

**2021 Annual Report
with Sustainability Report**

Driving Innovation for a Safer and Greener World

Haldex

Innovative brake specialist

Haldex is a leading global supplier of sustainable brake systems and air suspension solutions dedicated to the commercial vehicle industry. Haldex's customers are mainly large manufacturers of trucks, buses and trailers in the Americas, Europe and Asia. On the aftermarket Haldex offers spare parts and services to fleets, distributors, dealers and independent service centers. Haldex was founded in Landskrona in 1887 and has since been notable for innovative research and development work that has created groundbreaking technological vehicle solutions. Development today is focused on safety and the future of electrified and connected commercial vehicles. Haldex's operations are global, with approximately 2,000 employees spread across 19 countries.

2,003

Employees

SALES
Per region



■ 52% Americas
■ 39% Europe
■ 9% Asia

4,612

Net sales (SEKm)

SALES
Per product area



■ 55% Foundation Brake
■ 45% Air Controls

2,578

Market capitalization (SEKm)
December 31, 2021

SALES
Per customer segment



■ 15% Truck
■ 34% Trailer
■ 51% Aftermarket

HALDEX AS AN INVESTMENT

Strategic Highlights

Global brake specialist

- » Established and trusted supplier to the commercial vehicle industry
- » Transitioning from components supplier to full systems supplier
- » Independent partner in the value chain
- » Joint venture set up to capture potential in Asia

Sustainable business model

- » Diversification through global sales and diversified customer base
- » Major aftermarket business with well established brands
- » Optimized global footprint following streamlining of operations

Leading within industry transition

- » Well-positioned to capture shift towards disc brakes in Americas and Asia with increased demand for automatic brake adjusters
- » From mechanical to electric – Growing focus on emission-free transports, energy efficiency and connected vehicles

Strong innovator

- » 130+ years innovation legacy and with strong patent track record
- » Industry leading technology and OEM-backed path to commercialization
- » Leading innovation through strategic partnerships

Value-creation opportunities

- » Sales upside in conventional products and aftermarket due to strong market positions and product leadership
- » Continued focus on driving operational excellence and utilizing global cost mindset
- » Disruptive EMB technology – next generation product is a potential game changer beyond 2025

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The Year in

A strong post pandemic recovery was seen in most of Haldex's markets and segments during 2021, where Haldex gained market share in Europe and the Americas with strong organic OEM growth as well as successfully grew the aftermarket business. Increased activity levels in the market, however, led to temporary disruptions in the supply chain, causing both price increases and a shortage of certain commodities, semiconductors, and freight.

A new R&D approach was introduced to drive capital efficient profitable growth, by focusing product development on customers' priorities with modular and scalable product platforms. A new partnership with FAST Group was established to reach customers in Asia and to secure cost synergies in technology development. The steps taken towards a more flexible business model with a structural reduction in cost base have had the desired effect, resulting in a significantly improved adjusted operating margin of 7.7 percent, the highest since the split of the Group in 2011.

Brief

- » In April, a joint venture was established with FAST Group to produce and sell disc brakes for both new production and the after-market, focusing initially on China.
- » Håkan Karlsson was elected as new Chairman of the Board at the Annual General Meeting on May 26, 2021.
- » Haldex's financing originally maturing in April 2022 was extended to April 2023.
- » Jean-Luc Desire was appointed CEO and succeeded Helene Svahn on June 14, 2021.
- » In July, an agreement was entered with one of the world's largest manufacturers of heavy trucks for the delivery of Haldex air disc brakes, which is an important milestone in the truck segment. The deal includes equipping a distribution vehicle with the electromechanical braking system (EMB), which is a breakthrough for the European market.
- » In September, the cooperation with ANAND Group and the joint venture in India was renewed.
- » Group Management was strengthened with two new positions to support the strategy. An EVP Purchasing was appointed to

improve sourcing processes and increase direct material cost savings. An EVP Sales & Product Management position was created with a clear focus to further strengthen Haldex growth.

- » A new vision Driving Innovation for a Safer and Greener World as well as a revised strategy for 2025 were launched.

- » The financial targets and dividend policy were updated by the Board of Directors.

Important events after the year-end

- » In March 2022, Haldex signed a long-term agreement with KRONE Commercial Vehicle Group, a leading trailer manufacturer, for the supply of the fourth generation Electronic Brake System (EBS) platform for trailers.
- » An error in historical periods regarding inventory in Region Americas has been discovered and corrected in connection with the company's work with internal control. The adjustment has led to a reduction of SEK 45m on the opening balance for equity from January 1, 2020, see changes in the Group's equity on page 66.

| Key ratios in 2021 | 2021 | 2020 | Change, % |
|--|-------|-------|-----------|
| Net sales, SEKm | 4,612 | 4,007 | 15 |
| Operating profit, SEKm | 341 | -100 | 441 |
| Adjusted operating profit, SEKm | 357 | 163 | 119 |
| Operating margin, % | 7.4 | -2.5 | 397 |
| Adjusted operating margin, % | 7.7 | 4.1 | 89 |
| Profit after tax, SEKm | 228 | -300 | 176 |
| Earnings per share, SEK | 4.65 | -6.44 | 172 |
| Dividend, SEK ¹⁾ | 0 | 0 | - |
| Return on capital employed, % ²⁾ | 12.6 | -3.9 | 423 |
| Return on capital employed, excluding non-recurring items, % ²⁾ | 13.2 | 5.1 | 159 |
| Equity/assets ratio, % | 35 | 29 | 21 |
| Cash flow, operating activities, SEKm | 296 | 215 | 38 |
| Employees | 2,003 | 1,990 | 1 |

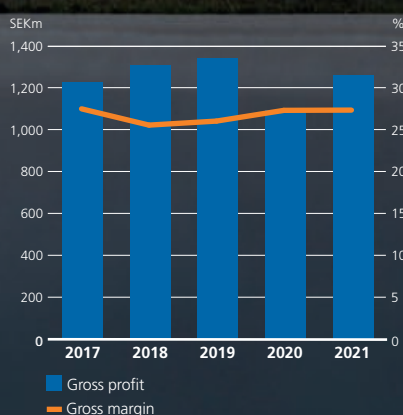
¹⁾ Proposed dividend.

²⁾ Rolling twelve months. The effect of IFRS16 Leases has been excluded.

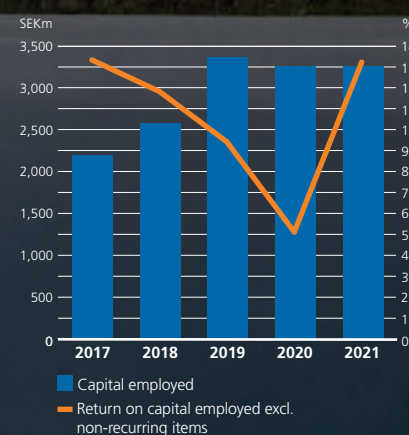
NET SALES AND OPERATING MARGIN



GROSS PROFIT AND GROSS MARGIN



CAPITAL EMPLOYED AND RETURN ON CAPITAL EMPLOYED



Developing disruptive braking solutions

2021 was a strong year for Haldex with several milestones reached. Partnerships and product launches together with a structural reduction in cost base and a focused R&D approach strengthened Haldex's finances and have laid the foundation for further growth and increased profitability.



A strong recovery was seen in most of our markets and segments during 2021 and according to our assessment of external market data, we continued to take market share. Haldex gained market share in Europe and the Americas with strong organic OEM growth as well as successfully grew the aftermarket business. On a global basis, we are growing in line with the market for trucks.

The increased activity levels in the market, however, led to temporary disruptions in the supply chain, causing both price increases and a shortage of certain commodities, semiconductors, and freight. Despite this challenge, Haldex achieved strong organic growth and cash flow as well as the highest operating margin since the split of the Group in 2011.

To further accelerate growth, we have created an EVP Global Sales and Product Management position in Group Management with a global product responsibility. We have taken steps to strengthen cooperation and accountability by reinforcing how we work in our matrix organization. The regions are accountable for running their business while the functions manage processes and tools for their respective functional area. With this cross-functional collaboration, I am convinced we have a more efficient and focused approach to develop the business moving forward.

New vision and revised strategy 2025

In December, we launched our new vision – *Driving Innovation for a Safer and Greener World* – with a renewed strategy to 2025.

With the new vision, we show that Haldex is driving innovation within braking systems, actively moving ahead of the industry. Our solutions are safer in terms of braking stability, and greener in terms of energy efficiency. Through strategic partnerships, we challenge existing technology, while remaining an independent partner. The strategy consists of three pillars – optimizing the current business, capturing the strategic opportunities, and integrating sustainability into the business model. By delivering on the strategic activities under each pillar, Haldex will achieve profitable growth with a sustainable market position and profitability level while contributing to a sustainable environment.

In connection with the strategic review, the Board of Directors also updated the financial targets. The updated targets clearly reflect our ambition to continue to grow our market position, while achieving financial stability and improved profitability.

Haldex has committed through the Science Based Targets initiative (SBTi) to set company-wide emissions targets in line with climate science. The decision to be part of this initiative shows Haldex's alignment to the Paris Agreement and the ambition to reduce greenhouse gas emissions across the entire value chain. Over the next two years we will develop targets and have them validated by the SBTi.

Aftermarket – supporting a circular economy

The aftermarket is, and will continue to be, important for Haldex. During 2021 focus has been on developing product ranges for different market segments including additional brands as well as product lines. Haldex has had a remanufacturing and friction business since the 1980s and is widely recognized in North America as a pioneer when it comes to all-makes air brake remanufacturing. Remanufacturing reduces the consumption of natural resources, energy, and the emission of greenhouse gases, and this business is important as we increase our focus on sustainability initiatives to support a circular economy. There is great potential with the business and we are therefore reviewing the operations. There is still work to be done but through several initiatives, for example improved inventory management processes, Haldex will be well-positioned to expand the core aftermarket strategy.

Electrification in focus

Our focus on electrification and our electromechanical brake has been successful. Truck manufacturers and new players continue to invest in the technological development of future vehicles, and the focus has clearly shifted toward electrification of heavy and medium-duty vehicles, which is favorable for the development of Haldex's electromechanical brake (EMB).



Haldex is driving innovation within braking systems, actively moving ahead of the industry. Through strategic partnerships, we challenge existing technology, while remaining an independent partner.

We reached a milestone when we signed an agreement with one of the world's largest manufacturers of heavy trucks to equip a distribution vehicle with the EMB. Introducing our next generation product on the European market strengthens our confidence in our market opportunities and ability to meet new demands on braking systems in connected, electric trucks and trailers.

Setting new standards for trailer braking

Haldex launched the fourth-generation electronic braking system platform (EBS) for trailers, the EB+4.0, at the Solutrans show in France in November. The EB+4.0 platform brings parking brake control into electronic management and offers a new modular and customizable approach to customer-specific functions. As a multi-voltage platform that can be used as both ABS and EBS, and with a significant weight reduction and an estimated CO₂ footprint reduction of up to 30 percent compared to the previous generation, this new platform is aligned to market needs. The trailer brake control system allows for multiple systems to communicate with each other to monitor data, transmit data and act upon data. With this product offer, Haldex is setting new standards for trailer braking and suspension systems.

Well-positioned to capture shift to air disc brakes

The industry is expecting a transition to disc brake technology, in the Americas and China, and we have taken steps to position ourselves well in this shift. We have secured a position with a leading axle manufacturer as the supplier of our low-weight Air Disc Brake (ADB). Haldex worked cooperatively with a globally recognized fleet customer to recommend the Haldex ADB product in a process known as "fleet-pull-through", which resulted in a launch and specification of the Haldex ADB. Many look to this fleet customer as an industry trend setter, which will be beneficial for future air disc brakes sales in the Americas. Additionally, the regional offer of light-weight Air Disc Brakes for trailer customers in Asia was launched, with the first sales in China during the fourth quarter.

Leveraging existing and establishing new partnerships is key to executing on our strategy. In addition to securing synergies in product development, partnerships are used to gain access to best-cost suppliers as well as reaching customers in new markets. In mid-April we announced the agreement to form a joint venture company with FAST Group to produce and sell Air Disc Brakes and provide aftermarket service for truck and bus customers, with primary focus on the Chinese market. The objective of the new JV is to launch a complete range of Haldex Air Disc Brakes for trucks and buses, using Haldex's innovation, IP and technology to leverage FAST Group's strong market position in China.

Focus on best-cost mindset

The steps taken towards a more flexible business model with a structural reduction in cost base have had the desired affect. We have delivered on our long-term cost savings programs between 2019 and 2021. A new R&D approach has been introduced to drive capital efficient profitable growth, by focusing product development on customers' priorities. Further, we have streamlined innovations with modular and scalable platforms across the regions.

The next step in our journey is to tackle our direct material costs and implement a best-cost mindset. To reach operational excellence in managing our material costs, sourcing has been established as a separate function and an EVP Purchasing has joined Group Management. We have also reinforced our partnership with ANAND Group regarding our joint venture in India, which is an important step towards increasing the share of low-cost purchasing.

Summary

In summary, 2021 was a strong year for Haldex with several milestones reached, despite the uncertainties in both access to raw materials, components, and freight. Our cross-functional collaboration has ensured that we have handled situations that have arisen in the best possible way. Our employees have made this happen, and I would like to take the opportunity to thank everyone for their commitment.

We are well-positioned to continue to take the lead and develop solutions that meet customer challenges and exceed customer expectations.

Following the ongoing military attack on Ukraine, Haldex has suspended trade with Russia and Belarus. Haldex's sales in Russia are limited and therefore the direct impact is minimal. We are closely monitoring developments and the indirect impact on both our business and employees, and will continue to take necessary measures.

Jean-Luc Desire
President and CEO

Haldex Aligned to Market Trends

As a specialist in brake and suspension systems, Haldex is part of the rapid technology development in the automotive industry. Electrification, digitalization and increased focus on safety and climate change are strong global trends that are transforming the commercial vehicle industry.

Haldex's market is affected by the requirements of customers and legislation. Technological development towards electrified vehicles has accelerated. There is increased focus on safety and environmental awareness, combined with the increasing importance of vehicle dynamics and lighter vehicles to reduce fuel consumption. The commercial vehicle industry is facing a technological revolution in the longer perspective, but the development of current technology is continuing in parallel with a focus on constantly minimizing energy losses and vehicle weight while optimizing performance. Haldex is well positioned to take the lead and develop solutions that meet customer challenges and exceed customer expectations.

Increased autonomy and safety

Growing cities and population increases drive the need for more transport and vehicles. When density on the road increases, vehicle safety becomes more important, which favors more technologically advanced brake systems.

Improvement of traffic safety is an ongoing development and many vehicle manufacturers have established a "zero vision" target in terms of fatal accidents. With increasing demand for road transportation and thereby higher traffic density on the road network, higher demands will be put on the vehicle safety systems such as the brakes and vehicle dynamics control.

The technology shift from drum brake to disc brake in both North America and China as well as legislation in China for automatic brake adjusters on newly manufactured vehicles will continue to have a positive impact on Haldex's business. In markets outside Europe and North America, there is a clear trend towards customers increasingly demanding solutions at a more advanced technical level. This is especially true in large markets such as India and China. In countries with poor road network quality, trucks without a trailer are safer and most common. However, increased needs for transportation of goods also drives demand for better and more efficient usage which in turn drives demand for commercial vehicles. Increased quality of the road network also leads to different logistic models for transportation and an increased need for commercial vehicle combinations. This trend is positive as Haldex has a strong market position for trailers. Demand for more technically advanced vehicles also benefits Haldex. With increased needs for sustainable and efficient vehicles, Haldex solutions are becoming more attractive.

Technological trends – Electrification, Digitalization and Environmental requirements

Haldex is well positioned to meet the technological trends in the market. Technological development in the industry is currently focused and driven by digitalization, electrification and sustainability, which will drive customers' commercial agenda in the years to come. Electrification has risen in importance as all stakeholders currently focus on meeting the need for new emission standards. This technologically driven change opens up the way to new system architectures not only of the driveline, but also new types of energy efficient braking systems. Electrification also results in a higher technological content within the braking system.

New technology transforms the use of data and drives increased connectivity, enabling development of load optimization, increased resource efficiency and enhanced safety. Digitalization is also expected to change the market structure and various roles in the industry by an increased offering of features and service solutions. Vehicle manufacturers are adapting their business models to utilize strategic partnerships to gain access to needed technology rather than investing heavily in each and every area required to ensure their successful future. Innovative suppliers such as Haldex are positioned to emerge as the "partner of choice" due to the product and system offerings enabling the OEM electrification and autonomous vehicle progression.

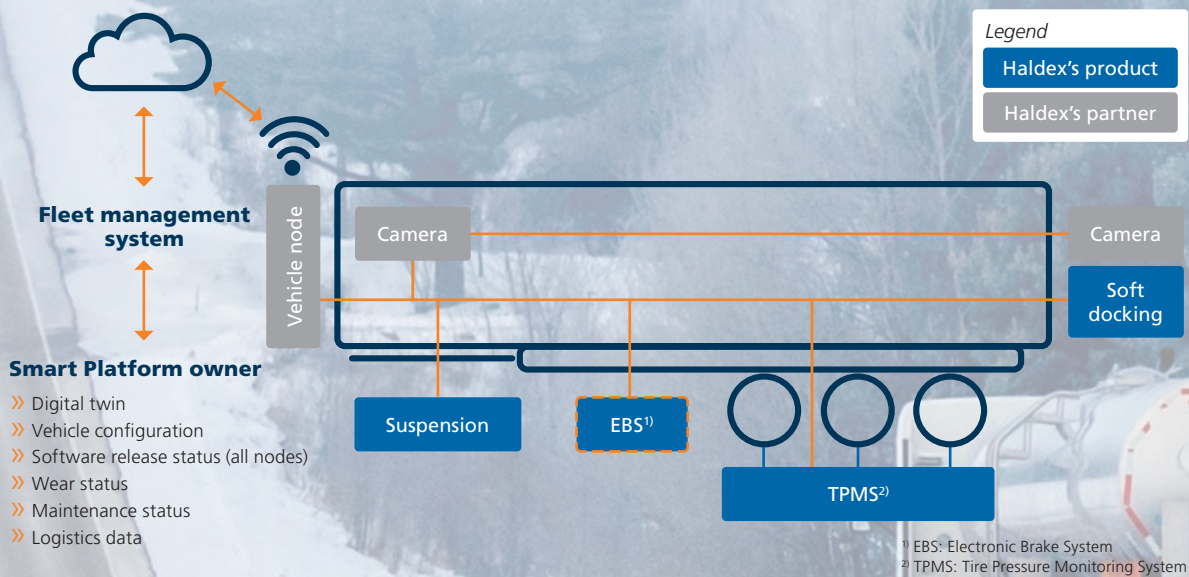
Haldex is working in the front line developing new brake technology to meet these future demands on both trucks and trailers and to support the vehicle manufacturers with an open system architecture approach for optimized performance. These trends will bring major environmental benefits while also paving the way towards new potential markets for Haldex.

As a supplier to the commercial vehicle industry, Haldex aims to facilitate the green and digital transformation of the transportation sector. On the next page are two examples of Haldex' disruptive braking technological developments and how they are aligned to meet market trends, but also transform the industry.

Electronic Brake System for trailers – entry point to a digital future

To further optimize the utilization of trailers in terms of uptime and availability, connectivity between systems on a trailer as well as to remote fleet management systems is under constant development. Historically, a vehicle OEM would develop a specification and send it out to the tier one suppliers. Now there are more collaborations; more companies working together to jointly develop technological based systems. That is where Haldex fits in, working with manufacturers as a true development partnership.

The new Electronic Brake System (EBS), EB+4.0, brings parking brake control into electronic management and offers a new modular and customizable approach to customer-specific functions. The system serves as a platform for different product families with the ability for multiple systems to communicate with each other to monitor, transmit and act upon data. This product offering is a clear example of how Haldex is setting new standards for trailer braking and suspension systems.

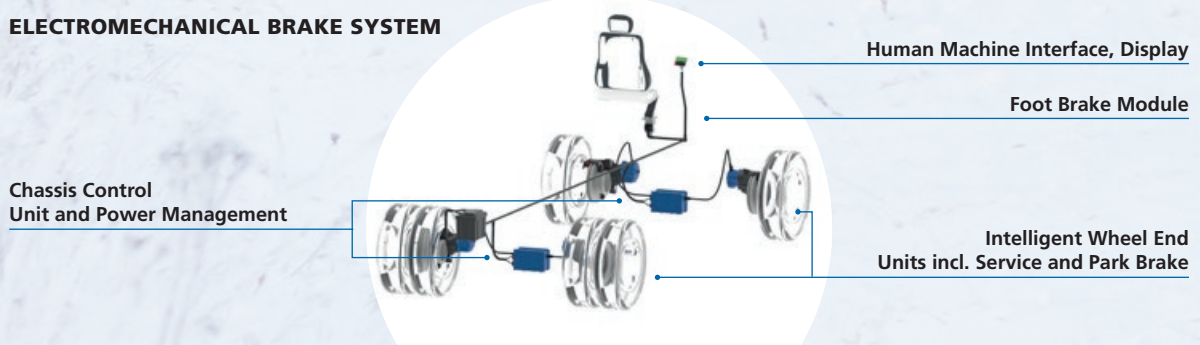


Electrification in focus for trucks and buses

Haldex's development of an Electromechanical brake (EMB) is a disruption in commercial vehicle braking systems. The brake system is safer and provides better braking controls and a significant performance improvement compared to conventional air braking systems. The solution leads to significant energy savings and a very positive climate impact through lower CO₂

emissions and reduced noise in the urban and construction environment. EMB also involves a lower total cost of ownership with 50% less components compared to a conventional pneumatic system and enables an extended range due to weight and energy consumption savings. The benefits of EMB have been verified through customer tests.

ELECTROMECHANICAL BRAKE SYSTEM



Vision

Driving Innovation for a Safer and Greener World

Haldex is **DRIVING INNOVATION** within braking systems, actively moving ahead of the industry

SAFER in terms of braking stability

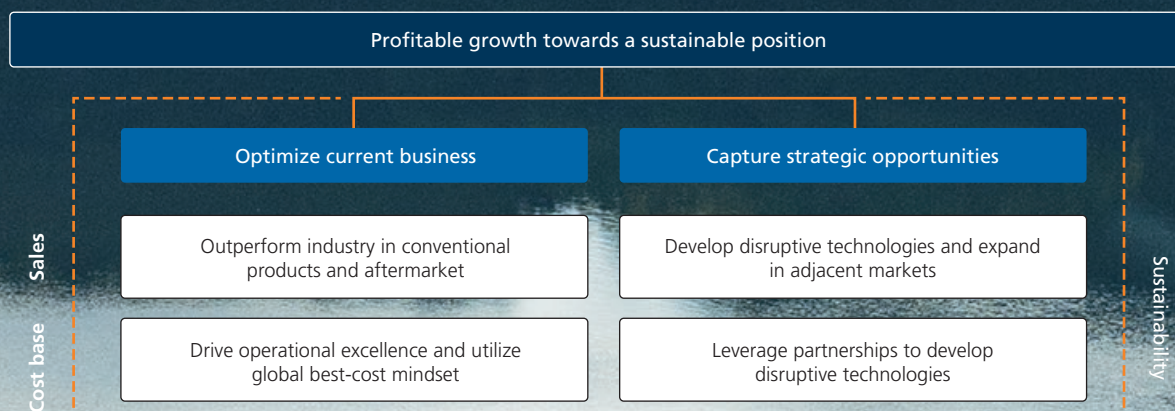
GREENER in terms of energy efficiency

Through strategic partnerships, Haldex challenges existing technology, while remaining an independent partner

Strategy 2025

The strategic plan for 2025 consist of three pillars – optimizing the current business, capturing the strategic opportunities, and integrating sustainability into the business model. Each strategic pillar consists of activities that can be categorized into drivers for sales growth and drivers for profitability and capital efficiency through a reduced cost base.

By delivering on the strategic activities under each pillar, Haldex will achieve profitable growth with a sustainable market position and profitability level while contributing to a sustainable environment.



ACTIVITIES TO DRIVE PROFITABLE SALES GROWTH

Optimize current business

Outperform industry in conventional products and aftermarket

- » Grow aftermarket and maintain share above 50 percent
- » Price management
- » Capture disc brakes shift in Americas and Asia for trucks and trailers
- » Launch of next generation Electronic Brake System

Capture strategic opportunities

Develop disruptive technologies and expand in adjacent markets

- » Aftermarket private brands
- » Capture shift to disc brake in Asia
- » Continued development of Electronic Brake System and Electromechanical Brake

Sustainable product offering

Influence emission levels by developing greener braking solutions for our customers

- » Fourth generation of Electronic Brake System: 2 kg weight reduction
- » Electromechanical brake: up to 90 percent less energy needed compared to conventional air braking system

Today

2025
and beyond

ACTIVITIES TO DRIVE PROFITABILITY AND CAPITAL EFFICIENCY THROUGH A REDUCED COST BASE

Optimize current business

Drive operational excellence and utilize global best-cost mindset

- » Focus on best-cost suppliers and reduction of direct material cost base
- » Drive global resource efficiency
- » Modular approach to product development

Capture strategic opportunities

Leverage partnerships to develop disruptive technologies

- » Utilize existing and establish new partnerships for development and funding of innovations
 - Synergies in product development
 - Access to best-cost suppliers
 - Access to market

Sustainable production and distribution

Influencing direct emissions and indirect emissions from purchased energy

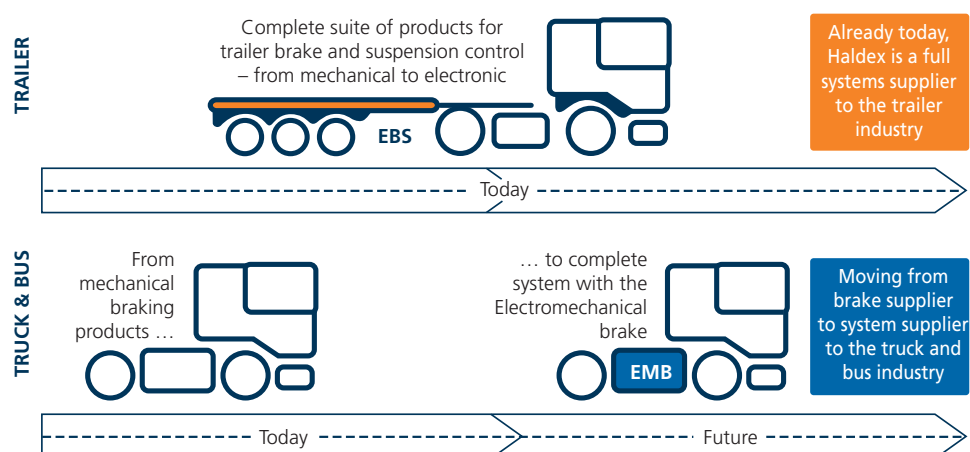
- » CO₂ neutral for scope 1 and 2 by 2025
- » Scope 3 plan to be communicated in 2022
- » Increasing material efficiency from 93 to 97 percent

Today

2025
and beyond

From Components Supplier to Becoming a Full Systems Supplier

Haldex has the ambition to become a full system supplier to the commercial vehicle industry.



Haldex has a complete suite of products for trailer brake and suspension control. Haldex provides an open system architecture to achieve maximum flexibility and customer value.

With the Electronic Brake System, Haldex is already a full system supplier to the trailer industry. With regards to the truck and bus segment, Haldex aims to go from supplying discrete mechanical

braking products to becoming a full systems supplier. The Electro-mechanical Brake is key to providing a complete system offering to the truck and bus industry.

Read more about the Electronic Brake System and the Electro-mechanical brake in our market trends section on page 9. An overview of the current product portfolio can be found on pages 18–19.

Partnerships – enabler of Strategy 2025

Leveraging existing and establishing new partnerships is key to executing the refined strategy. In addition to securing synergies in product development, partnerships are used to gain access to best-cost suppliers as well as reaching customers in new markets. Haldex has three joint ventures set up to meet these different needs.

Synergies in product development – Haldex VIE

Since 2016, Haldex has had a joint venture with Zhejiang VIE Science and Technology related to development of the Electro-mechanical brake.

Access to market – FAST group

In 2021, Haldex established a joint venture with FAST Group to access the Asian market and capture the shift to disc brakes. Read more about this partnership on page 43.

Access to best-cost suppliers – ANAND Group

Haldex has had a joint venture with ANAND Group since 1996. The cooperation was reinforced in 2021 in order to increase the operational footprint in India to secure access to best-cost suppliers.

Going forward, Haldex sees potential to partner with both established and new, agile players at the forefront of innovation in order to develop and launch disruptive technologies and expand in adjacent markets.

HIGH PERFORMING TEAMS IN A MATRIX ORGANIZATION

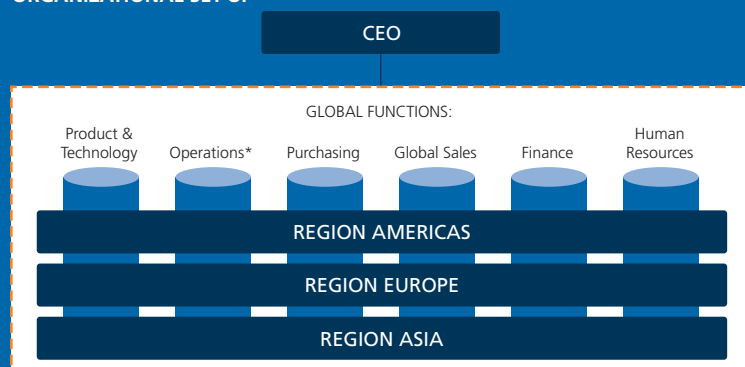
To deliver on the strategy, Haldex is organized in a matrix consisting of functions and regions. The regions are accountable for being fully in charge of running their business. The functions are there to support the regions by managing standardized processes. This organizational set-up maximizes efficiency, focus and accountability, while at the same time creating cooperation and synergies to minimize silos.

Haldex strives for a culture that inspires, challenges and motivates, and has engaged in structured work to have a bridge-building culture, meaning a healthy culture based on clear values and enhanced leadership. Haldex aims to be an attractive workplace that offers professional development and a high level of job satisfaction, where employees feel committed to customers and the business.

The values *Customer First*, *Respect for the Individual* and *Passion for Excellence* should permeate the organization.

To drive this work on culture, Haldex works with a behavioral model, meaning that Haldex strives for the organization to strengthen common desirable behaviors in its day-to-day operations. This mindset together with the matrix organization ensures that Haldex has an efficient and focused approach to developing the business aligned with the strategy.

ORGANIZATIONAL SET-UP



* IT and Sustainability is within Operations.

Value Creation at Haldex

Sustainability is an integral part of Haldex's operations and important in all parts of the value chain. Haldex work within sustainability is divided into the concepts of Safe, Ethical, Green and Humane Haldex.

Haldex has analyzed the value chain and the effects that the company's activities have on society and various stakeholders. Direct control is exercised over the company's own operations. Other areas in the value chain are affected by agreements with stakeholders, the Code of Conduct, dialogues, and training.

Haldex has identified a number of areas in which the company's operations have a major impact on society and which stakeholders also consider to be significant.

Stakeholders

The following five stakeholder groups have been identified: customers, suppliers, employees, shareholders, and the surrounding community.

Customers demand accountability and transparency, and Haldex is constantly working towards more sustainable production methods. The customer expectations include specific material requirements, certificates, external assessments and screening of Haldex's work on sustainability.

Suppliers' operations, including transport, are essential to Haldex's overall impact on the environment and society. Relevant efforts include a Code of Conduct adapted for suppliers, prioritization of local suppliers, sustainability screening and certification requirements to ISO 14001. Haldex's selection criteria for suppliers include clear requirements for sustainability in the supply chain and requirements for compliance with the Code of Conduct.

Employees value a well-developed safety approach at the workplace, clear values, a Code of Conduct, a whistleblower hotline, skills development, and more.

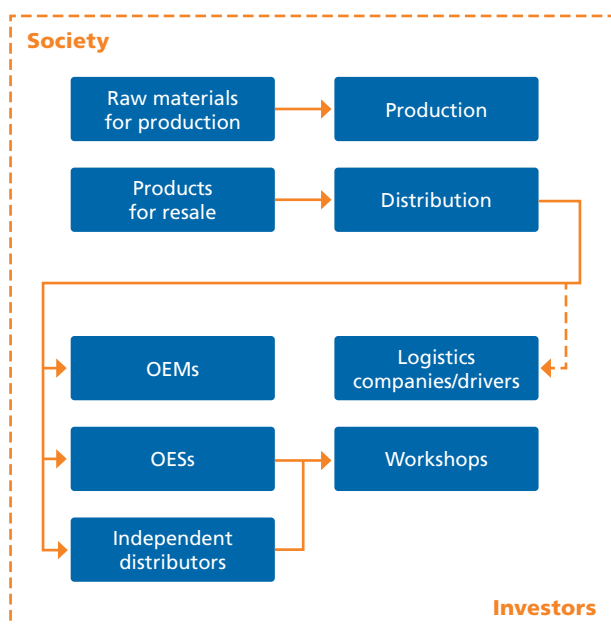
For investors and shareholders, Haldex's integrated view of sustainability is of overarching significance for the company's long-term development. Increasing sustainability requirements drive technological development and resource efficiency and make demands on risk management.

Related to the surrounding community are the relevant focus areas of road safety, environmental issues, human rights and local involvement.

VALUE CHAIN, STAKEHOLDERS AND KEY SUSTAINABILITY ISSUES

Areas in which Haldex has a major impact on society

Value chain overview



Stakeholders and key issues

1 Suppliers

- » Business ethics
- » Raw material purchases
- » Human rights

2 Employees

- » Business ethics
- » Health and safety
- » Working conditions
- » Skills development

3 Customers

- » Working conditions
- » Environment impact
- » Human rights
- » Safety
- » Innovation

4 Indirect customers and end-user safety

- » Environmental impact
- » Working conditions
- » Human rights
- » Innovation

5 Society

- » Safety issues
- » Environment issues
- » Human rights
- » Jobs
- » Community involvement

6 Investors

- » Integration of issues sustainability into the business strategy
- » Risk management
- » Resource efficiency

FOUR FOCUS AREAS

In a materiality analysis, Haldex, in dialogue with customers and other stakeholders, has identified opportunities and challenges in safety, ethics, the environment and employees, which form the basis for specific goals and activities for all groups. Risks related to sustainability are continuously analyzed.



Safety – Safe Haldex

Haldex manufactures products to create a safer traffic environment. Haldex works in several dimensions to ensure the safety of both customers and end users, as well as a safe working environment for employees. Read more on page 28.



Ethics – Ethical Haldex

Haldex has high aspirations to run an ethically sustainable business and has zero tolerance of bribery, corruption, child labor and discrimination. Read more on page 30.



Environment – Green Haldex

The environmental area is a major and important part of Haldex's sustainability efforts. Haldex makes active efforts to reduce its environmental impact, which includes reducing environmentally hazardous emissions, and sustainable use of resources. Read more on page 32.



Employees – Humane Haldex

Haldex strives to continuously develop the organization for excellence – through strong, sustainable leadership, competent and dedicated employees and an empowering culture – and always with diversity & inclusion in focus. Read more on page 36.

FRAMEWORK PROVIDES GUIDANCE

At an overarching level, international frameworks form the basis for Haldex's sustainability work. These include the UN Sustainable Development Goals, the UN Universal Declaration of Human Rights, the UN Global Compact, the International Labor Organization Declaration on Fundamental Principles and Rights at Work, the EU's sustainability areas and the OECD Guidelines for Multinational Enterprises.

SELECTED UN SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Safe Haldex



Ethical Haldex



Green Haldex



Humane Haldex

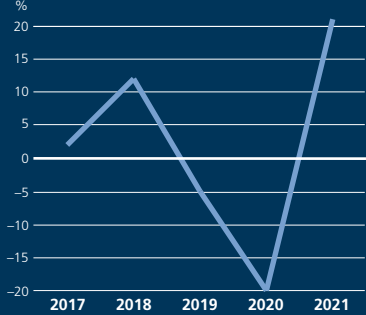


Goals and Outcomes

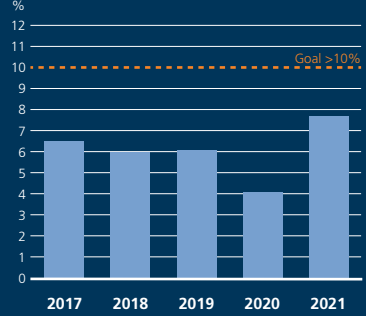
Haldex aims to have capital efficient profitable growth with strong cash flow and profitability in both the short term and long term. At the same time, Haldex believes that generating value for society, employees and the environment is of equal importance.

Financial goals

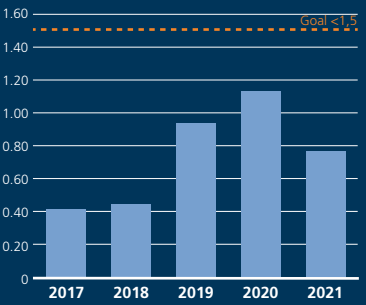
ORGANIC GROWTH, %

| Goal | | Outcome 2021 | Comment |
|---|--|--------------|--|
| The objective is to organically grow faster than the company's end markets. |  <p>2017 2018 2019 2020 2021</p> | +21% | A strong post pandemic recovery was seen in most of Haldex's markets and segments during 2021, where Haldex gained market share in Europe and the Americas with strong organic OEM growth as well as successfully grew the aftermarket business. |

ADJUSTED OPERATING MARGIN, %

| Goal | | Outcome 2021 | Comment |
|--|---|--------------|---|
| The objective is to achieve a sustainable operating margin above 10 percent. |  <p>2017 2018 2019 2020 2021</p> | 7.7% | There was a sharp improvement in operating margin in 2021, despite the challenges in the supply chain. The steps taken towards a more flexible business model with a structural reduction in cost base have had the desired affect. Haldex is on the right path to higher margins and reaching our target as volumes pick up. |

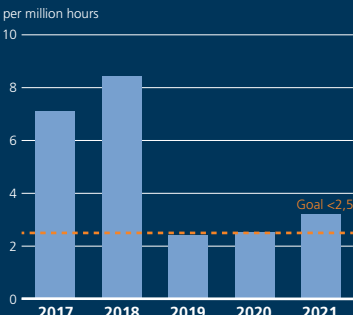
NET DEBT/EQUITY RATIO

| Goal | | Outcome 2021 | Comment |
|---|---|--------------|--|
| The objective is to achieve a net debt/equity ratio of less than 1.5 (incl. IFRS 16). |  <p>2017 2018 2019 2020 2021</p> | 0.77 | Net debt has increased over the years partly driven by debt financed R&D expenses. Strong measures and a new capital strategy were put in place during 2020 to reduce net debt. There was a positive trend in net debt / equity during 2021. Haldex is taking steps to become financially self-sufficient. |

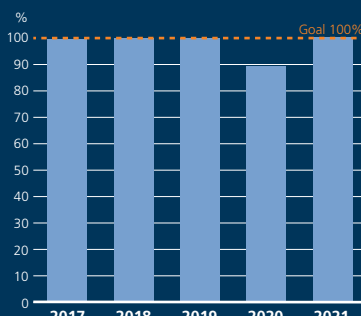
Selected Sustainability Goals

Read more about Haldex's sustainability initiatives and key ratios in the Sustainability report on pages 26–37.

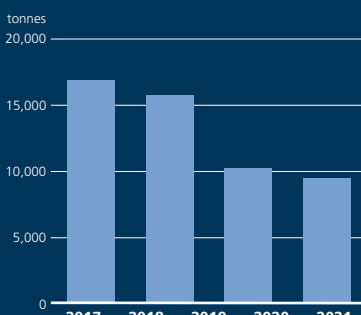
SAFE HALDEX

| Goal | | Outcome 2021 | UN SDGs | | | | | | | | | | | | |
|--|--|--------------|---|------|-----|------|-----|------|-----|------|-----|------|-----|-----|--|
| Number of accidents, per million hours | | | <div>3 GOOD HEALTH AND WELLBEING</div> <div>11 SUSTAINABLE CITIES AND COMMUNITIES</div> | | | | | | | | | | | | |
| Haldex works systematically to prevent accidents and incidents through training, safer workplace environments and attitude changing. The objective is to have max 2.5 work-related accidents per million hours worked. |  <table><caption>Accidents per million hours</caption><thead><tr><th>Year</th><th>Accidents per million hours</th></tr></thead><tbody><tr><td>2017</td><td>7.0</td></tr><tr><td>2018</td><td>8.5</td></tr><tr><td>2019</td><td>2.5</td></tr><tr><td>2020</td><td>2.5</td></tr><tr><td>2021</td><td>3.2</td></tr></tbody></table> | Year | Accidents per million hours | 2017 | 7.0 | 2018 | 8.5 | 2019 | 2.5 | 2020 | 2.5 | 2021 | 3.2 | 3.2 | |
| Year | Accidents per million hours | | | | | | | | | | | | | | |
| 2017 | 7.0 | | | | | | | | | | | | | | |
| 2018 | 8.5 | | | | | | | | | | | | | | |
| 2019 | 2.5 | | | | | | | | | | | | | | |
| 2020 | 2.5 | | | | | | | | | | | | | | |
| 2021 | 3.2 | | | | | | | | | | | | | | |





ETHICAL HALDEX

| Goal | | Outcome 2021 | UN SDGs | | | | | | | | | | | | |
|---|---|--------------|------------|------|----|------|----|------|----|------|----|------|-----|-----------------|---|
| <h3>Employees trained in the Code of Conduct</h3> <p>Haldex has high aspirations to run an ethically sustainable business and has zero tolerance of bribery, corruption, child labor and discrimination. The objective is that all Haldex employees should be trained in the Code of Conduct.</p> |  <table><caption>Employees trained in the Code of Conduct (%)</caption><thead><tr><th>Year</th><th>Percentage</th></tr></thead><tbody><tr><td>2017</td><td>95</td></tr><tr><td>2018</td><td>95</td></tr><tr><td>2019</td><td>95</td></tr><tr><td>2020</td><td>85</td></tr><tr><td>2021</td><td>100</td></tr></tbody></table> | Year | Percentage | 2017 | 95 | 2018 | 95 | 2019 | 95 | 2020 | 85 | 2021 | 100 | <div>100%</div> | <div><div>5 GENDER EQUALITY</div><div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div></div> |
| Year | Percentage | | | | | | | | | | | | | | |
| 2017 | 95 | | | | | | | | | | | | | | |
| 2018 | 95 | | | | | | | | | | | | | | |
| 2019 | 95 | | | | | | | | | | | | | | |
| 2020 | 85 | | | | | | | | | | | | | | |
| 2021 | 100 | | | | | | | | | | | | | | |

GREEN HALDEX

| Goal | Outcome 2021 | UN SDGs | | | | | | | | | | | | |
|---|--------------------|--------------------|------|--------|------|--------|------|--------|------|--------|------|-------|----------------------------|---|
| <p>Carbon dioxide emissions, tonnes, Scope 1 and 2</p> <p>Haldex actively works on reducing its environmental footprint in connection with production, transport, and deliveries. Haldex plans to be CO₂ neutral for scope 1 and 2 by 2025.</p>  <table><caption>Carbon dioxide emissions (tonnes)</caption><thead><tr><th>Year</th><th>Emissions (tonnes)</th></tr></thead><tbody><tr><td>2017</td><td>16,500</td></tr><tr><td>2018</td><td>15,500</td></tr><tr><td>2019</td><td>10,000</td></tr><tr><td>2020</td><td>10,000</td></tr><tr><td>2021</td><td>9,416</td></tr></tbody></table> | Year | Emissions (tonnes) | 2017 | 16,500 | 2018 | 15,500 | 2019 | 10,000 | 2020 | 10,000 | 2021 | 9,416 | <p>9,416 tonnes</p> | <div><div>7 AFFORDABLE AND CLEAN ENERGY</div><div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>13 CLIMATE ACTION</div></div> |
| Year | Emissions (tonnes) | | | | | | | | | | | | | |
| 2017 | 16,500 | | | | | | | | | | | | | |
| 2018 | 15,500 | | | | | | | | | | | | | |
| 2019 | 10,000 | | | | | | | | | | | | | |
| 2020 | 10,000 | | | | | | | | | | | | | |
| 2021 | 9,416 | | | | | | | | | | | | | |

HUMANE HALDEX

| Goal | Outcome 2021 | UN SDGs |
|--|--------------|---|
| <p>Employee satisfaction</p> <p>Haldex should have high employee satisfaction, as measured by an employee net promoter score. Measurement started during 2021 with a weekly pulse survey with rotating questions. The result for 2021 is not available since not all employees have received all the employee NPS questions. Read more about the pulse survey on page 37.</p> | N/A |     |

Product Portfolio – Overview

Haldex operates in the market via the three customer segments: Truck, Trailer and Aftermarket. Sales are divided into two product areas: Foundation Brake and Air Controls. Foundation Brakes includes brake products for wheel ends such as disc brakes, brake adjusters for drum brakes and actuators. Air Controls comprises products that improve the safety and driving dynamics of the brake system, such as compressed air dryers, valves, ABS and EBS. The products are available in a range of versions for different geographic markets.

Valves

Coupling heads and a wide range of valves



Air treatment

Air pre-treatment



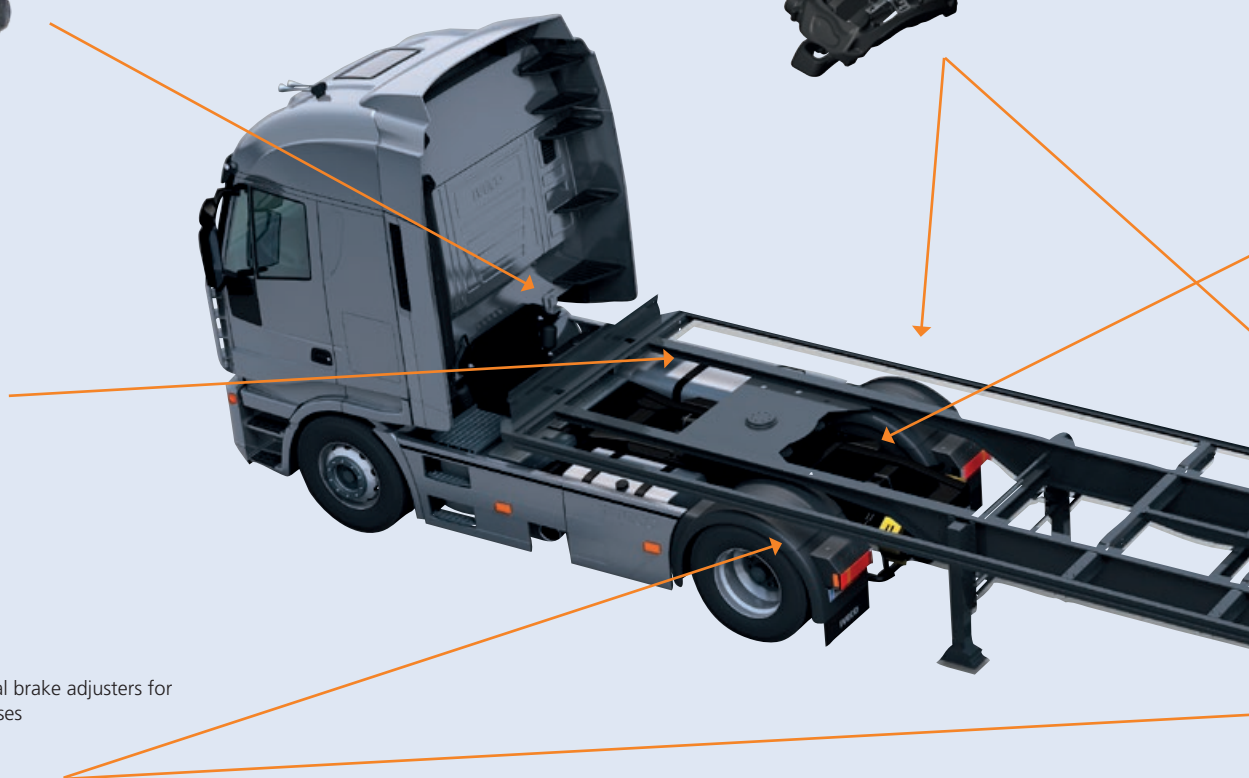
Brake adjusters

Automatic and manual brake adjusters for trailers, trucks and buses



Air disc brakes

Disc brakes for trailers, trucks and buses



The images represent a selection of Haldex's products. Several versions exist to cater for both trailer and truck segments, but also regional markets. Detailed information on the products can be found on the Haldex website.

Aftermarket



The aftermarket consists of truck and trailer manufacturers' own distributors and independent distributors. Distributors sell on to logistics companies and workshops.

51%

Share of
total sales

Trailers



The trailer market consists of several regional manufacturers in the Americas, Europe and Asia. A few larger players act globally. This customer group acts as a springboard toward the more demanding truck customers.

34%

Share of
total sales

Trucks



In the Americas and Europe, there are around fifteen manufacturers of heavy trucks and buses. In Asia, the market is fragmented with several local manufacturers. The lead times for introducing products into large manufacturers' development programs are about five years.

15%

Share of
total sales

Actuators

Actuators and brake chambers for disc and drum brakes



Air suspension

Leveling valves, raise and lower valves, and lift axle systems



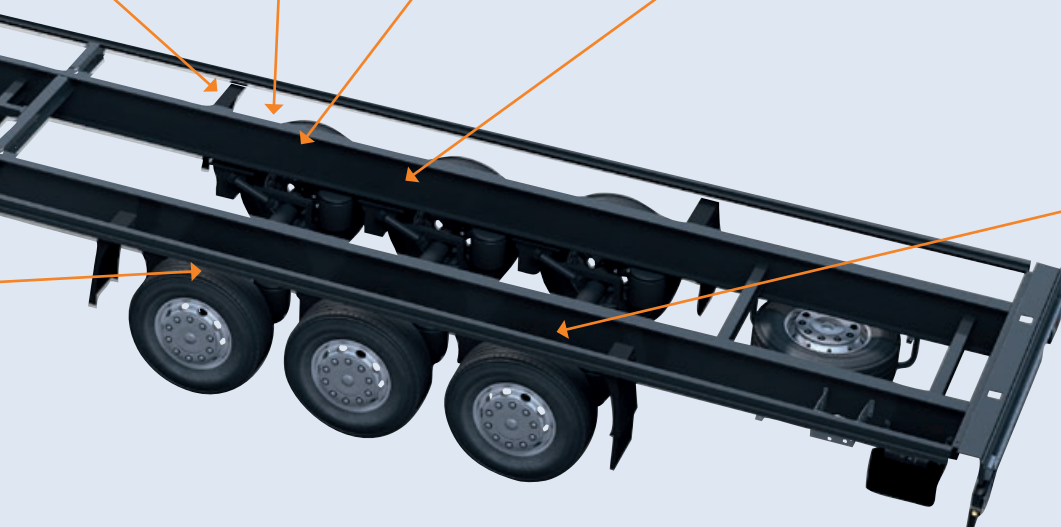
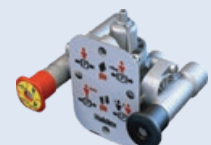
EBS and ABS

EBS and ABS including Soft Docking, TPMS, Fleet+, Suspension control etc.



Parking safety

Park and shunt valves

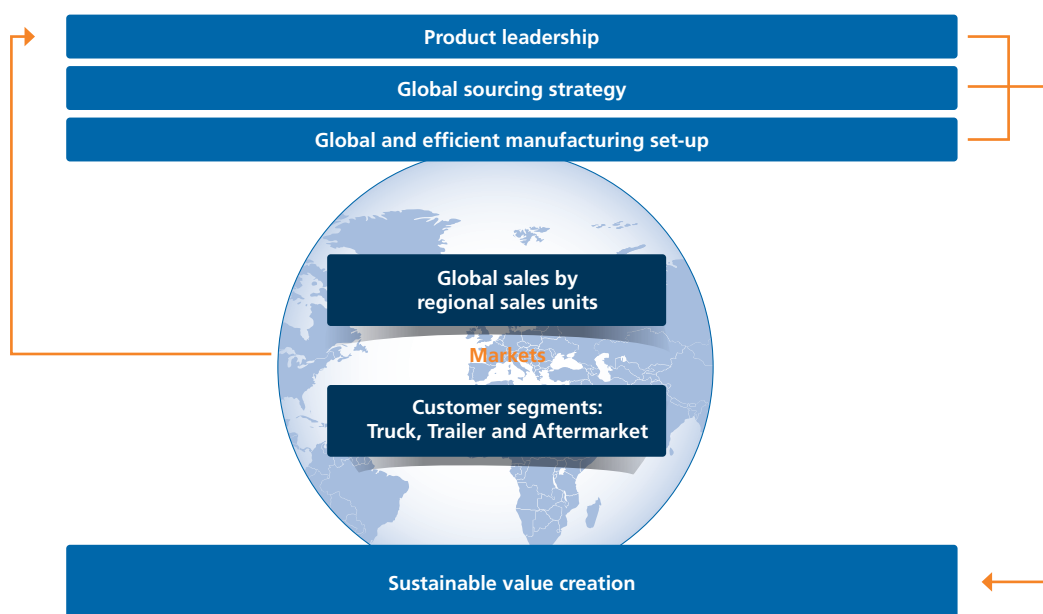


Foundation Brake Air Controls

Haldex's Business

Haldex's innovative products and solutions are offered to the truck and trailer Original Equipment Manufacturer (OEM) market under two product areas followed by an attractive aftermarket offering. Haldex's products are marketed globally through three regional sales units. Haldex has a global and efficient manufacturing and distribution set-up close to customers.

BUSINESS MODEL



Global Sales by Regional Sales Units

There is a global demand for brake and vehicle suspension products stemming from the increased use of commercial vehicles for transportation of goods, which is in turn driven by global growth. Although trucks and trailers are available all over the world, there are major differences in vehicle configurations and regulations between the geographic regions. The product mix differs significantly due to different technical developments in the regions' respective vehicle fleets. Haldex operates and monitors business in three regional sales units: Region Americas, Region Europe, and Region Asia.

Europe has the most technologically advanced vehicles, with a high technology content per vehicle. Disc brakes dominate and only a minor percentage use drum brakes. Electronic Brake Systems (EBS) are common. The high level of technology is partly a result of strict safety regulations and high environmental standards. Customers are focused on high-quality solutions, weight optimization and requirements for low maintenance frequency.

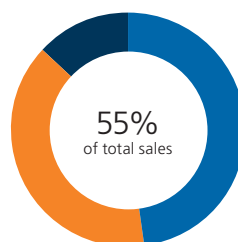
The Americas is Haldex's largest region, where the US is the largest market for the company. The US has the largest vehicle fleets and many vehicles are driven from coast to coast under road conditions completely different to those of vehicles driven in urban areas. Drum brakes and ABS continue to dominate the market, however, disc brakes are rapidly growing for new vehicles. The major fleets have greater influence on vehicle design than in Europe. This means that Haldex sells not only to manufacturers, but also indirectly to the fleets. The focus is on high-quality solutions,

optimized weight, long service life and generous warranties. The major technology shifts the industry is expecting is the transition to disc brake technology, which has begun and is the dominant technology on truck and is following suit on trailers.

Asia is the largest market for commercial vehicles, yet the smallest region for Haldex. Generally, Asia is still at a lower maturity level, but legislation initiatives containing new requirements for brake and suspension systems, for instance in China, are driving the need for advanced technologies.

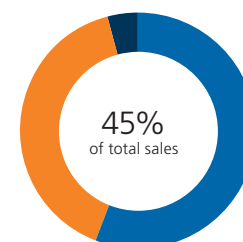
For more information on the respective regions, see pages 38–43.

FOUNDATION BRAKES Sales by region



Americas, 48% (48)
Europe, 39% (35)
Asia, 13% (17)

AIR CONTROLS Sales by region



Americas, 56% (60)
Europe, 40% (35)
Asia, 4% (5)

Customer segments

Haldex creates value for customers throughout the lifetime of the vehicle. Innovative products and solutions are offered to the truck and trailer OEM market followed by an attractive aftermarket offering, including sales directly to fleets. Approximately 49 percent of Haldex's revenue relates from sales to OEM production, and 51 percent relates to the aftermarket.

MARKET OVERVIEW



NEW PRODUCTION

Haldex offers innovative solutions that respond to customers' technical challenges and performance requirements. The approach is to build healthy and long-lasting relationships with a large number of OEM customers and large fleet customers around the world. An important success factor for suppliers to the automotive industry is that the OEMs select their products for future vehicle models. By installing the products in new production, conditions are created for achieving large volumes over a long period in the more profitable aftermarket.

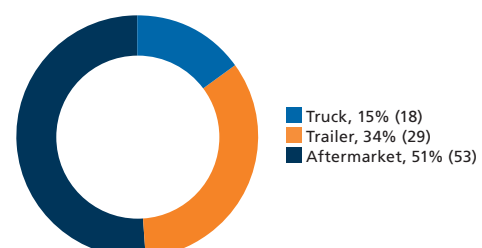
Haldex regional strategic sales address OEM customers to fit Haldex products, in either standard or optional position, into their future vehicle models. New sales to vehicle manufacturers is a long process with several milestones to pass. To qualify as a supplier for OEM manufacturers, high technical innovation capacity and high-quality products are required. Price is also a decisive factor in OEM sales, which is why Haldex focuses on selected product and market niches to increase its competitiveness. Success requires a long-term strategy, significant investments and close customer collaboration. When successful, Haldex becomes a supplier for many years to come, both for OEM production and the aftermarket. Haldex often has joint development projects with major OEM customers, where new concepts are solutions are tested with the ambition that Haldex's solutions will become part of the future serial production.

When Haldex has not gone through this development process and is not the standard supplier, there is still an opportunity to provide products due to the fleet pull-through activities, which then create the demand for the optional position for products at the OEMs. Fleet-pull-through is the practice of a large fleet insisting on a product offering at the vehicle manufacturer that is consistent with their requirements, to the exclusion of the standard products offered on that particular vehicle.

Truck manufacturers, including bus manufacturers, account for 15 percent of sales and generally place larger contracts than trailer customers. Trailer customers, 34 percent of sales, on the other hand, have shorter lead times from project start to production and are thus characterized by faster launch times for Haldex and aftermarket sales.

A critical success factor is a growing base of vehicles with Haldex products installed. Marketing and sales are not only directed at OEMs but also directed at fleets to build brand awareness to create demand for Haldex premium products in the Aftermarket segment. End users have different needs and make different demands on distributors' ranges. Haldex endeavors to influence demand at all stages in order to persuade end-customers, i.e. fleets, distributors, dealers and independent service centers, to demand Haldex products from the distributors. In the Americas, for example, fleets can specify different components to the manufacturer of a truck or trailer, making them an important indirect customer.

SALES
Per customer segment



AFTERMARKET

Haldex aims to offer a best-quality aftermarket service responding to customers' needs and minimizing the total cost of ownership. Recognizing the significant contribution the aftermarket business makes to overall profitability, Haldex is committed to growing the depth and breadth of the aftermarket product offerings to bring additional value to key customers.

In the aftermarket, vehicle manufacturers have their own service organizations, known as Original Equipment Suppliers (OES). In many cases, the agreements are linked to those signed by the OEM customers. Of equal significance are independent market distributors that are either workshop chains or independent workshops (IAM). The aftermarket accounts for approximately 51 percent of sales.

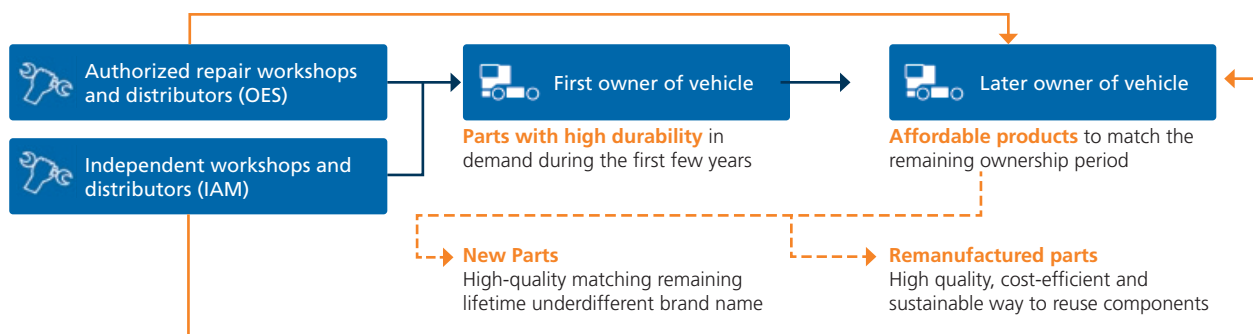
Customers' needs change over the life of the vehicle and Haldex's offering for servicing and spare parts is adapted to the remaining life of the vehicle. During the first years, parts with high

durability are generally in demand. The older the vehicle becomes, the shorter the period it is kept by each owner, and hence affordable products are prioritized to match the remaining period of ownership of the vehicle. Haldex has therefore extended its range of products under different brands to include spare parts of the same high quality, but with a shorter lifetime. In addition, Haldex also offers remanufactured used parts, which is a cost-efficient and eco-friendly way to reuse components.

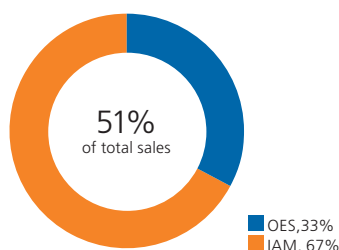
For the aftermarket customers, it is important to maintain a high level of service and availability of spare parts being available. The total cost of ownership is a very important factor for vehicle owners. Being able to minimize the occurrence of unplanned downtime due to defective parts and long delivery times is of importance to the customers. For this reason, Haldex maintains a field service team and a product hotline to assist, instruct and train customers on the use, maintenance and troubleshooting of its products.

AFTERMARKET

Full lifecycle offering as customer needs change



HALDEX'S AFTERMARKET SALES SPLIT 2021



Customers value high service level

- » High quality – minimized occurrence of downtime
- » High level of availability of spare parts
- » Short delivery times

Product leadership

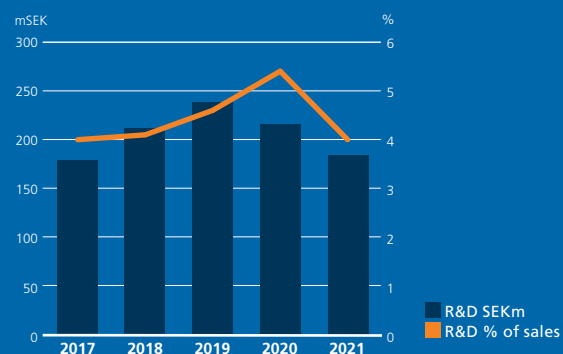
Haldex continuously invests in new technology and product development to meet current and future market demands. Haldex focuses on becoming a market leader as a system supplier in trailers and in selected applications for truck and bus manufacturers. Guiding for product development is to focus on more advanced and adapted products and solutions with high profitability potential.

Product development considers different aspects such as safety, performance, environmental impact, total cost of ownership (TCO), product service life and aftermarket potential. Product leadership requires continuous review of the current product portfolio adapting to new customer requirements as well as future market demands driven by technology trends and regulations. Haldex balances the development of the current product portfolio with the development of groundbreaking systems for future vehicles. For information on how Haldex is aligned to market trends, see pages 8–9.

Costs of maintenance of existing products and research for the development of new products are continuously recognized in the income statement. Haldex estimates that, based on historic average, these normally account for 3–5 percent of sales. A majority of these research & development costs consist of personnel costs.

RESEARCH AND DEVELOPMENT

New and existing technology



Global and Efficient Manufacturing Set-up and Sourcing Strategy

Operational excellence in production

Haldex has a global and efficient manufacturing and distribution set-up, and strives to concentrate and optimize production between production sites. For a player of Haldex size, it is necessary to streamline production to maximize scale effects in production. At the same time, Haldex differentiates itself by offering high service and flexibility.

Production is located close to the customer, with production units in Brazil, China, Hungary, India, Mexico, United States and Sweden. By producing within the region where the customer uses the product, Haldex can provide better service, be more flexible, and optimize lead times, while at the same time minimizing the costs of transport and thus CO₂-emissions. Haldex's production sites focus on safety, quality, on time delivery and cost optimization. KPIs are set around these areas and are regularly tracked to ensure continuous improvement.

Direct material

Direct material costs, a variable cost, accounts for more than half of the Group's costs. Haldex sources with a global focus, but implementation is often local within the regions and purchases are a combination of local and global suppliers. Managing direct material costs and leveraging the global supply chain is a major focus area. A potential savings of the direct material costs can have a major impact on Haldex's profitability. In addition to price and the total cost of ownership for vehicle owners, Haldex considers several criteria including quality, sustainability and alignment to the Code of Conduct when selecting suppliers. Through collaboration with suppliers, Haldex aims to reduce the cost of material year over year. Initiatives include negotiation and design optimization.

Other production costs

Other production costs include investments in machinery, rental costs, property maintenance and depreciation. Including the production personnel, other production costs make up about a fifth of the total costs.

Personnel

Personnel costs make up approximately one-fifth of the Group's costs and are partly regarded as indirect production costs and partly as operating expenses. About 40 percent of the employees are salaried employees and 60 percent work in production. Haldex has most of its employees in Mexico, Hungary, the US, Sweden, and China. The Code of Conduct and safety initiatives ensure good working conditions in all 19 countries in which there are operations. Read more in the Sustainability Report on pages 26–37.

Operating expenses

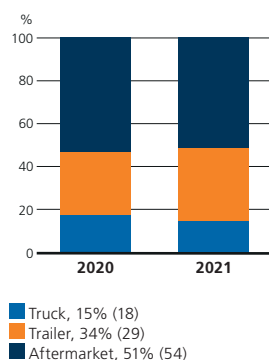
Operating expenses are mainly related to costs associated with the sales force, product development and supporting functions including Human Resources, Finance and IT. Operating expenses amounted to 22 percent of total costs in 2021.

Value creation

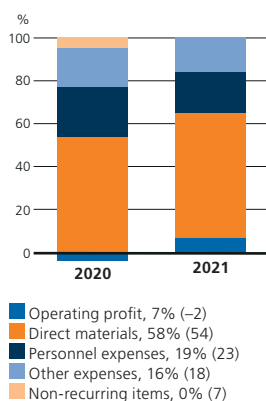
Another way to break down costs is the value it creates for the recipient. For the employees, Haldex creates value by offering jobs. Also purchases from suppliers and subcontractors create jobs, often in developing countries that need it most. Social security contributions, pensions and taxes are paid to society. Haldex create value for the shareholders through dividends and the value development in the share. The remaining profit is reinvested to create long-term value for Haldex and its shareholders.

Read more about Haldex value creation on page 14.

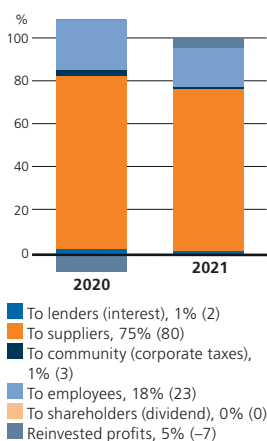
REVENUES



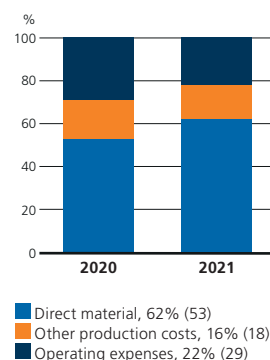
SHARE OF REVENUE



VALUE CREATION



DIRECT AND INDIRECT COST



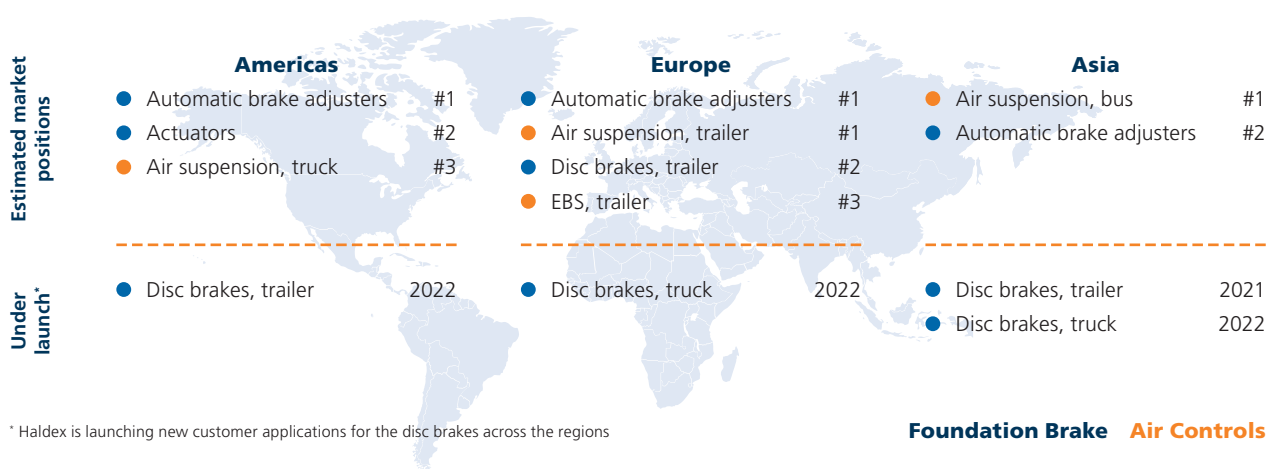
Market Position and Development

MARKET POSITION

Over 130 years of innovation have provided Haldex with competitive expertise in brake and air suspension systems for commercial vehicles. Haldex is a long-term partner to manufacturers of heavy trucks, trailers and buses, as well as to axle manufacturers. Due to a long history of innovative and competitive products, Haldex has created a position as a trusted, high-quality supplier, catering to a range of market needs all over the world. Due to its focus and smaller size, Haldex can offer a high degree of specialization, fast decision-making processes, a high level of customer service and flexible solutions. Haldex has addressed the upcoming technological shift by investing in open, modular systems that challenge existing technology and ways of building brake solutions.

Haldex operates in a global market with two powerful players, Knorr-Bremse and ZF (owner of Wabco), both offering a wide range of products and systems used in heavy vehicles. Haldex's market share varies by product and geographic market. On the global market, Haldex is the third-largest player and has a more specialized offering focusing on selected products for brake solutions and air suspension systems adapted to commercial vehicles.

For information on market position in the different regions, see the regional pages 38–43.



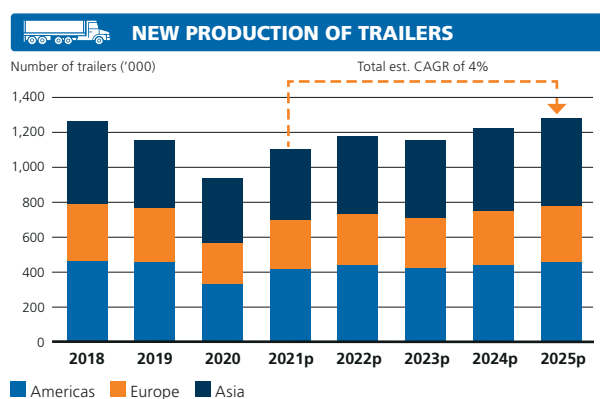
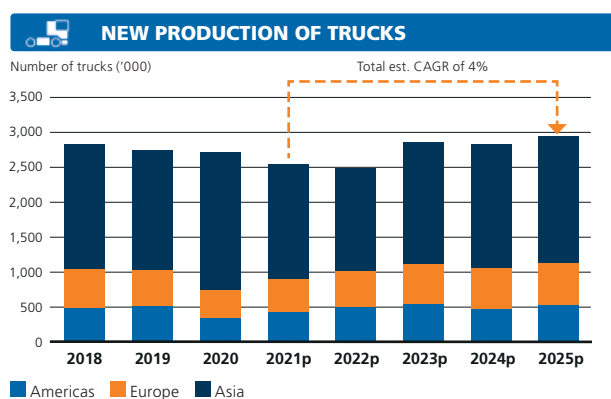
MARKET DEVELOPMENT AND FORECAST FOR NEW PRODUCTION – EXTERNAL MARKET DATA

The number of newly produced trucks and trailers is an indicator of Haldex's market; however a large part of sales and profit comes from the significantly less volatile aftermarket. The degree to which Haldex is affected depends on how large a share of the company's sales there is in each customer category and geographical region. The production statistics below are a forecast based on external sources.

Haldex has the ambition to organically grow faster than the respective end markets. Market data for the aftermarket is lacking

but Haldex strives to grow aftermarket sales and maintain a share of aftermarket sales above 50 percent. There is potential for Haldex to grow in Asia with the development of logistics systems. For more information on the market development and forecast in the different regions, see the regional pages 38–43.

In addition to the number of vehicles produced, Haldex's market is also affected by demands from customers and regulators. Read more about how Haldex is positioned towards these trends on pages 8–9.



Source: LMC Automotive (trucks), CLEAR International Consulting Ltd. (trailers)

Safe, Ethical, Green and Humane Haldex

Haldex's work within sustainability is divided into the concepts of Safe, Ethical, Green and Humane Haldex. Haldex has a culture that promotes commitment, responsibility, good ethics in business relationships and positive interaction with the community in which the Group conducts operations.

Sustainability considerations

Raw materials

The Group's most important raw materials comprise various types of metals, mainly steel, aluminum and cast iron.

Energy and climate

The Group's energy consumption and climate impact mainly relate to its own production purposes (direct energy/direct emissions) and to purchased electricity or district heating (indirect energy/indirect emissions).

Impact on people and the environment

Haldex's manufacturing and the materials used impact people and the environment in several ways. Examples include occupational accidents and illnesses, waste and carbon dioxide emissions.

Upstream in the value chain

The production of raw material and components by suppliers upstream in the value chain has itself a significant environmental impact. Moreover, the environment is affected by transport activities.

Circularity in production and business

A more comprehensive circular approach is emphasized in internal processes, products and business models. Haldex's aftermarket offering, including the remanufacturing and friction business, supports a reduction in carbon footprint and promotes a circular economy.

Science Based Targets initiative

In 2021, Haldex committed through the Science Based Targets initiative (SBTi) to set company-wide emissions targets in line with climate science. The Science Based Targets initiative is a collaboration between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). The decision to be part of the SBTi shows Haldex's alignment to the Paris Agreement and the ambition to reduce greenhouse gas emissions across the entire value chain. Haldex has two years to develop targets and have them validated by the Science Based Targets initiative body. The ambition is to be carbon neutral for scope 1 and 2 by 2025. The plan for scope 3 is currently under development.

Framework provides guidance

At an overarching level, international frameworks form the basis for Haldex's sustainability work. These include the UN Sustainable Development Goals, the UN Universal Declaration of Human Rights, the UN Global Compact, the International Labor Organization Declaration on Fundamental Principles and Rights at Work, the EU's sustainability areas and the OECD Guidelines for Multinational Enterprises.

Sustainability is an integral part of Haldex's operations and important in all parts of the value chain. Read more about how Haldex generates value and the alignment to UN Sustainable Sustainable Development Goals on pages 14–15.

Haldex is evaluated as a supplier with the assistance of the independent third party NQC in sustainability surveys. NQC is a global insight company that is engaged worldwide by both governments and businesses. In the latest NQC survey in 2021 an average index of 77 was recorded for assessed Haldex locations. 80 percent of the locations had results above 75 which is a high international level; the average for the industry category of manufacturing components and supplies is 68. The notably positive areas of the analysis were Haldex's company management, business ethics, environment, and responsible sourcing of raw materials.



Disclosure is the first step to drive environmental action, which is why Haldex has worked with CDP since 2020 to obtain a score for corporate environmental reporting. In 2021, Haldex obtained a score C, which is a two tier progression from the score obtained in 2020. According to CDP, this means that the organization has knowledge of impacts on, and of, climate issues. Key focus areas for Haldex in 2021 that improved the result compared with 2020 were governance, risk and opportunity disclosures, emissions reduction initiatives, energy, business, and strategy planning.



Four Focus Areas

In a materiality analysis, Haldex, in dialogue with customers and other stakeholders, has identified opportunities and challenges in safety, ethics, the environment and human resources, which form the basis for specific goals and activities for all groups. Risk related to sustainability are continuously analyzed.

| ▶ SAFE HALDEX | ▶ ETHICAL HALDEX | ▶ GREEN HALDEX | ▶ HUMANE HALDEX |
|----------------------|-------------------------|-----------------------|------------------------|
|----------------------|-------------------------|-----------------------|------------------------|

MAJOR AREAS

| | | | |
|-----------------------|---------------------------|---------------------|-----------------------------------|
| » Safety first | » Business ethics | » Efficiency | » Skilled and dedicated employees |
| » Production quality | » Supply chain management | » Production | » Diversity and inclusion |
| » Working environment | | » Transport | » Leadership |
| | | » Product lifecycle | |

KEY RATIOS AND OUTCOMES 2021

| | | | |
|--|--|---|---|
| » Work-related accidents per million hours worked (target: max 2.5). Outcome: 3.2 (2.5). | » Number of employees trained in the Code of Conduct (target: 100%). Outcome: 100% (89). | » Material efficiency (target: 97%) Outcome: 95.0% (93.3). | » Percentage of female managers (target: at least 30%). Outcome: 23% (24). |
| » Work-related safety incidents per million hours worked (target: > 25). Outcome: 128 (136). | » Number of investigations regarding breaches of the Code of Conduct that are completed (target: 100%). Outcome: 100% (100). | » Carbon dioxide emissions, Scope 1 and 2. Outcome: 9,416 tonnes CO ₂ (10,181). | » Healthy attendance (target: at least 98%). Outcome: 98% (98). |
| » Work-related safety risks observed per million hours worked (target: > 1,750). Outcome: 2,206 (1,297). | » All new suppliers must be reviewed by NQC before being approved as suppliers. | » Carbon dioxide emissions per unit. Outcome: 1.61 kg per unit (1.56). | » Proportion of vacancies filled with internal candidates (target: at least 30% of all vacancies should be filled internally). Outcome: 30% (67). |
| | | » Product lifecycle and requirements on material choice is taken care of at the design of the products in the IMDS (International Material Data System) database. | » Development plans for all employees (target: 100%). Outcome: 100% (94). |

PRIORITIES IN 2022

| | | | |
|---|---|--|---|
| » Continue emphasizing behavior-based safety and focus on most prevailing specific safety risks at the workplace. | » Continued focus on the Code of Conduct, for both employees and suppliers. Encourage reporting if the Code of Conduct is not followed. | » Reduce scrap and increase re-use and recycling. | » Culture Reinforcement & Leadership development. |
| | | » Further reduce consumption and use more sustainable electricity. | » Employee engagement development and competence based recruitment. |

Safe Haldex

Haldex manufactures products to create a safer traffic environment. Haldex works in several dimensions to ensure the safety of both customers and end users, as well as a safe working environment for Haldex employees.

Safety in society

The safety of customers, end-users and other road users guides Haldex's actions as a major supplier of brake systems for broad use in the world's fleet of commercial vehicles.

In the internal processes, the focus is on the products being of high quality and meeting Haldex's strict functional requirements. Production is guided by extensive processes for how products are to be manufactured and tested. The Haldex Way framework has evolved from a Lean Production system to a framework for strategy deployment and result-driven improvements. Part of the Haldex Way is a standardized way of working, which in addition to productivity is fundamental for quality and a safe workplace.

The quality of the products is ensured by adopting established performance requirements in the affected markets as well as following up on the proportion of products subject to complaints and the number of warranty claims issued.

There is an interplay between technological development, efficiency measures and digitalization, and the development of autonomous vehicles and logistics, making Haldex's operations and products increasingly safe. Innovations contribute, for example, to increased stability and road safety.

Employee safety – Safety First

The Group-wide effort on safety is called Safety First (Safety #1). Haldex has a zero-vision for workplace accidents. There has long been a sharp focus on employee safety and established procedures to ensure this. However, this work has been considerably stepped up in recent years, with a focus on leadership and on changing behaviors from being reactive to being active. Employees are trained to take responsibility not just for themselves, but also for each other and to observe and act on potential safety risks.

Processes and procedures for how each task can be performed safely and according to regulations are continuously developed in each work element. The same applies to guidelines for instance regarding alcohol and drugs, violence and social problems.

Haldex has far-reaching criteria for reporting and acting on safety breaches. Haldex uses the concept of a *safety pyramid*, which is a

theory that there is a direct relationship between accidents, near misses and safety risk observations. All accidents are communicated throughout the company. Corrective and preventive measures are implemented locally in combination with proactive prevention of incidents and observations of safety risks.

An accident is an injury that has resulted in more than two hours of absence from normal work, which is a stricter definition than is commonly used. A near miss or incident is an event that could have resulted in an accident. Safety risk observations are unsafe conditions or behaviors.

Attitudes, behaviors and leadership

In addition to measures relating to the physical environment, safety measures also include training and influencing attitudes, behaviors and leadership. Workplace safety improves significantly when work and responsibility for safety is integrated into the line organization and employees take greater individual responsibility for both themselves and their colleagues.

Measures to improve safety:

- » Accidents are reported on the intranet together with preventive measures, which allows for other parts of the organization with similar risks to learn from each other and prevent the same types of accidents from occurring. A Global Safety Committee with representatives from all sites contributes to and ensures the transfer of skills within the Group.
- » During the year, a behavior-based safety initiative was implemented to bring attention to the behaviors employees can change to reduce risk exposure. The initiative encourages an open dialogue among employees with regards to both safe and unsafe behaviors, with the ambition to raise awareness about safety and to promote employees actively contributing to a safer culture.
- » A safety compliance KPI was introduced to measure the accomplishment of safety activities, eg. audits, risk assessments and feed-back sessions. Safety activities encourages the organization to identify safety risks, and implement actions to eliminate them.

KEY RATIOS SAFETY

| Per million hours worked | 2021 | 2020 | 2019 | 2018 |
|---------------------------------|-------|-------|------|------|
| Number of accidents | 3.2 | 2.5 | 2.4 | 8.4 |
| Number of incidents | 128 | 136 | 259 | 306 |
| Risk observations ¹⁾ | 2,206 | 1,297 | – | – |

¹⁾ First measured in 2020.

IDENTIFIED RISKS/OBJECTIVES

Unsafe behaviors or conditions are safety risks, and observed risks together with safety near misses and accidents are managed by the policies and working methods devised in the Safety #1 framework. The objective is to eliminate work-related accidents. For near misses, the objective is to have at least ten times the number of accidents. In 2021, a new goal was set to have at least 1,750 risk observations identified per million worked hours.



Behaviors determine what risks we are exposed to

ANNA-MARIA TIVEGÅRD / QUALITY ENGINEER,
HALDEX WAY MANAGER / LANDSKRONA, SWEDEN



We have for some time focused on work environment issues and getting employees to pay attention to and address risks in the work environment. We have come a long way, but as behaviors to a great extent influence what risks we expose ourselves and others to, we wanted to increase awareness of how our employees affect their own work environment.

During 2021, we have implemented three behavior-based safety initiatives in production. The first is using a behavior-based safety approach in the existing safety and environmental cross dialogue. We want to build a culture where the normal situation is for our employees to identify and act upon risks. It is expected as well as considered exemplary to observe risks and increase awareness by communicating about them. Everyone in the organization is a role model and all of us contribute to this culture. The second initiative

is an increased focus on Safety Leadership. In daily meetings, Managers follow up on safety topics and assure that safety is prioritized along with running business. We have further developed our concept of safety feedback sessions, where people practice observing unsafe behavior and having a conversation about it. In the sessions, a group of employees observe another person at work and then have a dialogue about safe and unsafe acts. Going forward, the aim is a commitment to safe acts and employees are encouraged to spread knowledge about safe and unsafe behaviors in their teams.

These initiatives have been well received by our employees. We are experiencing a clear culture change where coworkers spontaneously give feedback on safety risks.

Ethical Haldex

Haldex's ethics is permeated by the basic values: Customer First, Respect for the Individual and Passion for Excellence. The values are put into practical form and reinforced within the Group's work with behaviours, which aims to promote increased cooperation within the Group and relationship building with employees in different parts of the company.

Code of Conduct

Haldex's Code of Conduct is fundamental to all operations. Each employee is trained in it and signs it to confirm that they have understood and intend to follow the code.

In the 'Customer First' area, the Code of Conduct addresses areas such as bribery, corruption, gifts, conflicts of interest, competitive situations, business-critical information and business entertainment. There is zero tolerance of bribery, corruption, child labor and discrimination.

In the 'Respect for the Individual' area, the Code is about creating a good workplace in regards to:

1. respect for employees' private lives
2. reasonable working conditions
3. zero tolerance of discrimination and harassment
4. equal opportunities regardless of gender, religion, sexual orientation, ethnicity, age or disability

Haldex of course strives for diversity among its employee. The Code of Conduct includes information regarding where employees should turn if they discover irregularities, feel harassed or feel discriminated.

As a complement to the Code of Conduct, there are more detailed policies. As an example, there is a procurement and finance policy in place to ensure proper management when approving investments, purchasing materials and when approving invoices.

In 2019, a digital platform for training in the Code of Conduct was introduced. The purpose of the training is to strengthen the code and ensure a greater level of understanding and compliance within the company.

Ensuring no harassment

Harassment is unacceptable according to Haldex's values, its Code of Conduct and the 5C Framework. Haldex has established a 'whistleblower hotline' which was fully implemented during 2020. The hotline received 2 (11) complaints, which were all investigated and closed during the year 2021. In 2021, a new tool was implemented for a more regular employee survey, where discrimination and harassment are a given area to ask questions about and follow up continuously.

KEY RATIOS ETHICS

| | 2021 | 2020 | 2019 | 2018 |
|---|------|------|------|------|
| Employees trained in the Code of Conduct, % | 100 | 89 | 99.8 | 99.6 |
| Terminated supplier partnerships due to breach of the Code of Conduct | 0 | 0 | 0 | 2 |
| Proportion of investigated breaches of the Code of Conduct, % | 100 | 100 | 97.5 | – |

Evaluation of suppliers

Haldex's large number of suppliers poses an ethical risk and challenge, as they operate in many cases in countries where there are problems with the working environment, business ethics, safety and the environment. Haldex has initiated efforts to reduce the number of suppliers, which is expected to lead to efficiency improvements as well as better conditions for analyzing the supply chain from a sustainability point of view.

Haldex has implemented a Code of Conduct for suppliers that clarifies the requirements Haldex places on its partners. Existing suppliers are evaluated through planned audits, which include questions relating to the Code of Conduct. Haldex also applies screening and rating according to NQC of its largest suppliers, of existing suppliers ahead of new partnerships, and of all potential suppliers to cover the entire supply chain in a consistent manner.

Due to COVID-19 restrictions, on-site audits at the suppliers have been significantly reduced, limiting Haldex to conduct remote audits. However, the new suppliers added to the supply chain have been audited on-site according to the defined audit process. The rest of the supply chain are known partners, with a clear understanding of Haldex's business requirements. Nevertheless, the lack of on-site audit is a risk to business governance.

Community involvement

Haldex endeavors to contribute to the local community in its markets. Giving back to the areas where the company operates is important. In India, we offer scholarships to persuade girls to choose engineering as a profession and arrange study visits.

Since 2020, Haldex has a global network for female leaders within the company. Haldex has also been involved in road safety for school students and in the project Smart Maths to raise the level of interest in technology among high school students.

IDENTIFIED RISKS/OBJECTIVES

Identified risks in ethics are deficiencies in working or supplier relationships, unethical behavior in our own or customers' operations, and breaches of trading rules. Haldex's Code of Conduct covers these areas and both policies and follow-up mechanisms have been implemented.

The objective is for 100 percent of staff to be trained in the Code of Conduct, but for practical reasons a key ratio of over 99.5 percent is deemed good. Training in the Code is an indicator that preventive measures in these areas is being implemented. In 2020, due to restructuring and the pandemic, we could not carry out training as planned, but training was restarted in 2021 with priority given to training all new employees.

For supplier partnerships, the objective is to discover all breaches of the Code of Conduct. A key ratio is the number of supplier partnerships terminated due to breaches of the Code of Conduct with regard to human rights and social conditions.



Haldex has the highest standards

JESSE HAO / PRODUCTION MANAGER / SUZHOU, CHINA

I joined Haldex in September and already on one of my first days I had a training in the Code of Conduct with Human Resources. The Code of Conduct covered Haldex's values Customer First, Respect for the individual and Passion for excellence. I found the training very useful, and it was clear that Haldex aims to have the highest standards. By having an early training, it is understood from when you start what expectations are and what is allowed.



It feels good as an employee to have a Code of Conduct and that if you discover something unsafe, illegal or unethical you know that your manager and Human Resources will support you. If I were to encounter a bad situation, I know how to handle this and that Haldex would take my concerns seriously.

Green Haldex

Haldex actively works on reducing its environmental footprint in connection with production, transport, and deliveries. Haldex focuses on developing new braking solutions that consume less energy, weigh less, take up less space and reduce the level of noise emissions. Haldex aims to be CO₂ neutral for scope 1 and 2 by 2025.

Direct environmental impact

The management of environmental risks within Haldex's production sites, distribution centers, remanufacturing sites and friction centers has a notable effect on Haldex environmental footprint. Transport, together with electricity consumption, are the parts of Haldex's process that have the greatest carbon footprint. Haldex's analyses show that carbon dioxide emissions and material efficiency are the factors in the company's operations that have the greatest impact on the environment. These key ratios are measured and followed up throughout the organization.

Haldex's Environmental framework includes methods and initiatives to improve Haldex's environmental impact. This work was further strengthened during 2021 when a new target was set to be CO₂ neutral in greenhouse gas emissions for scope 1 and 2 by 2025. The plan for scope 3 is currently under development.

Haldex has an environmental committee with representatives of all production sites and distribution centers who jointly follow up targets and discuss improvements. Coordination between different units and projects have resulted in a decreased carbon dioxide emissions over the latest years, primarily through more sustainable electricity consumption. Haldex's focus on seeking more environmentally friendly energy sources will lead to a continued decline in levels.

All production sites are controlled according to environmental management systems that are certified to the international standard ISO 14001. Systematic programs and environmental policies also contribute towards utilizing resources effectively.

The environmental impact of all units is analyzed quarterly, resulting in a Green Performance Map per site. This is a survey of the volumes of material, energy and other resources that are supplied to the production site, and the volumes of emissions and waste the production site generates. The survey includes results for two key ratios: total material efficiency and carbon dioxide emissions.

Material efficiency, defined as the ratio between all direct and indirect material entering Haldex, compared to what is delivered to customers, is an important metric for Haldex. Focus is to continue evaluating components used, packaging material, internal processes, reducing scrap and recycling or reusing waste material to ensure high efficiency.

Environmental impact through product quality and use

Sustainability and the environmental impact of Haldex's products are an important parameter in product development. An environmental assessment, Green Product Assessment, is included early in the project as a mandatory input when products are changed or developed from scratch. Weight reductions and a higher proportion of sustainable materials used are key aspects considered.

The braking systems of tomorrow contribute to a more sustainable society. Historically, compressed air has been used in braking systems for heavy vehicles, but Haldex was early in exploring electromechanical brakes, which are lighter than present-day brakes and use significant less energy than a compressed air-based system, which contributes in a positive way to the overall CO₂ reduction. This new and revolutionary system also reduces the noise level on vehicles and contributes thereby to higher demands for noise emission in urban areas. Another benefit of electromechanical brakes is that they provide increased control over the vehicle.

Haldex has had a remanufacturing and friction business since the 1980's. Remanufacturing is a cost-efficient and eco-friendly way to reuse components, which reduces the consumption of natural resources, energy, and the emission of greenhouse gases. As such, this business promotes a circular economy.

KEY RATIOS ENVIRONMENT

| | 2021 | 2020 | 2019 | 2018 |
|--|--------|--------|--------|--------|
| Material efficiency, % | 95.0 | 93.3 | 94.1 | 93.1 |
| Carbon dioxide emissions, tonnes | 35,843 | 30,324 | 37,502 | 40,364 |
| Carbon dioxide emissions Scope 1 and 2, tonnes | 9,416 | 10,181 | 15,666 | 16,867 |
| Carbon dioxide emissions Scope 3, tonnes | 26,627 | 20,981 | 22,336 | 24,029 |
| Carbon dioxide emissions per unit, kg/unit ¹⁾ | 1.61 | 1.56 | – | – |
| Proportion of suppliers who conform to ISO 14001, % | 43 | 40 | 39 | 39 |

¹⁾ First measured in 2020.

IDENTIFIED RISKS/OBJECTIVES

Identified risks within the environmental area are incorrect or inefficient management of materials and processes that lead to environmental impact. Haldex's environmental policy and the comprehensive follow-up provide the tools needed to manage the environmental area.

The objective is to reduce carbon dioxide emissions and improve material efficiency. In addition to general improvement and reduction in electricity, there is an increase in sustainable options for electricity offered in various Haldex locations. In 2021, sales increased organically by 21%, while total carbon dioxide emissions increased by 18%.

For suppliers, the objective is for the proportion with certification to the environmental management standard ISO 14001 to increase. In 2021 the proportion was 43 percent.



Quality means safety to everyone everywhere

CARLOS E SASSAKI / QUALITY MANAGER / BRAZIL

At Haldex, working with environmental issues is not only talked about, it really is a part of the business. At our production site in Brazil, we are committed to having actions in place to minimize our environmental footprint. We have a motto, “Quality means Safety to everyone everywhere”, meaning that we extend the concept of quality from only looking at the product itself to how it is produced and the impact it has.

We use the concept of environmental observations throughout the production site, and also design processes with environmental risks in mind. We don’t want to expose either our employees or the environment to unnecessary risks. While not the main purpose, this also has a positive impact from a financial standpoint. For example, an oil leak is not only bad for the environment and employees, it would also cost money to replace the oil.

Scrap control within production is high on the agenda and when designing our processes, we focus on making sure our production is efficient. Transportation is another area we focus on, where we have asked all our transport providers to participate in an environmental assessment. This assessment includes that the workers have good working conditions, the engines are working correctly and the right fuel is being used.

Our suppliers should be ISO 1400 certified. In the event that our suppliers are too small to be certified, we apply our own audit to make sure that the suppliers meet our standards. We spread our knowledge to our partners, suppliers and customers and apply best practices to our own production. Although our production site in Brazil is small, we truly believe that what we do locally will have a global impact.



Haldex and the EU taxonomy for sustainable investments

The taxonomy for environmentally sustainable investments is one of the measures included in the EU's plan of action for financing sustainable growth. The taxonomy makes it possible to identify and compare investments that are necessary in achieving a sustainable economy.

Sustainability and the environmental impact of products are an important parameter in Haldex's product development. Much of Haldex's product development is towards braking systems of tomorrow, which contribute to a more sustainable society. Haldex's assessment of the first delegated act is that Haldex has economic activities that are eligible to the environmental objective of climate change mitigation.

Full disclosure relating to the remaining environmental objectives will be made in the Annual Report 2022 following the adoption of the second delegated act.

Assessment of taxonomy compliance

Haldex has determined that it has economic activities that are eligible for the environmental objective of climate change mitigation, in accordance with Article 2 points (5) and (6) of Regulation (EU) 2020/852 of the European Parliament and of the Council.

Haldex product categories were used to label economic activities based on NACE codes. In total a list of 22 product categories were identified that include all different Haldex products. Haldex economic activities were assessed in accordance with Article 10 of Regulation (EU) 2020/852 of the European Parliament and of the Council to review if they contribute to the reduction of greenhouse gas emissions and consequently to climate change mitigation including through process innovations or product innovations, by:

- » improving energy efficiency;
- » increasing clean or climate-neutral mobility; or
- » switching to the use of sustainably sourced renewable materials.

The conclusion of the qualitative assessment of all product categories is that four Haldex product categories meet the assessment of being eligible for the environmental objective 1 of climate change mitigation.

| Product category | Contribution to climate change mitigation | |
|----------------------------|---|--|
| | Improve energy efficiency | Increase clean or climate-neutral mobility |
| Air Disc Brakes | ✓ | |
| Electronic Braking System | | ✓ |
| Friction / Remanufacturing | ✓ | |
| Electromechanical brake | ✓ | ✓ |

Description of products

Air Disc Brakes: The Haldex ModulT program is an innovative air disc brake platform developed specifically for the purpose of meeting increased customer demands on performance, robustness, service up-time, weight and total cost.

Electronic Brake System (EBS): The EBS controls the braking system electronically and distributes brake pressure so that there is optimal braking power in the vehicle. Read more on page 9.

Friction / Remanufacturing: Haldex Friction Centers is progressive within brake shoe remanufacturing. This business reduces the consumption of natural resources, energy, and the emission of greenhouse gases.

Electromechanical Brake (EMB): Haldex is a pioneer in electro-mechanical brake technology which significantly improves the high energy consumption of the current pneumatic brake systems. EMB represents up to 90 percent saving in brake energy consumption, 50 percent less components and connections, 15 percent reduced stopping distances, 50 percent weight saving, 65 percent noise reduction and 50 percent reduction of components. Read more on page 9.



After reviewing Annex I of the supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council, the conclusion is that Haldex products are eligible according to definitions given for economic activity **3.3 Manufacture of low carbon technologies for transport** and in particular the following categories:

- » N3. Vehicles not dedicated to transporting fossil fuels with a technically permissible maximum laden mass exceeding 7.5 tonnes.
- » M2. Vehicles used for the carriage of passengers, comprising more than eight seats in addition to the driver's seat, and having a maximum mass not exceeding 5 tonnes.
- » M3. Vehicles used for the carriage of passengers, comprising more than eight seats in addition to the driver's seat, and having a maximum mass exceeding 5 tonnes.

As part of the technical screening phase, the initial assessment of the other five environmental objectives indicates the eligible product categories comply with the criteria set out in Appendix A to Annex I of the supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council; consequently, the eligible product categories do not significantly harm the following environmental objectives:

- (2) Climate change adaptation
- (3) Sustainable use and protection of water and marine resources
- (4) Transition to a circular economy
- (5) Pollution prevention and control
- (6) Protection and restoration of biodiversity and ecosystems

As part of the criteria for environmentally sustainable economic activities Regulation (EU) 2020/852 states in c) Article 3 those that are carried out in compliance with the minimum safeguards laid down in Article 18. Haldex operations comply with the mentioned guidelines and declarations. Additionally, the Haldex Code of Conduct is built upon globally acknowledged principles for human rights, fair labor practices and environmental responsibility as set forth in the UN Convention on the Rights of the Child and UN Global Compact.

| Guidelines and declarations | Applied in Haldex | Reference in the Haldex Code of Conduct |
|--|-------------------|---|
| OECD Guidelines for Multinational Enterprises | ✓ | ✓ |
| UN Guiding Principles on Business and Human Rights | ✓ | |
| ILO Declaration on Fundamental Principles and Rights at Work | ✓ | ✓ |
| International Bill of Human Rights | ✓ | |
| UN Declaration of Human Rights | ✓ | ✓ |
| UN Convention on the Rights of the Child | ✓ | ✓ |
| UN Global Compact | ✓ | ✓ |

OUTCOME 2021

Outcome of the economic activities are presented below and consist of turnover, capital expenditure and operating expenses. Turnover and capital expenditure are based on actual transactions from the accounting related to the respective activities below. For operating expenses, the outcome is based on a combination of actual transactions and

more general allocations to the activities, based on local knowledge of the business and history. Haldex's external financial statements are not reported at this level and therefore it is difficult to link the outcome below to the external financial statements.

| Environmental objective | Economic activity | Turnover, % | Capital expenditure, % | Operating expenses % | Do no significant harm to environmental objectives |
|---------------------------|--------------------------------------|-------------|------------------------|----------------------|--|
| Climate change mitigation | Sum Taxonomy-eligible activities* | 33.6 | 71.8 | 26.3 | ✓ |
| | Sum Taxonomy-non-eligible activities | 66.4 | 28.2 | 73.7 | |

*Air Disc Brakes, Electronic Brake System, Friction / Remanufacturing and Electromechanical Brake.

Humane Haldex

Haldex strives to continuously develop the organization for excellence through strong, sustainable leadership, competent and dedicated employees and an empowering culture – and always with diversity & inclusion in focus.

Haldex has staff in 19 countries and a total of 2,003 employees, around 32 percent of whom are women. Approximately 60 percent of the employees work in production, while the remaining 40 percent are office-based staff. In a small global group like Haldex, the work to have common values, a clear Code of Conduct and a joint concept for how we should act within the company is a definite success factor.

Behaviour concept – how Haldex acts

Haldex's 5C behavioral concept has been developed as a guideline for desired behaviors and how we ought to work in order to make Haldex a better, more efficient and more pleasant place to work.

Training and workshops are regularly arranged to develop employee behavior skills in the 5C's. New leaders spend one day per C to improve their knowledge, develop better methods and learn from each other about how they, their team and the company can improve. In the annual employee dialogue, 5C forms the basis for the discussion. During the autumn of 2021, work was initiated in the Group Management team to ensure that Haldex's culture develops in the right direction to support the revised strategy. An update of the 5C concept will be launched during 2022.

Leadership development

Leadership is important for employees to thrive and for the business to achieve its goals, especially in these volatile times. Haldex would like to foster leaders who inspire, challenge and motivate. At the same time, leaders must be given the necessary conditions to achieve their potential.

Haldex holds different kinds of leadership development activities on different levels, based on the needs for the specific target group and this is continuously developed and updated over time. During 2021, most training was held digitally.

The Haldex Way framework is also one of the tools implemented to create a common way of working, and consequently forms part

of the leadership development. Procedures and results are monitored at each facility by 'assessors' from other production sites. They propose improvement measures while deepening and broadening their own skills by evaluating the activities of others.

In the light of the changes going on in the automotive industry, the skills set also needs to change. For Haldex it is, and will continue to be, a priority to understand what competences are needed for the future, and what gaps have to be filled and how to fill them in order to reach and continue to maintain the competence level needed going forward.

Employee surveys

Haldex has previously worked with a traditional annual employee survey. In 2020, no traditional measurement was carried out following covid-19. In 2021, a new tool for regular "pulse" measurement was implemented where employees answer a few questions each week. The results are aggregated and reported monthly. This new way of measuring aims to get an idea of the "temperature" within Haldex in real time, in order to be able to quickly act upon areas in need of development.

Health indicator

Since 2019, Haldex uses healthy attendance as an indicator of employee well-being.

Brand can benefit recruitment

A strong brand is important in the labor market in order to recruit qualified employees that take Haldex forward. The plan for the coming years is to update the Employer Branding Strategy and communication platform, so that it is well aligned with future competence needs as well as what Haldex stands for and the employer we have the vision to be.

KEY RATIOS EMPLOYEES

| | 2021 | 2020 | 2019 | 2018 |
|--|------|------|------|------|
| Percentage of female managers, % | 23 | 24 | 26 | 28 |
| Healthy attendance, % | 98 | 98 | 98 | – |
| Proportion of vacancies filled with internal candidates, % | 30 | 67 | – | – |
| Development plans for all employees, % | 100 | 94 | 88 | – |

IDENTIFIED RISKS/OBJECTIVES

An identified risk is that Haldex's values are not embedded or followed within the organization. Another risk is a lack of leadership undermining the common values and the strong commitment of employees, which are important for job satisfaction, motivation and the success of the company. The objective is for everyone to share and live according to Haldex's common culture and values and to have strong leadership with a clear strategy. If this is clear, it will enhance the level of commitment and ensure that all employees are working towards common objectives.

HALDEX VALUES

Haldex's values form the basis for behavior towards colleagues, customers and suppliers.

Customer first

We understand our customers' demands and live by our principles. We base our decisions on our customers' goals: We succeed when our customers excel.

Respect for the individual

We recognize the importance of our people. Our success depends on responsible individuals working together effectively. We promote this value by showing one another respect through open communication and encouragement of initiative, cooperation, support, professional growth and advancement through performance-based compensation and active responsibility.

Passion for excellence

We are committed to continuous improvement. We strive for excellence in serving our customers, empowering our employees, and rewarding our investors. We are constantly striving to improve performance and achieve superior results through consistent business processes

AUDITOR'S STATEMENT REGARDING THE STATUTORY SUSTAINABILITY REPORT

To the Annual General Meeting of Haldex AB (publ) corp. ID No 556010-1155

Engagement and allocation of responsibilities

The Board of Directors is responsible for the Sustainability Report for 2021 on pages 26-37 and for it having been prepared in accordance with the Annual Accounts Act.

Focus and scope of the review

Focus and scope of the review

Our review has been conducted in accordance with FAR's statement RevR 12 Auditor's opinion on the statutory sustainability report. This means that our review of the Sustainability Report has a different focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. In our view, this review provides us with a sufficient basis for our statement.

Statement

A sustainability report has been prepared.

Malmö, March 24, 2022

Öhrlings PricewaterhouseCoopers AB

Carl Fogelberg
Authorized public accountant
Auditor in charge

Patrik Larsson
Authorized public accountant

Employee engagement increases with regular temperature checks

ANDREAS TRUTZEL / VICE PRESIDENT HUMAN RESOURCES EMEA

Haldex had the concept of employee engagement surveys in the past with one global survey per year. We realized that with this method, it took time to consolidate the results, and once done the organization could only concentrate on a few subjects at a time. The HR Leadership team felt that this did not lead to satisfaction among employees if their recommendations and comments were not followed up. Consequently, we decided to rethink our way of measuring employee engagement.

In October we implemented an ongoing pulse survey, to enable us to follow up in real time what the "temperature" is in 11 selected topics. The system guarantees that all answers are anonymous. The AI technology behind ensures that the questions sent out differ

from week to week. Results can be analyzed over time to see trends and where there are deviations, allowing managers to focus on specific pain points. Managers can also respond directly to anonymous comments in the system. The pulse survey is very quick where employees receive 4 different questions per week. Haldex has zero tolerance for discrimination. If an employee indicates that they have been bullied or discriminated against, this question will come back more often in order for it to be followed up.

While implementation is still in early stages, we strongly believe that the pulse survey will improve communications and employee engagement within the organization.



Americas

Important events in 2021

- » Launch of several product lines, including the lightweight Air Disc Brake intended for the American trailer market and Automatic Brake Adjusters under the Midland brand.
- » OEM contracts signed securing ongoing supply of products
- » Selected by one of the largest fleets for supply of air disc brakes for trailers.
- » Adaptation of business model amidst delivery and supply chain issues in a post pandemic world.

Net sales development

The Americas demonstrated strong growth and market recovery in 2021, with sales back to pre-pandemic levels. Net sales in Region Americas amounted to SEK 2,376m (2,101) in 2021, corresponding to organic growth of 21 percent. The Aftermarket segment grew by 12 percent. The Trailer and Truck segments, which were both impacted by the COVID-19 pandemic in the previous year, showed recovery with high organic growth of 58 percent and 24 percent respectively.

Required in 2021 was a revised approach to production planning. In the Americas, it was necessary to re-assess supply chain constraints and adjust the business model to offset the significant impact logistics and freight issues had on the business. The company added a necessary surcharge to offset the temporary increase in logistics costs in the fourth quarter of 2021. As a result of the adjustments to several aspects of the business, the region was able to unlock operational constraints including decreasing material lead-times, decreasing working capital and improving delivery performance to the customer.

Products and market position

Region Americas remains Haldex's largest market and accounts for about 52 percent of the company's sales. The regions aftermarket position is secured by strong relationships and an unceasing focus on the correct product offering. During the year, the region added several product lines to its mix. In 2021 Haldex began the production of light-weight air disc brakes for the American trailer market, expanded the air disc brake actuator offering, and made enhance-

ments to the LifeSeal+ and GoldSeal+ product lines. The remanufacturing facility also expanded product depth in 2021.

The main product in the Americas is the automatic brake adjusters (ABA). In 2021, Haldex introduced a new automatic brake adjuster under the Midland brand to compete directly with the lower-quality imitation ABA market. The private label expansion within the aftermarket is experiencing market penetration and the continued focus in this area proves Haldex as a key aftermarket player for customers looking for alternative solutions.

The anticipated transition from drum brakes to disc brakes in the region is continuing. Haldex succeeded with the "fleet-pull-through" model used in North America, where the air disc brakes for trailers were selected by one of the largest fleets in the Americas. This is a breakthrough for the product offering in the region, and the benefits in terms of weight and performance are expected to catch on in the market.

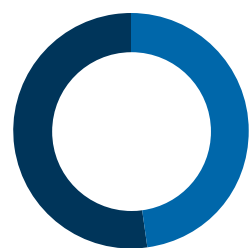
| MARKET SHARES AND POSITION IN 2021 | Rank |
|------------------------------------|------|
| Automatic brake adjusters | 1 |
| Actuators | 2 |
| Air suspension, truck | 3 |

Market development and outlook

The shortage of raw materials, semiconductors and access to shipping is expected to continue in 2022, which will challenge the entire supply chain for commercial vehicles, including Haldex, to meet increased demand. The aftermarket outlook is positive as fleets are forced to keep their equipment longer; thus increasing the demand for preventative maintenance and repair parts. The aftermarket is a key focus segment for Haldex, and the outlook for growth is expected to be higher than the industry due to Haldex's new product introduction plans in 2022. Haldex plans include increasing the breadth and depth of its aftermarket products and services.

PROPORTION OF SALES

Per product area



■ Air Controls, 48% (51%)
■ Foundation Brake, 52% (49%)

PROPORTION OF SALES

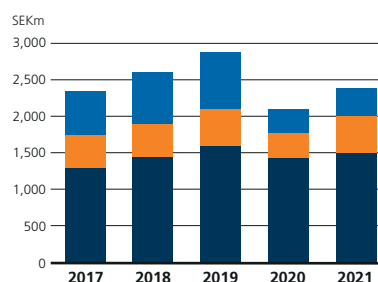
Per customer segment



■ Truck, 16% (16%)
■ Trailer, 21% (16%)
■ Aftermarket, 63% (68%)

NET SALES

Per customer segment



■ Truck
■ Trailer
■ Aftermarket

Major Air Disc Brake Success – Customer Intimacy Model

2021 was a convergence of several prior long-standing customer focused activities for Haldex in North America. The team was able to secure a position with a top axle manufacturer as the supplier of its low-weight single piston Air Disc Brake. This success was partially due to the significant technical effort put into the release process with this key axle manufacturer and lengthy negotiations that spanned multiple years; however, the true value of the Haldex customer intimacy model is credited with bringing this agreement to culmination with a large global retailer which operates a fleet of 6,500 tractors and 55,000 trailers.

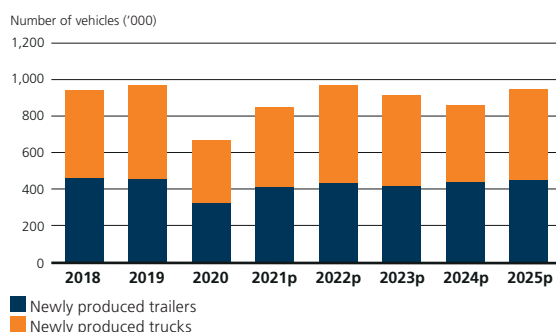
For years, this fleet customer has been an avid Haldex customer, purchasing Actuators and Brake Adjuster products for its fleet operations – due primarily to the relationship with the company purchasing and specification teams and the robustness of the Haldex product offering. This fleet endeavored to utilize Air Disc Brakes previously and was utilizing a competitor's product on their tractors as the Haldex product was not offered during their decision process. Haldex found this key fleet customer in need of an alternative; this is where the long-standing relationships with this fleet benefited Haldex. The customer contacts responsible for fleet equipment specification at the company know Haldex team members well from years of solid performance and relationships.

Haldex was able to work cooperatively with this fleet customer to recommend the Haldex ADB product in a process known as 'fleet-pull-through' and a common practice in the Americas. Fleet-pull-through is the practice of a large fleet insisting on a product offering at the vehicle manufacturer that is consistent with their requirements, to the exclusion of the standard products offered on that particular vehicle. At the same time, Haldex and the top axle manufacturer who would be installing the Haldex ADB jointly marketed the product with the benefits of low weight fitting squarely into their light-weight trailer axle solution. This resulted in a launch and specification of the Haldex ADB at this key and globally recognized fleet customer.

Many fleet equipment specification teams look to this same fleet customer above as the 'trend setter' and as such, will follow this customer's lead. As a result, we anticipate uptake in ADB penetration in the future.



EXTERNAL MARKET DATA – NEW BUILD RATES



Source: LMC Automotive (trucks), CLEAR International Consulting Ltd. (trailers)

External market data shows that the new production of trucks increased by 27 percent and the new production of trailers increased by 26 percent in 2021 compared to the previous year. Full-year production volume for 2022 is anticipated to increase by 16 percent for trucks and increase by 5 percent for trailers compared to 2021. Haldex has the ambition to grow faster than new production and take market share, while at the same time continuing to grow the aftermarket sales.

Europe

Important events in 2021

- » An agreement was entered into with one of the world's largest manufacturers of heavy trucks for the delivery of Haldex air disc brakes, which is an important milestone in the truck segment. The deal includes equipping a distribution vehicle with the electromechanical braking system (EMB), which is a breakthrough for the European market.
- » Launch of the fourth-generation Electronic Brake System (EBS), EB+4.0.

Net sales development

Net sales for Region Europe amounted to SEK 1,811m (1,438) during 2021, corresponding to a positive organic growth of 29 percent. The growth is due to a significantly weaker comparison year but also to increased demand from customers, despite constraints in the supply chain. The Aftermarket segment noted an organic increase of 28 percent due to higher underlying demand and an increased focus on the segment. The Trailer segment grew 34 percent organically due to the increased build rates in the trailer market and gained market share. The Truck segment showed an increase of 10 percent, mainly related to the improved underlying market and an increased portion of construction trucks equipped with drum brakes.

Products and market position

The European market is Haldex's second largest market and accounts for 34 percent of the company's sales. Haldex holds a strong position in the trailer segment, which accounts for 48 percent of European sales. Truck OEM sales volumes are less significant. Haldex aims to be a full systems supplier for the trailer segment, while the current focus for the truck segment is on air disc brakes as well as developing the Electromechanical brake product. Aftermarket accounts for 44 percent of the regional sales, and focus is on growing the aftermarket business further.

European customer requirements are very strict due to regulations and fierce competition among innovative and global brands. This environment has created, in global terms, the safest and most technologically advanced vehicles. Disc brakes dominate, and only a small number of players use drum brakes. Electronic braking systems (EBS), are common. During the year Haldex launched and presented the fourth generation EBS, EB+4.0, to customers. Start of productions and sales is estimated for Q1 2022. A new generation of Actuator Life Seal, a high quality and robust product produced in Europe for trailers is under development and expected to be launched during 2022.

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MARKET SHARES AND POSITION IN 2021

| | Rank |
|----------------------------------|------|
| Automatic brake adjusters | 1 |
| Air suspension, trailer | 1 |
| Disc Brake, trailer | 2 |
| Electronic Brake System, trailer | 3 |

Market development and outlook

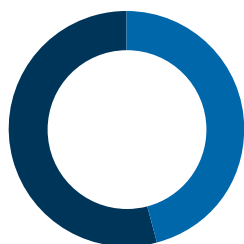
European truck manufacturers continue to invest in the technological development of future vehicles, and the focus has clearly shifted toward electrification of heavy vehicles, which is favorable for the electromechanical brake (EMB) offering. An agreement has been entered into with one of the world's largest manufacturers of heavy trucks for the delivery of Haldex air disc brakes, which is an important milestone in the truck segment. The deal includes equipping a distribution vehicle with the electromechanical braking system (EMB), which is a breakthrough for the European market.

The launch of the fourth-generation Electronic Brake System is expected to strengthen Haldex's market position in the trailer segment in Europe. Additionally, Haldex is continuing to drive aftermarket growth and focus on improving efficiency and margin.

Uncertainty and disruptions in the supply chain, especially related to semiconductors, remain high and are expected to extend into 2022.

PROPORTION OF SALES

Per product area



■ Air Controls, 46% (45%)
■ Foundation Brake, 54% (55%)

PROPORTION OF SALES

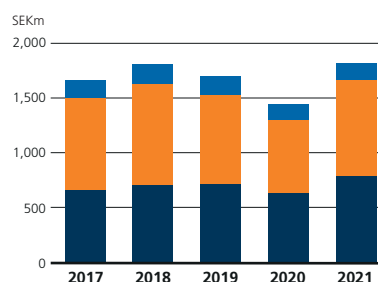
Per customer segment



■ Truck, 8% (10%)
■ Trailer, 48% (46%)
■ Aftermarket, 44% (45%)

NET SALES

Per customer segment



■ Truck
■ Trailer
■ Aftermarket

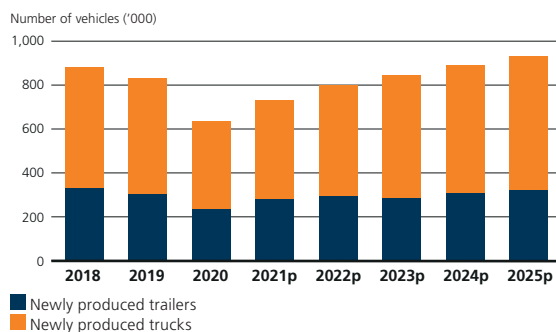
Haldex signed agreement with one of the world's largest truck manufacturers

In July, Haldex closed an agreement with one of the world's largest manufacturer of heavy trucks for the delivery of Haldex air disc brakes (ADB). The deal is an important milestone to grow in the truck segment in addition to Haldex already strong position in the trailer segment. The agreement also included an embedded additional agreement, to equip a showcase truck with the electromechanical braking system (EMB).

"This breakthrough of introducing our next generation product on the European market strengthens our confidence in continued business opportunities and our ability to meet new demands on braking systems in connected, electric trucks and trailers," said Stephan Kulle, Executive Vice President EMEA.



EXTERNAL MARKET DATA – NEW BUILD RATES



Source: LMC Automotive (trucks), CLEAR International Consulting Ltd. (trailers)

External market data shows that the new production of trucks increased by 15 percent and the new production of trailers increased by 19 percent in 2021 compared to the previous year. Full-year production volume for 2022 is anticipated to increase by 8 percent for trucks and increase by 4 percent for trailers compared to 2021. Haldex has the ambition to grow faster than the new production and take market share, while at the same time continuing to grow the aftermarket sales.

Asia

Important events in 2021

- » Joint Venture with FAST Group established.
- » Renewed agreement with ANAND Group in India to reinforce our best-cost footprint.
- » The electromechanical brake (EMB) passed homologation with an OEM in China.
- » The light-weight disc brakes for trailers launched in the Region.
- » Haldex China received "Excellent Quality Management" Award from Hino Motors for Haldex ABA performance in 2021

Net sales development

Net sales in Region Asia amounted to SEK 425m (468) in 2021, corresponding to an organic decrease of 8 percent. The Aftermarket segment grew 8 percent organically, with increased revenues for both Authorized (OES) and Independent (IAM) channels. Both the Trailer and the Truck segment had an organic decline of 2 and 16 percent respectively, explained mainly by a decline in China.

Haldex reached several milestones in the region during the year. The EMB has successfully passed validation through homologation with a customer in China, which is a significant step to build confidence in the system towards more customers. Additionally, the electronic brake system (EBS) passed validation through vehicle homologation with several new customers in China. Development of the EMB for electric buses on the Chinese market in the joint venture, Haldex VIE, continued. The company is working on contracting development projects with customers, and also coordinating development with the other regions.

During the year, Haldex established a joint venture with FAST Group to produce and sell air disc brakes on the Chinese truck and bus market. The legal company has been established and the plant construction of the production unit is ongoing. Additionally, the localization process for the new generation of Disc Brakes for trailers, offering a weight-optimized solution to the customers in the region, was initiated in the fourth quarter.

Despite semiconductor shortages and supply chain challenges, production sites in the region made exceptional efforts to maintain production and ensure supply with high delivery and quality performance to all customers.

Products and Market Position

In Region Asia, the main product is the Automatic Brake Adjuster (ABA). Haldex is a premium supplier for ABA, aiming to offer better quality and service than competitors. Legislative upgrades and an increased focus on reducing emissions is beneficial for Haldex's product offering within light-weight Disc Brakes and EMB. The demand for Disc Brakes is expected to grow in the coming years, as customer's transition from the drum brake technology. The interest for Haldex EBS also increases as higher regulations for the transportation of dangerous goods are put in place. Safer and more environment friendly solutions are welcomed by both vehicle producers and end-customers. As a technology leading supplier, Haldex is well positioned for this transition.

MARKET SHARES AND POSITION IN 2021

| | Rank |
|------------------------------|------|
| Automatic Brake Adjusters | 2 |
| Air suspension ¹⁾ | 1 |

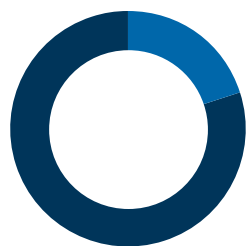
¹⁾ Bus, China

Market development and outlook

In China, Haldex's largest market in the region, there was lower customer activity following the high vehicle production in the previous year. However, statutory requirements for improved vehicle safety and minimizing vehicle overloading supports an increase in customer demand going forward. Customers' production volumes in other countries are slowly recovering from the impact of the COVID-19 pandemic. Haldex is increasing focus on developing and growing in the other markets in the region. The technological development of vehicles and the need for advanced braking systems will continue to be positive for Haldex.

PROPORTION OF SALES

Per product area



■ Air Controls, 20% (20%)
■ Foundation Brake, 80% (80%)

PROPORTION OF SALES

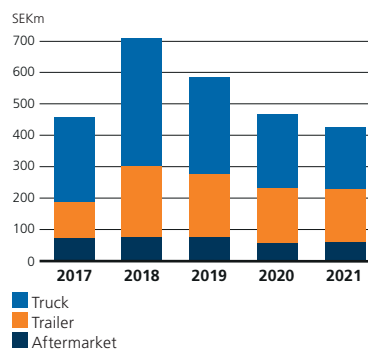
Per customer segment



■ Truck, 46% (50%)
■ Trailer, 40% (37%)
■ Aftermarket, 14% (13%)

NET SALES

Per customer segment



Haldex significantly strengthens its presence in China and establishes a strategic partnership with market leading FAST Group

Haldex reached a strategic milestone by expanding the geographical footprint of the key product line, Air Disc Brakes (ADB), in China.

In April 2021, Haldex and FAST Group announced the agreement to form a joint venture company to produce and sell ADB including aftersales services for Truck and Bus with primary focus on the China market. Owning and jointly owning over 10 subsidiaries globally, FAST Group is the market leading Chinese manufacturer in the commercial vehicle components industry.

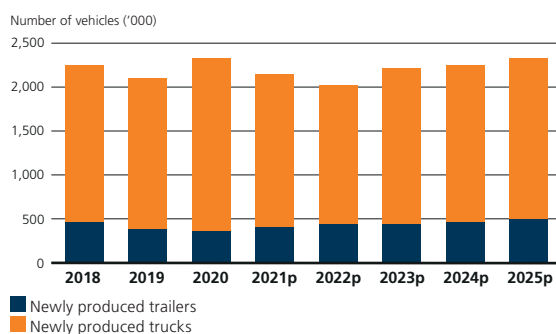
The objective of the new JV is to launch a complete range of Haldex ModulT Air Disc Brakes for trucks and buses, using Haldex's innovation, IP and technology to leverage FAST Group's strong market position in China.

Haldex and FAST Group formed this JV agreement after a period of close dialogue and collaboration, including extensive testing and multiple market feasibility studies. The parties have excellent strategic and industrial fit and joint strong ambitions. The ADB market in China is expected to grow significantly in the coming years due to regulatory requirements driving increased vehicle safety.

The JV prepared for production in Xianyang, China during the autumn of 2021 and will be ready for market launch in 2022 with local production during the second half of 2022.



EXTERNAL MARKET DATA – NEW BUILD RATES



Source: LMC Automotive (trucks), CLEAR International Consulting Ltd. (trailers)

External market data shows that the new production of trucks decreased by 17 percent and the new production of trailers decreased by 11 percent compared to the previous year. Full-year production volume for 2022 is anticipated to decrease by 10 percent for trucks and increase by 10 percent for trailers compared to the previous year, however, the vehicle output is expected to vary from country to country. In China, vehicle output is expected to be relatively weak in 2022 and 2023 because of the return to normal of the heavy-duty market. The market in Korea and Japan is expected to remain stable while vehicle output in 2022 is expected to grow in India.



Corporate Governance Report

Haldex AB (publ) ('Haldex' or 'the company') is a Swedish public limited company with registered office in Landskrona, listed on Nasdaq Stockholm, Mid Cap. Corporate governance in Haldex is based upon the Swedish Companies Act, the Annual Accounts Act, Nasdaq Stockholm's Rule Book for Issuers and the Swedish Code of Corporate Governance. Haldex herewith submits the 2021 Corporate Governance Report in accordance with the Annual Accounts Act and the Code. The company's auditors have conducted a statutory review of the report.

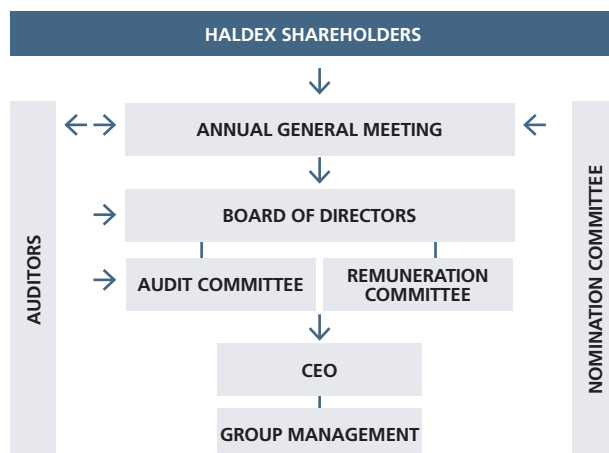
Swedish Code of Corporate Governance

In accordance with good stock market practice, Haldex applies the Swedish Code of Corporate Governance. The current code is available on the Swedish Corporate Governance Board's website, www.bolagsstyrning.se. However, during parts of the financial year 2021 Haldex deviated from the rules on a nomination committee under Section III(2) of the Code as the General Meeting had not appointed a formal nomination committee. Instructions for the composition of the Nomination Committee and its work were adopted in conjunction with the 2021 Annual General Meeting.

Shareholders and General Meeting

The shareholders of Haldex exercise their right to decide on the company's affairs at the General Meeting. The General Meeting is Haldex's highest decision-making body. The General Meeting decides on the articles of association, elects the Board of Directors and auditors, and makes decisions on their fees.

The General Meeting further decides on adoption of the accounts, on the appropriation of the company's profit or loss and on discharge from liability for the Board of Directors and the CEO. The General Meeting also decides on the appointment and work of the Nomination Committee, and decides on principles for remuneration and terms of employment for the CEO and other senior executives. Haldex's Annual General Meeting is usually held in April or May.



Responsibility for management and control of the Haldex Group is divided between shareholders, the Board of Directors, its elected committees and the CEO, as illustrated above.

Ownership

The number of shareholders at year-end was 13,224 (11,957). A large proportion of Haldex's shareholders are registered abroad and are therefore not shown under their own name in the list of shareholdings. Swedish shareholdings totaled 61.2% (56.9) at the end of the year. Each share carries one vote at the AGM. For more information about shares and shareholdings, see page 105–106 and <https://www.haldex.com/en/corporate/>.

Annual General Meeting

The 2021 Annual General Meeting was held on May 26, 2021. Due to the uncertainty associated with the COVID-19 pandemic, the Board decided that the AGM would be held without the physical presence of shareholders, proxies or third parties in accordance with Section 20 of the Act (2020:198) on temporary exceptions to facilitate the execution of general meetings in companies and other associations. Shareholders were able to exercise their voting rights only through digital advance voting ('postal voting'). Shareholders exercising this right represented 38 percent of the total number of votes.

Among other things, the Annual General Meeting resolved on:

- » No dividend for the financial year 2020 and that earnings for the year be carried forward
- » Discharging of the members of the Board of Directors and the company's Chief Executive Officer from liability for the financial year 2020
- » Re-election of Stefan Charette, Viveka Ekberg, Håkan Karlsson, Catharina Modahl Nilsson, Detlef Borghardt and Dzeki Mackinovski. Håkan Karlsson was elected as Chairman of the Board
- » Re-election of the auditors Öhrlings PricewaterhouseCoopers AB with Carl Fogelberg as auditor in charge
- » Adoption of remuneration for the Board of Directors and auditors
- » Adoption of the guidelines proposed by the Board for remuneration of senior executives
- » Adoption of a long-term incentive program for the CEO as proposed by the Board of Directors
- » Amended Articles of Association, whereby the Articles of Association were adapted to implement legislative amendments and to enable the Board to decide on proxy collection and postal voting at future general meetings
- » Authorization for the Board of Directors to resolve on a new share issue during the period until the 2022 Annual General Meeting
- » Adoption of instructions and guidelines for the Nomination Committee

Full minutes and information on the Annual General Meeting can be found at <https://haldex.com/en/corporate/>.

Nomination Committee

The Nomination Committee represents the company's shareholders, and nominates Board members and auditors and proposes fees for these.

It is the General Meeting of Shareholders that is required to appoint the members of the Nomination Committee or specify how the members are to be appointed and adopt instructions for the Nomination Committee.

In accordance with the Swedish Code of Corporate Governance, the Nomination Committee must submit proposals for the Chairman and other members of the Board as well as fees and other remuneration for Board assignments for each of the Board members. The Nomination Committee is also required to submit proposals for the election and remuneration of the auditor. The Nomination Committee's proposals are required to be presented in the notice of the Annual General Meeting. No remuneration is paid to the members of the Nomination Committee. The Chairman of the Board is responsible for informing the Nomination Committee of the Board's expertise profile and working methods and of the outcome of the assessment of the Board's work. The company's shareholders have an opportunity to submit comments and proposals to the Nomination Committee by e-mail or phone.

No formal nomination committee had been appointed prior to the 2021 Annual General Meeting, but representatives from AFA Sjukförsäkrings AB, AMF Pensionsförsäkring AB, Athanase Industrial Partner and Fjärde AP-fonden formed an informal nomination committee.

Guidelines for the appointment of the Nomination Committee were adopted at the 2021 Annual General Meeting. According to these instructions, the Company is required to have a Nomination Committee consisting of one representative of each of the four largest shareholders by voting power, based on the shareholding as of August 31 of each year (the 'Largest Shareholders') who wish to appoint a representative, as well as the Chairman of the Board. As soon as possible after the end of August, the Chairman of the Board is required to give the Largest Shareholders of the Company the opportunity to appoint a representative to the Nomination Committee. If any of the Largest Shareholders waives its right to appoint a representative, the shareholders who are thereafter the largest shareholders in terms of voting power and who have not already appointed a member to the Nomination Committee will be invited in descending order. The Nomination Committee is required to consist of at least three members, but no more than the ten largest shareholders in terms of voting power need to be consulted. The names of the members of the Nomination Committee and the shareholders by whom they are appointed can be found at: <https://www.haldex.com/en/corporate/>.

Board of Directors

The Board is responsible for Haldex's organization and administration of Haldex's affairs. According to the Articles of Association, the Board is to consist of not fewer than three and not more than eight members, with not more than three deputies. The Board members are elected annually at the Annual General Meeting for the period until the end of the next Annual General Meeting.

Composition of the Board

Until the 2021 Annual General Meeting, the Board consisted of seven members elected by the AGM. Six Board members were elected by the 2021 Annual General Meeting. The employees appointed two representatives and two deputy representatives to the Board.

Haldex's President and CEO, as well as the CFO, attended the Board meetings, with Helene Svahn attending the January–May meetings and Jean-Luc Desire attending the July–December meetings. Other salaried employees attended as needed during the meetings as rapporteurs on particular issues. For further information on the Board members, see pages 50–51 and Note 9.

Independence of the Board

The Swedish Code of Corporate Governance states that a majority of the members elected by the AGM must be independent in relation to the company and company management, and that at least two of these must also be independent in relation to major shareholders. All members of Haldex's Board of Directors elected at the Annual General Meeting are deemed to be independent in relation to the company/company management. Five members elected at the Annual General Meeting are deemed to be independent in relation to major shareholders.

The work of the Board

The Board held 16 (18) meetings in 2021. The main issues addressed during the Board meetings were the business situation, strategy, investments, quality work, product development, personnel and organizational issues and budget and the long-term business plan. Attendance at Board and committee meetings is reported on pages 50–51.

Evaluation of the Board's work

Each year, an evaluation is made of the Board's combined work. For the Chairman, there are additional questions concerning ability to prepare and direct the work of the Board, as well as ability to motivate and work with the CEO. The evaluation of the Board's combined work is done through a joint internal review of the Board's work. The outcome of the evaluation process is available to a future nomination committee.

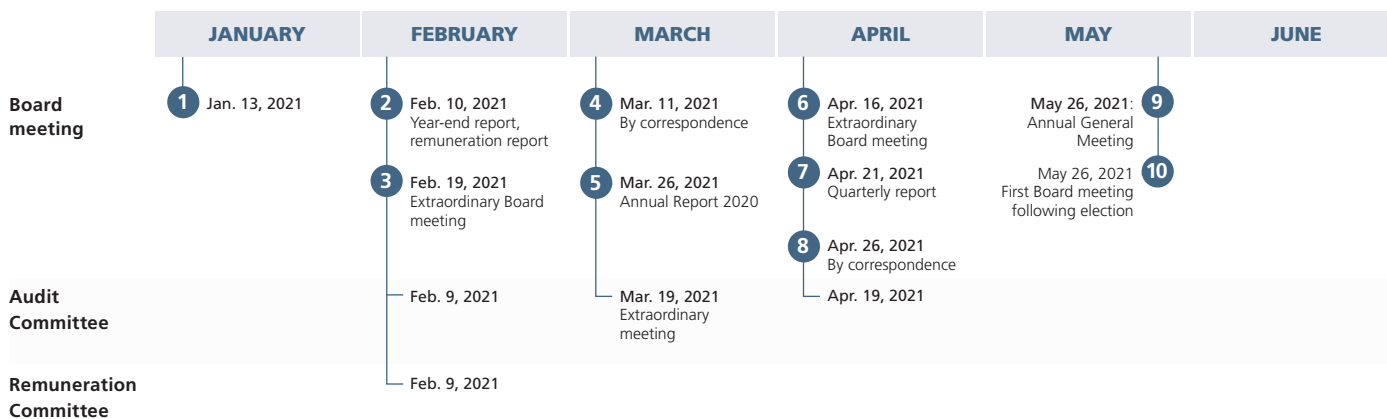
Board committees

The Board has set up two committees – the Audit Committee and the Remuneration Committee. The Board cannot delegate responsibility to the committees, but the committees prepare issues on which the Board as a whole then takes decisions.

Audit Committee

The Audit Committee prepares matters relating to accounting, financial reporting, auditing and internal control. The committee reviews the policies for accounting and financial control and establishes guidelines for the purchase of services other than auditing by the company's auditors. In 2021, the Audit Committee comprised Viveka Ekberg (Chair), Stefan Charette and Håkan Karlsson. Co-opted members of the Executive Committee were Helene Svahn, CEO, until June and thereafter Jean-Luc

The work of the Board



Desire, CEO, and Lottie Saks, CFO. The Audit Committee held 7 (7) meetings during the year.

Remuneration Committee

Based on the guidelines adopted by the Annual General Meeting, the Remuneration Committee submits proposals to the Board regarding salary and other terms of employment for the CEO and for other senior executives, based on proposals from the CEO, as well as the EVP Human Resources. In 2021, the Remuneration Committee comprised Håkan Karlsson (Chair), Catharina Modahl Nilsson and Dzeki Mackinowski. Co-opted members of the Group Management were Helene Svahn, CEO, until June and thereafter Jean-Luc Desire, CEO, as well as Jeanna Tällberg, EVP Human Resources, and Lottie Saks, CFO. The Remuneration Committee held 3 (2) meetings in 2021.

Remuneration of Board members

Remuneration of the members of the Board elected by the Annual General Meeting was resolved by the Annual General Meeting on a proposal from AFA Sjukförsäkrings AB, AMF Pensionsförsäkring AB, Athanase Industrial Partner and Fjärde AP-fonden. During 2021, remuneration was paid in accordance with a General Meeting decision as described in Note 9 on page 76. The remuneration paid to the Board consists solely of a fixed portion (there is no variable remuneration). No remuneration is paid to members who are also employees of the Group.

Detlef Borghardt was engaged as a consultant for part of 2021 in addition to ordinary Board work. The remuneration totaled SEK 200,000. See Note 35 on page 87 for more information.

Auditors

The Annual General Meeting appoints auditors who review the annual accounts, accounting and consolidated financial statements, the Board of Directors and the CEO's administration.

Öhrlings PricewaterhouseCoopers AB was elected as audit firm by the 2021 Annual General Meeting for the period until the 2022 Annual General Meeting. The auditor in charge is Carl Fogelberg, who is an authorized public accountant.

The Board as a whole meets with the auditors once a year, at a Board meeting during the spring when the auditors report their findings directly to the Board without the CEO or CFO being present. At least one auditor attends the Annual General Meeting and briefly describes the audit work and summarizes his or her recommendations in the audit report for the shareholders.

REMUNERATION OF AUDITORS

| SEKm | 2021 | 2020 |
|---|----------|-----------|
| Öhrlings PricewaterhouseCoopers AB and network | | |
| Auditing engagements | 7 | 7 |
| Auditing activities in addition to auditing engagements | – | – |
| Tax advice | – | 1 |
| Other services | 1 | 2 |
| Total | 8 | 10 |

Management

The President and CEO manages the ongoing administration of Haldex's operations within the limits set by the Board. The CEO is assisted by a Group management comprising heads of regions and certain global functions within the company, i.e. HR, finance, purchasing, global sales, operations and product development.

The composition and size of the Group management underwent organizational changes during the course of 2021. At the end of 2021, Group management consisted of the CEO and a further eight Executive Vice Presidents. The Group Management holds regular meetings chaired by the CEO. The meetings are focused on the Group's strategic and operational development and follow-up of results. For further information on the Group management, see pages 52–53.

Remuneration of senior executives

The Annual General Meeting adopts principles for remuneration of senior executives and approves the report on paid and outstanding remuneration that the Board of Directors is required to prepare for each financial year.

In June 2019, new rules in the Swedish Companies Act came into force, which, among other things, require listed companies to develop and decide on remuneration guidelines and remuneration reports for certain senior executives. The new, more detailed provisions on guidelines for remuneration of senior executives were first applied in conjunction with the 2020 Annual General Meeting, and the new provisions on remuneration reports were applied for the first time in conjunction with the 2021 Annual General Meeting.

Principles for remuneration of senior executives resolved by the 2021 Annual General Meeting can be found on the company's website <https://haldex.com/en/corporate/>.

More information on the Group's remuneration of senior executives can be found in Notes 9 and 10 for the Group on pages 76–77.



Remuneration in 2021

Chief Executive Officer

In 2021, the previous President and CEO Helene Svahn and the current President and CEO Jean-Luc Desire received fixed and variable remuneration as set out in the table below. In addition to a mutual notice period of 6 months, the CEO, in the event of termination by the company, is entitled to severance pay equivalent to 12 months' salary. Upon termination by the CEO, no severance payment is made. The CEO's pension benefits are defined-contribution and consist of an ITP plan and an annual allocation of 30% of the portion of the fixed salary that exceeds 20 base amounts. The retirement age is 65. More information about remuneration of the CEO will also be given in the remuneration report that the company will present at the time of the Annual General Meeting and make available on the company's website.

REMUNERATION OF GROUP MANAGEMENT IN 2021

| SEK 000 | Basic salary incl. benefits | Variable remuneration ¹⁾ | Pension |
|---|--------------------------------|--|--------------|
| Chief Executive Officer Helene Svahn (until June 2021) | 7,139 | – | 1,133 |
| Jean-Luc Desire (from June 2021) | 2,723 | 2,000 ²⁾ | 790 |
| Other senior executives (Group Management) 8 (8) persons, of whom 3 (4) women at December 31 | 15,411 | 1,835 | 1,456 |
| Total | 25,273 | 3,835 | 3,379 |

¹⁾ Amount for variable remuneration 2021 refers to the portion of the 2020 bonus expensed during 2021.

²⁾ Amounts for variable remuneration 2021 relate to remuneration expensed in 2021, a portion of which was paid during the year.

Other senior executives

In accordance with the guidelines adopted by the AGM, the principles for remuneration matters regarding Group management must be drawn up by the CEO in consultation with the Board of Directors for resolution by the AGM. The compensation consists of a fixed and a variable salary component. The variable component is based on the annually set targets and can amount to a maximum of 60 percent of fixed annual salary. All members of Group Management have a mutual notice period of up to 6 months and, in the event of termination by the company, severance pay. The fixed salary during the period of notice and the severance pay must not in total exceed an amount equal to the fixed salary for two years. Pension benefits are regulated in pension plans that are adapted to practice in the country in question, with a retirement age of 65 and up.

Incentive programs

The Annual General Meeting resolved, in accordance with the Board's proposal, to adopt a long-term incentive (LTI) program for the CEO. The main purpose of the LTI is to strengthen Haldex's financial development by promoting common interest between the CEO and the Company. Participation in the LTI requires a personal investment in Haldex shares.

The Board intends to propose to the 2022 Annual General Meeting that a new LTI program be established, to be effective from 2022 onwards for other senior executives.

Internal control

The Board's responsibility for internal control is regulated by the Swedish Companies Act and the Swedish Code of Corporate Governance. Internal control within Haldex is a process that is controlled by the Board of Directors and the Audit Committee and is exercised by the CEO and Group Management.

Internal control has been designed to ensure, as far as possible, that Haldex has appropriate and reliable reporting and compliance with applicable laws and other statutory instruments. The process is based on a control environment that creates a structure for other parts of the process, such as risk assessment, control activities, information and communication and follow-up. This report on internal control and risk management has been prepared in accordance with the Annual Accounts Act and the Swedish Code of Corporate Governance, and is thus limited to a description of the most important elements of Haldex's system for internal control and risk management with regard to financial reporting. The Board monitors and ensures the quality of external financial reporting in the manner documented in the Board's rules of procedure, in the instruction for the CEO and in the Group's financial policy. The CEO is responsible, together with the CFO, for review and quality assurance of all external financial reporting such as interim reports, year-end reports, annual reports, press releases with financial content and presentation material in connection with meetings with mass media, shareholders and financial institutions. The CEO and CFO provide all interim reports, year-end reports and annual reports for review by the Audit Committee. The Board is responsible for ensuring that the company's financial reports are prepared in accordance with applicable laws, accounting standards and other requirements for listed companies. The Board's instructions to the CEO also contain a requirement to continuously provide the Board with internal summary reports on economic conditions. These reports are to include income statements and balance sheets, measurement issues, assessments, forecasts and any changes and the consequences thereof, any changes regarding accounting rules, legal matters and disputes and are to be presented to the Board.

Control environment

The Board of Directors has adopted a number of policy documents for the company's internal control and governance. The Board has an Audit Committee. The Audit Committee, which prepares matters for the Board, deals with issues such as the internal control process, follows up reporting matters and discusses accounting policies and the consequences of changes to these policies. In addition, the Audit Committee maintains continuous contact with the external auditors. The committee is responsible for the evaluation of the audit work as well as the auditors' efficiency, qualifications, fees and independence. The Audit Committee also normally assists the Nomination Committee in proposals for the election of auditors and procurement of audit services.

Risk assessment

During 2021 Haldex implemented an enhanced global risk management process that is standardized across Haldex with clearer responsibilities in the regions and Group-wide functions. The risk management process includes responsibility for creating a risk register (identifying uncertainties that may impact the achievement of Haldex strategy and business objectives), prioritizing the risks, defining a risk response plan and conducting regular reporting and monitoring of the status of its response plan. Furthermore, the risk management plan is regularly followed-up by the Group Management (the Group's 10–15 most significant risks) and the Board of Directors (the Group's 5 most significant risks). The risks can be managed by tolerating, transferring, mitigating or eliminating them, with requirements for controls and control levels within the limits established by the Board of Directors, the CEO and the Group Management. For further information on the risks and risk management, see pages 58–63.

Instruments of governance

The instruments that form the basis of corporate governance in Haldex consist mainly of the Companies Act, the Annual Accounts Act, applicable regulations for companies listed on Nasdaq Stockholm, the Swedish Code of Corporate Governance and other relevant legislation and relevant provisions. The internal binding instruments of governance include the articles of association adopted by the general meeting of shareholders and the documents adopted by the Board for the Board of Directors of Haldex, instructions for remuneration and audit committees, instructions for the CEO of Haldex, information and insider policy and financial policy. In addition to the above, the Group has a number

of policies and manuals containing regulations and recommendations with principles and guidance for the Group's operations and employees. The Board's rules of procedure regulate the Board's division of work, the decision-making process within the Board, the Board's meeting schedule and the Chairman's duties. The work of the Board follows a set routine that aims to ensure that the Board's information requirements are met. The instructions to the CEO set out the CEO's responsibility for day-to-day administration, forms of reporting to the Board and the contents thereof, requirements for internal control instruments and questions that require the Board's decision or are to be communicated to the Board.

Control activities

The work on further developing internal control and governance is ongoing, with regular documentation, evaluation and introduction of new controls and improvement of existing controls.

Information and communication

Haldex has a system for informing and communicating in order to provide complete and accurate financial reporting. Haldex has a reporting system where all the Group's companies report monthly in a fixed format and according to specified accounting policies. In connection with the reporting, the reporting units make risk assessments and comment on current valuation issues and provisions. The central finance department prepares reports from the common system structured according to the Group's established report format. Responsible managers and controllers at various levels in the Group have access to information related to their particular areas of responsibility in this system. All the Group's governance documents for internal control and governance can be found on the Group's intranet.

Follow-up

Haldex's financial reporting is followed up on an ongoing basis, by management at various levels of the company as well as by the financial organization and controllers in the various business units. The follow-up is done monthly in connection with reporting, through analyses and reviews by responsible controllers and by business managers holding meetings with reporting units. The Audit Committee regularly communicates with the Company's external auditors and the Company's CFO, both during and between meetings. The Board receives a monthly report on developments in the company's operations. More detailed reporting is primarily done by the CEO at all Board meetings. The Board regularly assesses the risks associated with the financial reporting based on significant and qualitative factors.

Internal audit

Each year, the Board evaluates the need to set up a special function for internal auditing. In 2021, the Board considered that no such need existed. The Board made the assessment that internal control is mainly exercised:

- » By the operational managers at various levels
- » By the local financial functions and the central financial function
- » Through the Group Management's supervisory control
- » Through a self-assessment process where the companies evaluate their control activities. The self-assessment is reviewed and evaluated by internal resources.

The Board assesses that the scope of its own organization for internal control and the external audit combined mean that there is currently no need for an internal audit function. The decision is reviewed annually.

The Board of Directors
Landskrona, March 24 2022

THE AUDITOR'S OPINION ON THE CORPORATE GOVERNANCE REPORT

*To the Annual General Meeting of Haldex AB (publ),
corporate identity number 556010-1155*

It is the Board of Directors that is responsible for the Corporate Governance Report for 2021 on pages 45–49 and for it being prepared in accordance with the Annual Accounts Act.

We have read the Corporate Governance Report, and based on this reading and our knowledge of the company and the Group, we believe that we have a sufficient basis for our opinions. This means that our statutory review of the Corporate Governance Report has a different focus and a significantly smaller scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

We believe that a corporate governance report has been prepared and that its statutory information is consistent with the annual accounts and the consolidated financial statements.

Malmö, March 24, 2022
Öhrlings PricewaterhouseCoopers AB

Carl Fogelberg
*Authorized public accountant
Auditor in charge*

Patrik Larsson
Authorized public accountant

Board

**Håkan Karlsson**

Chairman of the Board since 2021. Chair of the Remuneration Committee and member of the Audit Committee.

**Stefan Charette**

Board member, member of the Audit Committee

**Catharina Modahl Nilsson**

Board member, member of Remuneration Committee

| | | | |
|--|---|---|--|
| Year elected: | 2020 | 2020 | 2020 |
| Current employment: | Business advisor | Chairman of the Board of Athanase Industrial Partner Ltd. | CTO at Traton Group |
| Other appointments: | Chairman of the Board of Gunnebo AB, Board member of TitanX and Safetyrespect AB. | Chairman of the Board of Distit AB, BuildData Group, Athanase Innovation AB and Celina Fondförvaltning AB. | Board member of Mohdalen Group AB, Knightec, Chairman of the Royal Swedish Academy of Engineering Sciences, Department of Mechanical Engineering |
| Born: | 1961 | 1972 | 1963 |
| Nationality/Resident in: | Swedish/Sweden | Swedish/Cayman Islands | Swedish/Sweden |
| Education: | M.Sc. Engineering | M.Sc. Finance, B.Sc. Electrical Engineering | M.Sc. in Vehicle Engineering from KTH |
| Previous experience: | Member of Volvo Group's Group Management for 17 years, heading several business areas: CEO Volvo Buses, EVP Non truck Business (Volvo CE, Volvo Bus, Volvo Penta and Group military business), President Group Trucks Asia & JVs, Chairman Volvo-Eicher Trucks & Buses, Vice Chairman Dongfeng Trucks | Board member of 16 public companies of which six as chairman. CEO of Creades AB, Investment AB Öresund, AB Custos and Brokk AB. | Former EVP R&D at Permobil. Approximately 30 years of experience in the commercial vehicle industry, a large portion of this time in several different managerial positions at Scania and Traton. Head of Chassis, Cabs, Complete Vehicle & Buses at Traton and Engineering Director Project Mgmt, Engineering Director Cab Development, Head of Product Planning and Head of Strategy & Brand Development at Scania |
| Dependent: | No | No in relation to company management / Yes in relation to major shareholders | No |
| Own and related parties' shareholdings in 2021: | – | 2,690,292 through Athanase Industrial Partner | – |
| Attendance of Board meetings: | 15 of 16 | 16 of 16 | 16 of 16 |
| Attendance of Audit Committee meetings: | 6 of 7 | 7 of 7 | – |
| Attendance of Remuneration Committee meetings: | 3 of 3 | – | 3 of 3 |
| Remuneration in 2021, SEK 000: | 800 | 350 | 325 |
| of which Board of Directors: | 700 | 300 | 300 |
| of which committees: | 100 | 50 | 25 |

Board members and deputy Board members appointed by employee organizations

**Per Holmqvist**
Employee representative for the PTK union branches

Year elected: 2014
Current employment: Global responsibility for production engineering issues
Born: 1961
Resident in: Sweden
Shareholding in 2021: 1,500 shares
Education: Technical upper secondary school
Attendance of Board meetings: 16 of 17

**Jihad Shako**
Employee representative of IF Metall union

Year elected: 2019
Current employment: Deputy chair of the local IF Metall union branch and works in spare parts production.
Born: 1960
Resident in: Sweden
Shareholding in 2021: –
Education: Technical upper secondary school
Attendance of Board meetings: 16 of 17

**Viveka Ekberg****Board member, Chair of the Audit Committee****Dzeki Mackinovski****Board member, member of Remuneration Committee****Detlef Borghardt****Board member**

| | | | |
|--|--|--|--|
| Year elected: | 2020 | 2020 | 2020 |
| Current employment: | Non-Executive Director & Chairman in public and private companies. | Executive Vice President Global Purchasing Kongsberg Automotive Zurich, Switzerland | Independent consultant |
| Other appointments: | Board member of Lindab, Dellner, AutoStore, Apotea and SPP Pension & Försäkring, among others. Chairman of the Board of CAAM Fund Services | Chairman of the Board of Kongsberg Automotive, Mulsjö site, Sweden | Board member of the Supervisory Board of TIP Europe BV |
| Born: | 1962 | 1965 | 1963 |
| Nationality/Resident in: | Swedish/Sweden | Swedish/Switzerland | German/Germany |
| Education: | M.Sc. in Business and Economics, Stockholm School of Economics | Upper secondary education, Business administration | Graduated Engineer, University of Hamburg of Automotive Engineering |
| Previous experience: | Has previously been CEO of PP Pension, Head of Nordics at Morgan Stanley Investment Management, Associate Partner at Brummer & Partners, Head of SEB Institutional Management and equity analyst at Alfred Berg Fondkommission and Affärsvärlden | More than 25 years of experience in purchasing in the commercial vehicle industry, much of this time in various managerial positions, most recently as Senior Vice President Global Purchasing at Knorr-Bremse AG in Germany and before that Vice President Purchasing Projects & Operations Asia Pacific at Volvo GTI, Shanghai. Prior to that, several different management positions in Volvo Trucks in both Sweden and the United States | 30 years of experience in the global commercial vehicle industry. Most recently as CEO and member of the Board of SAF-HOLLAND between 2011 and 2019 and before that in several different managerial positions within SAF-HOLLAND since 2000. Prior to that, 10 years of experience in the aluminum industry in the Alusuisse Group |
| Dependent: | No | No | No |
| Own and related parties' shareholdings in 2021: | 25,000 shares | – | – |
| Attendance of Board meetings: | 16 of 16 | 16 of 16 | 15 of 16 |
| Attendance of Audit Committee meetings: | 7 of 7 | – | – |
| Attendance of Remuneration Committee meetings: | – | 3 of 3 | – |
| Remuneration in 2021, SEK 000: | 400 | 325 | 500 |
| of which Board of Directors: | 300 | 300 | 300 |
| of which committees: | 100 | 25 | – |

**Per-Olof Bjällstål**
Employee representative of the PTK union branches, deputy member

Year elected: 2019
 Current employment: Project manager
 Born: 1971
 Resident in: Sweden
 Shareholding in 2021: –
 Education: Automation technology
 Attendance of Board meetings: 16 of 17

**Jimmy Emilsson**
Employee representative of IF Metall, deputy member

Year elected: 2019
 Current employment: Chair of the local IF Metall union branch
 Born: 1973
 Resident in: Sweden
 Shareholding in 2021: –
 Education: Social sciences specialization, upper secondary school
 Attendance of Board meetings: 15 of 17

Executive Management



| | Jean-Luc Desire | Lottie Saks | Fredrik Seglö | Mathias Carlsson | Nicola Gregory |
|--|--|---|--|--|---|
| Title | President and CEO acting EVP Global Sales & Product Management | CFO | Executive Vice President Product & Technology | Executive Vice President Purchasing | Executive Vice President Supply Chain & Operations |
| Education: | M.Sc. in physics of transfer of energy (Ecole Centrale Paris) and Executive Master of Business Administration (HEC Paris). | M.Sc. in Business and Economics, Uppsala University | B.Sc. in Mechanical Engineering | M.Sc. in Mechanical Engineering | Master of Business Administration |
| Born: | 1970 | 1967 | 1969 | 1975 | 1976 |
| Resident in: | Sweden | Sweden | Sweden | Sweden | Hungary |
| Other appointments: | – | Board member and Chairman of the Audit Committee of Sivers Semiconductors AB | – | – | – |
| Shareholding: | 16,000 | – | 2,000 | – | – |
| Outstanding shares LTI program: | – | – | – | – | – |
| Employed: | 2021 | 2020 | 1993 | 2013 | 1998 |
| In current position since: | 2021 | 2020 | 2020 | 2021 | 2020 |
| Previous experience: | Among other positions: Vice President General Manager ride control EMEA at TEN-NECO, Vice President CAR business at WABCO, vehicle project director at Peugeot Citroën | CFO of Cint, CFO OneMed, CFO Telenor Connexion, Head of Business Control OMX Technology Financial Markets, Finance Director Johnson & Johnson Nordics | Acting EVP APAC and various roles in Research and Development and Product Management within Haldex | Sourcing Director Haldex, VP Global Sourcing Manager Haldex, Nordic Purchasing Manager at Zumtobel, Global Commodity Manager at Scania | Plant Manager Haldex Ungern, Change Agent Haldex Global, Sourcing Director, Global Purchasing Manager, Supply Chain Manager, Buyer Haldex |



| | Walter Frankiewicz | Stephan Kulle | Feng Yin | Bea Legradi |
|--|---|--|--|--|
| Title | Executive Vice President Americas | Executive Vice President EMEA | Executive Vice President APAC | Executive Vice President Human Resources |
| Education: | B.Sc. Electrical Engineering | Master of Business Administration, University of Dortmund | Master of Business Administration, SDA Bocconi | Master of Business Administration, Human Resources Management and MA in English and American Studies |
| Born: | 1959 | 1967 | 1972 | 1975 |
| Resident in: | United States | Germany | China | Hungary |
| Other appointments: | – | – | – | – |
| Shareholding: | – | – | – | – |
| Outstanding shares LTI program: | – | – | – | – |
| Employed: | 2016 | 2020 | 2020 | 2022 |
| In current position since: | 2019 | 2020 | 2020 | 2022 |
| Previous experience: | Extensive experience of leading international roles in the automotive and manufacturing industries. He has been President of Bendix Spicer Foundation Brake LLC and Vice President and GM, Strategy and Business Planning and Global Chassis Systems for Meritor, to name some of the roles directly related to the industry in which Haldex operates | Extensive leadership experience in leading international innovation-driven companies in the automotive industry. Head of Automotive Division at Con-Pearl GmbH, light commercial vehicles (LCV) 2017–2019, Head of Sales for various global OEM & Tier 1/Truck customers (Benteler Automobiltechnik GmbH 2011–2016, Knorr-Bremse für Nutzfahrzeuge GmbH: Lead Account Executive Manager 2006–2011, Account & Project Manager Commercial Vehicles at Hella KGaA Hueck & Co 2000–2006, Mannesmann VDO, Account Manager Commercial Vehicles 1996–2000 | Various management positions in the automotive and energy industries. 2013–2019 General Manager for automotive lubricant business sector at Shell in China. 2012–2013 Vice President Sales and Project Management Chassis Division at Bosch In China | Sr HR Director CEE Region, HR Director Corporate Functions EMEA, HR Manager for Global Operations at Honeywell, HR Manager at Group Delhaize, HR Manager at Danone |

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Directors' report

The Board of Directors and the Chief Executive Officer of Haldex AB (publ), corporate identity number 556010-1155, hereby issue annual accounts and consolidated financial statements for 2021. The Directors' Report comprises information on pages 55–63, of which risks and risk management are described on pages 58–63 and the financial information is presented on pages 48–95. The Corporate Governance Report with additional disclosures can be found on pages 45–53. The Sustainability Report comprises pages 26–37.

The year in summary

2021 was characterized by a strong recovery from the COVID-19 pandemic. The increased level of activity in the market led to difficulties in the supply chain with both material and component shortages, especially in semiconductors, and consequently sharp price increases. There was also high demand for freight, and the cost of this increased significantly throughout the year. At the same time, demand for Haldex's products increased during the year, with a strong recovery evident in the Americas and Europe, while demand in Asia decreased slightly.

Sales for the year began in line with the previous year and grew organically by 1% in the first quarter compared to the same period last year. In the second quarter, sales grew organically by 42%, largely driven by the substantial impact of the COVID-19 pandemic in the second quarter of 2020. In the third and fourth quarters, organic sales grew by 26% and 19% respectively. Organic growth for the full year amounted to 21% compared to the previous year.

Sales to all three customer segments increased in 2021. Haldex's clear focus on the Aftermarket and Trailer segments produced results, where sales increased organically by 16% and 36%, respectively.

The work that started in 2019 and continued during 2020 to streamline the organizational structure continued to be an important focus area in 2021. The savings initiatives have for the most part now been implemented, with an expected positive effect of net SEK 12m 2022. Total cost savings through the different programs since 2019 therefore amount to about SEK 300m. Going forward, Haldex will focus on initiatives for improved product profitability. The steps taken towards a more flexible business model with a structural reduction of the cost base has had the desired effect and has resulted in a strong adjusted operating margin of 7.7%.

Capitalized finances and the aspiration to become more self-sufficient was another important focus area during the year. This increased focus led to a reduction in Haldex's net debt compared to the previous year.

Operations

Haldex offers proprietary and innovative solutions to the global commercial vehicle industry, dedicated to brake products and brake components for heavy trucks, trailers and buses. Haldex AB (publ) is the parent company of the Haldex Group. 'Haldex' refers to the Haldex Group, which consists of Haldex AB (publ) and its subsidiaries.

Sales

Sales for the full year totaled SEK 4,612m (4,007), corresponding to organic growth of 21% compared to the previous year.

Sales in Americas and Europe increased organically by 21% and 29% respectively compared to the previous year, while sales in Asia fell by 8%.

Haldex operates in the market via three customer segments: Truck, Trailer and Aftermarket. Sales in the Aftermarket segment totaled SEK 2,354m (2,132) for the full year, corresponding to an organic increase of 16%. The Aftermarket had high growth during the pandemic in 2020, and it is therefore positive that Haldex increased its net sales in 2021 despite the strong comparative period.

Sales in the Trailer segment totaled SEK 1,545m (1,174) for the full year, which represents an organic increase of 36% compared to the previous year. The sales increase is to a large extent explained by a strong recovery in Europe from the low levels during the COVID-19 pandemic, but also as a result of an increased focus on this customer segment.

Sales in the Truck segment totaled SEK 713m (701) for the full year, which represents an 8% organic increase compared to the previous year. The sales increase was largely driven by the recovery from the impact that the COVID-19 pandemic had on sales in 2020. However, the customer segment was also negatively impacted by the weaker market in Asia, particularly in China, during 2021.

Haldex operates in two main product areas, Foundation Brake and Air Controls. Foundation Brake focuses on wheel-end braking products, while Air Controls consists of products that improve the safety and driving dynamics of the brake system. Sales in the Foundation Brake product area totaled SEK 2,548m (2,200) in 2021, which organically is a 21% increase compared to the same period of the previous year. Sales in the Air Controls product area totaled SEK 2,064m (1,807) in 2021, which is 20% organic increase compared to the previous year. Foundation Brake accounted for 55% of total sales and Air Controls for 45% of total sales in 2021, which is in line with the previous year.

Profit

Operating income excluding non-recurring items totaled SEK 357m (163) for the full year, which is equivalent to an adjusted operating margin of 7.7% (4.1).

The sales increase had a large impact on the operating profit in 2021. Sales increased organically by 21%, which had a positive effect on operating profit of approximately SEK 215m. The strong sales growth in the Trailer segment, however, resulted in a relatively lower share of aftermarket sales, which had a negative impact on margin. The supply chain was strained throughout the year, resulting in increased material and freight costs. Haldex has to some extent managed to mitigate the effect of these by raising prices to its customers. The gross margin in 2021 was 27.3%, which is in line with the previous year. The gross margin was positively impacted by the full-year effect of production transfers implemented within the structural savings programs.

A major focus area in recent years has been the strategic review, which has resulted in a number of restructuring and savings programs, partly to counteract the negative impact of the COVID-19 pandemic but above all because Haldex has historically had too large a cost base for the business the company is engaged in. In 2021, structural savings totaled SEK 154m and were a strong contributing factor to reach the adjusted operating margin of 7.7% (4.1).

The reported operating margin for the full year of 7.4% (–2.5) which is the highest since the split of the Group in 2011. In total, operating profit was negatively affected by non-recurring items of net SEK 16m (263), where the sale of a property at the beginning of 2021 had a positive effect on profit of SEK 13m, while profit was negatively impacted by restructuring costs and external legal costs of SEK 28m and SEK 1m, respectively. No government grants related to COVID-19 was received in 2021. In 2020, government grants totaled SEK 12m.

Profit before tax was SEK 286m (–189) for the year. Profit after tax was SEK 228m (–300) for the year, equivalent to earnings per share of SEK 4.65 (–6.44).

Transactions and partnerships

In 2021, Haldex succeeded in securing a number of deals in both strategic partnerships and larger-volume transactions.

A joint venture was formed during the second quarter with FAST Group to produce and sell disc brakes and aftermarket service, focusing initially on China. The joint venture prepared for production during the autumn 2021 and will be ready for market introduction in 2022.

During the third quarter, an agreement was signed with one of the world's largest manufacturers of heavy trucks for delivery of Haldex's disc brake. The deal is an important milestone for Haldex's continued growth in the truck segment in addition to the already strong position in the trailer market. The contract includes an embedded agreement to equip an exhibition truck with Haldex electromechanical brake, which is under development. The breakthrough of introducing the next-generation braking solution to the European market strengthens confidence in Haldex's ability to continue to create business opportunities and meet the new market requirements for braking systems in connected, electric trucks and trailers.

During the fourth quarter, the team in the Americas secured a position with a leading axle manufacturer as a supplier of Haldex's disc brake. Haldex worked with a globally recognized fleet to recommend the Haldex product in a process known as 'fleet-pull-through', which resulted in a launch and specification of Haldex's disc brake. Many see this customer as a trendsetter in the industry, which will be beneficial to future disc brake sales in the region.

Cash flow

Cash flow from operating activities for 2021 totaled SEK 296m (215). The improvement is mainly due to the increase in operating profit for the year. The cash flow from operating activities before changes in working capital increased by SEK 150m compared to the previous year. The cash flow from operating activities was substantially better in the second half of the year than in the first half, mainly due to a reduction in working capital.

Investments, including capitalized development expenses, totaled SEK 173m (245) and cash flow after investments was SEK 123m (–30). Total cash flow amounted to SEK 111m (158) for the full year.

Financial position

At December 31, 2021, the Group's net debt totaled SEK 1,257m (1,360), of which SEK 1,032m (888) relates to interest-bearing liabilities, SEK 359m (334) to lease commitments under IFRS16 and SEK 463m (578) to pension liabilities.

Net debt excluding IFRS 16 was positively impacted by SEK 67m from the sale of a property in early 2021. In addition to this item, SEK 226m is attributable to investing activities, which consists of both capitalized product development and investments in machines and other equipment. Net debt is also affected by the company's earnings. A remeasurement of pension liability, principally due to higher interest, reduced net debt by SEK 115m, while lease commitments through IFRS 16 increased net debt by SEK 25m.

The equity/assets ratio was SEK 35% (29) at the end of the year.

Loan financing for Haldex consists primarily of a bilateral loan maturing in April 2023 of SEK 270m and a syndicated credit facility of EUR 90m also maturing in April 2023.

Seasonal effects

Haldex does not have any significant seasonal variations. However, sales are affected by the production schedules of customers, resulting in lower sales during holiday periods and at times when customers are closed for public holidays, for example at the end of the year.

Employees

At the end of the year, there were 2,003 (1,990) employees, 13 more than at the end of 2020. The increase in the number of employees is mainly due to more employees in production as a result of higher volumes and increased sales.

Haldex shares

Haldex shares are listed on Nasdaq Stockholm, Mid Cap. Share capital totals SEK 243m, divided into 48,637,567 shares, where each individual share has a quotient value of SEK 5. There is only one class of shares in Haldex and all shares represent one vote. At December 31, 2021, Haldex held 11,705 treasury shares. No purchases or sales of treasury shares were made during the financial year. For more information, see the section on Shares on pages 105–106.

Sustainability report

Haldex's sustainability vision is to contribute to society by improving the safety and efficiency of vehicles with the performance of its products and optimization of resources. Four areas have been identified as being key to making a real difference – Safe, Ethical, Green and Humane Haldex.

Sustainability permeates the business, and the Group's sustainability work is commented on and described in several places in the annual report. Haldex's sustainability report formally consists of a description of the safe, ethical, green and humane Haldex on pages 26–37, but content related to sustainability can also be found in the CEO's statement on pages 6–7, market trends on page 8–9, strategy on pages 10–15 and risks and risk management on pages 58–63.

Guidelines for remuneration of senior executives

Guidelines for remuneration of senior executives are decided upon by the Board. In 2021, remuneration consisted of both fixed salary and variable performance-based remuneration. For more information on remuneration of senior executives, see Notes 9 and 10 on pages 76–77 and Note 35 on page 87.

Parent Company

Haldex AB (publ), corporate identity number 556010-1155, is a registered limited liability company with registered office in Landskrona, Sweden. Haldex AB shares are listed on Nasdaq Stockholm, Mid Cap. The parent company fulfils head office functions, including the corporate finance function. Net sales for the Parent Company totaled SEK 110m (104) in 2021. Profit after tax was SEK –187m (–248).

Management team changes

A number of changes to the Haldex management team took place in 2021:

- In June 2021, Jean-Luc Desire Haldex as President & CEO, replacing Helene Svahn who left the company.
- The EVP Legal left the company in April 2021. The new Head of Legal reports to the CFO.
- An EVP Purchasing joined the management team in November 2021.
- The EVP Human Resources left the company in December 2021 and was replaced after year-end.

Read more about the Group Management on pages 52–53.

Future trends

In addition to the number of newly manufactured vehicles, Haldex's market is also affected by the requirements of customers and legislation. Technological development towards electrified vehicles has accelerated. Other examples of technological trends are increased focus on safety and environmental awareness, combined with the increasing importance of vehicle dynamics and lighter vehicles to reduce fuel consumption. The technology shift from drum brake to disc brake in both North America and China as well as legislation in China for automatic

brake adjusters on newly manufactured vehicles will continue to have a positive impact on Haldex's business. In markets outside Europe and Americas, there is a clear trend towards customers increasingly demanding solutions at a more advanced technical level. This is especially true in large markets such as India and China.

Haldex' vision and strategy

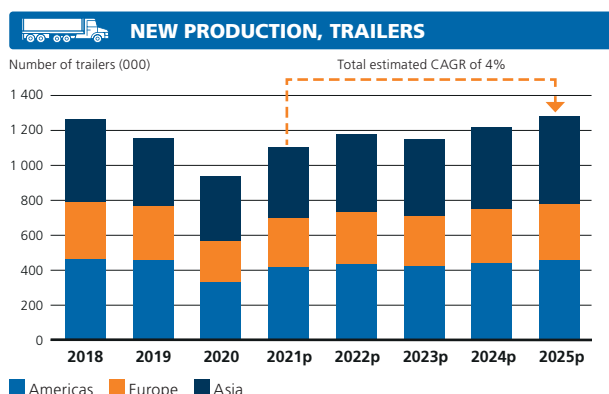
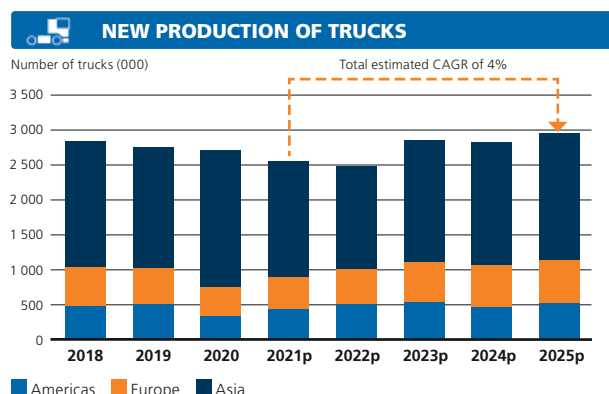
At the end of the year, a new vision was launched – Driving Innovation for a Safer and Greener World – with a renewed strategy to 2025. Haldex drives innovation within braking systems, actively moving ahead of the industry. Haldex's solutions are safer in terms of braking stability and greener in terms of energy efficiency. Through strategic partnerships, Haldex challenges existing technology while remaining an independent partner in the value chain.

The 2025 strategy consists of three pillars – optimizing current operations, capturing strategic opportunities and integrating sustainability into the business model. By implementing strategic activities under each pillar, Haldex will achieve a sustainable market position and profitability level, while contributing to a sustainable environment.

Outlook for 2022

External new production forecasts provide insight into how the market is expected to develop. However, Haldex does not have an even distribution of revenue between the two customer segments Truck and Trailer and does not necessarily share forecaster's view of the future. Haldex therefore provides its own combined view of how the company sees each market developing.

Haldex anticipates growing more rapidly in terms of sales than the rate of growth in demand for newly produced heavy vehicles and trucks in each market. Market data indicates that the OEM market in 2022 is expected to approach the levels prevailing prior to the start of the COVID-19 pandemic. Market data on the aftermarket is lacking, but Haldex's assessment is that it follows the general economic trend in each market. An economic recovery and increased utilization of capacity in heavy road transport are anticipated for 2022.



Source: LMC Automotive (trucks), CLEAR International Consulting Ltd. (trailers)

The supply chain is, and is expected to continue to be, strained due to increased costs for raw material and freight and component shortages. There is great uncertainty about these external factors where market developments are closely monitored, and measures are taken where necessary.

Following the ongoing military attack on Ukraine, Haldex has suspended trade with Russia and Belarus. This situation may affect the future prospects of both the company and its customers and lead to further raw material price increases and supply chain challenges. Haldex is closely monitoring developments and the related impact on operations, and employees and will continue to take the necessary action.

Significant events in 2021

| | |
|-----------------|--|
| February | <ul style="list-style-type: none"> The year-end report for the full year 2020 is published. |
| April | <ul style="list-style-type: none"> Haldex enters into an agreement for a joint venture in China with FAST Group. The EVP Legal leaves the company. The position in the management team is not replaced and instead becomes part of the CFO's responsibilities. Quarterly report for the first quarter is published. |
| May | <ul style="list-style-type: none"> Haldex Annual General Meeting is held on 26 May. |
| June | <ul style="list-style-type: none"> Jean-Luc Desire takes up the role of President & CEO, succeeding Helene Svahn. |
| July | <ul style="list-style-type: none"> Agreement to supply disc brakes to one of the world's largest manufacturers of heavy trucks. New financing in place, consisting of a loan of SEK 270m and a credit facility of EUR 90m. Quarterly report for the second quarter is published. |
| October | <ul style="list-style-type: none"> Quarterly report for the third quarter is published. |
| November | <ul style="list-style-type: none"> The management team is strengthened by two positions, EVP Purchasing and EVP Global Sales and Product Management, to support the strategy. The new generation of EBS is launched at Solutrans, a trade fair in Lyon, France. |
| December | <ul style="list-style-type: none"> Haldex launches new vision and strategy at the capital market day. Disc brake business in the US secured through fleet-pull-through. The EVP Human Resources leaves the company and is replaced after the end of the year. |

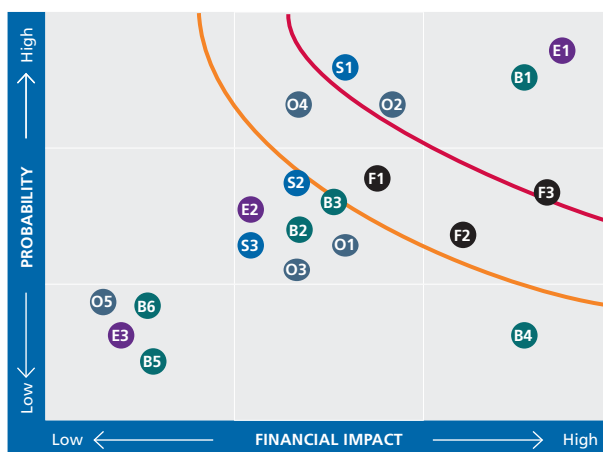
Significant events after the balance sheet date

- In March 2022, Haldex signed a long-term agreement with KRONE Commercial Vehicle Group, a leading trailer manufacturer, for the supply of the fourth generation Electronic Brake System (EBS) platform for trailers.
- An error in historical periods totaling SEK 60m regarding inventory in Region Americas has been discovered and corrected in connection with the company's internal control work. In all material aspects, it is attributable to historical periods before 2018. An adjustment has been made in the opening balance 2020 between equity, inventories and deferred tax assets, and with corresponding amounts at the end of 2020 and 2021. The opening balance at January 1, 2020 for inventories has been reduced by approximately SEK 60m, while deferred tax assets increased by approximately SEK 15m. This means that the opening balance at January 1, 2020 for equity has decreased by SEK 45m, see changes in Group equity on page 66.

Risks and risk management

Uncertainty about future events is a natural element of all business activity. The ability to identify, evaluate, manage and monitor risks plays a key role in the governance of Haldex. The objective is to implement the Group's strategy with a well thought-through and well-balanced risk level.

| Strategic risks | Business-related risks |
|---|--|
| S1 Economy | B1 Competition |
| S2 Product development | B2 Customers |
| S3 Intellectual property rights and patents | B3 Suppliers |
| | B4 Quality and warranty |
| | B5 Compliance with trade rules and sanctions |
| | B6 Business ethics and compliance |
| External risks | Treasury and Financial risks |
| E1 Global risks | F1 Currency and interest |
| E2 Legal and regulatory risk | F2 Credit risk |
| E3 Environment | F3 Financing |
| Operational risks | |
| O1 Production | |
| O2 Raw materials | |
| O3 IT and infrastructure | |
| O4 Employees | |
| O5 Health and safety | |



Sensitivity analysis

Haldex's earnings are affected by several factors. The table below shows the estimated effects on operating profit (SEKm) of changes in selected variables and the sensitivity to changes in these variables.

| Type of risk | Change (+/-) | Impact+/- in SEKm 2021 | Im-pact+/- in SEKm 2020 | Sensitivity |
|---------------------|--------------|------------------------|-------------------------|-------------|
| Price adjustment | 5% | 231 | 200 | High |
| Sales volume | 5% | 63 | 55 | Medium |
| Raw material prices | 5% | 133 | 109 | High |
| EUR rate | 10% | 24 | 9 | Low |

| Risk | Policy/Action |
|---|--|
| STRATEGIC RISKS | |
| Economy | |
| Demand for Haldex's products is dependent on demand for transport, which, in turn, is driven by global trade trends, infrastructure needs, environmental and safety legislation, and economic growth. Although Haldex does business in several segments, products and markets, revenue and profitability are heavily dependent on the aftermarket. | <p>Haldex mitigates economic impact by operating in a number of geographic markets. Haldex balances demand, to a certain extent, by operating in both the OEM market (Truck and Trailer customer segments) and the Aftermarket. During an economic upturn, sales in Truck and Trailer usually increase. During a downturn, owners keep their vehicles longer and demand for spare parts grows in the aftermarket. Haldex monitors official production statistics closely to ensure early detection of fluctuations in demand and thus adapt production volumes.</p> <p>Strategic initiatives are defined and potential acquisitions are considered to ensure growth in the aftermarket segment.</p> |
| Product development | |
| Demands from users and regulators for increased safety and improved environmental and vehicle dynamic performance are leading to new demands for, and requests regarding, the products offered by Haldex. It is therefore essential to continuously develop new products or improve existing products that meet these demands, so that market share is not lost to competitors. | <p>A key part of Haldex's strategy involves the development of new products in areas that the Group considers important for continued growth and/or to maintain market share. Every year, Haldex invests a considerable amount in research and development, which is expected to provide good opportunities for monitoring and also, in some areas, for leading development.</p> <p>When developing new products, there is always a risk that a product launch will fail for some reason. Since the Group capitalizes expenditure for major development programs, a failed launch could give rise to an impairment requirement.</p> <p>The Group's total product development expenditure (excluding depreciation) was SEK 184m (216) in 2021, of which capitalized development expenses were SEK 87m (109) at December 31, 2021. See page 22 for more information.</p> |
| Intellectual property rights and patents | |
| Haldex is entitled to use patents and trademarks for the products that the company manufactures and sells. These have been accrued over a long period of time and are valuable to the Group. | Haldex carefully and continuously monitors the status of patents and protects its own patent innovations to the greatest extent possible. Haldex also carefully monitors the operations of its competitors to avoid infringing patents currently owned by other parties. The risk of unlicensed copies of Haldex products has increased in recent years, particularly in the Asian markets. |
| EXTERNAL RISKS | |
| Global risks | |
| Haldex's global operations entail a risk that Haldex will be affected by world events outside its direct control, for example in the event of a global pandemic or changing geopolitical situations. | <p>Exercising contractual rights and enforcing contractual obligations can be difficult in global crises. Monitoring events in the outside world in order to be able to react quickly to situations that may have a significant impact on the company is therefore high on the agenda of both management and the Board.</p> <p>The COVID-19 outbreak led to global challenges in both 2020 and 2021, with lower demand from customers and difficulties for suppliers in delivering parts and components. Both sales and operating margin have been negatively impacted by the global pandemic. Haldex has implemented significant savings programs, both long-term and short-term (including workforce reductions, relocation of production, reduced travel and material savings) to mitigate the impact of lower demand. Haldex has been able to manage the turbulent situation caused by the pandemic well, with only limited disruption to operations as a whole.</p> |
| Legislation | |
| The global nature of Haldex's operations means that we are subject to numerous laws, regulations, rules, agreements and guidelines, including those related to the environment, health and safety, trade restrictions, competition restraints and exchange control regulations. | <p>With a focus on the activities conducted at local and regional level, Haldex continuously monitors the rules and regulations in each market. The Group works to adapt its products and operations to identified future changes.</p> <p>Regulatory changes could impact the Group's operations, both positively and negatively. One example of regulatory change with a positive impact on Haldex's operations is the shift towards electromechanical brakes. Stricter environmental legislation, for example, could lead to increased demand for a certain product but may also require the development of new features that the product does not have.</p> |
| Environment | |
| Haldex's production sites consume large amounts of energy, and handle raw materials and, in certain cases, hazardous waste. Incorrect or inefficient handling poses a risk to the environment. | For many years, Haldex has applied a comprehensive environmental program with strict policies and regulations. For a few years, these efforts at all production sites have been followed up within the 'green performance map' that charts the entire process, from the raw materials brought in to the amount of energy consumed and the resulting waste. Targets for reducing the various component processes are set at each site and measured both centrally and locally. Haldex has invested in several new systems to reduce environmental impact and has not had any incidents involving escapes or faulty handling of hazardous substances. |

| Risk | Policy/Action |
|--|---|
| OPERATIONAL RISKS | |
| Production | |
| In Haldex's production and remanufacturing facilities, fires, breakdowns and other types of incidents can result in damage to the facility and injury to the employees who work there, thus causing delivery problems. | Since Haldex has production at several sites for most products in the same product line, the consequences of a disruption can be minimized by increasing production at other facilities. Warehousing is available through Haldex distribution centers to minimize the impact of short-term delays in production. An external risk consultant assesses each site at least every second year with regard to fire prevention. In addition, each site has a contingency plan which is regularly updated. |
| Raw materials | |
| Component shortages and higher raw material spot prices risk negatively impacting Haldex's profitability. | Raw material market prices are monitored, analyzed and reported on a monthly basis. Where possible, customer contracts include raw material price clauses to pass on price increases from supplier to customer. In cases where price clauses are not included, Haldex renegotiates the agreements if the price trend for raw materials has significantly changed. |
| IT and infrastructure | |
| Effective information management, enabling the operations to share and process information, both internally and externally with customers and suppliers, is important. The primary risks are: <ul style="list-style-type: none"> – Disruption of critical information systems. – Disclosure of sensitive information to unauthorized parties. – Strategic or sensitive information being modified or tampered with. | Haldex has a central unit for global control of IT/IS that is responsible for information security and system stability. Haldex continues to work for a global ERP cloud solution with the aim of increasing database security and governance control as well as increasing service levels and improving opportunities for producing reports from these systems. By increasing efficiency and integrating with customers and suppliers with modern technology, the risk of cyberattacks decreases. The geographic spread of the Group enables a diversification of risk, where potential disruption would have a limited impact. In order to further secure infrastructure availability and stability in the short term, Haldex has moved all critical servers to a professional service provider. |
| Employees | |
| The ability to attract talented employees and retain key individuals is of great significance to Haldex's continued success. | <p>To create favorable conditions for attracting and retaining employees, Haldex's HR work focuses on three areas: knowledge development, leadership and corporate culture. In recent years, Haldex has strengthened its work in leadership development to be an attractive employer. Opportunities to work in different geographic regions, a structured program for further development, and flexible and competitive remuneration models have been designed to enable employees to be recruited and retained. The area in which recruitment is most challenging is software development.</p> <p>With the implemented changes in the organization (closing of sites, restructuring and cost-saving initiatives) the risk in retaining and recruiting employees has increased as insecurity about the company's future organization has increased. The reinforcements that are continuously made in terms of communication, leadership development and other culture-strengthening activities should reduce this risk in the long term.</p> <p>The COVID pandemic in 2020 and 2021 has to some extent halted the regular mobility in the labor market, and there is a risk that this mobility will increase to higher level than normal when the situation in society returns to more normal. To mitigate this risk as far as possible, Haldex will continue to focus on retaining key talent through the activities mentioned above, and also highlight those activities when attracting new staff.</p> |
| Health and safety | |
| Accidents and inadequate safety at Haldex's facilities could result in injuries or fatalities. | <p>The physical safety of staff is a top priority, and systematic efforts to prevent accidents are made daily, particularly at the Haldex production sites where the risks are highest. Safety observations are carried out where employees teach each other in groups to identify work posing a risk. Haldex gives every employee a mandate to stop an activity or process that they judge to be unsafe. Haldex encourages ongoing feedback through safety observations involving the majority of employees.</p> <p>Observed risks together with safety incidents and accidents are managed by the policies and working methods devised in the Safety First framework. All relevant staff are trained in the Safety First framework.</p> |
| Health risks also include mental illness due to harassment, high stress levels and poor working conditions. | For a number of years, Haldex has intensified its efforts in the area of a good working environment by addressing its values, behavior and leadership training. Haldex values, 5C principles and Code of Conduct are reviewed by all employees on a regular basis to ensure continued awareness and to uphold guiding principles. Haldex also has a whistleblower hotline where employees can alert the company to potential wrongdoing. The COVID-19 pandemic put extra pressure on the organization during 2020 and 2021 in terms of ensuring good working conditions. Haldex has monitored the situation closely in all countries and put necessary safety measures in place, always following local national law and regulations. Since October 2021, Haldex has conducted weekly employee surveys, replacing the previous annual employee surveys. |

| Risk | Policy/Action |
|---|--|
| BUSINESS-RELATED RISKS | |
| Competition | |
| <p>The commercial vehicle industry is highly competitive, with tight margins. Due to Haldex's size and the intense competition it faces, there is a risk of entering into agreements with customers and suppliers that are unfavorable to Haldex.</p> | <p>Before entering into significant and/or strategically important customer contracts or submitting quotations, they are carefully reviewed through a Bid Board process, which includes a review of pricing, bill of materials, volume, R&D and global product profitability, as well as a comparison of the offering with competition, market prices and market shares. An assessment of the contractual exposures is part of the review and approval process.</p> <p>There are economies of scale in the industry in which Haldex operates. On the other hand, a smaller company, such as Haldex, has greater opportunities for rapid decision-making and flexibility towards customers.</p> |
| Customers | |
| <p>There are only a few large truck and trailer manufacturers, and all of them are customers of Haldex.</p> | <p>Despite having large companies in the customer portfolio, no single customer accounts for more than 10% of sales. Haldex's 10 largest customers account for around 40% of sales. The 20 largest customers account for around 55% of sales. While the loss of a customer, or the loss or delay of a major contract, has a limited impact on Haldex as a whole, it could have a major impact on an individual unit and/or product line.</p> <p>Haldex has been collectively affected by the global pandemic as many customers in the same market have responded to the pandemic in much the same way. This has caused more volatile market and demand, thus reducing the benefit of balanced customer portfolio.</p> |
| Suppliers | |
| <p>Haldex is dependent on a large number of suppliers. The loss of a key supplier could lead to additional costs and problems in manufacturing.</p> | <p>To reduce risk, every supplier is carefully assessed, and visits are normally made to the largest suppliers before agreements are signed. For selected components, more than one supplier can be used. Geographic balance is considered in combination with dual sourcing. Haldex continuously assesses all key suppliers to ensure that they meet the specified requirements. During the COVID-19 pandemic, Haldex has created systems for remote assessment and evaluation of suppliers.</p> <p>Defaulted or delayed deliveries cause production problems. The risk is reduced by balancing delivery time against the cost of stocking components and, where economically feasible, by purchasing components and raw materials from the geographic region in which the production facility is located. Haldex has approximately 900 suppliers worldwide.</p> |
| Quality and warranty | |
| <p>Haldex is exposed to complaints in cases where the Group's products do not work as intended. In such cases, the Group is obliged to rectify or replace the defective products.</p> | <p>Product recalls refer to cases where an entire production series or a major part thereof must be recalled from customers for rectification of deficiencies. This occurs occasionally in the automotive industry. The Group has no insurance cover for complete product recalls, only access and restoration insurance. The assessment is that the cost of such insurance is not proportionate to the insured risk. Should a product cause injury to a person or property, the Group may be held liable. Haldex is insured against such product liability. Over the past decade, no substantial product liability claims have been lodged.</p> <p>The Group regularly assesses its risk exposure relating to product, customer and warranty commitments and assesses cases on an ongoing basis, judging the need to make provisions for outflows of resources based on the best possible estimates and assessments. Each incoming case is classified in one of the three categories: minor cases, moderate cases and product recalls. Haldex strives to minimize risks regarding complaints, product recalls and product liability through extensive long-term testing during the development process, and through quality checks and controls in the production process.</p> <p>Warranty expenses for 2021 totaled SEK 39m (32), equivalent to 0.8% (0.8) of sales. Of total warranty expenses, SEK 0m (0) is recognized as non-recurring expenses.</p> |
| Compliance with trade rules and sanctions | |
| <p>With global operations and handling of raw materials in production, there is a risk that Haldex will infringe international trade rules, including sanctions.</p> | <p>The regulatory framework for international trade is complex and Haldex has dedicated staff working full-time to check and monitor, ensuring that Haldex complies with current regulations, including sanctions.</p> |

| Risk | Policy/Action |
|---|---|
| Business ethics and regulatory compliance* | |
| <p>Infringements of corruption and competition laws can have serious negative consequences for the business, including damage to the Group's reputation, legal proceedings, fines or imprisonment for employees. The Group may also be affected by claims brought by persons or companies affected by alleged non-compliance.</p> | <p>The Haldex Code of Conduct is fundamental to all operations, and it is clear that unethical behavior is not acceptable. Since 2015, all employees have been regularly trained in Haldex's global Code of Conduct and sign to confirm that they understand the Code and will comply with it. A digital training course was introduced in 2019. The aim is to train 100% of employees in the Code of Conduct. 100% (89) were trained in the Code of Conduct in 2021.</p> <p>All unethical behavior in the form of bribery, corruption or fraud is reported to the police without exception, in accordance with Haldex's policy.</p> <p>Whistleblower procedures are in place to enable employees to raise the alarm when an irregularity is detected. Haldex has opted for a more ambitious level in its Code of Conduct than the legislation in some countries requires.</p> |
| <p>Haldex's reputation could be affected if customers become engaged in dubious activities or do business in countries with human rights issues.</p> | <p>Haldex's customers are typically companies with a good reputation who have established policies and processes with regard to ethical issues. The risk of negative impact on Haldex's reputation due to dealings with customers is considered quite low.</p> |
| <p>There is a risk of suppliers causing problems for Haldex if they do not comply with applicable laws or otherwise behave in an unethical manner.</p> | <p>Haldex has developed a special Code of Conduct for suppliers that clarifies the requirements Haldex places on its partners. The aim is for all suppliers to have signed the Code of Conduct. Although not all suppliers have yet signed the Code, work is progressing steadily, and the suppliers have been informed that they may only deliver to Haldex if they comply with the Code. All major suppliers are paid visits on an ongoing basis, and to some extents so too are smaller suppliers. If anomalies are suspected, a visit is always immediately made and partnerships have been discontinued merely on suspicion of anomalies. Haldex's Code of Conduct represents a higher level than local legislation in many of the countries where the suppliers are based.</p> <p>The COVID-19 pandemic has prevented regular visits to suppliers, and remote audits and video calls have been used in place of physical visits. Additional efforts have been deployed by the Supply Chain team to secure supplier capacity to cope with the fluctuation in demand.</p> |

* See the Sustainability Report and the section Ethical Haldex on pages 26–37 for more information.

| Risk | Policy/Action |
|------|---------------|
|------|---------------|

TREASURY AND FINANCIAL RISKS

Currency

Haldex is exposed to currency risks due to its international operations. Currency fluctuations impact the Group's income statement and balance sheet in the form of both transaction risks and translation risks.

In 2021, the net inflow of foreign currencies totaled approximately SEK 216m (24). The currency pairs with the greatest potential impact on earnings in flows are EUR/SEK, USD/CAD and EUR/GBP. A change in the exchange rate of 10% is estimated to impact net profit prospectively as follows:

| Impact of currency fluctuations on earnings of (+/- 10%) SEKm | Dec. 31, 2021 | Dec. 31, 2020 |
|---|---------------|---------------|
| EUR/SEK | -/+ 24 | -/+ 9 |
| USD/CAD | +/- 11 | +/- 9 |
| EUR/GBP | -/+ 13 | -/+ 12 |

The above figures are prior to taking account of Haldex's currency hedges in accordance with the Group's Treasury Policy.

Net assets (i.e. equity) in foreign subsidiaries represent investments in foreign currencies that give rise to a translation difference when converted to SEK. The Treasury Policy has a framework for how the translation exposure that arises should be managed in order to control the effect of the translation differences on the Group's capital structure. At the end of 2021, the value of the Group's net assets, meaning the difference between capital employed and net indebtedness, was SEK 1,630m (1,158) and comprised the following currencies:

| SEKm | Dec. 31, 2021 | Dec. 31, 2020 |
|-------|---------------|---------------|
| SEK | 509 | 335 |
| USD | 396 | 334 |
| EUR | 134 | 26 |
| GBP | -39 | -87 |
| INR | 63 | 53 |
| CNY | 343 | 305 |
| Other | 224 | 192 |

Credit risk

Credit risk arises when a party fails to fulfil its financial obligations, in so doing causing a financial loss for the other party.

The risk of customers defaulting on payments for delivered products is minimized by carefully monitoring new customers, by strict routines for following up the payment behavior of existing customers and by taking out credit insurance, in accordance with the financial policy. At December 31, 2021, the Group's net accounts receivable totaled SEK 735m (619) and are recognized at the amounts expected to be paid. Haldex's bad debt losses usually amount to less than 0.1% of sales.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will have a negative impact on the Group's earnings.

As the Group did not have any significant holdings in interest-bearing assets at December 31, 2021, cash flow from operating activities in all material respects is independent of changes in market interest rates. At December 31, 2021, SEK 1,020m (920) of the loan debt had an average variable interest rate of 1.80% (2.40). A change in the interest rate of one percentage point would have an impact on the cost of the Group's borrowing of approximately SEK 10m (9) after tax.

This is a summary of the financial risks. All financial risks are described in detail in Note 4 on pages 73–74, together with a presentation of the Group's use of financial instruments.

Consolidated income statement

| Amounts in SEKm | Note | 2021 | 2020 |
|---|---------------------|--------------|--------------|
| Net sales | 5 | 4,612 | 4,007 |
| Cost of goods sold | 13 | –3,352 | –2,914 |
| Gross profit | | 1,260 | 1,093 |
| Selling expenses | 13 | –491 | –455 |
| Administrative expenses | 12, 13 | –310 | –350 |
| Product development expenses | 13 | –120 | –131 |
| Share of profit from joint venture | | –20 | –24 |
| Other operating income and operating expenses | 6, 9 | 22 | –233 |
| Operating profit | 6, 7, 9, 10, 11, 18 | 341 | –100 |
| Interest income | 14 | 4 | 0 |
| Interest expense | 14 | –31 | –42 |
| Other financial items | 14 | –28 | –47 |
| Profit before tax | | 286 | –189 |
| Tax | 15 | –58 | –111 |
| Net profit for the year | | 228 | –300 |
| <i>Net profit attributable to:</i> | | | |
| Parent Company shareholders | | 226 | –304 |
| Non-controlling interests | | 2 | 4 |
| Earnings per share, SEK (basic and diluted) | | 4.65 | –6.44 |
| Average number of shares, thousands | | 48,626 | 47,152 |

Consolidated statement of comprehensive income

| Amounts in SEKm | Note | 2021 | 2020 |
|---|--------|------------|-------------|
| Net profit for the year | | 228 | –300 |
| Other comprehensive income | | | |
| Items not to be reclassified to the income statement | | | |
| Remeasurement of pension obligation, after tax | 15, 30 | 118 | –38 |
| Total | | 118 | –38 |
| <i>Items that may be reclassified to the income statement</i> | | | |
| Change in hedging reserve, after tax | 15 | 2 | 0 |
| Translation of foreign currency | | 124 | –151 |
| Total | | 126 | –151 |
| Total other comprehensive income | | 244 | –189 |
| Total comprehensive income | | 472 | –489 |
| <i>Total comprehensive income attributable to:</i> | | | |
| Parent Company shareholders | | 470 | –493 |
| Non-controlling interests | | 2 | 4 |

Consolidated balance sheet

| Amounts in SEKm | Note | 2021 | 2020 |
|---|------------|--------------|--------------|
| ASSETS | | | |
| Non-current assets | | | |
| Goodwill | 16 | 422 | 385 |
| Other intangible fixed assets | 16 | 372 | 296 |
| Right-of-use assets | 17 | 316 | 327 |
| Other property, plant and equipment | 17 | 791 | 763 |
| Financial assets | 19, 22 | 86 | 41 |
| Deferred tax assets | 20 | 80 | 89 |
| Total non-current assets | 23 | 2,067 | 1,901 |
| Current assets | | | |
| Inventories | 26 | 794 | 657 |
| Accounts receivable | 4, 25 | 735 | 619 |
| Other current receivables | 27 | 407 | 320 |
| Derivative instruments | 21, 22, 25 | 32 | 81 |
| Cash and cash equivalents | 28 | 597 | 440 |
| Total current assets | 23 | 2,565 | 2,117 |
| TOTAL ASSETS | 5 | 4,632 | 4,018 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | | 243 | 243 |
| Other paid-in capital | | 626 | 626 |
| Reserves | | 42 | -81 |
| Retained earnings | | 687 | 343 |
| Attributable to shareholders of the Parent Company | | 1,598 | 1,131 |
| Attributable to non-controlling interests | | 32 | 27 |
| Total equity | | 1,630 | 1,158 |
| Non-current liabilities | | | |
| Non-current interest-bearing liabilities | 18, 25, 29 | 1,314 | 1,197 |
| Pensions and similar obligations | 30 | 463 | 578 |
| Deferred tax liabilities | 20 | 21 | 16 |
| Other non-current liabilities | | 31 | 18 |
| Total non-current liabilities | 24 | 1,829 | 1,809 |
| Current liabilities | | | |
| Current interest-bearing liabilities | 18, 25 | 67 | 62 |
| Accounts payable | 25 | 662 | 572 |
| Derivative instruments | 21, 22, 25 | 42 | 46 |
| Provisions | 31 | 42 | 71 |
| Other current liabilities | 32 | 360 | 300 |
| Total current liabilities | 24 | 1,173 | 1,051 |
| TOTAL EQUITY AND LIABILITIES | | 4,632 | 4,018 |

Changes in Group equity

| Amounts in SEKm | Group report on changes in equity | | | | | | Non-controlling interests | Total equity |
|--|-----------------------------------|-----------------------|---------------------|--------------------------------|-------------------------|--------------|---------------------------|--------------|
| | Share capital | Capital contributions | Translation reserve | Hedging and fair value reserve | Other retained earnings | Total | | |
| Opening balance at January 1, 2020 | 221 | 491 | 64 | 0 | 730 | 1,506 | 31 | 1,537 |
| Effect of correction ¹⁾ | – | – | – | – | –45 | –45 | – | –45 |
| Adjusted Opening balance at January 1, 2020 | 221 | 491 | 64 | 0 | 685 | 1,461 | 31 | 1,492 |
| Net profit for the year | – | – | – | – | –304 | –304 | 4 | –300 |
| <i>Other comprehensive income</i> | | | | | | | | |
| Translation of foreign currency | – | – | –145 | – | – | –145 | –6 | –151 |
| Remeasurement of pension obligation, after tax | – | – | – | – | –38 | –38 | – | –38 |
| Change in hedging reserve, after tax | – | – | – | – | – | 0 | – | 0 |
| Total other comprehensive income | 0 | 0 | –145 | 0 | –38 | –183 | –6 | –189 |
| Total comprehensive income | 0 | 0 | –145 | 0 | –342 | –487 | –2 | –489 |
| <i>Transactions with shareholders</i> | | | | | | | | |
| New share issue | 22 | 135 | – | – | – | 157 | – | 157 |
| Cash dividend | – | – | – | – | – | 0 | –2 | –2 |
| Total transactions with shareholders | 22 | 135 | – | – | – | 157 | –2 | 155 |
| Closing balance at December 31, 2020 | 243 | 626 | –81 | 0 | 343 | 1,131 | 27 | 1,158 |
| Opening balance at January 1, 2021 | 243 | 626 | –81 | 0 | 343 | 1,131 | 27 | 1,158 |
| Net profit for the year | – | – | – | – | 226 | 226 | 2 | 228 |
| <i>Other comprehensive income</i> | | | | | | | | |
| Translation of foreign currency | – | – | 121 | – | – | 121 | 3 | 124 |
| Remeasurement of pension obligation, after tax | – | – | – | – | 118 | 118 | – | 118 |
| Change in hedging reserve, after tax | – | – | – | 2 | – | 2 | – | 2 |
| Total other comprehensive income | 0 | 0 | 121 | 2 | 118 | 241 | 3 | 244 |
| Total comprehensive income | 0 | 0 | 121 | 2 | 344 | 467 | 5 | 472 |
| <i>Transactions with shareholders</i> | | | | | | | | |
| New share issue | – | – | – | – | – | – | – | – |
| Cash dividend | – | – | – | – | – | – | – | – |
| Total transactions with shareholders | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Closing balance at December 31, 2021 | 243 | 626 | 40 | 2 | 687 | 1,598 | 32 | 1,630 |

¹⁾ An error in historical periods totaling SEK 60m regarding inventory in Region Americas has been discovered and corrected in connection with the company's internal control work. In all material aspects, it is attributable to historical periods before 2018. An adjustment has been made in the opening balance 2020 between equity, inventories and deferred tax assets, and with corresponding amounts at the end of 2020 and 2021. The opening balance at January 1, 2020 for inventories has been reduced by approximately SEK 60m, while deferred tax assets increased by approximately SEK 15m. This means that the opening balance at January 1, 2020 for equity has decreased by SEK 45m.

Consolidated statement of cash flow

| Amounts in SEKm | 2021 | 2020 |
|---|-------------|-------------|
| Cash flow from operating activities | | |
| Operating profit | 341 | –100 |
| Reversal of non-cash items* | 199 | 490 |
| Interest paid | –35 | –46 |
| Tax paid | –45 | –34 |
| Cash flow from operating activities before changes in working capital | 460 | 310 |
| <i>Change in working capital</i> | | |
| Current receivables | –162 | 0 |
| Inventories | –75 | 5 |
| Current liabilities | 73 | –100 |
| <i>Change in working capital</i> | –164 | –95 |
| Cash flow from operating activities | 296 | 215 |
| Cash flow from investing activities | | |
| Investments in intangible assets | –90 | –109 |
| Investments in property, plant and equipment | –136 | –197 |
| Disposal of property, plant and equipment | 53 | 61 |
| Cash flow from investing activities | –173 | –245 |
| Cash flow from financing activities | | |
| Dividend to non-controlling interests | – | –2 |
| New share issue Haldex AB | – | 157 |
| Change in interest-bearing liabilities | –12 | 33 |
| Cash flow from financing activities | –12 | 188 |
| Changes in cash and cash equivalents and bank balances, excluding foreign currency translation | 111 | 158 |
| Cash and cash equivalents, opening balance | 440 | 315 |
| Translation of foreign currencies in cash and cash equivalents | 46 | –33 |
| Cash and cash equivalents, closing balance | 597 | 440 |
| * Reversal of non-cash items | | |
| Depreciation and amortization (including effect of IFRS 16) | 212 | 224 |
| Share of profit from joint venture | – | 24 |
| Non-recurring items | –13 | 242 |
| Total | 199 | 490 |

Cash and cash equivalents includes an amount of SEK 362m (272) which cannot be used by the Group without paying withholding tax.

Notes

Note 1. General information

Haldex AB (parent company) and its subsidiaries comprise the Haldex Group. Haldex provides proprietary and innovative brake and air suspension systems to the automotive industry worldwide. The main focus is on products linked to vehicle dynamics, safety and the environment.

Haldex AB (publ), corp. ID no. 556010-1155, is a Swedish public limited company with registered office in Landskrona in Sweden. The address of the head office is Haldex AB, Box 507, 261 24 Landskrona. Haldex shares are listed on Nasdaq Stockholm, MidCap.

Note 2. Summary of significant accounting policies

The consolidated financial statements of Haldex have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the EU. In addition, the Swedish Annual Accounts Act and the Swedish Financial Accounting Standards Council RFR 1 'Supplementary accounting rules for Groups' are applied. This note contains a description of the most significant accounting policies applied in the preparation of the consolidated financial statements, and the policies have been applied consistently for presented years unless otherwise stated.

The Parent Company's functional currency is Swedish kronor (SEK), which is also the presentation currency of the Parent Company and the Group. This means that all amounts in the report are recognized in millions of SEK (SEKm) unless otherwise stated. Assets and liabilities are recognized at cost, with the exception of available-for-sale financial assets and certain financial assets and liabilities (including derivatives), which are recognized at fair value. The income statement follows a breakdown by function in accordance with IAS 1, which reflects the internal reporting and presents a true and fair view of the Group's profit or loss.

Consolidated financial statements

Subsidiaries

The consolidated financial statements include the Parent Company and the companies over which the parent company exercises direct or indirect control. Control is defined as the ability to directly or indirectly control activities with an impact on return in an owned/part-owned company and exposure or rights to variable returns from its involvement in the company. The current definition of control and controlling influence is based on IFRS 10, which came into force on January 1, 2014. Subsidiaries are consolidated from the date on which control is transferred to the Group. Divested companies are deconsolidated from the date on which control ceases.

The acquisition method is used for reporting the Group's business acquisitions. The purchase price for the acquisition of subsidiaries consists of the fair value of transferred assets, liabilities and the shares the Group issues. The purchase price also includes the fair value of all assets/liabilities resulting from any agreed contingent consideration. The identifiable assets and liabilities that are taken over in a business acquisition are initially measured at fair value at the acquisition date. For each acquisition, the Group determines whether any non-controlling interest in the acquired company should be recognized at fair value or at the holding's proportionate share of the acquired company's identifiable net assets. Holdings without controlling influence are recognized as a separate item in equity.

Acquisition-related costs are expensed as incurred.

If business combinations take place in several stages, the previously owned equity shares in the acquired company are remeasured to their acquisition-date fair value. Any gain or loss arising from the remeasurement is recognized in the income statement.

Goodwill is initially measured as the amount by which the total purchase price and fair value of non-controlling interests exceed the fair value of identifiable assets and liabilities assumed. In the event that the purchase price is lower than the fair value of the acquired company's net assets, the difference is recognized directly in the income statement.

Intra-Group transactions, balance sheet items, revenue and expenses on transactions between Group companies are eliminated in the consolidated accounts. Gains and losses that result from intra-Group transactions and which are recognized in assets are also eliminated. The accounting policies for subsidiaries have been changed where necessary to ensure consistent application of the Group's policies.

Joint ventures

During the year, Haldex entered into another Chinese joint venture with FAST Group in which Haldex owns 49 percent. This joint venture and the two previous Chinese joint ventures are recognized according to the equity method, which means that they are initially recognized in the consolidated balance sheet at cost. The carrying amount is then increased or reduced to take account of the Group's share of profit after the acquisition date. Capitalization of development costs in one of the joint ventures previously entered into started in 2020, and this capitalization continued during the year and amounts to SEK 25 (4) million. The value of the share of equity at the end of 2021 is SEK 55m (22).

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with the Group's shareholders. In the event of acquisitions from non-controlling interests, the difference between the purchase price paid and the actual acquired share of the recognized amount of the subsidiary's net assets is recognized in equity. Gains or losses on divestments to non-controlling interests are also recognized in equity.

Translation of foreign currency

Functional currency and presentation currency

Items included in the financial statements for the various units within Haldex are measured in the currency used in the financial environment in which the companies concerned are primarily active (functional currency). In the consolidated financial statements, Swedish kronor (SEK) is used, which is the Group's presentation currency.

Transactions and balance sheet items

Foreign currency transactions are translated into functional currency at the exchange rate prevailing on the transaction date. Exchange rate gains and losses as a result of these transactions as well as the translation of monetary assets and liabilities in foreign currencies at the balance sheet date are recognized in the consolidated income statement. The exception is when the transactions constitute hedges and fulfil the requirements for hedge accounting, where profits and losses are recognized under other comprehensive income after adjustment for deferred tax.

Note 2 cont. Summary of significant accounting policies

Subsidiaries

Financial position and earnings for subsidiaries which have a different functional currency than the Group's presentation currency are translated into Swedish kronor (SEK) in the consolidated financial statements. This is done by translating assets and liabilities at the closing date rate, while revenue and expenses are translated at the average exchange rate during the year. Translation differences that arise are recognized in a separate item under other comprehensive income. Exchange rate differences on loans and other currency instruments that are recognized as hedges of net investments in foreign currency are recognized directly in the translation reserve in other comprehensive income.

Segment reporting

Operating segments are recognized in a manner consistent with the internal reporting provided to the highest executive decision maker in the Group. The highest executive decision maker is the function responsible for allocating resources and assessing the performance of the operating segments. Within Haldex, this function has been identified as the Chief Executive Officer. For segment reporting, see also Note 5, page 75.

Revenue recognition

According to IFRS 15, revenue is recognized when the customer gains control of the goods or services. Determining the timing of transfer of control, i.e., at a particular time or over time, requires assessments. Revenue from the sale of goods and services is recognized when the goods/services are delivered in accordance with the terms of delivery and the customer has consequently gained control of the goods. Revenue is recognized at fair value excluding VAT and, where applicable, is reduced by the amount of discounts granted and returned goods. All of the Group's revenue is recognized on a single occasion, and no portion is recognized over time.

Taxes

Income tax is made up of current tax and deferred tax. Taxes are recognized in the income statement, except when the underlying transaction is recognized in other comprehensive income or directly in equity. In these cases, the attributable tax effect is also recognized in other comprehensive income and equity.

Current tax is tax to be paid or received for the current year, based on current tax rates. Adjustment of current tax attributable to previous periods is also included in this category. Deferred tax is recognized and calculated on the basis of temporary differences between Group-recognized and tax values of assets and liabilities. The measurement of deferred tax is based on how the carrying values of assets and liabilities are expected to be realized or adjusted. A measurement is performed based on tax rates and tax regulations that have been decided or announced at the end of the year. Deferred tax assets for tax loss carry-forwards are recognized to the extent it is probable that they can be offset against future tax.

Intangible assets

Goodwill

Goodwill refers to the amount by which the acquisition value of an asset exceeds the fair value of identifiable acquired net assets. Goodwill arising in connection with the acquisition of a subsidiary is recognized as an intangible asset. The value of goodwill is tested annually, or when there is an indication of an impairment requirement, to determine where any impairment is needed, and the asset is recognized at cost less accumulated impairment. Any impairment of goodwill is not reversed. Gains or losses on the divestment of a unit include the remaining carrying amount of the goodwill relating to the divested unit.

The value of goodwill is tested on the lowest cash-generating unit. For Haldex, this means that impairment testing is performed for the entire Group, i.e. at segment level.

Trademarks, licenses and patents

Trademarks, licenses and patents are recognized at cost less accumulated amortization and any impairment. Trademarks, licenses and patents acquired in business combinations are recognized at fair value at the acquisition date. These intangible assets have a definable useful life over which straight-line amortization is applied to allocate the expense in the income statement. The useful life of licenses and patents is estimated to be 3–15 years, and the expected useful life of trademarks is estimated to be 20 years.

Product development

Research and development expenses are expensed as they arise. Expenditure consists of both internally accumulated hours and external costs in the form of materials, equipment and consultants. To the extent that, and from the time when, a development project of a new product meets all the following criteria, the prospective cost of acquisition is capitalized as an asset in the balance sheet:

- It is technically feasible to complete the asset so that it can be used/sold.
- The Group intends to complete the asset and use/sell it.
- The necessary conditions exist to use/sell the intangible asset.
- The Group can demonstrate how the asset will generate probable future economic benefits.
- There are adequate technical, financial and other resources to complete development and to use/sell the asset.
- The Group can reliably calculate the expenses attributable to the intangible asset during its development.

The basis for capitalizing product development expenses may consist of business plans, budgets or the Group's forecasts of future revenue.

Capitalized product development assets are recognized at cost less accumulated amortization taking into account any impairment. Amortization begins when the asset can be used and takes place based on the estimated useful life and in relation to the expected economic benefits that product development is expected to generate. The useful life is normally not expected to exceed ten years.

Software and IT systems

Acquired software licenses and the costs of developing software that is expected to generate future financial benefits for the Group for over three years are capitalized and amortized on a straight-line basis over the expected useful life (3–5 years).

Property, plant and equipment

Property, plant and equipment consists of buildings (offices, factories, warehouses), land and land improvements, machinery, tools, fixtures and fittings and equipment. These assets are recognized at cost less accumulated depreciation and any impairment.

The cost of acquisition initially includes expenses that can be directly attributed to the acquisition of an asset. Subsequent expenses relating to property, plant and equipment increase its carrying amount or are recognized as a separate asset, depending on which is appropriate and only if it is probable that financial benefits associated with the asset will flow to the Group. The carrying amount of any replaced parts is derecognized from the balance sheet. All other forms of repairs and maintenance of property, plant and equipment are recognized as expenses in the income statement during the period in which they arise.

Depreciation according to plan is based on the cost of the assets and the estimated economic useful life. Straight-line depreciation is applied and the depreciation periods are as follows: Buildings are depreciated over 25–50 years, machinery and equipment are usually depreciated over 3–10 years, while heavier machinery has an economic life of up to 20 years. Land is not depreciated.

The residual values and useful lives of assets are estimated on each balance sheet date and adjusted if necessary. The carrying amount is immediately written down to the recoverable amount if the carrying value of the asset exceeds the estimated recoverable amount. See also the section on impairment.

Leases

IFRS 16 Leases entered into force on January 1, 2019. With effect from 2019, IFRS 16 Leases supersedes existing IFRS standards relating to the accounting of leases, such as IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease. IFRS 16 primarily affects lessees, and the key effect is that all lease contracts that are currently recognized as operating leases are to be recognized in a manner similar to the current recognition of finance leases. This means that an asset and a liability are also recognized for operating leases, with associated recognition of depreciation and interest expenses, unlike in the previous year, when leased assets and related liability were not recognized, and when the lease payments were accrued on a straight-line basis as a lease expense. The standard primarily affects the recognition of the Group's operating leases. Haldex has implemented the standard in accordance with the simplified approach. Under this standard, all leases are recognized in the balance sheet, with the sum of the rights-of-use less depreciation and any other adjustments as asset and discounted cost less lease payments as liability.

The rights-of-use are measured at cost, which includes any initial expenses as well as expenses for restoring access to the condition prescribed in the terms of the lease. Lease payments include fixed and any variable index-linked charges. The Group has also taken account of any residual value guarantees, penalty charges payable in the event of termination and the exercise price for any purchase option, in those cases where it is reasonably certain that the Group will make use of such an option. Haldex has not included in its calculations leases that are shorter than 12 months and contracts where the underlying asset has a value of less than USD 5,000. The greater part of the value of leases in the Group pertains to lease contracts for property. Terms are negotiated separately for each lease and leased assets are not used as collateral for loans. In discounting, Haldex has used an implicit interest rate where this can be determined. In other cases, the incremental borrowing rate, is used taking into account the currency and country concerned and terms and length of each lease. The interest rate is fixed over the life of the lease.

Financial instruments

The Group applies IFRS 9 regarding financial instruments.

Classification

The Group's policies for classification and measurement of financial assets are based on an assessment of both (i) the company's business model for the management of financial assets, and (ii) the characteristics of the contractual cash flows from the financial asset.

Financial assets are initially measured at fair value plus, in the event that the asset is not recognized at fair value through profit or loss, transaction expenses directly attributable to the purchase. Transaction expenses attributable to financial assets that are recognized at fair value through profit or loss are recognized directly in the income statement.

Assets at amortized cost

The Group classifies its financial assets as assets measured at amortized cost only when the following criteria are met:

- The asset is held within a business model whose objective is to collect contractual cash flows, and
- The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The following financial assets are recognized at amortized cost: Financial assets, Other receivables, Accrued income, Accounts receivable and Cash and cash equivalents.

These assets were also recognized at amortized cost in accordance with previous policies.

Assets measured at fair value through profit or loss

Other than derivative instruments, the Group has no financial assets at fair value through profit or loss.

Assets measured at fair value through other comprehensive income

Other than hedge-accounted derivative instruments, the Group has no financial assets at fair value through other comprehensive income.

Financial liabilities measured at fair value through profit or loss

Other than derivative instruments, the Group has no financial liabilities at fair value through profit or loss.

Other financial liabilities

Non-current and current interest-bearing liabilities, as well as other financial liabilities, e.g. accounts payable and accrued expenses are included in this category. The liabilities are measured at amortized cost. Accounts payable are obligations to pay for goods or services that have been acquired in ongoing operations from suppliers. Accounts payable are classified as current liabilities if they fall due within one year. Non-current and current liabilities are recognized at amortized cost, and any difference between the amount received (net after transaction expenses) and the repayment amount is recognized in the income statement distributed over the loan period, using the effective interest method in cases where it is material.

Derivative instruments

Derivative instruments are recognized in the balance sheet as of the trade date and are measured at fair value, both at the initial recognition date and in subsequent measurements. The method used to recognize the gain or loss arising on each remeasurement depends on whether the derivative has been identified as a hedging instrument and, if so, the nature of the hedged item. The Group identifies particular derivatives as either: Hedging of fair value of assets or liabilities; hedging of forecast cash flows or hedging of a net investment in a foreign operation. In order to fulfil the requirements for hedge accounting, particular documentation is required regarding the hedging instrument and the relationship to the hedged item. The Group also documents goals and strategies for risk management and hedging measures, as well as an assessment of the effectiveness of the hedging relationship with regard to offsetting changes in fair value or cash flow for hedged items, both at the beginning of the hedge and on an ongoing basis.

Hedging of cash flow

Cash flow hedging is used for future flows in operational activity. The proportion of changes in the fair value of derivatives that meet the conditions for hedge accounting is recognized in other comprehensive income. Any ineffective portion of profit or loss is recognized directly in the income statement, under financial items. The unrealized profit that accumulates in equity is reversed and recognized in profit when the hedged item affects the income statement (for example, when the forecast sales that have been hedged actually occur). If a derivative instrument no longer qualifies for hedge accounting, or is sold or terminated, the cumulative gain or loss in equity is recognized in profit or loss when the forecast transaction is finally recognized in profit or loss. When a forecast transaction is no longer expected to occur, the profit or loss that has been recognized in equity is transferred directly to the income statement.

Hedging of net investment

Accumulated gain and loss from the remeasurement of hedges of net investments, which fulfil the conditions for hedge accounting, are recognized in other comprehensive income. When operations are divested, the accumulated effects are transferred to profit or loss and affect the company's net profit or loss from the divestment.

Note 2 cont. Summary of significant accounting policies

Impairment of receivables

As of 1 January 2018, the Group measures the future expected credit losses related to investments in debt instruments recognized at amortized cost or fair value with changes recognized in other comprehensive income based on prospective information. The Group monitors and reserves based on the estimated credit risk. In accordance with the rules of IFRS 9, the Group applies a simplified method for impairment testing of accounts receivable. The simplification means that the reserve for expected credit losses is calculated based on the loss risk for the entire term of the receivable and is recognized on initial recognition of the receivable.

Calculation of fair value

The fair value of financial instruments traded on an active market (for example, derivative instruments that are listed publicly, financial assets held for trading and available-for-sale financial assets) is based on the quoted market price on the balance sheet date. The quoted market prices used for the Group's financial assets are the actual purchase prices, and the quoted market prices used for financial liabilities are the actual selling prices. The instruments held by the Group are traded on an active or observable market.

Derecognition of financial assets and liabilities

Financial instruments are derecognized from the balance sheet when all benefits and risks have been transferred to another party or when obligations have been fulfilled.

Inventories

Inventories are valued at the lower of cost according to the 'first in, first out' principle and net realizable value. Cost of finished goods and work in progress consists of raw materials, direct wages and salaries, other direct expenses and associated indirect manufacturing expenses (based on normal operating capacity). Net realizable value is the estimated sales price less applicable variable selling expenses.

Accounts receivable

Accounts receivable are initially recognized at fair value and subsequently at amortized cost using the effective interest method, less any provision for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash and bank balances. Bank overdraft facilities are recognized in the balance sheet as current interest-bearing liabilities.

Accounts payable

Accounts payable are initially recognized at fair value and subsequently at amortized cost using the effective interest method.

Receivables and liabilities

Receivables and liabilities in foreign currency are measured at the closing day rate. Exchange rate gains and losses related to operating flows are recognized in operating profit, while currency effects on financial receivables and liabilities are recognized among financial items in the income statement. Current and non-current interest-bearing liabilities are recognized at nominal amounts in the balance sheet.

Provisions

Provisions are recognized in the balance sheet when the Group has a legal or constructive future obligation as a result of an event which is likely to result in an outflow of resources and a reliable estimate of the amount can be made. Provisions for restructuring expenses are recognized when the Group has presented a plan for the measures and the plan has been made widely known to all affected parties. For more information on provisions for warranty reserves, see Note 3.

Employee benefits

Pension commitments

There are both defined-contribution and defined-benefit pension plans in the Group.

Defined-contribution plans mainly comprise retirement pensions, sickness pensions and family pensions and mean that a fixed contribution, usually expressed as a percentage of current salary, is paid to an external legal entity. The employee is responsible for the inherent risk in these plans and the Group has no further obligations if the external legal entity's assets decrease in value. No liability is recognized in the balance sheet. Defined-benefit pension plans indicate the amount an employee can expect to receive after retirement, calculated on the basis of factors such as age, length of service and future salary.

The Group's pension obligations for defined-benefit pensions are covered by pension funds, through an insurance solution or through provision in the balance sheet. The value of the defined-benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit Method. The assumptions made in the calculations are shown in the note Pensions and similar obligations. All changes in net pension provision are recognized when they occur, either as a cost of service and financing cost in the income statement or in other comprehensive income regarding the effects of actuarial revaluations of both pension obligations and plan assets.

Cash flow statement

The cash flow statement is prepared using the indirect method. This means that operating income is adjusted for transactions that have not resulted in incoming or outgoing payments during the period, and for any income and expenses attributable to cash flows for investing or financing activities.

Government grants

Government grants are recognized at fair value when it is probable that the conditions associated with the grants will be fulfilled and the grants will be received. Support in connection with the acquisition of non-current assets has reduced the cost of acquisition of those assets. The grants are recognized as income over the period necessary to match them with the related cost, for which they are intended to compensate.

Changes in accounting policies and disclosures

New and amended standards that have been applied by the Group

No new or amended standards have affected the Group's accounting. ESMA's statement on the effects of COVID-19 has affected the accounting of government support, which has become more detailed.

New standards, amendments and interpretations of existing standards that have not been applied early by the Group

None of the IFRS standards or IFRIC interpretations that have not yet come into force are expected to have a material impact on the Group.

Note 3. Critical accounting estimates and judgments

The consolidated financial statements contain estimates and assumptions about the future which are based on both historical experience and expectations about the future. These estimates and judgments affect the recognized values of assets and liabilities as well as revenue and expenses. Actual outcomes may deviate from these judgments if different estimates are made or if changed conditions arise. The areas where the risk of future adjustments of carrying amounts is greatest are included in this note.

Goodwill

The impairment requirement for the Group's total goodwill was tested in 2021, and totaled SEK 422m (385) at December 31. Impairment testing is carried out by discounting expected future cash flows as determined in business plans and strategies, which gives a value. This value is compared with the carrying amount of the Group's goodwill. Haldex's sales and returns have historically been very closely linked to the number of vehicles manufactured. The official forecasts of vehicle production therefore form the actual basis of the business plans, which include Haldex's historical economic development, expected future benefits of current improvement programs and selected strategic orientations.

The forecast period for testing goodwill consists of five years and, after the explicit forecast period, is assigned a residual value which is intended to correspond to the value of the business after the last year of the forecast period. The testing of goodwill is based on the strategy established by Haldex's Board of Directors for the first three years and which has been calculated thereafter. The most important performance measures are sales, gross margin, operating income and changes in working capital. The residual value has been calculated on the basis of an assumption of a sustainable level of free cash flow (after the forecast period) and its growth, which in Haldex's case is 2% (2). In this context, the residual value corresponds to all cash flows after the forecast period.

When discounting expected future cash flows, a weighted average cost of capital (WACC) after tax has been used, currently 10.7% (9.7). WACC before tax is 13.4% (12.2). The average cost of capital has been based on the following assumptions:

- Risk-free interest rate: corresponding to ten-year return on government bonds
- Market risk premium: 8.7% (7.6)
- Beta: Determined beta for Haldex share
- Interest expense: Calculated as a weighted interest rate based on the Group's financing structure in different currencies, taking into account a loan premium
- Tax rate: According to the prevailing tax rate in Sweden

The impairment testing of goodwill carried out in 2020 and 2021 did not indicate any need for impairment. A change in the discount rate of 1% or a decrease in cash flow of 10% would not change the outcome of the testing. The Group's recognized goodwill value is equivalent to approximately 25% (32) of equity at December 31, 2021.

Product development projects

Haldex capitalizes the expenses of product development projects, which is considered to be a natural part of the company's operations. Haldex has engaged in development over a long period and has a prepared procedure regarding this and when the costs of a project should start to be capitalized. In order for the expenses to be capitalized, they must be identifiable, Haldex must have control over the asset, it must probably provide economic benefits and it must be possible for the expenses to be predicted reliably. The need for impairment of these capitalized product development projects is tested each year or when there is an indication of a decrease in value.

The test is based on a forecast of future cash flows and equivalent manufacturing costs. In the event of a future strategy being changed or future volumes, prices and/or expenses deviating negatively from the forecasts, a need for impairment may arise. For product development

projects that are considered to be a normal part of Haldex's day-to-day operations, testing for any impairment is usually based on the same assumptions (WACC) as when the need for impairment of goodwill is tested. However, given that individual risk assessments show different risks in different projects, the discount factor is adjusted based on the estimated risk in the different projects.

Product development projects that are considered to have a higher risk are tested with a higher discount factor than those considered to have a lower risk. In 2021, a WACC of 12.3% (11.6) after tax was used for all product development projects.

The equivalent WACC before tax is 15.5% (14.6). The Group's carrying amount for capitalized product development projects is SEK 313m (223), which is equivalent to approximately 19% (19) of equity at December 31, 2021. A change in discount rate of 1% or a decrease in cash flow of 10% would not imply any need for impairment in the Group balance sheet at year-end.

Income taxes

The Group pays taxes in many different countries. Detailed calculations of future tax liabilities are performed for each tax subject within the Group. Haldex recognizes liabilities for expected tax audit issues based on estimates of whether additional taxes are to be paid. When the outcome of these tax issues differs from the amounts originally recognized such differences will affect current and deferred tax assets/tax liabilities for the period in which the determination was made.

Regarding tax receivables, special assessments are made to estimate the Group's ability to realize these, in particular regarding deferred tax receivables and the possibility of these being used to offset future taxable profits. The fair value of these assets may deviate in the future if assumed earning capacity differs or changes in tax rules arise. At December 31, 2021 the Group has deferred tax assets totaling SEK 80m (89), i.e., approximately 5% (8) of the Group's equity.

Warranty reserves

Complaints and warranty cases arise as a natural part of the business. The Group continuously assesses its risk exposure regarding product, customer and guarantee commitments and continuously assesses cases and the need for provisions for outflow of resources based on best estimates and assessments.

Each case received is classified in one of the three categories of minor cases, medium cases and product recalls.

Product recall refers to those cases where an entire product series or a large part thereof must be recalled from the customers for rectification of the deficiencies.

The provision for guarantee commitments is partly based on historical outcomes, but also includes assumptions and estimates of future development, where the most significant assumptions are future trend in rate of return and costs of replacement of the product.

The provision in these cases is based on a weighting of various risk scenarios, which contains a high degree of uncertainty and where actual outcome may deviate from these assessments.

Total warranty provision at December 31, 2021 was SEK 34m (28). Total warranty expense for 2021 was SEK 39m (32), equivalent to 0.8% (0.8) of net sales. Of total warranty expenses, SEK 0m (0) is recognized as a non-recurring expense.

Pensions

The pension liabilities recognized in the balance sheet have been calculated by actuaries and are based on annual assumptions. These assumptions are described in more detail in Note 30 on pages 85–86. A 0.25% change in the discount rate for each particular country has an impact on the present value of the Group's pension liabilities of approximately SEK 40m (38).

Note 4. Financial risks

The Group is exposed to financial risks such as market, credit, liquidity and financing risks. To reduce the impact of these risks, Haldex works in accordance with a policy that regulates their management.

This policy has been adopted by Haldex's Board of Directors. Follow-up and control take place continuously in each company and at Group level.

Exchange rate risk

Haldex is exposed to exchange rate risks through its international operations. Exchange rate changes have an impact on the consolidated income statement and balance sheet in the form of both transaction risks and translation risks.

Transaction risk

The Group's net flows of payments in foreign currencies give rise to transaction risks. Net inflow of foreign currencies in 2021 totaled approximately SEK 216m (24). The currency pairs with the largest potential impact on earnings are flows in EUR/SEK, USD/CAD and EUR/GBP. A change in exchange rate of 10% is estimated to have an impact on net profit going forward as shown below for these largest flows. All figures are before taking account of currency hedging conducted in accordance with Haldex's financial policy.

| SEKm | Dec. 31, 2021 | Dec. 31, 2020 |
|---------|---------------|---------------|
| EUR/SEK | -/+ 24 | -/+ 9 |
| USD/CAD | +/- 11 | +/- 9 |
| EUR/GBP | -/+ 13 | -/+ 12 |

The effect of translating operating receivables and liabilities, financial assets and liabilities, to currencies other than each company's local functional currency would be SEK 6m (6) in the event of a 10% weakening/strengthening of the underlying currency. Equity would be SEK 11m (0) higher/lower in the event of a 10% strengthening/weakening of the underlying rates in cash flow hedges.

According to current financial policy, 70% of expected net flows for estimated volumes is hedged during the coming six-month period and 30% in the next 7–12 months with a permitted deviation of +/- 10%. At December 31, 2021, 50% (48) was hedged with derivative instruments. The Group's financial policy dictates the types of derivative instruments that can be used for hedging and with which counterparties contracts can be concluded. Currency futures were used in 2021 to hedge invoiced and forecast currency flows. At December 31, 2021 these contracts had a nominal value of SEK -112m (11) net and a market value of SEK 0m (-0).

Translation risk

Net assets (i.e., equity) in foreign subsidiaries represent investments in foreign currencies that give rise to a translation difference when converted to SEK. In the financial policy, the Group has established a framework for how this translation exposure that arises should be managed to enable Haldex to control the effect of the translation differences on the Group's capital structure. According to the financial policy, the Group's net debt is to be distributed in proportion to capital employed per currency. Where required, this objective is achieved by taking loans in the various currencies that are functional currencies for the subsidiaries.

Gains or losses on loans that are considered effective hedges of translation differences are recognized directly in other comprehensive income, while gains or losses on loans that are not considered effective hedges are recognized in the income statement as a financial item.

At the end of 2021, the value of the Group's net assets, i.e. the difference between capital employed and net debt, was SEK 1,630m (1,158) and was made up of the following currencies:

| SEKm | Dec. 31, 2021 | Dec. 31, 2020 |
|-------|---------------|---------------|
| SEK | 509 | 335 |
| USD | 396 | 334 |
| EUR | 134 | 26 |
| GBP | -39 | -87 |
| INR | 63 | 53 |
| CNY | 343 | 305 |
| Other | 224 | 192 |

Interest rate risk

Interest rate risk is the risk that changes in interest rates will have a negative impact on the Group's earnings. As the Group did not have any significant holdings in interest-bearing assets at December 31, 2019, cash flow from operating activities in all material respects is independent of changes in market interest rates. The Group's interest rate risk arises from its loans. According to the financial policy, the average fixed interest term is between 1 and 12 months. The risk must also be spread over time so that the interest rate on only a small part of the total debt is renegotiated at the same time. The average fixed interest term was two months at the end of the year, which means that most of the Group's financial liabilities had a variable interest rate, i.e., a new interest rate is determined within one year. At December 31, 2021, SEK 1,020m (920) of the loan debt had an average variable interest rate of 1.80% (2.40). A change in the interest rate of one percentage point would have an impact on the cost of the Group's borrowing of approximately SEK 10m (9) after tax.

Currency hedging of invoiced and projected currency flows

| SEKm | Dec. 31, 2021 | | | | | | Dec. 31, 2020 | | | | |
|------------------------|---------------|------------|----------|----------|----------|------------------------|---------------|------------|----------|----------|----------|
| | USD | HUF | CAD | GBP | EUR | | USD | HUF | CAD | GBP | EUR |
| Nominal amount | Net bought | Net bought | Net sold | Net sold | Net sold | Nominal amount | Net bought | Net bought | Net sold | Net sold | Net sold |
| Falling due in 2022 | 96 | 42 | 76 | 71 | 103 | Falling due in 2021 | 72 | 36 | 60 | 40 | 19 |
| Average exchange rate | 8.87 | 0.028 | 7.06 | 12.0 | 10.26 | Average exchange rate | 8.63 | 0.0289 | 6.40 | 11.08 | 10.34 |
| Hedging of flows | - | - | - | - | - | Hedging of flows | - | - | - | - | - |
| Falling due after 2022 | - | - | - | - | - | Falling due after 2021 | - | - | - | - | - |
| Average exchange rate | - | - | - | - | - | Average exchange rate | - | - | - | - | - |

Credit risk

Credit risk arises when one party to the transaction is unable to fulfill its obligations and consequently causes a loss to the other party. The risk of customers defaulting on payment for delivered products is minimized by thorough checking of new customers and monitoring of payment practice among existing customers as well as any credit insurance.

The Group's accounts receivable totaled SEK 735m (619) at December 31, 2021, and are recognized in the amounts expected to be paid. Haldex's customers consist primarily of vehicle manufacturers, other system and component manufacturers and aftermarket distributors in the automotive industry. The geographic distribution of accounts receivable largely corresponds to sales per region. In 2021, no individual customer accounted for more than 10% of sales. The Group's bad debt losses usually amount to less than 0.1% of sales.

| Accounts receivable | Dec. 31, 2021 | Dec. 31, 2020 |
|---|------------------|------------------|
| Accounts receivable not overdue or impaired | 617 | 603 |
| Overdue 1–30 days and not impaired | 77 | 66 |
| Overdue 31–60 days and not impaired | 16 | 19 |
| Overdue > 60 days and not impaired | 45 | 20 |
| Accounts receivable subject to impairment | 20 | –23 |
| Accounts receivable | 735 | 619 |

Provisions for bad debts have changed as follows:

| Provision for bad debts | 2021 | 2020 |
|---|------------|------------|
| Provision at January 1 | –23 | –18 |
| Impairments for expected losses | – | – |
| Realization of impairment against loss recorded | 3 | – |
| Reversed impairments | – | – |
| Translation of foreign currency | – | –5 |
| Provision at December 31 | –20 | –23 |

The credit risk associated with financial assets is managed in accordance with the financial policy. The risk is minimized by measures such as limiting investments to interest-bearing instruments with low risk and high liquidity, and by having a maximum limit for the amount invested with particular counterparties and checking credit ratings. In order to further reduce risk, framework agreements on offsetting rights are entered into

with most counterparties. The credit risk for derivatives in foreign currencies and interest-rate derivatives corresponds to their positive market values, i.e. potential gains on these contracts. The credit risk for foreign exchange contracts, before taking into account netting agreements, was equivalent to SEK 32m (78) at December 31, 2021. After taking into account netting agreements, the credit risk is SEK 21m (37). The equivalent risk for investments in credit institutions was SEK 597m (440), without taking any offsetting opportunities into account.

Financing risk

The Group's financing risk is the risk that Haldex will not be able to raise new loans or finance existing loans. This risk is reduced by the fact that the financial policy specifies that raised loans must have long maturities. The total liability must have an average remaining maturity of at least one year. At December 31, 2021, 100% (100) of the loans had a maturity of more than one year. The maturity structure was as follows: 100% in 2023. See Note 29, page 84.

Liquidity risk

Liquidity risk, that is to say the risk of the Group's immediate capital needs not being possible to meet, is limited by sufficient cash and cash equivalents and granted but unused credit facilities that can be used without conditions. The target according to the financial policy is for cash and cash equivalents and available long-term credit facilities to total at least 5% of net sales. These funds totaled SEK 767m (693) at year-end, equivalent to 17% (17) of net sales.

Haldex's main sources of funding

| Nominal value | Dec. 31, 2021 | Dec. 31, 2020 |
|-----------------|------------------|------------------|
| Syndicated loan | EUR 90m | EUR 90m |
| Bilateral loan | SEK 270m | SEK 270m |

Capital risk

The Group's goal in terms of capital structure is to secure Haldex's ability to continue to operate, enabling the company to generate return to shareholders and value for other stakeholders, and to maintain an optimal capital structure so that the cost of capital can be reduced. In order to manage the capital structure, the Group may change the dividend paid to the shareholders, repay capital to the shareholders, issue new shares or sell assets to reduce liabilities.

Note 5. Segment reporting

Haldex is a group organized by function. The functional structure provides more focused support for the business, and services are shared between the different product lines, as well as sales and distribution channels.

Haldex's operations are a reporting segment, and the financial information is analyzed and reviewed by the chief operating decision maker as a segment in assessing the Group's results.

Air Controls and Foundation Brake are the Group's two major product lines. Air Controls develops and manufactures products to improve the safety and driving characteristics of brake systems, such as treatment and dehumidifying of compressed air, valves, and ABS and EBS.

Foundation Brake develops and manufactures products for wheel ends, such as disc brakes, brake adjusters for drum brakes and actuators. However, since the two product lines have similar operations, customers and long-term operating margins, the two product lines are presented and evaluated as a single segment.

The ten and twenty largest customers account for 40 and 55% of sales respectively, but no individual customer accounts for more than 10%. The location of customers is the basis for sales classified by geographic area. Information regarding the assets in the segment and investments for the period is based on geographic areas that are grouped according to where the assets are located.

Classification by geographic area

| 2021 | Americas ¹⁾ | Europe ^{2, 3)} | Asia | Total |
|-------------|------------------------|-------------------------|------|-------|
| Net sales | 2,376 | 1,811 | 425 | 4,612 |
| Assets | 1,740 | 2,240 | 652 | 4,632 |
| Investments | 21 | 104 | 11 | 136 |

| 2020 | Americas ¹⁾ | Europe ^{2, 3)} | Asia | Total |
|-------------|------------------------|-------------------------|------|-------|
| Net sales | 2,101 | 1,438 | 468 | 4,007 |
| Assets | 1,413 | 2,007 | 598 | 4,018 |
| Investments | 44 | 135 | 17 | 196 |

¹⁾ Largely made up of the United States.

²⁾ Of which net sales to Sweden total SEK 24m (23).

³⁾ Of which total assets in Sweden total SEK 1,431m (1,376).

Net sales per customer category

| | 2021 | 2020 | Change nominal | Change currency adjusted |
|--------------------------------|--------------|--------------|----------------|--------------------------|
| Aftermarket | 2,354 | 2,132 | 10% | 16% |
| Trailer – trailers | 1,545 | 1,174 | 32% | 36% |
| Truck – heavy trucks and buses | 713 | 701 | 2% | 8% |
| Total | 4,612 | 4,007 | 15% | 21% |

Net sales per product line

| | 2021 | 2020 | Change nominal | Change currency adjusted |
|------------------|--------------|--------------|----------------|--------------------------|
| Foundation Brake | 2,548 | 2,200 | 16% | 21% |
| Air Controls | 2,064 | 1,807 | 14% | 20% |
| Total | 4,612 | 4,007 | 15% | 21% |

Note 6. Non-recurring items

Operating profit includes non-recurring items presented below. All are recognized under the heading Other operating income and operating expenses in the income statement classified by function.

| | 2021 | 2020 |
|--|------------|-------------|
| Operating profit, incl. non-recurring items | 341 | -100 |
| Restructuring expenses | -28 | -109 |
| Impairments | - | -176 |
| Capital gain on property sold | 13 | 35 |
| Dispute, India | -1 | -1 |
| Expenses related to the acquisition process | - | -12 |
| Operating profit, excl. non-recurring items | 357 | 163 |

Note 7. Expenses by nature

| | 2021 | 2020 |
|---|--------------|--------------|
| Direct material expenses incl. change in stocks | 2,662 | 2,178 |
| Employee benefit expenses | 863 | 937 |
| Depreciation, amortization and impairment (see Notes 16 and 17) | 213 | 400 |
| Other operating income and operating expenses | 533 | 592 |
| Total | 4,271 | 4,107 |

Note 8. Government support

| | 2021 | 2020 |
|--------------------------------------|----------|-----------|
| Reimbursement for development work | 4 | 6 |
| Compensation for COVID-19 | – | 12 |
| Reimbursement for exports from India | – | 0 |
| Total | 4 | 18 |

| Breakdown by line in the income statement | 2021 | 2020 |
|---|----------|-----------|
| Cost of goods sold | – | 9 |
| Product development expenses | – | 1 |
| Selling expenses | – | 1 |
| Administrative expenses | – | 2 |
| Other operating income and operating expenses | 4 | 6 |
| Total | 4 | 18 |

| Breakdown by line in the balance sheet | 2021 | 2020 |
|--|----------|----------|
| Other current receivables | 4 | 6 |
| Work in progress | –11 | – |
| Cash and cash equivalents | 11 | – |
| Total | 4 | 6 |

| Contingent assets | 2021 | 2020 |
|---|------|------|
| None | | |
| Conditions not yet met linked to contingent assets: | | |
| None | | |

| Contingent liabilities | 2021 | 2020 |
|------------------------|------|------|
| None | | |

Note 9. Information on remuneration of senior executives

| Amounts in thousands of SEK | 2021 | | | 2020 | | |
|---|--|-----------------------|----------------------|--|-----------------------|----------------------|
| | Basic salary incl. benefits/Board fees | Variable remuneration | Pension remuneration | Basic salary incl. benefits/Board fees | Variable remuneration | Pension remuneration |
| Board of Directors | | | | | | |
| (6 members, of whom 2 women) | | | | | | |
| Stefan Charette (Chairman until June 2021) | 350 | – | – | 438 | – | – |
| Håkan Karlsson (Chairman from June 2021) | 800 | – | – | 350 | – | – |
| Catharina Modahl-Nilsson (from June 2020) | 325 | – | – | 190 | – | – |
| Viveka Ekberg (from June 2020) | 400 | – | – | 233 | – | – |
| Dzeki Mackinovski (from December 2020) | 325 | – | – | – | – | – |
| Detlef Borghardt (from December 2020) | 500 ¹⁾ | – | – | – | – | – |
| Jörgen Durban (Chairman until June 2020) | – | – | – | 354 | – | – |
| Bernd Gottschalk (until June 2020) | – | – | – | 97 | – | – |
| Markus Gustafsson (until June 2020) | – | – | – | 125 | – | – |
| Mikael Thunved (until June 2020) | – | – | – | 167 | – | – |
| Total | 2,500 | – | – | 1,954 | – | – |
| Chief Executive Officer | | | | | | |
| Helene Svahn (until June 2021) | 7,139 | – | 1,133 | 4,393 | 36 ²⁾ | 824 |
| Jean-Luc Desire (from June 2021) | 2,723 | 2,000 ³⁾ | 790 | – | – | – |
| Total | 9,862 | 2,000 | 1,923 | 4,393 | 36 | 824 |
| Other senior executives (Group Management) | | | | | | |
| 8 (8) persons, of whom 3 (4) women at December 31 | 15,411 | 1,835 ⁴⁾ | 1,456 | 19,753 | 649 ²⁾ | 2,545 |
| Total | 25,273 | 3,835 | 3,379 | 24,146 | 685 | 3,369 |

¹⁾ Of which SEK 200,000 relates to remuneration for consultancy engagements in addition to ordinary Board engagements, see Note 35.

²⁾ Amount for variable remuneration 2020 refers to the part of the 2019 bonus that has been expensed during 2020.

³⁾ Amounts for variable remuneration 2021 relate to remuneration expensed in 2021, a portion of which was paid during the year.

⁴⁾ Amount for variable remuneration in 2021 refers to the part of the 2021 bonus that was expensed during 2021.

Remuneration of the Board

The 2021 Annual General Meeting resolved that fees be paid to the Board in the sum of SEK 700 thousand for the Chairman Håkan Karlsson and SEK 300 thousand for each of the other members who are not employees of the company. As remuneration for committee work, the chair of the audit committee, Viveka Ekberg, will receive SEK 100 thou-

sand and members Stefan Charette and Håkan Karlsson SEK 50 thousand each. The chair of the Remuneration Committee Håkan Karlsson will receive SEK 50 thousand and members Catharina Modahl Nilsson and Dzeki Mackinovski SEK 25 thousand each.

Note 9 cont. Information on remuneration of senior executives

Guidelines

The Board has established a Remuneration Committee which is responsible, among other things, for preparing the Board's proposal for guidelines for remuneration to senior executives to be presented by the Board for resolution by the Annual General Meeting at least every four years. The guidelines are to remain in force until new guidelines have been adopted by the Annual General Meeting.

Remuneration for senior positions at Haldex is based on two main portions. One portion is fixed monthly salary and the other part is variable salary. Fixed salary is based on what responsibility and impact the position has with regard to finance, decisions, strategy, global or local organization. Salary level is compared with the external market median for equivalent positions to ensure that the salary is market-based.

Senior executives are to be able to receive variable remuneration split into a short-term incentive (STI) program of one year and a long-term incentive (LTI) program over three years. The criteria are to be established, monitored and evaluated annually by the Board. The purpose of the variable remuneration is to motivate the senior executives to achieve the set targets and in so doing to contribute to the fulfilment of the company's business strategy, long-term interests and sustainability goals.

In the latest LTI plan, LTI 2018, which has been a three-year plan 2018–2020, the target in the LTI plan was not met, and there is therefore no outcome or payment in 2021.

Employment contracts concluded between the company and senior executives, as a general rule, are to be for an indefinite period. Senior executives receive remuneration for the duration of their employment and during the period of notice. The period of notice can vary between 6 and 12 months. In addition, senior executives are to be entitled to severance pay in the event of dismissal by the company. Fixed salary during the period of notice and severance pay, taken together, is not to exceed an amount equal to the fixed salary for two years.

Incentive programs

The AGM decides on incentive programs for senior executives and key personnel. Deferred variable remuneration according to LTI is not pensionable. The Board intends to propose to the 2022 Annual General Meeting that a new LTI program be established, to be effective from 2022 onwards. For information on share-related remuneration in the form of performance rights, see Note 10.

Note 10. Share-related remuneration

The Annual General Meeting resolves on incentive programs for senior executives and key personnel. The Annual General Meeting 2021 resolved, in accordance with the Board's proposal, to adopt a long-term incentive (LTI) program for the CEO. Participation in the LTI program requires personal investment in Haldex shares. An LTI is considered to

have a positive impact on the long-term growth of the Group and the long-term commitment of the participant to the development of the company through a long-term shareholding in the company, and thus to be beneficial to both the shareholders and the company.

Note 11. Employees and remuneration

| Number | Total 2021 | | Total 2020 | |
|----------------|--------------|--------------|--------------|--------------|
| | | of whom men | | of whom men |
| Sweden | 235 | 183 | 217 | 179 |
| Mexico | 572 | 338 | 504 | 313 |
| Hungary | 323 | 170 | 329 | 171 |
| United States | 255 | 186 | 263 | 192 |
| China | 203 | 157 | 223 | 182 |
| India | 150 | 132 | 150 | 135 |
| Brazil | 79 | 60 | 72 | 54 |
| France | 62 | 37 | 65 | 38 |
| United Kingdom | 59 | 51 | 89 | 76 |
| Germany | 20 | 19 | 24 | 23 |
| Canada | 15 | 9 | 18 | 7 |
| Poland | 9 | 7 | 9 | 7 |
| South Korea | 7 | 5 | 6 | 4 |
| Italy | 4 | 2 | 8 | 4 |
| Spain | 4 | 3 | 6 | 4 |
| Belgium | 2 | 2 | 2 | 2 |
| Russia | 2 | 1 | 2 | 2 |
| Austria | 1 | 1 | 2 | 2 |
| Australia | 1 | 1 | 1 | 1 |
| Total | 2,003 | 1,364 | 1,990 | 1,396 |

| | 2021 | | | 2020 | | |
|--------|-----------------------|-------------------------------|---------------------------|-----------------------|-------------------------------|---------------------------|
| | Salaries and benefits | Social security contributions | Of which pension expenses | Salaries and benefits | Social security contributions | Of which pension expenses |
| Haldex | 690 | 144 | 39 | 729 | 173 | 45 |

For remuneration of senior executives, see Note 9 on page 76. Of Group pension expenses in operating profit, SEK 34m (32) is related to defined-contribution plans and SEK 5m (13) is related to defined-benefit

plans. For more information on Haldex defined-benefit pension plans, see Note 30, page 85.

Note 12. Remuneration of auditors

| | 2021 | 2020 |
|---|----------|-----------|
| Öhrlings PricewaterhouseCoopers AB and network | | |
| Auditing engagements | 7 | 7 |
| – of which Öhrlings PricewaterhouseCoopers AB | 3 | 4 |
| Auditing activities in addition to auditing engagements | 0 | 0 |
| Tax advice | 0 | 1 |
| – of which Öhrlings PricewaterhouseCoopers AB | 0 | 0 |
| Other services | 1 | 2 |
| – of which Öhrlings PricewaterhouseCoopers AB | 0 | 2 |
| Total | 8 | 10 |

Note 13. Depreciation and amortization

| | 2021 | 2020 |
|------------------------------|------------|------------|
| Cost of goods sold | 119 | 128 |
| Selling expenses | 23 | 26 |
| Administrative expenses | 48 | 45 |
| Product development expenses | 23 | 25 |
| Total | 213 | 224 |

Note 14. Financial income and expenses

| | 2021 | 2020 |
|---|------------|------------|
| Interest income | 4 | 0 |
| Interest expense | –17 | –24 |
| Interest on pension liabilities (see Note 30) | –5 | –7 |
| Interest on lease liability (see Note 18) | –9 | –10 |
| Currency translation | –20 | –42 |
| Other financial income and expenses | –8 | –6 |
| Total | –55 | –89 |

Note 15. Tax

| | 2021 | 2020 |
|--------------|------------|-------------|
| Current tax | –45 | –34 |
| Deferred tax | –13 | –77 |
| Total | –58 | –111 |

Tax on the Group's profit before tax differs from the theoretical amount that would result from a weighted average tax rate on profit for the Group companies, as follows:

| Reconciliation of effective tax rate | 2021 | 2020 |
|--|------------|-------------|
| Profit before tax | 286 | –189 |
| Tax according to current tax rate in Sweden | 21% | 21% |
| Differences in tax rates in different countries of operation | 10% | –27% |
| Non-deductible expenses | –11% | 2% |
| Non-taxable income | 0% | –2% |
| Tax attributable to previous years | 1% | –27% |
| Use of previous unrecognized loss carry-forwards | 4% | 0% |
| Other taxes | –4% | –26% |
| Effective tax rate | 20% | –59% |

The Group's tax expense totaled SEK 58m (111). The underlying tax rate for the year is 20%, compared with a tax rate of –59% for the previous year.

The income tax that is recognized directly against other comprehensive income/equity during the year is as follows:

| Deferred tax | 2021 | 2020 |
|-------------------------------------|-----------|-----------|
| Remeasurement of pension obligation | –3 | 9 |
| Change in hedging reserve | 0 | 3 |
| Exchange rate differences | 2 | 4 |
| Total | –1 | 16 |

Note 16. Intangible assets

| | Goodwill | Patents and other intangible assets | Capitalized development expenses | Total |
|------------------------------------|------------|--|--|------------|
| January 1, 2020 | | | | |
| Cost of acquisition | 436 | 72 | 526 | 1,034 |
| Accumulated depreciation | – | –70 | –164 | –234 |
| Carrying amount | 436 | 2 | 362 | 800 |
| January 1–December 31, 2020 | | | | |
| Opening carrying amount | 436 | 2 | 362 | 800 |
| Translation of foreign currency | –51 | – | 8 | –43 |
| Investments | – | 0 | 7 | 7 |
| Capitalized expenses | – | – | 109 | 109 |
| Amortization | – | 0 | –16 | –16 |
| Impairments | – | – | –176 | –176 |
| Closing carrying amount | 385 | 2 | 294 | 681 |
| December 31, 2020 | | | | |
| Cost of acquisition | 385 | 72 | 591 | 1,048 |
| Accumulated depreciation | – | –70 | –297 | –367 |
| Carrying amount | 385 | 2 | 294 | 681 |
| January 1–December 31, 2021 | | | | |
| Opening carrying amount | 385 | 2 | 294 | 681 |
| Translation of foreign currency | 37 | – | 3 | 40 |
| Investments | – | 0 | 1 | 1 |
| Capitalized expenses | – | – | 87 | 87 |
| Reclassifications | – | – | 1 | – |
| Amortization | – | 0 | –16 | –16 |
| Impairments | – | – | 0 | 0 |
| Closing carrying amount | 422 | 2 | 370¹⁾ | 794 |
| December 31, 2021 | | | | |
| Cost of acquisition | 422 | 72 | 684 | 1,178 |
| Accumulated depreciation | – | –70 | –314 | –384 |
| Carrying amount | 422 | 2 | 370¹⁾ | 794 |

¹⁾ Capitalized development expenses consist of product development at SEK 310m (223) and development of IT systems at SEK 60m (71).

Goodwill and intangible assets that are subject to amortization are measured in accordance with the policies described in Notes 2 and 3. For a

description of the breakdown of amortization by function in the income statement, see Note 13.

Note 17. Property, plant and equipment

| | Buildings | Land and land improvements | Machinery and other technical investments | Equipment, tools, fixtures and fittings | Construction in progress and advance payments | Right-of-use assets | Total |
|---|-----------|----------------------------|---|---|---|---------------------|--------------|
| January 1, 2020 | | | | | | | |
| Cost of acquisition | 223 | 18 | 1,621 | 801 | 225 | 483 | 3,371 |
| Accumulated depreciation and amortization | -164 | -6 | -1,165 | -688 | -4 | -71 | -2,098 |
| Carrying amount | 59 | 12 | 456 | 113 | 221 | 412 | 1,273 |
| January 1–December 31, 2020 | | | | | | | |
| Opening carrying amount | 59 | 12 | 456 | 113 | 221 | 412 | 1,273 |
| Translation of foreign currency | -7 | -1 | -34 | -10 | -17 | -25 | -94 |
| Investments | 66 | 0 | 69 | 33 | 21 | 110 | 299 |
| Sales/disposals | -61 | -2 | -6 | 0 | -7 | -105 | -181 |
| Reclassification | 0 | – | 3 | 49 | -52 | 0 | 0 |
| Depreciation | -7 | – | -86 | -49 | – | -65 | -207 |
| Impairments | – | – | 0 | – | – | 0 | 0 |
| Closing carrying amount | 50 | 9 | 402 | 136 | 166 | 327 | 1,090 |
| December 31, 2020 | | | | | | | |
| Cost of acquisition | 200 | 15 | 1,505 | 838 | 166 | 433 | 3,157 |
| Accumulated depreciation and impairment | -150 | -6 | -1,103 | -702 | 0 | -106 | -2,067 |
| Carrying amount | 50 | 9 | 402 | 136 | 166 | 327 | 1,090 |
| January 1–December 31, 2021 | | | | | | | |
| Opening carrying amount | 50 | 9 | 402 | 136 | 166 | 327 | 1,090 |
| Translation of foreign currency | 1 | 0 | 20 | 6 | 11 | 16 | 54 |
| Investments | 2 | 0 | 44 | 13 | 76 | 67 | 202 |
| Sales/disposals | -7 | -4 | -2 | 0 | 0 | -31 | -44 |
| Reclassification | 0 | – | 35 | 3 | -39 | 0 | 0 |
| Depreciation | -4 | – | -80 | -47 | – | -63 | -194 |
| Impairments | – | – | 0 | – | – | 0 | 0 |
| Closing carrying amount | 42 | 5 | 419 | 111 | 214 | 316 | 1,107 |
| December 31, 2021 | | | | | | | |
| Cost of acquisition | 115 | 7 | 1,440 | 854 | 214 | 483 | 3,113 |
| Accumulated depreciation and impairment | -73 | -2 | -1,021 | -743 | 0 | -167 | -2,006 |
| Carrying amount | 42 | 5 | 419 | 111 | 214 | 316 | 1,107 |

Group property, plant and equipment is depreciated and measured in accordance with the policies described in Note 2. For information on the breakdown of depreciation by function, see Note 13.

Note 18. Leases

Recognized amounts in the balance sheet

| | 2021 | 2020 |
|--|------------|------------|
| Assets with right of use | | |
| Buildings | 301 | 312 |
| Vehicles | 13 | 14 |
| Others | 2 | 1 |
| Total assets with right of use | 316 | 327 |
| Lease liabilities | | |
| Current lease liabilities (included in Current interest-bearing liabilities) | 67 | 58 |
| Non-current lease liabilities (included in Non-current interest-bearing liabilities) | 292 | 276 |
| Total lease liabilities | 359 | 334 |
| Additional rights of use during the year totaled | 67 | 110 |

Recognized amounts in the income statement

| | 2021 | 2020 |
|---|------------|------------|
| Depreciation of right-of-use assets | | |
| Buildings | -53 | -55 |
| Vehicles | -9 | -8 |
| Others | -1 | -2 |
| Total depreciation of right-of-use assets | -63 | -65 |
| Other expenses in the income statement | | |
| Interest expenses (included in Interest expenses) | -9 | -10 |
| Expenses attributable to short-term lease contracts and lease contracts for which the underlying asset is of low value (included in Selling expenses and Administrative expenses) | -2 | -2 |
| Total other expenses in the income statement | -11 | -12 |
| Total cash flow for lease contracts | -70 | -63 |

For information on the Group's accounting policies for leases, see Note 2. For information on the opening and closing asset values and changes during the year, see Note 17. The impact of lease liabilities on liquidity is shown in Note 25.

| | Assets | | Liabilities | | Net | |
|---|------------|------------|-------------|-----------|-----------|-----------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Loss carry-forwards | 85 | 90 | 0 | 0 | 85 | 90 |
| Provisions | 6 | 19 | 0 | 0 | 6 | 19 |
| Pensions and similar obligations | 18 | 18 | 0 | 0 | 18 | 18 |
| Acquisition-related surplus values | 0 | 0 | 7 | 7 | -7 | -7 |
| Leases | 2 | 2 | 0 | 0 | 2 | 2 |
| Other | 5 | 0 | 50 | 49 | -45 | -49 |
| Deferred tax assets/tax liabilities, net | 116 | 129 | 57 | 56 | 59 | 73 |
| Offsetting of tax receivables/tax liabilities | -36 | -40 | -36 | -40 | - | - |
| Total | 80 | 89 | 21 | 16 | 59 | 73 |

Deferred tax assets are recognized only for tax loss carry-forwards to the extent that it is likely that they can be utilized against future taxable profits in the country concerned. On the balance sheet date, there are also tax loss carry-forwards, for which a deferred tax asset is not recog-

Note 19. Financial assets

| | Dec. 31, 2021 | Dec. 31, 2020 |
|---|---------------|---------------|
| Participating interests in associated companies ¹⁾ | 54 | 22 |
| Other participating interests | - | - |
| Other non-current receivables | 32 | 19 |
| Total | 86 | 41 |

¹⁾ Participating interests in associated companies consist of Haldex's three Chinese joint ventures, all of which are recognized using the equity method. The associated companies are owned to 49 or 50% are all strategically important to Haldex.

Note 20. Deferred income tax

Deferred tax assets and tax liabilities are offset when there is a legal right of offset for current taxes and when these relate to taxes charged by a single tax authority and pertain to either the same or different taxpayers, where there is an intention to settle the balances through net payments.

Gross changes in deferred taxes are as follows:

| | 2021 | 2020 |
|--|-----------|-----------|
| January 1 | 58 | 119 |
| Recognition in the income statement (Note 15) | -13 | -77 |
| Tax recognized in equity (Note 15) | - | - |
| Tax recognized in other comprehensive income (Note 15) | -3 | 12 |
| Translation of foreign currency | 2 | 4 |
| December 31 | 44 | 58 |

Deferred tax assets and tax liabilities, without taking account of offsets made within the same tax jurisdiction, are shown below:

The potential of these loss carry-forwards is equivalent to a deferred tax asset of approximately SEK 126m (78). None of the recognized loss carry-forwards have an expiry date.

Note 21. Derivative instruments

| | Dec. 31, 2021 | | Dec. 31, 2020 | |
|--|---------------|-------------|---------------|-------------|
| | Assets | Liabilities | Assets | Liabilities |
| Currency futures - cash flow hedges | 2 | 1 | 3 | 4 |
| Currency futures - at fair value through profit or loss | 1 | 1 | 0 | 1 |
| Currency swaps - at fair value through profit or loss | 29 | 40 | 78 | 41 |
| Total derivative instruments according to the balance sheet | 32 | 42 | 81 | 46 |
| Financial instruments that are covered by a framework agreement on offset but are not recognized net | -42 | -42 | -41 | -41 |
| Total, net | -10 | 0 | 40 | 5 |

Gains and losses in equity on short-term currency futures will be transferred to the income statement at various times during 2022. Gains and losses in equity on current currency forward contracts that are recognized in other comprehensive income during 2020 have been reversed to the income statement in 2021. Financial instruments that are recog-

nized at fair value in the balance sheet belong to Level 2 of the fair value hierarchy, which means that their fair value is determinable, directly or indirectly, from observable market prices. There are no inefficiencies in recognizing cash flow hedges.

Note 22. Financial instruments at fair value

The Group holds financial instruments that are measured at fair value. Derivative instruments are recognized at fair value in the balance sheet based on level 2 of the fair value hierarchy, which means that their fair value is determined, directly or indirectly, from observable market inputs. No transfer occurred between levels in the measurement hierarchy during the year.

The table below shows the Group's assets and liabilities measured at fair value at the balance sheet date based on the principles described above:

| | Dec. 31, 2021 | | | Dec. 31, 2020 | | |
|------------------------|--|---|---|--|---|---|
| | Measurement based on quoted prices on an active market (Level 1) | Measurement based on observable market prices (Level 2) | Measurement based on non-observable market prices (Level 3) | Measurement based on quoted prices on an active market (Level 1) | Measurement based on observable market prices (Level 2) | Measurement based on non-observable market prices (Level 3) |
| Derivative instruments | – | 21 | – | – | 37 | – |
| Total | – | 21 | – | – | 37 | – |

With regard to the Group's other financial instruments, these are recognized as follows: Haldex currency credit agreements and bilateral loans are subject to a variable interest rate of 1–6 months, and fair value therefore corresponds to book value. With regard to other financial as-

sets and liabilities, e.g. accounts receivable, other current receivables, cash and cash equivalents and accounts payable, fair value is considered to correspond to book value.

Note 23. Assets in the balance sheet

| | Dec. 31, 2021 | | | | | | Dec. 31, 2020 | | | | | |
|---|----------------------|--------------------------|---|---------------------------------------|---|--------------|----------------------|--------------------------|---|---------------------------------------|---|--------------|
| | Non-financial assets | Assets at amortized cost | Assets at fair value through profit or loss | Derivatives used for hedging purposes | Assets at fair value through other comprehensive income | Total | Non-financial assets | Assets at amortized cost | Assets at fair value through profit or loss | Derivatives used for hedging purposes | Assets at fair value through other comprehensive income | Total |
| Non-current assets | | | | | | | | | | | | |
| Intangible and tangible | 1,901 | – | – | – | – | 1,901 | 1,771 | – | – | – | – | 1,771 |
| Financial assets | – | – | – | – | – | 0 | – | – | – | – | – | – |
| Deferred tax assets | 80 | – | – | – | – | 80 | 89 | – | – | – | – | 89 |
| Other financial assets | – | 86 | – | – | – | 86 | – | 41 | – | – | 0 | 41 |
| Current assets | | | | | | | | | | | | |
| Inventories | 794 | – | – | – | – | 794 | 657 | – | – | – | – | 657 |
| Current receivables | | | | | | | | | | | | |
| Accounts receivable | – | 735 | – | – | – | 735 | – | 619 | – | – | – | 619 |
| Other current receivables | 145 | 262 | – | – | – | 407 | 91 | 229 | – | – | – | 320 |
| Derivative instruments | – | – | 30 | – | – | 30 | – | – | 78 | – | – | 78 |
| Derivative instruments – hedge accounting | – | – | – | 2 | – | 2 | – | – | – | 3 | – | 3 |
| Cash and cash equivalents | – | 597 | – | – | – | 597 | – | 440 | – | – | – | 440 |
| Total | 2,920 | 1,680 | 30 | 2 | 0 | 4,632 | 2,608 | 1,329 | 78 | 3 | 0 | 4,018 |

Haldex's accounts receivable and other current receivables run at variable interest rates with a maturity of 1–6 months, which means that

book values correspond essentially to fair values. The book value of non-current receivables is in agreement with fair value.

Note 24. Liabilities in the balance sheet

| | Dec. 31, 2021 | | | | | Dec. 31, 2020 | | | | |
|---|---------------------------|-------------------------------|--|---------------------------------------|--------------|---------------------------|-------------------------------|--|---------------------------------------|--------------|
| | Non-financial liabilities | Liabilities at amortized cost | Liabilities at fair value through profit or loss | Derivatives used for hedging purposes | Total | Non-financial liabilities | Liabilities at amortized cost | Liabilities at fair value through profit or loss | Derivatives used for hedging purposes | Total |
| Non-current liabilities | | | | | | | | | | |
| Deferred tax liabilities | 21 | – | – | – | 21 | 16 | – | – | – | 16 |
| Pensions and similar obligations | 463 | – | – | – | 463 | 578 | – | – | – | 578 |
| Interest-bearing liabilities | – | 1,314 | – | – | 1,314 | – | 1,197 | – | – | 1,197 |
| Other non-current liabilities | – | 0 | – | – | 0 | – | 18 | – | – | 18 |
| Current liabilities | | | | | | | | | | |
| Interest-bearing liabilities | – | 67 | – | – | 67 | – | 62 | – | – | 62 |
| Accounts payable | – | 662 | – | – | 662 | – | 572 | – | – | 572 |
| Derivative instruments | – | – | 40 | – | 40 | – | – | 42 | – | 42 |
| Derivative instruments – hedge accounting | – | – | – | 2 | 2 | – | – | – | 4 | 4 |
| Other provisions | 42 | – | – | – | 42 | 71 | – | – | – | 71 |
| Other current liabilities | 175 | 185 | – | – | 360 | 139 | 161 | – | – | 300 |
| Total | 701 | 2,228 | 40 | 2 | 2,971 | 804 | 2,010 | 42 | 4 | 2,860 |

Haldex's current and non-current liabilities, credit facilities and bilateral loans are subject to variable interest rates with a maturity of 1–6 months, which means that book values essentially correspond to fair values.

Note 25. Liquidity

| | Dec. 31, 2021 | | | Dec. 31, 2020 | | |
|---|---------------|-------------|-------------|---------------|-------------|-------------|
| | <1 year | >1< 2 years | >2 years | <1 year | >1< 2 years | >2 years |
| Non-current interest-bearing liabilities incl. interest | -18 | -1,026 | | -22 | -927 | |
| Current interest-bearing liabilities including interest | | | | | | |
| Lease liabilities, non-discounted | -70 | -66 | -249 | -63 | -57 | -249 |
| Accounts payable | -662 | | | -572 | | |
| Derivative instruments | 32 | | | -46 | | |
| Total | -718 | -984 | -249 | -703 | -984 | -249 |
| Accounts receivable | 735 | - | - | 619 | - | - |
| Derivative instruments | 42 | - | - | 81 | - | - |
| Net flow | 59 | -984 | -249 | -3 | -984 | -249 |
| Derivative instruments | | | | | | |
| - outflow | 3,759 | - | - | 2,498 | - | - |
| - inflow | 3,708 | - | - | 2,506 | - | - |

Haldex's credit facilities and bilateral loans run at variable interest rates with a maturity of 1–6 months, which means that book values essentially correspond to fair values. Available unused credit facilities at year-end

totalled SEK 324m (435). Estimated interest consists of the equivalent value in SEK based on the exchange rates at December 31 and the future-oriented current interest rates for the liability.

Note 26. Inventories

| | Dec. 31, 2021 | Dec. 31, 2020 |
|------------------------|---------------|---------------|
| Raw materials | 542 | 419 |
| Semi-finished products | 18 | 9 |
| Finished products | 234 | 229 |
| Total | 794 | 657 |

Note 27. Other current receivables

| | Dec. 31, 2021 | Dec. 31, 2020 |
|-------------------------------------|---------------|---------------|
| Tax receivables (incl. VAT) | 117 | 106 |
| Prepaid expenses and accrued income | | |
| Rents and insurance | 11 | 15 |
| Other prepaid expenses | 79 | 28 |
| Collateral receivable | 13 | 34 |
| Other current receivables | 187 | 137 |
| Total | 407 | 320 |

Note 28. Cash and cash equivalents

| | Dec. 31, 2021 | Dec. 31, 2020 |
|------------------------|---------------|---------------|
| Bank balances and cash | 597 | 440 |
| Total | 597 | 440 |

Cash and short-term deposits of SEK 362m (256) are held in Canada, China and Korea and are subject to local currency control regulations. These local currency control regulations impose restrictions on moving capital from the country, other than through normal distribution.

Note 29. Non-current interest-bearing liabilities

| | Dec. 31, 2021 | Dec. 31, 2020 |
|-----------------|---------------|---------------|
| Syndicated loan | 750 | 650 |
| Bilateral loan | 270 | 270 |
| Total | 1,020 | 920 |

Liabilities pertaining to IFRS16 Leases have been excluded in an amount of SEK 292m (276).

| | 2021 | | 2020 | |
|-----------------|----------|---------------|----------|---------------|
| | Nominal | Maturity | Nominal | Maturity |
| Syndicated loan | EUR 90m | Apr. 21, 2023 | EUR 90m | Apr. 21, 2022 |
| Bilateral loan | SEK 270m | Apr. 21, 2023 | SEK 270m | Apr. 21, 2022 |

Note 30. Pensions and similar obligations

Haldex has defined-benefit pension plans for certain units, and this relates primarily to Sweden, Germany, France and the United Kingdom. The defined-benefit pension plans are mainly based on final salary. There are also defined-contribution plans in these countries. Subsidiaries in other countries within the Group mainly use defined-contribution plans. The UK pension system has a minimum funding requirement. Based on a financing valuation carried out every three years, the company and the fund managers agree on a plan for financing up to the minimum requirement.

Reconciliation of interest-bearing pension liabilities

| | 2021 | 2020 |
|--|------------|------------|
| Defined-benefit obligations at January 1 | 926 | 889 |
| Reclassification of opening balance | –4 | 32 |
| Vested pensions during the period | 5 | 13 |
| Interest on obligations | 11 | 15 |
| Benefits paid | –32 | –29 |
| Reduced commitment through transfer to defined-contribution plan | 0 | 0 |
| Contributed funds | 0 | 0 |
| Effects of curtailments and settlements | –1 | –1 |
| Revaluations due to changes in demographic assumptions | –1 | 14 |
| Remeasurements due to changes in financial assumptions | –65 | 58 |
| Experience-based remeasurements | –11 | –14 |
| Translation of foreign currency | 48 | –51 |
| Defined-benefit commitments at December 31 | 876 | 926 |
| Fair value of plan assets at January 1 | 348 | 357 |
| Expected return on plan assets | 5 | 7 |
| Payment from assets | –21 | –16 |
| Effects of curtailments and settlements | 0 | 0 |
| Contributed funds | 9 | 10 |
| Measurement gains/losses on plan assets | 41 | 20 |
| Translation of foreign currency | 31 | –30 |
| Fair value of plan assets at December 31 | 413 | 348 |

Reconciliation of interest-bearing pension liabilities

| | 2021 | 2020 |
|--|------------|------------|
| Pension liability (net) at January 1 | 578 | 562 |
| Pension expense | 7 | 21 |
| Benefits paid | –32 | –29 |
| Reduced liability through transfer to defined-contribution plan | 0 | 0 |
| Contributed funds | –9 | –10 |
| Payment from assets | 21 | 16 |
| Effects of curtailments and settlements | –1 | –1 |
| Actuarial gains/losses recognized in other comprehensive income | –118 | 38 |
| Translation of foreign currency | 17 | –19 |
| Net amount recognized in the balance sheet at December 31 | 463 | 578 |

Amounts recognized in the income statement

| | 2021 | 2020 |
|-----------------------------------|------------|------------|
| Vested pensions during the period | –5 | –13 |
| Interest on obligations | –11 | –15 |
| Expected return on plan assets | 5 | 7 |
| Total | –11 | –21 |

Amounts recognized in other comprehensive income

| | 2021 | 2020 |
|---|------------|------------|
| Remeasurements of pension obligation | | |
| of which changes in demographic assumptions | 1 | –14 |
| including changes in financial assumptions | 65 | –58 |
| of which experience-based adjustments | 11 | 14 |
| Measurement gains (losses) on plan assets | 41 | 20 |
| Total | 118 | –38 |

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Note 30 cont. Pensions and similar obligations

Defined-benefit pension commitments and plan assets by country

| 2021 | Sweden | Germany | United Kingdom | Other | Total |
|---|------------|------------|----------------|----------|------------|
| Defined-benefit obligation | 283 | 126 | 454 | 14 | 877 |
| Plan assets | 39 | – | 368 | 7 | 413 |
| of which shares | 8 | – | – | – | 8 |
| including interest-bearing securities | 28 | – | 122 | – | 150 |
| of which diversified growth funds | – | – | 241 | – | 241 |
| including properties | – | – | – | – | – |
| including cash and cash equivalents | 3 | – | 5 | 7 | 14 |
| Net amount recognized in the balance sheet | 245 | 126 | 86 | 7 | 463 |

| 2020 | Sweden | Germany | United Kingdom | Other | Total |
|---|------------|------------|----------------|----------|------------|
| Defined-benefit obligation | 331 | 129 | 452 | 14 | 926 |
| Plan assets | 40 | – | 302 | 6 | 348 |
| of which shares | 4 | – | – | – | 4 |
| including interest-bearing securities | 25 | – | 73 | – | 98 |
| of which diversified growth funds | – | – | 228 | – | 228 |
| including properties | – | – | – | – | – |
| including cash and cash equivalents | 9 | – | 1 | 2 | 12 |
| Net amount recognized in the balance sheet | 291 | 129 | 150 | 8 | 578 |

Life expectancy after retirement at age 65

| | Sweden | Germany | United Kingdom |
|--------|--------|---------|----------------|
| Male | 22 | 20 | 22 |
| Female | 24 | 24 | 23 |

Actuarial assumptions

| 2021, % | Sweden | Germany | United Kingdom |
|---|--------|---------|----------------|
| Discount rate and expected return on plan assets, January 1, 2020 | 1.0 | 1.0 | 1.4 |
| Discount rate and expected return on plan assets, December 31, 2020 | 1.8 | 0.9 | 1.7 |
| Salary and wage increase | 2.5 | 0.0 | 3.3 |
| Inflation | 2.0 | 1.8 | 3.0 |

| 2020, % | Sweden | Germany | United Kingdom |
|---|--------|---------|----------------|
| Discount rate and expected return on plan assets, January 1, 2019 | 1.5 | 1.1 | 2.0 |
| Discount rate and expected return on plan assets, December 31, 2019 | 1.0 | 1.0 | 1.4 |
| Salary and wage increase | 2.0 | 0.0 | 3.1 |
| Inflation | 2.0 | 1.8 | 2.8 |

Average remaining maturity on the pension plan

| | Sweden | Germany | United Kingdom |
|------|--------|---------|----------------|
| Year | 20 | 15 | 20 |

The discount rate is based on first-class corporate bonds with a maturity corresponding to the estimated maturity of pension obligations. All pension plans consist of listed investments. A change in the discount

rate of +/- 0.25% for each individual country has an impact on the present value of the Group's pension obligation of approximately SEK 40m (38).

Note 31. Other provisions

| | 2021 | | | 2020 | | |
|---------------------------------|---------------------|--------------------------|-----------|---------------------|--------------------------|------------|
| | Warranty provisions | Restructuring provisions | Total | Warranty provisions | Restructuring provisions | Total |
| January 1 | 28 | 43 | 71 | 36 | 168 | 204 |
| Provisions | 37 | 13 | 50 | 34 | 89 | 123 |
| Utilization | -32 | -49 | -81 | -39 | -213 | -252 |
| Translation of foreign currency | 2 | 0 | 2 | -3 | -1 | -4 |
| December 31 | 35 | 7 | 42 | 28 | 43 | 71 |

Warranty and restructuring provisions are made in accordance with the principles described in Note 3.

Note 32. Other current liabilities

| | 2021 | 2020 |
|---|------------|------------|
| Tax liabilities | 22 | 8 |
| <i>Accrued expenses and deferred income</i> | | |
| Employee benefit expenses | 94 | 77 |
| Accrued interest | 6 | 12 |
| Accrued discounts | 12 | 8 |
| Mortgage | 62 | 57 |
| Other accrued expenses | 113 | 82 |
| Other current liabilities | 51 | 56 |
| Total | 360 | 300 |

Note 33. Pledged assets, contingent assets and contingent liabilities

| | 2021 | 2020 |
|---|------------|------------|
| Pledged assets | 0 | 0 |
| Contingent asset in Hungary, government support | 0 | 10 |
| | | |
| | 2021 | 2020 |
| Bankers' bills China | 9 | 24 |
| Pension guarantee United Kingdom | 182 | 97 |
| Other contingent liabilities | 3 | 3 |
| Total contingent liabilities | 194 | 124 |

Note 34. Acquisitions

No acquisitions were made in 2021.

Note 35. Transactions with related parties

The parent company is a related party to its subsidiaries. Transactions with subsidiaries take place on market terms. Remuneration of senior executives is described in Note 9 on page 76.

Haldex is generally very restrictive in involving Board members in operational tasks, but in the event of exceptional tasks not considered part of regular Board work, consideration may be given to engaging a Board member as a consultant for a limited period of time, provided that the remuneration is market-based and in line with the remuneration of Haldex's senior executives.

Detlef Borghardt supported Haldex Group Management in certain customer dialogues and negotiations during part of 2021. The support was related to customers and subject areas where Detlef Borghardt's experience, strategic expertise and network have been of crucial importance. The remuneration totaled SEK 200,000.

Parent Company income statement

| SEKm | Note | 2021 | 2020 |
|--------------------------------------|----------|-------------|-------------|
| Net sales | | 110 | 104 |
| Administrative expenses | 4, 5, 13 | -78 | -102 |
| Operating profit | | 32 | 2 |
| Dividends from Group companies | | 0 | 19 |
| Impairment of shares in subsidiaries | | -200 | -250 |
| Interest income | 6 | 98 | 92 |
| Interest expense | 6 | -26 | -30 |
| Other financial items | | -5 | -29 |
| Income after financial items | | -101 | -195 |
| Group contributions | | -76 | -43 |
| Profit before tax | | -177 | -238 |
| Tax | 12 | -10 | -10 |
| Net profit for the year | | -187 | -248 |

Parent Company statement of comprehensive income

| SEKm | Note | 2021 | 2020 |
|-----------------------------------|------|-------------|-------------|
| Net profit for the year | | -187 | -248 |
| Other comprehensive income | | - | - |
| Total comprehensive income | | -187 | -248 |

Parent Company balance sheet

| SEKm | Note | 2021 | 2020 |
|--|------|--------------|--------------|
| ASSETS | | | |
| Non-current assets | | | |
| Financial assets | | | |
| Shares in subsidiaries | 7 | 1,721 | 1,721 |
| Non-current receivables subsidiaries | 8 | 1,123 | 1,029 |
| Other non-current receivables | 8 | 27 | 14 |
| Total non-current assets | | 2,871 | 2,764 |
| Current assets | | | |
| Receivables from subsidiaries | | 1,464 | 1,206 |
| Other current receivables | 9 | 24 | 27 |
| Derivative instruments | 10 | 35 | 88 |
| Cash and cash equivalents | 11 | 121 | 137 |
| Total current assets | | 1,644 | 1,459 |
| TOTAL ASSETS | | 4,515 | 4,222 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| <i>Restricted equity</i> | | | |
| Share capital (48,637,567 shares with a quotient value of SEK 5) | | 243 | 243 |
| <i>Unrestricted equity</i> | | | |
| Share premium reserve | | 590 | 589 |
| Retained earnings | | 220 | 468 |
| Net income for the year | | -187 | -248 |
| Total equity | | 866 | 1,052 |
| Provisions | | | |
| Pensions and similar obligations | 13 | 35 | 36 |
| Other provisions | | 29 | 14 |
| Total provisions | | 64 | 50 |
| Non-current liabilities | | | |
| Non-current interest-bearing liabilities | 14 | 1,020 | 920 |
| Liabilities to subsidiaries | | 353 | 345 |
| Total non-current liabilities | | 1,373 | 1,265 |
| Current liabilities | | | |
| Accounts payable | | 5 | 22 |
| Liabilities to subsidiaries | | 2,094 | 1,719 |
| Derivative instruments | 10 | 46 | 50 |
| Other current liabilities | 15 | 68 | 64 |
| Total current liabilities | | 2,213 | 1,855 |
| TOTAL EQUITY AND LIABILITIES | | 4,515 | 4,222 |
| Pledged assets | | | |
| | | None | None |
| Contingent liabilities | 16 | 383 | 361 |

Changes in the Parent Company's equity

| SEKm | Restricted equity | Unrestricted equity | | Total |
|---|-------------------|-----------------------|-------------------|--------------|
| | Share capital | Share premium reserve | Retained earnings | |
| Opening balance at January 1, 2020 | 221 | 455 | 468 | 1,144 |
| Net income for the year | – | – | –248 | –248 |
| Cash dividend | – | – | – | – |
| New share issue | 22 | 135 | – | 157 |
| Closing balance at December 31, 2020 | 243 | 590 | 220 | 1,053 |
| Opening balance at January 1, 2021 | 243 | 590 | 220 | 1,053 |
| Net income for the year | – | – | –187 | –187 |
| Cash dividend | – | – | – | – |
| Closing balance at December 31, 2021 | 243 | 590 | 33 | 866 |

Parent Company cash flow statement

| SEKm | 2021 | 2020 |
|--|-------------|-------------|
| Cash flow from operating activities | | |
| Profit before tax | –177 | –238 |
| Reversal of non-cash items ¹⁾ | 277 | 256 |
| Cash flow from operating activities before changes in working capital | 50 | 18 |
| Change in working capital | | |
| Current receivables | –241 | –72 |
| Current liabilities | 376 | –409 |
| Change in working capital | 135 | –481 |
| Cash flow from operating activities | 185 | –463 |
| Cash flow from investing activities | | |
| Change in non-current receivable | –109 | 166 |
| Cash flow from investing activities | –109 | 166 |
| Cash flow from financing activities | | |
| Change in interest-bearing liabilities | 100 | 470 |
| Change in other liabilities | 8 | 7 |
| Paid shareholder contributions | –200 | –200 |
| New share issue | – | 157 |
| Cash flow from financing activities | –92 | 434 |
| Changes in cash and bank balances | –16 | 137 |
| Cash and cash equivalents, opening balance | 137 | 0 |
| Cash and cash equivalents, closing balance | 121 | 137 |
| ¹⁾ Reversal of non-cash items: | | |
| Unpaid Group contribution | 76 | 43 |
| Impairment of shares in subsidiaries | 200 | 250 |
| Others | –49 | –37 |
| Total | 227 | 256 |

Notes

Note 1. General information

Haldex AB is the Parent Company of the Haldex Group. The head office functions, including the central financial functions, are fulfilled by the Parent Company. Haldex AB (publ), corporate identity number 556010-1155, is a Swedish public limited company with registered office in

Landskrona in Sweden. The address of the head office is Haldex AB, Box 507, 261 24 Landskrona. Haldex shares are listed on the Nasdaq OMX Exchange Stockholm Stock Exchange, on the MidCap list.

Note 2. Summary of significant accounting policies

The Parent Company's annual financial statements have been prepared in accordance with the Swedish Annual Accounts Act and RFR 2.1 – Accounting for legal entities from the Swedish Financial Reporting Board. According to the provisions of RFR 2.1, the Parent Company must apply all EU-approved IFRS policies in the legal entity's financial statements as far as possible within the framework of the Annual Accounts Act and taking into account the relationship between account-

ing and taxation. This recommendation specifies what exceptions to IFRS are allowed. It also contains the necessary supplementary information. The Parent Company applies the same accounting policies as the Group, with the exceptions set out below. The Parent Company recognizes pension obligations in accordance with the Pension Obligations Vesting Act. Adjustments in accordance with IFRS are made at Group level. Group contributions are recognized as appropriations.

Note 3. Average number of employees

| | 2021 | | | 2020 | | |
|--------|-------|-----|-------|-------|-----|-------|
| | Women | Men | Total | Women | Men | Total |
| Sweden | 6 | 7 | 13 | 8 | 9 | 17 |

Note 4. Salaries and other benefits

| | 2021 | | | | 2020 | | | |
|--------|-----------------------|--|-------------------------------|---------------------------|-----------------------|--|-------------------------------|---------------------------|
| | Salaries and benefits | Of which Board of Directors, CEO and senior executives | Social security contributions | Of which pension expenses | Salaries and benefits | Of which Board of Directors, CEO and senior executives | Social security contributions | Of which pension expenses |
| Sweden | 47 | 18 | 8 | 3 | 40 | 14 | 7 | 3 |

The Board consists of eight members (9), two of whom are employee representatives. For information on individual remuneration paid to them and to the CEO, see Note 9 to the consolidated financial statements. Remuneration of other senior executives, 4 persons (8), totaled

SEK 5m (10), of which variable remuneration totaled SEK 1m (1). For further information on remuneration of senior executives, see Note 9 on page 76. Pension payments for other senior executives were SEK 2m (3) of the total pension expenses.

Note 5. Remuneration of auditors

| | 2021 | 2020 |
|---|----------|----------|
| <i>Öhrlings PricewaterhouseCoopers AB and network</i> | | |
| Auditing engagements | 2 | 4 |
| Tax advice | 0 | 0 |
| Other advice | 0 | 2 |
| Total | 2 | 6 |

Note 6. Interest income and interest expense

| | 2021 | 2020 |
|-----------------------------------|------------|------------|
| <i>Interest income</i> | | |
| External interest income | 2 | 0 |
| Interest income Group companies | 96 | 92 |
| Total | 98 | 92 |
| <i>Interest expense</i> | | |
| External interest expenses | -18 | -22 |
| Interest expenses Group companies | -8 | -8 |
| Total | -26 | -30 |

Note 7. Shares and participating interests

At December 31, 2021, Haldex AB had direct ownership interests in the subsidiaries listed in Note 7. JSB Hesselman AB is the parent company of the wholly owned UK subsidiary Haldex Ltd. and the US subsidiary Haldex Inc. Haldex Ltd. is the parent company of the wholly owned UK subsidiary Haldex Brake Products Ltd., which in turn is the parent company of Haldex España SA. Haldex Inc. is a holding company for the

wholly owned US subsidiaries Haldex Brake Products Corp and Haldex Acquisition Corp, which in turn is the parent company of the Mexican subsidiary Haldex Products de Mexico S.A. de C.V. Haldex Hong Kong Co. Ltd. is a holding company for the wholly owned Chinese company Haldex Vehicle Products Co. Ltd.

| Shares in subsidiaries | Corp. ID no. | Registered office | Participating interests | % | Dec. 31, 2021 | Dec. 31, 2020 |
|--|--------------|-------------------|-------------------------|-----|---------------|---------------|
| Haldex Brake Prod AB | 556068-2758 | Landskrona | 127,500 | 100 | 93 | 93 |
| Haldex Halmstad AB | 556053-6780 | Landskrona | 30,000 | 100 | 4 | 4 |
| Haldex GmbH | | Germany | | 100 | 51 | 51 |
| Haldex Europe S.A | | France | 625,000 | 100 | 75 | 75 |
| Haldex Ltd. | | Canada | | 100 | 0 | 0 |
| Haldex do Brasil Indústria e Comércio Ltda | | Brazil | | 100 | 0 | 0 |
| Haldex Sp.z o.o. | | Poland | 30,000 | 100 | 3 | 3 |
| Haldex N.V. | | Belgium | 4,399 | 100 | 1 | 1 |
| Haldex Int Trading Co Ltd | | China | | 100 | 0 | 0 |
| Haldex Italia Srl | | Italy | 10,400 | 100 | 8 | 8 |
| Haldex Korea Ltd. | | South Korea | 79,046 | 100 | 0 | 0 |
| Haldex Financial Services Holding AB | 556633-6136 | Landskrona | 1,000 | 100 | 0 | 0 |
| Haldex Hungary Kft | | Hungary | | 100 | 74 | 74 |
| Haldex Wien Ges.m.b.H. | | Austria | | 100 | 7 | 7 |
| Haldex India Ltd. | | India | | 60 | 7 | 7 |
| JSB Hesselman AB | 556546-1844 | Landskrona | 1,000 | 100 | 855 | 855 |
| Haldex Russia | | Russia | | 100 | 0 | 0 |
| Haldex Holding AB | 556560-8220 | Landskrona | 23,079,394 | 100 | 458 | 458 |
| Haldex Hong Kong Co Ltd. | | Hong Kong | | 100 | 85 | 85 |
| Haldex Brake Products Pty | | Australia | | 100 | 0 | 0 |
| Haldex Traction Holding II AB | 556819-2271 | Landskrona | | 100 | 0 | 0 |
| Total | | | | | 1,721 | 1,721 |

| Change in shares and participating interests | Opening balance | Impairment | Closing balance |
|--|-----------------|------------|-----------------|
| 2021 | 1,721 | 0 | 1,721 |
| 2020 | 1,721 | 0 | 1,721 |

Note 8. Non-current receivables

| | Dec. 31, 2021 | Dec. 31, 2020 |
|--------------------------------------|---------------|---------------|
| Deferred tax assets | 0 | 0 |
| Non-current receivables subsidiaries | 1,123 | 1,029 |
| Other non-current receivables | 27 | 14 |
| Total | 1,150 | 1,043 |

Note 9. Other current receivables

| | Dec. 31, 2021 | Dec. 31, 2020 |
|---------------------------|---------------|---------------|
| Tax receivables | 0 | 1 |
| Prepaid expenses | 7 | 6 |
| Other current receivables | 17 | 20 |
| Total | 24 | 27 |

Note 10. Derivative instruments

| | Dec. 31, 2021 | | Dec. 31, 2020 | |
|---|---------------|-------------|---------------|-------------|
| | Assets | Liabilities | Assets | Liabilities |
| Currency futures – at fair value through profit or loss | 6 | 6 | 10 | 10 |
| Currency swaps – at fair value through profit or loss | 29 | 40 | 78 | 41 |
| Total | 35 | 46 | 88 | 51 |

Gains and losses from forward exchange contracts and currency swaps are recognized on an ongoing basis in the income statement.

Note 11. Cash and cash equivalents

| | Dec. 31, 2021 | Dec. 31, 2020 |
|------------------------|------------------|------------------|
| Cash and bank balances | 121 | 137 |
| Total | 121 | 137 |

Note 12. Taxes

| | 2021 | 2020 |
|------------------------------------|------------|------------|
| Current tax for the year | 23 | –9 |
| Tax on Group contributions | 16 | 9 |
| Tax for non-deductible expenses | –39 | –10 |
| Tax attributable to previous years | –10 | 0 |
| Total | –10 | –10 |

Note 13. Pensions and similar obligations

Pension obligations attributable to defined-benefit plans

| | 2021 | 2020 |
|-----------------------------------|-----------|-----------|
| Vested pensions during the period | 0 | 0 |
| Interest on obligations | –1 | –1 |
| Total pension expense | –1 | –1 |

In addition to the pension expenses above, the Parent Company has income of SEK 1.1m –0.3). This relates to funding in a pension fund related to pension commitments to former senior executives.

Reconciliation of interest-bearing pension liabilities

| | Dec. 31, 2021 | Dec. 31, 2020 |
|---|------------------|------------------|
| Opening balance, pension liabilities | 36 | 35 |
| Benefits paid | –6 | –5 |
| Pension expenses | 5 | 6 |
| Closing balance, pension liabilities | 35 | 36 |

Of the pension liability, SEK 25m (24) is attributable to PRI/FPG and is covered by the Pension Obligations Vesting Act. The Board of the PRI non-profit association has decided on changes to the basis of calculation concerning retirement pension for the ITP 2 plan, which is a book reserve pension plan. The changes apply from 1 January 2022 and it is mainly the change in discount rate that affects Haldex AB. This 'tariff change' increases the pension liability by SEK 4,534 thousand in January 2022.

Note 14. Non-current interest-bearing liabilities

| | Dec. 31, 2021 | Dec. 31, 2020 |
|-----------------|------------------|------------------|
| Syndicated loan | 750 | 650 |
| Bilateral loan | 270 | 270 |
| Total | 1,020 | 920 |

Haldex's credit facilities and bilateral loans run at variable interest rates with a maturity of 1-6 months, which means that book values essentially correspond to fair values. Available unused long-term credit facilities at year-end totaled SEK 170m (253). Estimated interest consists of the equivalent value in SEK based on the exchange rates at December 31, 2021 and the prospective current interest rates for the liability.

Maturity structure, years

| | Total | 0 – 1 | 1–3 | 3–5 | > 5 years | Average interest rate |
|---------------------|--------------|-----------|--------------|----------|-----------|-----------------------|
| SEKm | 1,020 | – | 1,020 | – | – | 1.8 |
| Total | 1,020 | – | 1,020 | – | – | 1.8 |
| Calculated interest | 24 | 18 | 6 | – | – | |
| Total | 1,044 | 18 | 1,026 | 0 | 0 | – |

Note 15. Other current liabilities

| | Dec. 31, 2021 | Dec. 31, 2020 |
|-----------------------------------|------------------|------------------|
| Accrued employee benefit expenses | 25 | 12 |
| Impairment of current receivables | 39 | 36 |
| Other accrued expenses | 0 | 12 |
| Other current liabilities | 4 | 4 |
| Total | 68 | 64 |

Note 16. Pledged assets and contingent liabilities

| | Dec. 31, 2021 | Dec. 31, 2020 |
|--|------------------|------------------|
| Guarantees and warranties for subsidiaries | 383 | 361 |

The Board of Directors and the CEO hereby confirm that the annual accounts have been prepared in accordance with generally accepted accounting principles, that the consolidated accounts have been prepared in accordance with the international financial reporting standards as defined in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international

accounting standards and present a true and fair view of the company's and the Group's financial position and results, and that the Directors' Report for the Company and the Group, provides a true and fair view of the development of the Company's and the Group's operations, financial position and results, and describes the significant risks and uncertainties faced by the Company and Group companies.

Landskrona, March 24, 2022

Håkan Karlsson
Chairman of the Board

Stefan Charette
Board member

Detlef Borghardt
Board member

Viveka Ekberg
Board member

Dzeki Mackinovski
Board member

Catharina Modahl Nilsson
Board member

Per Holmqvist
Employee representative

Jahad Shako
Employee representative

Jean-Luc Desire
President and CEO

Our audit report was submitted on March 24, 2022
Öhrlings PricewaterhouseCoopers AB

Carl Fogelberg
*Authorized public accountant
Auditor in charge*

Patrik Larsson
Authorized public accountant

Audit report

To the Annual General Meeting of Haldex AB (publ) corp. ID No 556010-1155

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED FINANCIAL STATEMENTS

Opinions

We have audited the annual accounts and consolidated accounts of Haldex AB for the year 2021, with the exception of the sustainability report on pages 26–37. The annual accounts and consolidated accounts are included on pages 55–95 of this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the Group at December 31, 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of December 31, 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated financial statements.

We therefore recommend that the general meeting of shareholders adopt the income statement and balance sheet for the Parent Company and the Group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the contents of the supplementary report submitted to the Parent Company's and the Group's Audit Committee in accordance with Article 11 of the Audit Regulation (537/2014).

Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the Group in accordance with generally accepted auditing standards in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on our best knowledge and beliefs, no prohibited services referred to in Article 5(1) of the Audit Regulation (537/2014) have been provided to the audited company or, where applicable, its parent company or its controlled companies in the EU.

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

Our audit approach

Focus and scope of the audit

We designed our audit by determining materiality and assessing the risk of material misstatement in the consolidated financial statements. In particular, we considered where the President and CEO and Board of Directors have made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also

addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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

On the basis of this, we determined the companies within the Group deemed to be significant and determined the audit activities to be performed as regards these companies. The Haldex Group is comprised of some 30 reporting units of which 9 units have been deemed, in varying degrees, to be significant. The units in the Group which are not seen to be significant have been audited by the Group audit team via a review. The majority of the units not included in the audit of the consolidated accounts are subject to a statutory audit in their respective countries.

The Haldex Group operates mainly outside Sweden, and we obtain reports from each local audit team in the global PwC network over the course of the year and in connection with our audit of the annual accounts. Each year, the Group audit team makes an assessment of the scope and focus that are required to ensure that an adequate and appropriate audit is performed from a Group perspective. The activities of the local audit teams are governed and monitored by the central team. As part of this work, the Group audit team performed the audit of Haldex's businesses in the United States. The Group audit team has also performed an audit of the Parent Company, the group consolidation, the annual accounts, and material assumptions and judgments.

Materiality

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

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

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were most significant in our audit of the annual accounts and consolidated accounts of the period concerned. These matters were addressed in our audit of, and in forming our opinion thereon, the annual accounts and consolidated financial statements as a whole, but we do not provide a separate opinion on these matters.

Key audit matter

How the key audit matter was addressed in our audit

Deferred tax

For information on deferred tax, see Note 2 (Summary of significant accounting policies), Note 3 (Significant estimates and assumptions) and Note 20 (Deferred income tax).

At December 31, 2021, Haldex had deferred tax assets of SEK 80m, of which SEK 35m is attributable to unutilized loss carryforwards.

Haldex operates in several countries with differing tax laws, which adds to the complexity of assessing deferred tax assets. Local tax rules and extensive intra-Group deliveries of goods and services require correct pricing between entities.

The recognition of deferred tax assets is based on assumptions and estimates of future earnings performance and taxable income in different countries, which is subject to uncertainty. The carrying amounts of deferred tax assets are also significant, and this item is, therefore, a natural focus area for our audit.

We have studied the company's documentation for underlying temporary differences, which constitutes the basis for deferred tax assets and deferred tax liabilities, and have, as part of the Group audit, obtained the necessary audit evidence.

Through random sampling, we have assessed the mathematical accuracy of the calculations made by management in determining the value of deferred taxes.

With regard to deferred tax assets whose value depends on future taxable profits, we have examined management's forecasts and have challenged the assumptions made.

In this context, we have compared historical forecasts with outcomes to determine reliability.

We have assessed whether Haldex has satisfactorily described its policies for recognition of deferred tax assets and tax liabilities in its annual report, including the estimates and judgments made in measuring the items as at December 31, 2021.

Key audit matter**How the key audit matter was addressed in our audit****Capitalized development costs**

For information on capitalized development costs, see Note 2 (summary of significant accounting policies), Note 3 (Significant estimates and judgments) and Note 16 (Intangible assets).

Haldex yearly invests significant resources in research and development. To that extent and from the time a development project meets the criteria of IAS 38, development costs are capitalized as an asset. Booked value of capitalized development costs total SEK 372m and are tested every year or when there is an indication for an impairment.

Both the decision on the date of activation and the basis for the impairment test are based on the management's estimates of probable future economic benefits, which is associated with uncertainty, which makes it a focus area in our audit.

We have taken note of Haldex's internal policies and guidelines for capitalization of development expenses and tested these against accounting standards.

We have in a sample evaluated Haldex's management's accounting regarding the accuracy and allocation of internal and external expenses to each development project.

We have tested and challenged the management's judgment of the timing of capitalization and the management's calculation of future economic benefits associated with the capitalized asset.

We have reviewed the impairment tests that have been made for capitalized development expenses.

Information other than the annual accounts and consolidated financial statements

This document also contains information other than the annual accounts and consolidated accounts which can be found on pages 1–53 and 99–107. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated financial statements. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Directors' responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**Opinions**

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Haldex AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the Group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the Group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are checked in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with a reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Öhrlings PricewaterhouseCoopers AB was appointed as auditor of Haldex AB (publ) by the Annual General Meeting held on May 24, 2021 and has been the company's auditor since April 9, 2003.

THE AUDITOR'S REVIEW OF THE ESEF REPORT**Opinions**

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Haldex AB (publ) for the financial year 2021.

Our examination and our opinion relate only to the statutory requirements.

In our view, the Esef report #[efad10314351d0d40e9baef1db613c92406f7364c28256ac4aaa7abfbd7af369] has been prepared in a format that, in all material respects, enable uniform electronic reporting.

Basis for opinions

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of ABC AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for ensuring that the Esef report has been prepared in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors (and the Managing Director) determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to form an opinion with reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and gener-

ally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The reasonable assurance engagement involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors (and the Managing Director), but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The reasonable assurance engagement also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, statement of financial position, statement of changes in equity and the statement of cash flow.

Malmö, March 24, 2022

Öhrlings PricewaterhouseCoopers AB

Carl Fogelberg
Authorized public accountant
Auditor in charge

Patrik Larsson
Authorized public accountant

Glossary

ABA

Haldex's automatic brake adjuster, which is used in drum brakes in heavy vehicles.

ABS

A system that prevents the wheels from locking during braking. ABS stands for Anti-lock Braking System.

ADB

Compressed air disc brake.

Aftermarket

The selling of spare parts, training and services to the workshops which repair and service vehicles that have entered service.

Air Controls

Haldex product line for products that improve the safety and driving dynamics of the brake system, such as treatment and dehumidifying of compressed air, valves, ABS and EBS.

EBS

Electronically controlled brake system. EBS acts as a key part of pneumatic brake systems and can monitor and control the brake system. In brake systems without EBS, the braking force on the wheels is the same at all times, while in vehicles with EBS the braking force is distributed differently depending on need.

EMB

Electromechanical brakes. These are part of an electronic braking system, i.e. the pneumatic brake system is replaced by an electronic brake system. Electromechanical brakes are currently approved in China, but not in North America and Europe.

Foundation Brake

Haldex product line for brake products for wheel ends such as disc brakes, brake adjusters for drum brakes and actuators.

OEM

Original Equipment Manufacturer, i.e. manufacturer of vehicles.

TOC

Total cost of ownership is an estimate of all the direct and indirect costs of acquiring and operating a vehicle or system over its lifetime.

Truck

Heavy goods vehicles and buses.

Trailer

Towed vehicles attached to a tractor (truck).

Financial definitions

Alternative Performance Measures

Alternative performance measures that are not defined in accordance with IFRS are presented in the report as they are considered to be important supplementary key figures for the company results. The definitions used in this report are defined on this page.

Pages 101–102 show numerical data for alternative key figures. The purpose of the alternative performance measures is to achieve enhanced understanding and promote the usability of the financial information and provide the reader with a more nuanced and in-depth picture of the business.

No new performance measures have been added during the period compared with the preceding year.

Return on equity

Net profit for the year attributable to the shareholders in the parent company in % of average equity attributable to the shareholders in the parent company.

Return on capital employed

Operating income plus interest income in percent (%) of average capital employed.

Gross margin

Gross profit, i.e. net sales less cost of goods sold, divided by net sales.

Equity per share

Equity attributable to the parent company shareholders divided by average number of shares.

Non-recurring items

Income statement items which are of a non-recurring nature in normal business operations. Non-recurring items may, for example, include restructuring costs, impairments and product-related warranties attributable to specific customer commitments. The purpose of specifying these is to be able to demonstrate the trend in the underlying business.

R&D, %

Total research and development expenditure excl. depreciation, divided by net sales.

Cash flow per share

Cash flow from operating activities divided by average number of shares.

Net debt

Interest-bearing liabilities and provisions less cash and cash equivalents and interest-bearing receivables.

Net debt/equity ratio

Interest-bearing liabilities and provisions minus cash and cash equivalents and interest-bearing receivables divided by equity including non-controlling interests.

Earnings per share

Net profit for the year attributable to parent company shareholders divided by weighted average number of shares.

Net interest income/expense

Difference in absolute terms between recognized interest income for financial assets and interest expenses for interest-bearing liabilities and provisions.

Interest coverage ratio

Operating profit excluding non-recurring items plus interest income divided by interest expenses.

Operating margin

Operating profit in percent (%) of net sales for the period.

Adjusted operating margin

Operating profit excluding non-recurring items in percent (%) of net sales for the period.

Adjusted operating margin excluding investment in new technology

Operating profit excluding product development expenses for new technology and non-recurring items, percent (%) of net sales for the period.

Operating profit

Profit from operations before financial items and tax.

Adjusted operating profit

Profit from operations before financial items and tax, adjusted for non-recurring items.

Adjusted operating income, excluding new technology

Profit from operations before financial items and tax, adjusted for non-recurring items and development expenses for new technology.

Equity/assets ratio

Equity including non-controlling interests in % of total capital.

Capital employed

Total assets less non-interest-bearing liabilities and non-interest-bearing provisions.

Currency-adjusted information

Financial figure converted at the same exchange rate as in the comparison period. The purpose is to show how the business operation would have developed without the impact of changes in exchange rates in the consolidation of foreign units.

Numerical Basis for alternative performance measures – quarterly data

| SEKm unless otherwise stated | 2021 | | | | 2020 | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Non-recurring items | | | | | | | | |
| – Restructuring expenses | –5 | –4 | –3 | –16 | –48 | –8 | –46 | –7 |
| – Impairment of asset | – | – | – | – | –5 | –70 | –101 | – |
| – Capital gain sale of property | – | – | – | 13 | 35 | – | – | – |
| – Dispute India | –1 | – | – | – | – | –1 | – | – |
| – Expenses related to the ownership structure | – | – | – | – | –4 | –2 | –1 | –6 |
| Total non-recurring items | –6 | –4 | –3 | –3 | –22 | –81 | –148 | –13 |
| Total research and development expenses excl. amortization | –42 | –44 | –50 | –48 | –48 | –50 | –55 | –63 |
| of which capitalized development costs | 21 | 20 | 22 | 24 | 22 | 28 | 27 | 33 |
| Research and development expenses excl. amortization | –21 | –24 | –28 | –24 | –26 | –22 | –28 | –30 |
| Net interest income and financial items | | | | | | | | |
| Interest income | –8 | 11 | –2 | 3 | –1 | 1 | 0 | 1 |
| Interest expense | –1 | –16 | –5 | –9 | –13 | –17 | –6 | –6 |
| Total net interest income/expense | –9 | –5 | –7 | –6 | –14 | –16 | –6 | –5 |
| Financial exchange rate effect | –8 | –13 | 6 | –6 | –33 | 13 | –4 | –19 |
| Other financial items | 0 | –3 | –2 | –3 | –2 | –3 | –2 | –1 |
| Total financial items | –17 | –21 | –3 | –16 | –46 | –6 | –12 | –25 |
| Net debt | | | | | | | | |
| – Interest-bearing assets | 597 | 370 | 338 | 396 | 440 | 466 | 260 | 294 |
| – Interest-bearing liabilities including derivative instruments | –1,032 | –1,021 | –928 | –925 | –888 | –904 | –920 | –949 |
| – Pension liabilities | –463 | –504 | –515 | –524 | –578 | –658 | –651 | –571 |
| Total net debt ¹⁾ | –898 | –1,155 | –1,105 | –1,053 | –1,026 | –1,096 | –1,311 | –1,226 |
| Capital employed | | | | | | | | |
| Total assets | 4,632 | 4,483 | 4,329 | 4,277 | 4,018 | 4,245 | 4,255 | 4,675 |
| Non-interest-bearing liabilities and provisions | –1,159 | –1,087 | –1,108 | –1,107 | –1,024 | –1,070 | –965 | –1,250 |
| Total capital employed | 3,518 | 3,441 | 3,266 | 3,215 | 3,039 | 3,220 | 3,335 | 3,425 |
| Average capital employed | 3,314 | 3,225 | 3,188 | 3,232 | 3,311 | 3,381 | 3,417 | 3,343 |
| Net profit attributable to the shareholders in the Parent Company | | | | | | | | |
| Profit/loss for the period | 47 | 55 | 54 | 71 | –61 | –104 | –139 | 3 |
| Profit attributable to non-controlling interests | 0 | 1 | 0 | 1 | 1 | 1 | 0 | 1 |
| Total net profit attributable to the Parent Company's owners | 47 | 54 | 54 | 70 | –62 | –105 | –139 | 2 |
| Equity attributable to shareholders in the Parent Company | | | | | | | | |
| Equity | 1,630 | 1,514 | 1,405 | 1,343 | 1,158 | 1,255 | 1,392 | 1,557 |
| Equity attributable to non-controlling interests | 33 | 31 | 29 | 30 | 27 | 31 | 30 | 34 |
| Total equity attributable to the Parent Company's owners | 1,597 | 1,483 | 1,376 | 1,313 | 1,131 | 1,224 | 1,362 | 1,523 |
| Average equity attributable to the Parent Company's owners | 1,385 | 1,310 | 1,323 | 1,311 | 1,340 | 1,447 | 1,522 | 1,576 |
| Average number of shares | 48,638 | 48,638 | 48,638 | 48,638 | 48,638 | 48,638 | 47,164 | 44,216 |

¹⁾ The effect of IFRS16 Leases has been excluded.

Numerical basis for alternative performance measures

| SEKm | Recognized sales full year 2021 | Currency adjustment to previous annual rates | Currency-adjusted sales full year 2021 | Change | Recognized sales full year 2020 | Currency adjustment to previous annual rates | Currency-adjusted sales full year 2020 | Change |
|------------------------------------|---------------------------------|--|--|-----------|---------------------------------|--|--|-----------|
| SALES | | | | | | | | |
| Group | 989 | 87 | 1,076 | 9% | 4,007 | 133 | 4,140 | 3% |
| Total | 989 | 87 | 1,076 | 9% | 4,007 | 133 | 4,140 | 3% |
| SALES PER REGION | | | | | | | | |
| Americas | 2,376 | 167 | 2,543 | 7% | 2,101 | 101 | 2,202 | 5% |
| Europe | 1,811 | 45 | 1,856 | 2% | 1,438 | 19 | 1,457 | 1% |
| Asia and Middle East | 425 | 8 | 433 | 2% | 468 | 13 | 481 | 3% |
| Total | 4,612 | 220 | 4,832 | 5% | 4,007 | 133 | 4,140 | 3% |
| SALES PER PRODUCT LINE | | | | | | | | |
| Foundation Brake | 2,548 | 112 | 2,660 | 4% | 2,200 | 79 | 2,279 | 4% |
| Air Controls | 2,064 | 108 | 2,172 | 5% | 1,807 | 54 | 1,861 | 3% |
| Total | 4,612 | 220 | 4,832 | 5% | 4,007 | 133 | 4,140 | 3% |
| SALES PER CUSTOMER CATEGORY | | | | | | | | |
| Truck – heavy trucks and buses | 2,354 | 126 | 2,480 | 5% | 701 | 40 | 741 | 6% |
| Trailer – trailers | 1,545 | 51 | 1,596 | 3% | 1,174 | 23 | 1,197 | 2% |
| Aftermarket | 713 | 43 | 756 | 6% | 2,132 | 70 | 2,202 | 3% |
| Total | 4,612 | 220 | 4,832 | 5% | 4,007 | 133 | 4,140 | 3% |

5-year summary

| SEKm unless otherwise stated | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|--------------------|--------------|--------------|--------------|--------------|
| Income statement | | | | | |
| Net sales | 4,612 | 4,007 | 5,151 | 5,119 | 4,462 |
| Cost of goods sold | -3,352 | -2,914 | -3,812 | -3,813 | -3,237 |
| Gross profit | 1,260 | 1,093 | 1,339 | 1,306 | 1,225 |
| Product development expenses | -120 | -131 | -158 | -162 | -158 |
| Selling and administrative expenses | -801 | -805 | -894 | -863 | -797 |
| Share of profit from joint venture | -20 | -24 | -21 | -5 | - |
| Other operating income and expenses | 22 | -233 | -161 | -21 | -121 |
| Operating profit | 341 | -100 | 105 | 255 | 149 |
| <i>Operating profit excl. non-recurring items</i> | 357 | 163 | 317 | 305 | 292 |
| Financial items | -55 | -89 | -44 | -36 | -8 |
| Share of profit from joint venture | - | - | - | - | -12 |
| Profit before tax | 286 | -189 | 61 | 219 | 129 |
| Tax | -58 | -111 | -56 | -66 | -50 |
| Net income for the year | 228 | -300 | 5 | 153 | 79 |
| Balance sheet | | | | | |
| Non-current assets | 2,067 | 1,901 | 2,227 | 1,585 | 1,349 |
| Current assets | 2,565 | 2,117 | 2,186 | 2,104 | 1,729 |
| Total assets | 4,632 | 4,018 | 4,413 | 3,689 | 3,078 |
| Equity | 1,630 | 1,158 | 1,537 | 1,611 | 1,395 |
| Non-current liabilities | 1,829 | 1,809 | 1,346 | 1,072 | 775 |
| Current liabilities | 1,173 | 1,051 | 1,530 | 1,006 | 908 |
| Total equity and liabilities | 4,632 | 4,018 | 4,413 | 3,689 | 3,078 |
| Cash flow | | | | | |
| Cash flow from operating activities | 296 | 215 | 328 | 274 | 173 |
| Cash flow from investing activities | -173 | -245 | -381 | -381 | -231 |
| Cash flow from financing activities | -12 | 188 | 59 | 211 | -35 |
| Cash flow for the year | 111 | 158 | 6 | 104 | -93 |
| Key ratios | | | | | |
| Gross margin, % | 27.3 | 27.3 | 26.0 | 25.5 | 27.5 |
| Operating margin, % | 7.4 | -2.5 | 2.0 | 5.0 | 3.3 |
| Operating margin excluding non-recurring items, % | 7.7 | 4.1 | 6.1 | 6.0 | 6.5 |
| Earnings per share, basic and diluted, SEK | 4.65 | -6.44 | 0.12 | 3.46 | 1.67 |
| Equity per share, SEK | 32.84 | 23.17 | 34.78 | 35.80 | 30.98 |
| Cash flow, operating activities, per share SEK | 6.09 | 4.56 | 7.42 | 6.20 | 3.91 |
| Dividend, SEK | 0.00 ³⁾ | 0.00 | 0.00 | 1.15 | 0.55 |
| Share price, SEK | 53.00 | 43.75 | 51.00 | 69.00 | 87.25 |
| Return on capital employed, % ^{1), 2)} | 12.6 | -3.9 | 3.1 | 9.8 | 6.8 |
| Return on capital employed excluding non-recurring items, % ^{1), 2)} | 13.2 | 5.1 | 9.4 | 11.8 | 13.3 |
| Return on equity, % | 16.3 | -22.7 | 0.1 | 9.8 | 5.4 |
| Equity/assets ratio, % | 35 | 29 | 35 | 44 | 45 |
| Net debt/equity ratio, % ²⁾ | 55 | 89 | 66 | 45 | 42 |
| Investments | 136 | 197 | 273 | 313 | 218 |
| R&D, % | 4.0 | 5.4 | 4.6 | 4.1 | 4.0 |
| Number of employees | 2,003 | 1,990 | 2,172 | 2,309 | 2,176 |

¹⁾ Rolling twelve months.

²⁾ The effect of IFRS 16 Leases has been excluded.

³⁾ Proposed dividend.

4-year summary, sustainability

| | 2021 | 2020 | 2019 | 2018 |
|---|--------|--------|--------|--------|
| KEY RATIOS SAFETY | | | | |
| <i>Per million hours worked</i> | | | | |
| Number of accidents | 3.2 | 2.5 | 2.4 | 8.4 |
| Number of incidents | 128 | 136 | 259 | 306 |
| Risk observations | 2,206 | 1,297 | – | – |
| KEY RATIOS ETHICS | | | | |
| Employees trained in the Code of Conduct, % | 100 | 89 | 99.8 | 99.6 |
| Terminated supplier partnerships due to breach of the Code of Conduct | 0 | 0 | 0 | 2 |
| Investigation of employee breaches of the Code, ended after full investigation, % | 100 | 100 | 97.5 | – |
| KEY RATIOS ENVIRONMENT | | | | |
| Material efficiency, % | 95.0 | 93.3 | 94.1 | 93.1 |
| Carbon dioxide emissions, tonnes | 35,843 | 30,324 | 37,502 | 40,364 |
| Carbon dioxide emissions Scope 1 and 2, tonnes | 9,416 | 10,181 | 15,666 | 16,867 |
| Carbon dioxide emissions Scope 3, tonnes | 26,627 | 20,981 | 22,336 | 24,029 |
| Carbon dioxide emissions per unit, kg/unit 1) | 1.61 | 1.56 | – | – |
| Proportion of suppliers who conform to ISO 14001, % | 43 | 40 | 39 | 39 |
| KEY RATIOS EMPLOYEES | | | | |
| Percentage of female managers, % | 23 | 24 | 26 | 28 |
| Healthy attendance, % | 98 | 98 | 98 | – |
| Proportion of vacancies filled with internal candidates, % | 30 | 67 | – | – |
| Development plans for all employees, % | 100 | 94 | 88 | – |

Haldex shares

Haldex shares have been listed since 1960. Today the shares are listed on the Nasdaq Stockholm Mid Cap under the ticker symbol HLDX. Haldex's share capital totals SEK 243m divided into 48,637,567 shares. The total market capitalization at the end of the year amounted to SEK 2,578m (2,128).

Price trend and turnover

The highest price during the year was recorded on May 18, at SEK 64.30 and the lowest on January 5, at SEK 42.95. The closing price of Haldex shares at the end of the financial year was SEK 53.00 (43.75). Altogether, Haldex's share price rose by 21 percent (+14) in 2021. This can be compared with the Nasdaq Stockholm Gross Index, which rose by 35 percent (15) and the Nasdaq Stockholm Automobiles & Parts Index (which includes Haldex), which rose by around 51 percent (3) over the same period. The total market capitalization at year-end was SEK 2,576 m (2,128).

A total of 57.5 million (54.3) Haldex shares were traded in 2020, which is equivalent to an average turnover of 227,128 (215,312) shares per day. The turnover rate rose to 118 percent (111) during the year.

Total return

As no dividend was paid for the fiscal year 2020, the total return for the Haldex share 2021 is the same as the share price development, 21 percent.

Incentive programs

The Annual General Meeting resolved, in accordance with the Board's proposal, to adopt a long-term incentive program (LTI) addressed to the CEO. The main objective of the LTI is to strengthen Haldex's financial development by promoting a common interest between the CEO and the Company. Participation in the LTI program requires personal investment in Haldex shares.

The Board of Directors intends to propose to the Annual General Meeting 2022 the establishment of a new LTI program that will apply from 2022 onwards.

Dividend and dividend policy

The Board's policy is that the dividend shall correspond to one third of the annual net profit taking into account the company's long-term investment needs and financial position. Given the company's long-term investment plans and financial position, the Board proposes that no dividend be paid for the fiscal year 2021.

Shareholders

The number of shareholders in Haldex increased by 11 percent in 2021 to a total of 13,224 (11,957) at the end of the year. The ten largest shareholders accounted for 50.0 percent (52.7) of the capital and an equal percentage of the voting rights. A large proportion of Haldex's shareholders are registered through custodians and are therefore not shown under their own name in the list of shareholdings. At year-end, foreign ownership amounted to 38.8 percent (43.1).

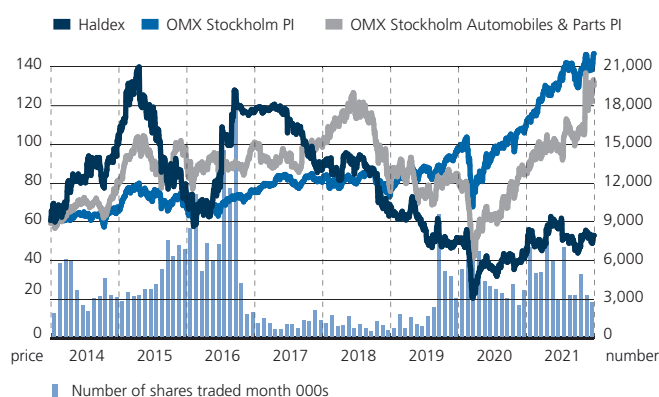
Communication with the market

Haldex's communication with the financial market is characterized by open, relevant and accurate information to shareholders, investors and analysts, in order to increase knowledge about the Group's operations and shares. Information is shared in the form of interim reports, annual reports and press releases and in-depth information is provided on the IR section of the website.

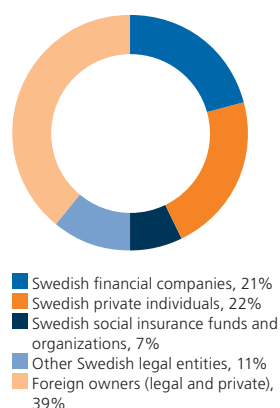
The published interim reports and the annual report are distributed to the shareholders upon request. The documents can also be downloaded in PDF format from the Haldex website and via external operators, for example from the Cision website. Press releases, interim reports and year-end reports are published on the website in Swedish and English. It is also possible to subscribe to these documents on the website.

Representatives of Haldex meet analysts, lenders and shareholders on a regular basis to provide an overview of developments during the financial year. No communication with the financial market takes place for 30 days prior to a financial report.

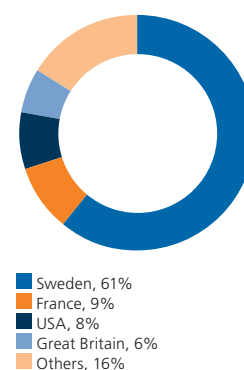
HALDEX SHARE PRICE TREND
JANUARY 1, 2014 – DECEMBER 31, 2021



OWNER CATEGORIES
Percent of capital



OWNERSHIP BY COUNTRY
Percent of capital



Key ratios per share

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|-------|-------|-------|-------|-------|
| Earnings, SEK | 4.65 | -6.44 | 0.12 | 3.46 | 1.67 |
| Dividend, SEK (for 2021, the dividend is proposed to the AGM) | 0 | 0 | 0 | 1.15 | 0.55 |
| Share price at year-end, SEK | 53.00 | 43.75 | 51.00 | 69.00 | 87.25 |
| Equity, SEK | 32.84 | 23.17 | 34.78 | 35.80 | 30.98 |
| Dividend share, % | – | – | – | 45 | 33 |
| Dividend yield, % | – | – | – | 2.2 | 0.6 |
| Total return, % | 21 | -14 | -26 | -20.3 | -25.1 |
| Share price/equity, % | 161 | 189 | 147 | 193 | 282 |

Shareholders and number of shares

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|---------------|---------------|---------------|---------------|---------------|
| Number of shareholders | 13,224 | 11,957 | 10,847 | 8,416 | 8,688 |
| Average number of shares, thousands | 48,638 | 47,152 | 44,216 | 44,216 | 44,216 |
| Total number of shares at year-end, thousands | 48,638 | 48,638 | 44,216 | 44,216 | 44,216 |

The ten largest shareholders at December 31, 2021

| Shareholder | Number of shares | % of votes and capital |
|---|-------------------|------------------------|
| BNP PARIBAS SEC SERVICES PARIS, W8IMY (GCS) | 4,519,330 | 9.3 % |
| AFA Försäkring | 3,281,834 | 6.8 % |
| Fjärde AP-FONDEN | 3,105,224 | 6.4 % |
| UBS AG LONDON BRANCH, W8IMY | 2,776,071 | 5.7 % |
| ATHANASE INDUSTRIAL PARTNER | 2,690,292 | 5.5 % |
| NORDEA FONDER | 2,130,986 | 4.4 % |
| BANK OF AMERICA N.A. | 2,036,184 | 4.2 % |
| CLEARSTREAM BANKING S.A., W8IMY | 1,671,368 | 3.4 % |
| FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION | 1,100,322 | 2.3 % |
| AMF – Försäkring och Fonder | 988,962 | 2.0 % |
| Total ten largest | 24,300,573 | 50.0 % |
| Haldex AB | 11,705 | 0.0 % |
| Other | 23,325,289 | 50.0 % |
| Total | 48,637,567 | 100.0 % |

Source: Euroclear

Ownership structure at December 31, 2021

| Holding | Number of shareholders | Number of shares | Holding, % |
|-----------------|------------------------|-------------------|----------------|
| 1 – 500 | 9,723 | 1,504,565 | 3.1 % |
| 501 – 1,000 | 1,589 | 1,336,399 | 2.7 % |
| 1,001 – 5,000 | 1,444 | 3,413,347 | 7.0 % |
| 5,001 – 10,000 | 209 | 1,600,175 | 3.3 % |
| 10,001 – 15,000 | 66 | 836,863 | 1.7 % |
| 15,001 – 20,000 | 50 | 900,020 | 1.9 % |
| 20,001 – | 143 | 39,046,198 | 80.3 % |
| Total | 13,224 | 48,637,567 | 100.0 % |

Reporting dates in 2022

| | |
|------------------------------------|-------------------|
| Interim report January – March | April 28 |
| Annual General Meeting | May 24 |
| Interim report January – June | July 19 |
| Interim report January – September | October 27 |
| Year-end report | February 17, 2023 |

Financial reports, presentation materials and webcast recordings are available on the Haldex website: <https://www.haldex.com/en/corporate>

Haldex Annual General Meeting 2022

Haldex Annual General Meeting will take place on May 24, 2022 in Stockholm, Sweden. For more information see <https://www.haldex.com>.

Follow Haldex on social media

We see our social media channels as complementing press releases and financial reports. There we provide more insights into what is happening in the company.



<https://www.linkedin.com/company/haldex>

On LinkedIn you will find slightly longer summaries of product news, customer cases and financial news.



www.youtube.com/user/HaldexTV

On YouTube, you can watch videos that describe and demonstrate our product range. Short and long videos are mixed from product demonstrations and training.

Haldex AB is a public limited liability company. Corporate identity number 556010-1155. Registered office in Landskrona, Sweden. The annual report is published in Swedish and English. The Swedish version is the original version and takes precedence over the English if interpretation of the translation should differ from the original. All values are expressed in Swedish kronor. Kronor is abbreviated as SEK and millions of kronor as SEKm. Figures in brackets refer to the previous year 2020 unless otherwise stated.

The Swedish annual report is the binding version. This report contains forward-looking information based on Haldex's current expectations. Although the management believes that the expectations stated in such forward-looking information are reasonable, no guarantee can be given that these expectations will prove to be correct. Consequently, future outcomes may vary materially from what is stated in the forward-looking information, due for example to changed conditions regarding economics, the market and competition, changes in legal requirements and other policy measures, exchange rate fluctuations and other factors.

This annual report is produced in collaboration with RHR Corporate Communication AB in Malmö.

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More than 100 years of vigorously focused innovation gives Haldex unmatched expertise in brake systems and air suspension systems for heavy trucks, trailers and buses. We live and breathe our business with the goal of delivering robust and technologically superior solutions, which are based on a deep insight into the reality of our customers. By focusing on our core competencies and the passion we all share, we achieve the speed and flexibility the market demands.

Innovation cooperation is at the heart of not only our products, but also our philosophy. Our 2,000 employees, spread across four continents, challenge convention daily to ensure that the products we deliver create a unique value for our customers and all end-users.

We are listed on Nasdaq Stockholm, and in 2021 had turnover of approximately SEK 4.6 billion.



www.haldex.com