholders	Non-controlling interests	Total equity
Balance as at 01/01/2023		**3.9**	**179.8**	**–1.5**	–1,509.6	–	32.0	–119.6	2,699.7	**1,102.5**	**1,284.7**	**18.9**	**1,303.6**
Changes of hedges	4.7	–	–	–	–	0.9	18.3	–	–	**19.2**	**19.2**	**–**	**19.2**
Acquisitions	5.1	–	–	–	–8.9	–	–	–	–	**–8.9**	**–8.9**	**–**	**–8.9**
Currency translation adjustments		–	–	–	–	–	–	–106.4	–	**–106.4**	**–106.4**	**–1.1**	**–107.5**
Net income		–	–	–	–	–	–	–	266.0	**266.0**	**266.0**	**2.5**	**268.5**
Dividend for 2022		–	–48.6	–	–	–	–	–	–48.6	**–48.6**	**–97.2**	**–2.0**	**–99.2**
Purchase of treasury shares	4.6	–	–	–2.6	–	–	–	–	–	**–**	**–2.6**	**–**	**–2.6**
Disposal of treasury shares	4.6	–	–0.1	2.7	–	–	–	–	–	**–**	**2.6**	**–**	**2.6**
Balance as at 12/31/2023		**3.9**	**131.1**	**–1.4**	–1,518.5	0.9	50.3	–226.0	2,917.1	**1,223.8**	**1,357.4**	**18.3**	**1,375.7**
Changes of hedges	4.7	–	–	–	–	–1.8	–3.1	–	–	**–4.9**	**–4.9**	**–**	**–4.9**
Acquisitions	5.1	–	–	–	–7.6	–	–	–	–	**–7.6**	**–7.6**	**–**	**–7.6**
Currency translation adjustments		–	–	–	–	–	–	54.5	–	**54.5**	**54.5**	**–0.3**	**54.2**
Net income		–	–	–	–	–	–	–	241.3	**241.3**	**241.3**	**1.4**	**242.7**
Dividend for 2023		–	–48.6	–	–	–	–	–	–48.6	**–48.6**	**–97.2**	**–1.6**	**–98.8**
Purchase of treasury shares	4.6	–	–	–4.0	–	–	–	–	–	**–**	**–4.0**	**–**	**–4.0**
Disposal of treasury shares	4.6	–	0.1	1.3	–	–	–	–	–	**–**	**1.4**	**–**	**1.4**
Other changes		–	–	–	–	–	–	0.1	0.4	**0.5**	**0.5**	**–**	**0.5**
Balance as at 12/31/2024		**3.9**	**82.6**	**–4.1**	–1,526.1	–0.9	47.2	–171.4	3,110.2	**1,459.0**	**1,541.4**	**17.8**	**1,559.2**

The capital reserves stem from the statutory capital reserve as well as other capital reserves of SFS Group AG.

Consolidated cash flow statement

in CHF million	Notes	**2024**	2023
Net income		242.7	268.5
Income taxes		83.6	83.7
Financial result and share of profit/(loss) from associates/joint ventures		23.9	6.4
Depreciation/amortization	3.4/3.5	129.6	127.4
Interest paid		–19.7	–17.3
Income tax paid		–79.7	–80.6
Changes in provisions and allowances		–0.6	6.1
Other non-cash expenses/income		–0.7	3.3
Profit (–)/loss (+) from disposal of property, plant and equipment		–1.2	–2.9
Changes in trade receivables		10.8	–74.7
Changes in other receivables and prepayments and accrued income		2.8	5.7
Changes in inventories		17.0	41.3
Changes in trade payables		–27.2	–5.3
Changes in other current liabilities, accrued liabilities and deferred income		–6.3	–48.2
Cash flow from operating activities		**375.0**	313.4
Purchases of property, plant and equipment	3.4	–141.3	–161.5
Proceeds from sale of property, plant and equipment		4.2	3.9
Purchases of intangible assets	3.5	–7.6	–12.5
Proceeds from sale of intangible assets		0.0	0.0
Proceeds from government grants	3.4	1.8	0.7
Acquisition of subsidiaries, net of cash acquired	5.1	–17.1	–10.3
Changes in loans granted		–0.5	–0.7
Proceeds from interest and securities		2.5	1.4
Cash flow from investing activities		**–158.0**	–179.0
Dividends to the shareholders		–97.2	–97.2
Dividends to non-controlling interests		–1.6	–2.0
Purchase (–)/disposal of treasury shares (+)		–4.0	–1.6
Proceeds (+)/repayment from/of current borrowings (–)		–19.3	–6.1
Proceeds (+)/repayment from/of non-current borrowings (–)		–101.2	–10.8
Cash flow from financing activities		**–223.3**	–117.7
Translation adjustment on cash and cash equivalents		3.4	–10.7
Changes in cash and cash equivalents		**–2.9**	6.0
Cash and cash equivalents at beginning of period	4.1	227.5	221.5
Cash and cash equivalents at end of period	4.1	**224.6**	227.5

Notes to the consolidated financial statements

1 General information

SFS Group AG is a limited company according to Swiss law, incorporated and domiciled in Heerbrugg, municipality of Widnau/SG, Switzerland. SFS Group AG is the parent company of all SFS Group companies and therefore the ultimate holding company of the SFS Group.

All amounts are in CHF million unless otherwise stated and refer to December 31 for balance sheet items and to the financial year from January 1 to December 31 for items of the income statement.

The structure of the notes is as follows:

1. General information
2. Performance
3. Capital employed
4. Financing and risk management
5. Group structure
6. Events after the balance sheet date

1.1 Summary of significant accounting policies

The consolidated financial statements have been prepared in accordance with all of the existing accounting and reporting recommendations of Swiss GAAP FER. Swiss GAAP FER provides a true and fair view of the financial position of the SFS Group and of its financial performance. The financial statements are based on the principle of historical acquisition costs (except for securities and derivative financial instruments recognized at fair value) and are based on the going concern principle. The consolidated financial statements for the year ended December 31 comprise the company and its subsidiaries and the group's interest in associates and joint ventures. The following new or revised accounting and reporting recommendations of Swiss GAAP FER have been applied for the first time in the reporting year:

- Swiss GAAP FER 28 "Government grants"
- Swiss GAAP FER 30 "Consolidated financial statements"

The minimal impacts due to the application of the above-mentioned new or revised standards have been considered in these consolidated financial statements.

1.2 Consolidation principles and currency conversion

The consolidated financial statements include the financial statements of SFS Group AG and all its Swiss and foreign subsidiaries. Using the full consolidation method, all assets and liabilities as well as the expenses and income of the subsidiaries controlled by SFS Group AG are included in the consolidated financial statements. Control is assumed when SFS Group AG directly or indirectly holds more than 50% of the voting rights of a subsidiary. Equity and profit or loss attributable to third parties are presented as separate line items in the consolidated balance sheet and consolidated income statement. The consolidated financial statements have been prepared based on the financial statements of the Group companies, which have been prepared in accordance with uniform Group accounting policies as of December 31.

Intercompany transactions, balances, income and expenses between Group companies are eliminated. Intercompany profits are eliminated.

The acquisition method is used to account for business combinations. Under this method, the acquiree's net assets and liabilities are measured at their fair values using uniform Group accounting policies. Any excess of consideration transferred over the fair value of the net assets acquired is offset against equity. In case of disposal, acquired goodwill offset with equity at an earlier date is to be considered at original cost to determine the profit or loss recognized in the income statement.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Entities managed equally with an SFS external partner are called joint ventures. Joint control is established by contractual agreement. Strategic, financial and operating decisions require unanimous consent. Associates are those entities in which the Group exerts significant influence, but does not control the financial and operating policies. The group's share of voting rights in joint ventures and associates are between 20% and 50%. SFS is entitled to its proportional share of the net assets. Goodwill (if any) is offset against equity.

Items included in the financial statements of each of the SFS Group's entities are measured using the currency of the primary economic environment in which the entity operates. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges.

The consolidated financial statements are presented in Swiss francs (CHF). For consolidation purposes, the results and financial positions of all Group entities whose functional currency differs from the presentation currency are translated into the presentation currency. Assets and liabilities are translated at the closing exchange rate at the date of that balance sheet. Income and expenses are translated at average exchange rates. All resulting conversion differences are recognized in equity.

Foreign exchange differences resulting from intercompany equity loans in a foreign currency are recognized in equity and reversed through profit and loss upon disposal of the entity or upon repayment of the loan.

1.3 Critical accounting estimates and judgments

The preparation of consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of income, expenses, assets, liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Therefore, the actual results may differ from these estimates.

The main estimates are in connection with the valuation of the inventory, the determination of useful lives of fixed assets, as well as the capitalization and valuation of deferred tax liabilities and tax assets. All estimates and judgments are continually reviewed and are based on historical experience and other factors, including expectations regarding future events that appear reasonable under the given circumstances.

2 Performance

This chapter comprises the performance and segment information as well as selected income and expense items.

2.1 Segment information

The SFS Group is divided into the three segments: Engineered Components, Fastening Systems and Distribution & Logistics.

As of January 1, 2024, the Industrial and Medical divisions were merged into one new division called Medical & Industrial Specials, which is part of the Engineered Components segment. The Riveting division, which was part of the Fastening Systems segment, was allocated to the Automotive and Medical & Industrial Specials divisions as of January 1, 2024. Therefore the disclosure, monitoring and assessment of the financial results of the former Riveting division will be included in the Engineered Components segment from 2024.

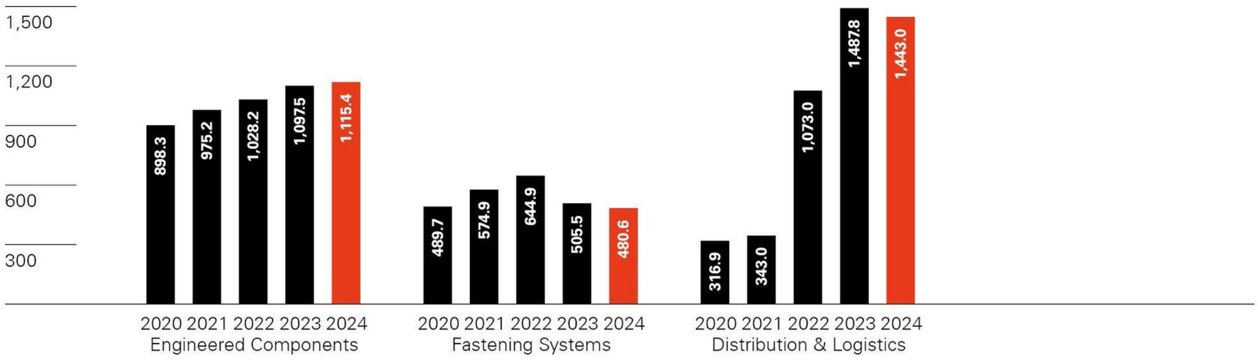
The previous year's figures were adjusted to the new segment composition for better comparability.

The financial performance of the segments is monitored based on EBIT as well as on operating profit before amortization and depreciation (EBITDA). The segments apply the Group's accounting policies. Internal transactions are conducted based on internal group rates.

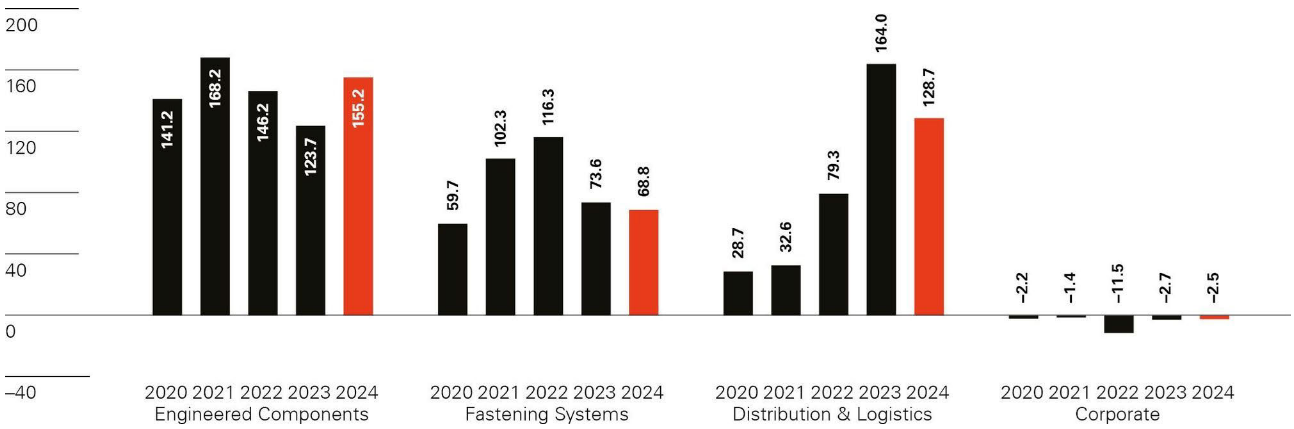
Segment assets are all assets which are directly attributable to a segment, such as receivables, inventories, prepayments and accrued income, property, plant and equipment, intangible assets, as well as deferred tax assets. The segment liabilities include directly attributable payables, accrued liabilities and deferred income, pension benefit obligations, non-current provisions as well as deferred tax liabilities. Financial assets and financial liabilities are not allocated to a segment.

Segment assets less segment liabilities adds up to capital employed. Receivables and inventories deducted by current payables and accrued liabilities add up to working capital. Intercompany transactions, balances, income and expenses between segments are eliminated and reported in the "Corporate" column. In addition to the elimination of intercompany transactions, the "Corporate" segment contains corporate data relating to the Business Support Functions (former Technology, Corporate Services and Corporate IT & Finance).

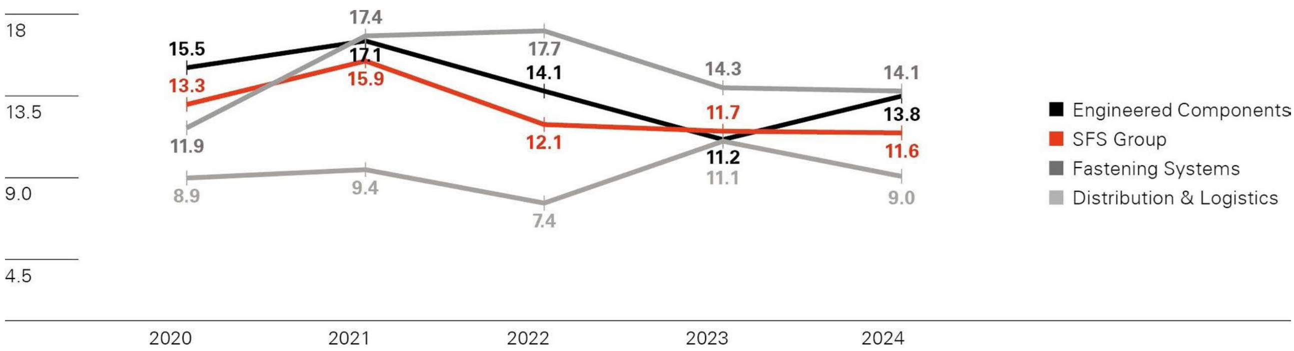
Third–party sales
in CHF million



EBIT
in CHF million



EBIT
in % of net sales



The key figure EBIT includes one-off effects:
- Fastening Systems: 2020 CHF 2.1 million book gains
- Corporate: 2021 CHF 3.1 million book gains
- Distribution & Logistics: 2022 CHF 22.9 million Amortization of inventory step-up related to purchase price allocation of Hoffmann SE acquisition and first-time intra-segment profit elimination in inventory

2024	Notes	Engineered Components	Fastening Systems	Distribution & Logistics	Corporate	**Total**
Third–party sales	2.2	1,115.4	480.6	1,443.0	–	3,039.0
Change from previous year in %		1.6	–4.9	–3.0	–	–1.7
Net sales	2.2	**1,124.9**	**488.5**	**1,437.1**	**–19.4**	**3,031.1**
EBITDA		**236.2**	**80.6**	**159.0**	**4.0**	**479.8**
in % of net sales		21.0	16.5	11.1		15.8
Operating profit (EBIT)		**155.2**	**68.8**	**128.7**	**–2.5**	**350.2**
in % of net sales		13.8	14.1	9.0		11.6
Capital expenditures		106.1	18.5	15.4	8.9	148.9
Operating assets		1,141.3	287.0	766.0	93.9	2,288.2
Operating liabilities		203.0	67.2	152.1	62.1	484.4
Capital employed		938.3	219.8	613.9	31.8	1,803.8
of which net working capital		296.5	124.7	326.6	–10.5	737.3

2023 restated[1]	Notes	Engineered Components	Fastening Systems	Distribution & Logistics	Corporate	Total
Third–party sales	2.2	1,097.5	505.5	1,487.8	–	3,090.8
Net sales	2.2	**1,102.8**	**515.3**	**1,477.8**	**–22.9**	**3,073.0**
EBITDA		**203.6**	**84.5**	**193.7**	**4.2**	**486.0**
in % of net sales		18.5	16.4	13.1		15.8
Operating profit (EBIT)		**123.7**	**73.6**	**164.0**	**–2.7**	**358.6**
in % of net sales		11.2	14.3	11.1		11.7
Capital expenditures		127.1	19.0	20.4	7.5	174.0
Operating assets		1,072.4	274.9	792.5	80.4	2,220.2
Operating liabilities		202.2	61.0	169.1	59.2	491.5
Capital employed		870.2	213.9	623.4	21.2	1,728.7
of which net working capital		278.0	132.7	328.1	–17.9	720.9

[1]The previous year's figures were adjusted to the new segment composition for better comparability.

During the reporting period no customer exceeded the reportable threshold of 10% of third–party sales (PY none).

Sales by region	Notes	2024	%	2023	%
Switzerland		351.4	11.6	362.5	11.7
Germany		897.3	29.5	930.3	30.1
Other Europe		857.8	28.2	892.7	28.9
North America		521.0	17.1	504.8	16.3
China		256.4	8.4	265.4	8.6
Other Asia		147.2	4.8	127.8	4.2
Africa, Australia		7.9	0.4	7.3	0.2
Third–party sales	2.2	**3,039.0**	100.0	3,090.8	100.0
Not assigned items		–7.9		–17.8	
Total net sales	2.2	**3,031.1**		3,073.0	

Gross sales to third parties are allocated to the countries of the receiving party. Not assigned items include invoiced freight, hedged foreign currency fluctuations effects and cash discounts.

Sales by end market	Notes	2024	%	2023	%
Automotive industry		633.7	20.9	642.2	20.8
Construction industry		616.9	20.3	644.3	20.8
Electrical and electronics industry		400.0	13.1	395.1	12.8
Industrial manufacturing		826.9	27.2	847.1	27.4
Medical devices industry		188.5	6.2	175.1	5.7
Other industries		373.0	12.3	387.0	12.5
Third–party sales	2.2	**3,039.0**	100.0	3,090.8	100.0
Not assigned items		–7.9		–17.8	
Total net sales	2.2	**3,031.1**		3,073.0	

Reconciliation of segments to income statement and balance sheet

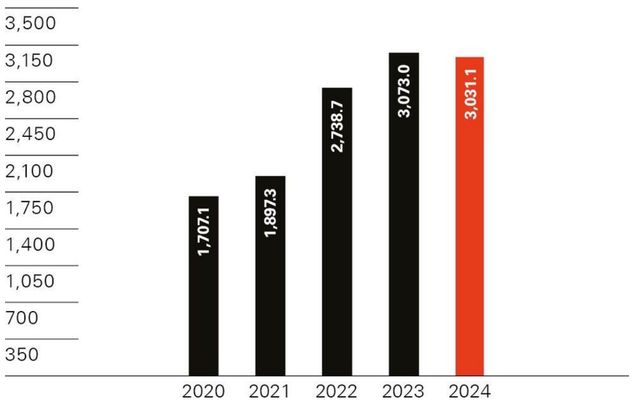
Income statement	Notes	2024	2023
Operating profit (EBIT)		**350.2**	358.6
Financial result	2.6	–26.7	–8.3
Share of profit from associates/joint ventures		2.8	1.9
Earnings before tax		**326.3**	352.2

Assets	Notes	2024	2023
Operating assets		**2,288.2**	2,220.2
+ Cash and cash equivalents	4.1	224.6	227.5
+ Short-term derivative financial instruments	4.7	26.8	2.1
+ Financial assets	4.2	72.6	97.0
Assets		**2,612.2**	2,546.8

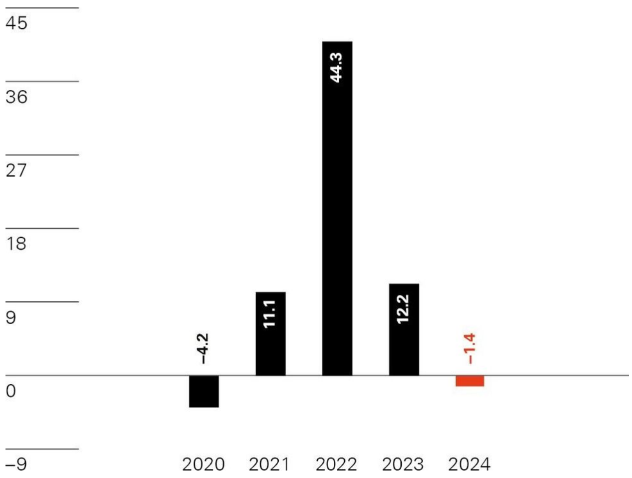
Liabilities and equity	Notes	2024	2023
Operating liabilities		**484.4**	491.5
+ Current borrowings	4.3	276.0	36.7
+ Short-term derivative financial instruments	3.8	1.4	–
+ Other non-current payables		7.6	6.8
+ Long-term borrowings	4.3	283.6	636.1
Liabilities		**1,053.0**	1,171.1
Equity (Net assets)		**1,559.2**	1,375.7

2.2 Net sales

Net sales
in CHF million



Growth of net sales
in %



	2024	2023
Third–party sales	3,039.0	3,090.8
Other items	–7.9	–17.8
Net sales	**3,031.1**	3,073.0

Third–party sales changed by –1.7% (PY 12.6%) compared to previous year. The effect of changes in the scope of consolidation amounts to 0.1% (PY 14.6%). Based on a like-for-like view and ignoring foreign currency effects, sales increased by 0.1% (PY 2.1%). The currency translation effect amounts to –1.9% (PY –4.1%).

Sales does not comprise interests, user fees or dividends.

Sales of goods and services are recognized when the risks and rewards have been transferred to the customer, which is the point of shipping or billing or when services are rendered. Cash discounts and rebates granted to customers are treated as a reduction of sales.

2.3 Other operating income

	2024	2023
Revenue from services	19.0	17.3
Lease income	1.0	1.0
Own-built machinery and capitalized own work	11.1	11.8
Gain on disposals of assets	1.9	3.3
Government grants related to income	2.5	4.5
Total	**35.5**	37.9

In 2020, the SFS Group started a project for the upgrade of the ERP system to SAP S/4HANA. The project was continued in 2024. A part of the project was completed in 2022 and capitalized in intangible assets, the remaining part of the project is expected to be completed in 2025. The related own work is capitalized.

Government grants related to income are recognized when there is reasonable assurance that the conditions attached to the grant can be fullfilled and the value of the grant can be estimated reliably. The government grants are recognized in the income statement in the periods when the corresponding expenses are recognized. The disclosure of government grants related to income of the previous year was adjusted in accordance with the new recommendations of Swiss GAAP FER 28. In the previous year, government grants related to income in the amount of CHF 4.5 million were included in the disclosure of revenue from services. The cash flow from operating activities of the reporting period includes government grants related to income of CHF 2.3 million (PY CHF 4.5 million).

2.4 Personnel expenses

	2024	2023
Wages and salaries	674.2	654.5
Profit sharing	9.6	9.5
Social security expenses	153.9	147.3
Other employment expenses	16.5	18.3
Total	**854.2**	829.6

In 2024, personnel expenses are reduced by contributions from government support programs worldwide in the amount of CHF 0.5 million (PY CHF 0.0 million).

Share-based payments
The members of the Board of Directors and Group Executive Board receive a variable compensation in the form of shares of SFS Group AG. The shares rewarded must be held for at least three years. The expenses amounting to CHF 1.7 million (PY CHF 1.5 million) of these shares represent the share price on the day they are granted and are charged to the income statement under the line item "Personnel expenses".

In addition, SFS maintains a share purchase program for selected employees. Usually, every other year shares of SFS Group AG are sold to Board of Directors and key management members as well as specialists at a discount, which is charged to personnel expenses. The last share purchase program took place in 2023.

2.5 Other operating expenses

	2024	2023
Tools, energy, maintenance	163.1	165.2
Selling and distribution	165.6	171.3
Other operating expenses	125.1	125.3
Total	**453.8**	461.8

Other operating expenses include operating lease expenses amounting to CHF 42.0 million (PY CHF 34.2 million). The total expenses for research and development recognized during the reporting period amount to CHF 76.0 million (PY CHF 60.8 million). The main items responsible for those costs include the fields development, tools, sampling and preparation for large–scale production. They are included in several expense line–items in the income statement.

Development costs are only capitalized in case the future income covers the capitalized amount and if the other criteria required by Swiss GAAP FER are met. The requirements for capitalization according to Swiss GAAP FER have not been met for items in other operating expenses in the current reporting period as well as in the prior year.

2.6 Financial result

	2024	2023
Interest expenses	–18.8	–20.1
Foreign exchange losses on financial investments	–10.8	–
Financial expenses	**–29.6**	–20.1
Interest income	2.9	1.9
Foreign exchange gains on financial investments	–	9.9
Financial income	**2.9**	11.8
Financial result	**–26.7**	–8.3

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets. All other borrowing costs are recognized in financial expenses in the period in which they incurred.

2.7 Income taxes

	2024	2023
Current income tax expense	91.5	87.5
Deferred tax expense (+)/income (–)	–7.9	–3.8
Income taxes	**83.6**	83.7
Reconciliation		
Earnings before tax	326.3	352.2
Expected tax rate in %	14.3	14.3
Expected income tax expense	**46.7**	50.4
Variance in tax rates	33.2	38.4
Impact of change in tax rate on deferred taxes	0.0	–5.0
Items not subject to tax	3.9	–1.7
Changes in tax loss carryforwards	2.3	–0.1
Adjustments in respect of prior years and other items	–2.5	1.7
Income taxes	**83.6**	83.7
Effective tax rate in %	**25.6**	23.8

The income tax expense includes taxes which have been paid and accrued based on the profits of the taxable entities. These are calculated based on the relevant tax rates in the different countries. The reconciliation summarizes the individual reconciliation calculations which have been prepared based on the applicable tax rates of the respective tax jurisdictions. The expected income tax has been calculated based on the future expected tax rate of 14.3% (PY 14.3%) and corresponds to the maximum tax rate for legal entities in the canton of St.Gallen.

In December 2021, the OECD published the Pillar Two model rules to introduce a global minimum tax of 15% for multinational companies with consolidated revenues of more than EUR 750 million. Meanwhile, relevant elements of Pillar Two legislation have been substantively enacted in many jurisdictions in which the SFS Group operates including Switzerland. Such legislation will be effective for the SFS Group's financial year 2024. Based on the results of 2024, the SFS Group has performed assessments of its potential exposure to Pillar Two income taxes specifically in relation to the so-called Transitional CbCR Safe Harbour tests (TSH tests). According to the information available as of today the SFS Group anticipates fulfilling the TSH tests in all relevant jurisdictions and therefore no material top-up taxes are expected to be due for 2024. The SFS Group continues to monitor the development of the Pillar Two rules and their impact on the group.

3 Capital employed

"Capital employed" consists of operating assets less operating liabilities. Operating assets include all assets directly attributable to the segments such as receivables, inventories, prepaid expenses, property, plant and equipment, intangible assets and deferred tax assets. Operating liabilities comprise all liabilities directly attributable to the segments such as accrued liabilities, pension benefit obligations, provisions and deferred tax liabilities.

3.1 Trade receivables

	2024	2023
From third parties	472.8	463.7
From associates/joint ventures	0.3	0.3
From related parties	0.2	0.2
Valuation allowances	–4.9	–5.7
Total	**468.4**	458.5

Aging analysis	**2024**	2023
Not due	400.0	379.4
Overdue 1–30 days	52.2	59.0
Overdue 31–90 days	16.4	17.9
Overdue >91 days	4.7	7.9
Trade receivables (gross)	**473.3**	464.2
Valuation allowances	–4.9	–5.7
Trade receivables (net)	**468.4**	458.5

Current receivables are valued at par value. The valuation allowances are determined based on the maturity structure and identifiable credit risks of trade receivables.

3.2 Other current receivables

	2024	2023
VAT and withholding tax	17.1	16.8
Receivables from supplier rebates	36.2	41.1
Other receivables	26.7	26.4
Short-term derivative financial instruments	26.8	2.0
Total	**106.8**	86.3

3.3 Inventories

	2024	2023
Raw materials	56.5	55.0
Consumables	12.8	11.5
Work in progress	92.9	84.1
Finished goods incl. trading goods	476.4	485.5
Valuation allowances	–86.2	–85.2
Total	**552.4**	550.9

Inventories are generally valued at acquisition cost or at production cost or – if this is lower – at the net realizable value. The cost of goods comprises raw materials, direct labor, other direct costs and related production overheads based on normal operating capacity utilization. Cash discounts from suppliers are deducted from the acquisition costs.

Necessary valuation allowances are based on the individual valuation of single items. The inventory quantity of each item is generally compared to the annual consumption over the last twelve months. The first annual consumption of stock is assessed recoverable by 100%. If the quantity of inventory is higher than annual consumption, the excess inventory for the second annual consumption is written down to 50% of the value. All inventory above two years annual consumption is completely written off. Items added to the product range during the last 18 months prior to the balance sheet date are defined as new products and are not revalued.

In addition, the average sales price less cost to sell is compared to the inventory value of the individual inventory items. If the sales price less cost to sell is lower than the inventory value, a provision in the amount of the difference is recognized and disclosed in the valuation allowances.

3.4 Property, plant and equipment

	Undeveloped property	Land and buildings	Machines and equipment	Assets under construction	**Total**
Cost as at 01/01/2023	19.8	866.7	1,261.4	85.0	2,232.9
Changes in scope of consolidation	–	–	0.3	–	0.3
Additions	–	22.3	64.3	74.9	161.5
Disposals	–	–1.3	–22.7	–	–24.0
Reclassifications	–	10.7	36.7	–48.6	–1.2
Exchange differences	–0.8	–35.8	–61.1	–4.7	–102.4
Cost as at 12/31/2023	19.0	862.6	1,278.9	106.6	2,267.1
Changes in scope of consolidation	–	0.1	0.9	–	1.0
Additions	–	9.6	70.7	61.0	141.3
Disposals	–	–2.5	–23.2	–0.2	–25.9
Reclassifications	–	19.2	44.3	–64.2	–0.7
Exchange differences	0.2	16.0	31.9	3.8	51.9
Cost as at 12/31/2024	**19.2**	**905.0**	**1,403.5**	**107.0**	**2,434.7**
Accumulated depreciation as at 01/01/2023	–	–393.3	–838.1	–	–1,231.4
Depreciation	–	–31.1	–85.9	–	–117.0
Disposals	–	0.7	22.3	–	23.0
Exchange differences	–	11.8	38.4	–	50.2
Accumulated depreciation as at 12/31/2023	–	–411.9	–863.3	–	–1,275.2
Depreciation	–	–29.9	–88.0	–	–117.9
Disposals	–	1.5	21.3	–	22.8
Reclassifications	–	–1.5	1.5	–	–
Exchange differences	–	–5.7	–21.5	–	–27.2
Accumulated depreciation as at 12/31/2024	**–**	**–447.5**	**–950.0**	**–**	**–1,397.5**
Net book value as at 01/01/2023	19.8	473.3	423.4	85.0	1,001.5
Net book value as at 12/31/2023	19.0	450.7	415.6	106.6	991.9
Net book value as at 12/31/2024	**19.2**	**457.5**	**453.5**	**107.0**	**1,037.2**

Property, plant and equipment are recognized in the balance sheet at acquisition cost or production cost less depreciation. Value-added expenditures, which lead to an extension of useful life or increased production capacity, are capitalized. Interest expenses incurred when the asset was under construction, are included in the historical costs, if material. Depreciation is calculated using the straight-line method to allocate the cost over the asset's estimated useful lives, as follows:

Buildings	Years
Buildings	20–33
Infrastructure	10–15

Machinery and equipment	
Machinery	5–15
Furniture, fittings and equipment	5–10
Vehicles	3–8
IT hardware	3–5

Based on its unlimited useful life, land is capitalized at acquisition cost and is not depreciated.

The assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized through profit and loss for the amount by which the asset's carrying amount exceeds its recoverable amount. Government grants related to assets are offset against the acquisition costs of the asset concerned, as long as the SFS Group has no repayment obligation.

Government grants related to assets are offset against the book value of the tangible asset when there is reasonable assurance that the conditions attached to the grant can be fullfilled and the value of the grant can be estimated reliably.

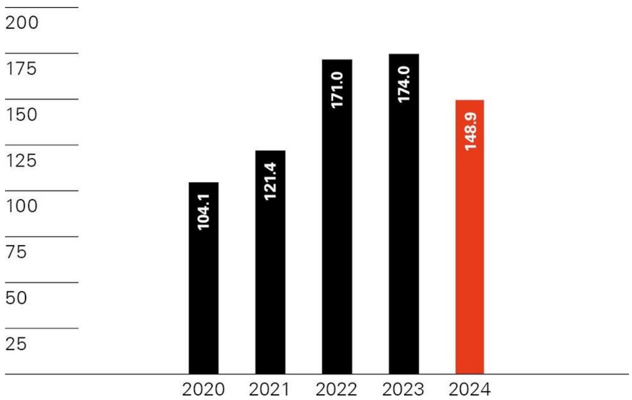
The book value of assets under construction includes down payments to suppliers of CHF 29.2 million (PY CHF 26.9 million).

In order to collateralize borrowings, assets amounting to CHF 72.3 million (PY CHF 60.5 million) have been pledged with CHF 66.1 million (PY CHF 42.3 million), of which CHF 32.2 million (PY CHF 38.7 million) have been drawn.

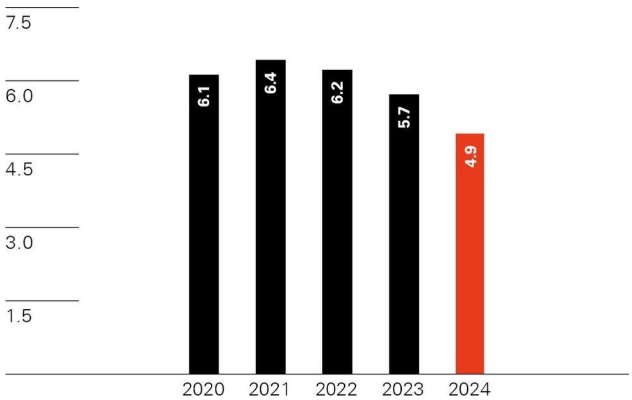
The financial commitments for contracted purchases of property, plant and equipment as well as for assets under construction amount to CHF 74.2 million (PY CHF 86.8 million).

The following charts show the additions to property, plant and equipment as well as intangible assets from the notes 3.4 and 3.5.

Additions property, plant and equipment and intangible assets
in CHF million



Additions property, plant and equipment and intangible assets
in % net sales



3.5 Intangible assets

	Customer relationships, brands, technology	Software	Software in development	Building rights, patents and other intangible assets	**Total**
Cost as at 01/01/2023	–	103.7	16.2	14.7	134.6
Additions	–	3.8	3.8	4.9	12.5
Disposals	–	–0.3	–	0.0	–0.3
Reclassifications	–	4.8	–	–	4.8
Exchange differences	–	–1.6	–	–1.3	–2.9
Cost as at 12/31/2023	–	110.4	20.0	18.3	148.7
Changes in scope of consolidation	8.6	0.0	–	0.0	8.6
Additions	–	2.0	5.2	0.4	7.6
Disposals	–	–39.2	–	0.0	–39.2
Reclassifications	–	0.7	–	–	0.7
Exchange differences	0.1	0.6	–	0.5	1.2
Cost as at 12/31/2024	**8.7**	**74.5**	**25.2**	**19.2**	**127.6**
Accumulated amortization as at 01/01/2023	–	–74.8	–	–2.1	–76.9
Amortization	–	–6.7	–	–3.7	–10.4
Disposals	–	0.3	–	0.0	0.3
Reclassifications	–	–3.7	–	–	–3.7
Exchange differences	–	1.0	–	0.4	1.4
Accumulated amortization as at 12/31/2023	–	–83.9	–	–5.4	–89.3
Amortization	–0.5	–7.2	–	–4.0	–11.7
Disposals	–	39.2	–	0.0	39.2
Exchange differences	0.0	–0.4	–	–0.1	–0.5
Accumulated amortization as at 12/31/2024	**–0.5**	**–52.3**	**–**	**–9.5**	**–62.3**
Net book value as at 01/01/2023	–	28.9	16.2	12.6	57.7
Net book value as at 12/31/2023	–	26.5	20.0	12.9	59.4
Net book value as at 12/31/2024	**8.2**	**22.2**	**25.2**	**9.7**	**65.3**
Intangible assets generated internally	–	4.7	14.5	–	19.2
Purchased intangible assets	8.2	17.5	10.7	9.7	46.1

Intangible assets are recognized in the balance sheet at acquisition cost or production cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the costs over the assets' estimated useful lives, as follows:

Intangible assets	Years
Customer relationships, brands, technology	3–5
Software	3–10
Building rights (maximum)	50
Patents	3–5
Other intangible assets	5

Intangible assets generated internally can only be recognized as an asset if they meet all of the following conditions at the time of the initial recognition: They are identifiable, controlled by SFS, they will yield a measurable benefit over several years, expenses can be recognized and measured separately and it is likely that the resources needed to complete the intangible assets are available or will be made available.

Government grants related to assets are offset against the book value of the intangible asset when there is reasonable assurance that the conditions attached to the grant can be fullfilled and the value of the grant can be estimated reliably.

The intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized through profit and loss for the amount by which the asset's carrying amount exceeds its recoverable amount.

The financial commitments for contracted intangible assets amount to CHF 0.9 million (PY CHF 2.1 million) in 2024.

3.6 Theoretical statement of changes in goodwill

Goodwill related to acquisitions is offset against equity at acquisition date. The effects of theoretical capitalization and amortization over five years are shown in the table below. If a contract is concluded, transaction costs are part of the acquisition costs. Earnout payments are offset against equity as well. As goodwill is immediately offset against equity at acquisition date, an impairment of goodwill would not impact the income statement, but the theoretical impact would be shown in the theoretical statement of changes in goodwill.

	2024	2023
Balance as at 01/01	554.4	584.7
Acquisitions	7.6	8.9
Derecognition	–123.1	–
Exchange differences	33.5	–39.2
Balance as at 12/31	472.4	554.4
Accumulated amortization 01/01	–252.9	–158.6
Amortization	–100.2	–112.1
Derecognition	123.1	–
Exchange differences	–24.9	17.8
Accumulated amortization 12/31	–254.9	–252.9
Theoretical value of goodwill as at 12/31	**217.5**	301.5
Equity according to balance sheet	1,559.2	1,375.7
Theoretical value of goodwill	217.5	301.5
Theoretical shareholders' equity as at 12/31	**1,776.7**	1,677.2
Net income	242.7	268.5
Amortization of goodwill	–100.2	–112.1
Theoretical net income	**142.5**	156.4

Theoretical goodwill is derecognized in the table above as soon as it is fully amortized.

3.7 Trade payables

	2024	2023
Against third parties	167.9	186.8
Against related parties	0.1	0.1
Total	**168.0**	186.9

Trade payables are recognized in the balance sheet at par value.

3.8 Other current payables

	2024	2023
VAT and other liabilities	48.9	52.0
Tax liabilities	50.7	40.5
Short-term derivative financial instruments	1.4	–
Total	**101.0**	92.5

3.9 Pension benefit obligations

SFS Group maintains pension plans in several countries. The pension plans are mostly legal entities or foundations that are financially independent from the SFS Group. They are compliant with local requirements and the employees and SFS usually fund the plans in equal parts.

The economic impact of the pension plans on the SFS Group is reassessed annually. The valuation of a surplus or deficit is based on the plan's financial statement in accordance with Swiss GAAP FER 26 (Swiss plans) or based on an established method in the respective jurisdiction (non-Swiss plans). In the case of a surplus, an economic benefit exists if it is permitted and intended to use the surplus to decrease the employer contributions, to reimburse it to the employer based on local law or to use it beyond the statutory benefits for another economic benefit of the employer. Surpluses which the SFS Group can use as contributions at any time are recognized as assets in the SFS Group's balance sheet. In the case of a deficit, an economic obligation exists if the conditions for recognizing a provision are met. The change from the previous year in economic benefit and economic obligation is recognized (together with the expenses relating to the business period) as personnel expenses in the result of the period.

Swiss plans

Employees of the SFS Group in Switzerland are insured against the risks of old age, death and disability with the SFS Pension Fund based on the Federal Law on Occupational Retirement, Survivors', and Disability Pension Plans (OPA). The SFS Pension Fund is a foundation which is legally separated from the SFS Group. As per December 31, 2024, the SFS Pension Fund has an expected coverage ratio according to the OPA 117.5% (PY 111.2%). The pension liabilities and actuarial reserves are calculated based on a technical interest rate of 1.75% (PY 1.5%) using the life expectancy table BVG 2020 (PY BVG 2020). In order to ensure the financial stability of the Fund, the trustees of the SFS Pension Fund decided to reduce the conversion rate gradually to 5.2% until 2024 and not to further reduce the rate for the time being. The determination of the economic impact on the SFS Group is based on the preliminary financial statements of the SFS Pension Fund and the Patronage Fund.

Non-Swiss plans

For non-Swiss plans, external actuarial reports are used to determine the economic impact on the SFS Group. Depending on the mix of insured persons (employees, retirees), the present value of benefit obligations is calculated using an interest rate of 3.2% to 5.6% (PY 3.1% to 4.7%).

Employer contribution reserve (ECR)	Nominal value 12/31/2024	Waiver of use 2024	Balance sheet 12/31/2024	Accumu-lation 2024	Balance sheet 12/31/2023	Result from ECR in personnel expenses 2024	Result from ECR in personnel expenses 2023
Patronage Fund	22.8	–	22.8	1.4	21.4	–1.4	–0.7
SFS Pension Fund	1.5	–	1.5	0.1	1.4	–0.1	–0.0
Total	**24.3**	**–**	**24.3**	**1.5**	22.8	**–1.5**	–0.7

An economic benefit is capitalized in the SFS Group's balance sheet coming from uncommitted employer contribution reserves as well as from the Patronage fund's non-committed funds. It is intended to use the surplus to decrease the employer contributions.

Economic benefit/economic obligation and pension benefit expenses	Surplus/ deficit	Economic share of the entity		+/–	Contribution concerning	Pension benefit expenses within personnel expenses	
	12/31/2024	12/31/2024	12/31/2023		2024	2024	2023
Patronage Fund	1.5	1.5	2.0	–0.5	–	0.5	–2.0
Pension Funds							
without surplus/deficit	–	–	–	–	33.8	33.8	32.7
with deficit	–2.9	–2.9	–2.6	–0.3	–	0.2	–0.1
without own assets	–9.2	–9.2	–9.4	0.2	–	–0.3	–0.5
Total	**–10.6**	**–10.6**	–10.0	**–0.6**	**33.8**	**34.2**	30.1

Pension Funds "without surplus/deficit" include the SFS Pension Fund. At balance sheet date, no non-committed funds exist. Therefore, neither an economic benefit nor an economic obligation is capitalized in the SFS Group's balance sheet. Furthermore, foreign contribution-based plans are included in this category.

Pension Funds "with deficit" include plans of which benefit obligations exceed the plan's assets. As of December 31, 2024, this is the case for one plan in Germany (PY one) and one plan in France (PY one).

Pension Funds "without own assets" include five plans in Germany (PY five), one plan in France (PY one), one plan in Italy (PY one) and one plan in Mexico (PY one). The economic obligations of these plans are recognized in SFS Group's balance sheet as provisions if the conditions for recognizing a provision are met.

3.10 Provisions

	Anniversaries, severance payments	Other provisions	**Total**
Balance as at 01/01/2023	9.1	6.3	15.4
Additions	1.7	0.3	2.0
Used amounts	–1.1	–0.1	–1.2
Unused amounts reversed	–0.3	–0.7	–1.0
Exchange differences	–0.8	–0.2	–1.0
Balance as at 12/31/2023	8.6	5.6	14.2
Additions	2.8	0.5	3.3
Used amounts	–1.1	–0.2	–1.3
Unused amounts reversed	–1.5	–1.3	–2.8
Exchange differences	–0.2	0.1	–0.1
Balance as at 12/31/2024	**8.6**	**4.7**	**13.3**
of which non-current	8.6	4.7	13.3

Various countries are obliged to recognize provisions as the employees are entitled to receive severance payments following the termination of employment. These provisions are disclosed in the “Anniversaries, severance payments” column. The “Other provisions” column contains provisions for warranty claims and business risks. Obligations arising from product liability are covered by the SFS Group’s insurance policies. Provisions for warranty claims are recognized based on historical experience and amount to CHF 2.4 million (PY CHF 2.3 million). Provisions for specific business risks amount to CHF 2.3 million (PY CHF 3.3 million).

A provision is recognized when the SFS Group has a present legal or constructive obligation as a result of past events, the outflow of resources becomes probable and the amount of the outflow can be estimated reliably. The valuation of provisions is based on the SFS Group’s best estimate at the balance sheet date.

3.11 Deferred tax assets (–)/liabilities (+)

Net deferred tax balances	**12/31/2024**	12/31/2023
Deferred tax assets	–52.9	–43.8
Deferred tax liabilities	63.5	61.1
Total	**10.6**	17.3

Movement in net deferred tax balances	**2024**	2023
Balance as at 01/01	17.3	19.4
Changes in scope of consolidation	2.0	–0.3
Charged (+)/credited (–) to income statement	–7.9	–3.8
Charged (+)/credited (–) to equity	–0.2	0.1
Exchange differences	–0.6	1.9
Balance as at 12/31	**10.6**	17.3

Current tax liabilities arising from the taxable profit of the reporting period are accrued for, irrespective of when they are due for payment. Deferred tax assets and liabilities are recognized on all temporary differences arising between the carrying amount of an asset or liability in the statement of financial position according to Swiss GAAP FER and its tax base.

The deferred taxes are determined using local tax rates that have been enacted by the balance sheet date and are expected to apply when the deferred tax items are realized or settled. Deferred tax liabilities arising from future distribution of retained earnings are not recognized when the Group is able to control the timing and a reversal of the temporary difference is unlikely.

SFS does not recognize deferred tax assets and liabilities in relation to Pillar Two income taxes.

The table below shows the tax loss carryforwards:

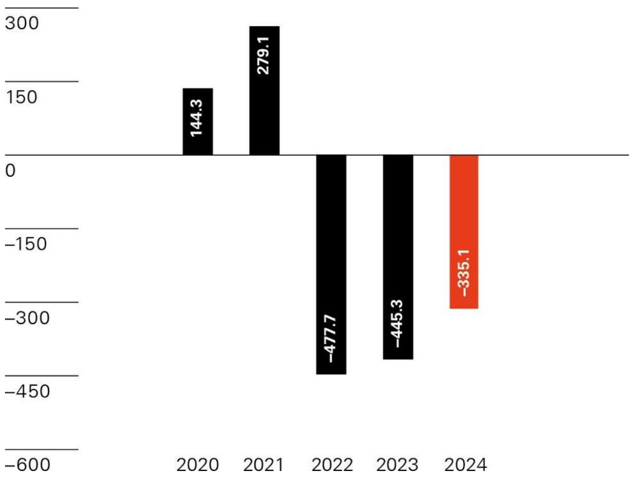
		Recognized		Unrecognized
Tax loss carryforwards	**2024**	2023	**2024**	2023
Expiry in <3 years	1.2	2.0	5.3	–
Expiry within 3–7 years	2.6	1.3	3.3	4.3
Expiry in >7 years	2.1	5.2	26.1	28.3
Total	**5.9**	8.5	**34.7**	32.6

Deferred tax assets are recognized for tax loss carryforwards and on other temporary differences to the extent that is expected to be realizable within the next five years. In this context, in 2024, deferred tax assets on temporary differences in the amount of CHF 9.9 million (PY CHF 12.1 million) were not recognized in these consolidated financial statements.

4. Financing and risk management

This chapter describes the management of the capital structure and its financial risks. The aim is to optimize profits in relation to equity plus net debt, to secure liquidity and to minimize currency risks.

Net cash (+)/debt (–)
in CHF million



4.1 Cash and cash equivalents

	2024	2023
Cash at bank and on hand	163.2	164.5
Current bank deposits	61.4	63.0
Total	**224.6**	227.5

Cash and cash equivalents include cash on hand, deposits held on call with banks and other short-term highly liquid investments. Due to the short-term maturities of the cash equivalents, the carrying amount is equal to the fair value of these assets. In order to qualify as a cash equivalent, the original maturity of the instrument must be 90 days or less.

4.2 Financial assets

	2024	2023
Loans to third parties	4.3	4.1
Investments	18.5	14.8
Assets from employer contribution reserves	24.3	22.8
Economic benefit from pension plans	1.5	2.0
Derivative financial instruments	20.4	50.3
Other financial assets	3.6	3.0
Total	**72.6**	97.0

Marketable securities and financial assets are measured at market value, if available, and non-realized gains and losses are recognized through profit or loss. In absence of a market value, marketable securities and financial assets are measured at acquisitions costs less any impairment. Investments include investments in associates, joint ventures and immaterial subsidiaries which are not included in the scope of consolidation.

In connection with the financing of the Hoffmann SE acquisition and the corresponding issuance of two bonds with a volume of CHF 400 million (refer to note 4.3), the SFS Group has entered into two cross-currency swaps (CHF/EUR) with the same volume and maturity (refer to note 4.7). The cross-currency swaps (designated as hedging instruments) are used to hedge the foreign currency exposure which arises from the translation of net investments in foreign entities (designated as hedged items) into the Group's presentation currency. Changes in the fair values of the cross-currency swaps (net investment hedges) are recognized in equity and reversed through profit and loss upon disposal of the entity. As of December 31, 2024, the fair values of the cross-currency swaps amount to CHF 47.2 million, thereof CHF 26.8 million are disclosed as other current receivables and CHF 20.4 million are disclosed as financial assets (fair values December 31, 2023: CHF 50.3 million).

4.3 Borrowings

	2024	**2024 Interest rate in %**	2023	2023 Interest rate in %
Bonds	250.0	See below	–	–
Bank borrowings	26.0	4.0	20.9	4.0
Current borrowings from third parties	0.0	0.0	15.8	4.4
Current borrowings	**276.0**	**1.3**	36.7	4.2
of which CHF	250.0	1.0	–	–
of which EUR	9.7	1.7	24.1	3.1
of which USD	16.3	5.4	12.6	6.3
Bonds	150.0	See below	400.0	See below
Bank borrowings	119.6	2.7	223.0	3.8
Non-current borrowings from third parties	14.0	3.6	13.1	1.2
Non-current borrowings	**283.6**	**2.1**	636.1	2.2
of which CHF	150.0	1.5	400.0	1.2
of which EUR	133.4	2.8	236.1	3.9
of which USD	0.2	8.7	–	–
of which other currencies	0.0	0.0	0.0	0.0
Total borrowings	**559.6**	**1.7**	672.8	2.3

Bonds

Nominal value in CHF million	Interest rate in %	Term	Expiration at nominal value
250.0	1.00	2022–2025	06/06/2025
150.0	1.45	2022–2027	06/08/2027

In connection with the financing of the Hoffmann SE acquisition, the SFS Group issued two bonds with a volume of CHF 400 million in June 2022. Bonds are recognized in the balance sheet at par value. Deviations from the par value in the case of below or above-par issues are offset with the emission costs and recognized as accruals and deferrals and afterwards reversed on a straight-line basis over the term of the bonds.

The financial liabilities have the following maturities:

Cash outflows	in <3 months	in 4–12 months	in 13–24 months	in >24 months	**Total**
Borrowings	19.7	256.3	9.0	274.6	559.6
Interest payments	2.3	5.0	5.9	9.8	23.0
Total 12/31/2024	**22.0**	**261.3**	**14.9**	**284.4**	**582.6**

Cash outflows	in <3 months	in 4–12 months	in 13–24 months	in >24 months	Total
Borrowings	6.4	30.3	258.2	377.9	672.8
Interest payments	3.8	11.1	12.4	23.1	50.4
Total 12/31/2023	10.2	41.4	270.6	401.0	723.2

Syndicated loan
A loan contract was negotiated with five banks in August 2014. Due to the acquisition of Hoffmann SE in 2022, the existing syndicated loan contract was prematurely renewed and two additional banks were included in the syndicate. After exercise of the second extension option, the contract term is still five years and ends on May 10, 2029. The committed and uncollateralized revolving credit line amounts to CHF 600 million until May 10, 2028 and is used to 15.7% (PY 31.6%) at the end of 2024. It may be increased by a maximum amount of an additional CHF 100 million, provided the lenders agree to the request of the SFS Group. This option can be used up to three months before the final maturity date.

The syndicated loan includes normal commercial terms and conditions. The variable interest yield is linked to the financial key ratio "leverage ratio". The smaller this key ratio, the lower the interest margin. The financial covenant has been met in all subsequent periods:

	Threshold
Leverage Ratio: Net senior debt/EBITDA	maximum 2.50×

4.4 Leasing

Finance leases are capitalized at the start of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. They are amortized over the period of the lease. The related leasing obligations are recognized as liabilities. In the reporting period as well as in the previous year, no material finance leases existed.

Lease payments from operating leases are recognized through profit or loss during the period of the lease. If a contract is terminated early, a provision is made for the full amount owed less income realized from subleasing.

Future aggregate minimum lease payments	**2024**	2023
Due <1 year	45.7	39.8
Due between 1–5 years	115.5	91.0
Due >5 years	173.5	193.5
Total	**334.7**	324.3

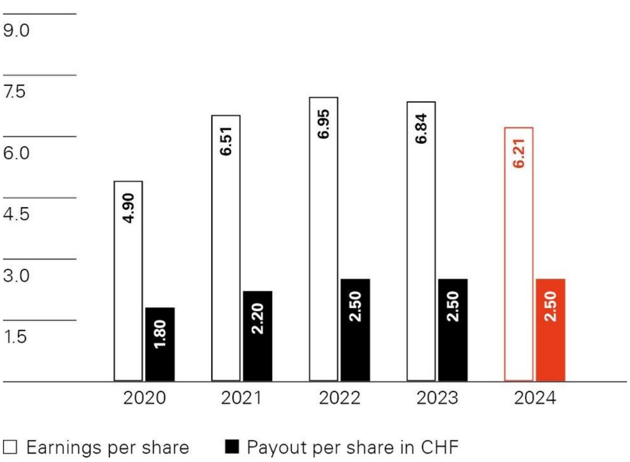
4.5 Off-balance sheet transactions

	2024	2023
Debt guarantees	0.7	0.2
Guarantee obligations	8.4	11.1
Other non-recognizable commitments	341.2	325.7
Total	**350.3**	337.0

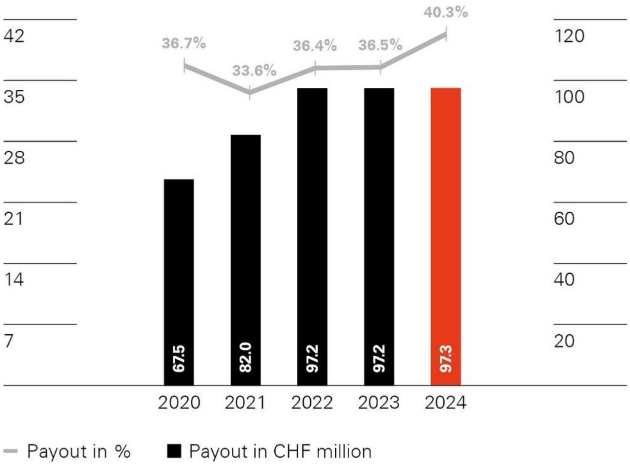
Off-balance sheet transactions consist mainly of debt guarantees, guarantee obligations, liens in favor of third parties and long-term rental contracts. Intercompany items are eliminated. Off-balance sheet transactions are assessed on the basis of the likelihood and the amount of the potential future liabilities and are disclosed above.

4.6 Equity and earnings per SFS share

Earnings and payout per share
in CHF



Payout
in %, in CHF million



A payout for the financial year 2024 of CHF 2.50 (PY CHF 2.50) per registered share, amounting to a total of CHF 97.3 million (PY CHF 97.3 million), will be proposed at the Annual General Meeting of SFS Group AG on April 30, 2025. The payout from retained earnings and the statutory capital reserve will be realized and accounted in the books after the approval of the Annual General Meeting.

	2024	2023
Weighted average number of outstanding shares	38,883,033	38,886,854
Net income attributable to SFS shareholders	241.3	266.0
Earnings per share in CHF basic and diluted	**6.21**	6.84

As of December 31, 2024, 38,900,000 (PY 38,900,000) registered shares at CHF 0.10 are issued and outstanding. The earnings per share are the result of dividing net income entitled to the owners of the SFS Group by the weighted average number of shares in issue and outstanding during the year. As of balance sheet date there exists no capital band (PY none) and no conditional capital (PY none). There are no dilutive effects (PY none). Statutory and legal reserves that may not be distributed amount to CHF 75.3 million (PY CHF 65.7 million) as of December 31, 2024.

Share capital and treasury shares

	Quantity	Transaction price (Ø) in CHF	Purchase cost (Ø) in CHF million
Balance as at 01/01/2023	12,828	119.0	1.5
Purchases	25,000	102.0	2.6
Sale	–24,422	106.0	–2.7
Balance as at 12/31/2023	13,406	102.0	1.4
Purchases	33,500	120.8	4.0
Sale	–12,499	110.4	–1.3
Balance as at 12/31/2024	**34,407**	**120.3**	**4.1**

The share capital of SFS Group AG constitutes the share capital of the SFS Group. The consideration paid for treasury shares is deducted from the equity and separately disclosed. The profit or loss realized by sales of treasury shares are recognized as a reduction of capital reserves, net of any related income taxes. As of December 31, 2024, the SFS Group companies hold 34,407 shares (PY 13,406) and the SFS Pension Fund and SFS Patronage Fund hold 4,025 shares (PY 2,550) in SFS Group AG.

There exist no obligations to repurchase treasury shares disposed of.

4.7 Derivative financial instruments

				Contract value		Market value
Forward foreign exchange contracts 2024	CHF	EUR	USD	CNY	JPY	CHF
EUR sale/CHF purchase	41.1	–44.2				–0.2
USD sale/CNY purchase			–36.9	260.1		–1.0
USD sale/JPY purchase			–0.2		27.7	0.0
Other derivative financial instruments 2024						
Cross-currency swap EUR sale/CHF purchase	250.0	–238.4				26.8
Cross-currency swap EUR sale/CHF purchase	150.0	–143.0				20.4

				Contract value		Market value
Forward foreign exchange contracts 2023	CHF	EUR	USD	CNY	JPY	CHF
EUR sale/CHF purchase	54.1	–57.1				1.7
CHF sale/EUR purchase (FX-Swap)	–2.1	2.2				0.0
USD sale/CHF purchase	14.4		–16.8			0.5
USD sale/CNY purchase			–39.8	277.8		–0.2
Other derivative financial instruments 2023						
Cross-currency swap EUR sale/CHF purchase	250.0	–238.4				30.5
Cross-currency swap EUR sale/CHF purchase	150.0	–143.0				19.8

The SFS Group uses derivative financial instruments to reduce the risks from interest and foreign currency fluctuations on business and financial transactions. To hedge foreign currency exposures, usually cash flow hedges are used. To reduce volatility in the income statement, changes in the fair value of derivatives are recognized in equity. Amounts accumulated in equity are reclassified to the income statement in the periods when the hedged item affects the income statement or the future cash flow is no longer expected to occur. Derivatives in the current and previous financial year were exclusively held for the purpose of currency hedging.

The SFS Group also uses derivative financial instruments to hedge the foreign currency exposure which arises from the translation of net investments in foreign entities (designated as hedged items) into the Group's presentation currency. Changes in the fair values of the net investment hedges are recognized in equity and reversed through profit and loss upon disposal of the entity. In connection with the financing of the Hoffmann SE acquisition in 2022 and the corresponding issuance of two bonds with a volume of CHF 400 million (refer to note 4.3), the

SFS Group has entered into two cross-currency swaps (CHF/EUR) with the same volume and maturity as the bonds. These cross-currency swaps (designated as hedging instruments) are used to hedge the foreign currency exposure which arises from the translation of net investments in foreign entities (designated as hedged items) into the Group's presentation currency.

4.8 Exchange rates

		Balance sheet		Income statement	
	Unit	**2024**	2023	**2024**	2023
China	CNY 100	12.411	11.795	12.235	12.702
EU	EUR 1	0.941	0.926	0.953	0.972
United Kingdom	GBP 1	1.135	1.066	1.125	1.117
USA	USD 1	0.906	0.838	0.881	0.899

5 Group structure

This chapter provides an overview of the Group structure. Changes and related detailed information are explained. Transactions with related parties are also disclosed.

5.1 Changes in scope of consolidation

Acquisition of subsidiaries	**2024**	2023
Cash and cash equivalents	5.0	–
Trade receivables	3.6	–
Inventories	3.5	1.0
Other current assets	0.1	–
Property, plant and equipment	1.0	0.3
Intangible assets	8.6	–
Other non-current assets	0.1	0.2
Current liabilities	–3.6	–0.1
Non-current liabilities	–2.7	–
Acquired net assets	**15.6**	1.4
Goodwill offset against equity	7.6	8.9
Purchase price incl. acquisition cost	**23.2**	10.3
Cash and cash equivalents acquired	–5.0	–
Deferred and other non-cash consideration	–1.0	–
Contingent consideration (earnout)	–0.1	–
Consideration in cash flow statement	**17.1**	10.3

2024

As of May 1, 2024, the SFS Group acquired Etanco S.A.U., a Spanish distributor of fasteners, fixings, and accessories to the building envelope. The acquisition of Etanco, domiciled in Madrid (ES), strengthens the market position of the Fastening Systems segment of SFS in Spain and Portugal. In 2024, Etanco generated net sales of CHF 2.9 million, of which CHF 1.6 million were included in the consolidated income statement. Contract clauses do not include any contingent consideration (earnout).

As of October 1, 2024, the SFS Group acquired 100% of EPRO D.O.O., a leading, longtime distribution partner for high-end applications to the building envelope in Slovenia. EPRO is part of the Fastening Systems segment. In 2024, the company, domiciled in Ljubljana (SI), generated net sales of CHF 3.6 million, of which CHF 0.9 million were included in the consolidated income statement. Contract clauses do include a contingent consideration (earnout) depending on the EBIT achieved in 2025.

As of November 1, 2024, the SFS Group acquired Pro Fastening Systems Inc. (PFS). The company is an established specialist distributor of fasteners and sealants for the commercial and industrial construction industries. PFS is part of the Fastening Systems segment. In 2024, the company domiciled in Arlington Heights (US) generated net sales of CHF 24.1 million, of which CHF 3.0 million were included in the consolidated income statement. Contract clauses do not include any contingent consideration (earnout).

2023

As of July 1, 2023, the assets of the business concerning fasteners and other products of Connective Systems & Supply, Inc. (CSS) were acquired in an asset deal. In organizational terms, this business unit of the company based in Denver (US) was incorporated into Triangle Fastener Corporation (TFC). This business unit of CSS generated sales of USD 15 million in 2022 with around 20 employees. Contract clauses do not include any contingent consideration (earnout).

5.2 Group companies

Subsidiaries

Country	Registered office	Name of the company	Participation in % 2024	2023	Currency	Share capital in local currency 1,000	Activities
Belgium	Borne (NL)	Hoffmann Quality Tools B.V.	100.0	100.0	EUR	n/a	V
	Kapellen	SFS Group Belgium B.V.	100.0	–	EUR	20	V
China	Nantong	Unisteel Technology (China) Co., Ltd.	100.0	100.0	CNY	796,293	V, P
	Shanghai	SFS Group (Shanghai) Co., Ltd.	100.0	100.0	CNY	708	DL
		Hoffmann Quality Tools Trading Co., Ltd.	100.0	100.0	CNY	77,069	V
Costa Rica	La Aurora Heredia	Tegra Medical Costa Rica S.A.	100.0	100.0	CRC	1	V, P
Germany	Achim	Hoffmann GmbH	100.0	100.0	EUR	512	V
	Essen	Hoffmann Essen Qualitätswerkzeuge GmbH	100.0	100.0	EUR	100	V
	Frankfurt	Atrium 296. Europäische VV SE	100.0	–	EUR	120	V
	Göppingen	Hoffmann Göppingen Qualitätswerkzeuge GmbH	100.0	100.0	EUR	30	V
	Munich	Hoffmann Auslands-Beteiligungs GmbH	100.0	100.0	EUR	25	H
		Hoffmann Engineering Services GmbH	100.0	100.0	EUR	25	DL
		Hoffmann Group Immobilien GmbH	100.0	100.0	EUR	25	DL
		Hoffmann GmbH Qualitätswerkzeuge	100.0	100.0	EUR	512	V
		Hoffmann SE	100.0	100.0	EUR	2,550	H, DL
		Hoffmann IT & General Services GmbH	100.0	100.0	EUR	25	DL
		Hoffmann Group System GmbH	100.0	100.0	EUR	100	DL
		Proserve Vertriebs- und Beratungs GmbH	100.0	100.0	EUR	26	H
		Simple System GmbH	100.0	100.0	EUR	26	V
	Nuremberg	Hoffmann Nürnberg GmbH Qualitätswerkzeuge	100.0	100.0	EUR	625	V
		Hoffmann Supply Chain GmbH	–	100.0	EUR	75	DL
		Hoffmann Supply Chain GmbH & Co. KG (former Hoffmann Supply Management GmbH & Co. KG)	100.0	100.0	EUR	75	DL
		Supply Chain Verwaltungs GmbH	100.0	100.0	EUR	25	DL
	Oberursel	SFS Group Germany GmbH	100.0	100.0	EUR	5,000	V, P
	Reutlingen	Garant Productions GmbH	100.0	100.0	EUR	25	P
	Schramberg	Ludwig Hettich Holding GmbH & Co. KG	51.0	51.0	EUR	2,500	H
		Ludwig Hettich Verwaltungs-GmbH	51.0	51.0	EUR	26	H
		HECO Schrauben GmbH & Co. KG	51.0	51.0	EUR	1,230	V, P
Denmark	Copenhagen	Hoffmann Danmark ApS	100.0	100.0	DKK	125	V
	Roskilde	Jevith A/S	100.0	100.0	DKK	500	V
Estonia	Tallinn	SFS Group Finland Oy Eesti Filiaal	100.0	100.0	EUR	n/a	V
Finland	Nummela	SFS Group Finland Oy	100.0	100.0	EUR	84	V
France	Drusenheim	Hoffmann France SAS	100.0	100.0	EUR	500	V
	Saint-Projet	HECO France Sarl	51.0	51.0	EUR	8	V
	Valence	SFS Group SAS	100.0	100.0	EUR	3,078	V, P
United Kingdom	Leeds	SFS Group Fastening Technology Ltd.	100.0	100.0	GBP	2,000	V, P
	London	Hoffmann UK Quality Tools Ltd.	100.0	100.0	GBP	5,973	V
India	Pune	Hoffmann Quality Tools India Pvt. Ltd.	100.0	100.0	INR	528,750	V
		SFS Group India Pvt. Ltd.	99.7	99.7	INR	46,654	V, P

Italy	Pordenone	SFS Group Italy S.r.l. unipersonale	100.0	100.0	EUR	10,000	V, P
	Vigonza	Hoffmann Italia S.p.A.	100.0	100.0	EUR	500	V
Canada	Dundas	SFS Group Canada Inc.	100.0	100.0	CAD	4,000	V, P
Malaysia	Johor Bahru	Unisteel Technology (M) Sdn Bhd	100.0	100.0	USD	1,372	V, P
	Subang Jaya	Hoffmann Quality Tools (Malaysia) Sdn Bhd	100.0	100.0	MYR	16,024	V
Mexico	Puebla	Hoffmann Quality Tools Mexico S. de R.L. de C.V.	100.0	100.0	MXN	9,150	V
	Querétaro	SFS Group Fastening Technology Mexico S.A.	100.0	100.0	MXN	50	V
Netherlands	Borne	Hoffmann Quality Tools B.V.	100.0	100.0	EUR	37	V
	Helmond	SFS Group the Netherlands B.V.	100.0	100.0	EUR	18	V, P
Norway	Frogner	SFS Group Norway AS	100.0	100.0	NOK	2,030	V
Austria	Brunn am Gebirge	SFS Group Germany GmbH, Brunn am Gebirge Branch	100.0	–	EUR	n/a	V
	Korneuburg	SFS Group Austria GmbH	100.0	100.0	EUR	146	V, P
	Zell am Moos	Hoffmann Austria Qualitätswerkzeuge GmbH	100.0	100.0	EUR	35	V
Poland	Poznan	SFS Group Sp. z o.o.	100.0	100.0	PLN	11,937	V
Portugal	Lisbon	Hoffmann Iberia Quality Tools S.L.	100.0	100.0	EUR	n/a	V
	Malveira	SFS Group Fastening Technology (Iberica), S.A.U. Sucursal em Portugal	100.0	100.0	EUR	n/a	V
Romania	Bucharest	Hoffmann Industrial Tools S.R.L.	100.0	100.0	RON	10	V
	Campia Turzii	HECO Schrauben S.r.l.	51.0	51.0	RON	37,582	P
Sweden	Strängnäs	SFS Group Sweden AB	100.0	100.0	SEK	200	V, P
Switzerland	Emmenbrücke municipality of Emmen	Allchemet AG	100.0	100.0	CHF	340	V
	Hallau	Stamm AG	100.0	100.0	CHF	500	V, P
	Heerbrugg municipality of Widnau	SFS Group International AG	100.0	100.0	CHF	5,400	H
		SFS Group Schweiz AG	100.0	100.0	CHF	12,550	V, P, DL
Singapore	Singapore	Hoffmann Quality Tools Asia Pacific Pte. Ltd.	100.0	100.0	SGD	12,865	V
		Unisteel Technology Limited	100.0	100.0	USD	340,443	V
Slovakia	Bratislava	Hoffmann Qualitätswerkzeuge SK s.r.o.	100.0	100.0	EUR	7	V
Slovenia	Ljubljana	EPRO D.O.O.	100.0	–	EUR	14	V
		Hoffmann kvalitetna orodja d.o.o.	100.0	100.0	EUR	500	V
Spain	Madrid	Etanco S.A.U.	100.0	–	EUR	301	V
		Hoffmann Iberia Quality Tools S.L.	100.0	100.0	EUR	50	V
	Sondika-Bizkaia	SFS Group Fastening Technology (Iberica), S.A.U.	100.0	100.0	EUR	975	V
Taiwan	Kaohsiung	Unisteel Technology Limited Taiwan Branch	100.0	100.0	NTD	n/a	DL
Czechia	Ejpovice	Hoffmann Qualitätswerkzeuge CZ s.r.o.	100.0	100.0	CZK	100	V
	Turnov	SFS Group CZ s.r.o.	100.0	100.0	CZK	205,000	V, P
Türkiye	Torbali-Izmir	SFS Group TR San. ve Tic. A.Ş.	95.1	95.1	TRY	23,109	V, P
		SFS Group Pazarlama A.S.	95.1	95.1	TRY	100	V
Hungary	Budapest	Hoffmann Hungary Quality Tools Kft.	100.0	100.0	HUF	3,000	V
	Janossomorja	SFS Group Hungary Kft.	100.0	100.0	HUF	412,500	V, P
USA	Arlington Heights, IL	Pro Fastening Systems Inc.	100.0	–	USD	5	V
	Franklin, MA	Tegra Medical, LLC	100.0	100.0	USD	137,839	V, P
		Tegra Medical CR, LLC	100.0	100.0	USD	–	H
	Knoxville, TN	Hoffmann Quality Tools USA, Inc.	100.0	100.0	USD	6,000	V
	Pittsburgh, PA	Triangle Fastener Corporation	100.0	100.0	USD	1	V

	Watertown, CT	Truelove & Maclean, Inc.	100.0	100.0	USD	1	V, P
	Wyomissing, PA	SFS Group USA, Inc.	100.0	100.0	USD	37,750	V, P

DL = Services, P = Production, V = Sales, H = Holding, L = in Liquidation

The closing date of all companies, except of Hoffmann Quality Tools India Pvt. Ltd., is December 31.

2024
SFS Group Belgium B.V. was established with a share capital of EUR 0.02 million. The Brunn am Gebirge branch of SFS Group Germany GmbH was set up. Atrium 296. Europäische VV SE was established with a share capital of EUR 0.12 million.

Hoffmann Supply Chain GmbH was merged into Hoffmann Supply Chain GmbH & Co. KG.

2023
Hoffmann Asset Management GmbH was renamed Supply Chain Verwaltungs GmbH. SFS intec Oy was renamed SFS Group Finland Oy. SFS intec S.r.l. unipersonale was renamed SFS Group Italy S.r.l. unipersonale. SFS intec, Inc. was renamed SFS Group Canada Inc. Guardian B.V. was renamed SFS Group the Netherlands B.V. SFS intec Baglanti Teknolojileri Sanayi ve Ticaret A.S. was renamed SFS Group TR San. ve Tic. A.Ş.

GESIPA Blindniettechnik GmbH was merged into SFS Group Germany GmbH. Simple System SAS was merged into Simple System GmbH. Unisteel Fastening Systems (Shanghai) Co., Ltd. was merged into Unisteel Technology (China) Co., Ltd.

Hoffmann Supply Management GmbH & Co. KG was established with a share capital of EUR 0.075 million.

Joint ventures

Country	Registered office	Name of the company	Shareholding in % **2024**	2023	Currency	Share capital in 1,000	Activities
China	Tianjin	Sunil SFS intec Automotive Parts (Tianjin) Co., Ltd.	50.0	50.0	CNY	212,483	V, P

5.3 Transactions with related parties

Transaction with related parties are generally conducted based on usual market conditions.

Business relationships with related parties
Business transactions with members of the Board of Directors and of the Group Executive Board as well as related companies are summarized in the table below:

	2024	2023
Sales of goods and services	2.9	3.0
Purchases of goods and services	1.1	1.2
Receivables	0.2	0.2
Payables	0.1	0.1

The sales of goods and services mainly include IT, HR and finance services to companies owned by the founding families.

Business relationship with pension funds
The SFS Group charges CHF 0.6 million (PY CHF 0.6 million) in connection with the administration of the SFS pension fund and the patronage fund. Further business relationships with the pension fund include expenses of CHF 0.5 million (PY CHF 0.3 million).

Business relationships with associates and joint ventures

	2024	2023
Sales of goods and services	2.0	0.5
Receivables	0.3	0.3
Bank guarantees	8.4	11.1

6 Events after the balance sheet date
SFS is not aware of any events that occurred after the balance sheet date that could have a material impact on the consolidated financial statements for the financial year ended December 31, 2024.

The consolidated financial statements of the SFS Group were approved by the Audit Committee and the Board of Directors on March 6, 2025, and are subject to final approval at the Annual General Meeting of shareholders, which will take place on April 30, 2025.

Report of the statutory auditor

to the General Meeting of SFS Group AG

Heerbrugg, municipality of Widnau

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of SFS Group AG and its subsidiaries (the Group), which comprise the consolidated income statement, and the consolidated balance sheet as at 31 December 2024, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements (pages 118 to 152) give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the consolidated financial statements' section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall group materiality: CHF 16.3 million

We concluded full scope audit work at 17 components in nine countries. Our audit scope ("full scope audits") addressed over 76% of the Group's net revenue and 74% of the Group's assets. In addition, specified procedures were performed on a further ten components in six countries representing a further 13% of the Group's net revenue and 10% of the Group's assets.

As key audit matter the following area of focus has been identified:

Valuation of inventories

PricewaterhouseCoopers AG, Kornhausstrasse 25, 9000 St. Gallen
Telefon: +41 58 792 72 00, www.pwc.ch

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall group materiality	CHF 16.3 million
Benchmark applied	Profit before income taxes
Rationale for the materiality benchmark applied	We chose profit before income taxes as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and it is a generally accepted benchmark.

We agreed with the Audit Committee that we would report to them misstatements above CHF 0.815 million identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We designed the scope of our group audit in order to cover the significant subsidiaries with a full scope audit or specific audit procedures. For the other companies, we relied on analyses of significant changes or statutory audits. Where audits were performed by component auditors, we ensure that, as group auditor, we were adequately involved in their activities in order to assess whether sufficient appropriate audit evidence was obtained from their activities on the financial information of the components as a basis for the group audit opinion. Our involvement included communicating the risks identified at the group level, setting the materiality thresholds to be used, detailed audit instructions, interviewing the component auditors, reviewing their work in selected areas, conducting planning and closing meetings, and reviewing the reporting for the interim and final audits of the respective companies.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of inventories

Key audit matter	How our audit addressed the key audit matter
Inventories as at 31 December 2024 amount to CHF 552.4 million. This represents 21.1% of total assets. We consider the valuation of inventories a key audit matter. In particular, the following risks exist in connection with the valuation of inventories by management: • Inventories are not stated at the lower of average acquisition or production cost or – if this is lower – at the net realizable value (lower of cost or market value principle: assessment of the lover value from acquisition and production costs on the one hand and the net realizable value on the other hand). • Write-downs for obsolescent inventory or stock that exceeds the usual sales volume (e.g. slow moving or excess inventory) are inadequate. Further details regarding inventories can be found in note 3.3.	We performed the following audit procedures: • Sample-based testing of whether inventories were stated at acquisition or production costs in accordance with Swiss GAAP FER. We compared the acquisition costs used for the valuation of raw materials, supplies and consumables, and purchased finished goods with the latest purchase prices or other evidence. We tested the additional costs included in the production costs of semi-finished and finished goods, in particular using overhead recovery variance analysis or alternative methods. • Sample-based testing of whether the lower of acquisition or production cost and net realisable value has been applied. • Sample-based testing of the mathematical correctness and appropriateness of Management's calculation of write-downs of obsolescent inventory. • Testing whether the determined write-downs for obsolescent inventory or stock have been correctly recorded in the accounts. On the basis of our audit procedures, we consider Management's valuation of the inventories to be appropriate.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the compensation report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements, that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

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 to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. 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.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website: http://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that has been designed, pursuant to the instructions of the Board of Directors, for the preparation of the consolidated financial statements.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Gianluca Galasso Licensed audit expert Auditor in charge	André P. Kueffer Licensed audit expert

St. Gallen, 6 March 2025

Financial Report

Balance sheet

Assets in CHF million	Notes	12/31/2024	12/31/2023
Cash and cash equivalents		14.0	20.5
Other current receivables from Group companies		8.6	1.8
Derivative financial instruments		26.7	–
Prepayments and accrued income		0.2	0.2
Current assets		**49.5**	22.5
Derivative financial instruments		20.4	50.3
Financial assets from Group companies		1,701.1	1,651.0
Investments		119.1	119.1
Non-current assets		**1,840.6**	1,820.4
Assets		**1,890.1**	1,842.9

Liabilities and equity in CHF million	Notes	12/31/2024	12/31/2023
Derivative financial instruments		26.7	–
Bonds	8	250.0	–
Interest-bearing borrowings from Group companies		21.3	22.1
Deferred income and accrued expenses		8.5	7.6
Current liabilities		**306.5**	29.7
Derivative financial instruments		20.4	50.3
Bonds	8	150.0	400.0
Interest-bearing borrowings from Group companies		228.1	251.9
Non-current liabilities		**398.5**	702.2
Share capital		3.9	3.9
Statutory capital reserve		83.5	132.1
Other capital reserve		–1.0	–1.0
Statutory retained earnings		1.9	1.9
Voluntary retained earnings		275.1	275.1
Treasury shares		–4.1	–1.4
Profit carryforward		651.7	570.5
Net income		174.1	129.9
Total equity		**1,185.1**	1,111.0
Liabilities and equity		**1,890.1**	1,842.9

Income statement

Income in CHF million	2024	2023
Investment income	150.0	110.0
Financial income	44.0	54.4
Total income	**194.0**	164.4

Expenses in CHF million		
Administration expense	–3.1	–0.6
Financial expenses	–12.6	–30.5
Total expenses	**–15.7**	–31.1
Net income before taxes	**178.3**	133.3
Direct taxes	–4.2	–3.4
Net income	**174.1**	129.9

Notes to the financial statements SFS Group AG

Notes

1 Accounting policies
The present financial statements have been prepared in accordance with the regulations on commercial accounting and reporting given in the Swiss Code of Obligations. Securities (marketable securities with a stock exchange price) as well as derivative financial instruments are recognized at fair value. All other assets are stated at historical cost less necessary impairments.

2 Number of employees
The company does not have any employees (PY none).

3 Investments
The SFS Group AG is incorporated and domiciled in Heerbrugg, municipality of Widnau/SG, Switzerland and owns the following investments:

		2024		2023
	Share capital	Participation in %[1]	Share capital	Participation in %[1]
SFS Group International AG, Heerbrugg, municipality of Widnau, Switzerland	5.4	100.0	5.4	100.0
SFS Group Schweiz AG, Heerbrugg, municipality of Widnau, Switzerland	12.6	100.0	12.6	100.0

[1]Each share represents one voting right

The significant indirect shareholdings are disclosed in note 5.2 of the consolidated financial report.

4 Share capital
The share capital is divided into 38,900,000 registered shares (PY 38,900,000 registered shares) each with a par value of CHF 0.10. No conversion and option rights have been issued (PY none).

As of December 31, 2024, SFS Group AG and its subsidiaries hold 34,407 treasury shares (PY 13,406). In the reporting period 33,500 treasury shares (PY 25,000) were purchased at an average transaction price of CHF 120.8 (PY CHF 102.0) and 12,499 treasury shares (PY 24,422) were disposed of at an average transaction price of CHF 110.4 (PY CHF 106.0) due to share-based compensation or employee share purchase programs.

5 Board of Directors' and Group Executive Board's shareholdings
The following tables provide information with regard to the shareholdings of the Board members:

Number of shares Board of Directors	**12/31/2024***	12/31/2023
Thomas Oetterli, Chair, non-executive, independent member	14,340	11,840
Peter Bauschatz, non-executive, independent member	2,060	1,560
Tanja Birner, non-executive, independent member since April 2024	500	n/a
Nick Huber, non-executive member**	117,932	117,232
Urs Kaufmann, non-executive, independent member	13,340	12,840
Manuela Suter, non-executive, independent member	2,540	2,040
Fabian Tschan, non-executive member**	2,687,533	2,687,033
Jörg Walther, non-executive, independent member	8,220	7,720
Total	**2,846,465**	2,840,265

*Including number of shares of persons living in the same household
**Member family shareholders

Shares, granted during the reporting period, are disclosed in the compensation report.

Number of shares Group Executive Board	**12/31/2024***	12/31/2023
Jens Breu, Chief Executive Officer	35,920	33,870
Arthur Blank, Head of Corporate HR & Communications, Head of Construction division until 2023	17,035	16,235
Volker Dostmann, Chief Financial Officer	3,121	2,571
Thomas Jung, Head of Construction division since 2024	1,970	n/a
Walter Kobler, Head of Medical & Industrial Specials division	25,026	24,415
Urs Langenauer, Head of Automotive division since 2024, Head of Riveting division until 2023	5,491	5,091
George Poh, Head of Electronics division	51,417	50,567
Iso Raunjak, Head of Distribution & Logistics Switzerland division	2,313	1,913
Martin Reichenecker, Head of Distribution & Logistics International division	2,580	1,830
Alfred Schneider, Head of Automotive division until 2023	n/a	19,655
Claude Stadler, Head of Corporate Services** until 2023	n/a	393,716
Total	**144,873**	549,863

*Including number of shares of persons living in the same household
**Member family shareholders

Shares, granted during the reporting period, are disclosed in the compensation report.

6 Statutory capital reserve

The disclosed statutory capital reserve of SFS Group AG amounts to CHF 83,504,892.60 (PY CHF 132,122,251.35). Based on a resolution of the Annual General Meeting 2024, the statutory capital reserve was distributed to the shareholders in the amount of CHF 48,617,358.75. The Federal Tax Administration (FTA) has not approved CHF 12,858,791.85 of the statutory capital reserve (capital expenses resulting from the IPO 2014 as well as from the capital increase 2022). In this context, the SFS Group AG is still of the opinion that the share premium before deduction of the IPO and capital expenses qualify to the full extent as a statutory capital reserve.

7 Contingent liabilities

Apart from the warranty obligations there are no contingent liabilities.

	12/31/2024	12/31/2023
Guarantee obligations to Group companies in favor of third parties	687.9	651.3
Guarantee obligations to related parties in favor of third parties	8.4	11.1
of which used	114.1	210.5

8 Bonds

Nominal value in CHF million	Interest rate in %	Term	Expiration at nominal value
250.0	1.00	2022–2025	06/06/2025
150.0	1.45	2022–2027	06/08/2027

In connection with the financing of the Hoffmann SE acquisition, SFS Group issued two bonds in June 2022. The total volume amounts to CHF 400 million. Bonds are recognized in the balance sheet at nominal value. Deviations from the nominal value in the case of below or above-par issues are offset with the emission costs and recognized as accruals and deferrals and afterwards reversed on a straight-line basis over the term of the bonds.

9 Events after the balance sheet date

SFS is not aware of any events that occurred after the balance sheet date that could have a material impact on the financial statements for the financial year ended December 31, 2024.

Proposed appropriation of retained earnings and the statutory capital reserve

The Board of Directors proposes to the Annual General Meeting of shareholders to pay out a total of CHF 2.50 (PY CHF 2.50) per registered share with a nominal of CHF 0.10 per share.

Proposed appropriation of retained earnings
Payment from retained earnings **CHF 1.25** (PY 1.25) per registered share with a nominal of CHF 0.10 per share.

Retained earnings in CHF million	12/31/2024	Decision AGM 12/31/2023
Profit carryforward	651.8	570.5
Net income	174.1	129.9
Earnings available for distribution	**825.9**	700.4
Payout from retained earnings*	–48.6	–48.6
Carryforward to retained earnings	**777.3**	651.8

*The dividend is based on the issued share capital as at December 31, 2024. No dividends will be distributed to treasury shares held by SFS Group AG.

Proposed appropriation of the statutory capital reserve
Payment from the statutory capital reserve **CHF 1.25** (PY 1.25) per registered share with a nominal of CHF 0.10 per share.

Statutory capital reserve in CHF million	12/31/2024	12/31/2023
Carryforward of statutory capital reserve	83.5	132.1
Payout from statutory capital reserve*	–48.6	–48.6
Carryforward to statutory capital reserve	**34.9**	83.5

*The dividend is based on the issued share capital as at December 31, 2024. No dividends will be distributed to treasury shares held by SFS Group AG.

Due to the presentation in millions, rounding differences may arise for the value “Carry forward to retained earnings”.

Report of the statutory auditor

to the General Meeting of SFS Group AG

Heerbrugg, municipality of Widnau

Report on the audit of the financial statements

Opinion

We have audited the financial statements of SFS Group AG (the Company), which comprise the balance sheet as at 31 December 2024, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 158 to 163) comply with Swiss law and the Company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 5.93 million
Benchmark applied	Total equity
Rationale for the materiality benchmark applied	We chose total equity as the benchmark because, in our view, it is an appropriate benchmark for materiality considerations relating to a holding company.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Key audit matters

We have determined that there are no key audit matters to communicate in our report.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the compensation report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website: http://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that has been designed, pursuant to the instructions of the Board of Directors, for the preparation of the financial statements.

We further confirm that the proposed appropriation of available earnings and the proposed appropriation of the statutory capital reserve comply with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Gianluca Galasso Licensed audit expert Auditor in charge	André P. Kueffer Licensed audit expert

St. Gallen, 6 March 2025

Information on the publication

Explanation regarding alternative performance measurements
In addition to financial key figures defined by general accounting principles, the SFS Group uses alternative performance measurements. For SFS it is of strategic importance to generate value added for all stakeholders: Customers, vendors, employees, government and investors. Return on investment is a highly condensed key figure to measure value added. A comprehensive corporate management of the group requires additional operational key figures: organic sales growth, operating profit (EBIT) adjusted margin and operating free cash flow. These key figures help to steer the organization and to monitor strategic implementations.

Return on Invested Capital (ROIC)
This key figure measures the return on invested capital as a percentage. ROIC illustrates how efficiently the company's resources are used. If ROIC exceeds weighted average cost of capital, the SFS Group creates value added. The mid-term target is >10%. The key figure relates the operating profit adjusted after tax (EBIT adjusted after tax) to the invested capital. The invested capital is based on the equity at year end before goodwill offset, less net financial assets. A standard tax rate of 17.5% is applied.

in CHF million	**2024**	2023	2022	2021	2020
Equity at year end	1,559.2	1,375.7	1,303.6	1,450.4	1,278.2
+ Goodwill offset against equity	1,526.1	1,518.5	1,509.6	1,022.7	1,015.6
– Net cash/+ net debt	335.1	445.3	477.7	–279.1	–144.3
Invested capital	**3,420.4**	3,339.5	3,290.9	2,194.0	2,149.5
Operating profit (EBIT) adjusted	350.2	358.6	353.2	298.6	225.3
– Tax 17.5%	–61.3	–62.8	–61.8	–52.3	–39.4
Operating profit (EBIT) adjusted after tax	**288.9**	295.8	291.4	246.3	185.9
ROIC in %	**8.4**	8.9	8.9	11.2	8.6

Return on Capital Employed (ROCE)
Like ROIC, this key figure is an indicator for the profitability in relation to capital employed. In contrast to ROIC, goodwill offsets and taxes are not taken into account. ROCE relates the operating profit (EBIT) adjusted to the average capital employed. The capital employed is calculated based on the average of the last twelve months.

in CHF million	**2024**	2023	2022	2021	2020
Ø Working capital	969.7	962.2	896.1	701.6	603.0
– Ø Cash and cash equivalents	–209.7	–220.6	–228.3	–235.1	–146.2
+ Ø Tangible and intangible assets	1,083.1	1,063.4	940.7	729.2	721.2
– Ø Net deferred tax liabilities and provisions	–40.5	–46.1	–50.9	–52.1	–44.1
Ø Capital employed	**1,802.6**	1,758.9	1,557.6	1,143.6	1,134.0
Operating profit (EBIT) adjusted	**350.2**	358.6	353.2	298.6	225.3
ROCE in %	**19.4**	20.4	22.7	26.1	19.9

Organic sales growth

All segments, divisions and management are measured by their contribution to growth. Organic sales growth is a key figure which measures the top-line growth compared to the previous year. To increase transparency and comparability, currency effects and changes in scope are excluded from third–party sales. The result is the organic sales growth as illustrated in the Financial overview in the management review section of the Annual Report.

Operating profit (EBIT) adjusted and EBIT margin adjusted

The SFS Group uses the operating profit (EBIT) to assess the earnings situation and operational success. EBIT margin relates the operating profit to net sales and illustrates if the operating business is led successfully. The operating profit adjusted and hence EBIT margin adjusted are calculated excluding one-off effects. This increases comparability and transparency for a performance measurement over time. One-off effects are non–recurring items that adulterate the validity and comparability of the key figure.

in CHF million	**2024**	2023	2022	2021	2020
Operating profit (EBIT)	350.2	358.6	330.3	301.7	227.4
+ Amortization of inventory step-up related to purchase price allocation of Hoffmann SE acquisition and first-time intra-segment profit elimination in inventory (D&L segment)	–	–	22.9	–	–
– Book gain on disposal of non-operating assets	–	–	–	–3.1	–2.1
Operating profit (EBIT) adjusted	**350.2**	358.6	353.2	298.6	225.3
Net sales	3,031.1	3,073.0	2,738.7	1,897.3	1,707.1
EBIT margin adjusted in %	**11.6**	11.7	12.9	15.7	13.2

Operating free cash flow

It is very important to the SFS Group to finance capital expenditures (mainly for buildings, machines, equipment and information systems infrastructure) needed for organic growth with own funds. Operating free cash flow is used as a key figure to determine cash generation. The key figure measures the ability to convert operational success into cash inflows. This enables to finance day-to-day operations (working capital) and necessary investments in operating assets from the SFS Group's own business. Sustainable operating profitability and effective net working capital management have a great impact on operating free cash flow generation. To increase comparability, acquisitions of subsidiaries are not taken into account.

in CHF million	**2024**	2023	2022	2021	2020
Cash flow from operating activities	375.0	313.4	287.9	324.5	296.4
– Purchases of					
property, plant and equipment	–141.3	–161.5	–149.2	–104.6	–98.4
intangible assets	–7.6	–12.5	–21.8	–16.8	–5.7
Operating free cash flow	**226.1**	139.4	116.9	203.1	192.3

The registered shares of the SFS Group AG of CHF 0.10 each have been listed on the SIX Swiss Exchange AG since May 7, 2014. The consolidated financial statements have been prepared in accordance with Swiss GAAP FER since 2017.

	12/31/2024	12/31/2023	12/31/2022	12/31/2021	12/31/2020
Number of registered shares in 1,000	38,900	38,900	38,900	37,500	37,500
Number of shares ranking for dividend in 1,000	38,900	38,900	38,900	37,500	37,500
Weighted average number of outstanding shares in 1,000	38,883	38,887	38,365	37,460	37,500
Number of shareholders	8,777	8,881	8,691	7,910	7,825
Stock exchange quotation in CHF					
Year high	133.80	128.80	140.90	143.00	106.90
Year low	97.60	87.90	80.90	103.90	58.85
Year-end price	125.60	104.20	87.50	126.20	105.00
Share key data					
Earnings per share in CHF	6.21	6.84	6.95	6.51	4.90
Distribution per share in CHF	2.50	2.50	2.50	2.20	1.80
Payout ratio in % of net income	40.3	36.5	36.4	33.6	36.7
Price/earnings ratio (year-end price)	20.2	15.2	12.6	19.4	21.4
Market capitalization					
in CHF million	4,885.8	4,053.4	3,403.8	4,732.5	3,937.5
(year-end price × number of shares ranking for dividend)					
in % of net sales	161.2	131.9	124.3	249.4	230.7
in % of equity	313.4	294.7	261.1	326.3	308.1

Agenda

32nd Annual General Meeting of SFS Group AG
Wednesday, April 30, 2025

Publication of half-year results 2025
Thursday, July 17, 2025

Stock information

Security no.
23.922.930

ISIN
CH 023 922 930 2

SIX Swiss Exchange AG
SFSN

Reuters
SFSN.S

Bloomberg
SFSN SW

Fact Set
SFSN-CH

Imprint

Annual Report 2024
The Annual Report is available in German and English. The German version is legally binding and can be found online at reports.sfs.com.

Disclaimer
This Annual Report includes forward looking statements. These statements reflect the SFS Group's current assessment of market conditions and future events. They are therefore subject to risks, uncertainties and assumptions. Unforseeable events may lead to deviations of the actual results from the forecasts and estimates made in this Report and in other published information. To this extent, all forward looking statements in this Annual Report are subject to this disclaimer.

Imprint
Publisher: SFS Group AG
Concept and design: SFS Group AG
Text: SFS Group AG
Printing: Galledia Print AG
System integration: NeidhartSchön AG, Zürich
Content management system: ns.wow, mms solutions AG, Zürich

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