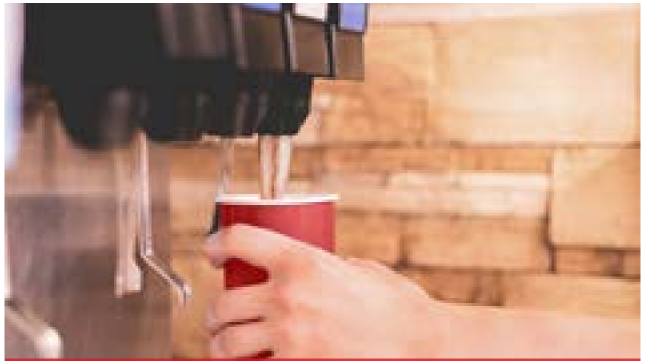
KENDRION

PRECISION. SAFETY. MOTION.

Annual Integrated Report 2024

The New Kendrion



A perfectly refreshing drink every time

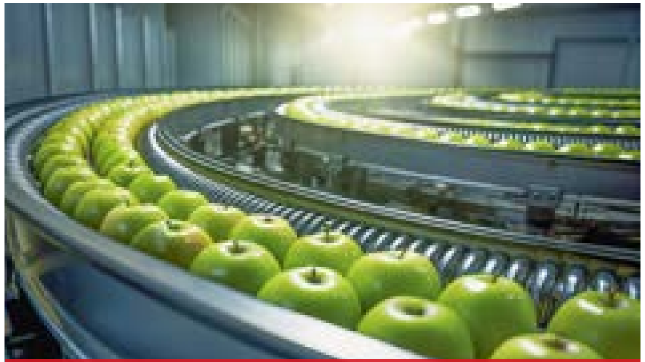
Our flow control valves make sure your favorite soft drinks taste just right, every time. By automating recipe-based dispensing, cutting down on labor and using cost-effective materials, they make everyday refreshment easy and reliable.

Precision irrigation made easy

Our Power Pinch Valve provides reliable control for agricultural irrigation and fertilization, even with tough PVC tubing. It's a rugged, cost-effective alternative to expensive motorized options, making it easy to use resources efficiently while keeping operations simple and affordable.

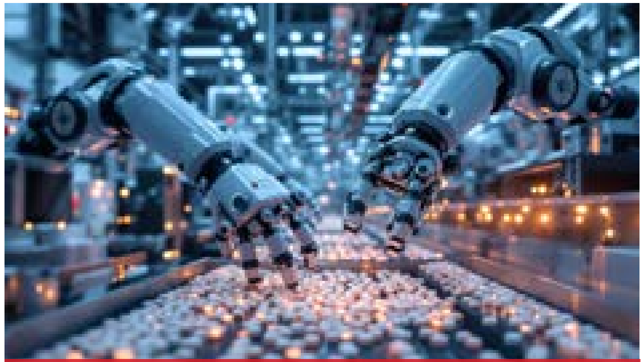
Compact security for peace of mind

Our Compact Door Lock delivers tamper-resistant protection for lockers in train stations and other public spaces, ensuring travelers can safely store their belongings. Engineered for tight spaces, it offers reliable performance and exceptional shock resistance up to 300g, combining durability and peace of mind in even the busiest environments.



Intelligent automation for efficient processes

Our Automation Line products – stopper modules, sorting gates, and vibrating solenoids – ensure precise and efficient material flow in systems like apple sorting. By electrifying automation, we boost speed, accuracy, and reliability, helping streamline the food supply chain so fresh produce reaches stores effortlessly.



Empowering robotics for the future

As a trusted development partner, Kendrion provides a diverse range of robotics solutions, including industrial brakes, joint lockers, and custom motion control systems. Our advanced products enable safe, smooth, and precise operation, enhanced by modern visualization technology for superior performance in industrial and service robotics.

Precision at the heart of surgical robotics

Our high-torque permanent magnet brakes are vital to the dependable performance of surgical robots, ensuring life-saving procedures are carried out with precision and safety. Featuring a compact design and backlash-free operation, they hold robotic arms in exact positions, delivering unmatched repeatability, durability, and the highest standard of patient care.

Efficiency redefined: inductive heating in industrial processes

Inductive heating is transforming industrial processes like battery manufacturing by delivering precise, efficient and eco-friendly heat. With energy efficiency of up to 90%, our systems ensure exact surface temperatures through advanced inductor designs and multi-zone heating, all seamlessly controlled by induction generators and process management software.

Reliable braking for renewable energy

Our spring-applied brakes are critical to the safety of wind turbines, preventing uncontrolled rotor blade movement and ensuring dependable operation. Engineered to withstand extreme conditions and deliver exceptional functional safety, Kendrion brakes reduce downtime and support a consistent, sustainable energy supply for a greener future.

Driving the future of logistics

A trusted supplier of brakes for conventional forklifts, Kendrion is now at the forefront of the shift to automated guided vehicles (AGVs). Our compact, fail-safe AGV braking solutions, paired with advanced safety and motion control modules, ensure safe, reliable and efficient operation in the future of automated logistics.

High precision shaping our digital world

The semiconductor industry is the backbone of modern technology, powering everything from smartphones to medical devices. At 3T, we create high-end capacitive sensing solutions for advanced semiconductor production equipment. With our precision sensor electronics, we ensure the reliable production of the microchips that power the technology shaping our everyday lives.

When precision matters most

In critical situations, respiratory equipment must operate with absolute reliability and precision. Kendrion's pure flow control valves are essential in ensuring patient safety by delivering precise flow and reliable control of oxygen. Designed to meet the highest medical standards, they are vital components in life-saving respiratory care.

Design partner for life-saving innovation

State-of-the-art rescue tools provide top-tier performance without cords, enabling fast, reliable operation when every second counts. Kendrion develops advanced motor control and power supply modules to ensure smooth, powerful battery-powered system operation, delivering life-saving efficiency in critical moments.

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This document is the PDF version of the 2024 Annual Integrated Report of Kendrion N.V. and has been prepared for ease of use. The European Single Electronic Format (ESEF) reporting package is available on the company’s website at www.kendrion.com. In case of discrepancies or ambiguities between this PDF version and the ESEF reporting package, the latter prevails.

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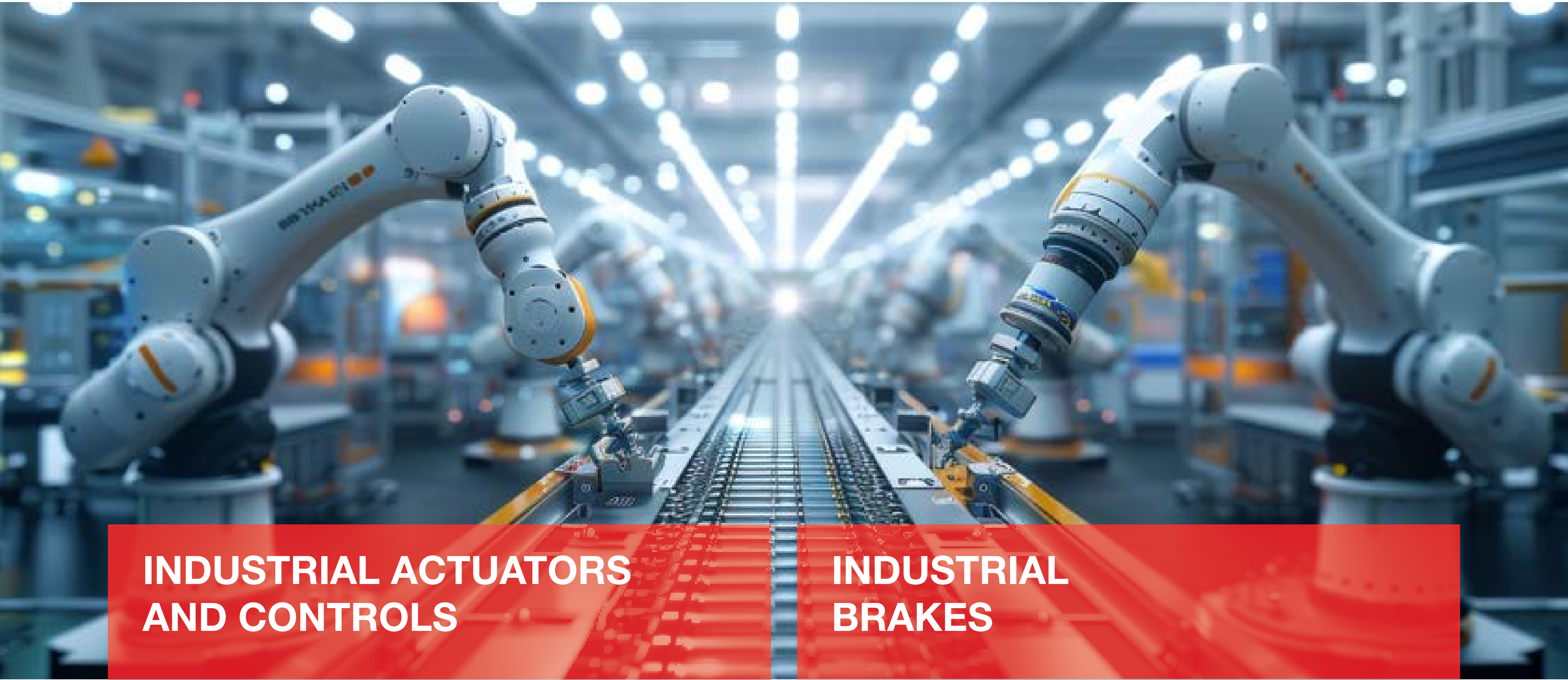
Innovative solutions built on precision, safety, and motion for tomorrow’s challenges

Kendrion is shaping the future with high-precision brakes, electromagnetic components, fluid technology, control systems, and embedded systems.

Our solutions offer precise control, maximum safety, and smooth motion across a wide range of applications – from machinery and robotics to high-end technology, automation, medical and energy sectors, mobility, and process industries.

With a broad portfolio of off-the-shelf products and a project-based approach, we work closely with our customers to deliver customized solutions tailored to their needs. By leveraging our deep technical expertise across multiple technologies and the flexibility to integrate them intelligently, we provide systems that are ready for tomorrow's challenges. Kendrion’s deep engineering knowledge and cross-technology capabilities make us a trusted partner for creating innovative and reliable solutions across industries.

Rooted in Germany, headquartered in the Netherlands, and listed on Euronext Amsterdam, Kendrion’s expertise spans Europe, the Americas, and Asia. For more than a century, we’ve engineered precision parts for the world’s leading innovators in industrial applications, making us a trusted partner for creating reliable, cutting-edge solutions across industries.



INDUSTRIAL ACTUATORS AND CONTROLS

We develop advanced solutions for medical technology, energy, automation, and beyond. From solenoid components and high-precision electronics to inductive heating systems and fluid assemblies, our diverse portfolio drives innovation across industries, empowering the technologies of tomorrow.

INDUSTRIAL BRAKES

We offer a comprehensive range of electromagnetic brakes for electric motors and industrial applications. From spring-applied and permanent magnet brakes to tailored braking systems, our extensive portfolio ensures precision, safety, and performance, driving advancements in industrial applications worldwide.

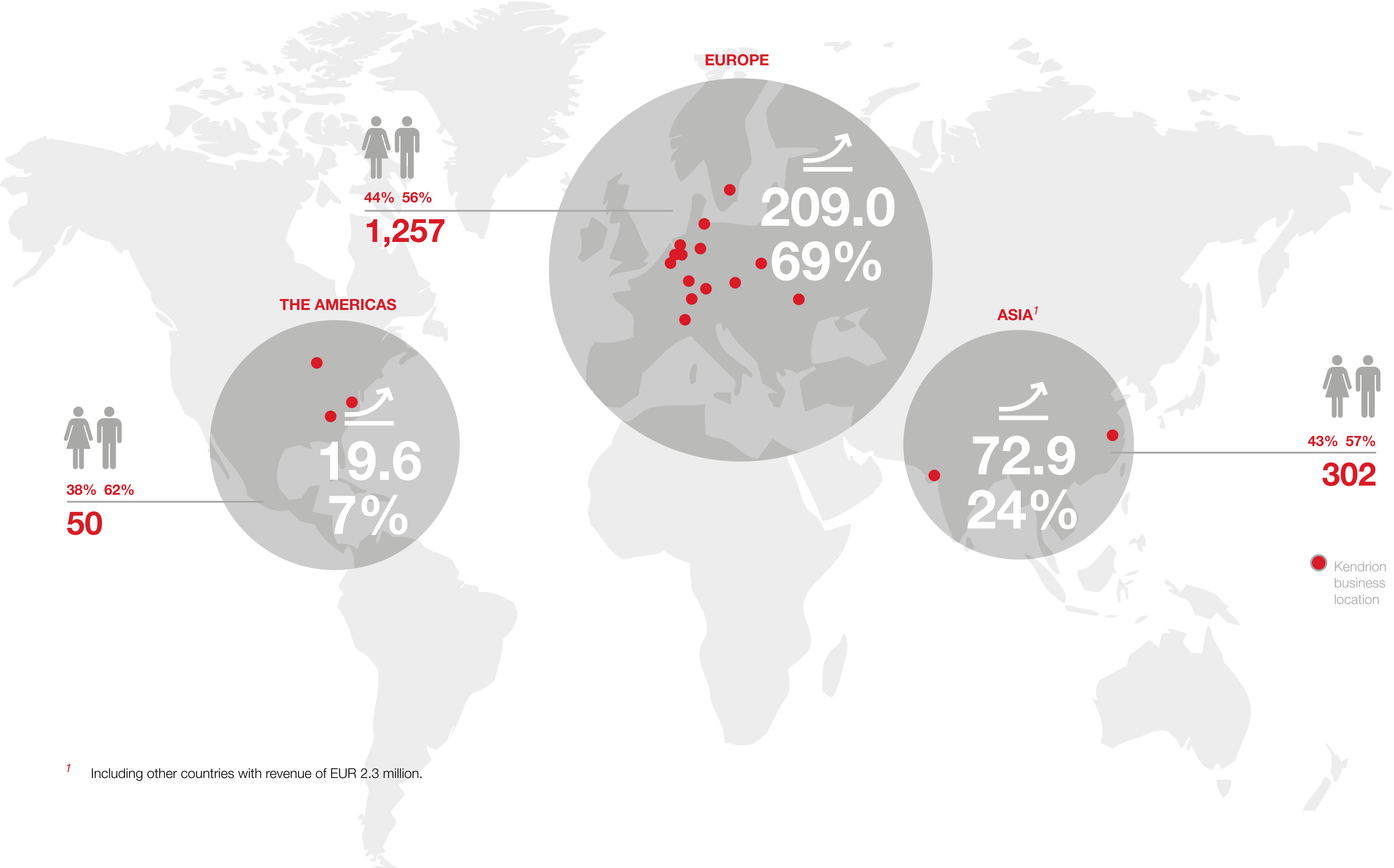
Revenue (EUR million)	Profit for the period (EUR million)	Normalized EBITDA[1] (EUR million)	Dividends (proposed) (EUR million)	ROI[1, 2] (in %)	Free cash flow[1] (EUR million)
↓2%	NM[3]	↓11%	↑1%	↓11%	↑551%
301.5	**(4.5)**	**37.0**	**7.0**	**12.0%**	**44.3**
2023 **309.0**	2023 **9.9**	2023 **41.4**	2023 **6.9**	2023 **13.5%**	2023 **6.8**

1 Non-IFRS financial measure. For the definition and reconciliation of the most directly comparable IFRS measure, refer to reconciliation of non-IFRS financial measures, starting on page 230.
2 Invested capital excluding intangibles arising from acquisitions.
3 Not Meaningful

Total number of employees (FTE) (at 31 December)	**Total number of employees by gender** (in % F vs M)	**Illness rate** (in %)	**Accidents** (per 1,000 FTE)	**Relative energy consumption** (in tonnes kWh/million added value)	**Relative CO_2 emission** (in tonnes kWh/ million added value)	**Number of CSR supplier audits**
↓5.0%	↓2.0%	0%	↑10%	↑6.8%	↓29.4%	↓16.6%
1,609	**43/57**	**5.2%**	**9.3**	**105.8**	**12.9**	**15**
2023 **1,699**	2023 **44/56**	2023 **5.2%**	2023 **8.4**	2023 **99.1**	2023 **18.2**	2023 **18**

For more information we refer to our sustainability statements on page 43.

Revenue (in EUR million) segmented by customer location
FTE segmented by region



[1] Including other countries with revenue of EUR 2.3 million.

The new Kendrion: a focused future

2024 has been a pivotal year for Kendrion. We made and implemented the important strategic decision to divest our automotive business – a cornerstone of our history – to refocus on selected, higher-growth, high-margin industrial markets. This bold decision also provides the opportunity to simplify our organization and sharpen our focus. We are now positioned as an innovative, pure-play industrial company.

Strategic shift to high-value sectors

In October, we completed the sale of our automotive activities to Solero Technologies, LLC. This decision was driven by the increasing competitiveness and declining profitability of the automotive sector, particularly in Europe and the USA. The sale allows us to allocate more resources toward our industrial business, where our value proposition is stronger, margins are better, and long-term growth potential is higher.

Our industrial portfolio offers significant structural advantages, with a strong presence in growing niche markets such as wind power, medical technology, robotics, and inductive heating. These sectors generally involve long-term, stable design-in processes, followed by many years of revenue visibility at attractive margins. Additionally, we benefit from enduring partnerships and shared success with our customers once our products are integrated into their end-products.

While we transition away from automotive in Europe, we retain a strategic presence in China through our state-of-the-art Suzhou facility. This location enables us to tap into China's rapidly growing electric vehicle market. The entirely local supply chain, combined with relationships with local customers, helps shield our operations from potential geopolitical tensions, such as trade barriers, should they arise.

Sharpened focus on profitability

The divestment has acted as a catalyst for deeper operational changes. By offloading our automotive operations – with their demanding standards and complex processes – we are simplifying our operations and reducing complexity across the organization. The strategic shift has also enabled us to move to an 'off-the shelf', cloud-based and lower-cost ERP system. These operational changes position us for greater agility and efficiency, with anticipated annual savings of EUR 9 million starting in January 2025.

Maximizing growth markets

As a global niche leader, we will invest in selected industrial market segments that support profitability of at least 15% EBITDA. We focus on opportunities where we can differentiate our products by leveraging our deep expertise in valves, actuators, brakes and control technology.

Joep van Beurden, **CEO**

Examples include industrial robots, collaborative robots, and logistics within Industrial Brakes. In IAC, we see strong potential for our inductive heating modules and innovative industrial locks. Furthermore, China presents an attractive suspension market for our smart actuators, with significant potential in the global EV industry.

Our financial targets prioritize profitability over growth. I am confident that we can achieve an EBITDA of 15-18% from 2025 and an ROI of 23-27% by 2027. From 2025 onwards, we also commit to paying annual dividends of at least 50% of normalized net profit.

Acknowledging our people

I am incredibly proud of Kendrion's progress this year as part of our strategic transformation, though it has not come without challenges. The decision to part with 900 loyal colleagues from our automotive business was not made lightly, and I am deeply grateful for the dedication shown by all our employees during this critical year. Their patience and commitment have been vital to Kendrion's evolution and to our continued success.

With a clear path ahead, we are focused on driving the next phase of profitability-led growth. Our increased focus and streamlined operations position us to further innovate and find additional opportunities based on our technology platforms in valves, actuators, brakes, and control technology.

Kendrion has roots going back to 1809. With the current team, we continue the journey to build a Kendrion that thrives for the long term.

> The New Kendrion, entirely focused on high value industrial niches, and significantly more profitable.

J.A.J. (Joep) van Beurden

Position	Chief Executive Officer
Year of birth	1960
Nationality	Dutch
Joined Kendrion	1 December 2015
Appointment to position	1 December 2015
Current term	1 December 2023 – 1 December 2027 (AGM 17 April 2023)
Other positions	Member of the Supervisory Board & Member of the Nomination and Remuneration Committee of Adyen N.V.

J.H. (Jeroen) Hemmen

Position	Chief Financial Officer
Year of birth	1973
Nationality	Dutch
Joined Kendrion	1 June 2005
Appointment to position	1 July 2019
Current term	1 July 2023 – 1 July 2027 (AGM 17 April 2023)
Other positions	None

Industrial Brakes

Industrial Brakes is a full-line provider of high-performance electromagnetic brakes for electric motors, serving diverse industrial markets. With a focus on precision and safety, the business group offers both standard and customized braking solutions.

OUR PRODUCTS ARE USED IN

- Cranes & Hoists
- Electric Motors
- Elevators
- Industrial Robots
- Industrial Trucks & AGV
- Medical Surgical Robots
- Wind Power

OUR CUSTOMERS INCLUDE

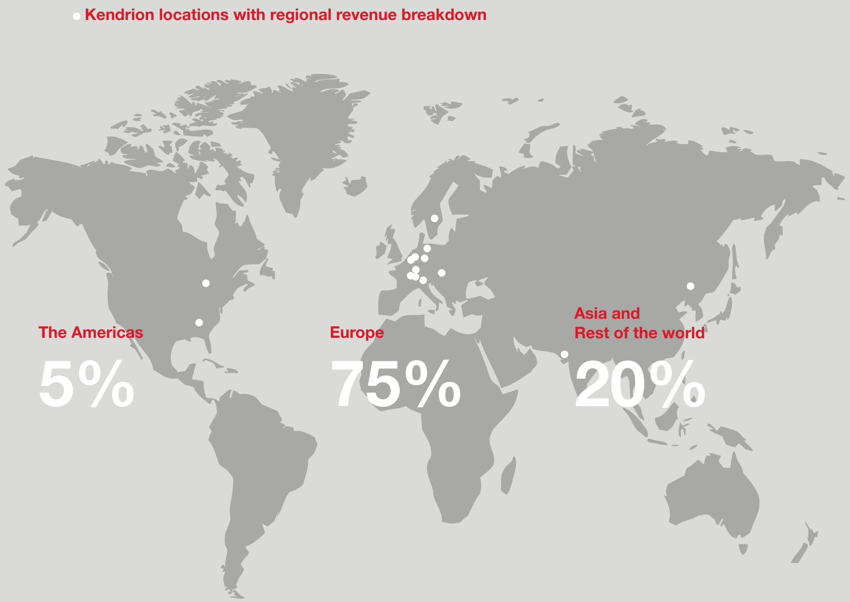
- Bosch Rexroth AG
- Hyundai
- Jiangxi Special Motor
- Juli
- Lenze
- Nord
- Raymond
- Schneider Electric
- SEW
- Siemens
- Toyota

INDUSTRIAL BRAKES REVENUE

(in EUR)

116.5 million

2023 **129.0 million**



Industrial Actuators and Controls

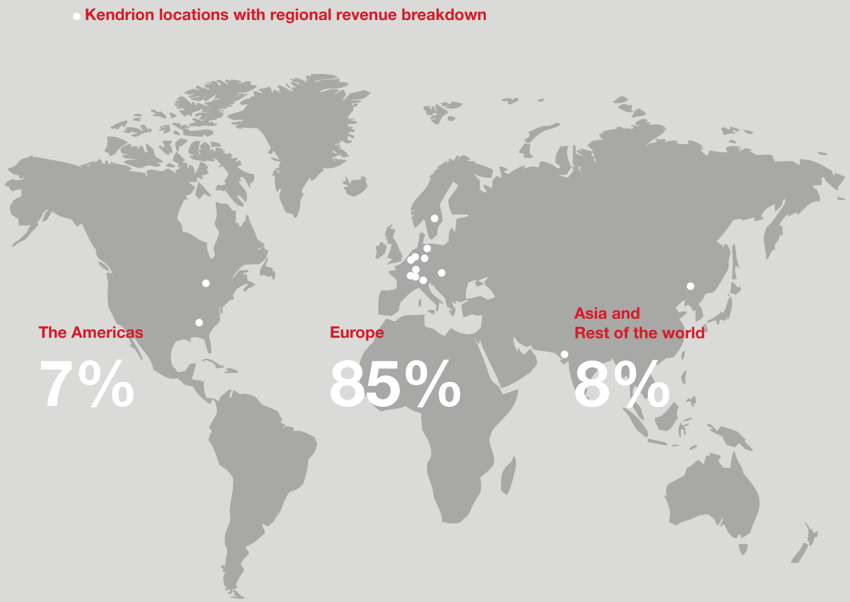
Industrial Actuators and Controls develops customized solutions for industrial applications, leveraging expertise in electromagnetic actuators, control technology, and fluid technology. With a focus on precision and reliability, the business group delivers tailored solutions for a wide range of industries.

OUR PRODUCTS ARE USED IN
AGV
Aviation
Energy generation & distribution
Food & beverage machinery
Industrial appliances
Industrial automation
Robotics
Print & paper handling
Analysis Technology
Anesthesia & respiration machines
Dental treatment units
Dialysis machines
Laboratory equipment

OUR CUSTOMERS INCLUDE
ABB
ASML
Collins Aerospace
Dräger
Electrolux
Euchner
Fresenius
Gorenje
Oerlikon
Schmersal
Siemens

INDUSTRIAL ACTUATORS AND CONTROLS REVENUE
(in EUR)

121.7 million
2023 **127.5 million**



Driving resilience and innovation across industries

In an era demanding smarter, more efficient solutions, Kendrion is driving innovation across industries ranging from robotics and automation to medical devices and sustainable energy. Specializing in high-performance electromagnetic brakes, actuators, and control systems, Kendrion is transforming ideas into cutting-edge products that advance progress, sustainability, and technological innovation.

Kendrion operates through two Business Groups: Industrial Brakes (IB), specializing in electromagnetic brakes for electric motors, and Industrial Actuators and Controls (IAC), focused on advanced actuators, valves, and control systems.

Industrial Brakes (IB): Innovating for the future

The IB Business Group develops groundbreaking electromagnetic brake systems for markets including AGVs, industrial automation, intralogistics, medical devices, robotics, and wind energy. Demand in these sectors is driven by the need for more efficient, compact designs and electric motors with higher energy density. Kendrion is one of the few companies globally offering a complete portfolio of both spring-applied and permanent magnet brake technologies, positioning us as a top choice for motor manufacturers seeking suppliers with deep industry expertise.

IB has a strong global presence in Aerzen, Atlanta, Pune, Suzhou, and Villingen, with notable growth in emerging markets such as China, the USA, and India. In 2024, India became a key growth market, reflecting a rising demand for advanced industrial technologies. IB is strengthening its position in electrification and sustainable energy, particularly in the growing AGV sector, driven by increasing automation in logistics and e-commerce.

Industrial Actuators and Controls (IAC): Leading automation forward

IAC serves diverse industries, including machine automation, energy distribution, medical technology, and industrial appliances, all of which are driven by the global energy transition. IAC has established itself as a leader in inductive heating, energy distribution, and specialized valves for nuclear power applications, providing tailored solutions that offer Kendrion a competitive advantage. The Automotive activities retained after the divestment to Solero, have been organizationally integrated into IAC, but are reported on separately in Other Business.

Despite economic challenges, IAC has shown resilience through growth in aviation, medical, and energy sectors. Key achievements include pinch valve agreements for dialysis machines and patented electronic locking solutions, reinforcing Kendrion's leadership in secure technology.

2024 Financial performance

Kendrion's industrial activities generated EUR 238.2 million in revenue in 2024, compared to EUR 256.5 million in 2023. The decline reflects global challenges, including high interest rates and reduced demand for capital goods. However, the company's strategic resilience ensured continued progress in its core sectors. The IB business group reported EUR 116.5 million in revenue (FY 2023: EUR 129.0 million), as sales remained impacted by the ongoing industrial downturn, with the machine-building market in Germany being particularly affected. Meanwhile, IAC generated EUR 121.7 million in revenue (FY 2023: EUR 127.5 million). While also affected by the broader industrial slowdown, IAC benefited from a more diversified product portfolio, mitigating some of the negative effects. Other revenue, which includes the retained Automotive activities, amounted to EUR 63.3 million (FY 2023: EUR 52.5 million), reflecting growth driven by new project ramp-ups in China.

Key milestones IB

In 2024, IB experienced varied market conditions. While performance remained stable in Europe and Asia, India stood out with good growth, driven by increasing demand for advanced industrial technologies. Despite the challenges of the broader economic environment, IB successfully maintained a strong revenue pipeline. The group saw promising opportunities across sectors like intralogistics, medical technology, robotics, and wind energy. Partnerships with leading medical robotics manufacturers in the USA and Europe further cemented IB's reputation for delivering precision-engineered solutions.

The expansion of IB's mid- and long-term revenue pipeline was particularly evident in the medical technology sector, where opportunities in the USA and Europe are growing. In the field of medical robotics, the demand for compact designs, backlash-free torque transmission, and high-precision solutions is creating a strong growth driver. This sector, alongside established industrial robots, will play a key role in IB's future revenue growth. New partnerships in Japan, a market known for its high-quality standards, have further strengthened IB's global market presence.

To address slower market conditions, IB implemented cost-control measures toward the end of the previous year. These actions included streamlining operational costs at key global locations, optimizing resource allocation, and focusing on managing stock levels to align with shifting demand. By selectively approving new investments and maintaining a focus on profitability, IB ensured its continued resilience while pursuing growth in emerging markets.

Key milestones IAC

Despite the downturn in capital goods demand, IAC showed resilience through a diversified customer base and successful product launches. Growth in medical technology (dialysis, anesthesia, and dental), and energy sectors strengthened IAC's performance. Key wins included major contracts for pinch valves used in dialysis machines and ongoing negotiations for Airboard® valve modules, underscoring Kendrion's ability to meet stringent regulatory standards.

IAC also secured a major contract for patented electronic locking solutions with a European laundry machine manufacturer, expected to enter series production in Q2 2025, reinforcing Kendrion's leadership in secure technology solutions.

To navigate the slower economic environment, IAC implemented targeted measures to mitigate its impact. These included reducing working capital by focusing on inventory optimization and implementing short-time work at one location to adapt to fluctuating demand. Additionally, IAC adopted a cost-conscious approach, exercising caution when replacing certain positions.

Focus and opportunities for 2025 and beyond

Moving forward, IB will focus on expanding partnerships with autonomous forklift providers in the USA and continuing to supply high-performance brakes for industrial robots. It will also strengthen its leadership in the wind energy sector, particularly with pitch and yaw brakes for onshore and offshore wind turbines. Additionally, IB will target growing markets like Japanese servo motors and high-margin niches in agricultural automation, cranes, hoists, elevators, and security doors.

The completion of new production facilities in China for both spring-applied and permanent magnet brakes is expected by the end of Q1 2025. This will help Kendrion establish a counterbalance to Chinese manufacturers in the regional market, attracting new premium customers. IB will also continue expanding its medical sector presence in the USA, where minimal local competition offers substantial growth potential for technically demanding projects.

IAC will focus on expanding its product portfolio, particularly for pressure regulators in its three medical segments, addressing rising biocompatibility requirements driven by stricter medical device regulations, and developing high-flow capabilities. IAC will also advance in the competitive electronic locking market with new technologies and patented products designed to meet customer-driven requirements. Growth in sectors such as commercial aircraft, electrical grid switches, and beverage dispensers will further leverage IAC's actuator technology.

IAC's expertise in niche market research, combined with its technological capabilities, will enable the company to weather economic challenges, ensuring above-average profitability and growth.

Conclusion

In conclusion, Kendrion's IB and IAC groups are well-positioned to capitalize on emerging opportunities. IB will continue to lead in electrification and sustainable energy, with strong growth in AGVs, robotics, and wind energy, driven by partnerships and innovations in key markets such as the USA and Japan.

IAC is poised for growth in demand-driven markets like food production, medical devices, and energy-saving technologies. Its advancements in solenoid-based actuators, inductive heating, and high-voltage controls will maintain IAC's competitiveness and profitability.

Kendrion's focus on innovation, sustainability, and customer-centric solutions keeps it at the forefront of industrial progress. The company is shaping a safer, more sustainable future for industries worldwide.

> Looking ahead, we anticipate both Industrial groups to benefit from favorable trends towards renewable energy, electrification, and industrial automation.

Global leader in industrial niche solutions —precision for the most demanding applications

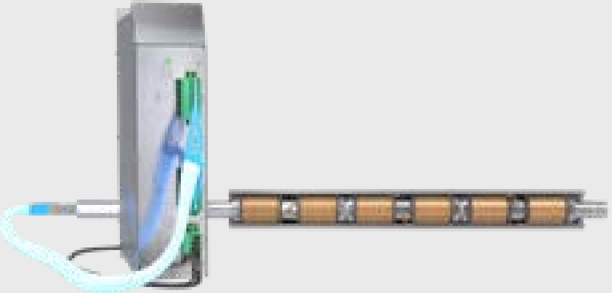
Kendrion is a trusted expert in high-performance solutions for niche markets with demanding and complex requirements. Through precision engineering and customized designs, Kendrion delivers technologies that thrive under extreme conditions and meet the exacting demands of specialized applications.

With decades of experience, Kendrion has earned a reputation as a trusted partner for industries that value reliability, adaptability, and innovation. This blend of technical expertise and commitment to excellence has positioned Kendrion as a global leader in industrial niche markets.

Inductive heating—future-oriented and sustainable technology

Kendrion's inductive heating systems deliver precise, efficient, and emission-free solutions for industrial processes. Leveraging the eddy current principle, these systems enable rapid heat generation, uniform distribution, and dynamic control. Applications range from coffee and cocoa bean roasting to paper finishing, where uniform heating, precise temperature control, and high reproducibility are critical for achieving optimal results.

By minimizing CO_2 emissions, eliminating unnecessary heat loss, and enabling dynamic process control, Kendrion's inductive heating technology helps customers meet modern sustainability goals. With decades of experience and a modular approach, Kendrion continues to lead in advanced heating solutions for demanding industrial processes.



Wind power—expertise in the harshest conditions

Wind power is one of the fastest-growing renewable energy sectors, and Kendrion plays a crucial role in enabling this transformation. With decades of experience in brake technology, we provide solutions engineered to withstand the harshest environmental conditions —extreme temperatures, high humidity, dust, and strong winds.

Brakes like the INTORQ BFK470 and High Torque Line ensure safe stopping and precise control for azimuth and pitch drives in wind turbines. Kendrion's Cold Climate Version brakes are designed to operate reliably even in temperatures as low as -40°C, making them essential for turbines in remote or extreme environments. By combining robust designs, modular customization options, and decades of engineering expertise, Kendrion stands out as a trusted partner in the wind power sector, enabling safer and more efficient turbine operation.

Dental technology—precision and innovation for tailored solutions

Kendrion's expertise in valve technology and fluid systems has established it as a trusted development partner in the dental industry. A recent highlight is the Water- and Air Supply Unit, developed in collaboration with Dürr Dental. This modular, customized assembly for air and water control offers energy efficiency, precise performance, and service-friendly features, including an integrated plug-and-play filter system.

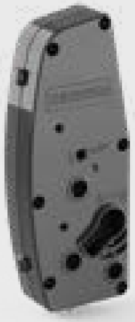
Kendrion's portfolio extends far beyond individual projects. With decades of experience, we have developed numerous customized solutions specifically tailored to the needs of the dental market, including valves, pressure regulators, and complete assemblies for dental chairs. These products are engineered to meet the highest standards, such as ISO 7494-2:2022, and are capable of handling demanding media like hydrogen peroxide with unmatched reliability and precision. Kendrion's deep understanding of the industry ensures that our technologies address the unique challenges of dental applications, from water and air control to patient comfort. By combining engineering expertise with close customer collaboration, Kendrion delivers innovative and reliable customized solutions that set new benchmarks in the dental sector.

Industrial laundry machines —expertise in tailored and standardized locking solutions

Kendrion is a key partner in the industrial laundry sector, with a primary focus on developing customized locking solutions for washers, dryers, and other equipment. Decades of collaboration with leading manufacturers have enabled Kendrion to refine its expertise in designing robust, reliable mechanisms tailored to the unique demands of industrial laundry applications.

Building on this extensive knowledge and experience, Kendrion has developed a standardized locking solution to provide smaller customers with access to high-quality, proven technology. This standard product benefits from the same engineering excellence and performance as Kendrion's custom solutions, offering a cost-effective option without compromising safety or reliability.

Through this dual approach—delivering bespoke solutions for specific needs and offering accessible standard options—Kendrion solidifies its position as a trusted leader in the industrial laundry market.



Strength in niche markets

Kendrion excels in markets with extreme or highly specific demands—where standard solutions simply aren't enough. Combining deep technical expertise, a commitment to customization, and decades of experience, Kendrion has earned a strong reputation as a leader in niche markets. Specialized industries trust Kendrion's to deliver innovative, reliable, and high-quality solutions designed to meet their unique challenges.

Focus industry: medical technology

precision, safety, and reliability for life-critical applications

In medical technology, precision, safety, and reliability form the bedrock of every innovation. Kendrion develops components and systems engineered to meet the highest standards for mission-critical applications, where flawless performance is essential.

From neonatal care to advanced imaging, Kendrion's solutions are integral to life-saving devices. Biocompatible pressure regulators ensure precise oxygen delivery in incubators, protecting the most vulnerable patients. Fluid isolation valves maintain sterility in ultrapure water systems, which is critical for achieving the highest levels of cleanliness in medical environments.

In surgical systems, Kendrion's permanent magnet brakes and spring-applied brakes enable stable positioning for robotic arms and surgical microscopes, providing surgeons with absolute confidence during procedures. Meanwhile, embedded systems developed in collaboration with subsidiary 3T, power groundbreaking technologies, such as the Sirius Pintuition System, which delivers millimeter-accurate tumor localization for minimally invasive procedures.

Kendrion's decades of expertise in electromagnetics, fluid technology, and control systems form the backbone of medical technologies that demand precision, safety, and reliability. Trusted by innovators in healthcare, Kendrion delivers solutions that empower the next generation of medical advancements, meeting the rigorous demands of life-critical applications.

Focus industry: automation and robotics

tailored solutions for unique customer requirements

Automation and robotics are transforming industries, driving smarter and more efficient operations across diverse applications. Kendrion specializes in providing customized solutions, working closely with customers to meet specific requirements and deliver systems that integrate seamlessly into varied environments.

Kendrion's expertise in material handling is exemplified by its electromagnetic pallet stoppers and rotary solenoids. These technologies replace pneumatic systems, offering faster, quieter, and more precise sorting and stopping. Designed for high-cycle environments, they enhance reliability, while improving energy efficiency and control.

In robotics, Kendrion excels at crafting tailored solutions for dynamic applications. Bistable solenoid fingers and permanent magnet brakes provide accurate positioning and secure motion control for robotic arms and automated storage systems. Modular I/O systems and safety controllers further elevate automation by enabling advanced functionalities and seamless coordination of drives, sensors, and actuators.

What distinguishes Kendrion is its customer-focused approach. Every solution is developed with a deep understanding of the application, leveraging decades of expertise to address even the most complex requirements. By combining technical excellence with close customer collaboration, Kendrion delivers systems that are not only innovative but also precisely aligned with operational needs.

Focus Industry: AGVs

pioneering components and control systems for the future of logistics

AGVs are revolutionizing logistics and mobility, meeting global demands for greater efficiency, adaptability, and automation. Kendrion specializes in advanced components and control solutions that enhance AGV performance, offering a versatile portfolio tailored to the diverse needs of AGV manufacturers.

Kendrion's expertise in safety and control ensures reliable and efficient AGV operation. Spring-applied and permanent magnet brakes deliver secure stopping and load holding, even in critical scenarios. High-torque brakes offer dependable stopping power and load holding in heavy-duty AGVs handling large loads, such as in industrial warehouses. Their robust design ensures consistent performance, even in challenging environments, maintaining safety and reliability under demanding conditions.

Holding magnets are ideal for securing loads or precise positioning in AGV applications. Their energy-efficient design allows them to maintain holding force without continuous power, making them suitable for operations involving metal goods or high-precision tasks. Kendrion's modular I/O systems and Safety PLCs add intelligence to AGV operations. The Safety PLC continuously monitors AGV speed and position, ensuring deceleration, emergency stops, and compliance with the highest safety standards. Modular I/O systems integrate seamlessly with sensors, actuators, and drives, supporting advanced functionality and adaptable system design. These solutions enhance operational safety while maintaining the flexibility required for diverse applications.

Customization is central to Kendrion's approach. Bistable solenoids improve energy efficiency in compact service robots, fluid isolation valves ensure precise handling of aggressive media in agricultural robots, and Servo Slim Line brakes deliver compact, high-performance solutions for hollow shaft drives.

As a trusted partner to AGV manufacturers, Kendrion combines innovation, versatility, and reliability in every solution. By focusing on cutting-edge components and control systems, Kendrion plays a pivotal role in advancing the future of logistics and mobility.

The New Kendrion: more focused, more profitable

In 2024, as in 2023, the global economy faced significant challenges and overall trading conditions remained tough. Industrial production in Europe, particularly in Germany, was weak, marking its second consecutive year with little to no growth. China continued to grapple with its property crisis and deflation, alongside reduced investment in capital good and other assets compared to previous years. Only the USA showed stronger performance. On the positive side, 2024 saw interest rates lower in both the USA and Europe. Towards the end of the year, China announced several measures aimed at stimulating its economy, though these will take some time to show tangible effects. Amid this challenging environment, 2024 for Kendrion was defined by the critical strategic decision to divest most of our Automotive franchise.

On 12 April 2024 we announced an agreement to sell our automotive business in Europe and the United States to Solero Technologies, LLC ("Solero Technologies") and affiliates. This transaction marked a strategic repositioning for Kendrion, allowing us to focus entirely on industrial growth opportunities in Europe, the USA and China. The divestment represents approximately EUR 210 million in 2023 pro-forma revenue, roughly 80% of Kendrion's automotive revenue. The European Automotive Sound and Electronics business, along with China Automotive, was excluded from the agreement and remains with Kendrion. These activities have been organizationally integrated into the Industrial Actuators and Controls (IAC) Business Group and reported on seperately as other bussiness. The transaction was finalized on 30 September 2024 with the legal transfer of the Rumanian shares occurring on 21 November.

With our focus now entirely on industrial opportunities within our IB and IAC Business Groups in Europe, China, and the USA, we present a clear investment narrative. As a global niche leader, we select industrial market segments that support a minimum profitability of 15% EBITDA. We seek opportunities where we can leverage our deep expertise in valves, actuators, brakes and control technology to differentiate our products. These niche markets are poised to drive continued growth of 5% per year or more. During our Capital Markets Day on 5 September 2024, we shared further insights into the market segments we have chosen to fuel this profitable growth.

Industrial Actuators and Controls

In Industrial Actuators and Controls (IAC) we have identified a range of niche segments with strong, profitable growth opportunities. These include induction heating systems for industrial processes, industrial locks for professional kitchens, laboratory equipment and parcel lockers, safety valves for nuclear power plants, and solenoids for high-voltage circuit breakers. With Kendrion's renewed focus on industrial applications, IAC is well-positioned to capitalize on these opportunities.

Industrial Brakes

Kendrion is a leading player in both permanent magnet and spring-applied brakes. With these brake technologies closely integrated into electromotors, the accelerating transition towards electrification presents Industrial Brakes (IB) with substantial opportunities. Although 2024 revenue was under pressure due to weak markets for machine-building equipment, we remain optimistic about IB's future, anticipating substantial long-term, profitable growth. Our focus is on high-potential applications such as industrial robots, collaborative robots, wind turbines, logistics, and other key segments.

China

Despite the relatively subdued local economy, we achieved solid double-digit revenue growth, driven by the ramp-up of several product lines, particularly in smart actuation for shock absorbers in electrical vehicles. The project pipeline supports ongoing growth, and the Chinese market offers substantial additional opportunities for continued expansion. Our 28,000 m^2 production facility at the renowned Suzhou Industrial Park (SIP) is ready to support several more years of double-digit revenue growth. selling ACES-related products. This strategic move aligns with our focus on products facilitating the shift towards cleaner energy.

Financial targets

As a pure-play industrial company, Kendrion is poised to be significantly more profitable than in the past. We focus on carefully selected opportunities within specific product niches that leverage our expertise in valves, actuators, brakes and control technology, driving an EBITDA of at least 15% of revenue.

Aligned with our updated strategy and financial targets, we are prioritizing profitability over growth, aiming for an EBITDA of 15-18% from 2025 and an ROI of 23-27% by 2027. As part of our capital allocation plan, we have revised our dividend policy to distribute at least 50% of normalized annual net profit (up from the previous range of 35%-50%) starting from 2025.

Return on investment[1, 2]

TARGET AS FROM 2027 23-27%
ACTUAL 12.0%

EBITDA margin[2]

TARGET FROM 2025 15-18%
ACTUAL 12.3%

Dividend pay-out

TARGET >50%
ACTUAL 59%

1 Invested capital excluding intangibles arising from acquisitions.

2 Non-IFRS financial measure. For the definition and reconciliation of the most directly comparable IFRS measures, refer to reconciliation of non-IFRS financial measures, starting on page 230.

Key figures

EUR million	2024 Reported	2024 Adjustments	2024 Normalized	2023 Reported	2023 Adjustments	2023 Normalized
Revenue	**301.5**	**–**	**301.5**	**309.0**	**–**	**309.0**
Other income	1.7	–	1.7	0.1	–	0.1
Total revenue and other income	**303.2**	**–**	**303.2**	**309.1**	**–**	**309.1**
Changes in inventories of finished goods and work in progress	(2,0)	–	(2,0)	0.3	–	0.3
Raw materials and subcontracted work	151.6	1.2	150.4	151.4	–	151.4
Staff costs	94.3	0.7	93.6	97.8	1.5	96.3
Impairments of fixed assets	1.2	1.2	–	0.0	–	0.0
Other operating expenses	24.2	0.0	24.2	20.1	0.4	19.7
EBITDA[1]	**33.9**	**(3.1)**	**37.0**	**39.5**	**(1.9)**	**41.4**
Depreciation and amortization	19.1	–	19.1	17.3	–	17.3
Finance income and expense	6.0	–	6.0	6.1	–	6.1
Share profit or loss of an associate	0.1	–	0.1	–	–	–
Income tax expense	2.6	(0.1)	2.7	4.3	(0.8)	5.1
Profit for the period continuing operations	**6.1**	**(3.0)**	**9.1**	**11.8**	**(1.1)**	**12.9**
Amortization after tax	2.4	–	2.4	2.4	–	2,4
Net profit before amortization from discontinued operations	0.3	–	0.3	(1.4)	–	(1,4)
Profit for the period before amortization[1]	**8.8**	**(3.0)**	**11.8**	**12.8**	**(1.1)**	**13.9**
Cash flows						
Cash flow from operations	18.5	5.2	23.7	36.4	4.1	40.5
Cash flow from investing activities	25.8	(52.5)	(26.7)	(29.6)	0.4	(29.2)
Free cash flow[1]	**44.3**	**(47.3)**	**(3.0)**	**6.8**	**4.5**	**11.3**

1 Non-IFRS financial measure. For the definition and reconciliation of the most directly comparable IFRS measures, refer to reconciliation of non-IFRS financial measures, on page 230.

Group performance

Kendrion reported revenue of EUR 301.5 million from continued operations in 2024, compared to EUR 309.0 million in the previous year. Currency translation did not have a material impact, and revenue at constant exchange rates decreased by 2%, The Industrial Brakes business group generated revenue of EUR 116.5 million, down 10% from the previous year reflecting weak global industrial production and particularly challenging conditions in Germany's general machine building sector. The decline was concentrated in the first half of the year, with revenue dropping 22%, while the second half showed improvement compared to the same period last year. Revenue in Industrial Actuators and Controls reached 121.7 million, a 5% decline from the EUR 127.5 million revenue in the previous year. While IAC revenue was also affected by the broader industrial downturn, this was partially offset by growth in the medical and energy segments. The retained Automotive business achieved revenue of EUR 63.3 million, up from EUR 52.5 million in the prior year. The increase was entirely driven by the ramp-up of new suspension projects in China. Kendrion recorded EUR 1.7 million other operating income (2023: EUR 0.1 million) primarily related to IT transition services and rental income from the buyer of the divested Automotive business, who continues to use two Kendrion-owned facilities.

Profit for the period ended with a loss of EUR 4.5 million, compared to a profit of EUR 9.9 million n the previous year. Profit from continued operations was EUR 6.1 million (2023: EUR 11.8 million, while discontinued operations recorded a loss of EUR 10.6 million (2023: loss of EUR 1.9 million). Profit from discontinued operations includes EUR 2.8 million loss from the operations up to the divestment completion date, and a EUR 7.8 million loss on the disposal, including transaction costs.

For a meaningful analysis of the group's underlying financial performance, Kendrion presents certain performance measures on a normalized basis. The normalized performance measures exclude costs and benefits outside the ordinary course of business and include restructuring charges, asset impairments and other items of an incidental nature. Definitions and detailed reconciliations of these alternative performance measures to the closest applicable IFRS performance measures are available from page 230 of this annual integrated report.

Normalized EBITDA[1] from continued operations in 2024 was EUR 37.0 million, compared to EUR 41.4 million in the previous year. As a percentage of revenue, normalized EBITDA stood at 12.3% (2023: 13.4%). Costs for raw materials and subcontracted work decreased by EUR 1.0 million, or 1%, driven by lower revenues, partially offset by the higher revenue share from retained Automotive-related activities. Automotive revenue has on average higher material costs as a percentage of revenue compared to Industrial revenue. Normalized staff costs fell by EUR 2.7 million, or 3%, as cost-saving measures outweighed wage inflation. Conversely, normalized other operating expenses rose by EUR 4.5 million, largely due to reduced income from group services following the Automotive divestment. This was partially offset by EUR 1.7 million in additional other operating income, primarily from rent and IT services provided to the divested Automotive activities. Depreciation charges increased by EUR 1.8 million to EUR 15.9 million, driven by the commencement of depreciation for a new production line. Net finance expenses remained stable at EUR 6.0 million, compared to EUR 6.1 million in 2023. Normalized tax charges[1] decreased by EUR 2.4 million to EUR 2.7 million, resulting in an effective tax rate of 22.9% (2023: 28.3%). Normalized net profit from discontinued operations amounted to EUR 0.3 million, improving from a loss of EUR 1.4 million in the previous year. Normalized profit before amortization[1] totaled EUR 11.8 million, (2023: EUR 13.9 million). In 2024, continued operations incurred EUR 3.1 million in costs outside the normal course of business (2023: EUR 1.9 million). These costs were mainly related to impairment charges and write-offs associated with Automotive Sound customers. After-tax, the normalized costs amounted to EUR 3.0 million (2023: EUR 1.1 million).

Cash from operating activities totaled EUR 18.5 (2023: EUR 36.4 million). Cash flows from investing activities amounted to EUR 25.8 million (2023: negative EUR 29.6 million), bolstered by EUR 52.5 million in cash receipts from the Automotive divestment finalized at the end of September. In 2024, cash flows included EUR 5.2 million (2023: EUR 4.5 million) related to normalized costs, primarily for transaction and restructuring expenses linked to the Automotive divestment. Total normalized free cash flow[1] was negative EUR 3.0 million (2023: EUR 11.3 million). Continuing operations contributed EUR 12.1 million to normalized free cash flow, while discontinued operations had a negative impact of EUR 15.1 million. The timing of the divestment, completed at the end of the third quarter, prevented discontinued operations from benefiting from the usual positive seasonal working capital effects seen toward year-end. Additionally, a receivables factoring program was terminated shortly before the divestment, further influencing cash flow performance.

Total net debt[1] as of 31 December 2024 stood at EUR 103.4 million, marking a decrease of EUR 41.6 million compared to 31 December 2023. This reduction was primarily driven by proceeds from the Automotive divestment, partially offset by negative cash flow and the cash dividend.

1 Non-IFRS financial measure. For the definition and reconciliation of the most directly comparable IFRS measures, refer to reconciliation of non-IFRS financial measures, starting on page 230.

Total invested capital as of 31 December 2024 was EUR 162.6 million (31 December 2023: EUR 217.5 million), excluding goodwill and other intangibles from acquisitions. Return on invested capital[1] was 12.0% (2023: 13.5%).

Liquidity position

Kendrion's liquidity position comprises freely available cash balances and undrawn credit facilities. As of 31 December 2024, cash balances amounted to EUR 8.5 million (2023: EUR 20.6 million). Additionally, Kendrion had EUR 66 million (2023: EUR 46 million) available under undrawn credit facilities. The company's primary credit facility is a EUR 75.0 million agreement with HSBC Bank and ING Bank, which runs until 26 April 2027. The facility is subject to certain covenants, including a maximum leverage ratio of 3.25, with a temporary spike to 3.75 under certain conditions. Kendrion's leverage ratio1 based on the definitions in the facility agreement as of 31 December 2024 was 2.7 (31 December 2023: 2.7).

Research & Development

R&D expenses for 2024 amounted to EUR 14.8 million (2023: EUR 13.5 million), of which EUR 11.4 million (2023: EUR 11.7 million) related to staff costs. An additional EUR 0.7 million in R&D expenses (2023: EUR 0.0 million) was capitalized on the balance sheet. R&D costs represented 4.9% of revenue in 2024 (2023: 4.4%).
The Kendrion Group employed 145 FTE in R&D during the year. Key R&D activities focused on advancing existing electromagnetic brake technology for growth markets, including automated guided vehicles (AGVs) and surgical robots.

Other activities included developing locking solutions for industrial applications, refining inductive heating technology for industrial processes, and finalizing the Automotive AVAS sound application.

Management statement

Pursuant to article 5:25c of the Financial Supervision Act (Wet op het Financieel Toezicht), the Executive Board confirms, to the best of its knowledge, that:
(i) The consolidated financial statements present a true and fair view of the assets, liabilities, financial position, and profit and loss of Kendrion N.V. and its consolidated companies.
(ii) The Annual Integrated Report provides a true and fair account of Kendrion N.V.'s position as of 31 December 2023, as well as the developments during the financial year of Kendrion N.V. and its group of companies included in the consolidated financial statements.
(iii) The Annual Integrated Report outlines the primary risks faced by Kendrion.

The members of the Executive Board have signed the consolidated financial statements in compliance with their statutory obligations under Article 2:101, paragraph 2 of the Dutch Civil Code and article 5:25c of the Financial Supervision Act.

[1] Non-IFRS financial measure. For the definition and reconciliation of the most directly comparable IFRS measures, refer to reconciliation of non-IFRS financial measures, starting on page 230.

The New Kendrion

Reflecting on 2024, trading conditions proved difficult overall. The European economy, particularly Germany, remained weak, while China continued to grapple with its property crisis and deflation.

Additionally, lower interest rates have yet to drive significant increases in capital investment or economic activity.

For Kendrion, 2024 was a transformative year, dominated by the sale of our automotive business in Europe and the United States to Solero Technologies, LLC (“Solero Technologies”) and its affiliates. This milestone completed a significant repositioning of the company, allowing us to focus entirely on industrial growth opportunities in Europe, the USA, and China. The transaction closed on 30 September 2024, and since then we have concentrated on maximizing the potential of our new strategic focus and improved profitability. To accelerate progress, we have implemented a comprehensive agenda of projects and initiatives, many of which were completed before 1 January 2025. Key actions included fully implementing EUR 9 million in cost reduction measures, integrating the retained portion of our automotive business into IAC, and beginning our transition towards a streamlined, off-the-shelf, cloud-based ERP system.

Therefore, as of 1 January 2025, our focus is exclusively on industrial opportunities within our IB and IAC Business Groups across Europe, China, and the USA. As a global niche leader, we strategically invest in select industrial market segments that support a minimum profitability of 15% EBITDA. Our approach centers on opportunities where we can differentiate through our expertise in valves, actuators, brakes and control technology.

Looking ahead to 2025, economic forecasts suggest that industrial production in Europe and China will remain sluggish. Our top priority is clear: achieving significantly higher profitability than in the past, with a financial target of at least 15% EBITDA. To this end, we are shifting from a growth-focused strategy to one centered on profitability. Growth remains important, but only if new business meets our 15% profitability benchmark.

Segments that align with this strategy include induction heating systems for industrial processes, industrial locks for ovens, laboratory equipment and parcel lockers, safety valves for nuclear power plants, brakes for industrial and collaborative robots and logistics, and smart actuation for shock absorbers in electrical vehicles.

Despite ongoing economic challenges, we are confident in our ability to achieve our new financial targets: an EBITDA of 15-18% from 2025 and an ROI of 23-27% by 2027. We also commit to paying out annual dividends of at least 50% of normalized net profit from 2025 onwards.

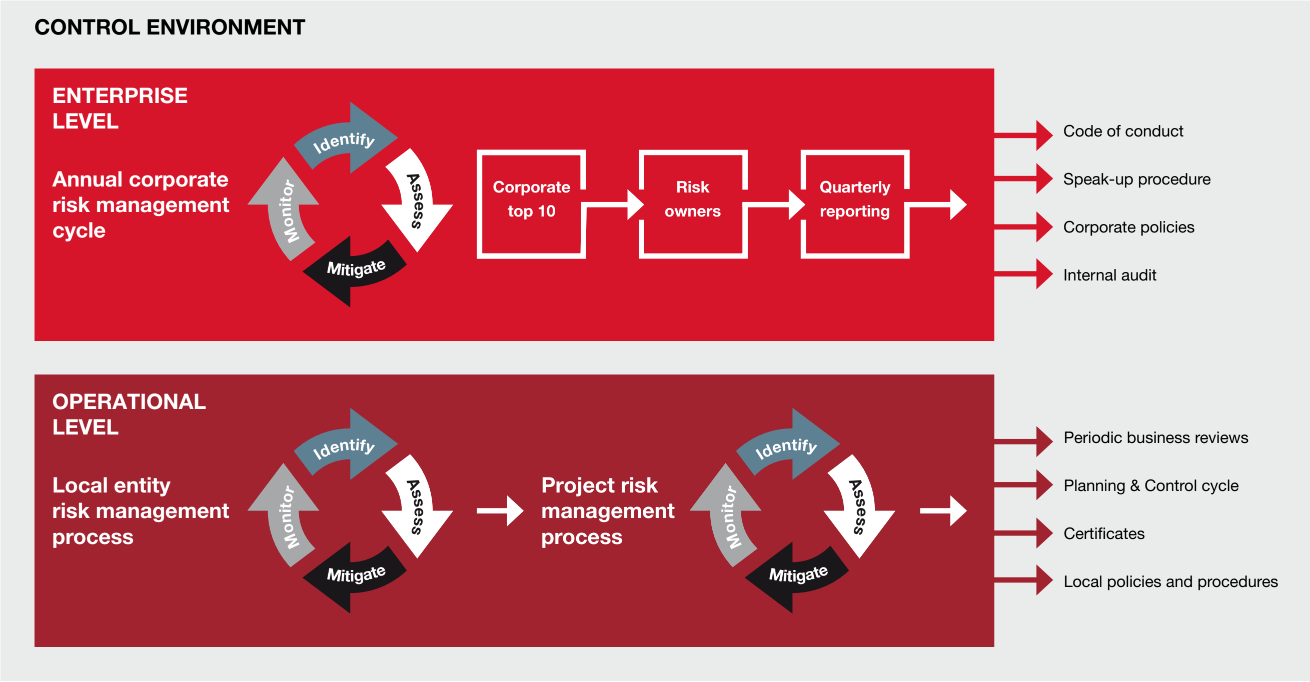
Effective risk management
Effective risk management is critical to executing Kendrion's strategy, delivering long-term value for stakeholders, protecting the company's reputation, and ensuring sound corporate governance. While Kendrion promotes entrepreneurship and empowers management to exercise appropriate discretionary powers, its risk management approach acknowledges that exposure to risk is an inherent part of doing business. Rather than attempting to eliminate all risks, Kendrion seeks to balance fostering an entrepreneurial spirit with maintaining a strong culture of risk awareness. The goal is to manage risks in line with Kendrion's risk appetite, reducing the likelihood and impact of adverse events while staying competitive in a dynamic business environment. The Executive Board underscores that, while Kendrion's risk management and control systems are robust, they cannot guarantee the achievement of objectives or entirely prevent material errors, losses, fraud, or regulatory breaches.

Risk management framework
Kendrion's risk management framework is seamlessly integrated into its business practices, encompassing culture, policies, processes, and behaviors. This comprehensive approach comprises two main complementary elements: a top-down strategic view of risk at the enterprise level and a bottom-up view of risk at the operational level. Together, these perspectives ensure a consistent and systematic approach to identifying risks and implementing appropriate controls in line with Kendrion's risk appetite. By fostering a culture of risk awareness, the framework empowers employees at all levels to actively contribute to risk mitigation and management.

The Executive Board oversees the comprehensive risk management and internal control system, ensuring alignment with the company's strategic objectives and activities. The Board is responsible for embedding these systems into daily operations and regularly reviewing their effectiveness. An annual risk assessment is conducted to evaluate potential adjustments to the risk management and internal control system as market conditions and circumstances evolve. This assessment includes a dedicated focus on fraud risks relevant to Kendrion. The outcomes of the annual risk assessment are discussed within Kendrion's Management Team and subsequently shared with the Supervisory Board.

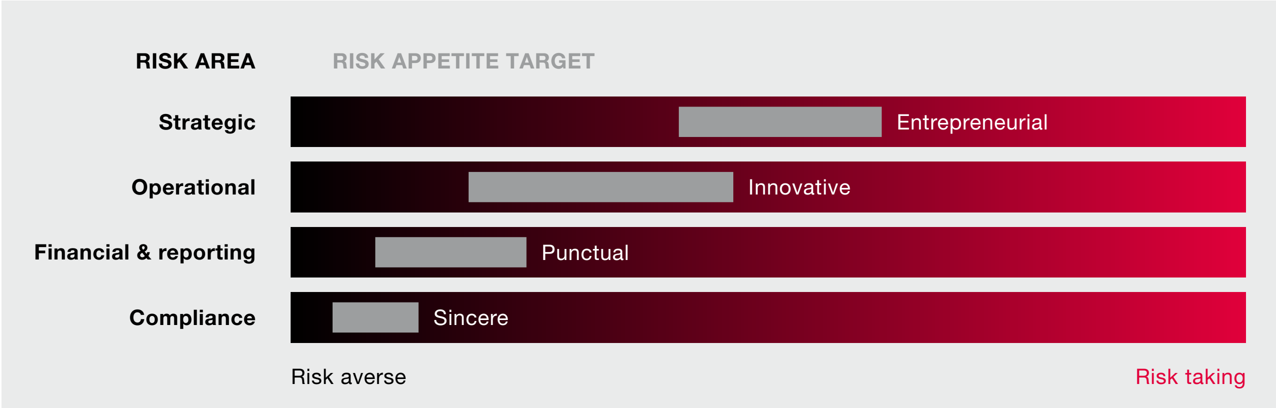
To enhance risk management and oversight, risk owners are assigned to the most significant risks identified. Each risk owner is tasked with preparing and updating mitigation plans.

At the operational level, Kendrion's plants maintain internationally recognized certifications that assess and improve their processes. Local management is responsible for implementing internal controls and procedures, regularly testifying their effectiveness, and maintaining full awareness of operational risks. This approach ensures that internal controls remain robust and aligned with Kendrion's overarching risk management framework.



Risk appetite

Kendrion's risk management framework balances risk and opportunity, while clearly identifying the Executive Board's appetite for risk. The Executive Board and the Management Team periodically review and discuss Kendrion's approach to risk management, as the company's risk appetite may evolve in response to societal developments, geopolitical shifts, the competitive and customer landscape, and internal changes. Kendrion's risk appetite provides an indicative bandwidth that guides decision-making processes across the organization. This bandwidth is defined for each of the following risk areas: Strategic, Operational, Financial & Financial reporting and (Tax) Compliance. The width of the bandwidth and its position on the risk spectrum —from risk averse to risk taking —vary by risk area. For instance, as illustrated in the visual, Kendrion adopts a risk-averse approach to compliance risks, while the bandwidth for strategic risks is significantly broader, enabling a higher degree of risk-taking in pursuit of strategic objectives.



Risk overview

Risk area	Risk name	Risk description
Strategic	M&A activities or strategic projects fail to deliver results	Mergers, acquisitions or strategic projects may not achieve the expected synergies and results or could negatively impact the company.
	Insufficient margin expansion	Limited progress in expanding product margins through pricing strategies, cost efficiencies and added value enhancements may constrain profit margin growth, potentially affecting the company's ability to achieve financial targets and maintain competitive positioning.
	Insufficient new profitable business	Insufficient lead generation and new customer acquisition in both new and existing profitable niches could hinder sustainable revenue growth and the company's ability to achieve its financial targets.
Operational	IT hardware and/or software issues or implementation delays	Issues with IT hardware, software, or implementation delays could disrupt system transactions, create data gaps, or fail to meet business requirements, leading to potential revenue losses or increased costs.
	IT and cyber security risks	Cyber risks, such as failures in information systems or unauthorized access leading to the alteration, destruction or theft of data, could cause business interruptions, loss of confidential data, or damage to the company's reputation.
	Increased customer order volatility	Increased volatility in customer orders, including larger deviations in quantities or project cancellations, could lead to missed revenue opportunities and higher operational costs.
	Intellectual property protection	Insufficient protection of intellectual property could allow potential competitors to use or copy our products, potentially undermining growth and impacting product margins.
Compliance	CSRD compliance	Failure to fully comply with CSRD regulations could result in reputational damage, commercial setbacks, and possible legal and financial penalties.

In addition to the key risks outlined in the table above, Kendrion explicitly identifies risks associated with financial reporting, climate change, tax compliance, and fraud. Each of these risk areas, along with their corresponding key risks, will be elaborated on in more detail.

Strategic risks

M&A activities or strategic projects do not deliver results
Strategic risks arise when mergers, acquisitions, or internal strategic projects fail to deliver the anticipated benefits, such as margin expansion, cost reductions or the realization of synergies. This could result in inefficiencies, missed financial targets, or a loss of stakeholder confidence.

Kendrion recognizes the importance of planning and executing strategic changes, as well as remaining flexible to adapt to changing circumstances. For strategic projects, including M&A, dedicated oversight teams are established to ensure focused execution and accountability. Additionally, regular reviews of actions related to strategic projects, such as the sale of Automotive in 2024, are conducted to monitor progress, address bottlenecks, and ensure alignment with strategic and financial objectives. Kendrion also undertakes an in-depth annual strategic review process in which concrete strategic options are evaluated. This includes a review of the M&A strategy to ensure alignment with overarching business goals and adjustments based on market conditions and strategic priorities.

Insufficient margin expansion
Failure to make sufficient progress in expanding product margins through pricing strategies, cost efficiencies, and added-value enhancements can limit profit margin growth, potentially leading to missed financial targets, eroded shareholder confidence, and a weakened competitive position in the market. Kendrion actively invests in innovative solutions to enhance product differentiation, support premium pricing and address customer needs. Cross-functional teams foster collaboration between commercial and operational departments, ensuring strategies are aligned to improve or protect margins. The company pursues ongoing initiatives to reduce costs across production, operations, and the supply chain, by leveraging approaches such as automation, material optimization, and supplier renegotiations.

To monitor progress, Kendrion conducts regular reviews of pricing strategies, cost reduction efforts, and value addition initiatives using clearly defined KPIs. This enables the timely identification of gaps and the implementation of corrective actions, ensuring continued progress toward financial and strategic goals.

Limited new profitable business
Insufficient lead generation and new customer acquisition in both new and existing profitable niches could hinder sustainable revenue growth, potentially compromising the company's ability to meet financial targets, reducing market share, and weakening its long-term competitive position. To address this, Kendrion develops and implements focused marketing campaigns tailored to specific profitable niches, leveraging market insights to identify and engage high-potential customers. The commercial organization is supported by advanced CRM systems that optimize lead generation and improve conversion rates. Additionally, Kendrion provides continuous training and resources to its sales teams, enhancing their ability to identify opportunities, pitch effectively, and secure contracts with both existing and new customers. To explore growth opportunities, annual strategic meetings are conducted to evaluate potential entry into adjacent or emerging niches with strong profitability prospects.

Operational risks

IT hardware and / or software issues or implementation delays
Issues with IT hardware, software, or implementation delays pose significant risks to business operations. Such challenges could lead to transaction failures, missing or corrupted data, and the inability to meet business requirements. The consequences include operational inefficiencies, revenue loss, increased costs, and a reduced ability to serve customers effectively. To mitigate these risks, Kendrion adopts a proactive and structured approach to IT system management.

Rigorous testing protocols are applied prior to deploying new hardware or software to identify and address potential issues before they impact operations. Critical systems are supported by redundant infrastructure and robust backup solutions to ensure business continuity in case of hardware failure or data loss. To minimize implementation delays, Kendrion uses detailed project planning with clear timelines and milestone tracking. Collaboration between IT teams and business groups ensures that system upgrades and implementations align with operational needs. Additionally, employee training is conducted to help users operate new systems effectively and mitigate errors. Regular maintenance schedules, continuous monitoring of IT performance, and strong vendor partnerships for timely updates and support further enhance system reliability and safeguard business operations.

IT and cyber security risks
Cyber risks, including failures of information systems and unauthorized access, alteration, destruction, or copying of data, could result in business interruptions, compromise confidential data, and damage the company's reputation. Recognizing the critical importance of cybersecurity to operational integrity and stakeholder trust, Kendrion intensified its focus on cyber risks in 2024. Advanced security monitoring tools were implemented to provide 24/7 threat detection, network monitoring, and real-time alerts, ensuring swift identification and response to potential threats. The company also prioritizes robust contingency planning, including redundant data storage, backup systems, and disaster recovery protocols to ensure business continuity and data integrity.
Additionally, Kendrion strengthens its defenses through regular software updates, employee training on cybersecurity best practices, and continuous vulnerability assessments. This multi-layered approach combines cutting edge technology with proactive risk management, safeguarding our digital infrastructure and sensitive data while reinforcing Kendrion's commitment to secure, resilient, and responsible operations.

Increased customer order volatility
External events, such as economic downturns, uncertainty, supply chain disruptions, or changes in regulations and preferences, could lead to a structural decline in demand for certain products. This may result in reduced order volumes or project cancellations. Additionally, shortages of raw materials for our customers may increase the risk of order adjustments due to a lack of critical components, causing unpredictable fluctuations in order levels. These variations require swift plant capacity adjustments which can result in underutilized capacity costs or production backlogs due to insufficient capacity. Moreover, order volatility can drive increased inventory levels, whether from canceled orders or to ensure readiness for demand surges.

Kendrion actively strengthens customer relationships and engages constructively to monitor order volumes and timing. We synchronize frame contracts with suppliers and customers wherever possible to reduce supply chain volatility. Contractual terms are negotiated to secure price increases when volumes drop and to ensure reimbursement for investments in development costs, tools, and equipment in the event of cancellations or unmet volume commitments. Demand levels are closely monitored, and production capacity and purchase volumes are adjusted to mitigate impacts on profitability and working capital.

Intellectual property protection
Insufficient protection of intellectual property (IP) can allow competitors to copy or use Kendrion's products, potentially impacting growth and eroding product margins. This risk could result in a loss of competitive advantage, reduced market share, and diminished profitability. To mitigate this risk, Kendrion employs a comprehensive IP protection strategy. Key innovations and product designs are safeguarded through patents, trademarks, and copyrights, filed in all relevant markets to ensure legal protection.

Confidentiality agreements and secure data-handling protocols are strictly enforced to minimize the risk of unauthorized disclosure or misuse. Additionally, Kendrion actively monitors competitor activities and responds decisively to any IP infringement through appropriate legal action. These combined efforts help Kendrion maintain its competitive edge, protect product margins, and support sustainable growth by securing the value of its intellectual property.

Financial & reporting risks

As a globally operating, publicly listed company, Kendrion must comply with financial reporting requirements. Material misstatements in reporting could negatively affect Kendrion's reputation and stock market value. Kendrion reports quarterly to the market, following IFRS standards for financial figures. Given the risk appetite in this area leans toward the adverse side, Kendrion has established several controls in place to keep risk exposure within acceptable boundaries.
It is critical that all operating entities report to the same standards and deliver consistent, high-quality reports, in line with applicable accounting and reporting principles. Local planning and control cycles provide financial and non-financial information to the group on a weekly, monthly, or annual basis, following standardized reporting formats, outlined in the group reporting manual. To ensure the integrity and accuracy of the reported information without relying on manual controls, effective general IT controls are crucial, such as proper segregation of duties, access control for key systems, and source data protection through proportionate change control procedures for all accounting and reporting systems and their critical infrastructure. While Kendrion previously mitigated sub-optimal general IT controls by performing additional manual checks, these manual controls have gradually shifted to automated IT controls through continuous improvement actions, informed by recommendations from external auditors.

Kendrion will continue to enhance its general IT controls with a focus on increasing automation while balancing available resources against the benefits of improvement.

On a quarterly basis, all responsible officers provide a letter of representation confirming the correct and complete reporting of financial and non-financial information, and the absence of material violations of applicable laws, rules, regulations, and internal policies, including the Kendrion Code of Conduct. This process also involves continuous monitoring of upcoming changes in accounting and/or reporting standards, as well as laws and regulations, alongside periodic discussions with finance leaders and senior management across the business units. Kendrion acknowledges the financial and reporting risks related to debt financing, credit exposure and fluctuations in interest and exchange rates (refer to pages 159-162 and following of the financial statements for a detailed outline of Kendrion's financial market risks and the policies in place to mitigate these risks or their potential impact). Proportionate mitigating measures are implemented for these risks and are monitored
at various levels within the company.

Kendrion is also exposed to financial market risks, such as interest rates and exchange rates. Kendrion makes use of financial instruments to hedge against material market risk exposure where feasible and in accordance with its treasury policy. For Kendrion's policies and objectives with regard to the use of financial instruments, please refer to note (s) of the financial statements from pages 159-162.

Compliance risks

Kendrion is committed to conducting business in full compliance with its Code of Conduct, the values underpinning the Code, and all applicable laws and regulations.
These include employment laws, data protection laws and regulations, accounting standards, tax laws, health and safety requirements, and corporate governance and statutory filing obligations relevant to the countries in which it operates. Senior management is responsible for promoting awareness and ensuring adherence to these laws and regulations.

To support compliance, Kendrion develops and maintains global and local policies. Its global policies include a range of procedures and policies, such as the Code of Conduct, Insider Trading Code, Speak-up procedure, among others. The Code of Conduct, central to Kendrion's operations, reflects the core values of "The Kendrion Way," an inspiring motto that lies at the heart of the organization.

The Code of Conduct outlines the principles and expectations that guide the behavior of everyone at Kendrion. To support employees in navigating compliance dilemmas, Kendrion provides guidance and training, enabling them to recognize issues and report actual or suspected misconduct or irregularities through the Speak-up procedure. For more details about "The Kendrion Way", refer to the People & Culture section of this Annual Integrated Report.

Compliance with Kendrion's internal policies, procedures, and applicable local laws and regulations is regularly assessed by the internal audit department managed by our finance function. The Group Finance & Control department is responsible for designing and executing the annual audit plan, which evaluates the adequacy of Kendrion's internal control systems. Audit findings are reported to the Executive Board, and key insights are discussed with the Audit Committee and external auditors on a regular basis. In 2024, audit results were reviewed with local management, and all identified control deficiencies were effectively addressed.

CSRD compliance
Failure to comply with the Corporate Sustainability Reporting Directive (CSRD) regulations could result in reputational damage, commercial losses, and legal or financial penalties. Non-compliance risks undermining stakeholder trust, weakening competitive positioning, and reducing access to capital from sustainability-focused investors. Considering the size of its operations, Kendrion is mindful of balancing the effort required to meet CSRD obligations with the value and impact of the output. To address this, Kendrion has established a dedicated sustainability function to integrate CSRD requirements into business processes while ensuring the reporting efforts remain proportional to its scale and resources. Regular assessments of the reporting framework ensure accurate, transparent, and efficient disclosures. Advanced tools streamline the collection and analysis of sustainability data, minimizing resource demands while maintaining compliance. Collaboration with external advisors and auditors keeps Kendrion aligned with regulatory standards and industry best practices.

To further mitigate risks, Kendrion conducts employee awareness sessions to enhance understanding of CSRD requirements and foster a culture of accountability. Engaging with stakeholders ensures evolving expectations are met, while the company's approach remains practical and value-driven. These measures enable Kendrion to comply effectively with CSRD regulations effectively, safeguard its reputation, and reinforce its commitment to sustainable business practices.

Tax compliance risks

In line with its overall risk-averse appetite for compliance risks, Kendrion specifically reiterates this approach for tax compliance and associated risks. Tax risks arise from local tax rules and regulations as well as international regulatory frameworks. These include transfer pricing risks on intercompany cross-border deliveries of goods and services, tax risks related to acquisitions and divestments, tax losses, taxes carried forward, permanent establishments and potential changes in tax law. Such risks may result in financial impacts, including tax expenses and payments, tax adjustments, accrued interest, fines, litigation against Kendrion's management, and damage to Kendrion's reputation with (local) authorities and stakeholders.

The Group Finance & Control department is responsible for establishing and overseeing group wide tax policies. Potential risks are periodically monitored and assessed based on their likelihood of occurrence and potential impact on both local and group-wide financial tax results. For the most significant tax jurisdictions, Kendrion holds regular meetings with external tax specialists to review the tax position, evaluate tax risks, and, where applicable, assess the impact of potential changes in tax laws and legislation. To actively mitigate risks, Kendrion involves external tax advisors where specialist knowledge is required and consults (local) authorities when interpretations of tax requirements could have a significant impact.

Climate change

Society, shareholders, and other stakeholders are placing greater emphasis on environmental challenges and the impact of climate change, driving demand for more sustainable operations, solutions, and products. The socioeconomic effects of climate change, combined with new regulations and initiatives such as the CSRD, present Kendrion with both challenges and opportunities for its product portfolio. Besides the potential direct impact of climate change on Kendrion's facilities, there can be as well broader consequences such as extreme weather events can disrupt supply chains, delay production, cause inefficiencies, and lead to inefficiencies and material shortages.

Rising material costs and potential government measures, such as carbon taxes, are expected to increase supply chain expenses. The ultimate effect on Kendrion will depend on whether these cost increases trigger industry-wide pricing adjustments, including changes to sales prices. Climate change also drives shifts in customer preferences and demand patterns, creating both risks and opportunities. These shifts may open new markets for sustainable solutions while requiring adaptation to evolving expectations and regulations. Revenues from products like inductive heating control units, electromagnetic brakes for wind turbines, and safety valves for nuclear power plants are expected to grow. Conversely, revenues tied to products such as those for combustion engine vehicles are likely to decline as the market transitions to cleaner energy solutions. On balance, Kendrion's Business Groups are well-positioned to capitalize on the global shift toward electrification of industrial processes, reducing reliance on fossil fuels, and lowering greenhouse gas emissions.

The divestment of Kendrion's European and American Automotive activities as of 30 September 2024 has significantly decreased its exposure to the internal combustion engine market. Aligned with CSRD requirements, Kendrion remains committed to reducing its carbon footprint through renewable energy adoption, energy conservation, waste reduction, and increased recycling. The company continues to invest in a responsible product portfolio, supporting customers in achieving their sustainability and emission reduction goals. These efforts reinforce Kendrion's commitment to sustainability, long-term growth, and resilience.

Fraud

With its global footprint, Kendrion is exposed to a broad spectrum of fraudulent activities. As an industrial production company, the most significant fraud risks are identified in areas such as the supply chain, where risks include kickbacks, shop-in-shop arrangements, bribery, and false invoices; inventory and asset management, which may involve theft and manipulation; administrative processes, including fraudulent payments and falsified records; and cyberattacks. Fraud can result in a range of consequences, from minor financial loss due to petty theft of (office) materials to significant financial losses, damage to the organization's reputation, and a loss of customer trust, particularly in jurisdictions with strict anti-fraud regimes and legal penalties. Fraud risks are explicitly included in Kendrion's annual corporate risk assessment as a separate category, ensuring active monitoring of fraud risk developments and raising continuous awareness amongst (senior) management about the importance of fraud prevention.

Kendrion has implemented a range of measures to significantly reduce its exposure to fraud. A core element of these measures is the restriction of access— both physical and digital—to only the areas necessary for employees to carry out their daily tasks, coupled with segregation of duties (SoD) to ensure that essential checks and balances are not concentrated in the hands of a single individual. Both user access and SoD are reviewed annually and adjusted to align with the company's risk appetite if any changes occur. A considerable number of general IT controls have been put into place around user access and SoD; however, some deficiencies in the design and effectiveness of these controls still exist. Where such deficiencies are identified, Kendrion has additional fraud-detecting and preventing measures in place, such as variance and margin analysis, as well as comprehensive reviews of key master data changes.

Simultaneously, Kendrion continues to refine and enhance the design and effectiveness of its IT controls. In addition to access management and SoD, Kendrion has established an authorization matrix to clearly define responsibilities and authorization limits for each function within the company. This matrix ensures that the appropriate employees are involved in processing information or making decisions that carry potential (fraud) risk. Every employee is introduced to Kendrion's Code of Conduct (CoC) when they join the company, with the CoC specifically addressing common forms of fraud and the expected employee behavior regarding these issues. On an annual basis, the CoC (or relevant topics) is refreshed for all employees through various communication formats such as posters, videos, e-learning, workshops, and more.

In control statement

Based on the approach described above, the Executive Board is of the opinion that, to the best of its knowledge:

- the Report of the Executive Board provides sufficient insights into any failings in the effectiveness of the risk management and internal control systems;
- the risk management and internal control systems provide reasonable assurance that the financial reporting, including tax, does not contain any material inaccuracies;
- based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and the Report of the Executive Board states those material risks and uncertainties that are relevant to the expectation of Kendrion's continuity for the period of twelve months after the date of the Report of the Executive Board.

While well-designed and implemented risk management and internal control systems significantly reduce risks, they cannot fully eliminate human errors, poor judgement, deliberate circumvention of controls, fraud, legal violations, or unforeseeable events. Additionally, risk management efforts should be weighed against the costs of implementation and maintenance.

Kendrion's governance framework is rooted in the statutory requirements applicable to public limited liability companies in the Netherlands. This framework incorporates the principles and best practice provisions outlined in the Dutch Corporate Governance Code, most recently updated on 20 December 2022 (the "Code"), along with Kendrion's Articles of Association, last amended on 25 June 2020. Key topics from the Code are addressed in the various sections of this Integrated Annual Report. The Articles of Association, alongside related policies such as the Supervisory Board Regulations and the regulations for its committees form a framework for Kendrion's governance and operations. This framework establishes a sound and transparent system of checks and balances. For the Articles of Association, the Supervisory Board Regulations, the regulation of its committees, and additional information about Corporate Governance at Kendrion, please visit our corporate website at www.kendrion.com.

Kendrion N.V.
Kendrion N.V. is a public limited liability company incorporated under the laws of the Netherlands, with its corporate seat in Amsterdam, the Netherlands. Details regarding Kendrion N.V.'s share capital can be found in the section 'Share and Shareholder Information on pages 131-133 of this report.

As the ultimate parent company, Kendrion N.V. holds all shares in Kendrion Finance B.V., a private limited liability company incorporated under Dutch law, with its corporate seat in Zeist, the Netherlands. Kendrion Finance B.V., directly or indirectly, holds shares in all Kendrion's operating companies, each of which is directly or indirectly a wholly owned subsidiary. Kendrion N.V. is not subject to the large company structure regime. Additionally, no works council has been established at the level of Kendrion N.V., nor is there a statutory requirement to establish one. For information on works councils and employee representation within certain Kendrion operating companies, please refer to the 'Sustainability Statements - Social' section of this Annual Integrated Report.

Two-tier governance structure

The Executive Board, consisting of the CEO and the CFO, is responsible for managing Kendrion, under the supervision of the Supervisory Board. Members of the Executive Board and the Supervisory Board are appointed and dismissed by the General Meeting of Shareholders. The General Meeting of Shareholders may amend the Articles of Association upon a proposal by the Executive Board, subject to the prior approval of the Supervisory Board. Such amendments require an absolute majority of the votes cast at the General Meeting of Shareholders.

Executive Board

The Executive Board is responsible for managing Kendrion and ensuring the continuity of Kendrion's long-term, sustainable value creation strategy, objectives, results, and policies. This includes defining strategies and plans that align with the goals of the Paris Agreement to limit global warming. In carrying out its duties, the Executive Board considers the impact of Kendrion and its affiliated enterprise on people and the environment, carefully balancing the interests of all relevant stakeholders. A key aspect of the Executive Board's responsibilities is fostering and maintaining a culture focused on sustainable long-term value creation. A strong, healthy company culture, as outlined in the 'Sustainability Statements - Social' section in this Annual Integrated Report, plays a vital role in preventing misconduct and irregularities. The Executive Board is accountable to the Supervisory Board and the General Meeting of Shareholders. Certain decisions made by the Executive Board require approval from the Supervisory Board.

In accordance with Kendrion's Articles of Association, which stipulate that the Executive Board must consist of at least two members, the Supervisory Board determines the number of members on the Executive Board. Executive Board members are appointed by the General Meeting of Shareholders, at the recommendation of the Supervisory Board. In line with provision 2.2.1 of the Code, Executive Board members are appointed for a maximum term of four years, with the possibility of reappointment for successive terms of no more than four years each. The selection process for Executive Board members takes into account the diversity objectives outlined in Kendrion's diversity policy, which can be found on the corporate website at www.kendrion.com.

Other than upon proposal of the Supervisory Board, members of the Executive Board can also be suspended or dismissed by the General Meeting of Shareholders. In that case, a resolution to suspend or dismiss Executive Board members is adopted by an absolute majority, representing at least one-third of the issued share capital. If the Supervisory Board recommends suspension or dismissal, the resolution is adopted by an absolute majority of the votes cast at the General Meeting of Shareholders. Executive Board members comply with statutory requirements regarding the number of supervisory or non-executive roles they may hold in large enterprises.

For further details on the composition of the Executive Board and its members, please refer to page 12 of this Annual Integrated Report.

An Executive Board member refrains from participating in deliberations or decision-making on any matter where they have a personal interest that conflicts with Kendrion's interests. In such cases, the Executive Board member must promptly report the conflict to the Chairman of the Supervisory Board. Transactions involving a conflict of interest with an Executive Board member require Supervisory Board approval. In 2024, no transactions involving conflicts of interest with Executive Board members occurred. Kendrion maintains a policy of not providing loans or guarantees to Executive Board members.

Management Team

The Management Team comprises the CEO, CFO, and executives with clear accountability for delivering all aspects of the strategic plan. It includes Business Group Directors from Industrial Actuators and Controls, Industrial Brakes, and the Kendrion President Asia. Functional areas such as Information Technology, Sustainability and Compliance, are represented by the CIO and General Counsel within the Management Team.

The number of members of the Management Team is determined by the Executive Board in consultation with the Supervisory Board. For Management Team members not part of the Executive Board, appointments and dismissals are made by the Executive Board, following consultation with the Supervisory Board. The diversity objectives outlined in Kendrion's diversity policy are considered when appointing members to the Management Team.

The Management Team convenes regularly, and members not part of the Executive Board are often invited to attend Supervisory Board meetings.

Leadership Team

The Leadership team comprises the Management Team and the executives reporting to its members, all playing a key role in delivering Kendrion's strategic and operational performance. Consisting of approximately 35 executives, the Leadership Team represents all operating companies of Kendrion across Europe, the USA and Asia. For members of the Leadership Team not part of the Management Team, appointments and dismissals are made by the Executive Board.

The Leadership holds monthly online meetings and convenes annually in person at the 'Top 35' meeting.

Supervisory Board

The Supervisory Board supervises and advises the Executive Board in executing its responsibilities, while overseeing Kendrion's overall development and performance. It prioritizes the interests of Kendrion and its stakeholders, emphasizing the effectiveness of risk management, internal control systems, and the integrity and quality of financial and sustainability reporting.

The composition of the Supervisory Board ensures that its members can operate critically and independently, free from influence by each other, the Executive Board, the Management Team, or any specific interests. Each member brings the expertise, experience, and background required to perform their duties, in line with the 'Profile' for the Supervisory Board, and the diversity objectives outlined in Kendrion's diversity policy for the Supervisory Board. Both the 'Profile' and the diversity policy are available on the corporate website at www.kendrion.com.

The Supervisory Board currently comprises four independent members, as defined by the Code. All members comply with statutory requirements regarding the maximum number of supervisory or non-executive functions in large enterprises. The Supervisory Board's composition also aligns with the statutory provisions of the Dutch Gender Balance Act.

Members of the Supervisory Board are appointed by the General Meeting of Shareholders upon the recommendation of the Supervisory Board, serving a term of four years. The Supervisory Board internally elects a Chairman from among its members.

The Chairman presides over Supervisory Board meetings, ensuring their effective operation, as well as that of its committees. The Chairman also facilitates communication between the Supervisory Board, the Executive Board, the Management Team, and the General Meeting of Shareholders. Regular contact is maintained between the Chairman and the CEO on matters within the Supervisory Board's scope. Similarly, the Chair of the Audit Committee maintains regular contact with the CFO regarding the Audit Committee's responsibilities.

Supervisory Board members step down in accordance with a rotation schedule adopted by the Supervisory Board. Members whose term expires may be reappointed, with consideration given to their performance,, the diversity objectives outlined in Kendrion's diversity policy for the Supervisory Board, and best practice provision 2.2.2 of the Code regarding appointment and reappointment periods. Each Supervisory Board member may be dismissed by the General Meeting of Shareholders.

New members of the Supervisory Board undergo an introductory program, providing them with an overview of Kendrion's business activities, including manufacturing operations, and essential internal procedures and processes required for fulfilling their duties as Supervisory Board members.

Regular meetings of the Supervisory Board typically involve the attendance of the Executive Board and, periodically, members of the Management Team. The Supervisory Board also holds independent meetings, without the Executive Board present. The Company Secretary assists the Supervisory Board by ensuring adherence to correct procedures, statutory obligations, and the Articles of Association. The Company Secretary also facilitates information exchange between the Executive Board and the Supervisory Board, and assists the Chairman in organizing Board affairs.

The Supervisory Board has established two committees: the Audit Committee and the HR Committee (which combines the Remuneration Committee and the Selection and Appointment Committee).

These committees are responsible for preparing decisions for the Supervisory Board. The regulations outlining the tasks and procedures of the committees can be found on the corporate website at www.kendrion.com. For detailed information on the composition of the Supervisory Board, its committees, and its members, please refer to the section 'Report of the Supervisory Board' in this Annual Integrated Report.

Annually, the Supervisory Board evaluates its own functioning, the performance of its committees, and that of individual Supervisory Board members. The results of this evaluation are discussed among the members of the Supervisory Board, and the Chairman subsequently informs the Executive Board as appropriate.

Members of the Supervisory Board do not receive shares or rights to acquire shares in Kendrion as compensation. Kendrion does not provide loans or guarantees to Supervisory Board members. In accordance with the Supervisory Board regulations, a member may not participate in the deliberation or decision-making process on any matter in which they have a personal interest that conflicts with Kendrion's interests. In 2024, there were no transactions involving a conflict of interest with any member of the Supervisory Board.

As of 31 December 2024, the following Supervisory Board members hold shares in Kendrion: Mr. Van Hout (26,500 shares), Mrs. Slijkhuis (3,500 shares), and Mr. Doll (1,000 shares).

Diversity within the Executive Board, Management Team, Leadership Team and Supervisory Board

Kendrion places significant importance on fostering diversity across its workforce, including the Executive Board, the Management Team, the Leadership Team and the Supervisory Board. As part of Kendrion's 2024-2028 ESG program, the Social and Human Capital pillar emphasizes advancing diversity throughout the organization. Ambitious diversity targets, aligned with Kendrion's diversity framework, have been set for each Business Group. Details of the framework and targets can be found in the 'Sustainability Statements - Social' section of this Annual Integrated Report.

A diverse range of competences, skills and backgrounds within the Executive Board, the Management Team, the Leadership Team and the Supervisory Board enhances decision-making and contributes to long-term, sustainable value creation. Kendrion prioritizes diversity aspects such as gender, nationality, and background (including education and (work) experience) as essential to its business. The company remains committed to ongoing efforts to improve diversity across all leadership levels.

According to Kendrion's diversity policy for the Supervisory Board, at least 33% must be women, and at least 33% must be men. The current composition of the Supervisory Board, with two female members and two male members, meets the 33% gender diversity target.

Gender diversity targets have also been set for Kendrion's Leadership Team and for the global so-called Indirect staff. Kendrion is committed to reshaping the composition of both groups so that, per 2028, at least 33% of the Leadership Team and the Indirect staff will be women, and at least 33% will be men. As of December 31, 2024, the Leadership Team comprises [84%] men and [16%] women, while the Indirect Staff comprises [29]% women and [71]% men. These figures indicate that the targets for both groups have not yet been met. In 2024, there were no changes to the Executive Board and there was one change to the Management Team.

As a global company, Kendrion has also set nationality-related targets. According to the diversity policy, the Management Team must include representatives from at least two regions where Kendrion operates. This nationality diversity objective for the Management Team has been met. For the Supervisory Board and the Executive Board, the objective is to maintain appropriate nationality diversity. In the Supervisory Board one member holds German nationality, reflecting Kendrion's significant operations in Germany.

Furthermore, Kendrion's diversity policy includes a background diversity objective. According to this policy, at least one member of the Executive Board and at least three members of the Management Team must have experience in international industrial business. For the background diversity objective of the Supervisory Board, please refer to the Supervisory Board 'Profile', available on Kendrion's corporate website. The compositions of the Executive Board, the Management Team and the Supervisory Board align with their respective background diversity objectives.

The Supervisory Board's composition is both diverse and experienced, reflecting a balanced participation of two female members and two male members. The Executive Board comprises qualified, knowledgeable, and experienced members. The Management Team demonstrates a strong blend of skills, nationalities, ages, backgrounds, and other relevant factors.

Kendrion's diversity policy outlines specific objectives that will be explicitly considered – beyond functional requirements – when selecting individuals for (re)appointment to the Supervisory Board and Executive Board, as well as when filling vacancies within the Management Team. When engaging external recruitment consultants, Kendrion provides search instructions underpinning the diversity policy. The diversity policy is available on the corporate website at www.kendrion.com.

General Meeting of Shareholders

At least once a year, Kendrion convenes a shareholders meeting. These meetings are convened by the Executive Board and/or Supervisory Board. Additionally, meetings may be convened at the request of shareholders jointly representing at least 10% of Kendrion's issued share capital, subject to authorization by the competent Dutch court. Shareholders holding at least 3% of the issued share capital have the right to propose items for inclusion on the agenda. Kendrion will generally include such items if a substantiated proposal, clearly stating the matter to be discussed or a draft resolution, is submitted in writing, at least 60 days before the meeting date. Each shareholder is entitled to attend shareholders meeting in person or by written proxy and may exercise voting rights in accordance with the Articles of Association. Each outstanding share carries one vote. Resolutions are adopted by an absolute majority of votes cast unless otherwise specified by the Articles of Association or applicable law.

Shareholders representing 59.17% (2023: 73.52%) of the total number of shares entitled to vote were represented at the General Meeting of Shareholders held on 15 April 2024.

For further details about the authority of the General Meeting of Shareholders and Kendrion's Articles of Association, please refer to the corporate website at www.kendrion.com.

Special provisions relating to shares

Unless otherwise indicated, there are no restrictions on the transfer of shares, the exercise of voting rights, or the term for exercising those rights Additionally, no special controlling rights are attached to shares. On 15 April 2024, the General Meeting of Shareholders granted the Executive Board the authority to: (i) issue shares or grant rights to acquire shares and restrict or exclude pre-emptive rights in relation to such issuances of shares; and (ii) acquire shares in Kendrion N.V., within the limits prescribed by the Articles of Association and applicable statutory provisions. This authority was granted for a period of 18 months from the date of the General Meeting of Shareholders (i.e. until 15 October 2025) and is subject to the prior approval by the Supervisory Board.

Auditor

Before being presented to the General Meeting of Shareholders for adoption, the annual financial statements, as prepared by the Executive Board, must be audited by an external certified public auditor. The General Meeting of Shareholders holds the authority to appoint the auditor. On 15 April 2024, the General Meeting of Shareholders appointed Forvis Mazars Accountants N.V. for an initial three-year term, beginning with the financial year 2024. The General Meeting of Shareholders may direct questions to the external auditor regarding their opinion on the financial statements. As a result, the external auditor is required to attend and is entitled to address the General Meeting of Shareholders.

Kendrion maintains an internal audit department managed by our finance function, with reporting lines to the CFO. The internal audit department, managed by our finance function, evaluates the design and effectiveness of the internal risk management and control systems. In line with the Code, both the Executive Board and the Audit Committee of the Supervisory Board are involved in preparing and approving the internal audit plan.

The annual internal audit plan is submitted for approval to the Executive Board and the Supervisory Board. Internal audit reports are reviewed with the Executive Board and the Audit Committee, and the external auditor is informed accordingly.

For further details on the Audit Committee and the performance of its duties, reference is made to the 'Report of the Supervisory Board' on pages 110.

For the management statement of the Executive Board, required under article 5:25c of the Financial Supervision Act (Wet op het Financieel Toezicht), please refer to the 'Financial Review' on page 27.

Agreements in the meaning of the decree for the implementation of article 10 of the takeover directive *(besluit artikel 10 overnamerichtlijn)*

The credit facilities of Kendrion N.V. include a change of control provision. An early repayment obligation is triggered if a party acquires more than half of Kendrion's issued share capital or voting rights.

Corporate Governance Statement

This Corporate Governance Report, along with the section 'Share and shareholder information' on pages 131-133, contains the information specified in the Decree for the implementation of article 10 of the Takeover Directive. Furthermore, when combined with the sections 'Risk management' and 'Report of the Supervisory Board' included in this Annual Integrated Report, it should be considered as the Corporate Governance Statement as required by the Decree on the contents of the management report *(Besluit inhoud bestuursverslag)*.

Relevant documents on corporate website

- Articles of Association
- Supervisory Board Regulations and Committee Regulations
- Diversity Policy for the Supervisory Board, Executive Board and Management Team
- Profile for the Supervisory Board
- Insider Trading Code
- Policy on Bilateral Contacts with Shareholders
- Code of Conduct
- Speak-up Procedure

Taxes

Kendrion's tax policy is based on the core values embedded in Kendrion's Code of Conduct and aligned with Kendrion's strategy and the rationale underlying the value creation pillar 'Responsible Business Conduct', which is part of Kendrion's global sustainability program.

Taxable profits are recognized in jurisdictions in which value is created, in accordance with the applicable tax regulations and standards, including the OECD Guidelines for Multinational Enterprises and local transfer pricing and other applicable tax regulations. Tax is not limited to corporate income tax but also includes VAT, wage withholding tax, social security contributions, dividend withholding tax, real estate tax and any other taxes payable by Kendrion in the relevant jurisdictions. Kendrion explicitly avoids tax practices that result in double non-taxation, profit shifting, or the artificial transfer of profits to low-tax jurisdictions and does not seek to establish aggressive tax-driven structures that are not compliant with the letter or spirit of applicable tax regulations. This means that Kendrion does not pursue any aggressive tax planning or has entities established in tax haven jurisdictions solely for tax optimization purposes and without commercial substance. Kendrion provides adequate transparency towards tax authorities and builds and maintains a professional relationship with them. When appropriate, tax authorities are consulted in advance on certain material transactions or business restructuring to, for instance, ascertain compliance with the applicable tax regulations. Kendrion makes tax-related disclosures in accordance with the applicable statutory regulations and applicable reporting requirements and standards, such as IFRS. Stringent controls are implemented to identify, monitor and address (potential) tax risks, aiming to mitigate and avoid these risks. Accredited tax advisors are engaged in reviewing and preparing material corporate income tax returns, if appropriate. Tax compliance is integrated into Kendrion's internal audit plan, with material tax risks and topics, including Kendrion's tax policy, reported and discussed within the Audit Committee.

Kendrion takes responsibility and shows prudence regarding corporate tax obligations. The effective tax rate of Kendrion or any of its affiliates is not a key performance indicator for Kendrion's finance and tax department, nor do individual bonus schemes contain effective tax rate performance targets. Kendrion's tax strategy and compliance are reviewed annually by the Audit Committee, ensuring alignment with the company's ethical and strategic objectives. Additional information about the reconciliation of the effective tax rate can be found in the financial statements on page 199 of this Annual Integrated Report.

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Introduction to sustainability

Sustainability is an important driver for how we operate as a business. In the turbulent and unpredictable world we live in today, with geopolitical instability and climate change effects having an increasing impact on economies and populations, the transition to a more sustainable world is pressing and more urgent than ever. At Kendrion, we are eager to deliver our fair share and help reducing the negative impact our activities have on climate change. Recognizing that sustainability extends beyond environmental concerns, we also place a strong emphasis on social and governance aspects. Our people are the driving force behind our sustainability journey, and we need good governance for enabling right decision-making upholding ethical standards and promoting responsible business. Together, these pillars from the foundation of our long-term success and contribution to a sustainable future.

We realize that the extent to which meaningful contributions can be made is subject to an unambiguous approach throughout our industry's supply chain. We are supported by our customers, suppliers, and other business stakeholders, who have also inspired and pushed the sustainability transformation. We remain committed to scaling up our own and our supply chain partners' efforts.

Kendrion´s 2024 - 2028 ESG program forms an integral part of our strategic plan and our short- and longer-term objectives. Our ambition to continuously improve our sustainability performance required cultural and organizational changes.

Our program and its ambitions are aligned with our organizational structure in which decision makers are empowered to prioritize and fundamentally enhance our sustainability performance. Sustainability objectives have been cascaded to our Business Groups and have been made an explicit component of performance-based remuneration schemes of Kendrion´s management team. For more information on remuneration for our Executive Board and the Supervisory Board, please refer to the Remuneration Report on pages 115 to 130.

We are confident that our 2024 - 2028 ESG program serves the long-term interests of our stakeholders, including the communities where we operate. With increasing sustainability demands, we remain motivated to further sharpen, strengthen, and execute our ambitions and strategy in this area.

In the following sections of this Annual Integrated Report, we explain how we identify impacts and risks through a double materiality assessment. For detailed information on each topic, including available policies, actions, targets, and performance data, we refer to the sections under 'Environment', 'Social' and 'Governance'.

General basis for preparation

General framework and data selection

Currently, the Corporate Sustainability Reporting Directive (CSRD) has not yet been transposed into Dutch national law and the final outcome currently remains uncertain. Depending on the timing hereof, reporting under the CSRD may apply retroactively to financial year 2024. Kendrion is prepared to comply with mandatory requirements or voluntarily report for this financial year 2024. Under the CSRD, we are required to report in accordance with the European Sustainability Reporting Standards (ESRS) as issued by the European Financial Reporting Advisory Group (EFRAG) and the sustainability statements have been prepared with reference to these standards. All data points, as included in this Annual Integrated Report in the respective E, S and G sections have been assessed as material to us according to our Double Materiality Assessment (DMA). Our sustainability statement addresses the Impacts, Risks, and Opportunities (IROs) associated with our operations, as well as those stemming from our upstream and downstream value chain.

Reference is made to the relevant pages 48 to 51 of this Annual Integrated Report for more information on our DMA methodology and scope limitations. All greenhouse gas datapoints (GHG Scope 1-3) are reported based on the Greenhouse gas protocol. Scope 3 emissions for the upstream value chain have been calculated using a cost-based methodology with the support of a Scope 3 Analyzer tool. Further information on the calculation of Scope 1 to 3 can be found on the pages 71 to 72. Our 2024 waste hierarchy data and Scope 3 calculations are subject to a high level of uncertainty. The 2024 waste hierarchy is estimated based on reported data from 2023, as the required information is not available in time for the year-end audit. Further details can be found in Chapter ESRS E5 – Resource Use and Circular Economy. Scope 3 data is considered more uncertain than other datasets due to the cost-based methodology, which is influenced by market price fluctuations. Additional information on Scope 3 can be found in Chapter ESRS E1 – Climate Change.

The policies outlined in this Integrated Annual Report apply to the entire company unless stated otherwise in specific chapters. In general, these policies are prepared by or with the involvement of the General Counsel, adopted by the Executive Board and, where required, approved by the Supervisory Board.

They are accessible to all our employees via our internal Intranet and, if required, available to external stakeholders on our corporate website.

We use the ESRS reference claims for most of the general information and material topics, including economic performance, anti-corruption, energy efficiency, emissions to air, occupational safety and health, non-discrimination and equal opportunities, and gender pay gap. For the material themes ‘responsible procurement practices’, ‘training and education’, and ‘disability’ Kendrion has developed its own indicators.

Data used has been collected from the existing management and reporting systems. Any estimates or forecasts included are explicitly referred to as such.

The time horizons short-, medium-, and long-term were established based on Kendrion´s risk assessment and are defined as follows: short-term as one to two years, medium-term as three to five years, and long-term as more than five years.

In each of the E, S and G section of the sustainability statements we provide further references to the definitions and scope of reporting used for each of the data points. This Annual Integrated Report has been reviewed to confirm that no classified information has been omitted.

Kendrion ensures compliance with CSRD by conducting due diligence processes, integrating double materiality principles to identify and manage sustainability related IROs. Our approach includes value chain analysis, stakeholder engagement, financial materiality assessments, and continuous monitoring of structural changes. While not yet fully integrated into our overall risk management, we are actively working towards alignment with corporate risk frameworks and conducting resilience analyses.

Core Elements of Due Diligence	Paragraph in the sustainability statement
a) Embedding due diligence in governance, strategy and business model	General basis for preparation; Remuneration report (not in sustainability statement); Double materiality assessment; Impact, Risks and Opportunities
b) Engaging with affected stakeholders in all key steps of the due diligence	General basis for preparation ; Stakeholder engagement
c) Identifying and assessing adverse impacts	General basis for preparation ; Double materiality assessment; Impact, Risks and Opportunities
d) Taking actions to address those adverse impacts	Action chapters under ESRS E1, ESRS E2, ESRS E5, ESRS S1, ESRS S2, ESRS S4; ESRS E1 Metrics & Targets
e) Tracking the effectiveness of these efforts and communicating	Metrics & Targets Chapters under ESRS E1, ESRS E5, ESRS S1, ESRS S4, ESRS G1

Strategy and 2024-2028 ESG program

Environmental 	**Focus on projects that deliver on our environmental targets** Our Environment framework focuses on reducing the negative impact of climate change by increasing energy efficiency and use of renewable energy, reducing CO_2e emissions and strengthening pollution practices and resource use and circular economy transitions.	■ Achieve a further 48%[1] reduction in CO_2 emissions ■ Establish reporting frameworks for Scope 1, 2 and 3 reporting (including disclosure)	Read more > p. 65 - 86
Social 	**A culture that empowers our people to contribute** The Social framework is centered around the well-being of both our workforce and our customers and end-users. For our employees, we prioritize maintaining a high-quality, safe work environment. For our customers and end-users, we focus on delivering products designed to ensure safety and promote health.	Implement gender diversity targets at Business Group level for indirect staff	Read more > p. 87 - 100
Governance 	**Governance that enables responsible business** The Governance framework focuses on business conduct, integrity, accountability, and transparency. Material themes revolve around the principles of ethical business conduct.	■ Sustainable sourcing: Enhance supplier selection and screening through integration of ESG metrics into sourcing process ■ Sustain ESG ratins from EcoVadis and CDP	Read more > p. 101 - 102

Table 1: ESG overview

[1] Target has been recalculated excluding the divested Automotive business

Consolidation

The quantitative ESG data we present in this report include the relevant data for the parent company Kendrion N.V., as well as its (directly or indirectly) wholly owned subsidiaries, unless explicitly stated otherwise. Acquisitions in any calendar year are reported as from the effective date of the acquisition. The scope of the sustainability statement is fully aligned with the scope of the financial statement. Both financial and non-financial reporting are prepared using the same boundaries, for consistency and comparability in accordance with the requirements of ESRS. The only metric in our reporting that extends beyond our consolidation scope is Scope 3 – Purchased Goods and Services.

Divestments are reported distinctly as discontinued operations in the calendar year in which the divestment is completed, and the activity is no longer part of the consolidation scope of Kendrion N.V. For financial year 2024, this applies to the ESG data for our European and American automotive activities, that were divested in 2024. For a comprehensive overview of all entities included in the scope, please refer to page 228 of this Annual Integrated Report.

Natural Capital	Social and Human Capital	Responsible Business Conduct
■ Renewable energy ■ Energy efficiency ■ CO_2 emission values cradle to gate ■ Waste prevention / Waste management	■ Human Rights ■ Labour Rights ■ Diversity, equality and inclusion ■ Occupational health and safety	■ Export controls and economic sanctions / Sanction monitoring ■ Environmental management system (ISO14001)
Materials	**Ecology**	**Compliance**
■ Percentage of recycled materials ■ Product less CO_2 impact than comparable products ■ Reuse and recycling ■ Regulations - Conflict Minerals, RoHS, REACH, VDA etc. ■ Hazardous substances	■ Land, forest and water rights ■ Biodiversity, land use and deforestation ■ Soil quality	■ Whistleblower / Anti-Corruption & anti-bribery ■ Data Security / personal data protection ■ Intellectual Property

Table 2: Sustainable sourcing metrics

Threshold for restatements

We follow the financial statements, in case of adjustments to financial numbers. For adjustments to our ESG data, we evaluate on a case-by-case basis as to whether we should restate numbers. We clearly indicate where we use restated data.

External review

All quantitative and qualitative data points in the tables in sections E, S and G, as applicable, are covered by the ESG review (limited assurance), performed by our auditor Forvis Mazars Accountants N.V.. We refer to the auditor's limited assurance report on page 224 of this Annual Integrated Report.

How to read our sustainability statements

Our sustainability statements are structured into four overall sections: 'General', 'Environment', 'Social', and 'Governance'. We have chosen to incorporate some of the strategy and governance disclosures, as mandatory under ESRS, in other sections of this Annual Integrated Report, where these are better placed, given the context of that section. For ease of reading, we have, where applicable, included references in the sustainability statements to these other sections.

Leadership and Accountability in Sustainability

At Kendrion, sustainability is deeply integrated into our governance framework, ensuring comprehensive oversight and accountability across all leadership levels. The Executive Board (EB) holds the primary responsibility for managing the company's long-term value creation strategy and target setting, with sustainability as a core element. The General Counsel, a member of the Management Team (MT), represents sustainability interests, ensuring that material topics and updates are communicated promptly. Our Supervisory Board (SB) oversees sustainability matters, including the DMA, IRO´s and targets, through updates, reviews and discussions to ensure well-informed decision making and effective oversight. Our administrative, management, and supervisory bodies integrate the assessment of impacts, risks, and opportunities into strategy, major transactions, and risk management by incorporating these factors into board discussions and risk assessments. Through regular oversight and evaluation, we ensure that trade-offs are considered to balance financial performance, sustainability goals, and stakeholder interests.

Stakeholder engagement (page 59) is a vital component of our sustainability approach. Upon finalizing the DMA, the main findings from stakeholder views are communicated to the Leadership Team, General Counsel, and Executive Board, facilitating informed decision-making. As part of our stakeholder engagement in the DMA process, employee representation is ensured through the involvement of the Human Resources department. We continuously assess ways to improve the involvement of our employees.

Both the Executive Board and Supervisory Board bring substantial expertise relevant to Kendrion's sectors, products, and geographic locations. Notably, all members of the Executive Board and the Management Team have experience in international industrial and/or automotive businesses or adjacent industries. Our management and supervisory board bodies leverage sustainability-related expertise through internal knowledge and by engaging with external specialists every so often. This ensures that sustainability considerations are appropriately integrated into decision-making and governance processes.

Our policies and related documents undergo a thorough review process. Depending on their scope, these documents are prepared and reviewed with the input from the General Counsel and ultimately adopted by the Executive Board. Local policies for certain jurisdictions or legal entities may not always require the aforementioned adoption and approval process, in which case they are handled under the responsibility of the local management.

Sustainability is primarily managed by the Executive Board and the General Counsel, with a dedicated Sustainability Manager reporting directly to the General Counsel. The Sustainability Manager facilitates communication across all entities within scope and their relevant departments, ensuring that key information is effectively relayed to the General Counsel and the Executive Board.

We maintain a robust monitoring system for our sustainability metrics and targets. Our Scope 1 and 2 emissions are measured on a monthly or quarterly basis. Key Performance Indicators (KPIs) related to health and safety, such as illness rates, accident rates, and Lost Time Injuries (LTI) due to accidents, are reported monthly to the Executive Board and to the Supervisory Board on a quarterly basis.

Strategy and 2024-2028 ESG program

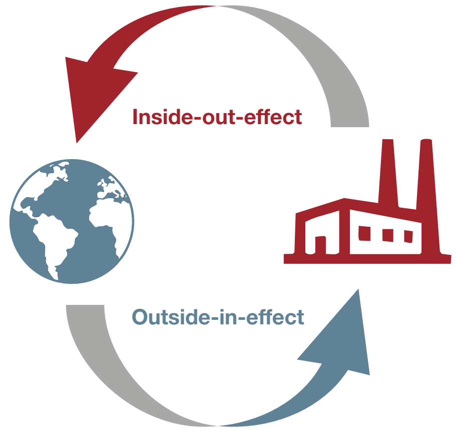
The completion of the divestment of our automotive activities in 2024 also marked the start of the implementation of our new strategy ‘The New Kendrion’, with a full focus on two business groups Industrial Actuators and Controls (IAC) and Industrial Brakes (IB). The implementation of the new strategy ran parallel to the introduction of our 2024 - 2028 ESG program. This program is an integrated part of ‘The New Kendrion’ strategy.

For a further description of the new strategy, we refer to the section ‘Strategy and Financial & ESG objectives’ of this Annual Integrated Report (page 24).

The new 2024-2028 ESG program was launched at the beginning of 2024. With this new program, we are building on the 2019-2023 framework and have set ourselves new, targets and objectives that align with our company and industry. The targets are based on the reported values for 2023, which have been restated to reflect the impact of the divested automotive activities. To arrive at these new objectives, we used various external and internal analyses of possible areas for improvement and an evaluation of the targets from the 2019-2023 framework.

An overview of the key components and targets of the 2024-2028 ESG program is included in the table on page 45.

Double Materiality Assessment



Our current 2024 - 2028 ESG program includes advancing on sustainable sourcing practices. We have developed new tools to gain deeper insights into the actions of our Tier-1 suppliers across key areas and to evaluate potential risk factors more effectively.

This year, we implemented a new approach to sustainable sourcing by introducing a supplier sustainability questionnaire, which was sent to our top 50 suppliers. These 50 suppliers represent around 19% of Kendrion´s annual sourcing volume. This tool helps us assess each supplier's sustainability practices and align them with our sustainability objectives. By integrating sustainability into our sourcing processes, we prioritize it as an important requirement, in order to meet both stakeholder expectations and regulatory demands.

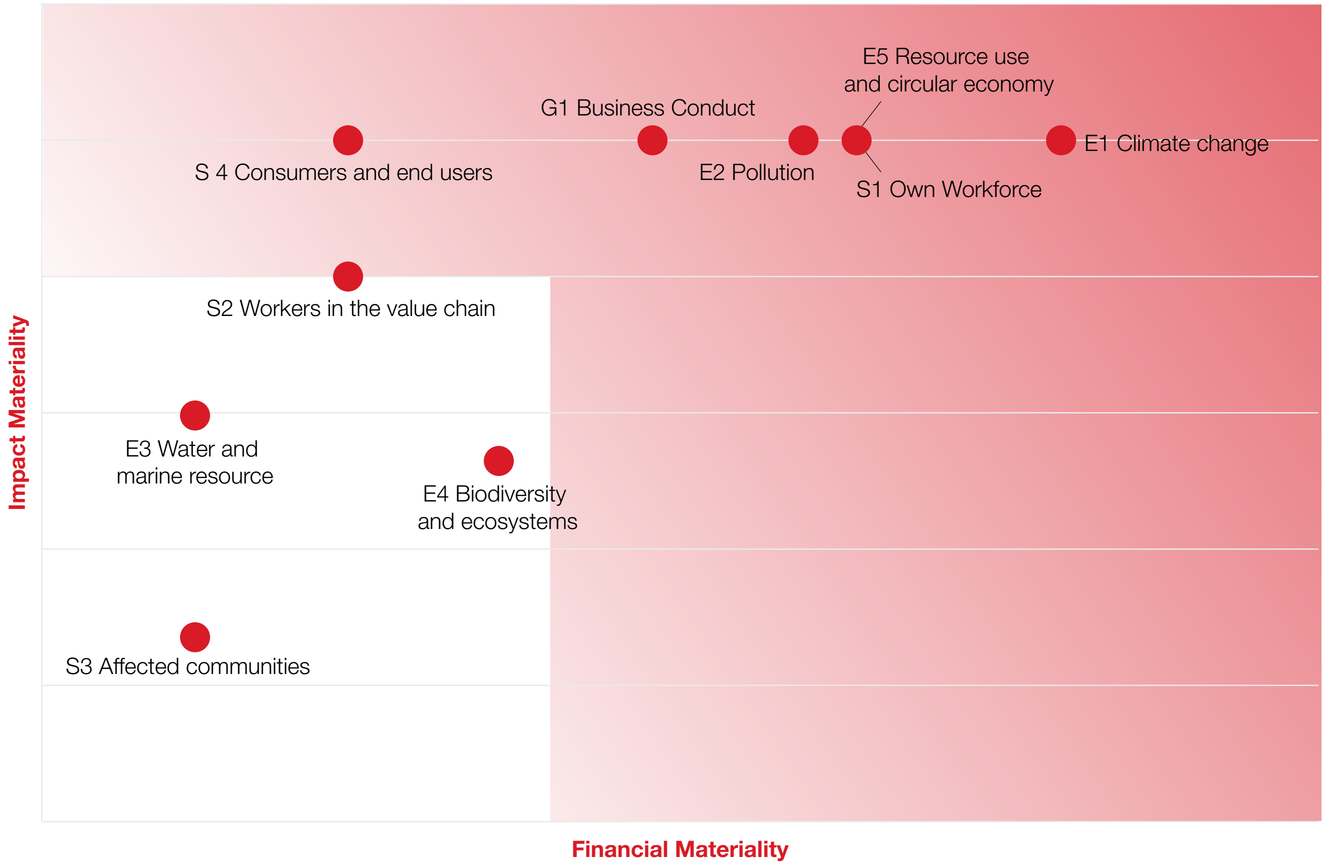
Additionally, we introduced an internal risk assessment process that evaluates suppliers based on globally recognized indices. This process allows us to identify and focus on high-risk areas within our supply chain, exclusively among Tier 1 suppliers. For those identified as high-risk, we’ve also used the sustainability questionnaire to gain insights into their ESG practices.

This proactive engagement with suppliers aims to support not only risk management but also the collaborative improvement of social and environmental practices within our supply chain. Our sustainability metrics displayed on page 7 cover key areas including environmental impact, human rights, labour standards, business conduct, materials sourcing, and compliance.

The sustainable sourcing metrics do not directly correspond to our material ESRS topics but cover a broad range of sustainability related topics, we wanted to address to our suppliers. These metrics were defined before the initiation of the DMA process.

Based on the results of the DMA and the comprehensive analysis of stakeholder perspectives, the ESG Strategy and potential actions will undergo a thorough review in the coming reporting years, with the aim to further enhance alignment with CSRD requirements and improve overall compliance.

ESRS Matrix



Double materiality assessment

DMA Introduction
In compliance with the new CSRD legislation, we have conducted a Double Materiality Assessment (DMA) aligned with the ESRS guidelines of 2023. This assessment is a critical component of our strategy for CSRD reporting.

Building on previous materiality assessments focused on sustainability-related topics, our approach has evaluated materiality through two key dimensions: (i) "significance to stakeholders" and (ii) "significance to Kendrion." These assessments enabled us to identify the most relevant topics for our activities, which have formed our previous (2019-2023) ESG program and served as foundational input for our current, first double materiality assessment (DMA).

In the last quarter of 2023, we initiated the first DMA step, implementing a detailed, step-by-step process. We engaged external experts to enhance the rigor of our approach. In the first half of 2024, we have finalized the IRO data gathering, which allowed us to complete the DMA process in the second half of 2024, with a full assessment of the IROs.

In this chapter, we provide an overview of our DMA methodology and present the results of our assessment. While we believe the findings accurately reflect our impacts and risks, we recognize the limitations of our methodology and the potential for improvement. Therefore, we are committed to regularly refining our DMA in line with the relevant and updated EFRAG guidance.

DMA Methodology
We have developed our methodology with reference to the principles in the ESRS and available guidelines. Learnings from our previous materiality assessments, including stakeholder dialogues, have been used to support the process.

Scoping boundaries
The DMA has been conducted for all Kendrion entities, with no exclusions of any legal entity. The resulting IRO's have been evaluated across the two Business Groups collectively, as the operational structures of Kendrion's Business Groups are uniform and do not necessitate separate evaluations, unless specific, relevant IROs are identified.

As part of our commitment to maintaining a thorough DMA, we actively monitor structural changes within the organization, including mergers, acquisitions, divestments, or internal reorganizations, to identify potential new IROs.

When significant organizational changes occur, we will perform a detailed assessment to evaluate their impact on both financial materiality and impact materiality. This assessment will focus on:

- New or former entities or divisions: Identifying potential changed environmental, social, or governance risks, or opportunities for positive impact.
- Operational scale or geographic presence: Evaluating changes that could affect the company's risk exposure, particularly in regions with varying regulatory or sustainability challenges.
- Integration of new technologies or business models: Assessing opportunities for improved sustainability performance or new financial risk.

Each of these factors is intended to be reviewed in accordance with the principles of double materiality, ensuring both sustainability impacts on external stakeholders (impact materiality) and risks to financial performance (financial materiality) are thoroughly considered.

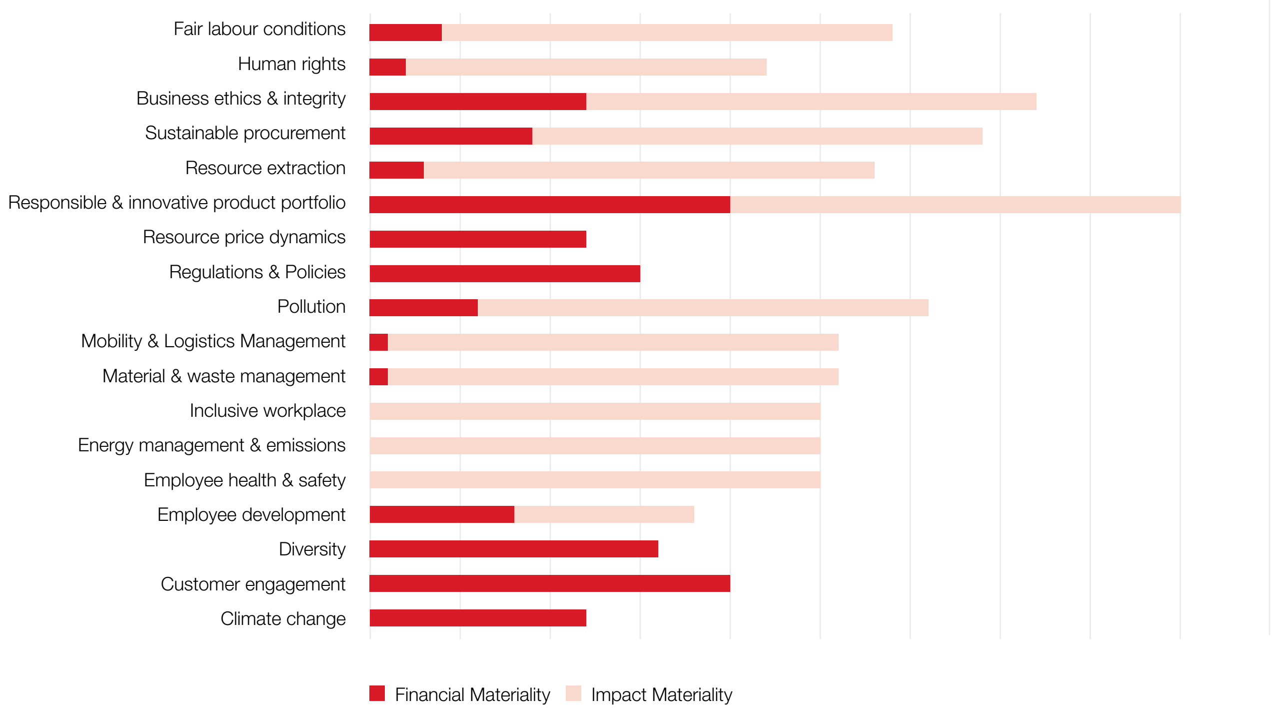
As part of this structural change analysis, any newly identified IROs intend to be incorporated into our materiality matrix, involving:

- Risk Identification: Assessing the emergence of new sustainability-related risks, including supply chain vulnerabilities and regulatory challenges.
- Opportunity Exploration: Identifying avenues to leverage sustainability trends, such as enhancing energy efficiency, promoting circular economy initiatives, and innovating in sustainable product design.
- Stakeholder Engagement: Engaging with relevant stakeholders, including employees, investors, suppliers, and customers, to understand how structural changes may influence their expectations and introduce new sustainability priorities.

The divestment of our automotive business in Europe and the USA has been evaluated for potential impacts on our DMA and ESRS considerations. Our analysis confirms that the integrity and conclusions of the assessment remain intact, as we have retained automotive-related activities in China and the European Sound and Electronics business in Germany and Romania.

Despite the significance of the Automotive activities for our companies, our industrial segment (the two Business Groups IAC and IB) constitutes a substantial share of our financial performance. This segment continues to drive significant revenue and earnings, ensuring that the financial risks and opportunities identified in our assessment remain valid and resilient.

Material topics



The environmental and social impacts from the remaining Business Groups, including emissions, energy consumption, and responsible supply chain practices, are comparable to those of the automotive sector. Consequently, our DMA remains robust, as these sustainability challenges and opportunities are prevalent across our ongoing operations.

In this Annual Integrated Report, the sustainability data related to the divested Automotive activities have been disclosed separately. Please refer to pages 61 to 64 for ESG data on these divested activities. Comparable data for the previous year have been restated.

DMA Process

To conduct our DMA, we adhered to a structured process in alignment with CSRD regulatory requirements. The initiative commenced with the formation of a project team. As a preparatory step for the DMA, we conducted a thorough analysis of our existing status in collaboration with employees who have knowledge of our sites and leveraging insights from previous materiality assessments. This analysis was followed by a thorough review of our value chain to identify key activities. Additional data sources utilized include the MVO Risk Checker, SASB Materiality Finder, and the MSCI Industry Materiality Map. These public tools were also used to consider perspectives from affected communities and identify potential IROs for all environmental matters within our DMA.

The findings from this review provided essential insights for the materiality assessment. We engaged stakeholders through interviews to evaluate the impact and financial materiality of various ESRS topics. Subsequently, the main project team members convened to validate the assessment outcomes and finalized the identification of material issues. A final validation was conducted by Kendrion´s Management Team.

As part of our assessment, we considered dependencies related to our suppliers and social actors, including employees. However, since our operations are not reliant on biodiversity or ecosystem services, we did not identify any material dependencies on these factors within our value chain material.

We reviewed the locations of our sites using the recognized biodiversity risk assessment tools, WWF Risk Filter. Our analysis identified sites in biodiversity-sensitive areas, such as Atlanta (USA), Amsterdam (NL), Maharashtra (IN), and Suzhou (CN). However, our review did not indicate any significant impact from our activities that would contribute to the deterioration of natural habitats, the disruption of species, or the degradation of designated protected areas.

The DMA processes between 2023 and 2024 differ significantly. In the 2023 materiality assessment, material topics were identified based on internal documents, Sustainable Development Goals (SDG) relevant to Kendrion's industry, and an evaluation of the most critical topics for the company. This initial assessment has been the fundament of our ESG efforts and reporting disclosures, establishing a solid basis for the material topics we have focused on in recent years.

However, the approach in the recent DMA has evolved using the framework provided by the ESRS. Consequently, we gathered more detailed IROs, which were rigorously assessed for materiality. Stakeholders were engaged through more in-depth interviews, whereas previously their input on material topics was captured through a numerical rating system. In this DMA, we thoroughly explained the purpose of the assessment to the stakeholders, allowing us to collect individual insights from our stakeholders that were crucial for evaluating IROs and were prioritized equally. An assessment was conducted to determine whether the identified impacts and dependencies resulted in risks and opportunities.

Stakeholder involvement

The stakeholder involvement process for our DMA has been designed to ensure high-quality qualitative input, supplemented by a limited range of stakeholder interviews. This process is integrated with our ongoing stakeholder interactions. Interviews were conducted with a selective number of employees covering all Kendrion entities and group functions to ensure a complete input for our DMA. Additionally, we engaged with key external stakeholders, including our largest shareholder, one of our major customers for our Business Group Industrial Brakes, and our major supplier of copper wire. Regular engagement with our lenders is also maintained due to our sustainability linked financing arrangements.

Given the significant investment from our largest shareholder, their expectations and priorities play an important role in influencing our strategic direction. The relevance of Environmental, Social, and Governance (ESG) topics for future alignment highlights the value of this stakeholder's insights into our sustainability initiatives and potential risks or opportunities.

Our major customer has articulated their commitment to sustainability through direct discussions with our sales team, expressing a clear expectation for collaboration with their suppliers who prioritize sustainability. This customer has already implemented sustainability measures, making them an ideal partner for further collaboration and knowledge exchange in the DMA.

Our primary copper wire supplier is critical to our operations, as copper wire, alongside steel components, is essential to produce electromagnets and valves. Their extensive market knowledge and importance within our supply chain establish them as a key contributor to the DMA.

The feedback collected from various stakeholders has been validated and weighed equally in the DMA process. The insights gained were largely consistent with the primary impacts, risks, and opportunities identified already recognized by our Sustainability team and the external consultancy firm supporting us. Their input, informed by both industry knowledge and familiarity with our organization, has been instrumental in this process.

Our direct collaboration with major customers in our two Business Groups concerning their sustainability requests has been ongoing, providing us with a clear understanding of the expectations have for their supply chains. Further details regarding supplier engagement are included in the Stakeholder engagement section of this report (see page 59). We intend to further expand our stakeholder assessment and integrate this in our overall sustainability efforts.

Scoring and thresholds
In accordance with the ESRS guidance, we assessed our impacts using the parameters of 'scale,' 'scope,' and 'irremediability' (applicable only for negative impacts). During the evaluation of risks and opportunities, we analysed the potential magnitude and likelihood for each ESRS.

The highest-rated risk or opportunity for each ESRS represents the overall financial materiality for that specific standard, while the highest-rated impact denotes the total value of impact materiality.

We established materiality thresholds of 20 for impact materiality and 10 for financial materiality out of a maximum defined value of 25. This indicates that any impacts, risks, or opportunities meeting or exceeding these thresholds, along with their corresponding ESRS topics, are considered material to Kendrion.

DMA Result
We have identified and assessed our impacts (positive or negative) on the environment and society (impact materiality assessment), as well as the sustainability related risks and opportunities that we are exposed to (financial materiality assessment). Next to that, all impacts have been identified as ‘actual’ or ‘potential’, and the same has been applied to risks and opportunities.

The outcome of our assessment has been aggregated per ESRS topic and is presented in the graph below. As the graph shows, we consider the following topics as our most material sustainability topics:

E1 Climate change
E2 Pollution
E5 Resource use and circular economy
S1 Own workforce
S2 Workers in the value chain
S4 Customers & end users
G1 Business conduct

Kendrion anticipates future improvements in the ongoing due diligence and double materiality assessment process, including robust engagement with affected stakeholders. Due diligence is an on-going practice that responds to and may trigger changes in the company’s strategy, business model, activities, business relationships, operating, sourcing and sales contexts. The double materiality assessment process may also be impacted in time by sector-specific standards to be adopted. The sustainability statement may not include every impact, risk and opportunity or additional entity-specific disclosure that each individual stakeholder (group) may consider important in its own particular assessment.

The processes for identifying, assessing, and managing impacts, risks, and opportunities has not yet been fully integrated into our overall risk management and broader management processes, as outlined in points (e) and (f) of ESRS IRO-1. These processes will be reassessed in the upcoming reporting year to determine how they can be integrated into the overall risk and management frameworks of Kendrion. This evaluation will help ensure alignment with the company's broader risk management and strategic objectives.

Impact, Risks and Opportunities

The following tables present the sustainability related IROs identified and assessed as material through our DMA process.

For each material ESRS topic, we outline the relevant sub-topics associated with our impacts, risks, and opportunities. We indicate whether these factors are actual or potential and provide brief descriptions in the tables. Additional details on how we address the effects of these impacts, risks, and opportunities can be found in the subsequent sections covering ‘Environment,’ ‘Social,’ and ‘Governance.’ While our current IRO assessment followed a pragmatic mid-level granularity approach, future assessments will incorporate adjustments as necessary to further align with the structure recommended under ESRS 1, in preparation for future reporting periods.

The financial impacts of the identified IROs have not been precisely defined or calculated. However, Kendrion has utilized estimated bandwidths to assess potential impacts and support decision-making processes. This will be further evaluated and refined in future reporting periods as more data becomes available. A resilience analysis, as required under ESRS 2 SBM-3, was not conducted for this reporting period. Going forward, we plan to assess the possibility to include a resilience analysis to evaluate the robustness of our business model in addressing these material impacts, risks, and opportunities, ensuring our strategy remains resilient and adaptable to evolving conditions.

The IRO assessment will be reviewed and updated annually, taking into account emerging risks, mitigating actions, and ongoing developments in our business operations and supply chain, in collaboration with internal and external stakeholders.

E1 | Climate change

Climate change mitigation (*)						
Impact or Financial Materiality	Impact, Risk or Opportunity	Actual or Potential	Topic	Description	Location in value chain	Time horizon
Impact	Negative impact	Actual	Product portfolio	Less negative contribution to climate change by reducing GHG emissions through product portfolio that enables a clean energy transition (downstream)	Downstream	Longterm
Impact	Negative impact	Actual	Valves (Automotive) in cars reducing CO_2 emissions	Less negative contribution to climate change by reducing GHG emissions valves produced for the automotive industry reducing CO_2 emission (downstream)	Own operations	Longterm
Impact	Negative impact	Actual	Own production & facilities	Negative contribution to climate change through GHG emissions from own production and facilities	Own operations	Longterm
Impact	Negative impact	Actual	Primary alumnium production	Negative contribution to climate change through GHG emissions from primary aluminium production in the upstream supply chain	Upstream	Longterm
Impact	Negative impact	Actual	Steel production	Negative contribution to climate change through GHG emissions from steel production in the upstream supply chain	Upstream	Longterm
Impact	Negative impact	Actual	Copper processing	Negative contribution to climate change through GHG emissions from copper processing in the upstream supply chain	Upstream	Longterm
Impact	Negative impact	Actual	Purchase of pre-processed parts	Negative contribution to climate change through GHG emissions from purchased pre-processed parts	Upstream	Longterm
Impact	Negative impact	Actual	Business travel	Negative contribution to climate change through GHG emissions from own business travel	Own operations	Longterm
Impact	Negative impact	Actual	Transport & logistics	Negative contribution to climate change through GHG emissions from transport & logistics in the upstream & downstream supply chain steps	Upstream, Downstream	Longterm
Impact	Negative impact	Actual	Product use phase & end of life	Negative contribution to climate change through GHG emissions in the product use phase & end of life treatment (downstream)	Downstream	Longterm
Impact	Negative impact	Actual	Company cars (fleet)	Negative contribution to climate change through greenhouse gas emissions when commuting with own fleet (combustion engine)	Own operations	Longterm
Financial	Opportunity	Potential	Low-carbon products	Increase revenue by retaining and attracting customers who are increasingly demanding low-carbon products (low carbon footprint).	Own operations	Longterm
Financial	Opportunity	Actual	Growing market demand	Increased revenue through growing B2B market demand for environmentally friendly products	Own operations	Longterm
Financial	Risk	Potential	Rising energy market prices for fossil fuels	Increased costs due increased prices for fossil-fuel based energy	Own operations	Longterm

Climate change adaptation (to climate-related risks)

Impact or Financial Materiality	Impact, Risk or Opportunity	Actual or Potential	Topic	Description	Location in value chain	Time horizon
Financial	Risk	Potential	Extreme weather events (supply chain)	Increased costs due to instability and material shortages through materialized physical impacts of climate change and severity of extreme weather events within the supply chain leading	Upstream	Longterm
Financial	Risk	Potential	Increased costs for resources	Increased costs for raw materials through policy changes deprioritizing energy intensive & non-renewable raw materials	Upstream	Midterm

E2 | Pollution

Pollution of air, water and soil

Impact or Financial Materiality	Impact, Risk or Opportunity	Actual or Potential	Topic	Description	Location in value chain	Time horizon
Impact	Negative impact	Actual	Product portfolio enables less pollution	Less negative contribution to reducing air pollution through a product portfolio that enables a clean energy transition	Downstream	Longterm
Impact	Negative impact	Actual	Resource extraction and processing	Contribution to water and air pollution through the release of pollutants during resource extraction and processing of raw materials in the upstream supply chain	Upstream	Longterm
Impact	Negative impact	Actual	Pollution in the use phase	Contribution to environmental pollution caused by the release of pollutants into natural ecosystems during the use phase of certain products	Downstream	Longterm
Impact	Negative impact	Potential	Mining	Contribution to environmental pollution (soil, water, air) due to mining	Upstream	Longterm
Financial	Risk	Potential	Regulatory and policy changes	Increased costs of keeping up and compliying with environmental regulatory and policy changes	Own operations	Longterm

Use of microplastics

Impact or Financial Materiality	Impact, Risk or Opportunity	Actual or Potential	Topic	Description	Location in value chain	Time horizon
Impact	Negative impact	Actual	Microplastic creation during transport	Contribution to environmental pollution caused by microplastics from transport that end up in natural ecosystems	Upstream, Own operations, Downstream	Longterm

Use of substances of high / very high concern						
Impact or Financial Materiality	Impact, Risk or Opportunity	Actual or Potential	Topic	Description	Location in value chain	Time horizon
Impact	Negative impact	Actual	Nuclear waste	Contribution to environmental pollution caused by the release of radioactive material due to inadequate storage of nuclear waste	Downstream	Longterm

E5 | Resource Use & Circular Economy

Resource inflows (*)						
Impact or Financial Materiality	Impact, Risk or Opportunity	Actual or Potential	Topic	Description	Location in value chain	Time horizon
Impact	Negative impact	Actual	Non-circular product portfolio	Contribution to a linear use of resources through product design that follows a linear life cycle.	Own operations, Downstream	Longterm
Impact	Negative impact	Actual	Natural resource depletion	Contribution to natural resource depletion through the use of various input materials and rare earth metals	Upstream	Longterm

(*) E.g. packaging and other products, (critical) raw materials, rare earths, equipment

Resource outflows						
Impact or Financial Materiality	Impact, Risk or Opportunity	Actual or Potential	Topic	Description	Location in value chain	Time horizon
Financial	Opportunity	Potential	"Sustainability" as evaluation criterion for strategic product development	Increased revenue through increased demand by introducing sustainability as a criterion for product development	Own operations	Longterm

S1 | Own Workforce

Secure employment

Impact or Financial Materiality	Impact, Risk or Opportunity	Actual or Potential	Topic	Description	Location in value chain	Time horizon
Impact	Positive impact	Actual	Jobs create social prosperity	Positive impact on employees by creating jobs and ensuring social prosperity for the own workforce	Own operations	Longterm

Gender equality & equal pay

Impact or Financial Materiality	Impact, Risk or Opportunity	Actual or Potential	Topic	Description	Location in value chain	Time horizon
Impact	Positive impact	Potential	Equal opportunities at work	Positive impact on societal (gender) equality through leading by example on equal opportunities in the workplace	Own operations	Longterm
Impact	Positive impact	Actual	Empower women in careers	Positive impact on women and female employees by equal pay and opportunities	Own operations	Longterm
Financial	Risk	Actual	Diversity in management roles	Revenue loss through decreased team performance because of non-diverse leadership positions.	Own operations	Longterm

Inclusive workspace

Impact or Financial Materiality	Impact, Risk or Opportunity	Actual or Potential	Topic	Description	Location in value chain	Time horizon
Impact	Positive impact	Actual	International teams	Positive impact on an inclusive workplace and cultural exchange through diverse and internally focused teams	Own operations	Longterm

Health & Safety

Impact or Financial Materiality	Impact, Risk or Opportunity	Actual or Potential	Topic	Description	Location in value chain	Time horizon
Impact	Negative Impact	Actual	Occupational accidents and injuries	Negative impact on individuals who experience an accident at work and get injured	Own operations	Longterm

S2 | Workers in the value chain

Child and forced labour

Impact or Financial Materiality	Impact, Risk or Opportunity	Actual or Potential	Topic	Description	Location in value chain	Time horizon
Impact	Negative impact	Potential	Forced labour in metal supply chain	Negative impact on workers in the upstream value chain due to forced labour practices	Upstream	Longterm
Impact	Negative impact	Potential	Child labour in metal supply chain	Negative impact on workers in the upstream value chain due to regional practices like child labour	Upstream	Longterm

S4 | Customers & End Users

Personal safety & comfort of consumers and end-users

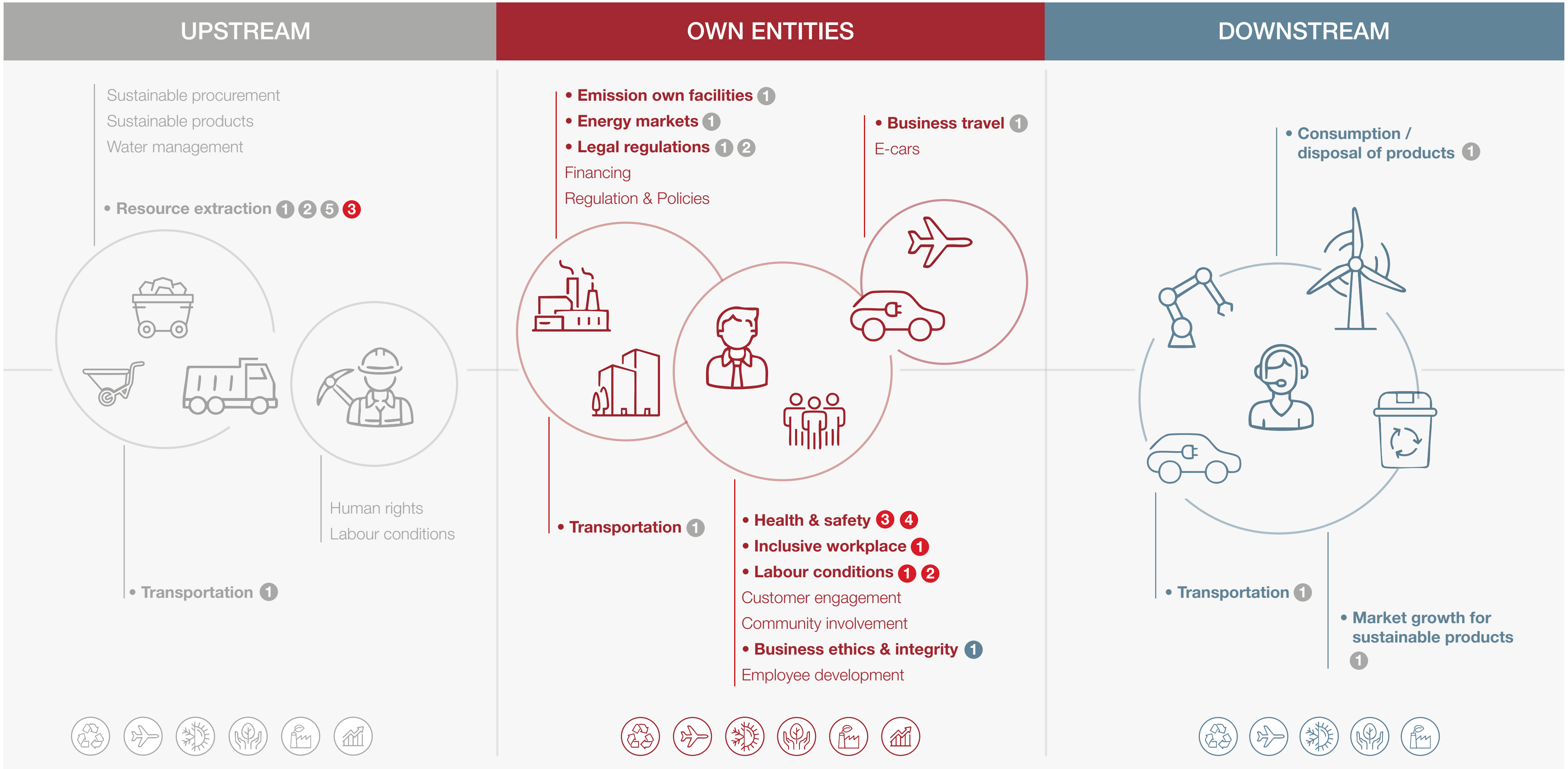
Impact or Financial Materiality	Impact, Risk or Opportunity	Actual or Potential	Topic	Description	Location in value chain	Time horizon
Impact	Positive impact	Actual	Product portfolio (safety)	Positive impact on safety of endusers during daily life situations through own product portfolio	Downstream	Longterm
Impact	Positive impact	Actual	Product portfolio (health)	Positive impact on health of endusers through own product portfolio	Downstream	Longterm

G1 | Business Conduct

Business ethics

Impact or Financial Materiality	Impact, Risk or Opportunity	Actual or Potential	Topic	Description	Location in value chain	Time horizon
Financial	Risk	Potential	Corruption and fraud	Increased costs through cases of corruption and fraud	Own operations	Midterm
Impact	Positive impact	Actual	Ethical business behaviour	Positive contribution to ethical business conduct in regard to fraud and corruption through various internal and external policies	Upstream, own operations, downstream	Longterm
Financial	Risk	Potential	Harassment and Discrimination	Increased costs through cases of harassment and discrimination	Own operations	Longterm
Impact	Positive impact	Actual	Ethical business behaviour	Positive contribution to ethical business conduct in regard to harassment and discrimination through various internal and external policies	Upstream, own operations	Longterm

VALUE CHAIN OVERVIEW



INDEX

• Material
Non-material

Topics valid in upstream, own entities and downstream

- **Recyclabe materials** 1
- **Transportation** 1 (ship, airplane, train, truck)
- **Climate change** 1
- **Ecosystem preservation** 4
- **Environmental pollution** 2

Topic valid in upstream and own entities

- Increasing costs

Environmental E

1. Climate change
2. Pollution
4. Ecosystem preservation
5. Resource use and circular economy

Social S

1. Own workforce
2. Workers in the value chain
3. Affected communities
4. Consumers and end-users

Governance G

1. Business conduct

STAKEHOLDER ENGAGEMENT

On a regular basis, and next to the stakeholder involvement in the context of the DMA, we engage in an open and continuous dialogue with our stakeholders about sustainability themes to deepen our insights into their needs and expectations. This regular engagement helps us to improve our global 2024-2028 ESG program, in both design and management and execution. By doing so, we aim to build trust, identify trends, and address critical issues, including the implications of climate change for our business operations and products as well as the impact of our operations on the environment and society.

Through dialogue, we provide transparency in our plans and actions to reduce the negative impact of climate change and to address other related challenges. When developing strategies and mitigation plans, we always consider input provided by our stakeholders.

Our key stakeholder groups include customers, suppliers, employees, shareholders, local communities, technical universities, and institutions of higher technical education. For each group, our stakeholder engagement varies and includes formal and informal channels that are being used with varying degrees of regularity. Our key stakeholder groups are described below as are the communication resources and channels used, including the stakeholder group's relevance to Kendrion's 2024-2028 ESG program.

	Relevance	Communication sources and channels	Topics discussed	Relevance to Kendrion's 2024-2028 ESG program
Customers	Kendrion's customer base comprises industrial companies that use our components to manufacture a range of industrial applications as well as Tier 1 suppliers and OEMs in the automotive sector. Kendrion's customers are increasingly implementing sustainability requirements for their suppliers. Kendrion focuses on consistent compliance with these requirements.	Customer and sales meetings, Kendrion websites, contract meetings, press releases. Engagement with customers takes place at regular intervals.	Quality of products and services, Kendrion's 2024-2028 ESG program and objectives, customer satisfaction, waste, energy, water use, use of rare earth materials, conflict minerals, responsible business conduct, ISO and IATF certification.	Obtain views and observations concerning sustainability from the customer's perspective, further insight into customer needs and expectations, sharing experiences and best practices, continuous improvement, and development of sustainability contribution.
Suppliers	Kendrion is consistently looking for ways to increase transparency in the supply chain and expects its suppliers to adhere to the standards of the Kendrion Supplier Code of Conduct and follows a consistent approach towards the performance of supplier audits to verify compliance. In addition, we have implemented a sustainability questionnaire to gather more in-depth information on the ESG commitment of our suppliers. These efforts contribute to a continuous improvement in compliance with the Supplier Code of Conduct.	Supplier Code of Conduct, supplier sustainability and quality audits, Kendrion websites, supplier, and contract meetings. Engagement with suppliers takes place at regular intervals.	Quality of products and services, Kendrion's 2024-2028 ESG program and objectives, management of supply chain risks (e.g. material shortages) and joint pursuit of improvements in the supply chain, responsible business conduct, Supplier Code of Conduct, waste, energy, water use, use of rare earth materials, conflict minerals.	Obtain views and observations concerning sustainability from the supplier's perspective (incl. the improvement of transparency in the supply chain), further insight into supplier needs and expectations, sharing experiences and best practices, continuous improvement and development of sustainability contributions.
Employees	Our talented and highly skilled employees play a crucial role in the way in which Kendrion operates its business. Kendrion fosters a culture that empowers its employees to reach their full potential and to achieve the best results. As reflected in 'The Kendrion Way' and the Code of Conduct we create an open and inclusive culture to recruit, motivate and retain a highly diverse workforce that reflects the communities in which we operate. An engaged and committed workforce contributes to the achievement of Kendrion's financial and non-financial targets.	Works Council meetings, meetings with employee representatives, employee satisfaction and culture surveys, workshops, training courses, intranet, internal personnel magazine, e-mail newsletters, feedback meetings, staff and townhall meetings Engagement with employees takes place on a daily basis.	Kendrion's 2024-2028 ESG program and objectives, particularly regarding health and safety, employability, training, and development, employee satisfaction and company culture, responsible business conduct, compliance and ethical behavior.	Obtain views and observations concerning sustainability from the employee's perspective, further insight into employees' capabilities and motivations, strengthening business sustainability culture, enhancing employee commitment, participation, and awareness

	Relevance	Communication sources and channels	Topics discussed	Relevance to Kendrion's 2024-2028 ESG program
Shareholders	The endorsement of sustainable development and addressing ESG related issues is becoming increasingly important for Kendrion's shareholders. Kendrion engages with its major shareholders and financiers, not only concerning Kendrion's 2024-2028 ESG program and its material topics and objectives, but also with respect to the ESG policies and activities of its major shareholders and financiers. Kendrion provides adequate transparency towards its shareholders and financiers about climate change and reducing the negative impact of climate change and addressing other social issues, strategy, and financial performance.	General Meeting of Shareholders, analyst, and investor meetings, conferences, Capital Markets Day, press releases, Kendrion's corporate website Engagement with shareholders takes place at least on a quarterly basis.	Kendrion's 2024-2028 ESG program and objectives.	Obtain views and observations concerning sustainability from the investor's perspective (incl. climate change and reducing the negative impact of climate change and addressing other social issues), further insight into shareholders needs and expectations, sharing experiences and best practices, continuous improvement, and development of sustainability contributions.
Local communities	Kendrion is making a positive contribution to the reduction of social and economic gaps. Kendrion appreciates the importance of maintaining constructive and appropriate contacts with local communities and authorities.	Local meetings, Kendrion websites, open days Engagement with local communities takes place at regular intervals.	Communities' participations and investments.	Community connection, involvement and participation.
Technical universities and institutions of higher technical education	Active engagement with students is key to understanding their views and observations on sustainability and forms a valuable platform for the exchange of knowledge and experiences. Dialogues with students are often inspirational and stimulate the formulation of innovative sustainability goals and ambitions, including our ambition to encourage young talented female students to take an interest in Science, Technology, Engineering and Mathematics (STEM) related studies. These dialogues also raise awareness among students about sustainability and its importance.	Presence at fairs, organization of student events, projects and internships engagement with universities, schools, and institutes takes place at regular intervals.	Kendrion's 2024-2028 ESG program and objectives (incl. advancement of gender diversity), also with a view to creating awareness and stressing the importance and relevance of sustainability.	Obtain views and observations concerning sustainability of new generation and raise awareness.

KEY FIGURES OVERVIEW

The following section provides a comprehensive overview of our ESG KPIs, presenting the figures for our continued business compared to the previous year, alongside our targets. To ensure comparability, the values for the previous year have been recalculated, excluding the divested business. The metrics of the stand-alone divested business of 2024 are shown in a separate column in the table. A total including both continued and divested business is also added to show to combined metric for 2024. The European Sustainability Reporting Standards do not specifically address the treatment of acquisitions and divestments. The automotive business is largely divested which in the financial statements is shown as a discontinued operation. Management is of the opinion that the continued operations for sustainability reporting purposes are important as policies, actions, targets and metrics are aimed at the future of the business. To offer transparency, we have included, the metrics of the divested business up to the moment of the effectuation of the divestment (30 September 2024), where possible. The data for the metrics mainly followed the same reporting processes and procedures as the continued operations data and the data for flow information such as for example energy usage were largely collected during the year.

Ratio information using year-end information relates to the continued business. Due to the sale, access to information for the divested business after Q3, is limited, which affects the possibility of the verification of these data. Consequently estimations have been made where deemed necessary. As a consequence the metrics provided in the divested business column have a higher level of uncertainty than the metrics in the 2024 column representing the continued business. Further information is given below and also in the ‘reporting definition & scope’ paragraphs.

Environmental KPIs:

For the divested business all presented figures in the divested business column were reported as actual data, except for Scope 3 values, which were estimated based on internal reporting of 2023 and key allocations derived from the development of added value between 2023 and 2024. Product-related hazardous waste was not reported as actual data at all, and waste management figures were estimated using reported 2023 data and estimated based on added value developments between 2023 and 2024. All values displayed under E1 represent the consumption recorded from January to September 2024.

Social KPIs:

For the divested business the information relates to former employees of Kendrion. All presented figures in the divested business column are based on actual data until Q3 2024. In general, we start own work force ratio type of metrics of the continued business by using the position of 31 December 2024 headcount figures. Some figures on the former workforce (divested business) were not included due to the manual data collection process occurring at year-end, by which time the divested business had already been sold. For S1 all numbers in the divested column represent the values using 30 September 2024 as a starting point. Except for illness, accidents, LTI, people who left the company, employees that took family leave, and the supplier audits, which represent cumulative values from January to September 2024.

Governance KPIs:

These KPIs remain independent of the continued or divested business and are therefore only reported under the continued business.

	Sustainability matter	Value chain	Time horizon	UoM	2024	2023	Target 2028	2024 - Divested Business	2024 - Divested + Continued Business
Environment									
E1	Direct Energy Consumption	Own operations	ST, MT, LT	kWh	5,171,333	5,933,606	–	1,437,089	6,608,422
	Indirect Energy Consumption	Own operations		kWh	11,088,152	9,662,829	–	9,411,894	20,500,046
	Relative Direct Energy Consumption - Added value	Own operations		–	33,661	37,702	–	15,544	28,215
	Relative Direct Energy Consumption - Revenue	Own operations		–	17,152	19,195	–	6,542	13,521
	Relative Indirect Energy Consumption - Added value	Own operations		–	72,173	61,398	–	142,559	93,329
	Relative Indirect Energy Consumption - Revenue	Own operations		–	36,777	31,259	–	59,998	44,724
	Self-generated renewable energy - solar energy	Own operations		kWh	1,215,110	–	–	0	1,215,110

	Sustainability matter	Value chain	Time horizon	UoM	2024	2023	Target 2028	2024 - Divested Business	2024 - Divested + Continued Business
	Self-generated non-renewable energy - fossil sources	Own operations		kWh	1,621,879	–	–	0	1,621,879
	Scope 1	Own operations		t CO_2e	1,435	1,182	–	345	1,780
	Biogenic emissions in	Own operations		t CO_2e	33	35	–	N/A	33
	Scope 2 location-based	Own operations		t CO_2e	6,018	5,993	–	4,356	10,374
	Scope 2 market-based	Own operations		t CO_2e	667	1,687	877	2,586	3,253
	Total Gross indirect Scope 3	Upstream		t CO_2e	147,039	–	–	53,669	200,708
	3.1 Purchased Goods	Upstream		t CO_2e	131,450	–	–	49,117	180,567
	3.2 Capital Goods	Upstream		t CO_2e	7,170	–	–	2,300	9,470
	3.3 Fuel- and Energy Related Activities	Upstream		t CO_2e	520	–	–	204	724
	3.4 Upstream Transportation and Distribution	Upstream		t CO_2e	3,880	–	–	337	4,217
	3.5 Waste generated in Operations	Upstream		t CO_2e	235	–	–	130	365
	3.6 Business Travel	Upstream		t CO_2e	790	–	–	502	1,292
	3.7 Employee Commuting	Upstream		t CO_2e	2,280	–	–	1,005	3,285
	3.8 Upstream Leased Assets	Upstream		t CO_2e	714	–	–	74	788
	Relative Scope 1 Emission - Added value	Own operations		–	9.3	7.5	–	5.2	8.1
	Relative Scope 1 Emission - Revenue	Own operations		–	4.8	3.8	–	2.2	3.9
	Relative Scope 2 Emission - Added value	Own operations		–	4.3	10.7	–	39.2	21.2
	Relative Scope 2 Emission - Revenue	Own operations		–	2.2	5.5	–	16.5	7.1
	Total GHG (location-based) per net revenue (tCO_2e/EUR 1,000)	Own operations		–	512	–	–	374	465
	Total GHG (market-based) per net revenue (tCO_2e/EUR 1,000)	Own operations		–	495	–	–	361	449
E5	Copper	Own operations		t	1,093	1,104	–	615	1,708
	Waste total in t	Own operations		t	661.93	715.4	–	935.48	1,597.41
	Hazardous waste in t	Own operations		t	83.09	88.06	–	51.0	134.1
	Non-hazardous waste in t	Own operations		t	578.84	627.3	–	884.5	1,472.34
	Waste recycling rate in %	Own operations		%	78.0	75.6	–	79.7	79.0

	Sustainability matter	Value chain	Time horizon	UoM	2024	2023	Target 2028	2024 – Divested Business	2024 – Divested + Continued Business
Social									
S1	% Male / Female employee	Own operations	ST, MT	%	57 / 43	56 / 44	–	45 / 55	
	% Male / Female employee Leadership team	Own operations		%	84 / 16	81 / 19	67 /33	81 / 19	82 / 18
	Employees represented by works´council	Own operations		%	77.4	76.9	–	63.2	71.5
	Employees covered by collective bargaining agreements	Own operations		%	73.0	56.6	–	58.8	67.1
	Permanent employee	Own operations		FTE	1,343	1,318	–	998	2,341
	Fixed term employee	Own operations		FTE	185	277	–	92	277
	Temporary employee	Own operations		FTE	81	71	–	54	135
	Total FTE	Own operations		FTE	1,609	1,699	–	1,143	2,752
	Headcount by age - Under 30 years	Own operations		Headcount	250	–	–	N/A	250
	Headcount by age - 30 - 50 years	Own operations		Headcount	882	–	–	N/A	882
	Headcount by age - Over 50 years	Own operations		Headcount	518	–	–	N/A	518
	Number of Accidents	Own operations			15	14	–	9	24
	Lost Time Injuries	Own operations		Days	248	193	–	76	324
	Illness rate	Own operations		%	5.2	5.2	–	4.1	4.8
	Total remuneration pay ratio	Own operations			21	N/A	–	N/A	N/A
	Gender Pay Gap Total in %	Own operations		%	40.7	–	–	N/A	N/A
	Gender Pay Gap adjusted Direct / Indirect in %	Own operations		%	11 / 7	–	–	N/A	N/A
	Male Employees that took family related leave	Own operations		FTE	18	–	–	3	21
	Female Employees that took family related leave	Own operations		FTE	17	–	–	29	46
	Employees with disabilities	Own operations		%	3.1	–	–	2.1	2.7
	Overall employee turnover rate	Own operations		%	20	20	–	13	17
	Employees who left the company	Own operations		Headcount	348	298	–	156	504
	Employee at top management level %	Own operations		%	2	2	–	N/A	
	Wage cost per FTE	Own operations		x1,000 €	56.2	55.9	–	40.9	49.8
S2	Number of Supplier CSR audits	Upstream			16	18	17	2	18
S4	Responsible product portfolio (% of revenue)	Own operations, Downstream		%	>40.0	39.5	–	N/A	N/A

	Sustainability matter	Value chain	Time horizon	UoM	2024	2023	Target 2028	2024 – Divested Business	2024 – Divested + Continued Business
Governance									
G1	Reports Speak-Up line	Own operations	ST, MT	–	2	7	–	–	2

Climate Scenario Analysis

In alignment with the latest Intergovernmental Panel on Climate Change (IPCC) climate scenarios, we have conducted an analysis to evaluate the projected climate impacts across our operational regions. This scenario analysis focuses on temperature changes, sea-level rise, precipitation variability, and other climate-related factors across key cities in our network. Our objective is to ensure a proactive understanding of potential climate risks and the necessary adaptations to safeguard our assets, operations, and employees.

Our analysis leveraged well-regarded tools, including the IPCC's CMIP6 Interactive Atlas for temperature and precipitation projections and Climate Central's Coastal Risk Screening Tool for sea level rise. These tools allowed us to assess scenarios under the pathway SSP5-8.5, with a 2°C warming threshold as a benchmark. The SSP5-8.5 scenario is driven by high fossil fuel consumption and rapid economic growth, with minimal climate mitigation efforts, leading to intense greenhouse gas emissions and severe warming. The timelines considered for the analysis are 2050 for the sea level rise and the median of the predicted temperature and precipitation changes from now until 2100. While these scenarios provided meaningful insights about physical risks for our own entities, we aim to clarify their implications more effectively in future reports. However, we have not conducted a detailed assessment of the likelihood, magnitude, or duration of these hazards. Additionally, we have not yet incorporated geospatial coordinates or evaluated potential exposure and sensitivity across our supply chains.

At this stage, transition risks, such as those related to regulatory, market, or reputational changes, were not assessed. As we advance our climate scenario analysis, we plan to further assess the possible transition risks in future frameworks. In terms of physical impacts, the analysis utilized projections for temperature, precipitation, and sea level rise; however, their specific effects on the value chain were not fully assessed. This scenario analysis was conducted internally, reflecting our commitment to developing in-house expertise on climate-related issues.

Western, Eastern and Central Europe: The Netherlands, Germany, and Austria
In the Netherlands, our headquarters in Amsterdam and facilities in Drachten are expected to experience significant vulnerabilities due to sea-level rise, even under a minimal increase scenario of 0.1 meters projected from 2030 onward. The low-lying geography of these cities heightens the risk of flooding, which could pose challenges to infrastructure resilience and continuity of operations. Risks for our entities in Eindhoven and Enschede have not been detected.

Similarly, our locations in Germany (Villingen, Donaueschingen, Malente, and Aerzen) and Austria (Linz) are forecasted to encounter moderate increases in annual temperatures (2.7°C median change) and slight shifts in precipitation. These changes could elevate the frequency of heatwaves, strain water resources, and impact operational efficiency.

For our location in Romania no risks have been detected.

Eastern North America: United States
In the United States, our site in Atlanta is projected to face a 2.5°C increase in mean annual temperature and a 3.9% increase in precipitation. This change could lead to an increased frequency of heavy rainfall events, resulting in urban flooding and elevated cooling demands during warmer months. However, there are presently no flood prevention systems, stormwater management upgrades, or heat resilience programs in place for our Atlanta operations.

Northern Europe: Sweden
For our facility in Kristianstad, Sweden, projected temperature increases of 2.7°C, combined with a significant rise in precipitation (5.9%), are expected to impact both winter snowfall and summer rainfall. Without enhanced drainage systems or climate-resilient infrastructure, our operations may face challenges in managing increased rainwater, especially given the reduced snowfall that could alter seasonal dynamics.

East Asia: China
Our facility in Suzhou, China, is anticipated to experience considerable long-term risks from sea-level rise, with projections indicating over 1.5 meters by 2050. This level of increase could disrupt operations, transport, and supply chains in the area.

South Asia: India
In Pune, India, expected climate changes include a 1.8°C rise in mean temperature and a 5.6% increase in precipitation. These factors could contribute to higher risks of extreme heat and urban flooding.

Outlook

Our analysis acknowledges the potential climate risks facing our operations across various regions, particularly related to sea-level rise, increasing temperatures, and changing precipitation patterns. Although no active measures have been implemented to date, we recognize the importance of these insights and are committed to incorporating them into our future planning. As part of our long-term strategy, we intend to assess site-specific adaptation needs, explore opportunities for climate-resilient infrastructure, and consider partnerships with local authorities to strengthen our preparedness.

This commitment reflects our recognition of the evolving climate landscape and our intention to support the resilience and sustainability of our operations in the years to come.

ESRS E1 - Climate Change

Our commitment to Climate Responsibility

At Kendrion, we are committed to reducing the negative impact on climate change by actively contributing to the global energy transition. We are actively working to minimize the environmental impact of our operations. Our ongoing efforts focus on enhancing energy efficiency, increasing the use of renewable energy sources, and reducing CO_2 emissions throughout the design and production of our products.

Minimizing our environmental impact is a key objective, and we've introduced several initiatives aimed at reducing our carbon footprint and improving energy efficiency. These actions include transitioning largely to renewable energy sources and implementing energy efficiency measures.

To ensure a comprehensive and aligned approach to climate change reporting in line with ESRS requirements, Kendrion engaged external consultants to identify relevant IROs of Climate Change. This assessment was carried out with input from various departments, including purchasing, product management, plant operations, and R&D, as well as external stakeholders such as customers and suppliers ensuring a cross-functional approach to understanding and addressing climate change impacts. Among the identified IROs of E1, only GHG emissions from owned production facilities and the increasing market demand for environmentally friendly products have been directly addressed, as outlined in the subsequent chapters of E1.
For the remaining IROs, we have acknowledged their material relevance but have not yet implemented any specific policies, actions, or targets, despite measuring their emissions under Scope 3.1, 3.2, 3.4, and 3.6. Possibilities to address these IROs will be assessed in 2025.

Our Role in the Transition to Clean Energy

The energy transition is reshaping the industries we serve, with sustainable products and technologies becoming the preferred choice for a growing number of consumers. As a developer and manufacturer of advanced actuator systems, we are well positioned to support global electrification and the shift toward cleaner energy solutions.
Our diverse product portfolio contributes directly to the expanding demand for clean energy and the accelerating shift toward electrification in both industrial processes and mobility. Key trends such as wind energy, industrial automation, induction heating technology, and electric mobility are driving demand for our solutions, which support the transition from fossil fuels to electric alternatives. Our business strategies are aligned to prioritize these segments accordingly.

Our Industrial Brakes Business Group leverages growth in areas like wind power, intralogistics, and robotics, while Industrial Actuators and Controls meets the rising need for sustainable solutions with electrified induction heating systems, circuit breakers for electricity distribution, and safety actuators for nuclear power facilities. Our electronics and embedded systems developer 3T, further designs embedded solutions for smart buildings controlling and measuring the heating and therefore CO_2 emission of buildings.

Our retained Automotive activities in China enable the driveability of electric vehicles via its offering of smart suspension technology.

Policies

A policy has not yet been adopted as other priorities have taken precedence. We intend to develop and publish an environmental policy that will incorporate climate change perspectives, ensuring alignment with our overarching sustainability strategy in the next reporting period. This policy will guide our future considerations, including any potential operational and strategic adjustments. Currently there is no policy in place regarding the ESRS Climate Change.

Actions

Minimizing Carbon Impact
We prioritize reducing CO_2 emissions and optimizing resource use in our production processes, while also aligning our initiatives with the United Nations' Sustainable Development

Impact	Risk	Opportunity
⊕ Product portfolio that enables a clean energy transition (positive) ⊖ GHG emissions through own production facilities ⊖ Purchase and consumption of raw materials such as steel, copper and aluminium ⊖ GHG emissions from acquisition of pre-processed parts such as coils, plastic, electronic parts ⊖ Business travel & company cars fleet ⊖ Transport & logistics of acquired and sold products ⊖ GHG emissions in the product us phase & end of life treatment	⊖ Raising energy market prices ⊖ Extreme weather events affecting the upstream supply chain ⊖ Increased costs of raw materials	⊕ Low-carbon products ⊕ Growing market demand for environmentally friendly products

Goals (SDGs) 13 – Climate action. By integrating sustainability into our business operations, we aim to contribute to a greener, more responsible future.

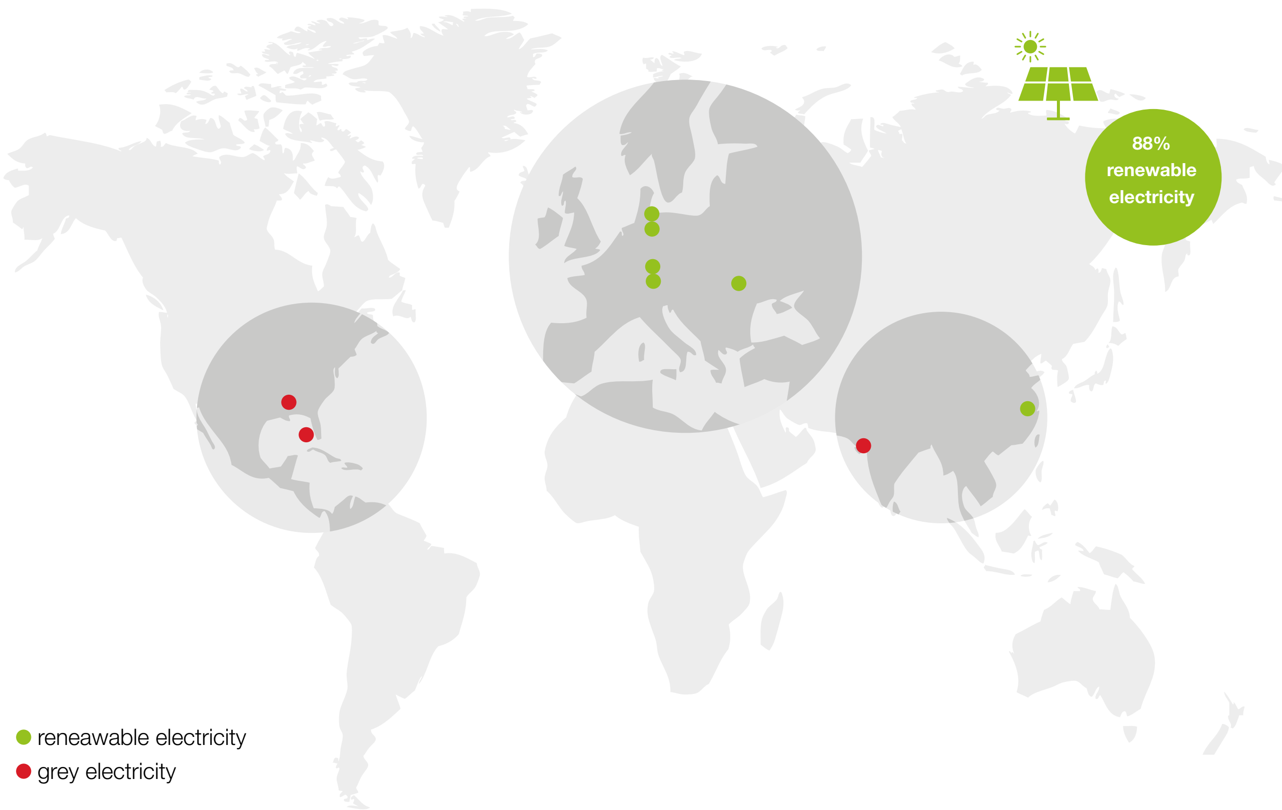
A significant achievement in our renewable energy initiatives was the installation of solar panels at our new 28,000 m² manufacturing site in Suzhou, China, expected to generate approximately 650,000 kWh annually. Whilst the installation of solar panels was already finalized in 2023, we achieved in 2024 the full potential of solar generated electricity. Additionally, solar panels in Romania provide 50% of electricity needs for the plant in Sibiu, and in Aerzen, Germany, they cover approximately 20% of the energy consumption at that site. For the remaining energy needs, we have committed to purchasing green energy through Renewable Energy Certificates (REC) to further reduce our reliance on non-renewable sources where possible. No nature-based solutions have been implemented as part of our actions to reduce GHG emissions to date.

Our ESG program for 2024–2028 will guide our continued efforts to integrate sustainability deeply across our operations. across our operations. We are currently enhancing our reporting and expanding our focus on measuring and reducing both Scope 1 and Scope 2 emissions. To track the effectiveness of our measures, we monitor energy reductions achieved through renewable energy initiatives. Additionally, as we build a foundation for our data, we will determine how it can be used to assess the impact of future actions. As mentioned in our strategy on page 47 we are additionally gathering information from our suppliers through a sustainability questionnaire, with the aim to achieve a better understanding of their climate engagements.

Executing an effective sustainability strategy requires significant investments in time and resources, especially to create meaningful impacts across the entire industry supply chain. While we are committed to funding our planned actions for climate change adaptation and mitigation, we have not yet earmarked specific resources upfront. To this end, we plan to actively collaborate with customers and suppliers who share our commitment to climate action, working together to drive reductions in emissions throughout the supply chains that we are part of. As mentioned under page 51 a resilience analysis has not been conducted yet.

Transition climate risks are acknowledged as significant. However, it is essential to first establish a robust foundation of reliable data to drive effective decision-making. With this improved understanding, we plan to explore potential transition plans in subsequent reporting periods, ensuring our actions are informed and impactful.

Global Sites with renewable electricity



Sustainability Rating & Environmental Certification
For many years, we have actively worked to reduce our environmental impact, utilizing a systematic reporting system to monitor CO_2 emissions and energy use across all production facilities. Our dedication to sustainable improvement has consistently enhanced our processes, lowering the environmental footprint of our operations. In 2024, our EcoVadis sustainability rating placed us in the top 15% of manufacturing companies, a steady improvement since we began reporting in 2022. This progress is further evidenced by our second CDP score of 2024 (B-), highlighting our effective environmental management efforts. Our commitment to sustainability is also reinforced through our global certifications: ISO 50001 supports our energy management, guiding facilities to optimize energy efficiency, while ISO 14001 sets the standard for enhancing environmental performance. Currently, our locations in Villingen, Donaueschingen / Engelswies and Malete are ISO 50001 certified, and all our largest production sites are ISO 14001 certified, underscoring our proactive approach to sustainable and responsible operations.

Metrics & targets

This section presents and explains our energy consumption as well GHG emissions for the reporting year 2024 compared to 2023.

Please note that comparative data of 2023 has been restated to exclude the divested Automotive business.

Energy consumption

Direct Energy

Country	Consumed kWh 2024	2023[1]	Diff. %
China	0	0	0%
Germany	4,724,145	5,518,002	-14.4%
India	73,000	45,200	61.5%
Romania	256,224	216,465	18.4%
USA	117,964	153,939	-23.4%
Total	**5,171,333**	**5,933,606**	**-12.8%**
Relative Scope 1 Energy Consumption – Added value	33,661	37,702	-10.7%
Relative Scope 1 Energy Consumption – Revenue	17,152	19,195	-10.6%

[1] 2023 values have been recalculated excluding the divested Automotive business.

Indirect Energy

Country	Consumed kWh 2024	2023	Diff. %
China	3,644,400	2,775,111	31.3%
Germany	4,866,520	5,165,950	-5.8%
India	218,852	204,036	7.3%
Romania	2,059,563	1,232,008	67.2%
USA	298,817	285,723	4.6%
Total	**11,088,152**	**9,662,829**	**15.2%**
Relative Scope 2 Energy Consumption – Added value	72,173	61,398	17.6%
Relative Scope 2 Energy Consumption – Revenue	36,777	31,259	17.7%

Reporting definition & scope

Energy Source

The information on energy consumption is based on the consumption of Kendrion's production facilities (electricity, natural gas, fuel oil) in Germany, the USA, China, India and Romania. The consumed values derive from the invoices supplierd from the energy provider and are centrally reported as energy consumption values. Our organization sources direct energy primarily from gas, fuel oil, biogas, and natural gas, with gas emissions being offset through REDD+ projects. For the indirect energy we rely on a diversified energy mix that includes solar, wind, biomass, water, gas, coal, and nuclear sources. Renewable energy is secured through both on-site solar panels and REC provided by our energy suppliers. REC are acquired as bundled certificates Germany and unbundled certificates in China and cover 71% of our consumed electricity. Kendrion has not sold any REC. This information is sourced directly from entities with solar installations and from our general energy provider.

In line with our commitment to sustainability, we are actively working to reduce reliance on grey (non-renewable) energy sources, as well as nuclear energy, in favor of renewables. Our global strategy prioritizes the shift toward renewable energy sources, which undergo continuous assessment to maximize renewable input wherever possible across our operations.

Scope 1 & 2

For greenhouse gas emissions, Kendrion applies the same reporting scope as for energy consumption, only operational control. In our calculations we only included CO_2e emissions.

Scope 1 emissions from natural gas consumed in most of our German entities are compensated with REDD+ projects in Brazil that focus on reducing the CO_2 emissions. The gross Scope 1 emissions values represent the non-compensated natural gas emissions. The compensated Scope 1 emissions sums to a total of 786 t CO_2e for the year 2024 and 945 t CO_2e for the year 2023. We aim to continue to compensate the consumption of natural gas through compensation certificates. Exact quantities cannot be quantified as of now, as it depends on the consumed resources.

Internal carbon pricing is not applied at Kendrion.

Self-generated renewable energy

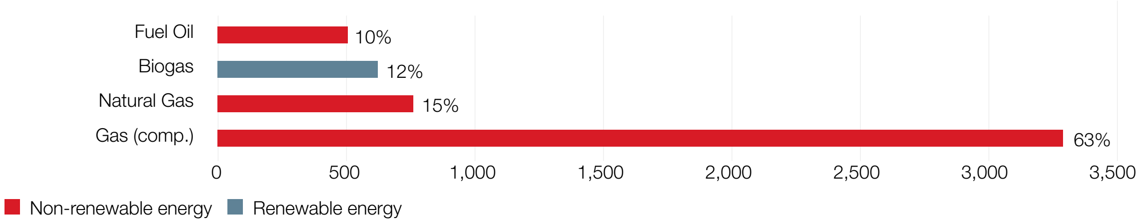
Energy source	Self-generated kWh	Self-consumed kWh
Solar energy	1,215,110	1,006,399

Self-generated non-renewable energy

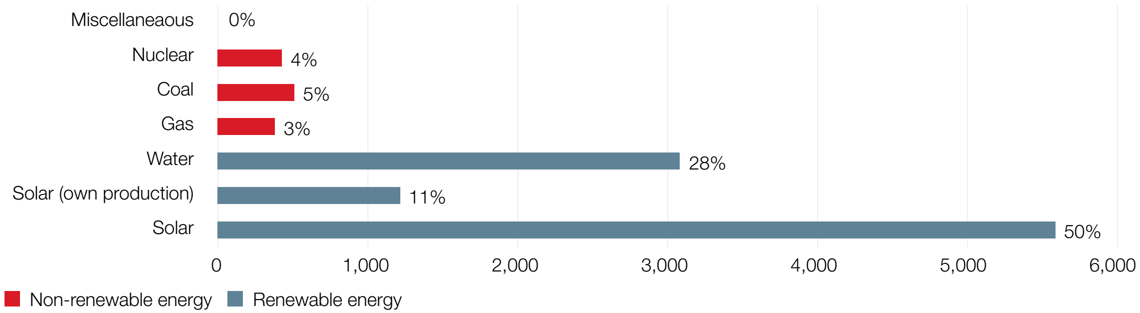
Energy source	Self-generated kWh	Self-consumed kWh
Fossil sources	1,621,879	1,566,383

Energy Source

Direct Energy in kWh
(in Thousands)



Indirect Energy in kWh
(in Thousands)



The relative energy consumption and CO_2 emissions are calculated based on the added value of the relevant production facilities. Added value is defined as revenue plus other income, minus the changes in inventory and work in progress, raw materials and subcontracted work.

The absolute and relative energy consumption and CO_2 emissions are reported for a 12-month period. Where information is timely available, the absolute and relative energy consumption and CO_2 emissions are reported for the period 1 January 2024 up to and including 31 December 2024. Comparative figures for previous years are calculated based on identical timeframes. Calculation of the CO_2 emissions is based on the following conversion factors:

- Electricity generated from renewable sources: 0
- Electricity generated from non-renewable sources (average): 0.259 kg/kWh (2023: 0.375 kg/kWh)
- Renewable gas for plants with carbon neutral contracts: 0
- Natural gas for other plants (average): 0.212 kg/kWh (2023: 0.106 kg/kWh)
- Fuel oil (average): 0.322 kg/kWh (2023: 0.208 kg/kWh)

The conversion factors of Scope 1 & 2 are mainly derived from the relevant energy provider. Emission factors that are not available from the energy provider will be sourced from secondary data available for each national or international standard.

Scope 3

Scope 3 emissions are calculated using a cost-based method with the Scope 3 Analyzer, a tool provided by the Ministry of the Environment in Baden-Württemberg, Germany. This tool, accessible through the Umwelttechnik BW website, allows organizations to estimate their emissions by inputting specific operational data, though the underlying emissions data remain invisible to users. The tool is free of costs and can be used by all companies. We have validated the reliability of the tool through its approval by the Science Based Targets initiative (SBTi), the Greenhouse Gas Protocol, and the CDP sustainability rating system

For these calculations, several data types are required, including purchasing revenue by commodity and country, energy consumption for electricity, gas, fuel oil across different countries, and upstream transportation data taken from financial transportation accounts.

Scope 1, 2 & 3

Scope 1 market-based reporting values from CDR reporting / location-based shows the non compentsated natural gas emissions

			Retrospective		Milestones and target years		
	2023	2024	Diff.	Diff. %	2025	2030	Annual % target / Base year
Scope 1 GHG emissions							
Gross Scope 1 GHG emissions (tCO_2eq)	1,182	1,435	253	17.6%	–	–	0% / 2023
Percentage of Scope 1							
GHG emissions from regulated emission trading schemes (%)	0 %	0 %	0 %	0%	–	–	–
Biogenic emissions in (tCO_2eq)	35	33	–2	–6%	–	–	–
Scope 2 GHG emissions							
Gross location-based Scope 2 GHG emissions (tCO_2eq)	5,993	6.018	25	0.4%	–	–	–
Gross market-based Scope 2 GHG emissions (tCO_2eq)	1,687	667	–1,020	–65.4%	–	877	48% / 2023
Significant Scope 3 GHG emissions							
Total Gross indirect (Scope 3) GHG emissions (tCO_2eq)	–	147,039	–	–	–	–	–
3.1 Purchased Goods and Services	–	131,450	–	–	–	–	–
3.2 Capital Goods	–	7,170	–	–	–	–	–
3.3 Fuel- and Energy Related Activities	–	520	–	–	–	–	–
3.4 Upstream Transportation and Distribution	–	3,880	–	–	–	–	–
3.5 Waste generated in Operations	–	235	–	–	–	–	–
3.6 Business Travel	–	790	–	–	–	–	–
3.7 Employee Commuting	–	2,280	–	–	–	–	–
3.8 Upstream Leased Assets	–	714	–	–	–	–	–
Total GHG emissions	–	149,141	–	–	–	–	–
Total GHG emissions (location-based) (tCO_2eq)		154,568	–	–	–	–	–
Total GHG emissions (market-based) (tCO_2eq)	–	149,141	–	–	–	–	–

Waste management emissions are calculated separately based on the organization's primary data from the waste hierarchy management, using average emission factors provided by the United Nations Framework on Climate Change (UNFCCC). As mentioned in chapter E5 our waste hierarchy is reported retrospectively due to data availability and reporting cycle mismatches. As a result, the provided waste emission value is an estimation of the 2024 waste hierarchy based on the waste quantities of 2023 and the development of the added value between those years.

Additional data include travel expenses categorized by type, such as flights, train travel, hotel stays, car use, and other categories, along with commuting information, for which the number of employees is entered directly into the Scope 3 Analyzer. The annual fuel consumption of leased and owned vehicles is also considered. Once entered, the results from these various inputs are processed in the Scope 3 Analyzer and subsequently visualized in a report.

0.7% of the disclosed Scope 3 emissions are calculated using primary data. Those include emissions from Scope 3.5 Waste generated in Operations and Scope 3.8 Upstream Leased Assets containing leased company cars and air conditioning emissions from leased buildings.

As an intermediate product manufacturer, we serve a diverse range of industries and end-use applications, each with unique greenhouse gas (GHG) emissions profiles. Given the wide variety of potential downstream uses, it is not feasible to accurately estimate the emissions associated with each possible application of our products. Therefore, in alignment with the guidance provided in the GHG Protocol's Scope 3 Standard, we have excluded the reporting of Scope 3, categories 9 to 12 (downstream transportation and distribution, processing of sold products, use of sold products, and end-of-life treatment of sold products) from our GHG emissions disclosures. This approach allows us to maintain transparency and accuracy in our reporting by focusing on emissions sources we can reasonably quantify.

Scope 3 categories 3.9 to 3.12 are currently considered out of scope.

Currently, our Scope 3 emissions are calculated primarily using a cost-based method. For the next reporting year, we aim to enhance our calculation approach by transitioning to at least the average data method. This improvement will provide a more accurate and comparable understanding of our Scope 3 emissions, laying the groundwork for identifying reduction opportunities.

Direct Energy by country and relative emissions
(in tonnes)

Explain difference of location-based to market-based with the REDD+ compensations for Germany

Country	2024	2023	Diff.	Diff. %
China	0	0	0	0.0%
Germany	1,049	1,102	–53	–4.8%
India	20	12	8	66.7%
Romania	47	40	7	17.5%
USA	47	40	4	10.0%
Relative Direct Energy CO_2 Emission – Added value	9.3	7.5	1.8	24.4%
Relative Direct Energy CO_2 Emission – Revenue	4.8	3.8	1.0	24.5%

Indirect Energy by country and relative emissions
(in tonnes)

Country	2024	2023	Diff.	Diff. %
China	0	1,287	–1,287	–100%
Germany	0	0	0	0.0%
India	201	167	34	20.4%
Romania	330	122	208	170.5%
USA	136	111	25	22.5%
Relative Indirect Energy CO_2 Emission – Added value	4.3	10.7	–6.4	–59.5%
Relative Scope 2 CO_2 Emission – Revenue	2.2	5.5	–3.3	–59.5%

Total GHG emissions intensity

Country	2024	2023	Diff.	Diff. %
Total GHG (location-based) per net revenue (tCO_2e/EUR 1,000)	512	–	–	–
Total GHG (market-based) per net revenue (tCO_2e/EUR 1,000)	495	–	–	–

Targets

In our commitment to sustainability, we recognize that, while not yet aligned with the 1.5°C target, we have made substantial progress in reducing our scope 1 and 2 CO_2 emissions, achieving a 50% absolute reduction since 2015 and 37% absolute reduction compared to the previous reporting year 2023. This reduction has been mainly achieved through the procurement of REC and the implementation of energy efficiency measures. In addition, we have prioritized energy efficiency and are proud to report that approximately 88% of our consumed electricity in 2024 is generated from renewable sources. We aim to increase renewable energy use to 97% by 2028 and reduce our Scope 2 emissions by an additional 48% compared to 2023, which represents the practical upper limit given current constraints. This target aims to be met through additional REC acquisitions, without relying on new technologies, and was established independently of the scenario analysis. The baseline year for measuring progress toward our target is 2023. This is in line with our phased target framework, which was structured in three periods: 2015–2018, 2019–2023, and now the next phase based on 2023 values. This approach ensures consistency in tracking emissions reductions over time, with a continued focus on reducing Scope 1 and 2 emissions. By using 2023 as the baseline, we maintain alignment with our established reduction trajectory while accounting for the latest energy consumption and GHG emission data. At present, there are no establishedbaselines or targets for Scope 3 emissions, and no targets have been set for 2030 for either scope.

The target-setting process was driven by our dedication to minimize our environmental impact and proactive efforts to minimize our environmental impact, and further encouraged by stakeholder input advocating for greenhouse gas emission reductions.

The planned target will however not comply with the needed reductions to meet the 1.5°C target of the Paris Agreement and have not been approved by a third-party. No formal science-based methodology, sectoral decarbonization pathway, or climate and policy scenarios have been applied in setting this target. Instead, the target has been based on an assessment of our current energy consumption and greenhouse gas emissions, with a focus on achieving zero emissions for Scope 1 and 2, which will not be reachable as of now. Furthermore, no evaluation of future developments—such as regulatory changes, shifts in customer demand, or emerging technologies—has been conducted. Our approach relies on transitioning the entire electricity supply to renewable energy, independent of the quantity consumed.

In line with our commitment to sustainability and the requirements of the ESRS E1, we recognize the importance of addressing climate change thoroughly and holistically. Over the next year, we will reassess our approach to key topics, including the potential establishment of a transition plan, mitigation targets, and planned actions, as well as the financial implications of such measures. This reassessment will carefully evaluate our current strategy and identify the most appropriate steps forward based on the outcomes of this analysis.

Moving forward, we intend to focus on reducing Scope 1 emissions, actively exploring new strategies to further lower these emissions as part of our ongoing environmental commitment. As of now we cannot report on concrete actions and required resources.

EU Taxonomy

The EU Taxonomy Regulation establishes a legal framework for classifying sustainable economic activities. This classification and identification of sustainable activities help improve transparency, making it easier to compare how extensively companies are engaging in sustainable practices as defined by the EU Taxonomy Regulation.

Under the EU Taxonomy Regulation, Kendrion is required to disclose its economic activities in terms of revenue, capital expenditures, and operational expenditures, specifically where these financial indicators relate to eligible and aligned activities as defined by the EU Taxonomy Regulation and its Delegated Acts.

An economic activity is considered eligible under the EU Taxonomy Regulation if it falls within the scope of the Delegated Acts to the Regulation, meaning it is classified as contributing to one of the six environmental objectives: (i) climate change mitigation; (ii) climate change adaptation; (iii) sustainable use and protection of water and marine resources; (iv) transition to a circular economy; (v) pollution prevention and control; and (vi) protection and restoration of biodiversity and ecosystems.

Alignment with the EU Taxonomy involves more than just eligibility. For an economic activity to be considered taxonomy-aligned, it must meet specific requirements, including: (i) making a substantial contribution to one or more environmental objectives under the EU Taxonomy Regulation by satisfying relevant technical screening criteria in the applicable Delegated Acts; (ii) ensuring that it does not significantly harm other environmental objectives by adhering to the ‘Do No Significant Harm’ criteria; and (iii) being conducted in compliance with minimum safeguards outlined in the Delegated Acts. Only when an economic activity is compliant with the aforementioned conditions, criteria, and the relevant minimum safeguards is the activity considered to be taxonomy aligned.

Eligible activities
We carried out an analysis of our activities to identify activities that correspond to the activities included in the taxonomy Delegated Acts. The assessment and determination of Kendrion’s taxonomy eligible activities is based on current insights and best judgement in the absence of certain data that is not yet in full obtainable through existing reporting systems. We have been able to make progress during 2024, with a need for additional changes to our reporting systems and data collection processes to further improve our taxonomy data collection process and analysis.
Our 2024 taxonomy assessment led to the identification of the following eligible activities.

Eligible activity		Description
3.1	Manufacture of renewable energy technology	Electromagnetic brakes for wind power turbines
3.3	Manufacture of low carbon technologies for transport	Components and subsystems for electric vehicles
3.6	Manufacture of other low carbon technologies	Components and subsystems for induction heating as well as embedded electronic solutions
4.1	Electricity generation using solar photovoltaic technology	Generated electricity from installed solar photovoltaic devices

Consistent with current guidance, where taxonomy eligible economic activities could cover both the 'climate change mitigation' and the 'climate change adaptation' environmental objective, economic activities have been allocated to the EU taxonomy environmental objective 'climate change mitigation' as the contribution to 'climate change adaptation' is considered less significant.

Electromagnetic brakes for wind power turbines
Kendrion has been active in the wind energy industry for years and is well-positioned to support manufacturers of wind turbines. Tens of thousands of Kendrion’s brakes are installed in wind parks worldwide and with factories in the EU, China, India and the USA, Kendrion can provide locally customized, high-quality brakes.

Components and subsystems for electric vehicles
Kendrion supports the change towards clean, electric mobility, with actuators and valves for sound and suspension systems. This includes subsystems and components for active suspension and Acoustic Vehicle Alerting Systems (AVAS) for electric vehicles.

Components and subsystems for induction heating
Kendrion’s Industrial Actuators and Controls Business Group product portfolio includes modular, electrified heating systems to replace traditional heating solutions that use gas or oil.

Embedded electronic solutions
Through our subsidiary 3T, we design embedded electronic solutions for a variety of applications. For sustainable buildings 3T has created an embedded solution controlling the heat management and climate in buildings, contributing to a reduction of CO_2 through an optimized energy consumption control.

Electricity generation through solar PV technology
Kendrion has installed solar panels on the three locations producing electricity from solar photovoltaic technology. The electricity is mostly used for own production, however small quantities are also sold to the national grids.

Assessment of alignment of activities
We conducted an assessment of the technical screening criteria for eligible activities by analysing relevant product offerings. This assessment involved Kendrion's sustainability expert task force, along with business controllers and managers across various functions who oversee the development, manufacturing, or sales of eligible products. For economic activities to be aligned with the EU Taxonomy, they must fully meet the 'Substantial Contribution' criteria for at least one of the six environmental objectives, as well as all applicable 'Do No Significant Harm' (DNSH) criteria specified in the Delegated Acts supporting the EU Taxonomy Regulation. Without complete compliance with these criteria, the identified eligible activities are not considered to be EU Taxonomy-aligned.

The minimum safeguards include criteria related to human rights and responsible business practices, particularly focusing on anti-bribery and anti-corruption, fair competition, and taxation. Kendrion adheres to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. These principles are embedded in several policies, including our Fair Labour and Human Rights Policy, Anti-Bribery and Anti-Corruption Policy, Tax Policy, Code of Conduct, Supplier Code of Conduct, and Competition Compliance Manual. Kendrion's Compliance Committee evaluates and monitors implementation of and compliance with these policies and procedures.

As a member of the UN Global Compact, Kendrion supports its Ten Principles across human rights, labour, environment, and anti-corruption, with our policies reflecting these commitments. This membership underscores our commitment to responsible business practices and sustainability. While Kendrion has established policies to support fair labour and human rights, the full measures needed to align completely with the minimum safeguards outlined above have not yet been implemented.

Human Rights
Kendrion suppliers are required to adhere to Kendrion's Supplier Code of Conduct – which includes the recognition of human rights. We have in place a supplier audit procedure pursuant to which compliance with Kendrion's Supplier Code of Conduct is assessed. Our Fair Labour and Human Rights Policy contains global standards and principles endorsing fair labour practices and respect for human rights.

Anti-bribery and anti-corruption
Kendrion takes a zero-tolerance approach to bribery and corruption. Our commitment to prevent corruption has been recorded in Kendrion's Anti-bribery and anti-corruption policy as well as our Code of Conduct. We currently have an online anti-bribery and anti-corruption training in place which is mandatory for our employees.

Taxation
Our sustainability commitments, our company values as embedded in the Code of Conduct and The Kendrion Way, also form the foundation of our approach to taxation. Kendrion's tax policy is based on the values laid down in the Code of Conduct and aligned with Kendrion's strategy and rationale underlying the value creation pillar Responsible Business Conduct, which is part of Kendrion's current 2024-2028 ESG program.

Fair competition
We support the principle of free enterprise and unrestricted competition as a basis for conducting business and we adhere to the applicable competition laws and regulations. Our Competition Compliance Manual provides guidance and principles on fair competition.

Financial performance indicators
The figures reported below relate to the consolidated companies included in Kendrion's consolidated financial statements.

Revenue
As per 31 December 2024, the total revenue used for the calculation of the taxonomy revenue performance indicator amounts to EUR 301.5 million and corresponds to the group revenue from continues operations as included in the consolidated financial statements. Our consolidated revenue can be reconciled to our consolidated financial statements on page 136 of this Annual Integrated Report.

Kendrion's taxonomy eligible revenue amounts to EUR 47.5 million representing close to 15.8% of total revenue for 2024 and corresponds to revenue generated by the manufacturing and sale of electromagnetic brakes for wind power turbines, components and subsystems for electric vehicles, components and subsystems for induction heating, and embedded electronic solutions. As per the assessment performed, these products fall within the scope of the relevant Delegated Acts supplementing the EU Taxonomy Regulation. Moreover, the technologies relevant to these products contribute to the reduction of CO_2 emission. Various internal controls – including organizational data structuring - are in place with a view to avoid double counting in respect of the financial metrics disclosed under the EU Taxonomy Regulation.

Capital expenditures
Total capital expenditure consists of all additions to tangible and intangible fixed assets during the financial year, before depreciation, amortization, and any other re-measurements. Additions resulting from business combinations are also included, except for goodwill. Our total capital expenditure can be reconciled to our consolidated financial statements. Taxonomy eligible capital expenditure includes capital expenditure directly related to the taxonomy eligible economic activities, including the construction of an energy efficient building in China.

As per 31 December 2024, the total amount of capital expenditures used for the calculation of the taxonomy capital expenditure performance indicator amounts to EUR 13.6 million.

As per 31 December 2024, taxonomy eligible capital expenditures amount to EUR 4.4 million and relate to investments in the development and manufacture of components and subsystems for electric vehicles as well as investments relevant to the construction of the manufacturing facility in China. The amount of taxonomy eligible capital expenditures does not qualify as taxonomy aligned

Operating expenditures
Total operational expenditures consist of direct non capitalized costs related to research and development, repair and maintenance and any other direct expenditure relating to the day-to-day servicing of assets of property, plant and equipment. This includes research and development expenditure recognized as an expense during the reporting period in the statement of comprehensive income, as referred to in note 23 of the financial statements in this Annual Integrated Report. Maintenance and repair and other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment were determined based on expenses that are recorded as repair and maintenance and housing costs, including in different line items as other operating expenses in note 23 of the financial statements in this Annual Integrated Report.

As per 31 December 2024, the total amount of operating expenditures used for the calculation of the taxonomy operating expenditures performance indicator amounts to EUR 20.3 million.

As per 31 December 2024, taxonomy eligible operating expenditures amount to EUR 1.4 million and relate to costs relevant to development and manufacturing of components and subsystems for electric vehicles as well as costs relevant to the development and manufacturing of components and subsystems for inductive heating. The amount of taxonomy eligible operating expenditures does not qualify as taxonomy aligned.

Nuclear-energy-related activities

1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity of processes heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO

Fossil-gas-related activities

4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

TURNOVER Economic activities		Year		Substantial Contribution Criteria						DNSH criteria									
	Code	Turnover in mio €	Proportion of Turnover, year 2024	Climate change mitigation	Climate change adaption	Water	Pollution	Circular Economy	Biodiversity	Climate change mitigation	Climate change adaption	Water	Pollution	Circular Economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) Turnover, year 2023	Category enabling activity	Category transitional activity
A. Taxonomy Eligible activities																			
A.1 Environmentally sustainable activities (Taxonomy aligned)																			
Manufacture of renewable energy technologies	3.1	-	0%	N	N	N	N	N	N	N	N	N	N	N	N	N	0%	Enabling	
Manufacture of low carbon technologies for transport	3.3	-	0%	N	N	N	N	N	N	N	N	N	N	N	N	N	0%	Enabling	
Manufacture of other low carbon technologies	3.6	-	0%	N	N	N	N	N	N	N	N	N	N	N	N	N	0%	Enabling	
Electricity generation using solar photovoltaic technology	4.1	-	0%	N	N	N	N	N	N	N	N	N	N	N	N	N	0%	Enabling	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**-**	**0%**	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%		
Of which enabling		-	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	Enabling	
Of which transitional		-	0%	0%						N	N	N	N	N	N	N	0%		
A.2 Taxonomy Eligible but not environmentally sustainable activities, non-aligned Taxonomy activities																			
Manufacture of renewable energy technologies	3.1	21.8	7.2%	EL	EL	N/EL	N/EL	N/EL	N/EL								2.50%		
Manufacture of low carbon technologies for transport	3.3	20.0	6.6%	EL	EL	N/EL	N/EL	N/EL	N/EL								3.50%		
Manufacture of other low carbon technologies	3.6	5.7	1.9%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.60%		
Electricity generation using solar photovoltaic technology	4.1	-	0.0%	EL	EL	N/EL	N/EL	N/EL	N/EL										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		47.5	15.8%	100%	100%	0%	0%	0%	0%								6.60%		
A. Turnover of Taxonomy-eligible activities Total A.1+ A.2		47.5	15.8%	100%	100%	0%	0%	0%	0%										
B. Taxonomy-non-eligible-activities																			
Turnover of Taxonomy-non-eligible activities		254.0	84.2%																
Total (A+B)		**301.5**	**100%**																

Definition:
Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
EL – eligible, Taxonomy eligible activity for the relevant environmental objective
N/EL – not eligible, Taxonomy non-eligible activity for the relevantenvironmental objective

OPEX Economic activities	Code	OpEx in mio €	Year: Proportion of OpEx, year 2024	Substantial Contribution Criteria: Climate change mitigation	Climate change adaption	Water	Pollution	Circular Economy	Biodiversity	DNSH criteria: Climate change mitigation	Climate change adaption	Water	Pollution	Circular Economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, year 2023	Category enabling activity	Category transitional activity
A. Taxonomy Eligible activities																			
A.1 Environmentally sustainable activities (Taxonomy aligned)																			
Manufacture of low carbon technologies for transport	3.3	-	0%	N	N	N	N	N	N	N	N	N	N	N	N	N	0%	Enabling	
Manufacture of other low carbon techologies	3.6	-	0%	N	N	N	N	N	N	N	N	N	N	N	N	N	0%	Enabling	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**-**	**0%**	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%		
Of which enabling		-	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	Enabling	
Of which transitional		-	0%	0%						N	N	N	N	N	N	N	0%		
A.2 Taxonomy Eligible but not environmentally sustainable activities, non-aligned Taxonomy activities																			
Manufacture of low carbon technologies for transport	3.3	0.7	3.3%	EL	EL	N/EL	N/EL	N/EL	N/EL								7.3%		
Manufacture of other low carbon technologies	3.6	0.7	3.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.8%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1.4	6.8%	100%	100%	0%	0%	0%	0%										
A. OpEx of Taxonomy-eligible activities Total A.1+ A.2		1.4	6.8%	100%	100%	0%	0%	0%	0%								9.1%		
B. Taxonomy-non-eligible-activities																			
OpEx of Taxonomy-non-eligible activities		18.9	93.2%																
Total (A+B)		**20.3**	**100%**																

Definition:

Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
EL – eligible, Taxonomy eligible activity for the relevant environmental objective
N/EL – not eligible, Taxonomy non-eligible activity for the relevant environmental objective

CAPEX Economic activities	Code	CapEx in mio €	Year Proportion of CapEx, year 2024	Substantial Contribution Criteria Climate change mitigation	Climate change adaption	Water	Pollution	Circular Economy	Biodiversity	DNSH criteria Climate change mitigation	Climate change adaption	Water	Pollution	Circular Economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, year 2023	Category enabling activity	Category transitional activity
A. Taxonomy Eligible activities																			
A.1 Environmentally sustainable activities (Taxonomy aligned)																			
Manufacture of low carbon technologies for transport	3.3	-	0%	N	N	N	N	N	N	N	N	N	N	N	N	N	0%	Enabling	
Manufacture of other low carbon technologies	3.6	-	0%	N	N	N	N	N	N	N	N	N	N	N	N	N	0%	Enabling	
Construction of new building	7.1	-	0%	N	N	N	N	N	N	N	N	N	N	N	N	N	0%	Enabling	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**-**	**0%**	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%		
Of which enabling		-	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	Enabling	
Of which transitional		-	0%	0%						N	N	N	N	N	N	N	0%		
A.2 Taxonomy Eligible but not environmentally sustainable activities, non-aligned Taxonomy activities																			
Manufacture of low carbon technologies for transport	3.3	3.9	28.9%	EL	EL	N/EL	N/EL	N/EL	N/EL								13.8%		
Manufacture of other low carbon technologies	3.6	0.1	1.0%	EL	EL	N/EL	N/EL	N/EL	N/EL								0%		
Construction of new building	7.1	0.3	2.2%	EL	EL	N/EL	N/EL	N/EL	N/EL								38.5%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		4.4	32.2%	100%	100%	0%	0%	0%	0%								9.1%		
A. CapEx of Taxonomy-eligible activities Total A.1+ A.2		4.4	32.2%	100%	100%	0%	0%	0%	0%										
B. Taxonomy-non-eligible-activities																			
CapEx of Taxonomy-non-eligible activities		9.2	67.8%																
Total (A+B)		**13.6**	**100%**																

Definition:

Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective

N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective

EL – eligible, Taxonomy eligible activity for the relevant environmental objective

N/EL – not eligible, Taxonomy non-eligible activity for the relevantenvironmental objective

ESRS E2 – Pollution

Materials

Our pollution assessment identified material impacts primarily originating from activities across our supply chain. Specifically, the extraction of raw materials such as rare earth elements, copper, and steel poses notable environmental risks, particularly when considering the long-term effects on ecosystems. Additionally, our activities for nuclear power plants introduce pollution-related risks, including nuclear waste management. However, it is important to note that nuclear waste is solely a concern at the downstream end of the value chain, impacting the very end customer rather than us or our direct customers. Furthermore, the products we supply for nuclear power plants are designed with high safety standards, and in the unlikely event of a failure, they do not pose severe risks to the plant's overall safety or functionality.

Our assessment of pollution risks is primarily based on publicly available sources. Further details on our approach can be found in the DMA process under page 50.

For our production sites, we maintain ISO 14001 certification at major facilities, reflecting our commitment to managing environmental risks proactively. Our processes aim to ensure that hazardous materials are handled responsibly, from acquisition to disposal, with safety protocols to mitigate potential pollution risks.

Hazardous materials

The management of hazardous substances is a key area of focus in our pollution strategy. Across our organization, protocols govern the safe use, storage, and disposal of these materials. While no dedicated policy on pollution has been established, our Supplier Code of Conduct addresses pollution-related concerns within our supply chain, particularly for suppliers involved in high-risk activities. Furthermore, the management of hazardous substances is internally monitored to ensure compliance with applicable legal standards.

For the current year, our primary pollution related Key Performance Indicator (KPI) pertains to hazardous substances, and we are evaluating the feasibility of aggregating relevant data across our operations. We expect to conclude this assessment by year-end 2025.

Policies

As part of our DMA, we evaluated the relevance of pollution-related issues specific to our operations. Based on these findings, we plan to develop a targeted environmental policy in 2025 to address both direct and supply chain-related pollution risks more systematically.

Actions

Our organization's most pressing pollution risks relate to air, water, and soil contamination from upstream and downstream supply chain activities. During our DMA, we identified hazardous substances and trace levels of microplastics as our primary pollution concerns. Because these trace amounts of microplastics are minimal, their quantification is not feasible at this stage. For other pollutants, our assessment found no additional significant pollutants from our operations. Further quantification of specific pollutants (air, water, and soil) is pending.

Impact	Risk
⊕ Product portfolio enables less pollution (positive) ⊖ Resource extraction and processing ⊖ Microplastic creation during transport ⊖ Nuclear waste ⊖ Pollution in the use phase ⊖ Mining of raw materials	⊖ Regulatory and policy changes

Metrics & targets

Pollution-related measures include the safe handling of hazardous materials at our production sites and CSR audits for Tier 1 suppliers, which include questions on pollution management practices.

Our pollution related IROs analysis highlighted that many pollution drivers are linked to our upstream and downstream supply chains, where our influence is more indirect, particularly regarding resource extraction. Due to the lack of available alternatives in extraction methods and substitute materials, we have not set outcome-oriented pollution targets at this time. However, we monitor our hazardous materials management closely as part of our pollution control efforts. In addition, we have added specific questions related to hazardous substances and ecology protection to our sustainability questionnaire referred to in our ESG strategy on page 47, in order get a better understanding of pollution related topics about our Tier-1 suppliers.

Currently, no operational or capital expenditures (OpEx or CapEx) are designated specifically for pollution-related incidents, as no such incidents occurred this year. Estimated financial impacts related to pollution risks remain in a preliminary phase and do not meet the thresholds for material financial reporting under ESRS criteria.

ESRS E5 – Resource use and circular economy

Raw material lifecycle in electromagnet production

Kendrion's approach to assessing resource use and circular economy practices spans all production entities within the organization, as defined by our DMA process. These boundaries include not only internal resource management practices but also engagement with suppliers to gain a clearer understanding of the recycled materials embedded within the components they provide. Additionally, we have examined customer requirements, particularly for solenoid production, to assess possible internal adjustments that align with evolving customer expectations on sustainability and circularity.

To enable a complete and aligned approach to resource use and circular economy reporting, Kendrion collaborated with external consultants to meet ESRS requirements and to identify relevant IROs. This assessment involved mutliple internal departments such as purchasing, product management, plant operations, and R&D, providing a cross-functional perspective on resource use, material sourcing, and waste management. While Kendrion fully complies with legal waste management requirements, ongoing technological advancements in the industry are influencing the feasibility of some product redesigns and circular economy innovations across our value chain.

Our double materiality assessment highlights the importance of integrating sustainability into strategic product development. This approach can foster innovation and enhance responsibility throughout the product portfolio.

By incorporating sustainability into the decision-making process, the organization can foster a more responsible and innovative product portfolio while capitalizing on growing demand, and ultimately increasing revenue. This strategic approach not only aligns with market expectations but also helps addressing global sustainability challenges.

At the same time, ongoing product redesign projects are being assessed with a long-term vision on integrating circular practices wherever feasible. These initiatives aim to extend product lifecycles, reduce waste, and contribute to a more sustainable value chain, further strengthening the organization's commitment to sustainable growth and innovation.

Continuing with traditional linear business practices may pose challenges for Kendrion, particularly given the evolving environmental regulations. Failing to adopt sustainable practices may lead to non-compliance, exposing the company to legal penalties and reputational damage. Moreover, as consumers and clients place greater emphasis on environmentally responsible products, the absence of sustainability initiatives could weaken Kendrion's market competitiveness. Additionally, linear models often result in resource inefficiencies and higher waste management costs, negatively impacting profitability and operational resilience.

Implementing circular practices offers a multifaceted opportunity for organizations, including significant cost savings through resource optimization and waste reduction. By designing products for reuse, refurbishment, or recycling, businesses can unlock new market opportunities and meet the growing demand for sustainable solutions. However, the shift to a circular economy also presents challenges, such as the need for significant upfront investments in technology, process redesign, and collaboration with suppliers and customers to establish closed-loop systems. The financial effects from above mentioned impacts and opportunities have not been identified.

Impact	Opportunity
⊖ Non-circular product portfolio (negative) ⊖ Natural resource depletion	⊕ "Sustainability" as evaluation criterion for strategic product development

Policies

At present, Kendrion has not formalized a dedicated policy on resource use and circular economy. Following the DMA findings, we plan to develop and implement a formal environmental policy 2025 that systematically addresses these issues.

Actions

Current actions related to resource use and circular economy are guided by the established waste management hierarchy, emphasizing prevention, reuse, recycling, and responsible disposal. Additional actions are on hold pending further insights from the DMA; this assessment is expected to provide areas of focus for new initiatives anticipated to commence in 2025.

Setting measurable, outcome-oriented targets for resource use and circular economy initiatives presents complex challenges. Our consultations with suppliers revealed a gradual shift in the supply chain toward reducing virgin material use and implementing circular practices. Given this slow adaptation, Kendrion has found it challenging to define specific, outcome-based targets. However, we are actively assessing supply chain readiness through a sustainable sourcing questionnaire as mentioned in our strategy on page 47, which evaluates the percentage of recycled content in supplier-provided components and tracks engagement with circular economy principles. We expect to disclose the outcome of this questionnaire in the reporting cycle for the financial year 2025.

Our facilities are supported by an extensive supplier network. Frequently used materials are steel components, aluminium components, copper wire, and plastic components. In many cases, semi-finished products are purchased based on specifications of Kendrion's customers.

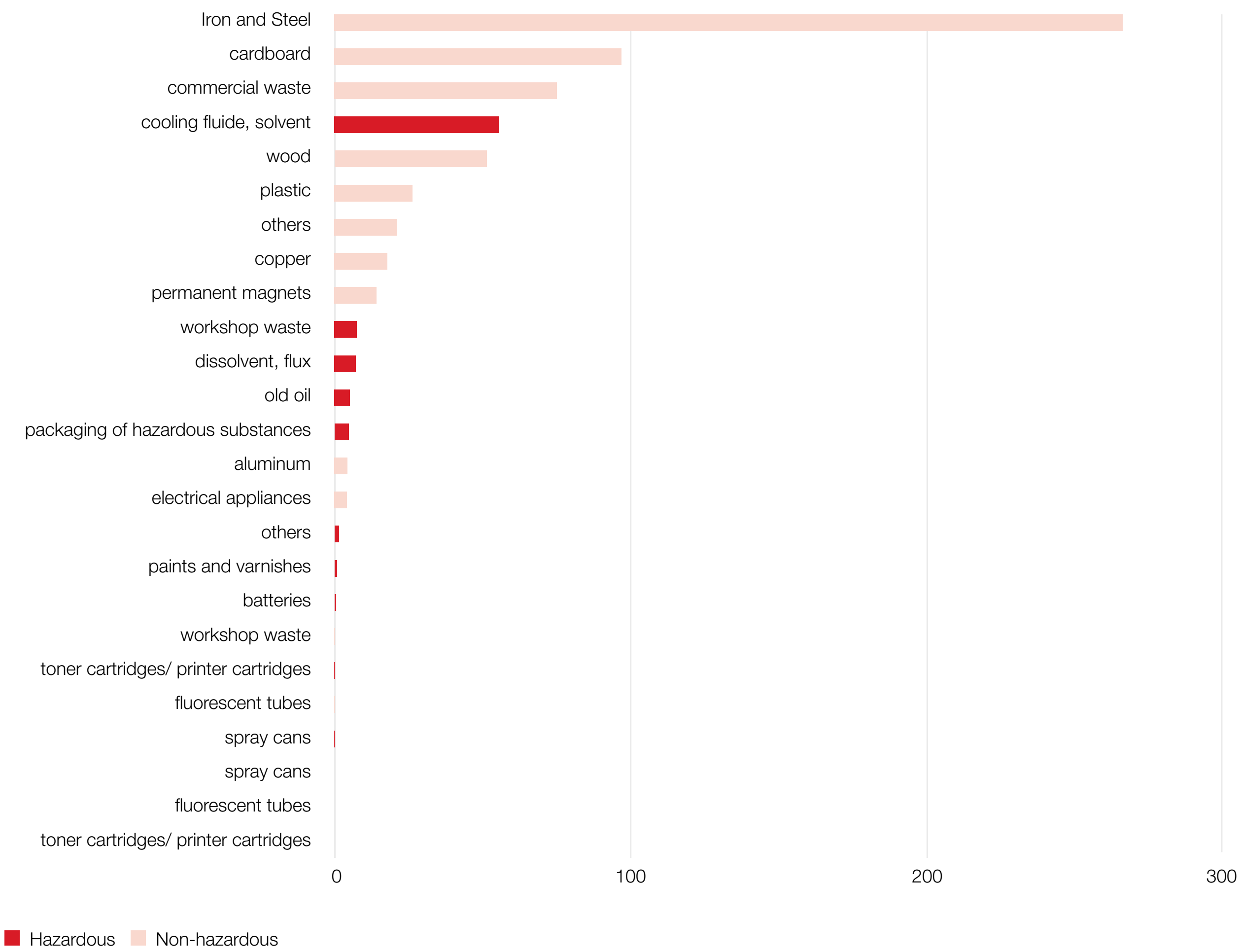
Through these practices and a commitment to continuous improvement, Kendrion strives to enhance resource efficiency and drive circular economy initiatives, aiming to minimize environmental impact and contribute to a more sustainable future.

Waste management
Our approach emphasizes both waste reduction and optimized waste utilization, following the established waste management hierarchy: prevention, reuse, recycling, recovery, and as a last resort, disposal via landfill. Kendrion's ISO 14001-certified manufacturing facilities systematically track waste production and processing, collaborating with certified waste processors as required by local regulations. As part of maintaining ISO 14001 certification, we implement new waste reduction initiatives annually, ensuring continuous improvement.

To streamline waste tracking, we have centralized waste data collection using standardized data sheets and registers, ensuring consistency across all facilities.

This standardization in our internal reporting and control processes allows us to conduct thorough waste category reviews and address differences in local waste management practices, which may vary due to production processes or regulatory requirements.

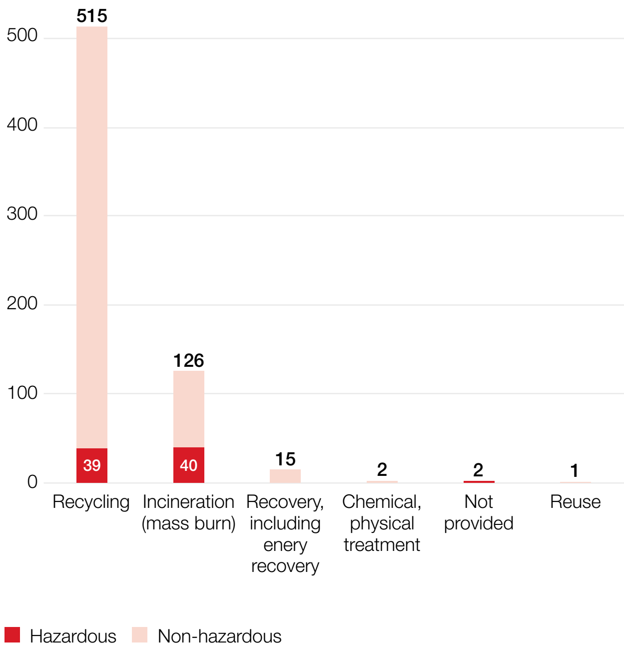
Waste components



1 2023 values have been recalculated excluding the divested Automotive business.

Our waste management task force, comprising of experts in waste management and quality from the Business Groups, is actively evaluating the feasibility of new indicators and monitoring parameters for zero landfill waste, recycling (particularly of Critical Raw Materials, or CRMs), and waste per unit sale (kg). Kendrion has taken steps to implement eco-friendly waste disposal methods and maximize recycling rates within our operations. With our current practices—and planned improvements—we aim to minimize environmental impact and advance our commitment to a sustainable future.

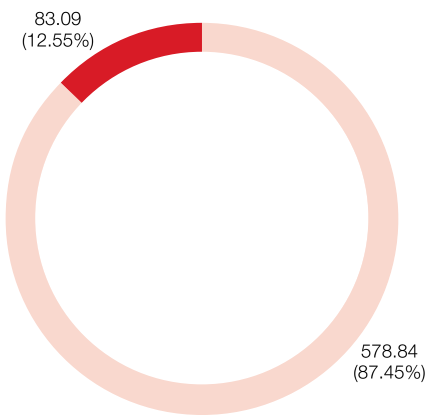
Waste by disposal method



Metrics & targets

In 2024 Kendrion used 1,093 tons of copper (best estimate) in the manufacture of its products (2023: 1,104[1]). To date, the only raw material quantity tracked is copper, as it is the primary material used in our products and is subject to significant price volatility. The remaining materials are acquired as pre-designed components rather than raw materials, meaning we do not procure them in their base form. Since these components are purchased according to predefined designs, we do not receive detailed weight specifications and are therefore unable to precisely quantify their total weight. However, we have already begun collecting weight data for these components, a process that must be conducted piece by piece and is not yet complete.

Total waste



We recognize the importance of improving data accuracy and are actively working on enhancing our weight tracking processes. In the future, we aim to refine our data collection methods to enable the disclosure of this information in compliance with the CSRD requirements.

Our products are typically designed and tested for a durability of 20,000 hours, ensuring long-lasting performance under standard operating. However, the actual lifespan may vary depending on the specific end application and operating conditions. To support this durability claim, one of the key pillars of our quality assurance framework is End-of-Line Testing, which ensures that each product meets rigorous performance, safety, and durability standards. For further details on our EOL Testing process, please refer to the relevant section on page 99 of this report. In addition to durability, we also aim to address the long-term sustainability of our products. While we have implemented a standardized returns process to support timely resolution of any issues and improve reparability based on customer feedback, we are currently unable to provide complete information on the recyclability of our products and their packaging.

[1] 2023 values have been recalculated excluding the divested Automotive business.

This is due to a lack of thorough recyclability data from our suppliers, as well as certain manufacturing processes (such as moulding) that prevent the separation of components into individual parts for recycling.

Our primary KPI for resource use and circular economy are based on waste management hierarchy data. Due to the nature of data availability and collection cycles, Kendrion's reporting on the waste hierarchy is retrospective; for example, in this Annual Integrated Report, we disclose waste data of 2023 financial year received from the third-party waste disposal service providers, including estimated figures of 2024 based on the development of the added value between 2023 and 2024. This standard time-lag aligns with our reporting framework, which compiles waste data once it has been fully validated.

The latest analysis of our waste data indicated an increase in total waste compared to the previous year, with an overall recycling rate of 78.0% (2023[1]: 75.6%). The absolute waste values are divided between 516.3 tonnes of recycled waste and 145.6 tonnes of non-recycled waste. Hazardous waste represented 12.6% (2023: 12.3%), while non-hazardous waste represented 87.5% (2023: 87.7%). No waste was disposed of in landfills, achieving a zero-landfill waste status. We confirm that no radioactive waste was generated in our operations. The KPI of the previous year have been restated to exclude the divested Automotive business. The top three hazardous materials are cooling fluid, solvents, dissolvent, and workshop waste, while iron and steel, cardboard, and commercial waste continued to dominate non-hazardous waste categories.

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ESRS S1 – Own workforce

Introduction Value & Culture

Our culture and its underlying values underpin all we do. The key values exemplifying our culture are articulated in The Kendrion Way: 'A global team of actuator specialists, with courage to act, curiosity to learn from successes and mistakes, confidence to share, and open to feedback'. The Kendrion Way offers our employees guidance on ''how we do things" at our company, irrespective of location, level of responsibility or functional role. We are also committed to maintaining the highest standards of conduct in all our business activities. Key internal policies and procedures include Code of Conduct, Anti-Bribery and Anti-Corruption Policy, Speak-up Policy, Fair Labour and Human Rights Policy, Competition Compliance Manual, Insider Trading Code, Data Protection Governance Guidelines, Personal Data Breach Reporting Procedure, Supplier Code of Conduct and related internal policies and procedures.

Our Code of Conduct is intended to further develop and implement our corporate norms and values, with a particular emphasis on 'integrity'. The Code of Conduct sets guidance for our business decisions. It provides principles of ethical business behaviour and is integral to our culture. Containing clear and universal standards, The Code of Conduct establishes expected behaviours for all employees, contributing to the creation of a safe and respectful environment for everyone. We are dedicated to maintaining a positive, diverse, and inclusive work environment, and do not tolerate any form of discrimination, harassment, or misconduct. This includes discrimination based on racial or ethnic origin, colour, sex, sexual orientation, gender identity, disability, age, religion, political opinion, national extraction, social origin, or any other protected characteristic. We are committed to conducting our business in a transparent and responsible manner and will continue to review and update our Code of Conduct to ensure that our norms and values remain relevant and effective. The Code of Conduct can be found on the corporate website at www.kendrion.com.

Increasing awareness, education, training, and providing concrete examples of expected behaviours, dilemmas and actions are key to promoting and preserving our culture. With the support of value teams, managers are entrusted with enhancing awareness and assisting their team members in their value journey, and to help them understand what each value means for themselves, their team, and the organization. A mix of interactive trainings is available to help our employees internalize and embody the values outlined in The Kendrion Way and the Code of Conduct. Kendrion considers it essential that every employee understands, complies with, and conveys the shared norms and universal ethical values and behaviours as laid down in the internal policies and procedures.

Our policies and procedures are fundamental to ensuring responsible business conduct. It is the responsibility of senior management to lead by example and to ensure that all Kendrion employees are aware of and behave in accordance with the spirit and the letter of Kendrion's policies and procedures.Our Intranet page includes a dedicated page that provides a description of our Code of Conduct with additional explanations. A direct link to this page is prominently available on the front page of our Intranet, ensuring easy access to the Code of Conduct page. In addition, the Code of Conduct is part of the onboarding process in multiple entities within our organization. At these locations, the employees are required to understand, sign off on, and comply with the Code of Conduct. We envisage to further implement this process in our remaining entities in 2025. To enable continued awareness of the values underlying the Code of Conduct and the relevance of continued compliance – a new online training was introduced in the course of 2023. This online training specifically addressed matters such as corruption, bribery, conflicts of interest etc.

As part of our transition towards greener and climate-neutral operations, we conducted a materiality assessment in line with ESRS 2 IRO 1. No material transitional risks were identified that could impact our workforce, nor were any specific groups found to be at a higher risk due to their characteristics, roles, or working contexts.

Impact	Opportunity	Risk
⊕ Occupation creates social prosperity ⊕ Equal opportunities at work ⊕ International teams ⊕ Empower women in Careers ⊖ Occupational accidents and injuries	⊕ Effectiveness through diversity	⊖ Diversity in management roles

The impacts, risks, and opportunities identified apply to all employees, with the exception of initiatives aimed at empowering women, which specifically supports female employees by enhancing representation and leadership opportunities. Overall, our transition efforts are focused on creating inclusive opportunities. Kendrion's strategy and business model are integral to the material impacts on our workforce. The positive impacts, such as the creation of social prosperity, equal opportunities at work, international teams, and the empowerment of women in careers, stem directly from our business model, which is focused on fostering an inclusive and supportive work environment.

Tracking and measuring specific actions related to employees, human rights, health & safety, diversity, and workforce engagement remains challenging, as these aspects are inherently embedded in daily business operations. Due to their integrated nature, allocating dedicated resources solely to these topics and defining clear, standalone actions is complex. While initiatives and policies are already in place, further tracking mechanisms and defined action plans have yet to be developed. These areas will be further assessed in the 2025 financial year to enhance visibility and strategic alignment. As such, no additional disclosures can be made in this report.

Employees

Our workforce is crucial to the successful execution of our strategy. We strive to cultivate a purpose-driven and professional environment where people are valued, recognized, and compensated fairly. In an increasingly competitive talent market, our employee value proposition is crucial to retaining and attracting talent.

Employees – Actions

We consistently invest in talent attraction and employer brand strategies to recruit new talent. Our strategy involves targeted advertising, networking events, and partnerships with technical universities and institutions. Digital innovation contributed to targeted marketing campaigns across various social media platforms, enabling us to reach broader talent pools. Attracting and selecting young, early-career professionals is particularly important. Our offices at attractive locations, such as the High Tech Campus in Eindhoven and the renowned Suzhou Industrial Park in China, further enhance our recruitment efforts. Career-advancing development opportunities, international exchange programs, workstyle flexibility, and a positive, inclusive company culture are key elements of our employee value proposition.

Our joint value journey so far...

2019 – The Kendrion Way

2020 – Update Code of Conduct: a diverse and inclusive culture and atmosphere

2021 – Strategic diversity framework

2022 – Circle of Trust
German Charta der Vielfalt
Update Fair Labour & Human Rights Policy

2023 – Celebrations:
International Women's Day
World Day for Cultural Diversity

2024 – Updated SpeakUp policy
Introduction new diversity targets

Once onboard, we focus on fostering growth and development. Our employee development programs are designed to equip our talented employees for future leadership roles. We have implemented a succession management plan, identifying successors for critical positions, and monitoring their development. Our talent management and succession-planning tool helps us conduct performance reviews and determine training and development needs. It incorporates a competency framework, which forms the basis of our performance reviews. Strengthening our holistic approach across wellbeing pillars, we established The Circle of Trust, providing female Kendrion employees access to a trusted network and a confidential support line. The primary objective is to foster a safe and ethical working environment, promoting female empowerment and well-being.

We strive to retain talent by maintaining an engaging and supportive work environment. We facilitate flexible workstyles that contribute to employee performance and satisfaction. Understanding our employees' expectations in a changing market is key. We regularly assess our progress through employee satisfaction and culture surveys. We provide competitive compensation and benefits to promote fairness and transparency. Our schemes include performance-based and share-based compensation, designed to incentivize sustainable objectives.

By focusing on attraction, development, and retention, we want to create an environment where our employees can grow, perform, and thrive in their careers.

Human Rights

Respecting human rights is fundamental to a sustainable society and an essential component of promoting sustainable business practices throughout our organization. We recognize and support the human rights outlined in the Ten Principles of the United Nations Global Compact.

We also acknowledge and respect children's rights to education and development, and the applicable minimum employment age and related conditions. Kendrion does not tolerate any form of forced or involuntary labour and applies the UN Guiding Principles on Business and Human Rights. Acknowledging and respecting fair labour practices and human rights are an essential component of conveying and practicing sustainable business standards.

Human Rights – Policies

Our commitment to endorse fair labour practices and to respect human rights is recorded in our Fair Labour and Human Rights Policy, which contains global standards and principles applicable across all Kendrion business operations. Our policy explicitly addresses forced labour and child labour. However, the issue of human trafficking is not explicitly covered within the policy. Nonetheless, our company remains fully committed to upholding the highest standards of human rights and ethical practices throughout our value chain. We affirm that no entities within our operations are at risk of engaging in or being associated with incidents of child labour or forced labour. The Fair Labour and Human Rights Policy can be found on the corporate website at www.kendrion.com. No material human rights or labour issues were raised in relation to our activities in 2024.

Human Rights – Actions

We consider ourselves a responsible corporate citizen. We take responsibility for the living conditions and career opportunities at our locations and maintain strong ties to the communities in which we operate. Intercultural understanding and respect, fair working conditions, career development, (gender) diversity and employee representation are some of the focal points of our corporate citizenship initiatives. These are also areas in which we aim to contribute to the advancement of selected UN SDGs, towards SDG 5 (Gender equality) and SDG 8 (Decent work and economic growth).

Health & Safety

Health and safety have the highest priority in every aspect of Kendrion's operations and we are keen to ensuring due compliance with all applicable occupational health and safety regulations at our locations. The health and safety of employees are a crucial aspect of any manufacturing operation and essential to the successful conduct of our business. We apply the most stringent quality and health and safety standards to protect our people from potential risks that may occur in the workplace and to reduce the risk of accidents and injuries. Due to a continued focus on the safety of the production processes, Kendrion achieved good safety results across its production plants. Our health and safety procedures contribute to the advancement of selected UN SDGs, towards SDG 3 (Good health and well-being) and SDG 8 (Decent work and economic growth).

Health & Safety – Policies

Although a global framework for health and safety policies has not been established, each location has implemented customized policies to meet specific safety management systems. These include work-related instructions for production areas, procedures for handling hazardous substances, and emergency contact protocols, all aligned with local requirements and operational needs.

Health & Safety – Actions

Day-to-day responsibility for health and safety is concentrated within the Business Groups in which health and safety are managed systematically and in a standardized manner with clear rules and procedures based on recognized industry standards and best practices that are laid down in Health, Safety & Environmental (HSE) policies affecting 100% of workers within Kendrion. Each production plant further implements initiatives to enhance its HSE standards depending on plant-specific needs, production lines and technologies.

HSE audits are performed to assess implementation and compliance with HSE policies at regular intervals. All employees are required to adhere to local health and safety procedures and practices and participate in training programs. These trainings cover proper use of machinery, protective equipment, handling of substances, emergency procedures, and other safe work practices. Employees working in production areas face a higher inherent risk of workplace accidents and injuries. However, this risk is effectively managed through the implementation of health and safety management systems at each of the company's sites. These systems are designed to proactively address potential hazards, ensure compliance with safety standards, and promote a culture of workplace safety.

Beyond physical health, we recognize the significance of prioritizing our employees' mental well-being. Mental well-being is an important part of Kendrion's culture as it relates to all aspects of our employees' working life at Kendrion. Promoting cohesion – within a professional community where all employees feel welcome and respected, regardless of their background or position – enables engagement, innovation, and performance. We have made a concerted effort to prioritize the well-being of our employees through a variety of initiatives, e.g. collaboration with psychological institutions to achieve quick psychological consultancy for our employees.

We offer our employees the opportunity to work on meaningful tasks and innovative projects. Another essential component of our efforts to maintain an engaged and committed workforce involves offering a wide range of measures and tools aimed at cultivating a healthy, safe, and sustainable workplace culture. This includes annual 'Health Days', medical check-ups, sports opportunities, and other events. At selected locations employees have the option to consult with a psychologist at their request. Increasing mental health awareness and showing respect and acceptance contributes to removing potential barriers for employees to seek help when struggling with mental health issues. Good physical and mental health creates a more resilient workforce and enhances employee well-being.

Locations with an 'above average' illness rate get specific attention from Kendrion's Health Task Force, chaired by the CEO. This task force monitors our global health and safety figures and coordinates the implementation of improvement measures in all our facilities. The Task Force meets monthly or more often as needed. We introduced the concept of 'Healthy Leadership' in 2024, providing training and documentation to all managers about raising awareness to the mental, emotional, and physical health of themselves and their employees.

Health & Safety – Metrics & targets
Specific and measurable performance targets for Kendrion's business units and local management include health and safety metrics, which are determined by the number of accidents per 1,000 FTE, Lost Time Injury (LTI) rates and illness rates.

For accidents, LTIs, and illnesses, our objective is to ensure these metrics do not exceed the previous year's figures, with the aim of achieving consistent reductions over time. No additional targets have been established at this stage for other workforce-related topics. We confirm that no work-related fatalities occurred in the reporting period.

Diversity

Diversity is crucial for creating a fair and inclusive society. It promotes equal opportunities and helps break down barriers of prejudice and unconscious bias. We recognize that the diversity of our workforce, particularly within management roles, plays a critical role in driving both opportunities and risks for our business. A diverse leadership team enhances innovation, strengthens decision-making, and aligns with our strategic objectives. Conversely, the lack of diversity in management can pose a risk to achieving these goals and maintaining long-term business effectiveness. This understanding informs our approach to fostering diversity across all levels of the organization and our ESG strategy. We provide an environment where all employees have equal opportunity to develop and contribute to the realization of our strategy, regardless of their age, background, gender, nationality, ethnicity, religion, or any other (protected) characteristic.

Diversity – Policies
As part of the Social Capital and Human Capital value creation pillar of our 2024-2028 ESG program, we are committed to creating and maintaining a diverse and inclusive workforce where all employees feel welcome and respected. This is captured in our diversity policy for Supervisory Board, Executive Board and Leadership Team. The Supervisory Board oversees the process by regularly reviewing this diversity policy and its implementation to ensure enforcement. We actively promote diversity across the employee lifecycle, leveraging this framework to address these aspects and the complexity around (gender) diversity, especially in a company like Kendrion where the demand for technical and Science, Technology, Engineering and Mathematics (STEM) skills is high.

Diversity – Actions
Diverse and inclusive teams make our organization more agile, creative, and innovative. While our overarching focus embraces diversity in its broadest sense, our strategic approach is for now directed at the improvement of gender balance in leadership and technical roles. Through building engagement around gender equality among managers and other (senior) employees, implementing concrete actions and initiatives, and providing insights into possible barriers, we aim to increase sustainable gender diversity across the organization. Leadership support and shared responsibility form the backbone of our approach, guiding us in establishing a truly diverse and inclusive workplace. Key priorities within our diversity framework include:

- Recruitment of diverse employees: Ensuring that our recruitment process is unbiased, signalling our interest in a diverse candidate pool; supporting applications from a diverse group; and clearly communicating these expectations to our recruitment teams.

- Developing and maintaining a robust pipeline of diverse talent.
- Retention and promotion of talents with diverse backgrounds, nationalities, and genders: Covering various aspects such as reward, recognition, benefits, work allocation, performance management, and career development.
- Advancement into management roles: Preserving an environment that fosters the growth of a diverse group of talents into management, technical, and other leadership roles.

Achieving social change for female employees, particularly in the workforce, remains a topical theme. Overall, social change for female employees is a multifaceted topic that requires consistent effort not only from employers but also from their employees. Building on our employee wellbeing program we established The Circle of Trust, providing female Kendrion employees access to a trusted network and a confidential support line. The primary objective of The Circle of Trust is to foster a safe and ethical working environment and promoting female empowerment and well-being. Through our trusted network and confidential support line of The Circle of Trust, we create a sense of community, contributing to the advancement of social progress for female employees.

Kendrion is also a proud signatory of the German Charta der Vielfalt (Diversity Charter). Supported by the German Commissioner of the Federal Government for Migration, Refugees and Integration, the charter promotes the recognition, appreciation, and integration of diversity in business culture.

Diversity – Metrics & targets
To meet the minimum threshold requirement of 33%, our 2024–2028 target framework sets a current necessary improvement of 13.8% in female FTE for our indirect staff within our Business Groups, to be achieved over multiple years. Kendrion is committed to reshaping the composition of Kendrion´s Leadership Team, so that, over time, at least 33% the team comprises women, and at least 33% comprises men. According to Kendrion's diversity policy for the Supervisory Board, at least 33% of the Supervisory Board shall consist of women, and at least 33% shall consist of men. The target-setting process was led by the Executive Board and General Counsel, with limited direct involvement from the internal workforce.
We developed our diversity targets through a detailed assessment of the current state across business groups, focusing on diversity within functional areas. The Management Team (MT) then discussed and set ambitious yet achievable targets, considering diversity metrics and staff turnover rates to gauge feasibility. The HR Committee reviewed and aligned the approach with Kendrion's diversity objectives before the final targets were presented to leadership, ensuring clarity and commitment across the organization.

To track progress and effectiveness, the diversity figures are reviewed quarterly and reported to the Executive Board and Supervisory Board. This allows us to monitor the progress of the targets, assess trends, and make adjustments where necessary. While the target-setting process was informed by internal discussions and data, it is an ongoing effort to continuously improve and address any lessons learned or challenges along the way.

Kendrion has also established targets related to nationality. According to the diversity policy, the Management Team should include representatives from at least two regions where Kendrion operates. Furthermore, Kendrion's diversity policy incorporates a background diversity objective. According to this policy, at least one member of the Executive Board, and at least three members of the Management Team, and 30% of the Leadership Team should possess experience in international industrial business.

Kendrion's workforce comprises 37 nationalities (2023[1]: 43) across 8 countries (2023: 8). Furthermore, 43% of our workforce is female (2023: 44%), reflecting a healthy balance of backgrounds, nationalities, and gender throughout the organization. The current composition of the Supervisory Board, consisting of two female members and two male members, aligns with the 33% gender diversity target. The Leadership Team consists of 16% women and 84% men, thereby the identified gender diversity targets for the Leadership Team have not yet been met. The nationality diversity objective for the Management Team has been met. In the case of the Supervisory Board and the Executive Board, the objective is to maintain appropriate nationality diversity. In the Supervisory Board one member holds German nationality, reflecting Kendrion's significant operations in Germany. For the background diversity objective for the Supervisory Board, please refer to the Supervisory Board 'Profile outline' which is available on Kendrion's corporate website. The composition of the Executive Board, the Management Team and the Supervisory Board align with their respective background diversity objectives.

Engaging with own workforce

Kendrion upholds freedom of association and the right to collective bargaining. Works councils and employee representatives have been appointed at Kendrion's major operating companies in Germany as well as Kendrion's operating companies in the Netherlands and Romania. These works councils and employee representatives are involved in a wide range of employment, health & safety, and social issues, in accordance with local labour legislation. Regular meetings and consistent communication provide employees with opportunities to raise questions and contribute valuable input.

[1] 2023 values have been recalculated excluding the divested Automotive business.

We believe that constructive interaction with our works councils and employee representatives fosters a more engaged and satisfied workforce, leading to improved productivity and morale. We appreciate the efforts of our works councils and employee representatives in voicing and addressing the needs and questions of our employees.

Engaging with own workforce – Policies
To foster a culture of trust, transparency, and accountability, it is essential for the company to provide employees with a safe avenue to voice concerns anonymously. Recognizing this need, the implementation of the Speak-Up Policy underscores our commitment to creating an environment where employees feel empowered to address issues without fear of retaliation.

The Speak-Up Policy outlines the importance of open communication, aligns with our core values of integrity and respect, and defines a clear and confidential process for raising concerns. By enabling anonymous reporting, the company reinforces its dedication to identifying and addressing potential problems promptly, ensuring a workplace where everyone can thrive.

Engaging with own workforce – Actions
We perform regular employee satisfaction and culture surveys. Monitoring the results enables us to better understand developments and requirements to uphold our positive, engaging, and inclusive company culture. Our most recent survey took place in 2022 and we anticipate preparing a subsequent employee survey in 2025. The outcomes of the 2022 survey revealed, among other insights, that our employees feel a strong connection with Kendrion as an employer and that they feel valued and appreciated. Specifically, satisfaction regarding recognition and opportunities for growth and development were positive.

Moreover, the survey affirmed our employees' capacity and willingness to thrive in times of change, going the extra mile to contribute to Kendrion's success.

Direct managers play a crucial role in fostering a positive employee experience. At the same time, employees have requested more support and communication concerning changes affecting the organization or their work. The CEO holds the most senior role in the company, overseeing and ensuring effective engagement with the internal workforce.

In some of our sites in Germany, we have a dedicated representative body for employees with disabilities. Elected by disabled employees employed with our German entities, this body serves as an advocacy group, ensuring their interests are represented and their needs are addressed. Working closely with management and the works council, it plays a key role in fostering an inclusive and supportive work environment.

We encourage our employees who have a concern about a (suspected) violation of our Code of Conduct or any related policy – to speak up and express their concerns. Our Speak-up Policy provides guidance on how to raise concerns and the way in which reported concerns are handled. Our reporting procedure includes a global Speak-up line managed by an external party through which employees who feel uncomfortable raising their concerns with their direct manager, higher management, or their HR manager, can speak-up and raise their concerns anonymously. The Speak-up line offers phone and web-based reporting and is available to our employees twenty-four hours, seven days a week. The Speak-up line is also accessible to external stakeholders of Kendrion that wish to make a report and raise their concerns about a(n) (alleged) breach of the Code of Conduct or related policies. The Speak-up Policy and the contact details of our Speak-up line are also published on our corporate website.

Engaging with own workforce - Metrics & targets
Allowing employees to form unions and engage in collective bargaining forms a part of fair labor practices and human rights. Kendrion upholds freedom of association and the right to collective bargaining. Works counsels and employees have been appointed at Kendrion's major operating companies in Germany as well as certain operating companies in the Netherlands, Romania and Austria. Approximately 77.4% (2023[1]: 76.9%) of all Kendrion employees are represented by these works' councils and employee representatives. Moreover, approximately 73.0% (2023: 56.6%) of employment contracts are governed by or follow the collective bargaining agreements for the metal industry. We do not have any agreements in place for employee representation through a European Works Council (EWC), a Societas Europaea (SE) Works Council, or a Societas Cooperativa Europaea (SCE) Works Council.

Reports of potential or suspected misconduct or other issues can be made by employees in their native language. In 2024, 2 (2023: 7) reports were made through the Speak-up line. These reports were assessed by the Compliance Committee and, where appropriate, further investigated or advised upon. Violation of the Code of Conduct may lead to sanctions, including termination of employment. None of the reports made through the Speak-up line in 2024 resulted in a dismissal of employees. In addition, no material fines or damages have been reported. No specific targets are set for the engaging with own workforce metrics.

[1] 2023 values have been recalculated excluding the divested Automotive business.

Own workforce - Metrics & targets

FTE	Permanent				Fixed Term				Temporary				Total FTE					
	Male		Female		Male		Female		Male		Female		Male		Female		Total FTE	
Netherlands	82	87%	14	81%	6	7%	1	3%	5	6%	3	15%	93	84%	18	16$	111	100%
Germany	472	92%	227	93%	35	7%	14	6%	7	1%	2	1%	514	68%	244	32%	758	100%
Sweden	1	100%	1	100%	0	0%	0	0%	0	0%	0	0%	1	50%	1	50%	2	100%
Austria	8	89%	3	100%	0	0%	0	0%	1	11%	0	0%	9	75%	3	25%	12	100%
Romania	83	99%	287	99%	1	1%	2	1%	0	0%	0	0%	84	23%	289	77%	373	100%
India	37	84%	5	71%	7	16%	2	29%	0	0%	0	0%	44	86%	7	14%	51	100%
China	24	18%	48	41%	77	57%	39	34%	34	25%	29	25%	135	54%	116	46%	251	100%
USA	31	100%	19	100%	0	0%	0	0%	0	0%	0%	0%	31	62%	19	38%	50	100%
Total	738	81%	605	87%	127	14%	58	8%	47	5%	34	5%	912	57%	696	43%	1,609	100%

Headcount	Netherlands		Germany		Sweden		Austria		Romania		India		China		USA		Total	
Under 30 years	25	10%	142	57%	0	0%	1	0%	28	11%	25	10%	18	7%	11	4%	250	100%
30 – 50 years	59	7%	385	44%	0	0%	5	1%	226	26%	25	3%	166	19%	16	2%	882	100%
Over 50 years	32	6%	333	64%	2	0%	4	1%	119	23%	1	0%	4	1%	23	4%	518	100%
Total	116	7%	860	52%	2	0%	10	1%	373	23%	51	3%	188	11%	50	3%	1,650	100%

Accidents
(per 1,000 FTE)

2024 TARGET
8.4

2024
9.3

Lost Time Injuries
(in days)

2024 TARGET
193

2024
248

Illness rate

2024 TARGET
5.2%

2024
5.2%

Diversity@Kendrion

37 nationalities
8 countries

43% female workforce

Reporting Definition & Scope

The reported figures for FTE and Headcount represent the year-end numbers of the reporting period. An FTE (Full-Time Equivalent) represents the hours worked by an employee as a proportion of the standard full-time workload. As an headcount counts each employee independent of the number of working hours hired through a Kendrion legal entity.

Kendrion reports the total number of work-related accidents during working time or on the way to or from work for its own employees and independent contractors under supervision of Kendrion. Only the accidents that the group entity had to report to an external institution are reported. As of 2017, Kendrion reports accidents from all group entities that caused an absence of more than three calendar days, not including the day of the accident. This definition is based on regulations applicable in Germany. In addition, Kendrion reports the absence resulting from work-related accidents.

The Lost Time Injury (LTI) is time ('scheduled working days') that could not be worked (and is thus 'lost') as a consequence of an employee being unable to perform the usual work due to an occupational accident ('at work accident' as well as 'way-to work accident') or disease. Kendrion makes no difference in whether the salaries or wages were paid by Kendrion or by an external institution during that time. A return to limited duty or alternative work for the same organization does not count as 'lost days'. Counting of 'lost days' begins with the first scheduled working day of full absence (e.g. the day after the accident). The count of 'absent days' due to a work-related accident ends when the employee either is fully back to work or is absent from work for other reasons (e.g. vacation, reduction in overtime, etc.). A lost day counts as one full day regardless of whether the employee has a part-time or a full-time contract. Kendrion does not specify LTI data per region, worker type or gender as Kendrion considers this information not relevant to its current operations. No fatalities have taken place due to work related accidents or injuries.

The reported illness rate is based on the total illness hours. The total illness hours with and without wage continuation is divided by the total timetable hours.

An employee at Kendrion is defined as a person who holds a direct employment contract with one of Kendrion's legal entities. Non-employees at Kendrion sites are exclusively temporary workers hired through third parties.

We have calculated the unadjusted gender pay gap at 40.7%, based on all employees who received a salary in 2024. The unadjusted gender pay gap is influenced by a significant number of female direct production workers, particularly in our production location in Romania. To provide a more accurate view, we have also estimated an adjusted gender pay gap based on location and age group cohorts for direct employees, indirect employees, and the Leadership Team.

The adjusted gender pay gap for the Leadership Team is not meaningful due to the absence of comparable roles performed by both genders. The estimated adjusted pay gap for direct workers is 11%, and for indirect workers, it is 7%. The annual total remuneration ratio in 2024 was 21.

56.2 **Wage costs per FTE** (EUR 1,000)	**1,205** (73%) **Employees covered by collective bargaining** (number)	**31** **Employees at top management level (FTE)**	**35** (18m /17f) **Employees that took family related leave**
2023 **55.9**	2023 **819** (56.6%)	**32** (6f/26m)	no data

52 **Employees with disabilities** (headcount)	**20** **Overall employee turnover rate** (%)	**348** **Employee who left the company** (number)	**1.9** (84% m/ 16% f) **Employee at top management level** (%)	**922/729** (m/f) **Headcount by gender**
no data	2023 **20**	2023 **298**	2023 **1.9%** (81% m/19% f)	2023 **861m/587f**

The annual total remuneration ratio is the annual total remuneration of the highest paid individual divided by the median annual total remuneration minus the highest paid individual remuneration. The pay ratio is influenced amongst others by the geographical locations, type of business, part-time employees and currency volatility.

The disclosure of gender pay gap contains the basic salary plus remunerations for each entity, separated by direct and indirect employees. Remuneration includes payment for overtime and bonuses. For part time employees the regular monthly salary and remuneration is calculated to 1 full time equivalent (FTE), to have a common ground for comparison.

The gender pay gap is affected by the geographical areas and types of business (such as manufacturing or developing) in which Kendrion operates and consequently country differences exist. Kendrion will continue to improve on its analysis and further alignment to ensure a good basis for future actions. We calculate the gender pay gap as the difference between the average hourly pay for men and the average hourly pay for women, divided by the average hourly pay for men.

Based on the country the regulation for disability reporting can vary. Kendrion´ s CSR reporting is aimed to achieve an aligned reporting standard for the disability KPI. Employees with disabilities refers individuals employed by Kendrion who have a documented physical or mental impairment that restricts their ability to perform certain activities. These impairments can include but are not limited to: 1. Physical disabilities, 2. Sensory disabilities, 3. Mental disabilities, 4. Invisible disabilities. Kendrion distinguishes two criteria for the determination of disabled employees:

1. The reporting of a disability indicator is relevant where the company must adjust the workplace or the defined job description to adapt to the circumstances of the employee. The adjustments in this relation should be beyond the standard safe and healthy measures implemented in the company.

2. As already mentioned, the disability regulations can vary based on the country the company is located in. These specifications should not be neglected in the CSR reporting and as well considered in the calculation of the disability indicators.

Both definitions add up to a set of criteria to identify the disabled employee and to report the indicator accordingly. 5.7% of the reported people with disabilities are subject to legal restrictions on the collection of data.

	Collective bargaining agreement		Social dialogue
Coverage Rate	Employees – EEA (for countries with > 50 empl. Representing > 10% total empl.)	Employees – Non-EEA (for countries with > 50 empl. Representing > 10% total empl.)	Workplace representation (EEA only) (for countries with > 50 empl. Representing > 10% total empl)
0 – 19%	Germany		
20 – 39%			
40 – 59%			
60 – 79%			
80 – 100%	Germany; Romania	China	Germany; Romania

At Kendrion all employees are generally entitled to family-related leave.

We are committed to fair and competitive wages that support our employees' well-being and reflect their valuable contributions. We regularly review our pay structure to meet or exceed industry standards, ensuring our team can thrive both inside and outside of work. We believe that adequate wages are fundamental to building a resilient, motivated workforce and, ultimately, to the success of our company.

Our Leadership Team consists of around 30 executives of the company and include the Executive Board (CEO and CFO) and the Management Team (which in addition to the Executive Board members also consists of Managing Director IAC, IB, President of Asia, CIO, General Counsel next to the Executive Board).

The wage cost used to calculate the wage cost per FTE is calculated based from the staff costs detailed in our financial statement on page 198 subtracted by other staff costs that is not specified in detail in the financial statement, but is displayed in the total value of staffed costs.

ESRS S2 – Workers in the value chain

Our responsibility to the workforce driving the value chain

The workforce within the value chain plays a crucial role in ensuring the efficiency, sustainability, and ethical operation of any organization. From raw material extraction to production, distribution, and beyond, workers at every stage contribute to the creation and delivery of goods and services. In our operations, the value chain is primarily impacted by the extraction of key raw materials such as steel, copper, and aluminium.

Understanding the impacts on these workers, especially within these sectors, is critical given the risks and opportunities identified in our value chain. These include negative impacts such as forced labour and child labour in the metal supply chain. Addressing these issues is not only essential to fostering a value chain that aligns with organizational values, meets regulatory expectations, and promotes social responsibility, but also for mitigating risks and seizing opportunities to drive positive change.

For the 2024 reporting , "Workers in the Value Chain" has been identified as a material topic under the ESRS. However, it is important to note that this issue is considered materially relevant primarily for Tier 3 and Tier 4 suppliers, where Kendrion´s direct control is inherently limited. Therefore, this assessment of risks is primarily based on publicly available sources. Further details on our approach can be found in the DMA process under page 50. The workers in the downstream value chain are reported under chapter S4 which focuses on customer, consumers and end-users. For the reporting period 2025, Kendrion intends to conduct a comprehensive reassessment of the double materiality analysis, which will include a peer review to benchmark practices and align with industry standards. Kendrion may choose to adjust its reporting scope based on this reassessment and not report on "Workers in the Value Chain" in future reporting periods if it is no longer deemed material

Policies

Kendrion's Supplier Code of Conduct highlights the company's commitment to ethical business practices and the well-being of workers across its supply chain. The policy was signed-off by our General Counsel and Executive Board. The code requires suppliers to uphold fundamental human rights, ensuring fair wages, safe working conditions, the prohibition of child and forced labour and environmental protection including the responsible management of materials. It also emphasizes the importance of non-discrimination and the right to freely chosen employment. While trafficking is not explicitly mentioned in our Supplier Code of Conduct, our commitment to human rights includes addressing industry-specific risks. Our Supplier Code of Conduct contains an explicit section on the prohibition of forcibly removing individuals from their land or region, which more closely reflects the potential risks relevant to our industry. While our Supplier Code of Conduct does not explicitly reference specific international standards, it is guided by the core principles of the International Labour Organization (ILO) standards and the Universal Declaration of Human Rights. Additionally, our tier-1 suppliers commit to imposing a Supplier Code of Conduct within their own supply chains, further strengthening the connection to our Impact, Risk, and Opportunity (IRO) considerations and reinforcing responsible business practices throughout the value chain. New suppliers are required to adhere to the principles and standards outlined in our Supplier Code of Conduct, which includes Kendrion’s right to audit the supplier’s site to assess compliance. Over time, our goal is for all suppliers, both new and existing, to fully comply with these standards. As part of our ongoing efforts, we are currently reviewing our full supplier base in 2024 to identify any suppliers who have not yet adhered to the Code, and we are reaching out to them to ensure they align with our expectations. By upholding these standards, Kendrion aims to foster a responsible and sustainable supply chain that reflects its core values and commitment to social responsibility.

Actions

Sustainable Sourcing
Kendrion is committed to improving efficiency and transparency in its supply chain by sourcing materials in ways that are both environmentally responsible and socially sustainable. Our long-term sustainability goals go beyond energy efficiency and carbon footprint reduction, extending our commitments to multiple facets of the value chain. A key part of this commitment is the careful selection of suppliers, based on selected criteria that include sustainability standards. Each supplier is required to sign and comply with the Kendrion Supplier Code of Conduct, which addresses adherence to essential standards around human rights, workplace safety, environmental protection, and ethical business practices.

Impact

- Forced labour in metal supply chain (negative)
- Child labour in metal supply chain (negative)

As an integral part of a supply chain with a strong focus on product development and manufacturing, Kendrion collaborates with its Tier-1 suppliers to maintain high standards for quality and sustainability of materials and end products. We are committed to making a meaningful contribution to our supply chain's impact by engaging proactively with suppliers to assess and enhance their environmental and social performance. This emphasis on responsible sourcing includes a continuous focus on ESG criteria within our supplier selection and evaluation processes.

Concerns from workers in the value chain can be raised through our Speak-Up Policy referred in chapter G2 – Business Conduct on page 101. In 2024, no severe human rights violations were reported under our closed reports raised through the Speak-Up line.

The sourcing of certain minerals—particularly tantalum, tin, tungsten, and gold, collectively known as "conflict minerals"—is associated with human rights concerns and conflict. Although Kendrion does not source these minerals directly, we conduct thorough inquiries to ensure that materials supplied to us are conflict-free, and we require suppliers to submit a conflict mineral reporting template or similar documentation to validate compliance. As stated under "Policies" adherence to our Supplier Code of Conduct is mandatory, which includes specific restrictions on the use of conflict minerals to prevent links to unethical practices.

Permanent magnets, some of which contain rare earth metals, are essential to the functionality of certain Kendrion products, especially in achieving product specifications such as torque in industrial brakes. Although the volume of rare earth magnets we use is limited, we strive to minimize reliance on them due to the energy-intensive nature of rare earth metal mining and refining. We aim to use the smallest feasible amount while ensuring product performance.

In alignment with our 2024-2028 ESG program, Kendrion has advanced its supplier selection and evaluation processes. This year, we introduced a supplier sustainability questionnaire, sent to our top 50 suppliers, containing specific questions aligned with our sustainable sourcing metrics visible in our ESG strategy on page 47. This tool allows us to better understand each supplier's sustainability practices and to comply with both stakeholder expectations and regulatory demands.

Additionally, Kendrion has implemented an internal supplier risk assessment process. This system uses internationally recognized indices—such as the Country Risk Classification, Global Rights Index, Global Slavery Index, Environmental Performance Index, Transparency International Corruption Index, Human Freedom Index, and Human Development Index—to evaluate and prioritize risks within our Tier 1 supply chain. By focusing on high-risk areas, this assessment enables Kendrion to address and mitigate potential risks in the riskiest segments of our upstream supply chain. The suppliers identified as high-risk have as well received the forementioned questionnaire in order to achieve an initial understanding of their actions regarding ESG topics. This proactive engagement with suppliers is not only intended to manage risks but also to collaboratively foster social and environmental improvements, keeping sustainability as a fundamental part of our supply chain operations.

Metrics & targets

Kendrion carries out audit procedures to confirm that suppliers adhere to the standards and principles outlined in the Supplier Code of Conduct. These supplier audits are conducted internally by Kendrion employees, following an established procedure. This includes collecting corporate responsibility documentation from suppliers who are ISO certified, and utilizing standardized self-assessment questionnaires for those who are not ISO certified.

If an audit reveals that a supplier does not meet the Supplier Code of Conduct's requirements, a meeting is held to request that the supplier develops a remediation plan. Failure to properly implement the plan may lead to the termination of the supplier relationship.

The results of the 16 supplier audits conducted in 2024 (2023[1]: 18) have been positive, as most suppliers complied with our audit procedures. Similar to 2023, no suppliers failed to meet the recommended requirements for adherence to the Supplier Code of Conduct. However, there were a few instances where follow-up was necessary to clarify certain responses.

Kendrion has set a target to send the sustainability questionnaire each year to a new group of 50 suppliers, with a focus on those providing product-related materials. This approach ensures that we gather updated information from each material supplier every two to three years, allowing us to track progress and maintain a comprehensive understanding of their sustainability practices over time. The results of the questionnaire are currently still under review. Any additional targets arising from these responses will be reported in the next reporting period.

Through this approach and these initiatives, Kendrion actively encourages its suppliers to take responsibility for addressing issues within the supply chain.

[1] 2023 values have been recalculated excluding the divested Automotive business.

ESRS S4 – Consumers and end-users

Commitment to Consumer and End-User Well-Being

At Kendrion, we recognize the pivotal role our direct customers and end-users play in driving the development and delivery of actuators and control systems that not only meet but exceed expectations. We are dedicated to aligning our operations and products with the principles outlined in ESRS S4, ensuring the well-being, safety, and satisfaction of those who interact with our offerings.

The positive impacts identified in our DMA highlight the wide range of end-users benefiting from our products. Products designed with enhanced safety features help reduce the risks of accidents and injuries for consumers, industrial workers, and machinery operators. Similarly, products that prioritize safety, such as fire prevention and security systems, benefit individuals in transportation, drivers, and passengers, as well as factory workers and communities.

Products that improve health have an impact on patients and healthcare professionals, providing reliable medical devices and systems that enhance care quality and outcomes. These innovations also support broader consumer well-being by promoting health and reducing risks. Additionally, products that reduce climate change positively affect communities, businesses, and individuals by lowering carbon emissions and contributing to a cleaner, more sustainable environment. This includes renewable energy solutions, energy-efficient vehicles, and sustainable industrial technologies.

Together, these products reflect a focus on developing sustainable solutions that positively impact end-users across diverse sectors and demographics.

In line with the EFRAG requirements, the consideration of customers in this report is addressed under the chapter S4, as it pertains to end-users and consumers. While we recognize that certain impacts related to product safety in the downstream value chain might affect workers, these are appropriately covered in S2. There is no double reporting of customer-related matters between S2 and S4, with clear distinctions made between customer and worker impacts across these sections.

Policies

Our operations are focused on delivering high-quality products that aim to provide value to consumers and end-users. We work to meet or exceed expectations in terms of safety, reliability, and performance. This commitment is outlined in our quality policy, which is designed to uphold and continuously improve our standards. Kendrion's quality policies are managed independently at each site, ensuring alignment with local requirements while reflecting the high-quality standards we uphold across our business. As these policies are managed at the local level, they require approval from the General Managers of each location to ensure compliance and consistency with our overall quality framework.

Our quality approach emphasizes process-oriented thinking and action throughout the entire value chain, ensuring efficiency and consistency in all aspects of production. By achieving certification in accordance with ISO 9001, we adhere to internationally recognized quality management standards. We prioritize the continuous development and improvement of our quality management system to enhance its performance and effectiveness.

A key aspect of our commitment to quality is the involvement and development of our suppliers, ensuring that materials and components meet our high standards. Additionally, we invest in the training and development of our employees to foster expertise and maintain a strong culture of quality.

Our quality policy also incorporates a risk management process aligned with ISO 31000, enabling proactive identification and mitigation of potential quality issues. Furthermore, we define and measure quality objectives and costs, ensuring accountability and fostering continuous improvement.
Our quality policy serves as a general guideline for our quality standards. For identified material impacts, risks, and opportunities, we do not have a dedicated policy in place and currently have no plans to implement one.
Through our focus on quality, we strive to provide products that fulfil their purpose while prioritizing the safety, satisfaction, and trust of end-users. This commitment not only benefits our customers but also reinforces our reputation as a company dedicated to excellence.

Impact

⊕ Products safety (positive)
⊕ Products that keep you safe (positive)
⊕ Products that improve health (positive)
⊕ Products that reduce climate change (positive)

Actions

Quality as a Cornerstone
At Kendrion, quality is not just a metric—it is the foundation of everything we do. Our components and systems are critical to the safe, efficient, and reliable operation of our customers' end products, often in demanding and safety-critical applications. Whether it's a precise electromagnetic actuator in medical devices, a high-performance brake in industrial automation, or an energy-efficient heating solution, the success of our customers' products is among other criteria also dependent on the consistent quality and performance of our solutions.

Our focus on quality is about ensuring the functionality, reliability, and longevity of the end products that incorporate our technology. By embedding excellence into every stage of development, from design to manufacturing and rigorous testing, we ensure that our customers can trust Kendrion to deliver components that seamlessly integrate into their systems and enhance overall product performance.

Through this commitment, we not only fulfil customer expectations but also contribute to their innovation and market success, reinforcing our position as a trusted partner in delivering high-quality, reliable, and safe solutions across industries.

All producing Kendrion locations are ISO 9001 certified, but our commitment to quality transcends compliance with ISO 9001 standards. By implementing robust quality management systems and leveraging advanced process control mechanisms, we ensure that every product leaving our facilities adheres to the highest standards of excellence.

For instance, the Kuhnke FIO Safety PLC and Safety I/O modules are designed to integrate seamlessly into any EtherCAT® network and comply with IEC 61508 SIL3 and DIN EN ISO 13849 PLe requirements. These certifications confirm the products' reliability and safety in demanding industrial applications.

Additionally, Kendrion's product portfolio includes components tailored for safety-critical applications. For example, the INTORQ BFK458 spring-applied brake is certified for use in explosive environments (Zone 2 and Zone 22) and meets the requirements of temperature class T4. It is also validated as an operational brake, showcasing Kendrion's commitment to safety even in the most challenging conditions.

One of the key pillars of our quality assurance framework is End-of-Line (EOL) Testing. This rigorous testing ensures that products undergo a comprehensive evaluation before being delivered to the end-user. EOL testing is specifically designed to simulate real-world conditions and verify that each component meets or exceeds performance, safety, and durability requirements. By incorporating this final validation step, we significantly reduce the risk of product defects and enhance consumer confidence.

This thorough testing not only safeguards product quality but also aligns with our ESRS S4 goals by prioritizing consumer safety and reducing the likelihood of defects or recalls.

Customer-Centric Practices
Kendrion conducts customer satisfaction surveys every two years to assess and improve products and services. These surveys evaluate key aspects such as product quality, delivery schedules, service availability, response times, and the handling of customer concerns. Feedback from these surveys provides actionable insights that drive enhancements across our operations.

Agile Collaboration with Customers
Kendrion adopts an agile approach in product development, working closely with customers to meet their specific requirements efficiently. This collaborative method fosters:

- Constant Communication: Maintaining an open dialogue to understand customer needs.
- Quick Clarifications: Resolving potential ambiguities early in the process.
- Intermediate Goals: Setting milestones to minimize risks and ensure alignment.

Kendrion prioritizes engagement with direct customers to understand and address their needs. However, due to our position in the value chain, direct interaction with consumers and end-users is limited, as our products are components within broader applications involving multiple downstream customers. Consequently, an involvement of the stakeholder consumers and end-users does not take place. Nevertheless, we remain committed to responsible business practices, and our Speak-Up Procedure, detailed in chapter S1 and G1 of this integrated annual report, provides a channel for stakeholders to raise concerns or report misconduct.

Metrics & targets

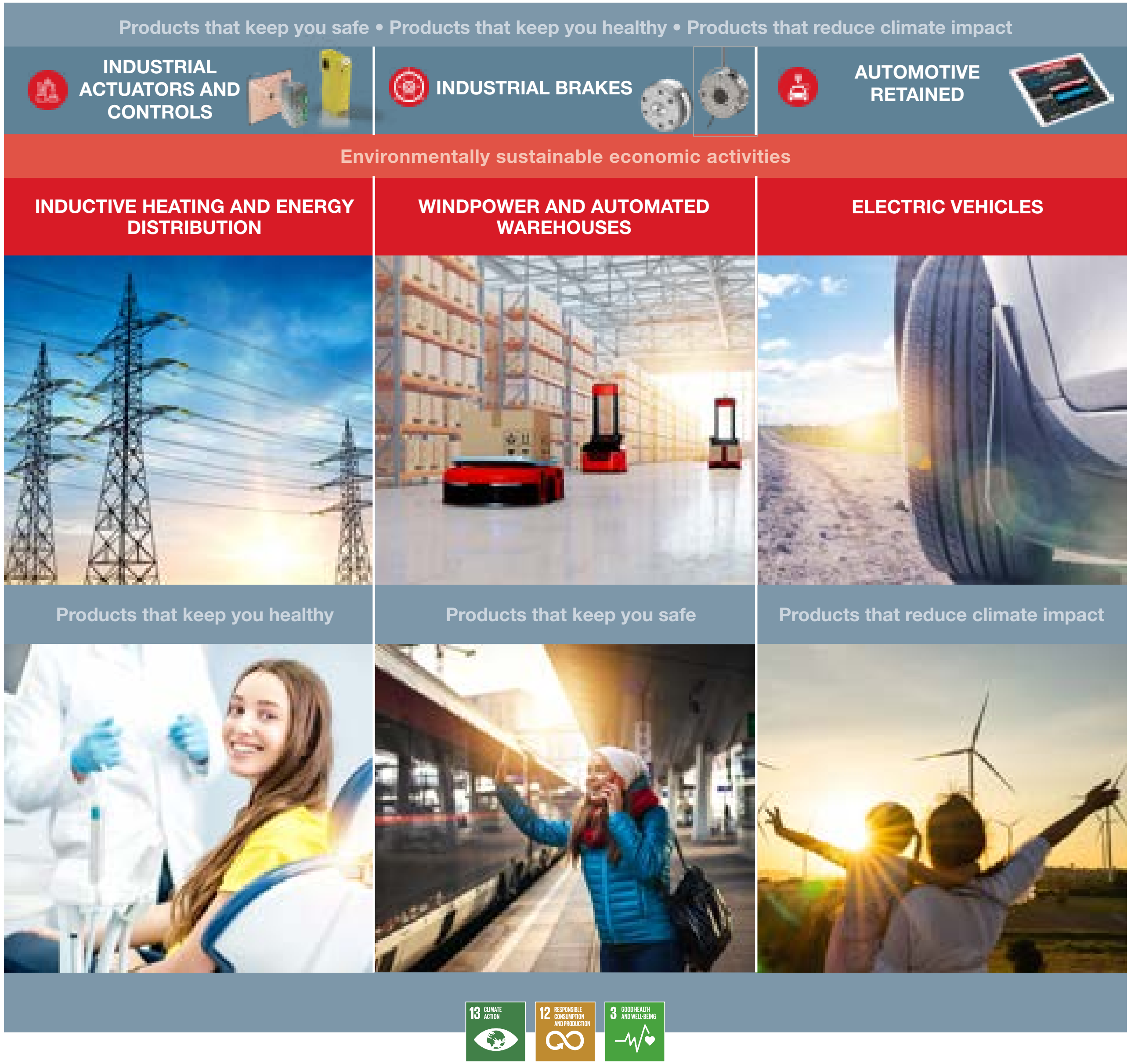
A Responsible Product Portfolio
Kendrion takes pride in maintaining a responsible product portfolio that emphasizes safety, health, and sustainability.
The categories include:

- Products that keep you safe: including safety brakes for elevators and FIO safety PLC's
- Products that improve health: including respiratory support components and valves for dialysis equipment
- Products that reduce climate impact: including electromagnetic brakes for wind turbines and emission free heating solutions for various industrial processes. These products categorized under ESRS S4 are aligned with the objectives of ESRS E1 on climate change mitigation and adaptation.

A significant and growing portion of Kendrion’ s portfolio is allocated to these impact-driven products. In 2024 total revenue from these products made up more than 40% of Kendrion’ s total product portfolio. Kendrion targets the growth of these products to outpace the growth of the general portfolio. Actions in this area are expected to grow in response to the market trends.

Contributing to a sustainable future
Kendrion’s alignment with ESRS S4 is underpinned by our commitment to consumer and end-user well-being. Through stringent quality standards, innovative product development, and active customer engagement, we strive to create value while driving positive societal impact. No specific external targets have been set in this regard, due to the inherent distance to the actual end-users of our products, as well as the measurement limitations outlined above. As part of our commitment to customer satisfaction, we have established processes for handling reported failures and complaints from clients. These processes are managed at the business group level, ensuring timely and effective resolution by those closest to the issue. Claims involving material financial amounts or significant risk factors are escalated and consolidated at the group level for further assessment and resolution.

Kendrion remains committed to upholding the highest standards by continuously increasing the delivery of our responsible product portfolio designed to keep consumers and end-users safe and healthy. By integrating sustainability, safety, and collaboration into our practices, Kendrion strives to be the benchmark for excellence in the industrial components sector.



ESRS G1 – Business conduct

Responsible Business Conduct

At Kendrion, we strive to conduct our business with fairness, integrity, and transparency. We aim to uphold the highest standards of ethical conduct across all our business activities. Our commitment to fostering a strong corporate culture is rooted in integrity, and we provide clear guidance to our employees on expected behaviours, while also setting expectations for our stakeholders, including suppliers.

As part of this commitment, we have identified in our DMA Business Conduct as a material topic and a key priority for our organization. This includes a focus on business ethics and sustainable sourcing practices, which are integral to our long-term success and responsible business conduct.

References to the expertise of our Executive Board, Supervisory Board and Management Team including compliance and business conduct will be further disclosed under chapter ESRS 2 on page 46.

Commitment to Ethical Business Practices
We are keen to uphold the highest standards of business ethics across all our operations. We believe that ethical behavior is foundational to our success and to building trust with our stakeholders. To this end, we have established a culture in which ethical values and responsible conduct are not just encouraged but expected at all levels of the organization.

Policies

Corporate Values and Internal Policies
Our commitment to ethics is guided by a set of internal policies and procedures that define our expectations and provide a framework for ethical behavior. These policies are designed to ensure compliance with all relevant laws and regulations while fostering an environment where integrity is at the core of every decision. Key policies include the Code of Conduct, Anti-Bribery and Anti-Corruption Policy, Speak-Up Policy, Fair Labour and Human Rights Policy, Competition Compliance Manual, Insider Trading Code, Data Protection Governance Guidelines, Personal Data Breach Reporting Procedure, and Supplier Code of Conduct, among others. All policies are communicated through internal and external channels such as Kendrion´s website or the Intranet and are directly sent to all employees when necessary.

These policies are not only designed to set standards but also to ensure that our practices align with both legal requirements and global ethical norms. Our Code of Conduct serves as the cornerstone of these efforts, reflecting the values of The Kendrion Way and emphasizing integrity as a core principle. With a diverse workforce of over 1,609 employees spanning 37 nationalities, we recognize the importance of having a unified set of ethical standards that guide our behavior across all locations and cultures.

Zero Tolerance for Bribery and Corruption
Kendrion maintains a strict zero-tolerance policy toward bribery and corruption. We define bribery not only as the offering, promising, or giving of payments or benefits to improperly influence business outcomes, but also the acceptance of such offers. Certain departments may naturally face heightened exposure to corruption and bribery, such as finance and sales, respectively. Our Anti-Bribery and Anti-Corruption Policy outlines guidelines for preventing unethical practices, emphasizing the importance of integrity in financial reporting and business conduct. Compliance with this policy is a shared responsibility, and all employees are expected to uphold the highest ethical standards in every business interaction.

Speak-Up Policy
We encourage employees to report any concerns or suspected violations of our Code of Conduct or related policies. Our Speak-Up Policy provides a safe, anonymous way for employees to raise concerns, whether related to ethical violations, misconduct, or other issues. It also provides for adequate protection for employees who file reports under the policy. The Speak-Up line at Kendrion is compliant with whistleblowing regulations, providing a secure and confidential platform for employees to report concerns.

Impact	Risk
⊕ Ethical business behavior	● Corruption and fraud ● Harassment and discrimination

The Speak-Up Line is managed by an independent third party and is available 24/7 through both phone and web-based reporting systems. Reports can be made in any language, and employees can feel confident that their concerns will be handled discreetly and with respect. In December 2024, we transitioned to a more user-friendly platform for our Speak-up line. During this update, we also reviewed and revised our Speak-up policy. Additionally, we took the opportunity to remind employees about the Speak-up line and its procedures.

The Speak-Up Line is also available to external stakeholders who may wish to report potential violations of our policies. Information about the Speak-Up Policy and how to contact the Speak-Up Line is published on our corporate website to ensure transparency and accessibility.

Responsible tax practices
Our approach to taxation is consistent with the ethical standards set forth in our Code of Conduct and reflects our commitment to responsible business conduct. We report taxable profits in the jurisdictions where value is created, in compliance with local tax regulations and international standards, including the OECD Guidelines for Multinational Enterprises. Kendrion does not engage in aggressive tax planning or the creation of entities in tax haven jurisdictions for the sole purpose of tax optimization. Our tax policy prioritizes transparency and aligns with our overall strategy of sustainable, ethical business practices.

For more details on our tax policy, please refer to page 42 of our Corporate Governance Report.

Leadership and accountability
Senior management plays a critical role in leading by example and ensuring that all employees adhere to the values and principles outlined in our policies. We aim to hold ourselves accountable to the highest standards of integrity and strive to apply these principles consistently across all our operations.

By fostering a culture of ethical conduct and reinforcing the importance of compliance, we aim to maintain the trust of our employees, customers, shareholders, and all other stakeholders.

Actions

Training and Education for Ethical Behavior
We are committed to ensuring that every employee understands, embodies, and promotes the ethical principles laid out in our Code of Conduct. The Code of Conduct is part of the onboarding process in multiple entities within our organization. At these locations, the employees are required to understand, sign off on, and comply with the Code of Conduct. We envisage to further implement this process in our remaining entities in 2025. To reinforce this, we provide ongoing training to all employees, including specialized online courses that focus on critical topics such as bribery, corruption, conflicts of interest, and human rights. 1,520 employees including the Executive Board and Leadership Team have been requested to conduct the anti-bribery and corruption training and 88% completed the training. These training programs empower that employees are equipped with the knowledge and skills to navigate ethical challenges in their everyday work.

Monitoring
To promote adherence to our ethical standards, we have established a monitoring and accountability framework. Compliance with the Code of Conduct and other internal policies is regularly reviewed through quarterly internal reporting procedures. These reports are discussed with senior management to identify areas of improvement and to ensure that we are meeting our ethical commitments.

In addition, we have a Compliance Committee that meets quarterly, or more frequently if necessary.

Our Compliance Committee consists of our (i) CFO, (ii) General Counsel (who acts as the Compliance Officer) and (iii) Group HR. The Compliance Committee is responsible for overseeing our compliance framework, setting annual priorities, and monitoring the execution of those priorities. Furthermore, the Compliance Committee is the key body responsible for reviewing and addressing concerns raised through our Speak-Up Policy, aiming that any complaints are handled appropriately and in a timely manner.

The members of the Compliance Committee are the Chief Financial Officer, the Global HR manager, and the General Counsel (acting Compliance Officer and Secretary of the Committee). If a complaint involves a member of the Executive Board—either directly or indirectly—or a member of the Compliance Committee, the Audit Committee will be engaged to ensure an independent review.

Kendrion Policies

Fair Labour and Human Rights	Anti-bribery and Corruption
Code of Conduct	Diversity
Supplier Code of Conduct	Grundsatzerklärung
Speak-up Policy	

Metrics & targets

Incidents reported in 2024
In 2024, 2 reports were submitted through the Speak-Up Line, compared to 7 in 2023. Each report was reviewed by the Compliance Committee, and appropriate action was taken where necessary.

Other than those 2 reports under the Speak-Up Policy, no other incidents were reported, or complaints have been filed.

No targets are currently set for the ESRS business conduct.

Reference Table

ESRS	Description Disclosure Requirement	Reference chapter in annual report	Pages
ESRS 2 - GENERAL DISCLOSURES			
BP-1	General basis for preparation of sustainability statements	General -> ESRS 2 General disclosure requirements -> General basis for preparation	44 - 47
BP-2	Disclosures in relation to specific circumstances	General -> ESRS 2 General disclosure requirements -> General basis for preparation	44 - 47
GOV-1	The role of the administrative, management and supervisory bodies	Members of the Supervisory Board; Coporate Governance Report	108 - 109; 38 - 42
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	General -> ESRS 2 General disclosure requirements -> General basis for preparation	44 - 47
GOV-3	Integration of sustainability-related performance in incentive schemes	Remuneration Report	115 - 130
GOV-4	Statement on due diligence	General -> ESRS 2 General disclosure requirements -> General basis for preparation	44 - 47
GOV-5	Risk management and internal controls over sustainability reporting	Risk management; General -> ESRS 2 General disclosure requirements -> General basis for preparation	31 - 37; 44 - 47
SBM-1	Strategy, business model and value chain	Business Groups; ESRS 2 General disclosure requirements -> Strategy & 2024-2028 ESG program	13 - 23; 47 - 48
SBM-2	Interests and views of stakeholders	General -> ESRS 2 General disclosure requirements -> Stakeholder engagement	59 - 60
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	General -> ESRS 2 General disclosure requirements -> Impact, Risks and Opportunities	51 - 57
IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	General -> ESRS 2 General disclosure requirements -> Double materiality assessment	48 - 51
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	Reference Table	103 - 106
MDR-P	Policies adopted to manage material sustainability matters	Environment -> ESRS E1 - Climate Change -> Policies, ESRS E2- Pollution -> Policies, ESRS E5 - Resource use and circular economy -> Policies; Social -> ESSRS S1 - Own workforce -> Human Rights - Policies, Health & Safety - Policies, Diversity - Policies, Engaging with own workforce - Policies; ESRS S2 - Workers in the value chain - Policies; ESRS S4 - Consumers and end-users -> Policies; Governance -> ESRS G1 - Business conduct -> Policies	67; 81; 83; 89; 90; 92; 96; 98; 101
MDR-A	Actions and resources in relation to material sustainability matters	ESRS E1 - Climate Change -> Actions; ESRS E2 - Pollution -> Hazardous materials, Actions; ESRS E5 - Resource Use and Circular Economy -> Raw Material Lifecycle in Electromagnet Production, Actions; Social -> ESRS S1 - Own workforce -> Employees - Actions, Human Rights - Actions, Health & Safety - Actions, Diversity - Actions, Engaging with own workforce - Actions; ESRS S2 - Workers in the value chain -> Actions; ESRS S4 - Consumers and end-users -> Actions; Governance -> ESRS G1 - Business conduct -> Responsible Business Conduct -> Actions	67 - 68; 81; 83 - 85; 88 - 89; 89; 90 - 91; 92; 96 - 97; 99; 102

ESRS	Description Disclosure Requirement	Reference chapter in annual report	Pages
MDR-M	Metrics in relation to material sustainability matters	Environement -> ESRS E1 - Climate Change -> Metrics & targets; ESRS E2 - Pollution -> Metrics & targets; ESRS E5 - Resource Use and Circular Economy -> Metrics & targets; Social -> ESRS S1 - Own workforce -> Metrics & targets; ESRS S2 - Workers in the value chain -> Metrics & targets; ESRS S4 - Consumers and end-users -> Metrics & targets; ESRS G1 - Business conduct -> Metrics & targets	69 - 74; 82; 85 - 86; 93 - 95; 97; 99 - 100; 102
MDR-T	Tracking effectiveness of policies and actions through targets	ESRS E1 - Climate Change -> Actions; ESRS E2 - Pollution -> Hazardous materials, Actions; ESRS E5 - Resource Use and Circular Economy -> Raw Material Lifecycle in Electromagnet Production, Actions; Social -> ESRS S1 - Own workforce -> Employees - Actions, Human Rights - Actions, Health & Safety - Actions, Diversity - Actions, Engaging with own workforce - Actions; ESRS S2 - Workers in the value chain -> Actions; ESRS S4 - Consumers and end-users -> Actions; Governance -> ESRS G1 - Business conduct -> Responsible Business Conduct, Actions	67 - 68; 81; 83 - 85; 88 - 89; 89; 90 - 91; 92; 96 - 97; 99; 102
E1 - CLIMATE CHANGE			
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	Remuneration Report	115 - 130
E1-1	Transition plan for climate change mitigation	Environement -> ESRS E1 - Climate Change -> Actions	67 - 68
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	ESRS E1 - Climate Change -> Our commitment to Climate Responsibility, Our Role in the Transition to Clean Energy	67
ESRS 2 IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	General -> ESRS 2 General disclosure requirements -> Double materiality assessment	48 - 51
E1-2	Policies related to climate change mitigation and adaptation	Environment -> ESRS E1 - Climate Change -> Policies	67
E1-3	Actions and resources in relation to climate change policies	ESRS E1 - Climate Change -> Actions	67 - 68
E1-4	Targets related to climate change mitigation and adaptation	Environement -> ESRS E1 - Climate Change -> Metrics & targets	69 - 74
E1-5	Energy consumption and mix	Environement -> ESRS E1 - Climate Change -> Metrics & targets	69 - 74
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	Environement -> ESRS E1 - Climate Change -> Metrics & targets	69 - 74
E1-7	GHG removals and GHG mitigation projects financed through carbon credits		
E1-8	Internal carbon pricing		67 - 68
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Environement -> ESRS 1 - Climate Change -> Actions	
E2 - POLLUTION			
ESRS 2 IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	General -> ESRS 2 General disclosure requirements -> Double materiality assessment	48 - 51
E2-1	Policies related to pollution	ESRS E - Pollution -> Policies	81
E2-2	Actions and resources related to pollution	ESRS E2 - Pollution -> Hazardous materials / Actions	81
E2-3	Targets related to pollution	ESRS E - Pollution -> Metrics & targets	82
E2-4	Pollution of air, water and soil	ESRS E2 - Pollution -> Actions	81
E2-5	Substances of concern and substances of very high concern	ESRS E2 - Pollution -> Hazardous materials	81
E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities	ESRS E - Pollution -> Metrics & targets	82

ESRS	Description Disclosure Requirement	Reference chapter in annual report	Pages
E5 - RESOURCE USE AND CIRCULAR ECONOMY			
ESRS 2 IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	General -> ESRS 2 General disclosure requirements -> Double materiality assessment	48 - 51
E5-1	Policies related to resource use and circular economy	ESRS E5 - Resource Use and Circular Economy -> Policies	83
E5-2	Actions and resources related to resource use and circular economy	ESRS E5 - Resource Use and Circular Economy -> Actions	83 - 85
E5-3	Targets related to resource use and circular economy	ESRS E5 - Resource Use and Circular Economy -> Metrics & targets	85 - 86
E5-4	Resource inflows	ESRS E5 - Resource Use and Circular Economy -> Metrics & targets	85 - 86
E5-5	Resource outflows	ESRS E5 - Resource Use and Circular Economy -> Metrics & targets	85 - 86
E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	ESRS E5 - Resource Use and Circular Economy -> Raw Material Lifecycle in Electromagnet Production	83
S1 - OWN WORKFORCE			
ESRS 2 SBM-2	Interests and views of stakeholders	General -> ESRS 2 General disclosure requirements -> Stakeholder engagement	59 - 60
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Social -> ESRS S1 - Own workforce -> Introduction and value creation	87 - 88
S1-1	Policies related to own workforce	Social -> ESRS S1 - Own workforce -> Introduction and value creation	87 - 88
S1-2	Processes for engaging with own workforce and workers' representatives about impacts	Social -> ESRS S1 - Own workforce -> Engaging with own workforce	91 - 92
S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	Social -> ESRS S1 - Own workforce -> Engaging with own workforce	91 - 92
S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Social -> ESRS S1 - Own workforce -> Employees / Human Rights / Health & Safety / Diversity / Engaging with own workforce	88 - 92
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Social -> ESRS S1 - Own workforce -> Metrics & targets	93 - 95
S1-6	Characteristics of the undertaking's employees	Social -> ESRS S1 - Own workforce -> Metrics & targets	93 - 95
S1-7	Characteristics of non-employees in the undertaking's own workforce	Social -> ESRS S1 - Own workforce -> Metrics & targets	93 - 95
S1-8	Collective bargaining coverage and social dialogue	Social -> ESRS S1 - Own workforce -> Metrics & targets	93 - 95
S1-9	Diversity metrics	Social -> ESRS S1 - Own workforce -> Metrics & targets	93 - 95
S1-10	Adequate wages	Social -> ESRS S1 - Own workforce -> Metrics & targets	93 - 95
S1-12	Persons with disabilities	Social -> ESRS S1 - Own workforce -> Metrics & targets	93 - 95
S1-14	Health and safety metrics	Social -> ESRS S1 - Own workforce -> Metrics & targets	93 - 95
S1-15	Work-life balance metrics	Social -> ESRS S1 - Own workforce -> Metrics & targets	93 - 95
S1-16	Remuneration metrics (pay gap and total remuneration)	Social -> ESRS S1 - Own workforce -> Metrics & targets	93 - 95
S1-17	Incidents, complaints and severe human rights impacts	Social -> ESRS S1 - Own workforce -> Metrics & targets	93 - 95

ESRS	Description Disclosure Requirement	Reference chapter in annual report	Pages
S2 - WORKERS IN THE VALUE CHAIN			
ESRS 2 SBM-2	Interests and views of stakeholders	General -> ESRS 2 General disclosure requirements -> Stakeholder engagement	59 - 60
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	ESRS S2 - Workers in the value chain -> Our responsibility to the Workforce Driving the Value Chain	96
S2-1	Policies related to value chain workers	ESRS S2 - Workers in the value chain -> Policies	96
S2-2	Processes for engaging with value chain workers about impacts	ESRS S2 - Workers in the value chain -> Actions	96 - 97
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	ESRS S2 - Workers in the value chain -> Actions	96 - 97
S2-4	Taking actions on material impacts on value chain workers, and approaches to managing materials risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	ESRS S2 - Workers in the value chain -> Actions	96 - 97
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	ESRS S2 - Workers in the value chain -> Metrics & targets	97
S4 - CONSUMERS AND END-USERS			
ESRS 2 SBM-2	Interests and views of stakeholders	General -> ESRS 2 General disclosure requirements -> Stakeholder engagement	59 - 60
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	ESRS S4 - Consumers and end-users -> Commitment to Consumner and End-User Well-Being	98
S4-1	Policies related to consumers and end-users	ESRS S4 -> Policies	98
S4-2	Processes for engaging with consumers and end-users about impacts	ESRS S4 - Consumers and end-users -> Actions	99
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	ESRS S4 - Consumers and end-users -> Actions	99
S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	ESRS S4 - Consumers and end-users -> Metrics & targets	99 - 100
S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	ESRS S4 - Consumers and end-users -> Metrics & targets	99 - 100
G1 - BUSINESS CONDUCT			
ESRS 2 GOV-1	The role of the administrative, supervisory and management bodies	General -> ESRS 2 General disclosure requirements -> General basis for preparation	44 - 47
ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	General -> ESRS 2 General disclosure requirements -> Double materiality assessment	48 - 51
G1-1	Business conduct policies and corporate culture	Governance -> ESRS G1 - Business conduct ->Policies	101 - 102
G1-3	Prevention and detection of corruption and bribery	Governance -> ESRS G1 - Business conduct -> Actions	102
G1-4	Incidents of corruption or bribery	Governance -> ESRS G1 - Business conduct -> Metrics & targets	102

Streamlining Kendrion for a sustainable future

As we navigate an economic landscape that is unlikely to return to the stability and growth of the past, Kendrion has taken decisive steps to position itself for long-term resilience. Rather than relying on hopes for a market recovery, we have embraced transformation to ensure we are agile, efficient, and prepared for whatever the future holds. These changes are central to our strategy of becoming a more focused, less complex industrial company – one ready to thrive even if the economic environment remains challenging.

Frits van Hout, **Chairman of the Supervisory Board**

Pivoting to a pure-play industrial company
In October 2024, we completed the sale of our Automotive business unit (BU) to Solero Technologies, LCC, a pivotal step in refining our focus. Exiting the highly competitive European automotive industry, particularly in Germany, has enabled us to channel resources toward industrial markets where we can achieve more sustainable growth and financial stability.

Our niche industrial solutions, built on a limited number of underlying technological platforms, are designed for applications with longer design-in cycles but also with long-term revenue and profitability visibility. Once integrated into a customer's product, our components foster enduring partnerships and stable profitability. This approach, paired with our ability to expand into additional niche markets, ensures consistent growth, a stronger value proposition, and enhanced customer retention.

Retaining strength in China's EV market
While stepping away from automotive in Europe and the USA, we have retained automotive activities at our state-of-the-art factory in Suzhou, China. This facility, operating with a self-sufficient Chinese supply chain, protects us from geopolitical risks and ensures uninterrupted operations. The fast-growing Chinese electric vehicle (EV) market presents significant opportunities for us to leverage our expertise in this rapidly expanding sector.

Streamlined for agility and efficiency
Our transformation extends beyond strategic focus to our organizational structure and processes. A singular focus on industrial markets has enabled us to simplify operations, reduce complexity, and adopt leaner systems. Streamlining IT and organizational workflows reduces costs, enhances decision-making speed, and brings our development teams closer to our customers. This enables us to adapt swiftly to their evolving needs – a critical advantage in today's volatile market landscape.

Financial stability amid uncertainty
Despite a challenging economic environment, our 2024 financial results mirrored those of 2023, underscoring our resilience. We remain confident that our industrial focus and operational efficiencies will begin driving more stable and profitable growth, laying a solid foundation for the years to come.

Looking to the future
As Chairman of the Supervisory Board, I have had the privilege of working closely with Kendrion's leadership to guide this transformation. Our role has been to ensure that these strategic shifts align with our long-term vision and to support the team in navigating these changes.

The new Kendrion is being built today – a leaner, more agile, and focused organization positioned to excel in niche industrial markets. On behalf of the Supervisory Board, I would like to thank the Kendrion team for their dedication and adaptability during this transformative period. Your commitment to our shared vision is the cornerstone of our success, and together, we are shaping a Kendrion ready to thrive in the face of any challenge.

	F.J. (Frits) van Hout (Chairman), male, 1960 Chairman / Member HR Committee	**E.H. (Everien) Slijkhuis**, female, 1968 Chair Audit Committee
Nationality	Dutch	Dutch
International expertise	Yes	Yes
Date of first appointment	12 April 2021	17 April 2023
Term of office	2021-2025 (first term)	2023-2027 (first term)
Current number of SB positions	5	3
Shares in Kendrion	26,500	3,500
Professional experience	Semiconductors	Finance/ IT
Other positions	Chairman of the Investment Committee of the DeepTech Fonds (Dutch Ministry of Economic Affairs and InvestNL); Vice-Chairman of the Supervisory Board, Aixtron SE; Member of the Supervisory Board, Bambi Belt Holding BV; Member of the Supervisory Board, Stichting Pho-tonDelta; Member of the Supervisory Board, Smart Photonics BV; Member of the Technical Advisory Board, BE Semi-conductors Industries NV	Co-CEO and CFO, Hydratec Industries NV; Member of the Supervisory Board and member of the Audit Committee, Deventer Ziekenhuis
Former positions	Executive Vice President and Member of the Board of Management, ASML; Chief Strategy Officer, Chief Program Officer, Chief Marketing Officer and other various functions, ASML; CEO, Beyeler Group; Chief Technology Officer, Datacolor.	CFO Veco B.V.; Interim & Project Manager Finance & IT; Senior Management function Aviko; Consultant Eiffel; Finance Director Galegoid; Auditor Deloitte

	M. (Mirjam) Baijens, female, 1969 Chair HR Committee	**E. (Erwin) Doll** (vice-chairman), male, 1959 Member Audit Committee
Nationality	Dutch	German
International expertise	Yes	Yes
Date of first appointment	15 April 2024	24 June 2020 (1st appointment) 15 April 2024 (2nd appointment)
Term of office	2024-2028 (first term)	2024-2028 (second term)
Current number of SB positions	2	3
Shares in Kendrion	No	1,000
Professional experience	Human resources, Sales excellence & Sales develop-ment, Leadership & Executive Development, Conference management	Automotive, plastics, industrial, medical, chemical
Other positions	Executive Vice President and Chief Human Resources Officer, Grundfos Group; Member of the MSC in Management Practitioner Advisory Board at Cranfield School of Management	Vice Chairman of Supervisory Board, WITTE Automotive GmbH; Non-Executive Director, Aeristech Ltd.
Former positions	Global Head of Talent & Development, Schindler Group; Head of Human Resources Europe North & East (EUN), Schindler Group; Vice President Human Resources & Communications, Amcor Flexibles Europe & Americas; Human Resources Director, Masco Europe; Global Human Resources Director Sales&Marketing, Hewlett Packard	President & CEO, Röchling Automotive SE; Vice Chairman of the Executive Board, Röchling Group; Executive Vice President, Plastic Omnium Auto Exterior; Managing Director, Plastic Omnium GmbH; General Manager, Johnson Controls GmbH; Business Manager, BASF SE

The Supervisory Board provides oversight, evaluates progress and performance, maintains a sound and transparent system of checks and balances, and advises the Executive Board when appropriate.

This Report of the Supervisory Board sets out the way in which the Supervisory Board fulfilled its duties and responsibilities in 2024.

Performance in 2024

Under the guidance of the Supervisory Board, the Executive Board has made significant progress in executing our strategy for sustainable, long-term value creation. An important milestone was achieved with the announcement in April 2024 of the sale of the majority of Kendrion's automotive activities, which has been completed in the last quarter of this year. This strategic move marks a crucial turning point for Kendrion, as the company will now operate as a pure-play industrial entity, reinforcing our position as a global leader in innovative actuator and brakes solutions. In various publications and during our Capital Markets Day on 5 September 2024, we have referred to Kendrion post the sale of its automotive franchise as *'The New Kendrion'*.

This transformation to the New Kendrion is not only a reflection of the company's commitment to long-term growth but also serves to sharpen our focus on the core business areas that will drive future success. With our operations centered around two business groups, Industrial Actuators & Controls (IAC) and Industrial Brakes (IB), our global teams have worked diligently to streamline the organization, optimize overhead costs, and enhance operational efficiency.

These efforts are essential to ensuring that we remain competitive and well-positioned to continue delivering value to our customers worldwide.

Focus points in 2024

In coordination with the Executive Board, the Supervisory Board previously determined certain focus areas for 2024. The Supervisory Board placed special emphasis on the following 4 points in 2024:

Execution of divestment of Automotive Core activities
On 12 April 2024, Kendrion announced the sale of the majority of its automotive activities to Solero Technologies, LCC. The transaction was finalized on 30 September 2024, with the exception of the operations in Sibiu, Romania, which closed on 21 November 2024. The revenue associated with this divestment is approximately EUR 210 million, representing 80% of Kendrion's automotive revenue. The European automotive sound and electronics business, along with the automotive operations in China, were not part of the transaction and remain with Kendrion. These activities have now been integrated into the Business Group Industrial Actuators & Controls (IAC).

The Supervisory Board commends the Executive Board for successfully completing this strategic divestment and fully supports the new strategy of positioning Kendrion as a pure-play industrial company.

Advancing the execution of the 2024-2028 sustainability programs
The shift toward a more sustainable world, driven by clean energy, has never been more urgent. At Kendrion, we are committed to actively mitigating the effects of climate change while addressing important social issues.

Towards the end of 2023, Kendrion finalized the development of an ambitious sustainability program for the period 2024-2028, which was publicly launched in February 2024.

This new program not only supports a more sustainable future but also creates commercial opportunities and strengthens Kendrion's competitive edge. Sustainable products and technologies are increasingly becoming the default choice for a growing number of businesses, unlocking significant market potential. Our smart actuation technology aligns seamlessly with the rising demand for solutions that facilitate the transition to cleaner forms of energy.

In 2024, the company took significant strides in implementing the 2024-2028 ESG program adopted earlier this year. Notably, we developed an ESG supplier dashboard, providing insights into the environmental, social, and governance (ESG) performance of individual suppliers. This tool allows for more focused, constructive discussions on relevant areas with our suppliers. Additionally, we completed the scope 3 emissions analysis, marking a key milestone in our sustainability efforts. We also dedicated considerable resources to ensuring compliance with the Corporate Sustainability Reporting Directive (CSRD), and in this report, Kendrion reports for the first time under this new legislation.

Reference is made to the Sustainability Statements (see pages 43-106), which form an integral part of our 2024 Annual Integrated Report.

The Supervisory Board commends and supports the company's strong commitment to ESG principles and expresses its gratitude for the extensive efforts put into meeting the CSRD's mandatory sustainability reporting requirements for this year.

Intensify efforts to progress operational flexibility and operational leverage within Industrial Brakes
In the Business Group Industrial Brakes (IB), Kendrion will continue to capitalize on the growing demand for electric motors and electrified solutions in sectors such as intralogistics, medical and collaborative robotics, and wind power. Faced with a challenging year, particularly due to tough market conditions in the German machine-building industry, IB management has focused on enhancing its operational flexibility to better weather cyclical downturns. This strategy enabled the alignment of the direct workforce with revenue trends, while also streamlining indirect roles.

The Supervisory Board fully supported the measures taken and is confident that these steps will lead to improved performance and resilience in the Business Group IB, moving forward.

Ramping our new Automotive E products in China in line with our customer's schedule
In the year 2024, Kendrion China successfully ramped several automotive projects, in line with the customer's schedule and demand. Despite a more challenging economic situation than anticipated this has led to double digit revenue growth.
A robust pipeline for our China based Automotive products, the expanding electric vehicle market, and promising cross-selling opportunities for industrial brakes bode well for further growth going forward.

The Supervisory Board has confidence in Kendrion China's growth ambitions and considered the results of 2024 as evidence that the investment in the new facility, together with ongoing management attention to ensure maximum use of the capacity of the facility, is paying off.

Focus points for 2025

The Supervisory Board has defined the following attention points for 2025:
- Continue implementation of all actions related to Kendrion as pure play industrial company, to fully utilize the potential of 'the New Kendrion'. with special focus on increasing product margins.
- Actively track and manage all cost, direct, indirect and other operating expenses to further improve the effectiveness and efficiency of the two Business Groups
- Implement a new off the shelf and cloud-based IT system
- Further advancing the execution of Kendrion's 2024-2028 ESG program, with a specific focus on optimizing CSRD reporting and disclosures.

Meetings and attendance

The Supervisory Board conducted 7 regularly scheduled meetings and 3 extraordinary sessions throughout 2024 for a total of 10 sessions.

The regularly scheduled Supervisory Board meetings were attended by the Executive Board, occasionally joined by members of the Management Team. Additionally, pre-scheduled meetings without the Executive Board and Management Team were held before each regular Supervisory Board meeting. The attendance rate for all 10 Supervisory Board meetings in 2024 was 98% (2023: 100%). Mrs. Baijens was unable to attend one of the 10 Supervisory Board meetings.

Furthermore, the Chairman of the Supervisory Board and the Chair of the Audit Committee conducted monthly meetings with the CEO and CFO, respectively.

The Supervisory Board also focused on direct interaction with the Management Team and other senior management. This included presentations in the areas of responsibility and one-on-one meetings between the Chairman of the Supervisory Board and members of the Management Team.
The agenda for the Supervisory Board meetings encompassed the different focus points outlined above, along with recurring topics routinely addressed each year. These included discussions on operational and financial performance, advancements in the strategic plan, principal risks associated with operations, progress and milestone achievements in special projects, fraud and risk management, the internal control system, governance and compliance matters, and considerations related to the General Meeting of Shareholders.

Evaluation

As is usual practice, the Supervisory Board invested in its ongoing training, staying updated on governance and compliance matters. Annually, a comprehensive self-assessment, encompassing evaluations of both the Supervisory Board committees and individual members, is conducted.
In a meeting without the presence of the Executive Board, the Supervisory Board critically assessed its own performance, whereby aspects such as team dynamics, competencies, and market knowledge have been considered. Furthermore, a self-assessment has been conducted through a questionnaire completed by both Supervisory Board and Executive Board members. The questionnaire covered various aspects, including the composition and expertise of the Supervisory Board, the dynamics and functionality of both the Supervisory Board and its committees, the performance of individual Supervisory Board members, the interaction between the Supervisory Board and the Executive Board, and the tasks and responsibilities for the Supervisory Board.

The evaluation results affirmed a positive and constructive relationship between the Supervisory Board and the Executive Board. Members of the Supervisory Board consistently demonstrate appropriate responsibility, dedication, expertise, and commitment. The Supervisory Board has a clear awareness of the difference in roles and responsibilities between the Supervisory Board and the Executive Board and are keen to maintain these distinctions.

In Supervisory Board-only meetings, members evaluated the performance of the Executive Board members. Engaging with the CEO and CFO, the Supervisory Board deliberated on performance metrics from the previous year, strategic and operational priorities for 2024, and opportunities for personal development.

Composition

The Supervisory Board consists of four members: Frits van Hout (Chairman), Everien Slijkhuis (Chair of the Audit Committee), Marion Mestrom until 15 April 2024 (Chair of the HR Committee), Mirjam Baijens from 15 April 2024 (Chair of the HR Committee) and Erwin Doll. All members of the Supervisory Board are independent within the meaning of the Dutch Corporate Governance Code.

The composition of the Supervisory Board is designed to ensure that its members can operate critically and independently, free from influence by each other, the Executive Board, the Management Team, or any other specific interests. Each member possesses the necessary expertise, experience, and background to fulfill their role. The composition of the Supervisory Board reflects a balanced gender profile of two men and two women.

The members of the Supervisory Board satisfy the statutory requirements concerning the number of supervisory or non-executive functions that they can have with large enterprises.

The composition of the Supervisory Board is in line with the Profile for the Supervisory Board as drawn up by the Supervisory Board and the diversity objectives described in the Diversity Policy for the Supervisory Board. Both the Profile and the Diversity Policy are available on the corporate website at www.kendrion.com.

Committees of the Supervisory Board

The Supervisory Board has established two committees: the Audit Committee and the HR Committee. The primary task of the committees of the Supervisory Board is to advise and facilitate the Supervisory Board with respect to its responsibilities and to prepare decision-making by the Supervisory Board. The committees of the Supervisory Board have their own regulations, which include a detailed description of the committee's tasks and responsibilities.

Audit Committee

The Audit Committee uses its knowledge and expertise to advise on and prepare Supervisory Board's decision-making, particularly concerning matters relating to Kendrion's financing, financial statements, the integrity and quality of financial and non-financial reporting, IT and information security, the effectiveness of risk management and internal controls, and the approach and operation of the internal audit department as managed by our finance function, and internal audit program.

The Audit Committee consists of Everien Slijkhuis (Chair) and Erwin Doll (member).

The Audit Committee held 4 meetings in 2024. Attendance during 2024 was 100% (2023: 100%). The CFO and the General Counsel & Company Secretary attended all meetings.

The external auditor Forvis Mazars Accountants N.V. attended the meetings of the Audit Committee during 2024 which the full-year financial statements for 2023, the half-year financial statements for 2024 and the management letter were discussed. The Chair of the Audit Committee also met with the external auditor without the CFO

The Audit Committee informed itself of the relevant developments around ESG, including the reporting requirements under the CSRD and was regularly informed by management on progress to become CSRD compliant, as 2024 is the first year Kendrion will report under the CSRD.

The Audit Committee monitored and reviewed regular topics such as: the quarterly financial results, the half-year and full-year financial statements, the auditor's report, the risk management framework and internal control system, the internal audit plan and key findings of internal audits performed, the external audit plan and management letter of the external auditors, transfer pricing, tax policy, treasury policy, the group insurance program, the speak-up procedure, legal and compliance, the annual evaluation of the external auditor and the annual evaluation of the activities of the internal audit department, which is managed by our finance function.

Regular updates were provided on the maintenance and effectiveness of the risk management framework and internal control system relating to strategic, financial, operational, tax control and compliance matters.

With reference to 1.3.6 of the Code, we believe that there is currently no need to recommend the installation of a dedicated internal audit function. Considering our company's size and operational structure, we have determined that the responsibilities typically assigned to an internal audit department are effectively managed by our finance function. This approach ensures robust internal controls and risk management without the need for a separate internal audit department. We will continue to assess this decision annually to ensure it remains appropriate for our governance needs. Kendrion monitors its internal controls through a systematic approach, which is supported by a solid risk management framework and the internal audit program. The effectiveness of internal and external audit processes are assessed through a qualitative rating system, evaluating key factors such as technical skills, experience, communication, quality of findings, availability of resources, and overall audit performance.

The Audit Committee also discussed tax and treasury matters, including Kendrion's policies relating to transfer pricing. With respect to tax, the Audit Committee also monitored and discussed the status of pending tax audits.

In addition to the above, the Audit Committee monitored progress on the execution of the 2020-2025 IT strategic framework, including a comprehensive session about information security and information security management and the investment in a new public cloud system.

At the General Meeting of Shareholders held on 15 April 2024, Forvis Mazars Accountants N.V. was appointed as the new external auditor for a three-year term, commencing with the current financial year. Throughout 2024, the Audit Committee engaged with the new external auditor, overseeing its performance and evaluating the effectiveness of the external audit process. The Audit Committee also reviewed and approved the 2024 external audit plan, including its scope and materiality thresholds. Discussions were held regarding the findings outlined in the auditor's management letter, and appropriate actions have been taken to address the auditor's recommendations and observations.

HR Committee

The HR Committee consists of Marion Mestrom until 15 April 2024 (Chair), Mirjam Baijens from 15 April 2024 (Chair) and Frits van Hout. The HR Committee held 2 meetings, with an attendance rate of 100% (2023: 100%). The CEO and Company Secretary attended both meetings. In addition to the scheduled meetings, the HR Committee had several informal meetings with and without the members of the Executive Board being present.

Succession planning

At its meetings, the HR Committee regularly reviews its composition, with particular attention to succession planning. As of the 2025 Annual General Meeting of Shareholders, the first term of Mr. Van Hout is set to expire. Mr. Van Hout has confirmed his availability for reappointment. Following the HR Committee's recommendation, the Supervisory Board intends to propose the reappointment of Mr. Van Hout, and this nomination will be presented to shareholders at the Annual General Meeting on 14 April 2025.

Performance management and remuneration of the Executive Board

The HR Committee considered and prepared the performance reviews of the members of the Executive Board for discussion in the Supervisory Board. The outcome of the performance reviews process was discussed in a Supervisory Board-only meeting.

Furthermore, the HR Committee agreed the financial and non-financial performance criteria for the short-term and long-term variable remuneration of the Executive Board and reviewed progress on these performance criteria.

The Executive Board provided the HR Committee with information on the main components of the remuneration structure applying to members of the Management Team who are not members of the Executive Board. The variable remuneration of the Management Team is aligned to the structure of the Executive Board variable remuneration.

Financial statements and auditor's opinion

The 2024 financial statements included in this Annual Integrated Report have been audited and Forvis Mazars Accountants N.V. has issued an unqualified opinion. These were discussed with the Supervisory Board and the Audit Committee in the presence of the external auditor and the Executive Board.

The Supervisory Board is of the opinion that the 2024 financial statements meet all requirements for transparency and correctness. Therefore, the Supervisory Board recommends that the General Meeting of Shareholders to be held on 14 April 2025 adopt the 2024 financial statements and the appropriation of net income.

This Annual Integrated Report furthermore contains a limited assurance report of Forvis Mazars Accountants N.V. on the Sustainability statements on pages 43-106.

Profit appropriation

Kendrion reported a loss of EUR 4.5 million in 2024 (2023 EUR 9.9 million profit). Normalized net profit before amortization[1] of intangibles amounted to EUR 11.8 million (2023 EUR 13.9 million).

The Supervisory Board approved the proposal of the Executive Board to pay out 59% of normalized net profit before amortization as dividend (2023: 50%), which is in line with the updated dividend policy of the company.

The members of the Supervisory Board have signed the 2024 financial statements to comply with their statutory obligation pursuant to article 2:101, paragraph 2, of the Dutch Civil Code.

Concluding remarks

The financial year 2024 was defined by the divestment of the majority of our automotive activities and a strategic reorientation, positioning Kendrion as a pure-play industrial company. Despite ongoing challenging market conditions, the company delivered a solid financial performance and improved its balance sheet. As Supervisory Board, we would like to express our sincere gratitude to the Executive Board, the Management Team, and the entire staff of Kendrion for their flexibility, dedication, and commitment throughout what has been a demanding year. We also extend our appreciation to our shareholders for their continued trust and support. Looking ahead, we are confident that Kendrion is well-positioned for sustained growth and success in the future.

[1] Non-IFRS financial measure. For the definition and reconciliation of the most directly comparable IFRS measures, refer to reconciliation of non-IFRS information, starting on page 230.

Supervisory Board

Frits van Hout, Chairman
Mirjam Baijens
Erwin Doll
Everien Slijkhuis

28 February 2025

Introduction
This Remuneration Report describes the application of the Remuneration Policy for the Executive Board and the actual performance in 2024 against the predefined performance criteria. In addition, the Remuneration report provides an overview of the remuneration of the Supervisory Board in 2024.

Performance in 2024
In 2024, Kendrion faced a challenging business environment, with the year marked by the strategic decision to divest the majority of our Automotive activities. Throughout the year, the Executive Board remained fully focused on executing this divestment, which was successfully completed by the end of September. As a result, Kendrion is now a pure-play industrial company, concentrating on select high-growth, high-margin industrial markets. The Executive Board has successfully transitioned the company into the New Kendrion and has started the implementation of initiatives to simplify the organization and to sharpen its focus. While the foundational steps were laid in the final quarter of this year, the anticipated annual savings will begin to materialize in full in 2025.

Additionally, the 2024-2028 ESG program was successfully launched in February of this year. The key components of this program include:

- Achieve a further 48% reduction in CO_2 emissions
- Establish reporting frameworks for Scope 1, 2 and 3 reporting and disclosure
- Implement gender diversity targets for the Leadership Team and at Business Group level for Indirect Staff, aiming for a minimum of 33% women and a minimum of 33% man in 2028 for both groups
- Sustain ESG ratings from EcoVadis and CDP

Remuneration Policy Executive Board

The Remuneration Policy for the Executive Board has been developed by the Supervisory Board and adopted by the General Meeting of Shareholders in April 2023. During the April 2023 General Meeting of Shareholders, a commitment was made to propose a further adjustment to the share ownership guideline included in the Remuneration Policy for the Executive Board. This proposed amendment has been adopted at the April 2024 General Meeting of Shareholders.

The Remuneration Policy is evaluated at least once every four years by the Supervisory Board. The Remuneration Policy adopted by the General Meeting of Shareholders in April 2023 is applicable to (i) remuneration granted in the years 2024 up to and including 2027 – irrespective whether pay-outs and vesting of performance shares become due, occur or are made after 2027; and to (ii) remuneration of Executive Board members reappointed by the General Meeting of Shareholders in April 2023 as of the date on which the new term of office of the relevant reappointed Executive Board member commences.

The HR Committee will continue to keep the Supervisory Board informed about relevant market and legislative developments to support the periodic evaluation of the Remuneration Policy and related decision-making. For more information about Kendrion's Remuneration Policy, please visit the corporate website at www.kendrion.com.

Remuneration objectives

The Remuneration Policy is designed to attract, retain, and motivate qualified, experienced, and diverse executives who are capable of driving Kendrion's sustainable long-term value creation. Specifically, the policy aims to: (i) maintain a strong link between pay and performance, (ii) align the interests of the Executive Board with those of shareholders and other key stakeholders, and (iii) encourage long-term performance by promoting share ownership while ensuring adherence to high standards of corporate governance.

Given Kendrion's size (in terms of revenue, market capitalization, total assets, and workforce), market position, geographical reach, and the competitive labor market, the company considers firms listed in the AScX Index on Euronext Amsterdam as a relevant benchmark. Companies in the financial services, real estate, and entertainment sectors are excluded from the reference group. Within the defined reference group, Kendrion is positioned around the median in terms of the average of the aforementioned parameters revenues, market capitalization, total assets, and number of employees. The Executive Board's remuneration structure and levels are set to align with the median of this reference group.

The Remuneration Policy excludes variable incentives that could conflict with the Executive Board's responsibility to define and implement Kendrion's strategy for sustainable long-term value creation.

Temporary deviations

In exceptional circumstances, the Supervisory Board can decide to temporarily deviate from the Remuneration Policy for the Executive Board. Exceptional circumstances refer to circumstances where a deviation is deemed necessary to support the long-term interests and sustainability of Kendrion or to ensure its continued viability. Depending on the exceptional circumstances, the Supervisory Board can resolve to deviate from any or all the four remuneration components included in the Remuneration Policy for the Executive Board.

When considering a temporary deviation from the Remuneration Policy, the Supervisory Board shall consider Kendrion's sustainable long-term value creation strategy, ongoing business, and operational requirements as well as the financial situation of Kendrion. In addition, the temporary deviation considered should be assessed against the principles of reasonableness and fairness.

Upon having resolved a temporary deviation from the Remuneration Policy, the Supervisory Board will (i) cancel and withdraw all deviations from the Remuneration Policy prior to the first annual General Meeting of Shareholders following the effective date of the deviation; or (ii) propose the necessary amendments to the Remuneration Policy for adoption during the first annual General Meeting of Shareholders following the effective date of the deviation. Deviations from the Remuneration Policy will be reported in Kendrion's remuneration policy.
The Supervisory Board did not decide to deviate temporarily from the Remuneration Policy for the members of the Executive Board in 2024.

Remuneration components

The Remuneration Policy for the Executive Board members consists of four components: a fixed base salary, a short-term variable remuneration, a long-term variable remuneration and other benefits such as a pension scheme and a car allowance or lease budget.

The sum of the fixed base salary, the short-term variable remuneration and the long-term variable remuneration for the Executive Board members are considered appropriate in relation to: (i) the identity, the purpose, and values of Kendrion, (ii) the pay-ratios within Kendrion, (iii) the (international) context in which Kendrion operates and (iv) reasonable views of relevant stakeholder groups.

The variable remuneration components are subject to a maximum value determined in advance in accordance with the Remuneration Policy. The Supervisory Board will conduct scenario analyses to assess whether the pay-out level of variable remuneration components appropriately reflects performance.

Fixed base salary

Members of the Executive Board receive a fixed base salary, the amount of which is set around the median level relative to the aforementioned reference group. The fixed base salary levels can be adjusted, following a decision of the Supervisory Board, based on general market movement and inflation figures.

In addition to the above, any increase of the annual fixed base salary up to and around the prevailing median level relative to the aforementioned reference group, can be decided upon by the Supervisory Board and will not be regarded as an amendment to the Remuneration Policy.

In 2024, the Executive Board members received the fixed gross base salaries as indicated in the table below.

	2024 Annual base salary (gross)
CEO (J.A.J. van Beurden)	EUR 590,000
CFO (J.H. Hemmen)	EUR 350,000

The table below provides an overview of the development of the annual gross base salary levels of the members of the Executive Board during previous financial years.

	2024 gross base salary	2023 annual gross base salary	2022 annual gross base salary	2021 annual gross base salary	2020 annual gross base salary	2019 annual gross base salary	2018 annual gross base salary	2017 annual gross base salary
CEO (J.A.J. van Beurden)	EUR 590,000	EUR 550,000[6] EUR 590,000[7] **EUR 553,333.32 (actual)**	EUR 550,000	EUR 550,000	EUR 550,000 EUR 517,916.67 (actual)[4]	EUR 504,645[1] EUR 550,000[2] EUR 508,424.58[3] (actual)	EUR 490,900	EUR 474,300
CFO (J.H. Hemmen)	EUR 350,000	EUR 335,000[8] EUR 350,000[9] **EUR 342,500 (actual)**	EUR 335,000	EUR 310,788	EUR 270,250 EUR 254,485.41 (actual)[4]	EUR 235,000[5] EUR 117,500 (actual)		

1 Effective until 1 December 2019.
2 Effective as of 1 December 2019 (i.e. the commencement date of the CEO's second term).
3 The sum of EUR 462,591.25 (i.e. 11/12th of EUR 504,645) and EUR 45,833.33 (i.e. 1/12th of EUR 550,000).
4 Voluntary salary reduction of 15% during April through July 2020 inclusive and voluntary salary reduction of 10% for the month August 2020 in view of COVID-19 prompted cost measures.
5 Effective as of 1 July 2019 (i.e. the effective date of appointment to the Executive Board).
6 (CEO) As of 1 January 2023 until expiry 2nd term on 1 December 2023.
7 (CEO) As of commencement 3rd term on 1 December 2023.
8 (CFO) As of 1 January 2023 until expiry of 1st term on 1 July 2023.
9 (CFO) As of commencement 2nd term on 1 July 2023.

Short-term variable remuneration

The short-term variable remuneration is payable in cash, the amount of which is based on the achievement of predetermined, specific, and measurable financial and non-financial performance criteria.

The overview below describes the key elements of the short-term variable remuneration as per the Executive Board's Remuneration Policy.

CEO	The short-term variable remuneration ranges from 0% to 90% of the annual fixed gross base salary of the CEO, with 60% being the target amount
CFO	The short-term variable remuneration ranges from 0% to 67.5% of the annual fixed gross base salary of the CFO, with 45% being the target amount

Performance criteria
The performance criteria for the short-term variable remuneration are based on Kendrion's strategic intent to continuously grow revenue and profitability in a sustainable way, with a lean and focused organisation, and to provide a safe and high-quality work environment to its employees. Supportive to Kendrion's strategic intent, the performance criteria for the short-term variable remuneration include financial and non-financial criteria.

The financial performance criteria determine 60% of the short-term variable remuneration and reflect the financial priorities of Kendrion. The remaining 40% of the short-term variable remuneration is determined by non-financial performance criteria and reflect sustainability/ESG ambitions and other priorities directly linked to Kendrion's strategic intent.

Financial performance criteria
The financial performance criteria determine 60% of the short-term variable remuneration. Each year the Supervisory Board selects at least three financial performance criteria from the list below with a view to incentivise delivery of financial priorities that support Kendrion's strategic and operational spearheads.

The Supervisory Board may allocate different weight percentages to the different financial performance criteria it selects for a particular year, provided a minimum weight of 10% shall apply to a financial performance criterion.

- Financial performance criteria[1]
  - Net profit
  - Return on sales (ROS)
  - Return on investment (ROI)
  - Organic growth
  - Free cash flow
  - Revenue
  - EBITA
  - EBITDA

The performance incentive zone (threshold, target and maximum) for each financial performance criterion will be determined in advance by the Supervisory Board by reference to the strategic and operational spearheads for the respective performance year. No pay-out will be made for below threshold performance. In the case of performance equal to the threshold performance of the relevant performance criterion, the pay-out of the short-term incentive will be equal to 50% of the relevant target amount. A linear curve will be applied to calculate the pay-out between threshold performance and maximum performance.

Non-financial performance criteria
The non-financial performance criteria determine 40% of the short-term variable remuneration. Each year the Supervisory Board selects a certain number of on-financial performance criteria derived from the strategic and operational spearheads for the respective performance year, which will in any event include performance criteria in the area of sustainability/ESG (i.e. environmental, social and/or governance criteria).

Achievement of each individual non-financial performance criterion will be measured by applying a binary scoring model. The amount of the pay-out for the achievement of non-financial performance criteria depends on the number of non-performance criteria achieved. A predefined step curve will be applied to calculate the pay-out between the achievement of the minimum threshold number of selected non-financial performance criteria and achievement of all selected non-financial performance criteria. No pay-out will be made for below threshold performance.

Investment
Members of the Executive Board must invest at least 50% of the net amount of the pay-out of the short-term remuneration earned until the required ownership level has been reached as prescribed under the 'Share ownership guideline' described in the Remuneration Policy.

[1] In each case excluding items that are generated outside the ordinary course of business and the amortization of intangibles arising on acquisitions or similar corporate events.

2024 short-term variable remuneration
Within the framework of the Executive Board Remuneration Policy, the Supervisory Board takes an informed decision relevant to the variable remuneration of the Executive Board members. For the determination of the financial and non-financial performance criteria of the 2024 short-term incentive, the Supervisory Board considered – amongst others – the 2024 focus items as previously defined by the Supervisory Board; the increasing demands and complexity around ESG and ESG reporting and disclosure requirements, the volatile economic climate and trading environment; and the importance of long-term value creation through continued investments in sustainable growth areas. The 2024 focus items of the Supervisory Board included the following: (i) the execution of divestment of automotive core activities; (ii) advancing the execution of the 2024-2028 ESG program; (iii) increase the operational flexibility and operational leverage within Industrial Brakes; (iv) ramping the new automotive E-products in China in line with customers' schedule (CEO); and (v) manage Kendrion's financial position and maintain a leverage ratio at or below 3.0 (CFO).

The Supervisory Board reported on the progression made and the key points of attention relevant to the 2024 focus items in the Report of the Supervisory Board included in this Annual Integrated Report.

For the 2024 short-term variable remuneration, the Supervisory Board followed the recommendations of the HR Committee and selected four financial performance criteria, a non-financial performance criterion in the area of sustainability/ESG and other non-financial performance criteria that are linked to the Supervisory Board's 2024 focus items and Kendrion's strategic plan and operational spearheads. The 2024 financial and non-financial performance criteria reflect the collective responsibility of the Executive Board members and make no distinction between the applicable performance criteria for the CEO and CFO.

In 2024, the following short-term incentive target amounts applied to the members of the Executive Board:

	2024 short-term incentive target amount
CEO (J.A.J. van Beurden)	EUR 354,000 (= 60% of 2024 fixed gross base salary of EUR 590,000)
CFO (J.H. Hemmen)	EUR 157,500 (= 45% of 2024 fixed gross base salary of EUR 350,000)

For the performance year 2024, the short-term incentive performance criteria are allocated as follows:

Short-term remuneration as percentage of annual gross base salary

Performance criterion	Weight	Minimum		At target	Maximum
Financial performance criteria (60%)					
ROI	15%	0	CEO	9%	13.5%
			CFO	6.75%	10.2%
ROS	15%	0	CEO	9%	13.5%
			CFO	6.75%	10.2%
EBITDA	10%	0	CEO	6%	9%
			CFO	4.5%	6.75%
Free cash flow	20%	0	CEO	12%	18%
			CFO	9%	13.5%
Non-financial performance criteria (40%)					
		0	CEO	24%	36%
			CFO	18%	27%
TOTAL	**100%**	**0**	**CEO**	**60%**	**90%**
	100%	**0**	**CFO**	**45%**	**67.5%**

2024 short-term financial performance criteria

In 2024, the actual performance against the financial performance criteria was as follows:

2024 short-term incentive performance on financial performance criteria

Financial performance criterion	Pay-out as % of short-term incentive target amount	Pay-out as % of 2024 annual gross base salary (actual)		Pay-out in EUR (gross)			
		CEO (J.A.J. van Beurden)	CFO (J.H. Hemmen)		CEO (J.A.J. van Beurden)		CFO (J.H. Hemmen)
ROI	0.0%	0%	0%	EUR	0	EUR	0
ROS	11.3%	6.78%	5.09%	EUR	40,002	EUR	17,815
EBITDA	0.0%	0%	0%	EUR	0	EUR	0
Free cash flow	11.1%	6.66%	5.00%	EUR	39,294	EUR	17,500
TOTAL	**22.4%**	**13.44%**	**10.09%**	**EUR**	**79,296**	**EUR**	**35,315**

2024 short-term non-financial performance criteria

The non-financial performance criteria for the 2024 short-term incentive reflect the collective responsibility of the Executive Board and are aligned with the Supervisory Board's 2024 focus items, as well as Kendrion's strategic and operational spearheads. This results in four targets for each of the CEO and CFO, with three of those targets overlapping.

The table below provides a summary description of the non-financial performance criteria.

Summarized description 2024 non-financial performance criteria

Strategic	Successful divestment of Kendron's Automotive business
Sustainability	Finalize scope 3 analyses and establish internal reporting set-up to enable reliable scope 3 reporting and disclosure; implement Kendrion's supplier ESG dashboard
Industrial Brakes	Increase the operational flexibility and operational leverage within Industrial Brakes
China (CEO only)	Successfully ramp the China based Automotive projects in line with customers' schedule
Cash flow management (CFO only)	Manage Kendrion's financial position and maintain a leverage ratio at or below 3.0

Consistent with the Remuneration Policy, achievement of an individual non-financial performance criterion will be measured by applying a binary scoring model where a non-financial performance criterion can either be achieved or not achieved. The amount of the pay-out for the non-performance criteria depends on the number of non-financial performance criteria achieved. The following step curve is applicable for the 2024 non-financial performance criteria.

Number of non-financial performance criteria achieved	Short-term incentive pay-out % of target amount
All 4 non-financial performance criteria achieved	150%
3 out of the 4 non-financial performance criteria achieved	100%
2 out of the 4 non-financial performance criteria achieved	50%
1 out of the 4 non-financial performance criteria achieved	0%
0 out of the 4 non-financial performance criteria achieved	0%

Throughout the year, the Supervisory Board reviewed progress against the non-financial performance criteria and received detailed updates about relevant developments and actions taken. During the December 2024 Supervisory Board meeting, the Executive Board presented the results and progress realized for each of the performance criteria. During its discussion at that meeting, the Supervisory Board and the Executive Board also considered the persistent challenging operating environment, the need and urgency for continued focus on operational costs, as well as the increasing demands and complexity around ESG and the implementation of CSRD and related disclosure requirements.

With the announcement of the divestment of the majority of its automotive activities in April 2024, Kendrion has transformed into a pure-play industrial company. The Executive Board has successfully executed the divestment and the implementation of the New Kendrion, while continued focus on costs and operational efficiency remains key.

Following completion of its sustainability framework at the end of 2023, Kendrion launched its new 2024-2028 ESG program in February 2024. Notable actions this year included the development of a supplier ESG dashboard, completing the scope 3 analysis, and the implementation of CSRD and related disclosures.

Kendrion was also able to successfully ramp several automotive projects in China, in line with the customers' schedule and planning, which resulted in significant growth in China, despite the challenging economy.

The Executive Board also succeeded in improving both the financial and the operational performance at IB, in the face of a continued weak trading environment. Kendrion's leverage ratio stayed below 3.0 at the end of each of the four quarters in 2024.

During the annual performance reviews, the Supervisory Board paid specific attention to the individual performance and development of the Executive Board members against the non-financial criteria and the key competencies like leadership and organizational alignment and strategic business orientation.

Based on these reviews, the Supervisory Board resolved that the Executive Board members realized all four non-financial performance criteria as set under the 2024 short-term variable remuneration.

Consistent with the step-up curve, the score on the non-financial performance criteria results in a pay-out of 150% of the short-term target amount corresponding to a pay-out of EUR 212,400 (gross) for the CEO and EUR 94,500 (gross) for the CFO, representing 36% of the CEO's 2024 annual gross base salary of EUR 590,000 and 27% of the CFO's 2024 annual gross base salary of EUR 350,000.

2024 pay-out short term incentive
Overall performance resulted in the following pay-out of the short-term incentive in 2024:

	Total pay-out 2024 short-term incentive (gross)	Pay-out as % of 2024 annual gross base salary (actual)
CEO (J.A.J. van Beurden)	EUR 291,696 (i.e. sum of EUR 79,296 and EUR 212,400)	49.44% of the gross annual base salary of EUR 590,000
CFO (J.H. Hemmen)	EUR 129,815 (i.e. sum of EUR 35,315 and EUR 94,500)	37.09% of the gross annual base salary of EUR 350,000

The table below provides an overview of the development of the pay-out under the applicable short-term incentive scheme of the members of the Executive Board during previous financial years.

Short-term incentive	2023*	2022*	2021*	2020*	2019*	2018*	2017*
CEO (J.A.J. van Beurden)	EUR 269,584 (gross)	EUR 267,438 (gross)	EUR 429,000 (gross)	EUR 358,600 (gross)	EUR 191,282.90 (gross)	EUR 117,816 (gross)	EUR 170,748 (gross) based on 90% achievement of 2017 performance criteria, representing 36% of gross annual base salary (i.e. 36% of EUR 474,300), one-third paid in cash and two-thirds awarded conditionally in shares.
CFO (J.H. Hemmen)	EUR 111,548 (gross)	EUR 95,023 (gross)	EUR 141,408.80 (gross)	EUR 102,965 (gross)	EUR 37,012.50 (gross)	Not applicable – effective date of appointment to the Executive Board 1 July 2019	

* Pay-out amounts calculated in accordance with the then prevailing remuneration policy.

Long-term variable remuneration

The long-term variable remuneration component incentivizes the Executive Board members to focus on long-term sustainable value for shareholders and other stakeholders; it thereby serves to align the interests of the Executive Board members with the long-term interests of shareholders and other stakeholder groups.

The Executive Board members annually receive conditional performance shares. The conditional performance shares will vest upon achievement of performance measured over a period of three years, including the year in which the conditional performance shares are granted. Vested performance shares are restricted by a two-year holding period as of vesting.

The size of the award is defined as a percentage of the annual fixed gross base salary of the relevant Executive Board member as per the year in which the conditional performance shares are granted. The actual grant (i.e. the number of conditional performance shares) is determined by the percentage of the annual fixed gross base salary and calculated based on the average share price during the fourth quarter of the year immediately preceding the year in which the conditional performance shares are granted.

The target value as per the year in which conditional performance shares are granted is as follows:

CEO	60% of the annual fixed gross base salary of the CEO
CFO	50% of the annual fixed gross base salary of the CFO

The maximum opportunity for the long-term variable remuneration shall not exceed 150% of the target value.

Performance measure

The vesting percentage of the performance shares is conditional upon the achievement of performance measured as:

Weight	Performance measure
40%	Relative total shareholder return (relative TSR)
40%	Basic earnings per share (EPS)
20%	Sustainability/ESG (i.e. environmental, social and/or governance)

Relative TSR

To determine achievement of this performance measure, the relative TSR is measured, which means share price movements, including dividends and assuming that dividends are reinvested. For the calculation of the relative TSR position, the reinvestment of cash dividend in fixed-income securities and the reinvestment of stock dividend in the relevant share are taken into account. The TSR performance of Kendrion is measured against the performance of 20 selected TSR peer companies included in the table below.

#	Company	Industry	Country	Market value (EUR x 1 mln)*
1.	Schneider Electric SE	Electrical components	France	74,653
2.	Eaton Corporation plc	Diversified industrials	USA	58,485
3.	Sensata Technologies Holding NV	Electronic equipment: gauges and meters	USA	5,787
4.	Aalbers Industries NV	Electronic equipment: control and filter	Netherlands	4,006
5.	Emerson Electric Co	Electronic equipment: other	USA	53,229
6.	Continental AG	Auto parts	Germany	11,272
7.	Schaeffler AG	Auto parts	Germany	1,057
8.	TKH Group NV	Electrical components	Netherlands	1,568
9.	Borg Warner Inc	Auto parts	USA	8,831
10.	SKF AB	Metal fabricating	Sweden	6,096
11.	Phoenix Mecano AG	Machinery: industrial	Switzerland	320
12.	Grammar AG	Auto parts	Germany	158
13.	Regal Beloit	Electrical components	USA	7,437
14.	IMI Plc	Electronic equipment: control and filter	UK	3,786
15.	Autoneum Holding AG	Auto parts	Switzerland	483
16.	Akwel	Auto parts	France	465
17.	Elringklinger AG	Auto parts	Germany	436
18.	VBG Group publ AB	Auto parts	Sweden	299
19.	Kongsberg Automotive ASA	Auto parts	Norway	253
20.	Sogefi SpA	Auto parts	Italy	112

Identified possible replacements in case of delisting or other corporate events in respect of any of the above selected TSR peer companies.

#	Company	Industry	Country	Market value (EUR x 1 mln)*
	ABB Ltd	Electrical components	Switzerland	55,833
	VAT Group AG	Electronic equipment: control and filter	Switzerland	7,681
	Addtech AB	Electrical components	Sweden	3,475
	Incap Oyj	Electrical components	Finland	501
	Katek SE	Electrical components	Germany	204
	Freni Brembo SpA	Auto parts	Italy	3,489
	Vitesco Technologies Group AG	Auto parts	Germany	2,185
	JOST Werke AG	Auto parts	Germany	788
	hGears AG	Auto parts	Germany	75

* Per reporting date 31 December 2022.

The position of Kendrion in the TSR performance peer group, upon expiry of the three-year performance period, determines the score for the relative TSR measure in accordance with the following performance incentive zone:

Ranking	1-3	4	5	6	7	8	9	10	11-21
Vesting	150%	137.5%	125%	112.5%	100%	83%	67%	50%	0%

The position of Kendrion in the ranking defines the vesting for this part of the conditional grant of shares. The calculation to determine Kendrion's ranking shall be conducted by an external independent and reputable specialized firm.

EPS

EPS is disclosed in Kendrion's consolidated financial statements and is calculated by dividing the profit or loss attributable to shareholders of Kendrion by the weighted average number of shares outstanding during the relevant period, excluding ordinary shares purchased by Kendrion and held as treasury shares. Earnings are adjusted for changes in accounting principles during the performance period.

The Supervisory Board sets the performance incentive zone (threshold, target and maximum) annually by reference to the mid-term plan as approved by the Supervisory Board in the year of the grant date. Given that these targets are considered commercially sensitive, EPS targets and the achieved performance are disclosed in the Annual Integrated Report after the relevant performance period.

The following performance incentive zone will be used to define the vesting for this part of the conditional grant of shares:

	< Threshold	Target	Maximum
EPS	0	100%	150%

Vesting is linear between threshold performance and on target performance and between on-target performance and maximum performance.

Sustainability/ESG

The Supervisory Board sets annually a sustainability target that is aligned with Kendrion's sustainability ambitions. The Supervisory Board also sets the performance incentive zone (threshold, target and maximum) annually. The achieved performance will be disclosed in the Annual Integrated Report after expiry of the relevant three-year performance period.

The following performance incentive zone will be used to define the vesting for this part of the conditional grant of shares:

	< Threshold	Target	Maximum
Sustainability/ ESG	0	100%	150%

Vesting is linear between threshold performance and on target performance and between on-target performance and maximum performance.

2024 long-term variable remuneration

Consistent with the applicable Remuneration Policy as adopted by the General Meeting Shareholders on 16 April 2024, the members of the Executive Board were granted conditional performance shares as described in the table below.

	2024 annual gross base salary (actual)	Target amount	Average share price Q4 2023	Conditional performance shares	Performance period	Expiry holding period
CEO (J.A.J. van Beurden)	EUR 590,000	EUR 354,000 (i.e. 60% of EUR 590,000)	EUR 11.57	30,596	Performance period 2024-2026	End of 2028
CFO (J.H. Hemmen)	EUR 350,000	EUR 175,000 (i.e. 50% of EUR 350,000)	EUR 11.57	15,126	Performance period 2024-2026	End of 2028

In accordance with the applicable Remuneration Policy, the vesting percentage of the performance shares is conditional to the realization of the performance criteria Relative TSR, EPS and a non-financial measure relating to sustainability/ESG. The sustainability/ESG performance criteria for the 2024 long-term incentive are related to the achievement of a 60% reduction in CO_2 emissions in line with the 2024-2028 ESG program, which will result in a 70% reduction in CO_2 emissions by the end of 2028.

Based on the contents and quality of the actions taken and strategies developed, the Supervisory Board shall determine the actual performance at the end of the performance period along the lines as described above.

2022 long-term variable remuneration

Pursuant to the 2022 long-term incentive scheme, 16,144 conditional performance shares have been granted to Joep van Beurden and 8,194 conditional performance shares have been granted to Jeroen Hemmen. The number of conditional performance shares has been calculated as follows:

	2022 annual gross base salary	Target amount	Average share price Q4 2020	Conditional performance shares
CEO (J.A.J. van Beurden)	EUR 550,000	EUR 330,000 (i.e. 60% of EUR 550,000)	EUR 20.44	16,144
CFO (J.H. Hemmen)	EUR 335,000	EUR 167,500 (i.e. 50% of 350,000)	EUR 20.44	8,194

Consistent with the Remuneration Policy governing the 2022 long-term variable remuneration, the vesting percentage of the performance shares is conditional upon the achievement (during the performance period 2022-2024) of performance measured as:

Weight	Performance measure
40%	Relative total shareholder return (relative TSR)
40%	Basic earnings per share (EPS)
20%	Sustainability (i.e. environmental, social and/or governance)

A summary description of the performance measure in the area of sustainability for the performance period 2022-2024 has been included in the table below.

Summary description sustainability performance measure 2022-2024

Development of strategies aimed at the increase of the share of environmentally sustainable economic activities in line with the EU taxonomy, and Realization of diversity targets	■ On target performance (i.e. 100% vesting) ■ Max. performance (i.e. 150% vesting) ■ Min. threshold performance (i.e. 0% vesting)

Vesting is linear between min. threshold performance and on-target performance and between on-target performance and max. performance.

TSR and EPS

When measuring the relative TSR, the position of Kendrion within the predefined TSR performance peer group, as stipulated in the Remuneration Policy for the 2022 long-term incentive plan, is eleven. As per the Remuneration Policy governing the 2022 long-term variable remuneration, the eleventh position leads to a 0% vesting.

Based on the EPS performance incentive zones determined by the Supervisory Board by reference to the 2022 mid-term plan, the actual 2024 EPS falls below the predetermined minimum threshold performance level and therefore leads to a 0% vesting.

Sustainability/ESG

The sustainability / ESG performance measure comprised two elements: (i) the development of strategies aimed at increasing the share of environmentally sustainable economic activities in line with the EU taxonomy, and (ii) the realization of diversity targets.

As per the end of 2024, we progressively increased the percentage of eligible revenue under the EU taxonomy accomplished by a focus on and significant investments in product development in inductive heating in IAC, suspension valves and sound systems for electric vehicles in Automotive and by maintaining the market leading position in wind power in IB.

In addition, a target and reporting framework has been set up per business group, targeting a minimum of 25% improvement between 2023 and 2028, reaching at least 33% female and 33% male indirect staff per business group. The percentage of female indirect employees per 31 December 2024 has increased with 1% to 31% compared to the start of the measurement period.

This achievement results in a at target performance under the 2022 long-term incentive scheme for the sustainability/ESG performance measure and thereby results in 100% vesting of the 20% of the target-value. As a result, 3,229 performance shares have vested for Mr. Van Beurden, and 1,639 performance shares have vested for Mr. Hemmen for this performance measure.

Summary 2022 long-term variable remuneration

This means that under the 2022 long-term incentive plan, a total number of 3,229 shares have vested for Mr. Van Beurden and a total number of 1,639 shares have vested for Mr. Hemmen. The vested shares remain subject to a holding period until the end of 2026.

In accordance with the long-term incentive plan, Mr. Van Beurden and Mr. Hemmen will be entitled to accrued dividends for each of the 3,229 and 1,639, respectively, vested shares. Accrued dividends will be paid in cash.

Development long-term incentive
The table below provides an overview of the development of the conditional share awards under the long-term incentive plan for the Executive Board members during previous financial years. The table also specifies the expiry of vesting periods and holding periods for conditional shares awarded.

	2023	Expiry	2022	Expiry	2021	Expiry		2020	Expiry		2019	Expiry		2018*	Expiry		2017	Expiry	
Long-term incentive	number of shares	vesting period	number of shares	vesting period	number of shares	vesting period	holding period	number of shares	vesting period	holding period	number of shares	vesting period	holding period	number of shares	vesting period	holding period	number of shares	vesting period	holding period
CEO (J.A.J. van Beurden)	4,049	End of 2025	16,465	End of 2024	20,245	End of 2023	End of 2025	16,533	End of 2022	End of 2024	11,559	End of 2021	End of 2023	6,960	End of 2020	End of 2022	3,383	End of 2019	End of 2021
CFO (J.H. Hemmen)	1,906	End of 2025	6,740	End of 2024	9,533	End of 2023	End of 2025	6,769	End of 2022	End of 2024	2,409	End of 2021	End of 2023						

* 2018 and earlier years: not applicable for the CFO, as his effective date of appointment to the Executive Board was 1 July 2019.

Pension arrangement and other benefits

Executive Board members participate in the defined contribution pension scheme. Kendrion N.V. will pay: (i) the cost of contributions for participation in the defined contribution scheme; (ii) the risk premium for the surviving dependents' pension (nabestaandenpensioen) and (iii) the cost of contributions for participation in the occupational disability insurance (including WIA excedentverzekering) (collectively the "Pension and Disability Insurance Contribution"). In addition, Executive Board members are entitled to an annual gross allowance to compensate for the loss of accrual of pension benefits because of the Dutch Wage Tax Act, provided that the sum of the Pension and Disability Insurance Contribution and such annual allowance (the ''Total Amount'') shall annually not exceed an amount of EUR 75,000. This amount may be adjusted based on market developments.

No schemes have been agreed for the voluntary early retirement of members of the Executive Board.

Kendrion maintains a car lease policy for members of the Executive Board. The lease budget (including fuel) is EUR 2,000 per month. Alternatively, members of the Executive Board are entitled to a monthly gross car allowance of EUR 2,000.

In addition, Kendrion pays a monthly expense allowance to Executive Board members of up to EUR 450, to cover costs that are not suitable for individual reimbursement.

The amount of the car allowance and the expense allowance are not included as a basis for calculation of the Pension and Disability Insurance Contribution, or any other (variable) remuneration or allowance, severance amount or benefit.

Kendrion has arranged for a directors' and officers' liability insurance. The costs for this insurance are for the account of Kendrion.

The Executive Board participates in the defined contribution plan of Kendrion. The pension contribution in 2024 was EUR 78,115 (2023: EUR 75,000) for the CEO and EUR 80,758 (2023: EUR 75,000) for the CFO. The overpaid amounts will be reconciled through deductions from salary payments in 2025. In 2024, a monthly car allowance of EUR 2,000 gross was provided to the CFO. Both amounts exceed the Total Amount resulting from an error in the administrative process.

Share ownership guideline

An objective of the Remuneration Policy is to appropriately align the interests of the members of the Executive Board with the interests of shareholders by encouraging share ownership. As per the Remuneration Policy adopted by the General Meeting of Shareholders on 15 April 2024, Kendrion applies a share ownership guideline for Executive Board members of 200% of the annual fixed gross base salary for the CEO and 100% of the annual fixed gross base salary for the CFO. This shareholding must be gradually built up with performance shares earned under the long-term incentive plan, although it is permitted to sell shares to finance taxes due at the date of vesting of the performance shares, and by purchasing shares with at least 50% of the net amount of the pay-out of the short-term incentive.

Although the abovementioned adjustments will be proposed to the General Meeting of Shareholders for adoption on 15 April 2024, the management agreements with the current members of the Executive Board covering the third term for the CEO and the second term of the CFO, include the abovementioned share ownership requirements and provisions.

Policy in case of change of control

Unvested performance shares awarded shall be deemed vested as per the date of the change of control assuming on target performance, subject to: (i) pro rating to reflect the proportion of the normal performance period that has elapsed as per the date of the change of control, and (ii) the discretionary authority of the Supervisory Board to determine otherwise, should such deemed vesting of performance shares result in unreasonable or unequitable remuneration.

Adjustment and claw back

The Supervisory Board is authorized to adjust the amount of the short-term and long-term variable remuneration to an appropriate level should payment thereof result in unreasonable or unequitable remuneration. In addition, a so-called claw-back provision applies pursuant to which the Supervisory Board has the authority to recover in whole or in part short-term and long-term variable remuneration awarded to members of the Executive Board should it transpire that such variable remuneration was unjustifiably awarded based on incorrect information.

Other key elements

Term and termination
Management agreements with Executive Board members are entered for a definite period of four years. The management agreement may be terminated with due observance of a notice period of six months. Kendrion is entitled to terminate the management agreement with immediate effect for cause (i.e. seriously culpable or negligent behavior on the part of the Executive Board member).

Termination fee
In the event of termination of the management agreement on Kendrion's initiative, the termination fee for members of the Executive Board shall not exceed 100% of the annual fixed gross base salary (i.e. excluding short-term and long-term incentive and other elements such as pension contributions).

The members of the Executive Board are not entitled to a termination fee if the contract is terminated for cause on the part of the Executive Board member or if the contract is terminated at the initiative of the Executive Board member.

Pay ratio

The CEO to employee pay-ratio is approximately 18 (2023: 18). This pay ratio is based on the remuneration of the CEO including pensions and other expenses and the average wage costs per FTE in 2024 as disclosed on page 94 of this Annual Integrated Report.

Remuneration Policy Supervisory Board

Objectives
The remuneration policy of the Supervisory Board serves to recruit and retain diverse, qualified, and experienced members to supervise the way the Executive Board implements Kendrion's long-term value creation strategy. Considering the nature of the supervisory responsibilities of the Supervisory Board, the remuneration is not linked to Kendrion's performance, and therefore includes a fixed component only. In line with good corporate governance, Supervisory Board members will not receive a share-based incentive.

The remuneration of the Supervisory Board is as described in the table below. The base fee and committee fee levels in the table below are the same as determined by the General Meeting of Shareholders on 11 April 2022.

Base fee		
Chairman Supervisory Board	EUR	59,000
Member Supervisory Board	EUR	41,800

Committee fee		
Chair Audit Committee	EUR	7,200
Member Audit Committee	EUR	6,000
Chair HR Committee	EUR	7,200
Member HR Committee	EUR	6,000

Expenses
All reasonable and documented expenses incurred by the Supervisory Board members while performing their duties are reimbursed.

Benefits and loans
Members of the Supervisory Board are not eligible to participate in any benefits scheme offered by Kendrion to its employees, nor shall Kendrion provide loans.

The aggregate amount of the remuneration of the Supervisory Board members in 2024 was EUR 212,850 (2023: EUR 214,883). The table below gives a breakdown of the remuneration per Supervisory Board member.

Supervisory Board member		2023
F.J. van Hout (Chairman)	EUR	65,000
M.J.G. Mestrom (until 15 April 2024)	EUR	14,300
M.Baijens (as of 15 April 2024)	EUR	36,750
E.H. Slijkhuis	EUR	49,000
E.M. Doll	EUR	47,800
Total	**EUR**	**212,850**

Advisory vote remuneration report 2023

The remuneration report 2023 has been discussed with the shareholders and put to the General Meeting of Shareholders for an advisory vote during the annual General Meeting of Shareholders held on 15 April 2024. Of the votes cast, 99.99% voted in favor of the 2023 remuneration report. Supported by this advisory vote, the Executive Board and the Supervisory Board considered that no substantive changes are needed relevant to the application of the Remuneration Policy.

The voting results of the General Meeting of Shareholders held on 15 April 2024 can be found on the corporate website at www.kendrion.com.

Taking account of the content of this Remuneration Report pertaining to financial year 2024, it is determined that the aggregate amount of remuneration awarded is in line with the Remuneration Policy and contributes to the performance of Kendrion and the execution of its long-term value creation strategy.

This 2024 Remuneration Report will be discussed with shareholders and put to the General Meeting of Shareholders for an advisory vote during the upcoming annual General Meeting of Shareholders to be held on 14 April 2025.

Remuneration components 2024

(in EUR)	CEO	%	CFO	%
Base salary	590,000	59.07%	350,000	57.83%
Short term incentive	291,696	29.20%	129,815	21.45%
Long term incentive	33,581.60	3.36%	17,045.60	2.82%
Pension contribution	78,115*	7.82%	80,758*	13.34%
Other	5,400	0.54%	27,600	4.56%
Total compensation	**998,792.60**	**100%**	**605,218.60**	**100%**

* These amounts include the overpayments as described on page 127.

Executive Board remuneration comparative

EUR Thousand	2024	2023	2022	2021	2020
J.A.J. van Beurden, CEO	998.8	951.4	1,153.0	1,118.0	984.2
J.H. Hemmen, CFO	605.2	555.0	632.0	565.8	450.4
Pay ratio	17	18	19	20	25
Company performance					
Revenue (EUR million)	301.5	518.6	519.3	464.0	396.4
Normalized EBITDA (EUR million)	37	53.1	57.4	55.8	44.6
Normalized EBITDA margin	12.3%	10.2%	11.1%	12.0%	11.3%

1 Non-IFRS financial measure. For the definition and reconciliation of the most directly comparable IFRS measures, refer to reconciliation of non-IFRS information, starting on page 230.

Supervisory Board remuneration comparative

	2024	2023	2022	2021	2020 (excl. fee reduction)
Base fee					
Chairman Supervisory Board	EUR 59,000	EUR 59,000	EUR 59,000	EUR 45,000	EUR 45,000
Member Supervisory Board	EUR 41,800	EUR 41,800	EUR 41,800	EUR 35,000	EUR 35,000
Committee fee					
Chair Committee	EUR 7,200	EUR 7,200	EUR 7,200	EUR 6,000	EUR 6,000
Member Committee	EUR 6,000	EUR 6,000	EUR 6,000	EUR 5,000	EUR 5,000
Total Supervisory Board remuneration	**EUR 210,800**	**EUR 210,800**	**EUR 210,800**	**EUR 172,000**	**EUR 172,000**

Share capital

The authorized share capital of Kendrion N.V. as at 31 December 2024 amounts to EUR 80,000,000 and is divided into 40,000,000 ordinary shares with a nominal value of EUR 2.00 each. At year-end 2024, the total number of or-dinary shares issued was 15,500,057. There is one class of ordinary shares and no depositary receipts for shares have been issued. Kendrion's ordinary shares are listed on NYSE Euronext Amsterdam Small Cap Index (AScX).

Movements in the share price

from 1 January 2024 to 31 December 2024

- Kendrion N.V. share
- AEX
- ASCX
- AMX

Movements in the number of outstanding shares	Shares entitled to dividend	Shares owned by Kendrion	Total number of issued shares
At 1 January 2024	15,276,014	-	15,276,014
Issued shares (share dividend)	211,787		211,787
Issued registered shares (share plan)	12,256	-	12,256
At 31 December 2024	15,500,057	-	15,500,057

Other information

EUR, unless otherwise stated	2024	2023	2022
Number of shares x 1,000 at 31 December	15,500	15,276	15,115
Market capitalization at 31 December (EUR million)	161.2	184.5	234.3
Highest share price in the financial year	14.50	19.60	22.40
Lowest share price in the financial year	10.08	10.82	13.02
Share price on 31 December	10.40	12.08	15.50
Average daily ordinary share volume	22,730	15,260	7,022
Result per share	(0.29)	0.65	(3.09)
Normalized net profit before amortization per share[1]	0.76	0.91	1.44

Major shareholders as at 31 December 2024[2]	Interest in %	Date of report
Teslin Participaties Coöperatief U.A.	21.30	At 23 March 2023
Kempen Capital Management N.V.	15.33	At 11 April 2023
Cross Options Beheer B.V.	5.33	At 20 December 2023
Add Value Fund NV	3.22	At 13 July 2022
T.L. Kuo	3.17	At 21 June 2024
Midlin N.V.	3.08	At 11 December 2020
Total	51.43	

Treasury shares

As at 31 December 2024, Kendrion N.V. does not hold any shares in its own capital.

1 Non-IFRS financial measure. For the definition and reconciliation of the most directly comparable IFRS measures, refer to reconciliation of non-IFRS information, starting on page 230.

2 On the basis of the information in the register of the AFM and listed on the website at www.afm.nl.

Dividend policy
Kendrion endeavours to realize an attractive return for shareholders supported by a suitable dividend policy. In view of safeguarding a healthy financial position, consideration is also given to the amount of profit to be retained to support the company's medium and long-term strategic plans and to maintaining a solvency ratio of at least 35%. Kendrion strives to distribute dividends representing at least 50% of its normalized net profit before amorti-zation.

In principle, Kendrion offers shareholders an opportunity to opt for dividends in cash or in the form of ordinary shares in Kendrion N.V.'s capital.

Kendrion will propose a dividend of EUR 0.45 per share, representing a payment of dividend of 59% of normalized net profit before amortization for 2024 at the Annual General Meeting of Shareholders on 14 April 2025. The total amount of dividend is EUR 7.0 million. It will be proposed that payment of the dividend will be made in cash, or at the option of shareholders, in the form of ordinary shares charged to the share premium reserve with any remain-ing fraction being settled in cash.

Major shareholders
Any person holding or acquiring an interest of 3% or more in a Dutch publicly listed company is bound, based on the Financial Supervision Act *(Wet op het Financieel Toezicht)*, to disclose such a holding to the Dutch Authority for the Financial Markets (AFM). The disclosure is recorded in the register of the AFM and listed on the website at www.afm.nl/en.

Participation
Kendrion maintains a share-based incentive plan for its senior management and certain key employees.

Effective as of 2019, members of the Management Team became eligible for a grant of conditional performance shares. In 2021, participation in this share-based incentive program was extended to selected members of the Kendrion Leadership Team, with their participation limited to that year only.

The conditional performance shares granted will vest upon achievement of performance measured over a three-year period. The actual number of shares that will be allocated upon expiry of the three-year vesting period is subject to the realization of predefined performance criteria. Under the 2021 long-term incentive plan for the Management Team and Leadership team (i.e. performance period 2021 through 2023), 40,433 conditional performance shares were granted. Of these conditional performance shares granted to the Management Team and the Leadership team, a total of 6,301 shares have vested in 2024.

In 2024, conditional performance shares have been granted to the members of the Executive Board pursuant to the Executive Board long-term incentive plan. More information about (conditional performance) shares granted to the members of the Executive Board is set out on page 125. A comprehensive description of the long-term in-centive plan is included in the 'Remuneration Report' section on pages 127 and further of this report.

Regulations to prevent insider trading

Kendrion has regulations covering securities transactions by members of the Executive Board, members of the Supervisory Board, members of the Management Team and other designated employees. The Insider Trading Code is published on the corporate website at www.kendrion.com.
The Insider Trading Code is intended to ensure the avoidance of insider trading or the appearance thereof, and any mixing of business and private interests.

Investor relations

Kendrion attaches great importance to appropriate communications with financial stakeholders such as inves-tors, debt capital providers and analysts, providing them with good insights into recent developments. Transparency is intended to lead to healthy pricing, and to support liquidity.

Analysts

The following stock exchange analysts actively monitor the Kendrion share:

ABN AMRO Oddo BHF Bank	Martijn den Drijver
Degroof Petercam	Frank Claassen
ING Bank	Tijs Hollestelle
The Idea-Driven Equities Analyses Company	Maarten Verbeek
Kepler Cheuvreux	Tim Ehlers

Financial calendar

Friday, 28 February 2025	Publication annual results 2024
Monday, 17 March 2025	Record date General Meeting of Shareholders
Monday,14 April 2025	Annual General Meeting of Shareholders
Wednesday, 16 April 2025	Ex-dividend date
Thursday, 17 April 2025	Dividend record date
Tuesday, 22 April - Tuesday, 6 May 2025, 5.45pm	Dividend election period (stock and/or cash)
Wednesday, 7 May 2025	Determination stock dividend exchange ratio
Friday, 9 May 2025	Cash dividend made payable and delivery stock dividend
Tuesday, 13 May 2025	Publication first quarter results 2025
Wednesday, 27 August 2025	Publication half-year results 2025
Tuesday, 11 November 2025	Publication third quarter results 2025

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

Note	EUR million	2024	2023
	Assets		
	Non-current assets		
1	Property, plant and equipment	96.0	134.5
2	Intangible assets	112.8	125.8
3	Other investments, including derivatives	3.9	0.5
4	Deferred tax assets	21.4	20.1
5	Contract costs	–	0.6
	Total non-current assets	**234.1**	**281.5**
	Current assets		
6	Inventories	58.5	87.4
	Current tax assets	3.2	5.7
7	Trade and other receivables	58.6	65.2
8	Cash and cash equivalents	8.5	20.6
9	Assets classified as held for sale	1.9	1.9
	Total current assets	**130.7**	**180.8**
	Total assets	**364.8**	**462.3**

Note	EUR million	2024	2023
	Equity and liabilities		
10, 11	**Equity**		
	Share capital	31.0	30.6
	Share premium	37.1	37.3
	Reserves	94.9	94.2
	Retained earnings	(4.5)	9.9
	Total equity[1]	**158.5**	**172.0**
	Liabilities		
12	Loans and borrowings	97.8	153.2
13	Employee benefits	7.1	8.7
4	Deferred tax liabilities	14.7	19.0
14	Provisions	0.9	0.7
	Total non-current liabilities	**120.5**	**181.6**
8	Bank overdraft	1.7	7.1
12	Loans and borrowings	12.4	5.3
14	Provisions	5.2	–
	Current tax liabilities	7.6	7.4
15	Contract liabilities	0.2	4.4
16	Trade and other payables	58.7	84.5
	Total current liabilities	**85.8**	**108.7**
	Total liabilities	**206.3**	**290.3**
	Total equity and liabilities	**364.8**	**462.3**

[1] Equity is attributable to owners of the company as non-controlling interests are not applicable.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

Note	EUR million	2024	2023[4]
21	Revenue	301.5	309.0
	Other income	1.7	0.1
	Total revenue and other income	**303.2**	**309.1**
	Changes in inventories of finished goods and work in progress	(2.0)	0.3
	Raw materials and subcontracted work	151.6	151.4
22	Staff costs	94.3	97.8
1, 2	Depreciation and amortization	19.1	17.3
1, 2	Impairments of fixed assets	1.2	0.0
23	Other operating expenses	24.2	20.1
	Result before net finance costs	**14.8**	**22.2**
24	Finance income	0.1	0.2
24	Finance expense	(6.1)	(6.3)
	Share profit or loss of an associate	(0.1)	-
	Profit before income tax	**8.7**	**16.1**
25, 26	Income tax expense	(2.6)	(4.3)
	Profit for the period continuing operations	**6.1**	**11.8**
9	Loss after tax from discontinued operations	(10.6)	(1.9)
	(Loss)/Profit for the period	**(4.5)**	**9.9**

Note	EUR million	2024	2023[4]
	Other comprehensive income		
13	Remeasurements of defined benefit plans[1]	(0.8)	0.4
10	Foreign currency translation differences for foreign operations[2]	(3.4)	(4.8)
10	Net change in fair value of cash flow hedges, net of income tax[2]	(0.5)	(1.5)
	Other comprehensive income for the period, net of income tax	**(4.7)**	**(5.9)**
	Total comprehensive income for the period[3]	**(9.2)**	**4.0**
11	Basic earnings per share (EUR), based on weighted average	(0.29)	0.65
11	Basic earnings per share (EUR), based on weighted average (diluted)	(0.29)	0.64
	Earnings per share for continuing operations		
	Basic earnings per share (EUR) from continuing operations, based on weighted average	0.39	0.77
	Basic earnings per share (EUR) from continuing operations, based on weighted average (diluted)	0.39	0.76

1 This item will never be reclassified to profit or loss.
2 These items may be reclassified to profit or loss.
3 All profits are attributable to owners of the company as non-controlling interests are not applicable.
4 2023 numbers were restated to present the continuing operations only in accordance with IFRS 5. Reference is made to note 9 for more details on results from discontinued operations.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Note	EUR million	Share capital	Share premium	Translation reserve	Hedge reserve	Reserve for own shares	Other reserves	Retained earnings	Total equity
	Balance as at 1 January 2023	**30.2**	**38.4**	**9.4**	**1.8**	**(1.8)**	**143.3**	**(46.3)**	**175.0**
	Total comprehensive income for the period								
	Profit for the period	–	–	–	–	–	–	9.9	9.9
	Other comprehensive income								
13	Remeasurements of defined benefit plans	–	–	–	–	–	0.4	–	0.4
10	Foreign currency translation differences for foreign operations	–	–	(4.8)	–	–	–	–	(4.8)
10	Net change in fair value of cash flow hedges, net of income tax	–	–	–	(1.5)	–	–	–	(1.5)
	Other comprehensive income for the period, net of income tax	–	–	(4.8)	(1.5)	–	0.4	–	(5.9)
	Total comprehensive income for the period	**–**	**–**	**(4.8)**	**(1.5)**	**–**	**0.4**	**9.9**	**4.0**
	Transactions with owners, recorded directly in equity								
10	Issue of ordinary shares	0.4	2.7	–	–	–	(0.0)	–	3.1
10	Treasury shares issued	–	–	–	–	0.8	(0.0)	–	0.8
	Share–based payment transactions	–	–	–	–	1.0	(1.0)	–	0.0
10	Dividends to equity holders	–	(3.8)	–	–	–	(7.1)	–	(10.9)
10	Appropriation of retained earnings	–	–	–	–	–	(46.3)	46.3	–
	Balance as at 31 December 2023	**30.6**	**37.3**	**4.6**	**0.3**	**–**	**89.3**	**9.9**	**172.0**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Note	EUR million	Share capital	Share premium	Translation reserve	Hedge reserve	Reserve for own shares	Other reserves	Retained earnings	Total equity
	Balance as at 1 January 2024	**30.6**	**37.3**	**4.6**	**0.3**	**–**	**89.3**	**9.9**	**172.0**
	Total comprehensive income for the period								
	Loss for the period	–	–	–	–	–	–	(4.5)	(4.5)
	Other comprehensive income								
13	Remeasurements of defined benefit plans	–	–	–	–	–	(0.8)	–	(0.8)
10	Foreign currency translation differences for foreign operations	–	–	(3.4)	–	–	–	–	(3.4)
10	Net change in fair value of cash flow hedges, net of income tax	–	–	–	(0.5)	–	–	–	(0.5)
	Other comprehensive income for the period, net of income tax	–	–	(3.4)	(0.5)	–	(0.8)	–	(4.7)
	Total comprehensive income for the period	**–**	**–**	**(3.4)**	**(0.5)**	**–**	**(0.8)**	**(4.5)**	**(9.2)**
	Transactions with owners, recorded directly in equity								
10	Issue of ordinary shares	0.4	2.5	–	–	–	(0.2)	–	2.7
	Share-based payment transactions	–	–	–	–	–	(0.2)	–	(0.2)
10	Dividends to equity holders	–	(2.7)	–	–	–	(4.1)	–	(6.8)
10	Appropriation of retained earnings	–	–	–	–	–	9.9	(9.9)	–
	Balance as at 31 December 2024	**31.0**	**37.1**	**1.2**	**(0.2)**	**–**	**93.9**	**(4.5)**	**158.5**

CONSOLIDATED STATEMENT OF CASH FLOWS[1]

Note	EUR million	2024	2023
	Cash flows from operating activities		
	(Loss) / profit for the period	(4.5)	9.9
	Adjustments for:		
24	Net finance costs	8.9	9.9
	Share profit or loss of an associate	0.1	–
	Result on sale of subsidiaries before tax, non cash	(1.7)	0.0
25	Income tax expense	0.8	4.0
1, 2	Depreciation of property, plant and equipment and software	18.2	23.6
2	Amortization of other intangible assets	3.2	3.2
1, 2	Impairments of fixed assets	6.2	0.1
	Share-based payments	(0.0)	0.0
	Cash flows used in operations before changes in working capital	**31.2**	**50.7**
	Change in trade and other receivables	(20.9)	2.7
	Change in inventories	3.2	(3.5)
	Change in trade and other payables	11.8	6.7
	Change in provisions	5.0	(2.7)
	Change in contract liabilities	(0.5)	(0.3)
	Cash flows used in operations	**29.8**	**53.6**
	Interest paid	(8.4)	(8.4)
	Interest received	0.3	0.2
	Tax paid	(3.2)	(9.0)
	Net cash flows from operating activities	**18.5**	**36.4**

Note	EUR million	2024	2023
	Cash flows from investing activities		
	Sale of subsidiaries, net of cash[2]	52.5	–
1	Purchase of property, plant and equipment	(17.6)	(23.9)
1	Disposal of property, plant and equipment	0.2	1.1
2	Purchase of intangible fixed assets	(6.0)	(6.4)
2	Disposal of intangible fixed assets	0.2	0.1
3	Investments in other investments	(3.5)	(0.5)
	Net cash from investing activities	**25.8**	**(29.6)**
	Cash flows from financing activities		
12	Payment of lease liabilities	(3.0)	(3.2)
12	Repayments of borrowings (non- current)	(51.7)	(14.4)
12	Proceeds from borrowings (current)	7.7	–
12	Repayments of borrowings (current)	–	(3.1)
10	Dividends paid	(4.2)	(7.1)
	Net cash from financing activities	**(51.2)**	**(27.8)**
	Change in cash and cash equivalents	(6.9)	(21.0)
8	Cash and cash equivalents as at 1 January	13.5	34.7
	Effect of exchange rate fluctuations on cash held	0.2	(0.2)
8	**Cash and cash equivalents as at 31 December**	**6.8**	**13.5**

1 The statement of cash flows includes the cash flows of discontinued operations. The notes of the Consolidated financial statements referred to include information excluding discontinued operations. The total net cash flows from discontinued operations have been disclosed in note 9.

2 Refer to note 9 Assets held for sale and discontinued operations.

Reporting entity

Kendrion N.V. (the 'Company') is domiciled in the Netherlands. The Company's registered office is at Herikerbergweg 213, 1101 CN Amsterdam. The consolidated financial statements of the Company as at and for the year ended 31 December 2024 comprise the Company and its subsidiaries (together also referred to as the 'Group'). The Group is involved in the design and manufacture of advanced actuators and control systems for a wide range of industrial applications, including wind energy, robotics, medical devices, factory automation, energy distribution and industrial heating processes. These solutions enhance efficiency, precision and performance in complex industrial environments.

Basis of preparation

(a) Statement of compliance

The consolidated financial statements as of 31 December 2024 have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) and IFRS IC interpretations (IFRIC), published by the International Accounting Standards Board (IASB) as adopted by the European Union (hereinafter referred to as EU-IFRS) and in accordance with the legal requirements of Part 9, Book 2 of the Dutch Civil Code. The Company financial statements are integrated part of the 2024 financial statements of Kendrion N.V.

The financial statements were authorized for issue by the Executive Board on 28 February 2025.

(b) Basis of measurement

The financial statements are presented in millions of euros, the euro also being the Group's functional currency.

The financial statements have been prepared on a historical cost basis except that:

- derivative financial instruments are stated at fair value;
- the defined benefit liability is recognized as net total of plan assets and present value of the defined benefit obligations.

The Executive Board had, at the time of approving the financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The methods used to measure the fair values are disclosed in note r. In preparing these consolidated financial statements, the Executive Board has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Executive Board made critical judgements in the process of applying Group's accounting policies and have the most significant effect on the amounts recognized in the consolidated financial statements, see notes:

- note 2 – determination of groups of CGUs for goodwill impairment testing;
- note 6 – selection of valuation method for inventories.

In preparing these consolidated financial statements, the Executive Board has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

- note 9 – Assets classified as held for sale and discontinued operations.

Executive Board made estimations concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- note 2 – management forecast and growth rate of each cash-generating unit to determine whether goodwill is impaired;
- note 2 – management forecast of cashflows to determine whether customer relations are impaired;
- note 4 – management forecast of profit before tax for utilisation of tax losses;
- note 4 – outcome of tax audits;
- note 6 – valuation of inventories;
- note 7 – valuation of customer claims and other receivables;
- note 13 – valuation of defined benefit obligations;
- note 14 – provisions;
- note 18 – leases.

Due to the impact on climate change supported by various legislative initiatives, the automotive industry is transitioning from combustion engine vehicles to electric and hybrid vehicles, which impacts the Groups Automotive business. The imminent phase out of existing technologies has impacted the accounting estimates around the valuation of goodwill. The economic life and valuation of the tangible fixed assets is not impacted by this changed outlook. On the other hand the transition towards electrification in automotive and the broader energy transition poses opportunities for the Group to develop new strategically relevant products and secure profitable growth for the future.

Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and by the entities within the Group.

(a) Basis of consolidation

(i) Business combinations

No business combination occurred in 2024, only a non-controlling interest has been acquired in 2024. Refer to note 3.
Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Group. Control refers to the authority to govern the financial and operating policies of an entity to obtain benefits from its activities.
When assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus
- if the business combination is realized in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

If the excess is negative, a bargain purchase gain is recognized immediately in comprehensive income (hereafter also referred to as 'profit or loss'). The consideration transferred does not include amounts relating to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquirees employees (acquirees awards) and relate to past services, then all or part of the amount of the acquirer's replacement awards is included when measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards as compared to the market-based value of the acquirees awards and the extent to which the replacement awards relate to past and/or future service.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences, until the date that control ceases. The shares of third parties in shareholders' equity and results are stated separately. The accounting policies of subsidiaries are changed, where necessary, to align them with the policies adopted by the Company.

(iii) Transactions eliminated on consolidation

Intragroup balances and transactions, as well as any unrealized gains and losses or income and expenses arising from intragroup transactions, are eliminated when preparing the consolidated financial statements.

(b) Foreign currency

(i) Foreign currency transactions

Transactions expressed in non-euro zone currencies are translated into euros at exchange rates at the date of the transaction. Monetary assets and liabilities denominated in non-euro zone currencies at the reporting date are translated into euros at the exchange rate at that date.
Non-monetary assets and liabilities denominated in non-euro zone currencies that are measured at historical cost are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in non-euro zone currencies that are measured at fair value are translated in euros at the exchange rates when the fair value was determined. Currency differences on foreign currency transactions are recognized in profit or loss, except loans considered to be part of the net investment, or qualifying cash flow hedges to the extent the hedges are effective.

(ii) Translation of foreign currency financial statements

Translation of foreign currency financial statements depends on the functional currency of the company concerned. The closing rate method is applied if the functional currency of the company is other than the euro. With this method, assets and liabilities of non-euro zone operations, including goodwill and fair value adjustments arising at the time of acquisition, are translated into euros at exchange rates at the reporting date. The income and expenses of non-euro zone operations are translated into euros at rates approximating the exchange rates at the date of the transaction. Foreign currency translation differences are recognized in other comprehensive income and accumulated in the translation reserve, which is a component of equity.
On the partial or complete sale of a foreign operation, the related amount is transferred from the translation reserve to profit or loss.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a non-euro zone operation, of which the settlement is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a non-euro zone operation and are recognized directly in equity, in the translation reserve.

(c) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are measured at cost or assumed cost less accumulated depreciation and accumulated impairment losses (see accounting policy g). The cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and reinstating the site on which they are located, a reasonable proportion of production overheads, and capitalized borrowing costs.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Lease

The Group assesses whether a contract is, or contains, a lease, at inception of the contract. The group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones.

For these leases, the group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease liability included in the measurement of the lease liability comprise:
- Fixed lease payments (include in-substance fixed payments), less any lease incentive receivable;
- Amounts expected to be payable under a residual value guarantee;
- Exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option;
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which cases the lease liability is remeasured by discounting the revised lease payment using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate;
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use asset comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs. They are subsequently measured at costs less accumulated depreciation and impairment losses.

Whenever the group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

(iii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be reliably measured. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized as an incurred charge in profit or loss.

(iv) Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful life of each component of property, plant and equipment. Land is not depreciated.

Leased assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life or the end of the lease term.

Depreciation methods, useful lives and residual values are reviewed annually.

(v) Recognition of transaction results

Gains and losses on the disposal of property, plant and equipment are accounted for in other operating income/other expenses in the statement of comprehensive income.

(d) Intangible assets

(i) Goodwill

Goodwill that arises upon acquisition of a subsidiary is included in intangible assets. For the measurement of goodwill at initial recognition, see note a.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortized but is tested annually for impairment (see note g).

Negative goodwill arising on an acquisition is recognized directly in profit or loss.

(ii) Research and development

Research and development expenses comprise expenditure on research and development and expenses for customer-specific applications, prototypes and testing.

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognized in profit or loss as incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if the development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete the development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalized borrowing costs. Other development expenditure is recognized in profit or loss when incurred.

Capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment losses.

(iii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are stated at cost less accumulated amortization and accumulated impairment losses (see note g). Based on the purchase price allocation of acquisitions, intangible assets that are part of the other intangible assets and relate to, for example, valued customer relations, trade names and technologies are also recognized.

(iv) Subsequent expenditure

Subsequent expenditure on capitalized intangible assets is capitalized only if it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed when incurred.

(v) Amortization

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of the intangible assets unless such lives are indefinite. Goodwill and other intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. Other intangible assets are amortized from the date they are available for use. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(e) Financial instruments and other investments

Financial instruments

Non-derivative financial instruments

Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.
A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.
The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.
In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts, it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously and the financial assets and financial liabilities are with the same party.

Other investments

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group’s share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

Trade and other receivables

Trade and other receivables represent the Group’s right to an amount of consideration that is unconditional. Trade and other receivables are carried at amortized cost, less impairment losses (see note g). An exception is made for trade receivables of designated customers of a limited number of subsidiaries of the Group, which are sold to a factoring company, with limited recourse. These trade debtors are measured at fair value through profit and loss, until they are derecognized at the moment that the invoices are sold to the factoring company.

Recognized interest-bearing loans and borrowings

After initial recognition, interest-bearing loans and borrowings are carried at amortized cost with any difference between the initial carrying amount and the redemption amount, based on the effective interest method, taken to profit or loss over the respective terms of the loans.

Trade and other payables

Trade and other payables are carried at amortized cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and other call deposits payable on demand. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management, are included as a component of cash and cash equivalents in the statement of cash flows. They are measured at fair value.

Other non-derivative financial instruments

Other non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses.

Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met. As at 31 December 2024, no embedded derivatives existed.

Derivatives are initially measured at fair value, with attributable transaction costs recognized in the statement of comprehensive income when they are incurred. Subsequent to initial recognition, derivatives are carried at fair value. Any changes are taken to profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Changes in the fair value of a derivative hedging instrument designated as a cash flow hedge are recognized in other comprehensive income and presented in the hedging reserve.

The effective portion of changes in the fair value of the derivative that is recognized in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss. The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging.
When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognized.
For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs to sell. The cost of inventories of the Group is based on the weighted average cost, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their current location and condition. The cost of inventories includes an appropriate share of overheads based on normal operating capacity.

(g) Impairment

(i) Financial assets

The Group recognizes impairments for financial assets based on the 'expected credit loss' model. The Group measures loss allowances at an amount equal to the lifetime expected credit losses.

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls, being the difference between the cash flows due to the entity in accordance to the contract and the cash flows that the Group expects to receive.
The Group makes use of the simplified method for trade receivables and contracts assets as set out in IFRS 9.
The expected credit losses for significant financial assets are determined on an individual basis. The remaining financial assets are assessed collectively in groups of assets that have similar credit risk characteristics.

All impairment losses are recognized in the consolidated statement of comprehensive income.
An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.
For financial assets measured at amortized cost, the reversal is recognized in profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.
For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). For the purpose of impairment testing, the goodwill acquired in a business combination is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are first allocated to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

(iii) Reversal of impairment losses

Impairment losses in respect of goodwill are not reversed. Impairment losses in respect of other assets are reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Reversals of impairment losses are recognized in profit or loss.

(iv) Calculation of recoverable amount

The recoverable amount of the Group's receivables carried at amortized cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed on initial recognition of these financial assets). Receivables with a short remaining term are not discounted. The recoverable amount of other assets is the greater of their net selling price and value in use.

In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(h) Share capital

(i) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effect.

(ii) Repurchase, disposal and reissue of share capital (treasury shares)

When own shares recognized as equity are repurchased, the amount of the consideration paid, including directly attributable costs and net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. If treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred respectively to or from other reserves.

(iii) Dividends

The holders of ordinary shares are entitled to receive dividends as determined from time to time by the General Meeting of Shareholders.
The Executive Board has the authority to decide, with the approval of the Supervisory Board, what portion of the profit will be allocated to the reserves.
If applicable, the declared but unpaid dividends are recognized as a liability.

(i) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss when incurred. Prepaid contributions are recognized as an asset to the extent that a cash refund or reduction in future payments will occur.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset). The discount rate is the yield at the reporting date on Corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognizes them immediately in other comprehensive income, and all other expenses related to defined benefit plans as employee benefit expenses in profit or loss. When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit relating to past service by employees, or the gain or loss on curtailment, is recognized immediately in profit or loss when the plan amendment or curtailment occurs. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The gain or loss on a settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

(iii) Other long-term service benefits

The Group's net obligation in respect of long-term service benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method, discounted to its present value and net of the fair value of any related assets. The discount rate is the yield at the financial position date on corporate bonds that have maturity dates approximating the terms of the Group's obligations. Any actuarial gains and losses are recognized in profit or loss in the period in which they arise.

(iv) Share-based payment transactions

As only equity settled share-based payments are applicable only the accounting policy for these transactions has been included.
The fair value on the grant date of share-based payment awards made to employees and the Executive Board is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, so that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the fair value on the grant date of the share-based payment is measured to reflect such conditions, with no true-up for differences between expected and actual outcomes.

(v) Short-term employee benefits

A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Short-term employee benefits are expensed as the related service is provided.

(vi) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognized costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(j) Provisions

A provision is recognized in the statement of financial position if the Group has a present legal or constructive obligation as a result of a past event, that can be estimated reliably and it is probable that settlement of the obligation will involve an outflow of funds. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Restructuring provisions

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

(k) Assets classified as held for sale and discontinued operations

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.
Assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations, which are more described in note 9, are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss. Additional disclosures are provided in note 9. All other notes to the Consolidated statement of profit and loss and other comprehensive income include amounts for continuing operations, unless indicated otherwise.

(l) Revenue

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration (net of discounts, rebates, returns and excluding VAT) to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Sale of goods

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 15 up to 90 days upon delivery.
The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. warranties). In determining the transaction price for the sale of equipment, the Group considers the effects of variable consideration (e.g. early payment discount, volume rebates), the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and or volume rebates and or early payment discount. These conditions might give rise to variable consideration.

Certain contracts provide a customer the right to apply an early payment discount when the consideration to which the Group is entitled is transferred to the Group before the contractual agreed credit terms. Those rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future early payment rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the payment behaviour in the past and or any agreement with the customer when the consideration will be transferred.

The related costs are recognized in profit or loss when they are incurred. Advances received are included in contract liabilities.

Services
Apart from sales of goods the Group provides limited services such as repairs and engineering/development services. Revenues from services are recognized in proportion to the services rendered, based on the cost incurred in respect of the services performed up to balance sheet date, in proportion to the estimated costs of the aggregate services to be performed. The cost price of these services is allocated to the same period.

Contract assets
The Group recognizes incremental costs of obtaining a contract and certain costs to fulfil a contract as an asset if the Group expects to recover those costs. Any capitalized contract costs assets will be amortized on a systematic basis that is consistent with the entity’s transfer of the related goods or services to the customer.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

(m) Expenses

(i) Lease expenses – short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery that have a lease terms of 12 months or less and lease of low-value assets. Individual lease assets with a new value of EUR 5,000 or less (or any other foreign exchange equivalent) are considered to be low value assets. The Group recognizes the lease payments associated with these leases as an expense on straight-line basis over the lease term.

(ii) Net finance costs

Finance income comprises interest income on funds invested, and financial assets held to maturity. Interest income is recognized in profit or loss as it accrues, using the effective interest method.
Finance expense comprises interest expense on borrowings, commitment fees, accrued interest on provisions, interest on pension liabilities, impairment losses recognized on financial assets and losses on interest rate hedge instruments to the extent they are recognized in profit or loss. All borrowing costs are recognized in profit or loss using the effective interest method.

Realized and unrealized foreign currency gains and losses on monetary assets and liabilities, including changes in fair value of currency hedge instruments that are not qualified as cash flow hedges, are reported on a net basis.

(n) Income tax

Income tax for the year comprises current and deferred tax. Income tax is recognized in profit or loss unless it relates to items recognized directly in equity, in which case it is recognized in equity. The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences:

- a transaction that is not a business combination, at the time of the transaction, affects neither accounting nor taxable profit and, at the time of the transaction, does not give rise to equal taxable and deductible temporary differences;
- relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not be reversed in the foreseeable future;
- arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity; or on different tax entities, but the intention is to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be applied. Deferred tax assets are reduced if it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of a dividend are recognized at the same time as the liability to pay the related dividend is recognized.

Uncertain tax items for which a provision is made relate principally to the interpretation of tax legislation regarding arrangements entered into by the Group. Due to the uncertainty associated with such tax items, there is a possibility that, on conclusion of open tax matters at a future date, the final outcome may differ significantly.

(o) Earnings per share

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period. Diluted earnings per share is determined by adjusting profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

(p) Segment reporting

The Group defines and presents operating segments based on the information that is provided internally to the Executive Board, the Group's chief operating decision-maker. This is in conformity with IFRS 8 – Operating segments.

On the basis of the criteria of IFRS 8, Kendrion has three operating segments, the business groups Industrial Brakes and Industrial Actuators and Controls, and Other business. An operating segment is a part of the Group engaging in business activities that may result in revenue and expenses, including the revenue and expenses relating to transactions with any of the Group's other segments. The Executive Board conducts regular reviews of the operating segment's results to reach decisions on the resources to be allocated to the segment and to assess its performance, whereby separate financial information for each operating segment is available.
In accordance with IFRS 8, the Company also discloses general and entity-wide information, including information about geographical areas and major customers of the Group as a whole. More information on the reportable segments is provided in note 21.

(q) New standards and interpretations

A number of amendments to standards are effective, and have been endorsed by the European Union, for annual periods beginning on or after 1 January 2024 and therefore apply to the year ended 31 December 2024:

- Amendments to IAS 1 - Classification of liabilities as current or non-current;
- Amendments to IAS 1 - Non-current Liabilities with Covenants;
- Amendments to IFRS16 - Lease Liability in a Sale and Leaseback;
- Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements.

The amendments do not have a significant impact on the Group's consolidated financial statements.

The following standards or interpretations published by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) are not effective as at 31 December 2024:

- Amendment to IFRS 7 and IFRS 9 - Classification and Measurement of Financial Instruments;
- IFRS 18 - Presentation and disclosure in financial statements;
- IFRS 19 - Subsidiaries without Public Accountability;
- Amendments to IAS 21 - Lack of exchangeability;
- Contracts Referencing Nature-dependent Electricity Amendments to IFRS 9 and IFRS 7;
- Annual Improvements Volume 11.

The new standards and amendments to standards that are not yet effective are expected to have no significant impact on the Group's consolidated financial statements, except for IFRS 18. This standard provides additional requirements for the classification of the income statement and additional disclosure requirements for management-defined performance measures. These management-defined performance measures are already disclosed on page 230 to 234 of this report. The classification of the income statement will be amended in 2027, when the standard will be effective and endorsed by the EU.

(r) Fair values

(i) Measurement of fair value

Several of the Group's accounting policies, as well as the information supplied by the Group, require the fair value of both financial and non-financial assets and liabilities to be determined. For valuation and information supplied, the fair value is measured using the methods below. Where applicable, more detailed information on the basis of the fair value measurement is disclosed in the specific notes on the asset or liability in question. The principal methods and assumptions used in estimating the fair value of financial instruments included in the summary are given below.

(ii) Property, plant and equipment

The fair value of property, plant and equipment recognized as a result of a business combination is based on market value in use. The market value of property is the estimated amount for which the property in question could be exchanged on the valuation date between a buyer and seller in an arm's length transaction, in which both parties have acted knowledgeably, prudently and without compulsion. The market value of other items of property, plant and equipment is based on the quoted market prices of comparable assets and goods.

(iii) Intangible assets

The fair value of patents and trademarks acquired as part of a business combination is measured on the basis of the discounted estimated royalties that have been avoided through ownership of the patent or trademark. The fair value of customer relationships acquired in a business combination is based on the excess earnings method over multiple periods, valuing the asset in question by deducting a real return on all other assets which in total create the related cash flows. The fair value of other intangible assets is based on the expected discounted value of the cash flows from the use and ultimate sale of these assets.

(iv) Lease liabilities

The fair value is estimated on the basis of the present value of future cash flows, discounted at the interest rate for lease contracts of a similar nature. The estimated fair value reflects movements in interest rates.

(v) Inventories

The fair value of inventories acquired as part of a business combination is determined on the basis of the estimated selling price as part of normal business operations, less the estimated costs of completion and the selling costs, plus a reasonable profit margin that reflects the completion and sales effort.

(vi) Trade and other receivables/trade and other payables

The face value of receivables and liabilities falling due within one year is regarded as a reflection of their fair value. The fair value of all other receivables and liabilities is measured on the basis of present value. The discount factor is based on the risk-free interest rate of the same duration as the receivable and/or payable, plus a credit mark-up reflecting the credit worthiness of the Group.

(vii) Interest-bearing loans

The fair value is calculated on the basis of the present value of future repayments of principal and interest at the prevailing market rate of interest, supplemented by a credit mark-up reflecting the credit worthiness of the Group.

(viii) Derivatives

The fair value of derivatives is based on the present value of the contractual cash flows for the remaining term based on a risk-free interest rate.

(ix) Non-derivative financial liabilities

The fair value of non-derivative financial liabilities is determined from information supplied and is based on the present value of future repayments of principal and interest, discounted at a risk-free rate, and a margin based on the credit worthiness of the Group on the reporting date.

(x) Contingent consideration

The fair value of contingent considerations arising in a business combination is calculated using the income approach based on the expected payment amounts and their associated probabilities. If appropriate, it is discounted to present value.

(s) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- market risk.

This section provides general information about the Group's exposure to each of the above risks in the course of its normal business operations, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included in the financial instrument section in these consolidated financial statements.

The Executive Board bears the ultimate responsibility for the organisation and control of the Group's risk management framework. The Group's risk policy is designed to identify and analyse the risks confronting the Group, implement appropriate risk limits and control measures, and monitor the risks and compliance with the limits. The risk management policy and systems are evaluated at regular intervals and, if necessary, adapted to accommodate changes in market conditions and the Group's operations.

The Company's Supervisory Board supervises compliance with the Group's risk management policy and procedures.

For a more detailed description of risk management and the position of financial risk management in the Group's framework, see the Report of the Executive Board.

(i) Credit risk

Credit risk is the risk of financial loss to the Group in the event that a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risks arise primarily from accounts receivable, derivative transactions concluded with banks, and cash positions and deposits held with banks. The Group continually monitors the credit risk within the Group. The Group does not normally require collateral for trade and other receivables or financial assets.
The credit policy includes an assessment of the creditworthiness of every new major customer before offering payment and delivery terms. This assessment includes external credit ratings or reports if they are available. The creditworthiness of major customers is actively monitored on an ongoing basis.

The Group recognizes impairment provisions of an amount equal to the estimated losses on trade and other receivables and other investments. The main component of this provision comprises specific provisions for losses on individual accounts of material significance.

(ii) Credit concentration risk

The geographical credit risk from the Group's direct customers is largely concentrated in Germany. However, as the Group's most important customers in the various segments of the German market are multinational or global players, this reduces the Group's dependency on the German market. More details on credit concentration risk can be found in note 17.

(iii) Investments and financial instruments

The Group currently does not invest in debt securities. Cash positions and exposure to the financial instruments of financial counterparties are monitored actively. The Group's main financial counterparties are well-established banks with good creditworthiness. The cash in bank accounts at other than the core-relationship banks is maintained at the minimum level required for the operations of the Group's companies.

(iv) Liquidity risk

The liquidity risk is the risk that the Group is unable to meet its financial obligations at the required time. Liquidity risk management is based on the maintenance of sufficient liquidity in the form of unused (committed) credit facilities or cash to meet present and future financial obligations in normal and adverse circumstances.

A summary of the credit lines available to the Group is disclosed in note 12 of these consolidated financial statements. The majority of the available facilities are provided by a syndicate of lenders consisting of HSBC and ING Bank on an equal basis. The Group had approximately EUR 73 million available in cash and undrawn facilities on the financial position date.

(v) Market risk

The market risk is the risk of the deterioration of the Group's income due to movements in market prices, such as those relating to exchange rates and interest rates. The management of market risk exposure is intended to keep the market risk position within acceptable limits.

Derivatives are used to manage specific market risks. These transactions are carried out within the treasury framework adopted by the Executive Board. If necessary, the Group uses hedge accounting to manage volatility in the statement of comprehensive income.

(vi) Interest rate risk

Pursuant to the Group's policy more than 50% of the exposure to changes in interest rates on borrowings is maintained on a fixed rate basis, taking into account any assets with exposure to changes in interest rates and expected short-term free cash flows. The policy is implemented by making use of derivative financial instruments such as interest rate swaps and interest rate options.
The Group has currently outstanding interest swap contracts with a total underlying notional value of EUR 50 million in order to reduce interest rate risk exposure to increasing market rates. EUR 25 million matures in 2025 and EUR 25 million in 2026.

(vii) Currency risk

The Group is exposed to exchange rate risks on sales, purchases, equity positions and loans expressed in currencies other than the euro. The Group companies are primarily financed in their own currency. The majority of the revenues and costs of the Group companies are realized in the euro zone. Sales outside the euro zone are partly generated locally and partly through exports from the euro zone. Most of these exports are realized in euros.

The Group's activities in the Czech Republic have the most significant currency exposure, since the majority of revenue is generated in euros and part of the costs are in Czech korunas. Pursuant to the Group's policy this currency exposure is hedged to a level of at least 70% for the next four quarters. Exchange rate risks are hedged with derivatives.

Other currencies are actively monitored and where needed exposure is hedged, however less structural exposure is identified.

The Group also actively hedges intercompany loans in foreign currencies with currency forwards, swaps or back-to-back loans in the same foreign currency.
Pursuant to the Group's policy for other monetary assets and liabilities denominated in a foreign currency, net exposure is maintained at an acceptable level by buying or selling foreign currencies at spot rates as required to correct short-term imbalances.

The Group's policy stipulates that, in principle, equity investments and other translation exposures are not hedged.

(viii) Other price risks

Steel, copper and rare earth metals used in permanent magnets are the most important commodities for the Group.

Copper constitutes the Group's main direct exposure to raw material price risks, since copper wire is an important component of electromagnets.

Pursuant to the Group's policy, the sensitivity to copper prices is actively reduced both by concluding fixed-price purchase contracts in the normal course of business with copper wire suppliers and by including raw material clauses in sales contracts. As the need arises the Group can also conclude derivative financial instrument contracts with financial counterparties to hedge the copper risk. No financial derivative contracts for raw materials were outstanding at the balance sheet date.
The Group is also exposed to risks associated with rare earth metals such as neodymium, a component of permanent magnets, which are used in some of the Group's products. Prices of these commodities have shown significant volatility in the past. The Group closely monitors developments in this market and has increased stock levels and the number of supply sources for these permanent magnets.

Furthermore, agreements have been made with customers representing the majority of the sales volume in this context, to link sales prices to movements in permanent magnet prices.

The Group is mainly indirectly exposed to raw material price risks relating to oil and steel, primarily as part of the purchase prices of machined components. This exposure is monitored and, if feasible, reduced by means of raw material clauses with customers and by concluding fixed-price agreements with suppliers for periods of between six and twelve months. The Kendrion steel contracts also partly govern the purchasing from component suppliers.
Raw materials are purchased separately by each business unit, but in accordance with the group policy reviewed periodically with the objective of further increasing and sharing knowledge on commodities and commodity markets between business units, reducing risks and/or prices.

(ix) Capital management

The Executive Board's policy is designed to maintain a strong capital gearing to retain the confidence of investors, creditors and the markets, and to safeguard the future development of the business activities. The Executive Board monitors the return on equity, which the Group defines as the net operating result divided by shareholders' equity, excluding minority interests. The Executive Board also monitors the level of dividend distributed to ordinary shareholders.
The Executive Board seeks to strike a balance between a higher return that would be achievable with a higher level of borrowed capital and the benefits and security of sound capital gearing.

Kendrion intends to distribute an annual dividend of between 35% and 50% of normalized net profit before amortization, taking into consideration the amount of net profit to be retained to support the medium and long-term strategic plans of the company and to maintain a minimum solvency of 35%.

Neither the Company nor its subsidiaries are subject to any externally imposed capital requirements beyond those stipulated by law.

(t) Government Grants

Grants that compensate the Group for expenses incurred are recognized in profit or loss as deduction on the related expense on a systematic basis in the periods in which the expenses are recognized, unless the conditions for receiving the grant are met after the related expenses have been recognized. In this case, the grant is recognized when it becomes receivable.

1 Property, plant and equipment

EUR million	2024	2023
Property, plant and equipment owned	89.0	122.0
Property, plant and equipment right-of-use assets	7.0	12.5
Total	**96.0**	**134.5**

Property, plant and equipment owned EUR million	Land and buildings	Plant and equipment	Other fixed assets	Under construction	Total
Balance as at 1 January 2023					
Costs	68.0	172.7	68.9	36.5	346.1
Accumulated depreciation and impairment losses	(37.4)	(130.9)	(55.1)	(4.4)	(227.8)
Carrying amount as at 1 January 2023	30.6	41.8	13.8	32.1	118.3
Purchases	6.8	6.1	4.4	5.6	22.9
Disposals	(0.1)	(0.7)	(0.3)	(0.0)	(1.1)
Transfer	21.1	3.8	1.7	(24.6)	2.0
Currency translation differences	(0.1)	(0.3)	(0.1)	(1.6)	(2.1)
Depreciation for the year	(2.5)	(10.7)	(4.7)	–	(17.9)
Impairments	(0.0)	(0.1)	(0.0)	–	(0.1)
Carrying amount as at 31 December 2023	55.8	39.9	14.8	11.5	122.0
Costs	95.7	181.6	74.6	15.9	367.8
Accumulated depreciation and impairment losses	(39.9)	(141.7)	(59.8)	(4.4)	(245.8)
Carrying amount as at 31 December 2023	55.8	39.9	14.8	11.5	122.0

Property, plant and equipment owned EUR million	Land and buildings	Plant and equipment	Other fixed assets	Under construction	Total
Balance as at 1 January 2024					
Costs	95.7	181.6	74.6	15.9	367.8
Accumulated depreciation and impairment losses	(39.9)	(141.7)	(59.8)	(4.4)	(245.8)
Carrying amount as at 1 January 2024	55.8	39.9	14.8	11.5	122.0
Purchases	0.3	2.0	2.6	4.8	9.7
Disposals	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Transfers	0.0	6.0	0.7	(6.7)	–
Currency translation differences	0.9	0.2	0.1	0.2	1.4
Divestments cost value[1]	(8.7)	(129.9)	(20.5)	(0.9)	(160.0)
Depreciation for the year	(3.1)	(6.6)	(3.6)	(0.1)	(13.4)
Impairments	–	–	(0.0)	(0.1)	(0.1)
Divestments accumulated amortization and impairment losses[1]	0.7	110.4	18.3	0.0	129.4
Carrying amount as at 31 December 2024	45.9	22.0	12.4	8.7	89.0
Costs	88.2	59.9	57.5	13.3	218.9
Accumulated depreciation and impairment losses	(42.3)	(37.9)	(45.1)	(4.6)	(129.9)
Carrying amount as at 31 December 2024	45.9	22.0	12.4	8.7	89.0

Right-of-use assets EUR million	Land and buildings	Plant and equipment	Other fixed assets	Under construction	Total
Balance as at 1 January 2023					
Costs	23.6	0.2	4.4	–	28.2
Accumulated depreciation and impairment losses	(11.1)	(0.2)	(3.6)	–	(14.9)
Carrying amount as at 1 January 2023	12.5	0.0	0.8	–	13.3
Purchases	3.3	–	0.7	–	4.0
Disposals	(0.1)	–	(0.0)	–	(0.1)
Transfer	(2.0)	–	–	–	(2.0)
Currency translation differences	(0.1)	(0.0)	(0.0)	–	(0.1)
Depreciation for the year	(2.1)	(0.0)	(0.5)	–	(2.6)
Carrying amount as at 31 December 2023	11.5	0.0	1.0	–	12.5

1 Refer to note 9 Assets held for sale and discontinued operations for more information on the divestment.

Right-of-use assets

EUR million	Land and buildings	Plant and equipment	Other fixed assets	Under construction	Total
Balance as at 1 January 2024					
Costs	24.7	0.2	5.1	–	30.0
Accumulated depreciation and impairment losses	(13.2)	(0.2)	(4.1)	–	(17.5)
Carrying amount as at 1 January 2024	11.5	0.0	1.0	–	12.5
Purchases	0.1	–	0.3	–	0.4
Disposals	(0.5)	–	(0.0)	–	(0.5)
Currency translation differences	0.0	–	0.0	–	0.0
Divestments cost value[1]	(15.2)	(0.2)	(4.6)	–	(20.0)
Depreciation for the year	(1.7)	–	(0.3)	–	(2.0)
Divestments accumulated amortization and impairment losses[1]	12.3	0.2	4.1	–	16.6
Carrying amount as at 31 December 2024	6.5	–	0.5	–	7.0
Costs	9.1	–	0.8	–	9.9
Accumulated depreciation and impairment losses	(2.6)	–	(0.3)	–	(2.9)
Carrying amount as at 31 December 2024	6.5	–	0.5	–	7.0

Translation differences are calculated on the carrying amount and reflected in the related item in the cost.

The estimated useful lives of the property, plant and equipment are as follows:

Buildings	10 – 30 years
Plant and equipment	5 – 10 years
Other fixed assets	3 – 7 years

The Executive Board reviews at each reporting period the estimated useful lives of each asset with a definite useful life. During the current year, the Executive Board determined that the useful lives do not require to be revised.

Depreciation of EUR 13.3 million (2023: EUR 12.0 million) is recognized in Depreciation and amortization and EUR 2.1 million is included in Loss after tax from discontinued operations in the consolidated statement of profit and loss and other comprehensive income. Impairments of EUR 0.1 million (2023: EUR 0.0 million) are recorded in Impairments of fixed assets in the consolidated statement of profit and loss and other comprehensive income.

1 Refer to note 9 Assets held for sale and discontinued operations for more information on the divestment.

2 Intangible assets

EUR million	Goodwill	Development costs	Software	Concessions	Other	Total
Balance as at 1 January 2023						
Costs	135.4	13.5	32.9	1.1	75.4	258.3
Accumulated amortization and impairment losses	(54.7)	(5.7)	(26.4)	(0.1)	(44.9)	(131.8)
Carrying amount as at 1 January 2023	80.7	7.8	6.5	1.0	30.5	126.5
Purchases	–	3.3	3.1	–	–	6.4
Disposals	–	(0.1)	(0.0)	–	–	(0.1)
Currency translation differences	(0.2)	(0.4)	(0.0)	(0.1)	–	(0.7)
Amortisation for the year	–	(1.3)	(1.8)	(0.0)	(3.2)	(6.3)
Impairments	–	–	–	–	–	–
Carrying amount as at 31 December 2023	80.5	9.3	7.8	0.9	27.3	125.8
Costs	135.2	16.3	36.0	1.0	75.4	263.9
Accumulated amortization and impairment losses	(54.7)	(7.0)	(28.2)	(0.1)	(48.1)	(138.1)
Carrying amount as at 31 December 2023	80.5	9.3	7.8	0.9	27.3	125.8
Balance as at 1 January 2024						
Costs	135.2	16.3	36.0	1.0	75.4	263.9
Accumulated amortization and impairment losses	(54.7)	(7.0)	(28.2)	(0.1)	(48.1)	(138.1)
Carrying amount as at 1 January 2024	80.5	9.3	7.8	0.9	27.3	125.8
Purchases	–	0.7	3.4	–	–	4.1
Disposals	–	–	(0.2)	–	–	(0.2)
Currency translation differences	0.4	0.0	0.0	0.0	–	0.4
Divestments cost value[1]	(59.1)	(5.7)	(2.4)	–	(28.9)	(96.1)
Amortisation for the year	–	(1.1)	(1.7)	(0.0)	(3.2)	(6.0)
Impairment	–	(3.4)	(2.6)	–	–	(6.0)
Divestments accumulated amortization and impairment losses[1]	54.7	4.9	2.3	–	28.9	90.8
Carrying amount as at 31 December 2024	76.5	4.7	6.6	0.9	24.1	112.8
Costs	76.5	11.3	36.8	1.0	46.5	172.1
Accumulated amortization and impairment losses	–	(6.6)	(30.2)	(0.1)	(22.4)	(59.3)
Carrying amount as at 31 December 2024	76.5	4.7	6.6	0.9	24.1	112.8

[1] Refer to note 9 Assets held for sale and discontinued operations for more information on the divestment.

Goodwill has an indefinite estimated useful life. The estimated useful life of software is between three and eight years. The estimated useful life of other intangible assets is approximately between eight and nineteen years. The Executive Board reviews at each reporting period the estimated useful lives of each intangible asset with a definite useful life.

Development costs of EUR 0.7 million (2023: EUR 3.3 million) mainly relate to sound platform development. The investments in software during 2024 of EUR 3.4 million (2023: EUR 3.1 million) mainly relate to various software upgrades, business application projects and infrastructure projects. The other intangible assets mainly comprise the carrying amount of customer relationships of EUR 23.6 million (2023: EUR 27.0 million). These customer relationships were acquired through business combinations.

Amortization of EUR 5.8 million (2023: EUR 5.3 million) is recognized in Depreciation and amortization and EUR 0.2 million is included in Loss after tax from discontinued operations in the consolidated statement of profit and loss and other comprehensive income. Note that for Cash Flow Statement purposes the amortization of software, capitalized development costs and concessions is added to the line 'Depreciation of property, plant and equipment and software'.

The Group recognized an impairment of intangible fixed assets relating to R&D Sound assets of EUR 3.4 million and relating to software of EUR 2.6 million in this reporting period. EUR 4.9 million of these impairments relate to discontinued operations and are recognized in Loss after tax from discontinued operations in the consolidated statement of profit and loss and other comprehensive income, refer to note 9. EUR 1.1 million is recognized in Impairment of fixed assets in the consolidated statement of profit and loss and other comprehensive income

Impairment testing for groups of cash-generating units containing goodwill

For the purposes of impairment testing, goodwill has been allocated to groups of CGUs, which reflect the level on which goodwill is monitored.

Goodwill EUR million	2024	2023
Industrial Actuators and Controls (IAC)	39.8	39.4
Industrial Brakes (IB)	33.8	33.8
Automotive E (E)	–	7.3
Other business (OB)	2.9	–
	76.5	80.5

During 2024 the groups of CGU's have been revised as a result of the divestment of the Automotive business and the strategic repositioning by focusing entirely on industrial growth opportunities in Europe, the USA and China. The European Automotive Sound and Electronics business, along with China Automotive, remain with Kendrion and have been organizationally integrated into IAC, but are reported on separately. After the transaction, these activities have been considered a separate group of CGUs, Other business (OB).The relative value approach, by which goodwill is allocated pro rata based on revenue, is applied to allocate the former Automotive (E) goodwill to the divested (EUR 4.4 million) and the remaining Automotive business (EUR 2.9 million). Refer to note 9 for details on the divested automotive business.

Key assumptions and method of quantification

Pursuant to IAS 36, the Group has performed an impairment test with reference to the goodwill allocated to each group of cash-generating unit. This test was carried out by discounting future cash flows ('value in use') to be generated from the continuing use of the cash-generating unit to which the goodwill applies and on the assumption of an indefinite life. Impairment tests were performed as of 30 September this year, consistent with the prior year.

For all groups of CGUs, the cash flows for the first five years were based on budgets and mid-term plans drawn up by the local management and approved by the Executive Board and Supervisory Board. For the subsequent years, the residual value was calculated on the basis of the results in the last year of relevant forecasts, with a terminal growth rate of 1.5% for IAC and IB and 1% for OB taken into account. The forecasts were based on pre-tax cash flow.
The weighted average cost of capital (WACC) based on the Capital Asset Pricing Model was also pre-tax. Expansion investments were excluded from the calculations in the residual value. The expected growth in cash flows as a result of expansion investments was also excluded. This is particularly relevant for the goodwill CGUs where significant growth is expected and strategic investments are planned.

Key assumptions used in the calculation of recoverable amounts concern discount rates, terminal value growth rates, EBITDA margin growth and revenue growth. Key assumptions are based on past experience, management assessment of revenue and external sources.

Key assumptions	Pre-tax discount rate		Terminal value growth rate	
	2024	2023	2024	2023
Industrial Actuators and Controls (IAC)	12.3%	13.4%	1.5%	1.5%
Industrial Brakes (IB)	12.3%	13.4%	1.5%	1.5%
Automotive E (E)	–	12.9%	–	2.0%
Other business (OB)	11.0%	–	1.0%	–

Discount rate

In determining the pre-tax discount rate, first the post-tax average costs of capital were calculated of all cash generating units containing goodwill. The post-tax rate is based on debt leveraging compared to the market value of equity of 25%. The post-tax weighted average cost of capital rates of cash generating units amount to 9.7% and this rate was used for calculating the post-tax cash flows.

Terminal value growth rate

All cash generating units have five years of cash flows in their discounted cash flow models and a long-term growth rate in perpetuity has been assumed on the basis of a growth rate of 1.5% for IAC and IB and 1% for OB.

Revenue and EBITDA margin

Revenue and EBITDA margin[2] development for the cash generating units is based on the strategic business plans for the coming 5 years. The growth rates are based on the expectation of market developments and management's assessment of the project pipeline of the cash generating units.
The average annual growth rates for revenue in the first 5 years range between 4% and 9%, the total development of the EBITDA margin is in line with the long-term group target of at least 15%.

Sensitivity to changes in assumptions

The recoverable amounts of all cash-generating units with goodwill exceed their carrying amounts. Management has carried out an analysis of sensitivity to changes in the key assumptions. Sensitivity analyses are performed based on a change in an assumption while holding other assumptions constant. The following changes in assumptions are assessed:

- Increase of the discount rate (post-tax) by 1.0%;
- Decrease of terminal value growth rate by 1.5% for IAC and IB and 1% for OB;
- Decrease of average revenues growth by 3.0%.

Based on the sensitivity analyses performed it is concluded that any reasonable changes in the key assumptions would not require an impairment for IAC, IB and OB.

3 Other investments, including derivatives

In July 2024 Kendrion Holding USA Inc. acquired a 30% interest in CFV Innovations, Inc. for an amount of EUR 3.7 million.
CFV Innovations, Inc. is a USA based company that develops precise fluid control and dosing systems for fertigation, industrial cleaning and medical applications. All acquired shares are preferred shares whereas Kendrion Holding USA Inc. is entitled to receive dividend in preference to holders of ordinary shares. The proportion voting rights held by Kendrion Holding USA Inc. is 30%. Kendrion Holding USA Inc. is entitled to convert the preferred shares into ordinary shares at an agreed upon conversion rate.

Other investments include financial derivatives and capitalized professional fees related to the facility agreement (see note 12). Kendrion amortizes these costs over the remaining maturity of the facility. As these costs relate to the facility agreement as a whole and not to individual loans, these costs are not part of the effective interest rate of outstanding loans.

EUR million	2024	2023
Equity-accounted investee	3.7	0.0
Other	0.2	0.5
	3.9	0.5

2 Non-IFRS financial measure. For the definition and reconciliation of the most directly comparable IFRS measure, refer to reconciliation of non-IFRS information, starting on page 230.

4 Deferred tax assets and liabilities

The Group has recognized deferred tax assets for tax loss carry-forwards in the following jurisdictions:

Germany

As at 31 December 2024, the tax loss carry forwards amounted to EUR 29.1 million (2023: EUR 11.1 million) (Trade Tax) and EUR 25.6 million (Corporate Income Tax) (2023: EUR 6.2 million). The increase in 2024 losses is mainly attributable to the loss from discontinued operations. The losses are recognized in full, resulting in deferred tax assets of EUR 7.6 million (2023: EUR 2.3 million).

United States of America

As at 31 December 2024, the tax loss carry forwards amounted to EUR 17.6 million (2023: EUR 18.6 million) (Federal Tax) and EUR 5.6 million (2023: EUR 7.8 million) (State Tax). EUR 12.2 million of Federal Tax carry-forward losses are not recognized, these losses can be carried forward indefinitely. A deferred tax asset is recorded for EUR 5.4 million of Federal and all of the State Tax carry-forward losses resulting in a deferred tax assets of EUR 1.4 million (2023: EUR 0.2 million).

China

As at 31 December 2024, the tax loss carry-forwards amounted to EUR 27.4 million (2023: EUR 29.7 million). EUR 3.9 million of these carry-forward losses are not recognized and will expire in 2026, a deferred tax asset is recorded of EUR 5.9 million (2023: EUR 6.6 million).

The Netherlands

As at 31 December 2024, the tax loss carry-forwards amounted to EUR 0.6 million (2023: EUR 1.9 million). These are recognized in full, resulting in a deferred tax asset of EUR 0.2 million (2023: EUR 0.5 million).

Deferred tax assets and liabilities included in the financial position

The deferred tax assets and liabilities can be specified as follows:

	Assets		Liabilities		Net	
EUR million	2024	2023	2024	2023	2024	2023
Property, plant and equipment	1.0	1.4	2.4	3.8	(1.4)	(1.4)
Intangible assets	1.3	3.0	11.3	13.0	(10.0)	(10.0)
Inventories	1.2	1.3	0.4	0.3	0.8	0.8
Employee benefits	0.4	0.4	0.0	0.2	0.4	0.4
Provisions	0.0	0.0	0.0	0.0	(0.0)	0.0
Other items	2.5	4.4	0.6	1.7	1.9	1.9
Tax value of recognized loss carry-forwards	15.0	9.6	0.0	–	15.0	15.0
Deferred tax assets/liabilities	21.4	20.1	14.7	19.0	6.7	6.7

The deferred tax liabilities relate largely to temporary differences between the carrying amount and tax base of property, plant and equipment and intangible assets. These are of a relatively long-term nature, mostly longer than five years. Other deferred tax assets relate mainly to deferred revenues and accruals.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be set off. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed if the probability of future taxable profits improves. Whether Kendrion is able to realize its deferred tax assets is an estimate that has an element of inherent uncertainty to it. Both the budget 2025 and mid-term plan, which include the projections for the upcoming years, are based upon expectations of the market, contracts that have been signed and negotiations currently ongoing for new contracts. Based on this, Kendrion expects a substantial increase in China's revenues and results in the upcoming years in order to realize the deferred tax asset. Tax loss carry forward limitation rules apply in certain jurisdictions in which Kendrion has carry forward tax losses. These rules might under certain circumstances lead to a (proportional) forfeiture of recognized and unrecognized carry forward tax losses in case of a direct or indirect change in ownership.

The tax losses carry forward for which no deferred tax assets are recognized in the statement of financial position are reviewed each reporting date. These tax losses carry forward for which no deferred tax assets are recognized in the statement of financial position amount to EUR 16.1 million (2023: EUR 20.2 million).

Movement in temporary differences during the financial year

				2023
Net, EUR million	At 1 January	Recognized in profit and loss	Recognized in other comprehensive income	At 31 December
Property, plant and equipment	(0.9)	(1.5)	–	(2.4)
Intangible assets	(8.0)	(2.0)	–	(10.0)
Inventories	0.7	0.3	–	1.0
Employee benefits	0.6	(0.4)	(0.0)	0.2
Provisions	0.2	(0.2)	–	0.0
Other items	2.2	0.1	0.4	2.7
Tax value of loss carry-forwards	7.4	2.2	–	9.6
	2.2	(1.5)	0.4	1.1

Net, EUR million	At 1 January	Recognized in profit and loss	Recognized in other comprehensive income	Divested[1]	At 31 December
					2024
Property, plant and equipment	(2.4)	(0.4)	–	1.4	(1,4)
Intangible assets	(10.0)	(0.4)	–	0.4	(10.0)
Inventories	1.0	(0.1)	–	(0.1)	0.8
Employee benefits	0.2	0.1	0.1	0.0	0.4
Provisions	(0.0)	(0.0)	–	0.0	(0.0)
Other items	2.7	1.0	(0.3)	(1.5)	1.9
Tax value of loss carry-forwards	9.6	5.4	–	–	15.0
	1.1	5.6	(0.2)	0.2	6.7

5 Contract costs

EUR million	2024	2023
Balance as at 1 January	0.6	0.3
Costs to obtain a contract with customers	–	0.4
Divestments[1]	(0.6)	–
Amortization	–	(0.1)
Balance as at 31 December	–	0.6

From time to time, the Group acquires contracts with customers, for which costs are made to acquire these contracts. Those costs are recognized as contracts costs. Contract costs are amortized on a systematic basis that is consistent with the Group's transfer of the related goods to the customer.

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6 Inventories

EUR million	2024	2023
Raw materials, consumables, technical materials and packing materials	37.0	57.2
Work in progress	9.2	16.2
Finished goods	10.6	11.4
Goods for resale	1.7	2.6
	58.5	87.4

The value of inventory recorded as an expense in 2024 amounts to EUR 234.7 million (2023: EUR 263.1 million). The inventories are presented after accounting for a provision of EUR 6.2 million (2023: EUR 8.1 million) for obsolescence. In 2024, the release of the write-down to net realisable value of the inventories in earlier years was EUR 0.8 million (2023: EUR 0.5 million release). The write-down and reversals are included in Raw material and subcontracted work. The decrease is mainly attributable to the sale of automotive business, refer to note 9.

[1] Refer to note 9 Assets held for sale and discontinued operations for more information on the divestment.

7 Trade and other receivables

EUR million	2024	2023
Trade receivables	40.3	54.4
Other taxes and social security	1.9	2.4
Other receivables	15.0	6.2
Derivatives used for hedging	0.2	1.0
Prepayments	1.2	1.2
	58.6	65.2

Other receivables included a receivable from Solero Technologies LLC relating to the sale of the automotive business, no provision has been recorded for this receivable. Refer to note 9 and note 20. The decrease of trade receivables is mainly attributable to the sale of automotive business.
The credit and currency risks associated with trade and other receivables are disclosed in note 17, and in the financial risk management paragraph of note s. The provision for doubtful debts amounts to EUR 0.3 million (2023: EUR 0.2 million). The receivables are mainly held according to the 'held-to-collect' business model. At the end of 2024, an amount of EUR 0.0 million (2023: EUR 6.8 million) was sold to a factoring company and was derecognized.

8 Cash and cash equivalents

EUR million	2024	2023
Cash and cash equivalents	8.5	20.6
Bank overdrafts	(1.7)	(7.1)
Cash and cash equivalents in the statement of cash flows	6.8	13.5

The cash and cash equivalents include EUR 0.2 million (2023: EUR 0.5 million) of cash that is held in countries where the Group faces cross-border foreign exchange controls and/or other legal restrictions that inhibit the Groups ability to make these balances available for general use by the Group.

The other bank balances are freely available. The interest rate risk for the Group and a sensitivity analysis for financial assets and liabilities are disclosed in notes 17 and accounting policy's.

9 Assets classified as held for sale and discontinued operations

In October 2024, the sale of the automotive activities in Europe and USA to Solero Technologies LLC has been finalized. This transaction marked a strategic repositioning for Kendrion, allowing Kendrion to focus entirely on industrial growth opportunities in Europe, the USA and China. The strategic shift in the portfolio will enable Kendrion to strengthen its position in driving the worldwide transition to electrification and sustainable energy.

The results from discontinued operations include the outcome from discontinuing the R&D activities of the Automotive sound business. These R&D activities were not sold to Solero but were part of a single, coordinated strategic plan to focus on industrial activities and China. The results from the discontinued automotive operations are presented below:

EUR million	2024	2023
Revenues	156.9	209.5
Expenses	159.7	207.9
Result before remeasurements, finance costs and tax	**(2.8)**	**1.6**
Remeasurement of assets to fair value less cost to sell	(4.9)	–
Financial income and expenses	(2.2)	(3.8)
Income tax	3.3	0.3
Loss before result on sale of Automotive business	**(6.6)**	**(1.9)**
Result on the sale of the Automotive business after tax	(4.0)	–
Loss after tax from discontinued operations	**(10.6)**	**(1.9)**

Net cash flows incurred by the discontinued Automotive businesses are as follows:

EUR million	2024	2023
Cash flows from operating activities	(10.4)	9.4
Cash flows from investing activities	(9.4)	(4.4)
Cash flows from financing activities	17.9	(1.3)
Net cash flows from discontinued operations	**(1.9)**	3.7

The net cashflow from the sale of the automotive business amounted to EUR 52.5 million in 2024, net of cash amounting to EUR 9.8 million. Refer to note 7 for information on the receivable from Solero Technologies LLC.

Earnings per share from discontinued operations are as follows:

EUR million	2024	2023
Basic earnings per share from discontinued operations (in Euro)	(0.68)	(0.12)
Diluted earnings per share from discontinued operations (in Euro)	(0.68)	(0.12)

The assets classified as held for sale of EUR 1.9 million relate to a building in where Kendrion OG GmbH (previously Kendrion Eibiswald GmbH) conducted its business. While a sale is expected within a year this is not in full control of the company. Also refer to note 20.

10 Capital and reserves

Capital and share premium

	Shares entitled to dividend		Shares owned by Kendrion		Total number of issued shares	
	2024	2023	2024	2023	2024	2023
As at 1 January	15,276,014	15,026,305	–	88,316	15,276,014	15,114,621
Issued shares (share dividend)	211,787	199,358	–	(40,038)	211,787	159,320
Issued shares (share plan)	12,256	2,073	–	–	12,256	2,073
Granted shares	–	48,278	–	(48,278)	–	–
As at 31 December	15,500,057	15,276,014	–	–	15,500,057	15,276,014

Issuance of ordinary shares

In 2024, in total 224,043 new shares were issued (2023: 161,393). During 2024, the Company did not deliver treasury shares to the Executive Board and senior management as part of its share plan and remuneration packages (2023: 48,278).

Ordinary shares

The authorized share capital consists of:

EUR million	2024	2023
40,000,000 ordinary shares of EUR 2.00	80.0	80.0
Issued share capital		
Balance as at 1 January 2024: 15,276,014 ordinary shares (2023: 15,114,621)	30.6	30.2
Balance as at 31 December 2024: 15,500,057 ordinary shares (2023: 15,276,014)	31.0	30.6

Share premium

EUR million	2024	2023
Balance as at 1 January	37.3	38.4
Dividend payment	(2.7)	(3.8)
Share premium on issued shares	2.5	2.7
Balance as at 31 December	37.1	37.3

Translation reserve

The legal translation reserve comprises all foreign currency differences arising from the translation of the financial statements of subsidiaries outside the euro zone. Gains and losses relating to the translation risk are recognized in equity. The build-up of the cumulative figure commenced on 1 January 2004. In 2024, the translation reserve pertaining to the Automotive businesses sold in USA and Czech Republic were recycled to the consolidated statement of profit and loss. In total an amount of EUR 5.6 million (gain) was recycled from the translation reserve to consolidated statement of profit and loss upon disposals of the subsidiaries outside the euro zone and is included in the result on the sale of Automotive business after tax. Refer to note 9.

Hedge reserve

The legal hedge reserve comprises the effective portion of the cumulative net movement in the fair value of cash flow hedging instruments relating to hedged transactions that have not yet occurred, net of tax.
The hedge reserve decreased by EUR 0.7 million due to the realization of hedged transactions (2023: EUR 1.2 million decrease). The hedge reserve decreased by EUR 0.2 million due to valuation effects (2023: EUR 0.3 million decrease). There was no hedge ineffectiveness in 2024 (2023: no hedge ineffectiveness).

Reserve for own shares (treasury shares)

The legal reserve for the Company's own shares comprises the shares held by the Company for issuance of share dividend and the remuneration packages for the Executive Board. As at 31 December 2024, the Company did not ot hold any of its own shares (2023: nil).

Other reserves

Other reserves are all the reserves other than those shown separately and primarily represent the accumulated, undistributed profits from previous financial years.

Retained earnings

In 2024, the result for 2023 was fully transferred to other reserves. Retained earnings in the 2024 financial statements consequently consist solely of the result for 2024.

Dividends

The following dividends were paid by the Company for the year:

EUR million	2024	2023
0.45 euro per qualifying ordinary share (2023: 0.72 euro)	6.9	10.9

After the reporting date, the following dividends were proposed by the Executive Board. The dividends have not been recognized as liabilities and there are no tax consequences in 2024.

EUR million	2024	2023
0.45 euro per qualifying ordinary share (2023: 0.45 euro)	7.0	6.9

11 Earnings per share

Basic earnings per share

The calculation of the basic earnings per share as at 31 December 2024 is based on the result for the period of EUR -4.5 million (2023: EUR 9.9 million) attributable to the holders of ordinary shares and the weighted average number of shares outstanding during the year 2024: 15,425,000 (2023: 15,197,000).

EUR million	2024	2023
Net result attributable to ordinary shareholders	(4.5)	9.9

Weighted average number of ordinary shares

In thousands of shares	2024	2023
Issued ordinary shares at 1 January	15,276	15,115
Effect of shares issued as share dividend	212	159
Effect of shares issued as share plan	12	2
Ordinary shares outstanding at 31 December	15,500	15,276
Weighted average number of ordinary shares entitled to dividend	15,425	15,197
Basic earnings per share (EUR), based on ordinary shares outstanding at 31 December	(0.29)	0.65
Basic earnings per share (EUR), based on weighted average	(0.29)	0.65

Diluted earnings per share

The calculation of the diluted earnings per share as at 31 December 2024 is based on the result of EUR -4.5 million (2023: EUR 9.9 million) attributable to the holders of ordinary shares and the weighted average numbers of shares during the year after adjustment for the effects of all dilutive potential ordinary shares of 15,631,000 (2023: 15,384,000).

EUR million	2024	2023
Net profit attributable to ordinary shareholders	(4.5)	9.9
Effect of dilution	(0.0)	(0.0)
Net profit attributable to ordinary shareholders (diluted)	(4.5)	9.9

Weighted average number of ordinary shares (diluted)

In thousands of shares	2024	2023
Weighted average number of ordinary shares entitled to dividend	15,425	15,197
Weighted average numbers of ordinary shares (diluted)	15,631	15,384
Basic earnings per share (EUR), based on weighted average (diluted)	(0.29)	0.64

12 Loans and borrowings

This note contains information on the contractual provisions of the Group's interest-bearing loans and borrowings, which are carried at amortized cost. For further information on the interest rates, and the currency and liquidity risks borne by the Group, see note 17 and accounting policies.

EUR million	2024	2023
Non-current liabilities		
Bank syndicate loans	13.1	62.0
Schuldschein loans	72.2	72.2
Lease liabilities	5.7	10.9
Other loans	6.8	8.1
	97.8	153.2

EUR million	2024	2023
Current liabilities		
Current portion lease liabilities	2.2	2.6
Current portion loans	10.2	2.7
	12.4	5.3

EUR million	Bank syndicate loans	Schuldschein loans	Lease liabilities	Other loans	Total 2023
Carrying amount as at 1 January 2023	82.5	72.1	13.2	7.2	175.0
New liabilities	–	–	3.3	6.7	10.0
Repayments	(20.6)	–	(3.2)	(3.1)	(26.9)
Foreign currency translation differences for foreign operations	–	–	(0.1)	(0.0)	(0.1)
Other movements	0.1	0.1	0.3	–	0.5
Carrying amount as at 31 December 2023	62.0	72.2	13.5	10.8	158.5

EUR million	Bank syndicate loans	Schuldschein loans	Lease liabilities	Other loans	Total 2024
Carrying amount as at 1 January 2024	62.0	72.2	13.5	10.8	158.5
New liabilities	–	–	1.3	8.4	9.7
Repayments	(49.0)	–	(3.0)	(2.7)	(54.7)
Foreign currency translation differences for foreign operations	–	–	0.0	0.5	0.5
Divestments[1]	–	–	(3.8)	–	(3.8)
Other movements	0.1	–	(0.1)	–	(0.0)
Carrying amount as at 31 December 2024	13.1	72.2	7.9	17.0	110.2

Schuldschein loans
The Schuldschein loans exist out of a EUR 52.5 million loan maturing in April 2027 and a EUR 20 million loan maturing in April 2025. The interest rates on the loans are based on 6-month Euribor plus a margin (between 1.0% – 1.25%). The margin is linked to the ESG score of the Kendrion Group as rated by Ecovadis. An increase in ESG rating of 10 percent points or more results in a 5 basis point decrease of the margin. Vice versa, a 5 percent point decrease in ESG score, results in a 5 basis points margin increase. The ESG rating of the Group improved to 65 out of 100 in 2024 (2023: 61 out of 100). The Group is in the top15% of ESG rated general manufacturing companies.
The loans include a financial covenant relating to the leverage ratio. The leverage ratio (calculated as interest bearing debt / normalized EBITDA) should remain below 3.25, which under certain circumstances can be temporarily increased to a maximum of 3.75. This covenant is tested quarterly on a 12-month rolling basis. The actual leverage ratio at year-end was 2.7 (2023: 2.7). A reconciliation of normalized EBITDA can be found on page 232.

Revolving credit facility agreement
Following the sale of the Automotive business the revolving credit facility agreement with ING Bank and HSBC was amended, the facility was reduced to EUR 75 million (2023: EUR 102.5 million). During 2024, the Group has extended the facility by 1 year, utilizing the last extension option.
The agreement matures in April 2027.
The interest rates on the loans are based on Euribor plus a margin (between 1.2% and 2.35%). The margin is based on the leverage ratio of the Group. In addition, the interest rates are linked to the ESG score of the Kendrion Group, via the same mechanism as the Schuldschein loans.
The facility agreement includes an option for Kendrion to request to increase the facility of maximum EUR 50 million (incremental facility). In case Kendrion requests an incremental facility, the terms and conditions of this facility are agreed upon separately between Kendrion and the lenders.
In addition, the facility agreement allows the Group to attract designated additional alternative sources of debt funding. The leverage ratio covenant is the same as for the Schuldschein loans.

Credit lines
As at 31 December 2024, the Group had the following credit lines available:
- EUR 75 million revolving credit facility with a syndicate of two banks consisting of HSBC and ING Bank. The credit facility is committed until April 2027 and includes an option (accordion option) to increase the facility by a maximum of EUR 50 million;
- EUR 72.5 million Schuldschein private placement loans;

[1] Refer to note 9 Assets held for sale and discontinued operations for more information on the divestment.

- EUR 7.9 million in leases for buildings, various equipment and vehicles;
- EUR 10.6 million loans (included in other loans) were mainly acquired through business combinations in 2020, with maturities in 2025 – 2026;
- EUR 6.4 million mortgage loan (included in other loans) for the premises of the Suzhou facilities in China. The loan matures in 2025 – 2030.
- EUR 1.7 million in other overdraft facilities.

As at 31 December 2024, the total unutilised amount of the facilities was approximately EUR 66 million.

Security provided

The Group has provided a mortgage on its premises in Suzhou, China for a EUR 6.4 million loan. A positive pledge is in place for the EUR 75 million Revolving Credit Facility.

Interest-rate sensitivity

Interest amounts payable on the revolving Credit Facility and Schuldschein loans are based on short-term interest rate (three and six months). The floating rates are partly fixed by means of interest rate swaps. The other loans of EUR 10.6 million and leases of EUR 7.9 million both have fixed interest rates. The interest sensitivity is disclosed on page 191.

Lease liabilities

The lease liabilities are payable as follows:

EUR million	2024	2023
< 1 year	2.2	2.6
1 - 5 years	5.6	9.1
> 5 years	0.1	1.8
	7.9	13.5

The lease liabilities mostly relate to leases for various buildings & vehicles.

Buildings

The Group leases properties for its offices and manufacturing facilities. Some lease arrangements contain conditions to revise the rentals based on changes of indices. The leases run for a period between 3 and 15 years. Majority of the leases include an option to renew the lease for an additional period after the contract term. Key assumption as applied by the Group is that all renewal options, which can be exercised within the mid-term plan period of five years and very likely to be exercised, are taken into consideration on top of the non-cancellable period of the lease.

Vehicles and equipment

The Group leases equipment with terms of two to five years. Based on experience the likelihood that these lease arrangements are extended for a substantial period (> three months) is remote. Due to this no periods after the non-cancellable period of the lease are taken into consideration.

13 Employee benefits

EUR million	2024	2023
Present value of unfunded obligations	5.0	4.8
Present value of funded obligations	0.8	3.4
Fair value of plan assets	(0.2)	(0.8)
Recognized net liability for defined benefit obligations	5.6	7.4
Liability for long-service leave and anniversaries	2.3	2.4
Total employee benefits	7.9	9.8
Non current portion	7.1	8.7
Current portion*	0.8	1.1

* The total employee benefit provision as of 31 December 2024 amounts to EUR 7.8 million. An amount of EUR 7.0 million is presented as non-current employee benefits in the statement of financial position. The remainder of EUR 0.8 million is presented under trade and other payables.

The table shows a reconciliation from the opening to the closing balances for the net defined benefit liability and its components:

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
EUR million	2024	2023	2024	2023	2024	2023
Balance as at 1 January	8.2	9.2	0.8	0.8	7.4	8.4
Included in statement of comprehensive income						
Current service cost	–	0.0	–	–	0	0.0
Past service cost	–	–	–	–	–	–
Interest cost (income)	0.2	0.3	0.0	–	0.2	0.3
	0.2	0.3	0.0	–	0.2	0.3
Included in OCI						
Remeasurement loss (gain):						
- Actuarial loss (gain) arising from:						
- Demographic assumptions	0.0	0.0	0.0	–	0	–
- Financial assumptions	0.3	(0.3)	–	–	0.3	(0.3)
- Experience adjustment	0.1	(0.2)	–	–	0.1	(0.2)
- Return on plan assets excluding interest income	–	–	–	–	0	–
Effect of movements in exchange rates	–	–	–	–	–	–
	0.4	(0.5)	0.0	–	0.4	(0.5)
Other						
Contributions paid by the employer	–	–	–	–	–	–
Divestments[1]	(2.6)	–	(0.6)	–	(2.0)	–
Benefits paid	(0.4)	(0.8)	0.0	–	(0.4)	(0.8)
	(3.0)	(0.8)	(0.6)	–	(2.4)	(0.8)
Balance as at 31 December	5.8	8.2	0.2	0.8	5.6	7.4

Actuarial calculations of employee benefits have not been materially influenced by amendments based on historical experience or by variable assumptions.

[1] Refer to note 9 Assets held for sale and discontinued operations for more information on the divestment.

The Group contributes to the following post-employment defined benefits plans in several countries, mainly in Germany. Below the characteristics of the major plans are included.

- A direct commitment in the form of capital has been agreed upon with the employees, who directly receive this commitment as an one-off payment upon retirement. An alternative version is a plan where the employees receive monthly payments instead of an one-off payment. The plans are reviewed on periodic basis;
- The Defined-Benefit plan entitles a retired employee to receive a monthly pension payment. The amount of these payments is based on individual contracts with the respective employee. The person has to be employed for a certain time. Each further year of employment the employee receives an amount in addition to the contractual fixed amount.

The defined benefit plans are administered by multiple pension funds which are legally separated from the Group. The board of the pension fund is required to act in the best interest of the plan participants and is responsible for setting certain policies (e.g. investment, contribution and indexation policies) of the fund. The defined benefit plans expose the Group to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk. The expenses relating to the defined benefit pension arrangements are included in the following line items of the statement of comprehensive income:

Expense recognized in the consolidated statement of comprehensive income regarding defined benefit arrangements

EUR million	2024	2023
Staff costs	0.0	0.0
Net finance costs	0.2	0.3
	0.2	0.3

Principal actuarial assumptions (expressed as weighted averages)

	2024	2023
Discount rate as at 31 December	3.3%	4.1%
Future salary increases	1.9%	1.3%
Future pension increases	2.2%	2.1%

Composition plan assets

EUR million	2024	2023
Bonds	0.2	0.8
Equity	0.0	0.0
Real estate	0.0	0.0
Government loans	0.0	0.0
Total	0.2	0.8

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Sensitivity analysis

	Defined benefit obligation	
EUR million	Increase	Decrease
Discount rate (0.5 percent)	(0.2)	(0.3)
Future salary growth (1.0 percent)	0.3	0.2
Future pension (1.0 percent)	0.3	3.1
Future mortality (1.0 percent)	0.0	0.0

Although the analysis does not take account of the full distribution of cash flows expected under the plans, it does provide an approximation of the sensitivity of the assumptions shown. The method for preparing the sensitivity analyses did not changed from prior year.

Assumptions regarding future longevity have been based on published statistics and mortality tables.

As at 31 December 2024, the weighted-average duration of the defined benefit obligation was 5.7 years (2023: 7.1 years). The expected payment for 2025 amounts to EUR 0.8 million (2024: EUR 1.1 million).

Liabilities arising from employee benefits

The pension plans included defined contribution plans as well as defined benefit plans. In the case of defined contribution plans, the contribution is charged to the year to which it relates. With defined benefit plans, benefit obligations are calculated using the projected unit credit method. Calculations are made by qualified actuaries. The pension liability shown in the statement of financial position represents the present value of the defined benefit obligation at the financial position date minus the fair value of the plan assets at this date. The discount rate methodology for accounting long-term employee benefits in accordance with IAS 19 is determined by the Executive Board. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded. The discount rate used to calculate the defined benefit obligation is based on the yield on corporate bonds issued in Euros.

Since the pension arrangements involve long-term obligations and uncertainties, it is necessary to make assumptions in order to estimate the amount that the Group needs to invest to fund its pension obligations. External actuaries calculate the obligation for defined benefit plans partly on the basis of information provided by the Executive Board, such as future pay rises, the return on plan assets, mortality tables and the probable extent to which pension scheme members will leave the scheme because they have reached retirement age, become incapacitated or left the Group.

The greater part of the defined benefit obligation at year-end 2024 relates to post employment arrangements in Germany. The group companies account individually for the pension schemes. The individual group company is fully liable for its benefit obligation. A portion for the German group companies is reinsured. All pension arrangements accounted for as defined benefit obligations are not open for new participants (< 15% active participants).
Liabilities arising from employee benefits also include liabilities relating to long-service, early retirement and service anniversaries of EUR 2.3 million (2023: EUR 2.4 million) in Germany.

14 Provisions

EUR million	2024	2023
Balance as at 1 January	0.7	2.0
Provisions made during the period	5.5	0.0
Provisions transferred/used during the period	(0.1)	(1.3)
Provisions released during the period	(0.0)	–
Balance as at 31 December	6.1	0.7
Non-current portion	0.9	0.7

The provisions include a restructuring provision of EUR 4.3 million (2023: EUR 0.0 million).

15 Contract liabilities

EUR million	2024	2023
Balance as at 1 January	4.4	4.7
Consideration received	0.2	0.2
Recognized as revenue in the period	(1.1)	(0.5)
Divestments[1]	(3.3)	–
Balance as at 31 December	0.2	4.4

The contract liabilities relate to long-term advance consideration received from customers for investments made in equipment in order to fulfil the obligations according to the contract. Considerations are received and based on a mark-up on top of contractual agreed piece price during a certain period of time. Recognition is consistent with the Group's transfer of the related goods to the customer and released to profit or loss on a systematic basis that is consistent with depreciation and amortization of related equipment.

[1] Refer to note 9 Assets held for sale and discontinued operations for more information on the divestment.

16 Trade and other payables

EUR million	2024	2023
Trade payables	35.4	58.3
Other taxes and social security contributions	2.8	2.3
Derivatives used for hedging	0.5	0.3
Non-trade payables	8.5	7.4
Accrued expenses	11.5	16.2
	58.7	84.5

The decrease of trade payables and accrued expenses is mainly attributable to the sale of automotive business, refer to note 9. Non-trade payables relate to various other liabilities such as personnel-related liabilities (social charges, holiday allowance, bonus accruals, vacation days) while accrued expenses relate to other invoices that are expected but not yet received.

17 Financial instruments

Credit risk

The carrying amount of the financial assets represents the maximum credit risk. The maximum credit risk on the reporting date was as follows:

EUR million	2024	2023
Cash and cash equivalents	8.5	20.6
Other long-term investments	0.2	0.5
Current tax assets	3.2	5.7
Trade and other receivables	58.6	65.2
Total	70.5	92.0

Impairment losses

Aging analysis of the trade and other receivables

	2024		2023	
EUR million	Gross	Provision	Gross	Provision
Within the term of payment	52.2	–	47.8	–
0 – 30 days due	4.1	–	6.6	–
31 – 60 days due	0.8	–	2.2	–
> 60 days due	1.8	(0.3)	2.3	(0.2)
Total trade and other receivables	58.9	(0.3)	58.8	(0.2)

The provision for trade receivables is used to absorb impairment losses, unless the Group is certain that collection of the amount owed is impossible, in which case the amount is treated as a bad debt and written off against the financial asset in question.

Ast 31 December 2024, the provision for impairment losses on trade and other receivables relates to several customer invoices that the Group believes to be non-collectible, in whole or in part. Based on historic payment behaviour and financial information currently known all receivables that are not impaired as at 31 December 2024 are collectible. This system gives the same outcome as the cash shortfall model as described in IFRS 9. EUR 2.6 million of trade receivables are more than 30 days overdue (2023: EUR 4.5 million), of which EUR 0.3 million is provided for (2023: EUR 0.2 million). The Group has written off EUR 0.7 million receivables in 2024 (2023: EUR 0.2 million), which are recognized under other operating expenses in the statement of comprehensive income.

The customer with the largest trade receivables outstanding accounted for 8% of the trade and other receivables as at 31 December 2024 (2023: 5%). The geographical credit risk from the Group's direct customers is largely concentrated in Germany. However, as the Group's most important customers in the various segments of the German market are multinational or global players this reduces the Group's dependency on the German market.

Credit risk rating grades

The credit quality of the Group's financial assets, contract assets and financial guarantee contracts, as well as the Group's maximum exposure to credit risk by credit risk rating grades on the reporting date was as follows:

31 December 2024							2024
	Note	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
Trade receivables	7	N/A	Low risk[1]	Lifetime ECL	40.6	(0.3)	40.3
Contract costs	5	N/A	Low risk	Lifetime ECL	–	–	–
Equity-accounted investee	3	N/A	Low risk	Lifetime ECL	3.7	–	3.7
Other investments	3	N/A	Low risk	Lifetime ECL	0.2	–	0.2
					44.5	(0.3)	44.2

31 December 2023							2023
	Note	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
Trade receivables	7	N/A	Low risk[1]	Lifetime ECL	54.6	(0.2)	54.4
Contract costs	5	N/A	Low risk	Lifetime ECL	0.6	–	0.6
Equity-accounted investee	3	N/A	Low risk	Lifetime ECL	0.0	–	0.0
Other investments	3	N/A	Low risk	Lifetime ECL	0.5	–	0.5
					55.7	(0.2)	55.5

Liquidity risk

The liquidity risk is the risk that the Group is unable to meet its financial obligations at the required time. Liquidity risk management is based on the maintenance of sufficient liquidity in the form of unused (committed) credit facilities or cash to meet present and future financial obligations in normal and adverse circumstances.

The contractual terms of the financial obligations, including the estimated interest payments and repayment obligations, are set out on the next page.

[1] Amongst the trade receivables there are a number of items that are considered doubtful

31 December 2024 EUR million	Carrying amount	Contractual cash flows	0 – 6 months	6 – 12 months	1 – 2 years	2 – 5 years	› 5 years
Non-derivative financial liabilities							
Bank syndicate loans	(13.1)	(14.4)	(0.3)	(0.3)	(0.6)	(13.2)	–
Schuldschein loans	(72.2)	(80.2)	(21.3)	(1.0)	(2.0)	(55.9)	–
Lease liabilities	(7.9)	(9.1)	(1.1)	(1.1)	(2.0)	(4.2)	(0.7)
Bank overdrafts	(1.7)	(1.7)	(1.7)	–	–	–	–
Other loans and borrowings	(17.0)	(17.7)	(2.2)	(8.5)	(2.5)	(3.9)	(0.6)
Trade and other payables	(58.9)	(58.9)	(58.9)	–	–	–	–
Tax liabilities	(7.6)	(7.4)	(7.4)	–	–	–	–
Derivative financial assets / liabilities							
Interest rate swap contracts	0.2	(0.0)	0.1	(0.1)	(0.0)	0.0	–
Forward exchange contracts	0.0	0.0	0.0	–	–	–	–
Total	(178.2)	(189.4)	(92.8)	(11.0)	(7.1)	(77.2)	(1.3)

31 December 2023 EUR million	Carrying amount	Contractual cash flows	0 – 6 months	6 – 12 months	1 – 2 years	2 – 5 years	› 5 years
Non-derivative financial liabilities							
Bank syndicate loans	(62.0)	(69.5)	(1.6)	(1.6)	(3.2)	(63.1)	–
Schuldschein loans	(72.2)	(82.5)	(1.8)	(1.8)	(23.0)	(55.9)	–
Lease liabilities	(13.5)	(15.7)	(1.4)	(1.4)	(2.8)	(6.9)	(3.2)
Bank overdrafts	(7.1)	(7.1)	(3.0)	(4.1)	–	–	–
Other loans and borrowings	(10.8)	(12.1)	(1.6)	(1.0)	(1.5)	(5.5)	(2.5)
Trade and other payables	(84.5)	(84.5)	(84.5)	–	–	–	–
Tax liabilities	(7.4)	(7.4)	(7.4)	–	–	–	–
Derivative financial assets							
Interest rate swap contracts	0.7	1.5	0.7	0.4	0.4	0.0	–
Forward exchange contracts	(0.2)	(0.2)	(0.1)	(0.1)	–	–	–
Total	(257.0)	(277.5)	(100.7)	(9.6)	(30.1)	(131.4)	(5.7)

It is not expected that the cash flows included in the maturity analysis should occur significantly earlier, or at significantly different amounts.

Within the scope of the Group’s risk management the Group has hedged the currency and interest risks with derivatives, whereby the hedges have been designated as cash flow hedges.

Cash flow hedges (in statement of cash flows)

The following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to occur.

2024 EUR million	Carrying amount	Contractual cash flows	0 – 6 months	6 – 12 months	1 – 2 years	2 – 5 years	› 5 years
Interest rate swap contracts							
Assets	0.2	0.1	0.1	–	–	–	–
Liabilities	(0.5)	(0.2)	(0.1)	(0.1)	(0.0)	–	–
Forward exchange contracts							
Assets	–	–	–	–	–	–	–
Liabilities	–	0.0	0.0	–	–	–	–
Total	(0.3)	(0.1)	0.0	(0.1)	(0.0)	–	–

2023 EUR million	Carrying amount	Contractual cash flows	0 – 6 months	6 – 12 months	1 – 2 years	2 – 5 years	› 5 years
Interest rate swap contracts							
Assets	1.1	1.2	0.6	0.4	0.2	0.0	–
Liabilities	(0.4)	0.3	0.1	0.1	0.1	0.0	–
Forward exchange contracts							
Assets	–	–	–	–	–	–	–
Liabilities	(0.2)	(0.2)	(0.1)	(0.1)	–	–	–
Total	0.5	1.3	0.6	0.4	0.3	0.0	–

Cash flow hedges (in statement of comprehensive income)

The following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to impact the result.

2024 EUR million	Carrying amount	Contractual cash flows	0 – 6 months	6 – 12 months	1 – 2 years	2 – 5 years	› 5 years
Interest rate swap contracts							
Assets	0.2	1.2	0.6	0.4	0.2	0.0	–
Liabilities	(0.5)	0.3	0.1	0.1	0.1	0.0	–
Forward exchange contracts							
Assets	–	–	–	–	–	–	–
Liabilities	–	0.0	0.0	–	–	–	–
Total	(0.3)	1.5	0.7	0.5	0.3	0.0	–

2023 EUR million	Carrying amount	Contractual cash flows	0 – 6 months	6 – 12 months	1 – 2 years	2 – 5 years	› 5 years
Interest rate swap contracts							
Assets	0.2	0.1	0.1	–	–	–	–
Liabilities	(0.5)	(0.2)	(0.1)	(0.1)	(0.0)	–	–
Forward exchange contracts							
Assets	–	–	–	–	–	–	–
Liabilities	–	0.0	0.0	–	–	–	–
Total	(0.2)	(0.1)	0.0	(0.1)	(0.0)	–	–

Interest-rate risk

Part of the Group’s loans is governed by a floating interest rate (usually 6-month EURIBOR). In view of the Treasury Policy, the Group hedges at least 50% of the floating interest rate exposure. To this extent the Group has outstanding interest rate swaps with a notional amount of in total EUR 50 million (2023: EUR 75 million). The aggregate fair value of the outstanding interest rate swaps as at 31 December 2024 was EUR -0.2 million (2023: EUR 0.7 million).

The following table shows the interest rates prevailing at the financial position date for interest-bearing financial liabilities. The majority of all interest expenses relate to senior bank loans. The effective interest rate of these loans equalises the nominal interest rate.

				2024		2023	
	Currency	Nominal interest	Year of redemption	Fair value	Carrying amount	Fair value	Carrying amount
Bank syndicate loans	EUR	IBOR + 1.8%	2027	13.1	13.1	62.0	62.0
Schuldschein	EUR	IBOR +1% to 1.25%	2025-2027	72.2	72.2	72.2	72.2
Other loans	Various	1.40%-4.55%	2024-2030	17.0	17.0	10.8	16.3
Bank overdrafts	EUR	IBOR + 1.8%	2025	1.7	1.7	1.6	1.6
Lease liabilities	Various	0.9% - 8.3%	Various	7.9	7.9	13.5	13.5
Total interest-bearing debt				111.9	111.9	160.1	165.6

Sensitivity analysis interest

Financial assets and liabilities with a fixed interest rate are not recognized at fair value by processing the value changes in profit or loss. For this reason, a movement in interest rates across the yield curve at 1 January 2024 would not have had a material effect on the 2024 profit for the period.

The Group has hedged a considerable part of the floating interest rate exposure by means of interest rate swaps. When taking into account these swaps and the loans with a fixed rate, in total EUR 50 million of the EUR 102.3 million long-term and short-term loans, excluding lease liabilities, at financial year-end have an interest rate which is fixed for one year or longer. Based on the interest-bearing debt levels at year-end and expected cash flow development, a 1%-point increase in the interest rate across the yield curve as from 1 January 2025, will have an increasing effect on interest expenses in 2025 of maximum EUR 0.5 million.

Exchange rate risk

The aggregate fair value of the outstanding forward exchange rate contracts concluded to hedge anticipated transactions was EUR 0.0 million as at 31 December 2024 (2023: negative EUR 0.2 million).

A 10%-point appreciation of the currencies listed hereafter against the euro would increase shareholders' equity as at 31 December 2024 and the result for 2024 by the amounts shown in the following table. A 10%-point depreciation of the listed currencies against the euro would have had the opposite effect on the result and equity.

31 December 2024	Equity	Result
US dollar	1.1	(0.3)
Czech koruna	–	–
Chinese yuan	4.8	0.1
Romanian lei	1.2	(0.1)
Indian rupee	0.2	(0.1)

31 December 2023	Equity	Result
US dollar	3.7	0.1
Czech koruna	0.8	(0.3)
Chinese yuan	6.0	0.1
Romanian lei	1.6	(0.2)
Indian rupee	0.2	(0.1)

Principal exchange rates during the reporting period were as follows:

Applicable currency rates

Value of EUR	At 31 December 2024	At 31 December 2023	Average over 2024
Pound sterling	0.8292	0.8690	0.8467
Czech koruna	25.1851	24.7237	25.1206
Chinese yuan	7.5833	7.8509	7.7785
US dollar	1.0389	1.1050	1.0822
Romanian lei	4.9743	4.9756	4.9753
Swedish krona	11.4590	11.0959	11.4198
Indian rupee	88.9363	91.9033	90.6043

Fair values of financial instruments

The following table shows the fair values and carrying amounts of the financial instruments:

	2024		2023	
EUR million	Carrying amount	Fair value	Carrying amount	Fair value
Assets carried at amortized costs				
Receivables (including current tax assets)	61.8	61.8	70.9	70.9
Cash and cash equivalents	8.5	8.5	20.6	20.6
Held to maturity investments	0.2	0.2	0.5	0.5
	70.5	70.5	92.0	92.0
Liabilities carried at amortized costs				
Bank syndicate loans	(13.1)	(13.1)	(62.0)	(62.0)
Schuldschein loans	(72.2)	(72.2)	(72.2)	(72.2)
Other loans	(17.0)	(17.0)	(10.8)	(10.8)
Lease liabilities	(7.9)	(7.9)	(13.5)	(13.5)
Bank overdraft	(1.7)	(1.7)	(7.1)	(7.1)
Trade and other payables (including current tax liabilities)	(66.3)	(66.3)	(91.9)	(91.9)
	(178.2)	(178.2)	(257.5)	(257.5)
Assets / (Liabilities) carried at fair value				
Interest derivatives	0.2	0.2	0.7	0.7
Forward exchange contracts	0.0	0.0	(0.2)	(0.2)
	0.2	0.2	0.5	0.5

The Group has no available for sale financial assets and all liabilities at fair value were designated as such upon initial recognition.
The loans and receivables consist of the trade and other receivables, including the current tax assets in the statement of financial position.
The forward exchange contracts and interest derivatives are included in the trade and other payables in the statement of financial position.

Interest rate used in measuring fair value

The interest rate used for discounting estimated cash flows, where applicable, is based on the swap curve as at 31 December, augmented by the prevailing credit mark-up, and is as follows:

	2024	2023
Derivatives	2.7%	3.9%
Leases	5.0%	4.3%
Bank syndicate loans	4.5%	5.2%
Schulschein loans	3.6%	4.9%
Other loans	3.1%	2.8%

Fair value hierarchy

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. The fair value calculation method of all assets and liabilities carried at amortized costs is categorised in level 2 of the fair value hierarchy. The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

level 1 quoted prices (unadjusted in active markets for identical assets or liabilities);

level 2 inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
31 December 2024				
Derivative contracts used for hedging	–	(0.2)	–	(0.2)
Total	–	(0.2)	–	(0.2)
31 December 2023				
Derivative contracts used for hedging	–	0.5	–	0.5
Total	–	0.5	–	0.5

Master netting

The Company has no master netting agreement in place. All derivative instruments are presented individually as either an asset or liability.

18 Leases

The Group leases buildings, cars, office equipment and forklifts. The lease term varies between 3 to 15 years. For buildings an option to renew the lease after the lease period is customary. Information about leases for which the Group is a lessee is presented on several places throughout the financial statements:

- total cash outflow for leases is included in the consolidated statement of cash flows for repayments of lease liabilities EUR 3.0 million (2023: EUR 3.2 million) and in note 24 for interest EUR 0.7 million (2023: EUR 0.8 million);
- the carrying amount of right-of-use assets at the end of the reporting period by class of underlying assets, addition to these assets and the depreciation charge for these assets are included in note 1;
- lease liabilities are included in note 12 and interest expense on lease liabilities are included in note 24;
- expenses relating to short-term leases or low-value assets amount to EUR 0.2 million (2023: EUR 0.2 million).

19 Capital commitments

As at 31 December 2024 the Group had capital commitments totaling to EUR 2.2 million (2023: EUR 6.5 million).

20 Contingent assets and liabilities

The Group had guarantees in particular with regard to rentals, financing facilities and post employee benefits totaling to EUR 1.8 million (2023: EUR 2.0 million).

Based on the outcome of certain water samples taken in Austria in the area where a Kendrion site is located – the Austrian Federal State government commissioned a further environmental investigation at the Kendrion OG GmbH premises in Austria. The water samples taken in the relevant area showed a slight above threshold value of Chlorofluorocarbon. An initial environmental investigation was carried out early 2023 and one of the results is that the amount of pollution slightly decreases in the meantime because the soil was washed by ground water during the last years. Currently a meeting is scheduled with the local and federal authority to determine any future steps. The outcome of the investigation may or may not result in an obligation for restorative action. Should the outcome result in an obligation, it might be included in the deal with the current interested buyer. As such no reliable estimation of a possible obligation can be made and therefore no provision has been recorded.

As part of the Divestment, Kendrion and Solero agreed on a potential adjustment of the preliminary purchase price. The adjustment amount, being the result of the preliminary purchase price minus the final purchase price as calculated in accordance with the arrangements laid down in the underlying agreement, shall in case it is a positive amount, be paid by Kendrion to Solero or in case it is a negative amount, be paid by Solero to Kendrion. Kendrion has recorded a receivable based on the information available per reporting date, refer to note 7. The final adjustment may differ from this estimate.
The agreement relating to the Divestment guarantees includes guarantees from Kendrion. Solero is obliged to undertake a warranty and indemnity insurance under an insurance policy (the “W&I Insurance”) covering the majority of Kendrion’s guarantees. Except for cases of willful misconduct or fraud, any liability of Kendrion arising from unsecured claims not covered by the W&I Insurance shall be limited to EUR 1.00.

The Group has divested itself of a number of companies in the past. The customary representations and warranties for transactions of this nature are included in the relevant share or asset purchase agreements. The Group, as is customary for transactions of this nature, also issued representations and warranties for potential (tax) claims relating to periods prior to the various divestment dates.

21 Operating segments

The Group, in accordance with IFRS 8, has included general and entity-wide disclosures in these consolidated financial statements.

Geographical segments based on physical location of the Group operating companies

The revenue and non-current assets per geographic area are specified below.

	The Netherlands		Germany		Other European countries	
EUR million	2024	2023	2024	2023[1]	2024	2023[1]
Revenue from transactions with third parties	15.5	15.0	175.4	205.0	39.3	27.6
Other non-current assets	22.5	24.2	125.9	157.7	7.8	22.8
Deferred tax assets	1.0	1.7	11.3	9.3	0.2	0.3
Net liability for defined benefit obligations	–	–	4.6	6.0	0.2	0.3

	Asia[2]		The Americas		Consolidated	
EUR million	2024	2023	2024	2023[1]	2024	2023[1]
Revenue from transactions with third parties	56.7	45.3	14.6	16.1	301.5	309.0
Other non-current assets	43.2	41.2	13.3	15.5	212.7	261.4
Deferred tax assets	6.5	6.9	2.4	1.9	21.4	20.1
Net liability for defined benefit obligations	–	–	–	–	4.8	6.3

Revenue segmented by customer location

EUR million	2024	2023[1]
Germany	115.9	129.6
Other European countries	93.1	97.5
Asia[2]	70.6	57.3
The Americas	19.6	22.1
Other countries	2.3	2.5
Total	301.5	309.0

1 2023 numbers were restated to present the continuing operations only in accordance with IFRS 5. Reference is made to note 9.

2 Mainly related to China.

Information about reportable segments

In 2024, Kendrion sold its Automotive business in Europe and the USA to Solero Technologies LLC (“Solero”). Through this transaction, Kendrion initiates a strategic repositioning by focusing entirely on industrial growth opportunities in Europe, the USA and China. The European Automotive Sound and Electronics business, along with China Automotive, remain with Kendrion, and have been organizationally integrated into IAC, but are reported on separately. After the transaction, these activities have been considered a separate operating segment, Other business (OB). The business groups Industrial brakes (IB) and Industrial Actuators and Controls (IAC) remain unchanged. As part of the strategic repositioning, Kendrion will focus its product development resources entirely on the industrial segments.

Thus based on the structure of the Group and the criteria of IFRS 8, Kendrion has concluded it has three operating segments at the end of 2024, the business groups “Industrial Brakes’ and ‘Industrial Actuators and Controls’, and ‘Other business’.

Based on the aggregation criteria of IFRS 8, Industrial Brakes and Industrial Actuators and Controls have been aggregated into one reportable segment. The industrial activities of the business units Industrial Brakes and Industrial Actuators and Controls focus on developing and manufacturing electromagnetic systems and components for industrial applications. These business units also have similar economic characteristics and display a number of similarities with respect to their technology, production processes, equipment and customers.

	Industrial		Other Business		Consolidated	
EUR million	2024	2023	2024	2023[1]	2024	2023[1]
Revenue from transactions with third parties	238.2	256.5	63.3	52.5	301.5	309.0
Inter-segment revenue	0.0	0.0	0.1	0.1	0.1	0.1
EBITDA[2]	29.8	34.6	4.1	4.9	33.9	39.5
EBITDA as a % of revenue[2]	12.5%	13.5%	6.4%	9.3%	11.2%	12.8%
Normalized EBITDA[2]	30.7	36.1	6.3	5.3	37.0	41.4
Normalized EBITDA as a % of revenue[2]	12.9%	14.1%	9.9%	10.0%	12.3%	13.4%
Reportable segment assets	261.7	278.9	103.1	183.4	364.8	462.3
Reportable segment employees (FTE)	1,170	1,233	439	466	1,609	1,699

Disaggregation revenue

EUR million	2024	2023[1]
Revenue from serial produced goods	298.4	303.8
Revenue from engineering and samples	3.1	5.2
Total	301.5	309.0

1 2023 numbers were restated to present the continuing operations only in accordance with IFRS 5. Reference is made to note 9.

2 Non-IFRS financial measure. For the definition and reconciliation of the most directly comparable IFRS measure, refer to reconciliation of non-IFRS information, starting on page 230.

22 Staff costs

EUR million	2024	2023[1]
Wages and salaries	75.1	78.6
Social security charges	11.9	11.6
Temporary personnel	3.4	3.7
Contributions to defined contribution plans	1.2	1.0
Expenses related to defined benefit plans	–	–
Increase in liability for long-service leave	(0.1)	0.1
Other costs of personnel	2.8	2.8
	94.3	97.8
Total number of employees and temporary workers at 31 December (FTE)	1,609	1,699

The number of employees and temporary workers as at 31 December 2024 (FTE) working in the Netherlands is 111 (2023: 112). The staff costs 2024 include EUR 0.7 million costs related to restructuring measures (2023: EUR 1.5 million). The staff costs 2024 include a EUR 0.4 million government grant for R&D activities (2023: EUR 0.3 million).

23 Other operating expenses

EUR million	2024	2023[1]
Increase/(Decrease) in provision for doubtful debts	0.2	0.0
Premises costs	5.0	4.0
Maintenance expenses	6.8	5.7
Transport expenses	1.7	1.7
Consultancy expenses	3.7	2.9
Sales and promotion expenses	0.7	0.7
Car, travel and representation costs	1.8	2.3
Insurance	1.7	1.7
Other	2.6	1.1
	24.2	20.1

Research & Development expenses (including staff and other operating expenses) for 2024 totaled EUR 14.8 million.

[1] 2023 numbers were restated to present the continuing operations only in accordance with IFRS 5. Reference is made to note 9.

24 Net finance costs

EUR million	2024	2023[1]
Interest income	0.1	0.2
Net exchange gain	–	–
Finance income	0.1	0.2
Interest expenses	(5.1)	(4.8)
Interest expenses related to lease liabilities	(0.5)	(0.5)
Interest expenses related to employee benefits	(0.2)	(0.3)
Net exchange loss	(0.3)	(0.7)
Finance expense	(6.1)	(6.3)
Net financing costs	(6.0)	(6.1)

25 Income tax

EUR million	2024	2023[1]
Current tax charge	4.6	4.2
Deferred tax charge	(2.0)	0.1
Total corporation tax expenses in the income statement	2.6	4.3

26 Reconciliation of effective tax rate

	Reconciliation effective tax rate		Reconciliation in EUR million	
	2024	2023[1]	2024	2023[1]
Profit before income tax			8.7	16.1
Income tax expense at local corporation tax rate	25.8%	25.8%	2.2	4.1
Effect of tax rates in foreign jurisdictions	(3.9)%	(1.6)%	(0.4)	(0.2)
Non-deductible expenses	3.3%	2.3%	0.3	0.4
Tax exempt income	(0.1)%	(0.3)%	0.0	(0.1)
Changes in estimates related to prior years	4.0%	4.2%	0.4	0.7
Current-year losses for which no deferred tax asset is recognized	(1.2)%	0.0%	(0.1)	–
Additional deductible items	–	(4.1)%	–	(0.7)
Other movements	2.2%	0.5%	0.2	0.1
	30.1%	26.8%	2.6	4.3

Non-deductible expenses include the effect of partially deductible interest cost, additional deductible items reflect double deduction of R&D cost in China.

[1] 2023 numbers were restated to present the continuing operations only in accordance with IFRS 5. Reference is made to note 9.

27 Related parties

Identity of related parties

A related-party relationship exists between the Company and its subsidiaries, their managers and executives. The Company has a number of agreements with its subsidiaries relating to the charging of central costs to and from the business units, including management, development, information technology and marketing costs, as well as agreements in respect of Group financing and use of intellectual property. Internal supplies are also obtained within the business units. Intercompany transactions are effectuated at arm's length market prices. As all subsidiaries are fully consolidated and reflected in these financial statements, the amounts of these transactions are not further specified. For a list of the subsidiaries, see pages 228-229.

Compensations of key management personnel

The remuneration of the Executive Board and Supervisory Board is as follows:

EUR thousand	2024	2023
Short-term benefits	1,607.4	1,500.8
Post-employment benefits	158.9	150.0
Other long-term benefits	-	–
Share-based payments	50.6	71.9
Termination benefits	-	–
	1,816.9	1,722.7

The total remuneration is included in staff costs (see note 22). For a description of the remuneration policy of the members of the Executive Board, see pages 115-130.

The CEO will, based on this performance, receive a variable remuneration of 49.44% of his gross fixed remuneration. The CEO's gross variable remuneration amounts to EUR 291,696 (2023: EUR 269,584) which will be paid in cash.
The CFO will, based on this performance, receive a variable remuneration of 37.09% of his gross fixed remuneration. The CFO's gross variable remuneration amounts to EUR 129,815 (2023: EUR 111,548) which will be paid in cash.

Kendrion applies a share ownership guideline for members of the Executive Board of 100% of the annual fixed gross base salary for the CEO and 50% of the annual fixed gross salary of the CFO. This shareholding has to be gradually built up with performance shares earned under the long-term share incentive, subject to the sell-to-cover concept as prescribed by the 'Share ownership guideline'.

The amount charged to the profit or loss regarding the long-term variable remuneration policy was EUR 50,627 (2023: EUR 71,936).

The vesting and holding periods for (conditional) shares awarded to the CEO are specified as follows:

CEO (J.A.J. van Beurden)	Number of shares	Expiry vesting period	Expiry holding period
2024	30,596	Expiry performance period 2024-2026	End of 2028
2023	22,030	Expiry performance period 2023-2025	End of 2027
2022	16,144	Expiry performance period 2022-2024	End of 2026
2021	20,245	Expiry performance period 2021-2023	End of 2025
2020	16,533	Expiry performance period 2020-2022	End of 2024

CFO (J.H. Hemmen)	Number of shares	Expiry vesting period	Expiry holding period
2024	15,126	Expiry performance period 2024-2026	End of 2028
2023	11,363	Expiry performance period 2023-2025	End of 2027
2022	8,194	Expiry performance period 2022-2024	End of 2026
2021	9,533	Expiry performance period 2021-2023	End of 2025
2020	6,769	Expiry performance period 2020-2022	End of 2024

Pensions
The Executive Board participates in the defined contribution plan of the Company. For 2024, the contribution to the pension insurer was EUR 44,508 (2023: EUR 41,958) for the CEO and EUR 35,559 (2023: EUR 30,147) for the CFO.

Transactions with shareholders
There were no transactions with shareholders, except for the dividend payment, which is disclosed under note 10.

Other related party transactions
There were no transactions with other related parties.

28 Other notes

The subsidiary Kendrion Holding Germany GmbH, included in these consolidated financial statements makes use of § 264(3) HGB (German Commercial Code). In accordance with that rule, the consolidated financial statements of Kendrion Holding Germany GmbH as of 31 December 2024 were not published. A complete list of all subsidiaries is available from the Amtsgericht in Freiburg im Breisgau (number HRB 704749) and from the Company offices. The following German legal entities are consolidated in these consolidated financial statements: Kendrion (Villingen) GmbH, Kendrion (Donaueschingen/Engelswies) GmbH, Kendrion Kuhnke GmbH, Kendrion Kuhnke Automation GmbH, Kendrion Kuhnke Automotive GmbH & Co KG, Kendrion FAS Controls Holding GmbH, Kendrion INTORQ GmbH, INTORQ Beteiligungs-GmbH and Kendrion IP Management GmbH.

The subsidiary Kendrion (UK) Ltd. (registration number 1124810), Bradford, United Kingdom included in these consolidated financial statements is exempt from the requirements of section 479A (audit of accounts) of the Companies Act 2006.

29 Post-balance sheet events

There were no post-balance sheet events that have to be taken into account in the consolidated financial statements for the year ended 31 December 2024.

COMPANY BALANCE SHEET AT 31 DECEMBER

(before profit appropriation)

Note	EUR million	2024	2023
	Fixed assets		
	Property, plant and equipment	0.7	0.6
	Other investments, including derivatives	0.2	0.1
1.3	Financial fixed assets	180.1	228.4
	Total non-current assets	**181.0**	**229.1**
	Current assets		
1.4	Receivables	3.0	1.2
	Cash and cash equivalents	0.0	0.0
	Total current assets	**3.0**	**1.2**
	Total assets	**184.0**	**230.3**
1.5	**Equity**		
	Share capital	31.0	30.6
	Share premium	37.1	37.3
	Legal reserves	5.7	14.2
	Other reserves	89.2	80.0
	Net profit/ (loss) for the period	(4.5)	9.9
	Total equity	**158.5**	**172.0**
1.6	**Current liabilities**		
	Loans and borrowings	23.2	56.5
	Payables	2.3	1.8
	Total current liabilities	**25.5**	**58.3**
	Total equity and liabilities	**184.0**	**230.3**

COMPANY INCOME STATEMENT

Note	EUR million	2024	2023
	Revenue	–	–
1.8	Other income	4.5	5.5
	Total revenue and other income	**4.5**	**5.5**
1.9	Staff costs	5.0	4.6
	Depreciation and amortization	0.1	0.1
	Other operating expenses	1.2	1.8
	Result before net finance costs	**(1.8)**	**(1.0)**
	Finance income	–	–
	Finance expense	(0.8)	(2.3)
	Profit/(loss) before income tax	**(2.6)**	**(3.3)**
	Income tax expense	(0.8)	(0.4)
	Profit/(loss) for the period	**(3.4)**	**(3.7)**
	Share in results of Group companies after tax	(1.1)	13.6
1.10	**Net profit/(loss) for the period**	**(4.5)**	**9.9**

1 Notes to the company financial statements

1.1 General

The Company financial statements are part of the 2024 financial statements of Kendrion N.V. (the 'Company'). The Company is registered at the Chamber of Commerce in The Netherlands under number: 30113646.

1.2 Principles of valuation of assets and liabilities and determination of results

In selecting the principles employed in the company financial statements for the valuation of assets and liabilities and determination of results, Kendrion N.V. has made use of the option provided by Section 362, subsection 8, of Book 2 of the Netherlands Civil Code. Consequently, the principles employed in the Company financial statements of Kendrion N.V. for the valuation of assets and liabilities and determination of results (the 'accounting policies') are identical to those employed in the consolidated EU-IFRS financial statements. Interests in entities in which Kendrion N.V. has significant influence are measured using the equity method. The consolidated EU-IFRS financial statements have been prepared in accordance with the standards adopted by the International Accounting Standards Board as endorsed for use in the European Union (hereinafter referred to as 'EU-IFRS').
These policies are discussed in notes a – t

1.3 Financial fixed assets

EUR million	Interest in Group companies	Deferred tax	Total 2024	Total 2023
Carrying amount at 1 January	227.8	0.6	228.4	221.2
Results of Group companies	(1.1)	–	(1.1)	13.6
Movements in deferred tax assets	–	(0.4)	(0.4)	(0.5)
Foreign currency translation differences for foreign operations	(3.4)	–	(3.4)	(4.8)
Dividends received	(42.0)	–	(42.0)	–
Other movements	(1.4)	–	(1.4)	(1.1)
Carrying amount at 31 December	179.9	0.2	180.1	228.4

1.4 Receivables

EUR million	2024	2023
Receivables from Group companies	2.4	0.6
Prepayments and accrued income	0.6	0.6
	3.0	1.2

All receivables are due within one year.

1.5 Equity

EUR million	Share capital	Share premium	Translation reserve	Hedge reserve	Reserve for participations	Reserve for own shares	Other reserves	Result for the year	Total 2024	Total 2023
Balance as at 1 January	30.6	37.3	4.6	0.3	9.3	–	80.0	9.9	172.0	175.0
Appropriation of retained earnings	–	–	–	–	–	–	9.9	(9.9)	–	–
Foreign currency translation differences for foreign operations	–	–	(3.4)	–	–	–	–	–	(3.4)	(4.8)
Net change in fair value of cash flow hedges, net of income tax	–	–	–	(0.5)	–	–	–	–	(0.5)	(1.5)
Issue of ordinary shares	0.4	2.5	–	–	–	–	(0.2)	–	2.7	3.1
Own shares issued	–	–	–	–	–	–	–	–	–	0.8
Share-based payment transactions	–	–	–	–	–	–	(0.2)	–	(0.2)	0.0
Dividends to equity holders	–	(2.7)	–	–	–	–	(4.1)	–	(6.8)	(10.9)
Other	–	–	–	–	(4.6)	–	3.8	–	(0.8)	0.4
Net profit/(loss) for the period	–	–	–	–	–	–	–	(4.5)	(4.5)	9.9
Balance as at 31 December	31.0	37.1	1.2	(0.2)	4.7	–	89.2	(4.5)	158.5	172.0

1.5.1 Share capital

The authorized capital of the Company amounts to EUR 80 million, divided into 40 million ordinary shares of EUR 2.00 each, of which 15,500,057 ordinary shares have been issued (2023: 15,276,014).

1.5.2 Share premium

The share premium represents revenue from shares issued at more than their nominal value (issued above par). The issued and paid share capital, including share premium, is fiscally recognized capital.

1.5.3 Translation reserve (Legal reserve)

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of subsidiaries outside the euro zone. Gains and losses relating to the translation risk are recognized in equity. The build-up of the cumulative figure commenced on 1 January 2004. In 2024, the translation reserve pertaining to the automotive subdiaries in USA and Czech Republic, were recycled to the statement of profit and loss, upon disposal of the subsidiaries. In total an amount of EUR 5.6 million (gain) was recycled from the translation reserve to consolidated statement of profit and loss upon disposals of the subsidiaries outside the euro zone.

1.5.4 Hedge reserve

The hedge reserve comprises the effective share of the cumulative net movement in the fair value of cash-flow hedging instruments relating to hedged transactions that have not yet been executed.

1.5.5 Statutory reserve for participations (Legal reserve)

This reserve pertains to participating interests that are accounted for according to the equity accounting method. The reserve represents the difference between the participating interests' retained profit and direct changes in equity, as determined on the basis of the Company's accounting policies, and the share thereof that the Company may distribute. It is shown as the share in the undistributed results of the subsidiaries since they were first valued using the equity method. The amount of any dividend – from these subsidiaries – to which there is an entitlement on adoption of the financial statements is deducted from this reserve.

1.5.6 Reserve for own shares (Legal reserve)

The reserve for the Company's own shares comprises the cost of the Company shares that are held by the Company for the remuneration package for the Executive Board. As at 31 December 2024, the Company did not hold its own shares (2023:nil).

1.5.7 Other reserves

Other reserves are all the reserves other than those shown separately and comprise primarily the cumulative, undistributed profits from previous financial years.

1.5.8 Retained earnings

In 2024, the full result for 2023 was included in other reserves. Retained earnings consequently consist solely of the result for 2024.

1.6 Current liabilities

EUR million	2024	2023
Debts to Group companies	22.8	56.0
Lease liability	0.4	0.5
Trade payables	1.1	0.7
Other payables and accrued expenses	1.2	1.1
	25.5	58.3

An amount of EUR 0.3 million is included on the line lease liability that is due after 2024 (2023: EUR 0.4 million).

1.7 Financial instruments

See note 17 to the consolidated financial statements for details on financial instruments.

1.8 Other income

EUR million	2024	2023
Management fee	4.5	5.5
	4.5	5.5

1.9 Staff costs

EUR million	2024	2023
Wages and salaries	3.9	3.5
Social security charge	0.2	0.2
Pension costs	0.6	0.6
Other costs of personnel	0.3	0.3
	5.0	4.6
Total number of employees and temporary workers at 31 December (FTE)	19	19

All employees were posted in the Netherlands. The Company has only defined contribution plans for its employees.

1.10 Profit appropriation

Appropriation of net result

EUR million	2024	2023
Net (loss)/profit	(4.5)	9.9

The Executive Board has decided, with the approval of the Supervisory Board, that the net loss of EUR 4.5 million will be deducted from the other reserves.

1.11 Commitments not appearing on the balance sheet

1.11.1 Joint and several liability and guarantees

The Company and its Group companies have issued guarantees mainly in the context of the financing by financial institutions.

The Company has issued declarations of joint and several liability, as referred to in Section 403 of Book 2 of the Netherlands Civil Code, for:

- Combattant Holding B.V., De Bilt;
- Kendrion Finance B.V., Zeist;
- 3T B.V., Enschede;
- Kendrion Marketing B.V., Zeist.

1.11.2 Fiscal unity

The Company and its Dutch subsidiaries excluding 3T B.V. form a tax group for corporation tax purposes.
According to the standard terms, each of the companies is jointly and severally liable for corporation tax payable by all the members of the fiscal unity.

1.12 Post-balance sheet events

There were no post-balance sheet events that have to be taken into account in the consolidated financial statements for the year ended 31 December 2024.

1.13 Fees to the auditor

With reference to Section 2:382a of the Netherlands Civil Code, the following fees have been charged by Forvis Mazars Accountants N.V. and its member firms and affiliates in 2024 to the Company, its subsidiaries and other consolidated entities:

				2024			2023
EUR thousand	Forvis Mazars Accountants N.V.	Other Forvis Mazars member firms and affiliates	Deloitte Accountants B.V.	Total	Deloitte Accountants B.V.	Other Deloitte member firms and affiliates	Total Deloitte
Audit of financial statements	389.5	406.3	72.2	868.0	516.9	405.0	921.9
Other assurance services	100.0	–	–	100.0	33.5	–	33.5
Tax advisory services	–	–	–	–	–	–	–
Other non-audit services	–	–	–	–	–	–	–
Total	**489.5**	**406.3**	**72.2**	**968.0**	**550.4**	**405.0**	**955.4**

During the reporting period, Kendrion Group transitioned from Deloitte Accountants B.V. to Forvis Mazars Accountants N.V.

1.14 Remuneration of and share ownership by the Executive Board and Supervisory Board

Remuneration of the Executive Board

The remuneration of current Executive Board members charged to the Company and Group companies, including pension expenses as referred to in Section 383, subsection 1, of Book 2 of the Netherlands Civil Code, amounted to EUR 1,604,000 (2023: EUR 1,507,800). This remuneration is as follows:

			2024			2023
EUR thousand	J.A.J. van Beurden	J. H. Hemmen	Total	J.A.J. van Beurden	J. H. Hemmen	Total
Short-term fixed remuneration	590.0	350.0	940.0	553.3	342.5	895.8
Short-term variable remuneration	291.7	129.8	421.5	269.6	111.5	381.1
Long-term variable remuneration	33.6	17.0	50.6	48.9	23.0	71.9
Subtotal	915.3	496.8	1,412.1	871.8	477.0	1,348.8
Post-employment benefits and other expenses	83.5	108.4	191.9	80.4	78.6	159.0
Total	998.8	605.2	1,604.0	952.2	555.6	1,507.8

The 2023 short-term variable remuneration will be paid in cash after income tax.
For more information on the long-term variable remuneration see page 200.

Remuneration of the Supervisory Board

The total remuneration of current and former Supervisory Board members in 2024 amounts to EUR 213 thousand (2023: EUR 215 thousand). This remuneration is as follows:

EUR thousand	2024	2023
Supervisory Board Members:		
E. Slijkhuis (appointed as of 17 April 2023)	49	37
F. van Hout	65	65
M.J.G. Mestrom (stepped down as from 15 April 2024)	14	49
M. Baijens (appointed as of 15 April 2024)	37	–
J.T.M. van der Meijs (stepped down as from 17 April 2023)	–	16
E.M. Doll	48	48
	213	215

No loans, advances or related guarantees have been given to the Executive Board or Supervisory Board members.

Share ownership by the Executive Board and the Supervisory Board

		31 December 2024	31 December 2023
Executive Board	J.A.J. van Beurden	66,990	56,835
	J.H. Hemmen	18,283	11,403
Supervisory Board	F. van Hout	26,500	11,800
	E. Slijkhuis	3,500	–
	E. Doll	1,000	–

Amsterdam, February 28, 2025

Executive Board
J.A.J. van Beurden
J.H. Hemmen

Supervisory Board
F. van Hout
M. Baijens
E. Slijkhuis
E.M. Doll

Provisions in the Articles of Association governing the appropriation of profit

Under article 35.1 and 35.2 of the Articles of Association of the Company, the Executive Board shall, with the approval of the Supervisory Board, determine which part of the profit is added to the reserves. The profit remaining after transfer to the reserves is available to the General Meeting of Shareholders. The Company can only make payments to the shareholders and other parties entitled to the distributable result insofar as the shareholders' equity exceeds the paid-up and called-up part of the capital plus the statutory reserves and exceeds the amounts resulting from the distribution test, performed by the Executive Board at the date of each dividend payment.

To the shareholders and Supervisory Board of Kendrion N.V.

Report on the audit of the financial statements 2024 included in the Annual Integrated Report

Our opinion

We have audited the accompanying financial statements for the year ended 31 December 2024 (hereafter "financial statements") of Kendrion N.V. (hereafter "Company" refers to the legal entity, and "Group" refers to the company and its subsidiaries, based in Amsterdam, Netherlands. The Company is the head of a group of entities ("components"). The financial information of this group is included in the 2024 consolidated financial statements of the Group. The financial statements include the 2024 consolidated financial statements and the 2024 company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024 and of its result and its cash flows for 2024 in accordance with IFRS Accounting Standards as adopted by the European Union (EU) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying company financial statements give a true and fair view of the financial position of the Company as at 31 December 2024 and of its result for 2024 in accordance with IFRS Accounting Standards as adopted by the European Union (EU) and with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. the consolidated statement of financial position as at 31 December 2024;
2. the following statements for 2024: the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows; and
3. the notes comprising a summary of the material accounting policies and other explanatory information.

The company financial statements comprise:

1. the company balance sheet as at 31 December 2024;
2. the company income statement for 2024; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of the Group and the Company in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

First-year audit consideration

After our appointment as the Company's auditors, we developed and executed a comprehensive transition plan. As part of this transition plan, we carried out a process of understanding the strategy of the Group, its business, its internal control environment and IT systems. We examined where and how this affected the Company's and the Group's financial statements and internal control framework. Additionally, we read the prior year financial statements and we reviewed the predecessor auditor's files and discussed and evaluated the outcome of the audit procedures included therein. We attended the closing meeting and audit committee meeting related to the 2023 audit. Based on these procedures, amongst others, we obtained sufficient and appropriate audit evidence regarding the opening balances.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 2.2 million. The materiality is based on 0.75% of revenues from continuing operations. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

Audits of group entities (components) were performed using materiality levels determined by the judgement of the group audit team.

We communicated with the Audit Committee that misstatements in excess of € 66.000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

The Company is at the head of a group of entities ("components"). The financial information of this group is included in the 2024 consolidated financial statements of the Group.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the Group, its environment, controls and critical process, to consider qualitative factors in order to ensure that we obtained sufficient audit evidence.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements whether due to fraud or error and then designed and performed audit procedures responsive to those risks. In particular, we looked at where management made subjective judgement such as making assumptions on significant accounting estimates.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out on the components. Our group audit is focusing on components in terms of audit risk and or where significant risks or complex activities were present, leading to full scope audits and specific scope audits having been performed on the components in Germany, Austria, Czech, Sweden, China, Romania, USA and the Netherlands.

We performed audit procedures at group level on areas such as consolidation, financial statement disclosures and impairment testing for intangible assets (including goodwill). Specialists were involved amongst others in the areas of information technology, forensic and valuation.

We also involved component auditors from the Forvis Mazars Network and other audit firms, who are familiar with local laws and regulations. For these component auditors, the group audit team provided detailed written instructions, which include the requirements for component audit teams, the audit approach for significant audit areas, other information obtained centrally and the need for awareness for fraud risks. Our oversight procedures also included a combination of remote and on-site reviews of working papers of the auditors of the material components, (virtual) meetings with component auditors and management of the components, and reviewing deliverables supplied by the component auditors to gain sufficient understanding of the work performed. We varied the nature, timing and extent of these procedures based on both quantitative and qualitative considerations. For smaller components, we performed substantive audit procedures on material but non-significant financial statement line items, along with analytical procedures, to corroborate our assessment that there are no remaining risks of material misstatements.

By performing the procedures mentioned above we have been able to obtain sufficient and appropriate audit evidence about the consolidated and company financial information and to provide an opinion on the financial statements as a whole.

Audit approach fraud risks

We refer to section 'Risk management' of the Executive Board Report for management's fraud risk assessment. We note that management regularly updates its risk assessment including fraud and updates its risk and control framework.

As part of our procedures of identifying fraud risks, we evaluated fraud risks factors with respect to financial reporting fraud, misappropriation of assets and corruption. We identified the following fraud risks and performed the following specific procedures:

Fraud risk 1	Our audit work performed

Management override of controls
 	
Management is ordinarily in a unique position to adjust the financial statements by overriding controls that otherwise appear to be operating effectively.
 	
In this context, we paid attention to:
■ The appropriateness of journal entries and other adjustments made in the preparation of the financial statements, such as manual journal entries related to revenue that are made during the year; journal entries made close to the year end date and consolidation adjustments and reclassifications.
■ Potential biases in estimates, such as impairment of intangible assets (goodwill and other intangible assets).
■ Significant transactions, if any, outside the normal course of business.
	Amongst others we have performed the following audit procedures:
	■ An understanding of the internal control framework and evaluated the design and implementation of the relevant controls in the financial closing process.
	■ with regard to the Executive Board's key accounting estimates, we have evaluated judgements and decisions for bias of the Executive Board. This is mainly related to the key accounting estimates in the management forecast used for the impairment analysis of the cash-generating units, the management forecast of cashflows to determine whether customer relations are impaired and the management forecast to determine the future utilisation of tax losses,
	■ we made enquiries of individuals with different levels of responsibility involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments,
	■ we performed analyses of high risk journals within the consolidation with a pre assessed risk of material misstatments, as part of our audit approach to address fraud risks which could have a risk of material misstatement on the financial statements;
	■ we performed audit procedures on journal entries in the various processes, amongst other the closing and consolidation, based on fraud selection criteria in which at least the following criteria have been applied:
	  ■ Material adjustments made during the course of preparing the financial statements;
	  ■ Manual journal entries on the operational related revenue ledgers;
	  ■ Adjustments on group level which relate to regular activities on component level.
	
	For these journal entries we have tested the appropriateness by obtained supporting documentation:
	■ For significant and risk-related transactions we evaluated whether the business rationale of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.

Fraud risk 2	Our audit work performed
Risk of fraud in revenue recognition *The accounting principles in relation to revenue recognition are included in the basis of accounting paragraph (l) of the consolidated financial statements.* The risk of fraud in revenue recognition is a presumed audit risk. For the Company this has been assessed as a risk for overstatement of revenue through the occurrence of inappropriate manual transactions (non-standard transactions).	Amongst others we have performed the following audit procedures: ■ An update of our understanding of the Group's revenue recognition policies where relevant to our audit; ■ we assessed the internal control framework and evaluated the design and implementation of the relevant controls in the financial closing process, revenue reporting process and in the processes for generating and processing manual journal entries related to the revenue. ■ we assessed the IT environment and relevant systems. ■ we performed audit procedures on non-standard journal entries made within the operational cycles of revenue (classified as unexpected journals).

In addition, we also performed the following more general procedures:
- We assessed the speak-up and compliance matters followed up by management.
- We have incorporated an element of unpredictability in the selection of the nature, timing and extent of our audit procedures.
- We evaluated whether the selection and application of accounting policies by the entity, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting.

In performing these procedures, we used the support of our component auditors and IT-specialists. Our forensic specialists participated in the planning of the audit and aided to identify areas where the Group's financial statements may be susceptible to material misstatement due to fraud and reviewed our fraud risk assessment.

Our response to the risk of non-compliance of laws and regulations

We have obtained an understanding of the relevant laws and regulations. We have identified the following laws and regulations that have an indirect effect on the financial statements: anti-bribery and corruption laws & regulations, competition and data privacy laws, and human rights laws and regulations.
We held enquiries with management and the audit committee if the entity is compliant with laws and regulations which directly or indirectly have a material impact on the financial statements. We also inspected lawyers' letters and remained alert to indications of identified and suspected non-compliance throughout the audit, held enquiries with legal counsel, and obtained a written representation from management that all known instances of identified and suspected non-compliance with laws and regulations were disclosed to us.

Observations

The aforementioned audit procedures have been performed in the context of the audit of the financial statements. Consequently, they are not planned and performed as a specific investigation regarding fraud and non-compliance with laws and regulations. Our audit procedures have not led to any findings.

Audit approach going concern

Our responsibilities, as well as the responsibilities of the Executive Board, related to going concern under the prevailing accounting standards are outlined in the "Description of responsibilities regarding the financial statements" section below. The Executive Board has performed its going concern assessment and has not identified any going concern risks. Our main procedures to assess the Executive Board assessment were:

- We considered whether the Executive Board assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit.
- We evaluated the consistency of information used in the Executive Board going concern assessment (including cash flow projections and stress test scenarios) and information obtained through auditing other areas such as impairment assessments.
- Reading the terms of debt covenants and determining whether any have been breached.
- Inquiring of the entity's Legal Counsel regarding the existence of litigation and claims and the reasonableness of management's assessments of their outcome and the estimate of their financial implications.
- Performing audit procedures regarding subsequent events to identify those that either mitigate or otherwise affect the entity's ability to continue as a going concern.
- We analysed the Company's financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify going concern risks.
- Reading minutes of the Executive Board, Supervisory Board and relevant committees for reference to financing difficulties.
- Discussions with component auditors about facts and circumstances which might be relevant for the going concern assessment at group level.
- Analysing the Company's assessment on the impact of the current market developments (i.e. demand volatility and increasing raw material prices.
- We inquired with the Executive Board on the key assumptions and principles underlying the Executive Board assessment of the going concern risks.
- We inspected agreements in terms of conditions that could lead to going concern risks.

Observations

Based on these procedures, we did not identify any reportable findings related to the Company's ability to continue as going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Executive Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of the audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our scope addressed this matter
Impairment testing of goodwill The group accounting policies in respect of goodwill and impairment are set out in the accounting policy notes of the consolidated financial statements. For further financial information on the goodwill and related impairment test, we refer to Note 2 of the consolidated financial statements. For purposes of impairment testing, goodwill is allocated and monitored on a (group of) Cash Generating Unit ('CGU') level. Other intangibles and property, plant, and equipment are grouped to CGUs. For goodwill, management is required to assess the recoverable amount of the respective CGUs. In view of the inherent uncertainties, including those related to the current macro-economic environment, the projection of sales volumes, revenues, margins, and discount rates in management's impairment tests, involved an increased level of judgement for CGUs. As a result of impairment testing for the current year, no impairment loss has been identified. Given the high level of judgement made by management to estimate the recoverable amounts used in management's impairment tests for intangible assets (including goodwill) and property, plant and equipment, the impairment testing was a key audit matter.	We involved our valuation specialists during our audit procedures. Our audit procedures included the following: ■ We evaluated the design effectiveness of controls related to the impairment assessment including the appropriateness of management's assessment of the CGUs, indicators of impairment, discount rates and forecasts. ■ we assessed and evaluated the reasonableness of key assumptions in the fair value less cost of disposal and value in use calculations, including the received offer(s) supporting the fair value less cost of disposal and the projected revenue growth, operating margin, discount rates and growth rates used in the value in use model. ■ we benchmarked key assumptions against external data and challenged management by comparing the assumptions to historic performance of the company and local economic developments, taking into account the sensitivity test of the goodwill balances for any changes in the respective assumptions; ■ we engaged with our internal valuation experts to assist us in evaluating the appropriateness of the fair value less cost of disposal and value in use impairment models, including the key assumptions and supporting documentation, and conclude on the overall reasonableness; ■ we audited management's sensitivity analysis to assess the impact of potential changes in assumptions; ■ we verified the mathematical accuracy of the models and agreed these models with relevant data; ■ we evaluated the reasonableness of the disclosures made in the financial statements in relation to the carrying value of goodwill. **Our observation** Applying the aforementioned materiality, we did not identify any reportable findings in management's assessment of the recoverability of intangible assets (including goodwill) and property, plant and equipment.

Key Audit Matter	How our scope addressed this matter
Accounting of the sale of the majority of the Automotive business Refer to note 9 to the consolidated financial statements for financial information. In October 2024, the sale of the automotive activities to Solero Technologies LLC has been finalized.. These disposed entities are presented as discontinued operations where results for the year and the deal result are presented as part of a single consolidated statement of comprehensive income line item 'Net Income/(Loss) from Discontinued operations. The result on the sale and management's application of IFRS 5 is significant to our audit because: ■ it concerns a material transaction ■ the non-routine nature of the transaction and accounting implications within the consolidation.	Our audit procedures included, amongst others, the following: ■ reviewing the share purchase agreement(s) and other relevant documents to assess: 1) the transaction details and any elements that may affect the sales price and 2) any remaining obligation and risk for Kendrion N.V. that could have an impact on the consolidated financial statements. ■ evaluating managements conclusion on the date of classifying its subsidiaries as "held for sale". ■ assessing the accuracy and completeness of the deal result in the financial statements. ■ using component auditor to audit the accuracy and completeness of the income statement and balance sheet per the closing date of the transaction. ■ assessing the overall presentation in the consolidated financial statements, as well as the required disclosures of IFRS 5 in the consolidated financial statements. **Our observation** Applying the aforementioned materiality, we did not identify any reportable findings.

Report on the other information included in the Annual Integrated Report 2024

In addition to the financial statements and our auditor's report thereon, the Annual Integrated Report 2024 contains other information that consist of:

- Report of the Executive Board;
- Report of the Supervisory Board;
- Remuneration report;
- Other information as included in the report;
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code

The Annual Integrated Report contains other information, in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were appointed as auditors of the consolidated financial statements for FY 24 of the Company by the Supervisory Board. This was followed by the passing of a resolution of the shareholders at the annual general meeting held on 15 April 2023. This has been followed by confirmation of our engagement via an engagement letter dated 29 May 2024 for FY24. We have operated as statutory auditor since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Format (ESEF)

The Company has prepared its Annual Integrated Report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion the Annual Integrated Report prepared in XHTML format, including the partly marked-up consolidated financial statements as included in the reporting package by the Group, complies in all material respects with the RTS on ESEF.

The Executive Board is responsible for preparing the Annual Integrated Report including the financial statements in accordance with the RTS on ESEF, whereby management combines the various components into one single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the Annual Integrated Report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting). Our examination included among others:

- obtaining an understanding of the Group's financial reporting process, including the preparation of the reporting package;
- identifying and assessing the risks that the Annual Integrated Report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF;
  - examining the information related to the 2024 consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

Description of responsibilities regarding the financial statements

Responsibilities of the Executive Board for the financial statements

The Executive Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Executive Board is responsible for such internal control as the Executive Board determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Executive Board is responsible for assessing the Group's and the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Executive Board should prepare the financial statements using the going concern basis of accounting, unless the Executive Board either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

The Executive Board should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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;
- obtaining 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 Group's and the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board;
- concluding on the appropriateness of the Executive Board use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Rotterdam, 28 February 2025

Forvis Mazars Accountants N.V.
M. Vazel RA

To: the shareholders and Supervisory Board of Kendrion N.V.

Our conclusion

We have performed a limited assurance engagement on the sustainability statements for 2024 of Kendrion N.V. based in Amsterdam, The Netherlands (hereinafter: the company) of the accompanying management report including the information incorporated in the sustainability statements by reference (hereinafter: the sustainability statement).

Based on our procedures performed and the assurance evidence obtained, nothing has come to our attention that causes us to believe that the sustainability statement is not, in all material respects:

- prepared in accordance with the European Sustainability Reporting Standards (ESRS) as adopted by the European Commission and in accordance with the double materiality assessment process carried out by the company to identify the information reported pursuant to the ESRS; and
- compliant with the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation).

Basis for our conclusion

We have performed our limited assurance engagement on the sustainability statement in accordance with Dutch law, including Dutch Standard 3810N, “Assurance-opdrachten inzake duurzaamheidsverslaggeving” (Assurance engagements relating to sustainability reporting) which is a specified Dutch standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 (Revised) ’Assurance engagements other than audits or reviews of historical financial information’.

Our responsibilities in this regard are further described in the section ‘Our responsibilities for the limited assurance engagement on the sustainability statement’ of our report.

We are independent of the company in accordance with, the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics for Professional Accountants). The ViO and VGBA are at least as demanding as the International code of ethics for professional accountants (including International independence standards) of the International Ethics Standards Board for Accountants (the IESBA Code).

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

Emphasis of matters

The sustainability statement has been prepared in a context of new sustainability reporting standards, requiring entity-specific interpretations and addressing inherent measurement or evaluation uncertainties. In this context, we want to emphasize the following matters:

Emphasis on the most significant uncertainties affecting the quantitative metrics and monetary amounts

We draw attention to sections 'General basis of preparation' (on page 44) and 'Key figures overview (on pages 61-64)'. The Key figures overview describes the metrics with respect to the continued business and the divested automotive business in the sustainability statement that identifies the quantitative metrics and monetary amounts that are subject to a high level of measurement uncertainty and discloses information about the sources of measurement uncertainty and the assumptions, approximations and judgements the company has made in measuring these in compliance with the ESRS.

The comparability of sustainability information between entities and over time may be affected by the lack of historical sustainability information in accordance with the ESRS and by the absence of a uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques, especially in the initial years.

Emphasis on the double materiality assessment process

We draw attention to section Double materiality assessment (on pages 48-51) in the sustainability statement. This disclosure explains future improvements in the ongoing due diligence and double materiality assessment process, including robust engagement with affected stakeholders. Due diligence is an on-going practice that responds to and may trigger changes in the company's strategy, business model, activities, business relationships, operating, sourcing and sales contexts. The double materiality assessment process may also be impacted in time by sector-specific standards to be adopted. The sustainability statement may not include every impact, risk and opportunity or additional entity-specific disclosure that each individual stakeholder (group) may consider important in its own particular assessment.

Comparative information not subject to assurance procedures

The 2024 sustainability statement is the first sustainability statement prepared in accorandance with the European Sustainability Reporting Standards (ESRS) as adopted by the European Commission. Sustainability information for 2023 (and earlier), was prepared in accordance with the specific criteria as included in the 'Criteria' section of the 2023 report. Consequently, we do not provide any assurance on the comparative information and thereto related disclosures in the sustainability statement for 2023 (and earlier).

Limitations to the scope of our assurance engagement

In reporting forward-looking information in accordance with the ESRS, management of the company is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the company. The actual outcome is likely to be different since anticipated events frequently do not occur as expected. Forward-looking information relates to events and actions that have not yet occurred and may never occur. We do not provide assurance on the achievability of this forward-looking information.

Our conclusion is not modified in respect of these matters.

Responsibilities of the Executive Board and the Supervisory Board for the sustainability statement

Management is responsible for the preparation of the sustainability statement in accordance with the ESRS, including the double materiality assessment process carried out by the company as the basis for the sustainability statement and disclosure of material impacts, risks and opportunities in accordance with the ESRS. As part of the preparation of the sustainability statement, the Executive Board is responsible for compliance with the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation).

The Executive Board is also responsible for selecting and applying additional entity-specific disclosures to enable users to understand the company's sustainability-related impacts, risks or opportunities and for determining that these additional entity-specific disclosures are suitable in the circumstances and in accordance with the ESRS.

Furthermore, the Executive Board is responsible for such internal control as it determines necessary to enable the preparation of the sustainability statement that is free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the sustainability reporting process including the double materiality assessment process carried out by the company.

Our responsibilities for the limited assurance engagement on the sustainability statement

Our responsibility is to plan and perform the limited assurance engagement in a manner that allows us to obtain sufficient appropriate assurance evidence for our conclusion.

Our assurance engagement is aimed to obtain a limited level of assurance that the sustainability statement is free from material misstatements. The procedures 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.

We apply the applicable quality management requirements pursuant to the Nadere voorschriften kwaliteitsmanagement (NV KM, regulations for quality management and the International Standard on Quality Management (ISQM) 1, and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Our limited assurance engagement included among others:

- Performing inquiries and an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues, the characteristics of the company, its activities and the value chain and its key intangible resources in order to assess the double materiality assessment process carried out by the company as the basis for the sustainability statement and disclosure of all material sustainability-related impacts, risks and opportunities in accordance with the ESRS.

- Obtaining through inquiries a general understanding of the internal control environment, the company's processes for gathering and reporting entity-related and value chain information, the information systems and the company's risk assessment process relevant to the preparation of the sustainability statement and for identifying the company's activities, determining eligible and aligned economic activities and prepare the disclosures provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation), without obtaining assurance information about the implementation, or testing the operating effectiveness, of controls.
- Assessing the double materiality assessment process carried out by the company and identifying and assessing areas of the sustainability statement, including the disclosures provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation) where misleading or unbalanced information or material misstatements, whether due to fraud or error, are likely to arise ('selected disclosures'). We designed and performed further assurance procedures aimed at assessing that the sustainability statement is free from material misstatements responsive to this risk analysis.
- Considering whether the description of the double materiality assessment process in the sustainability statement made by the Executive Board appears consistent with the process carried out by the company;
- Performing analytical review procedures on quantitative information in the sustainability statement, including consideration of data and trends (optioneel: in the information submitted for consolidation at corporate level.);
- Assessing whether the company's methods for developing estimates are appropriate and have been consistently applied for selected disclosures. We considered data and trends, however, our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluateestimates;
- Analysing, on a limited sample basis, relevant internal and external documentation available to the company (including publicly available information or information from actors throughout its value chain) for selected disclosures; and
- Reading the other information in the Annual Integrated Report to identify material inconsistencies, if any, with the sustainability statement.
- Considering whether:
  - the disclosures provided to address the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation) for each of the environmental objectives
    - reconcile with the underlying records of the company and are consistent or coherent with the sustainability statement; and
    - appear reasonable, in particular whether the eligible economic activities meet the cumulative conditions to qualify as aligned and whether the technical screening criteria are met.
  - the key performance indicators disclosures have been defined and calculated in accordance with the Taxonomy reference framework as defined in Appendix 1 Glossary of Terms of the CEAOB Guidelines on limited assurance on sustainability reporting adopted on 30 September 2024 , and in compliance with the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation), including the format in which the activities are presented.
    - Considering the overall presentation, structure and the fundamental qualitative characteristics of information (relevance and faithful representation: complete, neutral and accurate) reported in the sustainability statement, including the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation); and
    - Considering, based on our limited assurance procedures and evaluation of the assurance evidence obtained, whether the sustainability statement as a whole, is free from material misstatements and prepared in accordance with the ESRS.

Rotterdam, 28 February 2025

Forvis Mazars Accountants N.V.
M. Vazel RA

PRINCIPAL SUBSIDIARIES

As at 31 December 2024

Industrial

Industrial Actuators and Controls (Robert Lewin)	Managing Director
Kendrion (Donaueschingen/Engelswies) GmbH, Donaueschingen, Germany	Robert Lewin
Kendrion (China) Co. Ltd, Suzhou, P.R. China	Telly Kuo
Kendrion (Mishawaka) LLC, Mishawaka, USA	Corey Hurcomb
Kendrion Industrial (Sibiu) S.R.L., Sibiu, Romania	Mihai Petculescu
Kendrion (Linz) GmbH, Linz, Austria	Christian Edelmaier
Kendrion Kuhnke Automation GmbH, Malente, Germany	Robert Lewin
Kendrion Kuhnke (Sweden) AB, Kristianstad, Sweden	Niklas Sjöström
3 T B.V., Enschede, the Netherlands	Michiel Bloemen

Industrial Brakes (Olaf Detlef)	Managing Director
Kendrion (Villingen) GmbH, Villingen-Schwenningen, Germany	Robert Lewin
Kendrion (China) Co. Ltd, Suzhou, P.R. China	Telly Kuo
Kendrion (Mishawaka) LLC, Mishawaka, USA	Corey Hurcomb
Kendrion INTORQ GmbH, Aerzen, Germany	Lars Knoke
INTORQ (Shanghai) Co. Ltd, Shanghai, P.R. China	Telly Kuo
Kendrion (Atlanta) Inc., Atlanta, USA	Olaf Detlef
INTORQ India Private Limited, Pune, India	Aniket Gujrathi

Other Business (Robert Lewin)	Managing Director
Kendrion (China) Co. Ltd, Suzhou, P.R. China	Telly Kuo
Kendrion Automotive (Sibiu) S.R.L, Sibiu, Romania	Christian Fritz
Kendrion Kuhnke Automotive GmbH, Malente, Germany	Robert Lewin

Kendrion N.V. has, directly or indirectly, a 100% interest in all subsidiaries.

Other Holding and dormant entities

As at 31 December 2024

Blasio Grundstückverwaltungsgesellschaft mbh & Co. Vermietungs KG, Mainz, Germany
Combattant Holding B.V., De Bilt, the Netherlands
Kendrion OG GmbH (previously Kendrion Eibiswald GmbH), Linz, Austria
INTORQ Beteiligungs GmbH, Aerzen, Germany
Kendrion FAS Controls Holding GmbH, Villingen-Schwenningen, Germany
Kendrion Finance B.V., Zeist, the Netherlands
Kendrion Holding Germany GmbH, Markdorf, Germany
Kendrion Holding USA Inc., Indianapolis, USA
Kendrion IP Management GmbH, Malente, Germany
Kendrion Kuhnke GmbH, Malente, Germany
Kendrion Marketing B.V., Zeist, the Netherlands
Kendrion Toluca, SA de CV, Mexicaltzingo, Mexico
Kendrion (UK) Ltd., Bradford, United Kingdom
Landfort I B.V., Zeist, the Netherlands

Kendrion N.V. has, directly or indirectly, a 100% interest in all subsidiaries.

Added value is a non-IFRS financial measure, which is defined as total revenue and other income plus changes in inventory of finished goods and work in progress and subtracted by raw materials and subcontracted work. Added value is a measure of the group's ability to generate a variable profit contribution on its revenue that is sufficient to absorb the total staff and other operating expenses. It is an important factor is assessing to what extent increasing or decreasing revenue volumes will contribute to the group's profit.

EBITA is a non IFRS financial measure, which is defined as profit for the period before income tax expense, finance income, finance expense, share of profit or loss of an associate and amortization of other intangible fixed assets. EBITA is a measure of the group's ability to realize a positive return on the group's operations and continue to provide shareholder returns.

EBITDA is a non IFRS financial measure which is defined as profit for the period before income tax expense, finance income, finance expense, share of profit or loss of an associate, depreciation and amortization. EBITDA is a measure of the group's ability to continue to invest in the group's operations and provide shareholder returns.

Free cash flow is a non IFRS financial measure that is defined as cash from operating activities less cash from investing activities. Free cash flow is a measure of cash flow which is available for repayment of outstanding interest-bearing debt or dividend to the shareholders.

Invested capital is a non IFRS financial measure that is defined as the sum of property plant and equipment, intangible assets, other fixed assets and net working capital. Invested capital is a measure to assess the amount of equity and interest-bearing debt the company has invested in assets and is an important measure for investors to assess how well a company is using its financial resources to generate shareholder returns. Invested capital is a measure widely used by investors and security analysts to evaluate a group's profitability relative to other investment opportunities.

Leverage ratio is a non IFRS financial measure that is defined as net debt divided by EBITDA. The leverage ratio is a measure to evaluate the credit worthiness of the group and the ability of the group to continue to fund its operations with debt. The leverage ratio is widely used by investors, analysts, lenders and others to assess the groups credit worthiness in comparison to other industrial and automotive manufacturing companies and in relation to the financial covenant agreed in the group's financing arrangement which its main lenders.

Net debt is a non IFRS financial measure that is defined as bank overdraft, current and non-current loans and borrowings subtracted by cash and cash equivalents. Net debt is a measure in determining the group's financial position. In comparison to the available credit facilities, the total net debt is an important factor in assessing the group's liquidity and in combination which the group's EBITDA, the net debt is an important factor in determining the group's credit worthiness and ability to fund future investments.

Normalized EBITA is non IFRS financial measures, which is defined as EBITA before restructuring expense and other adjustments not related to the group's normal course of business including but not limited to gains or losses on divestitures, transaction costs related to business combinations and impairments. Normalized EBITA is a measure of the group's ability to realize a positive return on the core operations and continue to provide shareholder returns. We use normalized EBITA in assessing the effectiveness of business strategies. In addition to its use by management, we also believe normalized EBITA is a measure widely used by securities analysts, investors and others to evaluate financial performance of the group relative to other industrial and automotive suppliers.

Normalized EBITDA is a non IFRS financial measure which is defined as EBITDA before restructuring expense and other adjustments not related to the group's normal course of business including but not limited to gains or losses on divestitures, transaction costs related to business combinations and impairments. Normalized EBITDA is a measure of the group's ability to continue to invest in the operations and provide shareholder returns based on the core operations. We use normalized EBITDA in assessing the effectiveness of business strategies, evaluating and pricing potential acquisitions and as a factor in management incentive decisions. In addition to its use by management, we also believe normalized EBITDA is a measure widely used by securities analysts, investors and others to evaluate financial performance of the group relative to other industrial and automotive suppliers.

Normalized effective tax rate is a non IFRS measure that is defined as reported income tax expenses before adjustments not related to the group's normal course of business, including but not limited to income tax expense on restructuring costs and impairments, divided by normalized profit before tax which is defined as profit before tax before adjustments not related to core operations, including but not limited to restructuring costs and impairments. Normalized effective tax rate is used to assess the group's tax expense in relation to the profit before tax from its core activities. The normalized effective tax rate is used to evaluate the effective tax rate relative to previous periods and other companies.

Normalized free cash flow is a non IFRS financial measure that is defined as free cash flow before cash flow related to restructuring expense and other adjustments that are not related to the group's core operations, including but not limited to acquisitions and divestitures. Normalized free cash flow is a measure of cash flow from the group's core activities which is available for repayment of outstanding interest-bearing debt or dividend to the shareholders. We use normalized free cash flow as a factor in management incentive decisions. In addition to its use by management, we also believe normalized free cash flow is a measure widely used by securities analysts and investors and others to evaluate the value of the group.

Normalized invested capital is a non IFRS measure that is defined as invested capital adjusted for items in the statement of financial position that are considered not to be part of the group's normal course of business, including but not limited to provisions or liabilities related to restructurings. Normalized invested capital is used to assess the return the company generates on the amount the company has invested in assets related to its core operations and is a measure for investors to assess how well a company is using its financial resources to generate shareholder returns.

Normalized interest charges is a non IFRS measure that is defined as financing costs before adjustments not related to the group's normal course of business including but not limited to gains or losses on the recycling of currency translation results previously recorded in equity upon the liquidation of a legal entity. Normalized interest charges is used to assess the amount of net financing costs recognized related to the core operations of the group. Normalized interest charges is used to be able to compare interest charges to previous reporting periods and other companies.

Normalized net profit before amortization is a non IFRS measure that is defined as profit for the period before amortization and restructuring expense and other adjustments not related to the group's core operations including but not limited to gains or losses on divestitures, transaction costs related to business combinations and impairments. Normalized net profit before amortization is a measure of the group's ability to realize a positive return on core operations and continue to provide shareholder returns when excluding any profit impact from amortizing intangibles arising from business combinations. The measure is used by management, investors and security analysts in order to evaluate the shareholder return relative to companies that do not include business combinations.

Normalized staff and other operating expense is a non IFRS measure that is defined as operating expense before restructuring expense and other adjustments not related to the group's normal course of business including but not limited to gains or losses on divestitures, transaction costs related to business combinations and impairments. Normalized operating expense is used to assess the amount of operating expense recognized related to the core operations of the group. Normalized operating expense is used to be able to evaluate expenses to previous reporting periods and other companies.

Normalized working capital is a non IFRS measure that is defined as working capital adjusted for items in the statement of financial position that are considered not to be part of the group's core operations, including but not limited to provisions or liabilities related to restructurings. Normalized working capital is used to assess the amount of cash the company has invested in short term and non-interest-bearing assets and liabilities in order to run its core operations.

Organic growth is a non IFRS financial measure that is defined as revenue in the period under review divided by the revenue in the previous period, excluding revenue that is attributable to a business combination in one of both periods and/or the revenue contribution that attributable to a divestiture in one of both periods. Organic growth is a measure to which extent the group has been able to increase its revenue compared to the previous period on a comparable basis and therefore excluding the impact from acquisitions. Organic growth is one of the groups long term financial targets. We use organic growth in assessing the effectiveness of business strategies. In addition to its use by management, we also believe organic growth is a measure widely used by securities analysts, investors and others to evaluate the success of the company's commercial strategies and effectiveness relative to other industrial and automotive suppliers.

ROI or Return On Invested Capital is a non IFRS financial measure that is defined as EBITA dividend by the sum of property plant and equipment, intangible assets, other fixed assets and net working capital subtracted with the amount of goodwill and other intangible assets arising from business combinations. ROIC is a measure that assesses the result from operations is generated per currency equivalent that the group has invested in property plant and equipment and other net assets that are part of the group's operations. ROIC is an important factor in assessing relative profitability and used as a factor in management incentive decisions. Besides the use by management, we believe ROIC is widely use by investors and securities analysts to assess the performance of the group in comparison to other manufacturing companies or alternative investment propositions.

Solvency is a non IFRS financial measure that is defined as total equity divided by the sum of total equity and total liabilities. Solvency is a measure that assesses the portion of the total assets that is funded by equity. We use solvency as a measure of financial position and credit worthiness. In addition to its use by management we believe solvency is a measure widely use by lenders and analysts to evaluate the credit worthiness of the group.

Measures related to the statement of profit and loss

Organic growth (revenue)

EUR million - unless stated otherwise	2024	2023[1]
Reported revenue	301.5	309.0
Exclude: currency effects on revenue	0.9	–
Normalized revenue (excl. currency effects)	**302.4**	**309.0**
Organic growth	**-2.1%**	

Added value

EUR million	2024	2023[1]
Reported total revenue and other income	303.2	309.1
less: Reported changes in inventories of finished goods and work in progress	2.0	(0.3)
less: Reported raw materials and subcontracted work	(151.6)	(151.4)
Reported added value	153.6	157.4
Reported added value margin %	50.3%	51.0%
Normalization of other costs outside the normal course of business	1.2	–
Added value	**154.8**	**157.4**
Added value margin %	**50.7%**	**51.0%**

Normalized staff, impairments and other operating expenses

EUR million	2024	2023[1]
Reported staff costs	94.3	97.8
Reported impairments of fixed assets	1.2	0.0
Reported other operating expenses	24.2	20.1
Reported staff, impairments and other operating expenses	**119.7**	**117.9**
Normalization of restructuring charges	(0.7)	(1.7)
Normalization of impairments PP&E, goodwill and other intangibles	(1.2)	(0.0)
Normalization of other (costs) and benefits outside the normal course of business	–	(0.2)
Normalized staff, impairments and other operating expenses	**117.8**	**116.0**
Currency effects	0.4	1.6
Normalized staff, impairments and other operating expenses (excl. currency effects)	**118.2**	**117.6**

1 Restated. Reference is made to note 9 of Financial Statements

Bridge from EBITDA to normalized net profit before amortization

EUR million	2024	2023[1]
Reported result before net finance costs	14.8	22.2
Reported depreciation and amortization	19.1	17.3
Reported operating result before depreciation & amortization (EBITDA)	**33.9**	**39.5**
less: Depreciation on PP&E and amortization on non-PPA related intangibles	(15.9)	(14.1)
Reported operating result before amortization (EBITA)	**18.0**	**25.4**
Normalization of costs and (benefits) related to:		
Restructuring measures - Industrial	0.8	1.5
Restructuring measures - Other	0.0	0.2
Impairments PP&E - Industrial	0.1	0.0
Impairments PP&E - Other	0.1	–
Impairments goodwill and other intangbles - Other	1.0	–
Other costs / (benefits) outside the normal course of business - Other	1.1	0.2
Total Normalizations	**3.1**	**1.9**
Normalized EBITDA	**37.0**	**41.4**
Normalized EBITDA margin %	**12.3%**	**13.4%**
Normalized EBITA	**21.1**	**27.3**
Normalized EBITA margin %	**7.0%**	**8.8%**
Reported amortisation on PPA related intangibles	(3.2)	(3.2)
Reported net finance costs	(6.0)	(6.1)
Reported share profit or loss of an associate	(0.1)	–
Other normalizations of net finance costs	–	(0.0)
Normalized profit before income tax	**11.8**	**18.0**

EUR million	2024	2023[1]
Reported income tax expense	(2.6)	(4.3)
Normalization related to tax audits	0.7	0.6
Normalization related to deferred income tax adjustment	(0.1)	(0.8)
Impact costs / (benefits) outside the normal course of business on income tax expense	(0.7)	(0.6)
Amortization after tax	2.4	2.4
Net profit before amortization from discontinued operations	0.3	(1.4)
Normalized net profit for the period before amortization	**11.8**	**13.9**

Measures related to the Statement of financial position

Invested capital at 31 December

EUR million	2024	2023
Property, plant and equipment	96.0	134.5
Intangible assets	112.8	125.8
Net working capital	50.5	63.9
Other fixed assets	3.9	1.1
Invested capital	**263.2**	**325.3**
Goodwill and other intangibles related to acquisitions	(100.6)	(107.8)
Operating invested capital	**162.6**	**217.5**
Impact costs / (benefits) outside the normal course of business on invested capital	13.1	1.4
Normalized invested capital	**175.7**	**218.9**

[1] Restated. Reference is made to note 9 of Financial Statements

Net Debt

EUR million - unless stated otherwise	2024	2023
Total interest bearing loans	111.9	165.6
less: Cash and cash equivalents	(8.5)	(20.6)
Net Debt	**103.4**	**145.0**

Net working capital at 31 December

EUR million	2024	2023
Inventories	58.5	87.4
Trade and other receivables, tax receivable and assets clasified as held for sale	63.7	72.8
Less: Trade and other payables, tax payables, current provision	(71.7)	(96.3)
Net working capital	**50.5**	**63.9**
Impact one-off costs and benefits on working capital	1.1	1.7
Normalized working capital	**51.6**	**65.6**
As % of revenue	17.1%	12.6%

Measures related to the Statement of cash flows

Free cash flow

EUR million	2024	2023
Net cash flow from operating activities	18.5	36.4
Net cash flow from investing activities	25.8	(29.6)
Free cash flow	**44.3**	**6.8**
Normalizations	47.3	(4.5)
Normalized free cash flow	**(3.0)**	**11.3**

Ratios

Return on Investment % (ROI)

EUR million - unless stated otherwise	2024	2023
Normalized EBITA	21.1	29.5
Normalized Invested capital	175.7	218.9
Return on Investment % (ROI)	**12.0%**	**13.5%**

Solvency

EUR million - unless stated otherwise	2024	2023
Total equity	158.5	172.0
Total assets	364.8	462.3
Solvency %	**43.4%**	**37.2%**

Normalized effective tax rate

EUR million - unless stated otherwise	2024	2023[1]
Reported income tax expense	(2.6)	(4.3)
Normalization related to tax audits	0.7	0.6
Normalization related to deferred income tax adjustment	(0.1)	(0.8)
Impact costs / (benefits) outside the normal course of business on income tax expense	(0.7)	(0.6)
Normalized income tax expense	**(2.7)**	**(5.1)**
Normalized profit before tax	11.8	18.0
Normalized effective tax rate %	**22.9%**	**28.3%**

[1] Restated. Reference is made to note 9 of Financial Statements

Contact information

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