



# 2025 Annual Report



## **Ernströmgruppen aims to build better companies for future generations.**

**We build independent business areas with industrial logic and the aim of contributing to a society in which people, the environment and the economy are the focus. We want our companies to be leaders in their niche, and our focus is on business development.**

# Contents

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## INTRODUCTION

This is Ernströmgruppen	5
The year in brief	7
Comments from the CEO	9
Long-term thinking and entrepreneurship	11
Positioning & market conditions	13

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## STRATEGY & BUSINESS AREAS

Strategy	15
Outcomes & targets	17
Case	19
Investing in Ernströmgruppen	20
Business areas	21
Flow Technology	23
Water & Energy	24
Safety & Protection	25
Automation & Electrification	26

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## SUSTAINABILITY REPORT

General disclosures	27
Double materiality assessment	32
Climate Change	33
Own workforce	35
Workers in the value chain	37
Corporate governance and business ethics	38

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## CORPORATE GOVERNANCE REPORT

Work of the Board of Directors in 2025	39
Board of Directors & Management Team	42

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## FINANCIAL STATEMENTS

Directors' report	44
Consolidated income statement	51
Consolidated balance sheet	52
Consolidated statement of changes in equity	54
Consolidated statement of cash flows	55
Parent company income statement	56
Parent company balance sheet	57
Parent company statement of changes in equity	59
Parent company statement of cash flows	60
Notes	61
Alternative performance measures	100
Signatures	104
Auditor's report	105



Markus Wennberg of Cromocol demonstrates an optical measuring instrument for the analysis of contact angle, wettability and surface free energy.

This is

# Ernströmgruppen

Ernströmgruppen is a Nordic family-owned industrial group with the business concept of developing and acquiring entrepreneurial niche businesses. By building independent business areas with industrial logic, we create resilient businesses that can be developed over generations.

The Group consists of four business areas: Flow Technology, Water & Energy, Safety & Protection and Automation & Electrification. Companies that operate in related industries or share business logic work together in each area with a shared ambition to be a leader in their niche.

With a presence in numerous market segments and geographical areas, Ernströmgruppen creates stability and resilience via specialisation and diversification. The Group now comprises more than 70 registered companies organised in 39 independent business units in 12 countries with a total of 1,574 employees.

5.3

Billion SEK sales

39

Business units

4

Business areas

11%

EBITA margin

1,500<sup>+</sup>

Employees

12

Countries

## Our business areas



### Flow Technology

Products, system solutions and installation that contribute to efficient energy use and optimised system performance by controlling, measuring and regulating flows.



### Water & Energy

Products and solutions for water and energy, such as pressurised water, water treatment, clean drinking water and geothermal energy.



### Safety & Protection

Development and production of standalone and integrated components of safety products with global distribution.



### Automation & Electrification

Automation solutions to enable energy efficiency and the design and manufacture of products for greater electrification of our society.

## Our vision and mission

Our vision — A better tomorrow — and our mission — Building better business for future generations, underpin everything we do. We work with entrepreneurs who want to build on their companies with a long-term perspective, where the focus is on creating legacy rather than planning for exit. Our main ambition is to develop and strengthen our existing business areas. This is the basis for continued growth, as it creates attractiveness for selling entrepreneurs and generates strong cash flows that can be reinvested in both existing and new businesses.

## Our values

Building strong businesses requires many different qualities. We have a trust-based governance model that is guided by the values we believe in and share. Our values of transparency, responsibility, impact and professionalism guide us in everything we do and form the basis of a healthy working climate, reinforcing the collective, entrepreneurial mindset of all Ernströmgruppen employees. Our Code of Conduct, our policies and our common guidelines apply to the entire Group, but each individual company is free to make activity-appropriate additions, as long as the basic principles remain.

2025

# The year in brief

Ernstströmgruppen continues to develop well. In 2025, we increased earnings and improved the EBITA margin to 11.0 percent (10.4). Our sales now exceed SEK 5 billion.

## 14.6%

Annual EBITA Growth

## 81.2%

Cash flow generation

## 15.7%

Return on capital employed

### Strong growth in Safety & Protection

The Safety & Protection business area enjoyed strong growth during the year. Demand for our products has continued to be high with positive earnings growth in 2025. The growth is driven by increased awareness of safety issues, particularly in the maritime sector, as well as tightened regulatory requirements. With high delivery capability and deep expertise, our operations have successfully met the demands of the market. Our solutions contribute to improved working environments for our customers, while strengthening our competitiveness and market position.

### Focus on efficiency

During the year, the Group operated in a more restrained market, with several clients choosing to postpone planned investments. Against this background, a number of companies in the Group initiated and implemented measures focusing on efficiency and operational improvement. The combined initiatives strengthened operational discipline, reduced the cost base and increased group-wide operational leverage, leaving the Group in a stronger position when demand recovers.

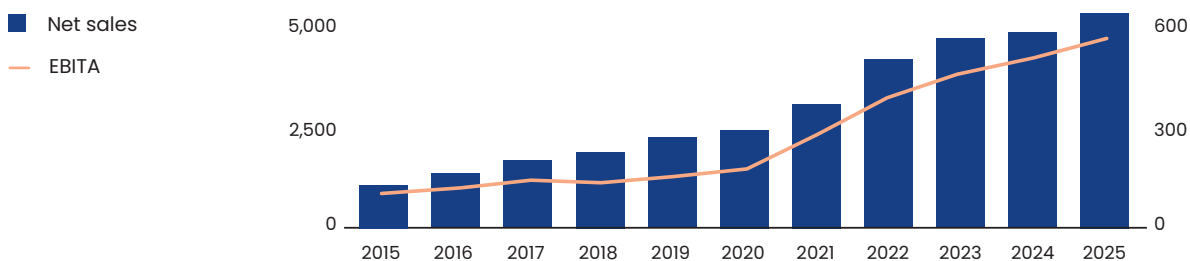
### Strategic diversification through acquisitions

In 2025, the Flow Technology business area was strengthened and broadened, partly via the acquisition of the Finnish company Nordic Power Service (NPS). The company is a niche international service and installation company focusing on boilers in the paper and energy sectors. The acquisition of NPS represents a strategic broadening with an increased focus on service in a market where the demands for efficiency, sustainability and safety are constantly increasing. The acquisition represents an important step in our long-term ambition to offer a more complete, competitive, futureproof customer offering.

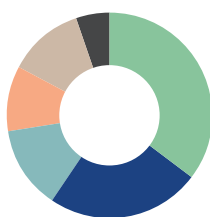
### Challenging market conditions in Water & Energy

Developments in Water & Energy were more challenging during the year. Demand was held back by a hesitant market in several project-based segments, particularly linked to data centres. The previous year's low market activity trend in geenergy also continued, with pressure on volumes and profitability. Companies in the business area therefore intensified their work on cost adjustments, priorities and operational efficiency to cope with the prevailing situation and strengthen the conditions for a future recovery.

### Net sales and EBITA, 10-year review



### Sales by country



● Sweden, 35%	● Denmark, 10%
● Norway, 24%	● Rest of Europe, 12%
● Finland, 13%	● Rest of the world, 5%

### Net sales by business area



● Flow Technology, 34%	● Automation & Electrification, 33%
● Water & Energy, 20%	● Safety & Protection, 14%

### Multi-year review, Group

Key ratios	2025	2024	2023	2022	2021
Net sales, SEK million	5,253	4,828	4,611	4,096	3,026
Growth rate, %	8.8	4.7	12.6	35.4	28.0
EBITA, SEK million	575	502	462	392	280
EBITA margin, %	11.0	10.4	10.0	9.6	9.3
EBITA growth, %	14.6	8.7	17.8	40.1	53.6
Profit for the period, SEK million	208	229	227	252	200
Earnings per share (basic and diluted), SEK*	2.08	2.29	2.27	2.52	2.50
Financial net debt/EBITDA, multiple	2.44	2.35	2.06	1.78	1.39
Return on capital employed, %	15.7	17.2	18.3	17.5	19.9
Cash flow generation, %	81.2	80.1	88.2	61.6	64.2
Free cash flow, SEK million	253	269	277	140	122
Balance sheet total, SEK million	4,726	4,366	3,730	3,412	2,694
Equity/asset ratio, %	22.0	21.9	21.9	20.4	19.2
Number of employees	1,574	1,434	1,343	1,248	1,088

\* A 1:5 share split was carried out

## Comments from the CEO

# Long-term value growth

**2025 was a stable year for Ernströmgruppen, despite challenges in several markets. The EBITA margin was 11.0 percent and cash flow conversion was 81.2 percent, while EBITA increased 14.6 percent on the previous year. This confirms the strength of our business model and our ability to reconcile operational improvement work and selective acquisitions with consistent capital discipline even in a more challenging market.**

Over the past five years, the Group has developed well. Operating profit has grown by an average of approximately 25 percent per annum, while we have maintained an acceptable return on capital employed and strong cash flow generation. These developments are the result of consistent execution of our strategy with a clear industrial focus on both improvement work and acquisitions. After several years of purposeful work, Ernströmgruppen is stable and scalable as a result of its specialisation and diversification. The balance between development and responsibility is the foundation of our long-term value growth.

The market in 2025 remained hesitant and spasmodic. Investment appetite in parts of the energy transition remained subdued, while other segments developed solidly. The differences between business areas and geographical areas became clear. The Safety & Protection business area demonstrated strong growth. Automation & Electrification and Flow Technology demonstrated resilience and stability, while Water & Energy continued to be affected by weaker investment appetite linked to the energy transition. In Water & Energy, the focus was on cost adjustment and higher competitiveness.

Our decentralised model, with local entrepreneurship

within a clear framework, demonstrated its strength once again. Our companies adapted capacity, improved planning precision and implemented efficiency improvements where required.

During the year, we completed three acquisitions that made a positive contribution to Ernströmgruppen's earnings. Spica Technology adds strength to Automation & Electrification with technical expertise and broadens its offering to the wind industry. Koka, with a leading position in water metering in Finland, adds strength to Flow Technology. Nordic Power Service broadens Flow Technology with an increased service element and deepens our position in the value chain. The acquisitions strengthen our business areas and increase the Group's risk diversification.

Our capital allocation is consistent. The cash flow is reinvested in complementary acquisitions in existing business areas, where we have industrial logic and operational expertise. We prioritise quality over pace. Our plan is therefore based on operational improvement, profitable growth and long-term value creation.

We continue to build strong, independent companies in the industrial verticals in which we operate with companies that are competitive and robust over time. Our perspective extends beyond the current business cycle. By means of discipline, specialisation and decentralised entrepreneurship, we build structures that can grow over generations.

In essence, it is our employees who make the difference. I would like to extend a warm thank you to all employees for your work during a year that continued to make high demands.

Thank you for your trust.

**Alexander Wennergren Helm, CEO**

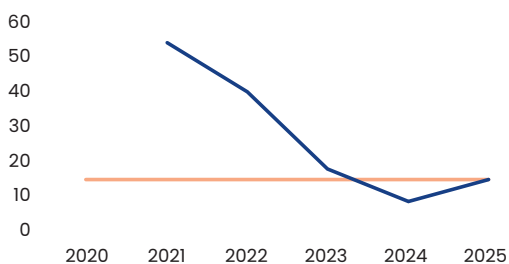
By means of discipline, specialisation and decentralised entrepreneurship, we build structures that can grow over generations.



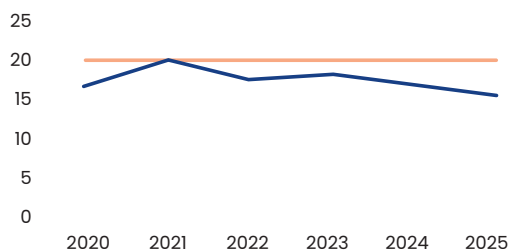
Outcomes compared to financial targets: a multi-year overview

— Financial target — Outcome

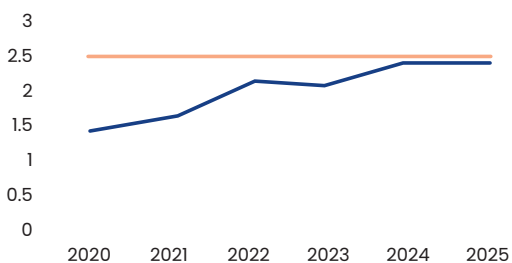
Growth in EBITA



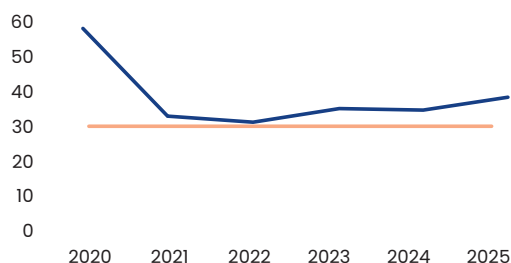
Return on capital employed



Financial net debt/EBITDA



Dividend share



## Our history

# With long-term thinking and entrepreneurship in our genes

Ernströmgruppen was founded



1918

Water & Energy



1975

Strategic change



1990s

Flow Technology



2003

Ernströmgruppen has grown out of over a century of industrial development, societal change and technological change. From its beginnings as a construction-oriented company to today's Group with four business areas and a large number of entrepreneurial niche companies, the journey has been marked by curiosity, courage and a desire to improve.

The first steps towards the structure today were taken back in 1975 with the acquisition of Armaturjonsson, which laid the foundation for Water & Energy. Then followed the establishment of Armatec, which became the core of Flow Technology, and later C.M. Hammar and Ouman, which shaped Safety & Protection and Automation & Electrification, respectively. Each step has been an expression of our ability to see opportunities, act long-term and build on strong values.

The entrepreneurial spirit has been present over the years – from Ivar Ernström to the management today. It is a spirit that permeates our entire governance model: decentralised, values-driven and built on trust. We



REC Indovent's warehouse manager Jens Poulsen shows a top insert used for chimney renovation.

**4th Ho-bohm-Hielte generation**



2004

**Increased acquisition agenda**



2007

**Safety & Protection**



2014

**Automation & Electrification**



2019

**New CEO, external Chair & growth strategy**



2021

believe in giving responsibility to those closest to the business, and we believe in building companies by building people.

Our governance is based on a clear framework in which transparency, responsibility, impact and professionalism are the guiding principles. It is about acting as if you owned the company yourself: taking responsibility, showing respect and putting the customer at the centre. This is also why every business acquisition is preceded by a personal meeting with the owner family, to ensure that values are shared and the relationship can become long-term.

The fact that Ernströmgruppen has been owned by the same family for over 100 years creates continuity, resilience and a solid foundation for sustainable growth. We have no exit focus. Our perspective is cross-generational. This gives us the opportunity to build relevant, competitive businesses for the future, while nurturing a strong corporate culture.

Innovation and adaptability are not just historical success factors, they are crucial to our future. In a world of change and uncertainty, our ability to think long term, act locally and develop with our companies is more important than ever.



Muovitech Sweden's CEO Kim Johansson and CFO Sandra Zangaro. In the background are finished collectors for geothermal installation.

## Positioning & market conditions

# Global megatrends driving change

## Sustainable transition as the driving force

The green energy transition is not just a climate issue, it is a business opportunity. The shift to renewable energy sources and energy efficient solutions is driving demand for products that reduce the environmental footprint and improve customers' sustainability profile. Ernströmgruppen sees a growing interest in geothermal energy solutions, energy-efficient building automation and optimised industrial processes. Our companies in Flow Technology, Water & Energy and Automation & Electrification are well positioned to meet this demand.

## Macroeconomic and structural trends

Ernströmgruppen is affected by global megatrends such as urbanisation, digitisation, resource scarcity and changing trade patterns. At the same time, these changes create new opportunities. Access to clean water, energy efficient buildings and smart control systems are no longer visions of the future, they are central components of tomorrow's society.

## Market and market conditions

Ernströmgruppen operates in a wide range of B2B markets, with each business area operating in its own niche with unique driving forces. Our strength lies in understanding and acting on the long-term trends shaping the industry of the future from sustainable energy and digitisation to safety, automation and resource efficiency.

## Safety and regulations

Increased regulation and safety awareness, particularly in shipping, are driving demand for certified equipment and solutions that protect people and assets. Our Safety & Protection companies develop products that meet international standards and contribute to safer working environments at sea.

## Electrification and the energy system of the future

Electrification is a key component in the transition to fossil-free operation. The increased consumption of electricity in transport, heating and digital infrastructure requires reliable, smart solutions for electricity distribution and control. Ernströmgruppen contributes products that ensure that socially critical functions, from hospitals to wind turbines, have access to a stable, efficient electricity supply.

## Increasing consolidation in industry

Increased consolidation is driving companies to pool skills, technologies and resources to meet higher demands for sustainability, innovation and efficiency. This development creates attractive acquisition opportunities for Ernströmgruppen's industrial logic and long-term perspective. Consolidation of the market therefore leaves us well placed to continue to grow through acquisitions that complement our existing business areas.

## Strategy

# Building better companies

Ernstströmgruppen's strategy is based on a clear ambition: to develop and acquire entrepreneurial niche companies and make them best in class. Each company's CEO is tasked with defining their specific niche, identifying relevant peer companies and formulating a concrete plan to achieve best in class status.

### 1. Building better companies

We task each CEO with developing their company to be the best in their clear niche. Our culture is characterised by entrepreneurship, ownership and responsibility, with the motto: > 80% implementation, < 20% planning. This makes us agile, improvement-driven and action-oriented.

**Three key processes ensure results over time:**

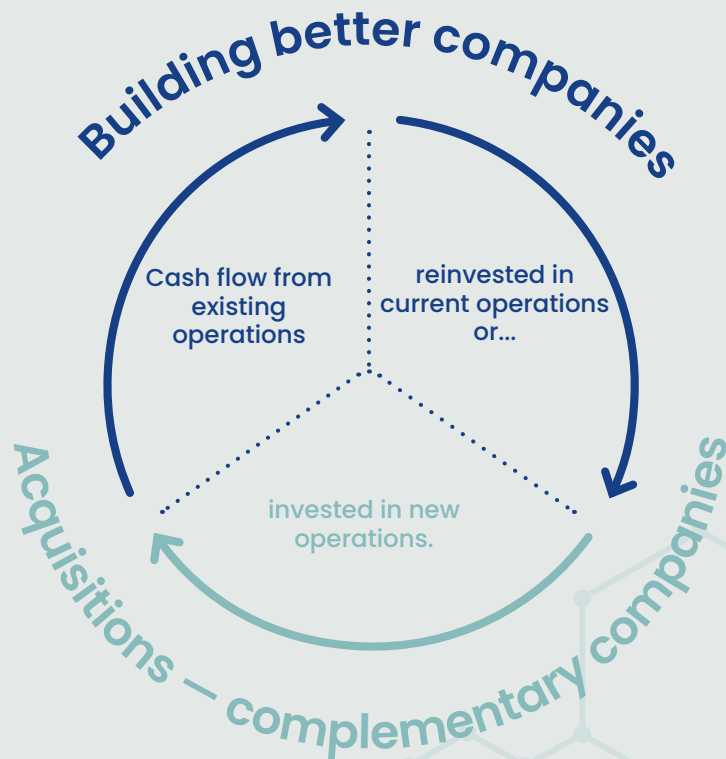
- Each company makes rolling 3-year plans with the ambition to become or remain best in class
- Exchange of experience and sparring between companies and business areas
- Practical support and support in implementation

### 2. Acquisitions – complementary companies

Acquisitions are an important growth engine that strengthens the business areas and accelerates value creation.

We always acquire a majority – normally 70-90%. Sellers retain 10-30% as a minority, with a call option after 3-5 years.

Contingent consideration linked to growth is used to balance risk and align interests.



## Investment criteria and acquisition process

Acquisitions are a central part of Ernströmgruppen's growth strategy. By identifying and developing entrepreneurial niche companies, we strengthen our business areas and build long-term sustainable operations. To ensure strategic relevance and future value creation, we apply a clear framework of investment criteria.

### Sourcing and evaluation

We identify potential targets in all four business areas both as stand-alone companies and through additional acquisitions that can be integrated in existing businesses.

Capital allocation is centrally controlled. All investments are pre-evaluated by the M&A team and decided by the Investment Committee for the best possible discipline and quality and optimum allocation across the Group.

#### The influx of potential companies comes via:

- Proactive deal sourcing (PADS) – direct dialogue that builds trust over time and enables tailor-made deals.
- Broker-driven processes – structured flows with clear steps and timelines.
- In addition, we use our network, incoming contacts and AI-based mapping.

### The golden thread of value creation

1. **Improve existing companies** → strong profitability and cash flows.
2. **Reinvest in capability, technology and commercial power.**
3. **Acquire complementary companies that fit our verticals and strengthen the whole.**
4. **Share knowledge and drive improvement to create best practices in Ernströmgruppen.**

### Growth through acquisitions that strengthen existing business areas

#### Entrepreneurial leadership

We look for companies with strong, driven leaders who share our values and have the desire to take their business to the next level. Cultural consensus is essential for building long-term relationships and shared growth.

#### Business logic fit

The company should have a natural connection to our existing business areas, within the same industry vertical, value chain or adjacent niche, enabling synergies and efficient knowledge transfer.

#### Leading position in its niche

We invest in companies that are, or have the potential to become, one of the leaders in their segment. Clear customer value, through quality, innovation or specialisation, is essential.

#### Proven profitability

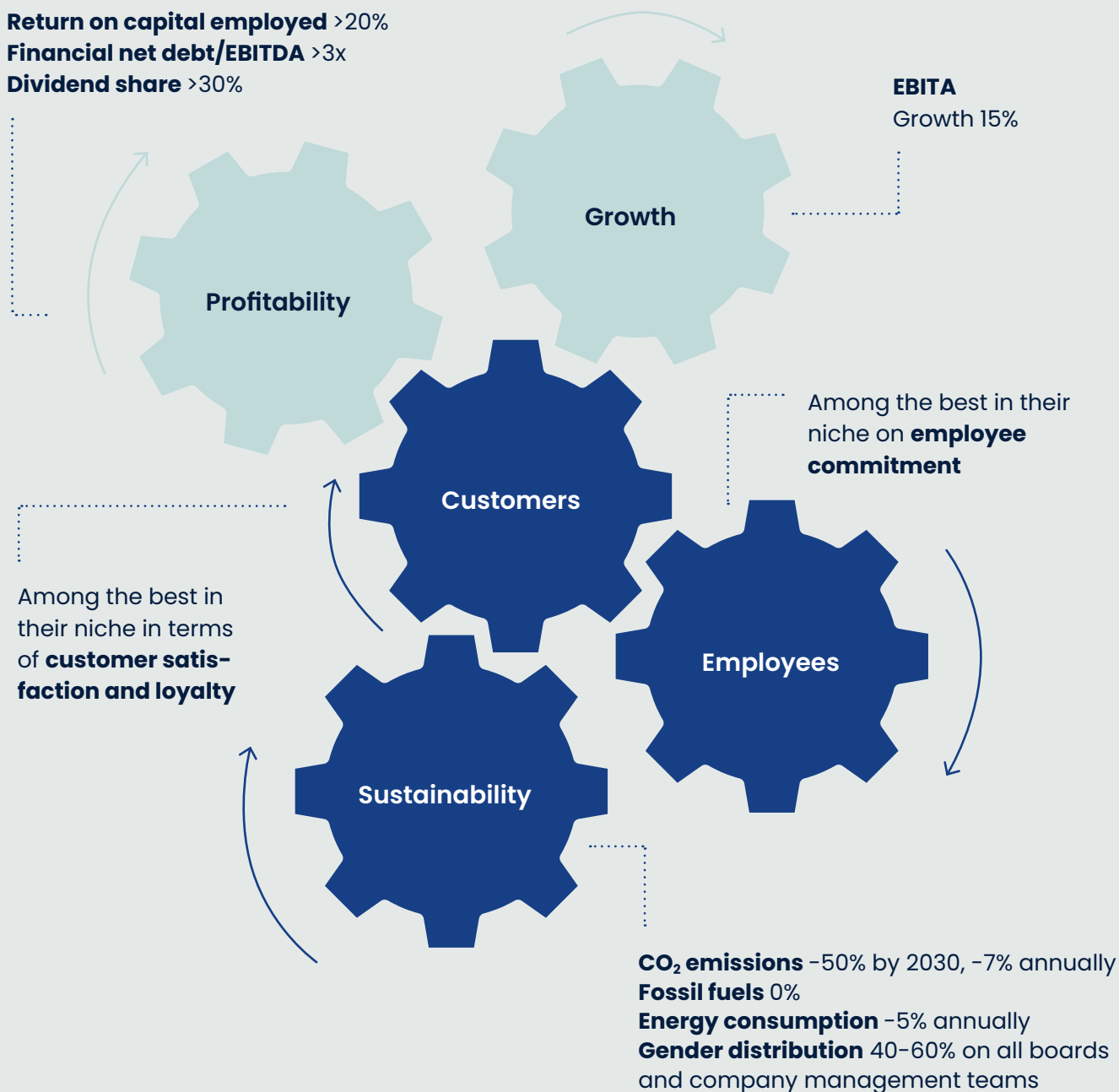
Stable, sustainable profitability is essential. We focus on companies with an EBITA margin above 12%, ROOC above 50% and a clear plan for continued growth. A loyal customer base with long-term relationships is also important.

#### Sustainable business model

The company must be equipped for the future, with a scalable, adaptable and sustainable business model that can handle changing market conditions and contribute to a better tomorrow.

# Outcomes & targets

In our pursuit of a sustainable future, we have set targets that reflect our vision of a safe, gender-equal and fossil-free business. While these targets may seem challenging to achieve today, they serve as a guiding light for our efforts and inspire us to constantly improve our processes and results. Here we present our progress so far and challenges on the way to realising these visions.



## Financial targets

	TARGET	2025 OUTCOME
Return on capital employed	>20%	15.7%
Financial net debt/EBITDA	<3x	2.44x
Dividend on profit after tax	>30%	>30%
Growth in EBITA	15%	14.5%

The Board of Directors has set clear targets for the Group's development in the medium term, with a time horizon of three to five years. The targets are designed to support profitable, sustainable growth and a stable financial position. The ambition is to create good performance through a combination of organic growth and strategic acquisitions. At the same time, the Group must use its capital efficiently and ensure a balanced financial structure. A portion of the profit for the year must also be shared with shareholders via a long-term sustainable dividend policy.

## Sustainability targets

	TARGET	2025 OUTCOME
CO2 emissions	-7% annually	(see page 34)
Energy mix, share of fossil energy	0%	20%
Energy consumption	-5% annually	+10%
Gender balance on Boards of Directors	40%–60%	25% women – 75% men
Gender balance in management teams	40%–60%	25% women – 75% men

In the environmental field, the Group aims to reduce climate impact by reducing carbon dioxide emissions by 7 percent annually in relation to sales, phasing out fossil fuels and reducing energy consumption by 5 percent per annum. Sustainability is integrated in the business via requirements for suppliers according to the Supplier Code of Conduct and as a selection criterion for purchases and investments. In the social sphere, the Group works to increase diversity, inclusion and a safe working environment, with the target of a gender balance (40–60 percent) on boards and in leadership roles. Business ethics is enhanced by means of training in the Code of Conduct and anti-corruption, as well as by compliance with relevant standards, such as ISO 14001. Via these targets, Ernströmgruppen contributes to the green transition and develops long-term sustainable business models that create value for future generations.



### Customers

To be an obvious first choice for our customers requires long-term, close relationships, both with existing customers and with the market at large. Satisfied customers are the foundation for repeat business and sustainable value creation over time.



### Employees

The success of Ernströmgruppen is based on the commitment, skills and drive of our employees. Employees who thrive, develop and feel involved create the conditions for high performance and long-term value creation. To succeed in our business, it is crucial to attract, develop and retain employees who want to take responsibility, contribute to development and grow with the Group.



### Sustainability

Ernströmgruppen supports the Paris Agreement and the UN's 2030 Agenda and has set climate targets in line with these ambitions. The aim of the targets is to halve emissions intensity by 2030 and they are a key part of our long-term sustainability work.



### Profitability

The aim of our profitability requirements is to ensure robust, long-term sustainable financial performance and to create room for reinvestment that enables continued development and expansion of the business.



### Growth

Growth creates the conditions for continued development of both the business and our employees, strengthens our relevance to customers and suppliers, and contributes to a stronger market position. Sustained growth is also a clear confirmation that there is demand for the solutions and values that our businesses deliver.

## Employee interview

# Anna Hultberg, COO at CM Hammar

### What is your area of responsibility/role?

As Chief Operating Officer at CM Hammar, I am responsible for turning strategic goals into practical action. This means that I ensure that day-to-day operations are efficient and that we continuously work towards our common goals. The role involves both optimising processes and at the same time creating conditions for employees and the organisation to perform at the highest level.

### What has your journey in the company been like?

My journey at CM Hammar began in the role of Financial Manager, where my focus was on operational financial management and further developing the structure of our financial processes. Over time, both the company and my responsibilities grew and I was given the opportunity to assume the role of CFO, with strategic overall responsibility for finances, including planning, follow-up and decision support to management and the board of directors. In parallel, I took responsibility for the company's sustainability work and acted as Business Area Controller for the Safety and Protection business area. In 2024, I assumed a shared leadership position with our CEO, Mattias Malmgren, where I am responsible for the operational part of the business.

### What milestones did you and the company pass in 2025?

2025 was a significant year for us at CM Hammar. We were shown even greater trust, permitting us to grow with our existing customers and work closely with their product development, which is part of the reason why we achieved the highest sales ever. At the same time, we developed our processes and IT support, including by moving the infrastructure to the cloud and laying the foundations for increased digitalisation. These efforts enhance our operational precision, increase quality throughout the value chain and make us even better equipped for the future.

### Is there anything you are particularly proud of?

At CM Hammar we have the opportunity to help save lives every day. I am therefore proud of our culture where

employees take responsibility and know that our work matters. We care about working with geographically close suppliers, and I am proud that we have the entire value chain – from purchasing and manufacturing to customer service, finance, development and quality – all in one place in our premises in Högsbo. This gives us very good conditions to ensure high quality at every stage and to be able to quickly follow up, improve and take responsibility for all aspects of operations.

### What are CM Hammar's focus and vision for 2026?

CM Hammar will continue to be at the forefront of maritime safety, in terms of both technology and sustainability, and at the same time be a workplace where people grow, take responsibility and feel genuine pride in working on safety at sea. 2026 will therefore continue to be about strengthening relationships with our customers and building on the foundation we have laid around streamlining and digitising our existing processes. If we do this, we can better meet increased global demand and ensure that we can deliver the right product, on time, at high quality and with as little impact on the environment as possible.



## Investing in Ernströmgruppen

# Family-owned, long-term industrial construction

Ernströmgruppen offers a combination of stability, growth and long-term value creation — based on entrepreneurship, specialisation and clear industrial logic.



### Long-term thinking as our foundation

Our ownership philosophy is based on endurance. By combining industrial experience with active ownership, we can develop companies with stable profitability and clear direction over time — even in changing markets.



### Four business areas in attractive industrial niches

We operate in segments with long structural growth: Flow Technology, Water & Energy, Automation & Electrification and Safety & Protection. By focusing on niches where we can be really good, we create strong positions and long-term value.



### Stability and scalability through specialisation and diversification

Our strategy combines deep expertise in each business area with a broad portfolio of operations in multiple geographical areas and industries. This means that we are stable through business cycles and can grow as our companies develop.



### A decentralised model that liberates entrepreneurship

We believe that decisions should be made close to customers. Therefore, our companies have great responsibility, while at the same time they are supported by the Group's combined expertise and resources. The model creates speed, responsibility and commitment and is a central part of our corporate culture.



### Strong cash flows that are reinvested in complementary acquisitions

A clear cash flow focus allows us to continue our proven acquisition strategy. By acquiring well-managed companies with strong niche positions, and then developing them in the long term, we gradually build even stronger industrial business areas.

## Business areas

# Four business areas for future growth

Ernströmgruppen has a decentralised business model, affording each company management team ample leeway to adapt their organisation and offerings to the unique needs of their customers. To ensure the companies' development and mutual reinforcement, we coordinate similar companies within business areas. Each business area is built on clear industrial logic. Our ambition is to build independent, sustainable business areas that can develop into their own industrial groups in the long term.

**Our ambition is to build independent, sustainable business areas.**



**Flow Technology**

**34%**



**Water & Energy**

**20%**



**Safety & Protection**

**14%**



**Automation & Electrification**

**33%**

**of Ernströmgruppen's total sales**

Ernströmgruppen operates in four business areas: Flow Technology, Water & Energy, Safety & Protection and Automation & Electrification. Each area consists of independent companies that complement each other by operating within the same or adjacent industries. The common denominator of all business areas is that their respective corporate structures share industrial logic.

The business areas are built around niche markets with clear customer needs and technical requirements in which we aim to be a leading operator. By bringing together companies with similar positions, we create synergies and collaboration opportunities in knowledge, markets, sales, products, technology and cost efficiency. The companies are organised in smaller industrial focus areas which, when they reach sufficient size and stability, can develop into their own business areas. In this way, we build a specialised, scalable structure that strengthens our competitiveness and long-term value creation.

## Acquisitions during the year

### Nordic Power Service Oy

Nordic Power Service (NPS) is a niche global service and installation company for boilers for paper mills and energy plants. It has long-standing customer relationships, which creates stability and is fully in line with Ernströmgruppen's commitment to deliver sustainable solutions for energy efficiency. NPS focuses on energy-efficient solutions with a high level of service which reduce customers' environmental impact, which is why it is a perfect fit for the Flow Technology business area.



**Annual sales: SEK** ~275 million  
**Number of employees:** 97  
**Business area:** Flow Technology

### Spica Technology ApS

Spica is a specialised engineering company, producing advanced electrical products and system solutions for leading customers in the wind power industry with solutions that include electrical equipment that supports monitoring and control of wind turbines, enabling the collection of real-time data to ensure optimum operation of the wind turbines. Spica is a good fit for the Automation & Electrification business area, adding expertise in electrification, automation and monitoring of critical energy assets.



**Annual sales: SEK** ~100 million  
**Number of employees:** 26  
**Business area:** Automation & Electrification



Jytte Vinkler of Spica Technology shows examples of the specialist expertise that has added strength to Ernströmgruppen.

### Koka Oy

Koka is the leader in water metering in Finland. The company provides advanced metering solutions and system integrations for water consumption that, with user-friendly cloud services, simplify the monitoring and billing of water consumption. With a stable business model, long-term customer relationships and steadily recurring purchases in the area of sustainable solutions for energy efficiency, Koka is a good fit for Flow Technology.



**Annual sales: SEK** ~100 million  
**Number of employees:** 24  
**Business area:** Flow Technology



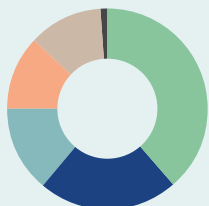
# Flow Technology



**34%** Flow Technology's share of Group sales

REC Indovent has been part of Ernströmgruppen since 2015. The company develops, produces and sells customised ventilation systems and components for a sustainable indoor climate. The goal is to create clean, comfortable environments for customers while protecting the environment. REC aims to be the obvious ventilation choice in the buildings of the future and has operations in Sweden and Lithuania.

## Sales by country



- Sweden, 39%
- Denmark, 23%
- Finland, 14%
- Norway, 12%
- Rest of Europe, 12%
- Rest of the world, 1%

**1.8**

Billion SEK sales 2025

**11.1%**

EBITA margin 2025

**12**

Business units

**14%**

Sales CAGR '20-'25

**33%**

EBITA CAGR '20-'25

**7**

Countries

### Products and system solutions that contribute to efficient energy use and optimised system performance by controlling, measuring and regulating flows.

By combining technical expertise with a wide range for heating, cooling, ventilation and flow management, we meet the needs of customers in industrial and commercial applications. The range includes valves, pumps, heat exchangers, fan convectors and other components that together create energy-efficient and environmentally friendly system solutions. Working closely with our customers enables integrated solutions that improve system efficiency and optimise operations and maintenance. Examples include individual water metering and indoor climate control in which weather conditions are taken into account for best performance.

### Market drivers

Flow Technology is influenced by several market trends that reflect both operational and environmental priorities in different industries. These include greater demand for energy efficiency and optimisation in industrial processes and buildings, as well as a growing demand for a healthy indoor climate for commercial, industrial and residential environments.

In addition, the need for renovation, maintenance and new construction in industry, commercial properties and residential areas is expected to have a positive effect on the business area. These trends combine to create strong demand for solutions that contribute to efficient energy use and optimised system performance by means of flow control, measurement and regulation.

# Water & Energy



**20%** Water & Energy's share of Group sales

MuoviTech has been part of Ernströmgruppen since 2021 and is a world leader in innovative products and systems for geenergy, with its own production facilities in Sweden, Finland, Poland and the UK. The company focuses on conserving the Earth's resources by developing solutions with unique energy and environmental benefits, minimum material consumption and maximum recyclability.

**1.0**

Billion SEK sales 2025

**5.9%**

EBITA margin 2025

**7**

Business units

**17%**

Sales CAGR '20-'25

**7%**

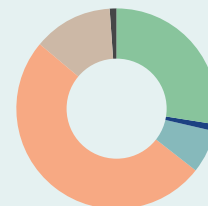
EBITA CAGR '20-'25

**7**

Countries

Sales by country

- Sweden, 28%
- Denmark, 1%
- Finland, 7%
- Norway, 51%
- Rest of Europe, 13%
- Rest of the world, 1%



**Products and solutions for water and energy, such as pressurised water, water treatment, clean drinking water and geothermal energy.**

The business area offers pipe installation, distribution and monitoring systems that reduce water losses and modernise outdated water infrastructure. By producing collectors and components for geothermal installations, we contribute to sustainable energy solutions that slow climate change.

The range includes pipe systems for pressurised water, heating and cooling, fixing systems, and products for geothermal installations. We work closely with customers to make it possible to create solutions that combine efficient water use and renewable energy.

**Market drivers**

The Water & Energy business area is influenced by several long-term trends. Urbanisation and modernisation of community infrastructure increase the need for reliable water supply and wastewater infrastructure, driving the demand for sustainable solutions for water supply and energy efficiency. At the same time, a global energy transition is under way, in which buildings are increasingly heated and cooled using renewable energy sources. This creates significant growth opportunities for geothermal heat pump systems and other solutions that help reduce climate impact. These trends combine to cause a continuous increase in demand for products and systems for efficient water use and sustainable energy supply.



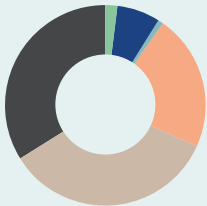
## Safety & Protection



**14%** Safety & Protection's share of Group sales

CM Hammar has been part of Ernströmgruppen since 2014 and develops, produces and sells release systems for life rafts and inflation mechanisms for life jackets. The company is a market leader in its niche and sells via OEMs, distributors and service stations in over 75 countries under the motto 'Better solutions for Safety At Sea'.

### Sales by country



- Sweden, 2%
- Denmark, 7%
- Finland, 1%
- Norway, 22%
- Rest of Europe, 35%
- Rest of the world, 34%

**0.7**

Billion SEK sales 2025

**18.9%**

EBITA margin 2025

**6**

Business units

**28%**

Sales CAGR '20-'25

**31%**

EBITA CAGR '20-'25

**4**

Countries

### Development and production of stand-alone and integrated components of security products with global distribution.

The Safety & Protection business area develops and produces components and systems for safety products with global distribution. The focus is on marine safety solutions, where high safety standards are critical to protecting life, property and the environment at sea. The range includes safety lights for life vests, life rafts and boats, hydrostatic release devices, life buoys, inflatable products for fishing and energy, and advanced operator chairs for marine vessels and flight simulators. As a partner to OEMs, distributors and shipowners, we see our commitment to sustainability and innovation as an essential contribution to a future in which marine resources are utilised responsibly and safely, for both

current and future generations. The companies in the business area operate in four countries and combine in-house product development and production with global sales via OEM customers and distribution networks.

### Market drivers

The industry is being driven by stricter maritime safety requirements and regulations, along with growing seaborne activity such as cruises and freight transport. Greater awareness of occupational health and safety and improved safety protocols are also contributing to demand. Stricter regulations and higher safety standards require innovation and adaptation, making Safety & Protection well-positioned for continued growth.

## Automation & Electrification



# 33%

Automation & Electrification's  
share of Group sales

Elektrokyl Energiteknik AB has been part of Ernströmgruppen since 2016 and is a locally well established company for consultancy, installation and service activities for energy technology in Borås and the surrounding area. The company provides services from design to finished installation in cooling, ventilation, heating and solar and serves customers in industry, offices and retail, as well as private, public and commercial administrations.

## 1.7

Billion SEK sales 2025

## 9.9%

EBITA margin 2025

## 14

Business units

## 18%

Sales CAGR '20-'25

## 19%

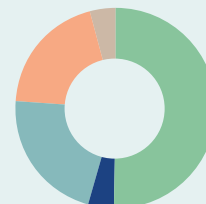
EBITA CAGR '20-'25

## 6

Countries

Sales by country

- Sweden, 51%
- Denmark, 4%
- Finland, 22%
- Norway, 20%
- Rest of Europe, 4%



### Automation solutions to enable energy efficiency and the design and manufacture of products for greater electrification of our society.

The business area offers automation solutions for energy efficiency and the design and manufacture of products that enable increased electrification in society. The companies develop solutions that support the transition to fossil-free energy, electrification of communities and energy efficiency in buildings. By means of tailor-made automation solutions for controlling and optimising energy use, we help our customers reduce energy consumption, reducing costs and carbon emissions.

The range includes control systems, sensors, thermostats, valves and actuators for the installation and service of building services systems, as well as low-voltage prod-

ucts such as switchgear, control cabinets and distribution boards. The companies operate in six countries and combine in-house product development with services, installation and panel construction.

### Market drivers

The business area is affected by the increasing energy consumption resulting from electrification, the growing number of data centres and the need for optimised energy use in buildings and industrial processes. The green transition with increased production of renewable electricity and requirements for energy efficiency creates strong demand for solutions that reduce energy consumption and carbon emissions.

# Sustainability report



## General disclosures

### About this report

This report describes Ernströmgruppen's key sustainability matters and targets, and how sustainability work is run and managed. The sustainability report is an integral part of Ernströmgruppen's annual report and constitutes Ernströmgruppen's statutory sustainability report. The report has been prepared in accordance with the Swedish Annual Accounts Act, but is inspired by the new statutory requirement for sustainability reporting, the Corporate Sustainability Reporting Directive (CSRD). The report is therefore structured in line with (but not in accordance with) European Sustainability Reporting Standards (ESRS). Therefore, this sustainability report does not comply with all aspects of CSRD and ESRS. CSRD is an EU framework for standardised sustainability reporting which promotes sustainability goals and investment in sustainable projects.

The report is based on stakeholder dialogues, a double materiality assessment and reporting from Ernströmgruppen's companies. For 2025, Ernströmgruppen has improved the quality of the calculation of climate footprint and CO2 impact. Data on emissions has been collected and calculated using an AI-based solution to deviate as far as possible from estimates and calculations based on cost-based emission factors.

### Scope and preparation of the sustainability report

Our sustainability work is based on the principles of internationally recognised and accepted conventions and agreements on the environment, human rights, working conditions and corruption, such as the UN Declaration of Human Rights and the OECD Guidelines for Multinational Enterprises. Ernströmgruppen's Code of Conduct sets out the main principles for corporate responsibility and the conduct of all employees, as well as the ethically, socially and environmentally correct conduct of all our subsidiaries. Ernströmgruppen believes that integrating a sustainability perspective in its business model, strategy and day-to-day operations is

crucial for continued growth, development and profitability.

### Sustainability management

Ernströmgruppen's ambition is to ensure that the Group's most material sustainability matters are managed effectively and that the targets set out in the sustainability strategy are achieved as far as possible. Governance regarding sustainability-related objectives and matters at Group level includes, in addition to the Board of Directors, Group Management, who are jointly responsible for ensuring that sustainability work is carried out in accordance with a clear structure and in accordance with adopted guidelines. The Board of Directors has ultimate responsibility for the Group's sustainability work and the overall sustainability strategy, in which sustainability is an integral part of value creation. The Board of Directors approves the double materiality assessment every year. The Board of Directors reviews and monitors sustainability targets, strategy, reporting, risk management and compliance with legal requirements, policies and codes of conduct.

Ernströmgruppen's governance is based on principles of responsibility and transparency. Each subsidiary has its own responsibility to develop concrete plans and actions that contribute to achieving the Group's sustainability targets. These decisions are made by each company's board of directors and responsibility for implementing plans and actions rests with each individual company and its management.

### Governance and policies

The sustainability work is based on common policies, guidelines and instructions that apply to all companies in Ernströmgruppen. We operate according to international standards, and our environmental policies ensure consistent environmental responsibility across the Group. Governance also includes an annual operational risk assessment, in which the Board assesses both the

impact of the external environment on our operations and vice versa, reflecting our double materiality perspective.

Ernst&Young Global Limited applies a governance model based on decentralisation, which means that each local management has its own responsibility. At the same time, all business units are expected to actively monitor, identify and manage key risks and opportunities in the sustainability areas relevant to their operations. This includes those that affect or may affect the business model, competitiveness and financial position in the short, medium and long terms.

All sustainability-related group-wide policies in Ernst&Young Global Limited are revised annually and adopted by the Board of Directors. Identified impacts, risks and opportunities are taken into account. In line with our decentralised governance model, the CEO and management of each company are responsible for ensuring that operations are conducted in accordance with the Group's policies. This is reviewed at least once a year within the framework of each company's Board meetings, at which the progress and challenges of sustainability work are discussed as a mandatory part of the Board work.

### Overview of policies of particular importance for Ernst&Young Global Limited's sustainability work:

Policy	Example of scope	Comments
Sustainability policy	<ul style="list-style-type: none"> <li>• Values-based culture</li> <li>• Impact on people and the environment</li> <li>• Responsible business conduct</li> <li>• Resource efficiency</li> <li>• Sustainable supply chain</li> <li>• Product safety</li> </ul>	Sustainability is a fundamental and guiding principle for Ernst&Young Global Limited's operations and should contribute to sustainable development taking into account financial, environmental and social aspects.
Code of Conduct (employees)	<ul style="list-style-type: none"> <li>• Working conditions</li> <li>• Human rights</li> <li>• Business ethics</li> <li>• Environment and sustainability</li> <li>• Information security and privacy</li> <li>• Whistleblower service</li> </ul>	Ernst&Young Global Limited's main governance document, which forms the basis of our corporate culture, how people are treated and how we do business and operate in an ethical and responsible manner.
Code of Conduct (suppliers)	<ul style="list-style-type: none"> <li>• Environment and sustainability</li> <li>• Human rights</li> <li>• Health and safety</li> <li>• Business ethics</li> <li>• Whistleblower service</li> </ul>	Our supplier standard is based on our Code of Conduct.
HR policy	<ul style="list-style-type: none"> <li>• Leadership and employeeship</li> <li>• Diversity and inclusion</li> <li>• Training</li> <li>• Cooperation with trade union organisations</li> </ul>	The Group's HR policy describes how employees and managers at Ernst&Young Global Limited should address and take responsibility for various issues.
Risk management and internal control policy	<ul style="list-style-type: none"> <li>• Risk management process</li> <li>• Internal control process</li> </ul>	Risk management forms the basis of our work to minimise identified risks via a framework of internal controls.
Anti-corruption policy, and sanctions and export control policy	<ul style="list-style-type: none"> <li>• Bribery, corruption</li> <li>• Conflicts of interest, gifts/entertainment,</li> <li>• Sanctions compliance, export control, KYC</li> <li>• Trade restrictions</li> <li>• Risk assessment in international trade</li> </ul>	Ensures that business is conducted with integrity and in compliance with laws and internal regulations and ensures legal, safe cross-border trade and minimises regulatory risks.

## Strategy and sustainability focus

Ernstströmgruppen has a sustainable focus in its strategy, with the ambition to create value for all stakeholders through responsible growth, sustainable improvements and investments. Our operations are based on every part having a positive impact on both people and the environment. Our sustainability work is based on the principles of the CSRD and the UN Agenda 2030 to support sustainable development globally.

## Business model

Our business model is based on acquiring small and medium-sized niche companies in the Nordic region or Northern Europe. By offering strategic support, best practice tools and support on everything from pricing to HR issues and sustainability, we provide strategic support to develop long-term, sustainable business models for our companies. Coordinating similar companies in business areas creates scope for optimising operations and creating efficiencies, innovation and skills development through the subsidiaries to achieve sustainable growth and profitability.

We work closely with each company through our business areas to ensure that each company's business strategy is aligned with Ernstströmgruppen's vision. Ernstströmgruppen has a decentralised business model, affording each company management team ample leeway to adapt their organisation and offerings to the unique needs of their different customers. Local responsibility promotes sustainable entrepreneurship. Our model creates opportunities for synergies and helps mitigate risks via uniform corporate governance and sustainability frameworks.

When Ernstströmgruppen welcomes a new company, its management are introduced to our sustainability process. During the first year, the company develops its own action plan for sustainability work. The local management and Board are responsible for:

- Being up to date on and acting on the most significant risks and opportunities in relevant sustainability areas.
- Identifying the most important sustainability aspects and launching activities that make a difference.
- Following the principles of the Ernstströmgruppen Code of Conduct and policies and supporting our common targets.

We review at least once a year at the business unit's Board meetings, at which the progress and challenges of sustainability work are always a standing item on the agenda.

## Ernstströmgruppen's value chain

Ernstströmgruppen's value chain risks and opportunities are related to our subsidiaries, where sustainability risks are mainly linked to components, suppliers and transport. The fact that Ernstströmgruppen's diversified business areas have companies that are dispersed, both geographically and operationally, ensures endurance across business cycles and reduce risks. Diversification also creates resilience in sustainability matters. As Ernstströmgruppen consists of around 39 business units, sustainability risks are naturally mitigated as no single company or product can have a material impact on the Group. Diversification also has an impact in that while one business area may be adversely affected by climate-related impacts, other business areas can take advantage of the opportunities. For example, there is growing demand for emission reduction products and services, which creates new product development opportunities.

### Upstream

In Ernstströmgruppen's upstream value chain, social and environmental impacts are associated, in particular, with the purchase of materials in each business area.

### Own operations

In our own operations, we have identified significant impacts, risks and opportunities primarily in our workplaces and through the employees who work there. Several companies have their own production and thus also emissions in Scope 1.

### Downstream

The absolute majority of sales are B2B with a negligible portion directly to consumers. The downstream impact of the Ernstströmgruppen is thus highest in the transport and use of products and services.

Ernstströmgruppen has a negative impact on the environment, primarily through emissions. We also have a responsibility to ensure good working conditions throughout the value chain. We expect our suppliers to comply, as a minimum, with current legislation and act in accord-

ance with the Ernströmgruppen Code of Conduct. Ernströmgruppen works actively to ensure that no regulatory breaches are committed in our operations or in our value chain. Ernströmgruppen's companies work with a large number of suppliers. Many are domestic and based in the country in which operations are carried out. Others are non-Nordic and include high-risk countries, with poor awareness of and compliance with requirements relating to human rights, working conditions, climate change, gender equality and corruption. To prevent risks, we maintain a continuous dialogue with our suppliers and our business relationships are characterised by close, long-term collaboration. Under our decentralised governance model, it is up to each company to check that their suppliers comply with our Code of Conduct.

The overall goal is to reduce emissions in line with the Paris Agreement. How this is achieved differs across our companies, as each decision is taken close to the business.

## Stakeholders and stakeholder dialogue

Ernströmgruppen consists of many companies and therefore many stakeholders. We have tried to assess how our operations affect our main stakeholders and how their expectations in turn affect our sustainability strategy. The dialogues we have had, and the information about their expectations that we have obtained through these dialogues, have been taken on board as we have worked to identify and prioritise the most material sustainability issues. The dialogue with stakeholders is carried out by members of Group management responsible for sustainability issues. Reporting is to the Board. Ernströmgruppen maintains a continuous dialogue with the company's stakeholders to identify the expectations and demands of the Group's business environment. The dialogue is also the basis for deciding which sustainability matters are prioritised and the importance of these matters for different stakeholders. Ernströmgruppen has identified customers, employees, business units, owners, investors and suppliers as its most important stakeholders.

### Stakeholders, channels and priority matters

Stakeholders	Channels	Priority matters
Customers	Customer meetings, customer service, websites, social media, customer surveys, trade fairs	Access to sustainability data, supply chain transparency and traceability, quality and reliability
Employees	Employee surveys, follow-ups, goal and development process, training	Gender equality and equal opportunities, occupational health and safety, skills development and career opportunities
Business units	Follow-ups, Board meetings, training, workshops	Clarity and flexibility in sustainability requirements, access to networks and resources, decision-making autonomy
Owners & investors	Meetings with owners, financial statements and presentations	Science-based climate targets, climate change plans, sustainability risks, financial impact, ESG ratings
Suppliers	Procurement, enquiries, self-assessment surveys, audits, project updates	Stability and long-term relationships, compliance with sustainability requirements and code of conduct, transparency

## Actions and resources

Ernströmgruppen's environmental management strategy combines central policies and guidelines with decentralised implementation. Our actions and governance models are based on ISO 14001, ensuring a high level of commitment to environmental responsibility. Our corporate culture values individual responsibility and

local entrepreneurship, and we continue to invest in our employees to support their engagement and development. Ernströmgruppen's impact, risks and opportunities under the ESRS standards and the main areas and aspects that we will need to disclose when CSRD becomes mandatory are illustrated in the double materiality assessment table.



**Planned succession -  
Ola Lindstedt will hand  
over the baton to Henrik  
Hofgren as CEO of Eveco  
Handel in 2026.**

## Double materiality assessment

Sub-topic	Impact description	Place in the value chain	Type of impact		Financial	
			Positive	Negative	Risk	Opportunity
<b>Ernströmgruppen's climate impact and resource use</b>						
<b>Climate and environment</b>						
E1	Emissions and mitigation of climate change	Actual negative impact on people and the climate from upstream activities, own operations and downstream activities, mainly owing to the production of inputs and products, inbound and outbound transport, business travel, waste management and energy consumption of offices, warehouses and factories in operation (electricity, heating, cooling).	Entire value chain		●	●
	Energy use in the value chain	Actual negative impact on the environment owing to energy use from non-renewable sources in own operations and in the value chain (extraction and production of materials/products, electricity, heating and cooling (warehouses, offices, factories) and waste management).	Entire value chain		●	●
	Energy reduction through products and services Ernströmgruppen provides for customers	Actual positive impact on the environment and energy consumption for consumers and end users by selling solutions that help companies increase their energy efficiency. Ernströmgruppen has a number of companies in the Group that offer various energy efficiency enhancement solutions.	Downstream	●		●
<b>Ernströmgruppen as a workplace</b>						
<b>Social factors</b>						
S1	Working environment and well-being of own workforce	Potential negative impact on people in own operations and their well-being in the workplace.	Own operations		●	●
	Diversity and inclusion at Ernströmgruppen	Actual negative impact on people and gender equality owing to low proportion of women on Ernströmgruppen's Boards. Ernströmgruppen generally has poor representation and diversity in the company, also linked to factors other than gender.	Own operations		●	●
	Health and safety at work for own workforce	Potential negative impact on people in own operations and their working environment linked to potential workplace-related accidents or injuries. Ernströmgruppen has employees in manufacturing who are highly exposed to risks related to their workplace.	Own operations		●	●
<b>Ernströmgruppen's suppliers</b>						
S2	Rights of workers in the value chain	Potential negative impact owing to the fact that Ernströmgruppen's subsidiaries have suppliers on a global scale and, for example, large purchase volumes from, for example, Asia with limited knowledge about working conditions there.	Upstream		●	●
<b>Governance</b>						
G1	Governance and relations with suppliers	Potential negative impact on the management of suppliers and their impact and insight into their activities. All companies in Ernströmgruppen are highly dependent on their suppliers and the relationship that exists with them. The company has global operations and impact through the purchases it makes.	Own operations		●	●
<b>Business conduct and corporate governance</b>						
G1	Corruption and bribery	Potential negative impact on people owing to potential cases of corruption or bribery in own operations and/or the supply chain. Ernströmgruppen has processes and policies in place to protect against this.	Entire value chain		●	●
	Protection of whistleblowers	Potential positive impact on people through the availability of a whistleblowing service for employees, suppliers, business partners and other stakeholders. Ernströmgruppen encourages everyone to use it and ensures protection for whistleblowers. The service is anonymous and all cases are handled promptly and confidentially.	Entire value chain	●		●
	Corporate culture	Actual positive impact on people through a good corporate culture characterised by decentralised ownership of the companies. Ernströmgruppen is a fourth generation family business built on a strong culture and passion for building better companies. In recent years, the Group has worked to create a stronger sense of community.	Own operations	●		●

## Climate change

### Climate impact and carbon emissions

This part of the sustainability report refers to Ernströmgruppen's work on environmental issues in its own operations and in the value chain.

#### Strategy and the resilience of the business model

Ernströmgruppen's climate impact occurs primarily upstream in the value chain, mainly in the extraction and production of the resources required for the products and components we sell. Incoming and outgoing transportation of goods also produces significant emissions. In its own operations, energy use in companies with their own production and fuel consumption in company-owned vehicles account for the highest direct emissions. At the same time, several of our companies make a positive contribution to the climate by offering solutions in energy efficiency, renewable energy and climate-adapted products.

Ernströmgruppen is a decentralised Group with 39 business units operating in different geographical areas and markets. Based on this structure, physical climate-related risks are not considered to be material at Group level.

#### Processes for identifying and managing climate-related impacts, risks and opportunities

The Group works continuously to identify both negative and positive climate-related impacts in its operations and in the value chain. This is done by:

- mapping energy use and vehicle fleets
- analysis of suppliers and transport
- dialogue with companies on the development of climate requirements from customers and authorities
- internal training via the Climate Business Programme.

#### Policies related to climate change

Ernströmgruppen's climate work is governed by the Group's Code of Conduct and Sustainability Policy, which make it clear that we must take responsibility for our own

emissions and contribute to climate-smart solutions for our customers.

#### Targets related to climate change

Ernströmgruppen has adopted a group-wide carbon reduction target in line with the Paris Agreement. To achieve the target, investments are made in areas such as renewable electricity, reducing emissions intensity from upstream and downstream transport, increasing volumes of products and services that contribute to customer emissions reduction, and improved data collection to increase the accuracy of emissions reporting. In 2025, the method for emission measurement was changed to reduce reliance on estimates and allow for more comprehensive, transparent reporting.

#### Identified climate-related risks and opportunities

##### Transition risks

Higher carbon tax and other price control mechanisms.

- Stricter regulatory requirements, including the development of CSRD.
- Requirements for climate declarations for products, which may affect competitiveness depending on emission levels.
- CSDDD may entail higher costs for managing climate impact in the supply chain.

##### Opportunities

- Competitive advantage for companies with proven lower product emissions.
- Higher demand for energy-efficient and climate-enhancing solutions.
- Possibility of structural improvements via data-driven climate control.

#### Material actual and potential impacts

Negative impacts: climate impact is mainly upstream, and from transport, energy use and vehicle fleets.

Positive impacts: our products and solutions often contribute to reduced emissions for the end consumer.

#### Methodology, data sources and assumptions

##### Reporting period and scope

The report covers the entire Group and is based on data from the calendar year 2025. Consolidation is according

to the principle of operational control and includes all the entities we operationally control, regardless of ownership share.

#### Methodological framework

Emissions are calculated according to the GHG protocol Corporate Standard and the GHG protocol Corporate Value Chain Standard.

#### All emissions are reported as CO<sub>2</sub>eq.

Scope subdivision (GHG protocol)

Scope 1: direct emissions (e.g. fuel for own/operationally controlled vehicles).

Scope 2: purchased energy (electricity, district heating, district cooling).

Scope 3: other indirect emissions in the value chain (purchases, transport, waste, travel, IT services, etc.)

Uncertain cases are classified as Scope 3 according to the precautionary principle.

#### Data collection

The calculations are primarily based on supplier invoices from the companies' business systems. Invoices are harmonised to identify emitting activities and, whenever possible, converted into physical quantities (kWh, litres, kg). Where data is lacking, cost-based emission factors are used as documented proxy values.

A few companies with insufficient data are handled manually.

#### Emission factors

Emission factors are selected from the best available source, for example: official statistics, industry data, supplier-specific data, EPD/LCA data.

Traceable documentation of assumptions is ensured. The methodology enables comparability over time and supports future reporting according to CSRD/ESRS.

#### Metrics and outcomes

Key ratios	2025	2024
Total energy consumption, MWh	17,350	15,791
Of which energy from renewable sources, %	80%	77%
Energy consumption/turnover (MWh in relation to turnover)	3.3	3.3
TCO <sub>2</sub> eq emissions		
Scope 1	1,054	1,084
Scope 2, market-based	1,332	6,986
Scope 2, location-based	1,379	1,385
Scope 3, of which:	92,117	55,332
– purchases of goods and services (category 1)	87,570	47,222
– transport (categories 4 and 9)	3,056	6,344
– travel + fuel and energy-related activities (categories 3, 6 and 7)	1,491	1,766

**Over the course of the year, we changed and improved the way we measure our emissions. In particular, this concerns Scope 3 related to the purchase of goods. The increase in emissions in 2025 is because we have become better at measuring, not because our companies are emitting more carbon dioxide. It is therefore not possible to make a fair comparison with the previous year.**

## S1 Own workforce

### Social impact in our own workforce

This part of the sustainability report covers Ernströmgruppen's social impact on its own workforce, including working conditions, working environment, health and safety, and diversity and inclusion. The Group consists mainly of employees in production and warehousing, as well as staff in sales, administration and technical roles.

#### Material risks

- Psychosocial strain and work-related stress, especially in operational roles.
- Occupational safety and health risks associated with production and installation.
- Risks linked to unequal treatment, discrimination and lack of inclusion.

#### Material consequences and impacts

The well-being and safety of employees is directly affected by the working environment and working conditions. Perceived deficiencies in inclusion, equity, and the psychosocial working environment can affect engagement, productivity, and the ability to retain employees.

#### Opportunities

- Strengthen the corporate culture by means of an inclusive and development-oriented working climate.
- Increase employee engagement by systematic monitoring of health, safety and well-being.
- Attract and retain expertise by means of investments in health, safety and skills development.

#### Governance and policies

The work on social sustainability is governed by the Ernströmgruppen Code of Conduct and the Group's guidelines for the working environment, safety and equal treatment. The policy framework includes:

- requirements for a safe, secure working environment
- zero tolerance of discrimination and harassment
- promotion of diversity and inclusion
- fair working conditions and respect for human rights
- continuous skills and leadership development

The Group's culture is based on personal responsibility, entrepreneurship and a pursuit of continuous improvement, in which employee development is central to the long-term success of the business.

#### Monitoring processes

To identify and manage social risks, Ernströmgruppen conducts an employee survey. The Group offers continuous pulse measurement of employees' experience of the work situation. More than half of employees have these pulse measurements sent to them on an ongoing basis. All companies must conduct an employee survey at least once a year.

#### Strategy and forward-looking work

Ernströmgruppen takes a long-term approach to improving the working environment, inclusion and talent supply by:

- continuing to develop leadership and internal mobility, and enhance procedures around the psychosocial working environment and early intervention,
- implementing local action plans based on pulse measurements and annual results,
- promoting a working environment that encourages development, responsibility and entrepreneurship,
- investing in learning and sustainable improvements in all companies.

Overall, the objective is to be an industry-leading employer with a safe, inclusive and evolving working environment across the Group.

## Metrics and outcomes

Key ratios	2025	2024
Number of employees, of whom	1,574	1,434
– men	1,184	1,074
– women	390	360
Number of persons in executive positions, of whom	166	146
– men	124	109
– women	42	37
Number of persons on Boards of subsidiaries, of whom	161	192
– men	121	156
– women	40	36
Number of employees by age	1,574	1,434
– < 30 years	223	194
– 30–50 years	779	684
– > 50 years	572	556
<b>Psychosocial working environment – stress &amp; well-being</b>		
Percentage of employees not negatively affected by stress	74%	66%
Percentage negatively affected by stress	26%	34%
Stress index - <i>Index (1–10)</i>	6.3	5.9
Percentage of employees who perceive the workplace to be inclusive	97%	95%
Percentage who experienced discrimination or harassment	3%	5%
Inclusion index - <i>Index (1–10)</i>	8.8	8.7
Total number of incidents submitted via the Ernströmgruppen whistleblowing channel	5	7
Total amount of fines, penalties and compensation for harm resulting from the incidents and complaints listed above	0	0
Accidents and incidents reported	39	40
– without sick leave	30	32
– accidents leading to sick leave, number of days	413	431

## S2 Workers in the value chain

### Social impact in the value chain

The majority of Ernströmgruppen's turnover is generated via distribution and sales. Via its subsidiaries, the Group has a large number of suppliers — both national and international — mainly distributed geographically in Europe and Asia. The main negative social impact thus occurs indirectly, at the supplier level upstream in the value chain.

#### Material risks

- Impact on working conditions at suppliers, especially in high-risk countries.
- Risk of human rights violations, including discrimination, lack of worker protection and inadequate pay conditions.
- Lack of transparency in complex supply chains with many actors.

#### Material consequences

- Possible negative impact on workers at the supplier level, in particular with regard to the working environment, rights and gender equality.
- Risk of non-compliance by suppliers affecting the Ernströmgruppen brand, customer relations and legal compliance.

#### Opportunities

- Improve sustainability performance in the supply chain by setting requirements and developing standards.
- Collaborate with responsible suppliers to drive positive development in local communities.
- Build long-term partnerships based on ethics, transparency and quality.

#### Policies and commitments

Ernströmgruppen expects all suppliers to:

- comply with applicable legislation,
- ensure respect for human rights,
- provide safe working conditions,
- manage resources and environmental impact responsibly,

- follow business ethics principles and meet anti-corruption requirements.

A group-wide Supplier Code of Conduct was developed in 2024. The Code of Conduct is gradually being implemented with priority given to the largest, most significant suppliers.

#### Governance and responsibility

Owing to Ernströmgruppen's decentralised organisational model, each subsidiary is responsible for ensuring that their suppliers act in accordance with statutory requirements and ethical guidelines. This means that responsibility for risk assessment and supplier monitoring is close to the business, but it also poses challenges in ensuring consistent risk management across complex supply chains at Group level.

#### Due diligence processes

The Ernströmgruppen applies due diligence processes in line with upcoming EU requirements (CSDDD). The current processes include:

- risk assessment of suppliers based on geography and industry risk,
- implementation of the Supplier Code of Conduct,
- follow-up and requirements for procurements and direct purchases,
- integration of sustainability requirements in contracts and product/service specifications,

Norwegian subsidiaries already comply with the Transparency Act, which entails established risk mapping processes, management of negative impact and due diligence reporting

#### Actions and forward-looking work

In 2025, Ernströmgruppen took important steps to improve sustainability in the supply chain. The work was mainly focused on introducing our new Supplier Code of Conduct, clarifying sustainability requirements in procurements and developing the companies' internal processes for supplier assessment. The largest and most significant suppliers were prioritised, and implementation is gradual, with a risk-based approach. In the face of upcoming legislation such as the EU Due Diligence Directive, we continue to develop a more uniform framework for evaluating suppliers.

# GI Corporate governance and business ethics

## Business conduct

This section describes Ernströmgruppen's work in corporate governance, business ethics and compliance. The Group operates in many markets with a decentralised structure, which places high demands on clear policies, training and monitoring.

### Material risks

- Non-compliance with the Code of Conduct, including insufficient integration of sustainability in local decision-making processes.
- Risk of corruption, bribery and breaches of competition law, especially in international business relations.
- Compliance risks related to sanctions and export controls in cross-border trade.

### Material consequences

- Possible negative impact on trust, relationships with customers and suppliers, and financial and legal risks associated with inadequate business ethics.
- Risk that the Group's decentralised model impedes uniform risk management if governing principles are not consistently followed.

### Opportunities

Create long-term value via a strong, embedded ethics and compliance culture, and strengthen corporate culture and employee engagement via clear standards and high requirements for professionalism.

### Policies and commitments

Ernströmgruppen has a Group Code of Conduct which all employees and persons representing the Group are expected to follow. The Code includes:

- business ethics and anti-corruption,
- competition law,
- sanctions and export controls,
- labour law and human rights,
- environmental responsibility and sustainable business.

In addition to the Code of Conduct, there are complementary policies in the areas of anti-corruption, competition law and sanctions and export controls.

We have zero tolerance of bribery, corruption and unfair restrictive practices.

All employees receive continuous training in the Code of Conduct via the Group's digital training platform.

### Governance and internal control processes

Business ethics is a standing issue in the Group's management team and in the dialogue with the management of its subsidiaries. The decentralised governance model means that each company is responsible for ensuring compliance with policies and statutory requirements, while Group management sets frameworks and monitors compliance, including, for example, regular risk assessments in the areas of anti-corruption and competition law, and ensures that trade with sanctioned countries requires special scrutiny under the sanctions policy.

All companies in Ernströmgruppen have access to an anonymous whistleblower function, which is open to both employees and external parties such as suppliers. The function is handled by an independent external lawyer, which ensures objective assessment and further investigation. The function helps identify risks and deficiencies early and is an important tool for maintaining good corporate governance and transparency.

Group management receives information on relevant matters to ensure the necessary measures are taken.

### Overall assessment and look forward

Ernströmgruppen continues to develop its work on business ethics and governance in line with stricter regulatory requirements and a changing risk environment. The focus going forward is on further entrenching the Code of Conduct in all activities and improved training in anti-corruption, sanctions and competition law.



# Corporate governance report

## Introduction and purpose

Although Ernströmgruppen is not subject to the requirements of the Annual Accounts Act, we choose to disclose our corporate governance to promote transparency and comparability. The report is structured according to the main principles of the Swedish Code of Corporate Governance, focusing on the work of the Board of Directors, internal control, risk management and sustainability governance.

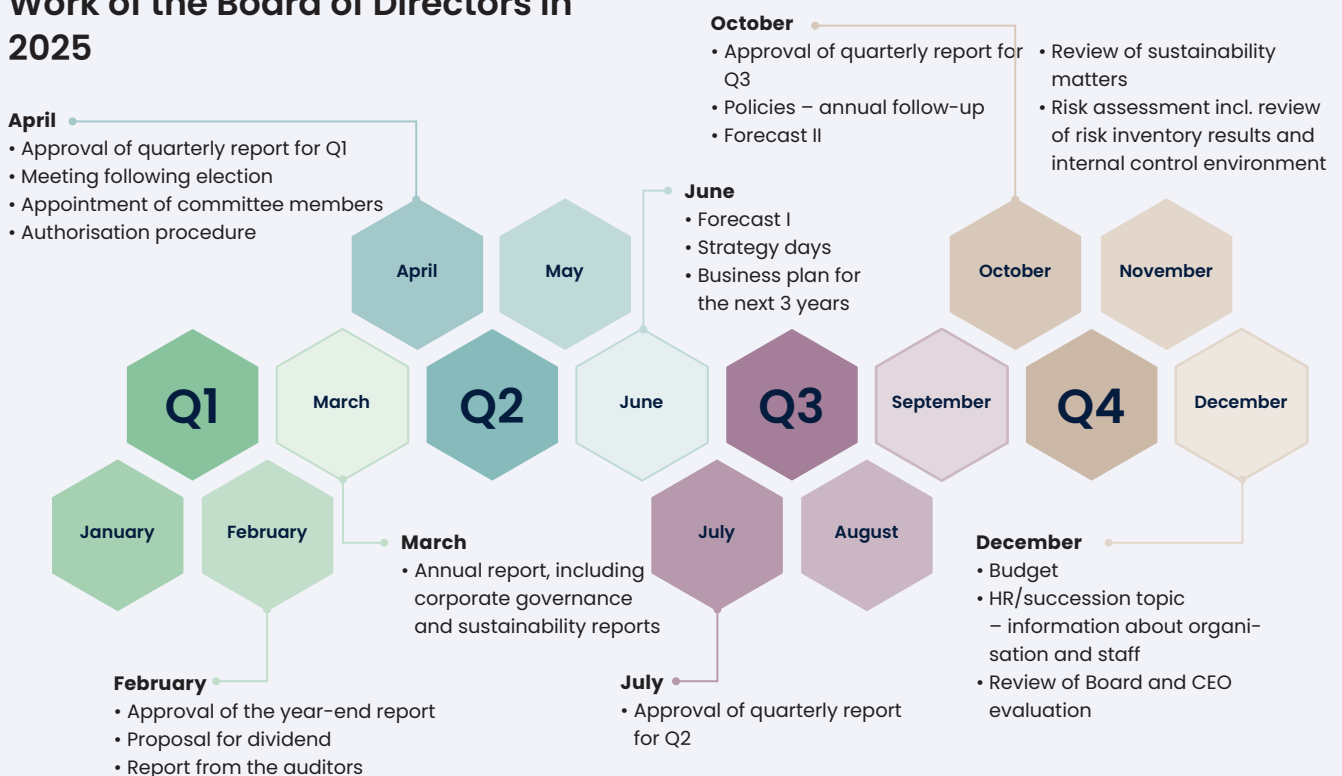
## Board of Directors

The main task of the Board of Directors is to manage the Group's operations on behalf of the owners so that the owners' interest in long-term returns is satisfied in a sustainable, sound manner. The Board of Directors has overall responsibility for the organisation and management of Ernströmgruppen. The work of the Board of Directors is governed in part by the Swedish Companies Act, the Articles of Association and the rules of procedure adopted by the Board for its work.

## Responsibilities and work of the Board of Directors

The Board of Directors has adopted written rules of procedure which govern the work of the Board and its division of labour, including its committees (Risk and Audit Committee and Remuneration Committee), the resolution procedure on the Board, the Board's meeting schedule and the duties of the Chair. The Board of Directors has also issued instructions for the CEO and instructions for financial reporting to the Board. Furthermore, the Board of Directors has adopted a number of policies and guidelines for the Group's operations. The Board of Directors oversees the work of the CEO by monitoring their activities throughout the year and is responsible for ensuring that the organisation, management and administrative guidelines are appropriately designed. The Board of Directors is also responsible for ensuring that Ernströmgruppen has effective systems for monitoring and control of its operations and compliance with laws and regulations. The Board is also responsible

## Work of the Board of Directors in 2025



for establishing, developing and monitoring Ernströmgruppen's goals and strategy, decisions on acquisitions of businesses, major investments and appointments and remuneration of Group management.

### Work of the Board of Directors in 2025

The Board of Directors addressed the fixed items set out in the Board's rules of procedure and annual plan, such as monitoring operations and the business situation, financial reporting, decisions on current acquisitions, adoption of policy documents and review of internal control and corporate governance. The Board also discussed the Group's long-term objectives and strategy, sustainability issues, succession planning and overall organisational issues and financing. During the year, the Board continued to integrate sustainability matters in its strategy work. Sustainability targets are monitored annually and sustainability risks are taken into account in the Group's risk assessment.

### Risk and Audit Committee

The Committee works according to an annually established agenda and is tasked with monitoring and quality assuring the company's financial reporting and the effectiveness of the company's internal control and risk management. The Risk and Audit Committee must review the accounting policies underlying the company's accounts and keep itself informed about the audit. The Committee must also review and monitor the auditor's independence and impartiality and, in particular, whether the auditor provides services other than the audit. The Committee's work mainly follows Ernströmgruppen's reporting calendar. The Risk and Audit Committee liaises with the company's auditors to discuss the focus and scope of the audit work. In 2025, the Committee consisted of Eva Nilsagård (Chair), Maximilian Hobohm and Henrik Larsson Lyon.

### Remuneration Committee

The Remuneration Committee has the task of preparing the Board's proposal to the AGM on guidelines for remuneration of the CEO and other senior executives. In addition, the committee must monitor and evaluate potential and ongoing plans and plans completed during the year for variable remuneration of company management, and monitor and evaluate potential and ongoing share-based incentive plans and share-based incentive plans completed during the year.

In 2025, the Remuneration Committee consisted of Fabian Hielte (Chair), Kristina Willgård and Michael Olsson. The CEO reports to the committee, but does not participate in matters concerning himself.

### CEO and operating organisation

During the financial year, the Group's operations were

organised in the four business areas Flow Technology, Water & Energy, Automation & Electrification and Safety & Protection. Each operating subsidiary has a Board of Directors on which the subsidiary's CEO and executives from the business area are represented, and for larger companies also representatives of Ernströmgruppen AB (publ). The CEO of each subsidiary reports to its business area manager. The business area manager reports to the CEO of Ernströmgruppen AB (publ).

### Internal control

The responsibility of the Board of Directors and the CEO for internal control is governed by the Companies Act and the Annual Accounts Act. The Board of Directors has overall responsibility for ensuring that the Group has an effective system of management and internal control. This responsibility includes annually evaluating the financial reporting received by the Board and setting requirements for its content and format to ensure the quality of the reporting. These requirements mean that the financial reporting must be appropriate, applying the applicable accounting rules and other requirements for listed companies. During the year, the CFO reported to the Board of Directors and its Risk and Audit Committee on the Group's work on internal control.

### Control environment

Ernströmgruppen builds and organises its operations on the basis of decentralised responsibility for profitability and earnings. The basis for internal control in a decentralised organisation is a well-established process aimed at defining goals and strategies for each business. Defined decision-making paths, powers and responsibilities are communicated through internal instructions and policies established by the Board. On a more general level, all operations in Ernströmgruppen are conducted in accordance with the Group's Code of Conduct.

### Risk assessment

Ernströmgruppen has established routines to manage risks that the Board of Directors and company management have deemed to be material for the internal control of the Group's financial reporting. The Group's exposure to a number of different market and customer segments and the fact that operations are conducted in 39 operating business units means that, in the opinion of the Board of Directors, there is significant risk diversification. The main risks associated with the carrying amount of intangible assets relate to acquisitions, inventories, trade receivables and income. A risk matrix has been introduced to identify and prioritise strategic, operational and external risks. Risks related to cybersecurity, geopolitics and sustainability were taken into account in particular during the year.

### Control activities

Examples of control activities are transaction-related controls such as rules on authorisations and investments and clear payment procedures, but also analytical controls carried out by the Group’s controllers and central finance department. An important overall control activity is the monthly performance monitoring carried out via the internal reporting system, which is analysed and commented on in the internal Board work.

### Self-evaluation and independent testing

During the year, self-assessment of all the Group’s companies with regard to internal control issues was carried out, covering everything from credit checks on customers, valuation and inventory of inventories to payment procedures, documentation and analysis of financial statements and compliance with internal policies and procedures. To raise the quality of internal control, the Group performed an independent audit of the companies’ self-evaluations during the year. This testing included key controls in areas such as credit checks, inventory management, accounting procedures and compliance with internal policies. The results were reported to the Board, which contributed to the overall assessment of the control environment.

### Monitoring, information and communication

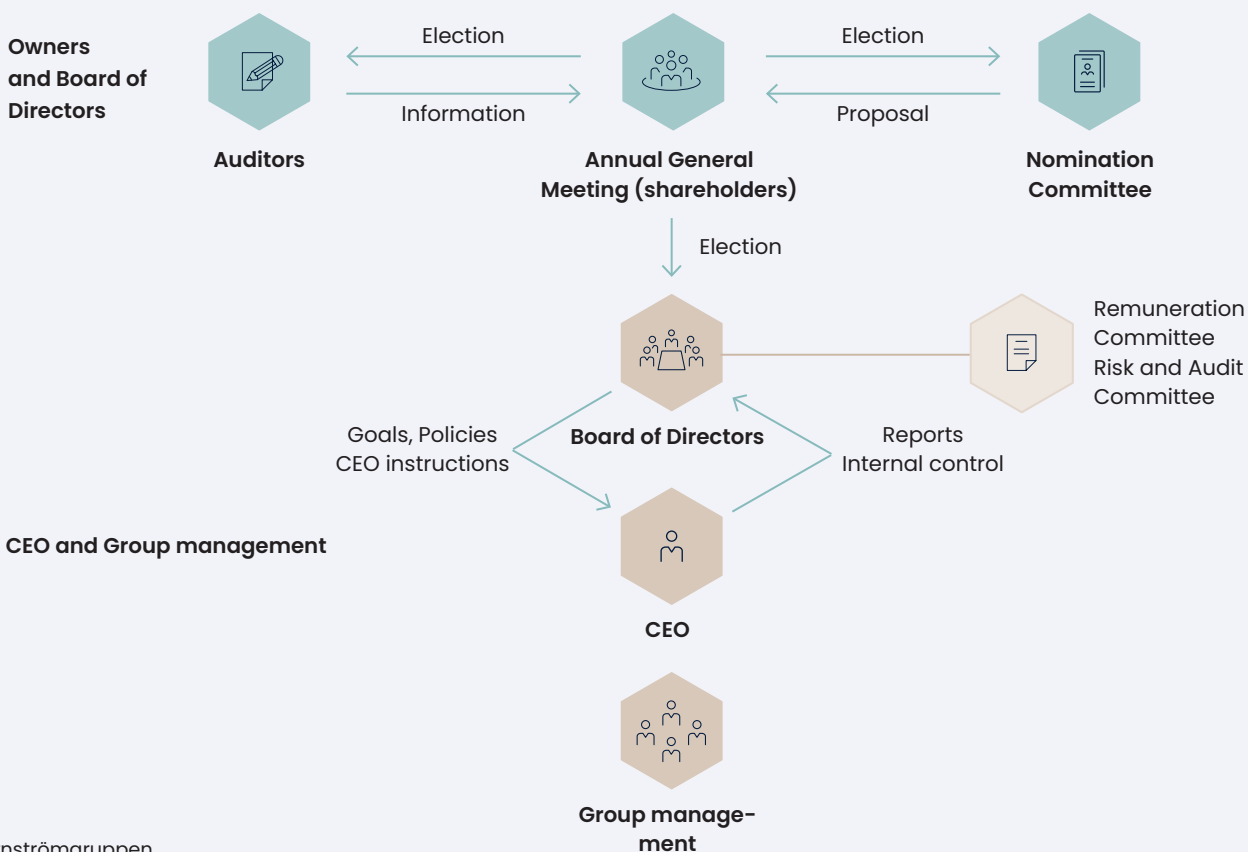
The Board of Directors received monthly comments from the CEO on the business situation and the development of operations. The Board discussed the quarterly financial statements and was updated on the work on internal control and its outcome. The Board of Directors also took note of the assessment made by the Group’s auditors EY of the Group’s internal control processes.

### Composition of the Board

The Board of Directors consists of eight members with broad expertise in industry, finance, sustainability and company acquisitions. Three out of eight members are women. Five members are independent of the company and major owners.

### Summary

In 2025, the Board of Directors focused on strategic development and enhanced risk management as well as preparatory work for CSRD. Corporate governance was developed in line with good practice and in dialogue with owners and management.



## Board of Directors



### Michael Olsson\*

#### Chair

Member since 2013, Chair since 2021. Chair of Allurity AB and Novargus Invest AB. Member of the Board of Directors of AstenJohnson Inc and AOM Holding AB.



### Eva Nilsagård\*

Member since 2022.

Member of AddLife AB, AB Svensk Exportkredit, Bufab AB, Hansa Biopharma AB, Xbrane Biopharma AB and Nimbus Group AB. Member and CEO of Nilsagård Consulting AB.



### Fabian Hielte

Member since 2000. Chair

of CellMark Investment AB, Kusinhus AB and Skagerack Ventures AB. Board member, Neudi & C:o AB, Sepson Winch Group AB, Sverige-huset Fastigheter AB and Wijken AB.



### Henrik Larsson Lyon\*

Member since 2024. Former

CEO of Hexatronic Group. Chair of Yangi AB and Njord Survey AB. Member of Nordica Group AB and Haxely AB.



### Kristina Willgård

Member since 2022. Chair of C-Rad AB. Member of Addnode Group AB, Darewill AB, InArea Group AB, Instoria Invest AB, Permobil Holding AB, Mölnlycke AB, Sinch AB and Willgård AB.



### Katarina Ljungqvist\*

Member since 2025.

Member of AB Svensk Exportkredit, Svenska Mässan Stiftelse and Hufvudstaden AB.



### Maximilian Hobohm

Member since 2024.

Member of Andersson & Hansson Automation AB, Hobohm Brothers Equity AB, Kusinhus AB, Neudi Holding AB, Nordpolen Ventures AB, Platzer Fastigheter Holding AB and Branäsgruppen AB.



### Oscar Bördin

Member since 2024.

Member of Kognic AB.

## Management team

Alexander Wennergren Helm, CEO

Per Nilsson, CFO

Eskil Nilsson, Business development

Christian White, M&A

Malin Jidéus, IR, Sustainability and Finance

Frida Bergqvist, General Counsel

### Business area managers:

Fredrik Skarp, Flow Technology

Kjell Bernt Kalland, Water & Energy

Håkan Skutberg, Safety & Protection

Magnus Thousgaard Terrvik, Automation & Electrification

\*independent in relation to the Company and Group management and in relation to the Company's major shareholders.

# Financial statements

## Contents

Directors' report	44	Note 14 Property, plant and equipment	80
Proposed appropriation of profits	50	Note 15 Intangible assets	81
Consolidated income statement	51	Note 16 Leases	83
Consolidated balance sheet	52	Note 17 Inventories and goods for resale	85
Consolidated statement of changes in equity	54	Note 18 Financial instruments by category	85
Consolidated statement of cash flows	55	Note 19 Trade receivables	88
Parent company income statement	56	Note 20 Cash and cash equivalents	88
Parent company balance sheet	57	Note 21 Share capital and other contributed capital	88
Parent company statement of changes in equity	59	Note 22 Borrowing	89
Parent company statement of cash flows	60	Note 23 Deferred tax	90
Notes for Group and parent company	61	Note 24 Provisions for pensions	91
Note 1 General information	61	Note 25 Other non-current liabilities	93
Note 2 Summary of significant accounting policies	61	Note 26 Other current liabilities	93
Note 3 Financial risk management	63	Note 27 Accrued expenses and deferred income	93
Note 4 Management of capital	67	Note 28 Pledged assets and contingent liabilities	94
Note 5 Critical accounting estimates and assessments	67	Note 29 Related party transactions	94
Note 6 Revenue	69	Note 30 Changes in liabilities in financing activities	95
Note 7 Segment reporting	70	Note 31 Business combinations	96
Note 8 Remuneration of auditors	72	Note 32 Adjustment for items not affecting cash flow	98
Note 9 Employee benefits	72	Note 33 Events after the end of the reporting period	99
Note 10 Other operating income	75	Note 34 Earnings per share	99
Note 11 Financial income and expenses	75	Note 35 Proposed appropriation of profits	99
Note 12 Income tax	76	Alternative performance measures	100
Note 13 Investments in subsidiaries	78	Signatures	104
		Auditor's report	105



## Directors' report

# Directors' report

The Board of Directors and the CEO of Ernströmgruppen (publ) AB, corporate identity number 556081-4245, hereby submit the annual report, consolidated financial statements and sustainability report for the financial year 2025. The statutory annual report consists of the directors' report with the proposed appropriation of profits, the financial statements, notes and the auditor's report. The statutory sustainability report according to the Swedish Annual Accounts Act is included in the annual report on pages 27-38. The management of material risks in the area of sustainability is part of the Group's general risks, described in the directors' report on pages 46-49. The corporate governance report is on pages 39-42.

### Information about operations

Ernströmgruppen is a Northern European family-owned industrial company that develops and acquires entrepreneurial niche companies. The Group consists of independent business areas with industrial logic and aims to create resilient businesses that can last for generations. The Group's business areas are: Flow Technology, Water & Energy, Safety & Protection and Automation & Electrification. Within each of these four business areas, the companies work in related industries or with similar business logic, with the shared ambition to be the leader in their niche. Through its presence in multiple market niches, Ernströmgruppen maintains its stability as a specialised, diversified Group with 39 business units operating in 12 countries and 1,574 employees as at 31 December 2025.

### Development of sales and earnings

Ernströmgruppen's net sales increased by 8.8 percent in 2025 to SEK 5,253 million (4,828). Growth consisted of acquired growth of 11 percent, negative organic growth of 1 percent and exchange rate fluctuations, which had a negative impact on net sales of 2 percent. EBITA for the full year amounted to SEK 575 million (502), which means growth of 14.6 percent, corresponding to an EBITA margin of 11.0 percent (10.4). Earnings were affected by significant remeasurements of contingent considerations and non-recurring costs that affected comparability. EBITA adjusted for remeasured contingent considerations of SEK 78 million (10) and items affecting comparability of SEK -65 million (-12) amounted to SEK 562 million (504) with an EBITA margin of 10.7 percent (10.4).

Operating profit amounted to SEK 357 million (395), affected by higher amortisation of intangible assets related to acquisitions totalling SEK -218 million (-107). The increase was primarily on account of impairment of goodwill and allocated surplus value related to customer relationships and agency agreements.

Net financial items amounted to SEK -89 million (-111), affected by lower interest expense and positive remeasurement of foreign exchange on underlying items compared to the previous year.

Profit after tax amounted to SEK 208 million (229), corresponding to a decrease of 9 percent. The effective tax rate for the year amounts to 22.3 percent (19.4). The higher tax rate was affected by remeasurement of deferred tax assets owing to the closure of operations in the Netherlands in Water & Energy, reversal of non-taxable contingent considerations and non-deductible impairment of goodwill.

### Financial position

The equity/assets ratio was 22.0 percent (21.9). The Group's liabilities to credit institutions totalled SEK 1,906 million (1,715). Cash and cash equivalents at the end of December totalled SEK 199 million (308) excluding available short-term credits of SEK 25 million. Return on capital employed for the year amounts to 15.7 percent (17.2), which is a decrease primarily on account of higher capital employed, mainly in the form of intangible assets as a result of acquisitions during the year and the poorer performance in Water & Energy.

Financial net debt amounted to SEK 1,707 million (1,407), which corresponds to 2.44x (2.35) in relation to acquisition-adjusted EBITDA. The Group thereby complies with the covenants underlying the credit agreements by a good margin.

Total net debt, including lease commitments and contingent considerations, amounted to SEK 2,441 million (2,105), corresponding to 2.84x (2.82) in relation to acquisition-adjusted EBITDA.

### Financing

Cash flow from operating activities was SEK 500 million (476) for the year. The slightly higher cash flow is mainly on account of a positive change in inventories and operating receivables as a consequence of currency effects of the stronger Swedish krona. Cash flow generation, expressed as a percentage of profit before tax adjusted

## Directors' report



for non-cash items, amounted to 81 percent (80) for the full year, indicating a good ability to convert profit into cash and cash equivalents.

Cash flow from investing activities was SEK -555 million (-441). Most of the cash flow effect relates to completed acquisitions. Acquisitions, including settlement of contingent considerations for transactions in previous years, amounted to SEK -455 million (-373) for the year. For more information on acquisitions, see Note 31.

Cash flow from financing activities amounted to SEK -53 million (140), with loans raised in connection with completed acquisitions being offset by dividends paid and repayment of lease liabilities.

Free cash flow was SEK 253 million (269) for the full year. The free cash flow was negatively affected by increased investments in non-current assets and increased leasing during the year.

### Acquisitions

Ernstströmgruppen completed four business combinations during the year, welcoming 149 new employees to the Group. The following business combinations were completed during the year. For a more detailed description of the acquisitions, see Note 31.

- Koka Oy was acquired in January. The company provides advanced metering solutions and system integrations in the housing and water sectors. In 2024, the company had sales of approximately SEK 101 million.
- Spica Technology ApS was acquired in March and is a Danish engineering company providing electrical products and system solutions for the wind power industry. In 2024, the company had sales of approximately SEK 101 million.
- NPS Power Oy and NPS Oy were acquired in April. The NPS companies are niche global service and installation companies for boilers for paper mills and energy plants. In 2024, the companies had sales of SEK 276 million.
- In October, a minor asset acquisition of GeoHeat was completed in the Water & Energy business area.

### Parent company

Net sales for the parent company, Ernstströmgruppen AB (publ), amounted to SEK 33 (41) million.

Operating profit/loss was SEK -75 million (-31). The higher operating loss is on account of non-recurring costs, primarily external consultancy costs related to specific activities during the year.

### Operating segments

Ernstströmgruppen consists of about 70 legal entities with subsidiaries in 12 countries in the Nordic and Baltic regions, Germany, Poland, the Netherlands, Spain, the UK and Slovakia. The companies are organised in four different operating segments: Flow Technology, Water & Energy, Automation & Electrification and Safety & Protection. In each segment, the companies work in related industries and/or with the same business logic. The industries range from geoenergy and air and climate control to electrical and fluid engineering and marine safety. Regardless of the industry, they all have the same ambition – to be a leader in their niche.

#### Flow Technology

Companies acquired during the year, Koka and NPS, made a positive contribution to earnings and explain the higher EBITA compared to the previous year. Operations in the Danish market continued to develop steadily with good demand. Operations in Sweden and Norway faced weaker demand, resulting in margin pressure and lower profitability. Cost-saving measures were implemented during the year, which had a negative impact on earnings.

Flow Technology, SEK million	2025	2024
Net sales	1,769	1,477
EBITA	179	134
EBITA margin	11.1%	9.1%

#### Water & Energy

The full-year decrease was primarily a consequence of low demand in geoenergy and weak development in the project-based operations for pipe fitting and suspension in Norway. The negative development led to cost-saving measures being implemented, which had a negative impact on earnings.



## Directors' report

Water & Energy, SEK million	2025	2024
Net sales	1,046	1,229
EBITA	61	127
EBITA margin	5.9%	10.3%

### Safety & Protection

The business area developed positively during the year with good demand and improved profitability. The increase in net sales and EBITA comes from both the effect of acquisitions in the second half of 2024 and good organic growth. The business area's global presence continues to bring uncertainty related to developments in the surrounding world, including potential trade restrictions and tariffs.

Safety & Protection, SEK million	2025	2024
Net sales	737	594
EBITA	140	103
EBITA margin	18.9%	17.3%

### Automation & Electrification

The increase in net sales and EBITA compared to the previous year is primarily on account of the acquisition of Spica Technology ApS.

Automation developed positively during the year with higher margins. Electrification had weaker development with lower EBITA compared to the previous year, with cost-saving measures as a result. Activities related to industrial products and testing showed a broadly unchanged level compared to the previous year.

Automation & Electrification, SEK million	2025	2024
Net sales	1,711	1,537
EBITA	169	152
EBITA margin	9.9%	9.9%

### Risks and uncertainties and risk management

The Group and the parent company are exposed to various risks via their activities. The main risks are operational and market-related, but there are also financial risks and, to some extent, regulatory risks. In general, we see changes in market behaviour and rules as opportunities rather than risks. Opportunities for our companies to

present new solutions and products. This is where our decentralised business model with short decision-making paths works best. The Group operates in various jurisdictions and industries, making exposure to political shifts and changes an inherent risk for Ernströmgruppen. The geopolitical turmoil, particularly in Ukraine, the trade war between China and the US, geopolitical conflicts in the Middle East, and increased geopolitical tensions in other regions, including parts of Latin America and the Arctic region, have not had any significant impact on the Group. The Group is prepared to take action if conditions change and risks such as higher raw material and energy prices, component shortages or disruption in the supply chains were to materialise.

Uncertainty around trade policy increased in 2025, with a heightened risk of increased trade tariffs, particularly in the US. Such measures are primarily expected to have the potential to affect demand in certain markets and thus the Group's sales, and to some extent also entail indirect effects in the form of higher purchase prices. Increased trade barriers may thus affect market activity and customers' willingness to invest. The Group is closely monitoring developments in order to take timely action and limit any negative effects. The Group's exposure to North America is relatively limited, however. Approximately 2 percent of total Group sales are to North America.

### Operational, market and customer risks

Risk exposure to customers in the form of bad debt losses exists, but is not deemed high for the Group as the customer portfolio is diversified in terms of the number of companies. The Group's exposure to individual customers is therefore low.

There is an inherent risk that products will not work as intended. Even with insurance cover, if product defects lead to loss of life or other serious consequences, this may cause significant reputational damage and legal liability, especially in markets such as the US, ultimately affecting the Group's financial stability and stakeholder confidence. Digitisation and new artificial intelligence solutions, including increased access to information, could lead to increased competition and price pressure.

Rapid changes in the economy and general demand, or force majeure, may disrupt global supply chains when the supply of components and products diverges significantly from demand.

The Group is dependent on the macroeconomic environment, including business cycles and changing conditions

## Directors' report



in the capital and credit markets. A weakening of economic activity in the Nordic region, which is Ernströmgruppen's main market, may lead to reduced demand and affect both sales and profitability.

Globalisation and/or regionalisation, and rapid technological developments, are driving structural changes at the customer level. These developments may increase demand for the companies' products, but may also lead to the loss of customers through mergers or closures. There is a risk in the Group related to the potential loss of key suppliers, especially those with agency agreements, switching to another distributor or to own sales. Losing a supplier may have a more negative impact than losing customers, as it may result in a total loss of income linked to that supplier.

Several markets are characterised by technological advances and changes in customer preferences. There is a risk that companies will not develop and market new products quickly enough, which may negatively affect demand.

Ernströmgruppen's business model, with a number of small and medium-sized companies operating in various industries, reduces the aggregate Group risk of cyclical sensitivity and exposure to individual customers or technologies. As a result of decentralised governance, the operating responsibility for operational risks, which includes, for example, credit risk assessment of customers and payment procedures, lies with the respective companies. The decentralised governance model also means an agile organisation in which decisions are made quickly and close to operations, ensuring good adaptability.

The Group's decentralised business model is a strength but also means that local companies have significant responsibility. Inadequate internal controls, poor governance or incorrect business decisions at company level may have negative consequences if they are not detected in time. This also applies to compliance with regulations, and deficiencies in areas such as regulatory compliance, data security or anti-corruption efforts may entail legal and operational risks. To minimise the risk of negative consequences of inadequate management, Ernströmgruppen devotes time and resources to understanding these risks. To make risk management as straightforward as possible for Ernströmgruppen's companies, the parent company has developed policies, principles, training and manuals for managing and minimising risks related to, for example, receiving bribes, sanctions, corruption and unauthorised collaboration with competitors.

### *Liquidity risk, financing risk and interest rate risk*

Ernströmgruppen's acquisitions are financed in part by loans from credit institutions, for which reason interest expenses are a significant expense item for the Group. An increase in market interest rates and credit margins affects the Group's earnings. Ernströmgruppen mainly has variable interest rates, for which reason changes in interest rates in the market affect profit (read more about the effect of increased interest rates in note 3 on page 57). Ernströmgruppen's ability to pay interest and raise new loans depends on its future ability to generate cash and cash equivalents. To ensure access to financial resources, liquidity is monitored continually at both Group and subsidiary levels.

Ernströmgruppen has drawn up a financial policy that applies to all companies in the Group. The financial policy helps the companies in the Group identify and manage financial risks such as currency and liquidity risks.

All consolidated cash and cash equivalents are pooled in shared global cash pools, allowing a temporary deficit in one company to be financed by a surplus in another. This permits the Group to ensure that all companies have access to liquidity on reasonable terms and to minimise the Group's overall use of credit.

### *Currency risk*

The Group has currency risks because it has purchases and sales in different currencies. The main risk arises when assets and liabilities are recognised in foreign currencies and exchange rate movements reduce the value of the asset or increase the cost of the liability. The Group is principally affected by changes in the exchange rate between SEK and EUR, DKK and NOK. Exposure is reduced by balancing foreign currency assets and liabilities. By pooling all cash and cash equivalents in the Group's global cash pools, the impact is reduced as we can perform natural swaps between companies that have different inflows and outflows but complement each other, for example if one company has large revenues in a foreign currency and another has large purchases in the same currency.

Currency translation had a negative impact on sales of approximately two percent in 2025.

### *Acquisition-related risks*

Acquisitions are an essential part of the Group's business model and growth. A business risk for Ernströmgruppen is associated with the acquisition of large companies. If Ernströmgruppen does not succeed in continuing to acquire profitable companies in the same way as in



## Directors' report

previous years, its financial performance may deteriorate. It is important that the acquisition process, and in particular the pre-acquisition assessment of companies, is thorough and includes commercial, legal, financial and sustainability aspects. Despite extensive due diligence processes, there is still a risk that critical issues may remain undetected. If the quality of the acquisition process deteriorates, the reputation and financial performance of Ernströmgruppen may be jeopardised. If companies with material problems are acquired as a result of a flawed evaluation process or owing to unforeseen events, for example regarding financial earning capacity or important sustainability aspects, there is a risk that the financial performance of the Group will deteriorate. Changes in market conditions and poor performance of acquired companies lead to the necessary impairment of goodwill or other intangible assets, which would negatively affect the Group's financial position. Our investment policy includes guidelines to mitigate the risks described above and how we treat acquisitions with a well-established acquisition process, run by people with broad, extensive experience, in which companies are evaluated based on a variety of parameters, both quantitative and qualitative. Ernströmgruppen normally uses an acquisition structure with a base consideration and a contingent consideration, and in many cases the seller remains a minority shareholder. The contingent additional consideration and co-ownership give Ernströmgruppen shared risk with the sellers through acquisition agreements and shareholder agreements.

### *Risks related to IT and information security*

IT incidents at Ernströmgruppen's parent company or at any of the larger companies may lead to the loss of critical data or to one or more of the IT systems used becoming inoperable in some way. Failure of any of the subsidiaries' IT systems may lead to downtime with financial and customer-related consequences. Companies may also be exposed to business disruption caused by cybercrime or other intrusion into their information systems, which may lead to business interruption and high costs.

The Group is also vulnerable to cyberattacks, which mainly increase the risk of fraudulent payments, which may harm Ernströmgruppen and our relationships with banks and other stakeholders. There is a risk in the Group related to business interruption caused by events beyond the companies' control, such as floods and other natural disasters. These events may lead to significant operating

interruption, affecting production and overall business continuity.

Although Ernströmgruppen has taken measures to mitigate this risk by means of appropriate business interruption insurance, the increasing frequency of such disasters may have a negative impact from a Group perspective. Ernströmgruppen's decentralised business model with independent subsidiaries means that only a few companies share IT platforms and infrastructure. This means that the risk of significant financial impact on the Group in the event of an IT incident is relatively limited. Robust cybersecurity measures and a group-wide training programme including IT security training and a specific self-assessment by all Group companies focusing on information and IT security.

### *Risks related to social sustainability and employees*

One risk in the Group is that key individuals, especially the founders of the subsidiaries, may leave unexpectedly. In subsidiaries without succession plans, the absence of key individuals may lead to poor business strategy decisions and operating performance, which may negatively affect the subsidiaries and the Group's ability to achieve its strategic and financial objectives. If Ernströmgruppen fails to recruit suitable replacements, this may have a negative impact on the company's financial position and earnings. Working towards greater diversity and inclusion is a strategically important area for our companies. Lack of diversity risks reducing innovation and creativity, limiting perspectives in decision-making and making the workplace less attractive, which may lead to difficulties recruiting new talent.

The Group is built on strong entrepreneurial leadership, with management willing to stay on after acquisitions and continue to develop the company. The loss of key employees or deficiencies in succession planning may have a negative impact on operations. A good organisational culture and the ability to attract and retain talent are therefore crucial for long-term stability and growth. A structured annual process is in place for succession planning. Regular employee surveys are required in all companies to measure the situation and enable action to be taken if necessary.

### *Risks related to environmental sustainability*

There is a risk of a lack of insight into and control of supply chains, which increases ESG (environmental, social and governance) risks. Suppliers' non-compliance with regulations and Ernströmgruppen's standards may lead to

## Directors' report



legal sanctions, customer losses and reputational damage. In addition, stricter rules, such as environmental product declarations, may make products less attractive or unusable, causing operating disruption and financial difficulties if they are not addressed effectively. Climate change in the form of global warming may entail financial risks, such as sharp increases in energy costs. Extreme weather events and natural disasters are other examples of risks that may affect our companies and their value chains. Changes in environmental legislation, taxes and demand may affect companies' sales of products and solutions, as well as the transport of goods. All companies must conduct materiality assessments to identify their own material sustainability priorities, which must also be presented to and discussed with their respective Boards. Continuous risk analyses are also carried out at business area and Group level from various sustainability perspectives to identify any possible Group-wide initiatives, and companies with higher risk and what support they may need.

### *Risks related to financial reporting and accounting*

The Group is exposed to a number of risks that may affect accounting and financial reporting. Examples of risks in this area include reporting incorrect figures in financial statements, incorrect assumptions and estimates, deficiencies in internal controls and changes in accounting standards.

Good internal control is crucial to reducing the risk of misstatements in financial reporting. Ernströmgruppen has drawn up an internal control framework that applies to all companies in the Group. The framework is reviewed annually in each company, after which any necessary improvements are analysed.

The Group has a financial policy adopted by the Board of Directors of the parent company. The financial policy helps us manage our financial risks in a structured way. The policy, which applies to all companies in the Group, clarifies, among other things, the division of responsibilities in the Group, currency and liquidity risk management, the reporting and monitoring process and the accounting policies to be applied.

### *Risks related to legal disputes and administrative procedures*

The Group may, from time to time, be involved in disputes or regulatory matters arising in the course of its operations or in connection with acquisitions. Although such situations are a natural part of a broad and decentralised

group, they may involve costs, disrupt operational activities or affect relationships and reputation. The Group therefore takes a structured approach, applying preventive procedures and addressing any issues at an early stage.

### **Outlook**

The Group's objective is to continue to develop and grow. We want to build business areas with industrial logic that can operate independently. This will be achieved by the long-term, sustainable development of existing companies and by new acquisitions that can complement and contribute to existing business areas. Companies must grow with a sound risk profile and with debt/equity ratio and capital structure that are balanced and in line with targets.

### **Significant events after the end of the financial year**

No significant events have occurred since the end of the financial year.

### **Ownership**

Ernströmgruppen AB (publ) is 69% owned by Neudi & C:o AB, corporate identity no. 556226-0603, a fourth-generation family-owned company.

Neudi & C:o and Ernströmgruppen stem from the same business, dating back to 1918, and the Ernströmgruppen industrial group is now a core long-term holding of Neudi & C:o.

### **Dividend and Annual General Meeting**

The Board of Directors proposes a dividend of SEK 0.8 (0.8) per share for 2025, corresponding to a total dividend of SEK 80 (80) million.

The annual general meeting of Ernströmgruppen AB (publ) will be held in Gothenburg on 3 March 2026.



## Proposed appropriation of profits

The following profits are at the disposal of the AGM:

Proposed appropriation of profits	31 Dec. 2025
Accumulated profit or loss	387
Profit for the year	186
<b>Total</b>	<b>573</b>

The Board of Directors proposes that the profits be appropriated as follows:

Proposed appropriation of profits	31 Dec. 2025
Dividend to shareholders of SEK 0.8 per share	80
To be carried forward	493
<b>Total</b>	<b>573</b>

### The Board's opinion

The Board of Directors is of the opinion that the proposed value transfer does not prevent the company, and the companies included in the Group, from fulfilling their obligations in the long and short terms, or from making necessary investments. The proposed value transfer is therefore justifiable with regard to what is stated in Chapter 17, Section 3, paragraph 2–3, of the Swedish Companies Act (the prudence rule).

## Consolidated income statement and statement of comprehensive income



Amounts in SEK million	Note	2025	2024
Net sales	6, 7, 29	5,253	4,828
Other operating income	10	94	37
<b>Total revenue</b>		<b>5,347</b>	<b>4,865</b>
<b>Operating expenses</b>	29		
Goods for resale	17	-2,727	-2,639
Other external expenses	8	-426	-344
Personnel costs	9	-1,398	-1,175
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	14, 15, 16	-220	-205
<b>Total operating expenses</b>		<b>-4,772</b>	<b>-4,363</b>
<b>Operating profit before acquisition-related amortisation (EBITA)</b>		<b>575</b>	<b>502</b>
Amortisation and impairment of intangible assets from acquisitions	15	-218	-107
<b>Operating profit</b>		<b>357</b>	<b>395</b>
Financial income	11	17	17
Financial expenses	11	-107	-128
<b>Total financial items</b>		<b>-89</b>	<b>-111</b>
<b>Profit before tax</b>		<b>268</b>	<b>284</b>
Income tax	12	-60	-55
<b>Profit for the year</b>		<b>208</b>	<b>229</b>
Earnings per share in SEK (basic and diluted)		2.08	2.29
Average number of shares*		100,000,000	100,000,000
<b>Consolidated comprehensive income</b>			
<b>Profit for the year</b>		<b>208</b>	<b>229</b>
<b>Other comprehensive income for the period</b>			
Items that may be reclassified to profit or loss			
Exchange differences		-79	2
Items that may not be reclassified to profit or loss			
Remeasurement of the net pension liability	24	-3	4
Income tax attributable to the above item		-	-1
<b>Other comprehensive income for the year</b>		<b>-82</b>	<b>5</b>
<b>Total comprehensive income for the year</b>		<b>126</b>	<b>234</b>

\* A 1:5 share split was carried out



## Consolidated balance sheet

Amounts in SEK million	Note	31 Dec. 2025	31 Dec. 2024
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Goodwill	15	1,653	1,434
Other intangible assets	15	674	515
<b>Total intangible assets</b>		<b>2,326</b>	<b>1,949</b>
Property, plant and equipment			
Property, plant and equipment	14	242	211
<b>Total property, plant, and equipment</b>		<b>242</b>	<b>211</b>
Assets with right of use	16	361	343
<b>Financial assets</b>			
Other non-current receivables		16	14
Defined-benefit pension plan	24	9	2
<b>Total financial assets</b>		<b>25</b>	<b>16</b>
Deferred tax assets	23	56	53
<b>Total non-current assets</b>		<b>3,011</b>	<b>2,572</b>
<b>Current assets</b>			
<b>Inventories</b>			
Goods for resale	17	685	667
<b>Total inventories</b>		<b>685</b>	<b>667</b>
<b>Current receivables</b>			
Trade receivables	19	726	726
Other receivables		62	52
Prepaid expenses and accrued income		43	42
Cash and cash equivalents	20	199	308
<b>Total current receivables</b>		<b>1,030</b>	<b>1,128</b>
<b>Total current assets</b>		<b>1,715</b>	<b>1,795</b>
<b>TOTAL ASSETS</b>		<b>4,726</b>	<b>4,366</b>

## Consolidated balance sheet



Amounts in SEK million	Note	31 Dec. 2025	31 Dec. 2024
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	21	20	20
Reserves		-48	31
Accumulated profit or loss (including profit for the year)		1,069	905
<b>Total equity</b>		<b>1,041</b>	<b>956</b>
<b>Non-current liabilities</b>			
Other non-current liabilities	25	261	335
Provisions for pensions and similar obligations		-	-
Deferred tax liability	23	125	98
Other provisions		23	6
Liabilities to credit institutions	22	1,405	1,277
Lease liability	16	227	211
<b>Total non-current liabilities</b>		<b>2,040</b>	<b>1,927</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	22	501	438
Lease liabilities	16	121	114
Trade payables		324	331
Liabilities to related parties		3	1
Current tax liability	12	20	51
Other current liabilities	26	320	220
Accrued expenses and deferred income	27	355	327
<b>Total current liabilities</b>		<b>1,644</b>	<b>1,482</b>
<b>Total liabilities</b>		<b>3,684</b>	<b>3,410</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,726</b>	<b>4,366</b>



## Consolidated statement of changes in equity

Amounts in SEK million	Note	Share capital	Reserves	Accumulated profit or loss	Total
<b>1 Jan. 2024</b>		<b>20</b>	<b>29</b>	<b>769</b>	<b>818</b>
Profit for the year		-	-	229	229
Other comprehensive income		-	2	3	5
<b>Total comprehensive income</b>		<b>-</b>	<b>2</b>	<b>232</b>	<b>234</b>
Transactions with shareholders					
Remeasurement of put option related to non-controlling interest		-	-	-1	-1
Dividend		-	-	-96	-96
<b>Total transactions with shareholders</b>		<b>-</b>	<b>-</b>	<b>-96</b>	<b>-96</b>
<b>31 Dec. 2024</b>		<b>20</b>	<b>31</b>	<b>905</b>	<b>956</b>
<b>1 Jan. 2025*</b>		<b>20</b>	<b>31</b>	<b>905</b>	<b>956</b>
Profit for the year		-	-	208	208
Other comprehensive income		-	-79	-3	-82
<b>Total comprehensive income</b>		<b>-</b>	<b>-79</b>	<b>205</b>	<b>126</b>
Transactions with shareholders					
Remeasurement of put option related to non-controlling interest		-	-	42	42
Dividend		-	-	-83	-83
<b>Total transactions with shareholders</b>		<b>-</b>	<b>-</b>	<b>-41</b>	<b>-41</b>
<b>31 Dec. 2025</b>		<b>20</b>	<b>-48</b>	<b>1,069</b>	<b>1,041</b>

## Consolidated statement of cash flows



Amounts in SEK million	Note	2025	2024
<b>Operating activities</b>			
Profit after financial items		268	284
Adjustment for non-cash items	32	348	311
Income tax paid		-138	-99
<b>Cash flow from operating activities before change in working capital</b>		<b>478</b>	<b>496</b>
<b>Cash flow from change in working capital</b>			
Change in inventories	17	20	39
Change in operating receivables		10	25
Change in operating liabilities	26	-7	-84
<b>Total change in working capital</b>		<b>22</b>	<b>-20</b>
<b>Cash flow from operating activities</b>		<b>500</b>	<b>476</b>
<b>Investing activities</b>			
Investments in intangible assets	15	-41	-31
Investments in property, plant and equipment	14	-60	-38
Sale of property, plant and equipment		0	1
Investments in subsidiaries	31	-455	-373
<b>Cash flow from investing activities</b>		<b>-555</b>	<b>-441</b>
<b>Financing activities</b>			
Borrowings	22	217	440
Repayment of lease liabilities	16	-147	-138
Acquisition of minority interests		-23	-53
Dividend paid		-101	-109
<b>Cash flow from financing activities</b>		<b>-53</b>	<b>140</b>
<b>Cash flow for the year</b>			
Cash flow for the year		-108	175
Cash and cash equivalents at start of year		308	136
Exchange difference in cash and cash equivalents		-1	-3
<b>Cash and cash equivalents at year-end</b>	20	<b>199</b>	<b>308</b>



## Parent income statement

Amounts in SEK million	Note	2025	2024
Net sales	6.7, 29	33	41
<b>Total operating income</b>		<b>33</b>	<b>41</b>
<b>Operating expenses</b>	29		
Other external expenses	8	-70	-27
Personnel costs	9	-38	-45
Depreciation of property, plant and equipment	14	-	-
<b>Total operating expenses</b>		<b>-107</b>	<b>-73</b>
<b>Operating profit</b>		<b>-75</b>	<b>-31</b>
Income from participations in Group companies		193	99
Other interest income and similar income items	11	60	32
Interest expense and similar expense items	11	-100	-130
<b>Total profit from financial items</b>		<b>152</b>	<b>1</b>
<b>Profit before tax</b>		<b>78</b>	<b>-30</b>
Appropriations		109	153
Tax on profit for the year	12	-1	-5
<b>Profit for the year</b>		<b>186</b>	<b>117</b>

In the parent company, no items are recognised as other comprehensive income, for which reason total comprehensive income corresponds to the profit for the year.

## Parent balance sheet



Amounts in SEK million	Note	31 Dec. 2025	31 Dec. 2024
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Property, plant and equipment</b>			
Property, plant and equipment		2	-
<b>Financial assets</b>			
Participations in Group companies	13	2,020	1,938
Deferred tax assets	23	21	12
Non-current receivables from Group companies		680	-
<b>Total non-current assets</b>		<b>2,724</b>	<b>1,949</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Receivables from Group companies		495	709
Other current receivables		12	1
Prepaid expenses and accrued income		9	7
Cash and cash equivalents	20	106	209
<b>Total current assets</b>		<b>623</b>	<b>926</b>
<b>TOTAL ASSETS</b>		<b>3,347</b>	<b>2,876</b>



## Parent balance sheet

Amounts in SEK million	Note	31 Dec. 2025	31 Dec. 2024
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital	21	20	20
Statutory reserve		4	4
<b>Total restricted equity</b>		<b>24</b>	<b>24</b>
<b>Non-restricted equity</b>			
Profit brought forward		387	352
Profit for the year		186	117
<b>Total non-restricted equity</b>		<b>573</b>	<b>469</b>
<b>Total equity</b>		<b>597</b>	<b>493</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Non-current liabilities</b>			
Liabilities to credit institutions	22	1,413	1,266
Other non-current liabilities	25	-	50
<b>Total non-current liabilities</b>		<b>1,413</b>	<b>1,316</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	22	500	438
Trade payables		1	3
Liabilities to Group companies		750	578
Current tax liabilities		-	10
Other current liabilities	26	56	18
Accrued expenses and deferred income	27	28	20
<b>Total current liabilities</b>		<b>1,337</b>	<b>1,067</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,347</b>	<b>2,876</b>

## Parent's statement of changes in equity



Amounts in SEK million	Note	Restricted equity		Non-restricted equity	
		Share capital	Statutory reserve	Accumulated profit or loss	Total
<b>1 Jan. 2024</b>		20	4	449	472
Profit for the year and comprehensive income		-	-	117	117
<b>Total comprehensive income</b>		-	-	117	117
<b>Transactions with shareholders</b>					
Dividend		-	-	-96	-96
<b>Total transactions with shareholders</b>		-	-	-96	-96
<b>31 Dec. 2024</b>		20	4	469	493
<b>1 Jan. 2025*</b>		20	4	469	493
Profit for the year and comprehensive income		-	-	186	186
<b>Total comprehensive income</b>		-	-	186	186
<b>Transactions with shareholders</b>					
Dividend		-	-	-83	-83
<b>Total transactions with shareholders</b>		-	-	-83	-83
<b>31 Dec. 2025</b>		20	4	573	597



## Parent statement of cash flows

Amounts in SEK thousand	Note	2025	2024
<b>Cash flow from operating activities</b>			
Profit after financial items		78	-30
<b>Adjustment for non-cash items</b>			
Adjustment for non-cash items, etc.	32	4	60
Income tax paid		-29	-21
<b>Cash flow from operating activities before change in working capital</b>		<b>54</b>	<b>9</b>
<b>Cash flow from change in working capital</b>			
Change in current operating receivables		-47	105
Change in current operating liabilities		-202	-2
<b>Total change in working capital</b>		<b>-249</b>	<b>103</b>
<b>Cash flow from operating activities</b>		<b>-195</b>	<b>112</b>
<b>Investing activities</b>			
Investments in subsidiaries	13, 26, 31	-90	-406
Investments in property, plant and equipment		-2	-
<b>Cash flow from investing activities</b>		<b>-92</b>	<b>-406</b>
<b>Financing activities</b>	30		
Borrowings	22	217	440
Acquisition of minority interests		-7	-
Increase/decrease in Group account/cash pool		57	115
Dividend paid		-83	-96
<b>Cash flow from financing activities</b>		<b>184</b>	<b>459</b>
<b>Cash flow for the year</b>		<b>-103</b>	<b>165</b>
Cash and cash equivalents at start of year		209	45
Exchange rate differences in cash and cash equivalents		-	-1
<b>Cash and cash equivalents at year-end</b>	20	<b>106</b>	<b>209</b>

## Notes for Group and parent company



### Note 1 – General information

These consolidated financial statements cover the parent company, Ernströmgruppen AB (publ), corporate identity number 556081-4245, and its subsidiaries.

Ernströmgruppen AB (publ) is a parent company registered in Sweden with its registered office in Göteborg at Brogatan 2, 413 30, Göteborg, Sweden.

The Board of Directors approved these consolidated financial statements for publication on the date indicated by the digital signature.

Unless indicated otherwise, all amounts are stated in millions of Swedish krona (SEK million). Figures in brackets refer to the comparison period.

### Note 2 – Summary of significant accounting policies

The note contains a list of the significant accounting policies applied in the preparation of these consolidated financial statements. These policies have been applied consistently for all years presented. The consolidated financial statements cover Ernströmgruppen and its subsidiaries.

#### Basis of preparation

The consolidated financial statements for Ernströmgruppen have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups, International Financial Reporting Standards (IFRS), reporting standards and interpretations from the IFRS Interpretations Committee (IFRS IC) as adopted by the EU.

The consolidated financial statements have been prepared using the cost method except for:

- certain financial assets and liabilities (including derivative instruments) measured at fair value.

Preparing reports in compliance with IFRS requires the use of some important estimates for accounting purposes. In addition, management must make certain assessments when applying the Group's accounting policies. The areas involving a high degree of assessment, which are complex or areas in which assumptions and estimates are material to the consolidated financial statements, are disclosed in Note 5.

Additional specific accounting policies are presented in the respective notes.

*New and amended standards not yet applied by the Group*

A number of new standards and interpretations enter into force for financial years beginning on or after 1 January 2026 and have not been applied in the preparation of these financial statements. No published standards that have not yet entered into force have affected the Group. IFRS 18 Presentation and Disclosure in Financial Statements is applicable for financial years beginning on 1 January 2027. IFRS 18 will replace IAS 1 Presentation of Financial Statements, introducing new requirements with the aim of achieving greater comparability of performance reporting between similar entities and providing users with more relevant information and transparency. IFRS 18 introduces, among other things, new requirements for the structure of the income statement and the disclosure of certain performance measures. Although IFRS 18 will not affect the recognition or measurement of items in the financial statements, its effects on presentation and disclosure are expected to be significant, in particular those related to the income statement and to management-defined performance measures. Management is currently evaluating the exact consequences of applying the new standard to the consolidated financial statements.

#### Consolidated financial statements

##### *Subsidiaries*

Subsidiaries are all entities over which the Group has control.

#### Translation of foreign currency

##### *Functional and reporting currencies*

Items in the financial statements of the various entities in the Group are measured in the currency used in the economic environment in which each company mainly operates (functional currency). The consolidated financial statements are prepared in Swedish krona (SEK), which is the functional currency of the parent company and the reporting currency of the Group.

##### *Transactions and balance sheet items*

Transactions in foreign currency are translated into the functional currency at the exchange rates prevailing on the transaction date or on the date on which the items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement at the closing day rate.

Foreign exchange gains and losses attributable to loans



## Notes for Group and parent company

and cash and cash equivalents are recognised in the income statement as financial income or expense. All other foreign exchange gains and losses are recognised in other operating income/expenses in the income statement.

### Group companies

The profit and financial position of all Group companies (none of which has a hyperinflationary currency as its functional currency) that have a functional currency other than the reporting currency are translated into the reporting currency of the Group as follows:

- assets and liabilities for each of the balance sheets are translated at the closing day rate,
- income and expenses for each of the income statements are translated at the average exchange rate (if this average rate is a reasonable approximation of the cumulative effect of the rates applicable on the transaction date; otherwise income and expenses are translated at the rate on the transaction date), and
- all resulting exchange differences are recognised in other comprehensive income.

In the consolidated financial statements, exchange differences attributable to the translation of a net investment in a foreign operation, along with exchange differences attributable to borrowings or other financial instruments classified as hedging instruments for such investments, are recognised in other comprehensive income. Accumulated gains and losses in equity are recognised in the income statement when the foreign operation is wholly or partially disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of that operation and translated at the closing day rate.

### Parent accounting policies

The main accounting policies applied in the preparation of this annual report are set out below. These policies have been applied consistently for all years presented, unless stated otherwise.

The annual report for the parent company have been prepared in accordance with RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act. Where the parent company applies accounting policies other than the Group's accounting policies, as described in note 2 to the consolidated financial statements, these are set out below.

The annual report has been prepared based on the cost method.

Preparing reports in compliance with RFR 2 requires the use of some important estimates for accounting purposes. It also requires management to make certain assessments in the application of the parent company's accounting policies. The areas involving a high degree of assessment, which are complex or areas in which assumptions and estimates are significant to the annual report are disclosed in note 5 to the consolidated financial statements.

Through its activities, the parent company is exposed to a variety of financial risks: market risk (currency risk and interest rate risk), credit risk and liquidity risk. The parent company's overall risk management policy focuses on the unpredictability of the financial markets and its aim is to minimise potential adverse effects on the Group's financial performance. For more information about financial risks, please see note 3 to the consolidated financial statements.

### The parent company applies different accounting policies from the Group in the following cases:

#### Financial instruments

IFRS 9 is not applied in the parent company. The parent company applies the points stated in RFR 2 (IFRS 9 Financial Instruments, p. 3–10) instead.

Financial instruments are initially measured at cost. In subsequent periods, financial assets acquired with the intention of being held in the short term will be recognised at the lower of cost and market value. Derivative instruments with negative fair value are recognised at this value.

The impairment testing and loss allowance principles of IFRS 9 are applied when calculating the net realisable value of receivables recognised as current assets. For a receivable recognised at amortised cost at Group level, this means that the loss allowance recognised in the Group in accordance with IFRS 9 should also be recognised in the parent company.

#### Leased assets

The parent company has chosen not to apply IFRS 16 Leases, and has chosen instead to apply RFR 2 IFRS 16 Leases, p. 2–12. This choice means that no right-of-use asset or lease liability is recognised in the balance sheet; the lease payments are recognised as an expense on a straight-line basis over the lease term.

## Notes for Group and parent company



### Note 3 – Financial risk management

#### Financial risk factors

Through its activities, the Group is exposed to a variety of financial risks such as various market risks, credit risk, liquidity risk and refinancing risk. The Group seeks to minimise potential adverse effects on the Group's financial performance. The objective of the Group's financial activities is to:

- ensure that the Group can meet its payment obligations,
- manage financial risks,
- ensure access to the necessary financing, and
- optimise the Group's net financial position.

The Group's risk management is managed by a central finance department that identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board of Directors has prepared both written instructions for general risk management and guidelines for specific areas such as currency risk, interest rate risk, credit risk, liquidity risk and refinancing risk, and the use of derivative and non-derivative financial instruments and the investment of surplus liquidity. The Group has implemented a structured process for assessing the risks that may affect financial reporting. This process is repeated annually and is evaluated by the risk and audit committee and the Board of Directors. Through the risk

assessment, it has been determined that the Group's structure with many standalone and independent companies of varying sizes in different industries and geographies in itself implies significant risk diversification. The risk assessment has also included the Group's income statement and balance sheet items to identify the areas in which the aggregate risk of misstatements and the impact of these would be highest. The areas identified are primarily revenue recognition, goods for resale, inventories and current and non-current liabilities.

#### Market risk

##### Currency risk

The Group is exposed to currency risks arising from various currency exposures, mainly in euros (EUR), in Norwegian kroner (NOK) and in Danish kroner (DKK). In the Group, currency risk arises primarily from the translation of foreign subsidiaries' income statements and balance sheets into the Group's reporting currency, which is SEK, known as translation exposure, and from purchases and sales in a currency that does not correspond to the functional currency of the company (transaction exposure). To financially hedge future flows in foreign currency, the Group enters into forward exchange contracts to a limited extent.

#### Exposure

	2025			2024		
	EUR	NOK	DKK	EUR	NOK	DKK
<b>Assets</b>						
Trade receivables	209	204	71	186	244	63
<b>Liabilities</b>						
Liabilities to credit institutions	714	-	84	438	194	-

#### Sensitivity analysis – transaction exposure

The Group's sensitivity to changes in exchange rates is relatively limited. The Group's currency inflows and outflows are basically at the same level. With a 10% change in the EUR exchange rate, the effect on the income statement is approximately SEK 7 million (SEK 4 million). With a 10% change in the NOK exchange rate, the effect on the income statement is approximately SEK 8 million (SEK 14 million). The Group is exposed to currency risks arising from various currency exposures, mainly in euros (EUR), in Norwegian kroner (NOK) and in Danish

kroner (DKK).

#### Interest rate risk

Liabilities to credit institutions consist of loans in SEK, DKK and EUR totalling SEK 1,906 million (2024: SEK 1,715 million) that are subject to variable interest rates, which exposes the group to cash flow-related interest rate risk. The average weighted interest rate on these loans is 4.0% (5.7%). The Group does not hedge its interest rate risk relating to future cash flows.



## Notes for Group and parent company

### Sensitivity analysis

If the interest rates on borrowing as at 31 December 2025 had been 1% higher with all other variables constant, the estimated profit after tax for the financial year would have been SEK 16 million (31 December 2024: SEK 15 million) lower mainly as an effect of higher interest expenses for variable rate borrowing. The Group has no fixed rate borrowings.

### Credit risk

Credit risk arises from balances with banks and credit institutions and customer credit exposures, including outstanding receivables. Only banks and credit institutions with a minimum credit rating of 'A' awarded by independent evaluators are accepted.

Credit risk is managed at Group level, with the exception of credit risk relating to outstanding trade receivables, which is analysed by each Group company. Each Group company is responsible for monitoring and analysing the credit risk of each new customer. In the absence of an independent credit assessment, a risk assessment of the customer's creditworthiness is carried out, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external credit assessments in accordance with the limits set by the Board of Directors. The use of credit lines is monitored regularly.

No credit limits were exceeded during the reporting period and management does not expect any losses as a consequence of non-payment by counterparties. The Group's estimate of expected credit losses on trade receivables is insignificant and therefore no adjustment has been made in the financial statements.

### Liquidity risk

By means of prudent liquidity management, the Group ensures that sufficient cash is available to meet the needs of its operating activities. At the same time, the Group ensures that it has adequate scope in its agreed credit facilities to pay liabilities when they fall due. Management follows rolling forecasts for the Group's liquidity reserve (including unutilised credit facilities) and cash and cash equivalents based on expected cash flows. The analyses are normally carried out by the operating companies, taking into account the guidelines and restrictions established by Group management. The restrictions vary from region to region, taking into account the liquidity of different markets. The Group also monitors balance sheet-based liquidity measures against internal and external requirements and ensures access to

external financing.

Outflows for the next 12 months are within guaranteed unutilised credit lines.

### Refinancing risk

Refinancing risk is defined as the risk of difficulties in refinancing the Group, of it not being possible to obtain financing, or of it only being possible to obtain it at increased cost. The risk is limited by the Group continually evaluating different financing solutions.

The table below shows an analysis of the Group's financial liabilities organised by the time remaining, on the balance sheet date, until the contractual maturity date. The amounts shown in the table are the contractual undiscounted cash flows. Future cash flows in foreign currency have been calculated using the exchange rate prevailing as at the balance sheet date.

### Contingent consideration

For each reporting period, contingent considerations are assessed. Measurement is based on the year's outcome, budget, future forecasts, market data and other known information. In most cases, contingent considerations are based on a future EBITA result multiplied by the multiple agreed under the share transfer agreement, adjusted for changes in working capital. The most important input in the valuation is the forecast EBITA for each acquired entity. The Group evaluates the inputs at the end of each reporting period to measure the contingent consideration. Contingent considerations are limited by the existence of a cap on the maximum outcome. The contingent considerations are measured at SEK 117 million as at 31 December 2025 (154) and may amount to a maximum of SEK 305 million (191). If the conditions are not met, the outcome may be between SEK 0–305 million (0–191). The value of contingent considerations was adjusted by SEK 78 million (10) in 2025. The effect is recognised in Other operating income. A change in the most significant input related to EBITA in the acquired entities of +/- 10% would affect the operating profit by SEK +39/-45 million (2024: SEK +23/-15 million).

## Notes for Group and parent company



The following tables show the Group's financial liabilities at undiscounted amounts

Financial liabilities, 31 Dec. 2025	Between 0 and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Liabilities to credit institutions	557	913	547	-	2,017
Lease liabilities	111	118	122	25	377
Trade payables	324	-	-	-	324
Liabilities to related parties	3	-	-	-	3
Contingent considerations	82	35	-	-	117
Put options	54	33	256	-	343
Accrued expenses	6	-	-	-	6
<b>Total</b>	<b>1,137</b>	<b>1,099</b>	<b>925</b>	<b>25</b>	<b>3,186</b>

Financial liabilities, 31 Dec. 2024	Between 0 and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Liabilities to credit institutions	517	554	816	-	1,887
Lease liabilities	121	91	121	37	370
Trade payables	331	-	-	-	331
Contingent considerations	19	135	-	-	154
Put options	29	7	249	3	288
Accrued expenses	5	-	-	-	5
<b>Total</b>	<b>1,022</b>	<b>787</b>	<b>1,186</b>	<b>40</b>	<b>3,035</b>

**Calculation and disclosure of fair value**

The table below shows financial instruments measured at fair value based on how they were classified in the fair value hierarchy. The different levels are defined as follows:

- (a) Level 1 financial instruments Quoted prices (unadjusted) for identical assets or liabilities in active markets.
- (b) Level 2 financial instruments Observable data for the asset or liability other than quoted prices included in level 1, either directly (i.e. as price quotes) or indirectly (i.e. derived from price quotes).
- (c) Level 3 financial instruments

Where one or more key inputs are not based on observable market information.



## Notes for Group and parent company

The following table shows the Group's financial liabilities measured at fair value as at 31 December 2025

Financial liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value through profit or loss				
Contingent consideration	-	-	117	117
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>117</b>	<b>117</b>

The following table shows the Group's financial liabilities measured at fair value as at 31 December 2024

Financial liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value through profit or loss				
Contingent consideration	-	-	154	154
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>154</b>	<b>154</b>

Specific measurement techniques used to measure financial instruments include:

- Contingent consideration – expected cash flows are estimated based on the terms of the purchase agreement and the company's knowledge about the business and how the current economic environment is likely to affect it.

There were no transfers between levels during the year.

### Level 3 financial instruments

	Contingent consideration	Total
<b>Opening balance, 1 Jan. 2024</b>	87	87
Contingent considerations that have not fallen due	-10	-10
Acquisitions	97	97
Disbursed	-19	-19
Currency remeasurement	-1	-1
<b>Closing balance, 31 Dec. 2024</b>	<b>154</b>	<b>154</b>

Total gains and losses during the period recognised in the statement of comprehensive income, for liabilities held at the end of the reporting period.

	Contingent consideration	Total
<b>Opening balance, 1 Jan. 2025</b>	154	154
Contingent considerations that have not fallen due	-78	-78
Acquisitions	69	69
Disbursed	-19	-19
Currency remeasurement	-9	-9
<b>Closing balance, 31 Dec. 2025</b>	<b>117</b>	<b>117</b>

Total gains and losses during the period recognised in the statement of comprehensive income, for liabilities held at the end of the reporting period.

#### Level 3 fair value measurement inputs and the measurement process

Contingent consideration: The fair value of the contingent consideration agreement is based on management's assessment of what is likely to be paid given the terms of the share transfer agreement.

## Notes for Group and parent company



### Note 4 – Management of capital

The Group's capital structure objectives are to safeguard the Group's ability to continue as a going concern so that it can continue to generate returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to keep the cost of capital down. To maintain or adjust the capital structure, the Group may change the dividend paid to shareholders, repay capital to shareholders, issue new shares or sell assets to reduce liabilities.

#### Debt/equity ratio

The Group assesses its capital on the basis of its debt/equity ratio. This key ratio is calculated as financial net debt divided by total capital. Financial net debt is calculated as total borrowing (non-current and current liabilities to credit institutions) less cash and cash equivalents. Total capital is calculated as equity in the consolidated balance sheet plus financial net debt.

Financial net debt	2025	2024
Liabilities to credit institutions	1,906	1,715
Less: cash and cash equivalents	-199	-308
<b>Total financial net debt</b>	<b>1,707</b>	<b>1,407</b>
Total capital	2,748	2,363
<b>Debt/equity ratio</b>	<b>62%</b>	<b>60%</b>

The Group's strategy is to have a balanced capital struc-

ture in which the debt/equity ratio is continuously monitored. The Group's debt/equity ratio at each balance sheet date is shown in the table to the left. The increase in the debt/equity ratio in 2025 was the result of increased borrowing.

#### Net debt

The Group also monitors the development of total net debt. Net debt is calculated as the sum of financial net debt, lease liability and contingent considerations, including liability for put options. The Group monitors the key ratio Net debt in relation to EBITDA pro forma as if the companies acquired during the year had been owned since the beginning of the year.

Net debt	2025	2024
Financial net debt	1,707	1,407
Lease liability	348	325
Contingent considerations*	387	373
<b>Total net debt</b>	<b>2,441</b>	<b>2,105</b>

\* Includes both put options and contingent considerations.

### Note 5 – Critical accounting estimates and assessments

The Group makes estimates and assumptions about the future. The accounting estimates that result from them, by definition, seldom correspond to the actual results. The estimates and assumptions for which there is significant risk of material adjustments to the carrying amounts of assets and liabilities in the next financial year are summarised below.

#### Estimates and assumptions:

##### Impairment testing of goodwill

The Group tests annually whether goodwill is impaired in accordance with the accounting policy described in Note 15. The recoverable amount of the cash-generating units has been determined by calculating the value in use. The lowest cash-generating unit in the Group is an operating segment. The Group determines cash-generating units based on independent cash flows in line with management's information and decisions on the use of assets

and resources and how they should be allocated. Furthermore, the Group considers overall issues related to development, investments and divestments of operations to determine the cash-generating units presented. Certain estimates were required for the calculation. The calculation is based on cash flow projections based on budgets set by management for the next five years. Cash flows after the five-year period are extrapolated using the growth rate. The growth rate used is consistent with industry forecasts. For each cash-generating unit to which a significant amount of goodwill has been allocated, the key assumptions used in calculating value in use are set out below.

- Discount rate before tax 10.4% (11.0%)
- Long-term growth rate 2% (2%)

##### Testing for impairment of shares in subsidiaries

The parent company tests annually whether there is any



## Notes for Group and parent company

### Note 5 – Critical accounting estimates and assessments, cont.

need for impairment of shares in subsidiaries. When valuing shares in subsidiaries, the parent company makes estimates of the recoverable amount based on value in use calculations. These calculations require assumptions about future cash flows, growth rates, operating margins, investment needs and discount rates. The assumptions are based on historical results, budgets and long-term forecasts for each business. The forecast period is five years based on management's budgets. Cash flows after the forecast period are extrapolated at a long-term growth rate. The discount rate is determined taking into account market rates, risk premiums and the Group's cost of capital. Key assumptions:

- Discount rate before tax: 10.4% (11.0%)
- Long-term growth rate: 2% (2%)

#### Measurement of acquisition-related liabilities

In connection with the annual accounts, the Group makes an assessment of the measurement of liabilities for put options and contingent considerations. The liabilities are based on the future projected earnings of acquired companies. Updated and revised projections of future earnings result in a change in the liability. The liability for the put options is measured at the present value of future cash outflows.

#### Accounting policies for put options issued to minority shareholders

A put option relating to shares in a subsidiary held by non-controlling interests entitles the minority shareholder to sell the shares and imposes an obligation on Ernströmgruppen to acquire the shares in accordance with the terms of the put option. IFRS 3 does not provide guidance on how such contracts should be accounted for in a business combination. Instead, IFRS 10, IAS 32 and IFRS 9 must be taken into account when determining the appropriate accounting method. The Group has chosen to account for put options in accordance with IAS 32 as a liability equivalent to the redemption amount. As a result, no non-controlling interest is recognised on initial recognition in the business combination. Furthermore, the Group has decided to recognise all subsequent changes in the redemption amount of the put option liability as a transaction with owners directly in equity. A change in the valuation of the put option liability of +/- 10% would affect the Group's equity by approximately +/- SEK 27.0 million (21.9).

#### Assessments:

#### Lease term assessments

In determining a lease term, management considers all available information that provides a financial incentive to exercise a renewal option, or not to exercise an option to terminate a lease. Options to renew a lease are included in the lease term only if it is reasonable to assume that the lease will be renewed (or not terminated). For premises leases, our assessment is that they are renewed for 36 months if no other information is available. The assessment is reviewed if there is a significant event or change in circumstances that affects this assessment and the change is within the lessee's control.

#### Climate-related risks and estimates

Ernströmgruppen monitors the development of climate-related risks and assesses potential impacts on operations and financial statements. In impairment tests and assessment of useful lives, assumptions about future cash flows have taken into account factors such as the transition to a low-carbon society, energy costs and changes in demand.

As at the balance sheet date, the Group has not identified any climate-related risks that have a material impact on the measurement of assets or other financial assessments. The analysis will be updated continuously as the world changes.

## Notes for Group and parent company



### Note 6 – Revenue

#### Revenue recognition

Ernstströmgruppen's operations include manufacturing and trading, mainly in the following industrial sectors: building components, building services installations/ water supply and sewerage, energy and process industries and marine safety. Revenue is recognised based on a principles-based five-step model that is applied to all contracts with customers. The transaction price for each customer contract is allocated to identified performance obligations in relation to the stand-alone selling prices of the individual elements. Revenue is recognised when (at a point in time) or as (over time) the performance obligations are met. The timing of revenue recognition is determined based on when control is transferred to the customer. When the services delivered by Ernstströmgruppen exceed the payment, a contractual asset is recognised, i.e. accrued income. If the payments exceed the services delivered, a contractual liability called deferred income is recognised.

The transaction price in a customer contract may include fixed amounts, variable amounts or both. For variable remuneration, accumulated experience is used to calculate and provide the variable remuneration, and revenue is recognised only to the extent that it is highly probable that a significant repayment will not be made. Trade receivables arise when the company has an unconditional right to payment, which means that only the passage of time is required before payment is received. This also includes uninvoiced trade receivables.

Ernstströmgruppen's main revenue comes from the following revenue streams:

#### *Sales of goods*

Revenue from the sale of goods is recognised at a point in time when control has been transferred to the customer.

#### *Sales of services*

Ernstströmgruppen's revenue from services essentially relates to service and support. This is generally recognised over time as the service is delivered.

#### *Interest income*

Interest income is recognised as revenue with the application of the effective interest method.

#### Income from contracts with customers

	Group		Parent company	
	2025	2024	2025	2024
Sales of goods	4,517	4,372	-	-
Sales of services	736	456	33	41
Charges to subsidiaries	-	-	41	35
<b>Total income</b>	<b>5,253</b>	<b>4,828</b>	<b>33</b>	<b>41</b>

Revenue broken down into goods and services is not monitored by operating segment. What is interesting for monitoring by operating segment is sales broken down by geographical market.



## Notes for Group and parent company

### Note 7 – Segment reporting

The Group's segment reporting is based on the internal reporting to the chief executive decision maker. The chief executive decision maker is the function responsible for allocating resources and assessing the earnings of the operating segment. In Ernstströmgruppen, this means the CEO of Ernstströmgruppen AB (publ). Segment reporting is based on the four operating segments: Flow Technology, Water & Energy, Safety & Protection and Automation & Electrification. The earnings metric used to monitor each operating segment is EBITA. Under IFRS, the part of operations that does not constitute a separate operating segment is referred to as Other segments. In the Group, only the Parent Company, Ernstströmgruppen AB (publ), constitutes Other segments. Ernstströmgruppen AB (publ) provides intra-group services to its subsidiaries.

Segment information is provided in accordance with IFRS 8 only for the Group.

Products and system solutions that contribute to efficient energy use and optimised system performance by controlling, measuring and regulating flows.

#### Water & Energy

Products and solutions for water and energy, such as pressurised water, water treatment, clean drinking water and geothermal energy.

#### Safety & Protection

Global distribution of products and development for stand-alone and integrated components of safety products.

#### Automation & Electrification

Automation solutions to enable energy efficiency and the design and manufacture of products for greater electrification of our society.

### Flow Technology

#### Geographical distribution of net sales

	Flow Technology		Water & Energy		Safety & Protection		Automation & Electrification		Eliminations		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Sweden	681	649	288	302	13	13	866	862	-6	-9	1,842	1,816
Denmark	401	393	12	6	52	37	65	12	0	0	530	448
Finland	250	97	68	119	6	4	374	337	0	0	698	557
Norway	215	229	534	648	161	120	341	287	-2	0	1,249	1,284
Baltic region	30	21	2	10	15	12	11	10	0	0	58	53
United Kingdom	41	1	20	19	56	55	7	0	0	0	124	75
Rest of Europe	133	62	110	77	185	146	43	28	-2	0	469	313
North America	3	2	0	0	124	89	3	0	0	0	131	91
Rest of the world	15	23	11	48	125	118	3	1	0	0	153	190
<b>Total net sales</b>	<b>1,769</b>	<b>1,477</b>	<b>1,046</b>	<b>1,229</b>	<b>737</b>	<b>594</b>	<b>1,711</b>	<b>1,537</b>	<b>-10</b>	<b>-9</b>	<b>5,253</b>	<b>4,828</b>

## Notes for Group and parent company



## Note 7 – Segment reporting, cont.

Net sales	2025	2024
Flow Technology	1,769	1,477
Water & Energy	1,046	1,229
Safety & Protection	737	594
Automation & Electrification	1,711	1,537
<b>Total net sales</b>	<b>5,264</b>	<b>4,837</b>
Group items and eliminations	-10	-9
<b>Total net sales</b>	<b>5,253</b>	<b>4,828</b>
EBITA	2025	2024
Flow Technology	197	134
Water & Energy	61	127
Safety & Protection	140	103
Automation & Electrification	169	152
<b>Total EBITA, operating segments</b>	<b>567</b>	<b>515</b>
Central units	9	-13
<b>Total EBITA, Group</b>	<b>575</b>	<b>502</b>
Amortisation of intangible assets	-218	-107
Financial items	-89	-111
<b>Group profit before tax</b>	<b>268</b>	<b>284</b>
Depreciation and amortisation	2025	2024
Flow Technology	-45	-55
Water & Energy	-60	-48
Safety & Protection	-44	-37
Automation & Electrification	-68	-65
<b>Total depreciation and amortisation, operating segments</b>	<b>-218</b>	<b>-204</b>
Central units	-2	-1
<b>Total depreciation and amortisation, Group</b>	<b>-220</b>	<b>-205</b>
Rights of use, property, plant and equipment and intangible assets by geographical area	2025	2024
Sweden (Group registered office)	1,231	1,254
Norway	621	688
Finland	700	291
Denmark	307	178
Estonia	23	27
Other countries	47	65
<b>Total</b>	<b>2,929</b>	<b>2,503</b>



## Notes for Group and parent company

### Note 8 – Remuneration of auditors

Remuneration of auditors	Group		Parent company	
	2025	2024	2025	2024
<b>EY</b>				
Audit engagement	6	5	-	-
Fees for audit-related services	-	-	-	-
Tax advice	-	-	-	-
Other services	2	-	2	-
<b>Total expenses</b>	<b>8</b>	<b>5</b>	<b>3</b>	<b>-</b>

Remuneration of auditors	Group		Parent company	
	2025	2024	2025	2024
<b>Others</b>				
Audit engagement	1	1	-	-
Other services	3	-	2	-
<b>Total expenses</b>	<b>4</b>	<b>1</b>	<b>2</b>	<b>-</b>

### Note 9 – Employee benefits, etc.

#### Employee benefits

##### Short-term employee benefits

Liabilities for salaries and benefits, including non-monetary benefits and paid absence, that are expected to be settled within 12 months after the end of the financial year are recognised as current liabilities at the undiscounted amount that is expected to be paid when the liabilities are settled. The expense is recognised in the statement of comprehensive income as the services are performed by the employees. The liability is recognised as an obligation relating to benefits to employees in the consolidated balance sheet.

##### Pension obligations

The group has both defined-contribution and defined-benefit pension plans.

Defined-benefit pension plans exist to a limited extent for older contracts and are managed in a separate pension fund. The Group has no further payment commitments when the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due for payment. Prepaid contributions are recognised as an asset where cash repayment or a reduction

in future payments may benefit the Group.

The liability or asset recognised in the balance sheet for defined-benefit pension plans is the present value of the defined-benefit obligation at the end of the reporting period less the fair value of plan assets. The defined-benefit pension obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined-benefit obligation is determined by discounting the estimated future cash flows using the interest rate for high-quality corporate/housing bonds issued in the currency in which the benefits will be paid. The net interest rate is calculated by applying the discount rate to defined-benefit plans and to the fair value of plan assets. This expense is included in personnel costs in the income statement.

Remeasurement gains and losses arising from experience-based adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they arise. They are included in profit brought forward in the statement of changes in equity and in the balance sheet.

Expenses for service in previous periods are recognised directly in profit or loss.

## Notes for Group and parent company



## Note 9 – Employee benefits, etc., cont.

	Group		Parent company	
	2025	2024	2025	2024
<b>Employee benefits</b>				
Salaries and other benefits	1,066	916	25	26
Social security contributions	180	162	10	10
Pension expenses	103	93	4	5
<b>Total</b>	<b>1,349</b>	<b>1,171</b>	<b>38</b>	<b>41</b>

Of the total pension expenses in the Group, SEK 16 million (SEK 12 million) relates to pension expenses for the Board of Directors and the CEO. For the parent company, pension expenses for the Board of Directors and the CEO amount to SEK 1 million (SEK 1 million).

	Group		Parent company	
	2025	2024	2025	2024
	<b>Salaries and other benefits</b>	<b>Salaries and other benefits</b>	<b>Salaries and other benefits</b>	<b>Salaries and other benefits</b>
<b>Salaries, other benefits and social security expenses</b>				
Board members and CEOs*	91	83	11	8
Other employees	975	833	16	18
Social security expenses, including pensions	283	255	14	15
<b>Total</b>	<b>1,349</b>	<b>1,171</b>	<b>40</b>	<b>41</b>

Of total salaries and other benefits in the Group, SEK 13 million (SEK 6 million) relates to variable remuneration for the Board of Directors and the CEO. For the parent company, variable remuneration for the Board of Directors and the CEO amounts to SEK 4 million (SEK 2 million).

	Group				Parent company			
	2025		2024		2025		2024	
Average number of employees	Average number of employees	Of whom men	Average number of employees	Of whom men	Average number of employees	Of whom men	Average number of employees	Of whom men
Average number of employees	1,501	1,127	1,434	1,074	11	6	14	10
<b>Total</b>	<b>1,501</b>	<b>1,127</b>	<b>1,434</b>	<b>1,074</b>	<b>11</b>	<b>6</b>	<b>14</b>	<b>10</b>

	2025		2024		2025		2024	
	Number on balance sheet date	Of whom men	Number on balance sheet date	Of whom men	Number on balance sheet date	Of whom men	Number on balance sheet date	Of whom men
<b>Gender distribution in the Group (including subsidiaries) for Board members and other senior executives</b>								
Board members	161	121	192	156	8	5	7	5
CEO and other senior executives	166	124	146	109	10	8	10	8
<b>Total</b>	<b>327</b>	<b>245</b>	<b>338</b>	<b>265</b>	<b>18</b>	<b>13</b>	<b>17</b>	<b>13</b>



## Notes for Group and parent company

### Note 9 – Employee benefits, etc., cont.

2025	Salary	Bonus	Pension expense	Total
<b>Salaries, benefits and other social security expenses</b>				
Michael Olsson, Chair of the Board	0.5	-	-	0.5
Oscar Bördin, Board member	-	-	-	-
Fabian Hielte, Board member	-	-	-	-
Maximilian Hobohm, Board member	0.3	-	-	0.3
Henrik Larsson Lyon, Board member	0.3	-	-	0.3
Eva Nilsagård, Board member	0.4	-	-	0.4
Kristina Willgård, Board member	0.3	-	-	0.3
Katarina Ljungqvist, Board member (elected December)	0.0	-	-	0.0
<b>Board total</b>	<b>1.7</b>	<b>-</b>	<b>-</b>	<b>1.7</b>
Alexander Wennergren Helm, CEO	4.6	4.1	1.3	10.0
Other management (10 people)	16.1	6.5	4.7	27.3
<b>Total</b>	<b>22.5</b>	<b>10.6</b>	<b>6.0</b>	<b>39.0</b>

2024	Salary	Bonus	Pension expense	Total
<b>Salaries, benefits and other social security expenses</b>				
Michael Olsson, Chair of the Board	0.4	-	-	0.4
Eva Nilsagård, Board member	0.3	-	-	0.3
Jonas Brogårdh, Board member	0.2	-	-	0.2
Victor Hielte, Board member	0.2	-	-	0.2
Kristina Willgård, Board member	0.2	-	-	0.2
Fabian Hielte, Board member	-	-	-	-
Henrik Forsberg Schoultz, Board member	-	-	-	-
Lisa Emilia Svensson, Board member	0.0	-	-	0.0
<b>Board total</b>	<b>1.3</b>	<b>-</b>	<b>-</b>	<b>1.3</b>
Alexander Wennergren Helm, CEO	4.3	1.3	1.2	6.8
Other management (10 people)	17.8	4.0	4.7	26.5
<b>Total</b>	<b>23.4</b>	<b>5.3</b>	<b>5.9</b>	<b>34.6</b>

### Severance pay

The notice period between the company and the CEO is 12 months for the company and 6 months for the CEO.

## Notes for Group and parent company



### Note 10 – Other operating income

Other operating income	2025	2024
Government grants	1	1
Rental income	1	1
Exchange differences	2	1
Remeasurement of contingent consideration	78	10
Other income	12	24
<b>Total other operating income</b>	<b>94</b>	<b>37</b>

### Note 11 – Financial income and expenses

Financial income	Group		Parent company	
	2025	2024	2025	2024
Interest income from financial instruments measured at amortised cost	6	11	39	30
Exchange differences	9	6	21	2
Other financial income	2	-	-	-
<b>Total financial income</b>	<b>17</b>	<b>17</b>	<b>60</b>	<b>32</b>

Financial expenses	Group		Parent company	
	2025	2024	2025	2024
Interest expense from financial instruments measured at amortised cost	-89	-107	-99	-122
Exchange differences	0	-8	-	-7
Interest expense on lease liabilities	-14	-11	-	-
Other financial expenses	-3	-2	-1	-1
<b>Total financial expenses</b>	<b>-107</b>	<b>-128</b>	<b>-100</b>	<b>-130</b>



## Notes for Group and parent company

### Note 12 – Income tax

#### Current and deferred income tax

The tax expense for the period comprises current tax calculated on the taxable profit for the period at current tax rates adjusted for changes in deferred tax assets and liabilities relating to temporary differences and unutilised deficits.

Current tax expense is calculated based on the tax rules adopted as at the balance sheet date or adopted in practice in the countries in which the parent company and its subsidiaries operate and generate taxable income. Management regularly evaluates the claims made in tax returns for situations in which applicable tax rules are subject to interpretation and assesses whether it is likely that a tax authority will accept uncertain tax treatment.

The Group measures its recognised taxes based on either the most likely amount or the expected value, depending on which method best predicts the outcome of the uncertainty.

Deferred tax is recognised on all temporary differences arising between the taxable value of assets and liabilities and their carrying amounts in the consolidated financial statements.

However, a deferred tax liability is not recognised if it arises from the initial recognition of goodwill.

Deferred tax is also not recognised if it arises as a consequence of a transaction that represents initial recognition of an asset or liability that is not a business combination and that, at the time of the transaction, has no impact on either net profit or taxable profit. Deferred income tax is calculated using the tax rates (and laws) that have been

adopted or advised as at the balance sheet date and are expected to apply when the deferred tax asset concerned is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent to which it is probable that future tax surpluses will be available, against which the temporary differences can be used.

Deferred taxes attributable to temporary differences relating to holdings in subsidiaries are not recognised as the parent company can control the timing of the reversal of the temporary differences and it is not deemed likely that such a reversal will occur in the foreseeable future.

Deferred tax assets and liabilities are recognised net when there is a legal right to offset current tax assets and liabilities and when the deferred tax assets and liabilities are attributable to taxes levied by a single tax authority on either the same taxable entity or different taxable entities and there is an intention to settle the balances by means of net payments.

Current and deferred tax is recognised in profit or loss, apart from when tax is attributable to items recognised in other comprehensive income or directly in equity. In such cases, tax is also recognised in other comprehensive income and equity.

## Notes for Group and parent company



## Note 12 – Income tax, cont.

	Group		Parent company	
	2025	2024	2025	2024
<b>Current tax</b>				
Current tax on profit for the year	-100	-95	-8	-17
Deferred tax	44	40	9	12
Adjustments relating to previous years	-4	-1	-1	-
<b>Total current tax</b>	<b>-60</b>	<b>-55</b>	<b>-1</b>	<b>-5</b>

The income tax on the Group's profit before tax differs from the theoretical amount that would have resulted from applying the Swedish tax rate to the profits of the consolidated companies as follows:

## Reconciliation between theoretical tax expense and recognised tax

Tax at Swedish tax rate of 20.6%

	Group		Parent company	
	2025	2024	2025	2024
<b>Income tax</b>				
<b>Profit before tax</b>	268	284	188	122
Income tax calculated according to the tax rate in Sweden, 20.6% (20.6%)	-55	-58	-39	-25
<b>Tax effect of:</b>				
Non-taxable income	-	-	40	34
Non-deductible expenses	-9	-4	-	-26
Effect of foreign tax rates	-	1	-	-
Tax attributable to previous year's net profit	-4	-1	-1	-
Non-taxable contingent considerations recognised as income	16	2	-	-
Non-deductible impairment of goodwill	-7	-	-	-
Previously unused tax deficits	1	4	-	-
Other	-1	1	-	-
<b>Income tax</b>	<b>-60</b>	<b>-55</b>	<b>-1</b>	<b>-5</b>
<b>Total recognised tax</b>	<b>-60</b>	<b>-55</b>	<b>-1</b>	<b>-5</b>

The weighted average tax rate for the Group was 22.1% (19.4%)

Non-taxable income in the parent company refers to dividend income from subsidiaries.

Deferred tax assets are recognised for tax loss carry-forwards or other deductions to the extent that it is probable that they can be utilised through future taxable profits.



## Notes for Group and parent company

### Note 13 – Investments in subsidiaries

#### The Group had the following subsidiaries on 31 December 2025

Name	Country of registration and operation	Book value in the parent company, 31 Dec. 2025	Book value in the parent company, 31 Dec. 2024	Proportion of equity
AB Pegol	Sweden	14	14	100%
Flow Technology EGR AB	Sweden	30	30	100%
Armatec A/S	Denmark			100%
Armatec AB	Sweden			100%
Eveco Handels AB	Sweden			90.1%
Chemiclean AB	Sweden			100%
Oy Armatec Finland AB	Finland			100%
Mec-Con AB	Sweden			100%
Armatec AS	Norway			100%
Valtor Offshore AS	Denmark			100%
Fare Oy	Finland			85%
Farlo AB	Sweden			100%
Koka Oy	Finland			100%
Valvola Oy	Finland			100%
Nordic Power Service Oy	Finland			80%
Nordic Power Service s.r.o	Slovakia			100%
Nordic Power Service GmbH	Germany			100%
NPS Power Oy	Finland			80%
NPS Inspection Oy	Finland			100%
REC Indovent AB	Sweden			100%
Rec Baltic Vent UAB	Lithuania			100%
Armaturljonsson AS	Norway	45	45	100%
Enira Vest AS	Norway			100%
Novatek AS	Norway			100%
Bondtech AB	Sweden	23	23	75%
Gear Perfect AB	Sweden			100%
Borås Elektrokyl-Energiteknik AB	Sweden	21	18	85%
Aircontrol i Borås AB	Sweden			100%
BS Elcontrol AB	Sweden	39	39	100%
UAB BS Elcontrol	Lithuania			100%
C M Hammar AB	Sweden	78	78	100%
Clean Utility Technology AB	Sweden	92	92	80%
Cromocol Scandinavia AB	Sweden	42	42	85%
Labrotek Oy	Finland			80%
Paper Test Equipment AB	Sweden			100%
Daniamant AS	Denmark	149	149	100%
Daniamant Ltd	United Kingdom			100%
EGR Theodore AB	Sweden	308	308	96.7%
MuoviTech AB	Sweden			100%
MuoviTech AS	Norway			100%
MuoviTech BV	The Netherlands			100%
MuoviTech Ltd. UK	United Kingdom			100%
MuoviTech OY	Finland			100%
MuoviTech Sp. ZO.o.	Poland			100%
Muovitech Sweden AB	Sweden			100%
Muovitech Iberica	Spain			70%
Ernström Electro AB	Sweden	-	-	100%
78. Ernströmgruppen	Sweden	-	-	100%

## Notes for Group and parent company



## Note 13 – Investments in subsidiaries, cont.

The Group had the following subsidiaries on 31 December 2025, cont.

Name	Country of registration and operation	Book value in the parent company, 31 Dec. 2025	Book value in the parent company, 31 Dec. 2024	Proportion of equity
Hammarel AB	Sweden	81	81	90%
Ingenjörfirman Elektro Relä AB	Sweden	16	-	100%
Ingeniörfirma Paul Jørgensen AS	Norway	48	48	100%
Järnporten Brogatan 2 AB	Sweden	24	24	100%
Kruge AS	Norway	36	36	100%
Livallco Stål Aktiebolag	Sweden	47	47	70%
Smith & Stensson Aktiebolag	Sweden			100%
Ernström Electro AS	Norway	135	135	70%
MCS Elektrotavler AS	Norway			100%
Powercontrol AS	Norway			100%
Elektriske Skap-Systemer AS	Norway			70%
Norsap AS	Norway	213	213	98%
Ouman OY	Finland	138	138	98.9%
Spot NRG Oy	Finland			100%
Enerpoint Holding OY	Finland			100%
Ouman AB	Sweden			100%
Automaatio-Center AC Oy	Finland			100%
Satacontrol Oy	Finland			100%
Turun LVI Instrumentii	Finland			100%
Ouman OÜ	Estonia			100%
Kruge Sverige AB	Sweden	28	28	100%
Rimeda AB	Sweden	89	89	88%
Polyform AS	Norway	53	53	100%
Spica Technology ApS	Denmark	88	-	80%
Sør-Stål AS	Norway	44	44	96%
Trans El Matic i Jönköping AB	Sweden	30	30	100%
Tubman AB	Sweden	69	69	75%
Varmeteknikk AS	Norway	42	42	100%
<b>Total</b>		<b>2,020</b>	<b>1,938</b>	

\* Proportion of equity corresponds to share of voting power for all holdings.

	Parent company	
	2025	2024
Opening cost	2,087	1,650
Acquisitions	143	447
Divestments in the Group	-10	-
Adjustment of contingent considerations	-52	-10
<b>Closing accumulated cost</b>	<b>2,169</b>	<b>2,087</b>
Opening impairment	-150	-84
Impairment for the year	-	-66
Closing accumulated impairment	-150	-150
<b>Closing carrying amount</b>	<b>2,020</b>	<b>1,938</b>



## Notes for Group and parent company

### Note 14 – Property, plant and equipment

#### Property, plant and equipment

Depreciation is calculated on a straight-line basis to allocate the cost less the estimated residual value over the estimated useful life. The useful lives are as follows:

- Plant and machinery (5–10 years)
- Equipment, tools, fixtures and fittings (5–10 years)

Assets' residual value and useful life are reviewed at the

end of each reporting period and are adjusted as required.

An asset's carrying amount is immediately written down to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount.

Financial year 2024	Land and buildings	Equipment, tools, fixtures and fittings	Total
Opening carrying amount	42	158	200
Acquisitions during the year	6	32	38
Via acquisition of subsidiaries	19	7	27
Sales and disposals	-2	-3	-5
Exchange differences	-3	-3	-6
Depreciation for the year	-3	-39	-42
<b>Closing carrying amount</b>	<b>58</b>	<b>153</b>	<b>211</b>

As at 31 Dec. 2024	Land and buildings	Equipment, tools, fixtures and fittings	Total
Cost	86	509	595
Accumulated depreciation	-28	-356	-384
<b>Carrying amount</b>	<b>58</b>	<b>153</b>	<b>211</b>

Financial year 2025	Land and buildings	Equipment, tools, fixtures and fittings	Total
Opening carrying amount	58	153	211
Acquisitions during the year	28	31	60
Via acquisition of subsidiaries	17	11	28
Sales and disposals	-1	-2	-3
Exchange differences	-2	-6	-8
Depreciation for the year	-4	-40	-45
<b>Closing carrying amount</b>	<b>95</b>	<b>147</b>	<b>242</b>

As at 1 Jan. 2025	Land and buildings	Equipment, tools, fixtures and fittings	Total
Cost	126	543	670
Accumulated depreciation	-31	-396	-428
<b>Carrying amount</b>	<b>95</b>	<b>147</b>	<b>242</b>

## Notes for Group and parent company



### Note 15 – Intangible assets

#### Intangible assets

##### Goodwill

Goodwill arising on business combinations is included in intangible assets. Goodwill is not amortised. It is tested for impairment annually or more frequently if events or changes in circumstances indicate a possible impairment. Goodwill is recognised at cost less accumulated impairment.

To test impairment needs, goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from synergies from the acquisition. Each entity or group of entities to which goodwill has been allocated corresponds to the lowest level in the Group at which the goodwill in question is monitored for internal management purposes. Impairment tests are performed at segment level except for companies acquired in the last 12 months, which are tested separately.

##### Brands

Brands acquired as part of a business combination are recognised at fair value at the time of acquisition and amortised on a straight-line basis over their estimated useful lives. The estimated useful life is five years, which corresponds to the estimated time for which they will generate cash flow.

##### Customer relationships

Customer relationships and material agencies acquired as part of a business combination are recognised at fair value at the time of acquisition and amortised on a straight-line basis over their estimated useful lives. The estimated useful life is five years, which corresponds to the estimated time for which they will generate cash flow.

##### Other intangible assets

Other intangible assets consist of capitalised expenditure for development work, IT and licences. Amortisation is calculated on a straight-line basis over the estimated useful life, which is 3–10 years.

#### Impairment of non-financial assets

Goodwill and intangible assets that have an indefinable useful life or intangible assets that are not ready for use are not amortised. Instead they are tested for impairment annually or if there is any indication of decrease in value. Assets subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is by the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value, less any selling expenses, and its value in use. For the assessment of any need for impairment, assets are grouped at the lowest levels on which there are essentially independent cash flows (cash-generating

units). Ernströmgruppen's lowest level is segment. Assets (other than goodwill) for which impairment was previously recognised are tested for whether any reversal should be made as at every balance sheet date. See the table below for a breakdown of goodwill by segment.

Goodwill by segment	2025	2024
Flow Technology	494	298
Automation & Electrification	559	516
Safety & Protection	317	331
Water & Energy	282	288
<b>Total</b>	<b>1,653</b>	<b>1,434</b>

#### Impairment testing of goodwill

The recoverable amount of goodwill has been determined based on estimates of future value in use. Management have determined that the discount rate and long-term growth are the key assumptions in the impairment test. Value in use calculations are based on estimated future pre-tax cash flows based on budgets approved by management covering a five-year period. The calculation is based on management experience and historical data.

The long-term sustainable growth rate has been assessed on the basis of industry forecasts. In addition to growth rates, the following assumptions have been deemed material. Gross margins, assumptions about future margins based on historical levels and expected market development. Purchase prices, forecasts of raw material and purchasing costs taking into account supplier contracts and market prices. The applied discount rate before tax amounts to 10.4% (11.0%). The weighted average growth rate used to extrapolate cash flows beyond the forecast period is 2% (2%).

During the year, changed future cash flow forecasts for the newly acquired company Spica Technology ApS (Automation & Electrification) led to a decrease in its calculated recoverable amount. Consequently, impairment of goodwill of SEK -34 million (0) has been recognised in the income statement, based on the value in use applied in the impairment test.

##### Sensitivity analysis for goodwill:

The recoverable amount exceeds the carrying amounts of goodwill by a margin. This also applies to the assumption if:

- the pre-tax discount rate had been 2 percentage points higher,
- the estimated growth rate for extrapolating cash flows beyond the five-year period had been 2 percentage points lower.



## Notes for Group and parent company

### Note 15 – Intangible assets, cont.

<b>Financial year 2024</b>	<b>Goodwill</b>	<b>Customer relationships, agencies, etc.</b>	<b>Brands</b>	<b>Other intangible assets</b>	<b>Total</b>
Opening carrying amount	1,193	172	153	82	1,600
Acquisitions during the year	-	-	-	62	62
Via acquisition of subsidiaries	237	115	61	-	413
Exchange differences	4	-	-	-	4
Amortisation for the year	-	-59	-48	-23	-130
<b>Closing carrying amount</b>	<b>1,434</b>	<b>228</b>	<b>166</b>	<b>121</b>	<b>1,949</b>

<b>As at 31 Dec. 2024</b>	<b>Goodwill</b>	<b>Customer relationships, agencies, etc.</b>	<b>Brands</b>	<b>Other intangible assets</b>	<b>Total</b>
Cost	1,434	339	276	196	2,245
Accumulated amortisation	-	-111	-110	-75	-296
<b>Carrying amount</b>	<b>1,434</b>	<b>228</b>	<b>166</b>	<b>121</b>	<b>1,949</b>

<b>Financial year 2025</b>	<b>Goodwill</b>	<b>Customer relationships, agencies, etc.</b>	<b>Brands</b>	<b>Other intangible assets</b>	<b>Total</b>
Opening carrying amount	1,434	228	166	121	1,949
Acquisitions during the year	-	-	-	41	41
Via acquisition of subsidiaries	305	261	83	-	650
Exchange differences	-52	-10	-2	-3	-67
Amortisation for the year	-	-115	-70	-26	-211
Impairment for the year	-34	-	-	-	-34
<b>Closing carrying amount</b>	<b>1,653</b>	<b>364</b>	<b>177</b>	<b>132</b>	<b>2,326</b>

<b>As at 1 Jan. 2025</b>	<b>Goodwill</b>	<b>Customer relationships, agencies, etc.</b>	<b>Brands</b>	<b>Other intangible assets</b>	<b>Total</b>
Cost	1,687	591	357	234	2,868
Accumulated amortisation	-	-226	-180	-101	-507
Accumulated impairment	-34	-	-	-	-34
<b>Carrying amount</b>	<b>1,653</b>	<b>364</b>	<b>177</b>	<b>132</b>	<b>2,326</b>

## Notes for Group and parent company



### Note 16 – Leases

#### Leases

The Group essentially leases premises, vehicles and forklifts/machines.

Contracts may contain both lease and non-lease components. The Group allocates the remuneration in the contract to lease and non-lease components based on their relative stand-alone prices. However, for lease payments for properties of which the Group is the tenant, it has chosen not to separate lease and non-lease components and instead recognises them as a single lease component.

The terms are negotiated separately for each contract and contain a large number of different contractual conditions. The leases contain no specific conditions or restrictions except that the lessor retains the rights to pledged leased assets. The leased assets cannot be used as security for loans.

Assets and liabilities arising from leases are initially recognised at present value.

The lease liabilities include the present value of the following lease payments:

- fixed payments (including substantially fixed payments), less any benefits associated with the signing of the lease to be received variable lease payments that depend on an index or a price, initially measured using the index or price at the commencement date
- amounts expected to be paid by the lessee under residual value guarantees
- the exercise price of a call option if the Group is reasonably certain of exercising such an option
- penalties payable on termination of the lease (if the lease term reflects the fact that the Group will exercise an option to terminate the lease).

If the Group is reasonably certain to exercise an option to renew a lease, lease payments for this renewal period are included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If this rate cannot be determined easily, as is normally the case for the Group's leases, the lessee's marginal borrowing rate is used, which is the rate that the individual lessee would have to pay to borrow the necessary funds to purchase an asset of similar value to the right-of-use asset in a similar economic environment with similar terms and security.

The Group is exposed to potential future increases in variable lease payments based on an index or interest rate

which are not recognised in the lease liability until they take effect. When adjustments to lease payments based on an index or interest rate take effect, the lease liability is remeasured and adjusted against the right of use.

Lease payments are allocated between repayment and interest. The interest is recognised in the income statement over the lease term in a manner that reflects a fixed interest rate for the lease liability recognised in each period.

Right-of-use assets are measured at cost and include the following:

- the initial measurement of the lease liability and
- payments made at or before the time at which the leased asset is made available to the lessee.

The right-of-use asset is amortised on a straight-line basis over the shorter of the asset's useful life and the lease term. If the Group is reasonably certain to exercise a call option, the right of use is amortised over the useful life of the underlying asset.

Lease payments attributable to short-term leases and leases for which the underlying asset has a low value are recognised as an expense on a straight-line basis over the lease term. Short-term leases are leases with a term of 12 months or less. Leases for which the underlying asset has a low value essentially relate to office equipment.

#### *Options to renew and terminate leases*

Options to renew or terminate leases are included in the asset and liability when it is reasonably certain that they will be exercised.

#### *Recognition in subsequent periods*

A lease liability is remeasured if there are any changes to the lease or if there are changes in the cash flow based on the original contractual terms. Changes in cash flows based on original contractual terms occur when: the Group changes its initial assessment of whether renewal and/or termination options will be exercised; there are changes in previous assessments of whether a call option will be exercised; lease payments change on account of changes in indices or interest rates. A remeasurement of a lease liability results in a corresponding adjustment to the right-of-use asset.



## Notes for Group and parent company

### Note 16 – Leases, cont.

The following amounts related to leases are recognised in the balance sheet:

Assets with right of use	31 Dec. 2025	31 Dec. 2024
Premises	296	265
Vehicles	54	59
Machinery and equipment	11	19
<b>Total</b>	<b>361</b>	<b>343</b>
Lease liabilities	31 Dec. 2025	31 Dec. 2024
Non-current	227	211
Current	121	114
<b>Total</b>	<b>348</b>	<b>326</b>

Additional rights of use in 2025 amounted to SEK 52 million (2024: SEK 101 million)

The following amounts related to leases are recognised in the income statement:

Depreciation by type of asset	2025	2024
Premises	-102	-96
Vehicles	-37	-34
Machinery and equipment	-9	-9
<b>Total</b>	<b>-149</b>	<b>-139</b>
Other	2025	2024
Interest expenses (included in financial expenses)	-14	-11
<b>Total</b>	<b>-14</b>	<b>-11</b>

The total cash flow for leases amounts to SEK -147 million (SEK -138 million).  
For information on the maturity of the lease liability, see note 3.

## Notes for Group and parent company



### Note 17 – Inventories and goods for resale

#### Inventories

Inventories are recognised at the lower of cost and net realisable value. The cost of goods for resale is determined after deduction of discounts. Net realisable value is the estimated selling price in operating activities, less applicable variable selling expenses. Impairment of

inventories at net realisable value amounts to SEK -7 million (-5). The impairment has been recognised as goods for resale. The value of the Group's inventories as at the balance sheet date was SEK 685 million (667).

### Note 18 – Financial instruments by category

#### Financial instruments

The Group's financial assets and liabilities consist of the following items: other non-current receivables, trade receivables, other receivables (current), accrued income, cash and bank balances, liabilities to credit institutions, other liabilities (non-current), trade payables, other liabilities (current), accrued expenses, put options, contingent considerations and derivatives relating to forward foreign exchange contracts.

#### *Initial recognition*

Financial instruments are initially recognised at fair value plus, for an asset or financial liability that is not recognised at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs for financial assets and liabilities recognised at fair value through profit or loss are expensed in the income statement.

#### *Financial assets measured at amortised cost*

Assets that are held for the purpose of collecting contractual cash flows, where these cash flows represent only principal and interest, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit losses recognised. The Group's financial assets measured at amortised cost consist of the items other current and non-current receivables, trade receivables, accrued income and cash and bank balances.

#### *Financial assets measured at fair value through profit or loss*

Derivatives are recognised in the balance sheet on the trade date and are measured at fair value, both initially and in subsequent remeasurements. All changes in the fair value of derivative instruments that do not meet the requirements for hedge accounting are recognised directly in the income statement.

#### *Financial liabilities measured at amortised cost*

After initial recognition, the Group's financial liabilities are measured at amortised cost using the effective interest method, with any difference between the amount received (net of transaction costs) and the repayment amount being recognised in the income statement over the period of the loan. Fees paid for borrowing facilities are recognised as borrowing transaction costs to the extent that it is likely that some or all of the credit facility will be utilised. In such cases, the fee is recognised when the credit facility is utilised. Where there is no evidence that it is likely that some or all of the credit facility will be utilised, the fee is recognised as an advance payment for financial services and is distributed over the life of the relevant loan commitment.

Financial liabilities measured at amortised cost consist of liabilities to credit institutions, other current and non-current liabilities (to the extent that they do not relate to contingent considerations), put options, trade payables and accrued expenses.

#### *Financial liabilities measured at fair value through profit or loss*

Financial assets measured at fair value are included in the item Contingent considerations.

#### *Put options issued to minority shareholders*

Put options issued to minority owners are related to contracts that give a minority owner the right to sell their holding in the company and Ernströmgruppen the obligation to acquire the holding at a future date when the option can be exercised. The amount payable if the option falls due is initially recognised at present value as a financial liability. Consequently, Ernströmgruppen does not recognise any minority interest in equity. Instead, the liability is continually remeasured using the Group's best estimate of the expected outcome and the change is recognised directly in equity. Put options are classified as financial liabilities measured at amortised cost.



## Notes for Group and parent company

### Note 18 – Financial instruments by category, cont.

When Ernströmgruppen does not hold 100 percent of the shares in a subsidiary but has a put option, the subsidiary is fully consolidated. A financial liability is recognised for the put option, and subsequent changes in this liability are recognised directly in equity. No non-controlling interests are recognised. Profits attributable to minority interests covered by put options amounted to SEK 24 million (16) for the 2025 financial year.

#### *Impairment of financial assets*

Assets recognised at amortised cost. The Group assesses the future expected credit losses associated with assets recognised at amortised cost. For trade receivables, the Group applies the simplified approach to credit reserves, i.e. the reserve will be equal to the expected loss over the full life of the trade receivable. To measure the expected credit losses, trade receivables have been grouped based on distributed credit risk features and days past due.

#### *Hedge accounting*

For financial instruments that qualify for hedge accounting under the hedging of net investment in foreign operations method, the effective portion of the change in value is recognised in other comprehensive income. A portion of the Group's foreign currency liabilities is therefore defined as hedges to manage the translation exposure of the Group's net investments in foreign operations. Cumulative changes in value from hedging of net investments in foreign operations are reversed from equity to profit or loss when the foreign operation is disposed of in whole or in part.

31 Dec. 2024	Financial assets measured at fair value through profit or loss	Financial assets measured at amortised cost	Total
<b>Financial assets in the balance sheet</b>			
Other non-current receivables	-	16	16
Trade receivables	-	726	726
Cash and cash equivalents	-	308	308
<b>Total</b>	<b>-</b>	<b>1,050</b>	<b>1,050</b>

31 Dec. 2024	Financial liabilities measured at fair value through profit or loss	Financial liabilities meas- ured at amortised cost	Total
<b>Financial liabilities in the balance sheet</b>			
Liabilities to credit institutions (non-current and current)	-	1,715	1,715
Contingent considerations	154	-	154
Put options*	-	219	219
Other non-current liabilities	-	10	10
Lease liability	-	326	326
Trade payables	-	331	331
Accrued expenses	-	5	5
<b>Total</b>	<b>154</b>	<b>2,606</b>	<b>2,760</b>

## Notes for Group and parent company



## Note 18 – Financial instruments by category, cont.

31 Dec. 2025	Financial assets measured at fair value through profit or loss	Financial assets measured at amortised cost	Total
<b>Financial assets in the balance sheet</b>			
Other non-current receivables	-	25	25
Trade receivables	-	726	726
Cash and cash equivalents	-	199	199
<b>Total</b>	<b>-</b>	<b>951</b>	<b>951</b>

31 Dec. 2025	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortised cost	Total
<b>Financial liabilities in the balance sheet</b>			
Liabilities to credit institutions (non-current and current)	-	1,906	1,906
Contingent considerations	117	-	117
Put options*	-	270	270
Other non-current liabilities	-	7	7
Lease liability	-	348	348
Trade payables	-	327	327
Accrued expenses	-	6	6
<b>Total</b>	<b>117</b>	<b>2,865</b>	<b>2,981</b>

\* Put options issued to minority owners are related to contracts that give a minority owner the right to sell their holding in the company to Ernströmgruppen and Ernströmgruppen the obligation to acquire the holding at a future date when the option can be exercised. The amount payable if the option falls due is initially recognised at discounted present value as a financial liability. Consequently, Ernströmgruppen does not recognise any minority interest in equity. Instead, the liability is continually remeasured using the Group's best estimate of the expected outcome and the change is recognised directly in equity.

Hedge accounting of net investment in foreign operations	2025	2024
Amount recognised (non-current liability to credit institutions)	604	139
Amount recognised in EUR	48	12
Amount recognised in DKK	58	-
Hedge ratio	1:1	1:1
Change in the carrying amount of the loan	18	-4
Change in value of the hedged item	-19	4



## Notes for Group and parent company

### Note 19 – Trade receivables

Trade receivables	31 Dec. 2025	31 Dec. 2024
Trade receivables	738	732
Provisions for doubtful debts	-12	-6
<b>Trade receivables – net</b>	<b>726</b>	<b>726</b>

	31 Dec. 2025	31 Dec. 2024
Trade receivables not past due	597	591
Trade receivables past due 0–3 months	130	136
Trade receivables past due more than 3 months	-1	-1
<b>Total</b>	<b>726</b>	<b>726</b>

The fair value of the trade receivables corresponds to its carrying amount, as the discounting effect is not material. Ernströmgruppen recognises trade receivables in accordance with the expected credit losses model. A provision of SEK 12 million (6) has been recognised. In 2025, actual bad debt losses amounted to SEK 1 million (0).

### Note 20 – Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include the following:

Cash and cash equivalents	Group		Parent company	
	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
Bank balances	199	308	106	209
<b>Total</b>	<b>199</b>	<b>308</b>	<b>106</b>	<b>209</b>

### Note 21 – Share capital and other contributed capital

	Number of shares	Share capital (SEK)
<b>As at 1 Jan. 2024</b>	<b>100,000,000</b>	<b>20,000,000</b>
Class A shares	10,000,000	2,000,000
Class B shares	90,000,000	18,000,000
<b>As at 31 Dec. 2024</b>	<b>100,000,000</b>	<b>20,000,000</b>
Class A shares	10,000,000	2,000,000
Class B shares	90,000,000	18,000,000
<b>As at 1 Jan. 2025</b>	<b>100,000,000</b>	<b>20,000,000</b>

As at 31 December 2025, the share capital consisted of 100,000,000 shares, of which 10,000,000 Class A shares and 90,000,000 Class B shares. The quota value amounts to SEK 0.2. The number of votes per share for Class A shares is 10 and for Class B shares 1. The number of shares must be at least 50,000,000 and at most 200,000,000. The share capital may be at least SEK 10,000,000 and at most SEK 40,000,000. All shares issued by the parent company are fully paid up.

## Notes for Group and parent company



## Note 22 – Borrowing

### Borrowing

Borrowing is initially recognised at fair value, net of transaction costs. Borrowing is subsequently recognised at amortised cost and any difference between the amount received (net of transaction costs) and the amount to be repaid is recognised in the income statement distributed over the period of the borrowing, using the effective interest method. Fees paid for borrowing facilities are recognised as borrowing transaction costs to the extent that it is likely that some or all of the credit facility will be utilised. In such cases, the fee is recognised when the credit facility is utilised. Where there is no evidence that it is likely that some or all of the credit facility will be utilised, the fee is recognised as an advance payment for finan-

cial services and is distributed over the life of the relevant loan commitment.

Borrowing is derecognised from the balance sheet when the obligations have been settled or cancelled or have otherwise been terminated. The difference between the carrying amount of a financial liability (or part of a financial liability) that has been extinguished or transferred to another party and the consideration paid, including non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Borrowing is classified as current liabilities unless the Group has a right to defer payment of the liability for at least 12 months after the end of the reporting period.

	Group		Parent company	
	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
<b>Long-term loans</b>				
Liabilities to credit institutions (bank loans)	1,405	1,277	1,413	1,266
<b>Total loans</b>	<b>1,405</b>	<b>1,277</b>	<b>1,413</b>	<b>1,266</b>

	Group		Parent company	
	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
<b>Short-term loans</b>				
Liabilities to credit institutions (bank loans)	501	438	500	438
<b>Total short-term loans</b>	<b>501</b>	<b>438</b>	<b>500</b>	<b>438</b>

The parent company complied with all bond conditions in the financial years 2025 and 2024. All non-current liabilities fall due within five years.

	Group		Parent company	
	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
<b>Short-term unsecured loans</b>				
Liabilities to related parties	3	1	750	578
<b>Total short-term unsecured loans</b>	<b>3</b>	<b>1</b>	<b>750</b>	<b>578</b>

Non-current liabilities to credit institutions amount to SEK 1,405 million (SEK 1,277 million) maturing by December 2028. Current liabilities to credit institutions amount to SEK 501 million (SEK 438 million) maturing by June 2026. The loans carry an average interest rate of 4.03% per annum (5.73%).

The Group's borrowings are in SEK, DKK and EUR. The Group complied with all loan conditions in 2025 and 2024. The loan conditions are based on net financial debt in relation to EBITDA for all liabilities to credit institutions. The Group must meet these conditions every quarter.

For the majority of the Group's borrowings, the carrying amount of the borrowings corresponds to their fair value as the interest rate on these borrowings is variable and there has been no material change in the Group's own credit risk.

### Bank overdraft facility

The Group has an authorised overdraft facility in SEK of SEK 25 million which is renegotiated annually. SEK 0 of the authorised overdraft facility had been used as at 31 December 2025 (SEK 0 as at 31 December 2024).



## Notes for Group and parent company

### Note 23 – Deferred tax

Deferred tax assets and liabilities are allocated as follows:

31 Dec. 2025 Deferred tax assets	Amount at beginning of year	Recognised through profit or loss	Acquisi- tions	Translation effects	Amount at year-end
Loss carry-forwards*	32	-5	-	-	27
Leases**	74	1	4	-	79
Deferred tax, interest deductions	12	13	-	-	25
Other items	7	-6	-	2	3
<b>Total</b>	<b>125</b>	<b>4</b>	<b>4</b>	<b>2</b>	<b>135</b>

Deferred tax on interest deductions is recognised in the parent company

31 Dec. 2025 Deferred tax liabilities	Amount at beginning of year	Recognised through profit or loss	Acquisi- tions	Translation effects	Amount at year-end
Untaxed reserves	9	-1	-	-	8
Deferred tax on acquired intangible assets	88	-39	70	-8	112
Pension commitment, IAS 19	-	1	-	0	2
Leases**	72	-	4	-	76
Other items	2	-1	-	1	4
<b>Total</b>	<b>171</b>	<b>-39</b>	<b>74</b>	<b>-7</b>	<b>201</b>

\*Loss carry-forwards are expected to be utilisable within the next 5 years. There is no further maturity date for capitalised loss carry-forwards.

\*\*Deferred tax assets and liabilities are recognised gross in the notes. In the balance sheet, the item is recognised as a net deferred tax asset of SEK 2 million (SEK 2 million)

31 Dec. 2024 Deferred tax assets	Amount at beginning of year	Recognised through profit or loss	Acquisi- tions	Translation effects	Amount at year-end
Loss carry-forwards*	25	7	-	-	32
Leases**	74	-	-	-	74
Deferred tax, interest deductions	-	12	-	-	12
Other items	5	-	1	1	7
<b>Total</b>	<b>104</b>	<b>19</b>	<b>1</b>	<b>1</b>	<b>125</b>

31 Dec. 2024 Deferred tax liabilities	Amount at beginning of year	Recognised through profit or loss	Acquisi- tions	Translation effects	Amount at year-end
Untaxed reserves	9	-	-	-	9
Deferred tax on acquired intangible assets	74	-21	36	-	88
Leases**	72	-	-	-	72
Other items	4	-	-	-2	2
<b>Total</b>	<b>159</b>	<b>-21</b>	<b>36</b>	<b>-2</b>	<b>171</b>

## Notes for Group and parent company



### Note 24 – Provisions for pensions and similar obligations

The Group has older defined-benefit pension plans in Sweden. These plans are transferred to a pension fund. All defined-benefit plans are based on final salary, which provides employees covered by the pension plan with benefits in the form of a guaranteed level of pension

payments for life. The level of the benefits depends on the employees' period of service and salary on retirement. The amounts recognised in the statement of financial position and changes in the defined-benefit pension plan during the year are as follows.

	Present value of pension plan
<b>As at 1 Jan. 2024</b>	<b>1</b>
Expenses for service in present year	1
Expenses for service in previous years	-
Interest expense/(income)	-
<b>Total recognised in income statement</b>	<b>1</b>
Remeasurements:	
(Gain)/loss as a consequence of changes in financial assumptions	5
(Gain)/loss as a consequence of changes in demographic assumptions	-
<b>Total recognised in other comprehensive income</b>	<b>5</b>
Contributions from:	
Employees covered by the plan	6
Payments from the plan	-10
<b>As at 31 Dec. 2024</b>	<b>2</b>
Expenses for service in present year	3
Expenses for service in previous years	-
Interest expense/(income)	-
<b>Total recognised in income statement</b>	<b>3</b>
Remeasurements:	
(Gain)/loss as a consequence of changes in financial assumptions	-2
(Gain)/loss as a consequence of changes in demographic assumptions	-
<b>Total recognised in other comprehensive income</b>	<b>-2</b>
Contributions from:	
Employees covered by the plan	
Payments from the plan	7
<b>As at 1 Jan. 2025</b>	<b>9</b>



## Notes for Group and parent company

### Note 24 – Provisions for pensions and similar obligations, cont.

The main actuarial assumptions are as follows:

	31 Dec. 2025	31 Dec. 2024
Discount rate %	3.30	3.30
Inflation %	1.70	1.80
Return on plan assets %	3.30	3.30

Life expectancy assumptions are based on official statistics and experience from mortality studies in Sweden, and are made in consultation with actuarial experts.

The weighted average maturity of the pension obligation is ten years. The maturity analysis of expected undiscounted payments for defined-benefit pension plans is shown below:

As at 1 Jan. 2025	Within 1 year	1–2 years	2–5 years	More than 5 years	Total
Defined-benefit pension plans in Sweden	6	6	15	44	71
<b>Total</b>	<b>6</b>	<b>6</b>	<b>15</b>	<b>44</b>	<b>71</b>

	Fair value of plan assets	Fair value of the pension obligation
<b>As at 1 Jan. 2024</b>	<b>62</b>	<b>-61</b>
Interest income/expense	2	-2
Remeasurements	5	-3
Remuneration and compensation paid	-10	7
<b>As at 31 Dec. 2024</b>	<b>60</b>	<b>-59</b>
<b>As at 1 Jan. 2025</b>	<b>60</b>	<b>-59</b>
Interest income/expense	2	2
Remeasurements	-2	-1
Remuneration and compensation paid	-	-8
<b>As at 1 Jan. 2025</b>	<b>60</b>	<b>52</b>

	31 Dec. 2025	31 Dec. 2024
<b>Net provisions for pensions and similar obligations</b>		
Pension obligations	-52	-59
Pension assets	60	60
<b>Pension plan, net</b>	<b>9</b>	<b>2</b>

## Notes for Group and parent company

**Note 25 – Other non-current liabilities**

	Group		Parent company	
	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
<b>Other non-current liabilities</b>				
Contingent consideration	35	135	-	46
Put options	219	190	-	-
Other items	7	10	-	5
<b>Total</b>	<b>261</b>	<b>335</b>	<b>-</b>	<b>50</b>

**Note 26 – Other current liabilities**

	Group		Parent company	
	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
<b>Other current liabilities</b>				
Contingent consideration	82	19	43	3
Put options	51	29	-	-
Other items	187	172	13	15
<b>Total</b>	<b>320</b>	<b>220</b>	<b>56</b>	<b>18</b>

**Note 27 – Accrued expenses and deferred income**

	Group		Parent company	
	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
<b>Accrued expenses and deferred income</b>				
Accrued interest expenses	6	5	6	5
Accrued salaries, holiday pay and pensions	171	147	11	6
Deferred income	8	12	2	2
Accrued social security contributions	43	38	3	2
Other items	125	125	6	5
<b>Total</b>	<b>355</b>	<b>327</b>	<b>28</b>	<b>20</b>



## Notes for Group and parent company

### Note 28 – Pledged assets and contingent liabilities

Pledged assets	31 Dec. 2025	31 Dec. 2024
Property mortgages	-	19
Floating charges	8	12
Other	-	3
<b>Total</b>	<b>8</b>	<b>34</b>

Contingent liabilities	31 Dec. 2025	31 Dec. 2024
Guarantees	2	8
<b>Total</b>	<b>2</b>	<b>8</b>

The parent company has no pledged assets or contingent liabilities.

### Note 29 – Related party transactions

	Parent company	
	2025	2024
Share of total sales for the year %	100	100
Purchases %	19	39

Transactions with related parties amounted to SEK 20 million (15) during the period. Most of this relates to rental costs to Platzer AB, an associate of Neudi & C:o AB, and the management fee paid to the parent company Neudi & Co of SEK 4 million per annum (4). In the Group, there are also leases with property companies owned by minority and former owners. The leases are on market terms. Total rental costs paid by the Group to minority and former owners for 2025 amount to SEK 19 million (17). Ernströmgruppen AB (publ) is 69% owned by Neudi & C:o AB, corporate identity no. 556226-0603, a fourth-generation family-owned company.

The Group had a liability of SEK 3 million to related companies as at 31 December 2025 (1).

## Notes for Group and parent company



## Note 30 – Changes in liabilities attributable to financing activities

Group					
	1 Jan. 2024	Cash inflow	Cash outflow	Items not affecting cash flow	31 Dec. 2024
Lease liability	326	-	-138	139	325
Liabilities to credit institutions	1,266	440	-	9	1,715
Put options	255	-	-53	17	219
<b>Total</b>	<b>1,847</b>	<b>440</b>	<b>-191</b>	<b>164</b>	<b>2,259</b>

	1 Jan. 2025*	Cash inflow	Cash outflow	Items not affecting cash flow	31 Dec. 2025
Lease liability	325	-	-147	168	348
Liabilities to credit institutions	1,715	217	-	-26	1,906
Put options	219	-	-23	73	270
<b>Total</b>	<b>2,259</b>	<b>217</b>	<b>-169</b>	<b>215</b>	<b>2,524</b>

Parent company					
	1 Jan. 2024	Cash inflow	Cash outflow	Items not affecting cash flow	31 Dec. 2024
Liabilities to credit institutions	1,261	440	-	3	1,704
<b>Total</b>	<b>1,261</b>	<b>440</b>	<b>-</b>	<b>3</b>	<b>1,704</b>

	1 Jan. 2025*	Cash inflow	Cash outflow	Items not affecting cash flow	31 Dec. 2025
Liabilities to credit institutions	1,704	217	-	-8	1,913
<b>Total</b>	<b>1,704</b>	<b>217</b>	<b>-</b>	<b>-8</b>	<b>1,913</b>



## Notes for Group and parent company

### Note 31 – Business combinations

#### Business combinations

The acquisition method is used to recognise the Group's business combinations, whether the acquisition consists of equity interests or other assets. The consideration for the acquisition of a subsidiary consists of the fair values of:

- assets transferred
- liabilities to former owners that the Group assumes
- assets or liabilities that are the result of a contract for a contingent consideration
- previous equity interest in the acquiree

Expenses relating to acquisitions are expensed as they are incurred.

Contingent considerations are classified either as equity or as financial liabilities. Amounts classified as financial liabilities are remeasured each period at fair value. Any remeasurement gains and losses are recognised in profit or loss.

If the business combination is achieved in stages, the previous equity interests in the acquiree are remeasured to fair value at the acquisition date. Any profit or loss as a result of the remeasurement is recognised in profit or loss. In most acquisitions, the Group has symmetrical call/put options related to the minority shareholders' shares.

These options mean that both the majority shareholder (i.e. the Group) and the minority shareholder have a right, but not an obligation, to acquire the minority shareholding or dispose of it to the majority shareholder at a predefined time. The Group has chosen to recognise these put options as a financial liability at the present value of the future settlement. Consequently, the Group does not recognise any minority interest in equity attributable to these holdings either in the acquisition analysis or in the subsequent consolidated financial statements. See further information under financial instruments.

Net assets acquired				
Acquisition analyses	NPS Oy and NPS Power Oy	Others	Total 2025	Total 2024
Intangible assets	89	256	345	176
Property, plant and equipment	22	6	28	27
Financial assets	6	10	15	1
Inventories	14	63	77	53
Other current assets	61	13	75	68
Cash and cash equivalents	33	29	62	27
Deferred tax liability	-18	-52	-70	-39
Other non-current liabilities	-9	-12	-21	-3
Current tax liability	-	-3	-3	-
Other current liabilities	-76	-30	-106	-64
Net identifiable assets and liabilities	122	279	401	248
Group goodwill	164	141	305	237
Payment transferred	-238	-266	-504	-376
Contingent consideration	-	-69	-69	-76
Put options	-50	-82	-133	-32
<b>Total payment</b>	<b>-288</b>	<b>-417</b>	<b>-705</b>	<b>-485</b>
<b>Impact on Group liquidity</b>				
Cash and cash equivalents acquired	33	29	62	27
Payment transferred	-238	-266	-504	-376
<b>Total impact on liquidity</b>	<b>-205</b>	<b>-236</b>	<b>-441</b>	<b>-349</b>

## Notes for Group and parent company



### Note 31 – Business combinations, cont.

#### Acquisition accounting

The acquisition analysis is preliminary and is kept open for 12 months from the closing date. During the period, retrospective adjustments may be made to the provisional amounts recognised at the date of acquisition to reflect new information about the facts and circumstances existing at the date of acquisition that, if known, would have affected the calculation. Goodwill represents the excess of the cost to the Group of shares in acquired subsidiaries over their fair value.

#### Description of acquisitions in 2025

A total of four acquisitions were completed during the year.

Two acquisitions were completed in the first quarter. In the Flow Technology business area, 85% of the shares in the Finnish company Koka Oy were acquired in January. The company provides advanced metering solutions and system integrations in the housing and water sectors. Koka is a good addition to the business area's existing range of products and system solutions. Surplus values from the acquisition have primarily been allocated to a major agency contract and to brands. The estimated useful life of the surplus values amounts to 60 months. It has also been allocated to goodwill as we can see synergy gains with other companies in the business area. The company had sales of SEK 101 million in 2024. The initial consideration amounted to SEK 177 million. Contingent considerations linked to the acquisition amount to a maximum of SEK 71 million. The provision for contingent consideration is based on future forecast EBITA and is measured at SEK 13 million at the balance sheet date. There is also a put option linked to the acquisition. The outcome is based on a future average EBITA multiplied by a contractually agreed multiple. Initially, the put option was measured at SEK 22 million.

In the Automation & Electrification business area, 80% of the shares in Spica Technology ApS were acquired in March. The company is a highly specialised engineering company providing complex electrical products and system solutions to leading customers in the wind power industry. The company had sales of SEK 101 million in 2024. The company makes a strong contribution to automation and control in the business area. Surplus value from the

acquisition has initially been allocated to a large customer agreement and brand with an estimated useful life of 60 months. It has also been allocated to goodwill as we can see synergy gains with other companies in the business area. The initial consideration amounted to SEK 86 million, and there are also contingent considerations linked to the acquisition. The maximum outcome for contingent considerations amounts to SEK 73 million. The provision for contingent consideration is based on future forecast EBITA and is measured at SEK 0 million at the balance sheet date. Put options linked to the acquisition are based on a future average EBITA multiplied by a contractually agreed multiple. The initial valuation of the put option was SEK 60 million.

One acquisition was completed in the second quarter. In the Flow Technology business area, 80% of the shares in the two Finnish companies NPS Oy and NPS Power Oy were acquired in April. The NPS companies are niche global service and installation companies for boilers for paper mills and energy plants. The companies are a good addition to the business area's existing range of products and system solutions. Surplus value from the acquisition has primarily been allocated to customer agreements and to brands. The estimated useful life of the surplus value is 60 months. It has also been allocated to goodwill as we can see synergy gains with other companies in the business area. The companies as a whole had sales of SEK 276 million in 2024. The initial consideration amounted to SEK 236 million. There are no contingent considerations linked to the acquisition. Put options linked to the acquisition are based on a future average EBITA multiplied by a contractually agreed multiple. The initial valuation of the put option was SEK 50 million.

In the fourth quarter, an asset acquisition was completed in Water & Energy, GeoHeat. The acquisition had insignificant financial value.

#### Impact on the Group

Companies acquired in 2025 contributed SEK 408 million (221) in net sales and SEK 86 million (33) in EBITA. If all entities acquired had been owned for the entire financial year, the contribution would have been SEK 465 million in sales and SEK 87 million in EBITA. Acquisition-related costs for the year amount to SEK 5.5 million (6.1) and are recognised under other external expenses in the income statement.



## Notes for Group and parent company

### Note 31 – Business combinations, cont.

#### Information about acquisitions in previous years

For information about the remeasurement of contingent considerations for acquisitions in previous years, see Note 5.

Contribution of acquired entities to Group's sales in the last 12 months	Business area	Closing date	Net sales 2025 (MSEK)	Contribution to Group sales in 2025 (SEK million)	No. of employees
Koka Oy	Flow Technology	January	101	101	24
Spica Technology ApS	Automation & Electrification	March	103	83	26
NPS Oy and NPS Power Oy	Flow Technology	April	261	224	97
GeoHeat (assets)	Water & Energy	October	-	-	2
<b>Total</b>			<b>465</b>	<b>408</b>	<b>149</b>

### Note 32 – Adjustment for items not included in cash flow

	Group		Parent company	
	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
Depreciation and amortisation	404	312	-	-
Exchange differences	-8	1	4	-6
Contingent consideration that has not fallen due	-78	10	-	-
Pension according to IAS 19	-8	-8	-	-
Impairment of goodwill	34	-	-	-
Other	5	-4	-	-
Impairment of shares in subsidiaries	-	-	-	66
<b>Total</b>	<b>348</b>	<b>311</b>	<b>4</b>	<b>60</b>

In the Group, interest received amounts to SEK 6 million (SEK 11 million) and interest paid amounts to SEK -89 million (SEK -107 million).

In the parent company, interest received amounts to SEK 39 million (SEK 30 million) and interest paid amounts to SEK -99 million (SEK -122 million).

## Notes for Group and parent company



### Note 33 – Events after the end of the reporting period

No significant events have occurred since the end of the financial year.

### Note 34 – Earnings per share

Calculated as profit after tax divided by the number of shares outstanding at the end of the period:

	2025	2024
Profit after tax	208	229
Average number of shares	100,000,000	100,000,000
<b>Earnings per share, SEK (basic and diluted)</b>	<b>2.08</b>	<b>2.29</b>

### Note 35 – Proposed appropriation of profits

The following profits are at the disposal of the AGM:

Proposed appropriation of profits	31 Dec. 2025
Accumulated profit or loss	387
Profit for the year	186
<b>Total</b>	<b>573</b>

The Board of Directors proposes that the profits be appropriated as follows:

Proposed appropriation of profits	31 Dec. 2025
Dividend to shareholders of SEK 0.8 per share	80
To be carried forward	493
<b>Total</b>	<b>573</b>



## Alternative performance measures

### Alternative performance measures

In the interim report, Ernströmgruppen presents performance measures that supplement the financial measures defined in accordance with IFRS. These are known as alternative performance measures. These performance measures are monitored continuously by the company's management and Board. The company believes that these performance measures provide valuable information to stakeholders as they enable evaluation of the company's performance, trends, ability to repay debt and invest in new business opportunities and reflect the Group's business model, which involves ongoing acquisitions.

### EBITA

EBITA is defined as operating profit before amortisation and impairment of acquisition-related surplus value. This measure enables comparisons of profitability over time regardless of amortisation and impairment of acquisition-related intangible assets and regardless of the corporation tax rate and the company's financing structure.

### EBITA margin

EBITA in relation to Net sales. This measure enables comparisons of profitability over time regardless of amortisation and impairment of acquisition-related surplus value and regardless of the corporation tax rate and the company's financing structure.

### Net sales growth

Net sales growth is defined as the percentage change in net sales compared to the previous period. Organic net sales growth is defined as the change in net sales excluding currency and acquisition effects. This measure is used to analyse the underlying growth in the Group and enables an assessment of whether the Group is generating net sales growth adjusted for acquisitions. Net sales growth through acquisitions is defined as the change in net sales from acquired entities that have been part of the Group throughout the comparative period. The measure enables analysis of growth from acquisitions compared to previous periods.

Net sales growth	2025	2024
Acquired growth, %	11	8
Organic growth, %	-1	-3
Exchange rate effects, %	-2	0
<b>Net sales growth, %</b>	<b>9</b>	<b>5</b>

### EBITA growth

EBITA growth is defined as the percentage change in EBITA compared to the previous period. The measure is used to analyse the growth in profitability in the Group and enables an assessment of whether the Group is generating growth in EBITA compared to previous periods regardless of amortisation of acquisition-related surplus value and regardless of the corporation tax rate and the company's financing structure.

### Adjusted EBITA

Adjusted EBITA is defined as operating profit or loss before amortisation and impairment of acquisition-related surplus value, adjusted for items affecting comparability, and enables increased comparability between periods.

### Adjusted and acquisition-adjusted EBITA

Adjusted EBITA is defined as operating profit or loss before amortisation and impairment of acquisition-related surplus value, adjusted for items affecting comparability, and enables increased comparability between periods.

## Alternative performance measures



### Adjusted and acquisition-adjusted EBITDA

Adjusted and acquisition-adjusted EBITDA is defined as the operating profit or loss for the period before depreciation and amortisation of intangible assets and property, plant and equipment, and amortisation of acquisition-related surplus value, adjusted for the impact of items affecting comparability and acquisitions during the period. The measure increases the comparability of EBITDA over time as it is adjusted for the impact of items affecting comparability and acquisitions.

### Items affecting comparability

Items affecting comparability are defined as restructuring related to efficiency measures in subsidiaries and costs related to the implementation of capital market processes and associated external consultancy, and retroactive customs charges and other items that have a material impact on comparability between periods. The exclusion of items affecting comparability increases the comparability of profit between periods.

Items affecting comparability	2025	2024
Restructuring costs	-34	-4
Capital market costs	-31	-
Retroactive customs duties	-	-8
<b>Total</b>	<b>-65</b>	<b>-12</b>

Adjusted and acquisition-adjusted EBITDA	2025	2024
Operating profit	357	395
Depreciation, amortisation and impairment of acquisition-related non-current assets	218	-107
<b>EBITA</b>	<b>575</b>	<b>502</b>
Items affecting comparability	65	12
<b>Adjusted EBITA</b>	<b>640</b>	<b>514</b>
Adjustment, acquired companies	1	27
<b>Adjusted and acquisition-adjusted EBITA</b>	<b>641</b>	<b>541</b>
Depreciation, amortisation and impairment of non-current assets	220	-205
Acquisition-adjusted depreciation and amortisation	-	1
<b>Adjusted and acquisition-adjusted EBITDA</b>	<b>861</b>	<b>747</b>



## Alternative performance measures

### Net debt and Financial net debt

Net debt is the total of liabilities to credit institutions, contingent considerations, including put options, lease liabilities and cash and cash equivalents. See Note 3. Financial net debt is the total of non-current and current liabilities to credit institutions and cash and cash equivalents.

### Net debt/Adjusted and acquisition-adjusted EBITDA

Net debt in relation to EBITDA adjusted for acquisitions as if the acquisitions during the year had been owned from the beginning of the year (for the last 12 months). The measure shows the Group's ability to repay its debts using its earnings, which indicates its financial leverage and health.

	2025	2024
Adjusted and acquisition-adjusted EBITDA	861	747
Net debt (as per Note 4)	2,441	2,105
<b>Net debt/Adjusted and acquisition-adjusted EBITDA</b>	<b>2.84</b>	<b>2.82</b>

### Financial net debt/Adjusted and acquisition-adjusted EBITDA excluding IFRS 16

Financial net debt in relation to EBITDA (without the effect of lease charges in accordance with IFRS 16) acquisition-adjusted as if the acquisitions during the year had been owned from the beginning of the year (for the last 12 months). The measure is one of the parameters reported to banks on a quarterly basis and shows the Group's ability to make investments.

	2025	2024
Financial net debt (as per Note 4)	1,707	1,407
Adjusted and acquisition-adjusted EBITDA	861	747
Adjusted for lease effect, IFRS 16	-161	-149
<b>Financial net debt/Adjusted and acquisition-adjusted EBITDA excluding IFRS 16</b>	<b>2.44</b>	<b>2.35</b>

### Capital employed

Capital employed calculated as total assets less cash and cash equivalents, non-interest-bearing liabilities excluding liabilities for put options and contingent considerations, and other provisions, calculated as an average for the last four quarters at the end of the reporting period.

	Average	31 Dec. 2025	30 Sep. 2025	30 June 2025	31 March 2025
Assets (excluding cash and cash equivalents)	4,708	4,527	4,760	4,964	4,580
Non-interest-bearing liabilities	1,043	1,045	1,053	1,049	1,024
<b>Capital employed</b>	<b>3,665</b>	<b>3,483</b>	<b>3,707</b>	<b>3,915</b>	<b>3,556</b>

### Return on capital employed

EBITA for the last 12 months in relation to average capital employed. Capital employed calculated as total assets less cash and cash equivalents, non-interest-bearing liabilities excluding liabilities for put options and contingent considerations, and other provisions, calculated as an average for the last four quarters at the end of the reporting period. The measure is an important indicator of the Group's ability to generate return on its investments.

## Alternative performance measures



### Return on capital employed, acquisition-adjusted

Adjusted and acquisition-adjusted EBITA for the last 12 months in relation to average capital employed. Capital employed calculated as total assets less cash and cash equivalents, non-interest-bearing liabilities excluding liabilities for put options and contingent considerations, and other provisions, calculated as an average for the last four quarters at the end of the reporting period. The measure is used to provide an indication of the Group's efficiency in resource utilisation of capital.

	2025	2024
Adjusted and acquisition-adjusted EBITA, R12	641	541
Average capital employed	3,665	2,922
<b>Return on capital employed, %</b>	<b>15.7</b>	<b>17.2</b>
<b>Return on capital employed, acquisition-adjusted, %</b>	<b>17.5</b>	<b>18.5</b>

### Cash flow generation

Cash flow from operating activities against profit before tax adjusted for non-cash items. Cash flow generation is used to analyse the outcome of cash flow generated from operations.

	2025	2024
Profit after financial items	268	284
Adjustment for non-cash items	348	311
Cash flow from operating activities	500	476
<b>Cash flow generation, %</b>	<b>81.2</b>	<b>80.0</b>

### Free cash flow

Calculated as cash flow from operating activities (after changes in working capital), excluding IFRS 16 operating leases, less investments in property, plant and equipment and intangible assets (excluding investments related to the acquisition of subsidiaries) and sale of such assets. Free cash flow is used to track the cash flow generated by operating activities before acquisitions, changes in loans and dividends to shareholders.

	2025	2024
Cash flow from operating activities	500	476
Reversal of IFRS 16 lease effect	-147	-138
Acquisition of intangible assets	-41	-31
Acquisition of property, plant and equipment	-60	-38
<b>Total free cash flow</b>	<b>253</b>	<b>269</b>



## Signatures

### Assurance by the Board of Directors

The Board of Directors and the CEO give their assurance that the annual report has been prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated financial statements have been prepared in accordance with IFRS. The annual report and the consolidated financial statements provide a true and fair view of the Group's and the parent company's financial position and earnings. The directors' report for the Group and the parent company provides a true and fair view of the Group's and the parent company's operations, financial position and earnings and describes the material risks and uncertainties faced by the parent company and the companies in the Group. The earnings and financial position of the Group and the parent company are presented in the income statements, balance sheets, cash flow statements and notes in the annual report.

Göteborg

The content of the annual report was finalised on 3 March 2026.

Signed as per date of electronic signature

**Alexander Wennergren-Helm**

CEO

**Michael Olsson**

Chair of the Board of Directors

**Katarina Ljunqvist**

Board member

**Eva Nilsagård**

Board member

**Henrik Larsson Lyon**

Board member

**Kristina Willgård**

Board member

**Oscar Bördin**

Board member

**Maximilian Hobohm**

Board member

**Fabian Hielte**

Board member

Our auditor's report was submitted on the date of our electronic signature

Ernst & Young AB

**Andreas Mast**

Authorised Public Accountant



# Auditor's report

To the general meeting of the shareholders of Ernströmgruppen AB, corporate identity number 556081-4245

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Ernströmgruppen AB for the year 2025. The annual accounts and consolidated accounts of the company are included on pages 44-99 and 104 in 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 the parent company as of 31 December 2025 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 31 December 2025 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, 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 accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

### 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 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.

### Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-43 and 100-103. 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 accounts. 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 Accounting Standards 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.



## Auditor's report

### *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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors [and the Managing Director].
- Conclude on the appropriateness of the Board of Directors' [and the Managing Director's] use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw

attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated accounts. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

### **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 Ernströmgruppen AB for the year 2025 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 report



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 controlled 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 appro-

priations of the company's profit or loss, and thereby our opinion about this, is to assess with 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.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Gothenburg 3 March 2026

Ernst & Young AB

Andreas Mast

*Authorized Public Accountant*