



SFS Group AG
Annual Report

Inventing
success
together

25

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Information on the publication

Management Review

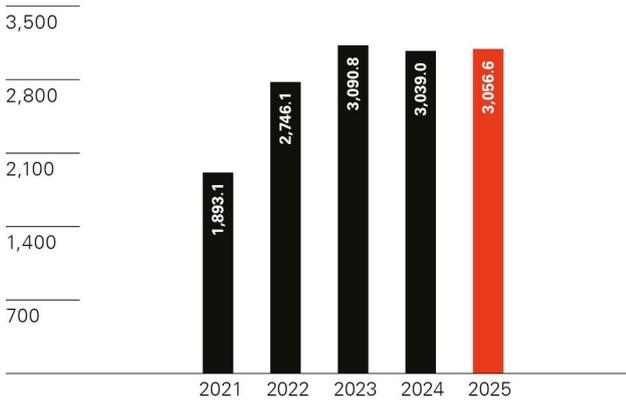
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Key figures

Continuous progress

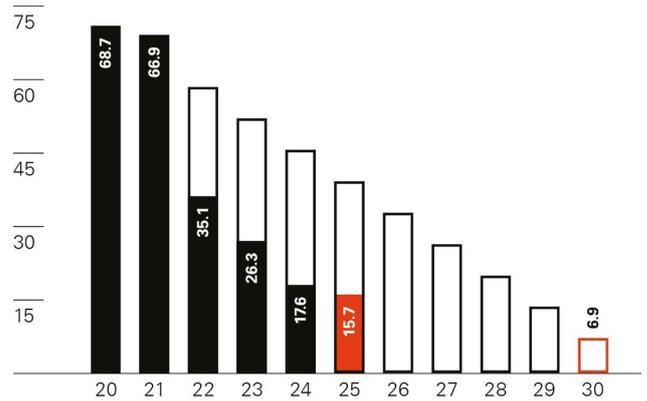
Sales growth generated

Sales in CHF million



Emissions (Scope 1+2) reduced by -77.1% vs. 2020

CO₂ emissions in metric tons/net sales



Solid profitability achieved

EBIT adjusted in % of net sales

12.2

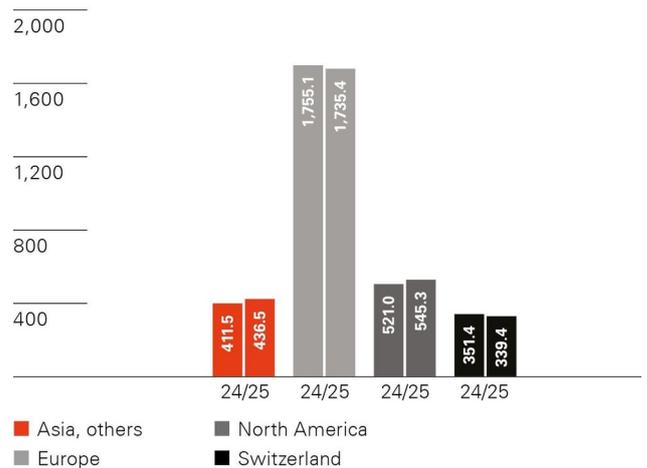
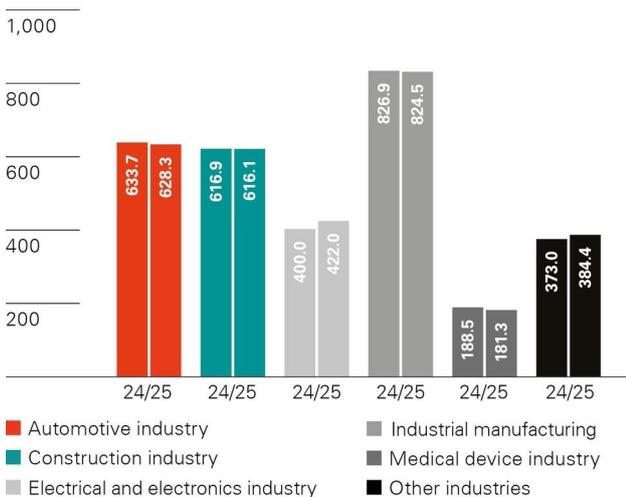
Accident rate significantly improved

Number of accidents/million hours worked

2.9

Pleasing trend recorded in Asia and North America

Sales by end market/region in CHF million



Sustainable results

Income statement in CHF million	2025	2024	2023	2022	2021
Sales	3,056.6	3,039.0	3,090.8	2,746.1	1,893.1
Change to previous year in %	0.6	-1.7	12.6	45.1	11.0
thereof currency effects	-2.9	-1.9	-4.1	-1.9	-0.1
thereof change in scope of consolidation	0.6	0.1	14.6	37.9	0.8
thereof organic growth	2.9	0.1	2.1	9.1	10.3
Net sales	3,045.4	3,031.1	3,073.0	2,738.7	1,897.3
EBITDA	466.6	479.8	486.0	448.1	407.1
in % of net sales	15.3	15.8	15.8	16.4	21.5
Operating profit (EBIT)	324.3	350.2	358.6	330.3	301.7
in % of net sales	10.6	11.6	11.7	12.1	15.9
Operating profit (EBIT) adjusted ¹	371.0	350.2	358.6	353.2	298.6
in % of net sales	12.2	11.6	11.7	12.9	15.7
Net income	220.2	242.7	268.5	270.6	248.0
in % of net sales	7.2	8.0	8.7	9.9	13.1
Balance sheet in CHF million					
Assets	2,512.7	2,612.2	2,546.8	2,574.2	1,839.1
Net cash (+)/debt (-)	-164.8	-335.1	-445.3	-477.7	279.1
Equity	1,618.8	1,559.2	1,375.7	1,303.6	1,450.4
in % of assets	64.4	59.7	54.0	50.6	78.9
Cash flow statement in CHF million					
Cash flow from operating activities	377.3	375.0	313.4	287.9	324.5
Purchase of property, plant, equipment and intangible assets	-103.7	-148.9	-174.0	-171.0	-121.4
Acquisition (-)/Disposal (+) of subsidiaries, net of cash	-7.2	-17.1	-10.3	-519.1	-7.6
Employees					
Employees in FTE	13,646	13,689	13,198	13,282	10,509
Financial key ratios (unaudited)					
ROCE in % ² (Return on Capital Employed)	21.1	19.4	20.4	22.7	26.1
ROIC in % ² (Return on Invested Capital)	9.3	8.4	8.9	8.9	11.2
Non financial key ratios (Limited Assurance 2025)					
GHG emissions Scope 1+2 in metric tons/net sales ³	15.7	17.6	26.3	35.1	66.9
Share of renewable electricity in % ³	81.5	73.9	41.2	52.9	39.7
Number of accidents/million hours worked ³	2.9	4.2	4.1	4.1	4.2
Share key ratios					
Earnings per share in CHF	5.63	6.21	6.84	6.95	6.51
Payout per share in CHF ⁴	2.50	2.50	2.50	2.50	2.20
Payout in CHF million	97.3	97.2	97.2	97.2	82.0
Payout ratio in % ⁵	44.4	40.3	36.5	36.4	33.6

¹Adjustments are explained in the [Information on the publication](#) section

²Calculation of the key figure is shown in the [Information on the publication](#) section

³The figures for previous years have been restated due to a change in the consolidation methodology for joint ventures and expanded data collection

⁴Proposal to SFS Group's Annual General Meeting on April 22, 2026

⁵Calculation is based on the net income attributable to shareholders of SFS Group AG

Management Report

Resilience in turbulent times

The 2025 financial year was another challenging one for the SFS Group. As in the previous year, our end markets were characterized by enormous uncertainty and a reluctance to invest. We generated CHF 3,056.6 million in sales and achieved an adjusted EBIT margin of 12.2% due not only to our broad positioning across different end markets and regions but also the extraordinary commitment of our employees. This was also a key factor in the major progress we made in the area of sustainability.



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

Dear Shareholders,

The 2025 financial year proved to be another intense year against the backdrop of an adverse market environment. Uncertainty remained high in the end markets and reluctance to invest continued to put a damper on market momentum. Excess capacity, particularly in the automotive industry and industrial manufacturing in Europe, has caused demand to drop.

Ongoing political and economic upheavals as well as the continued appreciation of the Swiss franc made it necessary to take proactive steps. In the 2025 financial year, SFS introduced a program to streamline the global production and distribution network with the goal of aligning

production capacities with partially reduced customer demand and strengthening the focus on our core activities.

In the Engineered Components (EC) segment, SFS successfully made major progress in all end markets and continued its positive development. The Fastening Systems (FS) segment continued to be characterized by subdued demand, with the North American construction industry proving more dynamic than its European counterpart. In the Distribution & Logistics (D&L) segment, volumes remained at the previous year's level despite lower customer willingness to invest. With its planned acquisition of three partner companies – Gödde GmbH, Oltrogge Werkzeuge GmbH and Hch. Perschmann GmbH – by the end of March 2026, the SFS Group will be able to consolidate its market position in the trading business.

The SFS Group succeeded in achieving the financial targets thanks to its broad positioning across different end markets and regions as well as the measures implemented to boost profitability. Major investments made in the past few years continued to have their intended impact and contributed significantly to the overall results, while the local-for-local strategy systematically leverages opportunities arising from changing framework conditions.

SFS generated sales of CHF 3,056.6 million and growth of 0.6% in the 2025 financial year. Currency effects reduced sales growth by -2.9%. Organic growth amounted to 2.9%.

Solid financial basis

Profitability was impacted by occasionally low capacity utilization as well as non-recurring effects arising as a result of changes to the production and distribution network. Adjusted for these non-recurring effects, operating profit (EBIT) came to CHF 371.0 million, which corresponds to an adjusted EBIT margin of 12.2% (PY 11.6%). Operating profit (EBIT) including non-recurring effects declined to CHF 324.3 million (PY CHF 350.2 million) at an EBIT margin of 10.6% (PY 11.6%). Net income amounted to CHF 220.2 million (PY CHF 242.7 million) or 7.2% (PY 8.0%) of net sales. The SFS Group generated an excellent operating free cash flow of CHF 273.6 million (PY CHF 226.1 million). Earnings per share (EPS) amounted to CHF 5.63 (PY CHF 6.21) and were burdened by both the economic environment and the non-recurring effects. The equity ratio rose to 64.4% (PY 59.7%) – a clear indicator of financial strength.

The completion of several major projects and the focus on optimizing capacity utilization led to a significant decline in investments in buildings, equipment, hardware, and software, which amounted to CHF 103.7 million (PY CHF 148.9 million). Research and development expenses decreased to CHF 68.5 million (PY CHF 76.0 million), as key projects are nearing completion. They were charged in full to the income statement.

Sustainability is a priority at SFS. Significant ESG (Environment, Social, Governance) improvements were made in the reporting year.

Environment: Interim targets achieved ahead of time

The SFS Group successfully advanced the implementation of its climate strategy. Scope 1 and 2 greenhouse gas emissions were reduced by -9.9% versus the previous year. Compared to the 2020 reference year, this equates to a reduction of -77.1% in relation to net sales. A slight decline was also recorded for Scope 3 emissions. The climate targets for 2050 are consistent with the 1.5 °C target set by the Science Based Targets initiative (SBTi) and were validated at the end of 2025. The share of renewable electricity exceeded the interim target for 2025 significantly, totaling 81.5%

Social: Accident rate improved, number of potentially critical suppliers reduced

In the 2025 financial year, SFS made considerable progress in the area of occupational health and safety. The accident rate was lowered to 2.9 accidents per million working hours (PY 4.2). Standing at 5.9%, the share of permanent employees enrolled in dual education and training programs was once again within the target range of 5-7%.

With the aid of risk analyses, ESG monitoring and the mandatory Supplier Code of Conduct, the SFS Group reduced the number of potentially critical suppliers to 249 (PY 621) and increased the level of transparency in the value chain.

Governance: Moral and value-based corporate governance

The updated Code of Conduct for employees was implemented in the reporting year by means of trainings and internal audits. In the reporting year, no compliance violations resulting in fines or legal proceedings were recorded. Likewise, no incidents of corruption or bribery were reported. Furthermore, the company was not made aware of any human rights violations, including incidents of child labor, within its sphere of influence in 2025.

13,646 Value Creators

The SFS Group had 13,646 employees (FTEs, PY 13,689) around the world as at December 31, 2025.

Systematic risk assessments

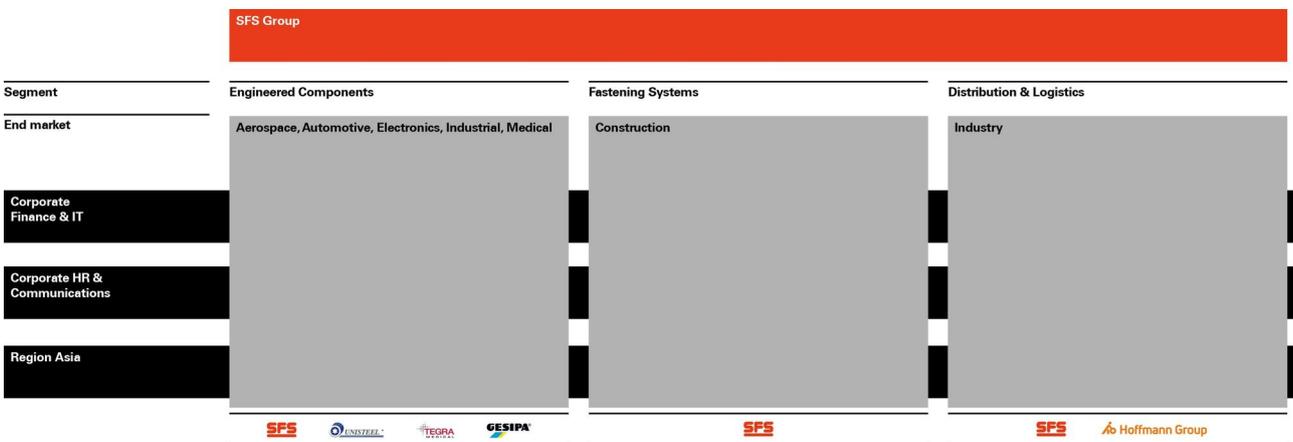
The Group Executive Board and the Board of Directors perform regular assessments of the Group’s most important business risks. Potential threats are thoroughly assessed at least once a year based on their likelihood of occurrence and loss amount.

Potential risks and appropriate mitigation measures were discussed again in detail during the reporting year. These discussions focused on the SFS Group’s dependency on the global economic environment and geographic shifts in demand; currency fluctuations; geopolitical instabilities; data breaches and business interruptions due to cyber attacks or disruptions in global supply chains; natural disasters; and increasing regulatory requirements. Measures to mitigate these risks are being examined and implemented on an ongoing basis.

Changes in the Group Executive Board

The SFS Group made changes to its organizational structure and restructured its FS and D&L segments as of January 1, 2025. These efforts were aimed at sharpening the Group’s focus on selected end markets, streamlining its decision-making processes and strengthening collaboration among the segments. Thomas Jung, previously Head of Region North America in the Construction division, has been Head of Segment FS since the start of 2025. Martin Reichenecker, previously Head of Division D&L International, took over responsibility for the D&L segment on January 1, 2025. Iso Raunjak, previously Head of Division D&L Switzerland, took on the role of Head of Corporate HR, Communications & ESG.

Against this same backdrop, the divisions in the EC segment were disbanded as at January 1, 2026, and the responsibilities were reassigned according to application areas. To strengthen and further develop all business areas in the Asian growth market, SFS has additionally merged them into the new Region Asia. Urs Langenauer, previously Head of Division Automotive, has been put in charge of the EC segment within the context of these changes. Martin Reichenecker took on the role of Head of Region Asia as of January 1, 2026. Iso Raunjak succeeded Martin Reichenecker at the helm of the D&L segment. Christina Burri strengthens the Group Executive Board in her role as Head of Corporate HR, Communications & ESG.



Changes in the Board of Directors

There were no changes in the Board of Directors during the 2025 financial year. No proposals for changes are planned for the 2026 Annual General Meeting either.

Looking ahead to the 33rd Annual General Meeting on April 22, 2026

The next Annual General Meeting of SFS Group AG will be held at Sportzentrum Aegeten in Widnau (Switzerland) on April 22, 2026. The Board of Directors proposes the payment of a dividend in the amount of CHF 2.50 per share (PY CHF 2.50), of which CHF 0.50 is to be distributed from the statutory capital reserve. CHF 2.00 will be paid from retained earnings. Further details will be provided with the invitation in March 2026.

Outlook for the 2026 financial year

The outlook is still characterized by considerable uncertainty. Against this backdrop, the Group will continue to focus on its rigorous customer orientation, pushing ahead with innovation projects and ensuring efficient and profitable business processes. We will steadfastly continue to pursue and implement the global production and distribution network streamlining program introduced in the 2025 financial year.

For the 2026 financial year, the SFS Group is focusing on the mid-term guidance and expects sales growth in local currencies, including scope of consolidation effects, of 3–6% as well as an adjusted EBIT margin of 12–15%.

Thank you

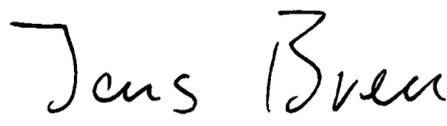
We would like to extend our gratitude to each and every employee at the SFS Group for their commitment, expertise and innovative energy, which were pivotal to SFS's good results and successful development in the reporting year.

We would also like to thank our business partners for the trusting and constructive collaboration that enables us to work together to create solutions with lasting added value.

Thanks go to our shareholders, as well, for their loyalty and the trust that supports the SFS Group's long-term development.



Thomas Oetterli
Chair of the Board of Directors



Jens Breu
CEO

Segment Report

Challenges addressed

Global trade policy upheavals weighed on the results of all three segments – Engineered Components (EC), Fastening Systems (FS) and Distribution & Logistics (D&L) – in the 2025 financial year. SFS made important progress in all end markets served by the EC segment. The FS and D&L segments were still shaped by subdued market momentum. The strategic growth projects were successfully continued in all segments. Due to the constantly changing market environment, the SFS Group launched a program to streamline the global production and distribution network.

The performances within the three divisions of the EC segment were once again positive during the 2025 financial year. Drivers for this in the Electronics division included applications for stamped precision components in the Mobile Devices business area and continued strong demand for components in nearline hard disk drives for data centers. In the Medical & Industrial Specials division, the Aerospace area in particular delivered a highly encouraging performance throughout the entire year. In the medical device industry, demand fell slightly short of expectations for the whole year, as key customers insourced manufacturing of some products. Despite excess capacity in the European automotive industry, the Automotive division achieved a positive result, partly due to the program to streamline the global production network.

Progress was successfully made in the ramp-ups of precision components and assemblies for brake systems at the Heerbrugg (Switzerland), Medina (USA) and Nantong (China) locations. The expansion of the plant in Kanagala (India) for the Electronics and Automotive divisions continued as planned.

Key figures Engineered Components

in CHF million	2025	+/-%	2024
Third-party sales	1,134.4	1.7	1,115.4
Organic growth		5.8	
Net sales	1,140.3	1.4	1,124.9
EBITDA	256.2	8.5	236.2
in % of net sales	22.5		21.0
Operating profit (EBIT)	165.5	6.6	155.2
in % of net sales	14.5		13.8
Operating profit (EBIT) adjusted	180.2	16.1	155.2
in % of net sales	15.8		13.8
Average capital employed	909.1	-1.6	923.8
Investments	72.3	-31.9	106.1
ROCE in % ¹	19.8		16.8
GHG emissions Scope 1+2 in metric tons/net sales ²	27.3	-11.9	31.0
Share of renewable electricity in % ²	84.3		75.2
Employees in FTE	7,642	3.4	7,394
Number of accidents/million hours worked ²	2.0	-33.3	3.0

¹EBIT adjusted in % of average capital employed

²The figures for previous years have been restated due to a change in the consolidation methodology for joint ventures and expanded data collection

The results recorded in the FS segment, which serves customers in the European and North American construction industry, were impacted by both the economic environment and a regionally cold and unusually long winter at the start and end of the year. Over the course of financial year 2025, there was a slight recovery in demand, with the North American construction industry proving more dynamic than its European counterpart.

On August 1, 2025, the SFS Group acquired DB Building Fasteners. The distribution specialist with locations in the Californian cities of Ontario and Sacramento (USA) focuses on fastening systems and accessories for building envelopes. With this acquisition, SFS is increasing its access to the construction industry in the western USA and is thus consistently implementing its growth strategy.

Key figures Fastening Systems

in CHF million	2025	+/-%	2024 restated ¹	2024 reported
Third-party sales	574.6	-0.9	579.9	480.6
Organic growth		-1.6		
Net sales	580.0	-1.5	589.1	488.5
EBITDA	76.1	-13.3	87.8	80.6
in % of net sales	13.1		14.9	16.5
Operating profit (EBIT)	61.9	-17.7	75.2	68.8
in % of net sales	10.7		12.8	14.1
Operating profit (EBIT) adjusted	70.7	-6.0	75.2	68.8
in % of net sales	12.2		12.8	14.1
Average capital employed	247.6	-4.0	257.9	228.9
Investments	12.6	-33.3	18.9	18.5
ROCE in % ²	28.6		29.2	30.1
GHG emissions Scope 1+2 in metric tons/net sales ³	17.3	-15.2	20.4	
Share of renewable electricity in % ³	77.4		62.4	63.6
Employees in FTE	2,106	-2.1	2,151	2,046
Number of accidents/million hours worked ³	4.2	-40.0	7.0	7.1

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

²EBIT adjusted in % of average capital employed

³The figures for previous years have been restated due to a change in the consolidation methodology for joint ventures, expanded data collection, and changes in the segment structure

Industrial manufacturing – mainly served by the D&L segment, which provides quality tools and in Switzerland additionally fastening technology – experienced subdued market momentum throughout another 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.

With its planned acquisition of three partner companies – Gödde GmbH, Oltrogge Werkzeuge GmbH and Hch. Perschmann GmbH – at the end of March 2026, as well as the purchase of a 51% holding in 3D-printing specialist Jellypipe AG, SFS will be able to consolidate its market position in the trading business and continue to expand its technology offering. Hoffmann SE has enjoyed a close and successful collaboration with the three partner companies Gödde, Oltrogge and Perschmann for more than 30 years. The companies already benefit from each other in terms of product range design and infrastructure. In recent years, the collaboration has been steadily intensified and the sales partners have grown closer together, both operationally and culturally. This is evidenced by the recent integration of the local warehouses into Hoffmann's LogisticCity in Nuremberg (Germany), the most efficient logistics center for quality tools in Europe. Following the acquisition of Hoffmann in 2022, the SFS Group is pressing ahead with the internationalization of its trading business in Belgium, Luxembourg and Poland by taking this step. The acquisition of the three companies will enable the companies to pool their resources and realize advantages in terms of expertise and costs.

Key figures Distribution & Logistics				
in CHF million	2025	+/-%	2024 restated ¹	2024 reported
Third-party sales	1,347.6	0.3	1,343.7	1,443.0
Organic growth		2.4		
Net sales	1,339.7	0.2	1,336.5	1,437.1
EBITDA	142.4	-6.2	151.8	159.0
in % of net sales	10.6		11.4	11.1
Operating profit (EBIT)	113.5	-7.2	122.3	128.7
in % of net sales	8.5		9.2	9.0
Operating profit (EBIT) adjusted	131.0	7.1	122.3	128.7
in % of net sales	9.8		9.2	9.0
Average capital employed	588.6	-3.4	609.3	638.3
Investments	14.0	-6.7	15.0	15.4
ROCE in % ²	22.3		20.1	20.2
GHG emissions Scope 1+2 in metric tons/net sales ³	5.1	8.5	4.7	
Share of renewable electricity in % ³	60.6		94.4	93.7
Employees in FTE	3,413	-6.9	3,664	3,769.0
Number of accidents/million hours worked ³	4.1	-26.8	5.6	5.5

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

²EBIT adjusted in % of average capital employed

³The figures for previous years have been restated due to a change in the consolidation methodology for joint ventures, expanded data collection, and changes in the segment structure

Since January 1, 2025, the Construction & Wood business area of the D&L segment, which focuses on the construction industry, has been allocated to the FS segment. The previous year's figures have been restated to reflect the new segmentation in the interests of better comparability.

Changes to the production and distribution network

Due to the constantly changing market environment, particularly in industrial manufacturing and the automotive industry, SFS launched a program to streamline the global production and distribution network in the reporting year. Concentrating on a smaller number of production locations will facilitate an efficient use of resources and reduce complexity. This will also allow SFS to sharpen the focus on applications with a high potential for differentiation and clear customer benefits. These measures will help us achieve our growth and profitability targets. At the same time, the strategic priority of the local-for-local principle remains unchanged.

The company sales, transfers and site closures will affect a total of approximately 650 jobs. The implementation of the program is scheduled to be completed by the end of 2027. As at the publication date of the Annual Report 2025, the following projects have been implemented or initiated:

- To achieve economies of scale, activities related to blind riveting technology at the SFS location in Brunn am Gebirge (Austria) were transferred from Austria to Germany in the spring of 2025.
- Operations in Olpe (Germany) were discontinued in the second half of 2025. In response to the adverse market environment and declining demand, SFS decided to serve the end market of the window and furniture fitting industry exclusively from the Heerbrugg location in the future.
- The D&L segment's Asia-Pacific organizational unit gradually transferred its activities in Malaysia and Singapore to selected distribution partners, with the last transfer occurring in October 2025.
- With SFS's strategic focus on direct sales to industrial manufacturing customers, the D&L segment was no longer able to fully exploit the potential of the Swiss company Allchemet. Allchemet was therefore sold at the end of October to a group of buyers led by Thomas Krummenacher, the current managing director, who will continue to manage its operations.
- SFS's Turnov (Czech Republic) location mainly supplies customers in the automotive industry. Persistently adverse market conditions have prompted us to close the plant in 2026. Subject to economic feasibility and the customers' consent, the location's business will be transferred to Heerbrugg.
- At the Flawil location in Switzerland, deep drawing technology and cold forming processes are used to manufacture precision components for the automotive industry. With the aim of safeguarding profitability, SFS will withdraw from the deep drawing business in Europe and will close the location until the end of 2027. Approximately one-third of the 110 jobs affected by this will be transferred to Heerbrugg with the relocation of the cold forming operations. Attempts will be made to find individual solutions to transfer the other 75 employees within the company or to external partners.
- The economic conditions in Türkiye are very challenging for exporting companies. As the Torbalı site has not been profitable for some time, SFS is closing it at the end of March 2026. As a result of the closure, the approximately 180 employees cannot be retained.

With the implementation of this program, SFS anticipates a reduction in sales of approximately CHF 110 million as well as non-recurring costs of approximately CHF 75 million. As at December 31, 2025, non-recurring costs stood at CHF 46.7 million, which were adjusted in the EBIT.

Strategy

Inventing success together

The SFS Group creates added value for all stakeholders with solutions for mission-critical end applications – in line with the Value Proposition of “Inventing success together”. As a Value Engineering specialist, we work in close partnership with our customers to develop sustainable products and systems based on our employees’ high levels of application and technology expertise. A sustainable mindset and approach are key drivers of innovation that will help us achieve this goal. We analyze our impact on the economy, environment and society and strive for continuous improvement.

SFS is a worldwide company for application-critical precision components and assemblies, mechanical fastening systems, quality tools and procurement solutions. Our products are a reliable part of everyday life – from early in the morning to late at night, seven days a week. Our solutions mostly go unnoticed, as they are seamlessly integrated into our customers’ applications, where they often fulfill mission-critical functions. [Discover our solutions](#)

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). We focus on providing excellence in tool-based technologies such as cold forming, machining, secondary operations and injection molding. [Discover our core technologies](#)

Global presence

Today, the SFS Group operates 150 manufacturing sites and distribution companies in 35 countries in Asia, Europe and North America. It generated sales of CHF 3,056.6 million in the 2025 financial year with a workforce – our Value Creators – of approximately 13,600 (FTEs) around the world.



SFS is ideally positioned in terms of customer proximity owing to its local-for-local strategy. As a result, our customers benefit from greater supply reliability thanks to robust and sustainable supply chains.

SFS operates in the three segments Engineered Components (EC), Fastening Systems (FS) and Distribution & Logistics (D&L), which represent the company's different business models.

Engineered Components segment

In the EC segment, the SFS Group acts as development and manufacturing partner for customer-specific precision components, assemblies and fastening solutions. The business area serves customers in the automotive, electronics and medical device industries, as well as in the aerospace sector and in industrial manufacturing under the SFS, UNISTEEL, Tegra Medical and GESIPA® brands.

Fastening Systems segment

The 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 D&L segment, the SFS Group is one of the leading system partners in the areas of quality tools, fasteners and other C-parts as well as procurement solutions for customers in industrial manufacturing. The segment is represented in the market by the SFS, Hoffmann Group, GARANT and HOLEX own brands, among others.

Our Value Proposition

SFS has set itself the goal of holding a leading position in the market for the development, manufacture and distribution of solutions for mission-critical end applications. We embrace a systematic customer focus in everything we do. We strive to create sustainable added value for our stakeholders through our products and services across the entire value chain – from the initial design concept to timely delivery.

The SFS components used in a customer's product 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 higher. 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 a considerably higher cost-saving potential. Our Value Engineering model focuses on product design, the definition of manufacturing processes and leveraging the power of digitalization. This results in tailored products and intelligent and resource-efficient solutions that make our customers more competitive – "Inventing success together".

Strategic priorities

We follow a local-for-local approach

To ensure that we serve our customers in an optimal manner, the SFS Group pursues a local-for-local strategy, i.e. products are manufactured where they are needed. Short, robust supply chains guarantee fast response times and a high level of availability. Local know-how and close customer relationships allow us to provide tailor-made solutions of the highest quality. At the same time, the strategy strengthens regional locations, contributes to environmental protection and promotes sustainable growth locally. This way, we provide a combination of efficiency, customer proximity and reliability in every application.

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
- Resource constraints
- Demographic asymmetries
- Growing global risks
- Evolving consumption
- Innovation acceleration

These megatrends guide our decision-making and drive us to continuously enhance our expertise and our processes.

Creating sustainable added value

A sustainable mindset and approach are part of our DNA and are firmly enshrined in our business activities. We analyze our impact on the economy, environment and society and strive for continuous improvement. [Discover our sustainability activities](#)

Success stories

Creating added value

The goal of continual improvement in order to create added value for our customers requires a consistent mindset: the unwavering determination of SFS Value Creators to “Inventing success together”. This is our DNA, powerfully brought to life in our success stories.



When precision saves lives

Blood clots can become life-threatening if they enter the lungs. To prevent this, a filter is inserted into the body's largest vein – the inferior vena cava (IVC). Tegra Medical, a company of the SFS Group, manufactures high-precision components that enable the safe placement of these IVC filters.

[To the success story](#)



Protecting resources, promoting safety

Occupational safety and environmental protection are deeply rooted in our corporate culture. In 2025, we again carried out numerous initiatives to make the daily work of our Value Creators safer and to highlight our responsibility for the environment. The following examples show this.

[To the success story](#)



Fastening solutions at the summit of a volcano

SFS supported the construction of “Gîte du Volcan”, an environmentally friendly lodge in the heart of La Réunion National Park, by delivering stainless steel fasteners. Painted in the same color as the corten steel plates the fasteners deliver reliable resistance to local weather conditions.

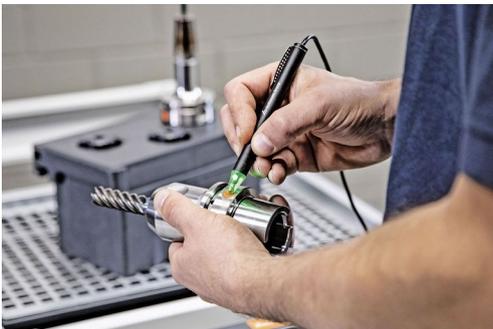
[To the success story](#)



From training to management level growing together

For us, social sustainability means taking responsibility and promoting equal opportunities – for example, through social training projects or the targeted advancement of our employees. The focus here is on their long-term development: from their first day of training to the management level.

[To the success story](#)



Transparent production, measurable efficiency

The GREIPL Group exemplifies the transition to the smart factory. What began as a traditional manufacturer is now a modern system supplier. With Connected Manufacturing, GREIPL found the ideal software solution at Hoffmann, an SFS company.

[To the success story](#)



Taking responsibility together

From fair roast coffee from Africa to supporting a new building project in Switzerland, SFS assumes social responsibility. The focus is on partnerships, which have an impact because they are based on trust and responsibility.

[To the success story](#)

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Climate change (E1)

Interim targets achieved ahead of time

In the reporting year, the SFS Group made further progress in its focus on decarbonization. Scope 1 and 2 emissions were reduced by –9.9% versus the previous year. Compared to the 2020 reference year, this equates to a reduction of –77.1% in relation to net sales. A slight decline was also recorded for Scope 3 emissions. The climate targets for 2050 are consistent with the 1.5 °C target set by the Science Based Targets initiative (SBTi) and were validated at the end of 2025. By drawing 81.5% of the electricity it consumed from renewable energy sources, SFS has already significantly exceeded the interim target for 2025 of at least 50%.

Climate change is one of the main challenges being faced around the world and is an important topic for SFS from both an ecological and an economic perspective. The impacts we have on our climate affect all levels of the value chain and directly influence our business strategy, supply chain and long-term competitiveness. As part of the double materiality analysis, SFS has identified the material impacts, risks and opportunities (IROs) detailed below. The analysis was carried out in accordance with the TCFD framework, which is integrated into our group-wide risk assessment system.

Material impacts

SFS's business operations contribute to global warming via direct and indirect greenhouse gas emissions. Scope 3 emissions make up the largest share of total emissions, accounting for approximately 95% of SFS's total carbon footprint. The main Scope 3 emissions drivers are the categories "Purchased goods and services" (approx. 80%), followed by "Employee commuting", "Upstream transport and distribution" and "Downstream transport and distribution" (approx. 5% each). During the transition toward climate neutrality, it is crucial that targeted measures to mitigate emissions in these areas are implemented.

Scope 1 and Scope 2 emissions are generated from the energy-intensive production processes employed by SFS – particularly cold forming, machining and plastic injection molding – with an annual energy consumption of 347,664.8 MWh. Around two-thirds of the energy required is covered by electricity and one-third by fuel and combustibles, which are mainly used for heat treatments. The SFS Group is continuously working on increasing energy efficiency and reducing resource consumption. The aim is to draw at least 90% of electrical energy from renewable sources by 2030.

Opportunities and risks

Owing to the energy transition, energy-efficient building insulation is becoming increasingly important, unlocking growth potential in the Fastening Systems segment in particular. As a specialist in fastening systems for suspended rear-ventilated façades, the SFS Group holds a strong strategic position in this area.

Opportunities are also emerging in the automotive industry with a high share of powertrain-independent product solutions. Trends such as autonomous driving and energy recuperation are boosting demand for sensor and brake systems, for which SFS supplies assemblies and housing solutions.

SFS has identified these opportunities as key elements for future business development and positioning as part of the transition to a low-carbon economy.

One of the main transition risks is the availability of renewable energy and the stability of prices. Energy costs currently account for around 1.5% of sales. With the aim of increasing the security of the energy supply and reducing the Group's dependence on external energy providers, SFS is investing in expanding its in-house power generation. The target is to produce at least 10% of the electricity required by the Group itself by 2030.

Strategy for mitigating climate change (E1-1, E1-2, E1-3, E1-11)

The SFS Group is currently developing a transition plan to bring its business strategy in line with the targets set out in the Paris Agreement and EU climate neutrality by 2050. The main aim is to reduce Scope 1 and 2 greenhouse gas emissions relative to net sales by $\geq 90\%$ by 2030 in comparison with the 2020 reference year. In addition, SFS is committed to achieving short-term and long-term science-based targets in accordance with the requirements set out by the SBTi. As there is currently no reliable information available on "included or unavoidable emissions", these will be disclosed and taken into account at a later point in time. This strategy will be implemented by continuously increasing energy efficiency, electrifying core processes and expanding the use of renewable energies at all locations, including in-house production. Additional measures include further developing the product and service portfolio for sustainable solutions as well as supply chain management.

The investments in decarbonization measures (CapEx, OpEx) necessary for this have been incorporated into the strategic financial and investment plans and are being monitored by the Board of Directors. The Board of Directors reviews the progress on a regular basis and approves additional measures, where necessary. The financial effects of climate-related risks and opportunities are factored into the decision-making process for investments. These include both potential additional costs as a result of rising CO₂ prices and regulatory changes as well as the expected benefits such as cost reductions due to efficiency gains and new potential sales volumes due to sustainable products.

Commissioned and reviewed at least once a quarter by the Group Executive Board, the Competence Center ESG (CC ESG) is responsible for operational implementation and reporting. The achievement of objectives is regularly assessed and disclosed on the basis of emissions trends and specific climate metrics. The progress that has already been achieved indicates that progress is being made in transforming the business model.

Scenario analysis identifies climate-related risks

The SFS Group systematically identifies and assesses climate-related risks within the framework of the group-wide risk management system and in accordance with TCFD recommendations. Both physical and transition risks are factored into this methodology.

Examples of physical risks include acute incidents such as extreme weather as well as chronic trends such as temperature rises, water shortages and changing precipitation patterns. These particularly affect the supply of raw materials, the operational safety of locations and the stability of global supply chains.

Transition risks comprise regulatory requirements, rising CO₂ prices, technological upheaval and changing customer requirements. They can cause additional costs, but also unlock opportunities for efficiency gains and sustainable products.

Scenarios

- BAU (business as usual): continuation of the current trend without any additional measures
- WB2C (well below 2°C): the scenario in which efforts are made to limit global warming to below 2 °C
- NZE (net-zero emissions): framework in line with the 1.5 °C target

Methodology of the scenario analysis

- Time horizon: short term (by 2030), medium term (by 2040) and long term (by 2050)
- Scope of the analysis: the Group's own locations as well as macro-economic trends in the main sales regions, based on variables such as CO₂ price, political costs and indicators of the demand for climate-friendly technologies
- Methods and tools: a qualitative and quantitative risk assessment based on internal emissions data and energy consumption as well as on external regional climate data sourced from publicly accessible information (e.g. WBCSD) for the evaluation of transition risks and on data from the Group's insurance provider for physical risks
- Region: Consideration at the level of production sites and key supplier regions
- Evaluation criteria: likelihood, duration and scale of the potential incidents or regulatory developments; potential cost effects, particularly due to rising CO₂ prices

Findings from the scenario analysis

In the BAU scenario, the incentives for decarbonization and the demand for sustainable solutions remain low. In the long term, this would result in an increase in physical damage and substantial consequential costs.

However, the WB2C and NZE scenarios depict a significant rise in CO₂ prices, stricter regulatory requirements and higher energy prices as the main cost risks.

Thanks to the considerable progress already made in lowering CO₂ emissions since the analysis was carried out in 2024, SFS has significantly reduced the cost risks from rising CO₂ prices in particular. Other financial effects – such as due to the necessary investments in adaptation measures, higher operating and insurance costs, and the expansion of resilient supply chains – continue to prevail and remain part of the continuous risk assessment.

At the same time, the analysis illustrates the opportunities arising from proactive investment in energy efficiency, renewable energies (including in-house power generation) and resilient supply chains. Such measures improve our long-term competitiveness and unlock additional potential sales volumes through climate-friendly products and solutions, as both customers and regulatory framework conditions are increasingly calling for sustainable offerings.

The NZE scenario also reveals that ambitious climate targets may bring about an increase in regulatory costs in the short term, but offer the greatest potential in the medium term to minimize climate-related damage and save on costs.

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		

Resilience related to climate change

SFS regularly reviews the resilience of its business strategy and business model to climate-related risks. This is based on the scenario analyses (BAU, WB2C, NZE) as well as the evaluations of physical and transition risks.

The analyses show that the SFS Group’s strategy remains viable even under stricter regulatory framework conditions thanks to the ongoing decarbonization, the expansion of renewable energies and the electrification of core processes. Investments in efficiency gains, the local-for-local approach and the diversification of the supply chains are bolstering the Group’s ability to mitigate acute and long-term physical risks. The strategy’s resilience is also demonstrated by the fact that the financial effects of climate-related risks and opportunities are systematically assessed and incorporated into financial planning. These include potential losses in value (“stranded assets”) in energy-intensive processes as well as any opportunities that arise as a result of falling energy costs, efficiency gains and additional potential sales volumes.

The adaptability of the strategy is underpinned by three factors:

- Financial flexibility: Climate-related investments are incorporated into strategic financial planning
- Technological adaptability: Existing facilities are modified, decarbonized or replaced
- Future-oriented investments: Projects are funded in a targeted manner to mitigate and adapt to climate change

The results confirm that our business strategy is generally resilient to climate-related risks and at the same time unlocks opportunities to improve our competitiveness.

Impact, risk and opportunity management (E1-4, E1-5)

The SFS Group undertakes to actively contribute to environmental and climate protection beyond merely complying with legal requirements. Our group-wide [Sustainability guidelines](#) and our [Code of Conduct](#) provide a basis for this.

The main points set out in these documents are reducing our energy consumption, increasing the use of renewable energies and avoiding non-renewable resources. Products and services focus on their environmental, financial and social benefits.

The behavior of each and every employee helps us to protect the environment and climate. Our Board of Directors and Group Executive Board ensure that climate policy is regularly reviewed and further developed.

Measures being implemented

The climate strategy is implemented through a set of specific measures:

- Decarbonizing processes by increasing energy efficiency, electrifying production steps and gradually reducing the consumption of fossil fuels
- Increasing the share of renewable energies, by both acquiring renewable electricity and investing in our own facilities to generate power
- Optimizing supply chains within the scope of the local-for-local strategy to reduce transport emissions and increase resilience to climate-related risks
- Adapting the infrastructure by means of structural measures and insurance solutions in order to mitigate physical risks

SFS allocates the financial resources to implement these measures in a targeted manner. The investments in decarbonization measures intended for this purpose are an integral part of strategic financial planning. Progress and the use of resources are continuously monitored and recorded as part of group-wide ESG controlling.

Clearly on track to achieve the 1.5 °C target (E1-6)

The SFS Group is following a clear path toward achieving the 1.5 °C target until 2050 and has set itself ambitious goals for reducing greenhouse gas emissions.

- Scope 1 and 2: By 2030, Scope 1 and 2 emissions relative to net sales are set to be reduced by $\geq 90\%$ in comparison with the 2020 reference year. In accordance with the requirements set by the ESRS, the reduction in emissions will be measured relative to net sales rather than per value-added franc as was previously used.
- Scope 3: Short-term and long-term SBTi targets have been rolled out in place of the previous intensity-based targets.

The targets for Scope 1 and 2 emissions cover 100% of the emissions inventory and are in line with the scope of the financial reporting. The text will clearly indicate instances where this is not applicable (see SBTi targets). In addition to CO₂ emissions, further gas emissions will also be measured as part of the collection of data for Scope 1 emissions: nitrogen oxides (NO_x), sulfur oxides (SO_x), particulate matter (PM_{2.5}, PM₁₀) as well as non-methane volatile organic compounds (NMVOC) (see [ESRS E2](#)).

SBTi – short-term targets

- Reduction of the absolute Scope 1 and 2 greenhouse gas emissions by 60% by 2030 in comparison with the 2023 reference year
- Reduction of the absolute Scope 3 emissions in the categories “Purchased goods and services”, “Investments”, “Fuel and energy-related activities”, “Upstream transport and distribution”, “Waste generated in operations”, “Business travel”, “Employee commuting” and “Downstream transport and distribution” by 25% by 2030 in comparison with the 2023 reference year

SBTi – long-term targets

- Reduction of the absolute Scope 1 and 2 greenhouse gas emissions by 90% by 2050 in comparison with the 2023 reference year
- Reduction of the absolute Scope 3 emissions from the aforementioned categories by 90% by 2050 in comparison with the 2023 reference year

The long-term climate target for 2050 has been aligned with the SBTi 1.5 °C target and was validated at the end of 2025 (see also [SBTi target dashboard](#)). They cover approximately 90% of the emissions inventory for Scope 3 emissions. The categories “Capital goods”, “Use of sold products” and “End-of-life treatment of sold products” are not included.

The targets are reviewed regularly. Adjustments are made in response to significant changes to business operations, the organizational structure and the regulatory environment.

SBTi targets

in metric tons of CO ₂ eq	2025	+/-%	2024	Base Year 2023	Target 2030	Target 2050
ecoinvent	v3.12		v3.11	v3.10		
Total Scope 1 and 2 (market-based) covered by SBTi targets	48,020.6	-10.0	53,380.4	81,105.5	32,442.2	8,110.6
Total Scope 3 covered by SBTi targets	888,709.9	-3.8	924,027.0	1,039,571.2	779,678.4	103,957.1

Emissions from the categories "Capital goods", "Use of sold products", and "Treatment of products at end of life" are excluded from the SBTi targets

Progress made in the energy mix (E1-7)

The energy consumption of the SFS Group is recorded at all relevant locations in line with the requirements set out in the Greenhouse Gas Protocol (GHG Protocol). It encompasses electricity, heat, process energy and fossil fuels. In order to comply with the consolidation scope of the financial reporting, the North American locations of the Triangle Fastener Corporation and Pro Fastening Systems Inc. brands as well as the locations of Hoffmann UK Quality Tools Ltd. and Hoffmann Quality Tools India Private Limited have now also been included in the reporting.

Interim targets achieved ahead of time

In the reporting year 2025, the share of self-generated, predominantly renewable electricity rose to 11.2%. This means that SFS has achieved its target of producing at least 10% of the electricity required by the Group itself by 2030 ahead of schedule in 2025. The share of consumed electricity from renewable sources increased to 81.5% (PY: 73.9%). This means that the interim target of drawing at least 50% of the energy consumed from renewable sources by 2025 has likewise been achieved ahead of time. SFS aims to increase this share to at least 90% by 2030.

The positive development compared to the previous year is attributable both to the 13.0% increase in the purchase of renewable electricity as well as on expanding its own electricity production by 69.9%. In 2025, the SFS Group expanded existing systems at the locations in China, Malaysia, Hungary and the USA and put additional systems into operation. Following the expansion of renewable energy sources, the share of electricity generated from fossil fuels and nuclear power was considerably reduced by -24.1% in comparison with the previous year.

Advancing the energy transition

SFS aims to continuously reduce energy consumption in relation to net sales and to further increase the share of renewable energies. The goal is to achieve this by expanding the Group's own power generating systems and drawing more electricity from renewable sources.

Electricity production and consumption (limited assurance 2025)

in MWh	2025	%	+/-%	2024	%	Target 2030 in %
Total self-generated electricity	26,110.3	11.2	69.4	15,417.4	7.1	≥10.0
Renewable electricity consumption	189,266.0	81.5	18.2	160,181.3	73.9	≥90.0
Non-renewable electricity consumption	42,870.6	18.5	-24.1	56,481.1	26.1	-
Total electricity consumption	232,136.6	100.0	7.1	216,662.4	100.0	-

The previous year's figures have been restated for better comparability. The joint venture Sunil SFS Automotive Parts Co., Ltd. was excluded, and the subsidiary Triangle Fastener Corporation was included (-8,722.0 MWh in renewable electricity; +709.1 MWh in non-renewable electricity).

Energy consumption (limited assurance 2025)

Scope 1 and 2 in MWh	2025	%	+/-%	2024	%
Renewable fuels ¹	4,233.4	1.2	3.2	4,101.8	1.2
Purchased renewable electricity	165,543.9	47.6	13.0	146,464.1	44.6
Purchased renewable heat, steam, and cooling	96.6	0.0	62.9	59.3	0.0
Self-generated non-fuel renewable energy	23,722.1	6.8	72.9	13,717.2	4.2
Total renewable energy consumption	193,596.0	55.7	17.8	164,342.4	50.0
Total nuclear energy consumption	110.2	0.0	-98.1	5,775.0	1.8
Fuels from fossil sources	110,888.3	31.9	3.1	107,524.4	32.7
thereof coal and coal products	0.0	0.0	0.0	0.0	0.0
thereof crude oil and petroleum products	38,974.7	11.2	3.3	37,720.1	11.5
thereof natural gas	70,953.7	20.4	3.0	68,904.7	21.0
thereof other fossil sources	959.9	0.3	6.7	899.6	0.3
Purchased electricity from fossil sources	42,760.4	12.3	-15.7	50,706.1	15.4
Purchased heat, steam, and cooling from fossil sources	309.9	0.1	8.9	284.5	0.1
Total fossil energy consumption	153,958.6	44.3	-2.9	158,515.0	48.2
Total	347,664.8	100.0	5.8	328,632.4	100.0

The previous year's figures have been restated for better comparability. The joint venture Sunil SFS Automotive Parts Co., Ltd. was excluded, and the subsidiary Triangle Fastener Corporation was included (-13,945.2 MWh).

¹Including biomass, also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.

Energy production (limited assurance 2025)

in MWh	2025	%	+/-%	2024	%
Self-generated renewable energy ¹	26,028.5	99.7	69.9	15,318.5	99.4
Self-generated non-renewable energy ²	81.8	0.3	-17.3	98.9	0.6
Total	26,110.3	100.0	69.4	15,417.4	100.0

¹100% solar electricity

²100% recovered from heating systems

Recalculation of energy intensity

In line with the requirements set out by the ESRS, energy intensity will now be calculated based on net sales, which means that it will no longer be calculated per value-added franc. See the table below for the relevant reconciliation.

Energy intensity (limited assurance 2025)

in MWh/CHF million	2025	+/-%	2024
Total energy consumption per net sales	114.2	5.3	108.4
Total energy consumption per value-added francs ¹	-	-	173.3

²Comprised of 117 sites. The previous year's figures have been restated for better comparability. The joint venture Sunil SFS Automotive Parts Co., Ltd. was excluded, and the subsidiary Triangle Fastener Corporation was included (-5.1 MWh/CHF million).

On track with the climate strategy (E1-8)

The SFS Group records and reports its greenhouse gas emissions in accordance with the requirements set out in the Greenhouse Gas Protocol (GHG Protocol). The direct emissions produced by burning fossil fuels and process-related sources (Scope 1), the indirect emissions from purchased electricity, heating and cooling (Scope 2, both market and location-based) as well as the main categories of upstream and downstream value chains (Scope 3) are factored into this. The emissions data is updated and consolidated on an annual basis. The potential effects of climate certificates and the extraction of greenhouse gases are not factored in. The emissions are recorded in accordance with the financial control principle, thus providing a transparent representation of our emissions. There are no other significant assets managed by the company outside of the consolidation scope.

Emissions reduced further on the whole

The 2.1% increase in Scope 1 emissions compared to the previous year is mainly related to slight volume growth in the manufacturing sector and the postponement of reduction projects. Scope 2 emissions, however, were reduced by –21.2%. This is primarily driven by the increased share of electricity from being drawn from renewable sources, particularly at the locations in China, Malaysia, Hungary and the USA. A total reduction of –9.9% was recorded for Scope 1 and 2 emissions in comparison with the previous year.

SFS reduced the intensity of greenhouse gas emissions by –10.3%. Compared to the 2020 reference year, this equates to a total reduction of –77.1%. SFS is thus on the right track to achieve the target of reducing Scope 1 and Scope 2 emissions by ≥90% by 2030 in relation to net sales, as set out in its climate strategy.

Compared with the adjusted prior-year figures, Scope 3 emissions in the reporting year declined slightly by –1.7%. In the “Purchased goods and services” and “Upstream transport and distribution” categories, this decline was mainly the result of reduced procurement volumes. Within the “Business travel” category, the reduction in travel as part of rigorous cost management led to a lowering of emissions, whereas a change in the product mix in the “Use of sold products” category generated additional emissions.

Greenhouse gas emissions, broken down by Scope 1–3 (limited assurance 2025)

in metric tons of CO ₂ eq	2025	+/-%	2024	Base Year 2023
ecoinvent	√3.12		√3.11	√3.10
Stationary combustion	16,332.6	–2.2	16,699.6	17,121.4
Mobile combustion	8,483.3	6.3	7,977.1	7,598.7
Fugitive emissions	1,669.1	31.2	1,271.8	2,070.1
Total Scope 1	26,485.0	2.1	25,948.5	26,790.2
Electricity	21,472.8	–21.2	27,257.3	54,115.9
Heat, steam and cooling	5.5	10.0	5.0	5.1
Total market-based Scope 2	21,478.3	–21.2	27,262.3	54,121.0
Total location-based Scope 2	76,963.5	–0.9	77,663.4	79,150.7
Total market-based Scope 1 and 2	47,963.3	–9.9	53,210.8	80,911.2
Purchased goods and services	759,433.0	–2.7	780,111.3	891,592.9
Capital goods	24,669.3	4.5	23,616.6	53,681.8
Fuel and energy-related Activities (not included in Scope 1 or Scope 2)	18,932.9	–1.9	19,309.4	29,690.4
Upstream transportation and distribution	39,089.3	–26.5	53,186.1	32,890.8
Waste generated in operations	7,569.4	–3.1	7,812.6	7,882.3
Business traveling	1,373.6	–24.5	1,819.1	1,464.7
Employee commuting	24,889.7	2.0	24,405.3	22,021.8
Downstream transportation	17,554.0	35.7	12,936.9	20,256.6
Use of sold products ¹	56,000.0	24.4	45,000.0	33,000.0
End-of-life treatment of sold products ¹	6,200.0	17.0	5,300.0	4,500.0
Investments	17,400.7	6.2	16,383.1	22,874.9
Other (upstream)	710.4	24.0	573.1	575.7
Total Scope 3	973,822.3	–1.7	990,453.5	1,120,431.9
Total market-based GHG emissions	1,021,785.6	–2.1	1,043,664.3	1,201,343.1
Total location-based GHG emissions	1,077,270.8	–1.5	1,094,065.4	1,226,372.8

The previous year’s figures have been restated for better comparability. The joint venture Sunil SFS Automotive Parts Co., Ltd. was excluded, and the subsidiary Triangle Fastener Corporation was included (2024: Scope 1 –800.6 tCO₂eq; Scope 2 market-based +307.2 tCO₂eq; Scope 2 location-based –6,662.5 tCO₂eq; Scope 3 –39,307.9 tCO₂eq | 2023: Scope 1 –653.1 tCO₂eq; Scope 2 market-based –6,245.9 tCO₂eq; Scope 2 location-based –6,783.9 tCO₂eq; Scope 3 +34,119.7 tCO₂eq).

¹These categories represent approximations based on available data

Recalculation of the intensity of greenhouse gas emissions

In line with the requirements set out by the ESRS, the intensity of greenhouse gas emissions will now be calculated based on net sales, which means that it will no longer be calculated per value-added franc. See the table below for the relevant reconciliation.

Greenhouse gas intensity based on net sales vs. value-added franc (limited assurance 2025)

in metric tons of CO ₂ eq/CHF million	2025	+/-%	2024	Base Year 2020	+/-% 2024	Target 2030
Total Scope 1 and 2 (market-based) per value-added francs in million	-	-	28.1	110.6	-74.6	11.1
Total Scope 1 and 2 (market-based) per value-added francs in million after scope adjustment*	-	-	28.1	105.0	-73.3	10.5
Total Scope 1 and 2 (market-based) per net sales after scope adjustment*	15.7	-10.3	17.6	68.7	-74.5	6.9

The previous year's figures have been restated for better comparability. The joint venture Sunil SFS Automotive Parts Co., Ltd. was excluded, and the subsidiary Triangle Fastener Corporation was included.

Greenhouse gas intensity (limited assurance 2025)

in metric tons of CO ₂ eq/CHF million	2025	+/-%	2024	Base Year 2020	+/-% 2025	Target 2030
ecoinvent	v3.12		v3.11			
Total Scope 1 and 2 (market-based) per net sales	15.7	-10.3	17.6	68.7	-77.1	6.9
Total GHG emissions (market-based) per net sales	335.5	-2.6	344.3	-	-	-
Total GHG emissions (location-based) per net sales	353.7	-2.0	361.0	-	-	-

Removal of greenhouse gases and the use of emissions certificates (E1-9)

The SFS Group is primarily pursuing a reduction strategy focusing on energy efficiency, electrification and the expansion of renewable energies. There are currently no projects within the Group that focus on the active removal of greenhouse gases from the atmosphere.

Internal CO₂ pricing (E1-10)

To date, there is still no group-wide CO₂ pricing system in place that is a mandatory part of financial and investment decision-making.

However, an internal CO₂ price is already being used as an analytical instrument in risk management to evaluate the financial effects of climate-related risks in various scenarios. The internal price is reviewed regularly and applied differently depending on the region. The amount is based on the latest scientific findings, regulatory developments and the progress made in achieving group-wide emissions reduction targets (SBTi).

As part of its TCFD scenario analyses, SFS has already taken into account different CO₂ price levels across multiple scenarios, regions and time horizons to realistically assess the potential cost impacts on its business operations. The aim is to further develop the existing approach into a consistent and standardized instrument that is integrated into investment and financial planning in the medium term and supports the strategic management of climate-related risks and opportunities.

Outlook

Reducing greenhouse gas emissions and increasing energy efficiency remain the core elements of SFS's corporate responsibility and long-term value creation. Targeted measures to reduce direct and indirect emissions as well as the integration of sustainable product and process solutions will help the SFS Group to make an active contribution to climate protection. At the same time, the company is strengthening its competitiveness and future viability in a changing market environment.

The climate scenario analysis is completely aligned with the TCFD recommendations and is fundamental to the strategic management of climate-related risks and opportunities. In the 2025 reporting year, based on the comply-or-explain approach pursuant to Art. 964b para. 5 CO, climate-related financial risks and opportunities will not be quantified, as the necessary methodological foundations and data processes are still being developed.

In future reporting cycles, the quantitative assessment of these risks and opportunities will be further expanded in order to continuously improve the basis for financial decision-making, the comparability of results, and the transparency of climate reporting.

Pollution (E2)

Air and soil pollution

As part of its materiality analysis, the SFS Group has identified air and soil pollution along its value chain as material topics in the area of environmental pollution. The environmental impact at its own sites is low overall, but can be relevant locally. This applies in particular to nitrogen oxide emissions, which account for the majority of pollutant and air emissions and rose by 11.0% in the reporting year. No incidents relating to soil contamination were identified at the Group's own sites in the reporting year.

Pollution of air and soil identified as material (E2-1)

Environmental pollution is a material topic for SFS since its business operations can impact air and soil quality, both directly and along the value chain. Pollution of air and soil along the value chain were identified as the two relevant environmental aspects in the double materiality analysis. Due to the low risk posed by other types of environmental pollution, such as noise, light or water pollution, stakeholders did not rate these as material.

Material impacts

Emissions along the value chain, especially nitrogen oxides (NOX), sulfur oxides (SOX) and volatile organic compounds (VOCs), are harmful to air quality and contribute to the formation of smog. While stakeholders consider SFS's impact at the international level to be relevant, it is considered low overall. Responsible procurement and state-of-the-art production technologies, such as the prevention of coolant losses, are continuously reducing our emissions.

Soil pollution can arise in connection with handling hazardous substances and special waste, particularly along the upstream supply chain in resource-intensive sectors such as the metalworking industry. SFS primarily processes steel, the mining and processing of which can have a negative impact on the soil.

Opportunities and risks

Risks related to air pollution can be classified as low overall at SFS. Possible impacts such as health-related absences or costs incurred as a result of regulatory sanctions were assessed as unlikely in the materiality analysis. When it comes to soil contamination, the main risk lies in selecting suitable partners for surface treatments, such as galvanizing, and in the proper disposal of the resulting waste materials. No environmentally relevant incidents have occurred in SFS's history; this risk continues to be systematically minimized through careful supplier selection and – where appropriate – in-house surface treatments.

At the same time, opportunities arise through investments in low-emission technologies and sustainable production processes.

Impact, risk and opportunity management (E2-1, E2-2)

The processes used to address potential environmental pollution are based on clearly defined guidelines. Our [Code of Conduct](#) obligates all employees to use resources responsibly and to actively protect the environment. The [Sustainability guidelines](#) supplement this with specific requirements detailing how to manage air emissions, prevent waste and close loops as well as how to safely handle or replace chemicals. We additionally expect our suppliers to strictly monitor emissions and potential soil impacts and comply with regulatory requirements. This is set out in our [Supplier Code of Conduct](#).

Actions and resources (E2-2)

Not only do we invest in low-emission technologies and filtration systems, we also embrace sustainable waste management practices and promote the use of recycled materials. 67 (PY 65) of the 117 ESG reporting locations are currently certified to ISO 14001. SFS additionally conducts regular training and awareness-raising measures for employees and suppliers.

Targets and current situation: No quantitative reduction targets (E2-3)

There are no specific quantitative reduction targets for air and soil emissions at present. This is due to the fact that the impacts of our own business operations have been very minor so far. The SFS Group is therefore focusing on systematic compliance with the legal requirements and on achieving continuous improvements within the framework of the environmental management systems.

Transparency regarding pollutant and air emissions (E2-4)

We report our emissions transparently despite the lack of targets. Nitrogen oxides comprise the largest share of our pollutant and air emissions. In the reporting year, they increased by 11.0%, mainly due to higher use of process gases. There were no incidents related to soil contamination.

Pollutant and air emissions

Scope 1 in kg	2025	+/--%	2024
Nitrogen oxides (NOx)	43,317.2	11.0	39,008.7
Sulfur oxides (SOx)	1,144.9	0.8	1,136.3
Fine particulate matter, 2.5 µm (PM2.5)	2,782.9	8.8	2,558.0
Coarse particulate matter, 10 µm (PM 10)	521.3	15.4	451.6
Non-methane volatile organic compounds (NMVOC)	4,462.4	6.4	4,195.6

The previous year's figures have been restated for better comparability. The joint venture Sunil SFS Automotive Parts Co., Ltd. was excluded, and the subsidiary Triangle Fastener Corporation was included (-312.5 kg).

Incorporation into regulatory frameworks (E2-1)

Our management and reporting took the relevant regulatory frameworks into account. In addition to this, we systematically incorporate location-specific requirements and local environmental risks into our corporate management.

Outlook

SFS considers air and soil protection to be an integral part of its corporate responsibility. We contribute toward efforts to reduce environmental pollution by consistently implementing measures that mitigate emissions and promote both the efficient use of resources and the responsible use of materials.

Resource use (E5)

Efficient use of raw materials

SFS is committed to the sustainable use of resources throughout a product's entire life cycle – from development to disposal. Efficient designs, the targeted use of recycled and renewable materials as well as innovative manufacturing technologies make it possible to conserve raw materials and reduce emissions. Clear guidelines, certified environmental management systems and robust supply chains support this strategy. The focus here is not only on minimizing the use of material and waste, but also on durability, reparability and local procurement.

Target and boundary (E5-1)

Responsible use of resources

SFS considers it pivotally important to use resources responsibly and promote a functioning circular economy. Resource use influences both the company's environmental impact as well as its competitiveness. The topic was identified as material within the context of the double materiality analysis, as SFS makes a contribution toward creating a regenerative economy through its efficient use of materials, sustainable product design and innovative business models.

Material impacts

The use of raw materials results in the use of non-renewable resources, particularly in procurement and manufacturing. This influence is reduced to a minimum through responsible material selection, sustainable procurement processes and efficient manufacturing techniques.

At the same time, sustainable product design has positive effects, for example through the development of products that are durable and recyclable, the use of reusable packaging and by taking the entire product life cycle into consideration during development.

Opportunities and risks

Growing demand for sustainable, resource-efficient products opens up strategic growth opportunities for SFS. Developing innovative solutions enables us to gain market share and strengthen our competitive position with regard to sustainability.

The risks mainly relate to the availability of suitable materials and the growing demands on research and development. The use of new or more complex materials, particularly in regulated sectors such as the medical devices and automotive industries, can result in higher costs and modification-related outlay. There is also a risk that products meeting high sustainability requirements might be less attractive for more price-sensitive customer segments. Nevertheless, this is outweighed by the opportunity for the SFS Group to leverage its innovation and responsible use of resources as a way of positioning itself as a sustainable company on the market.

Impact, risk and opportunity management (E5-1, E5-2)

Management follows clearly defined guidelines. The Code of Conduct obligates all employees to develop products and services that take economic, environmental and social benefits into account throughout the entire life cycle, thereby creating sustainable added value. The Sustainability guidelines lay out this commitment in more concrete terms by requiring the sparing use of raw materials, resource-efficient product and process design and use of the cold forming process, a core technology that offers significant material savings compared to other manufacturing technologies. Of our 117 ESG reporting locations, 67 (PY 65) are currently certified to ISO 14001.

Clear requirements also apply to our suppliers. The Supplier Code of Conduct obligates suppliers to practice sustainable resource management, waste reduction and recycling. Production waste should be recycled as far as possible.

Actions and resources (E5-2)

In practice, SFS promotes recycling programs at its production facilities, optimizes packaging designs and examines the use of recyclates. Sustainable design principles, which are evaluated using our sustainability scorecards, are already incorporated at the product development stage; these make it possible to design modular components, for example, that are easier to repair or dismantle. In addition to this, SFS's value engineering approach focuses on innovations that increase the use of recycled materials, promote the use of renewable energies and boost the energy efficiency of our products. Financial and technological resources are allocated for these activities. The EHS Group Manager informs the Group Executive Board regularly of progress and any changes made.

Metrics and targets: Share of renewable materials increased marginally (E5-3 bis E5-5)

SFS's goal is to continuously increase the percentage of recycled materials used in production and improve the recyclability of its products. Specific quantitative targets are currently being worked out and will be defined as part of efforts to refine the environmental management system. Qualitative control elements will be used until the environmental management system is fully implemented. The main materials used and the percentages of secondary raw materials are disclosed in the table below:

Materials used (resource inflows)

in tons	2025	%	+/-%	2024	%
Raw materials (e.g. ores, minerals, wood)	69,088.8	42.7	-7.2	74,446.1	45.6
Associated process materials (e.g. lubricants)	3,733.0	2.3	3.3	3,615.2	2.2
Semi-manufactured goods or parts	14,716.6	9.1	-14.6	17,242.4	10.6
Packaging materials (e.g. paper, cardboard, plastics)	12,797.9	7.9	1.2	12,641.1	7.7
Trading goods	61,573.0	38.0	11.3	55,309.9	33.9
Total weight of products, technical and biological materials sourced	161,909.3	100.0	-0.8	163,254.7	100.0
Thereof renewable materials	13,288.4	8.2	-0.1	13,295.1	8.1

The previous year's figures have been restated for better comparability. The joint venture Sunil SFS Automotive Parts Co., Ltd. was excluded, and the subsidiary Triangle Fastener Corporation was included (-5,799.0 t in total weight).

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. In the reporting year, SFS increased the proportion of renewable materials marginally to 8.2% (PY 8.1%).

Our products are characterized by high durability. Return and reuse concepts are gradually being expanded, particularly for trading goods and in the area of tool reconditioning. These efforts are aimed at steadily increasing the percentage of recycled materials in products and packaging. Although waste has not been identified as material, it is being minimized systematically and dealt with properly.

**Outlook**

The efficient use of materials and promotion of sustainable product solutions are key components of the SFS Group's sustainability strategy. Our resource-efficient production methods, the expansion of recycled materials in purchasing volume and innovative product designs are helping us make an important contribution toward reducing resource consumption and decarbonizing the value chain.

Own workforce (S1)

Safety, education and diversity

Employees are the foundation of the SFS Group’s sustainable success. Significant progress was made with regard to occupational health and safety and education in the 2025 financial year: The accident rate has been successfully reduced to 2.9 accidents per million working hours. With 5.9% SFS once again met its target of having 5–7% of its permanent employees enrolled in dual education and training programs. The figures for promoting gender diversity remain below the defined targets.

As an international company with more than 13,000 employees, we understand our responsibility to create fair working conditions, protect employees’ health, promote diversity and support both personal and professional development. Enshrined in both the [Code of Conduct](#) and [Sustainability guidelines](#), our principles ensure that human rights are upheld, integrity is protected and equal opportunities are promoted.

Material topics identified for employees

Occupational health and safety, training and education, and diversity were identified as material topics in the materiality analysis. These topics have a considerable impact on employees’ wellbeing, performance and innovative capacity as well as on the reputation and competitiveness of SFS.

Occupational health and safety take top priority at SFS. As a manufacturing company, one of our special areas of focus is preventing accidents at work and promoting a strong safety culture. Under the “Vision Zero” initiative, our target by 2030 is to have no more accidents to report.

Training and education are crucial for ensuring the company’s future viability. The SFS Group uses targeted qualification programs, dual education programs and international trainee programs to promote its employees’ continuous further development. This boosts their innovative capacity, fosters entrepreneurial thinking and helps the company retain skilled workers in the long term.

SFS’s human resources strategy includes the promotion of diversity and equal opportunities. Diversity enriches the corporate culture, boosts innovative capacity and supports balanced decision-making processes. Areas of special focus include increasing the percentage of women in management positions as well as promoting people with different backgrounds and perspectives.

Within these topics, material risks arise from possible impairments to the health or safety of employees, insufficient promotion of diversity or inadequate qualifications. Deficits of this nature can result in higher staff turnover, losses of productivity, legal and financial impacts as well as reputational damage.

However, significant opportunities open up if SFS makes targeted investments in the safety, development and diversity of its own workforce: Strong commitment in these areas fosters loyalty, motivation and productivity, strengthens employer image and helps recruit and retain talent in the long term.

Overall, the analysis illustrates that the three topics represent material levers for safeguarding SFS's sustainable development.

Guidelines protect employees' interests (S1-1)

Responsibility for protecting employees' interests lies with the Board of Directors and the Group Executive Board. Operational implementation is handled by Group HR working closely with the local HR functions.

SFS has binding guidelines that are enshrined in the Code of Conduct and the Sustainability guidelines. These apply to all employees worldwide and form the basis for ESG strategy implementation. They define binding standards on human rights, equal treatment, working conditions and personal integrity.

SFS employs a structured, dialog-based approach to increase engagement among underrepresented groups – such as women in technical professions, young and older employees, individuals with disabilities and both temporary and part-time employees.

- Feedback is collected via employee surveys, focus groups, feedback meetings and internal forums. This is supplemented by insights from exit interviews and the whistleblowing system.
- Data is collected annually, the global employee survey is carried out every two years
- Findings are evaluated by Group HR and integrated into HR planning, management reviews and programs related to safety, equal opportunities and employee development. This structured approach enables SFS to ensure that the concerns of all employees are systematically taken into consideration and integrated into decision-making processes.

Human rights and working standards (S1-9)

We respect the dignity of all human beings and pledge to be vigilant about and protect human rights in all countries where we operate. These include:

- Prohibition of child labor: The employment of children under the statutory minimum age is strictly prohibited
- Prohibition of forced labor: We reject all forms of forced labor, modern slavery or human trafficking. All employees are free to leave their job at any time.
- Fair wages and working hours: We guarantee at least the statutory minimum wage and comply with all regulations governing working hours, breaks and resting times
- Freedom of association: Employees are granted the legal right to organize into labor unions or employee representative bodies. No global framework agreement exists with labor unions.

These standards also apply to our suppliers and business partners; compliance with them is mandatory and enshrined in the [Supplier Code of Conduct](#) and the Terms and Conditions of Purchase.

Equal opportunities and equal treatment

We consider the diversity of our workforce to be a competitive advantage. SFS does not tolerate any form of discrimination or disadvantage on the grounds of gender, origin, religion, age, disability, sexual orientation, marital or family status, political affiliation or union membership. Personnel decisions are made exclusively on the basis of objective criteria such as experience, performance and qualifications. Our employees receive regular anti-discrimination training to foster a respectful and inclusive working environment. We have additionally established transparent hiring processes and promote both diversity and inclusion.

Health, safety and personal development

Protecting the health and safety of our employees is a top priority at SFS. We are committed to complying with all relevant laws, norms and internal standards related to occupational health and safety, including the requirements of ISO 45001. Our preventive actions include systematic risk assessments, reducing noise sources and regular training to raise awareness of issues related to health and safety. We also ensure that employees are given sufficient recovery time and that applicable working hours regulations are implemented.

Reporting violations and whistleblowing

All employees are obligated to report serious violations of laws or internal guidelines immediately. There are several different channels available for this purpose:

- Superiors, HR, local Compliance Officers, Group Compliance, Group Compliance Officer (by phone, e-mail to compliance@sfs.com or via the external [IntegrityLine platform](#))
- Internal report form on mySFS (central internal communication platform, intranet or employee app)
- Independent external reporting channel via the [IntegrityLine platform](#)

Whistleblowers are protected: retaliatory measures are not tolerated. Malicious misreporting and therefore violations of the Code of Conduct may, however, result in disciplinary consequences.

Sustainability integration and training

The contents of the Code of Conduct and sustainability guidelines form part of the basic training provided to all new employees and are consolidated regularly through further training sessions and e-learning. Aspects of sustainability are systematically integrated into training and information events.

Engaging with employees fosters transparency and trust (S1-2)

We use various instruments and channels to engage with our employees on a regular basis:

- Annual performance reviews (management by objectives, MBO) to assess individual performance and development
- Employee surveys to collect information about sentiment, needs and improvement potential
- Materiality analysis: Internal and external stakeholders were surveyed in 2024 as part of the double materiality analysis. The results were then consolidated in workshops with our Board of Directors, Group Executive Board and employees and form the basis for the ESG strategy. (see also. [ESRS 2 IRO-1](#) and [SBM-1](#))
- Regular dialog between employee representative bodies and works councils
- CEO town hall meetings: The CEO provides international managers with information about business development and answers questions several times a year
- Information events such as quarterly information and shop floor meetings
- "Internes" employee magazine and the mySFS digital communication platform

These efforts help us foster a culture of dialog and participation and firmly establish the right to freedom of association as defined in the Sustainability guidelines.

Effectiveness assessment procedure

Our dialog and complaints mechanisms are reviewed regularly for effectiveness:

- Results from employee surveys, which are conducted every two years, are evaluated and translated into specific improvement actions
- Whistleblowing system usage is recorded annually and analyzed by Group Compliance
- The annual compliance report assesses whether reports are dealt with promptly and adequately as well as whether optimization measures were introduced as needed

Remedial action in the event of negative impacts

Employees can report possible violations of the Code of Conduct through the whistleblowing system and its various channels. All incoming reports are treated as strictly confidential and reviewed by the Compliance department. Where necessary, it initiates investigations, uses those as a basis for deriving corrective and preventive actions, and documents progress until completion – thereby ensuring that effective action is taken. Ideally, a compliance report should be dealt with and completed within two weeks.

Managing material impacts, risks and opportunities (S1-3)

The SFS Group uses a systematic, integrated approach to address the material impacts, risks and opportunities (IROs) identified in connection with its own workforce. This approach is based on clearly defined actions, binding management systems and regular effectiveness assessments to ensure continuous improvements.

In the area of occupational health and safety, SFS relies on a management system certified in accordance with ISO 45001 that establishes a global framework for uniform standards and preventive actions. Regular training, comprehensive risk assessments and targeted investments in safety-related equipment help ensure a safe working environment and raise employee awareness of safe behavior. The effectiveness of these actions is reviewed annually, in part through the collection and analysis of accident rates and near misses as well as through reporting to the Group Executive Board. Targeted preventive actions are derived from these insights in order to continue systematically pursuing Vision Zero – the company-wide target of zero workplace accidents.

On the topic of training and education, SFS promotes continuous employee development through a broad range of qualification programs. These include the expansion of dual education and training programs, international exchange programs, collaborations with universities and targeted internal development measures. These initiatives help strengthen employees' entrepreneurial skills, innovative capacity and long-term employability. The effectiveness of the programs is systematically monitored, in part by analyzing training rates, measuring the percentage of management positions filled by internal candidates and annual performance reviews (MBO).

Diversity and equal opportunities are also enshrined in the human resources strategy. SFS ensures that the recruitment process is fair and transparent and employs targeted anti-discrimination training as a means of raising awareness of the issue among managers and employees. The implementation and effectiveness of these measures are reviewed regularly by reporting diversity indicators and comparing them with defined targets. This enables us to foster an inclusive corporate culture that incorporates many different perspectives and boosts innovative capacity in the long term.

Employee development targets (S1-4)

The SFS Group has defined specific targets to systematically promote its employees' long-term development and make progress measurable.

- Diversity: Women should make up at least 30% of the Board of Directors by 2026. The target for the Group Executive Board is at least 20% by 2031.
- Training and education: Worldwide, the percentage of permanent employees enrolled in dual education and training programs should remain steady at 5–7%
- Knowledge transfer and internal succession planning: Targeted training measures serve to continuously strengthen the talent pool. The aim is to fill 70% of management positions with internal candidates.
- Performance reviews (MBO): ≥80% of all employees are to be assessed regularly within the scope of the globally standardized MBO process
- Occupational health and safety: The goal was to cut the occupational accident rate in half by the end of 2025 compared to 2020; SFS's long-term target is to have zero workplace accidents by 2030.

These targets were set in close collaboration with relevant stakeholders, including employees and their representatives. Progress is measured using defined KPIs, some of which include the percentage of women in management positions, the percentage of management positions filled with internal candidates, the enrollment rate for education and training programs, coverage by the MBO process as well as the accident rate.

Progress is reviewed annually within the scope of the CC ESG and validated as part of a structured management review. Findings are documented, translated into new programs or targets as needed and communicated to employees through internal communication channels. The results are also incorporated into annual target planning and are disclosed transparently in the Sustainability Report.

Stable employee figures (S1-5, S1-6)

Employee figures remained stable during the reporting year. The total workforce comprised 13,646 FTEs on the reporting date. The group-wide employee turnover rate was 17.2%.

The workforce is mostly made up of permanent employees. Data is consolidated annually and provides a reliable overview of employment trends within the SFS Group.

Own workforce (limited assurance 2025)

in FTE	2025	+/-%	2024
Employees	12,427	-2.2	12,709
Non-employees	1,219	24.4	980
Total	13,646	-0.3	13,689

Employee turnover (limited assurance 2025)

in headcount	2025	+/-%	2024
Leavings	2,308	-	-
Employee turnover in %	17.2	-	-

Employees by region and country (limited assurance 2025)

in headcount	2025	+/-%	2024
Germany	3,099	-4.8	3,255
Switzerland	2,518	-2.5	2,582
Europe (other)	2,134	-4.9	2,245
Europe	7,751	-4.1	8,082
China	1,840	9.2	1,685
Asia (other)	1,730	6.3	1,628
Asia	3,570	7.8	3,313
USA	1,469	-8.2	1,600
North America (other)	408	-9.7	452
North America	1,877	-8.5	2,052
Total	13,198	-1.9	13,447

Countries with at least 50 employees and representing at least 10% of the total number of employees listed separately

Employees by age (limited assurance 2025)

in headcount	2025	+/-%	2024
Age <30	2,518	-	-
Age 30-50	7,191	-	-
Age >50	3,489	-	-
Total	13,198	-1.9	13,447

Employees by contract type and gender (limited assurance 2025)

in headcount	Total	Male	Female	Other
Permanent employees	12,569	8,964	3,605	–
Temporary employees	629	441	188	–
Full-time employees	11,622	8,631	2,991	–
Part-time employees	1,576	774	802	–
Total	13,198	9,405	3,793	–

Other: Gender as specified by the employees themselves or if no further information is available

Employees by contract type and region (limited assurance 2025)

in headcount	Total	Asia	Europe	North America	Switzerland
Permanent employees	12,569	3,453	4,911	1,852	2,353
Temporary employees	629	117	322	25	165
Full-time employees	11,622	3,452	4,322	1,820	2,028
Part-time employees	1,576	118	911	57	490
Total	13,198	3,570	5,233	1,877	2,518

No improvement in gender diversity (S1-8)

The SFS Group has defined binding targets for the promotion of gender diversity at senior management level. The aim is for women to make up at least 30% of the Board of Directors by 2026 and at least 20% of the Group Executive Board by 2031.

Diversity is considered to be a material success factor at SFS. It helps to overcome the shortage of skilled labor and at the same time improves the performance, innovative capacity and decision-making quality of the management team. The current percentage of women in executive bodies continues to fall short of the defined targets. Recruitment activities will pay more attention to a balanced team composition to target an increase in this metric. Given equal qualifications, women will be given priority in hiring decisions.

During the hiring process, the SFS Group takes a holistic approach to diversity, which promotes age diversity and cross-team integration in addition to gender diversity.

In the reporting year, the corporate structure was optimized, which resulted in a –10.9% reduction in the number of management positions. The main driver of this was the merging of organizational units in the Distribution & Logistics segment. These structural changes did not have any material impacts on gender and age distribution in executive bodies.

Diversity of governing bodies at management level (limited assurance 2025)

in headcount	2025	%	+/-%	2024	%
Non-executive members – Board of Directors (BoD)	8	2.6	0.0	8	2.3
thereof internally hired	1	12.5	0.0	1	12.5
thereof male	6	75.0	0.0	6	75.0
thereof female	2	25.0	0.0	2	25.0
thereof age <30	–	0.0	0.0	–	0.0
thereof age 30–50	1	12.5	–50.0	2	25.0
thereof age >50	7	87.5	16.7	6	75.0
Executive members – Group Executive Board (GEB)	8	2.6	–11.1	9	2.6
thereof internally hired	7	87.5	–12.5	8	88.9
thereof male	8	100.0	–11.1	9	100.0
thereof female	–	0.0	0.0	–	0.0
thereof age <30	–	0.0	0.0	–	0.0
thereof age 30–50	3	37.5	0.0	3	33.3
thereof age >50	5	62.5	–16.7	6	66.7
Segment Management	50	16.0	0.0	50	14.3
thereof internally hired	36	72.0	2.9	35	70.0
thereof male	43	86.0	–2.3	44	88.0
thereof female	7	14.0	16.7	6	12.0
thereof age <30	–	0.0	0.0	–	0.0
thereof age 30–50	20	40.0	11.1	18	36.0
thereof age >50	30	60.0	–6.3	32	64.0
Middle Management	246	78.8	–13.1	283	80.9
thereof internally hired	180	73.2	–5.8	191	67.5
thereof male	206	83.7	–11.6	233	82.3
thereof female	40	16.3	–20.0	50	17.7
thereof age <30	4	1.6	–20.0	5	1.8
thereof age 30–50	140	56.9	–13.0	161	56.9
thereof age >50	102	41.5	–12.8	117	41.3
Total	312	100.0	–10.9	350	100.0
thereof internally hired	224	71.8	–4.7	235	67.1
thereof male	263	84.3	–9.9	292	83.4
thereof female	49	15.7	–15.5	58	16.6
thereof age <30	4	1.3	–20.0	5	1.4
thereof age 30–50	164	52.6	–10.9	184	52.6
thereof age >50	144	46.2	–10.6	161	46.0

75% of our board members are independent

Segment management is defined as one and middle management is defined as two levels below administrative, management and supervisory bodies (BoD + GEB)

Progress in employee development (S1-12)

Promoting continuous learning is a key component of SFS's corporate strategy. Accordingly, we pursue clear targets and verify them on a regular basis.

Training and education rate in the target range

SFS aspires to ensure that 5–7% of permanent employees worldwide are enrolled in dual education and training programs. This target was achieved again in the reporting year with a share of 5.9% (PY 6.4%), underscoring the enormous importance we attached to education again this year.

Dual education and training (limited assurance 2025)

in headcount	2025	+/- % in pp	2024	Target
Employees with >100 training hours	779	-	777	-
Training and dual education rate in %	5.9	-0.5	6.4	5.0-7.0

The previous year's figures have been restated for better comparability. The joint venture Sunil SFS Automotive Parts Co., Ltd. was excluded, and the subsidiary Triangle Fastener Corporation was included (-23 employees with >100 training hours; +0.1% training and dual education rate).

Training hours documented group-wide for the first time

An indicator expressing the average number of training hours per employee was compiled group-wide for the first time as part of the switch to the ESRS standards. This amounted to 81.0 hours in the reporting year. Due to the fact that this indicator is being evaluated on a gender-specific basis for the first time, no previous year's figures or targets are available for this indicator.

Average training hours by gender (limited assurance 2025)

in hours	2025	+/- %	2024
Male	85.9	-	-
Female	69.0	-	-
Other	0.0	-	-
Average training hours per employee	81.0	-2.2	82.8
Average training hours per employee (excluding training hours provided to apprentices)	23.0	1.8	22.6

The previous year's figures have been restated for better comparability. The joint venture Sunil SFS Automotive Parts Co., Ltd. was excluded, and the subsidiary Triangle Fastener Corporation was included (-0.5 average training hours).

Knowledge transfer ensured through internal succession arrangements

SFS aims to fill 70% of upper management positions with internal candidates in order to strengthen the talent pool. This target was successfully achieved in the reporting year, with 71.8% (PY 67.1%) of key functions filled from within the company's own ranks. Responsibility for succession planning lies with divisional and segment management as well as the HR teams. The results are reviewed regularly by the CEO and HR officers and reported to the Nomination and Compensation Committee (NCC, see table "diversity of governing bodies at management level").

Increase in the percentage of employees with performance reviews

SFS takes a structured approach to performance reviews and uses the globally valid MBO process. Reviews were carried out for 82.5% of all employees in 2025, meaning that the target of ≥80% was met. The process not only serves to evaluate performance and conduct, but also to identify development needs and foster engagement.

Employees with performance reviews, broken down by gender (limited assurance 2025)

in %	2025	+/- % in pp	2024	Target 2030
Male	82.2	3.9	78.3	-
Female	83.2	2.4	80.8	-
Other	0.0	0.0	0.0	-
Total	82.5	3.5	79.0	≥80.0

Percentage until 2024 based on FTE, since 2025 based on headcount

The previous year's figures have been restated for better comparability. The joint venture Sunil SFS Automotive Parts Co., Ltd. was excluded, and the subsidiary Triangle Fastener Corporation was included (+6.4%).

Health and safety as core corporate values (S1-13)

A safe working environment is a key component of our corporate culture and firmly enshrined in our Sustainability guidelines. These obligate us to prevent workplace accidents and promote both the physical and mental health of our employees over the long term.

Progress made in accident rate

The SFS Group recorded an accident rate of 2.9 accidents per million working hours in the 2025 reporting year (PY 4.2). While we did not achieve our defined target of cutting the accident rate in half by 2025 compared to the 2020 reference year (4.7), we still made noticeable progress and kicked off a positive trend.

Vision Zero initiative proving effective

The systematic implementation of preventive actions as well as the Vision Zero initiative launched in 2024 are making a substantial contribution toward strengthening the safety culture and achieving the long-term target of zero accidents by 2030. The core actions include:

- Anonymous reporting channel and open feedback opportunities through the mySFS app, idea boxes and shop floor meetings
- Workplace accidents are analyzed, causes identified, corrective actions implemented where needed and lessons learned shared within the SFS Group
- Accident rate integrated into the individual performance review
- Internal awareness campaign
- Annual safety days and continuous awareness campaigns
- Unannounced safety walkthroughs to identify potential risks

These actions help identify hazards at an early stage, minimize risks and firmly establish safety awareness at all levels. Employees who submit safety-related reports are expressly protected from negative repercussions.

No serious workplace accidents in the reporting year

There were 80 workplace accidents registered in 2025 (PY 107). No serious injuries with long-term consequences were caused. The number of working days lost amounted to 1,264 days (PY 1,766), which corresponds to a decrease of –28%.

Management system and certification

The SFS Group uses a comprehensive health and safety management system based on international standards. 32 (PY 26) of the 117 ESG reporting locations are currently certified to ISO 45001.

The management system lays the foundation for continuous improvements to occupational health and safety and guarantees that all employees – regardless of region or function – benefit from the same high safety standards.

Work-related injuries and accident rate (limited assurance 2025)

	Unit	2025	+/-%	2024	Target 2030
Working hours employees	h million	25.3	7.7	23.5	-
Working hours non-employees	h million	2.4	14.3	2.1	-
Working hours	h million	27.7	8.2	25.6	-
Work-related injuries employees	#	76	-28.3	106	-
Work-related injuries non-employees	#	4	300.0	1	-
Work-related injuries	#	80	-25.2	107	-
Work-related injuries with high consequences employees	#	-	0.0	-	-
Work-related injuries with high consequences non-employees	#	-	0.0	-	-
Work-related injuries with high consequences	#	-	0.0	-	-
Fatalities employees	#	-	0.0	-	-
Fatalities non-employees	#	-	0.0	-	-
Fatalities as a result of work-related injuries and ill-health	#	-	0.0	-	-
Accident rate of work-related injuries for employees	#/h million	3.0	-33.3	4.5	-
Accident rate of work-related injuries for non-employees	#/h million	1.7	240.0	0.5	-
Accident rate of work-related injuries	#/h million	2.9	-31.0	4.2	0.0
Accident rate of work-related injuries "like-for-like"¹	#/h million	3.0	-28.1	4.2	-
Accident rate of work-related injuries with high consequences for employees	#/h million	0.0	0.0	0.0	-
Accident rate of work-related injuries with high consequences for non-employees	#/h million	0.0	0.0	0.0	-
Accident rate for work-related injuries with high consequences	#/h million	0.0	0.0	0.0	-
Fatality rate for employees	#/h million	0.0	0.0	0.0	-
Fatality rate for non-employees	#/h million	0.0	0.0	0.0	-
Fatality rate	#/h million	0.0	0.0	0.0	-
Number of cases of recordable work-related ill-health	#	1	0.0	-	-
Days lost to work-related injuries and ill-health	days	1,264	-28.4	1,766	-

The previous year's figures have been restated for better comparability. The joint venture Sunil SFS Automotive Parts Co., Ltd. was excluded, and the subsidiary Triangle Fastener Corporation was included (-0.2 million working hours; +0.1 work-related injuries intensity).

¹Percentage of employees covered by SFS health and safety system in 2025 at 100% (2024: 93.8%)

Work-related injuries resulting in an absence of at least one day

Work-related injuries with serious consequences resulting in a recovery period of at least six months

Discrimination incidents and human rights violations (S1-16)

Compliance system and actions to ensure integrity

SFS has a comprehensive compliance system in place to guarantee compliance with both the Code of Conduct as well as statutory and ethical requirements. This helps prevent violations, detect them at an early stage and deal with them. It is based on clearly defined structures and processes:

- Defining and regularly updating binding guidelines and internal standards
- Training sessions and e-learning modules on relevant compliance-related topics
- Integrating compliance-related content into the onboarding processes used for new employees
- Periodic newsletters and internal communication campaigns to raise awareness
- Annual reporting on compliance with the Code of Conduct to the Board of Directors
- Operating an anonymous, external whistleblowing system for employees, partners and suppliers; alternatively, internal reporting channels are also available
- Internal audit to review effectiveness and incorporation of compliance-related audit questions into internal audits

The compliance system focuses on eight core topics:

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

No incidents involving fines

In the reporting year, the Group Compliance Officer and the local Compliance Officers received 20 compliance reports (PY 16). After careful examination, 17 of those reports (PY 14) were confirmed as being compliance violations and appropriate corrective or disciplinary action was taken.

The violations found related largely to unethical conduct and other breaches of the Code of Conduct.

None of the confirmed cases resulted in provisions, fines or court cases. We have investigated and dealt with all reports with the exception of four cases that are still pending. Depending on the severity of the violations, the actions taken ranged from warnings under labor law to dismissals. Decisions regarding measures taken were made by the local Compliance Officers in consultation with the respective specialist units or the Group Compliance Officer.

SFS did not discover any human rights violations outside the topics mentioned above.

Three reports were submitted via the anonymous whistleblowing platform IntegrityLine in the reporting year (PY none).

Outlook

The SFS Group will continue to rigorously pursue and expand its commitment to safety, development and diversity in the years ahead as well. These efforts will revolve around continuously improving working conditions, fostering a learning organization and strengthening an open, inclusive corporate culture.

Systematic implementation of the Vision Zero initiative is increasingly shifting the focus to our goal of achieving an entirely accident-free working environment. At the same time, we will continue to refine the education and training programs to safeguard the long-term employability and innovative capacity of our workforce. Our focus is on fostering key skills for the future – particularly in the areas of digitalization, sustainability and leadership.

The promotion of diversity and equal opportunities remains another area of focus. SFS will continue its efforts to increase the percentage of women in management positions and promote diversity in all dimensions.

SFS conducts regular effectiveness assessments and engages in ongoing dialog with employees to ensure that progress in these topics remains measurable and makes a lasting contribution toward strengthening the Group's corporate culture and competitiveness.

Employees in the value chain (S2)

Supply chain management strengthened

In financial year 2025, the SFS Group further developed its management of environmental, social, and human rights risks in the supply chain. Of a total of 10,144 suppliers (PY 12,173), 6,496 were included in an abstract risk analysis. On this basis, an in-depth, specific risk analysis was carried out on 4,025 suppliers using a standardized questionnaire. The number of potentially critical suppliers was reduced from 621 in 2024 to 249 in 2025. By expanding our ESG monitoring and mandating the implementation of the new Supplier Code of Conduct, we have increased transparency within the supply chain and further strengthened the assessment of occupational health and safety, as well as child and forced labour.

SFS is committed to respecting international human rights along the entire value chain. This is based on the Universal Declaration of Human Rights, the core labor standards of the International Labour Organization (ILO), the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

Material topics identified in the value chain (S2-1)

The topics of occupational health and safety as well as the prevention of child and forced labor with respect to workers in the value chain were identified as material within the scope of the double materiality analysis. These topics are closely connected to SFS's human rights and social standards and have a significant impact on the integrity, resilience and sustainability of the entire supply chain.

Occupational health and safety in the value chain have a positive influence on employees' wellbeing and quality of life. SFS helps reduce accidents and work-related health hazards by rigorously complying with local labor laws, implementing our Supplier Code of Conduct and embracing responsible procurement practices. While previously implemented measures and management systems have reduced the risk of material negative impacts in the existing value chain, ensuring that suppliers adhere to uniform standards is an ongoing field of action.

Given the topics' strong relevance to human rights, the prevention of child and forced labor were classified as particularly material. Strictly preventing child labor plays a key role in protecting children's legal rights and wellbeing and ensures that ethical principles are upheld in all areas of the company. Likewise, efforts to actively combat forced labor are a way of preventing basic labor rights violations and ensure employment relationships that are both fair and voluntary.

Risks connected with working conditions in the value chain relate in particular to potential violations of internationally recognized standards for human rights and occupational health and safety. Cases of child or forced labor or inadequate occupational health and safety measures at suppliers' premises could result in considerable reputational damage, legal consequences and a loss of customer trust. Even if the probability of occurrence and financial impact are assessed as low due to established control mechanisms and preventive actions, maintaining high social standards continues to be a key component of our sustainable supply chain management.

By systematically implementing our Supplier Code of Conduct, audits and our collaborative partnerships with suppliers, SFS ensures that labor and human rights are respected and supported along the entire value chain.

Guidelines and management systems

These key topics are managed and implemented through clearly defined guidelines, management systems and training programs. Our Code of Conduct, the Supplier Code of Conduct and the Sustainability guidelines are key management instruments. These are supplemented by established management systems in accordance with ISO 14001 and ISO 45001, which ensure that continuous improvements are made with respect to the environment, health and safety.

We require our suppliers to fully comply with human rights laws. This obligation is an integral part of the supplier selection process and of the General Terms and Conditions of Purchase. Our guidelines are based on core principles including the ban on child labor in accordance with the EU Charter of Fundamental Rights and ILO Conventions 138 and 182, the ban on forced labor and human trafficking as well as the requirement to guarantee occupational health and safety in accordance with national and international provisions. Furthermore, the SFS Group promotes freedom of association as well as equal opportunities and non-discrimination along the entire supply chain.

Engagement, dialog and complaints mechanisms (S2-2)

SFS maintains a continuous dialog with its suppliers and business partners so that it can identify and assess human rights risks along the value chain at an early stage and work with suppliers and partners to implement effective preventive actions. It uses the following instruments for this:

- Regular supplier assessments on ESG topics (human rights, occupational safety, fair treatment, etc.)
- Participation in industry initiatives and networks to promote safe and decent working conditions
- Ongoing dialog with relevant stakeholders, including NGOs, authorities, customers and employee representatives

Complaints mechanisms and remediation process

SFS has a whistleblowing and complaints system available to employees, suppliers and external stakeholder groups. Reports can be submitted anonymously via an external platform or via internal channels. They are reviewed as follows:

- The preliminary assessment and coordination are handled by the Compliance Officer, who takes the CC ESG into consideration on topics related to human rights or the environment
- A structured investigation is initiated after receipt of a substantive complaint. If violations are substantiated, a corrective plan is prepared that defines specific corrective actions, deadlines and responsibilities.
- Affected parties – such as employees, suppliers or local stakeholder groups – are actively involved in action development and implementation to ensure that a fair and sustainable solution is found
- Implementation of the corrective actions is documented, regularly verified and evaluated within the scope of management reviews. Results are used to further develop the procurement and compliance processes.

Whistleblowers are protected from retaliation. All reports are treated confidentially and the system’s effectiveness is verified and documented on an ongoing basis.

Actions and resources (S2-3)

SFS is steadily expanding its global development and production platform within the framework of the local-for-local strategy. 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): 73.8% (PY 67.6%)
- ME (machines and equipment): 2.1% (PY 4.4%)
- OCE (oil, chemistry, energy): 1.7% (PY 2.5%)
- PACK (packing materials): 1.2% (PY 1.3%)
- SP (service provider): 8.0% (PY 6.7%)
- Tools: 1.9% (PY 3.0%)
- WOM (wire and other materials): 11.3% (PY 14.5%)

Global procurement amounted to approximately CHF 1.52 billion in the reporting year (PY approximately CHF 1.5 billion), with the procured goods coming from the following three regions:

- Asia 16.6% (PY 16.0%)
- Europe 76.3% (PY 70.9%)
- North America 7.1% (PY 13.1%)

Systematic supply chain management

The SFS Group has a comprehensive system for evaluating and managing social and environmental supply chain risks. This system is based on standardized methods and instruments:

Instrument/Measure	Objective	Status 2025
ESG risk checks	Identification of critical suppliers	64% of suppliers covered
Supplier assessments	Evaluation of social and environmental risks via questionnaire	4,025 suppliers actively monitored
Supplier Code of Conduct	Mandatory compliance with ethical standards	22.5% of suppliers with elevated ESG risk confirmed
On-site audits/third-party reviews	Control in case of increased risk	Ongoing implementation

Content of the supplier assessments

Our suppliers are evaluated using standardized questionnaires based on the self-declaration principle, taking into account both social and environmental criteria. These assessments are aimed at identifying risks in the value chain at an early stage and implementing improvements together with the suppliers.

The assessments cover the following key topics:

- Anti-corruption and anti-bribery
- Carbon footprint
- Conflict minerals
- Cyber security
- Environmental protection
- Human and labor rights
- Occupational health and safety
- REACH (Registration, Evaluation, Authorization and Restriction of Chemicals)
- Responsibility in the supply chain
- RoHS (Restriction of Hazardous Substances)
- Supplier Code of Conduct

Further increase in number of assessed suppliers (S2-4)

SFS's supplier network had 10,144 contacts (PY 12,173) in the reporting year. Of these, approximately 64% (PY 51.2%) were registered on the online assessment platform and were monitored using an abstract or specific risk analysis.

- Abstract risk analysis: evaluation based on country and sector-specific codes as well as publicly accessible ESG metrics to create a preliminary risk profile
- Specific risk analysis: detailed assessment through the use of topic-specific questionnaires on environmental, social and governance aspects
- In 2025, we evaluated 6,496 suppliers in abstract terms and thereof 4,025 suppliers in specific terms
- The response rate for the specific risk analysis was approximately 85% (PY 81%)

Risk analysis results

The results of the specific risk analyses for the reporting year show a largely stable risk situation in environmental and social terms. Most of the suppliers assessed were classified as non-hazardous. The number of potentially critical cases was reduced further in both areas – environmental and social.

This development is attributable to the following factors:

- Higher participation rate and improved data quality for supplier assessments
- Improvement in suppliers' awareness of sustainability requirements and corresponding improvement actions
- Supplier portfolio adjusted: suppliers without an active business relationship were excluded from the scope of the assessment

Ongoing sustainability monitoring also revealed that 97% (PY 98%) of the registered suppliers did not have any critical ESG news.

Monitoring and progress assessment

SFS uses standardized ESG metrics (KPIs) to measure progress; these include the percentage of suppliers assessed, the percentage of uncritical assessments and the year-over-year change in the risk category. Analyses are carried out quarterly, with the overall assessment forming part of annual sustainability reporting.

The target is to keep the percentage of critical suppliers at $\leq 5\%$ in the long term and to address deviations at an early stage. We provide targeted support to suppliers considered to be potentially critical to define specific improvement actions, monitor their implementation and document progress.

Supplier assessment results

	2025	+/-%	2024	Target 2030 %
Suppliers that have been assessed in abstract terms for negative environmental and social impacts in the supply chain	6,496.0	1.7	6,387.0	≥ 90.0
thereof suppliers who were specifically investigated for negative environmental and social impacts in the supply chain.	4,025.0	2.3	3,933.0	–
thereof suppliers investigated for negative environmental impacts in the supply chain	3,600.0	11.0	3,243.0	–
none of which pose an increased ESG risk	3,351.0	27.8	2,622.0	–
of which with increased ESG risk	249.0	–59.9	621.0	≤ 5.0
thereof suppliers investigated for negative social impacts in the supply chain	3,506.0	11.5	3,144.0	–
none of which pose an increased ESG risk	3,398.0	33.7	2,542.0	–
of which with increased ESG risk	108.0	–82.1	602.0	≤ 5.0
thereof critical suppliers blocked for future orders due to insufficient evaluations	2.0	–80.0	10.0	–
New suppliers screened based on ecological and social criteria	42.0	20.0	35.0	–
Share of suppliers with increased ESG risk who have signed the Supplier Code of Conduct in %	22.5	90.7	11.8	100.0

Prevention of child and forced labor

We have a zero-tolerance policy in relation to all forms of child and forced labor. The employment of children under the statutory minimum age is strictly prohibited. Cases of suspected forced labor, modern slavery or human trafficking are rigorously investigated. If violations are found, SFS immediately takes suitable corrective action, which may extend to the termination of the business relationship.

Occupational health and safety

The health and safety of employees throughout the entire value chain is a top priority for SFS. Risks in the supply chain are systematically minimized through sustainable procurement and technical innovations. SFS additionally promotes the exchange of best practices between the locations and partners with the goal of continuously improving working conditions and safety standards.

Outlook

The SFS Group will continue to systematically expand its management of environmental, social and human rights risks in the value chain. These efforts will focus on continuously improving the dataset, standardizing risk analyses and expanding supplier assessments. By the end of 2026, ESG risk assessments are expected to be extended to around 80% of the supplier portfolio.

In this context, targeted measures will be taken to intensify collaboration with suppliers to ensure transparency, traceability and compliance with the Supplier Code of Conduct. Through regular assessments, training, and audits, we aim to further consolidate improvements in occupational health and safety and the prevention of child and forced labor.

Business conduct (G1)

Value-oriented corporate governance

SFS embraces a moral and value-based corporate governance in order to ensure transparency and fairness in the long term. The Group strengthened its compliance system during the reporting year by implementing the updated Code of Conduct, providing targeted training and continuing to perform internal audits. There were once again no incidents related to corruption or bribery. This underscores the SFS Group's commitment to consistently implementing high standards in its corporate culture and business ethics and refining them on an ongoing basis.

Responsible business conduct lays the foundation for the sustainable and long-term success of the SFS Group's business activities. We are committed to ethical and moral business conduct in compliance with the OECD Guidelines and the Ten Principles of the United Nations Global Compact. In this context, SFS takes great care to respect the interests of the company, its employees, society and the environment. For us, compliance with laws and regulations is a given. We respect cultural, social, political and legal diversity in all countries where we operate and expect the same of our business partners.

Material topics identified

The topics corporate culture and prevention and detection of corruption and bribery were identified as material for the SFS Group within the scope of the double materiality analysis. These topics are of great strategic importance as they contribute directly to the Group's stability, credibility and reputation while also laying a solid foundation for sustainable growth.

Positive corporate culture strengthens trust

A corporate culture that is strong and focused on social aspects is also one that promotes integrity, a sense of responsibility and mutual trust among employees. It encourages people to act ethically, to address shortcomings openly and to collaborate to find solutions. It helps strengthen employees' motivation and innovative capacity while also making SFS a more attractive employer. A corporate culture that is put into practice also strengthens the trust of external stakeholders and has a positive effect on cooperation with customers and suppliers. Since this opens up opportunities in the form of higher employee retention as well as lower recruitment and turnover costs, SFS views its positive corporate culture as a clear competitive advantage.

Training raises awareness of how to handle corruption and bribery

SFS also sees an enormous responsibility with respect to anti-corruption and anti-bribery. We ensure that our business operations are based on integrity and fairness by systematically implementing measures to prevent, detect and deal with potential incidents. Regular training, a clearly defined compliance system and easily accessible communication channels promote awareness among all employees and minimize potential risks. At the same time, our approach to potential violations shows that SFS consistently stands for transparency, responsibility and legal compliance – both within its own organization and along the value chain.

From a financial perspective, poor corruption prevention engagement or inadequate responses to incidents along the supply chain can result in reputational damage, a loss of trust and legal consequences. Due to the Group's robust compliance system, regular training and a well-established reporting procedure, the risk of such incidents is classified as low.

Guidelines on responsible business conduct (G1-1)

The SFS Group is committed to high ethical standards and has binding specifications to ensure integrity, transparency and fairness in day-to-day business. These are enshrined in SFS's [Code of Conduct](#), [Sustainability guidelines](#), privacy policy, integrity guidelines and in its [Supplier Code of Conduct](#).

Anti-corruption and anti-bribery

SFS has a zero-tolerance policy in relation to corruption and bribery that is supported by internal guidelines and training. Gifts, invitations and gratuities may only be given within the context of collaborative partnerships and in line with country-specific customs; they must not influence any decisions.

Unfair acts such as paying bribes, granting undue advantages or price fixing are strictly prohibited. All commissions and discounts granted in the course of business must be documented in full. This principle applies to all employees and business partners around the world. Political contributions and charitable donations are made transparently and in accordance with the law.

Whistleblowing and protection against retaliation

Employees and external stakeholders can report violations of laws or internal regulations anonymously and without fear of retaliation. Reports can be submitted both via internal and external channels (e.g. compliance@sfs.com, the mySFS employee app or the [whistleblowing system](#)) and will be handled confidentially. This puts SFS in compliance with the requirements of the EU Whistleblowing Directive.

Fair supplier relationships

Suppliers are selected based on objective criteria such as price, quality, reliability and sustainability. The Supplier Code of Conduct requires all partners to abide by high ethical, social and environmental standards in line with the protection of human rights as set out in the UN Global Compact and the core labor standards of the ILO. Suppliers also have the chance to report abuses both anonymously and non-anonymously ([whistleblowing system](#)).

Measures to prevent and detect corruption and bribery (G1-2)

To implement its guidelines, SFS has established a comprehensive compliance system that focuses not only on preventing and detecting possible violations but also on handling them. This system includes mandatory processes, training, audits and confidential reporting channels, and covers the following key topics: anti-corruption, antitrust law, data protection, foreign trade, human rights, information security, insider trading and the protection of personal integrity.

As part of the onboarding process, all new employees complete a mandatory e-learning module on the Code of Conduct that also addresses the topic of anti-corruption. A quarterly, group-wide compliance newsletter additionally provides information about current case studies, developments and preventive actions.

No formal training on anti-corruption and compliance-related topics is currently being offered to members of the Board of Directors; the relevance of a future Board-level training session is being examined, however, and it will be implemented as needed in the next few years.

So far, procurement has not been systematically incorporated into the ESG or supplier compliance training. An expansion of the training content to include procurement and supplier management processes is currently being planned with the goal of raising corruption and

bribery risk awareness in this functional area in the future and providing training on sustainable procurement practices.

SFS also operates an easy-to-access whistleblowing system that enables employees and external partners to anonymously report potential violations through multiple channels. All reports are treated as confidential and retaliation against whistleblowers is expressly prohibited.

Compliance audit identifies fields of action

SFS conducted two internal compliance audits during the reporting year – one in India and another in Germany. Both audits concentrated on the implementation of data protection measures and identified optimization potential with respect to documentation obligations, in particular, as well as training activities. Suitable improvement actions were developed for both locations in close collaboration with the Group Data Protection Officer.

Internal compliance audits provide SFS with an effective tool for identifying opportunities and risks at an early stage. Further compliance audits will be conducted at several locations again in 2026 as part of the financial audits. The insights gained are included in the annual compliance report submitted to the Board of Directors and help us make continuous improvements to our compliance system.

Targets and progress (G1-3)

The SFS Group's goal is to guarantee moral business conduct at all times and raise compliance awareness throughout the entire company.

Operational priorities:

- No compliance violations resulting in legal proceedings or fines
- No incidents of corruption
- Provide training to all risk-relevant functions
- Expand annual compliance audits

Strategic priorities:

- Strengthen the corporate culture and culture of integrity
- Develop the compliance system
- Expand transparent reporting

The focus during the reporting year was on providing Code of Conduct training to new employees during the Welcome Days event. All employees are also required to complete the new e-learning module on the updated Code of Conduct by the end of 2026. Training sessions on antitrust law were additionally provided to select new employees in Switzerland to prepare them for their functions.

New Code of Conduct implemented

The SFS Group fully revised its Code of Conduct and implemented this new Code across the Group during the 2025 financial year. It is aimed at all employees and – together with the [Corporate Principles](#) – lays the foundation for moral and sustainable corporate development. Both documents are available in more than ten languages and provide all employees with comprehensive guidance on what constitutes responsible conduct.

Supplier Code of Conduct integrated into Terms and Conditions of Purchase

Our Supplier Code of Conduct strengthens our commitment to fair and responsible business relationships along the entire supply chain. An ESG-based risk analysis was performed during the reporting year for all suppliers that account for 90% of our purchasing volume. Based on the results of this analysis, 160 business partners were classified as suppliers with increased ESG risk. By the end of the reporting year, 36 of these suppliers had confirmed their adherence to the Code of Conduct for Suppliers.

Metrics on incidents of corruption or bribery (G1-4)

There were 20 compliance reports received during the reporting year (PY 16). Of those, 17 were substantiated following a thorough examination; none of them were related to corruption or bribery. There were no sentences or fines imposed due to violations of anti-corruption laws. All confirmed cases were investigated and closed with appropriate action taken.

Summary and outlook

SFS has a well-established, effective system for preventing, identifying and punishing corruption and bribery. Training, clear guidelines and accessible reporting channels ensure that the zero-tolerance principle is implemented.

For the coming reporting periods, we plan to further develop existing training programs, gradually expand the scope of internal audits, and further improve transparency and compliance processes along the value chain. Particular focus is placed on suppliers with increased ESG risk.

ESRS 2 – General disclosures

General basis for preparation of sustainability statements (BP-1)

Basis of reporting and framework conditions

This Sustainability Report has been prepared in reference with the Global Reporting Initiative (GRI) and is based on the requirements set out in the European Sustainability Reporting Standards (ESRS, Draft from July 31, 2025). All of the disclosures in the Sustainability Report are either based on the results of our double materiality analysis (DMA) or must be mandatorily disclosed in accordance with statutory requirements.

Consolidation scope and reporting period

The Sustainability Report has been prepared on a consolidated basis and comprises the relevant data for the financial year from January 1 to December 31, 2025. The consolidation scope of the Sustainability Report is generally consistent with the consolidated financial statements in accordance with Swiss GAAP FER and comprises all of the companies controlled by SFS. Any deviations from this are disclosed in the respective accounting principles. The consolidated financial statements have been prepared in accordance with Art. 48i and are applicable. An overview of the companies included can be found in the [Financial Report 2025](#).

Statement

The SFS Group has taken into consideration the general requirements of ESRS 1 in the preparation of its sustainability statement and, in doing so, has applied the following provisions in accordance with ESRS 2 section 5:

- Application of significant discretionary decisions and information subject to considerable uncertainty (ESRS 1 section 86)
- Application of easements if the company discloses metrics that are not complete (ESRS 1 section 91)
- Changes in the preparation or presentation of sustainability information (ESRS 1 section 95)
- Reporting of errors in prior periods (ESRS 1 sections 96 and 97)
- Presentation of additional information (ESRS 1 sections 108 and 109)
- Use of easements for metrics in the value chain (ESRS 1 section 92)

Specific information in relation to phasing-in options (BP-2)

Time horizons

The time horizons used in this report are consistent with the definitions set out in ESRS 1:

- Short term: within the reporting year (in correspondence with the annual financial statements)
- Medium term: from the end of the short-term time horizon to a maximum of five years
- Long term: more than five years

Accounting policies

The accounting policies described in the report have been applied consistently for the reporting year and for comparison figures, where relevant.

The climate-related disclosures in accordance with TCFD are provided in the form of a PDF document in the reporting year and can be found in chapter [ESRS E1](#).

Method for calculating greenhouse gas emissions

Environmental data for 117 locations was collected in the reporting year. The locations not included cause less than 3% of the total greenhouse gas emissions. The period under review is equivalent to the calendar year, with the data for December being estimated.

Greenhouse gases (Scope 1, 2 and 3) are calculated in accordance with the GHG Protocol (Corporate Accounting and Reporting Standard). The Global Warming Potential (GWP) factors used are based on the sixth IPCC Assessment Report (AR6). The emissions were calculated with the help of the REGIS expert system using secondary data from ecoinvent database version 3.12.

Scope 1

Scope 1 emissions include direct emissions from burning fossil fuels (including natural gas, heating oil, propane and methanol), using 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 doing so, certificates of origin (Energy Attribute Certificates), contractually agreed energy mixes and – if no certificates existed – country-specific residual or market mixes were taken into consideration. In addition, location-based Scope 2 emissions were calculated.

Scope 3

Scope 3 emissions were calculated for all of the relevant categories based on secondary data (ecoinvent, average data method):

- Category 1: Purchased goods and services (raw materials, trading goods, packaging); outsourced services were not taken into consideration due to their immateriality
- Category 2: Capital goods based on annual expenditure, allocated to defined activity baskets taking regional factors into consideration
- Category 3: Fuel and energy-related activities based on Scope 1 and Scope 2 data
- Categories 4 & 9: Upstream and downstream transport and distribution, calculated on the basis of weight, distance and means of transport; extrapolations were used in instances of gaps in the data
- Category 5: Waste generated in operations, based on the type of waste, volume of waste and disposal procedure
- Category 6: Business travel, based on the distance and means of transport
- Category 7: Employee commuting, extrapolated based on random samples and the number of FTEs
- Category 8: Upstream leased assets (already included in Scope 1 and 2)
- Category 10: Processing of sold products (not material)
- Category 11: Use of sold products; emissions are model-based and rounded due to uncertainties
- Category 12: End-of-life treatment of sold products, based on the material composition, weight and disposal methods; emissions are rounded
- Category 13: Downstream leased assets (not material)
- Category 14: Franchises (not applicable)
- Category 15: Investments; pro rata emissions of the Sunil SFS Automotive Parts Co., Ltd. joint venture
- Other Scope 3 emissions: Road infrastructure, included in the secondary data used

Estimates, assessments and uncertainties

Where primary data was unavailable, secondary data, estimates and extrapolations were used, especially for greenhouse gas emissions and for locations for which environmental data was not able to be collected in full. The underlying assumptions are disclosed in the relevant sections.

Estimates are based on industry benchmarks, emissions factors and conservative assumptions. The resulting uncertainties arise in particular from the limited availability of data from upstream suppliers. The data quality is continuously being improved.

External assurance

The following metrics have been externally validated by Ernst & Young within the framework of the sustainability reporting:

- Scope 1, 2 and 3 greenhouse gas emissions
- Energy consumption
- Accident rate
- Further data on the workforce

These are marked accordingly in the respective tables with “limited assurance 2025.”

The Financial Report and the Compensation Report were audited by PricewaterhouseCoopers AG as statutory auditor.

The role of the administrative, management and supervisory bodies in relation to sustainability (GOV-1)

Clearly defined governance structure

Responsibility for ESG topics is clearly defined within the SFS Group and enshrined at every level:

Board of Directors and Audit Committee

- 75% independent members, 25% women
- Approve the sustainability strategy and the Sustainability Report
- Monitor compliance with statutory requirements and the quality of reporting
- Incorporate material ESG aspects into strategic decisions and group-wide risk management (especially for investments, M&A activities and regulatory developments)

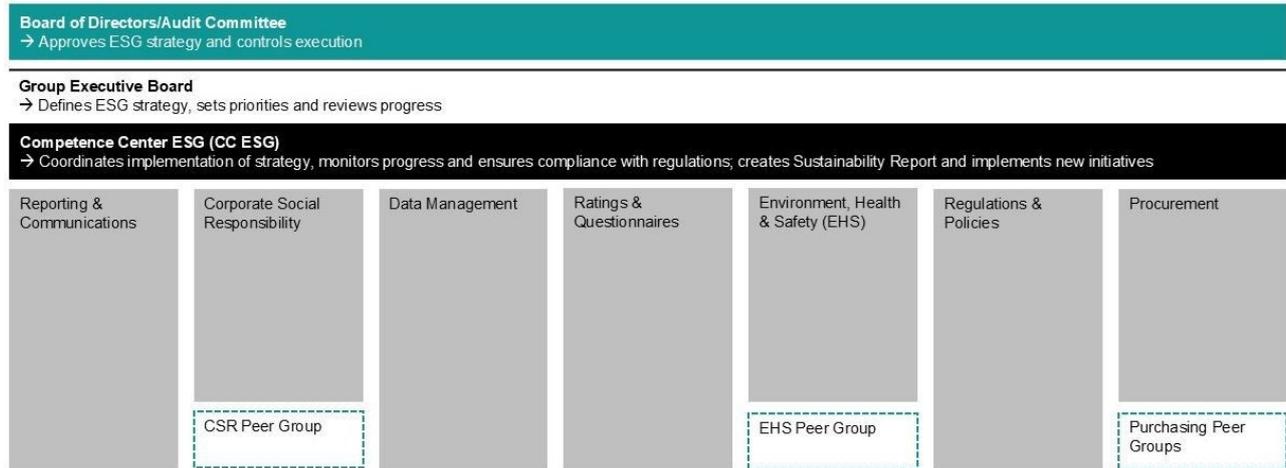
Group Executive Board (GEB)

- Is responsible for the content of the strategy
- Sets priorities, makes strategic decisions and reviews results and findings
- Sets and monitors ESG targets under the supervision of the Board of Directors

Competence Center ESG (CC ESG)

- Coordinates the group-wide implementation of the ESG strategy
- Monitors progress, initiates projects and ensures regulatory compliance
- Prepares the annual Sustainability Report
- Guarantees data quality, consistency and plausibility using the ESG reporting
- Organized into specialist areas such as Reporting & Communications, Corporate Social Responsibility, Data Management, Ratings, Environment Health & Safety, Regulations & Policies and Procurement
- Promotes group-wide exchanges and the further development of ESG-relevant topics via Peer Groups

This governance structure ensures that ESG topics are enshrined in strategy, implemented in operations efficiently and continuously adapted to new opportunities, risks and impacts (see also graphic below).



ESG governance structure

Material IROs in the reporting period

The following material sustainability topics and IROs were dealt with by administrative, management and supervisory bodies in the reporting year 2025:

- Climate change and CO₂ reduction (Scope 1–3)
- Energy consumption and efficiency
- Sustainable solutions and the circular economy
- Pollution in the value chain
- Training and education
- Diversity, equality and inclusion
- Supply chain due diligence and human rights risks
- Business ethics, integrity and compliance
- Occupational health and safety

A detailed overview of the priority ESG topics and IROs can be found in this chapter under [“Interaction between material financial impacts, risks, and opportunities with strategy and business model \(SBM-3\)”](#) ff. and [“Material impacts, risks, and opportunities as well as disclosure requirements in the sustainability statement \(IRO-2\)”](#) and in the [Management Report](#).

Further information on qualifications and ESG expertise (GOV-1 und GOV-2)

Information on the members of the Board of Directors and the Group Executive Board, including resumes, qualifications and ESG-relevant expertise, can be found in [section “Board of Directors”](#) ff. of the Corporate Governance Report and in the [GRI ESRS Interoperability Index](#) (see GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-16, 2-17, 2-18, and 2-26).

Inclusion of sustainability-related performance in incentive systems (GOV-2)

Group of people	Type of compensation	Sustainability-related performance criteria	Weighting	Definition and assessment
Group Executive Board	Variable cash compensation, variable share-based compensation	CO ₂ reduction, renewable energies, occupational health and safety, equal treatment, training and education	Approx. 5% of variable cash compensation	Defined by the Board of Directors or the CEO, annual review and assessment by the Board of Directors
Board of Directors	Fixed basic fee, committee compensation, fixed number of SFS shares	No sustainability-related performance criteria included in the compensation	–	Compensation is defined annually by the Board of Directors and approved by the Annual General Meeting

Further details on the integration of sustainability-related performance in incentive schemes can be found in the [Compensation Report](#).

Statement on due diligence (GOV-3)

The SFS Group has implemented a process for fulfilling its obligation to carry out due diligence as regards human rights and environmental issues in accordance with the OECD Guidelines for Multinational Enterprises and the principles of the UN Global Compact. This process extends to both its own business operations and the entire value chain.

The obligations to carry out due diligence as regards human rights and environmental issues are integrated into the SFS business processes. This includes the following components:

- The regular performance of supplier assessments in relation to social and environmental criteria
- A group-wide mandatory Code of Conduct and a Supplier Code of Conduct
- A systematic ESG risk analysis, which assesses the likelihood of occurrence and loss amount of risks
- Compliance audits at selected locations
- A comprehensive compliance system including anonymous reporting channels and a whistleblowing system for internal and external stakeholders

The effectiveness of environmental measures is monitored using defined key figures and target values. Deviations are analyzed and, if necessary, lead to adjustments to the measures. Both the implementation and the effectiveness of the measures are reviewed regularly.

With the aim of identifying, assessing and managing material risks and impacts, risk analyses are carried out, compliance reports are evaluated and measures are derived on an annual basis. External stakeholders are also regularly involved in this process, such as within the DMA, in dialogs with customers, suppliers and investors, as well as in targeted informational and participatory events.

SFS is expressly committed to respecting human rights and disapproves of all forms of child or forced labor. Compliance with these principles is a mandatory component of business operations and is set out in our sustainability guidelines and our Code of Conduct; it is also a prerequisite for working together with business partners. (see also [ESRS G1](#)).

Risk management and internal controls over sustainability reporting (GOV-4)

To ensure the quality and reliability of sustainability reporting, the SFS Group has established an internal management and control system for ESG-relevant information. Responsibility for sustainability reporting lies with the CC ESG, which manages the collection, consolidation and verification of the ESG data centrally.

In order to ensure completeness and consistency, all of the relevant metrics and qualitative information are validated. This includes a review by the specialist departments and the CC ESG as well as approval by the Group Executive Board and subsequently by the Board of Directors. The internal control system is reviewed on an annual basis and adapted where necessary. In addition, an external auditor is mandated for defined metrics. The governance and monitoring processes for controlling the ESG report data and for ensuring compliance with the ESRS requirements are components of the annual ESG report to the Board of Directors.

Strategy, business model and value chain (SBM-1)

Value chain

The SFS Group value chain comprises:

- Upstream levels: raw materials suppliers, materials and components suppliers, and logistics and IT service providers
- Internal level: Development, Production, Assembly, Quality Management, Distribution and Logistics
- Downstream levels: customers from the automotive, electronics, medical devices and construction industries as well as industrial manufacturing and end customers via the indirect distribution channel

All SFS activities are classified as sectors with high climate impact within the meaning of the ESRS and are covered by the following NACE codes: C25.11, C25.94, C29.32, C32.50, G46.62, G46.64.

The SFS Group strives to consistently respect environmental and social standards along the entire value chain and fulfill its due diligence obligation by means of suitable instruments (e.g. supplier audits and the rollout of the Supplier Code of Conduct).

Sustainability in the corporate strategy

Sustainability is firmly enshrined in the corporate principles and the Code of Conduct as part of our DNA and is a strategic driver within our value engineering approach. SFS uses an integrated approach to create innovative, resource-efficient and socially responsible solutions for customers and partners.

Interaction between sustainability and the strategy and business model

The ESG-relevant aspects have a considerable influence on the development of new products, the selection of suppliers, production operations and leadership. This takes into account the impact on environmental and climate issues, social and employee issues, respect for human rights, and aspects of responsible corporate governance. Scorecards are used to systematically evaluate product development in respect of environmental and social criteria. Furthermore, the strategic focus on low-emission processes, the circular economy and digitalization have an impact on efficiency gains along the entire value chain.

Changes in the strategy and business model

The following material changes were made in the reporting year 2025:

- Expansion of the sustainability goals to include new target values for CO₂ reduction in accordance with the SBTi
- Expansion of the targets in relation to the transparent value chain (further information on this topic is provided in section [ESRS S2](#))
- Expansion of the training offering by means of a new e-learning platform
- Greater emphasis placed on ESG criteria in the product development process by means of mandatory scorecards for new products

Compare also [strategy](#).

Interests and views of stakeholders (SBM-2)

The SFS Group engages in a continuous and structured dialog with a variety of internal and external stakeholders. The aim is to systematically establish and evaluate their expectations and views on key sustainability topics and incorporate these into corporate decision-making and management processes.

Main stakeholders and their expectations

The main stakeholders for us have been identified as part of a stakeholder analysis and comprise the following:

Stakeholder group	Expectations/ interests	Dialog formats	Influence on SFS	Influence of SFS
Employees	Working conditions, compensation, development, security, participation	Employee surveys, team events, CSR initiatives, intranet	Innovative capacity, productivity, employer attractiveness	Work and life quality, career prospects
Management	Target achievement, efficiency, employee satisfaction, innovation	Management meetings, strategy workshops, further training	Strategy implementation, management of ESG topics	Framework conditions, resources, ESG requirements
Shareholders and investors	Increase in value, ESG transparency, risk management, dividends	Annual General Meeting, investor meetings, roadshows, reports	Capital, strategic focus, governance	Shareholder value, dividends, ESG performance
Customers	Quality, reliability, sustainability, innovation	Customer meetings, trade shows, feedback systems	Market success, innovation, reputation	Product quality, service, sustainable solutions
Suppliers and supply chain employees	Partnership, fair conditions, plannable orders, sustainability	Supplier audits, IntegrityNext questionnaires, dialog formats	Quality, innovative capacity, supply security	Collaborations, ethical standards, sales volumes
Authorities and regulatory bodies	Legal certainty as well as environmental, work and tax conformity	Meetings with authorities, reports, events	Regulatory requirements, market access	Tax revenue, jobs, compliance
Society, municipalities, NGOs	CSR, environmental protection, local engagement	Events, fundraising campaigns, sponsorship, dialog formats	Acceptance, reputation, location quality	Public welfare, education, regional projects
Media	Transparent information	Interviews, media conferences, media releases	Public perception, image	Access to information, positioning
Universities and educational institutions	Cooperations, practical projects, promotion of young talent	MINT projects, presentations, dual study program, facility visits	Innovation, young skilled staff	Educational offerings, practical relevance, career opportunities
Industry and sustainability associations	Industry networks, standards, sustainability initiatives	Association work, meetings, working groups, industry events	Industry standards, political framework conditions	Exchange of experiences, standardization, industry reputation
Nature/environment	Conservation of resources, climate protection, biodiversity	Environmental reports, environmental management systems, sustainability projects	Raw material availability, local conditions, risks	CO ₂ emissions, biodiversity contribution, protection of resources

Focus on key external ratings

In 2025, SFS was assessed within the scope of the following external ratings or participated in the following assessments:

Rating/questionnaire	2025 rating	2024 rating	2023 rating	Scale
CDP (climate questionnaire)	B	B	B	A to F
EcoVadis (ESG questionnaire)	In assessment	Bronze (64/100)	Silver (63/100)	Platinum to Bronze
Ethos	B+ (51/100)	B+ (47/100)	A- (51/100)	A+ to C-
Inrate, zRating	66/100	66/100	69/100	100 to 0
ISS	C	C-	D+	A+ to D-
MSCI	A	A	AA	AAA to CCC
Supplier Assurance (SAQ 5.0)	In assessment	B88 (location in Heerbrugg, CH)	B86 (location in Heerbrugg, CH)	A to D, 100 to 0
Sustainalytics	ESG risk status: high, 33.1	ESG risk status: high, 30.2	ESG risk status: medium, 26.3	Negligible to severe
UN Global Compact	Active	Active	Active	Active – inactive – not reporting

Dialog and inclusion formats

The SFS Group maintains a wide range of communication and dialog formats, including:

- Employee surveys, employee meetings, training sessions and CSR initiatives (such as the Social Days)
- Management meetings, workshops and further training
- Annual General Meetings, investor meetings and roadshows
- Customer and supplier meetings, trade shows and feedback systems
- Cooperations with universities and educational institutions
- Regular media discussions and releases
- Involvement in associations, interest groups and industry initiatives

Consideration of stakeholder interests in strategy and management

The outcomes of stakeholder dialogs are systematically incorporated into the corporate strategy and sustainability management:

- Double materiality analysis with the involvement of all of the relevant stakeholder groups
- ESG reporting to administrative, management and supervisory bodies as well as to the CC ESG
- ESG communication via reports, dialog formats and digital channels
- Integration of stakeholder expectations in product development, the value chain and HR strategy

Changes to and impacts on stakeholder relationships

By enshrining ambitious ESG targets (including CO₂ reduction, employee development and health protection) in the Group's strategy and signing up to the SBTi, strategic decisions were made that influence existing stakeholder relationships:

- Customers: improving customer loyalty through products with long-term added value
- Employees: increasing motivation and loyalty through attractive working conditions
- Investors: maintaining existing business relationships and gaining new responsible investors through increased transparency
- Society and the environment: improving the Group's reputation and level of acceptance through active environmental and social projects

Flows of information to administrative, management and supervisory bodies (SBM-2, Abs. 43 a–c)

With the aim of regularly taking the interests of stakeholders into account, the following communication and reporting channels have been established:

- Stakeholder surveys and feedback evaluations with reports submitted to the Board of Directors and the Group Executive Board
- Quarterly ESG reports and annual sustainability reports for the Group Executive Board and the Board of Directors
- Direct dialog between the Group Executive Board, the CC ESG and stakeholders
- The CC ESG, which reports regularly to the Group Executive Board and reviews new regulatory requirements

Material financial impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)

The SFS Group regularly analyzes and assesses the material impacts of its business operations on the environment, society and the economy, as well as the resulting risks and opportunities (IROs). These are systematically aligned with the corporate strategy and the business model, forming the basis for taking new strategic directions and making investment decisions.

Identification of the material IROs

As part of the double materiality analysis carried out in 2024, the main IROs were identified, taking into consideration stakeholder perspectives, regulatory requirements and the Group's strategic targets.

Environmental topics: Climate change and energy efficiency

Impacts: global warming and the CO₂ footprint along the value chain

Risks: increased energy costs, supply uncertainties and physical asset risks due to natural disasters

Opportunities: cost savings due to energy efficiency, a competitive advantage due to low-CO₂ products and processes, and positive positioning due to SBTi targets

Planned steps to be taken:

- Implementation of the SBTi-compliant climate strategy (short-term and long-term target by 2030 respectively 2050)

Environmental topics: Air and soil pollution

Impacts: negative impact on the environment and health due to emissions (e.g. particulate matter, VOCs and NO_x) and damage to the local air quality in production regions

Risks: stricter legal emissions limits and regulatory costs, as well as reputational risks due to negative impacts on residents and the environment

Opportunities: efficiency gains through low-emission technologies and processes, competitive advantages due to more environmentally friendly production and certifications, as well as improved relationships with stakeholders (authorities, municipalities and customers)

Planned steps to be taken:

- Reduction of volatile organic compounds (VOCs) through process optimizations
- R&D into the use of low-emission technologies and filtration systems
- Establishment of a group-wide monitoring system for air emissions

Environmental topics: Circular economy and conservation of resources

Impacts: consumption of resources and waste generated along the entire value chain

Risks: costs due to the inefficient use of resources, compliance violations and reputational damage

Opportunities: increase in competitiveness due to sustainable product designs and recycling solutions

Planned steps to be taken:

- Promotion of product and process optimizations as regards material efficiency and recyclability
- Development of modular and reusable products in selected areas

Social topics: Occupational health and safety of our own workforce

Impacts: employee wellbeing and the reduction of occupational accidents

Risks: production outages, reputational damage and costs caused by lost working days

Opportunities: productivity gains, improved employer reputation and increased employee retention

Planned steps to be taken:

- No occupational accidents by 2030

Social topics: Training and dual education of our own workforce

Impacts: retention of skilled workers and innovative capacity

Risks: a lack of skilled workers and a reduction in competitiveness

Opportunities: positioning as an attractive employer and greater innovative capacity

Planned steps to be taken:

- Permanently 5–7% of employees worldwide to be enrolled in dual education and training programs
- Permanently fill 70% of management positions with internal candidates

Social topics: Diversity of our own workforce

Impacts: contribution to equal opportunities and social justice, as well as an improvement of innovative capacity through different perspectives

Risks: loss of competitiveness due to homogeneous teams, reputational damage in the case of a lack of diversity and inclusion, and difficulties in attracting employees in a global environment

Opportunities: increased attractiveness as an employer through a diverse and inclusive culture, better decision-making processes due to diverse teams and an increase in resilience to societal changes

Planned steps to be taken:

- Increase of the percentage of women in management roles and on the Board of Directors
- Systematic monitoring of diversity metrics

Social topics: Occupational health and safety and the prevention of forced and child labor of workers in the value chain

Impacts: influence on working conditions and human rights at suppliers and a contribution to health protection and a safe working environment

Risks: reputational damage due to human rights violations or breaches of labor law; disruptions in the supply chain due to social conflicts or misunderstandings, and liability risks on the grounds of international due diligence obligations

Opportunities: improvement of resilience and stability in the supply chain as well as the establishment and retention of long-term trusting relationships with suppliers

Planned steps to be taken:

- Continuation of the implementation of the Supplier Code of Conduct
- Performance of risk analyses and audits along the supply chain
- Establishment of training and support programs for suppliers

Governance topics: Responsible business conduct

Impacts: company reputation, compliance and stakeholder trust

Risks: damage to the Group's image and financial loss due to non-compliance and ethical violations

Opportunities: improvement of employer and capital market attractiveness as well as resilience

Planned steps to be taken:

- Compliance training courses and internal audits
- Expansion of the compliance management system

Link to strategy and the business model

The identified IROs are closely linked to the business model and the strategic focus of the SFS Group. Sustainability is an integral part of the value engineering approach and shapes product development, internal processes and supply chain management. The ambitious targets in the areas of emissions reduction, the efficient use of raw materials, occupational safety and further training form the basis for a sustainable and future-proof corporate strategy, safeguard competitiveness and increase resilience to external ESG risks.

Consideration in management and decision-making processes

The results of the IRO assessment are communicated to the Board of Directors and Group Executive Board on an annual basis. The CC ESG, which is active across the Group, ensures that measures are derived and implemented and the achievement of targets is systematically tracked. The IRO analysis is an integral part of the annual strategy review and investment planning.

Description of the process to identify and assess material impacts, risks and opportunities to be reported on (IRO-1)

In accordance with the CSRD and ESRS requirements, we have implemented a systematic process to identify and assess the material impacts, risks and opportunities (IROs). This process adheres to the principle of double materiality and takes into consideration both the impacts of our company on the environment and society (impact materiality) as well as the impacts of external sustainability topics on our business operations, financial situation and performance (financial materiality).

The double materiality analysis (DMA) encompasses all of the relevant locations and business activities of SFS Group AG and includes both internal and value chain-related impacts and risks.

The results of this process form the basis for the content of this report as well as for the further development of our sustainability strategy and the targets we set ourselves.

1. Business model analysis
Understanding of the different business models of our segments, the value chain, the end markets (that are primarily located in Asia, Europe and North America), products and services in an ESG context
2. Topic identification (long list)
A collection of potentially relevant topics based on IROs, standards and internal analyses
3. Topic assessment and limitation (medium list)
Preselection of relevant topics by means of an internal assessment in accordance with defined IRO criteria
4. Stakeholder survey
An online survey of internal and external stakeholders on impact and financial materiality
5. Internal workshops
Discussion and refinement of the survey results, prioritization, and the finalization of the short list of material IROs
6. Utilization of the results
Integration of the results into the report, management and the sustainability strategy

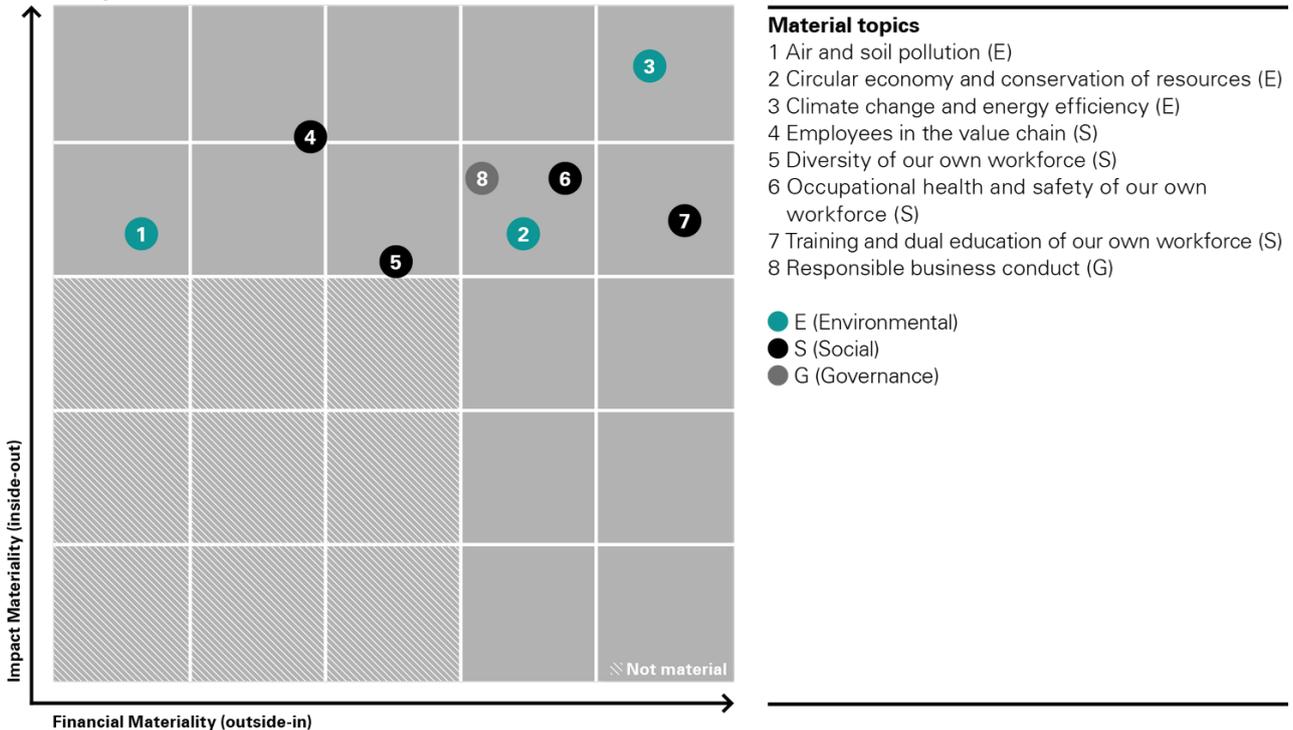
Responsibilities and assessment logic

The double materiality analysis was coordinated by the CC ESG in close cooperation with the Group Executive Board. The identified impacts were assessed based on defined criteria in accordance with the ESRS, taking into account the scale, scope, likelihood and – in the case of negative impacts – irremediability.

The materiality of risks and opportunities was assessed on the basis of likelihood and the potential financial scale. A qualitative scale of 1 (low scale) to 5 (high scale) was used for this. In addition, qualitative criteria were taken into consideration to ensure the consistency of the group-wide assessment.

The results of the DMA were approved by our senior decision-makers, the Board of Directors and our Group Executive Board, and were then shared with all workshop participants.

Materiality matrix



Material impacts, risks and opportunities as well as disclosure requirements in the sustainability statement (IRO-2)

Topic	Material impacts	Risks	Opportunities	Planned measures and time frame
Climate change and energy efficiency	Carbon footprint of SFS and the value chain	Natural hazards, supply bottlenecks, energy cost increases	Competitive advantage due to low-CO ₂ products and processes, cost savings	Implementation of the SBTi-compliant climate strategy (“short-term target” and “long-term target” by 2030 and 2050, respectively)
Soil contamination and air pollution	Negative impact on the environment and health due to emissions, damage to the local air quality in production regions	Regulatory costs, reputational risks	Efficiency gains through low-emission technologies and processes, competitive advantages due to more environmentally friendly production	R&D into the use of low-emission technologies and filtration systems, establishment of a group-wide monitoring system for air emissions
Circular economy	Consumption of resources and waste along the entire value chain	Compliance risks, costs due to inefficient use of resources	Competitive advantage due to recyclable and resource-efficient products	Product/process optimizations, development of modular products from 2025
Occupational health and safety	Health, safety and wellbeing of employees	Production outages, costs caused by lost working days, reputational damage	Productivity, employer attractiveness, increased loyalty	Halving the accident rate by 2025, long-term “zero accidents” target by 2030
Training and education	Development of skilled workers and innovative capacity	A lack of skilled workers, Group’s competitiveness compromised	Employer attractiveness, innovative capacity, higher employee retention	5–7% of employees enrolled in dual programs, 70% of management positions filled internally
Responsible conduct (governance)	Company reputation, compliance, stakeholder trust	Damage to the Group’s image and financial loss due to ethical violations	Improvement of employer and investor attractiveness, resilience	ESG training courses, expansion of compliance management from 2025
Diversity	Creativity, innovative capacity, employer image	Unilateral corporate culture, reputational risks	Better quality of decision-making, broader innovation basis	Expansion of DEI programs, KPIs for managers from 2025
Supply chain (labor laws and human rights)	Working conditions, environmental and social standards in the supply chain	Reputational and supply shortage risks, legal sanctions	Reputation boost, stable and resilient supply chains	Binding Supplier Code of Conduct, IntegrityNext audits

ESRS 2 – Overview of the material disclosure requirements

The following tables contain all of the disclosure requirements that were taken into consideration in the preparation of this Sustainability Report based on the results of the double materiality analysis.

ESRS 2 – General disclosures

Disclosure	Disclosure requirement	Page
ESRS 2 BP-1	<u>General basis for preparation of sustainability statements</u>	56
ESRS 2 BP-2	<u>Specific information in relation to phasing-in options</u>	56
ESRS 2 GOV-1	<u>The role of the administrative, management and supervisory bodies in relation to sustainability</u>	58
ESRS 2 GOV-2	<u>Integration of sustainability-related performance in incentive schemes</u>	59
ESRS 2 GOV-3	<u>Statement on due diligence</u>	60
ESRS 2 GOV-4	<u>Risk management and internal controls over sustainability reporting</u>	60
ESRS 2 SBM-1	<u>Strategy, business model and value chain</u>	61
ESRS 2 SBM-2	<u>Interests and views of stakeholders</u>	61
ESRS 2 SBM-3	<u>Material impacts, risks and opportunities and their interaction with strategy and business model and financial impacts</u>	64
ESRS 2 IRO-1	<u>Description of the process to identify and assess material impacts, risks and opportunities to be reported on</u>	66
ESRS 2 IRO-2	<u>Material impacts, risks and opportunities as well as disclosure requirements in the sustainability statement</u>	68

ESRS E1 – Climate change

Disclosure	Disclosure requirement	Page
ESRS E1-1	<u>Transition Plan for climate change mitigation</u>	21
ESRS E1-2	<u>Climate-related risks and scenario analysis</u>	21
ESRS E1-3	<u>Resilience in relation to climate change</u>	21
ESRS E1-4	<u>Policies in relation to climate change</u>	23
ESRS E1-5	<u>Actions and resources in relation to climate change</u>	23
ESRS E1-6	<u>Targets related to climate change</u>	24
ESRS E1-7	<u>Energy consumption and mix</u>	25
ESRS E1-8	<u>Gross Scopes 1–3 greenhouse gas emissions</u>	26

ESRS E2 – Pollution

Disclosure	Disclosure requirement	Page
ESRS E2-1	<u>Policies related to pollution</u>	30
ESRS E2-2	<u>Actions and resources related to pollution</u>	31
ESRS E2-3	<u>Targets related to pollution</u>	31
ESRS E2-4	<u>Pollution of air, water and soil</u>	31

ESRS E5 – Resource use

Disclosure	Disclosure requirement	Page
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ESRS E5-2	Actions and resources related to resource use and circular economy	33
ESRS E5-3	Targets related to resource use and circular economy	33

ESRS S1 – Own workforce

Disclosure	Disclosure requirement	Page
ESRS S1-1	Policies related to own workforce	36
ESRS S1-2	Engaging with own workforce and workers’ representatives, availability of channels that own workforce can use to raise concerns or needs as well as actions for their remediation	37
ESRS S1-3	Actions and resources related to own workforce	38
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ESRS S1-5	Characteristics of the undertaking’s employees	39
ESRS S1-6	Characteristics of non-employee workers in the undertaking’s own	39
ESRS S1-8	Diversity metrics	40
ESRS S1-9	Adequate wages	36
ESRS S1-12	Training and skills development metrics	41
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ESRS S2 – Employees in the value chain

Disclosure	Disclosure requirement	Page
ESRS S2-1	Policies related to value chain workers	47
ESRS S2-2	Engaging with value chain workers, availability of channels that value chain workers can use to raise concerns or needs as well as actions for their remediation	48
ESRS S2-3	Actions and resources related to value chain workers	49
ESRS S2-4	Targets related to value chain workers	50

ESRS G1 – Business conduct

Disclosure	Disclosure requirement	Page
ESRS G1-1	Policies related to business conduct	53
ESRS G1-2	Actions related to business conduct	53
ESRS G1-3	Targets related to business conduct	54
ESRS G1-4	Metrics for incidents of corruption or bribery	55

ESRS 2 – Other EU legislation

The following table contains all data points required by other EU legislation in accordance with ESRS 2, Annex A. It indicates where they can be found in this sustainability report and which data points are considered non-material.

Disclosure	Disclosure requirement	Page
ESRS 2 GOV-1	<u>Percentage of board members who are independent</u>	58
ESRS 2 GOV-3	<u>Statement on due diligence</u>	60
ESRS 2 SBM-1	<u>Involvement in activities related to fossil fuels</u>	61
ESRS 2 SBM-1	<u>Involvement in activities related to chemical production</u>	61
ESRS 2 SBM-1	<u>Involvement in activities related to controversial weapons</u>	61
ESRS 2 SBM-1	<u>Involvement in activities related to cultivation and production of tobacco</u>	61
ESRS E1-1	<u>Transition plan for climate change mitigation</u>	21
ESRS E1-6	<u>Targets for reducing greenhouse gas emissions</u>	24
ESRS E1-7	<u>Energy consumption from fossil sources, broken down by source (only sectors with a high level of climate impact)</u>	25
ESRS E1-7	<u>Energy consumption and mix</u>	25
ESRS E1-8	<u>Gross Scope 1–3 GHG emissions</u>	26
ESRS E1-9	GHG removals and emissions credits	Not material
ESRS E1-11	Exposure of the benchmark portfolio to climate-related physical risks	Not material
ESRS E1-11	Location of significant assets at material physical risk	Not material
ESRS E1-11	Breakdown of the carrying value of its real estate assets by energy-efficiency classes	Not material
ESRS E1-11	Degree of exposure of the portfolio to climate-related opportunities	Not material
ESRS E2-4	Amount of pollutants emitted to air, water and soil	Not material
ESRS E3-1	Policies related to water and marine resources	Not material
ESRS E3-1	Policy for water-endangering areas, including areas of high-water stress	Not material
ESRS E3-4	Total water recycled and reused	Not material
ESRS E4-5	Activities that negatively impact areas with sensitive biodiversity	Not material
ESRS E4-2	Policy for locations in or close to areas with sensitive biodiversity	Not material
ESRS E5-5	Non-recycled waste	Not material
ESRS E5-5	Hazardous waste and radioactive waste	Not material
ESRS 2- IRO-2	<u>Risk of incidents of forced labor</u>	68
ESRS 2- IRO-2	<u>Risk of incidents of child labor</u>	68
ESRS 2 GDR-P	<u>Commitment to human rights policies</u>	72
ESRS S1-1	<u>Processes and actions to prevent human trafficking</u>	36
ESRS S1-1	<u>Policy or management system to prevent workplace risks</u>	36
ESRS S1-2	<u>Complaints mechanism, including matters concerning employees</u>	37
ESRS S1-13	<u>Rate of work-related accidents</u>	43
ESRS S1-13	<u>Number of days lost to injuries, accidents or illness</u>	43
ESRS S1-15	Unadjusted gender pay gap	Not material
ESRS S1-15	Annual total remuneration ratio	Not material
ESRS S1-16	Incidents of discrimination	Not material
ESRS S1-16	Human rights violations	Not material
ESRS S2-1	<u>Processes and actions to prevent human trafficking</u>	47
ESRS S2-1	<u>Code of Conduct</u>	Not included in report
ESRS S2-3	<u>Human rights violations</u>	49
ESRS S3-2	Complaints mechanism	Not material
ESRS S3-3	Human rights violations	Not material
ESRS S4-2	Complaints mechanism	Not material
ESRS S4-3	Human rights violations	Not material
ESRS G1-1	<u>Policy in accordance with the United Nations Convention Against Corruption</u>	53
ESRS G1-1	<u>Protection of whistleblowers</u>	53
ESRS G1-4	<u>Sentences and fines due to violations of anti-corruption and anti-bribery laws</u>	55
ESRS G1-4	<u>Actions for combating violations of anti-corruption and anti-bribery standards</u>	55

ESRS 2 GDR-P – General disclosure requirements for policies

Policy topic	Key content	Scope	Implementation and responsibility	Standards/ initiatives	Link	IRO
Climate change and energy efficiency	Climate protection, adaptation to climate change, energy consumption, Scope 1–3 emissions	Group, suppliers, business partners	BoD/GEB	SBTi, TCFD	Code of Conduct	Emissions reduction, local-for-local approach, energy efficiency, competitive advantage due to low CO ₂ processes
Soil contamination and air pollution	Reduction of greenhouse gas emissions, compliance with air quality standards in accordance with legal and local regulations	Group, suppliers	BoD/GEB	SBTi, TCFD, GRI 305	Code of Conduct , Sustainability guidelines	Emissions reduction, establishment of a group-wide monitoring system for air emissions
Circular economy	Resource efficiency, sustainable procurement, product life cycle, recyclability, development of modular products	Group, suppliers, business partners	GEB, business units, CC ESG	GRI 301	Code of Conduct , Sustainability guidelines	Cost savings, competitive advantage due to recyclable products, risk mitigation due to efficient use of resources
Occupational health and safety	“Zero accidents” target, prevention, occupational safety measures, health promotion, working conditions	Group	GEB	GRI 403, ISO 45001	Code of Conduct , Sustainability guidelines	Reduction of downtimes, improvement of the employer brand, increase in productivity
Training and education	Further training, skills development, annual performance reviews	Group	GEB	GRI 404	Code of Conduct , Sustainability guidelines	Retention of skilled workers, promotion of innovation, internal career paths
Responsible conduct (governance)	Corporate culture, integrity, prevention of corruption, compliance system, risk management, whistleblowing	Group, suppliers	Group Compliance Office, BoD	UN Global Compact, OECD Guidelines	Code of Conduct , Supplier Code of Conduct	Protection of reputation, avoidance of legal risks, creation of trust and transparency
Diversity	Equal opportunities, anti-discrimination,	Group	BoD/GEB	GRI 405, UN Women Empowerment Principles	Code of Conduct , Sustainability guidelines	Innovation due to diversity, mitigation of the risk of discriminatory

	inclusion programs					behavior, increase in employer attractiveness
Supply chain (labor laws and human rights)	Human rights, forced and child labor, risk analyses, human rights due diligence obligations	Direct and indirect suppliers	GEB	UN Guiding Principles, OECD Guidelines, International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work	<u>Code of Conduct</u> , <u>Supplier Code of Conduct</u>	Protection of reputation, legal compliance, stability of the supply chain, supplier audits, Supplier Code of Conduct

GRI content index

This GRI content index is based on the GRI-ESRS Interoperability Index published by GRI and EFRAG in November 2024.

GRI 1

Foundation 2021

Statement	GRI 1 applied	Applicable GRI sector standard(s)	ESRS Reference
SFS has reported for the reporting period January to December 2025 with reference to the GRI standards.	GRI 1: Foundation 2021 for	No applicable sector standard is available yet.	ESRS 1 in total

GRI 2

General Disclosures 2021

Disclosure	Place	Omission	ESRS Requirement
2-1 Organizational details	SFS Group AG, Rosenbergsaustasse 8, 9435 Heerbrugg, Switzerland <u>Corporate Governance, Group structure & share- holders</u> <u>Financial Report, Group structure</u>		See requirements of Directive 2013/34/EU
2-2 Entities included in the organization's sustainability reporting	117 (PY: 116) of the 149 (PY: 155, figure as of December 31, 2025) entities are included in the sustainability reporting. Small retail locations without production activities are not included in the scope.		<ul style="list-style-type: none"> • ESRS 1 5.1 - Reporting undertaking and value chain; • ESRS 2 BP-1 – General basis for preparation of sustainability statements (§5 (a) & §5 (b) i)
2-3 Reporting period, frequency and contact point	<u>General disclosures</u> Contact SFS Group Schweiz AG Corporate Services Christina Burri, Head of Corporate HR, Communications and ESG, Member of the Group Executive Board Rosenbergsaustasse 8 CH-9435 Heerbrugg T +41 71 727 51 51		<ul style="list-style-type: none"> • ESRS 1 §73 – Reporting Period
2-4 Restatements of information	<u>General disclosures</u>		<ul style="list-style-type: none"> • ESRS 2 BP-2 §13 – Changes in preparation or presentation of sustainability information • ESRS 2 BP-2 §14 (a) to (b) – Reporting errors in prior periods
2-5 External assurance	<u>Report of the Sustainability Auditor</u>		<ul style="list-style-type: none"> • ESRS 2 §AR 2 – Basis for preparation
2-6 Activities, value chain and other business relationships	<u>Financial Report, Segment information</u>		<ul style="list-style-type: none"> • ESRS 2 SBM-1 §40 (a) i to (a) ii, (b) – Strategy, business model and value chain

	<u>General disclosures</u>		<ul style="list-style-type: none"> • ESRS 2 SMB-1 §42 (c) – Strategy, business model and value chain
2-7 Employees	<u>Own workforce</u>		<ul style="list-style-type: none"> • ESRS 2 SBM-1 §40 (a) iii – Number of employees (head count), during period • ESRS S1 S1-6 §52 – Characteristics of the undertaking's employees • ESRS S1 S1-6 §50 (a) to (b) and (d) to (e) – Characteristics of the undertaking's employees
2-8 Workers who are not employees	<u>Own workforce</u>		<ul style="list-style-type: none"> • ESRS S1 S1-7 §55 – Characteristics of non-employees in the company's own workforce
2-9 Governance structure and composition	<u>Corporate Governance, Board of Directors and Group Executive Board</u>		<ul style="list-style-type: none"> • ESRS 2 GOV-1 §21, 22 (a), 23 – The role of the administrative, management and supervisory bodies • ESRS G1 - GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies
	<u>General disclosures</u>		
2-10 Nomination and selection of the highest governance body	<u>Corporate Governance, Board of Directors</u> <u>Organizational regulations</u> <u>Articles of Association of SFS Group AG</u>		<ul style="list-style-type: none"> • ESRS 2 GOV-1 §AR 4 – The role of the administrative, management and supervisory bodies
2-11 Chair of the highest governance body	<u>Corporate Governance, Members of the Board of Directors</u>		<ul style="list-style-type: none"> • ESRS 2 §65 - MDR-P – Policies adopted to manage material sustainability matters • ESRS 2 GOV-1 §21, 22 (a), 23 – The role of the administrative, management and supervisory bodies
2-12 Role of the highest governance body in overseeing the management of impacts	<u>General disclosures, GOV-1 ff.</u>		<ul style="list-style-type: none"> • ESRS 2 GOV-1 §22 (c) – The role of the administrative, management and supervisory bodies • ESRS 2 GOV-2 §26 (a) to (b) – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies • ESRS 2 SBM-2 §45 (d) – Interests and views of stakeholders • ESRS G1 §5 (a) – Corporate culture and Business conduct policies and corporate culture
2-13 Delegation of responsibility for managing impacts	<u>General disclosures, GOV-1 ff.</u>		<ul style="list-style-type: none"> • ESRS 2 GOV-1 §22 (c) i and ii – The role of the administrative, management and supervisory bodies • ESRS 2 GOV-2 §26 (a) – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies • ESRS G1 G1-3 §18 (c) – Corporate culture and Business conduct policies and corporate culture
2-14 Role of the highest governance body in sustainability reporting	The 2025 Sustainability Report was approved by the Board of Directors as an integral part of the 2025 Annual Report. The report will also be submitted to		<ul style="list-style-type: none"> • ESRS 2 GOV-1 §AR 3 (a) ii and iv – The role of the administrative, management and supervisory bodies • ESRS 2 IRO-1 §53 (d) – Description of the processes to identify and assess material impacts, risks and opportunities

	our shareholders for approval at the 2026 Annual General Meeting.		
2-15 Conflicts of interest	<u>Code of Conduct</u>		Not covered by ESRS list of sustainability matters in ESRS 1 AR §16
2-16 Communication of critical concerns	<u>Corporate Governance, Shareholders' participation</u>		<ul style="list-style-type: none"> • ESRS 2 GOV-2 §26 (a) – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies • ESRS G1 G1-1 AR 1 (a) – Corporate culture and business conduct policies • ESRS G1 G1-3 §18 (c) – Prevention and detection of corruption and bribery
	<u>Corporate Governance, Information policy</u>		
	<u>Business conduct</u>		
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.		<ul style="list-style-type: none"> • ESRS 2 GOV-1 §23 – The role of the administrative, management and supervisory bodies
2-18 Evaluation of the performance of the highest governance body	<u>Corporate Governance, Board of Directors</u>		Not covered by ESRS list of sustainability matters in ESRS 1 AR §16
	<u>Compensation Report, Principles of the compensation system</u>		
2-19 Remuneration policies	<u>Compensation Report, Principles of the compensation system</u>		<ul style="list-style-type: none"> • ESRS 2 GOV-3 §29 (a) to (c) – Integration of sustainability-related performance in incentive schemes • ESRS E1 §13 – Governance
2-20 Process to determine remuneration	<u>Compensation Report, Principles of the compensation system</u>		<ul style="list-style-type: none"> • ESRS 2 GOV-3 §29 (e) – Integration of sustainability-related performance in incentive schemes
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.	Not covered by ESRS list of sustainability matters in ESRS 1 AR §16
2-22 Statement on sustainable development strategy	<u>General disclosures</u>		<ul style="list-style-type: none"> • ESRS 2 SBM-1 §40 (g) – Strategy, business model and value chain
2-23 Policy commitments	<u>Code of Conduct</u>		<ul style="list-style-type: none"> • ESRS 2 GOV-4 – Statement on due diligence • ESRS 2 MDR-P §65 (b) to (c) and (f) – Policies adopted to manage material sustainability matters • ESRS S1 S1-1 §19 to §21, §24 (c) and §AR 14 – Policies related to own workforce • ESRS S2 S2-1 §16 to §17, §19, and §AR 16 – Policies related to value chain workers
	<u>Supplier Code of Conduct</u>		

	<u>Sustainability guidelines</u>	<ul style="list-style-type: none"> • ESRS G1 G1-1 §7 and §AR 1 (b) – Corporate culture and Business conduct policies and corporate culture
2-24 Embedding policy commitments	<u>Code of Conduct</u>	<ul style="list-style-type: none"> • ESRS 2 GOV-2 §26 (b) – Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies • ESRS 2 MDR-P §65 (c) – Policies adopted to manage material sustainability matters • ESRS S1 S1-4 §AR 35 – Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions • ESRS S2 S2-4 §AR 30 – Taking Action on material impacts, and approaches to mitigating material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions and approaches • ESRS G1 G1-1 §9 and §10 (g) – Corporate culture and Business conduct policies and corporate culture
2-25 Processes to remediate negative impacts	<u>General disclosures, SBM-2, SBM-3</u>	<ul style="list-style-type: none"> • ESRS S1 S1-1 §20 (c) – Policies related to own workforce • ESRS S1 S1-1 §AR 17 (g) – Policies related to own workforce • ESRS S1 S1-3 §32 (a), (b), (e) – Processes to remediate negative impacts and channels for own workers to raise concerns • ESRS S1 S1-3 §AR 31 – Processes to remediate negative impacts and channels for own workers to raise concerns • ESRS S2 S2-1 §17 (c) – Policies related to value chain workers • ESRS S2 S2-3 §27 (a), (b), (d) – Processes to remediate negative impacts and channels for value chain workers to raise concerns • ESRS S2 S2-3 §AR 26 – Processes to remediate negative impacts and channels for value chain workers to raise concerns • ESRS S2-4 §33 (c) – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action
	<u>Own workforce</u>	
	<u>Employees in the value chain</u>	
2-26 Mechanisms for seeking advice and raising concerns	<u>Corporate Governance, Information policy</u>	<ul style="list-style-type: none"> • ESRS S1 S1-3 §AR 32 (d) – Processes to remediate negative impacts and channels for own workers to raise concerns • ESRS S2 S2-3 §AR 27 (d) – Processes to remediate negative impacts and channels for value chain workers to raise concerns • ESRS G1 G1-1 §10 (a) – Corporate culture and business conduct policies and corporate culture • ESRS G1 G1-3 §18 (a) – Corporate culture and business conduct policies and corporate culture
	<u>Business conduct</u>	
	<u>Own workforce</u>	
	<u>Employees in the value chain</u>	

<p>2-27 Compliance with laws and regulations</p>	<p>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.</p>		<ul style="list-style-type: none"> • ESRS 2 SBM-3 §48 (d) – Material impacts, risks and opportunities and their interaction with strategy and business model • ESRS G1 G1-4 §24 (a) – Corporate culture and Business conduct policies and corporate culture
<p>2-28 Membership associations</p>	<p>Arbeitgeberverband Rheintal (Rhine Valley Employers, Association)</p> <p>Hans Huber Stiftung (Hans Huber Foundation)</p> <p>Hoffmann Group Foundation</p> <p>Saint Gallen-Appenzell Chamber of Commerce and Industry</p> <p>Landesverband Gross- und Aussenhandel Bayern (LGAD; Bavarian Wholesale and Export Association)</p> <p>Stiftung FH SCHWEIZ – zur Förderung des dualen Bildungswegs (Foundation of the University of Applied Sciences Switzerland – for the promotion of the dual education system)</p> <p>Swissavant</p> <p>Swissmem</p> <p>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.</p>		<p>Political engagement is a sustainability matter for G1 covered under ESRS 1 §AR 16; disclosure through MDR-P, MDR-A, MDR-T or ESRS 1 §11 as entity-specific</p>
<p>2-29 Approach to stakeholder engagement</p>	<p><u>General disclosures</u></p> <p><u>Own workforce</u></p> <p><u>Employees in the value chain</u></p>		<ul style="list-style-type: none"> • ESRS 2 SBM-2 §45 (a) i to iv – Interests and views of stakeholders • ESRS S1 S1-1 §20 (b) – Policies related to own workforce • ESRS S1 S1-2 §27 (e) and 28 – Processes for engaging with own workers and workers’ representatives about impacts • ESRS S2 S2-1 §17 (b) – Policies related to value chain workers • ESRS S2 S2-2 §22 (e) and 23 – Processes for engaging with value chain workers about impacts
<p>2-30 Collective bargaining agreements</p>	<p>This topic was assessed as non-material in the updated materiality analysis, which is why this information will not be disclosed in future.</p>		<p>Not material according double materiality assessment</p>

GRI 3

Material Topics 2021

Disclosure	Place	Omission	ESRS Requirement
3-1 Process to determine material topics	<u>General disclosures</u>		<ul style="list-style-type: none"> • ESRS 2 BP-1 §AR 1 (a) – General basis for preparation of sustainability statements • ESRS 2 IRO-1 §53 (b) ii to (b) iv – Description of the processes to identify and assess material impacts, risks and opportunities
	<u>General disclosures</u>		
3-2 List of material topics	<u>General disclosures</u>		<ul style="list-style-type: none"> • ESRS 2 SBM-3 §48 (a) and (g) – Material impacts, risks and opportunities and their interaction with strategy and business model

GRI 301

Materials 2016

Disclosure	Place	Omission	ESRS Requirement
3-3 Management of material topics	<u>Resource use</u>		<ul style="list-style-type: none"> • ESRS E5 ESRS 2 IRO 1 §AR 7 (a) – Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities • ESRS E5 E5-1 §14 – Policies related to resource use and circular economy • ESRS E5 E5-2 §19 – Actions and resources related to resource use and circular economy • ESRS E5-3 §23 – Targets related to resource use and circular economy
301-1 Materials used by weight or volume	<u>Resource use</u>		Postponed to next Financial Year
301-2 Recycled input materials used		Information regarding recycled raw materials used is currently unavailable or incomplete. Since 2025, the sustainability report has been gradually adapted to the ESRS. As part of this process, an assessment was made which data will be newly collected and published in the future.	Postponed to next Financial Year
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.	Covered by ESRS 1 §AR 16 as entity-specific metric (Resource outflows/Waste)

GRI 302

Energy 2016

Disclosure	Place	Omission	ESRS Requirement
3-3 Management of material topics	<u>Climate change</u>		<ul style="list-style-type: none"> • ESRS E1 E1-2 §24 and 25 (c) to (d) – Policies related to climate change mitigation and adaptation • ESRS E1 E1-3 §28 – Actions and resources in relation to climate change policies • ESRS E1 E1-4 §32 to 33 – Targets related to climate change mitigation and adaptation
302-1 Energy consumption within the organization (limited assurance 2025)	<u>Climate change</u>		<ul style="list-style-type: none"> • ESRS E1-5 §37 to 38 – Energy consumption and mix
302-2 Energy consumption outside of the organization (limited assurance 2025)	<u>Climate change</u>		Covered by ESRS 1 §AR 16 as entity-specific metric (Energy outside organization)
302-3 Energy intensity (limited assurance 2025)	<u>Climate change</u>		<ul style="list-style-type: none"> • ESRS E1-5 §40 – Energy consumption and mix
302-4 Reduction of energy consumption		The information regarding the reduction of energy consumption is currently incomplete. Since 2025, the sustainability report has been gradually adapted to the ESRS. As part of this process, an assessment was made of which data will be newly collected and published in the future.	Covered by ESRS 1 §AR 16 as entity-specific metric (Energy reduction)
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.	Covered by ESRS 1 §AR 16 as entity-specific metric (Energy reduction in products)

GRI 305

Emissions 2016

Disclosure	Place	Omission	ESRS Requirement
3-3 Management of material topics	<u>Climate change</u>		<ul style="list-style-type: none"> • ESRS E1 E1-2 §24 – Policies related to climate change mitigation and adaptation • ESRS E1 E1-3 §28 – Actions and resources in relation to climate change policies • ESRS E1 E1-4 §32, §33 and §34 (b) – Targets related to climate change mitigation and adaptation • ESRS E2 E2-1 §14 – Policies related to pollution • ESRS E2 E2-2 §18 – Actions and resources related to pollution • ESRS E2 E2-3 §22 – Targets related to pollution
305-1 Direct (Scope 1) GHG emissions (limited assurance 2025)	<u>Climate change</u>		<ul style="list-style-type: none"> • ESRS E1 E1-4 §34 (c) – Targets related to climate change mitigation and adaptation • ESRS E1 E1-6 §44 (a), 46, 48 (a) and 50 – Gross Scopes 1, 2, 3 and Total GHG emissions • ESRS E1 E1-4 §AR 25 (b) – Targets related to climate change mitigation and adaptation • ESRS E1 E1-6 §AR 39 (a) to (d), AR 40 and AR 43 (c) – Requirements E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions
305-2 Energy indirect GHG emissions (Scope 2) (limited assurance 2025)	<u>Climate change</u>		<ul style="list-style-type: none"> • ESRS E1 E1-4 §34 (c) – Targets related to climate change mitigation and adaptation • ESRS E1 E1-6 §44 (b), 49 and 50 – Gross Scopes 1, 2, 3 and Total GHG emissions • ESRS E1 E1-4 §AR 25 (b) and (c) – Targets related to climate change mitigation and adaptation • ESRS E1 E1-6 §AR 39 (a) to (d), AR 40, AR 45 (a), (c), (d) and (f) – Gross Scopes 1, 2, 3 and Total GHG emissions
305-3 Other indirect (Scope 3) GHG emissions (limited assurance 2025)	<u>Climate change</u>		<ul style="list-style-type: none"> • ESRS E1 E1-4 §34 (c) – Targets related to climate change mitigation and adaptation • ESRS E1 E1-6 §44 (c) and 51 – Gross Scopes 1, 2, 3 and Total GHG emissions • ESRS E1 E1-4 §AR 25 (b) and (c) – Targets related to climate change mitigation and adaptation • ESRS E1 E1-6 §AR 39 (a) to (d), AR 46 (a) (i) to (k) – Gross Scopes 1, 2, 3 and Total GHG emissions • §AR 46 (a) (i) to (k)
305-4 GHG emissions intensity (limited assurance 2025)	<u>Climate change</u>		<ul style="list-style-type: none"> • ESRS E1 E1-6 §53 – Gross Scopes 1, 2, 3 and Total GHG emissions • ESRS E1 E1-6 §AR 39 (c) – Disclosure Requirements E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions
305-5 Reduction of GHG emissions		Information regarding the reduction of greenhouse gas emissions is currently unavailable or incomplete. Since 2025, the sustainability report has been gradually adapted to the ESRS. As part of this process, an assessment was made which data	<ul style="list-style-type: none"> • ESRS E1 E1-3 §29 (b) – Actions and resources in relation to climate change policies • ESRS E1 E1-4 §34 (a) to (c) – Targets related to climate change mitigation and adaptation

		will be newly collected and published in the future.	<ul style="list-style-type: none"> • ESRS E1-4 §AR 25 (b) and (c) – Targets related to climate change mitigation and adaptation
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%.	Not material according double materiality assessment
305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Pollution		<ul style="list-style-type: none"> • ESRS E2 E2-4 §30 (b) and (c) and 31 – Pollution of air, water and soil • ESRS E2 E2-4 §AR 21 – Pollution of air, water and soil

GRI 308

Supplier Environmental Assessment 2016

Disclosure	Place	Omission	ESRS Requirement
3-3 Management of material topics	Employees in the value chain		<ul style="list-style-type: none"> • ESRS E1 E1-2 §24 – Policies related to climate change mitigation and adaptation • ESRS E1 E1-3 §28 – Actions and resources in relation to climate change policies • ESRS E1 E1-4 §32, §33 and §34 (b) – Targets related to climate change mitigation and adaptation
308-1 New suppliers that were screened using environmental criteria	Employees in the value chain		<ul style="list-style-type: none"> • ESRS E1 E1-2 §24 – Policies related to climate change mitigation and adaptation • ESRS E1 E1-3 §28 – Actions and resources in relation to climate change policies • ESRS E1 E1-4 §32, §33 and §34 (b) – Targets related to climate change mitigation and adaptation
308-2 Negative environmental impacts in the supply chain and actions taken	Employees in the value chain, S2-2 pp.		<ul style="list-style-type: none"> • ESRS E1 E1-2 §24 – Policies related to climate change mitigation and adaptation • ESRS E1 E1-3 §28 – Actions and resources in relation to climate change policies • ESRS E1 E1-4 §32, §33 and §34 (b) – Targets related to climate change mitigation and adaptation

GRI 404

Training and Education 2016

Disclosure	Place	Omission	ESRS Requirement
3-3 Management of material topics	<u>Own workforce</u>		<ul style="list-style-type: none"> • ESRS S1 S1-1 §19; §20 (c) – Policies related to own workforce • ESRS S1 S1-2 §27 – Processes for engaging with own workers and workers’ representatives about impacts • ESRS S1 S1-4 §37 to §39 – Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions • ESRS S1 S1-4 §AR 33 and AR 40 (a) – Taking action on material impacts and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions and approaches • ESRS S1 S1-5 §46, 47 (b) and (c) – Targets related to managing material impacts, advancing positive impacts, as well as to risks and opportunities • ESRS S1 S1-17 §104 (a) – Incidents, complaints and severe human rights impacts • ESRS S2 ESRS 2 SBM 3 §11 (c) – Material impacts, risks and opportunities and their interaction with strategy and business model • ESRS S2 S2-1 §16, 17 (c) and 22 – Policies related to value chain workers • ESRS S2 S2-4 §32, 33 (a) and (b) and 36 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action • ESRS S2 S2-4 §AR 33 and AR 36 (a) – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action • ESRS S2 S2-5 §41 and 42 (b) and (c) – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities
404-1 Average hours of training per year per employee (limited assurance 2025)	<u>Own workforce</u>	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.	<ul style="list-style-type: none"> • ESRS S1 S1-13 §83 (b) and §84 – Training and skills development metrics
404-2 Programs for upgrading employee skills and transition assistance programs	<u>Own workforce</u>		<ul style="list-style-type: none"> • ESRS S1 S1-1 §AR 17 (h) – Policies related to own workforce

404-3 Percentage of employees receiving regular performance and career development reviews (limited assurance 2025)

Own workforce

Any presentation/breakdown by employee category that is still missing will be added in the reporting years to come.

- ESRS S1 S1-13 §83 (a) and §84 – Training and skills development metrics

GRI 405

Diversity and Equal Opportunity 2016

Disclosure	Place	Omission	ESRS Requirement
3-3 Management of material topics	<u>Own workforce</u>		<ul style="list-style-type: none"> • ESRS S1 S1-1 §19; §20 (c) – Policies related to own workforce • ESRS S1 S1-2 §27 – Processes for engaging with own workers and workers’ representatives about impacts • ESRS S1 S1-4 §37 to §39 – Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions • ESRS S1 S1-4 §AR 33 and AR 40 (a) – Taking action on material impacts and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions and approaches • ESRS S1 S1-5 §46, 47 (b) and (c) – Targets related to managing material impacts, advancing positive impacts, as well as to risks and opportunities • ESRS S1 S1-17 §104 (a) – Incidents, complaints and severe human rights impacts • ESRS S2 ESRS 2 SBM 3 §11 (c) – Material impacts, risks and opportunities and their interaction with strategy and business model • ESRS S2 S2-1 §16, 17 (c) and 22 – Policies related to value chain workers • ESRS S2 S2-4 §32, 33 (a) and (b) and 36 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action • ESRS S2 S2-4 §AR 33 and AR 36 (a) – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action • ESRS S2 S2-5 §41 and 42 (b) and (c) – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities
404-1 Average hours of training per year per employee (limited assurance 2025)	<u>Own workforce</u>	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.	<ul style="list-style-type: none"> • ESRS S1 S1-13 §83 (b) and §84 – Training and skills development metrics
404-2 Programs for upgrading employee skills and transition assistance programs	<u>Own workforce</u>		<ul style="list-style-type: none"> • ESRS S1 S1-1 §AR 17 (h) – Policies related to own workforce

404-3 Percentage of employees receiving regular performance and career development reviews (limited assurance 2025)

Own workforce

Any presentation/breakdown by employee category that is still missing will be added in the reporting years to come.

• ESRS S1 S1-13 §83 (a) and §84 – Training and skills development metrics

GRI 414

Supplier Social Assessment 2016

Disclosure	Place	Omission	ESRS Requirement
3-3 Management of material topics	<u>Employees in the value chain</u>		<ul style="list-style-type: none"> • ESRS S2 S2-2 §22 – Processes for engaging with value chain workers about impacts • ESRS S2 S2-4 §32, 33 (a) and (b) and 36 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions • ESRS S2 S2-4 §AR 33 and AR 36 (a) – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions
414-1 New suppliers that were screened using social criteria	<u>Employees in the value chain</u>		<ul style="list-style-type: none"> • ESRS S2 S2-2 §22 – Processes for engaging with value chain workers about impacts • ESRS S2 S2-4 §32, 33 (a) and (b) and 36 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions • ESRS S2 S2-4 §AR 33 and AR 36 (a) – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions
414-2 Negative social impacts in the supply chain and actions taken	<u>Employees in the value chain, S2-2 pp.</u>		<ul style="list-style-type: none"> • ESRS S2 S2-2 §22 – Processes for engaging with value chain workers about impacts • ESRS S2 S2-4 §32, 33 (a) and (b) and 36 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions • ESRS S2 S2-4 §AR 33 and AR 36 (a) – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

CO content index – non-financial reporting

According to Art. 964a ff. of the Swiss Code of Obligations (CO), companies of public interest are required to disclose information on environmental issues, climate goals, social and employee-related topics, respect for human rights, and anti-corruption measures. This report contains the information necessary to understand the company's performance, results, position, and impact of its business activities in relation to these non-financial aspects. The Board of Directors has approved the SFS Group's sustainability report for publication. The report will be submitted to the shareholders for approval at the Annual General Meeting on April 22, 2026. The sections of the non-financial report listed in the table of contents contain the disclosures required under Art. 964a ff. CO.

Topic	Link	Explanation	Compliance with GRI
Business model	General disclosures, SBM-1 pp.		GRI 2-1, 2-6
	Corporate Governance, group structure and shareholders pp.		
Environmental concerns	Climate change		GRI 302, 305
	Pollution		GRI 301
	Resource use		GRI 308
	Employees in the value chain, S2-4 pp.		GRI 308
	Sustainability guideline		
Social concerns	Own workforce		GRI 2-16, 2-23, 2-24, 2-25, 2-26, 2-27
	Business conduct		
	Employees in the value chain, S2-4 pp.		GRI 414
	Sustainability guideline		
Employee concerns	Own workforce		GRI 404
			GRI 405
			GRI 309
	Compensation Report, principles of the compensation system		GRI 2-19, 2-20
	SFS Code of Conduct		
Respect for human rights	Employees in the value chain		GRI 414
	Business conduct		GRI 1 Foundation
	Sustainability guideline		
	SFS Code of Conduct		
	Supplier Code of Conduct		
Combating corruption	Business conduct		GRI 2-27
	Sustainability guideline		
	SFS Code of Conduct		

Due diligence obligations regarding conflict minerals and child labor

Sustainability guideline

Conflict minerals: (CO 964j-I 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

Supplier Code of Conduct

Suspicion of child labor: (CO 964j-I 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.



Shape the future
with confidence

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CH-9001 St. Gallen

To the Management

SFS Group AG, Heerbrugg

St. Gallen, 5th of March 2026

Independent Assurance Report on selected indicators in the sustainability report 205

We have been engaged to perform assurance procedures to provide limited assurance on selected indicators (including GHG emissions) included in SFS Group AG's (the Company's) and its consolidated subsidiaries' (the Group's) sustainability report for the year ended 31 December 2025 (the Report).

Our limited assurance engagement focused on selected indicators (including GHG emissions), which are identified in the table titles as "limited assurance 2025":

- Electricity production and consumption
- Energy consumption
- Energy production
- Energy intensity
- Greenhouse gas emissions, broken down by Scope 1–3
- Greenhouse gas intensity based on net sales vs. value-added franc
- Greenhouse gas intensity
- Own workforce
- Employee turnover
- Employees by region and country
- Employees by age
- Employees by contract type and gender
- Employees by contract type and region
- Diversity of governing bodies at management level
- Dual education and training
- Average training hours by gender
- Employees with performance reviews, broken down by gender
- Work-related injuries and accident rate

We did not perform assurance procedures on other information included in the Report, other than as described in the preceding paragraph, and accordingly, we do not express a conclusion on that information.

Applicable criteria

The Company defined as applicable criteria (the Applicable Criteria):

- Global Reporting Initiative Sustainability Reporting Standards (GRI Standards)

A summary of these standards can be found on the GRI website.



Inherent limitations

The accuracy and completeness of selected indicators (including GHG emissions) are subject to inherent limitations given their nature and methods for determining, calculating and estimating such data. In addition, the quantification of the non-financial matters indicators is subject to inherent uncertainty because of incomplete scientific knowledge used to determine factors related to the emissions factors and the values needed to combine e.g. emissions of different gases. Our assurance report should therefore be read in connection with the Company's sustainability report, its definitions and procedures on non-financial matters reporting therein.

Responsibility of the Management

The Management is responsible for the selection of the Applicable Criteria and for the preparation and presentation, in all material respects, of the selected indicators (including GHG emissions) in accordance with the Applicable Criteria. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation of the selected indicators (including GHG emissions) that are free from material misstatement, whether due to fraud or error.

Independence and quality management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies ISQM 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our responsibility is to express a conclusion on the selected indicators (including GHG emissions) based on the evidence we have obtained.

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the selected indicators (including GHG emissions) are free from material misstatement, whether due to fraud or error.

Summary of work performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.



Although we considered management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

The Greenhouse Gas (GHG) quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

Our limited assurance procedures included, amongst others, the following work:

- Interviews with relevant personnel to understand the business and reporting process, including the sustainability strategy, principles and management
- Interviews with the Company's key personnel to understand the sustainability or non-financial reporting system during the reporting period, including the process for collecting, collating and reporting the indicators
- Checking that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Applicable Criteria
- Analytical review procedures to support the reasonableness of the data
- Identifying and testing assumptions supporting calculations
- Testing, on a sample basis, underlying source information to check the accuracy of the data

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

Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the selected indicators (including GHG emissions) in the Report of the SFS Group AG have not been prepared, in all material respects, in accordance with the Applicable Criteria.

Ernst & Young Ltd

Iwan Zimmermann
Executive in charge

Kim Bischof
Manager

Corporate Governance

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Introduction

Responsibility and transparency

Clear structures, verifiable processes and responsible behavior form the basis for good Corporate Governance. They create transparency, strengthen the trust of shareholders, employees, customers and business partners, and help to sustainably ensure the creation of added value.

The basic principles of good Corporate Governance lay the foundations for sustainable business success. They define responsibilities clearly, facilitate open communication and ensure compliance with statutory and regulatory requirements. The Board of Directors and Group Executive Board attach the utmost of importance to effective governance in order to enshrine trust and integrity within the company.

The report follows the Directive on Information relating to Corporate Governance (DCG) published by the SIX Swiss Exchange AG and the recommendations set out in the Swiss Code of Best Practice for Corporate Governance published by economiesuisse. All figures apply to December 31, 2025, unless otherwise stated.

Group structure and shareholders

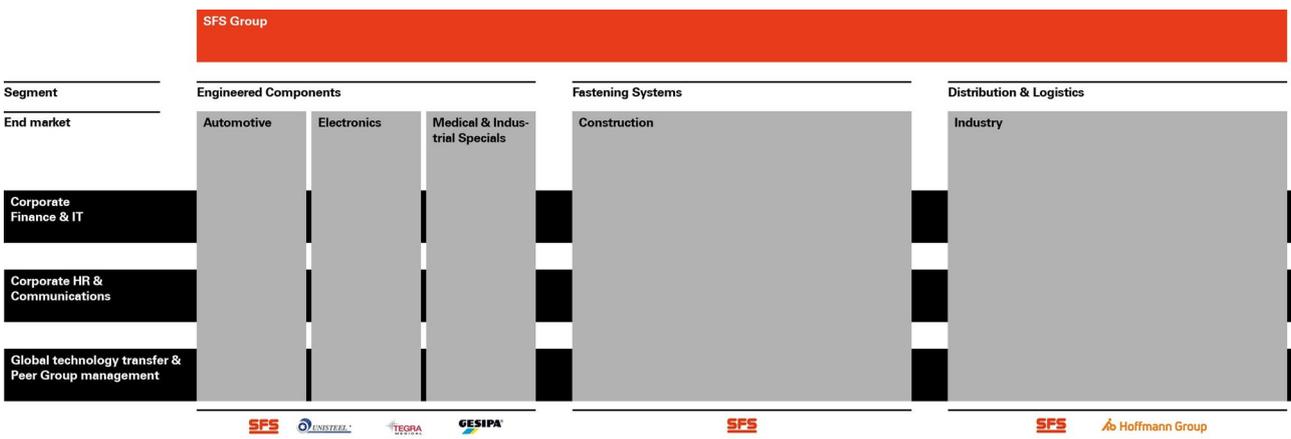
Group structure

The operational Group structure is set out and explained graphically in the chapter [Strategy](#).

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, treasury, legal & compliance, corporate development and investor relations), Corporate HR & Communications (HR, communications, marketing and ESG) and Technology (technology and knowledge transfer, operations and business development).

SFS Group AG, domiciled in Heerbrugg, municipality of Widnau (Switzerland), is the parent company of the SFS Group. 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 4,224.5 million (PY CHF 4,885.8) as of December 31, 2025.

An overview of all affiliated companies in the scope of consolidation can be found in Section 5.2 of the [Notes to the consolidated financial statements](#). The scope of consolidation does not contain any other listed companies besides SFS Group AG.



This diagram shows the Group structure of the SFS Group on December 31, 2025. The new structure as of January 1, 2026, 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, 2025, this shareholder group held 53.31% (20,736,096 shares) of SFS Group AG shares (PY 53.08%, 20,649,616 shares). Detailed information about the group composition can be found here: [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 within seven years of the execution of the purchase agreement (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 5.75%). Detailed information about this notice can be found here: [Significant shareholders | UBS Fund Management \(Switzerland\) AG](#)

The company is not aware of any other disclosure notifications.

As of December 31, 2025, SFS Group AG holds treasury shares to the extent of 0.06% (PY 0.09%).

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 registered shares (PY 38,900,000) each with a par value of CHF 0.10.

Capital band and conditional capital

As of December 31, 2025, 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 is granted one voting right at the Annual General Meeting. SFS Group AG has issued no participation certificates.

Dividend right certificates

SFS Group AG has no dividend right certificates outstanding.

Limitations on transferability and nominee listings

Persons acquiring registered shares 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 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. 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 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 eight). The average age of the members of the Board of Directors was 56.3 years as at December 31, 2025 (PY 55.3 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 non-executive members of the Board of Directors have not had any material business relationship with the SFS Group with the exception of those mentioned below.

The SFS Group rendered services for information technology, finance, and human resources at internal group rates to stürmsfs AG and Locher Bewehrungen AG, a related party, to the amount of approximately CHF 1.2 million (stürmsfs; IT services only) and CHF 0.2 million (Locher; IT and other services). 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 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

2017–2024 Vetropack Holding AG, member of the BoD
 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 2024 Chair of the BoD
 Since 2017 HUBER + SUHNER AG, Chair of the BoD
 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

**Peter Bauschatz**

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

Professional background

2013–2016 TRITIO Rechtsanwalts-gesellschaft, 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 2016 SZA Schilling, Zutt & Anschütz Rechtsanwalts-gesellschaft mbH, partner (main activity)
 Since 2017 Hoffmann SE, Chair of the Supervisory Board
 Since 2017 NV Holding GmbH, Managing Director

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 independent BoD member since 2024
German citizen, born 1972

Professional background

2021–2024	Verband deutscher Unternehmerinnen (VdU), member of the MINT Committee
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 2025	Siemens AG, Senior Vice President Domain Management Sales Digital Industries since October 2025
Since 2023	Siemens AG, Senior Vice President Sales & Marketing – Factory Automation until September 2025

Qualifications

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

**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 until April 2025
 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

**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 until December 2025
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

**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 (main activity)
- 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 (NCC) 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 permitted provided that the relevant member has not reached the age of 70 at the time of the election.

If the office of the Chair of the Board of Directors is vacant, the NCC 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 NCC and the Audit Committee (AC).

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 his 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) and one extraordinary (PY none) Board meetings took place. Three of these 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 intervals of one or two months during the reporting year. The members of the Board of Directors participated in all Board meetings, with one member being excused from being absent from one meeting (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
Tanja Birner	Member
Nick Huber	Member

Audit Committee

Jörg Walther	Chair
Peter Bauschatz	Member
Manuela Suter	Member
Fabian Tschan	Member

The committees meet as often as the business of the company requires. The NCC usually meets in February, June and December. The AC typically meets in January, February and the fall. 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 NCC 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 three meetings (PY four), each lasting an average of four hours. The NCC has the following duties and authority to submit proposals to the entire Board of Directors:

- The compensation system of the SFS Group
- 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
- Amendments to the Articles of Association in respect of the compensation system
- 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 NCC are defined in Section 5.3 of the [Organizational Regulations](#).

Audit Committee

The AC has a Chair and a minimum of two other members, elected from among the members of the Board of Directors. The AC 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 statutory auditor and the performance of the internal and statutory auditors. The AC assesses the appropriateness of the financial reporting, the non-financial reporting, the internal control system and the general control of business risks.

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

The AC has the following duties and competences:

- Evaluation of the external auditor and proposal to the Board of Directors on the appointment of the statutory auditor at the General Meeting
- Assessment of the performance and independence of the statutory auditor and approval of the budget for auditing and other fees
- 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 statutory auditors
- Approval of any non-audit related services of the statutory auditor
- Request for information from the Group Executive Board and the internal and statutory 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, other published financial information and the non-financial reporting
- Discussion of the results of the annual audit with the statutory auditor and the reports of the internal audit and submissions or proposals to the Board of Directors
- Assurance of the collaboration between statutory and internal auditors

Further functions of the AC 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 on a regular basis by the Board of Directors and amended where necessary.

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 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 monthly, 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 and the segments. 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 and the segments 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 Group 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 AC in regard to these activities. The internal audit of the SFS Group is aligned with the size of the company. Based on financial risk considerations approved by the AC, 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 AC. Nine internal audits were conducted in the reporting year (PY nine).

The statutory auditor assesses the internal control system (ICS) annually in a comprehensive report to the AC 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 (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 year, the potential risks and suitable mitigation measures were also discussed in detail. The discussions focused on the SFS Group's exposure to the global economic environment and geographic shifts in demand, currency fluctuations, geopolitical instabilities, data breaches and business interruptions due to cyber attacks and disruptions to global supply chains, natural disasters, and increasing regulatory requirements. Measures are continuously being reviewed and implemented to reduce these risks.

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 2025, the Group Executive Board consisted of eight (PY nine) members, following Arthur Blank's departure in the previous year.



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

**Jens Breu**

Chief Executive Officer since 2016
Head of Segment Engineered Components since 2014
With SFS since 1995
Swiss citizen, born 1972

Functions within the company

	Member of the BoD of several SFS Group companies
2022–2024	Head of Segment Distribution & Logistics
2014–2024	Head of Segment Fastening Systems
2014–2015	Chief Operating Officer
2012–2013	Head of Division Industrial
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 2025	Dätwyler IT Infra AG, member of the BoD
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

**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

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 Segment Fastening Systems 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

**Walter Kobler**

Head of Division Medical & Industrial Specials 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 Division Medical
2014–2023	Head of Division Industrial
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 Division Automotive since 2024
With SFS since 1995
Swiss citizen, born 1979

Functions within the company

	Member of the BoD of several SFS Group companies
2019–2023	Head of Division Riveting
2013–2019	General Manager Division Automotive, 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 Division Electronics 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

Chief Human Resources Officer (CHRO) since 2025
With SFS since 1992
 Swiss citizen, born 1976

Functions within the company

- 2020–2024 Head of Division Distribution & Logistics Switzerland
- 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 Segment Distribution & Logistics since 2025
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
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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, none of the members belong 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

There are no management contracts that transfer management responsibility to legal entities 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, and thereby the restriction of the voting rights, 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 share capital 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 30, 2025, elected bürki bolt Rechtsanwälte, 9435 Heerbrugg, as Independent Proxy until the next Annual General Meeting.

Statutory quorums

For the following resolutions, at least two thirds of the represented share votes and an absolute majority of the represented shares par value is required.

- 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

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.

Statutory auditor

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, the independent auditor charged SFS Group around CHF 1.3 million (PY CHF 1.1 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 0.5 million (PY CHF 0.4 million) and for other consulting services a total amount of CHF 0.1 million (PY CHF 0.2 million) was invoiced from PricewaterhouseCoopers AG to SFS Group.

In conjunction with the pending acquisition of Gödde GmbH, Oltrogge Werkzeuge GmbH and Hch. Perschmann GmbH (Financial and Tax Due Diligence), SFS Group paid CHF 0.3 million (PY none) to PricewaterhouseCoopers AG.

Informational instruments pertaining to an external audit

The AC briefs the Board of Directors on the work done by and the working relation with the statutory auditor at least once a year.

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

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

The AC makes an annual assessment of the effectiveness, performance, independence and fees paid to the statutory auditor, and provides the entire 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 statutory auditor, the discussions held in the meetings, its objectivity and its technical and operational competency.

The AC assesses the sustainability, the scope and the fee for the services rendered by the statutory auditor. For internal organizational structure and further functions of the AC 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 regular dialog with investors and media on a regular basis, including media and analyst conferences in March and in July, an investor day every two years 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 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](#)

This Annual Report can be viewed online here: [Annual Report 2025](#)

Shareholders receive the summary of the Annual Report with the invitation to the Annual General Meeting.

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 (Ordinary Blocked Periods) prior to the Half-Year and Annual Reports for trading in shares of SFS Group AG or derivatives. These apply for employees who may 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 and/or CFO, in particular in the areas of finance, IT, legal and communication. The fixed blocking periods last from December 1 until and including the trading day of the publication of the Annual Report as well as from June 1 until and including the trading day of the publication of the Half-Year Report. In the reporting year, there were thus fixed blocking periods from December 1, 2024, to March 7, 2025, from June 1, 2025, to July 17, 2025, and from December 1, 2025, to March 6, 2026. 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. This occurs when circumstances arise that are considered to be inside information. The group of persons affected may differ from those on the list of Blocked Persons for Ordinary Blocked Periods.

Compensation Report

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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 (BoD) and the Group Executive Board (GEB) for the 2025 financial year.

The report was prepared in accordance with 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. It also 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 the financial year 2025. The report was prepared in accordance with the applicable legal and regulatory requirements.

The Nomination and Compensation Committee (NCC) carried out its regular activities in the year under review, such as succession planning for the BoD and the GEB, 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 BoD and the GEB and preparing the Compensation Report (see also “Nomination and Compensation Committee” in the [Corporate Governance Report](#)).

The NCC benchmarks the compensation system against comparable companies, which are listed in this report. Based on this assessment, the NCC concluded that the compensation system remains consistent with the business strategy and the interests of the shareholders and is well balanced. Accordingly, no changes were made in 2025.

For the 2026 financial year, adjustments to the variable compensation of the GEB are planned. The performance criteria will be revised with the objective of linking management performance more closely to the economic success of the SFS Group and promoting sustainable value creation.

We are confident that the compensation concept supports commitment, promotes the sustainable creation of both financial and non-financial value, and is aligned with the interests of our shareholders. Going forward, we will continue to regularly review and assess our compensation program and maintain an open dialogue 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 NCC

Principles of the compensation system

The success of the 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 the 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 BoD or the GEB with any loans, credits or pension benefits other than from occupational pension plans.

The basic principles of the compensation paid to the BoD and GEB 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 NCC. 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 BoD 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 as well as the cash-to-cash cycle at Group and divisional level.
- b. Achievement of individual annual targets
These compensation-relevant targets for the CEO are determined by the BoD; for the other GEB members, they are determined individually by the CEO, in coordination with the Chair of the BoD. 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 GEB 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, CO₂ 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; for the 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 GEB 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 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 and remain 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.

In 2025, unlike in the previous year, an employee share ownership program was implemented. The BoD and GEB were excluded from this program, as they had access to insider information related to the ongoing, not yet completed acquisitions of the three partner companies Gösde GmbH, Oltrogge Werkzeuge GmbH and Hch. Perschmann GmbH.

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, the affected members are subject to a limit. For the period up to the next Annual General Meeting, these members may receive no more than 25% of the most recently approved aggregate compensation for the GEB.

Compensation in the financial year 2025 (audited by the statutory auditor)

Compensation of the Board of Directors 2025

At the Annual General Meetings in 2024 and 2025, the shareholders approved a maximum aggregate compensation for the Board of Directors of CHF 1,900,000 (including social security contributions) for the respective terms of office 2024/2025 and 2025/2026. The compensation allocated for the 2025 financial year amounts to CHF 1,645,548 (including social security contributions) and is therefore below the approved maximum.

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	260,000	1,500	168,300	59,416	487,716
Urs Kaufmann, Vice Chair	110,000	500	56,100	25,417	191,517
Peter Bauschatz	90,000	500	56,100	–	146,100
Tanja Birner	90,000	500	56,100	–	146,100
Nick Huber	90,000	500	56,100	22,421	168,521
Manuela Suter	90,000	500	56,100	22,421	168,521
Fabian Tschan	90,000	500	56,100	22,421	168,521
Jörg Walther	90,000	500	56,100	22,452	168,552
Total Board of Directors	910,000	5,000	561,000	174,548	1,645,548

¹The market value of the SFS shares at the time the number of shares were allocated on May 8, 2025, was CHF 112.20 per share.

²Employer contributions as well as employee contributions taken over by the employer to social benefits.

Compensation of the Board of Directors 2024

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

¹The 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.

²Employer contributions and employee contributions for social benefits paid by the employer.

Compensation of the Group Executive Board 2025

There was one departure from the GEB effective December 31, 2024. The target total compensation of the GEB was reviewed by the NCC as of January 1, 2025, with adjustments made as part of the regular three-year review cycle.

The total compensation paid in the 2025 financial year amounted to CHF 6,341,030 (gross, including social security contributions). This represents a decrease of 6.9% compared with the previous year, attributable to the departure of the member of the GEB.

In accordance with the resolutions of the 2024 Annual General Meeting and the proposal submitted to the 2026 Annual General Meeting, the maximum aggregate compensation of the GEB for the financial year, including fixed and variable compensation as well as social security contributions, amounts to CHF 7,600,000. The compensation actually paid is therefore below the maximum amount approved by the Annual General Meeting or proposed for approval.

SFS Group target achievement by category

	Organic sales growth in %	EBIT margin in %	Cash-to-cash cycle in days
SFS Group			
Target achievement in %	92.4	106	92.5
Divisions			
Target achievement in %	21–150	56–150	27–150
Individual targets¹			
Target achievement in %			104–133
Leadership/Values/Behavior			
Target achievement in %			100–150

¹3–5 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 2025 was in the range between 89 and 118%.

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 GEB.

The fixed total remuneration for 2025, comprising the basic salary, the variable cash salary, the value of the allocated shares and the other benefits, is shown in the table below. It should be noted that the variable compensation requires the approval of the Annual General Meeting.

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	699,998	376,069	2,500	345,796	200,288	1,622,151
Other members of Group Executive Board ³	2,515,555	1,150,597	5,100	717,775	612,748	4,996,675
Total Group Executive Board	3,215,553	1,526,666	7,600	1,063,571	813,036	6,618,826

¹The closing price of CHF 124.60 per share on the day of the NCC meeting, February 12, 2026, is relevant for calculating the share values shown here.

Employee contributions for social security benefits have been added for the "gross" figure.

²Employer contributions to social benefits and occupational pension plans.

³At the end of the reporting period, the Group Executive Board consisted of seven members (not including the CEO).

Compensation of the Group Executive Board 2024

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

¹The closing price of CHF 117.00 per share on the day of the NCC meeting, February 17, 2025, is relevant for calculating the share values shown here.

Employee contributions for social security benefits have been added for the "gross" figure.

²Employer contributions to social benefits and occupational pension plans.

³At the end of the reporting period, the Group Executive Board consisted of eight members (not including the CEO).

**Loans and credit facilities**

The 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 statutory auditor)

Board of Directors

in number of shares	12/31/2025 ¹	12/31/2024
Thomas Oetterli, Chair, non-executive, independent member	15,840	14,340
Urs Kaufmann, non-executive, independent member	13,840	13,340
Peter Bauschatz, non-executive, independent member	2,560	2,060
Tanja Birner, non-executive, independent member since April 2024	1,000	500
Nick Huber, non-executive member ²	118,432	117,932
Manuela Suter, non-executive, independent member	3,040	2,540
Fabian Tschan, non-executive member ²	2,688,033	2,687,533
Jörg Walther, non-executive, independent member	8,720	8,220
Total	2,851,465	2,846,465

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

²The 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, 2025, this shareholder group held 53.31% (20,736,096 shares) of SFS Group shares (PY 53.08%, 20,649,616 shares). Detailed information about the group composition can be found here: [Significant shareholders](#) | [Founding families](#).

Group Executive Board

in number of shares	12/31/2025 ¹	12/31/2024
Jens Breu, Chief Executive Officer	37,920	35,920
Arthur Blank, Head of Corporate HR & Communications bis 2024	n/a	17,035
Volker Dostmann, Chief Financial Officer	3,921	3,121
Thomas Jung, Head of Construction division since 2024	2,570	1,970
Walter Kobler, Head of Medical & Industrial Specials division	25,626	25,026
Urs Langenauer, Head of Automotive division since 2024, Head of Riveting division until 2023	6,312	5,491
George Poh, Head of Electronics division	52,217	51,417
Iso Raunjak, Head of Distribution & Logistics Switzerland division	2,913	2,313
Martin Reichenecker, Head of Distribution & Logistics International division	3,380	2,580
Total	134,859	144,873

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

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

Members of the Board of Directors



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

Other current activities and vested interests

Since 2023 SWISSMEM, member of the Board
Since 2023 Rieter, member of the BoD and since 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 2024 Chair of the BoD
Since 2017 HUBER + SUHNER AG, Chair of the BoD
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 2016 SZA Schilling, Zutt & Anschütz Rechtsanwaltsgesellschaft mbH, partner (main activity)
- Since 2017 Hoffmann SE, Chair of the Supervisory Board
- Since 2017 NV Holding GmbH, Managing Director
-

**Tanja Birner**

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

Other current activities and vested interests

- Since 2025 Siemens AG, Senior Vice President Domain Management Sales Digital Industries since October 2025
- Since 2023 Siemens AG, Senior Vice President Sales & Marketing – Factory Automation until September 2025
-



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 and Rauch Schweiz AG, member of the BoD
- Since 2008 COLTENE Holding AG, Chair of the BoD until April 2025
- 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 until December 2025
- 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 (main activity)
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 Segment Engineered Components since 2014
With SFS since 1995
Swiss citizen, born 1972

Other current activities and vested interests

Since 2025 Dätwyler IT Infra AG, member of the BoD
Since 2024 SWISSMEM, member of the Board
Since 2019 Dätwyler Holding AG, member of the BoD



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 Segment Fastening Systems since 2024
With SFS since 2010
German citizen, born 1969



Walter Kobler

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



Urs Langenauer

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



George Poh

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

**Iso Raunjak**

Chief Human Resources Officer (CHRO) since 2025
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

**Martin Reichenecker**

Head of Segment Distribution & Logistics since 2025
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 2025. The audit was limited to the information pursuant to article 734a-734f of the Swiss Code of Obligations (CO) in the tables marked 'audited by the statutory auditor' namely in the chapter "Compensation in the financial year 2025" on pages 131 to 133, in the chapter "Board of Directors' and Group Executive Board's shareholdings" on page 134 and in the chapter "Business activities of the members of the Board of Directors and Group Executive Board" on pages 135 to 141 of the compensation report.

In our opinion, the information pursuant to article 734a-734f CO in the accompanying compensation report (pages 131 to 141) 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 by the statutory auditor' 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.

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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.

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
Licensed audit expert
Auditor in charge



André P. Kueffer
Licensed audit expert

St. Gallen, 5 March 2026

Financial Report

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Information on the publication

Consolidated income statement

in CHF million	Notes	2025	%	2024	%
Net sales	<u>2.2</u>	3,045.4	100.0	3,031.1	100.0
Other operating income	<u>2.3</u>	42.1		35.5	
Change in work in progress and finished goods		7.3		5.2	
Material expenses		-1,300.6		-1,284.0	
Contribution margin		1,794.2	58.9	1,787.8	59.0
Personnel expenses	<u>2.4</u>	-869.6		-854.2	
Other operating expenses	<u>2.5/5.1</u>	-458.0		-453.8	
Depreciation on property, plant and equipment	<u>3.4</u>	-129.0		-117.9	
Amortization of intangible assets	<u>3.5</u>	-13.3		-11.7	
Total operating expenses		-1,469.9	-48.3	-1,437.6	-47.4
Operating profit (EBIT)		324.3	10.6	350.2	11.6
Financial result	<u>2.6</u>	-27.6		-26.7	
Share of profit/(loss) from associates/joint ventures		3.0		2.8	
Earnings before tax		299.7	9.8	326.3	10.8
Income taxes	<u>2.7</u>	-79.5		-83.6	
Net income		220.2	7.2	242.7	8.0
Attributable to SFS shareholders		219.0		241.3	
Attributable to non-controlling interests		1.2		1.4	
Earnings per share in CHF basic and diluted	<u>4.6</u>	5.63		6.21	

Consolidated balance sheet

Assets in CHF million	Notes	12/31/2025	%	12/31/2024	%
Cash and cash equivalents	<u>4.1</u>	209.8		224.6	
Trade receivables	<u>3.1</u>	474.9		468.4	
Other current receivables	<u>3.2</u>	98.1		106.8	
Inventories	<u>3.3</u>	552.6		552.4	
Prepayments and accrued income		33.4		32.0	
Current assets		1,368.8	54.5	1,384.2	53.0
Property, plant and equipment	<u>3.4</u>	963.5		1,037.2	
Intangible assets	<u>3.5</u>	54.9		65.3	
Financial assets	<u>4.2</u>	83.5		72.6	
Deferred tax assets	<u>3.11</u>	42.0		52.9	
Non-current assets		1,143.9	45.5	1,228.0	47.0
Assets		2,512.7	100.0	2,612.2	100.0
Liabilities and equity in CHF million					
Current borrowings	<u>4.3</u>	13.9		276.0	
Trade payables	<u>3.7</u>	175.8		168.0	
Other current payables	<u>3.8</u>	94.8		101.0	
Current provisions	<u>3.10</u>	25.4		–	
Accrued liabilities and deferred income		136.5		127.9	
Current liabilities		446.4	17.8	672.9	25.7
Non-current borrowings	<u>4.3</u>	360.7		283.6	
Other non-current payables		7.4		7.6	
Pension benefit obligations	<u>3.9</u>	11.0		12.1	
Non-current provisions	<u>3.10</u>	12.3		13.3	
Deferred tax liabilities	<u>3.11</u>	56.1		63.5	
Non-current liabilities		447.5	17.8	380.1	14.6
Liabilities		893.9	35.6	1,053.0	40.3
Share capital		3.9		3.9	
Capital reserves		33.7		82.6	
Treasury shares		–2.8		–4.1	
Retained earnings		1,566.1		1,459.0	
Equity attributable to SFS shareholders	<u>4.6</u>	1,600.9	63.7	1,541.4	59.0
Non-controlling interests		17.9		17.8	
Total equity		1,618.8	64.4	1,559.2	59.7
Liabilities and equity		2,512.7	100.0	2,612.2	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 01/01/2024		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
Changes of hedges	4.3/ 4.7	-	-	-	-	0.8	0.7	-	-	1.5	1.5	-	1.5
Acquisitions	5.1	-	-	-	-3.0	-	-	-	-	-3.0	-3.0	-	-3.0
Disposals	5.1	-	-	-	5.0	-	-	-	-	5.0	5.0	-	5.0
Currency translation adjustments		-	-	-	-	-	-	-67.4	-	-67.4	-67.4	-0.3	-67.7
Net income		-	-	-	-	-	-	-	219.0	219.0	219.0	1.2	220.2
Dividend for 2024		-	-48.6	-	-	-	-	-	-48.6	-48.6	-97.2	-0.8	-98.0
Purchase of treasury shares	4.6	-	-	-2.4	-	-	-	-	-	-	-2.4	-	-2.4
Disposal of treasury shares	4.6	-	-0.3	3.7	-	-	-	-	-	-	3.4	-	3.4
Other changes		-	-	-	-	-	-	-	0.6	0.6	0.6	-	0.6
Balance as at 12/31/2025		3.9	33.7	-2.8	-1,524.1	-0.1	47.9	-238.8	3,281.2	1,566.1	1,600.9	17.9	1,618.8

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	2025	2024
Net income		220.2	242.7
Income taxes		79.5	83.6
Financial result and share of profit/(loss) from associates/joint ventures		24.6	23.9
Depreciation/amortization	3.4/3.5	142.3	129.6
Loss from impairment (+)/reversal of impairment (-)		-0.2	-
Interest paid		-16.1	-19.7
Income tax paid		-91.6	-79.7
Changes in provisions and allowances		18.5	-0.6
Other non-cash expenses/income		7.3	-0.7
Profit (-)/loss (+) from disposal of property, plant and equipment		-2.8	-1.2
Changes in trade receivables		-31.6	10.8
Changes in other receivables and prepayments and accrued income		13.6	2.8
Changes in inventories		-21.6	17.0
Changes in trade payables		13.5	-27.2
Changes in other current liabilities, accrued liabilities and deferred income		21.7	-6.3
Cash flow from operating activities		377.3	375.0
Purchases of property, plant and equipment	3.4	-101.2	-141.3
Proceeds from sale of property, plant and equipment		6.7	4.2
Purchases of intangible assets	3.5	-2.5	-7.6
Proceeds from sale of intangible assets		0.1	0.0
Proceeds from government grants	3.4	-	1.8
Acquisition of subsidiaries	5.1	-5.4	-17.1
Disposal of subsidiaries	5.1	-1.8	-
Proceeds from disposal (+)/outflows for investment (-) of financial assets		0.3	-0.5
Investment in/dividends from associates/joint ventures		1.5	-
Proceeds from interest and securities		1.6	2.5
Cash flow from investing activities		-100.7	-158.0
Dividends to the shareholders		-97.2	-97.2
Dividends to non-controlling interests		-0.8	-1.6
Purchase (-)/disposal of treasury shares (+)		-0.7	-4.0
Proceeds (+)/repayment from/of current borrowings (-)		-269.8	-19.3
Proceeds (+)/repayment from/of non-current borrowings (-)		87.1	-101.2
Cash flow from financing activities		-281.4	-223.3
Translation adjustment on cash and cash equivalents		-10.0	3.4
Changes in cash and cash equivalents		-14.8	-2.9
Cash and cash equivalents at beginning of period	4.1	224.6	227.5
Cash and cash equivalents at end of period	4.1	209.8	224.6

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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 reporting recommendations of Swiss GAAP FER have not changed in the reporting period.

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. Control is assumed when SFS Group AG directly or indirectly holds more than 50% of the voting rights of a subsidiary. 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. 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 is 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.

The Construction & Wood business area of the Distribution & Logistics segment that is focused on customers in the construction industry was allocated to the Fastening Systems segment from January 1, 2025 onward.

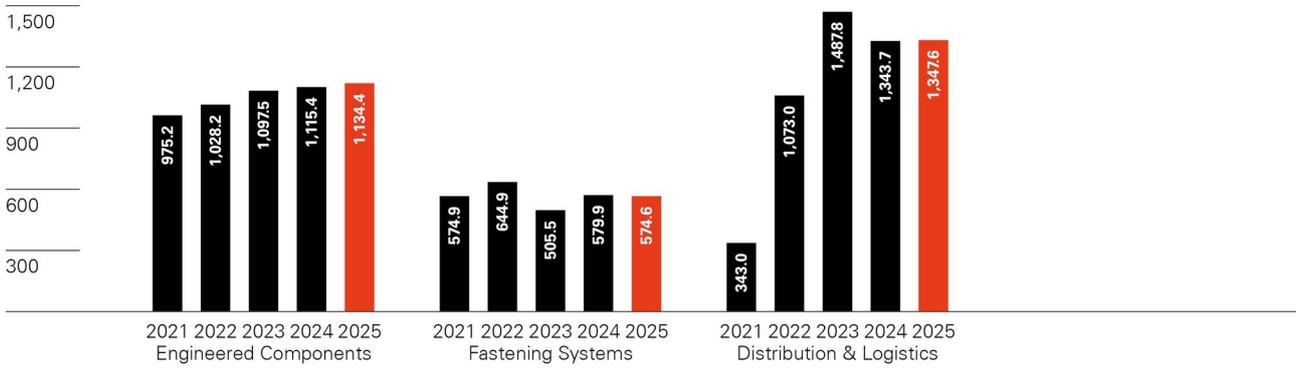
The previous year's figures were adjusted to the new segment composition for better comparability.

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.

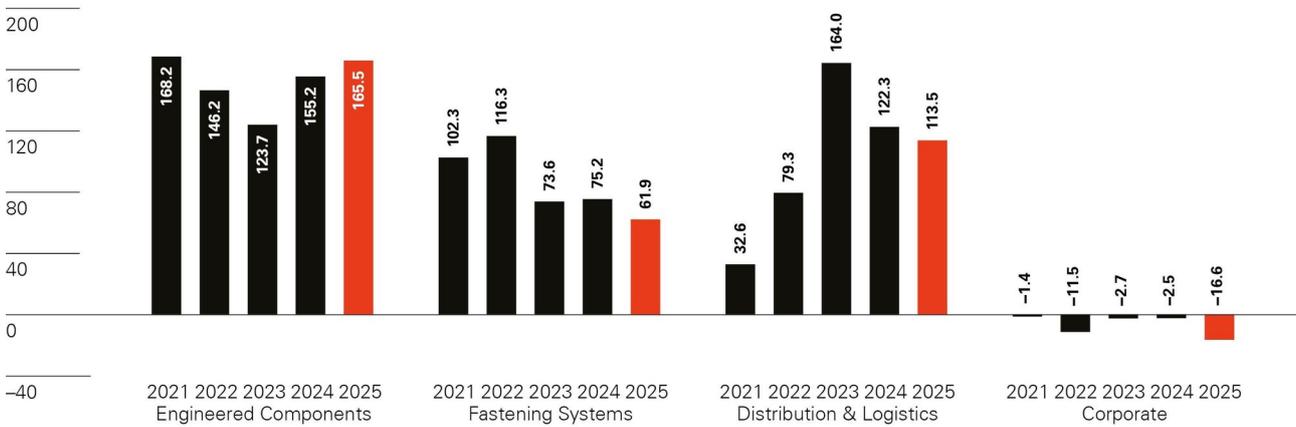
Segment assets are all assets which are directly attributable to a segment, such as receivables, inventories, prepayments and accrued income, property, plant and equipment, intangible assets, as well as deferred tax assets. The segment liabilities include directly attributable payables, accrued liabilities 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 add 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 Technology and Business Support Functions (former Technology, Corporate Services and Corporate IT & Finance).

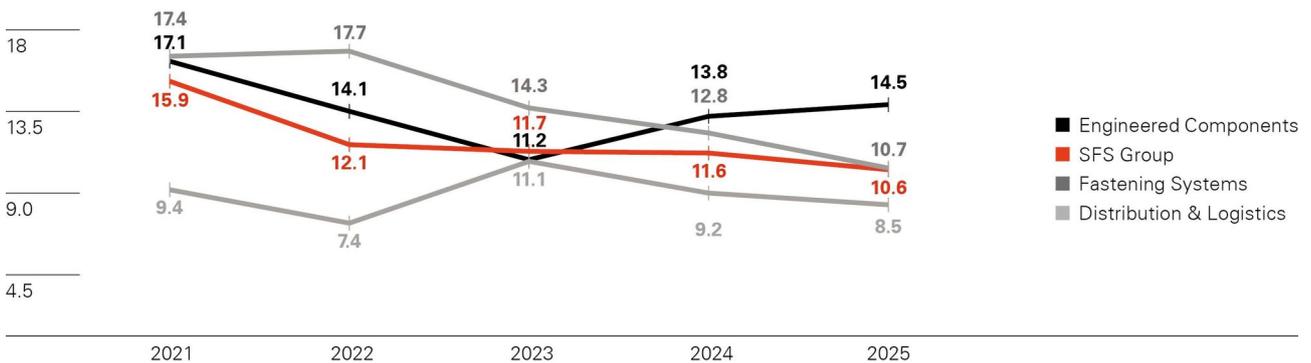
Third-party sales in CHF million



EBIT in CHF million



EBIT in % of net sales



The key figure EBIT includes one-off effects:

- 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
- 2025 CHF 46.7 million project-specific non-recurring costs of program to make changes to the production and distribution network (Engineered Components: CHF 14.7 million, Fastening Systems: CHF 8.8 million, Distribution & Logistics: CHF 17.5 million, Corporate: CHF 5.7 million)

2025	Notes	Engineered Components	Fastening Systems	Distribution & Logistics	Corporate	Total
Third-party sales	<u>2.2</u>	1,134.4	574.6	1,347.6	–	3,056.6
Change from previous year in %		1.7	–0.9	0.3	–	0.6
Net sales	<u>2.2</u>	1,140.3	580.0	1,339.7	–14.6	3,045.4
EBITDA		256.2	76.1	142.4	–8.1	466.6
in % of net sales		22.5	13.1	10.6		15.3
Operating profit (EBIT)		165.5	61.9	113.5	–16.6	324.3
in % of net sales		14.5	10.7	8.5		10.6
Investments		72.3	12.6	14.0	4.8	103.7
Operating assets		1,074.7	322.4	737.0	84.6	2,218.7
Operating liabilities		206.0	81.6	168.4	55.6	511.6
Capital employed		868.7	240.8	568.6	29.0	1,707.1
of which net working capital		283.9	142.8	307.2	–7.8	726.1
2024 restated¹	Notes	Engineered Components	Fastening Systems	Distribution & Logistics	Corporate	Total
Third-party sales	<u>2.2</u>	1,115.4	579.9	1,343.7	–	3,039.0
Net sales	<u>2.2</u>	1,124.9	589.1	1,336.5	–19.4	3,031.1
EBITDA		236.2	87.8	151.8	4.0	479.8
in % of net sales		21.0	14.9	11.4		15.8
Operating profit (EBIT)		155.2	75.2	122.3	–2.5	350.2
in % of net sales		13.8	12.8	9.2		11.6
Investments		106.1	18.9	15.0	8.9	148.9
Operating assets		1,141.3	317.5	735.5	93.9	2,288.2
Operating liabilities		203.0	69.3	150.0	62.1	484.4
Capital employed		938.3	248.1	585.6	31.8	1,803.8
of which net working capital		296.5	145.1	306.2	–10.5	737.3

¹The 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 sales (PY none).

Sales by region	Notes	2025	%	2024	%
Switzerland		339.4	11.1	351.4	11.6
Germany		908.2	29.7	897.3	29.5
Other Europe		827.2	27.1	857.8	28.2
North America		545.3	17.8	521.0	17.1
China		268.8	8.8	256.4	8.4
Other Asia		160.1	5.2	147.2	4.8
Africa, Australia		7.6	0.3	7.9	0.4
Sales	<u>2.2</u>	3,056.6	100.0	3,039.0	100.0
Not assigned items		-11.2		-7.9	
Net sales	<u>2.2</u>	3,045.4		3,031.1	

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

Sales by end market	Notes	2025	%	2024	%
Automotive industry		628.3	20.5	633.7	20.9
Construction industry		616.1	20.2	616.9	20.3
Electrical and electronics industry		422.0	13.8	400.0	13.1
Industrial manufacturing		824.5	27.0	826.9	27.2
Medical devices industry		181.3	5.9	188.5	6.2
Other industries		384.4	12.6	373.0	12.3
Sales	<u>2.2</u>	3,056.6	100.0	3,039.0	100.0
Not assigned items		-11.2		-7.9	
Net sales	<u>2.2</u>	3,045.4		3,031.1	

Reconciliation of segments to income statement and balance sheet

Income statement	Notes	2025	2024
Operating profit (EBIT)		324.3	350.2
Financial result	<u>2.6</u>	-27.6	-26.7
Share of profit from associates/joint ventures		3.0	2.8
Earnings before tax		299.7	326.3

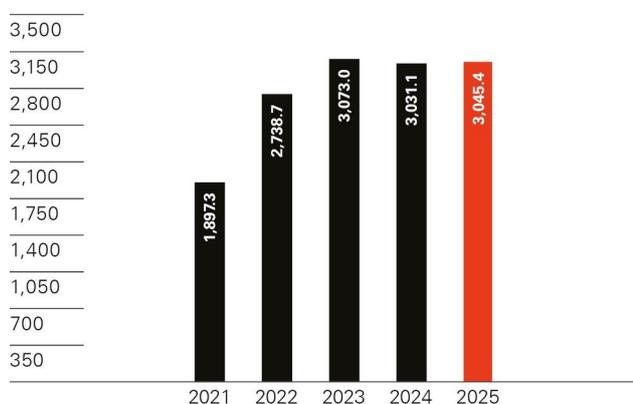
Assets	Notes	2025	2024
Operating assets		2,218.7	2,288.2
+ Cash and cash equivalents	<u>4.1</u>	209.8	224.6
+ Short-term derivative financial instruments	<u>3.2/4.7</u>	0.7	26.8
+ Financial assets	<u>4.2</u>	83.5	72.6
Assets		2,512.7	2,612.2

Liabilities and equity	Notes	2025	2024
Operating liabilities		511.6	484.4
+ Current borrowings	<u>4.3</u>	13.9	276.0
+ Short-term derivative financial instruments	<u>3.8/4.7</u>	0.3	1.4
+ Other non-current payables		7.4	7.6
+ Long-term borrowings	<u>4.3</u>	360.7	283.6
Liabilities		893.9	1,053.0
Equity (Net assets)		1,618.8	1,559.2

2.2 Net sales

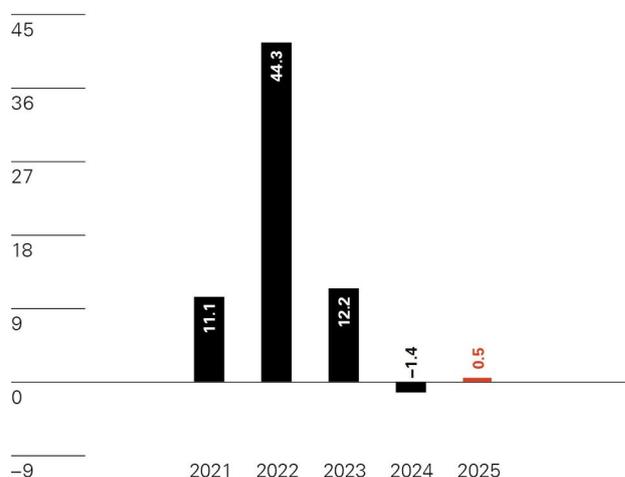
Net sales

in CHF million



Growth of net sales

in %



	2025	2024
Sales	3,056.6	3,039.0
Other items	-11.2	-7.9
Total	3,045.4	3,031.1

Sales changed by 0.6% (PY -1.7%) compared to previous year. The effect of changes in the scope of consolidation amounts to 0.6% (PY 0.1%). Based on a like-for-like view and ignoring foreign currency effects, sales increased by 2.9% (PY 0.1%). The currency translation effect amounts to -2.9% (PY -1.9%).

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

	2025	2024
Revenue from services	25.5	19.0
Lease income	1.2	1.0
Own-built machinery and capitalized own work	7.0	11.1
Gain on disposals of assets	5.0	1.9
Government grants related to income	3.4	2.5
Total	42.1	35.5

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

Government grants related to income are recognized when there is reasonable assurance that the conditions attached to the grant can be fulfilled 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 cash flow from operating activities of the reporting period includes government grants related to income of CHF 3.5 million (PY CHF 2.3 million).

2.4 Personnel expenses

	2025	2024
Wages and salaries	686.5	674.2
Profit sharing	9.8	9.6
Social security expenses	154.9	153.9
Other employment expenses	18.4	16.5
Total	869.6	854.2

In 2025, personnel expenses are reduced by contributions from government support programs worldwide in the amount of CHF 0.3 million (PY CHF 0.5 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 1.8 million (PY CHF 1.7 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 2025.

2.5 Other operating expenses

	2025	2024
Tools, energy, maintenance	155.6	163.1
Selling and distribution	164.1	165.6
Other operating expenses	138.3	125.1
Total	458.0	453.8

Other operating expenses include operating lease expenses amounting to CHF 48.3 million (PY CHF 42.0 million). The total expenses for research and development recognized during the reporting period amount to CHF 68.5 million (PY CHF 76.0 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

	2025	2024
Interest expenses	-14.2	-18.8
Foreign exchange losses on financial investments	-15.1	-10.8
Financial expenses	-29.3	-29.6
Interest income	1.7	2.9
Financial income	1.7	2.9
Total	-27.6	-26.7

Borrowing costs are recognized as an expense in the period in which they are incurred. However, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset.

2.7 Income taxes

	2025	2024
Current income tax expense	77.9	91.5
Deferred tax expense (+)/Income (-)	1.6	-7.9
Income taxes	79.5	83.6
Reconciliation		
Earnings before tax	299.7	326.3
Expected tax rate in %	14.3	14.3
Expected income tax expense	42.9	46.7
Variance in tax rates	28.8	33.2
Impact of change in tax rate on deferred taxes	-0.5	0.0
Items not subject to tax	5.8	3.9
Changes in tax loss carryforwards	2.4	2.3
Adjustments in respect of prior years and other items	0.1	-2.5
Income taxes	79.5	83.6
Effective tax rate in %	26.5	25.6

The income tax expense includes taxes which have been paid and accrued based on the profits of the taxable entities. 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 was effective for the SFS Group's financial year 2024, whereat Switzerland decided to bring the so-called Income Inclusion Rule (IIR) into force with effect from January 1, 2025. Based on the results of 2025, 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). Based on the information currently available, the SFS Group expects to meet the TSH tests in all jurisdictions with a significant tax burden and therefore no material top-up taxes are expected for the year 2025. 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

	2025	2024
From third parties	479.0	472.8
From associates/joint ventures	0.7	0.3
From related parties	0.0	0.2
Valuation allowances	-4.8	-4.9
Total	474.9	468.4

Aging analysis		2025	2024
Not due		398.7	400.0
Overdue 1–30 days		60.1	52.2
Overdue 31–90 days		15.9	16.4
Overdue >91 days		5.0	4.7
Trade receivables (gross)		479.7	473.3
Valuation allowances		-4.8	-4.9
Trade receivables (net)		474.9	468.4

Trade receivables are valued at nominal value. Specific allowances are recognized for identified credit risks. A general allowance is recognized on the remaining receivables based on the ageing structure. Receivables overdue by more than 90 days are provided for at 50%, and receivables overdue by more than 180 days are provided for at 100%.

3.2 Other current receivables

	2025	2024
VAT and withholding tax	23.7	17.1
Receivables from supplier rebates	36.8	36.2
Other receivables	36.9	26.7
Short-term derivative financial instruments	0.7	26.8
Total	98.1	106.8

3.3 Inventories

	2025	2024
Raw materials	50.6	56.5
Consumables	11.4	12.8
Work in progress	93.1	92.9
Finished goods incl. trading goods	473.7	476.4
Valuation allowances	-76.2	-86.2
Total	552.6	552.4

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 01/01/2024	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
Changes in scope of consolidation	–	–	–0.6	–	–0.6
Additions	–	10.1	70.7	20.4	101.2
Disposals	–	–3.5	–56.6	–0.3	–60.4
Reclassifications	–	14.8	65.2	–80.4	–0.4
Exchange differences	–0.2	–25.9	–57.4	–7.5	–91.0
Cost as at 12/31/2025	19.0	900.5	1,424.8	39.2	2,383.5
Accumulated depreciation as at 01/01/2024	–	–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
Changes in scope of consolidation	–	–	0.5	–	0.5
Depreciation	–	–29.7	–99.5	–	–129.2
Reversal of impairment	–	–	0.2	–	0.2
Disposals	–	2.4	54.1	–	56.5
Exchange differences	–	9.8	39.7	–	49.5
Accumulated depreciation as at 12/31/2025	–	–465.0	–955.0	–	–1,420.0
Net book value as at 01/01/2024	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
Net book value as at 12/31/2025	19.0	435.5	469.8	39.2	963.5

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.

If there is an indication of impairment, an impairment test is performed and, if necessary, the carrying amount of the asset is reduced and the impairment loss is recognized in profit or loss. Government grants related to assets are offset against the acquisition costs or production 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 fulfilled and the value of the grant can be estimated reliably.

The book value of assets under construction includes down payments to suppliers of CHF 10.8 million (PY CHF 29.2 million).

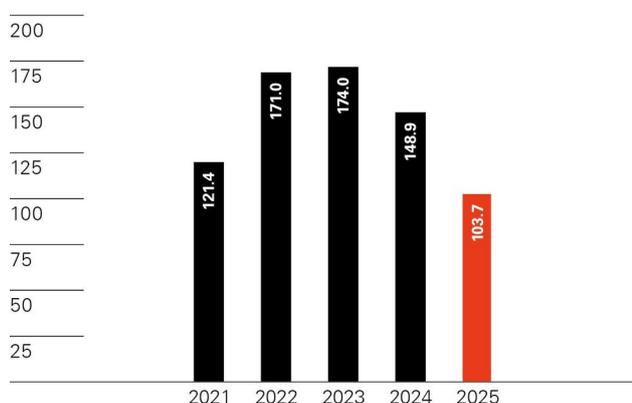
In order to collateralize borrowings, assets amounting to CHF 59.3 million (PY CHF 72.3 million) have been pledged with CHF 52.4 million (PY CHF 66.1 million), of which CHF 31.1 million (PY CHF 32.2 million) have been drawn.

The financial commitments for contracted purchases of property, plant and equipment as well as for assets under construction amount to CHF 23.1 million (PY CHF 74.2 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.

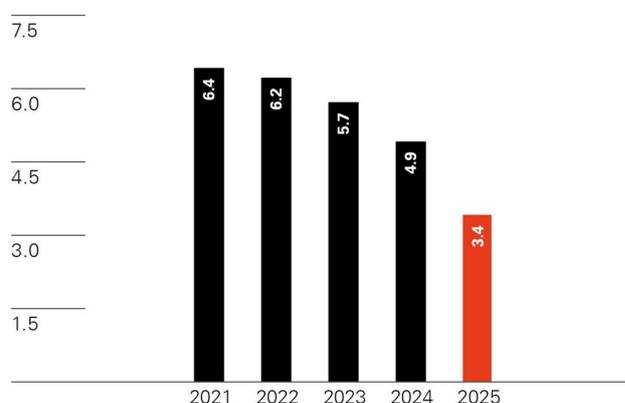
Additions property, plant and equipment and intangible assets

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 01/01/2024	–	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
Changes in scope of consolidation	0.2	0.8	–	–	1.0
Additions	–	2.1	0.4	–	2.5
Disposals	–	–13.8	–	–	–13.8
Reclassifications	–	25.6	–25.2	–	0.4
Exchange differences	–0.7	–0.7	–	–0.4	–1.8
Cost as at 12/31/2025	8.2	88.5	0.4	18.8	115.9
Accumulated amortization as at 01/01/2024	–	–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
Amortization	–1.7	–9.4	–	–2.2	–13.3
Disposals	–	13.7	–	–	13.7
Exchange differences	0.1	0.6	–	0.2	0.9
Accumulated amortization as at 12/31/2025	–2.1	–47.4	–	–11.5	–61.0
Net book value as at 01/01/2024	–	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
Net book value as at 12/31/2025	6.1	41.1	0.4	7.3	54.9
Intangible assets generated internally	–	17.1	0.3	–	17.4
Purchased intangible assets	6.1	24.0	0.1	7.3	37.5

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 fulfilled 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 2.3 million (PY CHF 0.9 million) in 2025.

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.

	2025	2024
Balance as at 01/01	472.4	554.4
Acquisitions	3.0	7.6
Derecognition	-16.8	-123.1
Exchange differences	-4.9	33.5
Balance as at 12/31	453.7	472.4
Accumulated amortization 01/01	-254.9	-252.9
Amortization	-91.8	-100.2
Derecognition	16.8	123.1
Exchange differences	2.3	-24.9
Accumulated amortization 12/31	-327.6	-254.9
Theoretical value of goodwill as at 12/31	126.1	217.5
Equity according to balance sheet	1,618.8	1,559.2
Theoretical value of goodwill	126.1	217.5
Theoretical shareholders' equity as at 12/31	1,744.9	1,776.7
Net income	220.2	242.7
Amortization of goodwill	-91.8	-100.2
Theoretical net income	128.4	142.5

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

3.7 Trade payables

	2025	2024
Against third parties	175.7	167.9
Against related parties	0.1	0.1
Total	175.8	168.0

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

3.8 Other current payables

	2025	2024
VAT and other liabilities	57.5	48.9
Tax liabilities	37.0	50.7
Short-term derivative financial instruments	0.3	1.4
Total	94.8	101.0

3.9 Pension benefit obligations

The 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 are generally financed through contributions made by the employees and SFS.

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, 2025, the SFS Pension Fund has an expected coverage ratio according to the OPA of 117.5% (PY 117.5%). The pension liabilities and actuarial reserves are calculated based on a technical interest rate of 1.75% (PY 1.75%) using the life expectancy table BVG 2020 (PY BVG 2020). The current conversion rate is 5.2%. The trustees of the SFS Pension Fund have decided to maintain this conversion rate unchanged until further notice and, for the time being, not to implement any further reduction. 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 3.3% to 5.7% (PY 3.2% to 5.6%).

Employer contribution reserve (ECR)	Nominal value	Waiver of use	Balance sheet	Accumulation	Balance sheet	Result from ECR in personnel expenses	
	12/31/2025	2025	12/31/2025	2025	12/31/2024	2025	2024
Patronage Fund	23.3	–	23.3	0.5	22.8	–0.5	–1.4
SFS Pension Fund	1.6	–	1.6	0.1	1.5	–0.1	–0.1
Total	24.9	–	24.9	0.6	24.3	–0.6	–1.5

An economic benefit is capitalized in the SFS Group's balance sheet coming from uncommitted employer contribution reserves of the SFS Pension Fund and Patronage Fund 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 12/31/2025	Economic share of the entity		+/-	Contribution concerning 2025	Pension benefit expenses within personnel expenses	
		12/31/2025	12/31/2024			2025	2024
Patronage Fund	2.0	2.0	1.5	0.5	–	–0.5	0.5
Pension Funds							
without surplus/deficit	–	–	–	–	34.3	34.3	33.8
with deficit	–2.3	–2.3	–2.9	0.6	–	–0.4	0.2
without own assets	–8.7	–8.7	–9.2	0.5	–	–0.6	–0.3
Total	–9.0	–9.0	–10.6	1.6	34.3	32.8	34.2

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, 2025, 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

	Employee-related provisions	Restructuring provisions	Other provisions	Total
Balance as at 01/01/2024	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
Additions	1.0	25.4	0.2	26.6
Used amounts	–0.9	–	–0.3	–1.2
Unused amounts reversed	–0.1	–	–0.4	–0.5
Changes in scope of consolidation	–0.0	–	–	–0.0
Exchange differences	–0.5	0.0	–	–0.5
Balance as at 12/31/2025	8.1	25.4	4.2	37.7
of which current	–	25.4	–	25.4

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 “Employee-related provisions” 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 2.1 million (PY CHF 2.4 million). Provisions for specific business risks amount to CHF 2.1 million (PY CHF 2.3 million). The restructuring provisions primarily comprise costs associated with personnel reduction measures as well as other expenses in connection with changes to the production and distribution network.

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	12/31/2025	12/31/2024
Deferred tax assets	-42.0	-52.9
Deferred tax liabilities	56.1	63.5
Total	14.1	10.6

Movement in net deferred tax balances	2025	2024
Balance as at 01/01	10.6	17.3
Changes in scope of consolidation	-0.2	2.0
Charged (+)/credited (-) to income statement	1.6	-7.9
Charged (+)/credited (-) to equity	0.0	-0.2
Exchange differences	2.1	-0.6
Balance as at 12/31	14.1	10.6

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:

Tax loss carryforwards	2025	Recognized		Unrecognized	
		2025	2024	2025	2024
Expiry in <3 years	0.3	1.2	18.4	5.3	
Expiry within 3–7 years	1.3	2.6	–	3.3	
Expiry in >7 years	2.7	2.1	14.9	26.1	
Total	4.3	5.9	33.3	34.7	

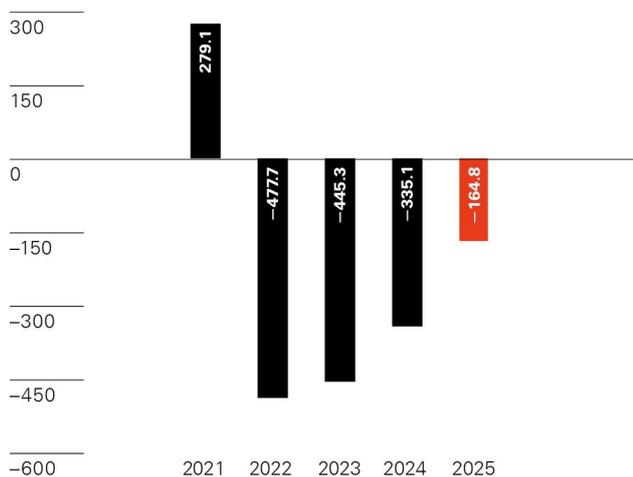
Deferred tax assets are recognized for tax loss carryforwards and on other temporary differences to the extent that is expected to be realizable within the next five years. In this context, in 2025, deferred tax assets on temporary differences in the amount of CHF 8.0 million (PY CHF 9.9 million) were 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

	2025	2024
Cash at bank and on hand	209.2	163.2
Current bank deposits	0.6	61.4
Total	209.8	224.6

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

	2025	2024
Loans to third parties	14.1	4.3
Investments	18.2	18.5
Assets from employer contribution reserves	24.9	24.3
Economic benefit from pension plans	2.0	1.5
Derivative financial instruments	19.7	20.4
Other financial assets	4.6	3.6
Total	83.5	72.6

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 the absence of a market value, marketable securities and financial assets are measured at acquisition cost 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. The impact arising from the expiration of the cross-currency swap as of June 6, 2025 in the amount of CHF 26.0 million remains recognized in equity until the foreign entity is disposed of. As of December 31, 2025, the fair value of the remaining cross-currency swap amounts to CHF 19.7 million and is disclosed as a financial asset (fair value December 31, 2024: CHF 20.4 million).

4.3 Borrowings

	2025	2025 Interest rate in %	2024	2024 Interest rate in %
Bonds	–	–	250.0	1.0
Bank borrowings	13.2	2.2	26.0	4.0
Current borrowings from third parties	0.7	0.5	0.0	0.0
Current borrowings	13.9	2.1	276.0	1.3
of which CHF	–	–	250.0	1.0
of which EUR	9.9	1.1	9.7	1.7
of which USD	4.0	4.7	16.3	5.4
Bonds	150.0	See below	150.0	See below
Bank borrowings	197.6	2.4	119.6	2.7
Non-current borrowings from third parties	13.1	3.1	14.0	3.6
Non-current borrowings	360.7	2.0	283.6	2.1
of which CHF	150.0	1.5	150.0	1.5
of which EUR	203.6	2.3	133.4	2.8
of which USD	0.1	8.9	0.2	8.7
of which INR	7.0	7.2	–	–
of which other currencies	0.0	0.0	0.0	0.0
Total	374.6	2.0	559.6	1.7

Bonds

Nominal value in CHF million	Interest rate in %	Term	Expiration at nominal value
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 afterward reversed on a straight-line basis over the term of the bonds. The first bond in the amount of CHF 250 million was fully repaid on June 6, 2025.

The SFS Group can use non-derivative financial instruments (financial liabilities) 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 (net investment hedge). Changes in the fair values of the hedging instruments of net investment hedges are recognized in equity and reversed through profit and loss upon disposal of the entity. As of December 31, 2025 borrowings include a EUR loan in the amount of CHF 172.2 million (nominal value EUR 185.0 million) which the SFS Group has designated as a hedging instrument in a net investment hedge.

The financial liabilities have the following maturities:

	in <3 months	in 4–12 months	in 13–24 months	in >24 months	Total
Cash outflows					
Borrowings	6.8	7.1	12.0	348.7	374.6
Interest payments	1.9	5.5	5.9	6.8	20.1
Total 12/31/2025	8.7	12.6	17.9	355.5	394.7

	in <3 months	in 4–12 months	in 13–24 months	in >24 months	Total
Cash outflows					
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

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. The new contract term, after execution of the extension options, ends on May 10, 2029. The committed and uncollateralized revolving credit line amounts to CHF 600 million and is used to 28.7% (PY 15.7%) at the end of 2025. 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. The option to increase the maximum amount 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 2.50x

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	2025	2024
Due <1 year	32.3	45.7
Due between 1–5 years	93.6	115.5
Due >5 years	172.2	173.5
Total	298.1	334.7

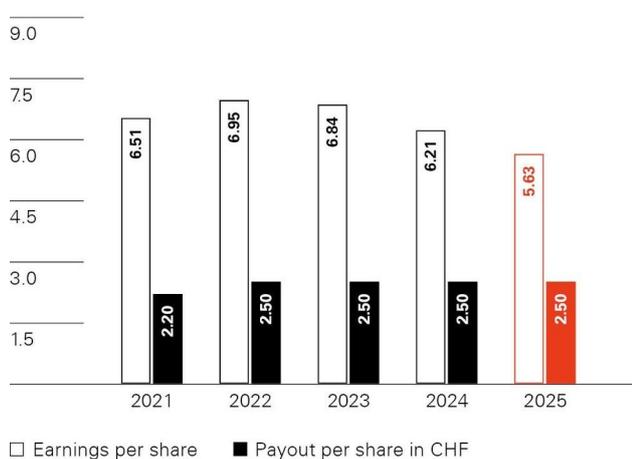
4.5 Off-balance sheet transactions

	2025	2024
Debt guarantees	0.7	0.7
Guarantee obligations	7.4	8.4
Other non-recognizable commitments	326.4	341.2
Total	334.5	350.3

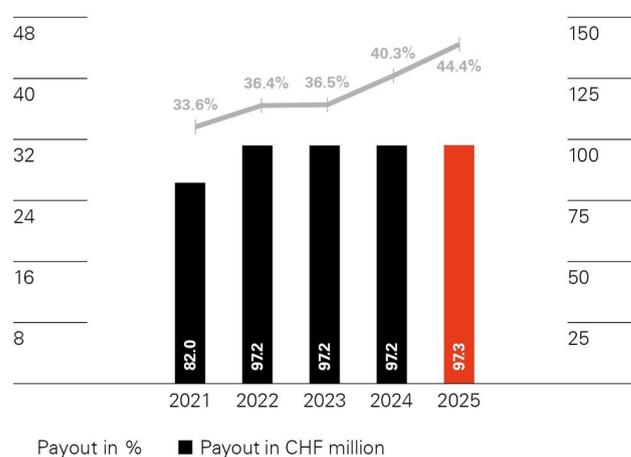
Off-balance sheet transactions consist mainly of debt guarantees, guarantee obligations, liens in favor of third parties and long-term rental contracts. Intercompany items are eliminated. Off-balance sheet transactions are assessed on the basis of the likelihood and the amount of the potential future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

4.6 Equity and earnings per share

Earnings and payout per share in CHF



Payout in %, in CHF million



A payout for the financial year 2025 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 22, 2026. 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.

	2025	2024
Weighted average number of outstanding shares	38,859,698	38,883,033
Net income attributable to SFS shareholders	219.0	241.3
Earnings per share in CHF basic and diluted	5.63	6.21

As of December 31, 2025, 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). As of December 31, 2025, statutory and legal reserves that may not be distributed amount to CHF 63.7 million (PY CHF 75.3 million).

Share capital and treasury shares

	Quantity	Transaction price (Ø) in CHF	Purchase cost (Ø) in CHF million
Balance as at 01/01/2024	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
Purchases	20,701	112.5	2.4
Sale	-30,551	110.0	-3.7
Balance as at 12/31/2025	24,557	114.2	2.8

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. As of December 31, 2025, the SFS Group companies hold 24,557 shares (PY 34,407) and the SFS Pension Fund and SFS Patronage Fund hold 5,330 shares (PY 4,025) in SFS Group AG.

There exist no obligations to repurchase treasury shares disposed of.

4.7 Derivative financial instruments

	Contract value					Market value
	CHF	EUR	USD	CNY	JPY	CHF
Forward foreign exchange contracts 2025						
EUR sale/CHF purchase	31.0	-33.7	-	-	-	-0.1
USD sale/EUR purchase	-	88.1	-104.0	-	-	0.1
USD sale/CNY purchase	-	-	-61.8	433.5	-	0.4
Other derivative financial instruments 2025						
Cross-currency swap EUR sale/CHF purchase	150.0	-143.0	-	-	-	19.7

	Contract value					Market value
	CHF	EUR	USD	CNY	JPY	CHF
Forward foreign exchange contracts 2024						
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

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. The first cross-currency swap expired on June 6, 2025.

4.8 Exchange rates

	Unit	Balance sheet		Income statement	
		2025	2024	2025	2024
China	CNY 100	11.322	12.411	11.564	12.235
EU	EUR 1	0.931	0.941	0.937	0.953
United Kingdom	GBP 1	1.067	1.135	1.094	1.125
USA	USD 1	0.793	0.906	0.832	0.881

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

	2025	2024
Acquisition of subsidiaries		
Cash and cash equivalents	0.0	5.0
Trade receivables	0.8	3.6
Inventories	1.4	3.5
Other current assets	–	0.1
Property, plant and equipment	0.1	1.0
Intangible assets	1.0	8.6
Other non-current assets	0.2	0.1
Current liabilities	–0.9	–3.6
Non-current liabilities	–0.2	–2.7
Acquired net assets	2.4	15.6
Goodwill offset against equity	3.0	7.6
Purchase price incl. acquisition cost	5.4	23.2
Cash and cash equivalents acquired	–0.0	–5.0
Deferred and other non-cash consideration	–	–1.0
Contingent consideration (earnout)	–	–0.1
Consideration in cash flow statement	5.4	17.1

2025

As of August 1, 2025, the assets of DB Building Fasteners were acquired in an asset deal. The company, which has locations in Ontario and Sacramento, California (USA) specializes in the distribution of fastening solutions and accessories for the construction industry. In organizational terms, DB Building Fasteners was incorporated into Triangle Fastener Corporation (TFC) in the Fastening Systems segment. In 2025, DB Building Fasteners generated net sales of CHF 10.0 million, of which CHF 3.9 million were included in the consolidated income statement. Contract clauses do not include any contingent consideration (earnout).

As of November 26, 2025, the SFS Group signed a contract to acquire 51% of the shares of Jellypipe AG, an established and rapidly expanding platform for 3D-printing services. Jellypipe will be allocated to the Distribution & Logistics segment. The closing of the transaction is expected to occur in the first quarter of 2026. Contract clauses do not include any contingent consideration (earnout).

As of December 1, 2025, the SFS Group acquired Construcplan AB. In 2025, the company generated no net sales. Construcplan AB is part of the Fastening Systems segment. Contract clauses do not include any contingent consideration (earnout).

In December 2025, the SFS Group entered into an agreement to acquire 100% of the shares in Gódde GmbH, Oltrogge Werkzeuge GmbH and Hch. Perschmann GmbH, all based in Germany, as well as Perschmann sp. z o.o. in Poland and Gódde SRL in Belgium. The closing of the transaction is expected to occur in the first half of 2026 and is subject to the usual closing conditions. The acquired entities will be integrated into the Distribution & Logistics segment. In the financial year 2025, the three distribution partners of the Hoffmann Group generated third-party sales of approximately EUR 270 million and employed around 450 employees. As the companies already purchase their products from the Hoffmann Group, this represents an expected increase in sales of approximately EUR 130 million for the SFS Group.

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).

	2025	2024
Disposal of subsidiaries		
Cash and cash equivalents	-3.9	-
Trade receivables	-2.6	-
Other current assets	-0.1	-
Property, plant and equipment	-0.2	-
Other non-current assets	1.0	-
Current liabilities	3.3	-
Non-current liabilities	0.1	-
Net assets disposed	2.4	-
Selling price less acquisition cost	2.1	-
Cash and cash equivalents disposed	-3.9	-
Consideration in cash flow statement	-1.8	-

2025

On October 31, 2025, the SFS Group sold its 100% interest in the Swiss subsidiary Allchemet AG. Up to the date of disposal, Allchemet AG generated net sales of CHF 29.9 million (PY January to December CHF 36.7 million), which were included in the consolidated income statement. The disposal resulted in a loss of CHF 5.3 million, including a loss of CHF 5.0 million arising from the recycling of goodwill previously offset against equity to the income statement. The loss on disposal was recognized in other operating expenses.

5.2 Group companies

Subsidiaries

Country	Registered office	Name of the company	Participation in %		Currency	Share capital in local currency 1,000	Activities
			2025	2024			
Belgium	Borne (NL)	Hoffmann Quality Tools B.V.	100.0	100.0	EUR	n/a	V
	Kapellen	SFS Group Belgium B.V.	100.0	100.0	EUR	20	V
China	Nantong	Unisteel Technology (China) Co., Ltd.	100.0	100.0	CNY	916,777	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	Hoffmann Tools & Solutions SE (former Atrium 296. Europäische VV SE)	100.0	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
	Nuremberg	Simple System GmbH	100.0	100.0	EUR	26	V
		Hoffmann Nürnberg GmbH Qualitätswerkzeuge	100.0	100.0	EUR	625	V
		Hoffmann Supply Chain GmbH & Co. KG	100.0	100.0	EUR	150	DL
	Oberursel	Supply Chain Verwaltungs GmbH	100.0	100.0	EUR	25	DL
		SFS Group Germany GmbH	100.0	100.0	EUR	5,000	V, P
		Garant Productions GmbH	100.0	100.0	EUR	25	P
		Schramberg	Ludwig Hettich Holding GmbH & Co. KG	51.0	51.0	EUR	2,500
	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	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
		Construcplan AB	100.0	–	SEK	25	DL
Switzerland	Emmenbrücke municipality of Emmen	Allchemet AG	–	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	100.0	EUR	18	V
		Hoffmann kvalitetna orodja D.O.O.	100.0	100.0	EUR	500	V
Spain	Madrid	Etanco S.A.U.	100.0	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	Ejovice	Hoffmann Qualitätswerkzeuge CZ s.r.o.	100.0	100.0	CZK	100	V
	Prague	SFS Group Fastening Technology s.r.o.	100.0	–	CZK	10	V
	Turnov	SFS Group CZ s.r.o.	100.0	100.0	CZK	205,000	V, P
Türkiye	Torbalı-Izmir	SFS Group TR San. ve Tic. A.Ş.	95.1	95.1	TRY	23,109	V, P
		SFS Group Pazarlama A.Ş.	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 Hoffmann Quality Tools India Pvt. Ltd., is December 31.

2025

Pro Fastening Systems Inc. was merged into Triangle Fastener Corporation.

Atrium 296. Europäische VV SE was renamed Hoffmann Tools & Solutions SE.

SFS Group Fastening Technology s.r.o. was established with a share capital of CZK 0.01 million.

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.

Joint ventures

Country	Registered office	Name of the company	Shareholding in %		Currency	Share capital in 1,000	Activities
			2025	2024			
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

Transactions 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:

	2025	2024
Sales of goods and services	2.8	2.9
Purchases of goods and services	1.5	1.1
Receivables	0.0	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 0.8 million (PY CHF 0.5 million).

Business relationships with associates and joint ventures

	2025	2024
Sales of goods and services	2.2	2.0
Receivables	0.7	0.3
Bank guarantees	7.4	8.4

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, 2025.

The consolidated financial statements of the SFS Group were approved by the Audit Committee and the Board of Directors on March 5, 2026, and are subject to final approval at the Annual General Meeting of shareholders, which will take place on April 22, 2026.

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 2025, 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 145 to 180) give a true and fair view of the consolidated financial position of the Group as at 31 December 2025 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 that are relevant to audits of the financial statements of public interest entities. We have also 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 15.0 million

We concluded full scope audit work at 17 components in nine countries. Our audit scope ("full scope audits") addressed over 72% 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 12% of the Group's net revenue and 9% of the Group's assets.

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

Valuation of inventory



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 15.0 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 0.749 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 designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated 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 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.

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 inventory

Key audit matter	How our audit addressed the key audit matter
<p>Inventories as at 31 December 2025 amount to CHF 552.6 million. This represents 22.0% of total assets.</p> <p>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:</p> <ul style="list-style-type: none"> • 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 lower 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. <p>Further details regarding inventories can be found in note 3-3.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> • 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. <p>On the basis of our audit procedures, we consider Management's valuation of the inventories to be appropriate.</p>

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 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

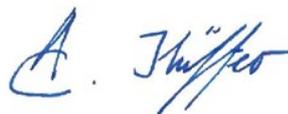
In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that has been designed, pursuant to the instructions of the Board of Directors, for the preparation of the consolidated financial statements.

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, 5 March 2026

Financial Report

Financial statements SFS Group AG

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Balance sheet

Assets in CHF million	Notes	12/31/2025	12/31/2024
Cash and cash equivalents		10.7	14.0
Other current receivables from Group companies		5.1	8.6
Derivative financial instruments		–	26.7
Prepayments and accrued income		0.1	0.2
Current assets		15.9	49.5
Derivative financial instruments		19.8	20.4
Financial assets from Group companies		1,492.2	1,701.1
Investments		119.1	119.1
Non-current assets		1,631.1	1,840.6
Assets		1,647.0	1,890.1
Liabilities and equity in CHF million			
Derivative financial instruments		–	26.7
Bonds	8	–	250.0
Interest-bearing borrowings from Group companies		15.4	21.3
Deferred income and accrued expenses		8.0	8.5
Current liabilities		23.4	306.5
Derivative financial instruments		19.8	20.4
Bonds	8	150.0	150.0
Interest-bearing borrowings from Group companies		129.4	228.1
Non-current liabilities		299.2	398.5
Share capital		3.9	3.9
Statutory capital reserve		34.9	83.5
Other capital reserve		–1.2	–1.0
Statutory retained earnings		1.9	1.9
Voluntary retained earnings		275.1	275.1
Treasury shares		–2.8	–4.1
Profit carryforward		777.2	651.7
Net income		235.4	174.1
Total equity		1,324.4	1,185.1
Liabilities and equity		1,647.0	1,890.1

Income statement

Income in CHF million	2025	2024
Investment income	200.0	150.0
Financial income	78.1	44.0
Total income	278.1	194.0
Expenses in CHF million		
Administration expense	-3.1	-3.1
Financial expenses	-33.6	-12.6
Total expenses	-36.7	-15.7
Net income before taxes	241.4	178.3
Direct taxes	-6.0	-4.2
Net income	235.4	174.1

Notes to the financial statements

SFS Group AG

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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:

	2025		2024	
	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

¹Each share represents one voting right

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

4 Share capital and treasury shares

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, 2025, SFS Group AG and its subsidiaries hold 24,557 treasury shares (PY 34,407). In the reporting period 20,701 treasury shares (PY 33,500) were purchased at an average transaction price of CHF 112.5 (PY CHF 120.8) and 30,551 treasury shares (PY 12,499) were disposed of at an average transaction price of CHF 110.0 (PY CHF 110.4) 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	12/31/2025*	12/31/2024
Thomas Oetterli, Chair, non-executive, independent member	15,840	14,340
Peter Bauschatz, non-executive, independent member	2,560	2,060
Tanja Birner, non-executive, independent member since April 2024	1,000	500
Nick Huber, non-executive member**	118,432	117,932
Urs Kaufmann, non-executive, independent member	13,840	13,340
Manuela Suter, non-executive, independent member	3,040	2,540
Fabian Tschan, non-executive member**	2,688,033	2,687,533
Jörg Walther, non-executive, independent member	8,720	8,220
Total	2,851,465	2,846,465

*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	12/31/2025*	12/31/2024
Jens Breu, Chief Executive Officer	37,920	35,920
Arthur Blank, Chief Human Resources Officer until 2024	n/a	17,035
Volker Dostmann, Chief Financial Officer	3,921	3,121
Thomas Jung, Head of Fastening Systems segment	2,570	1,970
Walter Kobler, Head of Medical & Industrial Specials division	25,626	25,026
Urs Langenauer, Head of Automotive	6,312	5,491
George Poh, Head of Electronics division	52,217	51,417
Iso Raunjak, Chief Human Resources Officer	2,913	2,313
Martin Reichenecker, Head of Distribution & Logistics segment	3,380	2,580
Total	134,859	144,873

*Including number of shares of persons living in the same household

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 34,933,612.60 (PY CHF 83,504,892.60). Based on the resolution of the Annual General Meeting 2024, the statutory capital reserve was distributed to the shareholders in the amount of CHF 45,571,280.00. 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.

	12/31/2025	12/31/2024
Guarantee obligations to Group companies in favor of third parties	671.6	687.9
Guarantee obligations to related parties in favor of third parties	7.4	8.4
of which used	183.5	114.1

8 Bonds

Nominal value in CHF million	Interest rate in %	Term	Expiration at nominal value
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. The first bond in the amount of CHF 250 million was fully repaid on June 6, 2025.

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, 2025.

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 2.00** (PY 1.25) per registered share with a nominal of CHF 0.10 per share.

Retained earnings in CHF million	12/31/2025	Decision AGM 12/31/2024
Profit carryforward	777.2	651.8
Net income	235.4	174.1
Earnings available for distribution	1,012.6	825.9
Payout from retained earnings*	-77.8	-48.6
Carryforward to retained earnings	934.8	777.3

*The dividend is based on the issued share capital as at December 31, 2025. 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 0.50** (PY 1.25) per registered share with a nominal of CHF 0.10 per share.

Statutory capital reserve in CHF million	12/31/2025	12/31/2024
Carryforward of statutory capital reserve	34.9	83.5
Payout from statutory capital reserve*	-19.5	-48.6
Carryforward to statutory capital reserve	15.4	34.9

*The dividend is based on the issued share capital as at December 31, 2025. 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 values "Carryforward to retained earnings" and "Carryforward to statutory capital reserve".



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 2025, 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 accompanying financial statements (pages 186 to 191) 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 that are relevant to audits of the financial statements of public interest entities. We have also 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.

PricewaterhouseCoopers AG, Kornhausstrasse 25, 9000 St. Gallen
+41 58 792 72 00



Overall materiality	CHF 6.6 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 retained 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, 5 March 2026

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 the SFS Group 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	2025	2024	2023	2022	2021
Equity at year end	1,618.8	1,559.2	1,375.7	1,303.6	1,450.4
+ Goodwill offset against equity	1,524.1	1,526.1	1,518.5	1,509.6	1,022.7
- Net cash/+ net debt	164.8	335.1	445.3	477.7	-279.1
Invested capital	3,307.7	3,420.4	3,339.5	3,290.9	2,194.0
Operating profit (EBIT) adjusted	371.0	350.2	358.6	353.2	298.6
- Tax 17.5%	-64.9	-61.3	-62.8	-61.8	-52.3
Operating profit (EBIT) adjusted after tax	306.1	288.9	295.8	291.4	246.3
ROIC in %	9.3	8.4	8.9	8.9	11.2

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	2025	2024	2023	2022	2021
Ø Working capital	943.0	969.7	962.2	896.1	701.6
- Ø Cash and cash equivalents	-200.4	-209.7	-220.6	-228.3	-235.1
+ Ø Tangible and intangible assets	1,053.8	1,083.1	1,063.4	940.7	729.2
- Ø Net deferred tax liabilities and provisions	-37.5	-40.5	-46.1	-50.9	-52.1
Ø Capital employed	1,758.9	1,802.6	1,758.9	1,557.6	1,143.6
Operating profit (EBIT) adjusted	371.0	350.2	358.6	353.2	298.6
ROCE in %	21.1	19.4	20.4	22.7	26.1

Organic sales growth

All segments and their 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 eliminated. This results in organic sales growth compared with the prior year. The organic growth achieved over the past five years is illustrated in the overview in the key figures 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 is a relative performance indicator. 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	2025	2024	2023	2022	2021
Operating profit (EBIT)	324.3	350.2	358.6	330.3	301.7
+ Project-specific non-recurring costs of program to make changes to the production and distribution network	46.7	–	–	–	–
+ 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
Operating profit (EBIT) adjusted	371.0	350.2	358.6	353.2	298.6
Net sales	3,045.4	3,031.1	3,073.0	2,738.7	1,897.3
EBIT margin adjusted in %	12.2	11.6	11.7	12.9	15.7

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 the SFS Group 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	2025	2024	2023	2022	2021
Cash flow from operating activities	377.3	375.0	313.4	287.9	324.5
– Purchases of property, plant and equipment	–101.2	–141.3	–161.5	–149.2	–104.6
intangible assets	–2.5	–7.6	–12.5	–21.8	–16.8
Operating free cash flow	273.6	226.1	139.4	116.9	203.1



The registered shares of 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.

	12/31/2025	12/31/2024	12/31/2023	12/31/2022	12/31/2021
Number of registered shares in 1,000	38,900	38,900	38,900	38,900	37,500
Number of shares ranking for dividend in 1,000	38,900	38,900	38,900	38,900	37,500
Weighted average number of outstanding shares in 1,000	38,860	38,883	38,887	38,365	37,460
Number of shareholders	8,467	8,777	8,881	8,691	7,910
Stock exchange quotation in CHF					
Year high	126.40	133.80	128.80	140.90	143.00
Year low	95.50	97.60	87.90	80.90	103.90
Year-end price	108.60	125.60	104.20	87.50	126.20
Share key data					
Earnings per share in CHF	5.63	6.21	6.84	6.95	6.51
Distribution per share in CHF	2.50	2.50	2.50	2.50	2.20
Payout ratio in % of net income	44.4	40.3	36.5	36.4	33.6
Price/earnings ratio (year-end price)	19.3	20.2	15.2	12.6	19.4
Market capitalization					
in CHF million	4,224.5	4,885.8	4,053.4	3,403.8	4,732.5
(year-end price x number of shares ranking for dividend)					
in % of net sales	138.7	161.2	131.9	124.3	249.4
in % of equity	261.0	313.4	294.7	261.1	326.3

Agenda

33rd Annual General Meeting of SFS Group AG

Wednesday, April 22, 2026

Publication of half-year results 2026

Thursday, July 23, 2026

Stock information

Security No.

23.922.930

ISIN

CH 023 922 930 2

SIX Swiss Exchange AG

SFSN

Reuters

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Bloomberg

SFSN SW

Fact Set

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Imprint

Annual Report 2025

The Annual Report is available in German and English. The German version is legally binding and can be found online at reports.sfs.com.

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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. Unforeseeable 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.

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