



Sustainable industrial
solutions for a safer society



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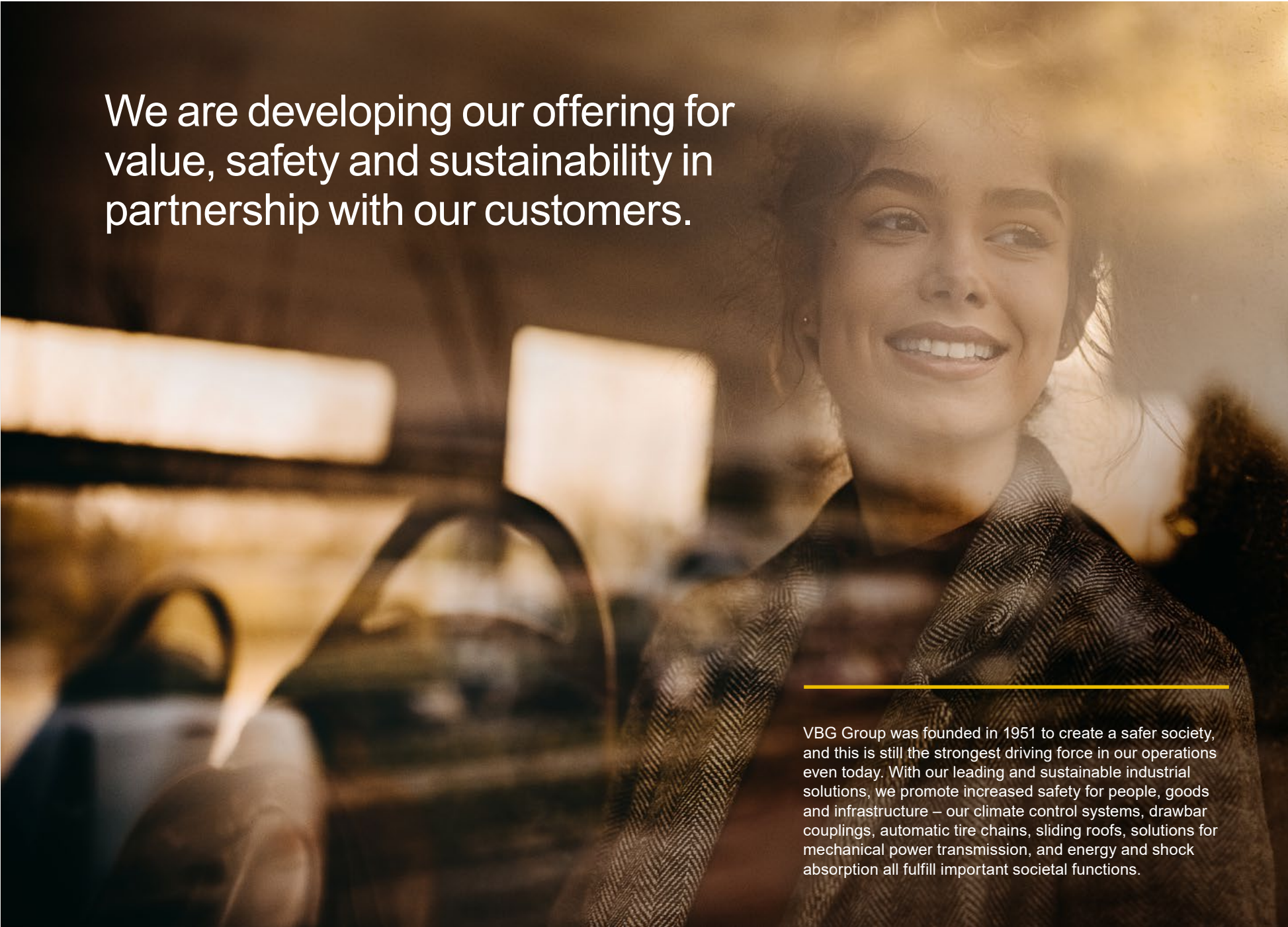
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Pages 47–62 in this report constitute VBG Group's statutory Sustainability Report in accordance with the Swedish Annual Accounts Act. The report pertains to the fiscal year from January 1 to December 31, 2024.



We are developing our offering for value, safety and sustainability in partnership with our customers.

VBG Group was founded in 1951 to create a safer society, and this is still the strongest driving force in our operations even today. With our leading and sustainable industrial solutions, we promote increased safety for people, goods and infrastructure – our climate control systems, drawbar couplings, automatic tire chains, sliding roofs, solutions for mechanical power transmission, and energy and shock absorption all fulfill important societal functions.

VBG GROUP IN BRIEF

A global industrial Group

VBG Group is a long-term and active owner of successful industrial companies and brands.

The Group's three divisions – Truck & Trailer Equipment, Mobile Thermal Solutions and Ringfeder Power Transmission – are governed on a foundation of industrial expertise, strong values and financial stability.





VBG GROUP IN BRIEF

Net sales

5,579 SEK M

EBITA

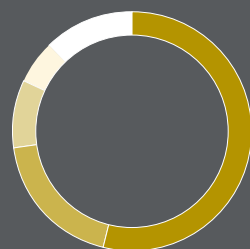
843 SEK M

Areas of operation



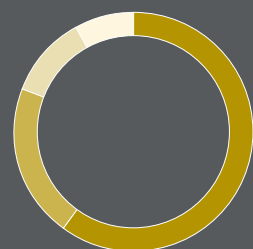
- Goods, 40%
- Off-road, 26%
- People, 21%
- Industrial, 13%

Markets



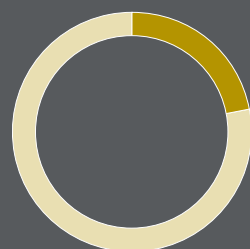
- North America, 54%
- Other European countries, 19%
- Germany, 9%
- Sweden, 6%
- Rest of world, 12%

Channels



- OEM, 60%
- Distributors/importers, 21%
- Body builders/integrators, 11%
- Dealers, 8%

Aftermarket



23%

Considerable experience and industrial expertise

VBG Group's business concept is to acquire, own and develop industrial companies in business-to-business, with the overall aim of creating a safer society. We are an active long-term owner with the goal of creating sustainable and profitable growth through strategically managing and further developing the business models of our operations. The experience and industrial competence that we have built up over the years is an advantage in the company's acquisition process as well as in the strategic governance and operational development of the company's divisions.

High level of service

VBG Group has a sharp focus on service, which permeates the value chain and the customer's journey as a user. Group Management supports the divisions in their work on creating customer value, from development to aftermarket. The aftermarket business accounts for roughly 23% of the Group's sales.

Long-term financial strength

With a solid base of stable, long-term owners, VBG Group's ownership model together with strong earnings performance has enabled the Group's financial stability with a high equity/assets ratio. The strong financial position creates a platform for acquisitions and investments, even during periods with low levels of business activity.

Leading industrial solutions

The Group's divisions offer consumers and end-users leading industrial solutions that promote a safer society. The range of products and services is directed toward a broad base of industries and customers in which continual product development as well as efficient purchasing and delivery procedures promote a competitive, cost-efficient offering.

Strong international position and presence

Through its three divisions with their appurtenant distribution networks, VBG Group has a strong international position and presence. The growth agenda going forward is oriented on sustainable expansion and globalization of the Group.

Broad portfolio of brands in attractive niches

Over time, the Group's proactive acquisition and growth strategy has enabled a broad and competitive brand portfolio. Our ten brands are all positioned as market leaders in their respective industrial niches. After the end of the reporting period, VBG Group acquired the Brazilian company Italytec – a leading supplier of air conditioning systems for the Brazilian off-road market – through Mobile Thermal Solutions.





VBG GROUP IN BRIEF

Diversified offering

Truck & Trailer Equipment

Drawbar couplings, automatic tire chains and sliding roofs

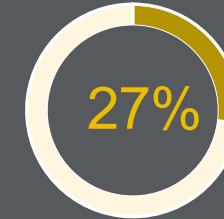


The automatic drawbar couplings for heavy trucks contribute to improved road safety, a better environment and safer working conditions for the drivers.

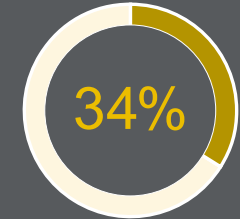
The automatic tire chains for commercial vehicles increase safety on the roads and help drivers arrive on time in difficult winter road conditions.

The sliding roofs for tarpaulin-covered trailers and tipper vehicles and the sliding bow roofs for railway wagons enable faster loading and unloading as well as a more comfortable working environment for the people involved. [Read more on pages 67–69 >](#)

Share of net sales

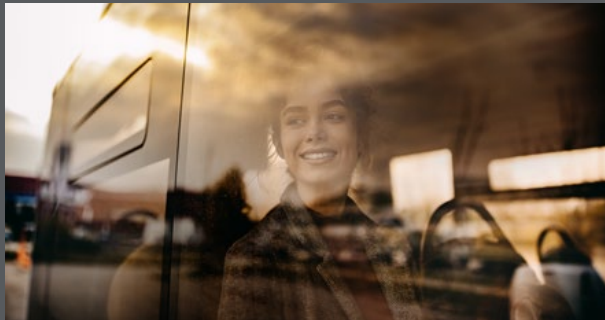


Share of EBITA



Mobile Thermal Solutions

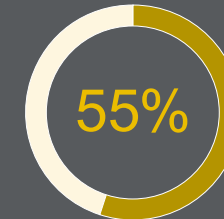
Climate control systems



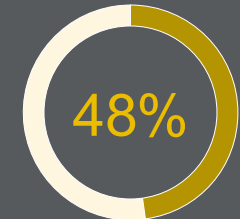
Climate control systems ensure an optimal climate in buses, off-road vehicles, utility vehicles and defense vehicles, in markets with differing needs. They create a suitable work environment for drivers and a pleasant environment for passengers. Moreover, the innovative technology of these climate control systems mitigates the negative environmental impact by supporting electrification of vehicles and promoting reduced fuel consumption.

[Read more on pages 70–72 >](#)

Share of net sales



Share of EBITA



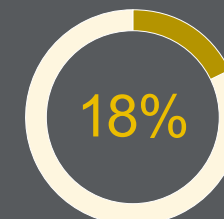
Ringfeder Power Transmission

Shrink discs, shaft-hub couplings, and friction springs

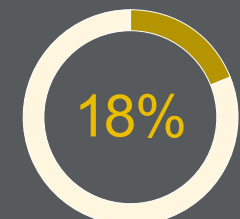


Shaft-hub couplings consist of locking assemblies and shrink discs. Shrink discs can be found in transmissions for industrial use. Shaft-hub couplings are frequently used for cranes and hoisting devices. Friction springs are used, for example, in the aerospace industry as damping components in the system for adjusting the position of the wing flaps, and as overload protection in emergency exit systems. Friction springs are also used to earthquake-proof buildings, bridges and power plants, which not only protects buildings but can save human lives. [Read more on pages 73–75 >](#)

Share of net sales



Share of EBITA





VBG GROUP IN BRIEF

Industrial solutions that promote increased safety

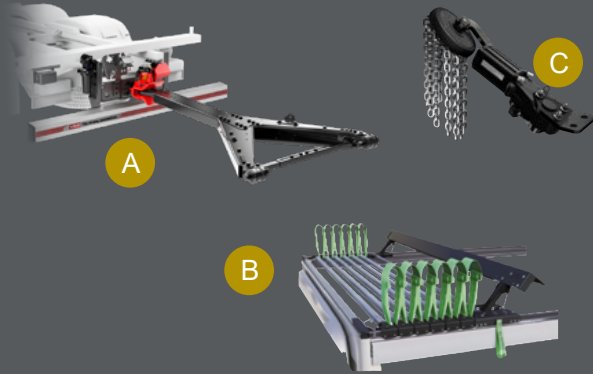
VBG Group's overarching purpose is to create a safer society. This is made possible through the Group's continual work on developing products and solutions that create value for customers and end users as well as society as a whole.

Market leaders

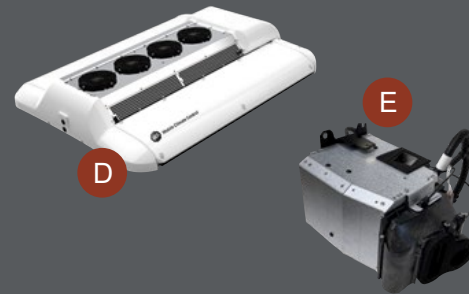
The VBG Group brands all hold leading market positions in their respective niches.



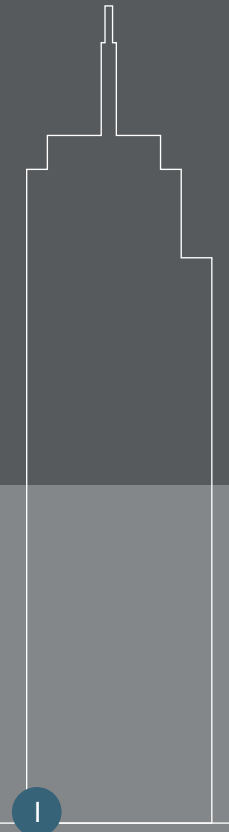
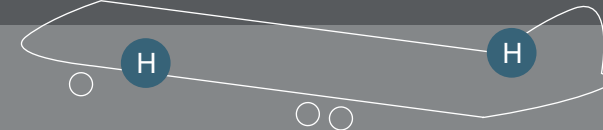
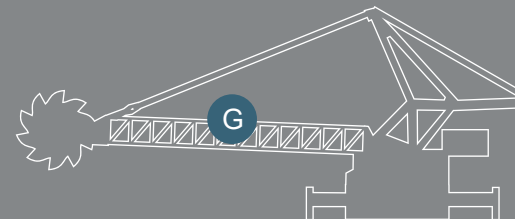
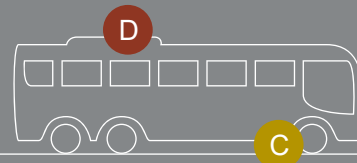
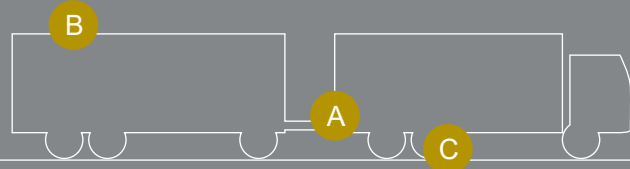
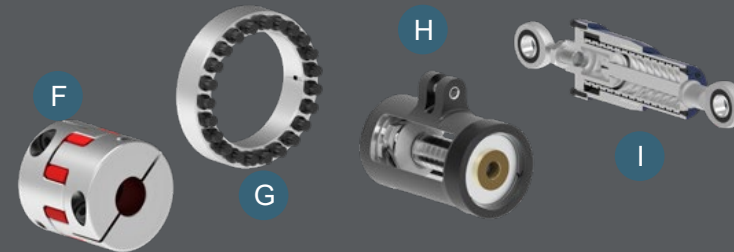
Truck & Trailer Equipment



Mobile Thermal Solutions



Ringfeder Power Transmission





BUSINESS MODEL

Industrial Group with a sustainable business model

VBG Group's business model is built on decentralized divisions with strong customer brands and leading industrial solutions for customers in four areas of operation: People, Off-road, Goods and Industrial. Group Management and the Parent Company support the operation with experience and industrial know-how, promoting synergies and knowledge exchange, setting the framework for the divisions and contributing financial stability.

Using a thoroughly tested central process – niche identification, acquisitions, integration and governance – more companies can be added to the Group, with the common ground being that VBG Group's solutions offer the customer critical functions that simultaneously promote a safer society.

[Read more about VBG Group's value creation on page 14 >](#)

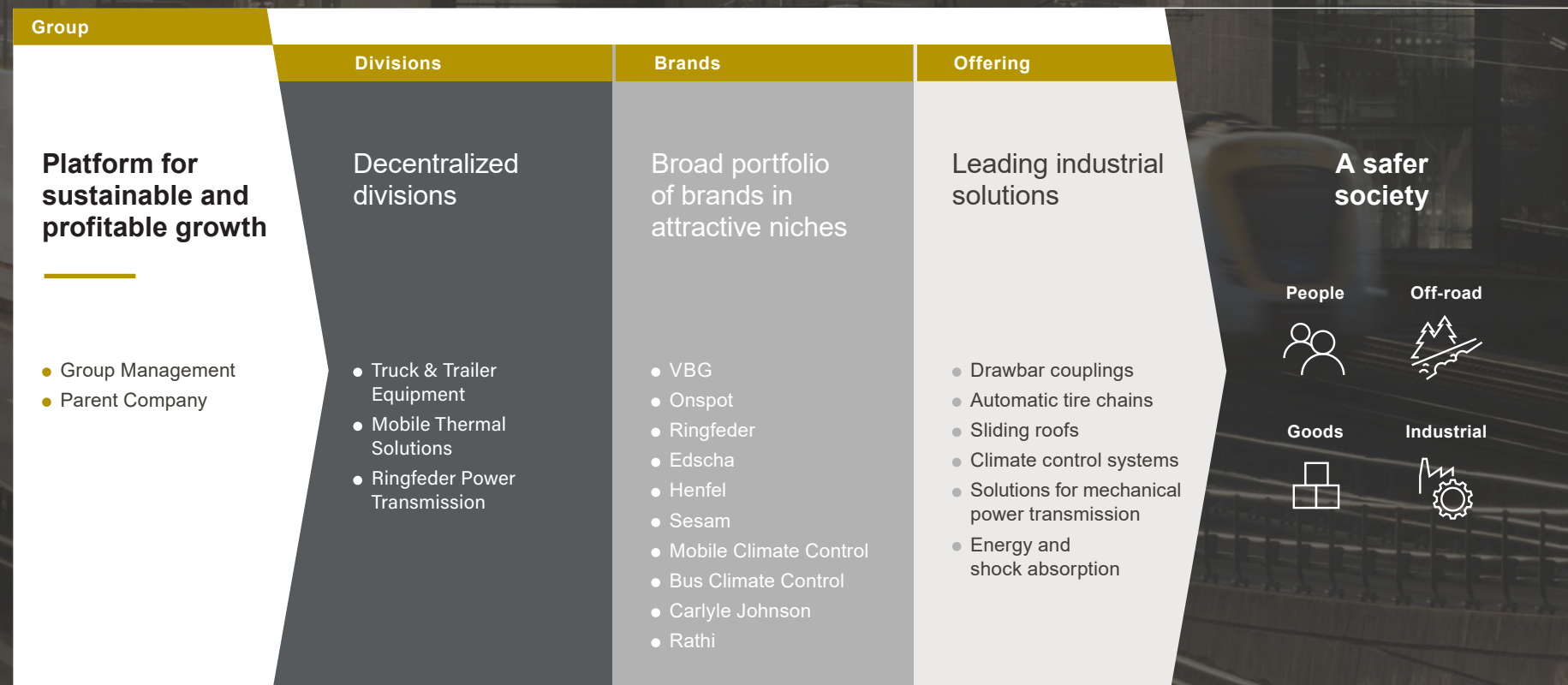
Through long-term active ownership, the Group creates conditions for sustainable development of industrial companies.

Earnings per share SEK **23.52**

7.25* SEK Dividend >

< 16.27 SEK Re-invested

* Proposed dividend



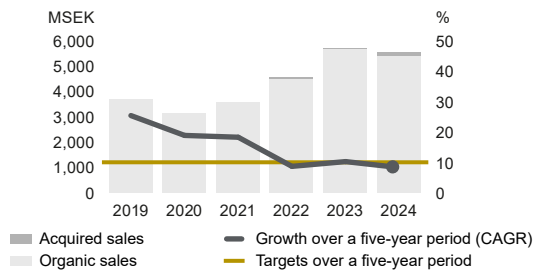


OUR BUSINESS GOALS

Strong position for continued sustainable, profitable growth

	GOAL	OUTCOME
Growth	>10%	8.4%

The Group's target is to achieve >10% in average annual sales growth over a five-year period, of which >5% attributable to organic growth and >5% to structural growth.



Comments on 2024

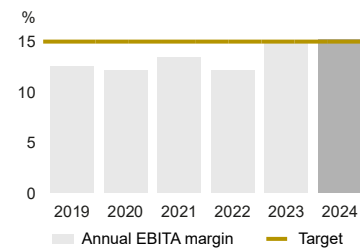
- In 2024, sales fell by 2.8%. Organic growth totaled -4.6%. Decreased demand, primarily in North America, in the second half of the year as well as a sharp decrease in demand in the European semitrailer market contributed to the fall in sales.
- Our breadth in niches and industries contributed to stability for the Group.
- Total compound annual growth rate (CAGR) over five years totaled 8.41%, divided between organic growth (CAGR) of 7.45% and structural growth (CAGR) of 1.28%.

Focus going forward

- Global expansion.
- Supplementary acquisitions.
- Expanded offering of industrial solutions.

	GOAL	OUTCOME
Profitability	>15%	15.1%

The objective for the Group is to achieve an operating margin (EBITA margin) of >15%.



Comments on 2024

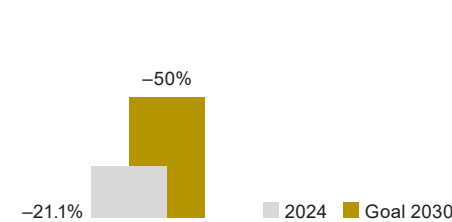
- The EBITA margin for 2024 totaled 15.1%.
- The increased profitability is a result of an improved gross profit margin for the Group as a whole despite flagging volumes and sales for Mobile Thermal Solutions and the European semitrailer market, in combination with a favorable product mix.

Focus going forward

- Introduction of modularity projects in bus operations, in order to increase long-term profitability.
- Increased digitization in the Group.
- Increased cost controls.

	GOAL	OUTCOME
Sustainability	-50%	-21.1%

The Group's goal is to achieve a 50% reduction of GHG (Scope 1 and Scope 2) by 2030 (reference year 2022).



Comments on 2024

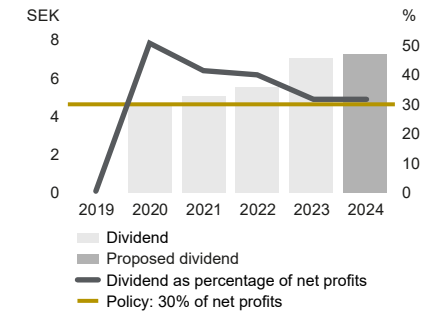
- In 2024, the Group's GHG emissions in Scope 1 and Scope 2 totaled 0.68 tCO₂e/SEK M, which signifies a reduction of our emissions by 21.1% in relation to the 2022 baseline.
- In 2024, further investments were made in solar panels and new production equipment in order to reduce the Group's climate footprint.

Focus going forward

- Continued investments to reduce our climate impact.
- Set a goal to reduce our climate impact in Scope 3, and identify activities that support this goal.

	POLICY	OUTCOME
Dividend policy	30%	30.8%

The Group's dividend policy states that VBG Group will normally distribute 30% of the net profit to the shareholders.



Comments on 2024

- With a strong financial position and stable cash flows as a basis, SEK 175 M (or SEK 7.00 per share) was distributed in 2024.
- For the 2025 Annual General Meeting, the Board of Directors proposes an increase in the dividend to SEK 7.25, corresponding to 30.8% of profit after tax.

Focus going forward

- Optimized capital structure and healthy returns on operating capital.
- Stable cash flow.

FROM THE PRESIDENT

Strong earnings in a challenging business environment

In 2024, VBG Group posted one of the best results in its history, with record-high operational cash flow despite a challenging market climate. With continued financial stability, strong divisions and strategic investments, we are cementing our position as a global industrial Group and achieved our second best annual earnings ever.

Our net sales totaled SEK 5,578.9 M (5,739.8) with an operating margin (EBITA) of 15.1%, and we thereby achieved our objective of an EBITA of at least 15%.

Following last year's record-high earnings with further strong yearly results shows that our business model works, even in a changing business environment. With disciplined operational governance, an optimized product mix and efficient cost control, we have created stability and scope for action – which enabled us to strengthen our total EBITA margin to 15.1% (15.0).

After a fall in demand in the second half of the year, we saw an increase in order bookings in the fourth quarter, yielding a strong foundation for 2025.

Three strong divisions

Our three divisions performed at a high level, considering the market conditions.

Truck & Trailer Equipment retained its robust profitability despite flagging demand in the European semitrailer market owing to a favorable product mix and improvements to productivity.

Ringfeder Power Transmission achieved the second-best results in its history in terms of its sales and earnings, with strong growth outside Europe and North America and increased profitability owing to a positive product mix and implemented improvements. The acquisition of Rathi Transpower performed in accordance with high expectations, supporting strong sales growth.

Mobile Thermal Solutions encountered flagging demand in the second half of the year in North America compared with the high volumes of the preceding year, but through efficiency improvements was able to increase profitability and stabilize its gross margins.

Consolidation of the three Mobile Thermal Solutions manufacturing units in Toronto facilitated gains in efficiency and is a strategically important investment for cementing and developing the already strong market position of the Mobile Climate Control brand in the off-road segment.

Strategic growth

Despite a general fall in sales, we continued to grow outside Europe and North America in accordance with our strategy of expanding our geographic footprint.

In January 2025, through Mobile Thermal Solutions, we acquired the company Italytec Imex Indústria e Comércio Ltda, a leading supplier of air conditioning systems for the Brazilian off-road market. This acquisition is an important step in our journey of growth as a Global industrial Group, and strengthens our presence in Brazil and South America, in line with our strategy of growing in the BIC countries.

Expanded customer offering

Ringfeder Power Transmission has increased its offering in our global sales channels by adding new products from the acquired company Rathi Transpower.



“

Our strategy is clear – sustainable, profitable growth



FROM THE PRESIDENT

Truck & Trailer Equipment is developing more systems solutions for certified sheet metal products, underrun protection and drawbars for freight vehicles with higher load capacities.

In Mobile Thermal Solutions, we are developing customizable climate control systems for a larger customer base, and are meeting customers' needs in conjunction with the electrification of vehicles – primarily school buses – in the US.

Sustainability in focus

In 2024, we continued to actively focus on sustainability to reduce our environmental impact. We have been working

intensively on our sustainability agenda to comply with the Corporate Sustainability Reporting Directive (CSRD), conducted a double materiality assessment, and continued internal sustainability training.

We implemented measures to reduce GHG emissions, and invested in renewable energy to reduce our climate footprint. In addition to measurements of GHG emissions for Scope 1 and 2, activities are in progress to begin measuring our impact in Scope 3, with a focus on transportation, materials and waste.

Furthermore, we focused on reducing the number of accidents resulting in sick leave in operations, which decreased from 26 in 2023 to 21 in 2024.

The future

We enter 2025 with a stable financial position and a clear strategy for continued growth, which means we find ourselves well positioned for the future. Our strong balance sheet and stable cash flow are creating scope for action and the potential for future profitable growth.

Despite the uncertain macroeconomic developments, we are convinced of our ability to meet new challenges and leverage opportunities. Scenario planning and risk analyses are conducted on a regular basis, the results of which shape our strategic activities to prepare ourselves for the future.

I would like to extend a sincere thanks to all of the Group's talented employees for their fantastic efforts during the year. Together, we can continue to strengthen VBG Group's position as a leading industrial company.

Anders Erkén

President and CEO, VBG Group

**2024 in brief**

- Consolidated sales decreased by 2.8% to SEK 5,578.9 M (5,739.8).
- Organic growth amounted to –4.6% (18.2), adjusted for acquired sales and currency effects between the years.
- Operating profit (EBITA) decreased to SEK 842.7 M (860.9), with an operating margin (EBITA) of 15.1% (15.0).
- Profit after financial items increased to SEK 782.2 M (766.3).
- Earnings per share amounted to SEK 23.52 (22.88).
- The Board of Directors proposes an increase in the dividend to SEK 7.25 (7.00), corresponding to 30.8% (30.8) of profit after tax.

Key figures

Group, SEK M	2024	2023	2022	2021	2020
Net sales	5,578.9	5,739.8	4,580.0	3,611.2	3,147.2
Operating profit before depreciation/amortization (EBITDA)	946.1	960.8	663.6	562.4	462.5
Operating profit before amortization (EBITA)	842.7	860.9	557.5	484.1	385.5
Operating profit (EBIT)	795.9	827.8	527.2	456.0	353.4
Operating profit after financial items (EBT)	782.2	766.3	487.8	441.4	326.5
Profit after tax	588.2	572.1	368.3	337.1	226.7
Earnings per share, SEK	23.52	22.88	14.73	13.48	9.07
Cash flow from operating activities	796.4	722.9	250.5	187.3	446.2
ROE (cumulative), %	14.5	16.2	11.4	12.2	9.0
ROCE (cumulative), %	16.3	17.3	11.6	12.2	9.8
Equity/assets ratio, %	63.3	61.4	60.8	59.9	58.7
Interest-bearing net debt/EBITDA	0.5	0.4	0.9	0.8	0.6
Average number of employees	1,980	1,864	1,731	1,600	1,486
Number of shares outstanding ('000)	25,004	25,004	25,004	25,004	25,004



STRATEGY

Operational governance on the basis of three focus areas

Key Success Factors:

- Strong brands and leading market positions in selected niches
- High customer value in our offering
- Diversified customer base



TRENDS AND DRIVING FORCES

Continual development and adaptation in a changing business environment

Increased electrification, automation and digitization in VBG Group's areas of operation, in combination with more rigorous environmental and security requirements, are imposing newer and stricter expectations on VBG Group as a corporate group.

We are working actively on developing and adapting our product and systems solutions to address the prevailing driving forces and changes in the business environment. Internally, the company is digitizing its operations and adapting its processes to promote climate neutrality.

Areas of development

Reduced emissions

Focus on decreased fuel consumption and reduction of GHG emissions. New regulations, objectives and emissions rights are driving the development transportation efficiencies and electrification, and are imposing new demands.

Product development

Increased environmental, customer, and user demands as well as new regulations in traffic safety are accelerating product development and new technology.

Digitization

The trends around automation of systems, processes and solutions are increasing the demand for data collection and digitization.

New technology

Focus on increased efficiency and profitability are driving the development of autonomous vehicles and connected products.

Growing market

Increased globalization and urbanization are driving the need for more transportation as well as infrastructure projects.

Sustainability

Increased focus on the climate imposes demands on sustainable industrial development and manufacturing.

Development agenda

VBG Group
4.0**From:****To:**

Suppliers of industry products, subsystems and services

Partners and suppliers of leading industrial and systems solutions

Manual and analog

Automatic and digital

Mechanics

Mechanics, electronics and new technologies

Operations with sustainability ambitions

Sustainable industrial Group and value chain

Strong global player with international presence

Strong local player with a local presence



Renewable energy reduces our climate footprint

Energy plays a central role in VBG Group's efforts to reduce the climate footprint of its operations. Apart from minimizing energy use in operations, we are investing in new sources of energy in our facilities to further reduce our climate impact.

New solar panels installed

In 2024, we mounted solar panels on three of Truck & Trailer's facilities:

- We installed solar panels at the US facility in North Vernon, Indiana. By installing solar energy capacity of 120 kW, we estimate that approximately 69% of the facility's energy needs could be covered by renewable energy from the solar panels.
- On the roof of the facility in Kamenice, Czech Republic, we installed solar panels with an annual capacity of 100 kW. With their help, we believe that we will be able to provide for approximately 24% of the facility's energy consumption.
- The third facility where we installed solar panels during the year was Truck & Trailer's warehouse in Beringen, Belgium, which we equipped with 120 solar panels with a total energy capacity of 50 kW. We believe that the solar panels will be able to provide for approximately 35% of the facility's energy consumption. Using a 10 kW battery that is charged by the solar panels, the facility's forklifts can be charged with solar energy when the plant is closed.

On days when the solar panel arrays generate surplus energy, it is automatically sent to the power grid for sale. This way, we generate income at the same time as we give other operators the possibility of purchasing renewable energy.



Heat pump reduced energy consumption

To reduce energy consumption and the need for natural gas, we installed a heat pump at the Truck & Trailer facility in Kamenice, Czech Republic in 2023. The results are obvious: we can now see that energy consumption at the facility decreased by 50% during the first twelve months compared with the corresponding preceding period. Moreover, the use of natural gas in the plant decreased by 485 MWh based on average consumption over the last three years.

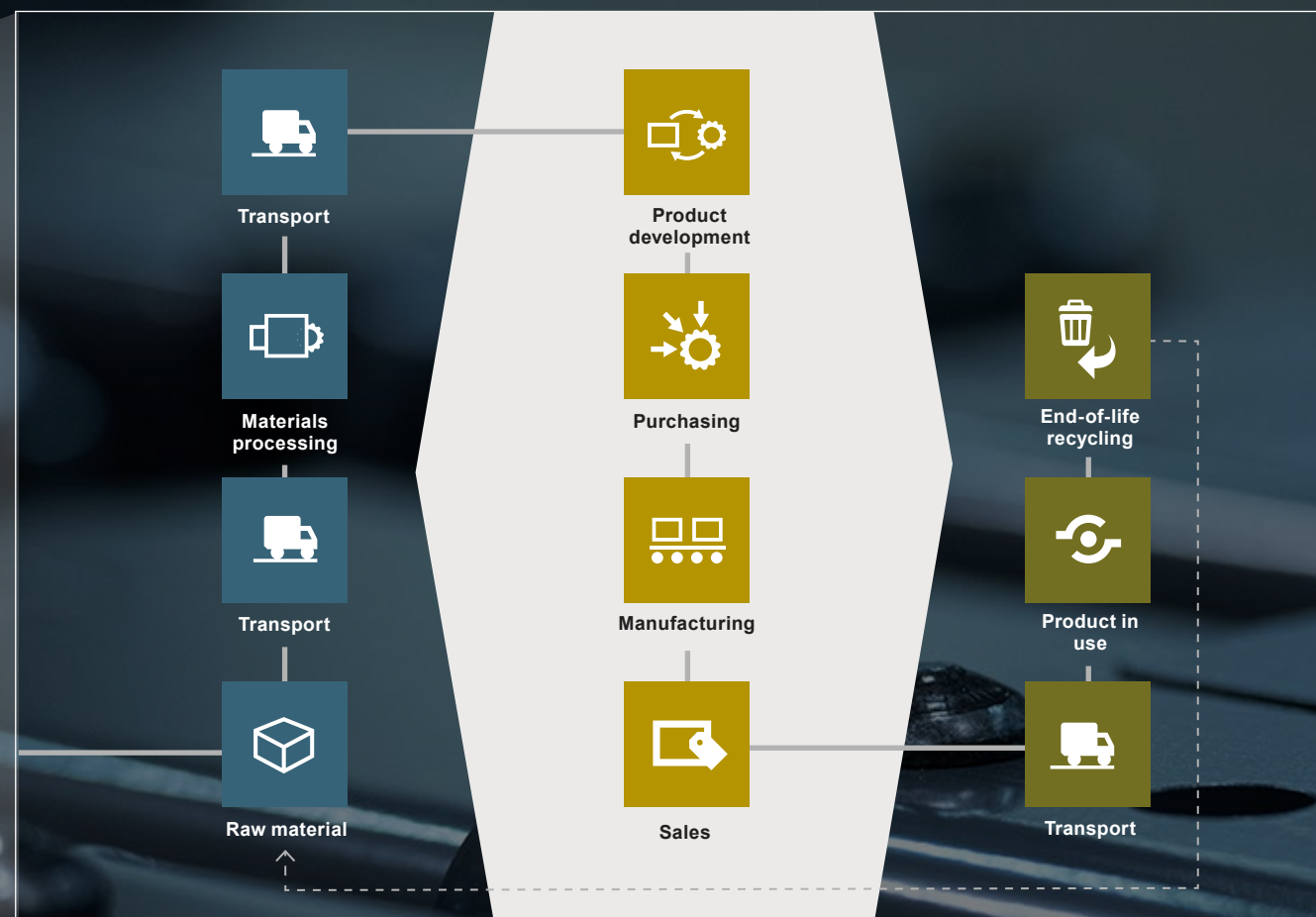
50%

decreased energy consumption

STRATEGIC VALUE CREATION

Central role in the value chain

The business of VBG Group is divided into three divisions: Truck & Trailer Equipment, Mobile Thermal Solutions and Ringfeder Power Transmission. The divisions offer customers and users a broad selection of industrial solutions in which the internal value chain runs from the development phase to aftermarket. The operations of the divisions comprise our value chain, and they work to create a positive impact both upstream and downstream on the basis of the prevailing situation in the business environment. All of the steps in our value chain generate value through our sustainable and reliable industrial solutions for increased safety in society.



Upstream

The raw materials for our products are transported to one of our select suppliers, where the materials are processed. After processing, the materials are transported to any of our production facilities.

Internal operations – our divisions

As part of our product development, we create unique customized products. Through careful purchasing, we ensure access to materials at the best price and quality. Following this, we process the materials through efficient manufacturing into complete, high-quality products. Finally, our products are marketed and sold through strong brands to our customers. We work systematically in our value chain with safety, resource efficiency and environmental impact.

Downstream

The products are transported to the customer, often via dealers and partners. Once the products are in use, we focus on providing support and service to maximize their benefit and the customer experience. After the product has reached end-of-life, the material is either scrapped or recycled.



STRATEGIC VALUE CREATION

Strategic governance and long-term value creation through active ownership and diversification

With our mission as a guiding light, the core of VBG Group's operations lies in acquiring, owning and further developing well-managed industrial companies in business-to-business commerce.

Alongside Group Management, the Parent Company is responsible for the overall strategic governance of the Group, which entails such measures as identifying and carrying out acquisitions, contributing resources to the divisions in the form of industrial know-how and capital, and monitoring the divisions' goals and strategies.

Value creation over time

VBG Group is an active long-term owner with the goal of creating sustainable and profitable growth. Its business concept is built on the active administration and further development of the operations' business models in order to create value over time. In addition to defining the strategic framework for the Group, the Parent Company and Group Management also work to create synergy effects and promote long-term value creation among the various parts of the Group.

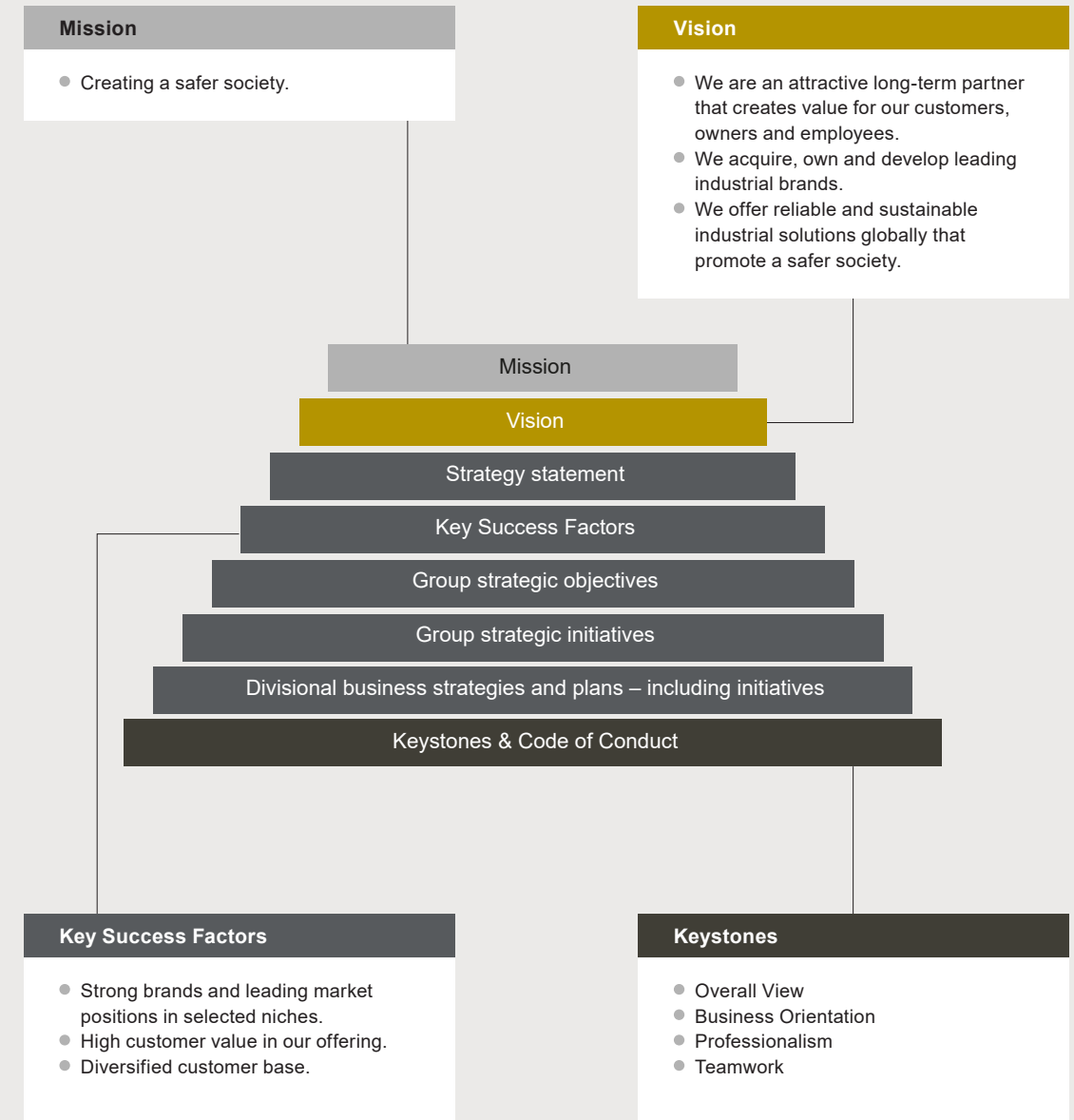
Our values are our guide

VBG Group's business concept is a tried and tested one, in which the Parent Company and Group Management

govern the organization based on VBG Group's four values – the keystones – and the Group's Code of Conduct. Together, our Keystones and the Code of Conduct form the foundation for all of the Group's operations and procedures, and provide guidance in our acquisition process. Consensus around values and approaches are of ultimate importance when acquiring companies.

Diversified structure with low business risk

VBG Group has acquired several different companies since the early 1990s. An effective acquisition and portfolio strategy has built up a stable Group with a diversified business structure. The Group structure creates conditions for synergies among the divisions, for example, when establishing operations in new markets. At the same time, the diversified business structure promotes growth that is more steady and stable. In an uncertain business cycle when demand is decreasing in individual industries and in individual markets, VBG Group's business risk is minimized through the Group's broad international footprint and customer base.





STRATEGIC VALUE CREATION

Decentralized business model

VBG Group's decentralized business model is a major strength for the Group. The Parent Company and Group Management are responsible for overall governance, while local decision-making in operating activities promotes better customer dialogue and increased flexibility. This leads to value creation for both customers and the Group in general. The three divisions are fully responsible for their results, developing operation-specific targets and strategies based on the Group's overall strategic framework. The divisions work closely with their customers, developing customized offerings to meet customers' specific wishes. Through its divisions, the Group offers a broad range of products and solutions for customers in various carefully selected niches.

The Group provides a fundamental platform

While the divisions and brand portfolio create advantages for the Group, the Group contributes important resources as well. The Group offers its operations financial stability with access to capital and financial resources, with its balanced portfolio proving strength in an uncertain business cycle. Moreover, the Group provides access to industrial competence and exchange of expertise, strategic governance, central acquisition management and platforms for international expansion as well as synergies in IT, HR, brand development, communications, corporate governance, finance and IR.

Our strategic focus areas**– Key Success Factors**

Based on the aim of creating a safer society while continuing to create sustainable and profitable growth, we have defined three strategic focus areas: strong brands and leading market positions in selected niches, high customer value in our offering, and diversified customer base. In these areas, the Group will carry out priority initiatives linked to growth, profitability and sustainability. Strategic activities and continual adaptation in our three focus areas will be key for the Group in continuing to take steps forward in its development, and for its future success.

[Read more about our strategic focus areas on pages 21–24 >](#)

Sustainable offering and approach

As an active owner, VBG Group considers it essential that the Group and its divisions conduct operations with a focus on sustainability and create conditions for sustainable and profitable growth. VBG Group is to be regarded as a natural choice for customers and other stakeholders as regards a sustainable offering and approach. Together with our owners, suppliers and customers as well as decision-makers in society, we will continue our development as a sustainable employer providing sustainable product solutions, and take steps toward realizing climate-neutral value chains.

[Read more about our sustainability activities on pages 47–62 >](#)

Group**Niche identification**

VBG Group's model for value creation is based on identifying attractive niches where the divisions can distinguish themselves with sought-after brands and product solutions. The ambition is for every brand to establish itself as the number one or number two player in its respective niche, with sustainable and profitable growth as a result.

Acquisitions

In these selected niches, VBG Group works to identify companies that may be of interest for acquisition. They must be well-managed companies, with strong brands, that share the Group's values and have strong potential for growth and profitability. Candidates for acquisition can be divided into two categories:

- Companies that complement the existing divisions in terms of product range, production, logistics and geographical coverage.
- Companies in new fields of operation that can form a separate division.

Integration and governance

Completing acquisitions is part of the Parent Company's and Group Management's overall governance. The companies that are acquired are integrated into the Group's existing divisional structure. Expertise and resources are made available to create conditions for successful integration, while synergy effects and development opportunities are identified. The Parent Company and Group Management define the Group's strategic framework within which the divisions produce their operation-specific goals and strategies.

The divisions

The divisions offer customers and users a broad selection of industrial solutions in which the internal value chain runs from the development phase to aftermarket. Product development and purchasing are characterized by close collaboration with our customers and suppliers, which facilitates offering technologically leading and complete customized solutions at a competitive total cost. Production is modern and highly automated, and is built on LEAN management (optimized processes and flows for maximum efficiency and value creation, based on existing resources). Sales and aftermarket services are based on close and long-term customer relationships and a high level of service in combination with our developed product and service offering, and enable a strong primary and aftermarket business.





STRATEGIC VALUE CREATION

Our operation creates value for:

Employees

The approximately 2,000 employees of the company are our most important resource, and a high degree of well-being is central to achieving the Group's mission and vision. The Parent Company and Group Management work continually to offer competitive conditions for employment and to provide sustainable, safe and satisfactory work environments.

1,249

SEK M in salaries and social security contributions

Customers

The diversified business structure that we have built up ensures a wide range of customers for the Group. Through a high level of service and offering customized industrial solutions that have a high technology content, we are creating the conditions for consumers and end-users to feel a sense of security in their operations while increasing their productivity and profitability.

Security and profitability

Shareholders

The Group's overall objective is to create sustainable and profitable growth. This objective creates conditions for positive performance by the share as well as a stable, competitive dividend. The share price performance of VBG Group's Series B share over the last five years totals 112.1%, while an average of 35.8% of net profit has been distributed, excluding the pandemic year of 2020 when the dividend for 2019 was withdrawn. The proposed dividend for this year corresponds to a dividend yield of 2.3% based on the closing price at year-end.

181

SEK M in proposed dividend

Suppliers

One condition for being capable of providing a competitive offering is close, functional partnerships with suppliers. We have lengthy, healthy relationships with our suppliers, which has meant that they have accumulated knowledge of our needs. Our business creates income and employment for our suppliers while our Code of Conduct imposes stringent counter-demands for responsible and sustainable conduct.

3,384

SEK M in goods and services purchased



Society

Our industrial solutions are used in a large number of industries globally and fulfill vital social functions. In our role as an employer, we also contribute to the local economy in several communities around the world, providing both direct and indirect employment. In 2024, we paid SEK 216.8 M in social security contributions, SEK 27.3 M in pension expenses, and SEK 194.3 M in income taxes – all together, SEK 438.4 M. We also pay fees and expenses such as customs duties as well as property and energy taxes. Additionally, the Group contributes to society through local sustainability initiatives among its divisions. Through our stable dividend yield, the Herman Krefting Foundation for Allergy and Asthma Research owner foundation has been able to distribute approximately SEK 312 M in research grants over the years.

194

SEK M in tax



Customized training in sustainability

Sustainability is one of VBG Group's highest priorities. We welcome the ongoing transition to a more sustainable world, and we are proactive in preparing to face the new regulations and increased requirements for sustainability reporting.

One crucial part of these activities comprises training VBG Group's personnel in sustainability. In 2024, we conducted in-house training courses in the new sustainability legal requirements for everyone concerned in the Group. Moreover, we continued to offer our customized, research-based training program in sustainability, which we developed in 2022 in partnership with University West.

The training program covers a broad spectrum of topics from the UN Sustainable Development Goals, life-cycle analyses and the circular economy to how materials extraction and transportation impact the physical environment.

To date, approximately 180 employees in various roles and from different parts of the world have undergone the training program. We also offered a compressed and adapted training course for personnel who work closely with customers.

"Building up knowledge is central to our sustainability journey. It creates a shared platform to stand on regardless of which continent we work on," says Christina Holgerson, EVP Corporate Responsibility for VBG Group.

180
employees trained
in sustainability

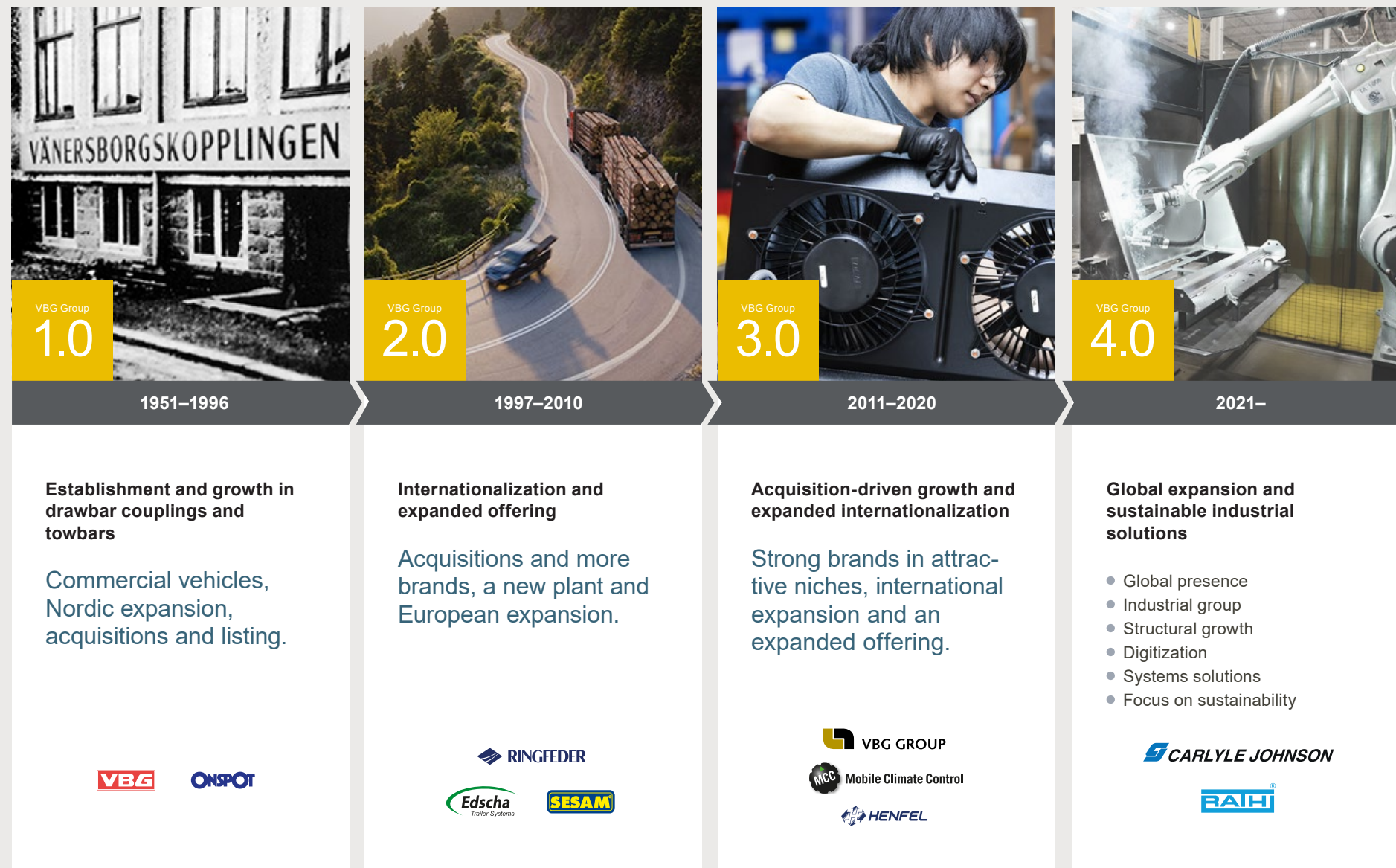
WITH SAFETY IN FOCUS

Safety in focus – a driving force since 1951

The founder of the Group, Herman Krefting, took an early interest in traffic safety issues, and in 1951 he started the company that has developed into today's VBG Group. Safety has always been a central part of the Group's identity and is now a crucial driving force in the development of the next generation of products and industrial solutions.

VBG Group's history

Visit our web site and read more about the Group's history. From a basement office in Vänersborg with a handful of employees to a global Group with approximately 2,000 employees today.





We are investing in future generations

Being a positive force in the communities where we operate in the Group is important for VBG Group. That is why, in 2024, VBG Group Truck Equipment signed a letter of intent with Vänersborg Municipality to encourage young people's interest in science and technology. The aim of the initiative is to inspire young people's interest in science and technology, thereby contributing to the talent pool of the future within the industrial sector.

In October 2024, all eighth-grade students in Vänersborg were invited to participate in an education day at Universeum in Gothenburg. The objective is for the education day to be a recurring element for all eighth-grade students in Vänersborg, and the purpose is to motivate students to pursue studies in science and technology when choosing a high school to attend.

"We believe in the importance of investing in future generations. By giving young people an opportunity to experience science and technology in a practical and engaging way, we hope to ignite their interest in and passion for these subjects," says Ola Hermansson, President of VBG Group Truck Equipment.

Universeum, Sweden's National Science Center, provides a unique environment where students can explore and learn by doing. Supported by their teachers and educators from Universeum, the students participated in interactive workshops and experiments that illustrated how science, technology and mathematics can be applied in various professions and everyday situations.

"With the help of businesses, we can sow seeds and create curiosity about different professions and an understanding of working life. If, together, we can strengthen schoolchildren's interest in the future needs of the job market, we will be better equipped to ensure a good supply of skills in the short and long term," says Jill Stor, Business Manager of Vänersborg Municipality.

In addition to the students, 200 teachers were also offered training in the natural sciences, with a focus on sustainability. Going forward, the intention is to offer 50 teachers further studies in these subjects, once a year.

"Our collaboration with Universeum is an excellent example of how Swedish industry can contribute to research and science while being beneficial to society," says Anders Erkén, President of VBG Group.

Rathi supports Indian girls' right to education

Many schools in rural India are old and in need of renovation, and poor infrastructure makes it difficult for many children to travel to and from school. The non-profit organization One School at a Time (OSAAT) has focused on this in its efforts around children's right to education.

Rathi Transpower has contributed financially to OSAAT to support India's educational system. Thanks to Rathi Transpower's donation – alongside support from other stakeholders – four classrooms were renovated in the Government Girls Higher Secondary School in the town of Velliangadu, south of Chennai.

The newly renovated building was inaugurated in February 2024, and since then the 878 girls at the school have had access to a safe and inspiring school environment with better conditions for a quality education.

"Children are our future. They have the right to go to school and get an education to achieve their dreams in life," says Dheepan Ramalingam, Managing Director of Ringfeder Power Transmission India.



THREE SUCCESS FACTORS

Three success factors for strategic and sustainable development

Our ambition is to create a safer society while continuing to generate sustainable and profitable growth. On this basis, we have defined three strategic focus areas: the Key Success Factors. Strategic activities and continual adaptation in these areas will be key for the Group going forward.

#1

Strong brands and leading market positions in selected niches

[Read more about focus area #1 on page 22](#)



#2

High customer value in our offering

[Read more about focus area #2 on page 23](#)



#3

Diversified customer base

[Read more about focus area #3 on page 24](#)



THREE SUCCESS FACTORS

#1

Strong brands and leading market positions in selected niches

Over time, VBG Group has built up a broad and competitive portfolio of brands in attractive niches. Well-managed companies with strong brands are and have been an important criteria in the Group's process of identification and acquisition. New companies that are added to the portfolio must have not only a clear identity, but also conditions for innovation and market development. This also applies to the existing portfolio companies, which are routinely evaluated. The goal is for every brand to establish itself as the number one or number two player in its respective niche.

In customer relations, a strong brand identity is a major competitive advantage. VBG Group's brands have strong identities that are characterized by quality, reliability and a high degree of technological content. Together with the Group's long-term perspective and promotion of a safer society, these are characteristics that are appreciated by the divisions' customers. The experience of a high degree of service is also something that our customers appreciate.

With a basis in the Group's business goals, strong brands and leading market positions will be key success factors in taking the next step in our development: VBG Group 4.0. Going forward, focus for the Group will be on both management and development. Management of the companies' unique characteristics and strengths, as well as continual development of the offering with targeted actions that strengthen their brand identities and positions in their respective niches.

Performance in 2024

- Incorporated new brand, Rathi, into the portfolio.
- Continued development of digital marketing in accordance with the concept of inbound marketing.

Focus for 2025–2027

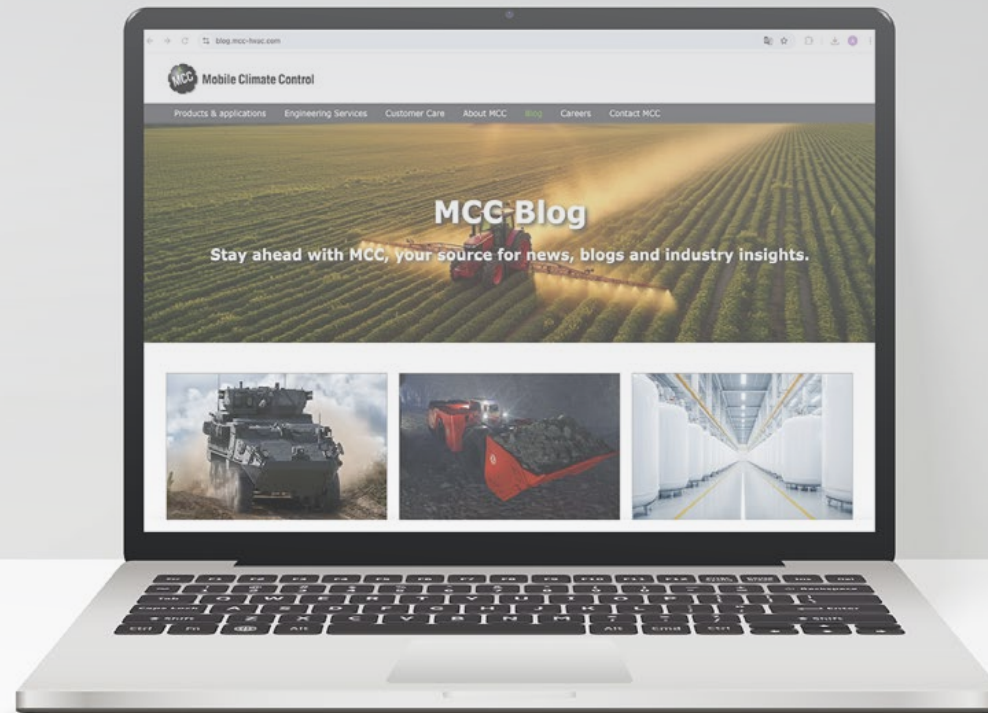
- Continued development of digital marketing in accordance with the concept of inbound marketing for more brands.
- Integration of the newly acquired company Italytec into the Group.

Customer experience in focus with inbound marketing



Inbound marketing is a method in marketing that focuses on creating a tailor-made customer experience by presenting the right information and guidance at the right time based on customer needs, thereby building confidence and long-term customer relationships. Serious efforts were made in 2024 to introduce inbound marketing in the Mobile Thermal Solutions business units, Mobile Climate Control and Bus Climate Control. As part of this strategy, new channels have been established, in the form of blogs, to

reach out to potential customers with valuable and relevant content. At the same time, we are revamping our web sites based on the inbound marketing concept in order to maximize the user experience. We are striving to attract new customers and expand our sales to existing customers over the long term by sharing know-how and useful information about our systems solutions and products. Our ambition is to be top-of-mind when a problem or a need arises with a potential customer.



THREE SUCCESS FACTORS

#2

High customer value in our offering

VBG Group's three divisions offer customers in various industries a breadth of products and solutions for the purpose of promoting a safer society. The driving forces in the industries where the divisions are active – such as electrification, digitization, safety and sustainability – are placing ever stricter demands on VBG Group as a supplier and as a Group. Demands for both product functionality and processes are increasing, and customers prefer to see the delivery of a solution rather than an individual product. Over the last several years, the Group and its divisions have focused on expanding the product portfolio, adding new technologies and automating solutions and procedures. In addition, the existing system offering in the divisions is being developed.

Product leadership and high customer value in products are key conditions for organic growth going forward and for VBG Group 4.0, the Group's strategic development program. The divisions strive for active dialogue with our customers – both end users and various integrators in the value chain. This active dialogue, together with innovation and continual development, creates the conditions for a competitive customer offering.

The Group will focus on continuing to ensure sustainable value chains and to develop and broaden our offering in all divisions, both organically and via acquisitions. We offer our customers the next generation of systems, and are continuing our ongoing journey from component manufacturer to supplier of systems solutions.

Performance in 2024

- Continued development of customized solutions for electric vehicles.
- Expanded offering with Rathi's products, and development of systems solutions.

Focus for 2025–2027

- Supplementary acquisitions of niche leaders in Truck & Trailer Equipment and Mobile Thermal Solutions.
- Develop digital functionality in the product offering.

Increased freight capacity with Megatrem

In 2024, Truck & Trailer Equipment launched its new Megatrem application to facilitate transportation of larger and heavier loads in one trucking rig using the Ringfeder coupling. This innovative high-tech application will facilitate connecting up to three trailers with a higher total load capacity than had previously been possible.

Megatrem's fully automatic technology and pneumatic system makes it easy for drivers to safely disconnect any section of the rig with the simple push of a button, which makes their daily work easier.

To minimize the risk of the trailers jackknifing and overturning, Megatrem allows a certain amount of free rotation in all three axles, thereby ensuring a safer working environment for the drivers and reducing the risk of damage to their trucks.

Megatrem is a prime example of a solution that, through innovation, not only increases customer value and traffic safety but also reduces our climate footprint.

"Streamlining road freight is important from a sustainability perspective. When more goods can be transported with the same vehicle, emissions decrease compared to transporting an equivalent amount with several vehicles," says Christina Holgerson, EVP Corporate Responsibility for VBG Group.



THREE SUCCESS FACTORS

#3

Diversified customer base

Through the Group's diversified business structure, VBG Group ensures a broad customer base while increasing the Group's risk spread. From having been a supplier oriented solely on freight transport, over the last several years our customer base has expanded into a large number of industries, now encompassing four different areas of operation: people, goods, offroad and industry. The strategic balancing of the portfolio has shifted the Group from transportation supplier to industrial group.

The shift is a central part of VBG Group 4.0, in which the Ringfeder Power Transmission division and its platform have played a key role and will continue to do so going forward. The characteristics of the division are important to VBG Group's business structure from a perspective of the business cycle and financial stability as well as from a perspective of expansion and future growth. Ringfeder Power Transmission's establishment in new markets has provided both the division and the other divisions the opportunity to reach new customers.

VBG Group's customer base is most easily outlined through the Group's four sales channels: OEM, dealers (sometimes owned by VBG Group), integrators and end customers, with OEM being the largest channel accounting for 64% of sales. Increased customer demand for more customized industrial solutions not only leads to growth in the core business but also creates conditions for an expanding aftermarket business. Going forward, the Group will focus on growing its aftermarket business and consolidating the presence of VBG Group in the value chain. The Group will also focus on structural growth, continued expansion of VBG Group as an industrial Group and further diversification of its customer base.

Performance in 2024

- New customers for the Group via the acquisition of Rathi Transpower.
- In 2024, we continued to expand the Group outside Europe and North America.

Focus for 2025–2027

- Supplementary acquisitions in all divisions.
- Expanded customer offering in the after-market business.

Acquired Rathi Transpower exceeds expectations

Late in 2023, VBG Group acquired the Indian company Rathi Transpower, which is now part of the Ringfeder Power Transmission division. This acquisition has expanded and strengthened our product portfolio with coupling products and coupling solutions for advanced industrial applications.

Despite challenging macroeconomic conditions, in its first year in the Group Rathi Transpower performed in accordance with high expectations, with both sales and earnings performing positively.

Rathi's product range complements Ringfeder Power Transmission's existing products and strengthens the Group's global offering. At the same time, the acquisition allows Rathi to grow in new markets in accordance with our growth strategy and agenda for development.

Moreover, with a production base in India, VBG Group has strengthened its presence in the expanding Asian market and improved its possibilities for reaching new customers regionally.





FINANCIAL PERFORMANCE

2024 – a strong year

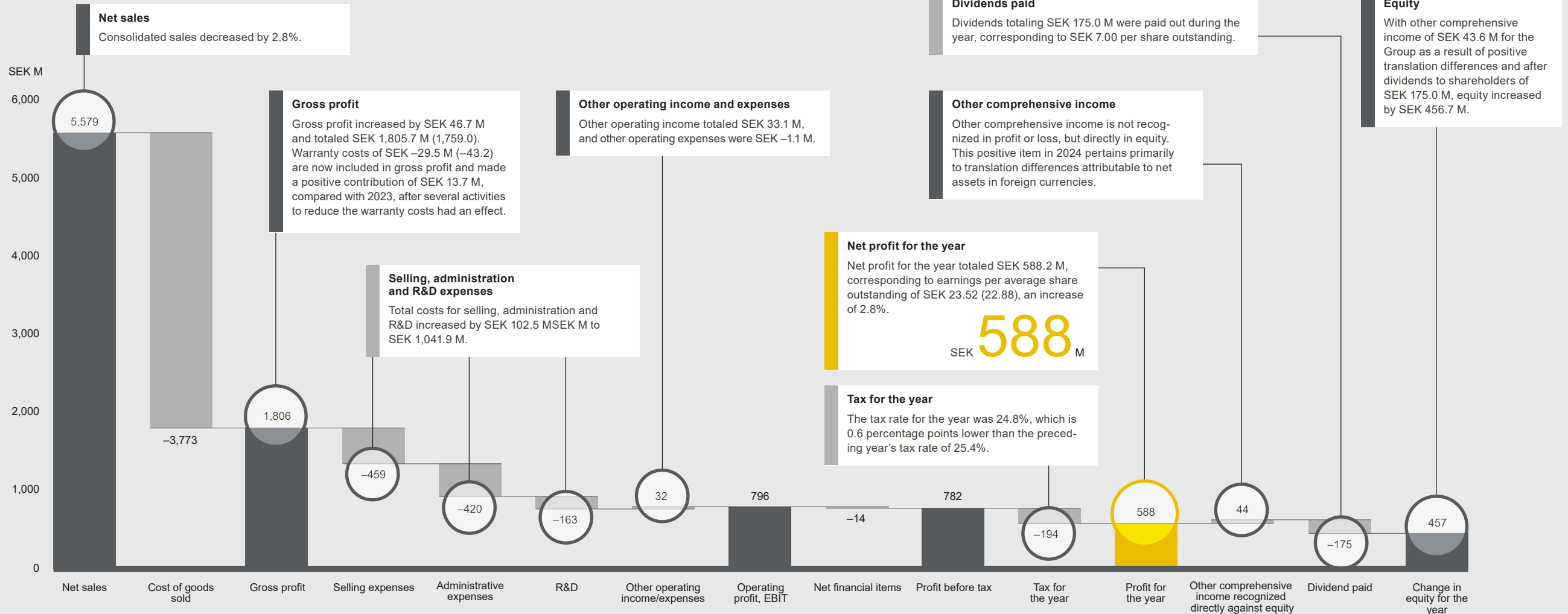
- Second-best yearly earnings in the Group's history
- Strong cash flow
- Increased equity/assets ratio, profitability and equity

EARNINGS PERFORMANCE

2024 – the second-best year in VBG Group's history

For VBG Group, 2024 was a year of stagnating growth – organic growth was –4.6%. 2024 was marked by flagging demand for the Group's products, particularly in North America and in the Mobile Thermal Solutions division. Ringfeder Power Transmission posted strong growth, supported by Rathi Transpower.

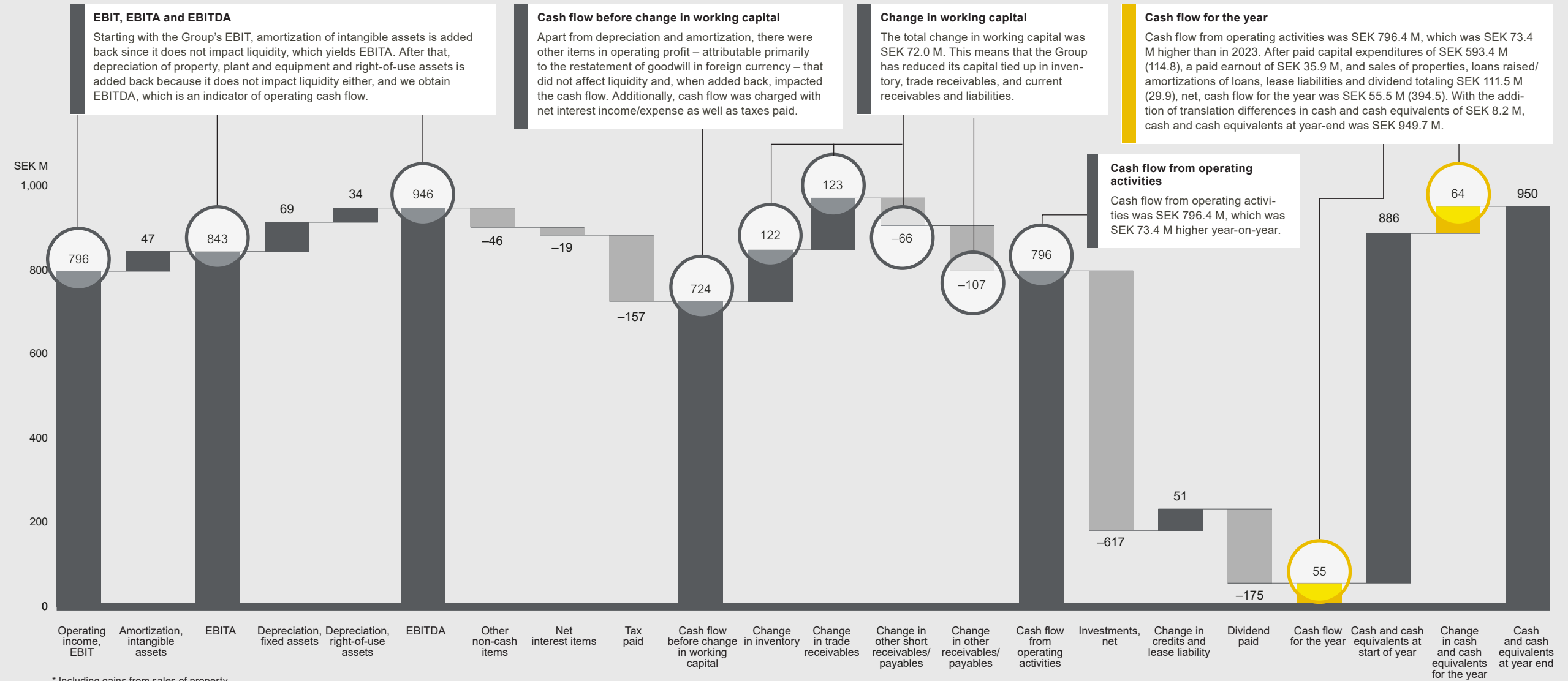
The Group's positive product mix and good cost control made 2024 VBG Group's second-best year.



CASH FLOW PERFORMANCE

Strong cash flow for 2024

VBG Group summed up 2024 with its highest level of investments ever, and – despite that – a strong cash flow. The high level of investments is attributable largely to the acquisition of land in Toronto for the purpose of establishing a new production facility for Mobile Thermal Solutions.



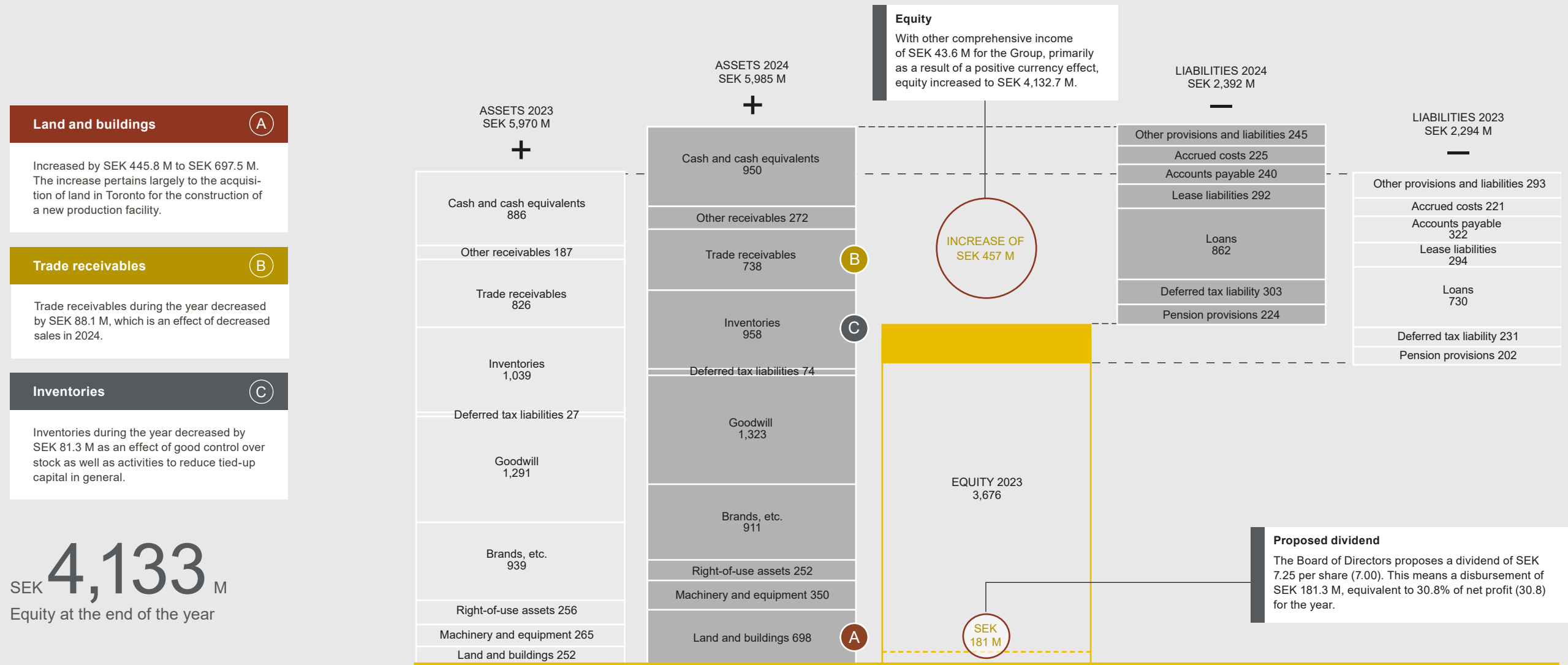


FINANCIAL POSITION

Stable financial position

Equity and the equity/assets ratio increased during 2024 as an effect of the robust earnings. The increase in profitability is the result of streamlining production.

VBG Group's stable financial position means security, and creates scope for future development and investments.





RISK

Risk management
strategy based on
continual risk analyses

RISKS AND RISK MANAGEMENT

Diversification promotes risk spread

All business operations are associated with risk. Risks that are not properly managed can lead to damages and loss for the company, whereas risks that are managed effectively can lead to opportunities and increased value creation for the company's stakeholders.

Through an effective acquisition and portfolio strategy, VBG Group has built up a stable Group with a diversified business structure. Diversification reduces our total exposure to business risks and provides us with a healthy underlying risk spread. Decreased demand in individual industries and in individual markets can now be offset by the Group's broad international spread and customer base.

The ability to identify, evaluate, manage and monitor risks constitutes a key component of the governance and control of our operations. The purpose is to achieve the Group's goals through properly considered risk-taking within established frameworks.

VBG Group's decentralized business model is a major strength for the Group. The Parent Company and Group Management are responsible for overall governance but local decisions are made at the operational level, which promotes better customer dialogue and increased flexibility. Risks are assessed and evaluated locally in the

respective divisions. The majority of risk management concerning operating environment takes place in the management systems of the respective divisions. The Division Management teams and Group Management are in close continual dialogue concerning changes in the risk landscape for the divisions.

Group-wide risks

VBG Group has mapped and highlighted 22 risks based on the following groups: strategic risks, operational risks, compliance risks and financial risks.

- Strategic risks are the external factors that could impact the Group's operations such as climate change, new technology, fluctuations in the business cycle and politics.
- Operational risks are risks that VBG Group can largely control and prevent on its own, and concern primarily

our relationships with customers and suppliers, our facilities and our employers.

- Compliance risks deal with the fact that VBG Group is covered by laws and ordinances that are important to comply with, such as zero tolerance toward corruption, support for human rights, regulations pertaining to the environment and health and safety, and various competition regulations.
- Financial risks pertain to factors such as interest-rate and currency risks that could negatively impact the Group's earnings. Moreover, there are financing and liquidity risks – meaning the risk of not being able to meet the Group's capital requirements via cash and cash equivalents or credit facilities – as well as credit risks.

[Read more about financial risks in Note 3 on page 88 >](#)

The Group's risk management process

VBG Group has an established risk management procedure aimed at providing an overview of the risks and how they are managed, as well as facilitating monitoring of risks.

1 Assessment of risks and opportunities

Risks are assessed and evaluated locally in the respective divisions and in the Group-wide functions.

2 Consolidation of risks and opportunities

The divisions' evaluations are compiled at the Group level and evaluated.

3 Group Management review

Group Management reviews the consolidated assessment twice a year (in February and June), and uses the risk summary in producing and implementing VBG Group's strategy.

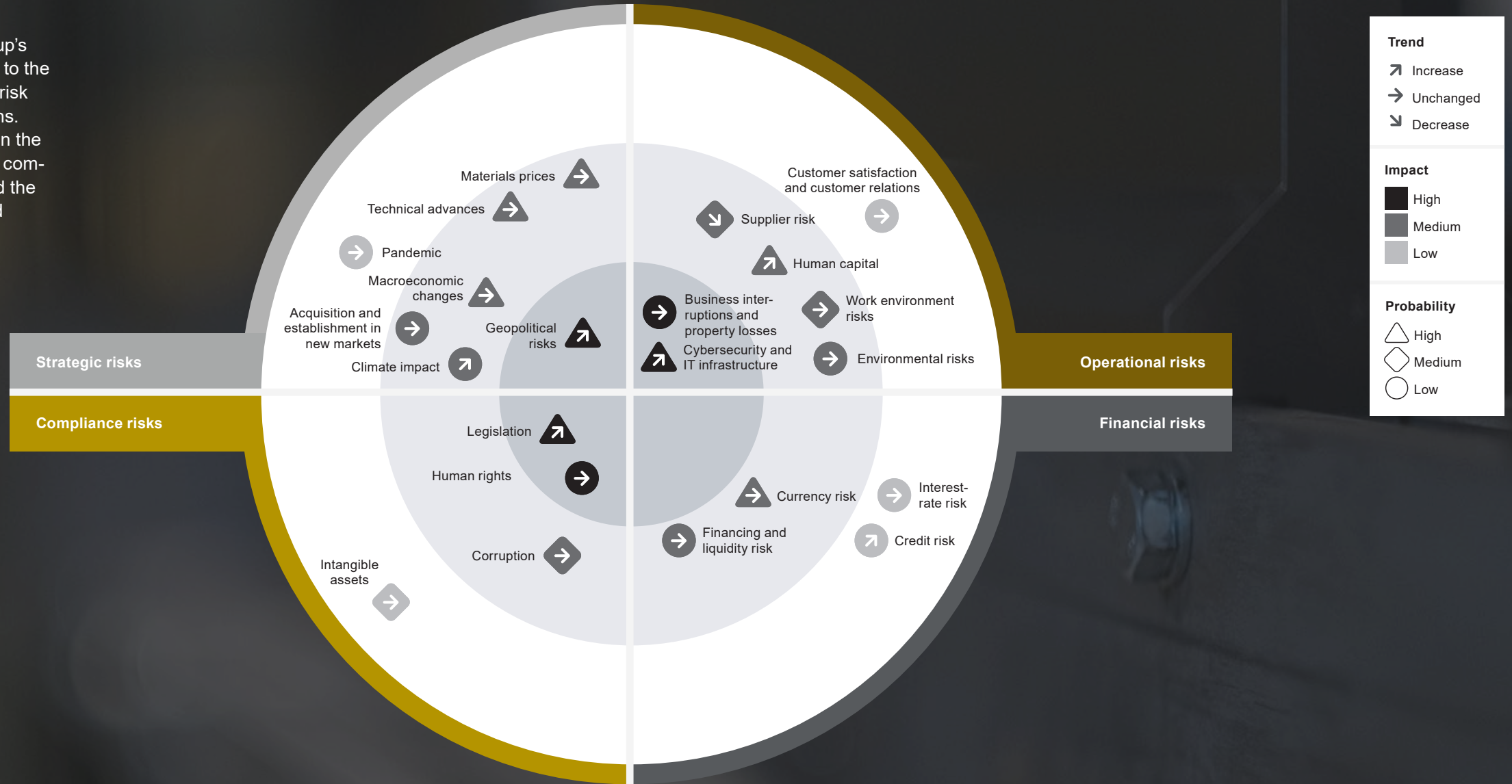
4 Audit Committee Development and implementation of strategy

Risk owner
Annual Report

- The compiled risk assessment is shared with the Audit Committee.
- The Audit Committee is updated regularly throughout the year concerning any changes to the risk assessment.
- An overview of the risk assessment is shared externally in the Annual Report.

RISKS AND RISK MANAGEMENT

This model illustrates the Group's risks. The closer a risk area is to the center, the greater impact the risk has on VBG Group's operations. The arrows show the change in the risk that we have experienced compared with previous years, and the symbols indicate the likelihood of occurrence.





RISKS AND RISK MANAGEMENT

Strategic risks		
Description of risk		How VBG Group manages the risk
Materials prices The Group's production is dependent on a number of raw materials and intermediate goods. The most important raw materials are steel, cast iron, plastic and aluminum. Price increases or raw material shortages can have an adverse impact on consolidated profit.		Price agreements with the Group's raw material suppliers normally extend over six months. The VBG Group strives to establish long-term relationships with its suppliers in order to ensure continued deliveries during times of shortage. We avoid lengthy customer contracts. Through our strong brands and products with high customer value we can distribute price increases onward to our customers.
Technical advances Rapidly changing technology can create new solutions for meeting customers' and partners' needs, thereby changing the market.		VBG Group works closely with its customers and partners to capture changes in requirements. We work continually with research and development, investing 3.6% of sales in technical advances. We participate in local and global collaboration projects in research and development, and we are active in new legislation to understand developments and to be part of influencing them. We have strategic initiatives in place to increase the digitization of our operations and our marketing and sales channels.
Macroeconomic changes Fluctuating demand can lead to limitations on capacity or underutilization of resources, which could have a negative effect on earnings and financial position. One part of VBG Group's products is oriented on traditionally cyclical industries such as heavy commercial vehicles as well as various industrial segments such as the steel and mining industries.		VBG Group manages these risks by conducting own operations in 15 different countries and sales in a further 50 countries, which results in a broad customer base in both the private and public sectors. After-market sales account for approximately 23% of Group sales, which helps dampen the fluctuations. To cope with the variations in demand, the Group tries to increase flexibility in its production. Our order backlogs with standing orders from customers are normally short, but thanks to close customer relationships the VBG Group is well informed about its customers' long-range plans.
Geopolitical risks Political instability, armed conflicts, sanctions or social unrest can impact the Group's opportunities for conducting business and damage the Group's operations.		VBG Group endeavors to identify and monitor vulnerabilities and changes. Suitable measures are implemented to prevent, alleviate or avoid the effects. We are careful with establishments in high-risk countries. Geopolitical risks in the Group's primary markets in Europe and North America increased in 2024.
Climate impact Global warming entails physical risks such as extreme weather, flooding, and shortages of materials and energy. This could impact both production and facilities. Climate change also leads to transition risks such as changes in demand, higher raw materials prices and new legislation.		In-depth operation-specific analyses and risk assessments are being carried out by all production facilities and suppliers for purposes of prevention. Measures to adapt operations to climate change are being implemented, and employees are trained regularly to ensure the right competence concerning climate risks.
Pandemic The outbreak of global pandemics such as COVID-19 could lead to extensive disruptions of the global economy and change both circumstances and business conditions.		VBG Group is working actively on scenario planning. By being prepared for various scenarios, we can act rapidly and implement activities that protect both our operations and our employees.
Acquisition and establishment in new markets The risk of unsuccessful evaluation and integration of acquisitions, and establishment in new markets.		VBG Group has an active acquisition and internationalization strategy in which the acquisition object and new markets are carefully evaluated in a tried and tested procedure involving external advisers. Both Group Management and the Board of Directors are involved in the acquisition procedures from the start, and the evaluations are conducted on a stand-alone basis and contain no synergies. Through its representatives in Group Management and the Board, VBG Group has solid, documented experience in industrial acquisitions and establishments in new markets.

Trend

- Increase
- Unchanged
- Decrease

Impact

- High
- Medium
- Low

Probability

- High
- Medium
- Low



RISKS AND RISK MANAGEMENT

Operational risks		
Description of risk		How VBG Group manages the risk
Business interruptions and property losses Damage to production plants caused by fire, for example, can have negative consequences in the form of both direct property damage and business interruptions that make it more difficult to meet customer obligations.		Continuous efforts are being made in preventive maintenance and improvements to loss prevention. Investments are made where risks are found, and the Group carries full insurance cover against both business interruptions and property losses.
Cybersecurity and IT infrastructure Threats to the company's IT environment via cyberattacks. Increased proportion of digitized operations increases vulnerability.		We continually test the efficiency of our protective mechanisms and invest in new solutions to meet changing threats. We are boosting information security awareness and training our employees. We protect internal systems by having practices and procedures in place that are designed to protect networks, computers, information and software against attacks, damage and hacking. We carefully evaluate risks when choosing new solutions.
Supplier risk Limitations and disruptions in the supply chain that interfere with our operations.		Suppliers are continually evaluated, and proactive measures are implemented in order to establish a stable, flexible supply chain.
Environmental risks Protect health and the environment so that our operations do not negatively impact our immediate surroundings.		We work proactively on reviewing our environmental risks and reducing our environmental impact. Our goal is for all of our facilities to be ISO 14001 certified. The Group has satisfactory environmental insurance for all locations where it operates.
Work environment risks Employees' risk of physical or mental injuries.		Active prevention is in progress to make the work environment safe. All incidents and accidents are reported and monitored, and remedial action is taken. We partner with employer organizations and have a zero-tolerance vision for accidents. Our workplaces must be associated with physical and mental safety.
Human capital The capacity to attract, recruit and retain talent with the right competence.		We work actively on being an attractive employer. We have clear, established recruitment procedures. We believe in diversity and inclusiveness. We offer personal development through training. Through our partnerships with schools and universities, we secure know-how and future talents. We actively review how we localize our operations so that we have the possibility of recruiting personnel.
Customer satisfaction and customer relations Our customers choose other solutions.		We protect our market position by working closely with our customers and offering products with high customer value. We have strong brands in distinct niches. We also work to have a diversified customer base.

Trend

- Increase
- Unchanged
- Decrease

Impact

- High
- Medium
- Low

Probability

- High
- Medium
- Low



RISKS AND RISK MANAGEMENT

Compliance risks

Description of risk

How VBG Group manages the risk

Human rights

The risk of the occurrence of discrimination and all forms of slave, forced or child labor in our organization or among our suppliers.



Our zero tolerance approach to discrimination and all forms of slavery, forced labor or child labor is clarified through information, training and internal regulations (the Code of Conduct). We impose the same stringent requirements on our suppliers as we do on ourselves.

Corruption

Corruption and breaches of business conduct – in the Group or among suppliers – could damage VBG Group's reputation and business operations.



Corruption is prevented through information, training, internal regulations (the Code of Conduct) and monitoring – for example, audits, employee surveys and our whistleblower service.

Risks related to intellectual property rights

Risks related to intellectual property rights pertain to instances in which competitors infringe on the Group's patents as well as instances in which the VBG Group infringes on patents held by competing companies.



To minimize these risks, the patent situation is monitored closely and continuously. Our own innovations are protected by patents to the greatest extent possible. We have a procedure through which we monitor and protect our patents as needed, and the procedure also involves external advisors where necessary.

Legislation

The business is impacted by new requirements and legislation. Non-compliance could result in both costs and a negative impact on our reputation and brands.



VBG Group carefully monitors developments in legislation, regulations and ordinances that are applicable to the respective markets where the Group operates. Changes in operations in order to comply with new requirements are promptly implemented. We employ advisers and conduct training for key individuals in order to remain updated concerning new requirements. We have a management system for establishing suitable procedures and routines so that operations are conducted in accordance with applicable regulations, laws and ordinances as well as internal policies.

Trend

- Increase
- Unchanged
- Decrease

Impact

- High
- Medium
- Low

Probability

- High
- Medium
- Low

Financial risks

Financial risks are described in Note 3 on page 88.



CORPORATE GOVERNANCE

Governance that
promotes continuity



FROM THE CHAIRMAN OF THE BOARD

Strong position for future growth

2024 was my first year as Chairman of the Board. I bring many years of experience as a Board member and CEO of VBG Group to this role. Stepping into this role as a former CEO enables continuity in the governance of this company, while the Board and I believe that the present Group Management should be given the freedom and scope to renew the company and its operations – naturally, with the support of the Board. I am grateful for our shareholders' confidence, and personally it has been tremendously exciting to step into this new role.

A business environment that demands flexibility and readiness to act

During the year, we were faced with continued geopolitical turbulence that impacted raw materials and energy prices, as well as supply chains and key interest rates. We also saw shifts in political power in several countries – in particular, in the world's largest economy: the US. Together with the prevailing climate challenge, this highlights the importance of readiness to act, and VBG Group needs to continue creating flexibility in the organization and its offering, with a focus on sustainability.

We have also seen the geopolitical tensions reflected in the increasing trend to secure supply solutions that are more regional in nature. The investment in a new plant in Toronto is tangible proof of how VBG Group has strategically invested and adapted its operation on the basis of active business intelligence.

Stable base with possibility of continued investments

After many years of unexpectedly high stability, the economic cycle weakened in the second half of 2024. Despite this, the Group posted impressively good earnings for the full year. Over time, successful activities in our divisions have resulted in increased geographical expansion into more markets and new customized industrial solutions in more branches and segments. This, together with such strategic initiatives as the investment in the Toronto facility and good cost control, means that VBG Group is today in

a stable and financially good position. The breadth of the operation mitigated the company's sensitivity to economic fluctuations, and the fact that – as of this writing – the Group has a low level of indebtedness means that, as I see it, we are in a position of strength with conditions for flexibility and continued strategic investments going forward.

Active efforts and development for a safer society

VBG Group was founded with the intention of promoting a safer society. This purpose lives on today. Through our operations and our industrial solutions, we are playing a vital social role, impacting millions of people and other operations every day. This promotes good business opportunities, but also entails great responsibility. We members of the Board regard continued governance of the operations and development of our offering from a sustainability perspective – with a focus on increased safety – as central. Group Management is actively pursuing these efforts on the basis of our sustainability agenda with support and monitoring from the Board, who are thereby also continually trained in subject-specific matters. The priority for the company is working on regulatory compliance and achieving a high level in its sustainability activities and sustainability reporting, even before it becomes a legal requirement.

Engagement in sustainability matters is a large and growing phenomenon in the Group. Brief digital training courses in sustainability are continually being held so that everyone can develop and work in the same direction. Sustainability activities are thus of topical importance throughout the VBG Group, and I am convinced that – with continued efficient governance of the same – our joint efforts will promote both additional business opportunities and a safer society.

Growth through continued internationalization

The overall Group strategy of growth through internationalization holds firm. As part of this strategy, our activities are based on two fundamental orientations: expansion into new markets and segments through the existing product

offering, and product development and offerings of new products to existing markets and segments. The opportunities for organic growth are good, but we are also actively engaged in acquisitions to further strengthen the Group. In addition to this, we are also seeing good possibilities for expanding the aftermarket offering in all three of the Group's divisions. The goal is to grow sustainably, with good profitability, with each division – in accordance with the Group's decentralized model – pursuing its own strategies in line with the overall Group strategy.

The geographical presence for the Group is broad, with the priority going forward being growth outside the existing core markets of North America and Europe. The ambition is to further strengthen the Group's position in the key markets of Brazil, India and China.

Successful corporate governance creates conditions for the future

VBG Group's corporate governance is characterized by continuity, with clear goals and strategies. The Board of Directors supports, validates and monitors, with focus during the year being on addressing such strategic issues as the investment in Toronto, but sustainability is also a standing item on the agenda at Board meetings.

Today, the company is well positioned with a successful business. The corporate culture is based on decentralization, which is a key element of the management strategy. In combination with a long-term, enduring ownership structure and financial stability, this means the company and the Board are facing positive challenges going forward. Challenges in the form of creating flexibility in the capacity for adapting and developing the operations, and in using our strong financial position for future acquisitions and major investments, with possibilities for sustainable and profitable growth.

Given the growth target we have set and the Group's strategic orientation, I am looking forward, together with the Board, to continuing to develop governance for a larger company.

In conclusion, I would like to thank Group Management and all of VBG Group's employees, as well as the other stakeholders, for their efforts and for their confidence over the past year. Together, we are building a stronger VBG Group for the future in parallel with promoting a safer society.

Anders Birgersson
Chairman of the Board



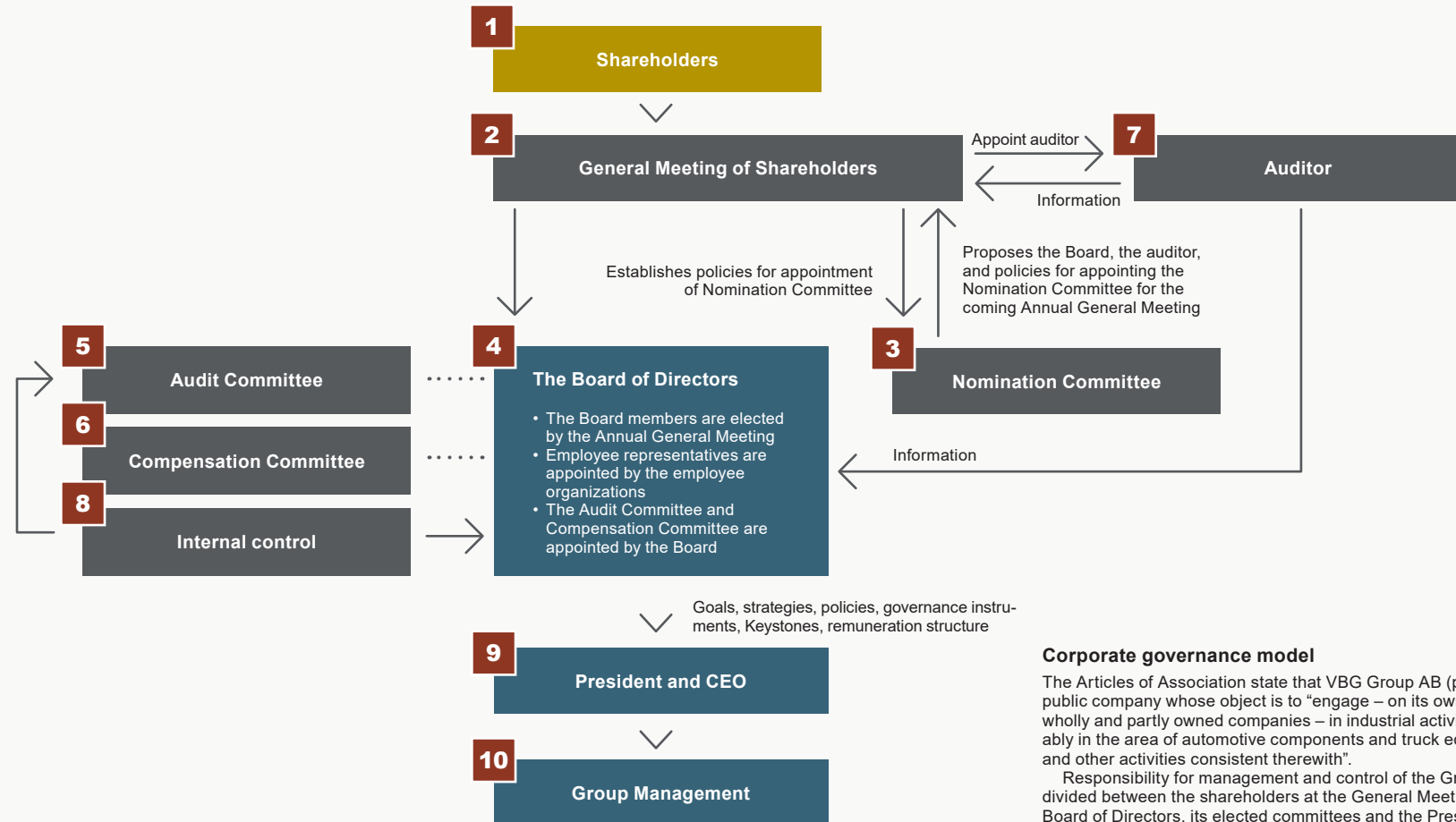
CORPORATE GOVERNANCE REPORT

Corporate Governance Report 2024

Swedish Corporate Governance Code

VBG Group AB is a Swedish limited liability company whose Series B shares have been listed on the Stockholm Stock Exchange since 1987, where they are traded on the Nasdaq Stockholm Mid Cap list. VBG Group AB has applied the Swedish Corporate Governance Code (the Code) since January 1, 2009.

The Code is a part of corporate Sweden's self-regulation and is based on the "comply or explain" principle. This means that companies that apply the Code can choose not to comply with certain rules but must explain the reason for each non-compliance.



External governance instruments

- Companies Act
- Annual Accounts Act
- Nasdaq Nordic Main Rulebook of Issuers of shares
- Swedish Corporate Governance Code

Internal governance instruments

- Articles of Association
- Board of Directors Rules of Procedure
- Instructions for the President, the Audit Committee, and the Compensation Committee, and financial reporting
- Policies

Corporate governance model

The Articles of Association state that VBG Group AB (publ) is a public company whose object is to "engage – on its own or through wholly and partly owned companies – in industrial activities, preferably in the area of automotive components and truck equipment, and other activities consistent therewith".

Responsibility for management and control of the Group is divided between the shareholders at the General Meeting, the Board of Directors, its elected committees and the President under the provisions of the Swedish Companies Act, other laws and ordinances, rules governing stock market companies, the Articles of Association and the Board's internal governance documents.

The task of the Nomination Committee is to present proposals to the Annual General Meeting (AGM) on behalf of the shareholders for election of a Chairman and other members of the Board of Directors as well as proposals for fees and other remuneration for Board work and auditors' fees. The Nomination Committee shall also submit nominations for election of an auditor based on discussions in the VBG Group's Audit Committee and the Board of Directors.

The Board of Directors bears ultimate responsibility for the organization of the Group and administration of its operation. Furthermore, the Board appoints the CEO – who is also the President – of VBG Group. The President manages the Group's routine operations in accordance with the Board's guidelines.

CORPORATE GOVERNANCE REPORT

1 Shareholders

The share capital in VBG Group AB amounted to SEK 65,490,060 on December 31, 2024, distributed among 2,440,000 Series A shares and 23,756,024 Series B shares, where each Series A share carries ten votes and each Series B share carries one vote, except for the 1,191,976 Series B shares repurchased by VBG Group AB in 2002. This amounts to a total of 25,004,048 shares outstanding with a total of 46,964,048 votes.

At the end of 2024, VBG Group AB had a total of 11,750 shareholders. At year-end, the ten largest owner groups controlled 66.52% of the share capital outstanding, 63.49% of the total number of shares issued and 82.17% of the votes. The stake held by the largest shareholder, the Herman Krefting Foundation for Allergy and Asthma Research, amounted to 22.6% of the outstanding share capital and 28.3% of the votes. Other shareholders with more than 10% of the votes were the SLK Employees' Foundation and the VBG-SLK Foundation, whose holdings of Series A shares represented 24.2% and 10.4% of the votes, respectively.

More detailed information on the share, the ownership structure, and so on is provided on pages 115–118.

2 General Meeting of Shareholders

The highest decision-making body in VBG Group AB is the General Meeting of Shareholders. The AGM, which is held within six months of the end of the fiscal year, adopts the financial statements, resolves on a dividend, elects the Board of Directors and the auditors and establishes their fees, considers other statutory matters, and passes resolutions on proposals from the Board of Directors and the shareholders.

Notice convening the AGM is given not earlier than six and not later than four weeks prior to the meeting. The notice contains information on notification of intention to attend and right to participate in and vote at the meeting, an itemized agenda with the matters to be discussed, and information on the proposed dividend and the main content of other proposals. Shareholders or proxies can vote for the full number of shares held or represented.

Notice convening an Extraordinary General Meeting where the Articles of Association will be addressed shall be given not earlier than six weeks and not later than four weeks prior to the meeting. Notice convening other Extraordinary General Meetings shall be given not earlier than six weeks and not later than two weeks prior to the meeting.

Proposals to the meeting should be addressed to the Board of Directors and submitted in good time before notice convening the meeting is given. Information on shareholders' rights to have matters addressed at the meeting is provided on the web site, www.vbggroup.com/en

Annual General Meeting 2024

VBG Group AB's AGM was held on May 2, 2024. Shareholders were able to participate in the AGM through their presence at the meeting (in person or by proxy) or by voting in advance (postal voting). The notice to attend the AGM and the form for postal voting provided by the company were made available on the web site. The minutes from the AGM can be found on the VBG Group web site. There are also details on meetings from previous years.

Among the resolutions passed at the 2024 AGM are the following:

- A dividend of SEK 7.00 per share is to be paid
- Re-election of Board members Louise Nicolin, Peter Augustsson, Mats R. Karlsson, Anna Stålenbring, Anders Birgersson and Anders Erken (President and CEO)
- Election of Anders Birgersson as new Chairman of the Board
- Johnny Alvarsson was thanked for his 20 years of service on the Board
- The AGM resolved on fees to the Board of SEK 2,140,000 (2,305,000); the number of members decreased by one compared to the preceding year. The fees were proposed as follows: SEK 700,000 (680,000) to the Chairman of the Board and SEK 300,000 (285,000) each to the other Board members. Of the total fees, SEK 180,000 (150,000) is to be paid to the Audit Committee and SEK 60,000 (50,000) to the Compensation Committee, to be distributed by the Board of Directors. No fee is paid to the President. Auditor fees are proposed to be paid as billed, upon approval, for work performed.
- Policies for remuneration to and terms of employment for senior executives
- Re-election of audit firm Ernst & Young for a period of one year
- Authorizing the Board to resolve on one or more occasions up until the 2025 AGM that treasury shares can be transferred, notwithstanding the shareholders' pre-emption rights, and that non-cash payment (apport) can be made for such transferred shares. This authorization enables the Board to use the Company's treasury shares as payment for acquired companies.

On May 2, 2024, it was announced that the 2025 AGM would be held on Tuesday, May 13, 2025 at the company offices in Vänersborg.

3 Nomination Committee

Appointments to the Nomination Committee are governed by the policies for appointing and instructing the Committee. The Nomination Committee will consist of the Chairman of the Board and three members appointed by the three largest shareholders in terms of voting rights at the end of the third quarter of every year.

The task of the Nomination Committee is to present proposals to the Annual General Meeting (AGM) on behalf of the shareholders for election of a Chairman and other members of the Board of Directors as well as proposals for fees and other remuneration for Board work and auditors' fees. The Nomination Committee shall also submit nominations for election of an auditor based on discussions in the VBG Group's Audit Committee and the Board of Directors.

When the Nomination Committee nominates a Chairman and other members of the Board of Directors, it shall issue a statement to the effect that the nominated individuals are to be regarded as independent in relation to the company and the executive management as well as major shareholders in the company. The Nomination Committee's proposals shall be given to the VBG Group far enough in advance so that the proposal can be presented in the notice convening the AGM and at the same time on the VBG Group's web site.

The Nomination Committee strives for an even gender balance and diversity in terms of breadth of qualifications, experience and background, which is also reflected in the current composition. The Nomination Committee applies rule 4.1 of the Swedish Corporate Governance Code as its policy for diversity on the Board. Half of the members of the Nomination Committee are independent in relation to the company, the executive management and the shareholder with the most votes, the Herman Krefting Foundation for Allergy and Asthma Research.

Based on the three largest shareholders in VBG Group AB in terms of voting rights at the end of the third quarter of 2024. The following were appointed to the Nomination Committee ahead of the 2025 AGM:

- Göran Bengtsson, Herman Krefting Foundation for Allergy and Asthma Research, also as the Chairman of the Nomination Committee
- Anders Birgersson, Chairman of the Board of VBG Group AB
- Richard Torgerson, Nordea Funds Ltd.
- Erik Hallengren, SEB

CORPORATE GOVERNANCE REPORT

4 Board of Directors

The Board of Directors is elected by the shareholders to manage the company's affairs in the best interest of the company and its shareholders. The Board is ultimately responsible for management and organization of the company as well as control of reporting. The members of the Board of Directors are elected annually by the AGM for the period up until the next AGM. VBG Group AB has not established a specific age limit for the Board members nor a time limit for how long someone may sit on the Board.

Composition of the Board of Directors

The 2024 AGM elected Board members Anders Birgersson, Peter Augustsson, Louise Nicolin, Anna Stålenbring, Mats R. Karlsson and Anders Erkén (President). Anders Birgersson was elected Chairman of the Board and no Deputy Chairman was elected. There is a presentation of the Board members and their assignments on pages 42–43. Johnny Alvarsson resigned as Board member and Chairman of the Board in conjunction with the AGM.

In addition to the seven members elected by the AGM, the trade unions Unionen/Swedish Association of Graduate Engineers/Ledarna and IF Metall each appointed one member and one deputy member.

Independence of the Board

Prior to the AGM, the Nomination Committee assesses the independence of the Board. All Board members except Anders Birgersson and Anders Erkén, President and CEO, are independent in relation to the company and its major shareholders. The Board is thereby deemed to have fulfilled the requirement for its independence.

The work of the Board of Directors

The work of the Board follows an annual plan dedicated to satisfying the Board's needs for information. In all other respects, the work of the Board is subject to the special rules of procedure the Board has adopted governing the division of responsibilities among the Board, its committees, and the President. According to the adopted rules of procedure, the Board of Directors holds eight ordinary meetings per year, including the statutory meeting follow-

ing the AGM. The Board is also called to attend Extraordinary Meetings whenever the situation warrants. Company officers take part in Board meetings as rapporteurs, and the company's EVP & Group Chief Financial Officer (CFO) also serves as secretary.

The Board of Directors routinely evaluates the work of the President, and at least once a year the work of the President is evaluated without the presence of any member of Group Management. The Board of Directors also conducts an evaluation of Board activities once a year. The Board of Directors of VBG Group prioritizes sustainability initiatives, and Group Management has been given overall responsibility for governing and monitoring a sustainable approach throughout the Group. The Board of Directors is ultimately responsible for the preparation of, as well as the contents of, the Sustainability Report.

The Board of Directors routinely monitors the efficiency of the VBG Group's structure for governance and control using the information they obtain through Group Management and the Board committees. At every Board meeting, the economic situation, financial position and sustainability activities of VBG Group are addressed, as well as the strategies following from them. Group Management and business area management are monitored in a similar manner.

The company's auditor reports his observations every year based on his review and gives his assessment of the company's internal control.

Board activities in 2024

Prior to each Board meeting, an agenda is sent out to the Board members along with in-depth information on the business at hand. Twelve (eleven) meetings were held during the 2024 fiscal year, of which four (February, April, July and October) were held in connection with the publication of the company's quarterly reports. One meeting was held in March to adopt the 2023 Year-end/Annual Report and the annual statutory Board meeting was held immediately after the AGM in May. The Board's annual trip for 2024 was to the Czech Republic, where they visited Truck & Trailer Equipment's operation in Kamenice as well

as Ringfeder Power Transmission's operation in Dobřany. The business plan for 2025 was adopted at the December meeting. Other meetings dealt especially with questions concerning the operation, investments and updates on the economic situation owing to events in the business environment.

Role of the Chairman

The Chairman organizes and leads the work of the Board of Directors so that it complies with the Swedish Companies Act, other laws and ordinances, rules governing stock market companies (including the Code) and the Board's internal governance documents.

The Chairman monitors the company's operations via continuous contacts with the President and is responsible for ensuring that other Board members receive relevant information and documents. The Chairman is responsible for the activities of the Board being properly organized and pursued efficiently, and that the Board fulfills its obligations. The Chairman also ensures that an annual evaluation is conducted of the work of the Board and the President, and that the results of this evaluation are communicated to the Nomination Committee.

According to the by-laws of the shareholder in the VBG Group AB with the most votes, the Herman Krefting Foundation for Allergy and Asthma Research, the company's Chairman shall be a member of the board of the Foundation.

Board committees

The Board of Directors appointed both an Audit Committee and a Compensation Committee for the period up until the 2025 AGM.

5 Audit Committee

At the statutory Board meeting in May 2024, the Board of Directors appointed an Audit Committee consisting of Anders Birgersson and Anna Stålenbring, with Anna Stålenbring as Chairman. In 2024, the Audit Committee held three meetings of record, one before and two after the statutory Board meeting.

The Audit Committee has a supervisory role with regard to the company's system for internal control and risk management of the financial reporting and sustainability reporting. The Committee's Chairman maintains ongoing contact with the company's auditors in order to ensure that the company's internal and external accounting meets the requirements imposed on a listed company and to discuss the scope and content of the audit work.

The Committee had consultations with and received reports from the company's external auditors on three occasions in 2024. The auditors' reports have not occasioned any special measure on the part of the Audit Committee.

6 Compensation Committee

At the statutory Board meeting in May 2024, the Board of Directors appointed a Compensation Committee consisting of Anders Birgersson (chairman) and Mats R. Karlsson. The Committee had two meetings during 2024 where it discussed remuneration and other terms of employment for the President and senior executives in the Group. The President was co-opted, but did not participate in the discussion when remuneration to the President was addressed.

The principle applied within the Group is that the manager's supervisor should approve decisions in compensation matters. A presentation was made at the AGM of the Board's proposal for guidelines for remuneration to the President and other senior executives. The AGM adopted the guidelines in accordance with the Board's proposal. Information on the Board's proposal to the 2024 AGM for guidelines for remuneration to the President and senior executives is provided on pages 45–46.

Information on remuneration in 2024 is provided in Notes 8 and 9 on pages 91–92.

CORPORATE GOVERNANCE REPORT

7 Auditors

The auditing firm of Ernst & Young AB was elected by the 2024 AGM as auditor for a period of one year, with authorized public accountant Andreas Mast as auditor in charge.

The audit includes a statutory annual audit of VBG Group AB's annual accounts, a statutory audit of the Parent Company and all significant subsidiaries (where required), an audit of internal report packages, an audit of the year-end closing and a general review of one interim report. Reviews of internal control are included as a part of the work.

In the autumn, a meeting and dialogue is held with Group Management and, where necessary, the Chairman of the Audit Committee for analysis of the organization, operations, business processes and balance sheet items for the purpose of identifying areas involving an elevated risk of errors in the financial reporting. A general review of the year-end closing is performed for the period January–September. Routine and early warning reviews are conducted in September and October. The interim report for the third-quarter accounts is also reviewed in October. Meetings with Group Management and the Audit Committee are held in October, where observations from reviews conducted and material issues ahead of the final accounts are reported. Review and audit of the year-end and annual reports is performed in January–March.

During 2024, in addition to the audit assignment, the VBG Group consulted Ernst & Young AB, primarily on guidance related to acquisitions. The amount of remuneration paid to Ernst & Young AB in 2024 is shown in Note 9 on page 92. Ernst & Young AB is obligated to assess its independence prior to providing independent advice to the VBG Group in addition to its auditing assignments.

Report on internal control

The Board of Directors is responsible for internal control, which is regulated in the Swedish Companies Act and the Swedish Corporate Governance Code. The Code also contains requirements for external communications regarding how internal control pertaining to financial

reporting is organized. This section contains the Board's annual report on how internal control, in so far as it pertains to financial reporting, is organized and complies with the reporting instructions for the CEO.

The VBG Group's financial reporting complies with the laws and rules that apply to companies listed on the Stockholm Stock Exchange and the local rules that apply in each country where business is conducted.

Besides external rules and recommendations there are internal instructions, directions and systems, as well as an internal division of roles and responsibilities aimed at good internal control in the financial reporting.

8 Internal control

Control environment

The Board of Directors' responsibility for internal control is regulated in the Swedish Companies Act, the Swedish Annual Accounts Act (SFS 1995:1554) and the Code.

Efficiency in Board work is the foundation of good internal control. The Board's rules of procedure, and the instructions for the President and the Board's committees, ensure a clear allocation of roles and responsibilities for efficient management of the operation's risks. VBG Group's control environment forms the basis of internal control and consists of organizational structure, instructions, policies, guidelines, reporting and defined areas of responsibility.

The Board has overall responsibility for the internal control of the financial reporting. The Board of Directors has adopted written rules of procedure that clarify the Board's responsibility and define the division of labor between the Board and its committees. Through the Audit Committee, the principal task of the Board of Directors is to ensure that established principles for financial reporting and internal control are complied with and that good relations are maintained with the company's auditors. The Board of Directors has prepared an instruction for the President and agreed

on the economic reporting to the Board of Directors of VBG Group AB.

The President and the Group's CFO report the results of their internal control work to the Chairman of the Audit Committee, who subsequently brings relevant issues and observations to the attention of the Audit Committee for possible decision on proposed measures.

VBG Group AB's essential governing documents in the form of policies, guidelines and manuals are, to the extent they pertain to the financial reporting, kept continuously updated and communicated via relevant channels to the Group companies.

Systems and procedures have been created to provide the management with the necessary reports concerning business results in relation to established objectives. The necessary information systems are in place to ensure that reliable and up-to-date information is available for the management to be able to perform its duties in a correct and efficient manner.

Risk assessment

On the Board, the Audit Committee bears primary responsibility for routinely evaluating the Parent Company's risk situation. The company routinely conducts a risk assessment to identify risks in all areas of the operation. Risks pertaining to financial reporting are assessed and monitored by Group Management and the extended management team – as well as the Board of Directors – through the Audit Committee, based on assessments made by management through identifying material risks and how they are to be managed and counteracted. Assessment and control also include operational management for each reporting unit, with monthly meetings being held with operational management. The extent to which the risk exists that errors will arise in the financial reporting is assessed based on a range of criteria such as the complexity of the accounting policies, policies for measuring assets and liabilities, complex or changed business conditions, and so on. The risks identified, along with the required

mitigating control objectives, are compiled into a framework for internal control pertaining to financial reporting.

Internal control of the financial reporting

Financial statements are prepared monthly and quarterly in the Group, the divisions and their subsidiaries. In conjunction with this reporting, analyses are conducted with comments and updated forecasts aimed at ensuring that the financial reporting is accurate. Accounting functions and business controllers with functional responsibility for accounting, reporting and analysis of financial developments are found in the Parent Company and at division and major unit levels.

The VBG Group's internal control work is aimed at ensuring that the Group fulfills its financial reporting goals. The financial reporting shall:

- be accurate and complete and comply with relevant laws, rules and recommendations
- provide a fair and true description of the company's business
- support a rational and informed valuation of the business.

In addition to fulfilling these three goals, internal financial reporting shall provide support for correct business decisions at all levels in the Group.

Information and communications

VBG Group's governing documents for financial reporting comprise guidelines, policies and manuals to ensure completeness and correctness in external communications. Internal information and communications have to do with creating an awareness among the Group's employees concerning external and internal governance instruments, including powers and responsibilities. Information and communications regarding internal governance instruments for financial reporting are available for all concerned employees. Other key governing instruments are training courses and the Group-wide intranet.

CORPORATE GOVERNANCE REPORT

Control activities

The Group's companies are organized into three divisions. The management group of each division includes the division's CFO, who has a central role for analysis and follow-up of the division's financial reporting and earnings. The Parent Company has an employee who works on the consolidated financial statements, and routinely analyzes and follows up on the financial reporting from the Group, divisions and subsidiaries. The Parent Company's CFO is responsible for optimizing cash management (the Group's handling of cash, cash equivalents and foreign currency) and communicates with all the companies in the Group.

A finance conference is held at regular intervals, to which key persons from the subsidiaries are invited in order to review important areas such as financial reporting, internal control and cash management. All the companies are linked up to and report to the Group's consolidation system.

Follow-up

The Board of Directors is informed on a monthly basis about the Group's development in terms of sales, earnings and other key events and activities through a report from the President and the CFO. On a quarterly basis, in connection with the interim report, the Board of Directors receives comprehensive information regarding the Group's and divisions' performance, earnings, financial position, cash flow and sustainability activities via a report package comprising outcomes, forecasts and comments.

Internal audit

VBG Group has a relatively simple operational structure with three divisions, each consisting of small or medium-sized legal entities with varying platforms for internal control. The Parent Company has appointed a Head of Internal Control, and all three divisions have appointed their own heads of internal control. Compliance with the governance and internal control systems established by the company are regularly monitored by the CFO and the controllers at the division and Parent Company level. In addition, the companies' reporting and economic outcomes are routinely analyzed for the purpose of determining trends.

In view of the above, the Board of Directors has chosen not to have a special internal audit.

10 Operating activities – President

The President is responsible for VBG Group AB's day-to-day administration, and rules established by the Board of Directors govern the President's power of decision regarding investments and financing matters.

President

The President is subordinate to the Board of Directors and is responsible for the company's day-to-day administration and operations. Anders Erkén took office as President and CEO on January 1, 2023. Anders has a background in engineering, has been employed by the VBG Group AB since 2007 and has been active in the engineering industry since 1990 with a focus on logistics, production, senior management at ESAB and Imaje AB, and as a Division Manager for Truck & Trailer Equipment. As President of VBG Group AB, Anders Erkén is also a member of the boards of the Herman Krefting Foundation for Allergy and Asthma Research, the SLK Employees' Foundation and the VBG-SLK Foundation, in keeping with the by-laws of the owner foundations.

The President holds 10,095 shares.

10 Group Management

Group Management comprises three persons from the Parent Company: President and CEO (and Division Manager of Truck & Trailer Equipment) Anders Erkén, Group CFO Fredrik Jignéus, and EVP Corporate Responsibility & Group HR Christina Holgerson.

Group Management holds regular monthly meetings and deals with such matters as earnings performance and reports prior to and after Board meetings, strategy and business planning, discussions of goals, investments, internal control, policies and review of the market situation, the economic trend and other external factors that affect the business. Furthermore, Group and division-related major projects are discussed and decided on. To pursue development in Group-wide issues, Group Management has delegated responsibility for sustainability to an interdisciplinary group consisting of representatives for various functions in the Group, and in certain cases representatives of business area management as well. The Sustainability Council pursues sustainability issues within the Group. The Chairman of the Sustainability Council is a member of Group Management and is responsible for sustainability issues. The Sustainability Council has a clear mandate and decision-making system, and reports to Group Management. Read more about our Sustainability Report on pages 47–62.

Internal governance processes

Governance of the VBG Group is based on the vision, business concept and strategies of the Group and its divisions. Under the Board of Directors, the CEO and the Group Management, responsibility for operational activities has been decentralized to three divisions. Responsibility for the coordination of certain functions such as accounting and finance, HR, IT, legal affairs, intellectual property, and acquisition-related matters rests with the Parent Company.

Over the short term, the Group works on one annual business plan (operations and finance) pertaining to our strategic initiatives of growth, profitability and sustainability per division, which are then monitored monthly and for rolling twelve months. With each four-month report, the divisions and the Group provide an outlook for the remainder of the fiscal year. This provides the Parent Company and the Board with the documentation for any decisions on adjustments or the need for necessary measures. For the longer planning horizon, the business plans also contain bigger activities and financial information for an additional two years, which is important for strategic governance and financial planning by the Group over the slightly longer term.

Different business processes such as marketing, sales, purchasing and production are used to manage the operational activities in each division in order to achieve the activity goals that have been established.

Earnings are followed up through regular financial reports, and the results of adopted measures are followed up through supplementary follow-up reports.

Board of Directors







Members	Anders Birgersson	Anders Erkén	Louise Nicolin	Peter Augustsson
Position on the Board	Chairman of the Board	Board member	Board member	Board member
Committee work	Compensation Committee/Audit Committee			
Current position	Professional board member	President and CEO, VBG Group	President and owner of Nicolin Consulting AB since 2011.	Chairman of Peter Augustsson Development AB since 2005.
Education	MSc. Eng., Mechanical Engineering, Chalmers University of Technology. Business economics, University of Skövde.	MSc. Eng., Mechanical Engineering, Luleå University of Technology.	MSc. Eng., Molecular Biotechnology, Uppsala University. Executive MBA, Stockholm School of Business. International Directors Program (IDP-C), INSEAD, Fontainebleau.	MSc. Eng., Mechanical Engineering, Chalmers University of Technology.
Elected	2001	2023	2014	2011
Born	1958	1964	1973	1955
Other Board assignments	Chairman of the Board of Automation, Press and Tooling, A.P.&T. AB; Deputy Chairman of Sparbanken Lidköping AB; Board member of Concil Tranquility 14 AB, the Herman Krefting Foundation for Allergy and Asthma Research, Stiftelsen Gabriel and Stiftelsen Korsvägen.	Board member of the West Sweden Chamber of Commerce.	Chairman of the Board of Sensum AB. Board member of Enzymatica AB, Seafire AB, Optinova Group Ab (Finland) and Atteviks Bil AB.	Chairman of the Board of PA-Development. Board member of Walleniusrederierna AB and Kemphanen Invest AB.
Work experience	President and CEO of VBG Group AB, 2001–2022. Previously actively in various positions within several international engineering groups: ESAB, 1997–2001; SKF, 1989–1997; ABB, 1979–1988.	Branch Manager, Imaje AB 2004–2007. Production and logistics in ESAB AB, 1990–2003.	Consultant in corporate governance, business development and quality assurance. Marketing Manager and Business Area Head at Plantvision 2007–2011. Contractor and consultant in medtech and the pharmaceuticals industry, 1998–.	Has worked in the automotive and component industry since 1978. Saab Automobile AB 1998–2005. SKF AB 1994–1998. Volvo Personvagnar AB 1978–1994.
Remuneration*, SEK	812,000		300,000	300,000
Attendance at Board meetings	12 (12)	12 (12) elected at 2023 AGM	11 (12)	11 (12)
Attendance, Audit Committee	3 (3)			
Attendance, Compensation Committee	2 (2)			
Own shareholding and shareholding of related parties	1,017	10,095	—	1,100
Independent of the company	No	No	Yes	Yes
Independent of major shareholders	No	No	Yes	Yes

* Remuneration approved at the 2024 AGM, including remuneration allocated by the Board from the respective committees.



BOARD OF DIRECTORS

				
Members	Anna Stålenbring	Mats R. Karlsson	Cecilia Pettersson	Alexander Andersson
Position on the Board	Board member	Board member	Employee-elected Board member and employee representative, white-collar employees	Employee-elected Board member and employee representative, blue-collar employees
Committee work	Audit Committee	Compensation Committee		
Current position	Consultant and owner of A Advisory AB since 2015.	Chairman of Mats R. Karlsson & Partners AB since 2017.	Employee in the purchasing and logistics division of VBG Group Truck Equipment AB. Employed since 1998.	Property technician at VBG Group Truck Equipment AB. Employed since 2019.
Education	Bachelor's in Business Administration, Växjö University. Advanced Management Program (AMP), INSEAD, Fontainebleau.	MSc. Eng., Industrial Economics, Institute of Technology at Linköping University.	Three-year economics program.	Upper secondary welding education, Uddevallas praktiska.
Elected	2020	2018	2011	2022
Born	1961	1958	1968	1993
Other Board assignments	Board member of Troax Group AB, Lammhults Design Group AB, Engcon AB and Investment AB Chiffonjén.	Chairman of the Board of Centriair Holding AB. Board member of Fergas Group AB.	—	—
Work experience	Executive positions in the industry, primarily at Itab (1986–1994) and Nefab (1994–2016). Consulting firm, 2016–present.	President and CEO of Axel Johnson International, 2008–2016. President of AxFlow, 2004–2008. Business Area President of Munters Humicool Europe, 1998–2004. Business Area Manager, Primus-Sievert, 1993–1998. Head of Business Development at Sanitec (1990–1993) and Atlas Copco (1985–1990).	—	—
Remuneration*, SEK	408,000	340,000	—	—
Attendance at Board meetings	10 (12)	11 (12)	10 (12)	12 (12)
Attendance, Audit Committee	3 (3)	—	—	—
Attendance, Compensation Committee	—	2 (2)	—	—
Own shareholding and shareholding of related parties	2,000	—	—	600
Independent of the company	Yes	Yes	—	—
Independent of major shareholders	Yes	Yes	—	—

* Remuneration approved at the 2024 AGM, including remuneration allocated by the Board from the respective committees.

Employee-elected deputy Board member**Karin Pantzar**

Deputy Board member since 2010. Employee representative white-collar employees.
Born 1977
Employed at VBG Group Truck Equipment AB since 1998.

Auditor**Andreas Mast**

Ernst & Young AB
Auditor in charge.
Born 1979.
Authorized Public Accountant.
Auditor of the company since 2021.



Group Management



Management	Anders Erkén	Fredrik Jignéus	Christina Holgerson
Current position	President and CEO	EVP & Group CFO	EVP Corporate Responsibility & Group HR, Group Privacy Officer
Born	1964	1978	1965
Education	MSc. Eng., Mechanical Engineering, Luleå University of Technology.	MSc. Econ., Karlstad University.	Engineering, specializing in mechanical engineering, Nils Ericson Upper-Secondary School. Qualified Human Resources Specialist, FEI. Certified data protection officer.
Employed	2007	2020	1986–1996 and from 2000
Work experience	Branch Manager, Imaje AB 2004–2007. Production and logistics in ESAB AB, 1990–2003.	CFO of the Ernström Group, 2016–2020. CFO of Stampen Media, 2015–2016. Investment Manager/ CFO of Stampen Media Partner, 2007–2015. PWC M&A and Corporate Finance consultant, 2004–2007; Audit 2002–2004.	Various positions within the VBG Group, including Design Engineer, Quality Manager Purchasing and Quality and Environmental Manager. Many years of experience from the automotive industry, including in the Brink Group as Quality and Environmental Manager 1996–2000.
Board assignments	Board member of the West Sweden Chamber of Commerce	Secretary of VBG Group AB since 2020.	Deputy Chairman of the Scandinavian Automotive Supplier Association (FKG) since 2019. Board member of FKG since 2012.
Own shareholding and shareholding of related parties	10,095	3,303	—

CORPORATE GOVERNANCE REPORT

Guidelines for remuneration and other terms of employment for senior executives

Scope and application of the guidelines

The 2024 AGM resolved on revised guidelines for remuneration to senior executives. In contrast to the previous guidelines, which were adopted by the 2020 AGM, the proposal mainly involved a change to the criteria for variable remuneration, introduction of a possibility of conditional cash remuneration in conjunction with the acquisition of shares of Series B in the company and, as regards pension benefits, the offer of a further 5% in direct pension. Some editorial changes have also been made

The guidelines pertain to remuneration and other terms of employment for the Group Management of VBG Group and other senior executives. The Board's proposal conforms to the remuneration policies of previous years and is based on agreements already signed between the company and the respective executives. The preparation of remuneration issues is managed by the Compensation Committee, which performs the tasks the Committee has under the Swedish Corporate Governance Code. The guidelines are to be applied to contracted remuneration, and to changes in previously contracted remuneration after adoption by the 2024 AGM. The guidelines do not cover remuneration resolved by the General Meeting such as Board fees and share-based incentive programs.

How the guidelines promote VBG Group's business strategy, long-term interests and sustainability

Briefly put, VBG Group's business strategy within selected product and market segments entails acquiring, owning and developing industrial companies in business-to-business commerce with strong brands and good growth potential. VBG Group strives to be the number one or number two player in these niches. Based on a long-term commitment and with a focus on sustainable growth and profitability, the VBG Group's shareholders will be offered attractive value growth. The business concept is a tried and tested one, having proved very successful over time.

To successfully implement VBG Group's business and sustainability strategy and safeguard VBG Group's long term interests, it will be necessary for VBG Group to recruit and retain management with strong competence and the capacity to reach the goals it has set. This requires VBG Group's ability to offer competitive remuneration. These guidelines promote VBG Group's business strategy, long-term interests and sustainability by providing the company with the possibility of offering senior executives competitive remuneration.

Forms of remuneration

VBG Group's remuneration system must be on market terms and competitive. Remuneration can be paid in fixed cash salary, variable remuneration, pension and other customary forms. Fixed remuneration shall be individual to each senior executive and based on the executive's areas of responsibility and performance. Variable remuneration is to be limited and based on the financial performance of the Group or respective division compared with established goals. For senior executives, the annual variable portion will depend on position and contract. Variable remuneration can total between 33% and 50% of the senior executive's fixed annual salary. Moreover, senior executives must be offered an additional cash bonus, meaning that if the senior executives invest an amount up to half of the variable remuneration paid after tax for the preceding year in the company through acquisition of Series B shares, the senior executives will receive a cash bonus, gross before tax, corresponding to the amount that was invested. Pension benefits in general will correspond to pension benefits as provided by law and collective agreement (the ITP plan). It is, however, possible for the executive to opt for other pension arrangements at the same cost to VBG Group. Pension benefits can amount to a maximum of 35% of the senior executive's fixed annual salary. In addition, a further 5% in direct pension can be offered to senior executives. Other benefits could entail a company car, health care and other similar benefits. Other benefits will comprise a

smaller share of total remuneration, and can correspond to a maximum of 12% of the senior executive's fixed annual salary. For conditions of employment covered by laws and regulations in a country other than Sweden, reasonable adjustments as far as pension and other benefits can be made to comply with compulsory laws or local practices, whereupon the overall purposes of these guidelines must be satisfied to the greatest extent possible.

Criteria for disbursement of variable remuneration

The criteria forming the basis for disbursement of variable remuneration are to be adopted yearly by the Board for the purpose of ensuring the criteria are in line with VBG Group's current business strategy and earnings targets. The criteria may be individual or shared, financial or otherwise and must be designed in a way that they promote VBG Group's business strategy, sustainability strategy and long-term interests, which means the criteria must be clearly linked to the company's business strategy and objectives.

The financial criteria that form the basis of any variable remuneration must be based on improvements of operating profit before tax (EBT) and operating margin targets (EBITA margin, or alternately EBIT margin).

The non-financial criteria forming the basis of any variable remuneration must be linked to clear and measurable operations-related targets, such as ones that benefit the general financial criteria and operating profit. The targets can also be at the level of specific divisions, and linked to the division's business development, business plan or other significant activities decided on by the Board or Group Management. The criteria can also be linked to the employee themselves, for example personal goals to be fulfilled under a performance plan.

The period forming the basis for assessing whether or not the criteria have been met (the measurement period) must be at least one year. The extent to which the criteria have been

met will be determined by the Compensation Committee after the conclusion of the measurement period. The assessment of whether or not criteria have been met must be based on the latest financial information released by VBG Group. The Board of Directors decides on disbursement of variable remuneration in accordance with preparations by the Compensation Committee.

Salaries and conditions of employment for employees

For the purpose of assessing the reasonableness of the guidelines, the Board took salaries and conditions of employment for VBG Group's employees into account when preparing these guidelines. In this connection, the Board of Directors has examined information regarding total remuneration to employees, the forms the remuneration consists of, how remuneration levels have changed over time and at what pace.

Period of notice and severance pay

Senior executives are permanently employed. The period of notice from the company is 6–12 months, and from the senior executive 3–6 months. Severance pay in addition to salary during the period of notice may not exceed the senior executive's fixed annual salary. The sum total of fixed salary during the period of notice and severance pay may not exceed an amount corresponding to the senior executive's fixed salary for 24 months. Remuneration may be paid for a non-competition obligation. Such remuneration must compensate for any loss of income, and will only be paid to the extent the former senior executive lacks the right to severance pay. Remuneration can total a maximum of 60% of the senior executive's fixed salary at the time notice is given, if not otherwise stipulated by law, the mandatory provisions of a collective bargaining agreement or established practice. Such remuneration may be paid during the period the non-competition obligation is in force, which may be a maximum of twelve months after the termination of employment. For conditions of employment



CORPORATE GOVERNANCE REPORT

covered by laws and regulations in a country other than Sweden, reasonable adjustments as far as periods of notice, severance pay and remuneration for non-competition obligations can be made to comply with compulsory laws or local practices, whereupon the overall purposes of these guidelines must be satisfied to the greatest extent possible.

Decision-making procedure for establishing, reviewing and implementing the guidelines

The Board of Directors has established a Compensation Committee tasked with preparing the Board's decisions on issues of remuneration policy, remuneration and other conditions of employment for senior executives; monitoring and evaluating programs for variable remuneration to senior executives, both ongoing and concluded during the year; and monitoring and evaluating the application of the guidelines for remuneration to senior executives that the General Meeting is to resolve on and regarding remuneration structures and levels in VBG Group.

The Board of Directors will prepare proposals for new guidelines when substantial changes to the guidelines are required, but at least once every four years. The Board of Directors will present the proposal for resolution at the AGM. The guidelines will be in force until new guidelines are adopted by the General Meeting.

For the purpose of avoiding conflicts of interest, senior executives will not be present while the Board of Directors addresses and decides on issues related to remuneration, to the extent such issues concern them.

Departure from the guidelines

The Board of Directors may decide to temporarily depart from the guidelines if, in an individual case, there are particular reasons for doing so and a departure is necessary to provide for VBG Group's long-term interests and sustainability, or to ensure VBG Group's financial strength.

Particular reasons may, for example, consist of a departure being deemed necessary to recruit or maintain key persons, or under extraordinary circumstances such as VBG Group achieving a given desired result in less time than planned, VBG Group signing a given agreement in less time and under better conditions than anticipated, or VBG Group increasing in value or increasing its sales or profits to a greater extent than forecast.

Vänersborg, as per the date indicated
by our electronic signature

Anders Birgersson
Chairman of the Board

Anders Erkén
President and CEO

Peter Augustsson
Board member

Louise Nicolin
Board member

Mats R. Karlsson
Board member

Anna Stålenbring
Board member

Alexander Andersson
Employee representative

Cecilia Pettersson
Employee representative

Auditor's report on the corporate governance statement

To the general meeting of the shareholders of VBG Group AB (publ), corporate identity number 556069-0751

Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the year 2024 on pages 37–46 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's standard RevR 16. The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International

Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Gothenburg, as per day of electronic signature
Ernst & Young AB

Andreas Mast
Authorized Public Accountant



SUSTAINABILITY REPORT

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Foundation of our sustainability agenda

VBG Group welcomes the ongoing shift toward a more sustainable world. Business conduct that safeguards people, society and the environment is a prerequisite for being a strong company over the long term. This is important to us and to our stakeholders.

Through our commitment to sustainability, we will fulfill current legislation and regulations such as the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standard (ESRS). As a basis for these efforts, we have our Code of Conduct and our values: the Keystones, which guide us in our business decisions and our actions.



KEYSTONES
CODE OF CONDUCT



OUR SUSTAINABILITY AGENDA

Our sustainability agenda

Business conduct that safeguards the environment and people is a prerequisite for long-term, profitable and sustainable growth. In 2024, VBG Group focused on conducting a double materiality assessment and on preparing the Group ahead of new sustainability requirements. With these measures, we have accelerated our transformation toward a more sustainable future.

VBG Group has been a signatory to the UN Global Compact since 2022, undertaking to work actively on sustainability matters and to submit annual progress reports on our efforts to the UN. We are working to promote the UN's 17 Sustainable Development Goals (SDGs), and our sustainability goals – which were adopted in 2022 – are clearly linked to the targets where we have the greatest impact.



Environment

In this section, we describe the environmental impact we have through our own operations and our value chain. [Read more about our activities in Environment on page 54 >](#)

Significant events in 2024

- Installed solar panels at North Vernon, Kamenice and Beringen. [Read more on page 13 >](#)
- ISO 14001 certification of the facility in Beringen, Belgium. [Read more on page 54 >](#)
- Reduced GHG emissions in Scope 1 and 2. [Read more on page 54 >](#)
- Expanded waste sorting, and sorting fractions for hazardous waste at our facilities. [Read more on page 54 >](#)

Focus going forward

Our focus going forward will be on setting Scope 3 goals and initiating activities to achieve them. Other priority actions are ISO certification of the US facility in Bolton, CT and continuing to optimize the sorting of waste in our facilities.

SDGs where we have the greatest impact



Social

In this section, we describe VBG Group's goals and ambitions in equal opportunity, diversity, human rights, the work environment and equality. [Read more about our activities in Social on pages 55–56 >](#)

Significant events in 2024

- Reduced the number of workplace accidents resulting in a leave of absence. [Read more on page 55 >](#)
- Rathi Transpower donated funds to OSAAT, contributing to Indian girls' right to education. [Read more on page 20 >](#)
- VBG Group Truck Equipment partnered with Vänersborg Municipality to invite all eighth-grade students in Vänersborg to an education day at Universeum in Gothenburg. [Read more on page 20 >](#)

Focus going forward

We are actively increasing safety at our workplaces via expanded reporting and monitoring of workplace accidents resulting in a leave of absence. In addition, we are continuing to focus on expanding diversity by increasing the number of women in our operations.

SDGs where we have the greatest impact



Governance

In this section, we describe how we work with business conduct and regulatory compliance. [Read more about our activities in Governance on page 57 >](#)

Significant events in 2024

- Customized training courses in sustainability. [Read more on page 18 >](#)
- 97.3% of the employees selected underwent our annual Code of Conduct training. [Read more on page 57 >](#)
- Zero reported cases via the whistleblower service that required action. [Read more on page 57 >](#)
- Zero reported cases of discrimination. [Read more on page 57 >](#)

Focus going forward

We have continued our focus on internal preparations for compliance with new sustainability regulations. In addition, there will be focus on compliance with our values – the Keystones – and our Code of Conduct, both among our employees in the Group and among our suppliers.

SDGs where we have the greatest impact





OUR SUSTAINABILITY AGENDA

Joint governance of sustainability

The Group’s sustainability activities are governed in a joint structure with decentralized activities. All three divisions are working toward both the Group’s overall goals and division-specific goals that have been broken down on the basis of materiality.

VBG Group’s sustainability agenda is integral to the company’s overall business strategy. Our overall sustainability governance concerns how we manage social and environmental issues, risks, and opportunities, as well as how we act to minimize our negative impact from a sustainability perspective.

VBG Group’s Board of Directors is responsible for the Group working with a realistic strategy and agenda for sustainable development. Group Management bears the overall responsibility for issues related to sustainability.

Efforts to progress the Group’s strategic goals to measurable activities are carried out by the Sustainability Council.

The Council proposes sustainability goals and target levels for the Group, and also synchronizes the sustainability agenda among the divisions as well as ensuring that there are action plans in place.

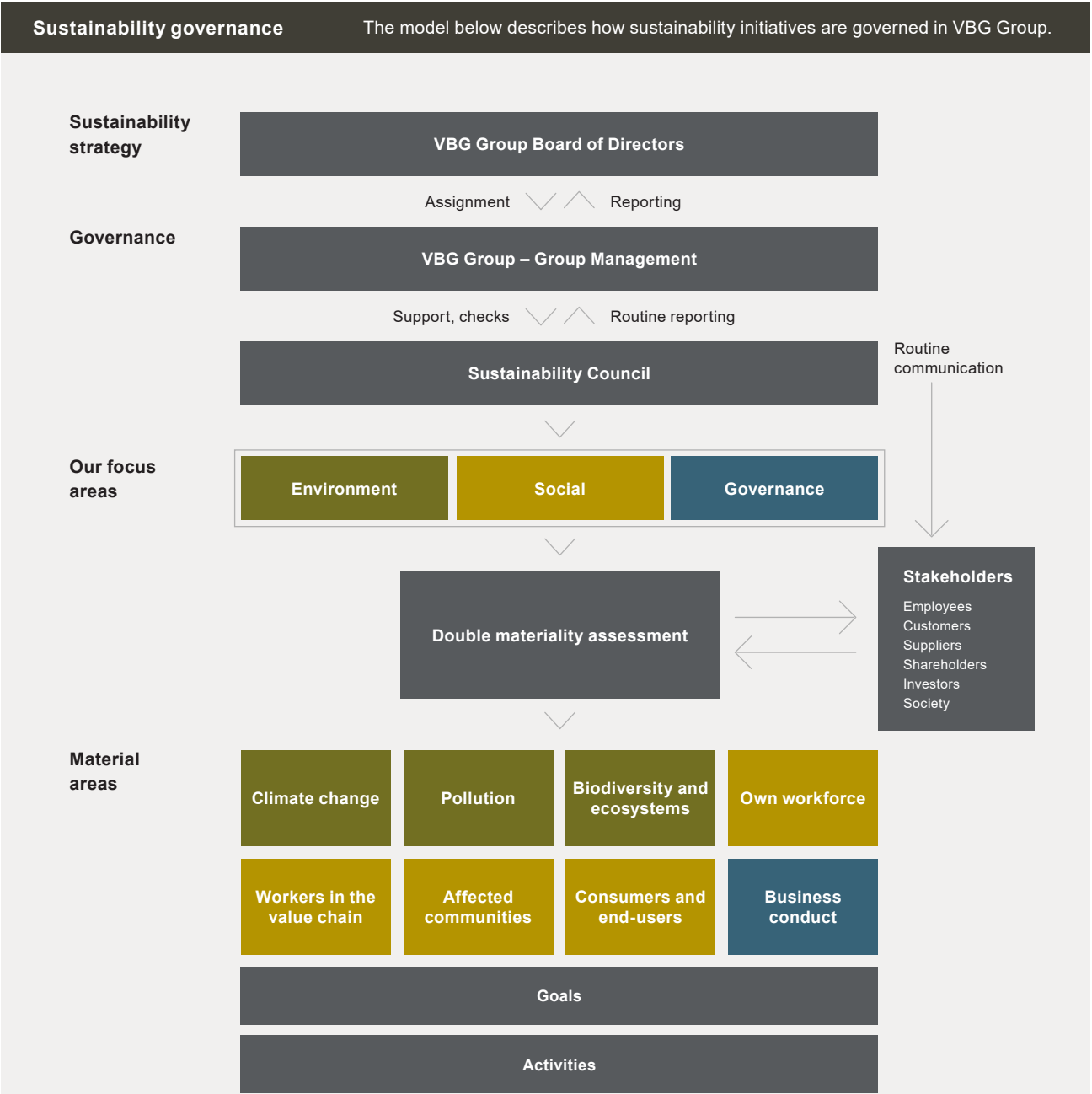
The sustainability initiatives are measured and monitored in three areas: Environment, Social and Governance.

The Sustainability Council, led by the Head of Sustainability for the Group, holds regular meetings where sustainability initiatives are monitored on the basis of established strategy, targets, and activities. In addition to the Head of Sustainability for the Group, the Sustainability Council consists of Head of Sustainability from each division and the Group’s sustainability analysts, as well as the Group’s Chief Communications Officer.

The Head of Sustainability for the Group is part of Group Management, and reports regularly on the sustainability initiatives both to Group Management and further on to the Board of Directors.

Each division is responsible for carrying out established activities and reporting the sustainability data.

The divisional Heads of Sustainability are responsible for reporting on the work and data of the respective divisions, and for reporting on a quarterly basis directly to Group Management through the Division Manager. The Head of Sustainability of each division is jointly responsible with the Division Manager for the division’s sustainability program.



OUR SUSTAINABILITY AGENDA

Governance

VBG Group became a signatory to the UN Global Compact in 2022, and since then we have undertaken to work actively on sustainability matters and to submit annual progress reports on our efforts to the UN. We are working to promote the UN's 17 Sustainable Development Goals, and our sustainability goals – which were adopted in 2022 – are clearly linked to the targets on which we have the greatest impact.

We have chosen to report and structure our Environmental, Social and Governance (ESG) activities with our higher purpose of creating a safer society. As a basis for these efforts, we have our global policies, our Code of Conduct and our values – the keystones.

VBG Group has a decentralized business model with three divisions that are fully responsible for their own results. Our strategic governance model is presented on page 49. There are also a number of governance documents unique to the divisions as the operations differ from one another.

Control environment

The control environment consists of organizational structure, policies and guidelines, reporting, defined areas of responsibility and instructions. Our policies are adopted by the Board of Directors and are applicable to all companies and employees.

The company's governing documents in the form of policies, guidelines and instructions are routinely updated and communicated to all companies in the Group.

VBG Group's most extensive global policy is our Code of Conduct, which describes how we act toward our stakeholders, our colleagues and society. In addition to our Code of Conduct, we also have a number of Group-wide policies for governing social issues and compliance. The Group's shared policies linked to sustainability are listed to the right.

Code of Conduct

The Group's Code of Conduct contains the following chapters:

1. Respect and human rights
2. Compliance with environmental requirements
3. Sound business and regulatory compliance
4. Personal interests versus business interests
5. Protect company information and assets
6. Transparent, responsible communication

The chapter on the environment includes writings on the precautionary principle, resource efficiency, environmental performance, safe handling of hazardous material and emissions and waste management. In addition to the chapter on the environment in the Code of Conduct, there are local environmental policies for the divisions that govern environmental issues under Environment.

Development of policies

The Board of Directors and Group Management continually review and decide on policies that VBG Group should institute at a global level. In conjunction with a decision on instituting a new policy, the heads of function for the respective areas of responsibility are tasked with designing the policy.

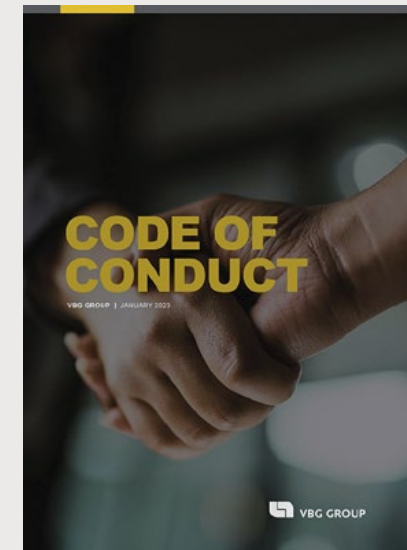
New global policies are adopted by the company's Board of Directors and Group Management. Having a properly functioning decentralized organization with responsibilities and authorizations that are clearly defined, communicated and documents is a material component of VBG Group's control environment. Key components in addition to this are management's approach and policies, and the company's general governing documents.

At the overall Group level, the President and CEO, the Group CFO and the rest of Group Management are responsible for ensuring that the necessary procedures and checks are in place.

Policies linked to sustainability

- Code of Conduct
- Global policy against all forms of discrimination
- Global policy – equality among various gender identities and gender expressions
- Global policy against harassment
- Global integrity policy
- Global travel policy
- Global information security policy
- Whistleblower directive

The Code of Conduct, which takes its starting point in the UN's Responsible Business Initiative, establishes how we relate to one another internally, within the Group, and to our external partners. The Code of Conduct is a fundamental document for both employees and partners. Our new and more comprehensive Code of Conduct was rolled out in 2023, both internally to all employees in the Group and to our suppliers and partners. Each year, we issue an updated and mandatory online training course on the Code of Conduct to all employees, in order to keep their knowledge up to date.



OUR SUSTAINABILITY AGENDA

Sustainable industrial development

VBG Group's sustainability agenda is based on the Group's double materiality assessment. We have established sustainability goals according to where we have the greatest impact as a Group, and what our stakeholders deem most important.

Materiality assessment as a basis

In 2024, VBG Group continued its preparatory activities ahead of new and forthcoming sustainability legislation. To fulfill the requirements that are set through the CSRD and ESRS, we conducted a double materiality assessment to identify material areas where VBG Group is deemed to have actual or potential impact on people and the environment, and/or could give rise to financial impacts for the company.

The double materiality assessment was conducted in partnership with independent external consultants. VBG Group's business model, strategy, governance and procedures, as well as our stakeholders' expectations, have been analyzed. Workshops have been held with internal representatives from various occupational fields, divisions and geographical areas to cover all parts of the organization, as well as various perspectives and experiences of Environment, Social and Governance (ESG).

We have analyzed whether VBG Group causes, contributes to or is directly linked to an impact on people and the environment. The assessment was made on the basis of impact materiality and financial materiality, and we have analyzed actual and potential impact over the short, medium and long term.

In 2024 we adjusted our internal reporting of sustainability data ahead of the start-up for our external reporting, which will take place in 2025, and trained the personnel concerned ahead of their new work tasks.

Stakeholder involvement

Listening to and endeavoring to comply with our stakeholders' expectations is important to us. Through continual dialogue with our stakeholders, we gain an overview of their expectations of us. Our main stakeholders are employees, potential employees, the Board of Directors, owner foundations, shareholders, suppliers and other partners, as well as our customers. Additional key aspects are conducting dialogue with the local communities where we operate, and gaining a deeper understanding of our environmental impact on a higher level.

Our value chain

In our double materiality assessment, we examined our value chain and subjected it to an actuality review, keeping VBG Group's central role in the value chain. The value chain provides important insights and highlights several areas where we are working to expand our knowledge, gather data and increase outside involvement, especially through collaboration with customers, suppliers and partners. We see that a large part of our environmental impact derives from purchased goods.

[Refer to the description of the Group's overall value chain on page 14 >](#)



OUR SUSTAINABILITY AGENDA

Material areas for VBG Group

Based on the double materiality assessment, eight of ten main areas were identified as material for VBG Group. These are divided into the fields of Environment, Social and Governance, as shown in the illustration below. On the basis of VBG Group's material areas, we conducted a gap analysis to identify actions we need to take and procedures we need to implement to fulfill the requirements and report in accordance with ESRS.

Climate change

As a global industrial Group, we regard striving to reduce our climate footprint as self-evident – and just as much an obligation. Transportation and raw materials comprise a large part of our climate footprint, and our primary climate impact is in Scope 3. That is why in 2024 we formulated a draft of goals in Scope 3 that will be adopted in 2025.

We are actively reducing our energy consumption and decreasing our dependence on fossil fuels, thereby promoting a more sustainable future in line with the goals we have set in Scope 1 and 2. Read more about these activities on

page 54. Furthermore, we are creating conditions for more efficient transportation by increasing the load capacity for trucking rigs. Read more about this on page 23.

Of the Group's 15 production facilities, 14 are ISO 14001 certified and promote a reduced environmental impact. The facility in Beringen, Belgium was environmentally certified in 2024, and going forward the focus will be on certifying the US facility in Bolton, CT so that all 15 production facilities are environmentally certified.

In our Code of Conduct, we set requirements on our suppliers to examine, and work to reduce, their climate impact. Our goal is for 100% of our suppliers of direct production material to sign VBG Group's Code of Conduct, and we monitor this on a yearly basis.

Pollution

As an industrial company, it is important that we continually account for our environmental impact and climate footprint in our operating activities, as well as in the continued development of our operations.

It is extremely important that we always comply with current legislation and that – where we have operations that require permits – we also comply with specific regulations and local permits for the operations concerned. Truck & Trailer Equipment's production unit in Vänersborg conducts activities that either require a permit or have a reporting obligation under the Swedish Environmental Code.

As a stage in the effort to reduce pollutants from our operations, we have two sustainability goals linked to reducing the amount of waste. These goals pertain to the period from 2023 to 2030 and stipulate that we must reduce hazardous waste by 50%, and the total amount of waste by 25%, by 2030 (reference year 2022).

[See our status in relation to these goals on page 54 >](#)

Biodiversity and ecosystems

Biodiversity has also been identified in the double materiality assessment as a material area for VBG Group. We are planning to develop a policy and activities to manage effects on biodiversity and ecosystems.

Own workforce

As a global industrial Group with approximately 2,000 employees, VBG Group is a major employer at several locations around the world. We take our responsibilities as an employer very seriously, and we make an active effort to be an attractive employer. This includes offering our employees a safe, comfortable and equitable work environment.

Work environment matters such as safety, competence development, gender equality, discrimination, diversity and inclusiveness – as well as integrity – are priority areas that we are active in and have either policies or processes for.

On the basis of our Code of Conduct and our core values – the Keystones (Overall view, Business orientation, Professionalism and Teamwork) – we constantly strive to maintain a good corporate culture. Together, the Code of Conduct and the Keystones guide us in how we are to act, both internally and externally. Through our whistleblower service, anyone can report irregularities or anything that is not aligned with our company's values.

Material areas

OUR SUSTAINABILITY AGENDA

Workers in the value chain

In the same way that we safeguard a good work environment for our own workforce, through our Code of Conduct we set requirements for our suppliers that all workers in the value chain must have safe and healthy working conditions.

We impose the same stringent requirements on our suppliers as we do on ourselves; namely, to have processes in place to address work environment matters such as safety, competence development, gender equality, discrimination, diversity and inclusion, as well as integrity. This way, we endeavor to ensure safe and secure work environments throughout our value chain.

We have zero tolerance for discrimination and all forms of slavery, forced labor and child labor. Respect for human rights must permeate our value chain.

Affected communities

VBG Group has a history of long-term community engagement. We are a socially responsible employer, and our products promote a safer society. We strive to be a positive force in the communities where we operate by creating job opportunities with a good working environment and promoting economic growth. In addition, the Group's companies and divisions involve themselves in their local communities by supporting charitable projects and various local initiatives. Two examples of this are how Rathi Transpower donated funds to facilitate the renovation of a girls' school in Velliangadu, India, and how VBG Group Truck Equipment invited all eighth-grade students in Vänersborg Municipality to an annual education day at Universeum.

[Read more about this on page 20 >](#)

There is a strong level of community involvement at the ownership level as well. The Group's three largest owner foundations invest their returns into both the community and the Group's employees. When the Group posts good earnings, more funds for the foundations are thereby generated, which ultimately benefits the community through, for example, contributions to allergy and asthma research and through investments in development and increased well-being for employees in the VBG Group globally, both at work and in their private lives as members of society.

Consumers and end-users

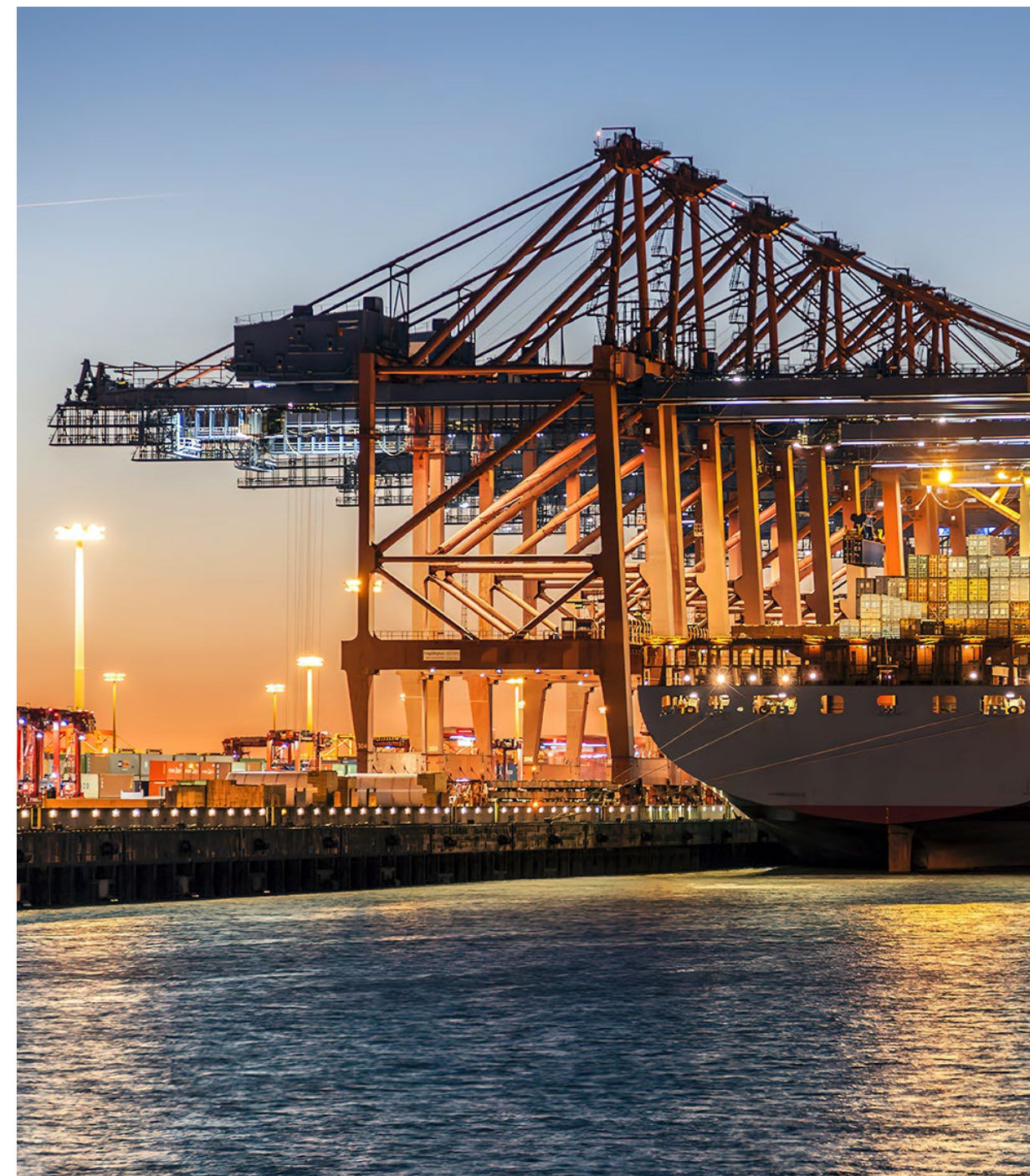
Our customers' opinions of us are crucial to VBG Group's success. For this reason, it is very important for us to continually develop our customer offering and to be sensitive to our customers' needs and wishes. Our products must be user-friendly, have the correct product specifications and fulfill all legal and safety requirements. We nurture long-term and trusting relationships with our customers, and service is therefore an important and priority element of our offering.

To protect and ensure correct processing of personal data, we continually conduct training in IT security for all personnel concerned in the Group.

Business conduct

Poor business conduct in the Group or among suppliers – corruption, for example – could damage VBG Group's reputation and business operations. That is why we actively promote good business conduct and prevent corruption through information, annual training, internal regulations (Code of Conduct) and monitoring through, for example, audits, employee surveys and our whistleblower service.

[Read more about this on page 57 >](#)



ENVIRONMENT



Minimize and optimize the use of resources

We are actively engaged in assessing and minimizing our climate impact, both in own production and among our suppliers. Our solutions are part of this, facilitating electric vehicles, smarter transportation and the production of fossil-free energy.

In our double materiality assessment (see pages 51–53), climate change, pollution and biodiversity and ecosystems were identified as material areas for VBG Group. Our sustainability goals in Environment are intended to reduce our impact in these areas.

Reduce GHG emissions

In 2023, we adopted a goal of a 50% reduction in GHG emissions by 2030 (Scope 1 and 2). We are actively engaged in bringing our energy consumption down and increasing the proportion of renewable energy.

Examples of activities that we carried out to achieve this goal include installing solar panels at three facilities and installing a geothermal heat pump at one facility.

In 2024, we formulated a draft of goals in Scope 3 that will be adopted in 2025.

Reduce the amount of waste

Reducing hazardous waste by 50%, and the total amount of waste by 25%, by 2030 are additional goals of ours. Through better and more efficient use of resources in production, both in-house and among our suppliers, we can jointly minimize the amount of waste.

Environmentally certified facilities

The Group has established routines for monitoring environmental performance, and regularly evaluates potential risks to our operations and products. Truck & Trailer Equipment's production unit in Vänersborg, Sweden conducts activities that either require a permit or have a reporting obligation under the Swedish Environmental Code.

Our goal is for all 15 production facilities to be environmentally ISO 14001 certified. The facility in Beringen, Belgium was environmentally certified in 2024, and 14 of the 15 facilities are thereby certified. In addition to the facilities, the Group hold two additional ISO 14001 certificates. In total, VBG Group also has 20 ISO 9001 certificates and three ISO/TS-IATF1649 certificates.

Biodiversity and ecosystems

Biodiversity has also been identified in the double materiality assessment as a material area for VBG Group. We are planning to develop a policy and activities to manage effects on biodiversity and ecosystems.

Events and focus

Significant events in 2024

- Installed solar panels at North Vernon, Kamenice and Beringen. Read more on page 13.
- ISO 14001 certification of the facility in Beringen, Belgium.
- Reduced GHG emissions in Scope 1 and 2.
- Expanded waste sorting, and sorting fractions for hazardous waste at our facilities.

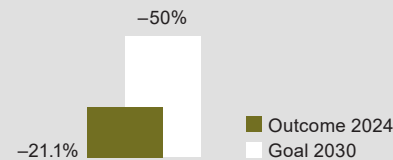
Focus going forward

Our focus going forward will be on setting Scope 3 goals and initiating activities to achieve them. Other priority actions are ISO certification of the US facility in Bolton, CT as well as continuing to optimize the sorting of waste at our facilities and increasing the number of factions for sorting of hazardous waste.

Goals

Greenhouse gases (GHG)

50% reduction of GHG emissions (Scope 1 and 2) by 2030 (reference year 2022).

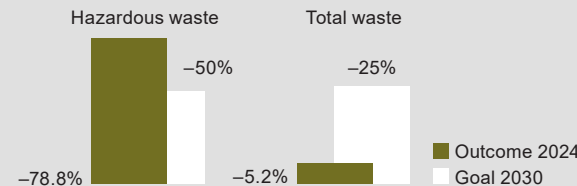


Comments

In 2024, the Group's GHG emissions in Scope 1 and Scope 2 totaled 0.68 tCO₂e/SEK M. Data on GHG emissions is collected in accordance with the GHG Protocol.

Reduced waste

Reduce hazardous waste by 50%, and the total amount of waste by 25%, by 2030 (reference year 2022).



Comments

In 2024, the total amount of waste decreased by 5.2%, and efforts are continuing to further reduce volumes in 2025.

Environmental certification

Our own production plants are to be ISO 14001 certified.



Comments

The facility in Beringen, Belgium was environmentally certified in 2024. With that, only the US facility in Bolton, CT remains to be certified.

SOCIAL



Creating a safer society

VBG Group is a company with well-established community engagement. Our goal is for our products to create a safer society, and for our employees to have a safe and secure workplace. We also work to be a positive force in the communities where we operate.

We are a down-to-earth, stable employer with a long-term perspective; we value a balanced, equitable work environment for our employees. Our corporate culture is reflected in our core values: the Keystones (Overall View, Business Orientation, Professionalism and Teamwork). Along with our Code of Conduct, they guide us in how to act.

Own workforce, workers in the value chain and affected communities as well as consumers and end-users are material areas in the social dimension of sustainability that we identified in our materiality assessment. We pursue our sustainability agenda on the basis of these areas.

Diversity is a strength

New technologies impose new demands on competence in our operations. One challenge for our industry is the limited access to technological and engineering competence, above all among women. We believe that greater diversity in the workplace will yield more angles of approach, a better dynamic and a more energetic work environment. We work actively with recruitment to ensure an equitable workplace and increase the number of women in executive positions in the Group.

Good opportunities for competence development

VBG Group offers the employees in the Group good opportunities for competence development. Individual competence is developed in consultation with the employee's immediate supervisor and is conducted as needed. Focus during the year was on sustainability training. Senior executives are offered a place in the Industrial Management program in the Executive School at KTH Royal Institute of Technology. Two executives were enrolled in 2024. VBG Group's owner foundation, SLK Employees' Foundation, annually awards stipends for further education. 39 stipends were awarded in 2024.

Rewarding, secure work environments

It should go without saying that a workplace should be safe and secure. We have a zero tolerance vision for workplace accidents, and take incidents very seriously. All accidents are carefully investigated by executive management. With a root cause analysis (RCA) as the starting point, an action plan is developed with activities that will

prevent the same type of accident from happening again. The number of workplace accidents decreased in 2024, and we are working to ensure that trend continues.

Human rights

It should go without saying that human rights must be respected, and we have zero tolerance toward discrimination and all forms of slavery, forced labor and child labor.

Events and focus

Significant events in 2024

- Reduced the number of workplace accidents resulting in a leave of absence.
- Rathi Transpower donated funds to OSAAT, thereby contributing to the right of Indian girls to education. Read more on page 20.
- VBG Group Truck Equipment AB partnered with Vänersborg Municipality to invite all eighth-grade students in Vänersborg to an education day at Universeum in Gothenburg. Read more on page 20.

Focus going forward

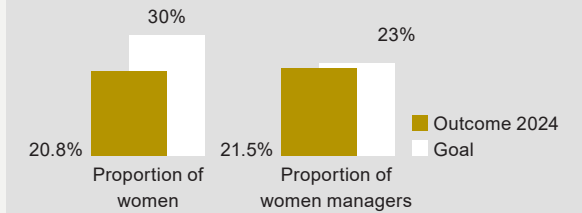
Increasing safety in society is continually in focus in VBG Group. We are also actively working to increase safety at our workplaces via expanded reporting and monitoring of workplace accidents. In addition, we are continuing to focus on expanding diversity by increasing the number of women in our operations.



Goals

Diversity and inclusion

VBG Group will increase the proportion of women to at least 30% by 2030; the number of managers will mirror the total proportion of women in the Group, and the ambition is to always have at least one woman in all management teams. We have zero tolerance towards discrimination.

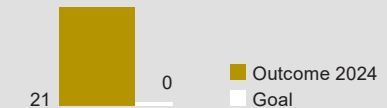


Comments

We strive for a more equitable gender distribution, and endeavor to increase the proportion of women in conjunction with new recruitment.

Safety

Our goal is that no work-related accidents will occur, and we work so that our products create a safer society.



Comments

To reduce the number of work-related accidents, we are expanding the procedures for monitoring accidents and debriefing to Group Management. The number of accidents in 2024 decreased from 26 to 21.

SOCIAL

VBG Group did not receive any reports of crimes against human rights in our divisions' value chains in 2024.

Safety in society

VBG Group was founded to offer safer drawbar couplings. Our offering is larger today, but the fundamental intent remains. Onspot's automatic tire chains permit safe driving on winter roads for essential transportation and emergency services personnel. Mobile Thermal Solutions's climate solutions optimize a safe, pleasant climate for drivers and passengers, and Ringfeder Power Transmission's friction springs dampen vibrations in buildings, which can save lives during earthquakes.

Long-term community engagement

Since its founding, VBG Group has been a socially responsible employer. We are largely owned by three owner foundations that invest their returns in both our employees and society. This is a structure that creates a long-term perspective for the company as well as sustainable investments in society. Our companies and divisions are involved in their local communities through supporting local initiatives and charity projects.

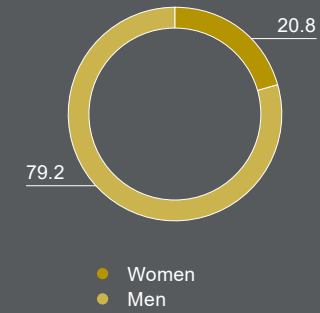
Consumers and end-users

For VBG Group to maximize success, it is extremely important that we continually develop our customer offering and are sensitive to our customers' needs and wishes. Our customers must be able to rely on our products having the correct product specifications, fulfill all legal and safety requirements and are user-friendly. Service is a priority element of our offering, as well as building long-term and trusting relationships with our customers.

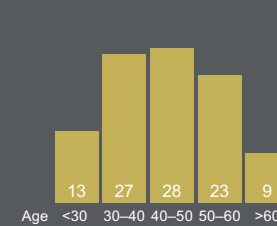
We continually hold training courses in IT security for the personnel concerned, to ensure correct processing of personal data.

Key figures

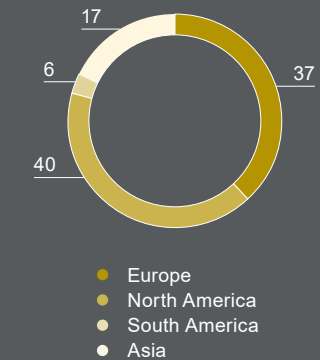
Gender distribution, %



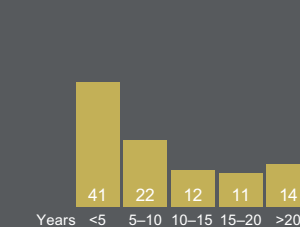
Age distribution, %



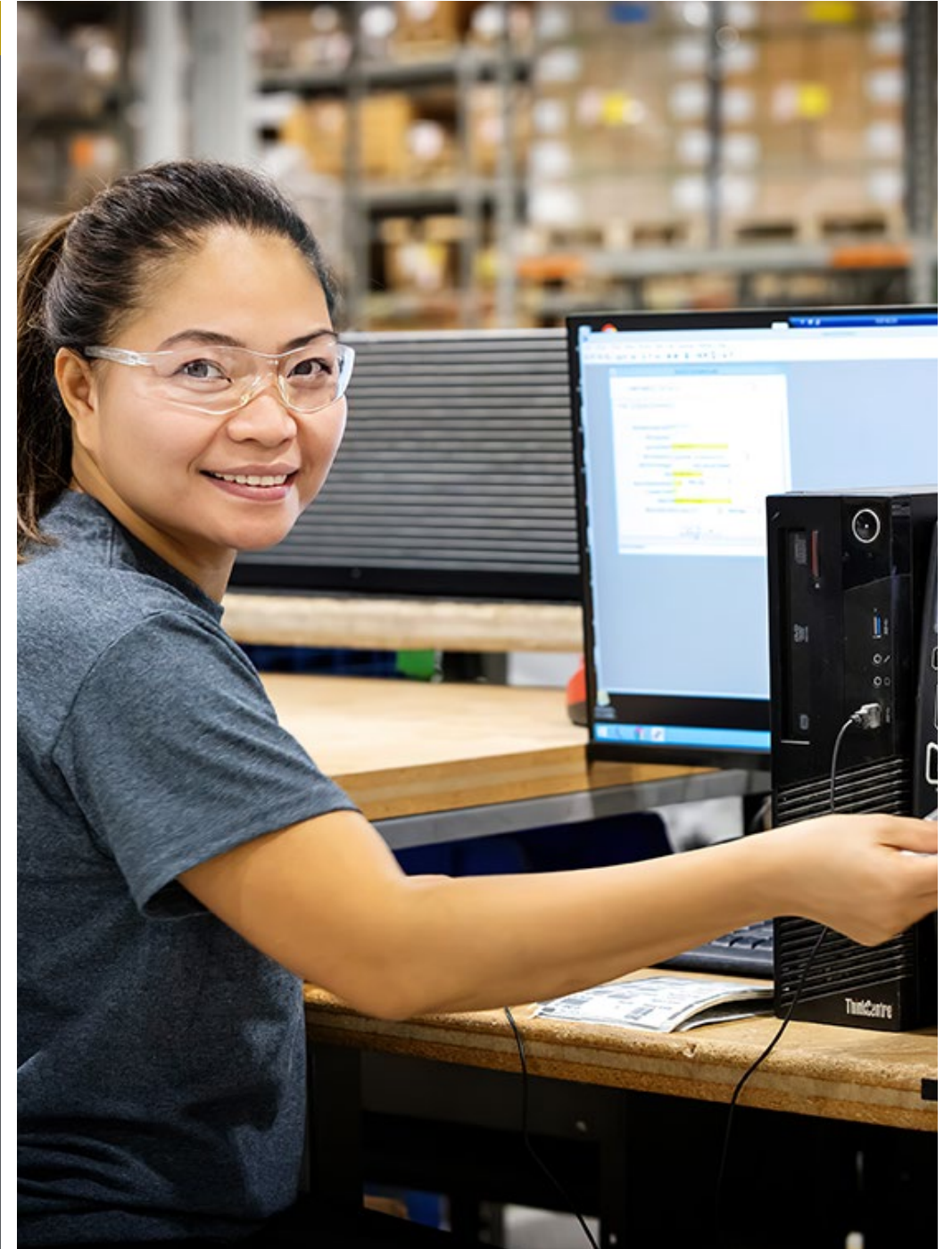
Geographic distribution of employees, %



Length of employment, %



All figures are reported as at the balance sheet date for 2024.



GOVERNANCE



Active efforts to ensure ethical business

By acting honestly and complying with applicable laws and ordinances, we protect and preserve the trust in our Group. Our suppliers must also comply with our values.

In Governance, business conduct is a key – and thus a priority – area for VBG Group.

Our mission is to create a safer society. The Code of Conduct expresses our ethical values and, alongside our Keystones, forms the basis for our actions.

Our Code of Conduct applies to all employees and describes how we are to act and conduct business within VBG Group. It describes our expectations of both employees and business partners, and clarifies what our stakeholders can expect of us.

We take all violations of our Code of Conduct seriously, and such violations could lead to disciplinary measures up to and including termination. We encourage all our employees to speak up when confronted with and to report erroneous behavior.

All of VBG Group's suppliers are expected to comply with standards that are equal to those reflected in our Code of Conduct. All suppliers of direct production material must sign the Code of Conduct.

Responsible business

VBG Group's products and services are found everywhere in society, and we are careful about carrying out our operations responsibly, with transparency and honesty toward all our stakeholders. We are a company that

conducts its business on fair terms, and refuses to engage in dubious business. We comply with current legislation and ordinances in the countries where we operate, as well as with Group-wide standards and policies.

We must have an honest approach in relation to all our stakeholders. Employees in the Group may not take payments, gifts, or other types of remuneration from third parties that could affect their objectivity in decision-making.

Whistleblower service

VBG Group's ambition is to maintain an open business climate and a high standard of business conduct. In our operation, we are committed to ensuring safety and respect for all the people affected by our operation. Through our whistleblower service, anyone can report irregularities or anything that is not aligned with our company's values. Reports can be submitted digitally, or verbally via a toll-free number. All reports are handled confidentially.

All employees are informed of the service, which is available via our intranet and via our external web site. The service is managed by an external party that ensures anonymity and confidential handling.

No cases that led to measures being taken after investigation were reported in 2024.

Events and focus

Significant events in 2024

- Customized training courses in sustainability. Read more on page 18.
- 97.3% of the employees selected underwent our annual training in the Code of Conduct.
- Zero reported cases via the whistleblower service that required action.
- Zero reported cases of discrimination.

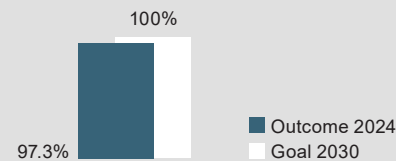
Focus going forward

We have continued our focus on internal preparations for compliance with new sustainability regulations. In addition, there will be focus on compliance with our values – the Keystones – and our Code of Conduct, both among our employees in the Group and among our suppliers.

Goals

Business conduct

We conduct business on fair terms. The objective is for all selected employees to annually undergo the Group's training in the Code of Conduct. 97.3% did so in 2024.



Comments

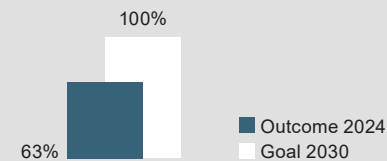
Annual mandatory training in our Code of Conduct is continuing.



Responsible suppliers

100% of the suppliers of direct production material must sign VBG Group's Code of Conduct.

Suppliers who have signed the Code of Conduct

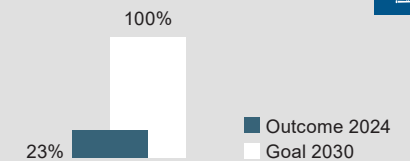


Comments

All divisions actively monitor their suppliers, ensuring that they sign our Code of Conduct.

100% of our largest suppliers must be certified under ISO 14001 or a similar standard by 2030.

Suppliers with environmental certification



Comments

We are focusing on ensuring that our largest suppliers are environmentally certified. 20% of our suppliers account for 80% of the purchase value.



EU Taxonomy

Introduction to the EU Taxonomy

The EU Taxonomy Regulation is a key component of the European Commission's plan of action for financing the transition to a sustainable economy. This constitutes an important step in achieving climate neutrality by 2050 in accordance with the EU's climate targets, since the taxonomy is a classification system for environmentally sustainable operations.

In this section, we report on the proportion of the Group's sales (turnover), capital expenditure (CapEx) and operating expenditure (OpEx) for the 2024 reporting period that are linked to the Taxonomy-aligned economic activities. During the year, we analyzed the forthcoming goals and economic activities for the year, and deemed that these were not applicable to our operations. The table below shows the total impact on turnover, CapEx and OpEx for the Group.

Our economic activities

We have come to the conclusion that our operations do not fall under any of the economic activities that are described in the annexes to environmental objectives 1–6. Since our operations are not covered, the proportion of total turnover of our taxonomy-eligible economic activities is 0% and the related eligible CapEx and OpEx is thus also 0%.

Moreover, the CapEx and OpEx that are reported could also include those that are related to purchases of products manufactured from economic activities that are aligned with the requirements of the Taxonomy, and certain individual measures that make it possible for other operations to become carbon-efficient or lead to reduced greenhouse gases. In 2024, VBG Group conducted a review of whether there could be additional CapEx or OpEx related to purchases from suppliers whose operations are described in the Taxonomy, or individual investments that were described in the Taxonomy. Individual investments are primarily attributable to enhancing the energy efficiency of buildings. VBG Group reviewed its

total CapEx and OpEx for the year, and can state that out of total investments for the year (CapEx) there are purchases from suppliers that are attributable to leases of cars (CCM 6.5) and leases of premises (CCM 7.7), investments in energy-efficient maintenance of buildings (CCM 7.3) linked to ventilation, roof maintenance and outer doors as well as investments in of charging stations for electric vehicles (CCM 7.4) and solar panels (CCM 7.6) that will be added in 2024 as eligible CapEx. There is no eligible OpEx for the year. Refer further to eligible CapEx below. For further information linked to assessments, refer to the paragraph on eligible CapEx below.

Total turnover, CapEx and OpEx

Total turnover is based on our consolidated net sales as described on page 77 in our Annual Report for 2024.

Total CapEx consists of the acquisition (both individual and via business combinations) of property, plant and equipment, intangible assets excluding goodwill, and right-of-use assets during the fiscal year, which are found in Notes 18–20 under Purchases and Companies acquired.

Total OpEx consists of direct uncanceled investments related to research and development, building renovation measures, short-term leases, maintenance and repairs, and other direct expenses related to the daily maintenance of property, plant and equipment.

Eligible CapEx

CapEx included in the numerator comprises primarily future leases pertaining to economic activities attributable to transport by motorbikes, passenger cars, and light commercial vehicles (CCM 6.5) and acquisition and ownership of buildings (CCM 7.7). We have assessed both of these categories as purchases from suppliers whose economic activities are Taxonomy-eligible. Future right-of-use assets in the form of leased premises (CCM 7.7) comprise an extension of existing leases that do not meet the criteria

for being Taxonomy-aligned. Right-of-use assets in the form of leased passenger cars (CCM 6.5) occur via several suppliers, and we have been unable to assess whether these suppliers meet the criteria for being Taxonomy-aligned. In addition to lease commitments, CapEx included in the numerator comprises capitalized investments related to energy efficiency equipment for building maintenance (CCM 7.3) and solar panels (CCM 7.6). Purchases from suppliers can only be Taxonomy-aligned if it can be verified that the respective suppliers have carried out a Taxonomy-aligned activity. Assessment of whether an activity is Taxonomy-aligned also includes assessments of criteria for doing no significant harm (DNSH) to the other environmental objectives, and criteria for minimum safeguards. We can therefore not carry out this assessment ourselves. In 2024, it was not possible to obtain this information from our suppliers, which is why none of the forthcoming investments linked to CCM 6.5 and CCM 7.7 have been deemed Taxonomy-aligned for 2024. Individual investments in 2024 not been deemed to meet all criteria for alignment, and we are working on developing procedures for this.



Summary

2024 in SEK M	Total	Proportion of Taxonomy-eligible but not Taxonomy-aligned activities	Proportion of Taxonomy-aligned activities	Proportion of activities that are Taxonomy-non-eligible
Turnover	5,587.7 (5,747.7)	— (—)	— (—)	100% (100%)
Capex	617.4 (295.8)	1.7% (4.6%)	— (—)	98.3% (95.4%)
Opex	152.7 (127.4)	— (—)	— (—)	100% (100%)



EU TAXONOMY

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities

Financial year 2024	Year			Substantial contribution						DNSH criteria ("Does Not Significantly Harm")										
Economic activities	Code(s)	Turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiver- sity and ecosys- tems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiver- sity and ecosys- tems	Minimum safe- guards	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) turnover, year 2023	Category (Enabling or transi- tional)	Category (transi- tional)	
		SEK M	%	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N		%	E	T
A. TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		—	—																	
Of which enabling		—	—																	
Of which transitional		—	—																	
A.2 Taxonomy-eligible (but not Taxonomy-aligned) activities																				
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL											
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		—	—																	
Total (A.1 + A.2)		—	—																	
B. TAXONOMY-NON-ELIGIBLE ECONOMIC ACTIVITIES																				
Taxonomy-non-eligible economic activities (B)		5,587.7	100.0																	
Total (A + B)		5,587.7	100.0																	

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



EU TAXONOMY

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities

Financial year 2024	Year		Substantial contribution							DNSH criteria ("Does Not Significantly Harm")							Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) CapEx, year 2023	Category (Enabling or transi- tional)	Category (transi- tional)
	Code(s)	Capex	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiver- sity and ecosys- tems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiver- sity and ecosys- tems	Minimum safe- guards			
		SEK M	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		—	—																
Of which enabling		—	—																
Of which transitional		—	—																
A.2 Taxonomy-eligible (but not Taxonomy-aligned) activities																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Transport by motorbikes, passenger cars, and light commercial vehicles	CCM 6.5	0.9	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.0%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	0.9	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.8%		
Construction and property operations: Installation, maintenance and repair of charging stations for electric vehicles in buildings	CCM 7.4	—	—	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.2%		
Purchase of installations for renewable energy	CCM 7.6	6.5	1.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.4%		
Acquisition and ownership of buildings	CCM 7.7	2.2	0.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2.2%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)		10.5	1.7%	1.7%	—	—	—	—	—								4.6%		
Total (A.1 + A.2)		10.5	1.7%	1.7%	—	—	—	—	—								4.6%		
B. TAXONOMY-NON-ELIGIBLE ECONOMIC ACTIVITIES																			
Taxonomy-non-eligible economic activities (B)		606.9	98.3%																
Total (A + B)		617.4	100%																



EU TAXONOMY

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities

Financial year 2024	Year			Substantial contribution						DNSH criteria ("Does Not Significantly Harm")						Minimum safe- guards	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) OpEx, year 2023	Category (Enabling or transi- tional)	Category (transi- tional)
Economic activities	Code(s)	Opex	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiver- sity and ecosys- tems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiver- sity and ecosys- tems				
		SEK M	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N				
A. TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		—	—																
Of which enabling		—	—																
Of which transitional		—	—																
A.2 Taxonomy-eligible (but not Taxonomy-aligned) activities																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)		—	—																
Total (A.1 + A.2)		—	—																
B. TAXONOMY-NON-ELIGIBLE ECONOMIC ACTIVITIES																			
Taxonomy-non-eligible economic activities (B)		152.7	100.0																
Total (A + B)		152.7	100.0																



EU TAXONOMY AND AUDITOR’S STATEMENT

Nuclear and fossil gas related activities

VBG Group does not pursue any nuclear and fossil gas related activities.

Nuclear related activities	YES/NO
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fossil gas related activities	
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Auditor's report on the statutory sustainability report

To the general meeting of the shareholders of VBG Group AB (publ), corporate identity number 556069-0751

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability report for the year 2024 on pages 47–62 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Gothenburg 31 March 2025
Ernst & Young AB

Andreas Mast
Authorized Public Accountant



FINANCIAL REPORTING

Analysis and presentation of financial performance and earnings

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Board of Directors' Report

VBG Group AB (publ) Corp. ID No. 556069-0751

(All amounts are reported in SEK thousand unless otherwise stated.)

The Board of Directors and President of VBG Group AB (publ) hereby submit their annual report and consolidated financial statements for the 2024 fiscal year, the company's 65th year of operation.

Information on the business

General

VBG Group AB (publ) in Vänersborg is the Parent Company of an international industrial Group with wholly owned companies in Sweden, the US, Canada, India, Brazil, China, South Africa and Australia as well as seven countries in Europe. The operations are monitored and reported via three divisions: Truck & Trailer Equipment, Mobile Thermal Solutions and Ringfeder Power Transmission. VBG Group's Series B share was introduced on the stock exchange in 1987 and is listed today on the Nasdaq Stockholm Mid Cap list.

Divisions

Operations in 2024 comprised three divisions.

■ **Truck & Trailer Equipment** – The division's two brands for drawbar couplings, VBG and Ringfeder, account for more than 50% of the world market. VBG is the leader in Scandinavia and the UK, while Ringfeder is strong in the rest of Europe and other markets such as Australia. Truck & Trailer Equipment also holds a world-leading position in automatic tire chains through the Onspot brand, with a market share of approximately 65% and well-established sales in Europe and North America. Truck & Trailer Equipment's sliding roofs for tarpaulin-covered trailers and tipper vehicles, and sliding bow roofs for railway wagons, contribute to faster loading and unloading, which enhances the efficiency of transport activities. The roofs also contribute to a safer work environment for the people loading and unloading. Edscha Trailer Systems and Sesam are the division's brands for sliding roofs.

■ **Mobile Thermal Solutions**, through its Mobile Climate Control and Bus Climate Control brands, is an industry-leading supplier of complete climate control systems (HVAC systems) for commercial motor vehicles, primarily in North America and Europe. The customers are mainly found in four market segments: buses, off-road vehicles, utility vehicles and defense vehicles.

■ **Ringfeder Power Transmission** is a recognized global market leader in selected niches within mechanical power transmission as well as energy and shock absorption. The operation encompasses four brands: Ringfeder Power Transmission, Henfel, Carlyle Johnson and Rathi. Customers of the division are found all over the world, in such widely disparate industrial markets as construction, machinery, power and the mining industry.

Consolidated sales and earnings

Sales totaled SEK 5,578.9 M (5,739.8) and were 2.8% lower than full-year 2023. Adjusted for currency effects between the periods, organic volume growth was –4.6%. Operating profit (EBITA) decreased to SEK 842.7 M (860.9), corresponding to an operating margin (EBITA) of 15.1% (15.0). Despite EBITA decreasing from last year's record-high levels, it remained the second-best earnings in the Group's history.

The increased profitability was a result of continued improvement in Mobile Thermal Solutions' bus operations in the US, as well as the effects produced by a lag in price increases despite flagging volumes and sales for Mobile Thermal Solutions as a whole. In Truck & Trailer Equipment, the European trailer market and sales were very weak, which contributed to the downturn in volume for

the Group. Earnings in 2024 were impacted positively by SEK 9.8 M in capital gains for the sale of the warehouse and distribution property in Denmark, which took place in the fourth quarter. Earnings in 2024 were charged approximately SEK 3 M in costs associated with the acquisition of Italytec Imex Indústria e Comércio Ltda, which was concluded in January 2025.

Consolidated net interest expense for the full year was SEK –30.7 M (–33.7) and the currency effect on foreign-currency denominated assets and liabilities totaled SEK 18.0 M (–18.2). Other financial expenses amounted to SEK –1 M (–9.4). Taken together, this resulted in net financial items of SEK –13.7 M (–61.3). Accordingly, profit after financial items was SEK 782.2 M (766.3), profit after tax totaled SEK 588.2 M (572.1) and earnings per share amounted to SEK 23.52 (22.88).

Tax expense

The tax expense for the year was SEK 194.0 M (194.2), of which current tax accounted for SEK 179.6 M (184.2) and deferred tax for SEK 14.4 M (9.1).

Tax expense for the year thereby corresponds to a tax rate for the Group of 24.8% (25.4).

Capital expenditures and depreciation/amortization

Consolidated new capital expenditures for the full year totaled SEK 617.2 M (117.3), with SEK 420 M pertaining to acquisition of land in Toronto. The higher level of investment in 2024 was driven in part by the investment in land, and in part by greater investments in Mobile Thermal Solutions. Depreciation and amortization for the full year totaled SEK 150.2 M (133.0).

Exposure in foreign currencies, risks and uncertainties

A detailed account of the Group's exposure in foreign currencies, relevant risks and uncertainties is provided on pages 29–34 and under Note 3 Financial risks on page 88.

Cash flows

Cash flow from operating activities increased compared with the year-earlier period, totaling SEK 796.4 M (722.8). Reduced tied-up capital in inventory and trade receivables, in combination with good underlying earnings, resulted in stable high cash flow. During the period, cash flow from investing activities amounted to SEK –616.6 M (342.6). Consolidated total borrowings and loan liabilities decreased during the full year by SEK 50.7 M (151.8) after repayment of loans. The dividend that was paid out in May totaled SEK 175.0 M (137.5), which means that cash flow for the period totaled SEK 55.5 M (394.5).

Financial position

Profit after tax for the period increased to SEK 588.2 M (572.1) and other comprehensive income – pertaining to translation differences in foreign currencies and remeasurement of pension plans – totaled SEK 43.6 M (–45.3), which resulted in comprehensive income for the period of SEK 631.8 M (526.8). Accordingly, consolidated equity increased to SEK 4,132.7 M (3,676.0) during 2024.

The equity/assets ratio increased during the period to 63.3% (61.7).

Cash and cash equivalents, including currency effects, increased by SEK 63.7 M (387.1) during the period as a result of high levels of profitability from operating activities and new borrowings under the credit facility. Cash and



BOARD OF DIRECTORS' REPORT

cash equivalents totaled SEK 949.7 M (885.9) at the end of the period. In addition, there were unutilized overdraft facilities of SEK 100.0 M (100.0), which means the Group at the end of December had available liquidity, excluding scope under credit agreements, of SEK 1,049.7 M (985.9). Consolidated interest-bearing net debt increased by SEK 54.6 M during the year and amounted to SEK 428.6 M (374.0) at the end of the period.

The ratio of consolidated interest-bearing net debt to equity was 0.10 (0.10) at December 31, 2024 and the ratio of interest-bearing net debt to consolidated operating profit before depreciation/amortization and impairment (EBITDA on a rolling twelve-month basis) was 0.5 (0.4).

Personnel

At December 31, 2024, there were 1,972 employees (2,065) in VBG Group, of which 231 (230) in Sweden. During full-year 2024, the Group employed an average of 1,980 persons (1,864). Of these, 230 (221) were active in Sweden. The cost of salaries and social security contributions for the full year was SEK 1,248.7 M (1,205.8).

Parent Company

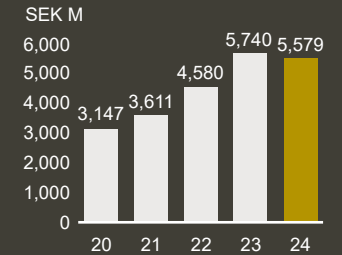
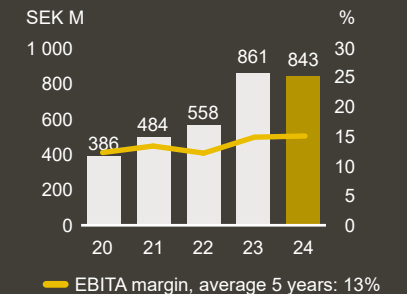
VBG Group AB's operations are focused on managing, developing and coordinating the Group. The assets in the Parent Company consist primarily of shares in subsidiaries and brands. The objective is for the Group's key intangible assets, in the form of brands and other rights, to be gathered in the Parent Company. VBG Group AB focuses on maintaining and securing all the Group's trademarks and rights. The Parent Company's net sales pertain primarily to intra-Group services and license revenues and amounted to SEK 58.8 M (57.7) during the period. Operating loss for the full year totaled SEK -10.3 M (-15.4). Profit after dividends from Group companies, net financial items and tax totaled SEK 228.6 M (125.6).

Group trend, SEK M

	2024					2023				
	Full-year	Q4	Q3	Q2	Q1	Full-year	Q4	Q3	Q2	Q1
Net sales	5,578.9	1,276.6	1,272.9	1,494.3	1,535.0	5,739.8	1,449.9	1,439.8	1,450.2	1,399.9
EBITDA	946.1	222.8	197.2	243.3	282.9	960.8	222.9	256.0	242.2	232.0
EBITA	842.7	194.5	171.8	216.9	259.5	860.9	217.5	225.7	212.2	202.7
Operating margin (EBITA), %	15.1	15.2	13.5	14.5	16.9	15.0	15.0	15.7	14.6	14.5
Operating profit (EBIT)	795.9	171.2	164.1	209.1	251.6	827.6	209.0	217.1	204.1	194.9
Operating margin (EBIT), %	14.3	13.4	12.9	14.0	16.4	14.4	14.4	15.1	14.1	13.9
Operating profit after financial items (EBT)	782.2	172.5	147.8	211.6	250.3	766.3	183.4	216.9	181.2	180.4
Profit after tax	588.2	112.2	112.3	167.8	195.8	572.1	129.5	158.9	138.2	142.1
Earnings per share, SEK	23.52	4.49	4.49	6.71	7.83	22.80	5.18	6.35	5.53	5.68
Cash flow from operating activities	796.4	294.0	153.3	204.9	144.1	722.9	162.7	268.7	128.9	145.0
ROE (cumulative), %	14.5	14.5	14.5	18.5	15.1	15.6	16.2	16.7	15.9	16.8
ROCE (cumulative), %	16.3	16.3	15.8	19.8	16.3	17.3	17.2	18.4	17.5	17.4
Equity/assets ratio, %	63.3	63.3	64.4	62.6	62.5	61.4	61.4	58.7	62.4	64.2

Sales, SEK M

	2024					2023				
	Full-year	Q4	Q3	Q2	Q1	Full-year	Q4	Q3	Q2	Q1
Sweden	309.9	72.9	61.8	79.8	95.4	325.7	81.5	56.9	87.3	100.1
Other Nordic countries	266.4	67.2	59.4	66.5	73.3	270.9	66.9	59.4	69.2	75.3
Germany	523.3	123.9	112.1	132.7	154.5	552.8	121.3	132.9	133.2	165.5
Other European countries	786.9	177.4	167.0	216.1	226.4	949.4	233.8	227.0	237.6	251.0
US	2,352.9	524.3	533.5	637.4	657.8	2,552.9	663.9	671.0	643.0	575.1
Rest of North America	687.4	146.7	170.8	189.7	180.2	590.8	140.2	159.9	158.6	132.1
Brazil	128.4	26.8	33.6	35.1	32.9	145.5	37.0	40.3	39.0	29.2
Australia/New Zealand	175.0	40.5	40.9	56.3	40.3	142.5	35.9	39.1	35.9	31.6
China	86.7	25.8	27.4	20.6	13.0	57.6	14.2	18.6	14.3	10.5
Rest of world	262.0	71.2	66.5	63.1	61.2	151.6	55.2	34.7	32.2	29.0
Group	5,578.9	1,276.6	1,272.9	1,494.3	1,535.0	5,739.8	1,449.9	1,439.8	1,450.2	1,399.9

Net sales**EBITA and EBITA margin**

BOARD OF DIRECTORS' REPORT

Sustainability reporting

Sustainability issues hold a central position in VBG Group; this remained the case in 2024. We have chosen to present our statutory Sustainability Report on pages 47–62. Sustainability risks, and how they are managed, are described together with other risks on pages 29–34. Strategy, business model and value chain are all described on pages 7 and 11–24.

Outlook for 2025

The Group makes no forecast.

The work of the Board of Directors

The Board of Directors of VBG Group AB (publ) consists of six members elected by the Annual General Meeting (AGM). In addition, the Unionen/Swedish Association of Graduate Engineers/Ledarna and IF Metall trade unions each appoint one member and one deputy member. Company officers take part in Board meetings by submitting reports or serving in the post of secretary. The Board of Directors held 12 (11) meetings during fiscal year 2024. The work of the Board follows an annual plan designed to satisfy the need of the Board for information. In all other respects, the work of the Board is subject to the special rules of procedure the Board has adopted governing the division of responsibilities between the Board and the President. Appointments to the Nomination Committee are governed by the policies for appointing and instructing the Committee. The Nomination Committee will consist of the Chairman of the Board and three members appointed by the three largest shareholders in terms of voting rights at the end of the third quarter of every year.

In 2024, the Board appointed an Audit Committee and a Compensation Committee on behalf of the AGM. The company's auditor reports his observations to the Audit Committee based on his review and gives his assessment of the company's internal control.

Guidelines for remuneration to senior executives

The 2024 AGM resolved on revised guidelines for remuneration to senior executives. In contrast to the previous guidelines, which were adopted by the 2020 AGM, the proposal mainly involved a change to the criteria for variable remuneration, introduction of a possibility of conditional

cash remuneration in conjunction with the acquisition of shares of Series B in the company and, as regards pension benefits, the offer of a further 5% in direct pension. Some editorial changes have also been made.

The guidelines pertain to remuneration and other terms of employment for the Group Management of VBG Group and other senior executives. Fixed salaries shall be market-related, competitive and based on the individual's responsibilities and performance. Moreover, senior executives must be offered an additional cash bonus, meaning that if the senior executives invest an amount up to half of the variable remuneration paid after tax for the preceding year in the company through acquisition of Series B shares, the senior executives will receive a cash bonus, gross before tax, corresponding to the amount that was invested. In addition to a fixed annual salary, variable remuneration that is limited and based on the Group's or the respective division's financial performance compared with established goals shall also be paid. For senior executives, the variable portion can amount to a maximum of 50% of their fixed annual salary. In addition to the above remunerations, other benefits may also be provided such as company car and health care. The management generally enjoys pension benefits as provided by law and collective agreement (ITP plan). It is, however, possible for the individual to opt for other pension arrangements at the same cost for the company. Persons residing outside Sweden receive the pension benefits that are customary in each particular country. For officers residing in Sweden, the period of notice of termination on the part of the company is six to eighteen months, and on the part of the employee six months. Severance pay in addition to salary during the period of notice may not exceed the senior executive's annual salary. For officers residing outside Sweden, periods of notice and severance pay that are customary in each particular country are applied. The Compensation Committee decides on salaries and other terms of employment. Refer to pages 45–46 for complete guidelines on remuneration to senior executives, and pages 112–113 for the remuneration report for fiscal year 2024.

The VBG Group share and shareholders

Earnings per share amounted to SEK 23.52 (22.88). Equity per share at December 31, 2024 was SEK 165.28 (147.02).

At the end of the quarter, the share price was SEK 312.00, which corresponds to a market capitalization of SEK 7,801 M, compared with a share price of SEK 243.00 and market capitalization of SEK 6,076 M in the fourth quarter of 2023. The number of shareholders increased by 64 during the full year, totaling 11,765 (11,700).

Significant events after the close of the fiscal year

On January 29, 2025, through its Mobile Thermal Solutions division, VBG Group signed a share transfer agreement pertaining to all shares in the Brazilian company Italytec Imex Indústria e Comércio Ltda, a leading supplier of heating and air conditioning systems for the Brazilian off-road vehicle market. The shares were accessed on January 31, 2025. Approximately SEK 130 M in annual income was added to the Group through this acquisition. The purchase consideration totaled SEK 233 M. An earn-out of approximately SEK 27 M may additionally be paid, based on the outcome of the average EBITA for financial years 2024 to 2026. An acquisition plan is in the process of being prepared.

Surplus values identified will comprise primarily goodwill.

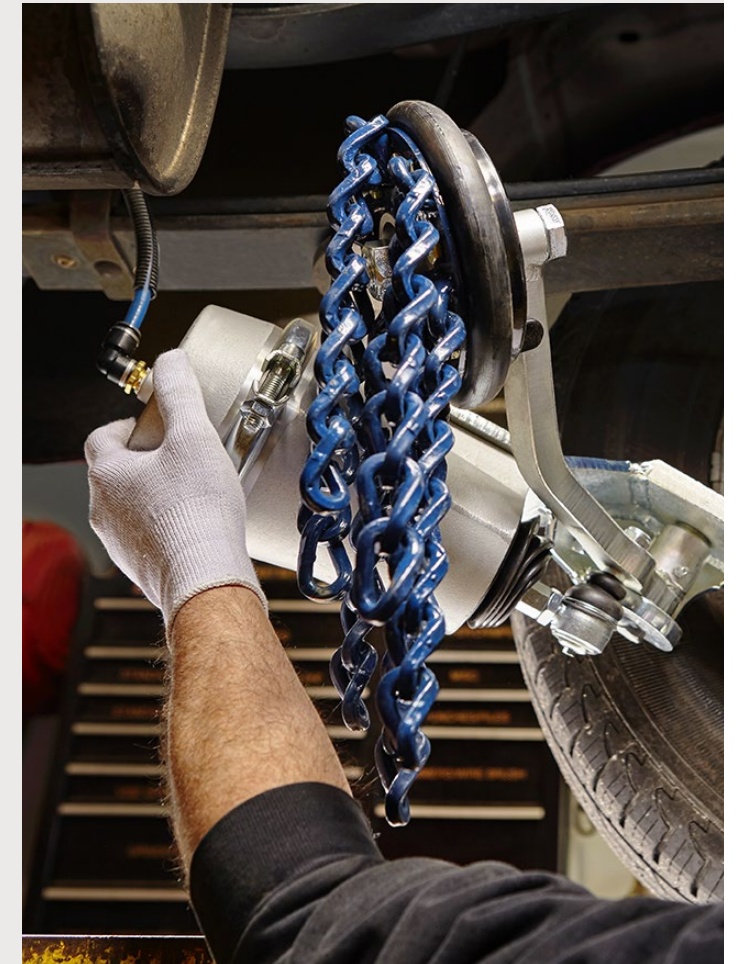
As a result of the acquisition of Italytec, the MCC North America business unit was renamed MCC Americas.

Proposed distribution of profits

In proposing the dividend, the Board of Directors has taken into account the Parent Company's and Group's short- and long-term liquidity requirements, development potential, financial position and investment needs. Bearing these factors in mind, the Board of Directors of VBG Group AB (publ) proposes that the 2025 AGM resolve to approve a dividend of SEK 7.25 per share (7.00) for the 2024 fiscal year. The proposed dividend entails a total distribution of funds from the Parent Company of SEK 181.3 M (175.0), corresponding to 4.4% of the Group's equity – or 12.4% of the Parent Company's equity – at year end. The Group reported profit after tax of SEK 588.2 M (572.1), which means that the proposed dividend comprises 30.8% (30.8) of the net profit for the year for the Group.

The following funds in the Parent Company are available for distribution by the AGM:

	2024	2023
Retained earnings	1,112,159,809	1,161,536,244
Net profit for the year	228,550,583	125,634,437
Total	1,340,710,392	1,287,170,681



BOARD OF DIRECTORS' REPORT

Truck & Trailer Equipment

Continued robust profitability

2024 was marked by stable demand for truck solutions but a continued sharp downturn for the semitrailer market. Truck & Trailer Equipment reported a drop in sales for 2024, but despite that the division's total EBITA margin remained high at 19.3%.

In total, Truck & Trailer Equipment sales decreased by 11.0% year-on-year, and EBITA decreased to SEK 296.7 M (370.3) with an EBITA margin that remained strong at 19.3% (21.4).

The market

Increased demand for transportation is a clear and long-term trend that is driven by population growth, urbanization and increased e-commerce. Climate change and the need for safe and efficient transportation are driving development toward longer, heavier vehicles.

The profitability of a hauler is firmly linked to its fuel costs. Now that their customers are also imposing their own demands for the environment and carbon emissions per ton-kilometer transported, new demands are being imposed on the products. Furthermore, stricter safety requirements are something that the haulers must comply with. This is why, as a customer-centric supplier, we are developing new technologies (e.g. sensor technology with software) and solutions to overcome these challenges. Prime examples of new solutions are the updated program for drawbar couplings, the Onspot automatic tire chains and the Edscha Trailer Systems electrically controlled sliding roof for contractor trucks.

Moreover, Truck & Trailer Equipment is taking part in a number of projects with end users, truck manufacturers

and other suppliers to develop applications for longer, heavier vehicles.

The competitors in the market for drawbar couplings are few, but despite this the competition is tough and intense. Rockinger in Germany and Orlandi in Italy are the main competitors. The market for automatic tire chains and sliding roofs is also experiencing tough competition. The main competitor in tire chains is RUD, in Germany. For Edscha Trailer Systems there are primarily three major competitors: TSE (owned by trailer manufacturer Schmitz Cargobull), Versus Omega and Autocar.

Operations

Through its strong brands, Truck & Trailer Equipment has a leading global position in developing, manufacturing, marketing and sales of equipment for commercial vehicles. Drawbar couplings are sold under the VBG and Ringfeder brands; additionally, the division has a leading position in automatic tire chains sold under the Onspot brand. Moreover, the division has a strong market position in sliding roofs for trailers and railway wagons under the Edscha Trailer Systems and Sesam brands. The division pursues sales in approximately 70 countries, in which its offering is addressed to several different customer groups.

Main product segments

- Coupling equipment for heavy trucks and trailers
- Automatic tire chains
- Sliding roofs for semitrailers



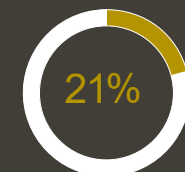
Brands



Average number of employees

414

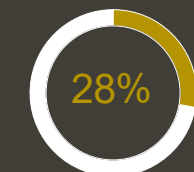
Share of Group



Sales SEK M

1,537

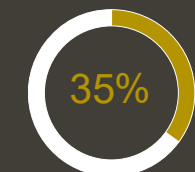
Share of Group



EBITA SEK M

297

Share of Group



EBITA margin %

19

BOARD OF DIRECTORS' REPORT

Truck & Trailer Equipment, cont.

- For drawbar couplings, the most common customer segment is body builders/integrators.
- For automatic tire chains, the most common customer segment is users of commercial goods vehicles, buses and emergency vehicles.
- For sliding roofs, the largest customer segment is manufacturers of tarpaulin-covered semitrailers.

Truck & Trailer Equipment's continual focus on traffic safety has gained the division a reputation as a knowledgeable, value-creating partner in the area. The ability to deliver customized systems solutions rather than individual products is the division's strongest competitive advantage.

For several years, Truck & Trailer Equipment has played an active role in the work to reduce carbon emissions. The division has taken part in several projects associated with longer, heavier vehicle combinations that have resulted in lower fuel consumption per ton shipped. Truck & Trailer Equipment is well positioned to meet changing customer needs going forward.

The division also focuses sharply on trends in digitization, and consequently is investing in digital marketing for its four brands: Onspot, VBG, Edscha Trailer Systems and Ringfeder. In addition, the division is working on digitization of its product offering. One example of a new product offering in the division is sensor technology for both coupling and roof equipment. This technology improves functionality for the user, leading to increased traffic safety as well as greater efficiency.

Financial performance

Sales for the full year decreased by 11.0% year-on-year to SEK 1,537.1 M (1,727.7).

Adjusted for currency effects during the year, organic growth for Truck & Trailer Equipment was –10.7%. High levels of sales and price adjustments implemented for truck operations offset the flagging trailer market, and the division reported an EBITA margin of 19.3%. The lower level of sales and EBITA are attributable to sharply flagging activity in the semitrailer market for full-year 2024, compared to 2023.

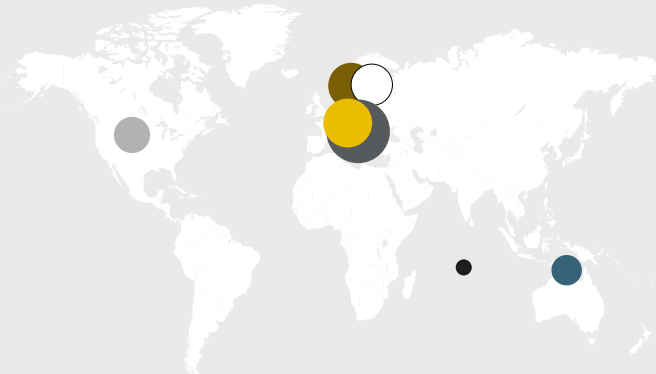
Sales/Earnings, SEK M

Truck & Trailer Equipment	2024					2023				
	Full-year	Q4	Q3	Q2	Q1	Full-year	Q4	Q3	Q2	Q1
Net sales	1,537.1	367.0	340.7	390.5	439.0	1,727.7	412.3	381.7	437.9	495.7
EBITDA	328.9	91.0	60.5	68.6	108.8	393.2	82.7	89.9	97.6	123.0
EBITA	296.7	82.6	52.4	61.1	100.6	370.3	85.9	81.2	88.6	114.7
EBITA margin, %	19.3	22.5	15.4	15.6	22.9	21.4	20.8	21.3	20.2	23.1
Operating profit (EBIT)	290.1	80.9	50.8	59.4	99.0	364.2	84.2	79.4	87.3	113.3
Operating margin (EBIT), %	18.9	22.1	14.9	15.2	22.5	21.1	20.4	20.8	19.9	22.9
ROOC, %	52.0	52.0	50.6	54.8	59.1	62.0	62.0	65.1	61.8	60.3

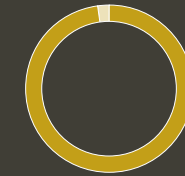
Market	2024					2023				
	Full-year	Q4	Q3	Q2	Q1	Full-year	Q4	Q3	Q2	Q1
Sweden	258.4	59.6	50.7	66.7	81.3	273.9	68.4	46.5	74.8	84.1
Other Nordic countries	211.4	51.2	45.5	53.7	61.0	215.6	54.0	45.6	55.4	60.5
Germany	276.3	60.3	60.1	72.7	83.3	319.1	64.0	75.9	74.7	104.6
Other European countries	446.4	96.2	102.6	112.8	134.8	591.4	134.7	135.0	152.1	169.5
US	154.2	55.2	33.0	26.7	39.4	159.5	49.0	33.4	33.3	43.8
Rest of North America	17.0	3.4	4.4	3.7	5.5	21.2	5.5	6.7	5.6	3.3
Australia/New Zealand	115.9	26.3	23.6	38.7	27.2	112.6	26.3	29.7	31.9	24.7
China	29.4	11.3	12.0	6.1	—	0.3	0.1	—	—	0.2
Rest of world	28.1	3.5	8.7	9.4	6.5	34.2	10.4	8.8	10.0	5.1
Truck & Trailer Equipment	1,537.1	367.0	340.7	390.5	439.0	1,727.7	412.3	381.7	437.9	495.7

Sales by region

- Sweden 18%
- Other Nordic countries 14%
- Germany 18%
- Other European countries 30%
- North America 11%
- Australia/New Zealand 8%
- Rest of world 1%

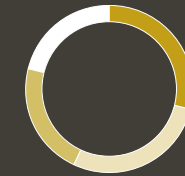


Sales by area of operation



- Goods, 98%
- People, 2%
- Off-road, 0%
- Industrial, 0%

Sales by channel



- OEM, 29%
- Distributors/importers, 28%
- Body builders/integrators, 22%
- Dealers, 21%

BOARD OF DIRECTORS' REPORT

Truck & Trailer Equipment, cont.

A warehouse and distribution property in Denmark was sold during the fourth quarter, which impacted EBITA by SEK 9.8 M in capital gains.

Depreciation of property, plant and equipment for the year was SEK 32.2 M (22.9), which meant that EBITDA decreased to SEK 328.9 M (393.2). Amortization of intangible assets was SEK 6.6 M (6.1), which decreased EBIT to SEK 290.1 M (364.2). In total, depreciation/amortization expensed to the division was SEK 38.8 M (29.0). The division's working capital decreased by SEK 49.0 M during the year to SEK 325.2 M (374.2); with the added value of SEK 290.6 M for property, plant and equipment, operating capital totaled SEK 615.8 M (618.5). Truck & Trailer Equipment's ROOC totaled 52.0% (62.0). New capital expenditures for the year amounted to SEK 79.3 M (63.2). In 2024, Truck & Trailer Equipment had an average of 414 employees (383), and 416 (388) persons were employed at December 31, 2024. Personnel costs totaled SEK 326.4 M (317.1), resulting in a cost per employee of SEK 788.5 thousand (828.0).

The division, going forward

To meet the needs of the market and to address prevailing trends, Truck & Trailer Equipment has a clear strategy going forward. There will be a sharp focus on sustainability issues. In 2025, investments will be made in new, sustainable energy solutions to reduce our climate footprint, and a number of projects to reduce our climate impact will be initiated. The division is actively reviewing opportunities for acquisitions and increased internationalization.

Moreover, through digitization of its product offering, efficient internal procedures and digital marketing and sales, Truck & Trailer Equipment intends to create sustainable profitability for some time to come.

Significant events in 2024

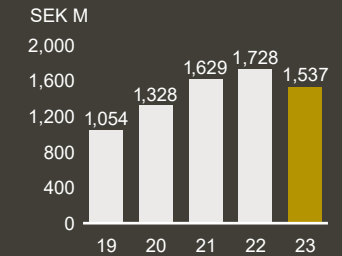
- Continued robust profitability and EBITA margin.
- Expanded offering through continued development of systems solutions.
- Developed new sensor technology for coupling and roof equipment.
- Installed solar panels at the production facilities in Kamenice, North Vernon and Beringen.
- Sale of the warehouse and distribution property in Denmark.
- ISO 14001 certification of the production facility in Beringen, Belgium.

Focus for 2025

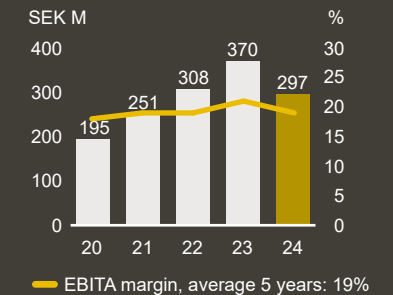
- Supplementary acquisitions of niche leaders.
- Expanded customer offering in the aftermarket business.
- Development of applications for longer, heavier vehicles.
- Investments in sustainable energy solutions to reduce our climate footprint.
- Continued international expansion focusing on Brazil, China, and India.



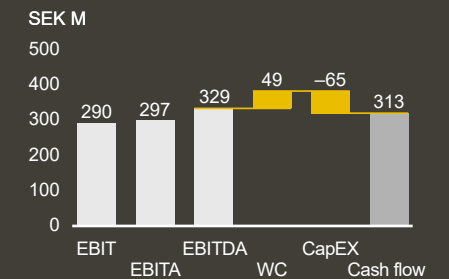
Net sales



EBITA and EBITA margin



Operating cash flow



BOARD OF DIRECTORS' REPORT

Mobile Thermal Solutions

Increased profitability and stabilized gross margins

In 2024, sales for the division showed a small drop of 3.7% compared with 2023.

Mobile Thermal Solutions displayed adaptability in the face of declining demand, which was due primarily to customers' inventory adjustments in North America. Efficiency measures in operations promoted stabilization of the gross margins. The division posted an EBITA margin of 13.5% (12.4) for 2024.

During 2024, many of the previous initiatives to improve earnings continued to produce results for the bus operations. Both the bus and off-road businesses had a year that started with very high levels of demand, primarily in North America, only to fall back in the second half with decreased demand compared to the record-setting year of 2023. Profitability for the division as a whole was strengthened in 2024. The main reason for this was the effective efforts to adapt capacity in conjunction with the downturn in volume, as well as continued activities to modify processes and the organization of the US bus operations in York, PA, which increased efficiency.

In July 2024, the Board of Directors of VBG Group decided to consolidate the three manufacturing units of the Mobile Thermal Solutions division in Toronto into one new, joint manufacturing unit in the city. By merging the three production facilities, significant efficiency gains will be achievable. This is a strategically important investment for both cementing and further developing the already strong market position of the Mobile Climate Control brand in the Off-road segment. Land in Toronto was acquired in October 2024. The new facility will be constructed in 2025 and 2026.

The market

Overall demand is driven by a number of global trends such as urbanization, digitization, electrification and an increased focus on climate and the environment. One positive aspect for Mobile Thermal Solutions is that its customers are placing stricter demands on the climate in their vehicles, which increases demand and drives development forward. Increased electrification and digitization also lead to more advanced climate control systems. In 2024, several new projects to develop electrified climate control systems began.

The Inflation Reduction Act that was previously enacted in the US has had a positive effect on sales, since the stimulus package encourages the switch to fossil-free energy, thereby increasing demand for electric vehicles. Since Mobile Thermal Solutions is a leader in electrification, this has benefited the division. After a year with strong growth, in the second half of 2024 we saw a decrease in North American demand for utility vehicles equipped with cabs.

The competitive situation in the industry for climate control systems in vehicles differs among the various geographical markets. Thermo King is a major competitor in the North American bus market segment, and Bergstrom and Red Dot are competitors in the other North American segments. In the European market, Heavac/Aurora, Pedro Sanz and Konvekta are the largest competitors in all segments.

Main product segments

- Roof-mounted climate control systems
- Cabin-mounted climate control systems



Brands



Mobile Climate Control



Bus Climate Control

Average number of employees

953

Sales SEK M

3,045

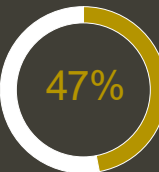
EBITA SEK M

410

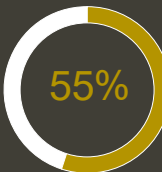
EBITA margin %

14

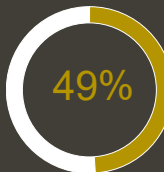
Share of Group



Share of Group



Share of Group



BOARD OF DIRECTORS' REPORT

Mobile Thermal Solutions, cont.

Operations

Mobile Thermal Solutions is an international operator in the field of heating, ventilation and air conditioning (HVAC). The division has operations on every continent. The division has operations on every continent. Sales occur primarily in two markets: North America and Europe, with the US accounting for 69% of sales. The customer offering comprises development, manufacture, marketing and sales of complete climate control systems.

The division addresses itself above all to customers in four market segments:

- Buses, which can be divided into the sub-segments of transit, coach, school and shuttle buses.
- Off-road vehicles in infrastructure, agriculture, forestry, mining and materials processing.
- Utility vehicles such as emergency and service vehicles.
- Defense vehicles for transportation of troops.

Mobile Thermal Solutions enjoys a strong position in North America across all segments. In Europe, the brand is strong in climate control systems for utility vehicles and in heating systems for buses.

Mobile Thermal Solutions's continual efforts in product development create conditions for a competitive offering. One major advantage for the division is the possibility of offering customized climate control systems through in-house development, design and manufacture. As part of product development, the division has its own prototype lab for testing where the entire vehicle can be driven in on site to test and optimize the climate control system.

In pace with the growing trend for electrification and digitization, Mobile Thermal Solutions is placing substantial focus on resources in these areas. The developments in electrification are positive, with increased deliveries of customized products for electric vehicles. Electrification also makes new business opportunities, such as active cooling of batteries in electric vehicles, possible. In digitization, the division is working to meet new needs that arise by developing connected products for its customers. This ensures good quality and creates added value for the customer.

The divisions are working in parallel on digitizing internal procedures in administration and production.

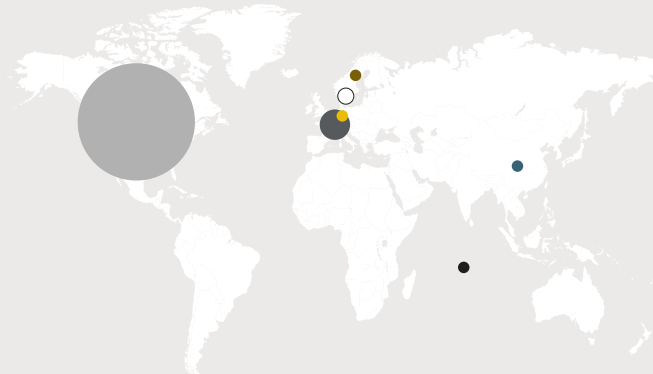
Sales/Earnings, SEK M

Mobile Thermal Solutions	2024					2023				
	Full-year	Q4	Q3	Q2	Q1	Full-year	Q4	Q3	Q2	Q1
Net sales	3,044.5	635.8	706.3	847.5	854.8	3,161.7	794.8	835.7	820.4	710.8
EBITDA	457.6	75.5	108.2	134.1	140.0	438.2	108.9	123.0	116.3	90.0
EBITA	410.1	63.0	96.4	121.2	129.6	391.1	109.2	106.7	100.6	74.6
EBITA margin, %	13.5	9.9	13.6	14.3	15.2	12.4	13.7	12.8	12.3	10.5
Operating profit (EBIT)	389.7	58.0	91.4	116.1	124.3	369.7	103.7	101.2	95.2	69.5
Operating margin (EBIT), %	12.8	9.1	12.9	13.7	14.5	11.7	13.1	12.1	11.6	9.8
ROOC, %	34.8	34.8	40.0	39.4	36.3	32.3	32.3	25.9	22.1	20.1

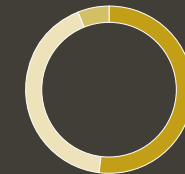
Market	2024					2023				
	Full-year	Q4	Q3	Q2	Q1	Full-year	Q4	Q3	Q2	Q1
Sweden	46.6	11.8	9.9	11.9	13.0	47.8	11.9	9.5	11.5	15.0
Other Nordic countries	50.4	15.0	12.5	11.5	11.5	50.5	11.6	12.6	12.9	13.3
Germany	47.1	10.9	9.6	11.3	15.3	34.5	8.1	8.2	9.2	9.0
Other European countries	208.6	44.4	47.0	59.3	57.9	226.6	52.7	53.6	60.7	59.6
US	1,976.4	398.6	449.0	558.9	569.9	2,190.6	565.9	585.7	560.9	478.1
Rest of North America	662.6	140.9	164.2	184.3	173.3	560.1	132.4	150.8	150.8	126.1
China	30.9	8.0	9.2	6.1	7.6	27.6	6.8	8.2	7.6	5.0
Rest of world	22.0	6.2	5.0	4.2	6.5	24.0	5.5	7.1	6.9	4.6
Mobile Thermal Solutions	3,044.5	635.8	706.3	847.5	854.8	3,161.7	794.8	835.7	820.4	710.8

Sales by region

- Sweden 1%
- Other Nordic countries 2%
- Germany 1%
- Other European countries 7%
- North America 87%
- China 1%
- Rest of world 1%

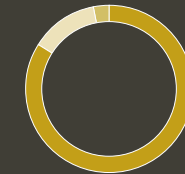


Sales by area of operation



- Off-road, 52%
- People, 42%
- Goods, 6%
- Industrial, 0%

Sales by channel



- OEM, 84%
- Distributors/importers, 13%
- Body builders/integrators, 3%
- Dealers, 0%

BOARD OF DIRECTORS' REPORT

Mobile Thermal Solutions, cont.

Financial performance

Mobile Thermal Solutions reported a decrease of 3.7% in sales to SEK 3,044.5 M (3,161.7). Accounting for currency effects, organic growth was –3.1%. EBITA for the full year rose to SEK 410.1 M (391.1), with an EBITA margin of 13.5% (12.4).

Depreciation of property, plant and equipment for the year was SEK 47.5 M (47.1), which meant that EBITDA totaled SEK 457.6 M (438.2). Amortization of intangible assets was SEK 20.4 M (21.4), which resulted in an EBIT of SEK 389.7 M (369.7). Depreciation/amortization for the full year totaled SEK 67.9 M (68.5).

The division's working capital decreased SEK 50.4 M during the year to SEK 782.2 M (832.6); with the added value of SEK 797.4 M (391.9) for property, plant and equipment, operating capital totaled SEK 1,579.6 M (1,224.5). The ROOC for Mobile Thermal Solutions increased to 34.8% (32.3).

New capital expenditures for the full year totaled SEK 483.6 M (–5.1).

During 2024, Mobile Thermal Solutions had an average of 953 employees (1,056). At December 31, 2024, 927 persons (1,057) were employed in the division. Personnel costs decreased, totaling SEK 627.9 M (628.2), resulting in a cost per employee of SEK 658.9 thousand (594.9).

The division, going forward

Focus going forward will be on further strengthening the profitability of the bus business and introducing increased modularization of the products. In 2024, land in Toronto was acquired for SEK 420 M as a step in consolidating all three production facilities in the city into one shared facility. The goal of growing operations in the BIC countries has been met through the acquisition of Italytec Imex Indústria e Comércio Ltda, which was concluded after the balance sheet date. The division is also preparing for continued growth, through new solutions, for new and existing customers. Through connected products and customized advanced climate control systems, as well as more deliveries for electric vehicles, Mobile Thermal Solutions will strengthen its position in the market.

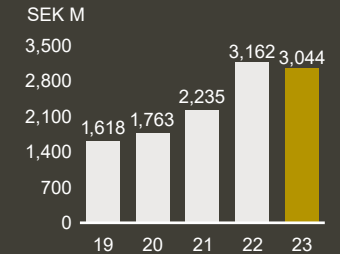
Significant events in 2024

- As a whole, profitability for the division was strengthened.
- Customers' inventory adjustments in North America negatively impacted earnings.
- Increased efficiency as a result of adjustments to processes and the organization in the US bus operations.
- Continued development of customized solutions for electric vehicles.
- Implementation of digital marketing in accordance with the inbound marketing concept.
- Acquisition of land in Toronto, Canada, to construct a new production facility and consolidate three production facilities into one.

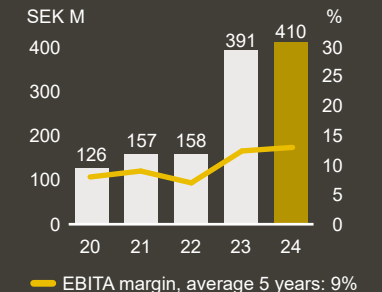
Focus for 2025

- Integration of the newly acquired company Italytec into the Group.
- Construction of a new production facility in Toronto.
- Supplementary acquisitions of niche leaders.
- Expanded customer offering in the aftermarket business.
- Continued international expansion focusing on Brazil, China, and India.
- Focus on organic growth in North America and Europe.
- Continue to expand the customer offering for electric vehicles.

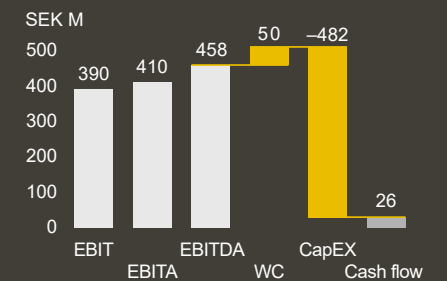
Net sales



EBITA and EBITA margin



Operating cash flow



BOARD OF DIRECTORS' REPORT

Ringfeder Power Transmission

Strengthened profitability

In 2024, sales increased 17.3% year-on-year, which was attributable largely to the addition of Rathí Transpower during the year. The EBITA margin totaled 15.7% (14.7).

The market

Ringfeder Power Transmission develops, manufactures and sells a wide range of products for advanced applications in mechanical power transmission and energy and shock absorption. Key market segments consist of industrial automation, the food industry, the aerospace and defense industry, energy production, the mining industry and metal production as well as medicine and robotics.

The market for mechanical power transmission is fragmented, consisting of just over a thousand minor operators and a few extremely large ones. In recent years, there has been consolidation of the industry, with Rexnord and Regal Beloit merging under the name Regal Rexnord. Regal Rexnord has also acquired Altra Industrial Motion, forming one of the largest players in the power transmission market.

Demand for products and solutions varies greatly based on geography and market. In Asia and South America, demand is governed by steadily increasing industrial manufacture, whereas demand in mature markets such as Western Europe and North America are impacted primarily by increased automation and enhancing the efficiency of the customers' systems.

Operations

Ringfeder Power Transmission is a global operator whose operations are conducted in its own companies in Germany, the Czech Republic, Poland, the US, Brazil, India, China and Australia. The path to the customer runs either through sales subsidiaries or via networks of agents and distributors.

The division has some twelve product groups, which are marketed and sold under the following brands: Ringfeder, Carlyle Johnson, Henfel and Rathí. In general, the products can be divided into four different categories: shaft-hub couplings, shaft-shaft couplings, friction springs, and industrial couplings and brakes.

- Shaft-hub couplings include locking assemblies and shrink discs for mechanical power transmission. Locking assemblies are prevalent in, for example, freight management, the mining industry and energy production with specific uses in equipment such as cranes, hoisting devices, turbines and industrial pumps. Shrink discs are often used in transmissions for industrial use.
- Shaft-shaft couplings comprise couplings primarily for the food, packaging and automation industries as well as for heavy industrial applications and motion control.
- Friction springs are common in drilling equipment and in industrial rolling mills. Additionally, friction springs are used for shock absorption in aircraft and other vehicles, and to earthquake-proof buildings, bridges and power plants.
- Electromagnetic industrial couplings and brakes run on electricity but transfer the torque mechanically, and are best suited for remote control applications. The products are offered as a standard or as customized solutions, and used for example in aviation and medical equipment to meet specific customer needs and requirements.

Over the last few years, Ringfeder Power Transmission has enhanced the efficiency of the division's logistics and production processes, and supplemented its product portfolio with a shift toward more profitable products.

Main product segments

- Shaft-hub couplings
- Shaft-shaft couplings
- Friction springs
- Electromagnetic industrial couplings and brakes



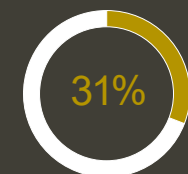
Brands



Average number of employees

603

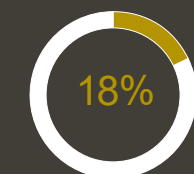
Share of Group



Sales SEK M

997

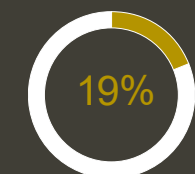
Share of Group



EBITA SEK M

157

Share of Group



EBITA margin %

16

BOARD OF DIRECTORS' REPORT

Ringfeder Power Transmission, cont.

In pace with increased industrial manufacturing globally, the division is now focusing on increasing its presence in growth markets. Through the acquisition of Rathi Transpower, the division has production facilities and its own local sales resources in place in the key transmission markets in Europe, North America, South America and the rapidly growing India market. Local presence decreases sensitivity in a global supply chain.

The competitive advantages for Ringfeder Power Transmission comprise primarily leading-edge technical expertise, a broad product portfolio and an offering that meets strict requirements for precision, reliability and quality.

The integration of Carlyle Johnson Machine into the Group was completed in 2023, and all three facilities in the US are now consolidated in Bolton, CT (US). The work on strengthening internal procedures in order to achieve a higher level of productivity in its operations continued in 2024.

The Indian company Rathi Transpower was acquired in November 2023. With this acquisition, the division has strategically important production facilities in India, both of which are ISO 14001 certified. This acquisition has supplemented the division's product range, and partially new markets such as the pump and refining industries, and agriculture, can now be reached. The division's established sales channels are now being used to reach new markets with Rathi Transpower's products.

The mining industry performed well during the year, driven to a large extent by activities in repair and maintenance. We have also seen a sharp increase in demand in damping technology for friction springs, driven by greater demand in defense applications.

Moreover, the strong growth in e-commerce contributed positively to the division's business, since Ringfeder Power

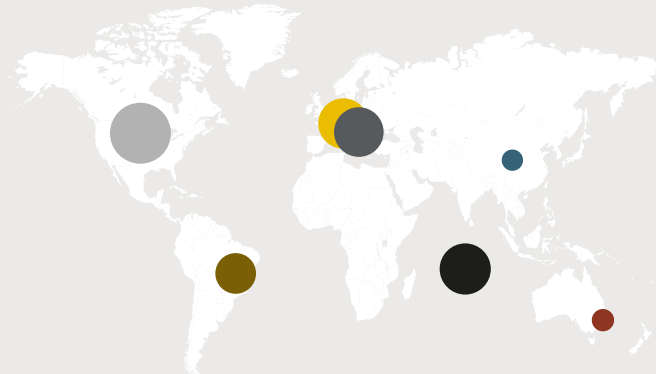
Sales/Earnings, SEK M

Ringfeder Power Transmission	2024					2023				
	Full-year	Q4	Q3	Q2	Q1	Full-year	Q4	Q3	Q2	Q1
Net sales	997.3	273.9	225.9	255.8	241.7	850.4	242.7	222.4	191.9	193.4
EBITDA	179.8	61.9	32.2	46.0	39.5	147.0	38.2	45.0	36.2	27.6
EBITA	156.9	54.9	27.1	39.6	35.3	125.3	31.6	40.0	31.3	22.5
EBITA margin, %	15.7	20.0	12.0	15.5	14.6	14.7	13.0	18.0	16.3	11.6
Operating profit (EBIT)	137.1	38.2	26.1	38.5	34.2	119.8	30.1	38.6	29.9	21.1
Operating margin (EBIT), %	13.7	14.0	11.5	15.0	14.1	14.1	12.4	17.3	15.6	10.9
ROOC, %	33.4	33.4	29.8	33.1	31.3	30.0	30.0	32.5	29.3	29.7

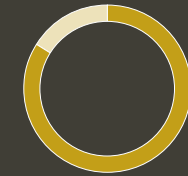
Market	2024					2023				
	Full-year	Q4	Q3	Q2	Q1	Full-year	Q4	Q3	Q2	Q1
Sweden	4.9	1.5	1.2	1.1	1.1	4.1	1.3	0.8	1.0	1.0
Other Nordic countries	4.6	1.0	1.3	0.9	1.3	4.8	1.3	1.1	0.8	1.5
Germany	199.8	52.7	42.5	48.7	55.9	199.1	49.2	48.8	49.3	51.8
Other European countries	132.0	36.8	17.4	43.9	33.9	131.5	46.5	38.4	24.7	21.9
US	222.3	70.5	51.5	51.7	48.6	202.9	49.0	51.8	48.9	53.2
Rest of North America	7.8	2.4	2.2	1.8	1.4	9.5	2.3	2.3	2.2	2.7
Brazil	123.0	26.0	32.2	33.8	31.1	136.8	35.3	38.3	35.9	27.3
Australia/New Zealand	56.9	13.8	16.8	14.3	12.1	27.6	8.9	8.9	3.3	6.5
China	26.5	6.5	6.3	8.4	5.4	29.7	7.3	10.4	6.6	5.4
Rest of world	219.4	62.7	54.6	51.1	51.0	104.4	41.6	21.5	19.1	22.2
Ringfeder Power Transmission	997.3	273.9	225.9	255.8	241.7	850.4	242.7	222.4	191.9	193.4

Sales by region

- Sweden 0%
- Other Nordic countries 0%
- Germany 20%
- Other European countries 13%
- North America 23%
- Brazil 12%
- Australia/New Zealand 6%
- China 2%
- Rest of world 22%

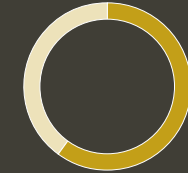


Sales by area of operation



- Industrial, 84%
- Goods, 16%
- Offroad, 0%
- People, 0%

Sales by channel



- OEM, 60%
- Distributors/importers, 41%
- Body builders/integrators, 0%
- Dealers, 0%

BOARD OF DIRECTORS' REPORT

Ringfeder Power Transmission, cont.

Transmission's customized solutions are found in the automated warehouses used by e-commerce. Ringfeder Power Transmission also noted that digitization and the use of the division's digital marketing and sales channels continued to increase in 2024.

Financial performance

For the full year, Ringfeder Power Transmission increased sales by 17.3% to SEK 997.3 M (850.4). Accounting for currency effects between the years, organic growth amounted to 2.1%. EBITA increased to SEK 156.9 M (125.3), with an EBITA margin of 15.7% (14.7).

Depreciation of property, plant and equipment for the year was SEK 22.9 M (21.7), which meant that EBITDA totaled SEK 179.8 M (147.0). Amortization of intangible assets was SEK 19.8 M (5.5), which resulted in an EBIT of SEK 137.1 M (119.8). In total, depreciation/amortization expensed to the division was SEK 42.7 M (27.2).

The division's working capital increased SEK 11.2 M during the year to SEK 351.2 M (340.0); with the added value of SEK 207.9 M (170.5) for property, plant and equipment, operating capital totaled SEK 559.2 M (510.6). The ROOC for Ringfeder Power Transmission increased to 33.4% (30.0).

New capital expenditures for the year totaled SEK 53.8 M (32.4).

During 2024, Ringfeder Power Transmission had an average of 603 employees (416). At December 31, 2024, 618 persons (646) were employed in the division. Personnel costs totaled SEK 262 M (223.8), resulting in a cost per employee of SEK 434.5 thousand (538.4).

The division, going forward

One clear strategy for the division going forward is expanding in growth markets. The efficiency of deliveries and production processes continues to be enhanced. The division will continue to deliver customized solutions that promote a total concept. Ringfeder Power Transmission promotes a more sustainable society, especially through its solutions for earthquake-proofing and products for generating hydroelectric and solar energy.

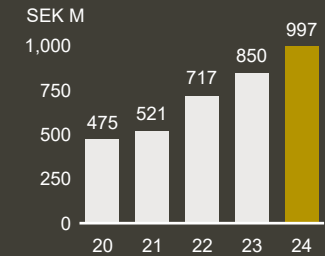
Significant events in 2024

- The division posted the best yearly earnings in its history.
- Robust growth outside Europe and North America.
- Expanded offering with Rathi's products in the Group's global sales channels.
- Continued measures to strengthen internal processes and increase productivity in operations.
- Established sales channels in Peru and Chile.

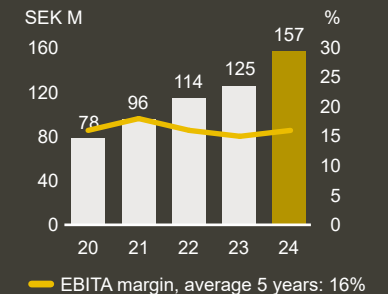
Focus for 2025

- Supplementary acquisitions of niche leaders.
- Expanded customer offering in the aftermarket business.
- Increased presence in growth markets.
- Investments in sustainable energy solutions to reduce our climate footprint.
- Continue to streamline deliveries and production processes.
- Continue to deliver customized solutions that promote an end-to-end concept.

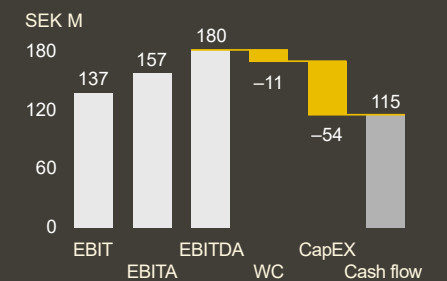
Net sales



EBITA and EBITA margin



Operating cash flow



FINANCIAL STATEMENTS

Five-year summary of the Group's financial performance and position*

SEK M	2024	2023	2022	2021	2020
Sales and earnings					
Net sales	5,578.9	5,739.8	4,580.0	3,611.2	3,147.2
Gross profit	1,805.7	1,759.1	1,347.3	1,164.8	1,063.6
EBITDA	946.1	960.8	663.6	562.4	462.5
EBITA	842.7	860.9	557.5	484.1	385.5
Operating profit (EBIT)	795.9	827.8	527.2	456.0	353.4
Profit after financial items	782.2	766.3	487.8	441.4	326.5
Profit after tax	588.2	572.1	368.3	337.1	226.7
Financial position					
Balance sheet total	6,524.5	5,970.1	5,270.2	4,663.5	4,257.3
Capital employed	5,450.3	4,847.0	4,314.5	3,798.1	3,540.4
Equity	4,132.7	3,676.0	3,286.7	2,793.5	2,500.2
Equity per share, SEK	165.28	147.02	131.45	111.72	99.99
Equity/assets ratio, %	63.3	61.4	60.8	59.9	58.7
Interest-bearing net debt (incl. pension liability)	428.6	374.0	577.3	455.5	268.9
Interest-bearing net debt/EBITDA	0.5	0.4	0.9	0.8	0.6
Goodwill/Equity	0.3	0.4	0.4	0.4	0.4

* Definitions, see pp. 105–107.

SEK M	2024	2023	2022	2021	2020
Profitability					
Gross margin, %	32.4	30.6	29.4	32.3	33.8
EBITDA margin, %	17.0	16.7	14.5	15.6	14.7
EBITA margin, %	15.1	15.0	12.2	13.4	12.3
Operating margin (EBIT), %	14.3	14.4	11.5	12.6	11.2
Profit margin before tax, %	14.0	13.4	10.7	12.2	10.4
Return on capital employed (ROCE), %	16.3	17.3	11.6	12.2	9.8
Return on equity (ROE), %	14.5	16.2	11.4	12.2	9.0
Earnings per share, SEK	23.52	22.88	14.73	13.48	9.07
Personnel					
Number of employees at year-end	1,972	2,065	1,773	1,714	1,484
Average number of employees	1,980	1,864	1,731	1,600	1,483
Personnel costs	1,248.7	1,205.8	1,086.4	871.3	776.2
Salaries and social security contributions per employee, SEK thousand	630.6	577.8	627.6	544.6	523.4
Other					
Amortization of intangible assets	46.8	33.1	30.3	28.1	32.2
Depreciation of property, plant and equipment	69.0	65.8	56.6	52.5	48.1
Depreciation of right-of-use assets	34.4	34.1	49.4	25.8	28.9
Cash flow from operating activities	796.4	722.8	250.5	187.3	446.2
Cash flow for the year	55.5	394.5	−183.5	−247.9	449.6
Cash flow per share, SEK	2.22	15.78	−7.34	−9.91	17.98

FINANCIAL STATEMENTS

Financial accounts

Consolidated Income Statement

SEK '000	Note	2024	2023
Net sales	4, 5	5,578,859	5,739,756
Cost of goods sold		-3,773,182	-3,980,764*
Gross profit		1,805,677	1,758,992
Selling expenses		-458,871	-428,405*
Administrative expenses		-419,994	-369,210*
Research and development costs		-162,875	-141,938*
Other operating income	6	33,096	22,365
Other operating expenses	7	-1,129	-14,245*
Total operating expenses		-1,009,773	-931,433
Operating profit	8, 9, 10, 11, 12	795,904	827,559
Profit/loss from financial items			
Financial income	13, 15	220,757	232,373
Financial expenses	13, 15	-234,481	-293,646*
Total financial items		-13,724	-61,273
Profit after financial items		782,180	766,286
Income tax	17	-194,009	-194,211*
Net profit for the year		588,171	572,075
Comprehensive income for the period attributable to Parent Company shareholders		588,171	572,075
Earnings per share, basic and diluted, SEK		23.52	22.88

*For restatement, refer to Note 1.

Other comprehensive income

SEK '000	Note	2024	2023
Net profit for the year		588,171	572,075
Items that will not be reversed in the income statement			
Effect of translation of defined-benefit pension plans, net after tax		-18,384	-7,894
Deferred tax on effect of translation of defined-benefit pension plans		3,988	1,760
Items that may later be reversed in the income statement			
Translation differences pertaining to foreign operations		57,989	-39,141
Other comprehensive income, net after tax		43,593	-45,275
Comprehensive income for the year		631,764	526,800
Comprehensive income for the year attributable to Parent Company shareholders		631,764	526,800



FINANCIAL STATEMENTS

Consolidated Balance Sheet

SEK '000	Note	Dec. 31, 2024	Dec. 31, 2023	Jan. 1, 2023
Assets				
Non-current assets				
Intangible assets	18			
Brands, customer relationships and other intangible assets		910,726	939,367	821,060
Goodwill		1,322,868	1,291,286	1,226,799
		2,233,594	2,230,653	2,047,859
Property, plant and equipment	19			
Land and buildings		697,538	251,734	198,294
Plant and machinery		220,373	178,244	134,528
Equipment, tools, fixtures and fittings		84,187	72,000	96,546
Construction in progress		45,001	14,925	29,632
Right-of-use assets	20	251,948	255,677*	265,357
		1,299,047	772,580	724,357
Non-current receivables		2,534	916	—
Deferred tax asset	22	73,866	27,473	24,275
		76,400	28,389	24,275
Total non-current assets		3,609,041	3,031,622	2,796,491
Current assets				
Inventories	23			
Raw materials and consumables		467,720	531,886	628,094
Work in progress		135,767	142,898	123,909
Finished products and merchandise		354,328	364,360	358,512
		957,815	1,039,144	1,110,515
Current receivables				
Trade receivables	30	738,261	826,381*	667,465
Current tax assets		60,291	35,922	27,785
Other receivables		142,501	99,988	127,415
Prepaid expenses and accrued income	24	52,928	39,288*	41,706
Short-term investments		14,054	11,783	—
		1,008,035	1,013,362	864,371
Cash and cash equivalents		949,655	885,949	498,845
Total current assets		2,915,505	2,938,455	2,473,731
Total assets		6,524,546	5,970,077	5,270,222

SEK '000	Note	Dec. 31, 2024	Dec. 31, 2023	Jan. 1, 2023
Equity and liabilities				
Equity	25			
Share capital		65,490	65,490	65,490
Other contributed capital		781,316	781,316	781,316
Reserves		306,872	248,883	288,024
Retained earnings, incl. net profit for the year		2,979,060	2,580,313*	2,151,894
Total equity		4,132,738	3,676,002	3,286,724
Non-current liabilities				
Provisions for pensions and similar obligations	27	223,577	202,103	196,893
Deferred tax liability	22	302,748	231,443*	217,205
Other provisions	28	93,889	95,791	61,026
Lease liability	29	232,015	238,384*	254,890
Liabilities to credit institutions	29	861,992	730,479	576,021
Other non-current liabilities		26,144	55,744	23,063
Total non-current liabilities		1,740,365	1,553,944	1,329,098
Current liabilities				
Trade payables	29	240,301	322,486	323,279
Current tax liabilities		79,652	95,506	49,759
Other liabilities		45,598	45,558	39,182
Lease liability	29	60,698	55,253*	48,270
Accrued expenses and deferred income	32	225,194	221,328	193,910
Total current liabilities		651,443	740,131	654,400
Total equity and liabilities		6,524,546	5,970,077	5,270,222

*For restatement, refer to Note 1.

FINANCIAL STATEMENTS

Consolidated Changes in Equity

SEK '000	Share capital	Contributed capital	Reserves	Retained earnings, incl. net profit for the year	Total equity
Opening balance at Jan. 1, 2023	65,490	781,316	288,024	2,153,450	3,288,280
Effect of restatement resulting from correction of accounting error				-1,556	-1,556
New opening balance at Jan. 1, 2023				2,151,894	3,286,724
Effect of translation of defined-benefit pension plans				-7,894	-7,894
Deferred tax on effect of translation of defined-benefit pension plans				1,760	1,760
Translation differences			-39,141		-39,141
Other comprehensive income			-39,141	-6,134	-45,275
Net profit for the year				568,596	568,596
Total comprehensive income					523,321
Effect of restatement resulting from correction of accounting error				-3,479	-3,479
New profit for the year				572,075	572,075
New total comprehensive income					526,800
Dividend				-137,522	-137,522
Total transactions with shareholders					-137,522
Equity at Dec. 31, 2023	65,490	781,316	248,883	2,580,313	3,676,002
Opening balance at Jan. 1, 2024	65,490	781,316	248,883	2,580,313	3,676,002
Effect of translation of defined-benefit pension plans				-18,384	-18,384
Deferred tax on effect of translation of defined-benefit pension plans				3,988	3,988
Translation differences			57,989		57,989
Other comprehensive income			57,989	-14,396	43,593
Net profit for the year				588,171	588,171
Total comprehensive income					631,764
Dividend				-175,028	-175,028
Total transactions with shareholders					-175,028
Equity at Dec. 31, 2024	65,490	781,316	306,872	2,979,060	4,132,738

Consolidated Cash Flow Statement

SEK '000	Note	2024	2023
Operating activities			
Operating profit		795,904	827,559*
Depreciation/amortization	10	150,229	132,999*
Gains from divestment of property	1, 6	-9,843	-4,549
Other items not affecting liquidity	1, 34	-36,136	-71,427*
Interest received, etc.		37,917	37,232
Interest paid, etc.		-56,652	-67,501
Tax paid		-157,032	-176,021*
Cash flow before change in working capital		724,387	678,292
Decrease/increase (-) in inventories		121,788	92,792
Decrease/increase (-) in trade receivables		123,114	-125,350*
Decrease/increase (-) in other current receivables		-63,248	63,528*
Increase/decrease (-) in trade payables		-107,210	-13,712
Increase/decrease (-) in other current liabilities		-2,472	27,280
Cash flow from operating activities		796,359	722,830
Investing activities			
Investments in intangible assets	34	-3,024	-3,283
Investments in property, plant and equipment	34	-588,916	-111,532
Investments in other financial assets		-1,462	—
Divestment of property		12,751	15,611
Net settlements, business combinations	35	-35,932	-243,420
Cash flow from investing activities		-616,583	-342,624
Financing activities			
Loans raised and changes to existing loans		98,284	183,533
Amortization of lease liability		-47,547	-31,727*
Dividend paid		-175,028	-137,522
Cash flow from financing activities		-124,291	14,284
Cash flow for the year		55,485	394,490
Cash and cash equivalents at start of year		885,949	498,845
Translation difference, cash and cash equivalents		8,221	-7,386
Cash and cash equivalents at year-end		949,655	885,949
Unutilized overdraft facilities		100,000	100,000
Total cash and cash equivalents available		1,049,655	985,949

* For restatement, refer to Note 1.



FINANCIAL STATEMENTS

Parent Company Income Statement

SEK '000	Note	2024	2023
Net sales		58,818	57,687
Gross profit		58,818	57,687
Administrative expenses		–69,158	–73,126
Total operating expenses		–69,158	–73,126
Operating loss	8, 9, 10, 11	–10,341	–15,439
Profit/loss from financial items			
Financial income	13, 15	207,563	343,633
Financial expenses	13, 15	–72,422	–246,871
Total financial items		135,141	96,762
Profit after financial items		124,800	81,323
Appropriations	14	124,985	48,984
Tax	17	–21,235	–4,673
Net profit and comprehensive income for the year		228,551	125,634



FINANCIAL STATEMENTS

Parent Company Balance Sheet

SEK '000	Note	Dec. 31, 2024	Dec. 31, 2023
Assets			
Non-current assets			
Intangible assets	18		
Trademarks and other intellectual property		—	—
		—	—
Property, plant and equipment	19		
Equipment, tools, fixtures and fittings		1,167	849
		1,167	849
Long-term investments			
Participations in Group companies	21	1,656,351	1,656,351
Non-current receivables, Group companies		616,853	538,035
		2,273,204	2,194,386
Total non-current assets		2,274,371	2,195,235
Current assets			
Current receivables			
Receivables from Group companies		287,880	151,694
Current tax assets		—	1,579
Other receivables		5	1,308
Prepaid expenses and accrued income	24	16,732	11,566
		304,617	166,147
Cash and cash equivalents		547,353	551,549
Total current assets		851,970	717,696
Total assets		3,126,341	2,912,931

SEK '000	Note	Dec. 31, 2024	Dec. 31, 2023
Equity and liabilities			
Equity	25		
Restricted equity			
Share capital		65,490	65,490
Reserves		53,249	53,249
		118,739	118,739
Non-restricted equity			
Retained earnings		1,112,160	1,161,536
Net profit for the year		228,551	125,634
		1,340,710	1,287,170
Total equity		1,459,449	1,405,909
Untaxed reserves	26	49,800	24,800
Provisions			
Provisions for pensions	27	19,225	17,585
Total provisions		19,225	17,585
Non-current liabilities			
Liabilities to credit institutions	29	861,414	729,545
Total non-current liabilities		861,414	729,545
Current liabilities			
Trade payables	29	2,895	3,802
Liabilities to Group companies		694,994	702,757
Tax liability		14,667	—
Other liabilities		1,272	2,919
Accrued expenses and deferred income	32	22,625	25,613
Total current liabilities		736,453	735,091
Total equity and liabilities		3,126,341	2,912,930



FINANCIAL STATEMENTS

Parent Company Changes in Equity

SEK '000	Share capital	Statutory reserve	Non-restricted equity	Total equity
Opening balance at Jan. 1, 2023	65,490	53,249	1,299,043	1,417,782
Other			15	15
Net profit for the year			125,634	125,634
Dividend			-137,522	-137,522
Equity at Dec. 31, 2023	65,490	53,249	1,287,170	1,405,909
Opening balance at Jan. 1, 2024	65,490	53,249	1,287,170	1,405,909
Other			17	17
Net profit for the year			228,551	228,551
Dividend			-175,028	-175,028
Equity at Dec. 31, 2024	65,490	53,249	1,340,710	1,459,449

Parent Company Cash Flow Statement

SEK '000	Note	2024	2023
Operating activities			
Operating loss		-10,341	-15,439
Depreciation/amortization		504	602
Other items not affecting liquidity	34	182,919	24,273
Interest received		57,417	64,116
Dividend received		150,000	109,924
Interest paid, etc.		-71,397	-73,864
Tax paid		-4,989	-2,005
Cash flow before change in working capital		304,113	107,607
Decrease/increase (-) in other current receivables		-218,867	-16,636
Increase/decrease (-) in trade payables		-907	-3,334
Increase/decrease (-) in other current liabilities		-12,398	140,618
Cash flow from operating activities		71,941	228,255
Investing activities			
Investments in property, plant and equipment	34	-822	-199
Cash flow from investing activities		-822	-199
Financing activities			
Loans raised and changes to existing loans		99,713	183,533
Dividend paid		-175,028	-137,522
Cash flow from financing activities		-75,315	46,011
Cash flow for the year		-4,196	274,067
Cash and cash equivalents at start of year		551,549	277,482
Cash and cash equivalents at year-end		547,353	551,549
Unutilized overdraft facilities		100,000	100,000
Total cash and cash equivalents available		647,353	651,599

Notes to Parent Company and consolidated financial statements

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GENERAL INFORMATION AND ACCOUNTING POLICIES

VBG Group AB (publ) in Vänersborg is the Parent Company of an international industrial Group with wholly owned companies in Sweden, the US, Canada, Brazil, South Africa, India, China and Australia as well as seven countries in Europe. Operations are monitored and reported in three divisions: Truck & Trailer Equipment, Mobile Thermal Solutions and Ringfeder Power Transmission.

The Parent Company is a limited company registered and domiciled in Vänersborg, Sweden. The address of the head office is Kungsgatan 57, SE-461 34 Trollhättan, Sweden.

The Parent Company's Series B share is listed on the Nasdaq Stockholm Mid Cap List.

Accounting and valuation policies

The consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards as adopted by the EU. In addition, the Swedish Annual Accounts Act and the Swedish Sustainability and Financial Reporting Board's recommendation RFR 1 are applied. The financial statements have been prepared in accordance with the cost method, except with regard to available-for-sale financial assets and financial assets and liabilities (including derivative instruments) measured at fair value through profit or loss.

New standards and interpretations in 2024

The following standards and amendments have been announced, and entered force starting on or after January 1, 2024:

- IAS 1 Presentation of Financial Statements (classification of liabilities as short- or long-term)
- IFRS 16 Leases (recognition of lease liability in conjunction with a sale and lease-back transaction)
- IAS 7 Statement of Cash Flows, and IFRS 7 Financial Instruments (disclosures on supplier financing)

None of the new or amended standards and interpretations that entered force as of January 1, 2024 have had any material impact on the Parent Company's or consolidated financial statements.

New standards and interpretations yet to be applied by the Group

A number of new and amended standards and interpretations have been published by IASB but have not yet entered force. None of the new or amended standards or interpretations have been applied in advance by the Group. These amended standards or interpretations – with the exception of IFRS 18 Presentation and Disclosure in Financial Statements, which enters force starting on January 1, 2027 – are not expected to have any material impact on the Parent Company's or consolidated financial statements.

Consolidated financial statements

Subsidiaries are all companies (including structured companies) over which the Group holds a controlling interest. For the composition of the Group, refer to Note 20.

The acquisition method is used for accounting of the Group's business combinations. The accounting policies for subsidiaries have been changed where applicable in order to guarantee a consistent application of the Group's policies.

This report may contain rounding differences.

Tax

The tax expense for the period consists of current and deferred tax. Tax is recognized in profit or loss, except when the tax pertains to items recognized in other comprehensive income or directly in equity. In such cases, the tax is also recognized in other comprehensive income or equity, respectively.

Effects of changes in exchange rates

Functional currency and reporting currency

Items included in the financial statements for the different entities in the Group are stated in the currency that is used in the primary economic environment where the enterprise is active (functional currency). For all entities, the functional currency is the currency in the country where the entity operates. The Swedish krona, which is the Parent Company's functional and reporting currency, is used in the consolidated financial statements.

Transactions and line items

Transactions in foreign currencies are translated to the functional currency at the exchange rate prevailing on the transaction date. Exchange gains and exchange losses arising in connection with the payment of such transactions and the translation of monetary assets and liabilities in foreign currencies at the closing rate are recognized in profit or loss. An exception is when the transactions constitute hedges that meet the conditions for hedge accounting, in which case gains/losses are recognized in other comprehensive income. Exchange gains and exchange losses on operating receivables and liabilities are offset against each other and recognized among other operating income or other operating expenses.

Exchange gains and exchange losses of a financing nature are recognized in profit or loss under financial items.

Group companies

The earnings and financial position of all Group companies with a functional currency other than the reporting currency are translated to the Group's reporting currency as follows:

- (i) assets and liabilities are translated at the closing rate
- (ii) revenue and expenses are translated at the average exchange rate
- (iii) all exchange rate differences that arise are recognized as reserves within equity

For currencies that have the greatest impact on the Group, the following currency exchange rates have been used:

	Closing rate, Dec. 31, 2024	Average currency exchange rate 2024
SEK/BRL	1.7737	1.9690
SEK/CAD	7.6398	7.7144
SEK/CZK	0.4553	0.4551
SEK/EUR	11.4865	11.4307
SEK/PLN	2.6929	2.6550
SEK/USD	10.9982	10.5665

Net sales (revenue recognition)

VBG Group's recognized net sales relate to income from sale of goods. Where appropriate, net sales have been reduced by the value of discounts allowed. Income from sales is recognized when control of the goods is transferred and there are no unfulfilled commitments that could influence the customer's acceptance of the goods. Goods are often sold at volume discounts based on accumulated sales over a 12-month period. Income from the sale of goods is recognized based on the price in the contract, less estimated volume discounts. Historical data is used to estimate the anticipated value of the discounts, and the income is recognized only to the extent that a significant return is not likely to occur. A liability (included under Accrued expenses and deferred income) is recognized for anticipated volume discounts in relation to sales up through the balance sheet date.

A receivable is recognized when the goods have been delivered, as that is the point in time when remuneration becomes unconditional (i.e. only the passage of time is required for the payment to occur). The Parent Company's recognized net sales relate to income from sales of services to subsidiaries in the Group and is recognized in the period when the services are delivered.

NOTES

*Note 1 cont'd.***Inventories**

Inventories are measured, with application of the first-in first-out principle, at the lower of cost and net realizable value on the balance sheet date. The cost of own-manufactured semi-finished and finished products has been calculated as the manufacturing costs of the products including attributable manufacturing overheads. Due provision has been made for obsolescence.

Financial assets and liabilities

Financial assets and liabilities are measured and recognized in the Group and the Parent Company in accordance with the regulations in IFRS 9. Under IFRS 9, financial instruments are classified into categories. The classification depends on the intent behind the acquisition of the financial instrument. Company management determines the classification at the original point in time of the acquisition. The categories are: financial assets and liabilities measured at fair value through profit or loss; financial assets and liabilities measured at amortized cost; and financial assets and liabilities measured at fair value through other comprehensive income. A financial asset or financial liability is included on the balance sheet when the company becomes a party to it under the contractual terms of the instrument. Trade receivables are included on the balance sheet when the invoice has been sent. Liabilities are included when the counterparty has delivered and a contractual obligation to pay exists, even if the invoice has not been received. A financial asset is removed from the balance sheet when the rights in the contract are realized, fall due, or the company loses control over them. A financial liability is removed from the balance sheet when the commitments in the contract are fulfilled or are otherwise extinguished. Acquisitions and sales of financial assets are recognized on the transaction date, which constitutes the date the company commits to acquiring or selling the asset, except in those cases where the company acquires or sells listed securities, when settlement date recognition is applied.

Financial assets at amortized cost

Assets held for the purpose of collecting contractual cash flows, and where these cash flows only constitute capital amounts and interest, are measured at amortized cost. Assets in this category are initially recognized at fair value including transaction costs. After the acquisition date, they are recognized at amortized cost using the effective-interest method.

Trade receivables

Trade receivables are amounts attributable to customers as regards the sale of goods or services performed in operating activities. Generally, trade receivables fall due for payment within 30 days, and all trade receivables are therefore classified as current assets. Trade receivables are held solely for the purpose of collecting contractual cash flows, and are thus measured at amortized cost.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances immediately available at banks and similar institutions.

Liabilities

The Group's other financial liabilities are initially recognized at fair value, net of transaction costs. Other financial liabilities are subsequently recognized at amortized cost using the effective-rate method. Non-current liabilities have an expected tenor longer than one year, whereas current liabilities have a tenor of less than one year. This category includes liabilities to credit institutions, trade payables and other current liabilities.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss comprise earnouts in conjunction with business combinations. Financial instruments of this type measured at fair value through profit or loss are classified as Level 3, where the input data for the liability is not based on observable market data.

Borrowing

Borrowing is initially recognized at fair value, net after transaction costs. Borrowing is thereafter recognized at amortized cost, and any difference between the amount received (net after transaction costs) and the repayment amount is recognized in profit or loss allocated over the term of the loan with application of the effective interest method.

Amortization of financial assets

The Group assesses future anticipated credit losses linked to assets recognized at amortized cost. The Group recognizes a credit reserve for such anticipated credit losses on each reporting date. For trade receivables, the Group applies the simplified model for credit reserves — that is, the reserve will correspond to the anticipated loss over the entire life of the trade receivable. Expected credit losses are recognized in consolidated operating profit or loss.

Leases

After the starting date, right of use is measured in accordance with provisions for property, plant and equipment. A lease liability is discounted by using the implicit interest in the lease, if this interest rate is readily identifiable.

The lease term is determined as the non-cancellable period together with both periods covered by a potential extension to the lease if the lessee is reasonably confident that this alternative will be used, and periods covered by an opportunity to end the lease if the lessee is reasonably confident that this alternative will not be used.

VBG Group has also applied the simplified rule for fixed, non-lease components and instead recognizes these together with the lease component in the contract. Furthermore, VBG Group has chosen to apply relief rules for short-term leases and low-value leases, which are reported as current costs.

Pension obligations

There are both defined-contribution and defined-benefit pension plans in the Group. The defined-benefit pension obligation is calculated annually by independent actuaries with the application of the projected unit credit method. The present value of the defined-benefit obligation is established through the discounting of estimated future cash flows with the application of interest rates for top-grade corporate bonds, or the equivalent, that are issued in the same currency as the benefits which are to be paid, with maturity periods comparable to those of the relevant pension obligation. Actuarial gains and losses as a result of experience-based adjustments and changed to actuarial assumptions are recognized under "Other comprehensive income" within the period in which they arise. Expenses pertaining to employment during earlier periods are recognized directly in profit or loss.

The above accounting policy for defined-benefit plans is applied in the consolidated financial statements. The Parent Company recognizes defined-benefit pension plans in accordance with RFR 2. The Parent Company has pledged defined-benefit pensions to its employees. The present value of these commitments to pay pensions in the future is calculated according to actuarial principles. The obligations are recognized as a provision in the Balance Sheet. The interest portion of the year's pension expense is recognized among financial expenses. Other pension expenses are charged to the operating profit.

Further details, including information on essential actuarial assumptions, are given in Note 26.

Intangible assets

Goodwill on acquisitions of subsidiaries is recognized as an intangible asset. Goodwill is subjected to impairment testing annually and is recognized at cost less accumulated impairment losses.

Other intangible assets with a definable useful life are recognized at cost less amortization according to plan during the useful life of the asset.

Expenditures for strategic computer programs are recognized at cost. Expenditures for product development projects are capitalized provided that the Group will enjoy future economic benefits from the development work and that it is possible to determine the cost reliably. Amortization takes place on a straight-line basis according to plan over the calculated useful life of the assets, as follows:

Brands	15–20 years
Customer relationships	10–15 years
Patents and licenses	3–5 years
Other intangible assets	3–5 years



NOTES

Note 1 cont'd.

The amortization period of brands is warranted by the fact that the Group's acquired brands are well known, with large and stable market shares on important markets.

Trademarks with indefinite useful lives are subjected to impairment testing annually and recognized at cost less accumulated impairment losses.

Research and development

Expenditure for research is expensed immediately. Expenditure for development projects (attributable to development and testing of new or improved products) is capitalized as intangible assets to the extent that this expenditure is expected to generate future economic benefits and the acquisition cost of the asset can be estimated reliably. Other product development costs, including expenditure for ongoing product adaptations, are expensed as incurred. No expenditure for development projects has been capitalized as intangible assets during the year.

Property, plant and equipment

Property, plant and equipment are recognized at cost less planned depreciation during the useful life of the assets. Amortization takes place on a straight-line basis according to plan over the calculated useful life of the assets, as follows:

Buildings	25–50 years
Plant and machinery	3–10 years
Equipment, tools, fixtures and fittings	3–10 years

The company has no assets where residual values have to be taken into account in calculating depreciation. The residual values and useful lives of the assets are tested every balance sheet date and adjusted if necessary.

Interest is capitalized as a part of the cost of investments in assets that take a substantial period of time to get ready for their intended use.

Impairment losses

Assets that have an indefinite useful life are not depreciated but are subjected to annual impairment testing. Assets that are depreciated are assessed with respect to loss of value whenever events or changes in conditions indicate that the carrying amount may not be recoverable.

Equity

Equity is recognized in the consolidated balance sheet allocated among: Share capital, Other contributed capital, Reserves, and Retained earnings.

Share capital consists of the nominal value of issued shares.

Other contributed capital comprises all contributions from the shareholders in conjunction with share issues aside from the amounts recognized as share capital.

Reserves comprise amounts which are to be posted directly to equity as a consequence of IFRS rules. They include hedge accounting effects and translation differences in the translation of foreign subsidiaries and effects caused by the translation of defined-benefit pension plans.

Retained earnings consists mainly of earnings during the year recognized in profit or loss less dividends paid. This item also includes amounts transferred from non-restricted earnings to a statutory reserve in a legal entity.

In the Parent Company, equity is distributed between restricted and non-restricted equity in accordance with the rules in the Swedish Annual Accounts Act.

Provisions

Provisions for warranty costs pertain to a predetermined period and are based on historical information on warranty costs as well as current information that may indicate that future requirements will deviate from the historical outcome.

Segment reporting

Segment information is presented from a management perspective, which means it is presented in the same manner as in internal reporting, and is evaluated regularly by the chief operating decision maker in the Group, the VBG Group's President and CEO.

Cash Flow Statement

The cash flow statement is prepared in accordance with the indirect method. The recognized cash flow only includes transactions that entail cash receipts and cash payments. Besides cash on hand and demand deposits, cash and cash equivalents include short-term, highly liquid investments that are subject to an insignificant risk of changes in value, and are traded on the open market at known amounts, or have a shorter remaining maturity than three months from the acquisition date.

Parent Company accounting policies

The Parent Company has prepared its annual report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Sustainability and Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. Under RFR 2, the Parent Company shall, in preparing the annual report for the legal entity, apply all IFRS and statements approved by the EU as far as possible while complying with the Swedish Annual Accounts Act and taking into account the relationship between accounting and taxation. The recommendation stipulates what exceptions and additions should be made with respect to the IFRS. The same accounting policies and calculation methods were applied as in recent years. The Parent Company applies the same accounting policies as the Group, except where indicated in this section.

This Annual Report has been prepared in accordance with the IFRS and IFRIC statements that had entered into effect at the time of its preparation and that have been approved by the European Commission.

Dividend from subsidiaries

The anticipated dividend from subsidiaries is recognized in those cases where the Parent Company has the sole right to determine the size of the dividend, and has decided on such prior to the publication of its financial statements.

Appropriations

Group contributions are recognized as appropriations in profit or loss.

Income tax

The Parent Company's deferred tax liability is recognized under Untaxed reserves.

Shares and participations in Group companies

Shares and participations in Group companies are recognized at cost less any impairment. Any impairment is recognized in Earnings from participations in Group companies. The cost includes fees related to acquisitions, as well as any earnouts. The carrying amount of participations in Group companies is tested for impairment.

Related-party transactions

Related-party transactions include transactions between the Parent Company and their subsidiaries. The Parent Company's related-party transactions are carried out on market terms, with all business transactions between the Parent Company and related companies forming part of normal business operations.

Financial guarantees

The Parent Company's financial warranty obligations comprise primarily guarantees for the benefit of subsidiaries and are recognized as contingent liabilities, unless it is probable that the guarantees issued will lead to disbursement and are thereby recognized as a provision.

Errata

In conjunction with monitoring the implemented system change regarding right-of-use assets, it has been noted that leases were incorrectly recognized in the consolidated financial statements. The items concerned as of December 31, 2022 and December 31, 2023 have been corrected in this interim report as shown in the tables on the following page.



NOTES

Note 1 cont'd.

2022

Consolidated balance sheet, SEK M	According to 2022 Annual Report as adopted	Amount of correction	Corrected balance sheet 2022
Right-of-use asset	430.2	–164.9	265.4
Trade receivables	673.1	–5.6	667.5
Prepaid expenses and accrued income	42.1	–0.4	41.7
Retained earnings, including net profit for the year	2,153.5	–1.6	2,151.9
Deferred tax liability	213.4	3.9	217.2
Lease liability (long-term)	399.0	–144.1	254.9
Lease liability (current)	49.1	–0.8	48.3
Accrued expenses and deferred income	193.1	0.8	193.9

Consolidated income statement, SEK M	According to 2022 Annual Report as adopted	Amount of correction	Corrected income statement 2022
Cost of goods sold	–3,232.7	–6.7	–3,239.4
Gross profit	1,347.3	–6.7	1,340.6
Selling expenses	–392.5	0.2	–392.3
Administrative expenses	–336.7	–1.2	–337.9
Research and development costs	–134.4	0.1	–134.3
Other operating expenses	–31.3	–0.8	–32.1
Interest expenses	–37.4	4.0	–33.4
Tax on profit for the year	–119.5	1.0	–118.5
Net profit/loss for the year	368.3	–3.4	364.9

Consolidated statement of cash flow, SEK M	According to 2022 Annual Report as adopted	Amount of correction	Corrected cash flow, 2022
Operating activities			
Operating profit before financial items	527.2	–8.2	519.0
Depreciation/amortization	136.3	–9.1	127.2
Other items not affecting liquidity	27.5	5.0	32.5
Tax paid	–99.8	2.9	–96.8
Cash flow before change in working capital	533.7	–9.4	524.2
Decrease/increase (–) in trade receivables	–83.3	–5.6	–88.9
Decrease/increase (–) in other current receivables	–65.0	0.8	–64.2
Cash flow from operating activities	250.4	–14.3	236.2
Amortization of lease liability	–41.7	14.3	–27.5
Cash flow from financing activities	–378.0	14.3	–363.7

2023

Consolidated balance sheet, SEK M	According to 2023 Annual Report as adopted	Amount of correction	Corrected balance sheet, 2023
Right-of-use asset	297.0	–41.3	255.7
Trade receivables	821.8	4.6	826.4
Prepaid expenses and accrued income	30.0	9.3	39.3
Retained earnings, including net profit for the year	2,578.4	1.9	2,580.3
Deferred tax liability	229.0	2.4	231.4
Lease liability (long-term)	258.1	–19.7	238.4
Lease liability (current)	55.7	–0.4	55.3

Consolidated income statement, SEK M	According to 2023 Annual Report as adopted	Amount of correction	Corrected income statement, 2023
Cost of goods sold	–3,940.7	3.3	–3,980.7
Gross profit	1,799.0	3.3	1,759.1
Selling expenses	–428.3	–0.2	–428.5
Administrative expenses	–369.9	0.8	–369.1
Research and development costs	–142.1	0.3	–141.8
Other operating expenses	–56.1	–1.4	–14.3
Interest expenses	–70.2	1.7	–68.5
Tax on profit for the year	–193.3	–1.0	–194.3
Net profit/loss for the year	568.6	3.5	572.1

Consolidated statement of cash flow, SEK M	According to 2023 Annual Report as adopted	Amount of correction	Corrected cash flow, 2023
Operating activities			
Operating profit before financial items	824.9	2.6	827.5
Depreciation/amortization	128.1	4.9	133.0
Other items not affecting liquidity	–55.3	–16.1	–71.4
Tax paid	–179.4	3.4	–176.0
Cash flow before change in working capital	683.5	–5.2	678.3
Decrease/increase (–) in trade receivables	–120.7	–4.6	–125.3
Decrease/increase (–) in other current receivables	36.0	27.5	63.5
Cash flow from operating activities	705.2	17.7	722.9
Amortization of lease liability	–14.1	–17.7	–31.8
Cash flow from financing activities	31.9	–17.7	14.2

NOTES

2 SIGNIFICANT ASSESSMENTS IN APPLYING ACCOUNTING POLICIES, ESTIMATES AND ASSUMPTIONS

In preparing the consolidated financial statements, senior management makes estimates and assumptions that impact the recognized amount of assets, liabilities, income and costs with associated notes and disclosures on contingent liabilities.

Uncertainty around these assumptions and estimates could lead to material adjustments of the carrying amount of the assets and liabilities that are impacted in future financial reports, since the outcome could deviate from the estimates and assessments that were made. Changes in estimates are recognized prospectively.

Senior management also makes assessments in applying consolidated accounting policies.

Assessments

When applying consolidated accounting policies, senior management made the following assessments, which have the most significant effect on the carrying amounts in the financial reports:

- *Establishment of the lease term in contracts, with options to extend*

In assessing the lease term, senior management takes material facts into account, on the basis of which it is possible to assess whether it is reasonably certain that options to extend will be exercised or not, in order to establish the lease term including the non-cancelable rental period.

Estimates and assumptions

The key assumptions pertaining to the future and other sources of uncertainty that exist as of the balance sheet date and have a significant risk of resulting in a material adjustment of assets and liabilities during the next financial year are described below. These assumptions and estimates are based on information that was available at the time the financial reports were prepared. The conditions and assumptions of future performance may change, based on changes in the market or other circumstances that arise and are beyond the control of the Group. Changes of this kind are taken into account in the assumptions when they occur.

- *Impairment of goodwill (note 18)*

Every year, the Group carries out impairment testing of goodwill and trademarks with indeterminable lifetimes. Recoverable amounts for cash-generating units have been established by calculation of value in use. Certain estimates must be made for these calculations (Note 18).

- *Obsolescence reserves for inventories (Note 23)*

The Group recognized a total inventory value of SEK 957,815 thousand (1,039,144) after obsolescence reserves of SEK 67,778 thousand (78,431). An obsolescence reserve is recognized if the estimated net realizable value is lower than the cost, and in conjunction with this, the Group makes estimates and assessments regarding, for example, future market conditions and the estimated net realizable value. These assessments are made in accordance with the Group's obsolescence policy. This policy takes into account the past rate of scrapping and the time certain items spend in inventory, which together with the actual and estimated future sales volumes provide data for the obsolescence reserve.

- *Provisions for pensions (Note 27)*

Provisions for remuneration after the conclusion of employment in the form of pensions are dependent on actuarial assumptions. Disclosures on essential actuarial assumptions are presented in Note 27.

- *Other provisions (Note 28)*

Other provisions comprise provisions for warranty obligations. Provisions for warranty costs are based on historical information on warranty costs as well as current information that may indicate that future requirements will deviate from the historical outcome. Actual outcomes of warranty costs may deviate from the estimated outcome, and therefore have a material impact on the recognized warranty costs.



NOTES

3 FINANCIAL RISKS

Financial risks pertain primarily to financing and liquidity risk, interest-rate risk, credit risk and currency risk. The Group's financial risks, and the policies applied to the respective areas of risk, are described below.

Financing and liquidity risk

Financing and liquidity risk includes the risk of being unable to provide for the Group's capital requirements as a result of not having sufficient cash and cash equivalents, or credit facilities that can be utilized unconditionally. Furthermore, there is the risk that refinancing loans that have matured could become difficult or costly.

Policy

The Group's goal with regard to the capital structure is to safeguard the Group's ability to remain in business so that it can generate return for the shareholders, creating benefit for other stakeholders and maintaining an optimal capital structure in order to keep the cost of capital down. The Group's long-term goal is that the equity/assets ratio should exceed 40%. The equity/assets ratio at 31 December 2024 was 63.3%.

Comments

In September 2024, VBG Group signed a new financing agreement with its primary bank, Nordea. The revolving facility of SEK 750 M was expanded, and now totals SEK 2,150 M. At the same time, the existing agreement was extended until September 2029. At the end of 2024, the unutilized portion of the credit facility amounted to SEK 1,288.0 M. A maturity analysis of the financial liabilities is shown in Note 29.

Interest-rate risk

Interest-rate risk refers to the risk that changes in the interest rate level could have a negative impact on the Group's earnings and cash flow. One of the factors that has a major impact on interest-rate risk is the interest rate refixing period chosen for financing. Changes in interest-rate levels have a direct impact on the Group's net financial items. Management of borrowing and other debt management are handled by the Parent Company.

Policy

In September 2024, VBG Group signed a new financing agreement with its primary bank, Nordea. The revolving facility of SEK 750 M was expanded, and now totals SEK 2,150 M. At the same time, the existing agreement was extended until September 2029. Credits drawn under the financing agreement currently bear a three-month interest rate. A maturity analysis of the financial liabilities is shown in Note 29.

Comments

The Group strives for a balance between reasonable current costs for borrowing and the risk of a significant negative impact on earnings in conjunction with a sudden major change in interest rates.

Interest-bearing net debt at year end totaled SEK 428.6 M (374.0) and comprised SEK 223.6 M (202.1) in pension liabilities, SEK 292.7 M (293.6) in lease liabilities, SEK 0.0 M (33.7) in earnouts, SEK 861.4 M (730.5) in credits drawn under the credit facility and SEK 949.7 M (885.9) in cash on hand. Under the financing agreement with the Group's primary bank, credits drawn currently bear a three-month interest rate. A maturity analysis of the financial liabilities is shown in Note 28.

In calculating VBG Group's interest-rate sensitivity, an adjustment was made to net debt pertaining to pension liabilities of SEK 223.6 M (202.1) in accordance with IFRS, an earnout of SEK 0 M (33.7) and lease liabilities under IFRS 16 of SEK 292.7 M (293.6), as the lease liability is to be regarded as a fixed interest-rate contract. This leaves a net loan receivable/net cash on hand (liability) of SEK 87.7 M (155.4) that the interest-rate sensitivity assessment is to be based on.

A change in the interest rate corresponding to two percentage points would have impacted profit before tax by approximately SEK 1.8 M (3.1) based on the interest-bearing net debt on December 31, 2024. The results of the sensitivity assessment in conjunction with an increase of 2 percentage points in the interest rate is regarded as a marginal impact on the Group.

Considering the marginal impact that a change in interest rate could have on the Group, no financial instruments are currently being used to hedge the interest rate.

Credit risk

Credit risk is the risk of losses if counterparties with which the Group has invested in trade receivables, cash and cash equivalents, short-term bank deposits or signed financial instruments with positive market values cannot fulfill their obligations.

Comments

The Group has limited exposure to credit risks. These risks are attributable primarily to outstanding trade receivables. Losses on trade receivables arise when customers declare bankruptcy, or cannot fulfill their payment obligations for other reasons.

The Group applies the simplified model for trade receivables. A loss allowance is recognized for the expected remaining term of the receivable. Assessing whether a loss allowance is to be recognized takes into account the current status of the anticipated credit loss together with the future potential status. Changes in the counterparty's business prospects, along with macroeconomic changes, must also be taken into account. Beyond a collective assessment of any need for impairment of the Group's trade receivables, an individual assessment is conducted as a result of changes in the counterparty's ability to pay.

Group Management is tasked with ensuring that there is no significant credit risk concentration for the Group in relation to any given customer or counterparty, or in relation to any given geographic region. The Group's bad debt losses normally amount to less than 0.05% of sales. For changes for the year in reserves for doubtful debts, refer to Note 30.

Policy

Counterparties must have a high level of creditworthiness, new customers are carefully screened and payment behavior in existing customers is monitored, all to minimize the risk of a counterparty failing to make payments. The finance policy regulates how credit risk is minimized for financial instruments. This is done by restricting short-term investments to interest-bearing instruments with low risk and high liquidity and by limiting the maximum amount that may be invested with any given counterparty.

Comments

The Group's trade receivables amounted to SEK 738.3 M at year end and are recognized at the amounts that are expected to be paid. All receivables are expected to be paid within 12 months. The geographic distribution of the trade receivables largely matches the distribution of sales by region. The Group's bad debt losses normally amount to less than 0.05% of sales; refer to Note 30.

Currency risk

Currency risk pertains to the risk that currency effects will negatively impact the consolidated income statement, balance sheet and/or cash flow. Currency risk exists in the form of both transaction risk and translation risk. The currency flows that emerge primarily from the purchase and sale of goods and services in currencies other than the local currencies of the respective subsidiaries give rise to transaction exposure. VBG Group's global operations give rise to cash flows in foreign currencies. Changes in exchange rates also impact the Group's earnings when translating the non-restricted equity of foreign subsidiaries into Swedish kronor, which gives rise to translation risk.

Policy

Transaction exposure linked to current business is normally not hedged. On the other hand, the accounting functions of the respective divisions work actively on matching currency flows at the division level in order to minimize currency exposure and the transaction costs attributable to them. The same also applies to translation risks, which normally are not hedged.

Comments

The total value of net flows in foreign currencies amounted to a value of approximately SEK 1,109 M (1,072). The currency flows with the greatest impact on (EBIT) are inflows in USD and EUR to SEK. An exchange rate difference of 10% between EUR and SEK affects the Group's operating profit (EBIT) by approximately SEK 1 M (1), while the effect of a similar change between USD and SEK is approximately SEK 19 M (33) and an exchange rate difference between CAD and SEK yields an impact on operating profit (EBIT) of SEK 97 M (99).

The order stock in two of the three divisions are sold in a short period of time, meaning the time between order and delivery is short, which reduces currency risk in sales. The sales flows are thus not hedged. The Group is therefore of the opinion that the impact a change in exchange rate could have on VBG Group is within the boundaries of reasonable transaction risk.

NOTES

4 SEGMENT REPORTING

Truck & Trailer Equipment is an internationally leading supplier of systems to customers in the truck industry and includes the brands VBG and Ringfeder for coupling equipment and Onspot for automatic tire chains as well as Edscha Trailer Systems and Sesam as a supplier of sliding roofs for trailers. Customers are mainly truck manufacturers, body builders/integrators, trailer manufacturers, haulers and importers.

Mobile Thermal Solutions, through its Mobile Climate Control and Bus Climate Control brands, is an industry-leading supplier of complete climate control systems (HVAC systems) for commercial motor vehicles, primarily in North America and Europe. The customers are mainly found in four market segments: buses, off-road vehicles, utility vehicles and defense vehicles.

Ringfeder Power Transmission is a recognized global market leader in selected niches within mechanical power transmission as well as energy and shock absorption. The operations include the Ringfeder, Henfel, Carlyle Johnson and Rathl brands. Customers of the division are found all over the world, in such widely disparate industrial markets as construction, machinery, power and the mining industry.

No sales are transacted between the divisions, and unallocated costs are Group-wide overheads. Assets in each division consist primarily of property, plant and equipment, intangible assets, inventories and receivables, but exclude cash on hand and securities. Liabilities consist of operating liabilities but not tax. Investments consist of purchases of property, plant and equipment and intangible assets.

SEK M	Truck & Trailer Equipment	Mobile Thermal Solutions	Ringfeder Power Transmission	Group-wide	Group
2024 Fiscal year					
External sales	1,537	3,045	997	—	5,579
Operating profit/loss (EBIT)	290	390	137	–21	796
Financial income	—	—	—	221	221
Financial expenses	—	—	—	–235	–235
Tax expense for the year	—	—	—	–194	–194
Net profit/loss for the year	290	390	137	–229	588
Other information					
Non-current assets	635	2,253	717	4	3,609
– of which Czech Republic	201	—	51	—	252
– of which Germany	59	—	121	—	180
– of which Sweden	181	896	—	4	1,081
– of which USA	135	759	163	—	1,057
Current assets	433	1,066	436	32	1,967
Cash and cash equivalents	—	—	—	950	950
Assets	1,068	3,319	1,153	986	6,525
Non-current liabilities	268	475	98	899	1,740
Current liabilities	186	262	166	37	651
Liabilities	454	737	264	936	2,391
Capital expenditures	79	484	54	1	617
Depreciation/amortization	–39	–68	–43	–1	–150

SEK M	Truck & Trailer Equipment	Mobile Thermal Solutions	Ringfeder Power Transmission	Group-wide	Group
2023 fiscal year					
External sales	1,728	3,162	850	—	5,740
Operating profit/loss (EBIT)	364	370	120	–26	828
Financial income	—	—	—	232	232
Financial expenses	—	—	—	–293	–293
Tax expense for the year	—	—	—	–194	–194
Net profit/loss for the year	364	370	120	–281	573
Other information					
Non-current assets	561	1,810	652	8	3,031
– of which Czech Republic	192	—	35	—	227
– of which Germany	61	1	247	—	309
– of which Sweden	155	1,016	—	8	1,179
– of which USA	116	707	219	—	1,042
Current assets	470	1,115	425	42	2,052
Cash and cash equivalents	—	—	—	886	886
Assets	1,031	2,925	1,077	936	5,970
Non-current liabilities	240	447	107	761	1,554
Current liabilities	204	359	163	14	740
Liabilities	444	805	270	775	2,294
Capital expenditures	63	16	32	6	117
Depreciation/amortization	–29	–74	–27	–3	–133



NOTES

5 REVENUE FROM CONTRACTS WITH CUSTOMERS

Sales per geographical area

	Truck & Trailer Equipment	Mobile Thermal Solutions	Ringfeder Power Transmission	Group
2024, SEK M				
Sweden	258	47	5	310
Other Nordic countries	211	50	5	266
Germany	276	47	200	523
Other European countries	446	209	132	787
North America	171	2,639	230	3,040
Brazil	5	—	123	128
Australia/New Zealand	116	2	57	175
China	29	31	27	87
Rest of world	25	20	219	264
Total	1,537	3,044	998	5,579

Sales per geographical area

	Truck & Trailer Equipment	Mobile Thermal Solutions	Ringfeder Power Transmission	Group
2023, SEK M				
Sweden	274	48	4	326
Other Nordic countries	216	50	5	271
Germany	319	35	199	553
Other European countries	591	227	131	949
US	160	2,191	203	2,553
Rest of North America	21	560	10	591
Brazil	8	1	137	146
Australia/New Zealand	113	2	28	142
China	0	28	30	58
Rest of world	26	21	104	152
Total	1,728	3,162	850	5,740

Sales by area of operation

	Truck & Trailer Equipment	Mobile Thermal Solutions	Ringfeder Power Transmission	Group
2024, SEK M				
Off-road	—	1,628	—	1,628
People	36	1,309	—	1,346
Goods	1,501	107	299	1,906
Industrial	—	—	699	699
Sales	1,537	3,044	997	5,579

	Truck & Trailer Equipment	Mobile Thermal Solutions	Ringfeder Power Transmission	Group
2023, SEK M				
Off-road	—	1,650	—	1,650
People	36	1,401	—	1,437
Goods	1,692	111	186	1,989
Industrial	—	—	664	664
Sales	1,728	3,162	850	5,740

Sales by channel

	Truck & Trailer Equipment	Mobile Thermal Solutions	Ringfeder Power Transmission	Group
2024, SEK M				
OEM	319	2,546	632	3,497
Distributors/importers	357	369	344	1,069
Body builders/integrators	471	100	—	571
Dealers	390	30	22	441
Sales	1,537	3,044	997	5,579

	Truck & Trailer Equipment	Mobile Thermal Solutions	Ringfeder Power Transmission	Group
2023, SEK M				
OEM	448	2,748	506	3,702
Distributors/importers	389	351	344	1,085
Body builders/integrators	509	41	—	550
Dealers	381	22	—	403
Sales	1,728	3,162	850	5,740

6 OTHER OPERATING INCOME

	Group	
SEK '000	2024	2023
Capital gain on property, plant and equipment	10,457	5,395
Exchange rate differences	11,698	3,281
Rental income	2,138	1,847
State support	1,238	5,699
Insurance income	817	—
Other	6,748	6,143
Total	33,096	22,365

7 OTHER OPERATING EXPENSES

	Group	
SEK '000	2024	2023
Service warranties	—	8,064
Integration costs	940	3,617
Other	189	2,564
Total	1,129	14,245

NOTES

8

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY CONTRIBUTIONS

SEK '000	2024		2023	
	Salaries and other remuneration	Social security contributions	Salaries and other remuneration	Social security contributions
Parent Company	20,043	12,311	23,409	13,263
of which pension expenses	—	3,347	—	2,713
Subsidiaries	985,520	230,788	950,150	218,953
of which pension expenses	—	22,914	—	19,459
Group	1,005,563	243,099	973,559	232,216
of which pension expenses	—	26,261	—	22,172

Salaries and other remuneration broken down by country and among Board members, etc. and other employees

SEK '000	2024		2023	
	Board and President	Other employees	Board and President	Other employees
Parent Company	7,158	12,885	7,992	15,417
of which bonuses, etc.	868	—	2,179	—
Subsidiaries	32,268	953,252	34,475	915,675
of which bonuses, etc.	7,275	—	6,875	—
Group total	39,426	966,137	42,467	931,092
of which bonuses, etc.	8,143	—	9,054	—

Average number of employees	2024		2023	
	Number of employees	Of whom men	Number of employees	Of whom men
Parent Company				
Sweden	10	5	9	5
Total in Parent Company	10	5	9	5
Subsidiaries				
Sweden	220	179	212	175
Norway	8	7	8	7
Denmark	5	5	5	5
Belgium	20	15	22	15
UK	6	4	7	4
Germany	144	115	145	119
Czech Republic	137	82	142	83
Poland	173	106	171	100
US	297	213	344	243
Canada	530	470	578	516
China	54	25	52	23
India	266	253	60	56
Brazil	107	92	109	96
Australia	3	3	—	—
South Africa	—	—	—	—
Total in subsidiaries	1,970	1,569	1,855	1,442
Total, Group	1,980	1,574	1,864	1,447

At year-end, the Group had 1,972 employees (2,065).

Remuneration to Board members and senior executives

In accordance with a resolution by the 2024 AGM, the Chairman and members of the Board receive a total of SEK 2,140,000 in fixed annual fees. Of the total fee, SEK 180,000 is paid to the Audit Committee and SEK 60,000 to the Compensation Committee, to be distributed by the Board of Directors.

Employees of VBG Group AB (publ) do not receive a Board fee. Remuneration to the President and other senior executives consists of basic salary, variable remuneration, other benefits, pension and other remuneration. By “other senior executives” is meant the two persons who, together with the President, comprise Group Management.

The proportions of basic salary and variable remuneration should be commensurate with the individual's powers and responsibilities. For the President, variable remuneration may not exceed 50% of basic salary. The variable remuneration of other senior executives may not exceed 33–50% of their basic salary. The variable remuneration is based on actual outcome in relation to set goals.

The 2024 AGM resolved on revised guidelines for remuneration to senior executives. In contrast to the previous guidelines, which were adopted by the 2020 AGM, the proposal mainly involved a change to the criteria for variable remuneration, introduction of a possibility of conditional cash remuneration in conjunction with the acquisition of shares of Series B in the company and, as regards pension benefits, the offer of a further 5% in direct pension. Some editorial changes have also been made.

The bonus amount paid out to the President for 2024 corresponded to 8%, and to senior executives 6%, of their basic salary, which is defined here as the sum of their monthly salaries.

Pension benefits and other benefits for the President and other senior executives are payable as a part of the total remuneration. The retirement age for the Managing Director and other senior executives is 65 years.

The President has an employment contract that expires with a notice of termination of six months. Salaries are guaranteed during the notice period. The President can set aside 35% of his fixed salary in pension provisions. Variable remuneration is not pensionable. The employment contract runs with a notice period of 12 months from the company's side. The equivalent period for other senior officers is 6–18 months. Compensation to the President has been determined by the Compensation Committee. Compensation to other senior executives has been determined by the President in consultation with the Compensation Committee.

Board fees are paid as salaries to Board members. The payments occur twice a year, with the result that the cost in 2024 pertains to half of the Board fee resolved at the 2023 AGM and to half of the Board fee resolved at the 2024 AGM.

Related-party disclosures

There have been no other related party transactions in 2024, other than those in relation to senior executives, that significantly affected the company's financial position and results.

Board of Directors and senior executives

	2024		2023	
	Number on closing date	Of whom men	Number on closing date	Of whom men
Group (incl. subsidiaries)				
Board members	14	11	15	12
Presidents and other senior executives	25	22	24	22

All Board members in the Group's subsidiaries are employees. “Senior executives” refers to Group Management and Division Management teams, and the persons who are Presidents of the subsidiaries.

	2024		2023	
	Number on closing date	Of whom men	Number on closing date	Of whom men
Parent Company				
Board members	6	4	7	5
Presidents and other senior executives	3	2	3	2



NOTES

Note 8 cont'd.

Board of Directors and Group Management

2024, SEK '000	Fees/basic salary	Variable	Other benefits	Pension cost	Total
Chairman of the Board until the 2024 AGM, Johnny Alvarsson	382	—	—	—	382
Chairman of the Board as of the 2024 AGM, former Board member Anders Birgersson	544	—	—	—	544
Board member Louise Nicolin	292	—	—	—	292
Board member Peter Augustsson	292	—	—	—	292
Board member Mats R. Karlsson	320	—	—	—	320
Board member Anna Stålenbring	392	—	—	—	392
President Anders Erkén	4,067	868*	102	1,370	6,407
Other senior executives (2 persons)	3,702	1,083	251	1,351	6,387
Total (9 persons)	9,991	1,951	353	2,721	15,016

* Variable remuneration may not exceed 50% of the basic salary, but can exceed the limit for individual periods owing to capitalization.

2023, SEK '000	Fees/basic salary	Variable	Other benefits	Pension cost	Total
Chairman of the Board Johnny Alvarsson	765	—	—	—	765
Board member Louise Nicolin	285	—	—	—	285
Board member Peter Augustsson	285	—	—	—	285
Board member Mats R. Karlsson	310	—	—	—	310
Board member Anna Stålenbring	375	—	—	—	375
Board member Anders Birgersson	142	—	—	—	142
President Anders Erkén	3,651	2,179*	106	1,294	7,230
Other senior executives (2 persons)	3,455	1,499	218	1,355	6,527
Total (9 persons)	9,268	3,678	324	2,649	15,919

* Variable remuneration may not exceed 50% of the basic salary, but can exceed the limit for individual periods owing to capitalization.

9

FEES AND COST REIMBURSEMENT PAID TO AUDITOR

SEK '000	Group		Parent Company	
	2024	2023	2024	2023
Auditing assignments	6,886	6,221	1,575	1,069
(of which Parent Company's auditor)	(2,057)	(1,468)	(1,575)	(1,069)
Auditing activities other than auditing assignments	—	477	—	—
(of which Parent Company's auditor)	—	—	—	—
Tax advice	129	339	35	3
(of which Parent Company's auditor)	(35)	(3)	(35)	(3)
Other services	374	3,495	374	3,475
(of which Parent Company's auditor)	(374)	(118)	(374)	(98)
Total, Auditor in Charge	7,389	10,532	1,984	4,547
Other auditors				
Auditing assignments	2,635	2,486	—	—
Auditing activities other than auditing assignments	63	—	—	—
Tax advice	2,899	3,293	478	271
Other services	1,377	192	82	49
Total other auditors	6,974	5,971	560	320
Total	14,363	16,503	2,544	4,867

The Group's principal auditor is Ernst & Young AB.



NOTES

10 DEPRECIATION/AMORTIZATION AND IMPAIRMENT

Depreciation and amortization are recognized in profit or loss under the following headings:

SEK '000	Group		Parent Company	
	2024	2023	2024	2023
Cost of goods sold	74,290	88,135	—	—
Selling expenses	41,100	13,175	—	—
Administrative expenses	28,730	27,289	504	601
Research and development costs	6,109	4,400	—	—
Total depreciation/amortization	150,229	132,999	504	601

Depreciation/amortization are allocated to the following assets in the balance sheet:

SEK '000	Group		Parent Company	
	2024	2023	2024	2023
Computer software	3,231	3,755	—	—
Brands	2,944	4,248	—	—
Customer relationships	40,600	25,087	—	—
Land and buildings	13,526	12,572	—	—
Plant and machinery	34,408	33,480	—	—
Equipment, tools, fixtures and fittings	21,089	19,708	504	601
Right of use	34,431	34,149	—	—
Total depreciation/amortization	150,229	132,999	504	601

11 EMPLOYEE BENEFITS

Remuneration to employees is recognized in profit or loss under the following headings:

SEK '000	Group	
	2024	2023
Cost of goods sold	629,635	608,008
Selling expenses	206,555	199,460
Administrative expenses	273,152	263,770
Research and development costs	139,323	134,537
Total employee benefits	1,248,665	1,205,775

12 OPERATING EXPENSES CLASSIFIED BY NATURE OF EXPENSE

SEK '000	Group	
	2024	2023
Direct material incl. change in inventories	2,944,853	3,196,414
Employee benefits	1,248,665	1,205,775
Depreciation/amortization	150,229	132,999
Other expenses	439,208	384,434
Total operating expenses	4,782,955	4,919,622

Includes cost of goods sold, selling expenses, administrative expenses and costs for research and development.

13 FINANCIAL INCOME AND COSTS

SEK '000	Group		Parent Company	
	2024	2023	2024	2023
Financial income				
Dividend from participations in subsidiaries	—	—	150,000	109,924
Interest income from other financial assets	34,699	34,890	57,414	64,107
Exchange rate differences – income, financial items	182,840	195,141	146	169,593
Other financial income	3,218	2,342	3	9
Total financial income	220,757	232,373	207,563	343,633
Financial expenses				
Interest expenses, liabilities to credit institutions	–44,964	–48,085	–68,486	–70,643
Exchange rate differences – costs, financial items	–164,860	–213,360	–1,025	–173,008
Interest expenses, lease liabilities	–12,969	–12,893	—	—
Interest expenses, pension provisions	–7,434	–7,587	–552	–494
Other financial expenses	–4,254	–11,721	–2,359	–2,726
Total financial expenses	–234,481	–293,646	–72,422	–246,871

14 APPROPRIATIONS

SEK '000	Parent Company	
	2024	2023
Difference between posted impairment and planned impairment	—	—
Change in tax-allocation reserve	–25,000	–6,000
Group contributions received	150,000	65,000
Group contributions paid	–15	–10,016
Total	124,985	48,984

NOTES

15 FINANCIAL INSTRUMENTS

Financial income	Group		Parent Company	
	2024	2023	2024	2023
SEK '000				
Interest income from other financial assets	34,699	34,890	57,414	64,107
Total interest income under the effective-rate method	34,699	34,890	57,414	64,107
Dividends from participations in subsidiaries	—	—	150,000	109,924
Exchange rate differences – income, financial items	182,840	195,141	146	169,593
Other financial income	3,218	2,342	3	9
Total	186,058	197,483	150,149	279,526
Total financial income	220,757	232,373	207,563	343,633
Financial expenses	Group		Parent Company	
	2024	2023	2024	2023
SEK '000				
Interest expenses, liabilities to credit institutions	–44,964	–48,085	–68,486	–70,643
Total interest expenses under the effective-rate method	–44,964	–48,085	–68,486	–70,643
Exchange rate differences – costs, financial items	–164,860	–213,360	–1,025	–173,008
Interest expenses, lease liabilities	–12,969	–12,893	—	—
Interest expenses, pension provisions	–7,434	–7,587	–552	–494
Other financial expenses	–4,254	–11,721	–2,359	–2,726
Total	–189,517	–245,561	–3,936	–176,228
Total financial expenses	–234,481	–293,646	–72,422	–246,871

Financial instruments	Group		Parent Company	
	2024	2023	2024	2023
SEK '000				
Financial assets				
Trade receivables	738,261	826,381	—	—
Receivables from Group companies	—	—	904,733	689,729
Short-term investments	14,054	11,783	—	—
Other current receivables	142,501	99,988	5	1,308
Cash and cash equivalents	949,655	885,949	547,353	551,549
Total	1,844,471	1,824,101	1,452,091	1,242,586
Financial liabilities				
Liabilities to credit institutions	861,992	730,479	861,414	729,545
Liabilities to Group companies	—	—	694,994	702,757
Earnout	—	33,747	—	—
Trade payables	240,301	322,486	2,895	3,802
Lease liabilities	292,713	293,637	—	—
Accrued interest	10,641	9,995	10,641	9,995
Other liabilities	45,598	45,558	1,272	2,919
Total	1,451,245	1,435,902	1,571,216	1,449,018

All assets and liabilities are measured at amortized cost with the exception of the recognized earnout, which is measured at fair value via profit or loss.

16 EARNINGS PER SHARE

SEK '000	Group	
	2024	2023
Net profit for the year	588,171	572,075
Net profit for the year attributable to Parent Company shareholders	588,171	572,075
Earnings per share, basic and diluted	23.52	22.88
Average number of shares outstanding during the year	25,004,048	25,004,048

17 TAX ON PROFIT FOR THE YEAR

SEK '000	Group		Parent Company	
	2024	2023	2024	2023
Current tax				
Swedish companies	–28,619	–33,488	–21,234	–4,673
Foreign companies	–150,981	–151,624	—	—
Deferred tax	–14,409	–9,099	—	—
Total	–194,009	–194,211	–21,234	–4,673

The difference between the tax expense according to the Swedish tax rate (20.6%) and the actual tax rate comprises the following sub-items: The effective tax amounted to 24.8% (25.4).

SEK '000	Group		Parent Company	
	2024	2023	2024	2023
Reported profit before tax	782,180	766,286	249,785	130,308
Tax under Swedish tax rate	–161,129	–156,495	–51,456	–26,843
Difference between tax rate in Sweden and weighted tax rate of foreign subsidiaries	–26,394	–36,633	—	—
Non-deductible expenses	–10,869	–879	–296	–359
Non-taxable revenue	3,523	264	30,901	22,669
Imputed income, tax allocation reserve	–899	–579	–96	–96
Tax attributable to prior income years	474	—	36	—
Other	1,285	111	–323	–44
Total tax	–194,009	–194,211	–21,234	–4,673

NOTES

18 INTANGIBLE ASSETS

SEK '000	Group		Parent Company	
	2024	2023	2024	2023
Patents and licenses				
Opening cost	120,270	131,584	4,751	4,751
Business combinations	—	1,241	—	—
Purchases for the year	1,536	3,463	—	—
Reclassification	—	1,703	—	—
Sale and retirement of assets	–75	–17,341	—	—
Translation differences	2,566	–380	—	—
Closing accumulated costs	124,297	120,270	4,751	4,751
Opening amortization	–112,085	–124,951	–4,751	–4,751
Business combinations	—	–1,103	—	—
Amortization for the year	–3,231	–3,755	—	—
Reclassification	—	—	—	—
Sale and retirement of assets	66	17,341	—	—
Translation differences	–2,418	382	—	—
Other receivables	—	1	—	—
Closing accumulated amortization	–117,668	–112,085	–4,751	–4,751
Closing balance	6,629	8,185	—	—
Trademarks				
Opening cost	459,293	460,366	28,267	28,267
Translation differences	1,238	–1,073	—	—
Closing accumulated costs	460,531	459,293	28,267	28,267
Opening amortization	–41,988	–39,227	–28,267	–28,267
Amortization for the year	–2,944	–4,248	—	—
Sale and retirement of assets	–1,648	1,487	—	—
Closing accumulated amortization	–46,580	–41,988	–28,267	–28,267
Closing balance	413,951	417,305	—	—

SEK '000	Group		Parent Company	
	2024	2023	2024	2023
Customer relationships				
Opening cost	669,233	522,715	—	—
Business combinations	—	146,518	—	—
Translation differences	30,768	12,411	—	—
Closing accumulated costs	700,001	681,644	—	—
Opening amortization	–167,767	–142,679	—	—
Amortization for the year	–40,600	–25,088	—	—
Sale and retirement of assets	–2,993	—	—	—
Closing accumulated amortization	–211,360	–167,767	—	—
Closing balance	488,641	513,877	—	—
Other intangible assets				
Opening cost	—	841	—	—
Purchases for the year	1,497	—	—	—
Reclassification	—	–841	—	—
Translation differences	8	—	—	—
Closing accumulated costs	1,505	—	—	—
Closing balance	1,505	—	—	—

SEK '000	Group	
	2024	2023
Goodwill		
Opening cost	1,291,286	1,226,799
Business combinations	23,680	74,572
Translation differences	7,902	–10,085
Closing accumulated costs	1,322,868	1,291,286

SEK '000	Group	
	2024	2023
Goodwill is allocated to the Group's divisions as follows		
Truck & Trailer Equipment	282,381	271,382
Mobile Thermal Solutions	764,903	773,167
Ringfeder Power Transmission	275,584	246,737
Carrying amount	1,322,868	1,291,286

SEK '000	Group	
	2024	2023
Brands with indefinite useful lives		
Opening cost	400,000	400,000
Closing accumulated costs	400,000	400,000

SEK '000	Group	
	2024	2023
Brands with indefinite useful lives are allocated among the divisions of the Group as follows		
Mobile Thermal Solutions	400,000	400,000
Carrying amount	400,000	400,000

The Mobile Thermal Solutions division's two brands, Mobile Climate Control and Bus Climate Control, are deemed to have an indefinite useful life. The Group intends to continue marketing and further developing these well-established brands for the indefinite future, while the brands comprise a substantial part of the division's product offering in their respective fields.

The Group conducts annual impairment tests, or tests whether there are indications of a drop in value of all assets with indefinite useful lives consisting of goodwill and brands. The impairment test is based on three cash-generating units that correspond to the lowest level monitored in the internal control in the Group, which coincides with the Group's three divisions. Recoverable amounts for the cash-generating units have been established by calculation of value in use through discounted cash flow. These calculations are based on estimated future cash flows for a period of five years. An established budget is used for

NOTES

Note 18 cont'd.

the first forecast year, 2025, and available strategy plans for each of the three divisions are used for the coming four years. For each of the Group's divisions, individual assumptions have been made for growth, gross profit margins, overhead levels, operating margin (EBITA), tied-up capital and investment needs for the five-year period. Forecast gross and operating margins (EBITA) have been established by management based on historical outcomes and activities and plans in the forecasts adopted.

For calculation of the persistent level of EBITA that is used for the residual calculation, an average of the EBITA during the forecast period has been used. For the time after the forecast period for all three divisions, a growth rate of 2.0% (2.0) has been used, which corresponds to the Riksbank's long-term inflation target.

The discount rate was determined based on expected cost of capital, weighted between borrowed capital and equity. The components of the discount rate comprise risk-free interest, with a 10-year state bond used as a basis; and a systematic risk premium (beta), which was assessed and calculated by looking at a number of comparison companies, the market's risk premium and a company-specific risk premium. The discount rate after tax, which as used in the 2024 impairment test, was 9.0% (9.7) for the three cash-generating units.

The impairment tests for 2024 did not entail any impairments, and all the tests indicated significant headroom.

VBG Group inspects its facilities on a continual basis with external commercial underwriters. During these inspections and assessments, however, nothing emerged that has impacted the assumptions on which VBG Group has based its determinations of the recoverable value of, for example, the discount rate, growth rate, earnings levels, margins, investments and so on. This has therefore not resulted in any material effects.

19

PROPERTY, PLANT AND EQUIPMENT

SEK '000	Group		Parent Company	
	2024	2023	2024	2023
Land and buildings				
Opening cost	367,094	300,311	—	—
Business combinations	—	21,035	—	—
Purchases for the year	457,180	32,942	—	—
Reclassification	1,109	26,758	—	—
Sale and retirement of assets	–7,123	–11,516	—	—
Translation differences	9,077	–2,436	—	—
Closing accumulated costs	827,337	367,094	—	—
Opening depreciation	–115,360	–102,017	—	—
Business combinations	—	–1,752	—	—
Depreciation for the year	–13,526	–12,572	—	—
Reclassification	—	—	—	—
Sale and retirement of assets	4,075	432	—	—
Translation differences	–4,988	704	—	—
Other receivables	—	–155	—	—
Closing accumulated depreciation	–129,799	–115,360	—	—
Closing balance	697,538	251,734	—	—
Plant and machinery				
Opening cost	456,942	396,783	—	—
Purchases for the year	72,878	46,502	—	—
Reclassification	7,324	22,155	—	—
Sale and retirement of assets	–6,846	–6,798	—	—
Translation differences	–1,232	–1,700	—	—
Closing accumulated costs	529,066	456,942	—	—
Opening depreciation	–278,698	–237,238	—	—
Depreciation for the year	–34,408	–33,480	—	—
Reclassification	—	–30	—	—
Sale and retirement of assets	6,300	6,823	—	—
Translation differences	–1,887	–14,773	—	—
Closing accumulated depreciation	–308,693	–278,698	—	—
Closing balance	220,373	178,244	—	—
Equipment, tools, fixtures and fittings				
Opening cost	222,398	244,784	9,962	9,763

SEK '000	Group		Parent Company	
	2024	2023	2024	2023
Purchases for the year	27,275	17,837	822	199
Reclassification	2,967	–21,196	—	—
Sale and retirement of assets	–5,574	–14,524	—	—
Translation differences	12,303	–4,503	—	—
Closing accumulated costs	259,369	222,398	10,784	9,962
Opening depreciation	–150,398	–148,273	–9,113	–8,512
Depreciation for the year	–21,089	–19,708	–504	–601
Reclassification	—	30	—	—
Sale and retirement of assets	5,235	14,159	—	—
Translation differences	–8,934	3,394	—	—
Closing accumulated depreciation	–175,182	–150,398	–9,617	–9,113
Closing balance	84,187	72,000	1,167	849
Construction in progress				
Opening balance	14,925	29,632	—	—
Purchases for the year	41,601	14,251	—	—
Reclassification	–11,366	–29,001	—	—
Translation difference	316	43	—	—
Closing balance	45,001	14,925	—	—



NOTES

20 LEASES

Right-of-use assets

SEK '000	Group	
	2024	2023
Land and buildings		
Opening costs	338,069	333,783
Purchases for the year	12,345	14,818
Translation differences	22,089	–10,532
Other receivables	–2,224	—
Closing accumulated costs	370,279	338,069
Opening depreciation	–112,397	–83,568
Depreciation for the year	–30,747	–30,074
Translation differences	–3,328	833
Other receivables	171	—
Closing accumulated depreciation	–146,301	–112,809
Closing balance	223,978	225,260

SEK '000	Group	
	2024	2023
Vehicles		
Opening costs	34,049	24,473
Purchases for the year	2,180	9,576
Translation differences	532	—
Other receivables	–2,084	—
Closing accumulated costs	34,677	34,049
Opening depreciation	–14,557	–13,226
Depreciation for the year	–2,180	–1,331
Translation differences	–532	—
Other receivables	–183	—
Closing accumulated depreciation	–17,452	–14,557
Closing balance	17,225	19,492

SEK '000	Group	
	2024	2023
Plant and machinery		
Opening costs	16,063	11,523
Purchases for the year	911	9,940
Translation differences	548	—
Other receivables	–426	–5,400
Closing accumulated costs	17,096	16,063
Opening depreciation	–5,138	–7,628
Depreciation for the year	–1,504	–2,744
Translation differences	–279	—
Other receivables	570	5,234
Closing accumulated depreciation	–6,351	–5,138
Closing balance	10,745	10,925
Total closing balance, rights of use	251,948	255,677

Profit after financial items, right-of-use assets

SEK '000	Group	
	2024	2023
Interest on lease liability	14,355	14,593
Leases regarding contracts shorter than 12 months	2,787	3,579
Leases regarding low-value contracts	295	69
Cash flow regarding leases	59,468	42,693

A maturity analysis of the financial liabilities is shown in Note 29.



NOTES

21 PARTICIPATIONS IN GROUP COMPANIES, CHANGES IN CARRYING AMOUNTS

Participations in Group companies

SEK '000	Parent Company	
	2024	2023
Opening cost	1,656,350	1,656,350
Closing balance	1,656,350	1,656,350

Specification of interests in Group companies	Share of equity, %	Share of votes, %	Carrying amount	Corp. ID No.	Domicile
Vänersborgs Släpvnagskopplingar AB	100	100	50	559150-9715	Vänersborg, Sweden
VBG Group Truck Equipment AB	100	100	42,197	556229-6573	Vänersborg, Sweden
VBG Group Sales AS	100	100			Oslo, Norway
VBG Group Sales A/S	100	100			Ejby, Denmark
VBG Group Sales Ltd	100	100			Warrington, UK
Onspot of North America Inc.	100	100			North Vernon, IN (US)
VBG Group Truck Equipment NV	100	100			Beringen, Belgium
VBG Group Truck Equipment GmbH	100	100			Krefeld, Germany
European Trailer Systems GmbH	100	100			Moers, Germany
European Trailer Systems s r. o.	100	100			Kamenice nad Lipou, Czech Republic
Ringfeder Power Transmission GmbH	100	100	90,309		Gross-Umstadt, Germany
Ringfeder Power Transmission India Pvt.	100	100			Chennai, India
Rathi Transpower Pvt Ltd Pune	100	100			Pune, India
Rathi Transpower GmbH	50	50			Neunkirchen, Germany
Rathi Transpower GmbH	50	50			Gross-Umstadt, Germany
Rathi Polybond Pty Ltd	100	100			Springvale, Australia
Ringfeder Power Transmission s r. o.	100	100			Dobruany, Czech Republic
Kunshan Ringfeder Power Transmission Co. Ltd.	100	100			Kunshan, China

Specification of interests in Group companies	Share of equity, %	Share of votes, %	Carrying amount	Corp. ID No.	Domicile
Ringfeder Power Transmission Sp. z o. o.	100	100			Bytom, Poland
Ringfeder Power Transmission USA Corp.	100	100	35,995		Bolton, CT (US)
Carlyle Johnson Machine Co., LLC	100	100			Bolton, CT (US)
Regent Controls, LLC	100	100			Greenville, RI
Centritec Seals, LLC	100	100			Bolton, CT (US)
Artic Tool & Engineering Co, LLC	100	100			Greenville, RI
Henfel Industria Metalurgica Ltda.	100	100	107,033		Jaboticabal, Brazil
Mobile Climate Control Group Holding AB	100	100	1,380,766	556723-5642	Vänersborg, Sweden
Mobile Climate Control Sverige AB	100	100		556535-3074	Norrköping, Sweden
Mobile Climate Control China Holding AB	100	100		556819-6629	Vänersborg, Sweden
Mobile Climate Control Manufacturing Co Ltd	100	100			Ningbo, China
Mobile Climate Control Trading Co., Ltd.	100	100			Ningbo, China
Mobile Climate Control Corp.	100	100			York, PA (US)
Mobile Climate Control Inc.	100	100			Toronto, Canada
Mobile Climate Control Sp. z o. o.	100	100			Olawa, Poland
Mobile Climate Control Africa (Pty) Ltd	100	100			Durban, South Africa
Mobile Climate Control Thermal Systems India Pvt.	100	100			Bangalore, India
Mobile Climate Control GmbH	100	100			Renningen, Germany
Total			1,656,350		

NOTES

22 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets SEK '000	Group		Parent Company	
	2024	2023	2024	2023
Deferred tax asset pertaining to pension liability	10,273	6,063	—	—
Other temporary differences	24,569	21,275	—	—
Deferred tax liabilities relating to difference between carrying amounts of assets and residual values for tax purposes	26,898	—	—	—
Deferred tax asset on tax-loss carry forward	12,126	135	—	—
Recognized deferred tax assets	73,866	27,473	—	—
Deferred tax liabilities				
Deferred tax liabilities relating to tax allocation reserves	–44,301	–38,441	10,259	5,109
Deferred tax liabilities relating to difference between carrying amounts of assets and residual values for tax purposes	139,885	76,248	—	—
Deferred tax liabilities on intangible assets identified in connection with acquisitions	207,164	193,636	—	—
Recognized deferred tax liabilities	302,748	231,443	10,259	5,109

23 INVENTORIES

SEK '000	Group	
	2024	2023
Truck & Trailer Equipment		
Raw materials and consumables	77,045	94,190
Semi-finished products and work in progress	42,831	49,018
Finished products and merchandise	100,804	100,213
Total inventory, Truck & Trailer Equipment	220,680	243,421
Mobile Thermal Solutions		
Raw materials and consumables	347,296	396,157
Semi-finished products and work in progress	31,297	36,120
Finished products and merchandise	166,882	180,584
Total inventories Mobile Thermal Solutions	545,475	612,861
Ringfeder Power Transmission		
Raw materials and consumables	43,379	41,539
Semi-finished products and work in progress	61,638	57,760
Finished products and merchandise	86,644	83,563
Total inventories Ringfeder Power Transmission	191,661	182,862
Total	957,815	1,039,144

The obsolescence reserve for outgoing inventories amounts to SEK 67,778 thousand (78,431), divided among: Truck & Trailer Equipment, SEK 31,520 thousand (27,500); Mobile Thermal Solutions, SEK 21,011 thousand (36,099); and Ringfeder Power Transmission, SEK 15,247 thousand (14,832). Refer also to the change in Note 12.

24 PREPAID EXPENSES AND ACCRUED INCOME

SEK '000	Group		Parent Company	
	2024	2023	2024	2023
Prepaid rent costs	3,836	14,198	298	296
Prepaid insurance premiums	8,039	4,352	533	862
Prepaid service charges	29,374	15,592	15,736	8,832
Prepaid marketing activities	1,847	365	—	—
Accrued income	1,240	248	—	—
Other items	8,592	4,533	165	1,576
Total	52,928	39,288	16,732	11,566

25 EQUITY

Share capital comprises 26,196,024 shares with a quotient value of SEK 2.50. Of these, 2,440,000 are Series A shares carrying 10 votes each. The remaining shares, Series B shares, total 23,756,024 and carry 1 vote each.

The AGM on 24 April 2002 resolved to repurchase every tenth Series B share for SEK 31.25 per share. All shareholders were offered the chance to sell back their shares. 1,191,976 shares were repurchased, which is equivalent to 96% of the number that could be repurchased. At the same General Meeting, the Board was authorized to use repurchased shares to pay for acquisitions during the period up until the next AGM in 2003. This authorization has been extended repeatedly, most recently at the 2024 AGM to apply until the next AGM (2025). This authorization had not been utilized at year-end, so all redeemed shares are still owned by VBG Group AB (publ).

There are thus 25,004,048 shares in free float, of which 2,440,000 are Series A shares and 22,564,048 Series B shares.

26 UNTAXED RESERVES

SEK '000	Parent Company	
	2024	2023
Tax allocation reserves	49,800	24,800
Total	49,800	24,800

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PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

SEK '000	2024	2023
Parent Company		
Provisions in accordance with Swedish Pension Obligations Vesting Act		
FPG/PRI pensions	19,225	17,585
Group		
Provisions		
Defined-benefit pension plans	223,577	202,103

Defined-benefit pension plans

The Group has several defined-benefit pension plans where the employees are entitled to compensation after terminated employment based on final salary and length of service. The plans that cover the largest number of employees are in Sweden and Germany. Maturity periods of 20 and 15 years, respectively, were used when calculating the defined-benefit pension plans.

The amounts recognized in the consolidated balance sheet for defined-benefit pension plans have been calculated as follows:

SEK '000	Sweden	Germany	Other countries	Dec. 31, 2024 Total	Dec. 31, 2023 Total
Present value of unfunded obligations	137,368	86,209	—	223,577	202,103
Total obligation				223,577	202,103

Amounts recognized in the consolidated income statement for pensions

SEK '000	Group 2024	Group 2023
Current service costs	4,372	3,858
Interest expense	7,434	3,674
Costs for defined-benefit plans	11,806	7,532
Costs for defined-contribution plans	23,567	18,314
Total costs recognized in profit or loss	35,373	25,846
Of which		
Amount charged to operating profit	27,939	22,172
Amount charged to financial expenses	7,434	3,674
Total costs recognized in profit or loss	35,373	25,846

Interest expense for pension plans is classified as financial expense. Other items are allocated in the operating profit as cost of goods sold, selling or administrative expenses, depending on the employee's function.

Other comprehensive income was impacted by SEK –14,396 thousand (–6,134), net after tax, as a result of the restatement of defined-benefit pension plans.

Specification of changes in net debt recognized in the consolidated balance sheet relating to defined-benefit pension plans

SEK '000	Group 2024	Group 2023
Net debt at beginning of year	202,103	196,893
Net cost recognized in profit or loss	11,806	7,532
Benefits paid	–8,261	–7,878
Contributions to funded plans	–3,042	–1,862
Gains (–) losses (+) resulting from changed financial assumptions	18,384	7,894
Exchange rate differences on foreign plans	2,587	–476
Net debt at year-end	223,577	202,103

Actuarial assumptions regarding significant defined-benefit pension plans

	2024		2023	
Percentage	Sweden	Germany	Sweden	Germany
Discount rate	3.0	3.5	3.7	3.6
Future annual salary increases	2.8	2.8	2.6	2.8
Inflation rate	1.8	2.1	1.6	2.1

The discount rate in Sweden for both 2024 and 2023 is based on the interest rate for mortgage bonds with a comparable maturity. Through its defined-benefit pension plans, the Group is exposed to a number of risks, the most significant of which are described below:

Change in the return from bonds

A discount rate based on corporate bonds is used to determine plan liabilities. A reduction in the interest rate on corporate bonds will entail an increase in plan liabilities. Since most of the payments are made from unfunded plans, there is no corresponding value increase of plan assets.

Inflation risk

Pension plans in both Sweden and Germany are linked to inflation. A higher rate of inflation leads to an increase in liabilities. Because the Group mainly has unfunded plans, a higher rate of inflation will increase liabilities without the occurrence of a corresponding rise in value of plan assets.

Rate of salary increase

The Group's pension obligation is exposed to changes in the rate of salary increase. Assumptions relating to the rate of salary increase reflect the historic trend in salary expense, the short-term outlook and forecast inflation.

Sensitivity of the defined-benefit obligation to changes in the weighted essential assumptions are:

2024	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5%	Decrease of 18.4%	Decrease of 8.1%
Salary increases	0.5%	Decrease of 10.0%	Decrease of 10.0%
Inflation rate	0.5%	Decrease of 10.2%	Decrease of 16.6%

2023	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5%	Decrease of 9.0%	Increase of 1.7%
Salary increases	0.5%	Decrease of 0.5%	Decrease of 0.5%
Inflation rate	0.5%	Decrease of 0.7%	Decrease of 7.7%

The above sensitivity analysis is based on the change of one assumption, while all other assumptions remain constant. In reality, it is improbable that this will occur and changes in some of the assumptions may be correlated. In the calculation of sensitivity in the defined-benefit obligation for essential actuarial assumptions, the same method was used as for the calculation of pension liabilities that are recognized in the statement of financial position.



NOTES

28 OTHER PROVISIONS

SEK '000	Group	
	2024	2023
Opening value, other provisions	95,791	61,026
Utilization of warranty obligations for the year	–29,496	–34,244
Guarantee reserves for the year	27,594	69,009
Closing value, other provisions	93,889	95,791

Warranty obligations

The products sold by the VBG Group are covered by warranties that are valid for a predetermined period. Provisions for such product warranties are based on historical data plus expected costs for quality problems that are known or can be foreseen.

29 BORROWING

In September 2024, VBG Group signed a new financing agreement with its primary bank, Nordea. The revolving credit facility of SEK 750 M was expanded, and now totals SEK 2,150 M. At the same time, the existing agreement was extended until September 2029.

At the end of 2024, the unutilized portion of the credit facility amounted to SEK 1,288.0 M. A maturity analysis of the financial liabilities is shown in the note below.

Maturity of the Group's financial liabilities including calculated interest payments

Dec. 31, 2024, SEK '000	Carrying amount	Within 1 year	Within 2–3 years	Within 4–5 years	After 5 years	Total contracted cash flow
Liabilities to credit institutions	861,992	50,934	151,600	858,257	—	1,060,791
Trade payables	240,301	240,301	—	—	—	240,301
Lease liability according to IFRS 16	292,713	60,698	83,134	49,472	161,613	354,917
Total	1,395,006	351,933	234,734	907,729	161,613	1,656,009

Maturity of the Group's financial liabilities including calculated interest payments

Dec. 31, 2023, SEK '000	Carrying amount	Within 1 year	Within 2–3 years	Within 4–5 years	After 5 years	Total contracted cash flow
Liabilities to credit institutions	730,479	47,853	801,325	—	—	849,178
Earnout	33,747	33,747	—	—	—	33,747
Trade payables	322,486	323,279	—	—	—	323,279
Lease liability according to IFRS 16	293,638	55,253	100,216	50,240	177,050	382,759
Total	1,380,350	460,132	901,541	50,240	177,050	1,588,963

Maturity of the Parent Company's financial liabilities including calculated interest payments

Dec. 31, 2024, SEK '000	Carrying amount	Within 1 year	Within 2–3 years	Within 4–5 years	After 5 years	Total contracted cash flow
Liabilities to credit institutions	861,414	50,934	151,022	858,257	—	1,060,213
Trade payables	2,895	2,895	—	—	—	2,895
Total	864,309	53,829	151,022	858,257	—	1,063,108

Maturity of the Parent Company's financial liabilities including calculated interest payments

Dec. 31, 2023, SEK '000	Carrying amount	Within 1 year	Within 2–3 years	Within 4–5 years	After 5 years	Total contracted cash flow
Liabilities to credit institutions	729,545	47,853	801,325	—	—	849,178
Trade payables	3,802	3,802	—	—	—	3,802
Total	733,347	51,655	801,325	—	—	852,980



NOTES

30 TRADE RECEIVABLES

SEK '000	Group	
Age distribution of trade receivables and reserve for doubtful debts	2024	2023
Trade receivables not due	629,126	699,264
Trade receivables due in 1–30 days	83,763	89,381
Trade receivables due in 31–90 days	21,858	32,222
Trade receivables due in more than 90 days	11,685	16,856
Reserve for doubtful debts	–8,171	–11,342
Total	738,261	826,381
Reserve for doubtful debts		
Reserve for trade receivables 1–30 days	–498	–1,948
Reserve for trade receivables 31–90 days	–61	–224
Reserve for trade receivables older than 90 days	–7,612	–9,170
Total	–8,171	–11,342
Change for the year in reserve for doubtful debts		
Opening reserve	–11,342	–6,524
Changes written off as bad debt losses	286	789
Reversed unutilized reserves	5,487	712
New provisions for doubtful trade receivables	–1,860	–5,413
Currency effects	–742	–906
Closing reserve	–8,171	–11,342

The Group's bad debt losses normally amount to less than 0.05% of sales.

31 OVERDRAFT FACILITIES

The Group has overdraft facilities amounting to SEK 100 M (100), which remained unutilized at year-end.

Additionally, there is a revolving credit facility totaling SEK 2,150.0 M including the overdraft facility. The overdraft facility from the preceding year totaled SEK 100 M, and in addition to that there was a credit facility of SEK 1,300 M.

32 ACCRUED EXPENSES AND DEFERRED INCOME

SEK '000	Group		Parent Company	
	2024	2023	2024	2023
Special employer's contribution	12,525	11,963	1,575	1,700
Accrued personnel costs	124,970	140,506	8,475	10,511
Audit fees	7,091	6,098	320	280
Other accrued expenses	11,951	5,379	1,614	1,398
Commissions and customer bonuses	18,946	16,027	—	—
Accrued interest	10,641	10,006	10,641	9,995
Accrued warranty obligations	13,594	—	—	—
Other items	25,476	31,349	—	1,729
Total	225,194	221,328	22,625	25,613

33 CONTINGENT LIABILITIES

SEK '000	Group		Parent Company	
	2024	2023	2024	2023
Guarantees for the benefit of subsidiaries	—	—	78,092	72,515
Other contingent liabilities	1,946	1,802	384	351
Total contingent liabilities	1,946	1,802	78,476	72,866

NOTES

34 CASH FLOW STATEMENT

SEK '000	Group		Parent Company	
Other items not affecting liquidity in operating activities	2024	2023	2024	2023
Change in provisions	−9,490	36,540	1,640	2,217
Group contributions received	—	—	149,985	54,984
Currency effect, line items	−18,680	−35,231	31,277	−32,943
Other items	−7,966	−72,736	17	15
Total	−36,136	−71,427	182,919	24,273

SEK '000	Group		Parent Company	
Acquisition of non-current assets	2024	2023	2024	2023
Intangible investments for the year	−3,024	−3,283	—	—
Capital expenditures in property, plant and equipment for the year	−588,916	−111,532	−822	−199
Financial investments for the year	−1,462	—	—	—
Effect of capital expenditures on cash and cash equivalents for the year	−593,402	−114,815	−822	−199

Cash flow in financing activities		Items not affecting liquidity						
Group trend, SEK '000	January 2024	Cash flows	Acquisitions	Interest	Currency effects	New leases	Reclassification	December 2024
Non-current liabilities, bank	786,223	99,713	—	—	2,200	—	—	888,136
Lease liability	293,637	−47,547	—	14,355	30,012	2,256	—	292,713
Total financial liabilities	1,079,860	52,166	—	14,355	32,212	2,256	—	1,180,849
Cash and cash equivalents	885,949	55,485	—	—	8,221	—	—	949,655
Total cash and cash equivalents	885,949	55,485	—	—	8,221	—	—	949,655

		Items not affecting liquidity						
Group trend, SEK '000	January 2023	Cash flows	Acquisitions	Interest	Currency effects	New leases	Reclassification	December 2023
Non-current liabilities, bank	599,084	183,533	—	—	3,606	—	—	786,223
Lease liability	303,303	−31,727	—	14,593	5,205	2,263	—	293,637
Total financial liabilities	902,387	151,806	—	14,593	8,811	2,263	—	1,079,860
Cash and cash equivalents	498,845	394,490	—	—	−7,386	—	—	885,949
Total cash and cash equivalents	498,845	394,456	—	—	−7,386	—	—	885,949

Cash flow in financing activities

Parent Company performance, SEK '000	January 2024	Cash flows	Items not affecting liquidity					December 2024
			Acquisitions	Interest	Currency effects	New leases	Reclassification	
Non-current liabilities, bank	729,545	99,713	—	—	32,156	—	—	861,414
Total financial liabilities	729,545	99,713	—	—	32,156	—	—	861,414
Cash and cash equivalents	551,549	−4,196	—	—	—	—	—	547,353
Total cash and cash equivalents	551,549	−4,196	—	—	—	—	—	547,353

Parent Company performance, SEK '000	January 2023	Cash flows	Items not affecting liquidity					December 2023
			Acquisitions	Interest	Currency effects	New leases	Reclassification	
Non-current liabilities, bank	575,539	183,533	—	—	−29,527	—	—	729,545
Total financial liabilities	575,539	183,533	—	—	−29,527	—	—	729,545
Cash and cash equivalents	277,482	274,067	—	—	—	—	—	551,549
Total cash and cash equivalents	277,482	274,066	—	—	—	—	—	551,549

NOTES

35 ACQUISITIONS

During the preceding year, the Group acquired 100% of the shares in Rathl Transpower Pvt. Limited through one of its wholly owned subsidiaries, Ringfeder Power Transmission India Private Ltd. The formerly preliminary acquisition plan was adopted in the third quarter of the year, and the final acquisition balance is presented below.

SEK M	Preliminary acquisition balance	Adjustment in assumptions	Final acquisition balance Fair value
Purchase consideration	284.4		284.4
Acquired net assets			
Cash and cash equivalents	7.2	0.3	7.5
Property, plant and equipment	28.6	—	28.6
Intangible assets	0.1	0.1	0.2
Customer relationships	146.5	—	146.5
Long-term investments	16.5	–16.2	0.3
Inventories	19.5	0.1	19.6
Receivables	95.3	–5.8	89.5
Liabilities	–90.7	–25.3	–65.4
Deferred tax	–13.2	–50.1	–36.9
Goodwill	74.6	—	94.4
Impact on consolidated cash and cash equivalents			
Total purchase consideration	–284.4	—	–284.4
Previously paid portion of purchase consideration	—		243.2
Earnout paid, including portion previously not settled	33.7	—	–33.7
Cash and cash equivalents in acquired subsidiaries, and adjustment in previous assumptions	7.2	—	0.3
Change in cash and cash equivalents due to acquisition	–243.5		–33.4

36 SIGNIFICANT EVENTS AFTER THE CLOSE OF THE FISCAL YEAR

On January 29, 2025, through its Mobile Thermal Solutions division, VBG Group signed a share transfer agreement pertaining to all shares in the Brazilian company Italytec Imex Indústria e Comércio Ltda, a leading supplier of heating and air conditioning systems for the Brazilian off-road vehicle market.

The shares were accessed on January 31, 2025. Approximately SEK 130 M in annual income was added to the Group through this acquisition. The purchase consideration totaled SEK 233 M. An earnout of approximately SEK 27 M may additionally be paid, based on the outcome of the average EBITA for financial years 2024 to 2026. An acquisition plan is in the process of being prepared. Surplus values identified will comprise primarily goodwill.

37 PROPOSED DISTRIBUTION OF PROFITS

In proposing the dividend, the Board of Directors has taken into account the Parent Company's and Group's short- and long-term liquidity requirements, development potential, financial position and investment needs. Bearing these factors in mind, the Board of Directors of VBG Group AB (publ) proposes that the 2025 AGM resolve to approve a dividend of SEK 7.25 per share (7.00) for the 2024 fiscal year. The proposed dividend entails a total distribution of funds from the Parent Company of SEK 181.3 M (175.0), corresponding to 4.4% of the Group's equity – or 12.4% of the Parent Company's equity – at year end. The Group reported profit after tax of SEK 588.2 M (572.1), which means that the proposed dividend comprises 30.8% (30.8) of the net profit for the year for the Group.

The following funds in the Parent Company are available for distribution by the AGM:

	2024	2023
Retained earnings	1,112,159,809	1,161,536,244
Net profit for the year	228,550,583	125,634,437
Total	1,340,710,392	1,287,170,681

The Board of Directors proposes that these funds be distributed as follows:

	2024	2023
Dividend to shareholders	181,279,348	175,028,336
To be carried forward	1,159,431,044	1,112,142,345
Total	1,340,710,392	1,287,170,681

The proposed dividend totals SEK 181,279,348. Consolidated equity attributable to Parent Company shareholders at December 31, 2024 was SEK 4,132,738 thousand, and non-restricted equity in the Parent Company was SEK 1,340,710,392. Given the above and what has otherwise come to the attention of the Board, it is the opinion of the Board that the proposed dividend is justifiable with regard to the requirements that the nature, scope and risks of the operation impose on the size of the company's and consolidated equity as they do on the company's and the Group's level of consolidation, liquidity and position in general.

FINANCIAL STATEMENTS

Alternative performance measures

Reconciliation between IFRS and performance measures used

Certain information in this report that is used by Group Management and analysts to assess the Group's performance has not been defined under the IFRS. Group Management believes that this information makes it easier for investors to analyze the Group's earnings performance and financial structure. Investors should view this information as a supplement to, rather than a replacement of, financial reporting in accordance with IFRS.

All key figures are presented in their respective tables in this section, except for the three key figure to the right that are presented on the pages indicated.

Equity/assets ratio

Equity as a percentage of the balance sheet total. Please refer to pages 10, 65 and 76.

Return on capital employed (ROCE)

Profit after financial items plus interest expenses as a percentage of average capital employed, expressed as the balance sheet total less non-interest-bearing liabilities. Please refer to pages 10 and 65.

Return on equity (ROE)

Net profit for the year as a percentage of average equity. Please refer to pages 10 and 65.

Organic growth

Net sales excluding effects of structural changes, meaning acquired or divested operations, and currency effects.

SEK M	2024	2023	2022	2021	2020
Group					
Net sales	5,578.9	5,739.8	4,580.0	3,611.2	3,147.2
Acquired volume (incl. full-year effect from preceding year)	-140.1	-26.1	-78.0	—	—
Currency effect	36.0	-299.5	-407.7	135.5	103.6
Net sales excluding acquisitions and currencies	5,474.7	5,414.2	4,094.2	3,746.7	3,250.7
Organic growth	-265.0	834.2	483.0	599.6	-474.7
Organic growth, %	-4.6	18.2	13.4	19.1	-12.7
Truck & Trailer Equipment					
Net sales	1,537.1	1,727.7	1,628.8	1,327.9	1,054.3
Currency effect	5.1	-80.2	-76.6	33.7	17.4
Net sales excluding acquisitions and currencies	1,542.2	1,647.5	1,552.1	1,361.7	1,071.7
Organic growth	-185.5	18.8	224.2	307.4	-131.8
Organic growth, %	-10.7	1.2	16.9	29.2	-11.0

SEK M	2024	2023	2022	2021	2020
Mobile Thermal Solutions					
Net sales	3,044.5	3,161.7	2,234.5	1,762.7	1,617.7
Currency effect	19.4	-110.3	-260.7	70.5	56.0
Net sales excluding acquisitions and currencies	3,063.9	3,051.4	1,973.8	1,833.2	1,673.6
Organic growth	-97.8	816.9	211.1	215.6	-324.8
Organic growth, %	-3.1	36.6	12.0	13.3	-16.3
Ringfeder Power Transmission					
Net sales	997.3	850.4	716.7	520.5	475.2
Acquired volume	-140.1	-26.1	-78	—	—
Currency effect	11.5	-109.0	-70.4	31.3	30.2
Net sales excluding acquisitions and currencies	868.7	715.2	568.3	551.8	505.4
Organic growth	18.3	-1.5	47.8	76.6	-18.1
Organic growth, %	2.1	-0.2	9.2	16.1	-3.4

EBITDA

Operating profit before depreciation/amortization and impairment.

SEK M	2024	2023	2022	2021	2020
Group					
Operating profit	795.9	827.8	527.2	456.0	353.4
Depreciation/amortization	150.2	133.0	136.3	106.4	109.2
EBITDA	946.1	960.8	663.6	562.4	462.5

EBITDA margin

Operating profit before depreciation/amortization and impairment as a percentage of net sales.

SEK M	2024	2023	2022	2021	2020
Group					
Net sales	5,578.9	5,739.8	4,580.0	3,611.2	3,147.2
Operating profit	795.9	827.8	527.2	456.0	353.4
Depreciation/amortization	150.2	133.0	136.3	106.4	109.2
EBITDA margin, %	17.0	16.7	14.5	15.6	14.7



FINANCIAL STATEMENTS

Alternative performance measures, cont.

EBITA

Operating profit before amortization and impairment of intangible assets.

SEK M	2024	2023	2022	2021	2020
Group					
Operating profit	795.9	827.8	527.2	456.0	353.4
Amortization of intangible assets	46.8	33.1	30.3	28.1	32.2
EBITA	842.7	860.9	557.5	484.1	385.5

EBITA margin

Operating profit before amortization and impairment of intangible assets as a percentage of net sales.

SEK M	2024	2023	2022	2021	2020
Group					
Net sales	5,578.9	5,739.8	4,580.0	3,611.2	3,147.2
Operating profit	795.9	827.8	527.2	456.0	353.4
Amortization of intangible assets	46.8	33.1	30.3	28.1	32.2
EBITA margin, %	15.1	15.0	12.2	13.4	12.3

Gross profit margin

Profit after cost of goods sold as a percentage of net sales.

SEK M	2024	2023	2022	2021	2020
Group					
Net sales	5,578.9	5,739.8	4,580.0	3,611.2	3,147.2
Gross profit	1,805.7	1,759.1	1,347.3	1,164.8	1,063.6
Gross profit margin, %	32.4	30.6	29.4	32.3	33.8

Profit margin

Profit after financial items as a percentage of net sales.

SEK M	2024	2023	2022	2021	2020
Group					
Net sales	5,578.9	5,739.8	4,580.0	3,611.2	3,147.2
Profit after financial items	782.2	766.3	487.8	441.4	326.5
Profit margin, %	14.0	13.4	10.7	12.2	10.4

Interest-bearing net debt

Interest-bearing loan liabilities and provisions less cash and cash equivalents.

SEK M	2024	2023	2022	2021	2020
Group					
Provisions for pensions	223.6	202.1	196.9	252.1	233.8
Loans	862.0	730.5	576.0	752.5	806.5
Earnout	—	33.7	—	—	—
Lease liability	292.7	293.6	303.2	118.4	128.2
Bank balances	−949.7	−885.9	−498.8	−667.4	−899.5
Interest-bearing net debt	428.6	374.0	577.3	455.5	268.9

Interest-bearing net debt/EBITDA

Interest-bearing loan liabilities as a percentage of operating profit before depreciation/amortization and impairment.

SEK M	2024	2023	2022	2021	2020
Group					
Interest-bearing net debt	428.6	374.0	577.3	455.5	268.9
EBITDA, rolling 12 months	946.1	960.8	663.6	562.4	462.5
Interest-bearing net debt/EBITDA	0.5	0.4	0.9	0.8	0.6

Earnings per share

Earnings per share outstanding as a percentage of profit after tax.

	2024	2023	2022	2021	2020
Group					
Operating profit after tax, SEK M	588.2	572.1	368.3	337.1	226.7
Number of shares outstanding ('000)	25,004	25,004	25,004	25,004	25,004
Earnings per share, SEK	23.52	22.88	14.73	13.48	9.07



FINANCIAL STATEMENTS

Alternative performance measures, cont.

ROOC by division

EBITDA as a percentage of average operating capital, expressed as property, plant and equipment and working capital (inventory, trade receivables and trade payables).

SEK M	Full-year 2024	Full-year 2023
Group		
Inventories	957.8	1,039.1
Trade receivables	738.3	826.4
Trade payables	–240.3	–322.5
Working capital	1,455.8	1,543.1
Property, plant and equipment	1,299.0	772.6
Operating capital	2,754.8	2,315.6
EBITDA, rolling 12 months	946.1	960.8
Average operating capital, 12 months	2,485.7	2,480.8
ROOC, %	38.1	38.7
Truck & Trailer Equipment		
Inventories	220.7	243.4
Trade receivables	167.0	199.6
Trade payables	–62.5	–68.8
Working capital	325.2	374.2
Property, plant and equipment	290.6	244.3
Operating capital	615.8	618.5
EBITDA, rolling 12 months	328.9	393.2
Average operating capital, 12 months	632.6	633.8
ROOC, %	52.0	62.0

SEK M	Full-year 2024	Full-year 2023
Mobile Thermal Solutions		
Inventories	545.5	612.9
Trade receivables	380.1	434.8
Trade payables	–143.3	–215.0
Working capital	782.2	832.6
Property, plant and equipment	797.4	391.9
Operating capital	1,579.6	1,224.5
EBITDA, rolling 12 months	457.6	438.2
Average operating capital, 12 months	1,316.6	1,355.2
ROOC, %	34.8	32.3
Ringfeder Power Transmission		
Inventories	191.7	182.9
Trade receivables	191.2	192.0
Trade payables	–31.6	–34.8
Working capital	351.2	340.0
Property, plant and equipment	207.9	170.5
Operating capital	559.2	510.6
EBITDA, rolling 12 months	179.8	147.0
Average operating capital, 12 months	537.5	490.5
ROOC, %	33.4	30.0



The income statements and balance sheets will be submitted to the Annual General Meeting on 13 May 2025 for adoption.

The undersigned ensure that the consolidated accounts and annual accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by the EU and with generally accepted accounting policies and give a true and fair view of the Group's and the Company's results of operations and financial position, and that the Report of the Directors provides a true and fair view of the performance, financial position and results of operations of the Group and the Company and describes significant risks and uncertainties faced by the companies included in the Group.

Vänersborg, as per the date indicated
by our electronic signature

Anders Birgersson
Chairman of the Board

Anders Erkén
President and CEO

Peter Augustsson
Board member

Louise Nicolin
Board member

Mats R. Karlsson
Board member

Anna Stålenbring
Board member

Alexander Andersson
Employee representative

Cecilia Pettersson
Employee representative

Gothenburg, date as indicated by our electronic signatures
Ernst & Young AB

Andreas Mast
Authorized Public Accountant

Auditor’s report

To the general meeting of the shareholders of VBG Group AB (publ),
corporate identity number 556069-0751

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of VBG Group AB (publ) for the year 2024. The annual accounts and consolidated accounts of the company are included on pages 63–108 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 2024 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 2024 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.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company’s audit committee

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. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of goodwill and brand with indefinite useful life

Description	How our audit addressed this key audit matter
As of December 31, 2024, the reported goodwill amounts to SEK 1,323 million and the brand with an indefinite useful life to SEK 400 million, which corresponds to 31% of the total assets in the group. As described in notes 1 and 14 of the Annual Report, goodwill and assets with an indefinite useful life are tested annually to identify any potential impairment needs in accordance with IAS 36. The assessment is based on an evaluation of the recoverable amount for the group’s three divisions, which constitute all the smallest cash-generating units identified by management, with individual assumptions regarding growth, profit margin, capital requirements, investment needs, and discount rate. Management’s estimate of future cash flows is based on market, growth, and margin considering the asset’s existing structure without the effect of future acquisitions. The test is based on complex valuation models, significant assumptions, and judgments with inherent uncertainty. Changes in assumptions can have a significant impact on the recoverable amount. Furthermore, the value of goodwill and the brand with an indefinite useful life amounts to significant sums. Considering the above, we consider the valuation of goodwill and the brand with an indefinite useful life to be a particularly significant area in our audit.	<p>Our audit procedures to evaluate management’s impairment assessment have included:</p> <ul style="list-style-type: none">• evaluation of the model and assumptions. The evaluation has included whether the model is prepared according to accepted valuation techniques and the appropriateness of the applied discount rates and assumptions compared to comparable companies,• testing of management’s sensitivity analysis and conducting an independent sensitivity test of significant assumptions to identify whether a reasonable future change in these would lead to an impairment need,• assessment of the reasonableness of future cash flows against the approved budget for 2025, the business plan for 2026–2027, and other information obtained after discussions with management and reviewing minutes from board meetings and other management meetings,• evaluation of management’s accuracy in estimating future cash flows by comparing historical forecasts against actual results; and evaluation of whether management has provided the necessary disclosures in the Annual Report as of December 31, 2024.

AUDITOR'S REPORT

Valuation of inventory

Description

As of December 31, 2024, the inventory amounts to SEK 958 million, which corresponds to 15% of the total assets in the group. As described in notes 1 and 19 of the Annual Report, the inventory is reported at the lower of cost and net realizable value on the balance sheet date. The cost is based on the First-In-First-Out (FIFO) principle. In assessing whether the net realizable value exceeds the cost, management must also consider any provided product discounts and assess the risk of obsolescence. To identify and consistently calculate the risk of obsolescence, the group has established division-specific models that consider the content of the inventory, turnover rates for individual items (slow-moving), and historical scrap rates. This, along with an assessment of actual and estimated future sales volumes based on developments in each market and the latest selling prices, provides a basis for management to establish a reasonable estimate of obsolescence.

Given that critical judgments and estimates by management are required in identifying slow-moving and obsolete items, as well as the fact that the nature and composition of the inventory differ among the group's three divisions, we have identified the valuation of inventory as a particularly significant area in our audit.

How our audit addressed this key audit matter

Our audit procedures to evaluate the appropriateness of the group's process for recognizing and valuing inventory have included:

- understanding how management has established structures and processes to monitor compliance with the FIFO principle.
- understanding how management identifies slow-moving and obsolete items in inventory and evaluates the need for recognized obsolescence,
- evaluation of compliance with implemented and established models for identifying obsolescence at the division level,
- review of the accuracy of the aging analysis of inventory through detailed testing,
- assessment of the net realizable value through detailed testing and reviewing relevant documentation to evaluate management's assessment of the net realizable value;
- first, discussions with management and reviewing minutes from board meetings and other management meetings to identify forwardlooking changes in the company's operations and sales that could lead to inventory becoming obsolete, and
- evaluation of whether management has provided the necessary disclosures in the Annual Report as of December 31, 2024.

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 1–62 and 112–120. 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 intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibility

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the audit of the administration and the proposed appropriations of the company's profit or loss

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 VBG Group AB (publ) for the year 2024 and the proposed appropriations of the company's profit or loss.

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

Basis for opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are

AUDITOR'S REPORT

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 appropriations 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 scepticism 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 whether the proposal is in accordance with the Companies Act.

THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16,

Section 4(a) of the Swedish Securities Market Act (2007:528) for VBG Group AB (publ) for the financial year 2024.

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

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

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

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

Responsibilities of the Board of Directors and the Managing Director

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

Auditor's responsibility

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

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

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or other Assurance or Related Services Engagements which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with professional ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform

electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

Ernst & Young AB with Andreas Mast as lead auditor, was appointed auditor of VBG Group AB (publ) by the general meeting of the shareholders on the 2 May 2024 and has been the company's auditor since the 28 May 2021.

Gothenburg 31 March, 2024
Ernst & Young AB

Andreas Mast
Authorized Public Accountant

REMUNERATION REPORT

Guidelines for remuneration and other terms of employment for senior executives

VBG Group AB (publ)

Remuneration report for fiscal year 2024

Introduction

This remuneration report describes how the guidelines of VBG Group AB (publ) ("VBG Group") for remuneration and other terms of employment for senior executives (the "Guidelines"), adopted by the 2024 Annual General Meeting, were implemented during the year. The report also provides information on remuneration to the President of VBG Group. This report has been prepared in accordance with the Swedish Companies Act and the Rules on Remuneration of the Board and Executive Management and on Incentive Programmes from the Swedish Corporate Governance Board.

Further information on remuneration to senior executives is provided in Note 8 on pages 91–92 of VBG Group's Annual Report for 2024. Information on the activities of the Compensation Committee in 2024 is provided in the Corporate Governance Report on page 39 of the Annual Report for 2024. Information in accordance with Chapter 5, Sections 40–44 of the Swedish Annual Accounts Act is provided in Note 8 on pages 91–92 of the Annual Report for 2024. Information on VBG Group's earnings and performance in 2024 is provided on pages 76–82 and 105–107 of the Annual Report for 2024.

Remuneration to the Board of Directors is not covered by this remuneration report. This remuneration is determined by the Annual General Meeting, and information on remuneration to the Board of Directors is provided in Note 8 on pages 91–92 of the Annual Report for 2024.

VBG Group's application of the guidelines

One prerequisite for successfully implementing VBG Group's business and sustainability strategy

is recruiting and retaining management with strong competence and the capacity for achieving the goals that have been set. It is therefore necessary for VBG Group to offer senior executives competitive remuneration. It is therefore necessary for VBG Group to offer senior executives competitive remuneration. These guidelines promote VBG Group's business strategy, long-term interests and sustainability by providing the company with the possibility of offering senior executives competitive remuneration.

Under the guidelines, VBG Group's remuneration system must be on market terms and competitive. Remuneration can be paid in fixed cash salary, variable remuneration, pension and other customary forms. The criteria forming the basis for disbursement of variable remuneration are to be adopted yearly by the Board for the purpose of ensuring the criteria are in line with VBG Group's current business strategy and earnings targets. The criteria may be individual or shared, financial or otherwise and must be designed in a way that they promote VBG Group's business strategy, sustainability strategy and long-term interests, which means the criteria must be clearly linked to the company's business strategy and objectives. The guidelines are provided on pages 45–46 of the Annual Report for 2024.

Total remuneration to the President in 2024 has complied with the guidelines. No departures from the guidelines have taken place, and no departures have been made from the decision-making process that is to be applied under the guidelines for establishing remuneration. The auditor's account of whether VBG Group has complied with the guidelines is provided on the company's web site, www.vbggroup.com/en

Remuneration to VBG Group's President

The table on the following page shows remuneration to VBG Group's President in 2024. The President of VBG Group did not receive remuneration in the form of shares in 2024.

During the fiscal year reported, the President's performance fully met the criteria set, and the remuneration outcome for variable remuneration totaled SEK 868 thousand, of which SEK 387 thousand is associated with the condition of acquiring shares in VBG Group.

Application of the criteria for disbursement of variable remuneration

The criteria for disbursement of variable remuneration are designed to promote VBG Group's business strategy, sustainability strategy and long-term interests and are thus clearly linked to the company's business strategy and objectives.

The table on the following page shows VBG Group's application of the criteria for disbursement of variable remuneration in 2024.

Remuneration to senior executives and the company's performance, etc.

The table on the following page presents an overview of remuneration to VBG Group's President, of VBG Group's performance and the average remuneration in full-time equivalents for the other employees of VBG Group.



REMUNERATION REPORT

Remuneration to VBG Group's President in 2024

SEK '000							
Name and position	Fixed cash salary	Variable remuneration	Pension benefits	Other benefits	Total remuneration in 2024	Proportion of fixed remuneration	Proportion of variable remuneration
Anders Erkén, President	4,067	868*	1,370	102	6,408	86%	14%

* Variable remuneration may not exceed 50% of the basic salary, but can exceed the basic salary limit for individual periods owing to accrual.

Application of the criteria for disbursement of variable remuneration in 2024

SEK '000				
Name and position	Criteria	Relative weight of criteria	a) Criterion assessed b) Maximum remuneration c) Remuneration disbursed	
Anders Erkén, President	Based on the EBIT margin, excluding preliminary costs for incentive programs for the relevant year for VBG Group.	100%	a) 585,400 b) 1,800 c) 1,800	

In addition, the President has received variable remuneration of SEK 387 thousand (279) associated with the condition of acquiring shares in VBG Group AB (publ).

Remuneration to senior executives and the company's performance, etc.

SEK '000					
Position	2024	2023	2022	2021	2020
Total remuneration to President	6,408	7,230	7,561	8,014	6,400
Total remuneration to Executive Vice President*	—	—	5,640	5,006	4,693
VBG Group's earnings	588,171	572,075	368,273	337,109	226,719
Average remuneration in full-time equivalents for VBG Group's other employees	518	543	507	454	433

* All remuneration to former Executive Vice President Anders Erkén was paid from VBG Group Truck Equipment AB between 2020 and 2022.



FOR SHAREHOLDERS

Information for
existing and
potential shareholders



REASONS TO INVEST

Six excellent reasons to invest in VBG Group

Over time, the VBG Group has posted sustainable and profitable growth as well as stable, long-term healthy returns for shareholders. Future shareholder value will be created through organic and structural growth, sustainable business development and continued efficiency enhancements throughout the Group.

1

STRONG BRANDS IN ATTRACTIVE NICHES

Over time, the VBG Group has built up and acquired several companies with strong brands, which has enabled the Group's three divisions to take positions today as world leaders in their respective industrial niches. In these divisions, customers and users are offered leading industrial solutions that promote a safer society. The Group's focus on strong brands and leading market positions in several different niches enables stability and profitability as well as diversification and a strong risk spread.



Mobile Climate Control



Bus Climate Control



HENFEL

ONSPOT



RINGFEDER



CARLYLE JOHNSON



2

WORKING FOR REDUCED CLIMATE IMPACT

For VBG Group, continued development of its operations without exceeding the planet's limits is important. Reducing the company's climate impact and reducing its share of GHG emissions are top priorities. Our goal is a 50% or greater reduction in our GHG emissions (Scope 1 and 2) by 2030. In 2024, our emissions decreased by 21.1% compared with the 2022 baseline.

-21.1%

REDUCTION IN GHG
EMISSIONS

3

LONG-TERM FINANCIAL STRENGTH

The VBG Group's ownership model, together with strong earnings and profitability trends, has provided financial stability over the years with a high equity/assets ratio. Balancing a stable long-term dividend yield for the owners with allowing the earnings to remain in the Group and work created a strong financial foundation for continued operational development and new acquisitions.

63.3%

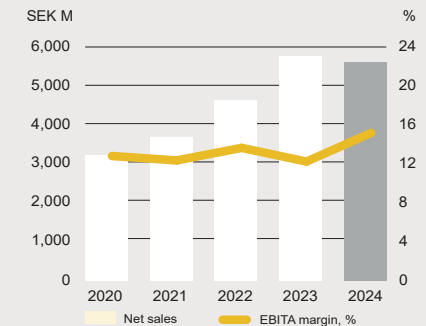
EQUITY/ASSETS RATIO

4

SUSTAINABLE AND PROFITABLE GROWTH

The VBG Group's business concept is built on both organic and structural growth. The objective is average annual sales growth of at least 10.0% over a five-year period. Sales decreased 2.8% in 2024 (2.2% organic growth) as a result of decreased demand in the European trailer market and a weakening trend in North America, one of the Group's core markets. Total average growth over a five-year period was 8.41%, of which 7.45% was organic growth and 1.28% was structural growth. VBG Group's objective is an operating margin (EBITA margin) greater than 15%. In 2024, the Group achieved an EBITA margin of 15.1%.

Historical performance





REASONS TO INVEST

5

STABLE, SECURE OWNERSHIP SITUATION

The VBG Group's Parent Company and Group Management lead the overall operations, steering the Group forward based on a long-term and sustainable perspective. This is made possible by a solid base of stable long-term owners. The largest owners comprise the three owner foundations started by Herman Krefting, the founder of VBG Group, and a number of major institutional owners.

63.5%

10 LARGEST OWNERS,
BY CAPITAL

6

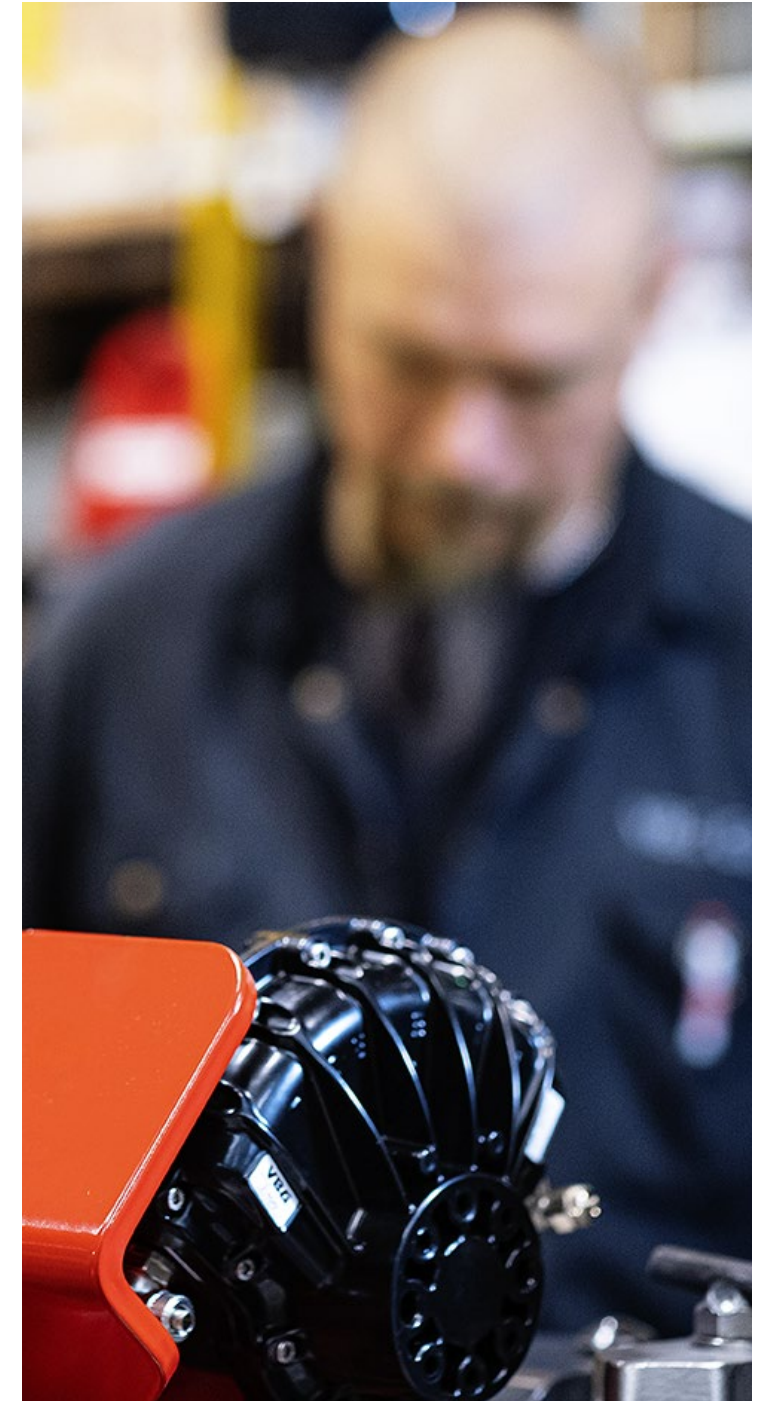
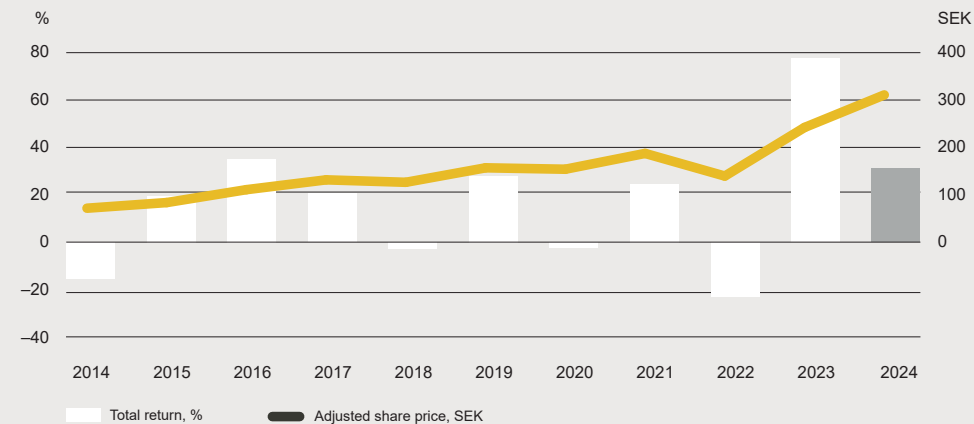
STABLE, HEALTHY RETURNS

According to its dividend policy, in normal circumstances the VBG Group will distribute 30.0% of the Group's profit after tax. Over the last five years – including the proposed dividend for 2024 – an average of 35.76% of net profit has been disbursed. The proposed dividend yield for 2024 amounts to 2.3% (2.9) and over the five-year period averaged 2.9% per year including the proposed dividend on the earnings for 2024. The total return for 2024 was 31.3% (77.5). Over the past five-year period, the aggregate total return was 112.1% (107).

2.3%

PROPOSED
DIVIDEND YIELD

Total return & share price



THE SHARE AND OWNERS

Stable financial position

VBG Group has been listed on Nasdaq Stockholm since 1987, and the company's Series B share is traded on Mid Cap Industry (VBG Group B).

30.8%

Proposed dividend as a percentage of the Group's net profits

2.3%

Proposed dividend yield

In 2024, the share price for the VBG Group Series B share rose 28.4% to SEK 312.00 (SEK 243.00 at the preceding year end). The VBG Group share has attracted increased interest, not only for the growth and earnings performance it displayed in 2024 but also owing to the sector rotation that occurred from growth-oriented companies with high levels of indebtedness to companies with strong balance sheets and stable cash flows.

The highest share price (SEK 512.00) was noted on July 16 and the lowest (SEK 236.50) on January 17. A total of 11,114,092 VBG Group Series B shares, equivalent to a turnover rate of 49.26% (30.20), were traded during the year. At year-end, VBG Group's market capitalization amounted to approximately SEK 7.8 billion (6.1).

Total return

The VBG Group's intention is to create shareholder value by offering stable, long-term healthy returns to shareholders, which is supported by the Group's overall objective of sustainable and profitable growth. The total

return (i.e. the change in share price plus reinvested dividend) for the VBG Group Series B share during 2024 was 31.3%. Over the latest five-year period, the total return for the VBG Group Series B share was 112.1%.

Dividend and dividend policy

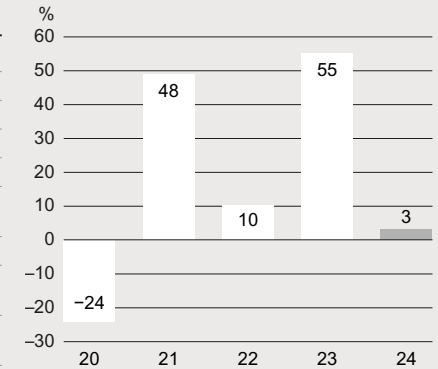
In March 2012, the Board adopted a dividend policy that stipulates that the company normally will pay out 30% of the net profits to the shareholders. The proposed dividend for fiscal year 2024 is equivalent to 30.8% (30.8) of the Group's profit for the year, corresponding to a dividend yield of 2.3% (2.9) based on the closing share price for 2024. Since the company's initial listing on the stock exchange in 1987, and including the dividend of SEK 7.25 (7.00) proposed by the Board to the 2024 Annual General Meeting, the company has paid an average dividend amounting to 32.7% of the net profit. However, the canceled dividend for 2019 (as a result of the pandemic) had a negative impact. Disregarding 2019, the company has disbursed an average of 35.3% of net profits. If 2019 is excluded, the latest ten-year average is 36.6%.

Data per share

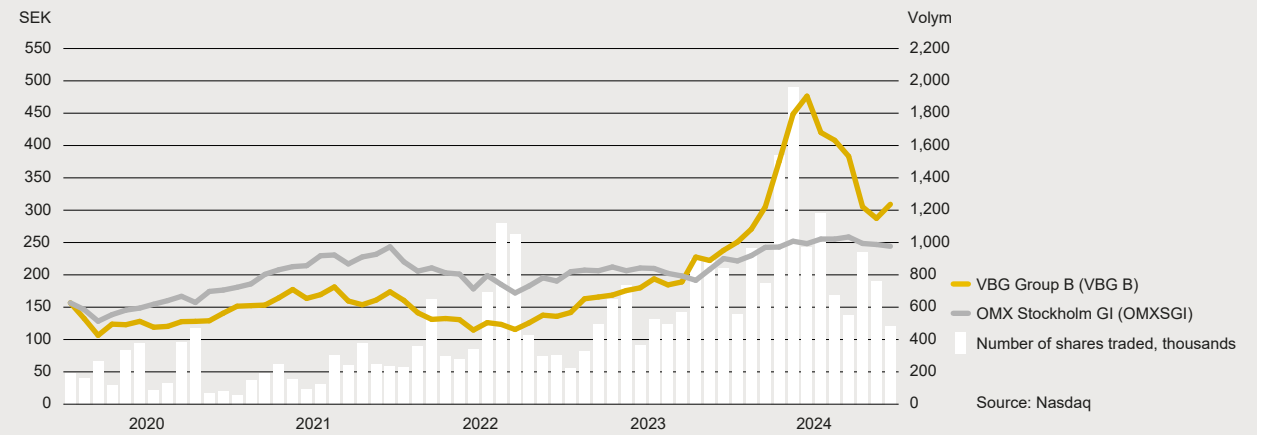
	2024	2023	2022	2021	2020
Earnings, SEK	23.52	22.88	14.73	13.48	9.07
Dividend, SEK	7.25*	7.00	5.50	5.00	4.50
Share price, SEK	312.00	243.00	140.00	188.00	154.50
P/E ratio	13.27	10.62	9.50	13.95	17.03
Equity, SEK	165.28	147.02	131.51	111.72	99.99
Cash flow from operating activities	31.85	28.91	10.02	1.48	17.85
Dividend yield, %	2.32	2.88	3.93	2.66	2.91
Total number of shares outstanding (thousands)	25,004	25,004	25,004	25,004	25,004
Average number of shares outstanding (thousands)	25,004	25,004	25,004	25,004	25,004

* Proposed dividend per share.

Growth in earnings per share



Price of the VBG Group share over five years, adjusted for dividend



THE SHARE AND OWNERS

Ten largest shareholders at December 31, 2024					
Name	VBG Group A	VBG Group B	Holding	Capital	Votes
Herman Krefting Foundation for Allergy and Asthma Research	817,400	5,109,042	5,926,442	22.62%	28.28%
The SLK Employees' Foundation	1,134,600		1,134,600	4.33%	24.16%
VBG-SLK Foundation	488,000	14,000	502,000	1.92%	10.42%
Nordea Funds		2,209,809	2,209,809	8.44%	4.71%
SEB Investment Management		1,689,511	1,689,511	6.45%	3.60%
Lannebo Kapitalförvaltning		1,543,095	1,543,095	5.89%	3.29%
Swedbank Robur Fonder		1,211,616	1,211,616	4.63%	2.58%
If Skadeförsäkring AB		1,099,192	1,099,192	4.20%	2.34%
The Fourth Swedish National Pension Fund		764,613	764,613	2.92%	1.63%
The First Swedish National Pension Fund		551,157	551,157	2.10%	1.17%
Total 10	2,440,000	14,192,035	16,632,035	63.49%	82.17%
Other		9,563,989	8,372,013	31.96%	17.83%
Shares in own holding, VBG Group AB		1,191,976	1,191,976	4.55%	0.00%
Total number of shareholders	11,765				
Total number of shares	26,196,024				

Source: Modular Finance AB. Compiled and processed data from sources including Euroclear, Morningstar and the Swedish Financial Supervisory Authority.

Owner categories	
Dec. 31, 2024	Percentage of capital
Foreign share-holders	20.67%
Swedish share-holders	79.33%
Of which:	
Institutions	84.67%
Private persons	15.33%

Size of shareholdings		
Dec. 31, 2024		
Number of shares	Number of shareholders	Percentage of capital
<500	10,720	3.27
501–5,000	901	5.14
5,001–10,000	52	1.48
10,001–50,000	55	4.29
>50,001	37	85.81
Total	11,765	100.00

Shareholders in Sweden and abroad	
Dec. 31, 2024	Percentage of capital
Sweden	79.33
Other Nordic countries	9.62
Other European countries	3.04
Rest of world	8.01

Share capital

VBG Group AB's share capital at December 31, 2024 was SEK 65.5 M distributed among 26,196,024 shares with a quotient value of SEK 2.50 each. The VBG Group's shares are divided into two classes of shares: 2,440,000 Series A shares and 23,756,024 Series B shares. Each Series A share carries ten votes and each Series B share carries one vote, except for the Series B shares bought back by VBG Group AB, which carry no votes or dividend rights. Following the buy-back program that was implemented in 2002, VBG Group AB owns 1,191,976 Series B shares representing 4.6% of the share capital. The Board of Directors has been authorized by the Annual General Meeting to resolve on one or more occasions to transfer these shares in connection with acquisitions.

Shareholders

VBG Group had 11,765 shareholders (11,700) at year end, December 31, 2024. The Series A shares, which represent 62.9% of the votes in the VBG Group, are held by the Herman Krefting Foundation for Allergy and Asthma Research, the SLK Employees' Foundation and the VBG-SLK Foundation. Of the total capital, 84.7% (81.4) is owned by institutions (including the three foundations, and the VBG Group's treasury shares). Foreign ownership is 20.7% (16.5).

Contacts with the stock market

The VBG Group's contacts with the stock market are mainly based on quarterly financial reports, press releases and presentations by the VBG Group in various contexts. In 2024, a number of physical meetings with investors took place, as well as several telephone meetings with investors and analysts. VBG Group participated in the SEB Nordic Seminar in Copenhagen in January, the SEB Small & Mid Cap Days in Stockholm in May, the Nordea Annual Small & Mid Cap Days in Stockholm in August, and the Nordea Micro Cap Seminar in Stockholm in November. Financial statements and other information, both financial and general, can be found on the Group's web site at www.vbggroup.com/en



The person in charge of Investor Relations is CFO Fredrik Jignéus.

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ANNUAL GENERAL MEETING AND ADDRESSES

Welcome to the 2025 Annual General Meeting

The Annual General Meeting of VBG Group AB (publ) will be held at 5:00 p.m. on Tuesday, May 13, 2025 in the company's offices at Herman Kreftings gata 4 in Vänersborg, Sweden.

To facilitate carrying out the General Meeting, the Board has decided – in accordance with the Articles of Association – that the voting rights of shareholders at the AGM can also be exercised through voting in advance (postal voting). Additional information will be provided in the notice to attend the meeting, which will be published on the company's web site (www.vbggroup.com/en/) and in Post- och Inrikes Tidningar.

Registration

Shareholders wishing to attend the meeting must:

- be recorded in the share register prepared by Euroclear Sweden AB pertaining to conditions as of May 5, 2025.
- have registered for the meeting by having submitted their postal vote, which must have arrived at the address indicated in the notice to attend by May 7, 2025 at the latest.
- for physical participation on site, register their participation at the address indicated in the notice to attend by May 7, 2025 at the latest.

Shareholders whose shares are registered to a nominee must have the shares re-registered in their own name by the nominee (voting rights registration) in good time before May 5, 2025. Voting rights registration completed by the nominee by May 7, 2025 at the latest will be taken into account in preparing the share register.

Dividend

The Board of Directors and President propose a dividend of SEK 7.25 per share (7.00), with a record date of May 15, 2025. If the AGM approves this proposal, the dividend is expected to be distributed by Euroclear Sweden AB starting May 20, 2025.

Report dates

April 28	Interim report January–March 2025
July 21	Half-year report January–June 2025
October 28	Interim report January–September 2025
February 2026	Year-end report 2025

The VBG Group welcomes inquiries about the Group and its development. Contact persons are: Anders Erkén, President and CEO, telephone: +46 521 27 77 67, and Fredrik Jignéus, CFO, telephone: +46 521 27 77 53. More information is available at the company's web site, www.vbggroup.com/en/

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VBG Group is a long-term active owner of successful industrial companies and brands. The Group's three divisions – operating in 15 countries with approximately 2,000 employees – are run on a foundation of industrial expertise, strong brands and financial stability.

