

Annual report

Karnell Group AB (publ)

2025

Karnell.

The English version of the Annual report is a translation of the official Swedish report. In event of any discrepancies, the Swedish version shall prevail.

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“Karnell are building a group of leading industrial technology companies equipped for the future.”



About Karnell

Turnover:

1,688 million

EBITA:

233 million

EBITA margin:

13.8%

Number of employees:

753

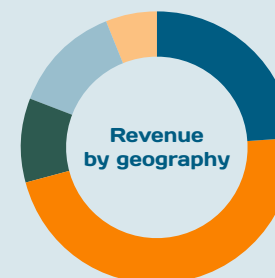
Karnell is an active and long-term owner of industrial technology companies.

The company's business concept is to identify and invest in industrial technology companies through a systematic and proactive acquisition strategy, where Karnell assesses that there is development potential and thus the opportunity for value creation with Karnell as a long-term owner.

Karnell applies a decentralised governance model in which the group companies have a high degree of autonomy and freedom to make important business decisions locally, close to their customers.



● Product companies **53%**
● Niche production **47%**



● Sweden **24%**
● Finland **47%**
● UK **10%**
● Rest of Europe **13%**
● Other countries **6%**

Summary of the year

Platform acquisitions during the year

During the year, three new platform acquisitions were completed within the Product Companies business area – Warwick SASCo Ltd and LundHalsey Ltd in the UK, and Männistö Oy Metallituote in Finland.

Increased net sales

Net sales increased by 20.3% to SEK 1 687.6 million SEK (1,402.3), of which organic growth accounted for 4.6%.

Increased EBITA

EBITA increased by 40.3% to SEK 232.8 million (165.8), corresponding to a margin of 13.8% (11.8). On an organic basis, EBITA increased by 12.6%

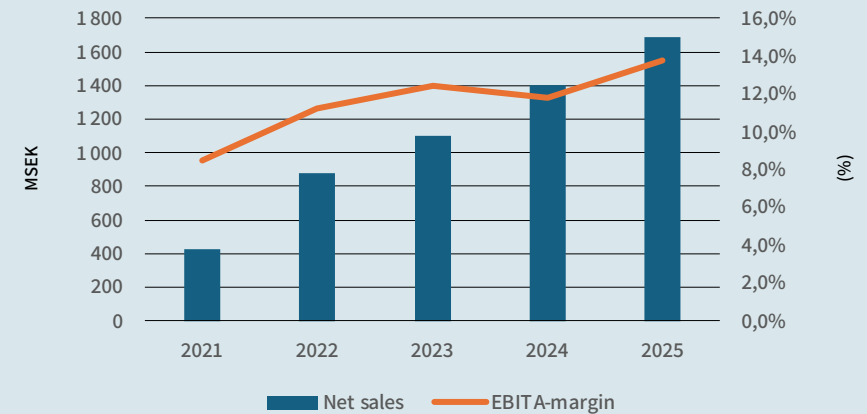
Low debt

Debt levels remain low, and the Group's net debt (adjusted for IFRS 16 leases) stood at SEK 313.3 million at the end of the financial year, whilst the net debt/EBITDA (adjusted for IFRS 16 leases) stood at 1.2.

KEY FIGURES

MSEK	2025	2024
Net sales	1,687.6	1,402.3
Net sales growth, %	20.3%	27.1%
EBITA	232.8	165.8
EBITA margin, %	13.8%	11.8%
EBITA growth, %	40.3%	21.4%
Operating profit (EBIT)	207.6	150.7
EBIT margin, %	12.3%	10.7%
Earnings per share, diluted (SEK)	2.59	1.49
Net debt excl. leasing/ EBITDA excl. leasing	1.2	0.9
Cash flow from operating activities	219.5	174.1
Return on Equity	11.8%	8.0%
Return on Capital Employed	13.7%	12.5%
Average number of employees	753	665

NET SALES AND EBITA MARGIN



A word from CEO Petter Moldenius

Karnell has been built with a long-term ambition: to develop a group of specialised industrial technology companies that can grow and create value over many years.

Our strategy is based on a simple idea: to combine disciplined capital allocation with decentralised entrepreneurship, and to give the people closest to the customer the responsibility to run the business. We build Karnell with a long-term perspective, focusing on developing a group of companies that can strengthen over time, where the key question is how the underlying businesses evolve and how well our approach works in practice.

Against that backdrop, 2025 was a year of continued development, with net sales increasing by 20.3 percent to SEK 1,687.6 million, of which 4.6 percent was organic growth. EBITA increased by 40.3 percent to SEK 232.8 million, corresponding to a margin of 13.8 percent, while cash flow from operating activities amounted to SEK 219.5 million. During the year, we completed three acquisitions and entered the new year with stronger momentum than twelve months earlier.

What matters most, however, is what these results indicate about the continued development of Karnell's model. We acquire and develop well-run industrial technology companies in specialised niches, with strong market positions, close customer relationships and meaningful know-how in products, processes or applications.

Many of the companies we acquire have been built carefully by founders or families over many years, and our role is to provide a long-term ownership perspective that enables continued development. In practice, this means supporting management teams with governance, board work and strategic direction, while contributing energy and ambition for the next phase of development and preserving the entrepreneurial culture that made the businesses successful.

During 2025, this model was tested in a varied market environment, where conditions differed across segments and end markets, and demand developed differently across companies. Despite this, Karnell delivered both organic growth, improved margins and higher earnings, reflecting both the strength of the underlying businesses and the quality of the decisions made within our companies.

Across the group, there are many examples of what builds long-term value: strong customer focus, improved product mix, disciplined pricing and operational development. Each individual initiative may be limited in scope, but together they drive continuous strengthening of the businesses.

Acquisitions are an important part of Karnell's strategy and a way to continue developing the group. During the year, we acquired Männistö in Finland as well as Warwick SASCo and LundHalsey in the United Kingdom, three companies operating in specialised niches that strengthen the group through competence, market position and experienced management teams.

We evaluate acquisitions based on their long-term contribution to Karnell and the value development the companies can create over time. Even well-managed businesses require discipline in valuation to become good investments, which makes selectivity and patience central to our approach. Our model also allows us to act with a long-term perspective, prioritising quality, choosing the right opportunities and refraining when the conditions are not sufficiently attractive.

As Karnell grows, we continue to develop our own capabilities by strengthening our acquisition pipeline, expanding our presence in selected European markets and further developing the team working closely with our companies.

Our financial targets reflect this long-term approach. In the medium term, our target is an EBITA margin of at least 15 percent, and in 2025 the margin reached 13.8 percent, a clear improvement from 11.8 percent the previous year, while further potential remains. Our ambition for EBITA growth over

a business cycle is at least 15 percent per year, and in 2025 we exceeded this level, with a focus on building a model capable of delivering stable and sustainable growth over time.

Building Karnell is a long-term endeavour where decisions are made continuously and development varies across companies and over time. Not every decision will be perfect and not every business will develop at the same pace, but what matters is that we continue to learn, maintain discipline in capital allocation and systematically strengthen the companies we own.

Karnell is still early in its journey, and we see strong opportunities to continue developing the group by strengthening existing companies and adding new businesses that fit our model. Development will vary over time, but with a consistent focus on quality, discipline and long-term thinking, we believe the conditions for value creation are strong.

Karnell is built company by company, decision by decision and year by year.

“We build Karnell with a long-term perspective, focusing on developing a group of companies that can strengthen over time”.

Petter Moldenius | CEO



Financial targets

Karnell’s financial targets are set to create long-term and sustainable profitable growth by acquiring and developing profitable businesses.

DIVIDEND

Karnell’s retained earnings and available cash flows will, in the short term, be reinvested in the business and primarily used for expansion through new acquisitions. In the medium term (3–5 years), Karnell intends to distribute 20–30 per cent of the profit for the year.

TARGET

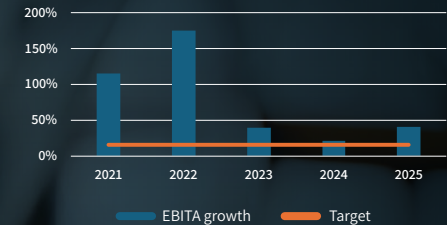
OUTCOME 2025

HISTORY

EBITA growth

Average annual EBITA growth shall amount to at least 15% over a business cycle. Growth shall be achieved both organically and through acquisitions.

EBITA growth amounted to 40.3%, of which 12.6% was organic growth.



EBITA margin

The EBITA margin is expected to reach at least 15% in the medium term.

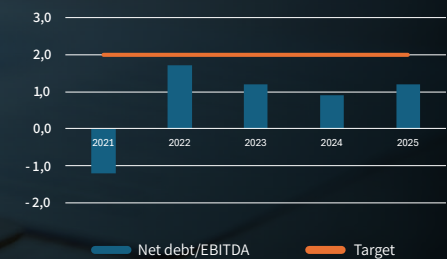
The EBITA margin for the year was 13.8%. The EBITA margin has been rising in recent years. In 2024, the Group incurred unusually high costs related to both the IPO and to acquisitions, which had a negative impact on the margin.



Gearing ratio

Net debt excluding leases/ EBITDA excluding leases should not normally exceed 2x. This ratio may temporarily exceed this level in connection with acquisitions.

The debt-to-equity ratio stood at 1.2 as at the balance sheet date.



“

Karnell is an active and long-term owner of industrial technology product companies and niche manufacturers.

The company's business concept is to identify and acquire businesses with a strong financial profile, good profitability, stable cash flows and significant development potential through a systematic and proactive acquisition strategy.

Business description

Karnell operates a decentralised management model in which Group companies have a high degree of autonomy and the freedom to make key business decisions locally, close to their customers. This model promotes efficiency, customer focus and flexibility, whilst Karnell provides strategic support and financial resources to further develop the businesses.

At year-end, Karnell comprises 18 directly owned group companies, including subsidiaries, divided into two business areas

Product companies

Operations that base their business primarily on proprietary products. These companies may hold various types of rights, such as trademarks and patents.

Niche production

Manufacturers with a high degree of specialisation within their area of expertise, often in close dialogue with their customers. Production generally involves small batches with a clear niche and market position.



Strategy and acquisitions

Karnell's strategy is based on two main areas.



Development of existing group companies

Karnell works actively to support and develop the group companies. This support focuses on:

- Growth initiatives, such as geographical expansion and new markets
- Implementation of complementary acquisitions
- Product development and launch strategies
- Streamlining of processes and cost optimisation

Each group company is run as an independent entity under its own brand and with its own management, whilst Karnell contributes industrial expertise, strategic advice and financial resources.

Expansion through selective acquisitions

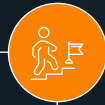
Karnell works systematically and proactively to identify and acquire unlisted industrial technology businesses. The company's acquisition criteria are:

- Companies with turnover between SEK 50 million and SEK 350 million
- A stable financial track record and good profitability, with an EBITA of over SEK 10 million and an EBITA margin of over 10 per cent, preferably closer to 20 per cent
- Clear competitive advantages, such as high barriers to entry, strong customer relationships or technical innovation

Acquisitions take the form of both platform acquisitions (new group companies) and add-on acquisitions to strengthen existing companies. Karnell's proactive acquisition process enables early dialogue with entrepreneurs and owners, creating the conditions for long-term, value-creating acquisitions.

Segment and market position

Karnell focuses on B2B operations within industrial technology, with the potential to be placed in one of two business areas: Product Companies or Niche Production. The operations must possess long-term competitive advantages such as high barriers to entry, established customer relationships or innovative products with cutting-edge technical expertise.



In addition to the financial parameters, Karnell has drawn up the following acquisition criteria.



Sellers of companies

Karnell prefers to acquire entrepreneurial and family-run companies where the founder intends to continue in an active role during a transition period. This ensures a smooth transition and preserves key expertise, whilst such sellers are often keen to see the company continue to develop.

Size and profitability

Acquisition candidates should have a turnover of between SEK 50 million and SEK 350 million, stable profitability with an EBITA in excess of SEK 10 million, and an EBITA margin of over 10 per cent, preferably closer to 20 per cent. A stable and positive cash flow is a prerequisite.



KARNELL'S ACQUISITION CRITERIA



Competent management

The company assesses the management team's ability to implement the company's strategy. An experienced and knowledgeable management team is crucial for driving the business forward. Where necessary, Karnell initiates organisational changes before or after the acquisition.

Geographical location

The focus is primarily on the Nordic market, but Karnell is also evaluating acquisitions outside the Nordic region, particularly in the UK and northern Italy, where businesses meet the company's acquisition criteria and strategic focus.



Financial and operational stability

Karnell acquires companies with stable and predictable sales, low sensitivity to economic cycles and the potential for future reinvestment.



Business Areas

OVERVIEW OF GROUP COMPANIES

Through defined business areas and investment criteria, Karnell has defined the type of companies that Karnell focuses its operations on this area. Karnell provides both ownership and operational expertise, thereby becoming an ownership partner to the group companies. With industrial technology companies as its starting point, Karnell has divided its operations into two business areas: (i) Product Companies and (ii) Niche Production.

Both business areas comprise small and medium-sized industrial technology companies where the end-customer offering is targeted at business-to-business (B2B) clients. Companies in sectors such as services, distribution and consultancy therefore fall outside Karnell's focus areas, as these are considered to be relatively personnel-dependent and difficult to scale up sufficiently. Karnell has instead chosen to focus primarily industrial product companies with in-house production, a stable financial profile with healthy margins, and which operate in markets with high barriers to entry. Furthermore, Karnell focuses on companies that sell products with low unit costs in the form of inputs and consumables rather than capital-intensive capital goods.

The Group companies operate independently and, in some cases, have additional subsidiaries acquired with the aim of strengthening the customer offering. The Group companies' head offices are located in Sweden, Finland and the UK.

Business area

Product companies

The **Product Companies** business area comprises companies that base their operations entirely or predominantly on proprietary products, which may also include various rights such as trademarks, patents, and so on. The companies' product offerings are characterised by well-developed product solutions that create a strong identity and loyal customers.

Net sales
2025 (MSEK)

892

Share of
Group turnover

53%

EBITA 2025 (MSEK)

134

EBITA margin

15.0%

Business area

Niche production

The **Niche Production** business area comprises manufacturing companies with a high degree of specialisation within their field of expertise, which produce smaller product ranges, often in close dialogue with customers. Unlike manufacturing product-owning companies, which benefit from economies of scale and high production volumes, niche manufacturing companies focus on expert competence within a specific area (niche) and can thus create value for the end customer. This is considered to enable long-term and strong customer relationships and, consequently, resilience to competition.

Net sales
2025 (MSEK)

796

Share of
Group turnover

47%

EBITA 2025 (MSEK)

143

EBITA margin

18.0%

Acquisitions in 2025

JANUARY

On 31 January 2025, Karnell completed the acquisition of **Männistö Oy Metallituote** (“Männistö”), acquiring a 90.4% stake. The acquisition includes a call/put option conferring a right and an obligation to acquire the remaining 9.6% of the shares from the other owners. Consequently, the acquisition is recognised as 100% owned with no non-controlling interest. The expected purchase price for the remaining 9.6% is recognised as a liability. Männistö, located in Rauma, Finland, is a manufacturer specialising in pipe support systems for the maritime industry and proprietary products for HVAC and insulation applications. The company has a turnover of approximately EUR 6 million and is part of the Product Companies business area.

JULY

On 4 July 2025, the acquisition of **LundHalsey** (Console Systems) Ltd (“LundHalsey”) was completed, with a 90.0% stake acquired. The acquisition includes a call/put option conferring a right and an obligation to acquire the remaining 10.0% of the shares from the other owners. Consequently, the acquisition is reported as 100% owned with no non-controlling interest. The expected purchase price for the remaining 10.0% is reported as a liability. LundHalsey, based in Aylesbury, England, is a designer and manufacturer of premium consoles used to equip control rooms. The company has an annual turnover of approximately GBP 10 million and is part of the Product Companies business area.

APRIL

On 1 April 2025, the acquisition of **Warwick SASCo Ltd** (“Warwick”) was completed, with a 90.1% stake acquired. The acquisition includes a call/put option that entails a right and an obligation to acquire the remaining 9.9% of the shares from the other shareholders. Consequently, the acquisition is reported as 100% owned with no non-controlling interest. The expected purchase price for the remaining 9.9% is reported as a liability. Warwick SASCo, based in Leamington Spa, England, is a designer and supplier of reusable specialist plastic products are used in hospital and healthcare environments for sterilisation, surgery and patient care. Warwick is part of the Product Companies business area.

The Karnell share

SHARES AND SHARE CAPITAL

Karnell's B shares have been traded on Nasdaq Stockholm since 22 March 2024 under the ticker symbol KARNEL B. At the end of 2025, Karnell's share capital amounted to SEK 5,336,703.2, comprising 6,180,520 A shares and 47,186,512 B shares. Each Class A share entitles the holder to ten votes and each Class B share to one vote.

TRADING VOLUME

In 2025, a total of 16,517,351 shares were traded. On average, 66,334.7 shares were traded per day, corresponding to an average turnover per trading day of SEK 3,874,078.

AUTHORISATION FOR A NEW ISSUE

The 2025 Annual General Meeting resolved to authorise the Board of Directors to decide, on one or more occasions prior to the next Annual General Meeting, to issue new Class B shares corresponding to a maximum of 10 per cent of the number of shares outstanding as at the date of the Annual General Meeting. Such issues may be made with or without preferential rights for shareholders. The purpose of the authorisation, and the reason for any deviation from shareholders' preferential rights, is to be able to finance and/or implement the Company's acquisition strategy in a flexible and efficient manner.

DIVIDEND POLICY

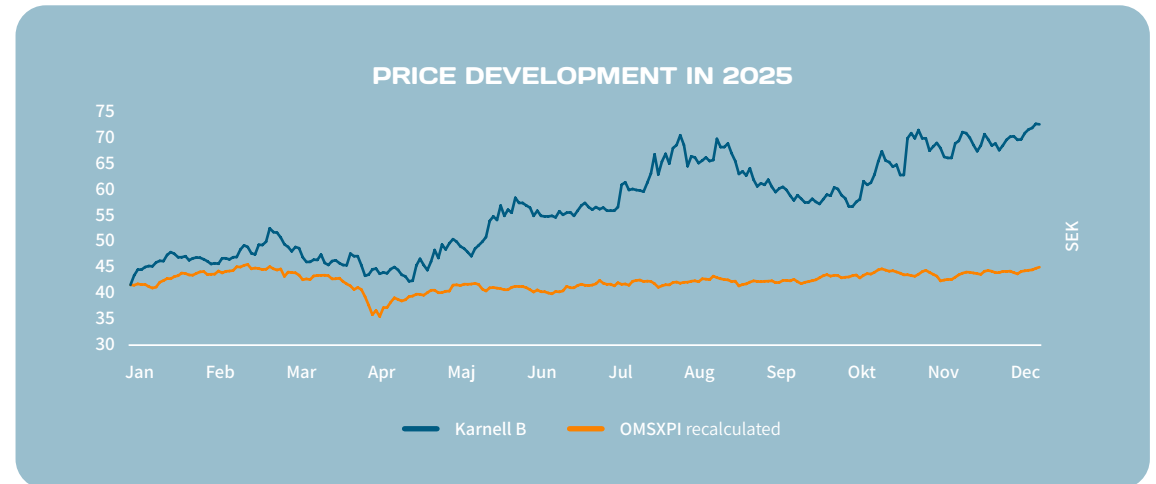
Karnell intends to distribute 20–30 per cent of the profit for the year in the medium term. In the short term, Karnell intends to reinvest profits and available cash flows in the business, primarily for expansion through new acquisitions. The Board therefore proposes no dividend for 2025.

SHAREHOLDING STRUCTURE

At the end of 2025, the number of shareholders in Karnell stood at 8,215, and the 10 largest shareholders held 53.0 per cent of the capital and 69.1 per cent of the votes.

LARGEST SHAREHOLDERS IN KARNELL AS OF 31 DECEMBER 2025

Name	Karnell A	Karnell B	Capital	Votes
Östersjöstiftelsen		4,853,256	9.1%	4.5%
Capital Group		3,739,000	7.0%	3.4%
Borgviks Bruk AB	2,615,480	634,906	6.1%	24.6%
Pari Norway AS	2,615,480	634,903	6.1%	24.6%
Balance Capital Partners		2,699,321	5.1%	2.5%
Handelsbanken Fonder		2,581,308	4.8%	2.4%
Swedbank Robur Fonder		2,425,000	4.5%	2.2%
Bergan Invest AB		1,884,670	3.5%	1.7%
Äspenäs Invest AB		1,820,120	3.4%	1.7%
Lannebo Kapitalförvaltning		1,775,414	3.3%	1.6%
Total 10 largest shareholders	5,230,960	23,047,898	53.0%	69.1%
Other	949,560	24,138,614	47.0%	30.9%
Total number of shares	6,180,520	47,186,512		



Management report

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Sustainability Report 2025

Basis for preparation

Basis for preparation

General basis for preparation of the sustainability report

BP-1

The sustainability report has been prepared on a consolidated basis, with the same scope of consolidation as the financial statements. The group companies which, together with the parent company Karnell Group AB (publ) (559043-3214), constitute the Karnell Group as at 31 December 2025 are:

Company	Company registration number
Tekniseri Nordic AB	559096-6163
Autori Group AB	559124-1087
Simfas Sweden AB	556523-0652
Re-board Group AB	559230-0577
Vebe Teknik AB	556258-0844
KL Mechanics Group Oy	3232462-4
Rotomon Holding Oy	3250534-5
Drivex AB	556491-4587
Timeka Finland Oy	3304723-5
Vagnsteknik i Karlshamn AB	556682-1343
Plalite Ltd	00936082
Sähkö-Jokinen Oy	0511709-9
Ojop Sweden AB	556214-0755
Haco Tellus AB	556204-5194
NE Engineering Ltd	13404454
Männistö Oy Metallituote	0138455-2
Warwick SASCo Ltd	12896990
LundHalsey	02502850

The latter three companies were acquired during the reporting year. No Group company has been excluded from the sustainability reporting.

The sustainability report includes information on Karnell's value chain, both upstream and downstream, to the extent relevant for understanding the Group's material impacts, risks and opportunities. The information does not cover every actor in the value chain, but focuses on those parts where sustainability matters are of greatest significance in accordance with the principle of double materiality.

Karnell has not exercised the option to omit any information based on intellectual property rights, know-how or innovation outcomes. Furthermore, no exceptions have been applied to avoid reporting on future developments or ongoing negotiations.

European Sustainability Reporting Standard (ESRS)

As the EU has not yet approved the digital taxonomies for the European Sustainability Reporting Standard (ESRS) and Article 8, the sustainability report has not been labelled in the format specified in Section 14, Chapter 6 of the Annual Accounts Act.

Disclosures in relation to specific circumstances

BP-2

Time horizons

Karnell has not deviated from the standardised time horizons defined in ESRS 1, section 6.4. This means that Karnell applies the following time horizons in its analysis of impacts, risks and opportunities:

- Short term: Less than 1 year
- Medium term: 1–5 years
- Long term: More than 5 years

Estimation of the value chain

Karnell uses direct and indirect sources to calculate Scope 1, 2 and 3 greenhouse gas emissions (disclosure requirements E1-6). This means that the emissions are partly estimated. These key figures are the only ones in the sustainability reporting that are based on indirect sources.

- In Scope 1, climate calculations are based on the company's own activity data, such as fuel consumption. However, the majority of the emission factors used are generic and sourced from external sources, such as DESNZ's emission factors, which have been developed by the UK government. For example, the emission factor used for petrol is based on averages and is not specified for the particular fuel blend that has actually been used.
- As with Scope 1, the climate calculations in Scope 2 are also based on our own activity data, such as electricity consumption and heat consumption. For calculations using the **location-based method**, emission factors based on local and national averages are applied. For calculations using the **market-based method**, both activity-specific emission factors from applicable contractual instruments and emission factors based on national averages are used.
- For Scope 3, emissions have been estimated with greater uncertainty than for Scope 1 and 2, as they are primarily based on financial data (expenditure) rather than actual activity data (e.g. fuel consumption) from actors in the value chain. Average emission factors for expenditure (so-called spend-based emission factors) have been used to convert costs into emissions, which means that the estimates do not always reflect the actual climate impact of a particular supplier or product.

Sources of uncertainty in estimates and outcomes

Karnell has reported Scope 1, 2 and 3 greenhouse gas emissions (disclosure requirements E1-6), where Scope 3 emissions are subject to the lowest level of accuracy and the highest degree of measurement uncertainty. Scope 3 is calculated largely on the basis of financial expenditure and average spend-based emission factors, which means that emissions do not always correspond to the actual climate impact of specific suppliers or products. The assumption applied here is that financial expenditure is proportional to emissions and that spend-based emission factors represent average emissions per unit of expenditure. Measurement uncertainty arises primarily due to a lack of detailed activity data from the value chain and the use of generic emission factors that do not capture variations between suppliers. All Scope 3 categories that we measure (categories 1, 3, 4 and

6) are subject to this, corresponding to 78,125 tonnes of CO₂ emissions. To improve accuracy and reduce measurement uncertainty, and to obtain a more accurate picture of the company's climate impact in the future, we aim to increase the collection of more supplier-specific activity data and use more detailed emission factors for purchased products.

Scope 1 and Scope 2 emissions are based on our own activity data, such as fuel and electricity consumption, but a certain margin of uncertainty arises because generic emission factors are used. This means that variations in fuel mix, electricity generation or local conditions are not always captured, leading to a certain degree of uncertainty in the results.

In addition to our Scope 1–3 calculations, there is also some uncertainty in the calculations of our resource inflows (disclosure requirements E5-4), as the weight of incoming resources has primarily been calculated based on estimates and assumptions.

Changes to how sustainability information is prepared or presented

Karnell has switched to using the European Sustainability Reporting Standard (ESRS) as its reporting framework for the 2025 financial year, which has resulted in changes to the report's structure and content compared with the previous reporting year.

In 2024, one Group company (Haco Tellus) was excluded from the sustainability report due to limited access to data, but will be included in the reporting from 2025 onwards, as will the three new acquisitions completed in 2025 (Männistö, Warwick SASCo and LundHalsey). This means that the data for 2025 includes four additional companies compared with 2024.

Errors in reporting for previous periods

The intensity calculations relating to our energy consumption and greenhouse gas emissions in 2023 and 2024 have been updated as

incorrect revenue figures were used. The error has now been corrected, and the adjusted figures for 2023 and 2024 have been included in this year's sustainability report.

An incorrect fuel type and associated emission factor were used when calculating one of our companies' mobile emissions (Scope 1) in 2024, and one company's electricity consumption was incorrectly treated as fuel in our energy consumption table for the same year. These errors have been corrected, and the adjusted figures for 2024 have been included in this year's sustainability report.

Disclosures arising from other legislation or generally accepted standards for sustainability reporting

Karnell's sustainability reporting is based solely on the requirements of the Annual Accounts Act and is not subject to any other legislation governing sustainability reporting. Nor does the company apply any other generally accepted standards or frameworks for sustainability reporting beyond the European Sustainability Reporting Standard (ESRS).

Incorporation by reference

Karnell has not used incorporation by reference in its sustainability reporting. All disclosure requirements under the ESRS are reported directly in this report.

Use of phase-in provisions in accordance with Appendix C to ESRS 1

Karnell's identified material sustainability matters include climate change (ESRS E1), resource use and the circular economy (ESRS E5), its own workforce (ESRS S1), workers in the value chain (ESRS S2) and business conduct (ESRS G1). Karnell reports on all material topics in this report, but applies phase-in provisions for certain areas where additional time is required for data collection and analysis:

1. Anticipated financial effects related to disclosure requirements SBM-3, E1-9 and E5-6
2. Adequate wages related to disclosure requirements S1-10

The adjustments are summarised in the table below. The figures on the right are the adjusted, correct values.

Metric	Enhet	Adjustment	
		2023	2024
Total energy consumption from operations in sectors with a high climate impact	MWh	17,403	--> 17,397
Energy intensity per net revenue from all operations	MWh / MSEK	14.42 --> 13.11	13.96 --> 12.75
Total gross greenhouse gas emissions, Scope 1	Tonnes CO ₂ e		1,061 --> 1,063
Emissions intensity, Scope 1–3 (site-based)	Tonnes of CO ₂ e/MSEK	53.42 --> 48.58	70.88 --> 64.82
Emissions intensity Scope 1-3 (market-based)	Tonnes CO ₂ e/MSEK	53.76 --> 48.89	70.93 --> 64.86
Emissions intensity Scope 1 & 2 (market-based)	Tonnes CO ₂ e/MSEK	1.55 --> 1.41	1.47 --> 1.35

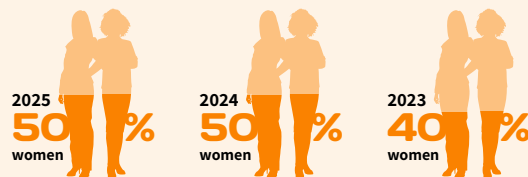
Governance

The role of the administrative, management and supervisory bodies GOV-1

Karnell is a Swedish public limited company with its registered office in Stockholm. Governance is based on Swedish law and the rules and recommendations of relevant self-regulatory bodies, such as the Swedish Code of Corporate Governance. At Karnell, governance, management and control are divided between the shareholders, the Board of Directors, the CEO and Group management in accordance with applicable laws, rules and instructions.

The Board consists of six members elected by the Annual General Meeting. All have been elected for a term of office extending until the end of the 2026 Annual General Meeting. Five of these members are non-executive. As in previous years, 67% of the Board members are independent of Karnell and Group management, as well as of major shareholders. The Group has no employee representative on the Board. The gender distribution on the Board is 50%, as in previous years.

GENDER DISTRIBUTION ON THE BOARD



Experience of the Board and Group Management

The board members collectively possess extensive expertise in private equity, strategic consultancy, operational management, industrial operations, M&A, ECM and strategic investments. They have held senior positions across a range of sectors, including technology, telecoms, industrial operations, finance and marketing, with experience in both listed and unlisted environments. The Board's experience spans international markets, with significant exposure to the Nordic region, particularly Sweden and Finland.

Similarly, the Group management, including the CEO and CFO, contributes professional expertise that complements the Board's experience. With backgrounds in roles such as CEO, Head of M&A, Group Accounting Manager, Finance Manager and CFO, they possess strong competencies in technology-focused investments, financial governance and corporate finance. Their experience spans both Sweden and international markets, with a particular focus on investment companies and finance-related roles.

Responsibility for the Group's sustainability work

At Karnell, responsibility for the Group's sustainability work is divided among several roles: the Group CEO, the board of each Group company and the CEO of each Group company. Karnell's CEO has ultimate responsibility for overseeing the Group's overall sustainability work, ensuring that sustainability efforts are effectively coordinated and aligned with the Group's overall sustainability goals. The CEO sets the direction and maintains focus on achieving the Group's sustainability goals.

Within each Group company, the Board is responsible for implementing Karnell's ESG policy and for defining sustainability goals that are relevant, ambitious and aligned with the Group company's business strategy. They are also responsible for reviewing and discussing the company's sustainability progress annually. As effective sustainability practices can drive business growth, it is crucial that our companies integrate these efforts into their business and marketing strategies, and ensure clear communication to customers and other stakeholders in the market.

The CEO of each Group company is responsible for ensuring the implementation of sustainability initiatives within their company. Sustainability is considered to be as important as other strategic priorities and must be integrated into the company's day-to-day operations and long-term planning.

Each Group company reports annually on its progress in sustainability to Karnell's CEO through data collected for the preparation of the Group's sustainability report. Once the sustainability report has been finalised, proposals for areas of improvement are drawn up for each company with the support of an external consultant. These proposals are then followed up by Karnell's management in dialogue with each company's board. This process ensures that the companies' sustainability work is regularly reviewed and that constructive feedback is provided by Karnell's management. The metrics used to assess sustainability performance were initially developed in collaboration with an external consultant in 2022 and updated in 2025. Data reporting from Group companies takes place via a document sent to all companies, through which both quantitative and qualitative information is collected.

Sustainability-related expertise and skills

At Karnell, sustainability-related expertise and skills are distributed throughout the organisation. Our Board of Directors, Group Management (comprising the Group CEO and CFO), the boards of the respective Group companies and their CEOs contribute various areas of expertise, including company-specific strategy, governance and operational leadership. Several companies have also chosen to strengthen their internal capacity by hiring staff with ESG expertise or training existing staff in ESG-related matters.

To further strengthen internal expertise, Karnell has been working with an external consultant specialising in ESG since 2022. Through this collaboration, we have improved our ability to collect and analyse ESG data, whilst keeping ourselves continuously updated on developments in regulations and practices. This has strengthened both our decision-making and how we integrate sustainability into our business strategy and

our work on risks and opportunities – both at Group level and within the individual companies.

A central part of our approach is the annual data collection within the framework of the Group's sustainability reporting, where data relating to the Group's material impacts, risks and opportunities is gathered from all companies (see the metrics in the subject-specific chapters of this report). Once the report has been finalised, Group management, together with our external consultant, analyses the results and areas for development for each company and provides feedback to the respective companies. The process forms a structured part of the Group's monitoring and contributes to learning and further development. This feedback ensures that the companies continuously strengthen their knowledge and expertise within the Group's material sustainability areas and that the work is conducted in line with the Group's ESG policy and sustainability-related targets.

Information provided to, and sustainability matters addressed by, the company's administrative, management and supervisory bodies

GOV-2

Group management and the Board of Directors have been regularly informed of material impacts, risks and opportunities during the reporting period. Both Group management and the Board of Directors are kept informed on an ongoing basis as important issues arise. Karnell's CEO is responsible for compiling and presenting updates on these occasions, including following up on the Group's ESG policy.

However, the main sharing of information on sustainability with both Group Management and the Board takes place annually in connection with the preparation of the Group's sustainability report, when each Group company formally reports data and its sustainability measures and progress to Karnell's CEO, and the collected metrics are followed up prior to reporting.

Group management and the Board of Directors are actively working to integrate sustainability into decisions concerning Karnell's overall strategy, major business transactions and risk management. The process for assessing and balancing Karnell's sustainability-related impacts, risks and opportunities is being developed progressively to support long-term sustainable and responsible operations. During the current reporting period, particular attention has been paid to climate-related issues, including the identification of measures to reduce the Group's greenhouse gas emissions, and preparations for expanded sustainability reporting in line with the CSRD.

Due diligence statement

GOV-4

Due diligence can be applied by companies to identify, prevent and manage adverse impacts on people and the environment within their operations and value chain. Karnell currently has no established due diligence process, but implements certain parts of the process at both Group and company level. See the table below for details of Karnell's work on due diligence.

Key elements of due diligence	Disclosure requirements in the sustainability report
a. Integrating due diligence into governance, strategy and business model	GOV-2, SBM-3
b. Engaging with affected stakeholders at all key stages of due diligence	SBM-2, SBM-3, S1-2, S2-2
c. Identifying and assessing adverse impacts	SBM-2, IRO-1
d. Taking measures to address these adverse impacts	E1-3, E5-2, S1-4, S2-4
e. Monitoring the effectiveness of these measures and communicating the results	E1-4, E5-3, S1-5, S2-5

Risk management and internal control over sustainability reporting

GOV-5

Karnell is actively working to develop processes for risk management and internal control linked to sustainability reporting. Sustainability reporting is not yet fully integrated into the overall governance of risks and internal control, and we are still working to achieve this.

The existing internal control process involves an external party collecting data annually and preparing the report, which is then reviewed by management and a designated board member to ensure reliability prior to publication. Karnell has a procedure for the data collection and calculation process that must be followed when preparing the sustainability report. The procedure includes instructions for data collection, data verification, calculation and data consolidation.

The primary risk identified in sustainability reporting is ensuring sufficient quality of the collected data, which is challenged by the Group's decentralised structure and the difficulties this entails for data collection and traceability across multiple companies and systems. The risk of poor data quality also applies to greenhouse gas emissions data collected from indirect sources, particularly in relation to Scope 3. To manage this risk, we are continuously working to improve the guidelines for data collection, to ensure consistent and accurate application. Management and a board member are actively involved in the preparation of the sustainability report and receive regular updates throughout the process.

Strategy

Strategy, business model and value chain

SBM-1

Our market segments, products, customers and end users

Karnell is a committed long-term investor in industrial technology companies and is actively involved in their operations. To ensure agility, we maintain a controlling stake in the companies we acquire, enabling us to make swift decisions when necessary. We focus on small to medium-sized private companies with promising growth opportunities within the industrial technology sector. At the end of 2025, our portfolio consists of 18 companies.

Our companies are divided into two business areas: Product Companies and Niche Production. These two business areas constitute Karnell's main sources of revenue, in line with IFRS 8. Karnell does not conduct any significant operations within any of the ESRS sectors. We do not sell products and services that are prohibited in certain markets and are not active in fossil fuels, chemical production, controversial weapons or tobacco.

The Product Companies business area comprises companies that base their operations entirely or predominantly on proprietary products, which may include various rights such as trademarks, patents and more. The companies' product offerings are characterised by well-developed product solutions that create a strong identity and loyal customers. Karnell has narrowed its investment focus to product-owning companies within hardware. In 2025, the Group's revenue from this business area amounted to SEK 891.8 million.

The Niche Production business area comprises manufacturing companies with a high degree of specialisation within their field of expertise, which produce smaller product ranges, often in close dialogue with customers. The companies focus on expert competence within a specific area (niche) and can thus create value for the end customer. In 2025, the Group's revenue from this business area amounted to SEK 795.7 million.

The table below lists our companies, categorised by Product Companies and Niche Production, as well as the year they were acquired.

Year of acquisition	Product companies	Niche Production
2017	• Autori	• Tekniseri
2019		• Simfas
2020	• Vebe and Re-board	
2021		• KL Mechanics
2022	• Rotomom and Drivex	• Timeka
2023	• Vagnsteknik in Karlshamn (K-vagnen)	• Plalite
2024	• Sähkö-Jokinen, Ojop and Haco Tellus	• NE Engineering
2025	• Männistö, Warwick SASCo and LundHalsey	

Our companies manufacture a wide range of industrial products, covering both end products and intermediate products. Each company has a unique business, which contributes to the diversity of our product offering. Key products and services within our business areas include:

Products within Product Companies	Products within Niche Production
<ul style="list-style-type: none"> • Automatic bag filling systems • Paper-based board materials • Outdoor lighting products • Drainage products, cable protection and waste tanks • Attachments for wheel loaders and tractors • Trolleys for grounds maintenance • Industrial wheels, roller conveyors, transport and moving aids • Eccentric locks, trailer locks and quick-release couplings for batteries • Infrastructure maintenance management systems • Pipe support systems and insulation products • Medical plastic products such as instrument trays and bowls • Operator consoles for control rooms 	<ul style="list-style-type: none"> • Industrial printing and marking products and insulation solutions • Fillers, adhesives and sealants • Small and complex components for demanding environments • Machine parts • Components used in various measuring instruments • Aviation and high-performance automotive components

Karnell's products are mainly available on the Nordic market, whilst some also have a global reach. We primarily sell our products B2B (Business-to-Business), where the end users are companies and their employees, rather than private individuals. The products are used across a wide range of industries, including machinery manufacturing, infrastructure (construction and excavation), property, agriculture, hardware, chemicals, printing, painting, landscaping, aviation, motorsport, healthcare, transport, subsea telecommunications and security.

Our strategy

Karnell's strategy emphasises the importance of each group company establishing a clear and ambitious growth plan. This may involve initiatives such as launching new products, expanding into new geographical markets, acquiring additional customers or making selective add-on acquisitions. Operating under a decentralised model, each company develops and implements its own business plan and agenda. The parent company supports these efforts by offering strategic guidance, utilising a broad network to promote long-term value creation, and facilitating access to additional capital to enable growth when needed.

Our strategy is driven by strong governance, risk mitigation and resource optimisation, where short-term performance is balanced with long-term value creation. To support this, sustainability and ESG considerations are central to our strategy and are systematically incorporated into our decision-making processes. Several elements of Karnell's strategy relate to and impact ESG aspects:

- **Environment:** Our operations impact climate change and the transition to a circular economy, including through our production, choice of materials and energy use. We are therefore committed to reducing our carbon footprint, particularly within our own operations, maximising the use of recyclable input materials and working to improve resource efficiency in our production processes.
- **Social and governance issues:** We strive to create a positive and stimulating workplace where everyone feels valued and motivated.

We rely on input materials and suppliers to produce and sell our products and therefore recognise the importance of promoting good environmental and working practices, as well as business ethics, throughout the value chain. This includes maintaining strong governance both within our own operations and among our suppliers.

In relation to our strategy, we have set several targets related to sustainability and ESG. Our targets are set out later in this chapter, under the heading 'Metrics and Targets'. We currently have no targets linked to specific products, services, customer categories, geographical areas or stakeholder relationships. The main identified challenges to achieving our sustainability targets:

- **Harmonisation of sustainability efforts:** Coordinating and harmonising sustainability efforts across multiple group companies and units can be complex and hinder the achievement of the Group's objectives.

- **Increased transparency and compliance with the CSRD:** Ensuring that all relevant information is collected (particularly with regard to the value chain), documented and reported correctly in accordance with the CSRD can be challenging in a decentralised organisation with many companies and different systems.

Our business models

Karnell is a decentralised group in which each group company has a unique business model. The parent company's business model relies on inputs such as capital, market expertise and a carefully selected portfolio of companies. The primary output is the financial returns generated for investors. Through capital allocation and well-founded strategic decisions, this business model creates long-term value by promoting and supporting responsible business conduct within our portfolio. We focus on driving innovation whilst strengthening the companies we invest in to achieve growth and competitive advantages. Through these measures,

this business model plays a vital role in the wider economy, where the positive effects extend beyond financial returns and contribute to societal well-being and development.

The Group companies have unique business models, but what they have in common is that the majority are manufacturing entities. It is within the Group companies that we have identified the Group's greatest impacts, risks and opportunities relating to sustainability matters. The common features of the Group companies' business models are described below.



01 **INPUTS:** What we need

The majority of Karnell's purchased goods consist of input materials such as steel, aluminium, plastic and paper, including components and parts manufactured from these materials. Apart from plastic, paper (cardboard) is used primarily as packaging material.



02 **OUTPUTS:** What we offer on the market

Our companies manufacture industrial products, both finished products and intermediate products, as described earlier in this chapter.



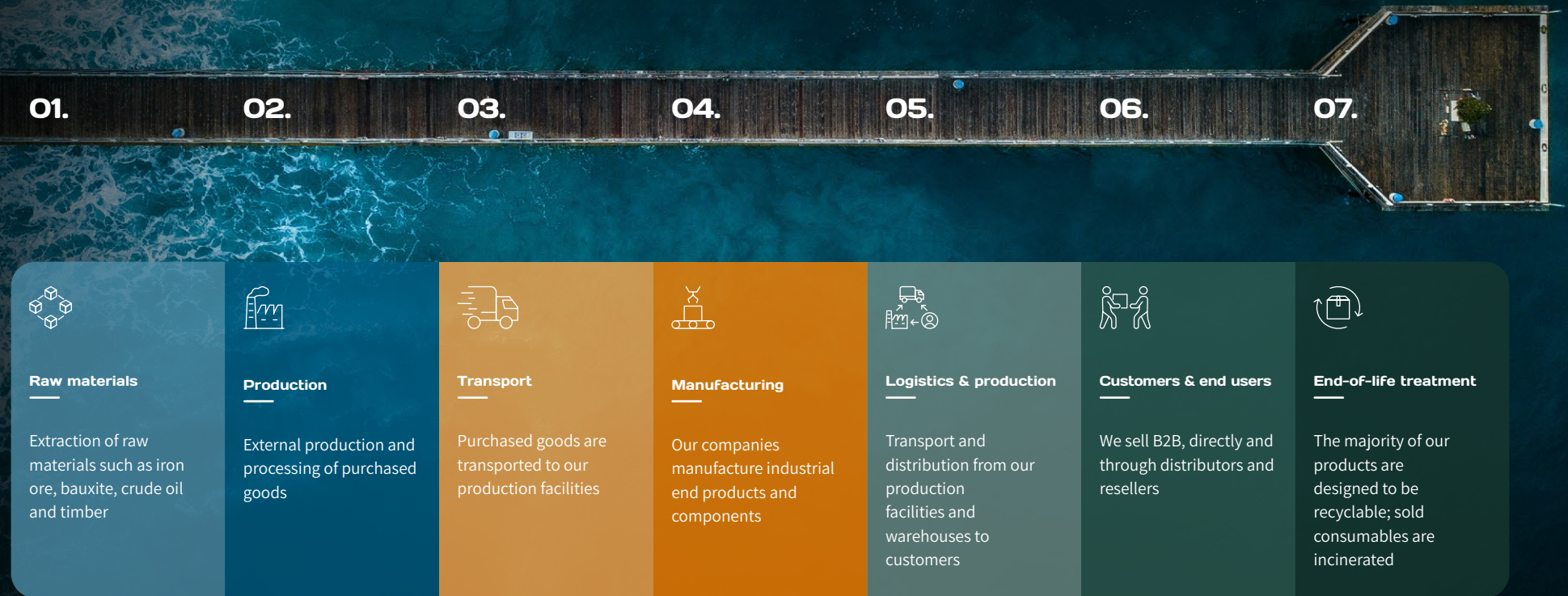
03 **VALUE CREATION:** The value we create

By purchasing our products, our customers and end-users gain access to solutions that create value for their businesses in various ways. Our finished products, such as machinery and operator consoles, help to implement and streamline operational processes, whilst our intermediate products, including machine parts, drainage pipes and paper-based board materials, support our customers' production of high-quality goods. In summary, our products enable companies to implement and optimise their manufacturing processes or serve as key components in the finished products they sell.

OUR VALUE CHAIN

In 2024, we began mapping our value chain. This is a complex and challenging process, but we are committed to improving our understanding of the value chain in terms of its impacts, risks and opportunities. By identifying and analysing these factors, we can make more informed decisions and reduce business risks. The main aspects of our value chain are described below.

Information regarding Karnell’s business model and value chain has been gathered in connection with the preparation of the company’s double materiality assessment, including through interviews and questionnaires with group companies, to ensure the information is as accurate and relevant as possible.



Upstream value chain

As Karnell primarily consists of manufacturing companies, the goods included in our products and their related activities are central to our upstream value chain. Therefore, our upstream value chain encompasses activities and actors involved in the extraction, processing/production and transport of purchased goods to our production facilities.

We maintain direct dialogue with our tier 1 suppliers, which include manufacturers of input materials, transport providers and service providers for electricity, heating, water and waste management – all of which are essential to the operation of our production facilities, warehouses and offices. We have no direct contact with suppliers further up the value chain, such as those involved in raw material extraction. Although most of our largest suppliers (based on purchase volume and expenditure) are located in the Nordic region, our supplier network is global and spans Europe, Asia, North America and other regions.

The products that account for the majority of the Group's total purchased goods include steel, aluminium, plastic and paper, together with components and parts manufactured from these materials. Key raw materials for these products are iron ore (for steel), bauxite ore (for aluminium), crude oil (for plastic) and wood (for paper). Our products consist, for example, of iron ore from Sweden, bauxite from Romania, crude oil from Qatar, Saudi Arabia and Yemen, and wood from Sweden, Finland and Germany. However, due to the complexity of the global supply chain, certain raw materials may originate from countries other than those mentioned above. We are committed to improving our understanding of the origin of raw materials in our supply chain over the coming years.

Own operations

Our companies manufacture industrial end products and components, as described earlier in this chapter. Our production facilities, warehouses and offices are located in Sweden, Finland, Norway, the UK and China, with the majority of our operations based in Sweden and Finland. The information in the table corresponds to the average number of employees (persons).

Average number of employees by geographical area

Geographical area	Number of employees 2024	Number of employees 2025
Finland	382	411
Sweden	201	205
United Kingdom	49	96
China	31	30
Norway	3	3

Downstream value chain

We sell our products B2B, both directly and through distributors and resellers. End users – companies and their employees – integrate our intermediate products into their manufacturing processes or use our end products in their operations. As a result, our downstream value chain encompasses activities and actors involved in the transport and distribution of goods sold to our customers and end users, the use of these products, and their management at the end of their life cycle.

We maintain direct relationships with our customers and, in some cases, with transport providers for our sold products. We also engage directly with end-user customers. However, we have no direct contact with end-users further down the value chain following sales to distributors or retailers, nor with companies involved in the end-of-life treatment of our sold products. Our products are available on the Nordic market, and some even reach a global audience, reflecting the geographical location of our customers, end-users and other downstream stakeholders.

Interests and views of stakeholders

SBM-2

Our stakeholders are defined as those who can influence or be influenced by the Group. In this context, the Group's most important stakeholders are those who have the greatest influence on, or are most affected by, the Group's operations, decisions and results. Our most important stakeholders play a central role in our ability to achieve our goals, manage risks and create long-term economic value.

We have identified investors, banks, regulatory authorities and the media as the primary users of our sustainability report, whilst we also welcome other stakeholders to review the report and its findings, as we believe the information it contains may be valuable to them as well.

Key stakeholders	Why the stakeholder is important to Karnell's strategy and business model	Is the stakeholder a user of Karnell's sustainability report?
Employees	Employees are among the Group's most important stakeholders, as their skills, commitment and productivity directly impact our companies' growth and profitability. Attracting and retaining talent capable of driving and supporting the development of the business over time is crucial.	Not a primary user, but may still find the report informative.
Investors	Investors' trust and support are crucial to the Group's financial stability and growth. Maintaining transparency, complying with regulations and providing timely reporting are important for securing investors' trust and long-term support, as investors expect accountability and consistent communication in a regulated market.	Yes. Investors are increasingly relying on sustainability information to assess long-term risks and opportunities, evaluate companies' ESG performance and make informed investment decisions.
Banks	Banks are key stakeholders for the Group, as they are crucial to ensuring stable financing for the Group. To build and maintain strong, long-term relationships with our lenders, it is important that we conduct our business and communications in a clear and transparent manner.	Yes. Banks are increasingly relying on sustainability information to assess long-term risks and opportunities, evaluate companies' ESG performance and make well-informed lending decisions.
Customers	Customers are at the heart of the Group's revenue generation. Building loyal customer relationships and ensuring high customer satisfaction are crucial for our companies. This supports revenue growth and strengthens the Group's market position over time.	Not a primary user, but may still find the report informative.
Suppliers	Suppliers are important partners as they influence our operational efficiency, quality and delivery reliability. Strong, long-term supplier relationships contribute to stability, risk management and our companies' ability to achieve their growth plans.	Not a primary user, but may still find the report informative.
Regulatory authorities	Regulatory authorities play a particularly important role for listed companies such as Karnell, as they monitor compliance with stock exchange rules, financial reporting and sustainability reporting standards, amongst other things. Strict adherence to these rules is crucial to avoid sanctions, reputational risk or market consequences.	Yes. Regulatory authorities use sustainability reports to ensure that companies in regulated markets meet sustainability reporting requirements (e.g. CSRD).
Media	For a company listed on a regulated market, the media plays a crucial role in shaping public and investor perception. Accurate reporting is vital, as misleading or negative coverage can affect the share price, investor confidence and regulatory scrutiny.	Yes. The media use sustainability reports to scrutinise companies' ESG performance and hold them accountable to investors and the public.

Stakeholder engagement

As part of the preparation of Karnell's double materiality assessment, we have analysed how various stakeholders are affected by and influence our own operations and our value chain. This process also identified stakeholders' sustainability-related expectations and requirements. Direct engagement with external stakeholders has not been carried out in this phase; instead, information has been gathered indirectly through representatives from our own workforce within the Group companies. Through interviews and questionnaires, these representatives have described their respective companies' stakeholders, as well as the stakeholders' sustainability-related expectations and requirements.

The purpose of this data collection was to provide a basis for the double materiality assessment and to use the results to inform the identification of material impacts, risks and opportunities, which in turn not only guides reporting in the sustainability report but also provides important input for the development of the Group's and the companies' strategies and business models.

Sustainability matters identified as important to our stakeholders, particularly our customers, include climate, health and safety, and business ethics. These areas are already integrated into the Group's ESG policy and have associated targets, indicating that we are working in line with our stakeholders' expectations and priorities. Against this background, no further specific measures have been implemented at Group level as a direct response to stakeholder expectations.

Stakeholders' perspectives and views will be communicated to Group management and the Board annually as part of the regular update of the materiality assessment.

Material impacts, risks and opportunities and their relationship to strategy and business model

SBM-3

Through Karnell's materiality assessment, we have identified material impacts, risks and opportunities, concentrated in various parts of the Group's operations and value chain. These are set out in the table below and explained in more detail in the report's subject-specific chapters.

Topic	Sub-topic	Impacts, risks and opportunities (IRO)	Where in the value chain
Climate change ESRS E1	- Climate change adaptation - Climate change mitigation - Energy	FNI = Greenhouse gas emissions arise in several parts of the Group's value chain and contribute to climate change, which in turn leads to extreme weather, increased health risks, loss of biodiversity and negative impacts on ecosystems and communities. Emissions include indirect emissions (Scope 2 and 3) linked to purchased energy, raw material extraction, production of goods and transport in the supply chain, direct emissions (Scope 1) from controlled manufacturing facilities, offices, warehouses and transport, as well as indirect emissions (Scope 3) related to the transport, processing and final disposal of sold products. The impacts occur in the short, medium and long term. R = Extreme weather events can damage facilities, disrupt transport and reduce access to raw materials. At the same time, stricter regulations to reduce greenhouse gas emissions, carbon pricing and requirements for renewable energy may lead to higher production costs and affect competitiveness, profitability and investor appeal. The risk is assessed as likely to materialise primarily in the medium to long term. O = No significant opportunities have been identified.	Upstream Own operations Downstream
Resource use and the circular economy ESRS E5	- Resource inflows	FNI = The Group's purchases of products (not recycled or reused) – primarily steel, aluminium, plastic and paper – contribute to increased resource consumption and raw material extraction in the supply chain, which contributes, for example, to increased greenhouse gas emissions and the degradation of natural habitats. The impact occurs in the short, medium and long term. R = The Group's dependence on input materials and other products entails financial risks, including increased raw material costs due to local price fluctuations, disruptions in supply chains caused by climate and social events, and political decisions regarding resource use. The risk may materialise in the medium and long term. O = No significant opportunities have been identified.	Upstream
	- Waste	FNI = Waste is generated in several parts of the Group's value chain, both upstream in connection with suppliers' raw material extraction, material processing and manufacturing, and in the Group's own production. Downstream, waste arises primarily during the end-of-life treatment of our sold products. Incorrect waste management can lead to pollution, health risks and damage to ecosystems. The impact occurs in the short, medium and long term. R = As the EU transitions towards a circular economy, waste management costs may rise, which could entail financial risks in the form of higher costs for the Group's own waste and increased purchase prices if suppliers' costs are passed on. The risk may materialise in the medium and long term. O = No significant opportunities have been identified.	Upstream Own operations Downstream
	- Resource outflows	FPI = Many of the Group's products have a relatively long lifespan, which is beneficial for the environment. At the end-of-life treatment stage, most products and packaging can be recycled, contributing to resource efficiency and circular use. The impact is felt in the short, medium and long term. R = No significant risks have been identified. O = Opportunity to increase competitiveness by developing more long-lasting and recycled/recyclable products in line with growing demand for circular solutions. The opportunity may arise in the medium and long term.	Downstream
Our own workforce ESRS S1	- Working conditions - Equal treatment and opportunities for all - Other work-related rights	PNI = The majority of the Group's employees work in operational roles, which entails an increased risk of physical injury. Gender imbalance and/or other factors in the working environment may pose a risk of discrimination, whilst the handling of employees' personal data entails privacy risks. Our operations in China also entail specific risks linked to labour law and human rights. The impact may be felt in the short, medium and long term. R = Injuries can lead to increased costs relating to sick leave, compensation and staffing, and can affect productivity and insurance premiums. Workplace accidents and shortcomings in gender equality, inclusion or the working environment may also damage the Group's brand, lead to legal consequences and negatively affect recruitment and the supply of talent. Inadequate handling of sensitive personal data may also result in fines and damage to reputation. The risk may materialise in the short, medium and long term. O = No significant opportunities have been identified.	Own operations
Workers in the value chain ESRS S2	- Working conditions - Equal treatment and opportunities for all - Other work-related rights	PNI = The Group's suppliers and customers are located globally. Negative impacts on workers throughout the upstream and downstream value chain cannot be fully ruled out, as the Group does not have full insight into working conditions, equal treatment and labour rights across all parties. Negative impacts could, for example, include low wages and poor safety, particularly in the oil and raw materials sectors. Impacts may occur in the short, medium and long term. R = No significant risks have been identified. O = No significant opportunities have been identified.	Upstream Downstream

Actual negative impact = ANI Potential negative impact = PNI Risk = R Actual positive impact = API Potential positive impact = PPI Opportunity = O

Topic	Sub-topic	Impacts, risks and opportunities (IRO)	Where in the value chain
Business conduct ESRS G1	- Corporate culture	<p>PPI = Through governance and policies, the Group can contribute to responsible and sustainable business decisions that reduce negative impacts on people and the environment. These impacts may occur in the short, medium and long term.</p> <p>R = No significant risks have been identified.</p> <p>O = A strong corporate culture promotes better cooperation and communication between employees, leading to a more efficient and productive working environment. It strengthens the company's reputation and attracts and retains customers and partners who value ethical standards. Furthermore, it increases employee well-being and reduces staff turnover. The opportunity may arise in the short, medium and long term.</p>	Own operations
	- Protection of whistle-blowers	<p>FPI = The Group has a whistle-blowing channel available on our website that can be used anonymously by employees from all subsidiaries as well as by external parties. The whistle-blowing channel is operated by an external party and enables the whistleblower to report suspected irregularities securely. By encouraging transparency and accountability, the channel enables the Group to manage risks that could harm individuals or the environment.</p> <p>R = No significant risks have been identified.</p> <p>O = No significant opportunities have been identified.</p>	Upstream Own operations Downstream
	- Management of relationships with suppliers, including payment practices	<p>PNI = Late payments and poor supplier management can harm both people and the environment. In such cases, suppliers may be forced to cut wages, compromise on safety measures or reduce compliance with environmental requirements. This can lead to unsafe working conditions and increased environmental impact. The impact can be short-, medium- or long-term.</p> <p>R = No significant risks have been identified.</p> <p>O = No significant opportunities have been identified.</p>	Upstream
	- Corruption and bribery	<p>PNI = Corruption and bribery result in money and resources being used in ways that are less effective for people and the environment. In some cases, the Group's supply chain involves raw materials and markets with an elevated risk of corruption and bribery, such as crude oil extraction in Qatar, Saudi Arabia and Yemen. In addition, external or internal security breaches may expose sensitive information and cause harm to the Group and our stakeholders. The impact may be short-, medium- or long-term.</p> <p>R = No significant risks have been identified.</p> <p>O = No significant opportunities have been identified.</p>	Upstream Own operations Downstream

Actual negative impact = FNI Potential negative impact = PNI Risk = R Actual positive impact = FPI Potential positive impact = PPI Opportunity = O

Karnell is not making any major changes to our business model or strategy in relation to our identified material impacts, risks and opportunities, but is actively working to support Group companies with the resources needed to manage these. Due to the Group's decentralised structure, business models, strategies, value chains and decision-making are primarily affected at company level, where managing these requires local adaptation within each unit, with the Group's ESG policy (which includes statements on our material sustainability matters) guiding the work in the right direction. Climate and resource-related challenges are addressed through local initiatives for energy and resource efficiency. Our own workforce is strengthened through local efforts regarding the working environment, skills development and ethical guidelines to ensure

good working conditions. Work with workers in the value chain is covered, among other things, by the companies' own supplier codes of conduct and controls. Business conduct is promoted through the companies' management systems, their own ESG-related policies (in conjunction with the Group's policies), training and internal controls.

No current financial impacts of the Group's identified material risks and opportunities on the Group's financial position, results and cash flows have been identified. Nor have we identified any risks or opportunities that are assessed as likely to result in a significant adjustment to reported assets or liabilities during the next annual reporting period.

The assessment of the Group's strategy and the resilience of its business model is based on the identified material impacts, risks and opportunities within the Group's operations, including the following time horizons: short term (<1 year), medium term (1–5 years) and long term (>5 years). The initial assessment indicates that the Group has good resilience, as our risks are spread across several companies, which reduces exposure to individual events. Resilience is further strengthened by the fact that our companies can make locally adapted decisions in line with the Group's ESG policy, enabling rapid response.

Management of impacts, risks and opportunities

Description of the process for identifying and assessing material impacts, risks and opportunities

IRO-1

Karnell has conducted a double materiality assessment in collaboration with external consultants to ensure an objective, robust and transparent process. The assessment forms the basis of our sustainability reporting, and the results have been presented to and formally approved by the Board.

The double materiality assessment process began with an analysis of the Group's business models and value chains to establish an understanding of which activities/operations related to the Group may cause or underpin impacts, risks and opportunities. This resulted in a value chain mapping at Group level. The mapping describes the activities within the Group's own operations as well as in the upstream and downstream value chains. Each activity has been analysed based on its geographical location, the Group's business relationships linked to the activity, the key resources used in the activity, and stakeholders who are affected or may potentially be affected by the activity. Based on this mapping, the Group's actual and potential impacts, as well as associated risks and opportunities, were identified. As part of the process, factors that increase the risk of adverse impacts were also taken into account, such as specific geopolitical or social conditions associated with certain activities, which resulted in certain groups within our value chain being assessed as potentially more vulnerable to adverse effects than others. Read more about this in the chapter 'Workers in the value chain'.

The identification of impacts was based on whether the Group causes them, contributes to them or is directly linked to them through its business relationships. In the identification process, all sustainability matters listed in ESRS 1 AR 16 were taken into account.

In order to map the Group's value chain and identify impacts, risks and opportunities, information was gathered directly from all Group companies via interviews and questionnaires, which included questions about their business model, value chain, actual and potential impacts, risks, opportunities, and stakeholders' requirements and expectations. In addition to input from Group companies, relevant external sources such as industry-specific materiality questions and benchmarks were also used.

Once impacts, risks and opportunities had been identified, materiality was assessed. All impacts, risks and opportunities were assessed against pre-defined materiality criteria. Impacts were analysed based on their severity (including scale, scope and reversibility) and likelihood. Risks and opportunities were analysed based on their financial impact and likelihood. The highest materiality score that an impact, risk or opportunity could achieve was 5, with a materiality threshold set at 3. All impacts, risks and opportunities with a final materiality score of 3 or above have therefore been classified as material and are included in this report. All impacts, risks and opportunities have been assessed using the same threshold value. Upon completion of the process, Group management verified the results of the assessments.

The double materiality assessment process began in 2024 and resulted in a preliminary list of material areas in the same year. In 2025, a review of the results was carried out, and they are still considered relevant. No significant changes have been made compared with the previous reporting period.

Group management and the Board of Directors prioritise sustainability-related impacts, risks and opportunities by actively integrating sustainability into decisions concerning the Group's overall strategy, major business transactions and risk management. For example, all potential acquisitions are assessed against a range of ESG criteria before an investment decision is made.

Disclosure requirements in ESRS standards covered by the company's sustainability report

IRO-2

Below is a list of the disclosure requirements that Karnell reports on in this report.

ESRS	Category	Disclosure requirements	Covered by the report	Comment	Page
2 – General disclosures	1. Basis for preparation	BP-1 – General basis for preparation of the sustainability report	Covered		14
		BP-2 – Disclosures in relation to specific circumstances	Covered		14
	2. Governance	GOV-1 – The role of the administrative, management and supervisory bodies	Covered		16
		GOV-2 – Information provided to, and sustainability matters addressed by, the company's administrative, management and supervisory bodies	Covered		17
		GOV-3 – Integration of sustainability-related performance into incentive schemes	Not covered	Karnell has not implemented any incentive scheme linked to sustainability matters.	-
		GOV-4 – Due diligence statement	Applicable		17
		GOV-5 – Risk management and internal control over sustainability reporting	Covered		17
	3. Strategy	SBM-1 – Strategy, business model and value chain	Covered		18
		SBM-2 – Interests and views of stakeholders	Covered		21
		SBM-3 – Material impacts, risks and opportunities and their relationship to strategy and business model	Covered		23
	4. Management of impacts, risks and opportunities	IRO-1 – Description of the process for identifying and assessing material impacts, risks and opportunities	Covered		25
		IRO-2 – Disclosure requirements in ESRS standards covered by the company's sustainability report	Covered		26
		MDR-P – Adopted policies on how to address material sustainability matters	Covered		30
		MDR-A – Actions and resources relating to material sustainability matters	Covered	Reported under category “5. Metrics and targets” together with MDR-M and MDR-T.	31
	5. Metrics and targets	MDR-M – Measures relating to material sustainability matters	Covered		31
		MDR-T – Monitoring the effectiveness of policies and measures through targets	Covered		31

Environmental information

ESRS	Category	Disclosure requirements	Covered by the report	Comment	Page
E1 – Climate change	Governance	GOV-3 – Integration of sustainability-related performance into incentive schemes	Not covered	Karnell does not have any remuneration models that include climate-related considerations.	-
	Strategy	E1-1 – Transition plan for climate change mitigation	Covered		32
		SBM-3: Material impacts, risks and opportunities and their relationship to strategy and business model	Covered		32
	Management of impacts, risks and opportunities	IRO-1 – Description of the process for identifying and assessing material climate-related impacts, risks and opportunities	Covered		33
		E1-2 – Policies for climate change mitigation and climate change adaptation	Covered		33
		E1-3 – Actions and resources regarding climate change policies	Covered		33
	Metrics and targets	E1-4 – Targets for climate change mitigation and climate change adaptation	Covered		34
		E1-5 – Energy use and energy mix	Covered		35
		E1-6 – Gross greenhouse gas emissions within Scopes 1, 2 and 3, and total greenhouse gas emissions	Covered		36
		E1-7 – Greenhouse gas removals and mitigation projects funded through carbon credits	Not covered	Karnell has no greenhouse gas removals or mitigation projects financed through carbon credits.	-
E1-8 – Internal carbon pricing		Not applicable	Karnell has no internal carbon pricing systems.	-	
	E1-9 – Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Not applicable	Phasing in accordance with Appendix C to ESRS 1.	-	
E5 – Resource use and circular economy	Management of impacts, risks and opportunities	IRO-1: Description of the process for identifying and assessing material impacts, risks and opportunities relating to resource use and the circular economy	Covered		40
		E5-1: Policies on resource use and circular economy	Covered		40
		E5-2: Measures and resources for resource use and circular economy	Covered		40
	Metrics and targets	E5-3: Targets for resource use and circular economy	Covered		40
		E5-4: Resource inflows	Covered		40
		E5-5: Resource outflows	Included		41
		E5-6: Anticipated financial effects of material risks and opportunities related to resource use and the circular economy	Not covered	Phased implementation in accordance with Appendix C to ESRS 1.	-

ESRS	Category	Disclosure requirements	Covered by the report	Comment	Page
-	EU Taxonomy	Information pursuant to Article 8 of Regulation (EU) 2020/852 (the Taxonomy Regulation)	Covered		42

Social information

ESRS	Category	Disclosure requirements	Covered by the report	Comment	Page
S1 – Our own workforce	Strategy	SBM-2: Interests and views of stakeholders	Covered		45
		SBM-3: Material impacts, risks and opportunities and their relationship to strategy and business model	Covered		45
	Management of impacts, risks and opportunities	S1-1: Policies regarding the organisation's own workforce	Covered		45
		S1-2: Procedures for engaging with the organisation's own workforce and employee representatives regarding impacts	Covered		46
		S1-3: Procedures for addressing adverse impacts and channels through which the organisation's own employees can raise concerns	Covered		46
		S1-4: Measures regarding material impacts on the own workforce and strategies to mitigate material risks and capitalise on material opportunities, in relation to the own workforce, and the effectiveness of these measures	Covered		47
	Metrics and targets	S1-5: Targets for how to address material impacts, enhance positive impacts, and manage material risks and opportunities	Covered		47
		S1-6: Information on the company's employees	Covered		48
		S1-7: Information on workers in the company's own workforce who are not employees	Covered		48
		S1-8: Collective bargaining coverage and social dialogue	Covered		48
		S1-9: Diversity indicators	Covered		49
		S1-10: Adequate wages	Not covered	Phased in in accordance with Appendix C to ESRS 1.	-
		S1-11: Social protection	Covered		49
		S1-12: People with disabilities	Not covered	Not material.	-
		S1-13: Measures for training and skills development	Covered		49
		S1-14: Measures for the working environment	Covered		50
		S1-15: Measures of work-life balance	Covered		50
S1-16: Remuneration indicators (pay gaps and total remuneration)	Covered		50		
S1-17: Incidents, complaints and serious impacts on human rights	Covered		51		

ESRS	Category	Disclosure requirements	Covered by the report	Comment	Page
S2 – Workers in the value chain	Strategy	SBM-2: Interests and views of stakeholders	Covered		51
		SBM-3: Material impacts, risks and opportunities and their relationship to strategy and business model	Covered		51
	Management of impacts, risks and opportunities	S2-1 – Policies for workers in the value chain	Covered		52
		S2-2: Procedures for engaging with workers in the value chain regarding impacts	Covered		52
		S2-3: Procedures for addressing adverse impacts and channels through which workers in the value chain can raise concerns	Covered		52
		S2-4: Measures regarding material impacts on workers in the value chain and strategies for managing material risks and capitalising on material opportunities, in relation to workers in the value chain, and the effectiveness of these measures	Covered		53
	Metrics and targets	S2-5: Targets for addressing material impacts, enhancing positive impacts, and managing material risks and opportunities	Covered		53

Corporate governance information

ESRS	Category	Disclosure requirements	Covered by the report	Comment	Page
G1 – Business conduct	Governance	GOV-1: Responsibilities of the administrative, management and supervisory bodies	Covered		54
	Management of impacts, risks and opportunities	IRO-1: Description of the process for identifying and assessing material impacts, risks and opportunities	Covered		54
		G1-1: Policies on business conduct and corporate culture	Covered		54
		G1-2: Management of supplier relationships	Covered		55
		G1-3: Preventing and detecting corruption and bribery	Covered		55
	Metrics and targets	G1-4: Incidents of corruption and bribery	Covered		56
		G1-5: Political influence and lobbying	Not covered	Not material.	-
G1-6: Payment practices		Covered		56	

Karnell has adopted an approach whereby only information deemed to help explain the Group's material impacts, risks and opportunities, and to support users' decision-making, is included in the report. This approach ensures that the report's content is focused and material.

Adopted policies on how to address material sustainability matters

MDR-P

ESG policy

Karnell prioritises sustainability throughout our ownership, with the aim of building resilient companies that can navigate future challenges and capitalise on opportunities. Our strategy integrates environmental, social and governance (ESG) factors into investment decisions and operational practices. This includes setting clear ESG standards and expectations for our group companies. To ensure compliance with applicable laws and regulations, and to maintain the effectiveness of the Group's values and working methods within the organisation, we have developed a Group-wide ESG policy that applies to all entities within the Group.

Karnell's CEO is responsible for the overall implementation of and compliance with the policy. The boards of the Group companies are responsible for ensuring that the policy is implemented in each company. Implementation of the policy is monitored annually through data collected for the Group's sustainability report. To ensure that the ESG policy remains relevant and up to date, it is reviewed annually by the Board. Our ESG policy covers various frameworks and policy areas described below.

Framework for the investment process

This framework applies solely to the parent company, as it concerns Karnell's investment process. The purpose of the framework is to define acceptable investments and ensure that we avoid companies involved in the manufacture of weapons, betting and gambling, alcohol and drugs, fossil fuels or illegal activities. The framework also emphasises the importance of understanding how sustainability-related business risks and opportunities are managed throughout the value chain of a potential acquisition during the due diligence process. Consequently, all

potential acquisitions are assessed using several ESG criteria during this process. The results of the review are then reported in the investment recommendation, which is presented to the board before an acquisition decision is made.

Framework for responsible ownership and sustainable business conduct

This framework applies to all entities within the Group and aims to promote a holistic approach to sustainability by establishing common ESG focus areas that all entities are to actively work on. These focus areas cover sustainability themes such as climate change, the circular economy, working conditions, human rights and business ethics – issues that are important to address in terms of impacts, risks and opportunities within our value chain.

- **Environment:** The Group's common environmental focus areas include reducing environmental impact through lower energy consumption, carbon reduction and transport optimisation. Efforts shall be made to replace environmentally harmful products with eco-friendly alternatives where possible, minimise greenhouse gas emissions, maximise the use of recyclable materials and promote circular business models alongside resource efficiency.
- **Social:** The Group's shared social focus areas include promoting diversity and ensuring zero tolerance for discrimination, as well as guaranteeing fair treatment of employees and stakeholders. The Group is committed to complying with international human rights conventions, respecting employees' right to decent working conditions, and striving to maintain a safe working environment that prevents work-related injuries and ill health.
- **Governance:** The Group's common governance focus areas include complying with laws and regulations in all regions of operation,

applying high standards of business ethics and preventing corruption. The Group is committed to creating targeted sustainability plans that are integrated into our companies' governance models. We shall maintain a clear corporate governance structure, with effective control mechanisms such as a whistleblowing service. Furthermore, sustainability aspects shall be integrated into our companies' business plans and their monitoring processes.

Code of Conduct

In addition to Karnell's ESG policy, we also have a code of conduct that focuses on social and governance-related issues. The Code includes, amongst other things, positions on human rights, the elimination of discrimination, working conditions, anti-corruption and business integrity, the prevention of insider trading, and the handling of personal data and privacy, and must be followed by all our companies. We are committed to ensuring ethical practices throughout the value chain and expect our business partners to share these commitments. We therefore also have a Code of Conduct for business partners covering the same areas.

Our ESG policy and Code of Conduct are not publicly available; their content is instead described in the Group's sustainability report.

Metrics and targets

Measures, resources, metrics and target monitoring for material sustainability matters

MDR-A, MDR-M & MDR-T

Below is a summary of the Group's targets, key actions and performance indicators relating to our material sustainability matters. Further information on our work in each specific area is presented later in this report.

ESG	Focus area	Commitment	Planned actions for the Group	Action status	KPIs monitored annually	Targets for 2030
Environment	Climate change	Reduce the Group's carbon footprint and prepare for the transition to net-zero greenhouse gas emissions	Strategic plan for reducing greenhouse gas emissions	Work in progress	<ul style="list-style-type: none"> Total Scope 1 and 2 greenhouse gas emissions (market-based) Scope 1 and 2 emissions intensity (market-based) Scope 1 and 2 emissions intensity per employee (market-based) Total energy used in operations (MWh) Proportion of fossil-free purchased electricity, heating, steam and cooling used in operations 	<ul style="list-style-type: none"> Reduce greenhouse gas intensity within Scope 1 and 2 by 42% from 2023 to 2030 (tonnes CO₂e/MSEK net revenue) (market-based) 100% of purchased energy in Scope 2 is fossil-free (market-based).
			Mapping of greenhouse gas emissions and energy use	Achieved		
			Climate calculation in accordance with the GHG Protocol	Achieved		
	Resource use and the circular economy	Contributing to a circular economy and responsible resource management	Expand data collection on materials used and waste generated	Work in progress		
Conduct life cycle assessments at the Group's manufacturing companies			Work in progress	<ul style="list-style-type: none"> Proportion of companies that have carried out life cycle analysis(es) 		
Social	Our own workforce	Protect employees' rights and promote a safe, secure and sustainable working environment for all	Maintain good social conditions and implement systems to measure social issues	Work in progress	<ul style="list-style-type: none"> Staff turnover Proportion of sick leave Number of fatalities Number of serious injuries Number of recordable work-related accidents Number of working days lost due to work-related accidents and fatalities Average number of training hours per year per employee Gender diversity Proportion of female candidates in the recruitment process for managers 	<ul style="list-style-type: none"> 98% attendance at work Zero serious injuries and fatalities When hiring managers, at least 30% of candidates must be women (during the contact phase)
			Workers in the value chain	Ensuring ethical conditions throughout the value chain		
	Monitoring and compliance checks of the SCoC	Work in progress				
	Governance	Business conduct	Promoting a culture characterised by integrity. We have a zero-tolerance policy towards corruption and bribery	Employee training	Work in progress	<ul style="list-style-type: none"> Total number of whistleblowing cases and actions taken Proportion of employees who have completed training in business ethics
Implement a whistleblowing function				Achieved		

Environmental Information

Climate change

Strategy

Transition plan for climate change mitigation

E1-1

Karnell has not drawn up a formal transition plan at group level to mitigate climate change; instead, our companies are responsible for actively working to reduce emissions in line with our ESG policy and targets. Karnell will assess the need to draw up a transition plan in 2026. We have not determined whether a plan will be implemented in 2026 or later.

Karnell is not excluded from the EU benchmarks for alignment with the Paris Agreement pursuant to (EU) 2020/1818, Articles 12(1)(d) to (g) and 12(2). This means that we do not engage in activities that contravene international standards or the climate targets of the Paris Agreement, such as deriving significant revenue from fossil fuels, having a high climate impact without a clear transition plan, or breaching fundamental sustainability principles.

Material impacts, risks and opportunities and their relationship to strategy and business model

SBM-3

The Group's greenhouse gas emissions and use of fossil fuels entail several **transition risks**. These risks have been identified using the RCP2.6 climate scenario (see disclosure requirements SBM-3 in this chapter for further information). Stricter climate regulations to limit global warming to 1.5 °C may lead to increased compliance costs and the risk of fines, whilst price fluctuations in fossil fuels affect the cost structure. A higher emissions intensity than competitors may also reduce the Group's attractiveness from an investor's perspective. Furthermore, carbon pricing, such as carbon taxes or emissions trading schemes like CBAM, may further increase operating costs, which could affect the Group's financial results.

At the same time, **physical climate risks**, such as extreme weather events resulting from continued high levels of greenhouse gas emissions in line with climate scenario RCP 8.5 6 (see disclosure requirements SBM-3 in this chapter for further information), may damage our facilities, disrupt transport and reduce the availability of raw materials. This could lead to production stoppages, delays in deliveries and increased costs for repairs, logistics and energy, which in turn would affect the Group's financial results.

All risks are assessed as likely to materialise primarily in the medium term (1–5 years) and long term (>5 years). These risks may arise in several parts of the Group's value chain:

- **Upstream:** Price fluctuations in fossil fuels and carbon pricing may increase the costs of purchased materials and energy. Physical risks, such as extreme weather events, may disrupt deliveries and limit the availability of raw materials.
- **Own operations:** Tighter climate regulations and increased compliance requirements may lead to higher operating costs and the risk of fines for non-compliance. Extreme weather can damage facilities, cause production stoppages and increase costs for repairs, logistics and energy. High emissions intensity compared with competitors may also affect investor appeal.
- **Downstream:** Physical disruptions to transport and distribution may lead to delays and affect customer relationships and revenue.

The assessment of the Group's strategy and the resilience of its business model is based on the above risks, including the same time horizons. In its analysis, Karnell has assumed that the transition to a more low-carbon and resilient economy (to limit global warming to 1.5 °C) will affect macroeconomic trends, energy consumption and the energy mix through increased costs for regulatory compliance, fossil fuels and carbon pricing. At the same time, technological developments are expected

to enable more energy-efficient and climate-friendly solutions, which could reduce emissions intensity. A comprehensive analysis of climate risks and resilience, including the identification of specific at-risk assets and business operations, has not yet been carried out, meaning that this assessment is preliminary and provides only an indication of the Group's resilience. The analysis was conducted in November 2025.

This initial assessment shows that the Group has good resilience, as our climate-related risks are spread across several companies, which reduces the Group's exposure to individual events. For example, risks relating to suppliers and the supply of raw materials are spread across several companies, meaning that disruptions in a single company have a limited impact on the Group as a whole. At the same time, the decentralised structure may limit the ability to immediately address risks affecting the entire Group, such as the Group's emissions intensity. This means that measures to reduce emissions or improve energy efficiency may take longer to implement. An analysis of the Group's ability to adapt its strategy and business model to climate change has not been carried out. To strengthen resilience, Karnell ensures support at Group level by providing guidelines in the form of an ESG policy and climate targets, discussing climate mitigation measures with the companies, and offering financial resources, whilst each company retains the flexibility to adapt its efforts to local conditions.

Several companies within the Group have taken measures during the year to reduce their climate impact and improve energy efficiency. These include, among other things, switching to electric service and company cars, installing charging infrastructure, and purchasing energy-efficient equipment such as LED lighting and motion-sensor lights.

Description of the process for identifying and assessing material climate-related impacts, risks and opportunities

IRO-1

Karnell's negative impact on the climate is primarily concentrated upstream in the value chain, from the raw material extraction, processing

and manufacture of the input products required for the manufacture of products that Karnell sells and uses in its own operations. In our own operations, it is primarily fuel consumption in vehicles and the manufacturing process, as well as electricity consumption and district heating for production facilities and offices, that contribute to the Group's greenhouse gas emissions. Transport to customers and the waste management of sold products result in further emissions downstream in the value chain. We are aware of our negative impact on the climate through our climate calculations, which cover Scope 1 and Scope 2, as well as certain upstream emission categories in Scope 3, together with a materiality assessment of our largest Scope 3 emissions carried out in 2023.

To date, we have not identified any assets or business operations that are incompatible with, or require significant efforts to become compatible with, a transition to a climate-neutral economy.

To identify actual and potential future sources of greenhouse gas emissions, the Group has reviewed its operations by compiling climate calculations for Scope 1 and Scope 2, as well as relevant upstream categories in Scope 3. This has been supplemented by a materiality assessment of the largest Scope 3 emission sources, which was carried out in 2023. Through these processes, we have assessed where emissions currently arise within our own operations and in the value chain, and where future emissions may arise. The materiality assessment of climate-related impacts has been carried out in the same way as for other sustainability areas and follows the same methodology and assessment criteria as described in the chapter General Disclosures, disclosure requirements IRO-1.

We have also identified a number of material climate-related transition risks and physical risks, both within our own operations and in the value chain. The risk analysis has been inspired by the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures), but has not been carried out in accordance with their full framework. The assessment

of the resilience of the Group's strategy and business model is based on the risks identified in this process (see disclosure requirements SBM-3 in this chapter for further information).

The analyses of transition risks are based on the RCP2.6 climate scenario, which is characterised by more stringent climate policies designed to meet the Paris Agreement's goal of limiting global warming to below 2 °C and pursuing efforts to limit it to 1.5 °C. This scenario illustrates how the transition to a low-carbon society may affect the Group. The time horizons applied are short term (<1 year), medium term (1–5 years) and long term (>5 years).

The analysis of physical risks is based on the RCP 8.5 climate scenario. This scenario describes a future in which greenhouse gas emissions remain very high globally, leading to more severe climate change, such as higher temperatures and more extreme weather. By using this scenario as a basis, we can better understand the risks that may affect the Group if current emission trends continue. The time horizons applied are short term (<1 year), medium term (1–5 years) and long term (>5 years).

The scenarios are taken from the IPCC's (Intergovernmental Panel on Climate Change) Fifth Assessment Report. The IPCC's scenarios are based on the latest science and draw on extensive climate research from around the world. The analysis of risks is based on a qualitative assessment of the financial impacts, rather than on quantitative data. The analysis of physical climate-related risks does not yet take into account data specific to the Group's sites or assets.

The materiality assessment of climate-related risks and opportunities has been carried out in the same way as for other sustainability areas and follows the same methodology and assessment criteria as described in the chapter General Disclosures, disclosure requirements IRO-1.

No climate-related assumptions are made in Karnell's financial reports.

Policies for climate change mitigation and adaptation

E1-2

To mitigate our climate-related risks and steer us towards reducing our carbon footprint, the Group's ESG policy includes several key areas that our companies are expected to work on, including reduced energy consumption, transport optimisation and improved resource efficiency. The policy applies to all entities within the Group, and Karnell's CEO is responsible for the overall implementation of and compliance with the policy.

The ESG policy does not currently address climate adaptation specifically. The reason for this is that climate adaptation has not yet been integrated within the framework of existing risk management strategies and processes. The need for a more formal policy on climate adaptation will be assessed in 2026.

The climate-related areas (see above) covered by our ESG policy have not been specifically identified based on stakeholders' interests. In the policy, we make no reference to third-party standards or initiatives to which we commit to adhere.

Measures and resources relating to climate change policies

E1-3

Karnell has not drawn up a formal transition plan, including specific mitigation measures to reduce greenhouse gas emissions (decarbonisation levers), at group level. The potential implementation of a Group-wide transition plan will be evaluated in 2026. As the Group comprises several companies with decentralised governance, responsibility for work on reducing greenhouse gas emissions currently lies at company level. However, the Group ensures that the entire business operates on the basis of common principles through our Group-wide ESG policy, which includes positions on this area. The companies' ability to implement measures may be affected by access to resources, with the Group offering financial support and other resources to enable relevant investments and initiatives.

In 2025, our companies, each according to their own circumstances, implemented various measures to reduce their carbon footprint, such as switching to electric service and company cars, installing charging infrastructure, and purchasing energy-efficient equipment such as LED lighting and motion-sensor lights. Going forward, the companies are planning various initiatives to reduce their carbon footprint. Several companies plan to review their vehicle fleets, including by switching to renewable fuels or only approving electric company cars. Some companies are also working to identify opportunities to replace existing energy supplies with renewable alternatives, such as solar panels. In addition, initiatives are planned to enhance environmental expertise and systematic approaches, such as evaluating the introduction of environmental management systems.

As we have not established joint mitigation measures at Group level, we have not made any estimates regarding the expected reductions in greenhouse gas emissions. Information on reductions or increases achieved is provided under disclosure requirements E1-6. No specific measures have been implemented or are planned regarding climate adaptation.

No significant operating or capital expenditure for implemented or planned measures has been identified at Group level.

Metrics and targets

Targets for climate change mitigation and adaptation

E1-4

In line with our climate commitment to reduce the Group's carbon footprint and prepare for the transition to net-zero greenhouse gas emissions, we have set two targets for reducing greenhouse gas emissions at Group level, which all our companies are working towards:

We have chosen to set an intensity target for our Scope 1–2 emissions, as Karnell continuously acquires new companies and an intensity target provides an accurate picture of climate performance in relation to our

Targets	Metric	2023 (base year)	2025	Comment on progress
Reduce greenhouse gas intensity within Scope 1 and 2 by 42% from 2023 to 2030	Emissions intensity, Scope 1 & 2, tonnes CO ₂ e/MSEK net revenue (market-based)	1.41 (corresponding to absolute emissions of 1,550 tonnes CO ₂ e)	2.28 (corresponding to absolute emissions of 3,854 tonnes CO ₂ e)	<ul style="list-style-type: none"> This trend represents a 62% increase in intensity from 2023, corresponding to an absolute increase in emissions of 2,304 tonnes CO₂e. The reason for the increase in intensity is that a larger proportion of our Scope 2 electricity consumption is reported based on the residual electricity mix, as there are no verified guarantees of origin for renewable energy, which results in higher emission factors. Furthermore, some companies have increased their consumption of fossil fuels. In 2026, we will review the possibility of adjusting/updating the base year based on more reliable data.
100% of purchased energy in Scope 2 is fossil-free (market-based) by 2030	Proportion of non-fossil energy sources in total consumption of purchased or procured electricity, heat, steam and cooling	93% (corresponding to absolute emissions of 479 tonnes CO ₂ e)	72 (corresponding to absolute emissions of 2,542 tonnes of CO ₂ e)	<ul style="list-style-type: none"> This corresponds to a 23% reduction in fossil-free energy from 2023, equivalent to an absolute increase in emissions of 2,063 tonnes of CO₂e. The reason for the reduced share of non-fossil sources is that a larger proportion of our electricity consumption is based on the residual mix, as there are no verified guarantees of origin for renewable energy. In 2026, we will review the possibility of adjusting/updating the base year based on more reliable data.

revenue. As the target is intensity-based, the base year is less sensitive to changes in the Group's size or external factors, as emission levels are set in relation to revenue. This means that the base year remains representative even as the business grows or changes over time, and that progress can be tracked in a comparable manner.

Of Karnell's total Scope 1–2 emissions for the base year (2023), Scope 1 accounted for 70% of emissions and Scope 2 (market-based) for 30% of emissions. We ensure consistency by ensuring that the targets are directly linked to the emission sources and greenhouse gases included in our inventory (see disclosure requirements E1-6), and that any changes to the inventory boundaries are reflected in our targets. The greenhouse gases covered are the six greenhouse gases covered by the Kyoto Protocol.

The targets (or metrics) have not been verified by an external party, but they have been set using scientifically recognised methods, such as the Science Based Targets initiative (SBTi), which specifies the rate and scale at which emissions must be reduced to limit global warming to 1.5 °C. According to the SBTi's cross-sectoral emissions pathway to limit global warming to 1.5 °C, companies with a base year of 2023 need to reduce their absolute Scope 1–2 emissions by 42% by 2030 (source: based on Pathways to Net-zero –

SBTi Technical Summary, version 1.0, October 2021). Previously, our target was to reduce greenhouse gas intensity within Scope 1 and 2 by 40%. To better align with the Paris Agreement's goals, we have updated the target and set 42% as the benchmark for the reduction in intensity.

In setting the targets, no specific account has been taken of future developments (e.g. changes in sales volumes or new technology). An external consultant specialising in ESG issues assisted us in setting our climate-related targets. No other stakeholders have been involved in the target-setting process.

Karnell has not established joint mitigation measures at Group level, but assesses, based on our Scope 1 and Scope 2 emission sources and the emission reductions achieved through measures already implemented by our companies, that relevant mitigation measures to reduce our emissions could include:

- **Scope 1:** Switching from fossil fuels to biofuels or increased electrification in relation to our production facilities and vehicles
- **Scope 2 (market-based):** Energy efficiency improvements and increased procurement of renewable electricity and district heating

No specific climate scenarios have been taken into account when identifying mitigation measures, and no quantification of the measures' contribution to achieving the Group's greenhouse gas targets has yet been carried out. To date, there are no plans to introduce new technology, and its potential role in achieving the targets has not been assessed.

The Group has no targets relating to climate adaptation.

Energy use and energy mix

E1-5

The energy data presented for 2025 includes data from the entire Group. Of the companies included, all our operating companies, with the exception of the parent company and one group company within the ' ' sector, operate in sectors with a high climate impact (such as manufacturing units in sector C of Annex I to Regulation (EC) No 1893/2006 of the European Parliament and of the Council, as defined in Commission Delegated Regulation (EU) 2022/1288). This remains unchanged from the previous reporting year. Values without brackets refer to companies operating in sectors with a high climate impact, whilst values in brackets refer to companies not operating in such sectors.

Karnell's energy consumption in 2025 is derived, as in previous years, from fuel consumption, purchased electricity and heat, and our own electricity generation from solar energy. Significant changes in our total energy consumption between 2024 and 2025 are primarily due to the fact that more companies are included in the Group compared with previous years. We see a lower proportion of renewable sources in total energy consumption, which is mainly due to a larger proportion of electricity consumption being based on the residual mix, as there are no verified guarantees of origin for renewable energy, and due to increased consumption of fossil fuels in certain companies.

Despite increased energy consumption in 2025, the Group's energy intensity per MSEK of net revenue has decreased by 7% from 2023.

Method for data collection and calculation of energy consumption and energy mix

Data on the Group's energy consumption and energy mix has been collected from all Group companies and consolidated at Group level. As the collection of this data is managed on a decentralised basis, there may be variations in data collection between different companies and regions. Fuel, electricity and heat consumption have been derived from internal measurements and invoices. Purchased electricity and heat with a guaranteed renewable origin have been counted as renewable energy. Where the renewable origin could not be verified, the energy mix has been calculated using relevant residual mixes. Energy consumption from fuels (petrol, diesel, etc.) has been converted to MWh using DESNZ's conversion factors for effective calorific value.

The calculation of the proportion of non-fossil energy sources in the total consumption of purchased or procured electricity, heat, steam and cooling includes all companies in the Group.

Energy consumption and energy mix	Unit	2023 (base year)	2024	2025
Fuel consumption from coal and coal products	MWh	46	0	0
Fuel consumption from crude oil and petroleum products	MWh	1,261	2,149	5,130
Fuel consumption from natural gas	MWh	0	63	85
Fuel consumption from other fossil sources	MWh	2,915	2,138	0
Consumption of purchased or procured electricity, heat, steam and cooling from fossil fuel sources	MWh	657	2,638	4,242
Total use of fossil energy	MWh	4,879 (11)	7,033 (133)	9,457 (4)
<i>Share of fossil sources in total energy consumption</i>	%	34% (8%)	40% (65%)	46% (6%)
Consumption from nuclear energy sources	MWh	567 (25)	1,344 (0)	1,959 (2)
<i>Share of nuclear energy sources in total energy consumption</i>	%	4% (18%)	8% (0%)	10% (3%)
Fuel consumption for renewable energy sources, including biomass (including industrial waste and municipal waste of biological origin, biogas, renewable hydrogen, etc.)	MWh	1,004 (0)	355 (0)	319 (0)
Consumption of purchased or procured electricity, heat, steam and cooling from renewable sources	MWh	7,781 (100)	8,661 (72)	8,711 (63)
Consumption of self-generated renewable non-fuel energy	MWh	96 (0)	6 (0)	10 (0)
Total use of renewable energy	MWh	8,881 (100)	9,020 (72)	9,040 (63)
<i>Share of renewable sources in total energy consumption</i>	%	62% (74%)	52% (35%)	44% (91%)
Total energy consumption	MWh	14,327 (136)	17,397 (204)	20,456 (69)
<i>Proportion of non-fossil energy sources in total consumption of purchased or procured electricity, heat, steam and cooling</i>	%	93%	79%	72

Energy intensity	Unit	2023 (base year)	2024	2025
Energy intensity per net revenue from operations in sectors with high climate impact	MWh / MSEK	13.33	12.93	12.32
Energy intensity per net revenue from all operations	MWh / MSEK	13.11	12.75	12.16
<i>Net revenue from operations in sectors with high climate impact</i>	MSEK	1,075	1,345	1,661
<i>Net revenue (other)</i>	MSEK	28	35	27
<i>Total net revenue (financial reports)</i>	MSEK	1,103	1,380	1,688

Gross greenhouse gas emissions within Scopes 1, 2, 3 and total greenhouse gas emissions

E1-6

Karnell's climate report has been prepared using the operational control consolidation method. Climate data has been collected from the parent company and all Group companies. We have no investment objects such as associates, joint ventures or non-consolidated subsidiaries that are not included in the financial statements. Our greenhouse gas emissions (GHG emissions) are calculated in accordance with the GHG Protocol standards, and we include all greenhouse gases covered by the Kyoto Protocol (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆ and NF₃). We carry out full reporting for Scope 1 and 2 emissions and report emissions within four relevant Scope 3 categories.

Scope 1 GHG emissions	Unit	Retroactive				Year for milestones and targets 2030
		2023 (base year)	2024	2025	% change between 2025 and 2024	
Stationary combustion	Tonnes of CO ₂ e	763	754	1,006		
Mobile combustion	Tonnes of CO ₂ e	287	309	304		
Fugitive emissions	Tonnes of CO ₂ e	22	0	0		
Process emissions	Tonnes of CO ₂ e	0	0	2		
Total gross greenhouse gas emissions, Scope 1	Tonnes of CO₂e	1,071	1,063	1,313	23%	
Percentage of Scope 1 GHG emissions from regulated emissions trading systems	%	0	0%	0%		

Scope 2 GHG emissions	Unit	Retroactive				Year for milestones and targets 2030
		2023 (base year)	2024	2025	% change between 2025 and 2024	
Electricity (location-based)	Tonnes of CO ₂ e	141	550	566		
Heating (site-based)	Tons of CO ₂ e	0	180	116		
Total site-based gross Scope 2 greenhouse gas emissions	Tonnes of CO₂e	141	730	683	-6%	
Electricity (market-based)	Tonnes of CO ₂ e	420	662	2,426		
Heat (market-based)	Tonnes of CO ₂ e	59	133	116		
Total market-based gross Scope 2 greenhouse gas emissions	Tonnes of CO₂e	479	796	2,542	219%	

Scope 3 GHG emissions	Unit	Retroactive				Year for milestones and targets 2030
		2023 (base year)	2024	2025	% change between 2025 and 2024	
1. Purchased products and services	Tonnes of CO ₂ e	51,158	84,861	75,415		
3. Energy and fuel-related activities	Tonnes of CO ₂ e	161	981	1,150		
4. Upstream transport and distribution	Tonnes of CO ₂ e	968	1,701	1,464		
6. Business travel	Tonnes of CO ₂ e	84	110	96		
Total gross Scope 3 greenhouse gas emissions	Tonnes of CO₂e	52,371	87,635	78,125	-11%	

Totala GHG emissions	Unit	Retroactive				Year for milestones and targets 2030
		2023 (base year)	2024	2025	% change between 2025 and 2024	
Total GHG emissions Scope 1-3 (site-based)	Tonnes of CO₂e	53,583	89,446	80,121	-10%	
Total GHG emissions Scope 1-3 (market-based)	Tonnes of CO₂e	53,922	89,512	81,980	-8%	
Total Scope 1 & 2 GHG emissions (market-based)	Tonnes of CO₂e	1,550	1,859	3,854	107%	
Emissions intensity Scope 1-3 (site-based)	Tonnes of CO ₂ e/ MSEK	48.58	64.82	47.48	-27%	
Emissions intensity Scope 1-3 (market-based)	Tonnes of CO ₂ e/ MSEK	48.89	64.86	48.58	-25%	
Emissions intensity Scope 1 & 2 (market-based)	Tonnes of CO ₂ e/ MSEK	1.41	1.35	2.28	70%	Reduce greenhouse gas intensity within Scope 1 and 2 by 42% from 2023
Scope 1 & 2 emissions intensity per employee (market-based)	Tonnes of CO ₂ e per employee	2.89	2.80	5.17	85%	
Net revenue*	Total net revenue (SEK million)	1,103	1,380	1,688		
Number of employees	Total average number of employees (persons)	535	665	745		

* The net revenue figure has been reconciled against net turnover as reported in Note 3 of the financial statements. Please note that one group company (Haco Tellus) is not included in the calculation for 2024, which explains the difference.

Scope 1, 2 and 3 greenhouse gas emissions

As in the previous reporting year, the majority of the Group's Scope 1 emissions originate from stationary and mobile combustion in boilers and vehicles. During this year, process emissions from welding have also been identified. No fugitive emissions from refrigerants were identified during the year. The Group's absolute Scope 1 emissions have increased compared with the previous year, which can be explained both by increased fossil fuel consumption for stationary combustion at certain companies and by the fact that more companies have been included in the Group during the year as a result of acquisitions.

The Group's Scope 2 emissions come from purchased electricity and heat used in our offices and production facilities. Electricity is purchased by all our companies, whilst heat is purchased only for some of our facilities in Sweden and Finland.

For Scope 2 (market-based) emissions, 40% of the Group's electricity consumption is covered by contractual arrangements (either directly or indirectly via landlords). These agreements include contracts involving energy attribute certificates with guarantees of origin, with or without physical delivery. Of this electricity consumption, 93% is stand-alone, i.e. the agreements cover only the environmental attribute without physical delivery, and 7% is bundled, covering both the physical delivery of the electricity and its environmental attribute. Similar agreements for renewable sources have been made for purchased heat, but only to a limited extent, with 1% of heat consumed covered by specific agreements for renewable sources. All of these agreements are standalone agreements.

Like our absolute Scope 1 emissions, the Group's absolute Scope 2 emissions (market-based) have also increased compared with the previous year. The increase is primarily explained by the fact that the emission factors have been updated to be based to a greater extent on verified guarantees of origin for renewable energy, whilst the residual mix has been applied where such evidence could not be established, and by the fact that more companies have been included in the Group during the year as a result of acquisitions.

Together, our Scope 1 and 2 emissions account for only a small proportion of the Group's total emissions. As in the previous year, the majority of emissions correspond to our Scope 3 emissions from Category 1: Purchased goods and services. These emissions include emissions from raw material extraction to the manufacture of all our purchased products and services (excluding those covered by other Scope 3 categories), which explains why this emissions category dominates the Group's total carbon footprint, as we are dependent on stable resource inflows to produce and sell our products.

Karnell has no carbon offsets or purchased, sold or transferred carbon credits or emission allowances that affect the calculation of Scope 1 and 2 emissions. We have no facilities subject to regulated emissions trading systems.

Greenhouse gas emissions outside the scopes

2025 is the second year we are reporting biogenic emissions. Biogenic emissions are CO₂ emissions derived from biological material, such as biomass, wood and other organic substances, and form part of the natural carbon cycle.

As in previous years, biogenic emissions have been identified primarily in relation to our paper-based board materials, fillers, adhesives and sealants. This is because these products have product-specific environmental product declarations in which biogenic emissions are reported separately from fossil emissions. Otherwise, biogenic emissions have been identified in relation to the fuels we use in Scope 1 and for a small number of purchased products in Scope 3. We have not been able to identify any biogenic emissions in relation to our other emission sources, as the emission factors used do not report the biogenic component separately. In this context, our total biogenic emissions are negative. This is primarily due to our sold paper-based board materials, which have sequestered carbon dioxide during the trees' growth.

Outside the scope	Unit	2024 (base year)	2025	% change between 2025 and 2024
Biogenic emissions (market-based)	Tonnes of CO ₂ e	- 2,299	-2,382	4%

Method for data collection and calculation of greenhouse gas emissions

Data on the Group's greenhouse gas emissions has been collected from all Group companies and consolidated at Group level. As the collection of this data is managed on a decentralised basis, there may be variations in data collection between different companies and regions. The figures have not been validated by an external party.

Scope 1

Greenhouse gas emissions from stationary combustion and mobile combustion have been calculated based on the quantity and type of fuel used. Data on fuel quantity and type is primary and has been collected from all Group companies, with the exception of one company. This Group company has been unable to quantify the amount of natural gas used in its boilers. To ensure these emissions are not omitted from the report, we have estimated them based on the same type of activity data from another of our companies that uses natural gas.

The emission factors per fuel type applied in the calculations have been developed by the UK Government's Department for Energy Security and Net Zero (DESNZ) for the year 2025. Only fossil emissions are reported under our Scope 1 emissions, as the emission factors from DESNZ distinguish between biogenic CO₂ and fossil emissions. No significant changes have been made to the calculation method compared with the previous reporting year. No emission sources have been excluded.

Our process emissions have been calculated based on the composition of the welding gas used.

Scope 2

Greenhouse gas emissions have been calculated using both the location-based and market-based methods. Data on the amount of electricity and heat consumed (including renewable energy contracts) is primary and has been collected from the respective Group companies. No emission sources have been excluded. The emission factors applied are described below under the respective method used.

Location-based method

Purchased electricity: The vast majority of emission calculations for our purchased electricity are based on emission factors for national electricity mixes, regardless of contract. This is because emission factors for several of our local electricity grids could not be identified. The emission factors applied for the national electricity mix in Sweden have been developed by AIB for the year 2024, the national electricity mix in Finland by Fingrid for 2025, the national electricity mix in the UK by DESNZ for 2025, and the national electricity mix in China by China's Ministry of Ecology and Environment for 2023.

Purchased heat: For all purchased heat, emission calculations are based on emission factors for the heat mixes in our companies' local heating networks, regardless of contract. The emission factors applied for local heating networks in Sweden have been developed by Energiföretagen Sverige for the years 2023 and 2024, whilst the emission factors for local heating networks in Finland have been developed by Finnish Energy for the years 2024 and 2025.

Market-based method

Purchased electricity: Where specific agreements for purchased renewable electricity exist, emissions have been calculated based on the emission values stated on the electricity certificates or in the agreements. Where specific agreements are lacking, calculations have been based on emission factors for national residual mixes. The emission factors applied for the national residual mixes in Sweden, Finland and the UK have been developed by AIB for the year 2024. For China, the same emission factor is used as in the location-based method.

Purchased heat: Where specific contracts for purchased renewable heat exist, emissions have been calculated using the emission values stated on the heat certificates or in the contracts. Where no specific contracts exist, the calculations have been based on the same emission factors as those applied in the location-based method.

It is possible that biogenic CO₂ is also reported within Scope 2 under both the location-based and market-based methods, as none of the emission factors applied for electricity and heat distinguish between biogenic CO₂ and fossil emissions.

Compared with the previous year, the method for market-based Scope 2 calculations has been updated to rely to a greater extent on verified guarantees of origin for renewable energy, whilst the residual mix is used where such evidence could not be established. For all companies reporting purchases of renewable energy, the data has been checked and verified through certificates and/or specific contracts confirming the origin of the energy.

The emission factors from AIB and Finnish Energy include only CO₂ and not CH₄ and N₂O. The emission factors from DESNZ, Energiföretagen Sverige and China's Ministry of Ecology and Environment include all greenhouse gases.

Scope 3.1 – Purchased products and services

Data on the volume and cost of purchased products and services has been collected from the respective Group companies. For two of our companies, we have calculated greenhouse gas emissions using our own environmental product declarations for products sold. Emissions from these companies' other purchases (e.g. various services) have been calculated per krona spent, i.e. using the spend-based method, where emissions are calculated by multiplying the purchase cost by an emissions indicator per krona in the respective purchase category.

For all other companies, we have calculated emissions using a combination of supplier-specific environmental product declarations,

average emission factors per purchased product category and the spend-based method. However, the majority of emissions have been calculated using the spend-based method. The emission factors per krona spent applied in the calculations have been developed by the Swedish Public Procurement Agency for the years 2021 and 2023. The majority of the average emission factors applied per product category have been developed by DESNZ for the year 2025, but emission factors from ClimaTiq and relevant environmental product declarations have also been applied for the years 2023 and 2024.

Our own environmental product declarations and certain supplier-specific environmental product declarations distinguish between biogenic CO₂ and fossil emissions. Other emission factors do not distinguish between biogenic CO₂ and fossil emissions, which means that biogenic CO₂ may also be reported within Scope 3.1.

No significant changes have been made to the calculation method compared with the previous reporting year. No emission sources have been excluded.

19% of emissions in this category have been calculated using primary emission factors or emission data obtained from suppliers or other value chain partners. Emission factors from supplier-specific environmental product declarations are treated as primary.

Scope 3.3 – Energy and fuel-related activities

Upstream greenhouse gas emissions related to purchased fuel (activity A) have been calculated based on the quantity and type of fuel used. The emission factors per fuel type applied in the calculations have been developed by DESNZ for the year 2025 and correspond to the fuel's emissions from extraction, production and transport (well-to-tank).

Upstream greenhouse gas emissions for the fuel consumed in the production of purchased electricity and heat (Activity B) have been calculated based on the amount of electricity and heat used. The emission factors used for electricity and heat are average values and correspond

to fuel emissions from extraction, production and transport (well-to-tank). The emission factors also include well-to-tank emissions from energy losses in purchased electricity and heat. The emission factors have been developed by DESNZ for the year 2025.

Upstream greenhouse gas emissions related to energy losses from purchased electricity and heat (Activity C) have been calculated based on the amount of electricity and heat used. Emissions from energy losses associated with the charging of electric vehicles that are not charged at our facilities are also included. Average emission factors have been applied, developed by DESNZ for the year 2025.

None of the emission factors applied in this emissions category distinguish between biogenic CO₂ and fossil emissions, which means that biogenic CO₂ may also be reported within Scope 3.3. No significant changes have been made to the calculation method compared with the previous reporting year.

Karnell does not report emissions under activity D, as we do not purchase electricity for resale.

No emissions in this category have been calculated using primary emission factors or emissions data obtained from suppliers or other value chain partners.

Scope 3.4 – Upstream transport and distribution

Greenhouse gas emissions from upstream transport have been calculated using the expenditure-based method, by multiplying the purchase cost per mode of transport by an emissions indicator per krona for the respective mode of transport. The emission factors per krona spent applied in the calculations were developed by the Swedish Public Procurement Agency for the years 2021 and 2023. The emission factors do not distinguish between biogenic CO₂ and fossil emissions, which means that biogenic CO₂ may also be reported within Scope 3.4.

One difference compared with the previous year is that all emissions have been calculated using the expenditure-based method. In the previous

year, a smaller proportion of emissions was calculated using the distance-based method and based on emissions data obtained directly from transport providers.

We do not calculate emissions linked to the storage of goods purchased by the company, the manufacture of vehicles, facilities and infrastructure.

No emissions in this category have been calculated using primary emission factors or emissions data obtained from suppliers or other value chain partners.

Scope 3.6 – Business travel

Greenhouse gas emissions from business travel have been calculated using various methods. We have primarily used the distance-based method by collecting the number of kilometres travelled for each mode of transport and multiplying these by an average emission factor per passenger kilometre for the respective mode of transport. Estimates and assumptions have been applied in certain cases to determine the distance. The remaining emissions have been calculated using the expenditure-based method, by multiplying the purchase cost per mode of transport by an emissions indicator per krona for the respective mode of transport.

The average emission factors per passenger kilometre applied for each mode of transport have been developed by DESNZ for the year 2025. The emission factors per krona spent applied in the calculations have been produced by the Swedish Public Procurement Agency for the years 2021 and 2023. The emission factors do not distinguish between biogenic CO₂ and fossil emissions, which means that biogenic CO₂ may also be reported within scope 3.6.

No significant changes have been made to the calculation method compared with the previous reporting year.

Emissions from hotel stays are excluded.

No emissions in this category have been calculated using primary emission factors or emissions data obtained from suppliers or other value chain partners.

Biogenic CO₂ emissions

CO₂ emissions from biogenic sources have been identified in relation to stationary and mobile combustion in Scope 1 and for a small number of purchased products in Scope 3, Category 1: Purchased goods and services. Emissions have been calculated using the same methods and emission factor sources as described above for the aforementioned emission categories. No material changes have been made to the calculation method compared with the previous reporting year.

Materiality assessment of Scope 3 categories

In 2023, Karnell, in collaboration with an external consultant, carried out a review of Scope 3 categories, followed by a materiality assessment of the categories' relevance to the Group's operations. According to the materiality assessment, Category 1 – Purchased products and services – accounts for by far the largest emissions, making it particularly important to include in the reporting, a finding subsequently confirmed by the Group's actual calculated greenhouse gas emissions. The other categories are not, in themselves, considered to come anywhere near these emissions, but we have chosen to also focus on parts of our upstream value chain where data collection is possible and reliable, in comparison with the downstream value chain where it is generally more difficult to collect data. The categories included are therefore 3. *Energy and fuel-related activities*, 4. *Upstream transport and distribution*, and 6. *Business travel*. This prioritisation ensures meaningful and practically manageable reporting, whilst allowing the scope to be gradually expanded.

Apart from the categories for which we carry out calculations and reporting, we have identified upstream emission sources for category 2. *Capital goods*, 5. *Waste generated in operations* and 7. *Employee commuting*, as well as downstream emission sources for category 9. *Transport in later stages*, 10. *Processing of sold products*, 11. *Use of sold products* and 12. *Final disposal of sold products*. Of these categories, the largest emissions are expected to stem from category 9. *Transport in later stages*.

Resource use and circular economy

Management of impacts, risks and opportunities

Description of the process for identifying and assessing material impacts, risks and opportunities relating to resource use and the circular economy

IRO-1

The double materiality assessment carried out comprised a comprehensive review of the Group's resource inflows and outflows, as well as waste generation throughout the value chain. The analysis included a mapping of the types of products the Group purchases and sells, their material composition and how the materials are likely to be handled at end-of-life, which resulted in the identification of dependencies, impacts, risks and opportunities. The analysis was not carried out in consultation with affected communities, but is based on information gathered from our Group companies.

The materiality assessment of our impact on people and the environment in relation to resource use and the circular economy has been carried out in the same way as for other sustainability areas and follows the same methodology and assessment criteria as described in the chapter General Disclosures, disclosure requirements IRO-1.

The companies' ability to implement measures may be affected by access to resources, where the Group offers financial support and other resources to enable relevant investments and initiatives.

Policies on resource use and the circular economy

E5-1

To mitigate our risks and capitalise on our opportunities related to resource use and the circular economy – as well as to steer us towards reducing our negative impact on the environment and people – the Group's ESG policy

covers several key areas that our companies are expected to work on. These include maximising the use of recyclable resources in production, optimising resource use and promoting a more circular business model. The policy currently makes no specific commitments regarding a transition away from the use of virgin resources (including a relative increase in the use of secondary resources). The policy applies to all entities within the Group, and Karnell's CEO is responsible for the overall implementation of and compliance with the policy.

The areas relating to resource use and the circular economy covered by our ESG policy have not been specifically identified on the basis of stakeholders' interests. The policy makes no reference to third-party standards or initiatives to which we commit to adhere.

Measures and resources for resource use and circular economy

E5-2

Karnell has not drawn up a formal plan with measures to address resource use and the circular economy at Group level. As the Group consists of several Group companies with decentralised governance, responsibility for work on resource use and the circular economy lies primarily at company level. However, the Group ensures that the entire business operates on the basis of common principles through our Group-wide ESG policy, which includes positions on these areas. The companies' ability to implement measures may be affected by access to resources, with the Group offering financial support and other resources to enable relevant investments and initiatives.

In 2025, our companies, each based on their own circumstances, implemented various measures to improve the efficiency of their resource use and strengthen the transition towards a more circular economy, for example by increasing the use of recycled materials, improving waste sorting and reducing production waste. Going forward, the companies have plans to continue working in these areas.

No significant operating or capital expenditure for implemented or planned measures has been identified at Group level.

Metrics and targets

At present, we have no established targets linked to resource use or the circular economy. The original plan was to investigate relevant targets during 2025, but during the year the focus has instead been on climate issues and compliance with the CSRD. Work on identifying and setting targets for resource use and the circular economy is planned to be carried out during 2026.

Resource inflows

E5-4

When it comes to resource inflows, our material impact is concentrated in our upstream value chain, where the extraction, processing and manufacture of the products we purchase take place. The Group is dependent on a stable resource inflow, and significant inflows include input materials such as steel, aluminium, plastic and paper, together with components and finished products and packaging made from these materials, which are used in the manufacture and distribution of our products. No critical raw materials have been identified.

Thus, the resource flow in our upstream value chain comprises the raw materials used for these products, including iron ore (for steel), bauxite ore (for aluminium), crude oil (for plastic) and wood (for paper). These materials come from industries that are both resource- and energy-intensive, which means that the majority of our environmental impact occurs before the products reach our own operations.

Apart from the input materials for our sold products, our operations also depend on the facilities and equipment used in production. However, new purchases in this category are relatively rare compared with input materials. We therefore measure our resource inflows solely on the basis of the resources expected to be included in our products, focusing on the

most significant inflows, which are steel, aluminium, plastic and paper (including components and finished products made from these materials) and packaging. This means that purchases of, for example, production equipment and office furniture are not included in the calculation.

Resource inflows, excluding packaging	Unit	2025*
Steel	Tonnes	6,911
Proportion reused or recycled	%	19%
Aluminium	Tonnes	223
Proportion reused or recycled	%	51%
Plastic	Tonnes	3,296
Proportion reused or recycled	%	12%
Paper	Tonnes	1,269
Proportion reused or recycled	%	6
Resource inflows: packaging	Unit	2025*
Packaging materials	Tonnes	1,067
Proportion reused or recycled	%	19%

* All Group companies are included in the calculation, except for one that is not yet able to collect this data.

The Group's dependence on input materials and other products entails financial risks, including increased raw material costs due to local price fluctuations, disruptions in supply chains caused by climate and social events, and political decisions regarding resource use. The analysis of these risks is based on a qualitative assessment of the financial impacts, rather than on quantitative data.

Method for data collection and calculation of resource inflows

Data on resource inflows has been collected from all but one group company and consolidated at group level. As the collection of this data is managed in a decentralised manner, there may be variations in data collection between different companies and regions. The metrics have not been validated by an external party.

Each company has collected available data based on product specifications and technical documentation for purchased materials and products to be included in sold products. All companies received the same guidance on what information needed to be collected and how this could be done, but approaches and data quality vary depending on data availability and resources. Some companies have access to detailed and product-specific material information, whilst others have based their calculations to a greater extent on estimates and assumptions. The calculations are thus based on existing product data as well as estimates and assumptions where complete information is not available.

In the coming years, we will review this area to assess the possibility of developing a more standardised and reliable method, which is expected to improve the comparability and quality of the calculations.

Resource outflows – Products sold E5-5

With regard to the Group's resource outflows, we assess that we have a positive impact, as the majority of our products sold are designed for a long service life and can be recycled thanks to their material composition. This applies to both our input products and finished products.

Many of the Group's products have a lifespan exceeding 10 years, and in some cases considerably longer. For example, our sold sewer and drainage pipes can last for several decades, attachments for wheel loaders and tractors have an estimated lifespan of around 20 years, our paper-based board material can be reused and then recycled up to 57 times, and our reusable plastic products for hospital and healthcare environments can be used up to a thousand times. To date, we have not compared the expected durability of our products with the industry average for each product group.

Our companies sell a range of products that can be repaired, which helps to extend the lifespan of our products. Many products are designed with serviceability in mind, meaning that worn or damaged parts can be replaced without having to replace the entire unit, such as our attachments for wheel loaders and tractors, and trolleys for grounds maintenance. We also sell products where repair is limited, such as bases for outdoor lighting poles, which must be replaced if damaged to meet safety requirements.

The majority of Karnell's products consist of metal, plastic and/or paper. The packaging materials used are primarily cardboard and plastic, followed by wood and metal. In theory, all these materials can be recycled and, in some cases, reused, but what actually happens in practice is unknown as this process takes place with our customers and end consumers. The proportion of recyclable material in products sold and their packaging has not been quantified due to difficulties in collecting data.

Only a small proportion of the Group's products sold consist of consumables (e.g. fillers, adhesives and sealants). Overall, the most common final disposal methods for these products are landfill and incineration, due to difficulties in recycling the materials. Consequently, they are not part of a circular system.

We see an opportunity to increase our competitiveness by developing more durable and recycled/recyclable products in line with growing demand for circular solutions.

Resource outflows – Waste E5-5

Waste is generated in several parts of the Group's value chain, both upstream in connection with suppliers' raw material extraction, material processing and manufacturing, and in the Group's production. Downstream, waste arises primarily during the end-of-life treatment of our sold products. Incorrect waste management can lead to pollution, health risks and damage to ecosystems.

As the EU transitions towards a circular economy, waste management costs may rise, which could entail financial risks in the form of higher costs for the Group's own waste and increased purchase prices if suppliers' costs are passed on. The analysis of these risks is based on a qualitative assessment of the financial impacts, rather than on quantitative data.

Within our own facilities, scrap metal constitutes our largest waste stream, which is reasonable given that the majority of the Group's companies operate in the manufacturing industry and produce various industrial products containing different metals, such as bagging systems, trolleys for grounds maintenance, machine parts, vehicle components, etc. 3% of our total waste consists of hazardous waste, including oil, paint, cutting fluids, emulsions and aerosols. We do not generate any radioactive waste.

Waste generated	Unit	2024	2025
Scrap metal	Tonnes	*	994
Plastic	Tonnes	*	130
Paper and cardboard	Tonnes	*	504
Wood	Tonnes	*	56
Glass	Tonnes	*	0
Electronic waste	Tonnes	*	1
Organic waste	Tonnes	*	4
Mixed waste	Tonnes	*	485
Radioactive waste	Tonne	*	0
Hazardous waste	Tonnes	84	73
Other waste	Tonnes	*	96
Total amount of waste	Tonnes	2,098**	2,344

* 2025 is the first year in which data on various types of waste, with the exception of hazardous waste, has been collected and reported.

** Includes wastewater. From 2025 onwards, we will not report on wastewater as water is deemed non-material.

The majority of our waste has been diverted from disposal through recycling. The waste diverted from disposal consists mainly of scrap metal. 31% of our total waste has not been diverted from disposal and consists mainly of mixed waste that has been incinerated.

Waste diverted from disposal	Unit	2025
Non-hazardous waste prepared for reuse	Tonnes	67
Non-hazardous waste prepared for recycling	Tonnes	1,473
Non-hazardous waste prepared for other recovery processes	Tonnes	54
Hazardous waste prepared for reuse	Tonnes	1
Hazardous waste prepared for recycling	Tonnes	27
Hazardous waste prepared for other recovery processes	Tonnes	5
Total amount of waste diverted from disposal	Tonnes	1,626

Waste that has been disposed of	Unit	2025
Non-hazardous waste for incineration	Tonnes	502
Non-hazardous waste for landfill	Tonnes	163
Non-hazardous waste for other disposal methods	Tonnes	0
Hazardous waste for incineration	Tonnes	19
Hazardous waste for landfill	Tonnes	31
Hazardous waste for other disposal methods	Tonnes	2
Total amount of waste disposed of	Tonnes	718

Method for data collection and waste calculation

Data on the Group's waste generation and waste management practices has been collected from all Group companies and consolidated at Group level. As the collection of this data is managed on a decentralised basis, there may be variations in data collection between different companies and regions. Information has been collected through waste management suppliers and via their invoices. Assumptions regarding waste management methods have been made in isolated cases where information on the methods applied could not be identified. The figures have not been validated by an external part

EU Taxonomy

Changes compared with last year's reporting

In July 2025, the European Commission adopted a delegated act which, among other things, introduces changes to taxonomy reporting regarding the application of a 10% materiality threshold in reporting. In accordance with these rules, non-financial companies may, for the key performance indicators of turnover and capital expenditure (CapEx), choose not to assess whether certain economic activities fall within the scope of the taxonomy or meet the compatibility criteria, if these activities together account for less than 10% of total turnover or capital expenditure, respectively. The same principle also applies to the key performance indicator for operating expenses (OpEx), but in that case, all operating expenses may be excluded from further assessment if a qualitative analysis shows that they are immaterial to the company's business model.

This materiality principle is being applied for the first time in Karnell's EU taxonomy reporting for the 2025 reporting year

Materiality assessment

Revenue

The majority of Karnell's revenue is not linked to any economic activity covered by the taxonomy's delegated acts. Only a small proportion comes from sectors covered by the taxonomy, namely Information and Communication and Transport. Revenue from these sectors amounts to 2% and < 1% respectively and is therefore reported as non-material as it does not meet the 10% materiality threshold.

Capital expenditure

45% of Karnell's capital expenditure comes from the Construction and Property sector and is linked to the Group's right-of-use assets for leased and owned premises. These expenses are considered material as they meet the materiality threshold of 10%. Less than 1% from the same sector comes from the purchase of chargers for electric vehicles, but as this expenditure is well below the materiality threshold, it is reported as immaterial. Furthermore, 3% of the Group's capital expenditure comes from the Information and Communication sector. As these expenditures also do not meet the materiality threshold, they are reported as immaterial.

Karnell's other capital expenditure is not linked to any economic activity covered by the delegated acts of the taxonomy.

Operating expenses

Following a qualitative analysis of the materiality of operating expenses, it was found that certain operating expenses are material to Karnell's business models. Consequently, not all operating expenses have been excluded from further assessment; instead, a quantitative assessment has been carried out in the same manner as for revenue and capital expenditure. The results show that the majority of Karnell's operating expenses are not linked to any economic activity covered by the delegated acts of the taxonomy. Significant operating expenses (corresponding to 20%) occur solely within the Construction and Real Estate sector

for building renovations and maintenance. Karnell also has operating expenses from the Information and Communication sector, but these amount to less than 1% and are therefore reported as immaterial.

Economic activities covered by the taxonomy

Revenue

Karnell has no material revenue covered by the taxonomy. Consequently, the Group reports no activities covered by the taxonomy from a revenue perspective.

Capital expenditure

The only material capital expenditure that meets the taxonomy's scope criteria corresponds to the Group's right-of-use assets for leased and owned premises covered by economic activity 7.7. Acquisition and ownership of buildings in relation to the taxonomy's climate change mitigation (CMM) objective.

Operating expenses

The only material operating expenses that meet the taxonomy's scope criteria correspond to the Group's expenses for building renovations and maintenance covered by economic activity 7.7. Acquisition and ownership of buildings in relation to the taxonomy's climate change mitigation (CMM) objective.

Compatibility analysis of economic activities covered by the taxonomy

CCM 7.7. Acquisition and ownership of buildings in the form of right-of-use assets

The Taxonomy Regulation sets out criteria that an economic activity must meet to qualify as environmentally sustainable, i.e. to be consistent with the taxonomy:

- Meet the technical screening criteria (TSC) for the environmental objectives by contributing significantly to one or more of the six environmental objectives and not causing significant harm (DNSH) to the other objectives.
- Comply with minimum requirements covering social and governance standards.

In 2024, Karnell carried out a compliance analysis for the economic activity CCM 7.7 for the first time, which was then assessed as non-compliant with the taxonomy's criteria. To assess compliance, all relevant group companies were asked to answer questions in a questionnaire. The results showed that none of Karnell's companies covered by CCM 7.7 met the DNSH requirement to carry out climate risk and vulnerability analyses for their premises in accordance with Annex A of the taxonomy's Delegated Regulation on Climate 2021/2139. Given that no active work to meet the compliance criteria has been carried out by the Group's companies during 2025, we assess that the result of last year's analysis of CCM 7.7 remains unchanged.

A further compliance analysis for CCM 7.7 has been carried out only for those new acquisitions that were not included in the previous year's analysis. To begin the analysis, the newly acquired companies were asked whether they had carried out climate-related risk and vulnerability assessments for their leased or owned premises in accordance with Annex A of the EU Taxonomy Delegated Regulation on Climate 2021/2139. All companies answered 'no' to this, which means that they do not meet the DNSH criteria for compliance. Consequently, compliance is not deemed to have been achieved for CCM 7.7 in this reporting year either.

As we do not meet the DNSH criteria, no further analysis has been carried out regarding the criteria for material contribution and the criteria for minimum safeguards.

Accounting policies

The numerator for key performance indicators

The reported capital expenditure from economic activities covered by the taxonomy via CCM 7.7 relates to right-of-use assets for leased and owned premises. Karnell has not drawn up a capital expenditure plan.

The reported operating expenses from economic activities covered by the taxonomy via CCM 7.7 relate to building renovations and maintenance.

The denominator for key performance indicators

Total revenue corresponds to net revenue in the Group's income statement in the consolidated financial statements.

Total capital expenditure is reported in accordance with Note 10. Intangible assets, Note 11. Property, plant and equipment, and Note 12. Leases in the

consolidated financial statements. Investments related to goodwill and customer relationships are excluded.

Total operating expenses correspond to the sum of all Group companies' reported operating expenses that are not recognised as assets and that relate to research and development, building refurbishment, short-term

leases, maintenance and repairs, and all other direct expenses relating to the day-to-day maintenance of property, plant and equipment carried out by the company or a contracted third party and required to ensure the continued and proper functioning of these assets.

Summary of key performance indicators – 2025					Breakdown by environmental objective for activities that are compatible with taxonomy requirements										
KPI	Total	Proportion of taxonomy eligible activities	Taxonomy aligned activities	Proportion of taxonomy aligned activities	Climate change mitigation	Adaptation to climate change	Water	Circular economy	Pollution	Biodiversity	Proportion of enabling activities	Proportion of transition activities	Unassessed operations considered to be non-material	Activities compliant with taxonomy requirements in the previous financial year (2024)	Proportion of activities compliant with taxonomy requirements in the previous financial year (2024)
Text	SEK	%	SEK	%	%	%	%	%	%	%	%	%	%	SEK	%
Turnover	1,687,571,704	0%	0	0%	0%	0%	0%	0%	0%	0%	0%	0%	2%	0	0%
Capital expenditure	92,646,741	45%	0	0%	0%	0%	0%	0%	0%	0%	0%	0%	3%	0	0%
Operating expenditure	45,637,036	20%	0	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0	0%

Capital expenditure by activity - 2025					Environmental targets for activities that are consistent with taxonomy requirements								
Financial operations	Code	Capital expenditure covered by taxonomy requirements	Capital expenditure that complies with the taxonomy requirements	Capital expenditure consistent with taxonomy requirements	Climate change mitigation	Climate change adaptation	Water	Circular economy	Pollution	Biodiversity	Enabling activities	Transition activities	Proportion that is consistent with the taxonomy requirements of the proportion covered by the taxonomy requirements
Text		%	SEK	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%
Acquisition and ownership of buildings	CCM 7.7	45%	0	0%	0%	0%	0%	0%	0%	0%			0%
Total compatibility per target					0%	0%	0%	0%	0%	0%			
Total capital expenditure		45%	0	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Operating expenditure by activity - 2025					Environmental objectives for activities that are consistent with the taxonomy requirements								
Financial operations	Code	Operating expenditure covered by taxonomy requirements	Operating expenses that are consistent with taxonomy requirements	Operating expenses that are consistent with the taxonomy requirements	Climate change mitigation	Climate change adaptation	Water	Circular economy	Pollution	Biodiversity	Enabling activities	Transition activities	Proportion that is consistent with the taxonomy requirements of the proportion covered by the taxonomy requirements
Text		%	SEK	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%
Acquisition and ownership of buildings	CCM 7.7	20%	0	0%	0%	0%	0%	0%	0%	0%			0%
Total compatibility per target					0%	0%	0%	0%	0%	0%			
Total operating expenditure		20%	0	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Social Information

Our own workforce

Strategy

Interests and views of stakeholders

SBM-2

As part of the development of Karnell's double materiality assessment, we have analysed how various stakeholders, including our own workforce, may be affected by and influence the business. The purpose of this was to provide a basis for the double materiality assessment and to use the results to inform the identification of material impacts, risks and opportunities, which in turn not only guides reporting in the sustainability report but also provides important input for the development of the Group's and the companies' strategies and business models. Identified material impacts, risks and opportunities related to Karnell's own workforce are presented below under disclosure requirements SMB-3.

In the analysis of our stakeholders, as well as their requirements and expectations, information has been gathered from our own workforce through representatives within the Group companies. These representatives consist primarily of the CEO, CFO and controllers. Through interviews and questionnaires, these roles have provided important input to the Group's overall stakeholder analysis, in which, among other things, employee health and safety was identified as a material area. Read more about our key stakeholders in the chapter on general disclosures, disclosure requirements SBM-2.

Employees' perspectives and views will be communicated to Group management and the Board annually as part of the regular update of the materiality assessment.

Material impacts, risks and opportunities and their relationship to strategy and business model

SBM-3

Significant adverse impacts have been identified and assessed based on the type of work employees perform, their geographical location and the social context in which they operate. Historical data on, for example, workplace injuries has also informed the process.

The majority of the Group's employees work in production environments. This entails an increased risk of physical workplace accidents. The remainder of our employees are office-based. For both operational and office-based staff, there are inherent risks of a deteriorating psychosocial working environment, for example due to high workloads or stress. The majority of the Group's workforce consists of our own employees, but we also have some non-employees who are self-employed or from staffing agencies performing similar tasks to our own employees.

The Group operates in a male-dominated industry where men are over-represented both in the workforce and in the management teams of the Group companies. Gender imbalance and/or other factors in the working environment may entail a risk of discrimination.

Our operations in China also entail an increased human rights risk, as the country is classified as a high-risk area with regard to child labour, working conditions and restrictions on freedom of expression, freedom of association and other fundamental rights.

The Group and our Group companies process employees' personal data in computer systems, which means that sensitive information is handled from a privacy perspective. If this data is not processed correctly, there is a risk of harm to employees' privacy.

These identified potential impacts form an important basis for the Group's ongoing strategic work and the development of our companies' business models. Among other things, they influence how the companies prioritise initiatives related to the working environment, leadership, compliance

with human rights, and how common policies are formulated and implemented within the framework of Karnell's decentralised governance model.

Our employees are our most valuable resource, which means that their well-being is crucial to our development and long-term value creation. Risks associated with failing to ensure a good working environment can lead to direct costs for sick leave, wage costs during absence, and the need to recruit and train replacement staff, as well as fines for the mishandling of sensitive information. In addition, there is a risk of increased insurance premiums, claims for damages and a negative impact on the Group's reputation. A damaged reputation may, in turn, make it more difficult to attract and retain talent.

For further information on the Group's employees, please refer to disclosure requirements S1-6.

Management of impacts, risks and opportunities

Policies relating to our own workforce

S1-1

To mitigate potential negative impacts on our workforce and the associated risks, the Group's ESG policy and Code of Conduct cover several key areas, including promoting diversity and a zero-tolerance approach to discrimination, ensuring fair treatment of employees and other stakeholders, complying with international human rights conventions, respecting decent working conditions such as minimum wages, and striving for a safe working environment and the prevention of work-related injuries and ill health. The policy documents also state that national legislation must be complied with. Forced labour and child labour are explicitly addressed in the Code of Conduct. Human trafficking is not explicitly mentioned, but is covered by the Code through our commitment to comply with international human rights conventions, under which human trafficking is prohibited and recognised as a form of slavery and forced labour.

The policies apply to all entities within the Group, and Karnell's CEO is responsible for their overall implementation and compliance.

The areas covered by our ESG policy and Code of Conduct have not been specifically determined on the basis of stakeholders' interests. In our Code of Conduct, we refer to the UN Convention on the Rights of the Child and the UN Guiding Principles on Business and Human Rights, which we undertake to comply with.

As the Group consists of several Group companies with decentralised governance, responsibility for day-to-day work on working conditions, dialogue with employees and compliance with human rights lies primarily at company level. However, the Group ensures that the entire business operates on the basis of common principles through our ESG policy and Code of Conduct. Group companies are expected to implement these in their local operations and to engage in regular dialogue with their workforce through, for example, employee surveys, health and safety representatives, and trade union representatives.

Karnell monitors compliance with policy commitments by tracking how Group companies implement the Group's policies at company level. These control mechanisms include, among other things, monitoring key performance indicators linked to the working environment, health and safety, which are tracked in relation to the preparation of the Group's sustainability report. Through these processes, we work to ensure that the principles of the UN Guiding Principles on Business and Human Rights are integrated into the Group's day-to-day operations. Furthermore, our policies for our own workforce have been inspired by the ILO's Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises, although a formal comparison has not yet been carried out. We do not have a Group-wide procedure to ensure that discrimination is prevented, reduced and addressed when detected, or to actively promote diversity and inclusion.

Our Code of Conduct specifies grounds for discrimination, including gender, age, ethnicity, skin colour, sexual orientation, gender identity, disability, pregnancy and others. The Code makes no specific

commitments regarding inclusion or positive action for particularly vulnerable groups within our own workforce.

Karnell's group-wide policies contain no description of measures to remedy, or enable the remediation of, impacts on human rights. At company level, apart from compliance with national laws, no formal processes or measures have been established to manage or address issues related to human rights, as no such incidents have been reported to date.

Procedures for engaging with the company's own workforce and employee representatives regarding impacts

S1-2

Karnell has no general procedures for communicating with its own workforce and employee representatives regarding actual and potential impacts on its own workforce. This is something that our companies manage and work on locally.

In summary, engagement within the Group varies depending on the size and operations of the companies, but the aim is always to ensure open communication and employee involvement. The workforce is engaged either directly or via employee representatives such as trade unions and health and safety committees. In many companies, dialogue takes place on an ongoing basis through daily conversations, morning meetings and operational updates, whilst more formal meetings are held monthly or quarterly and are sometimes supplemented by annual surveys or performance reviews. Smaller companies primarily rely on direct interaction and flat structures, whilst larger operations often have clearer procedures involving daily operational meetings and regular management sessions. In some cases, engagement takes place mainly through employee representatives, which ensures that employees' perspectives are taken into account in a structured manner.

At company level, the responsibility for ensuring employee engagement and incorporating feedback into the company's actions usually lies with

senior management. In most cases, this is the CEO, often supported by line managers, team leaders or designated mentors. Some companies also involve HR or operational managers to maintain communication systems and facilitate engagement.

Companies use various methods to assess whether engagement is effective and whether employees' perspectives are being taken on board. This is done, for example, through annual performance reviews, employee and well-being surveys, sometimes with the support of external parties. Informal feedback through open- e dialogue and face-to-face conversations is also common. In some companies, improvements are also introduced, such as new communication systems or more structured surveys, to strengthen feedback processes.

Procedures for addressing negative impacts and channels through which employees can raise concerns

S1-3

Karnell currently has no Group-level procedures for remedying adverse impacts on its own workforce. Key processes and channels for reporting and investigating issues are in place in the form of the Group's whistleblowing channel, which is available to all employees on Karnell's website. See the chapter on Corporate Governance Information, Disclosure Requirements G1-1 for further information on how those who use the channel are protected from reprisals.

Apart from Karnell's whistleblowing function, certain companies offer supplementary channels tailored to their operations. This includes, for example, anonymous suggestion boxes, dedicated email addresses or informal digital platforms such as messaging apps. Employees may also raise issues directly with managers or via trade union representatives.

Follow-up processes for internal matters vary between companies, but generally involve immediate action and direct dialogue to resolve issues quickly and prevent them from escalating. In some cases, issues are dealt with directly within the relevant work group through internal discussions,

whilst others follow a structured process where matters are escalated to the CEO, who may involve a mentor or well-being support where necessary. Matters raised formally via the whistleblowing function are handled by Karnell at group level.

Employee awareness of reporting channels is primarily addressed during the induction of new staff and through regular communication. Several companies reinforce this by displaying information about the channels on noticeboards in communal areas and by discussing guidelines at weekly or monthly meetings. Karnell's whistleblowing channel is available on Karnell's website, and the majority of Group companies also refer to this channel from their respective websites.

Measures regarding material impacts on the company's own workforce and strategies to mitigate material risks and capitalise on material opportunities, in relation to the company's own workforce, and the effectiveness of these measures

S1-4

Karnell has not drawn up a formal plan with measures to address significant potential adverse impacts on its own workforce, or to mitigate risks at Group level. We therefore have no Group-wide formal processes for identifying necessary or appropriate measures in response to adverse impacts on our own workforce, including which resources should be allocated. As the Group consists of several Group companies with decentralised governance, responsibility for this lies primarily at company level. However, the Group ensures that the entire business operates on the basis of common principles through our Group-wide ESG policy and Code of Conduct, which include positions on these areas.

By 2025, our companies will have, each according to their own circumstances, implemented various measures to prevent or reduce significant adverse impacts on their own workforce. Several companies have carried out various forms of health and safety training, including fire and first aid training, training in the handling of dangerous goods, forklift training and other safety skills. They have continued to work systematically on risk assessments, safety inspections, ensuring access to protective equipment and offering health checks. Some companies have also strengthened their health and safety work through improved planning of working hours and staffing to prevent unhealthy strain, carried out measurements of noise and particle levels which have shown that the working environment is below applicable limit values, and offered activities that support well-being and team spirit. Going forward, the companies plan to continue working in these areas.

As part of Karnell's overall sustainability work, several key performance indicators are monitored annually to measure the results of our companies' work with their own workforce. For example, we measure each company's recordable work-related accidents and how many of these involve serious injuries to identify recurring patterns that may need to be addressed.

No significant operating or capital expenditure for implemented or planned measures has been identified at Group level.

Metrics and targets

Targets for managing significant adverse impacts, enhancing positive impacts and managing material risks and opportunities

S1-5

In our work to reduce potential significant adverse impacts on our own workforce and manage identified risks, we have set several Group-wide targets in line with our ESG policy. The targets aim to protect employees' rights and promote a safe, secure and sustainable working environment for all, and are to be maintained from the base year 2023 or achieved by 2030 at the latest. All our companies are actively working towards the targets, which together address the physical and psychosocial working environment as well as discrimination and gender equality.

Goals	Metrics	2023	2025	Comments on progress
98% attendance at work	Proportion of sick leave	94% (base year)	96%	Progress is in line with the target.
Zero serious injuries and fatalities	Number of fatalities	0 (base year)	0	Two serious injuries occurred during the year: a burn injury and a crush injury to the toes. Our companies continue to work on health and safety to create conditions that prevent injuries in the future.
	Number of serious injuries		2 (base year)	
When recruiting managers, at least 30% of candidates must be women (during the contact phase)	Proportion of female candidates in the recruitment process for managers		50% (base year)	Progress is in line with the target.

The targets have been formulated by Group management in consultation with an external consultant. No consultation has taken place with our own workforce or employee representatives. 2025 is the first year in which we will measure the number of serious injuries and the proportion of female candidates in the recruitment process for managers in relation to the achievement of our targets. Monitoring of target achievement takes place annually in conjunction with data collection prior to the preparation of the Group's sustainability report. At that stage, any lessons learned can be identified and improvements to the Group's efforts to achieve the targets can be determined. The targets have not been verified by an external party.

Information on Karnell's employees and non-employees

S1-6 & S1-7

As in the previous year, Karnell's workforce consists predominantly of men. Three companies were acquired in 2025, which explains the increase in the number of employees. The number of employees is reported in terms of individuals and corresponds to Note 5 in the financial statements.

Number of employees by gender	Unit	2023	2024	2025
Women	#	96	116	131
Men	#	439	549	614
Other	#	0	0	0
Not specified	#	0	0	0
Total average number of employees (persons)	#	535	665	745

Staff turnover	Unit	2023	2024	2025
Staff turnover	%	16%	10%	6%
Number of employees who left the company	#	*	64	42

* Not calculated for the year.

Number of employees by contract	Unit	2025
Permanent employees	#	695
Temporary staff	#	44
On-call staff	#	6

Employees in each country where Karnell has 50 or more employees, representing at least 10% of the Group's total workforce by 2025

Finland	Sweden	United Kingdom
411	205	96

The majority of Karnell's workforce consists of its own employees. Non-employees are mainly brought in for temporary assignments, and the majority are covered by their own companies' health and safety systems. The number of non-employees is reported as the number of individuals.

Number of non-employees	Unit	2025
Self-employed	#	7
Staff provided by recruitment agencies	#	14
Total average number of non-employees (persons)	#	21

Method for data collection and calculation of information on the company's employees and non-employees

Data on the Group's employees has been collected from all Group companies and consolidated at Group level. As the collection of this data is managed on a decentralised basis, there may be variations in data collection between different companies and regions. However, all key figures reported in this chapter and also included in our financial reports have undergone an internal review to ensure accuracy, consistency and comparability between the reports.

In 2023, staff turnover was calculated as the number of employees who joined and left as a percentage of the average number of employees during the reporting period. From 2024 onwards, staff turnover will be calculated as the number of employees who left as a percentage of the average number of employees during the reporting period.

The metrics have not been validated by an external party.

Collective agreement coverage and social dialogue

S1-8

Karnell has more than 50 employees who represent over 10% of the Group's total workforce, both in countries within the European Economic Area (EEA) – Sweden and Finland – and in non-EEA countries – the United Kingdom. The table below provides further information on our collective agreement coverage in relation to these regions. The table also shows the coverage of social dialogue in relation to Sweden and Finland.

Those not covered by collective agreements in Sweden and Finland are employees in senior positions, such as the CEO and CFO. No employees in the UK are covered by collective agreements. In these regions, 83% of all employees are covered by collective agreements. Of our employees in Finland and Sweden, 76% have workplace representation.

Coverage	Collective agreement coverage		Social dialogue
	Employees in the EEA	Employees outside the EEA	Employees in the EEA
0%–19%		United Kingdom	
20%–39%			
40%–59%			Sweden
60%–79%			
80%–100%	Sweden and Finland		Finland

Karnell has no agreements with its employees regarding representation on a European Works Council or a works council in a European company (SE company) or a European Cooperative Society (SCE).

Method for data collection and calculation of collective agreement coverage and social dialogue

Data on the Group's collective agreement coverage and social dialogue has been collected from all Group companies and consolidated at Group level. As the collection of this data is managed on a decentralised basis, there may be variations in data collection between different companies and regions. The metrics have not been validated by an external party.

Diversity indicators

S1-9

Senior management is defined in accordance with the definition in disclosure requirements S1-9, application requirement 71.

Employees at senior management level	Unit	2024	2025
Women	#	5	4
Proportion of women at senior management level	#	9%	11%
Men	#	49	31
Proportion of men at senior management level	#	91%	89%
Total number of employees at management level	#	54	35

Proportion of employees by age	Unit	2025
Under 30	#	130
Proportion under 30	%	17%
30–50	#	364
Proportion aged 30–50	%	49%
Over 50	#	252
Proportion aged over 50	%	34%

Recruitment at management level	Unit	2025
Proportion of female candidates in the recruitment process for managers	%	50%

Method for data collection and calculation of diversity indicators

Data on the Group's diversity indicators has been collected from all Group companies and consolidated at Group level. As the collection of this data is managed on a decentralised basis, there may be variations in data collection between different companies and regions. However, all key figures reported in this chapter and also included in our financial reports have undergone an internal review to ensure accuracy, consistency and comparability between the reports.

During the year, three of our companies recruited managers. One of the companies has not tracked the proportion of female candidates in the recruitment process, which means that the estimated proportion of female candidates is based solely on data from the two companies that have collected this information.

The metrics have not been validated by an external party.

Social protection

S1-11

All employees have, or are eligible for, social protection in the event of loss of income due to illness, occupational injury, parental leave, retirement or unemployment, either through their employer or through public schemes such as unemployment benefit.

Measures for training and skills development

S1-13

Skills development	Unit	2024	2025
Proportion of employees who participated in regular performance and career development reviews	%	50%	46%
Average number of training hours per employee	#	10	11

Karnell does not have a group-wide training programme that all employees are required to complete. Instead, training initiatives are locally organised and managed by the respective group companies based on the needs of their operations. This means that the content and scope of the training vary between companies and that not all employees within the group have completed all the training courses described below.

During the year, employees at certain companies have participated in training in areas such as health and safety, quality and efficiency, and sustainability. In several companies, basic training in health and safety is provided,

whilst role-specific skills development is tailored to responsibilities and job duties. Examples of initiatives implemented include induction and on-the-job training for new employees, vocational and apprenticeship training (including CNC operator), forklift training, welding skills, trade union training and first aid.

Method for data collection and calculation of training and skills development

Data on employees' training and skills development has been collected from all Group companies and consolidated at Group level. As training and development initiatives are managed in a decentralised manner, there may be variations in data collection between different companies and regions. Four of our 18 companies do not yet measure the number of training hours per employee, which means that the calculated average number of training hours per employee is based solely on data from those companies that have collected this information. The metrics have not been validated by an external party.

Work environment metrics

S1-14

Karnell does not have a health and safety system at Group level; instead, this is implemented at the level of individual Group companies. 78% of our Group companies have a health and safety system in place due to legal requirements and/or recognised standards or guidelines.

During the year, 32 work-related accidents were recorded, two of which involved more serious injuries. The injuries included a burn sustained during welding work and a crush injury sustained whilst working on a vehicle. These injuries have been followed up and both employees have made a full recovery.

Employee health and safety	Unit	2023	2024	2025
Number of fatalities	#	0	0	0
Number of recordable work-related accidents	#	22	29	32
Number of serious injuries resulting from recordable work-related accidents	#	*	*	2
The frequency of recordable work-related accidents	#	0.05	27.51	25.96
Number of days lost due to work-related injuries and fatalities	#	*	282	461
Number of cases of recordable work-related ill health, subject to legal restrictions on data collection		*	*	0

* Not calculated for the year.

Method for data collection and calculation of health and safety indicators

Data on the Group's health and safety performance has been collected from all Group companies and consolidated at Group level. As the collection of this data is managed on a decentralised basis, there may be variations in data collection between different companies and regions.

In 2023, the frequency of recordable work-related accidents was calculated per total hours worked. From 2024 onwards, the frequency will be calculated per million hours worked.

The metrics have not been validated by an external party.

Metrics for work-life balance

S1-15

Family-related leave	Unit	2025
Proportion of employees entitled to leave for family reasons	%	100%
Proportion of men entitled to family leave who have taken family leave	%	7%
Proportion of women entitled to family leave who have taken family leave	%	6%

Method for data collection and calculation of work-life balance

Data on work-life balance has been collected from all Group companies and consolidated at Group level. As the collection of this data is managed on a decentralised basis, there may be variations in data collection between different companies and regions. The metrics have not been validated by an external party.

Remuneration indicators (pay gaps and total remuneration)

S1-16

Pay gaps	Unit	2024	2025
Gender pay gap (unadjusted)	%	10%	8%
Total annual remuneration ratio	%	574%	730%

Method for data collection and calculation of work-life balance

Data on remuneration indicators has been collected from all Group companies and consolidated at Group level.

When calculating the gender pay gap, the CEO's salary for each Group company has not been included. When calculating the annual total remuneration ratio, the denominator in the calculation corresponds to the median of all Group companies' reported median values for all employees' total remuneration (excluding the highest-paid individual).

The metrics have not been validated by an external party.

Incidents, reports and serious impacts on human rights**S1-17**

Incidents and reports regarding serious impacts on human rights	Unit	2024	2025
Number of confirmed cases of discrimination	#	0	0
Number of cases of discrimination, including harassment, reported during the reporting period	#	1	0
Number of confirmed serious human rights incidents linked to the company's employees	#	0	0
Number of complaints submitted through channels for members of the company's own workforce to raise concerns	#	*	0

* Not calculated for the year.

Method for data collection and calculation of incidents, reports and serious impacts on human rights

Data on incidents, reports and serious impacts on human rights has been collected from all Group companies and consolidated at Group level. The metrics have not been validated by an external party.

Workers in the value chain**Strategy****Interests and views of stakeholders****SBM-2**

As part of the preparation of Karnell's double materiality assessment, we have analysed how various stakeholders, including workers in the value chain, may be affected by and influence the business. The purpose of this was

to provide a basis for the double materiality assessment and to use the results to inform the identification of material impacts, risks and opportunities, which in turn not only guides reporting in the sustainability report but also provides important input for the development of the Group's and the companies' strategies and business models. Identified material impacts, risks and opportunities related to Karnell's own workforce are presented below under disclosure requirements SMB-3.

The Group's value chain encompasses workers in the value chain involved in the extraction, processing, production and transport of purchased goods (upstream value chain), as well as workers engaged in the transport, distribution, use and final disposal of our sold products (downstream value chain). No direct dialogue with these workers has been conducted in relation to the preparation of our double materiality assessment. Information regarding the interests and views of stakeholders has instead been gathered indirectly through representatives from the own workforce within the Group companies. Through interviews and questionnaires, these representatives have described their respective companies' stakeholders, as well as the stakeholders' sustainability-related expectations and requirements. No specific expectations or requirements regarding workers in the value chain were identified in this process.

The perspectives and views of all stakeholders will be communicated to Group management and the Board of Directors annually as part of the regular update of the materiality assessment.

Material impacts, risks and opportunities and their relationship to strategy and business model**SBM-3**

Apart from our own employees and non-employees who form part of Karnell's workforce (as described in the chapter 'Our own workforce'), the Group's value chain comprises several different types of workers. In some cases, workers who are not part of Karnell's own workforce work at the Group's sites. This includes, for example, people who carry out maintenance, repairs and property-related services, such as service technicians, electricians and plumbers. Karnell has no workers employed in joint ventures or specialised companies in which Karnell is a participant.

Our value chain includes, at earlier stages, workers involved in the extraction of, among other things, iron ore (for steel), bauxite ore (for aluminium), crude oil (for plastics) and wood (for paper). The upstream value chain also includes workers involved in the processing, production and transport of our purchased goods, such as steel and plastic components. Workers further downstream in our downstream value chain include those involved in the transport, distribution, use and final disposal of our sold products. Workers in our value chain are geographically

dispersed, as our value chain comprises numerous suppliers and customers with a global reach. Potential adverse impacts on workers in the upstream and downstream value chains cannot be fully ascertained, as the Group does not have full insight into working conditions, equal treatment and labour rights across all parties. Examples of potential negative impacts include systematically low wages and poor health and safety.

Certain groups within our value chain are assessed as being more vulnerable to adverse impacts due to specific characteristics or contexts. For us, these vulnerabilities are particularly linked to the extraction of crude oil used in our products, which takes place in Qatar, Saudi Arabia and Yemen. Identified vulnerable groups include:

- **Migrant workers:** In Qatar, Saudi Arabia and Yemen, migrant workers often face limited legal protection, poor working conditions and restricted access to support networks. These factors increase the risk of coercive working conditions, such as the confiscation of passports, demands for long working hours and limited ability to resign.
- **Trade union representatives:** In regions with limited labour rights and trade union activity, such as Qatar, Saudi Arabia and Yemen, trade union representatives may face discrimination or reprisals for advocating workers' rights. This can contribute to an environment where forced working conditions are more likely, as workers' rights are not protected.

Consequently, both migrant workers and trade union representatives in these countries are groups at heightened risk of forced labour. Child labour is less directly linked to these groups.

Managing impacts, risks and opportunities

Policies for workers in the value chain

S2-1

Karnell has an ESG policy and code of conduct through which we undertake to respect human rights in all parts of our operations and to take action if

human rights violations are identified in our operations or supply chain, including, for example, systematically low wages, poor health and safety, and other breaches of labour rights. The policy documents also state that national legislation must be complied with. Forced labour and child labour are explicitly addressed in the Code of Conduct. Human trafficking is not mentioned.

In our Code of Conduct, we refer to the UN Convention on the Rights of the Child and the UN Guiding Principles on Business and Human Rights, which we undertake to comply with.

The policies apply to all entities within the Group, and Karnell's CEO is responsible for their overall implementation and compliance.

We are committed to ensuring ethical conditions throughout the value chain and expect our business partners to share these commitments. We therefore also have a Code of Conduct for business partners covering the same areas. Furthermore, we encourage all our group companies to implement a Code of Conduct for suppliers that includes statements on social issues, such as workers' rights, and to regularly monitor suppliers' compliance with the Code.

As the Group consists of several Group companies with decentralised governance, responsibility for day-to-day work with workers in the value chain and compliance with human rights lies primarily at company level. However, the Group ensures that the entire business operates on the basis of common principles through our ESG policy and Code of Conduct. Group companies are expected to take these into account in their strategies and business models to prevent or mitigate the risk of material adverse impacts on workers in the value chain.

Karnell monitors compliance with policy commitments by tracking how Group companies implement the Group's policies at company level. These control mechanisms include, amongst other things, monitoring the number of annual audits carried out and checking compliance with the Supplier Code of Conduct, which is reviewed in connection with the

preparation of the Group's sustainability report. Through this process, we are working to integrate the principles of the UN Guiding Principles on Business and Human Rights into the Group's day-to-day operations. Furthermore, our policies have been inspired by the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises, although a formal comparison has not yet been carried out. However, we are aware that there is still much to be done in terms of ensuring compliance and the protection of workers in our value chain, and that further work is required to fully understand and address these challenges.

Karnell's group-wide policies do not contain any description of measures to remedy, or enable the remediation of, impacts on human rights. At company level, apart from compliance with national laws, no formal processes or measures have been established to manage or address issues related to human rights, as no such incidents have been reported to date. The current approach is to manage issues pragmatically, including by changing suppliers where necessary to mitigate risks.

As in the previous reporting year, no violations have been identified in the value chain with regard to the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises.

Procedures for engaging with workers in the value chain regarding impacts

S2-2

Karnell currently has no general procedures for engaging with workers in the value chain and their representatives regarding actual and potential impacts on them. Our companies generally report that such engagement has not taken place to date. In some cases, informal interaction occurs during site visits or audits at suppliers, which provides limited insight into working conditions.

Procedures for addressing adverse impacts and channels through which workers in the value chain can raise concerns

S2-3

Karnell currently has no Group-level procedures for remedying, or collaborating on the remediation of, adverse impacts on workers in the value chain with which the Group has a connection.

Key channels for reporting and investigating issues are provided in the form of the Group's whistle-blowing channel, which is available to stakeholders, including workers in the value chain, on Karnell's website. See the chapter on Corporate Governance Information, Disclosure Requirements G1-1 for further details. At present, we lack a structured method for assessing how many workers in the value chain are aware of and have confidence in the Group's whistle-blowing channel.

Beyond our whistleblowing function, transparency is limited regarding what other avenues workers in the value chain, both upstream and downstream, have to raise concerns. Some information on such channels can be obtained from major suppliers, for example through their codes of conduct, ISO certifications and existing whistleblowing functions. If suppliers are covered by collective agreements, there are also additional opportunities for employee representation. However, it is difficult to gain insight into how smaller suppliers and other actors further up or down the value chain manage reporting channels.

Karnell currently has no group-level procedures to ensure that workers in the value chain have access to channels for raising issues or needs through their workplace.

Measures regarding material impacts on workers in the value chain and strategies to manage the material risks and capitalise on the material opportunities, in relation to workers in the value chain, and the effectiveness of these measures

S2-4

Karnell has not drawn up a formal action plan to address identified significant potential adverse impacts on workers in the value chain. We therefore have no formal processes in place to identify necessary or appropriate measures in response to potential adverse impacts on workers in the value chain, including what resources should be allocated. This is managed locally by our group companies.

Although no common measures have been established, our companies address issues relating to workers in the value chain in line with our ESG policy and Code of Conduct. However, work in this area is not as advanced as, for example, the companies' work with their own workforce. This is because it is more difficult to gain full insight into working conditions outside the companies' boundaries and to influence conditions that lie outside their own operations. For example, during the year, some of our companies have focused on strengthening their codes of conduct for suppliers by clarifying working conditions and labour law standards in the value chain and actively communicating these to business partners.

We recognise that, at both Group and company level, we need to build a better understanding of how we should work with workers in the value chain in the coming years. Currently, there is no formal follow-up on work in this area.

No significant operating or capital expenditure for implemented or planned measures has been identified at Group level.

In 2025, no serious human rights-related issues or incidents in earlier or later stages of the value chain were reported.

Metrics and targets

Targets for how to address material impacts, enhance positive impacts and manage material risks and opportunities

S2-5

As part of our work to reduce potential adverse impacts on workers in the value chain, in 2024 we set a Group-wide target to be achieved by 2030:

- Develop and implement a process to ensure that suppliers of critical raw materials in high-risk sectors related to raw material extraction provide satisfactory information and measures to manage human rights-related risks.

The objective aims to establish clear procedures and transparency in the supply chain so that we can systematically monitor our high-risk suppliers in relation to human rights and effectively manage human rights risks in the upstream value chain, where we have identified vulnerable groups. See the chapter on Social Information, Disclosure Requirements SBM-3 under the heading 'Workers in the Value Chain' for further information. During the year, the Group has not commenced or carried out work on this objective; instead, the focus has been directed towards climate-related issues and preparations for expanded sustainability reporting in line with the CSRD.

The objective has been formulated by Group management in consultation with an external consultant. No further consultation with workers in the value chain or their representatives has taken place. We do not yet have any specific metrics to assess progress towards the target, but once we do, the target will be reviewed annually in conjunction with the preparation of the Group's sustainability report. At that stage, any lessons learned can be identified and improvements to the Group's efforts to achieve the target can be determined. The target has not been verified by an external party.

Corporate governance information

Business conduct

Governance

Responsibilities of the administrative, management and supervisory bodies

GOV-1

For Karnell, sustainable business means striving for a long-term sustainable business model, which involves, among other things, integrating sustainability matters into the business strategy and corporate governance, as well as taking responsibility for the impact we have on people and the environment.

Karnell's CEO has overall responsibility for ensuring that business conduct permeates strategies, governance and monitoring. The Group CEO, together with Group management, shall establish guidelines, monitor risks and ensure that operations are conducted ethically and lawfully.

Group management has no specific expertise in matters relating to business conduct. However, they possess knowledge and experience in finance, governance and investments, both in Sweden and internationally, which enables them to identify risks, assess the consequences of strategic decisions and ensure that the business is conducted ethically and with responsible business conduct.

Management of impacts, risks and opportunities

Description of the process for identifying and assessing material impacts, risks and opportunities

IRO-1

At Karnell, responsibility for business conduct is shared between the Group CEO, the boards of each Group company and the CEO of each Group company. The Group CEO has overall responsibility for upholding

good business practices and ensures that the Group operates in line with the Group's sustainability and ethical objectives. The board of each Group company is responsible for implementing the Group's ESG policy and ensuring that the companies comply with it. The CEO of each Group company is responsible for integrating ethical guidelines into day-to-day operations and long-term strategy, as well as reporting on progress annually to the Group CEO. This structure ensures a consistent focus on responsible business conduct within the organisation.

Karnell's board members and Group management bring experience that paves the way for good business conduct, including upholding ethical standards, corporate governance and compliance. Their experience covers areas such as private equity, industrial operations and finance, with a particular focus on promoting responsible business practices. This enables the Group to operate with integrity, particularly in areas relating to compliance with relevant laws in both local and international markets.

Policies on business conduct and corporate culture

G1-1

We are committed to promoting good business practices and a culture characterised by integrity. We maintain a zero-tolerance policy towards all forms of corruption and bribery, whether they occur within our operations or amongst our partners.

We maintain, develop and promote our corporate culture through various approaches. Firstly, we operate in a decentralised manner, which enables each company to retain its unique culture and way of working. Despite our decentralised structure, we have three core values that serve as guiding principles across the entire Group:

- **Sustainability:** A clear focus on sustainability, with ESG high on the agenda.
- **Professionalism:** Developing a culture where everyone's voice is heard and ideas, big and small, are valued.
- **Challenge and improve:** Flexibility combined with freedom under responsibility is the key to success.

In addition, our ESG policy sets out key priorities for business conduct that apply to all entities within the Group. These include compliance with applicable laws and regulations, upholding high standards of business ethics and preventing corruption, the development of targeted sustainability plans integrated into governance models, the establishment of clear corporate governance structures with effective control mechanisms (e.g. a whistleblowing function), and the integration of sustainability aspects into business planning and monitoring processes.

In addition to our ESG policy, the entire Group must adhere to our Code of Conduct, which stipulates that we must report suspected irregularities via our whistleblowing function or through other channels, ensure safe working conditions and protect freedom of association, and maintain a zero-tolerance approach to corruption, tax offences, money laundering, insider trading and conflicts of interest. Furthermore, we must comply with sanctions, export control laws and privacy legislation, and ensure responsible and secure IT usage.

Our policies are a key part of maintaining a responsible corporate culture. We monitor compliance with policy commitments by tracking how Group companies implement the policies at company level. These control mechanisms include, among other things, monitoring of key performance indicators linked to our material sustainability areas, which are tracked in relation to the preparation of the Group's sustainability report. These key performance indicators include, for example, energy consumption, greenhouse gas emissions, work-related accidents, and confirmed cases of corruption and bribery.

Karnell has no Group-wide policy to prevent late payments. This is managed locally by our Group companies, which, in accordance with our Code of Conduct, must comply with all applicable laws in the countries where we operate, including regulations on payment practices.

We expect our business partners to share our commitments and therefore have a Code of Conduct for Business Partners, which covers, among other things, compliance, human rights, business integrity, working conditions, safety and environmental responsibility. This Code sets out Karnell's

minimum requirements for its business partners to comply with and implement throughout their operations.

The CEO of each group company is responsible for ensuring that every employee is aware of the Code of Conduct. Karnell's CEO is responsible for implementing and ensuring compliance with the Code of Conduct, which is reviewed annually by the Board and updated as necessary.

Karnell is subject to national legislation transposing Directive (EU) 2019/1937 on the protection of whistle-blowers. In accordance with these requirements, the company has a whistleblowing function managed by an external party, through which both internal and external stakeholders can submit reports of suspected irregularities anonymously and securely. The whistleblowing function is accessible via our website, www.karnell.se, and aims to detect, report and investigate suspected breaches of the law, the Code of Conduct or other internal rules. This information is set out in the Group's Code of Conduct, which all Karnell employees must familiarise themselves with during the onboarding process. The Code of Conduct also states that suspicions of irregularities may be reported in writing directly to Karnell's CEO. All reports of irregularities are reviewed, investigated where appropriate, and treated confidentially to the extent permitted by law. The Group's whistleblowing function, along with the associated description on the Group's website and in the Code of Conduct, clearly states that no reprisals will be taken against employees who report issues in good faith, which, according to our Group companies, strengthens trust.

Our policies have not been specifically designed in relation to the UN Convention against Corruption (UNCAC), but are consistent with the Convention's principles, including the prohibition of corruption and bribery, as well as mechanisms for reporting and the whistleblowing function.

We do not have any Group-wide training on whistleblowing or a policy for training on business conduct.

Departments within the Group where the risk of corruption and bribery is assessed to be highest primarily comprise employees in roles involving direct contact and relationships with customers and suppliers, including purchasing and sales. Of these employees, 12% received training on the subject in 2025.

Our companies' management systems

We strive to ensure that every company within the Group implements a formal management system, such as ISO or a similar standard. This is because such systems ensure consistent quality, which strengthens customer trust and satisfaction, whilst supporting compliance, risk management and continuous improvement. By 2025, 67% of our Group companies were ISO-certified or preparing for certification. The management systems in question include ISO 9001, ISO 14001, ISO 45001, ISO 13485 and ISO 27001.

Management of supplier relationships

G1-2

If the Group's suppliers fail to meet, for example, good working conditions or environmental requirements, there is a risk of negative impacts on people and the environment in the supply chain. These risks are managed locally by our Group companies, as Karnell, with its decentralised governance, does not have an overarching strategy or procedure for supplier relations, including training for employees working with procurement/the supply chain on how to manage contacts. Any measures are therefore taken at company level, often pragmatically, for example by changing suppliers where necessary to reduce risks. Some of our companies take their own social and environmental criteria into account when selecting suppliers and have processes in place to evaluate suppliers annually against these criteria.

We have not set any Group-level targets regarding communication and the management of supplier relationships. However, we expect our suppliers to comply with our Code of Conduct for Business Partners, which contains certain principles regarding, among other things, human rights, business integrity, working conditions and environmental responsibility.

Our supply chain (first tier) consists primarily of local suppliers from the same country in which our companies operate. Many, but not all, of our suppliers are ISO-certified under various management systems such as ISO 14001, ISO 9001 and ISO 45001, as well as other certifications such as FSC.

Preventing and detecting corruption and bribery

G1-3

Karnell has not drawn up a formal plan of action at Group level to combat corruption and bribery. As the Group comprises several companies with decentralised governance, responsibility for this work lies primarily at company level. However, the Group ensures that the entire business operates on the basis of common principles through our Group-wide ESG policy and Code of Conduct, which include positions on corruption and bribery. We also ensure that formal reporting channels are in place, such as our whistleblowing function.

All suspected incidents of bribery, fraud, corruption or other illegal activities must be reported immediately to Karnell, either in writing directly to Karnell's CEO or anonymously via our whistleblowing function, where we conduct a thorough investigation and appropriate measures are taken to address the situation. These instructions are set out in our Code of Conduct, which all Karnell employees have access to and are made aware of during the onboarding process. On our website, where the whistleblowing function is available to both internal and external stakeholders, there is also a description explaining how the function should be used.

Karnell's CEO is responsible for investigating reported suspected cases of corruption. The Group CEO is not considered independent in an investigation into corruption and bribery if the suspected incident involves Group companies or employees. The Group has no formal procedures for how the results are to be reported to management and the Board.

The Group does not provide or require any training on corruption and bribery. Karnell's Board and Group management have not undertaken any specific training focused on corruption and bribery.

Departments within the Group where the risk of corruption and bribery is assessed to be highest primarily comprise employees in roles involving direct contact and relationships with customers and suppliers, including purchasing and sales.

Training on corruption and bribery	Enhet	2025
Proportion of employees in high-risk departments who receive training on corruption and bribery	%	12%

Method for data collection and calculation of training on corruption and bribery

Data on training on corruption and bribery has been collected from all Group companies and consolidated at Group level. The metric has not been validated by an external party.

Metrics and targets

Karnell's objective is to strive for zero cases of corruption and bribery. The objective has not been validated by an external party. The Group currently has no objectives regarding corporate culture, management of supplier relationships or payment practices.

Targets	Metrics	2023	2025	Comments on progress
No cases of corruption or bribery	Number of confirmed cases of corruption and bribery	0 (base year)	0	Progress is in line with the target.

Fall av korruption och mutor

G1-4

At Group level, no specific measures regarding corruption and bribery have been implemented during the year or planned for the future. However, our companies have continued to work on complying with the Group's Code of Conduct, which contains policies on corruption and bribery, for example by distributing it and having it signed by employees, as well as through local updates to internal rules and procedures. No significant operating or capital expenditure for implemented measures has been identified at Group level.

As in the previous year, no confirmed cases of corruption and bribery have been identified, and no measures have therefore needed to be taken.

Corruption and bribery	Enhet	2023	2024	2025
Number of confirmed cases of corruption and bribery	#	0	0	0
Number of confirmed cases where employees have been dismissed or subjected to disciplinary measures for corruption or bribery-related incidents	#	0	0	0
Number of confirmed cases involving contracts with business partners that have been terminated or not renewed due to offences related to corruption and bribery	#	0	0	0
Number of convictions for offences against laws on corruption and bribery	#	0	0	0
Amount of fines for offences against laws against corruption and bribery	SEK	0	0	0

Method for data collection and calculation of cases of corruption and bribery

Data on cases of corruption and bribery has been collected from all Group companies and consolidated at Group level. The metrics have not been validated by an external party.

Payment practices

G1-6

Payment practices	Enhet	2025
The company's average standard payment period, stated in number of days	#	31
The average time, in days, it takes for the company to pay an invoice from the date on which the payment period begins to run under the terms of the contract or by law	#	29
The proportion of the company's payments that comply with its standard payment terms	%	92%
The number of legal proceedings currently pending regarding late payments	#	0

Method for data collection and calculation of payment practices

Data on payment practices has been collected from all Group companies and consolidated at Group level. Karnell does not have a Group-wide standard payment term. Consequently, our standard payment term has been calculated as an average of all companies' standard payment terms. The average time, in days, taken by the Group to pay an invoice from the date on which the payment period begins to run under contract or by law has been calculated according to the same principle.

The proportion of the Group's payments that comply with its standard payment terms has been calculated at company level. For example, if a company has a 30-day standard payment term and makes 100% of these payments within that timeframe, they are counted as having complied with the terms, even if this does not correspond to the Group's average standard payment term.

The metrics have not been validated by an external party.

Corporate Governance Report

CORPORATE GOVERNANCE

The Company is a Swedish public limited company whose B shares are listed on Nasdaq Stockholm. Governance and control of the Company are exercised by the shareholders at general meetings and, otherwise, by the Board of Directors, the Chief Executive Officer and other members of management. Governance and control are based on the Companies Act, the Articles of Association, Nasdaq's rules and regulations, the Swedish Code of Corporate Governance, and internal rules and regulations.

GENERAL MEETING

The Annual General Meeting is Karnell's highest decision-making body. At the Annual General Meeting, shareholders exercise their voting rights on key matters, such as the adoption of the income statement and balance sheet, the allocation of the company's profits, the discharge of the Board members and the CEO from liability, the election of Board members and the auditor, and remuneration for the Board and the auditor.

The Annual General Meeting is held within six months of the end of the financial year. In addition to the Annual General Meeting, Extraordinary General Meetings may be convened. In accordance with the Articles of Association, notice of General Meetings shall be given by publication in Post- och Inrikes Tidningar and on the company's website, www.karnell.se. At the time of giving notice of the meeting, information that notice has been given shall also be published in Dagens industri.

Right to attend general meetings

Shareholders wishing to attend a general meeting must be entered in the share register on the date falling six banking days prior to the meeting and must notify the company of their attendance by the date specified in the notice convening the meeting. Shareholders may attend the general meeting in person or by proxy and may also be assisted by up to two persons. It is usually possible for a shareholder to register for the general meeting in several different ways, which are specified in the notice of the general meeting. In addition to notifying the company of their intention to attend the general meeting, shareholders whose shares are held in a nominee's name, through a bank or other nominee, must request that their shares be temporarily registered in their own name in the share

register maintained by Euroclear Sweden in order to be entitled to attend the general meeting. A shareholder, or their proxy, is entitled to vote in respect of all shares held or represented by the shareholder. Shares of

Series A shares in Karnell carry ten (10) votes per share, and Series B shares in Karnell carry one (1) vote per share.

Shareholder initiatives

A shareholder wishing to have a matter considered at the general meeting must submit a written request to the Board of Directors. The matter shall be included on the agenda of the general meeting provided that the request has been received by the Board no later than one week before the date on which a notice of meeting may be issued in accordance with the Companies Act, or after this date but in good time for the matter to be included in the notice of the general meeting.

Annual General Meeting 2025

The Company's Annual General Meeting was held on 7 May 2025 in Stockholm. At the meeting, 5,795,101 Class A shares and 16,493,124 Class B shares were represented, representing a total of 74,444,134 votes, representing 42.1 per cent of the total number of shares and 68.6 per cent of the total number of votes in the company. The Annual General Meeting resolved, amongst other things, as follows:

- The Board of Directors and the CEO were discharged from liability for the 2024 financial year.
- In accordance with the Nomination Committee's proposal, the Board members standing for re-election were re-elected. Patrik Rignell was elected Chairman of the Board.
- Ernst & Young AB was re-elected as auditors for a period of one year.
- Remuneration for the Board and auditors was approved.
- The Annual General Meeting resolved, in accordance with the Board's proposal, on guidelines for remuneration to senior executives.
- The Annual General Meeting resolved, in accordance with the Board's proposal, on a warrant programme for senior executives.
- The Board was authorised to decide on a new issue of shares up to 10 per cent of the total number of shares

- The other resolutions of the Annual General Meeting are set out in the full minutes, which, together with further information about the Annual General Meeting, are available at www.karnell.se

Annual General Meeting 2026

The Company's Annual General Meeting is intended to be held on 8 May 2026 in Stockholm. Notice of the Annual General Meeting will be given in accordance with the procedure described above.

NOMINATION COMMITTEE

In accordance with the instructions adopted by Karnell's Annual General Meeting, the Nomination Committee shall consist of no fewer than three and no more than four members. The Chairman of the Board shall be a member of the Nomination Committee. The members are appointed by the three largest shareholders in the company in terms of voting rights as at the last banking day in August each year. If the Chairman of the Board is one of the three largest shareholders in the company in terms of voting rights, the right to appoint a member to the Nomination Committee shall pass to the next largest shareholder in terms of voting rights. If any of the three largest shareholders in terms of voting rights does not exercise their right to appoint a member, the right to appoint such a member shall pass to the next largest shareholder in terms of voting rights who has not already exercised their right to appoint a member of the Nomination Committee. The chair of the Nomination Committee shall be the member representing the largest shareholder in terms of voting rights, unless the Nomination Committee decides otherwise. The chair of the Board or any other Board member shall not serve as chair of the Nomination Committee. The composition of the Nomination Committee shall be published on the company's website no later than six months prior to the forthcoming Annual General Meeting.

In accordance with the instructions, the Nomination Committee is tasked with submitting proposals to the Annual General Meeting regarding, among other things, the number of Board members and the composition of the Board, including the Chairman of the Board, as well as proposals regarding Board remuneration, broken down for the Chairman and other

members, and any remuneration for committee work. The Nomination Committee shall also submit proposals regarding the Chairman of the Annual General Meeting, the election of auditors and their fees, as well as proposals for amendments to the Nomination Committee's instructions (where applicable). The Company's website shall contain information on how shareholders may submit proposals to the Nomination Committee. The Nomination Committee's proposals to the Annual General Meeting are set out in the notice of meeting.

Ahead of the 2026 Annual General Meeting, the Nomination Committee comprises Mattias Klintemar (appointed by the Baltic Sea Foundation), who also chairs the Nomination Committee, Christian Karlander (appointed by Borgviks Bruk AB), Per Nordgren (appointed by PN Verksamhetsutveckling AB) and Patrik Rignell (Chairman of the Board at Karnell).

BOARD

The work of the Board

The Board's primary task is to manage the company's operations on behalf of the owners in such a way that the owners' interest in a good long-term return on capital is served in the best possible manner. The Board has ultimate responsibility for Karnell's organisation and the management of Karnell's operations. It is responsible for the Group's

long-term development and strategy, for continuously monitoring and evaluating the Group's operations, and for the other duties arising from the Companies Act. The Chairman of the Board shall organise and lead the work of the Board, and ensure that this work is carried out effectively and in accordance with applicable laws and other regulations.

The Board's work is governed by rules of procedure that are adopted annually. These rules of procedure set out the division of responsibilities between the Board and senior management, the respective responsibilities of the Chair and the CEO, and the procedures for financial reporting. The company's Board meetings address, among other things, the company's financial situation, acquisition-related matters, evaluation of operations, and other relevant issues within the Group companies. The company's auditor attends and reports at Board meetings at least twice a year and additionally as required.

An annual evaluation of the Board's work is conducted under the chair's leadership. The Nomination Committee is informed of the outcome of this evaluation. The Board continuously evaluates the CEO's performance. This matter is also specifically addressed annually, at which time no members of the Group's senior management are present.

Composition of the Board

In accordance with Karnell's Articles of Association, the Board shall consist of a minimum of three and a maximum of ten members, with no deputies. At the 2025 Annual General Meeting, six members and no deputies were elected as follows: Patrik Rignell (Chair), Hans Karlander, Dajana Mirborn, Per Nordgren, Lena Wäppling and Helena Nordman-Knutson.

In drawing up its proposal for the Board of Directors, the Nomination Committee has applied section 4.1 of the Code as its diversity policy and has thereby taken into account that, in view of the company's operations, stage of development and other circumstances, the Board should have an appropriate composition characterised by diversity and breadth in terms of expertise, experience and background.

Board committees

The Board of Karnell currently has two committees: a Remuneration Committee and an Audit Committee. The committees act as preparatory bodies to the Board.

Remuneration Committee

Karnell has a Remuneration Committee consisting of two members: Hans Karlander (Chair) and Dajana Mirborn. The Remuneration Committee is

In 2025, the Board held 14 board meetings; the attendance of board members at these meetings is shown in the table below.

Member	Elected in	Attendance (total number of meetings)			Independent of		Total board remuneration
		Board meetings	Remuneration Committee	Audit Committee	The Company	The company's major shareholders	
Patrik Rignell (Chairman)	2016	14/14			No	No	500 000
Hans Karlander	2016	14/14	3/3		No	No	300 000
Per Nordgren	2016	14/14		6/6	Yes	Yes	325 000
Dajana Mirborn	2022	14/14	3/3		Yes	Yes	285 000
Lena Wäppling	2023	14/14		6/6	Yes	Yes	300 000
Helena Nordman-Knutson	2024	14/14			Yes	Yes	250 000

responsible for preparing proposals regarding remuneration principles, remuneration and other terms of employment for the company's senior executives. The Remuneration Committee is also tasked with monitoring and evaluating variable remuneration programmes for senior executives, the application of guidelines for remuneration of senior executives adopted by the Annual General Meeting, and current remuneration structures and remuneration levels within the company. The Committee held three minuted meetings in 2025.

Audit Committee

Karnell has an Audit Committee comprising two members: Per Nordgren (Chair) and Lena Wäppling. The Audit Committee's main tasks are, without prejudice to the Board's responsibilities and duties, to ensure that there are satisfactory controls in place for risk management, internal control, accounting and financial reporting, and to ensure that the company's financial reporting is prepared in accordance with the law, other relevant regulations and applicable accounting standards. The Committee shall ensure ongoing contact with the external auditors, review the results of and evaluate the external auditors' work, and make recommendations to the Nomination Committee regarding the appointment, reappointment or termination of the external auditors' mandate. The Committee shall also review and evaluate the external auditors' independence and impartiality vis-à-vis the company and pay particular attention to whether the auditors provide, or are permitted to provide, the company with services other than auditing. In addition, the Committee shall inform the Board of the results of the external audit, including how the audit has contributed to the reliability of the company's financial reporting and the role played by the Committee. The Committee held six minuted meetings in 2025.

AUDITOR

The auditors are appointed at the Annual General Meeting to serve until the close of the next Annual General Meeting. At the Annual General Meeting on 7 May 2025, the registered audit firm Ernst & Young AB ("EY") was re-elected as the company's auditor. The authorised public accountant Michaela Nilsson was appointed as the lead auditor. EY conducts the audit of Karnell Group AB and the majority of its subsidiaries. The Company's

auditor works in accordance with an audit plan, which incorporates input from the Board of Directors and the Audit Committee. The auditor reports its findings to company management, senior management and to Karnell's Board of Directors and Audit Committee, both during the course of the audit and in connection with the adoption of the annual accounts. The external auditors attend at least two Board meetings per year. On at least one of these occasions, the auditors shall hold discussions with the Board without the CEO or any other member of Group management being present. The auditors also attend the Audit Committee's meetings. Remuneration to auditors is specified in Note 6.

CHIEF EXECUTIVE OFFICER AND MANAGEMENT TEAM

The Company's CEO is responsible for the day-to-day management of the Company in accordance with the provisions of the Companies Act, as well as the instructions for the CEO and the reporting guidelines established by the Board of Directors. The CEO's responsibilities include, among other things, acquisitions and divestments, personnel, finance and financial matters, as well as ongoing contacts with the Group's stakeholders and the financial markets. The CEO leads the work of the Group Management Team and makes decisions in consultation with the other members of the Group Management Team. At the end of 2025, the Group Management Team consisted of Petter Moldenius (CEO) and Lars Neret (CFO). The Group Management Team holds regular operational reviews under the CEO's leadership.

The Group Management is presented in the section "*Management*".

REMUNERATION TO THE BOARD, CEO AND SENIOR EXECUTIVES

Remuneration to the Board

Karnell's Annual General Meeting decides each year on remuneration for the Board of Directors. In accordance with a resolution passed at the 2025 Annual General Meeting, a fee of SEK 250,000 shall be paid to each member of the Board and a fee of SEK 500,000 to the Chairman of the

Board. The Chair of the Audit Committee shall receive an annual fee of SEK 75,000, and the other member shall receive an annual fee of SEK 50,000. The Chair of the Remuneration Committee shall receive an annual fee of SEK 50,000 and the other member of the Remuneration Committee shall receive an annual fee of SEK 35,000.

The Chairman of the Board, Patrik Rignell, receives remuneration from the company for the additional duties he performs in addition to those incumbent upon a Chairman of the Board, as set out in Note 5.

Guidelines for remuneration of the CEO and senior executives

At the Annual General Meeting on 14 May 2024, the Board's proposal for guidelines on remuneration for the company's senior executives was adopted. The guidelines also include remuneration for Karnell's Board members, to the extent that they receive remuneration outside their Board duties. The guidelines do not cover remuneration decided by the Annual General Meeting.

Remuneration shall be in line with market conditions and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The Annual General Meeting may, in addition – and independently of these guidelines – decide on, for example, share- and share price-related remuneration. Fixed cash salary and variable remuneration shall be proportionate to the senior executive's responsibilities and authority.

Fixed basic salary

The fixed salary shall consist of a fixed annual cash salary. The fixed salary shall be in line with market rates and determined taking into account responsibility, competence and performance. The fixed salary is reviewed annually.

Variable cash remuneration

Compliance with the criteria for the payment of variable cash remuneration must be measurable over a period of one year. Variable cash remuneration

shall amount to no more than 50 per cent of the total annual base salary. The variable cash remuneration of senior executives shall be linked to predetermined and measurable criteria, which may be financial or non-financial. The criteria may also be individualised, quantified or qualified targets. The criteria shall also be designed to contribute to the company's business strategy and long-term interests, for example by being clearly anchored in the business strategy or by promoting the senior executive's long-term development.

Once the assessment period for meeting the criteria for the payment of variable cash remuneration has ended, an assessment must be made as to the extent to which the criteria have been met. The Company's Board of Directors, in consultation with the Remuneration Committee, is responsible for assessing the variable cash remuneration payable to the CEO. For variable cash remuneration to other senior executives, the CEO, in consultation with the Remuneration Committee, is responsible for the assessment. Board members who are employees of the company shall not receive variable cash remuneration. For financial targets, the assessment shall be based on the most recent financial information published by the company.

The terms and conditions for variable cash remuneration shall be designed in such a way as to enable the Board, in exceptional financial circumstances, to limit or suspend the payment of variable cash remuneration where such remuneration is deemed unreasonable and incompatible with the company's obligations towards its shareholders, employees and other stakeholders. Furthermore, it shall be possible to limit or suspend the payment of variable cash remuneration if the Board of Directors decides that this is appropriate for other reasons. The Board of Directors shall also have the right to reclaim variable cash remuneration already paid if it is subsequently discovered that a senior executive has breached the company's values, policies, standards or instructions.

Pension, insurance and other benefits

Pension and insurance are provided in accordance with national legislation, regulations and market practice, and are structured in accordance with collective agreements, company-specific plans or a

combination of both. Karnell shall have a defined-contribution pension, and pension contributions may not exceed 35 per cent of the fixed basic salary.

Group management is entitled to other customary benefits designed to be competitive in relation to similar businesses in the respective countries. The value of these benefits may not exceed 15 per cent of the fixed basic salary

Pension

Pension benefits shall only include defined contribution pension benefits, unless the senior executives are covered by defined benefit pensions under the terms of applicable collective agreements. The defined supplementary pension benefit shall constitute no more than 35 per cent of the fixed annual basic salary. The CEO's variable cash remuneration shall not qualify for pension benefits. Other senior executives' variable cash remuneration shall qualify for pension benefits unless otherwise specified in the senior executives' individual contracts.

Other benefits

Other benefits may include, for example, life insurance, health insurance and a company car. Such benefits may, in total, amount to a maximum of 15 per cent of the fixed annual cash salary.

With regard to employment relationships governed by rules other than Swedish law, as far as pension benefits and other benefits are concerned, appropriate adjustments may be made to comply with mandatory such rules or established local practice, in which case the overall purpose of these guidelines shall nevertheless be met as far as possible.

Any senior executives who are posted to or from Sweden may receive additional remuneration and other benefits to the extent that this is reasonable in light of the specific circumstances associated with the arrangement, in which case the overall purpose of these guidelines shall nevertheless be met as far as possible. Such benefits may not, in total, exceed 35 per cent of the fixed annual cash salary.

Remuneration for board members who are not employees of the company

Board members elected by the general meeting who are not employees of the company may, in specific cases, receive consultancy fees or other market-rate remuneration for work carried out on behalf of the company in addition to their board duties. The Board shall determine whether such consultancy fees or other market-rate remuneration shall be paid.

Termination of employment

In the event of termination of employment by the company, the notice period shall not exceed twelve months. The fixed basic salary during the notice period and severance pay shall together not exceed an amount corresponding to the fixed annual cash salary for 24 months. Where termination is initiated by a senior executive, the notice period shall not exceed six months, with no entitlement to severance pay.

In addition, compensation may be paid for non-competition undertakings (so-called non-compete clauses). Such compensation is intended to compensate for loss of income and shall only be paid to the extent that the former senior executive is not entitled to severance pay. Any new income from employment, or remuneration as a consultant, shall be offset against the severance pay.

Decision-making process

The Board shall draw up proposals for new guidelines at least every four years and submit the proposal for approval at the Annual General Meeting. The guidelines shall remain in force until new guidelines are adopted by the General Meeting but shall be reviewed annually by the Remuneration Committee, which shall then, where appropriate, present proposed amendments to the guidelines. The Remuneration Committee shall also monitor and evaluate any ongoing and completed variable remuneration programmes for senior executives during the year, the application of guidelines for remuneration to senior executives, and the current remuneration structures and remuneration levels within the company. When the Board discusses and decides on remuneration-related matters, the Executive Chairman, the CEO or other members of Group management shall not be present, to the extent that they are affected by the matters.

Deviations from the guidelines

The Board of Directors may decide to temporarily deviate from the guidelines, in whole or in part, if there are special reasons for doing so in an individual case and such a deviation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability.

Long-term share-based incentive schemes

As at 31 December 2025, there were four outstanding share-based incentive schemes in the company, relating to warrants, entitling the holders to a total of 3,387,798 Class B shares. The schemes aim to increase motivation and foster a sense of ownership among managers and senior executives regarding the opportunities presented by the company's development. Furthermore, the intention is to encourage managers and senior executives to remain in the Group. The programmes consist of call options. See further information in Note 5.

INTERNAL CONTROL

General

Karnell's Board of Directors is responsible for internal control. Karnell's Board of Directors has adopted a policy on risk management and internal control which sets out the fundamental principles of Karnell's internal control. It is part of the Board's duties to ensure that the company has sound internal control, including through formalised processes, procedures and controls that ensure compliance with established principles for financial reporting and internal control, and that there are effective systems for monitoring and controlling the Group's operations and the risks related to the Group's operational objectives. Internal control shall ensure effective and resilient operations, that external financial reporting is reliable and prepared in accordance with generally accepted accounting principles, that applicable laws and regulations are complied with, and that other requirements for listed companies are met. Internal governance and control within the Group is based on a framework of governing documents, processes and defined roles and responsibilities.

Control environment

Karnell strives to maintain an effective control environment through formalised governance, clearly defined risk ownership and a sound risk culture. The company's formalised governance is based, among other things, on clearly defined allocations of responsibility, for example through the Board's rules of procedure, including committee instructions, instructions to the CEO regarding financial reporting, the company's financial manual and other policies and instructions applied within the Group. Compliance with these governing documents is monitored and evaluated on an ongoing basis by the Board's Audit Committee.

Risk assessment

Karnell conducts an annual Group-wide risk assessment in which inherent risks are identified and evaluated based on their potential impact on the Group's ability to achieve its long-term goals and visions, as well as the likelihood of the risks materialising. The risk assessment aims to identify and evaluate inherent risks in Karnell's key processes, and forms the basis, among other things, for the work to ensure that financial reporting is reliable and for determining how risks in the reporting should be managed through various control structures. Balance sheet and income statement items, where the risk of material errors could arise, are also reviewed on an ongoing basis.

Control activities

To ensure that operations are conducted efficiently and effectively and that financial reporting provides a true and fair view, Karnell's Board of Directors has established an internal control process covering the entire Group. This involves defining key controls within the business and regularly monitoring the design and effectiveness of these controls. Control activities include, among other things, ongoing monitoring of risk exposure, authorisation and approval procedures, bank and account reconciliations, monthly monitoring of income statement and balance sheet items at Group level, and ongoing checks of Karnell's IT environment. The results are compiled in an internal control report which is presented to the Board annually.

Information and communication

Karnell's Board has adopted a communications policy and an insider policy which together govern Karnell's handling and communication of insider information and other information. Within Karnell, the Chairman of the Board and the CEO shall jointly assess whether insider information exists in relation to the company, with the CEO being responsible for ensuring that such assessments are documented. The company holds Group management meetings as a means of ensuring appropriate and effective dissemination of information relating to risk management within the Group. It is also the CEO's responsibility to ensure that process owners for key processes related to financial reporting have sufficient knowledge of the significant risks and related control activities within the specific process.

Governance and monitoring

Group management shall assess whether the Group-wide risk assessment and management, as well as the specific control activities carried out as part of the internal control process, remain relevant and effective in managing the significant inherent risks to which Karnell is exposed. The performance of control activities shall be documented to ensure traceability in the company's control activities. Monitoring to ensure the effectiveness of internal control is carried out by the Board, the Audit Committee, the CEO, Group Management and relevant personnel at the Group companies.

Internal audit

Karnell's Board of Directors has assessed that, in addition to existing processes and functions for internal governance and control, Karnell has no need for a formalised internal audit function. Monitoring is carried out by the Board of Directors and Group Management. The level of control is currently assessed as meeting Karnell's needs.

Board



Patrik Rignell
Executive Chairman since 2021
Board member since 2016

Born: 1968

Education and professional experience: Master's degree in Business Administration and Finance from the Stockholm School of Economics and a Master of Science in Engineering Physics from the Royal Institute of Technology in Stockholm. Patrik Rignell is one of the founders of Karnell, with several years' experience in private equity. Other professional experience includes roles as a strategy consultant at SIAR-Bossard and Andersen Consulting.

External appointments: Owner and board member of RIGAM II AB.

Holdings: Through ownership in RIGAM II; 2,615,480 Class A shares, 634,903 B shares and 67,238 options entitling him to subscribe for 672,380 shares.



Hans Karlander
Board member since 2016
Chair of the Remuneration Committee since 2022

Born: 1953

Education and professional experience: Master of Science in Economics from the Stockholm School of Economics. Hans Karlander is one of the founders of Karnell and has several years' experience in private equity. He has previously held senior positions in the business sector and public administration, including as State Secretary at the Ministry of Enterprise and Innovation and Deputy CEO of Swedbank.

External appointments: Owner and Chairman of the Board of Borgviks Bruk AB.

Holdings: Through ownership in Borgviks Bruk AB; 2,615,480 A shares, 634,906 B shares and 67,238 options entitling the holder to subscribe for 672,380 shares.



Per Nordgren
Board member since 2016
Chair of the Audit Committee since 2022

Born: 1966

Education and professional experience: Master of Science in Industrial Economics from Linköping University of Technology. Per Nordgren works as an industrial consultant. Experience from operational roles in management, production, technology and marketing, including as CEO of Hägglunds Drives.

External appointments: Owner of PN Verksamhetsutveckling AB. Chairman of the Board of Hydroware AB, Micropower Group AB, Rototilt Group AB, Scanacon Group AB and 3Button Group AB.

Holdings: Through ownership in PN Verksamhetsutveckling AB; 553,850 Class A shares, 143,374 Class B shares and 28,188 options entitling the holder the right to subscribe for 281,880 shares.

Board



Dajana Mirborn

Board member since 2022

Member of the Remuneration Committee since 2022

Born: 1980

Education and professional experience: Master's degree in Business Administration from the University of Gothenburg, studies a degree in mechanical engineering from Chalmers University of Technology and an executive programme in digital marketing strategies from INSEAD. Dajana Mirborn's experience includes M&A and ECM advisory work at Carnegie Investment Bank AB, business development and strategic M&A at Modern Times Group MTG AB, investments and business development with a focus on companies undergoing transformation, and board work in both listed and unlisted companies.

External appointments: Chair of the Board of Humble Group AB (publ).

Holdings: 13,165 B shares



Lena Wäppling

Board member since 2023

Member of the Audit Committee since 2023

Born: 1968

Education and professional experience: Master of Science in Industrial Economics from Linköping University of Technology. Lena Wäppling has more than 25 years' experience in international industrial operations through a number of roles at ABB.

External appointments: Board member and member of the audit committee at Envac AB. Board member at Pinja Oy. Chair of the Board at the Lena Wäppling Foundation.

Holdings: 16,910 B shares



Helena Nordman-Knutson

Board member since 2024

Born: 1964

Education and professional experience: MSc in Political Science from the University of Helsinki, MSc in Economics from Hanken, the Swedish School of Economics in Helsinki. Helena Nordman-Knutson has 20 years' experience in the financial markets, extensive experience as a senior communications advisor and in the telecoms and technology sectors.

External appointments: Alimak Group, board member and chair of the audit committee; Exel Composites (FIN), board member and chair of the audit committee; Nivika, board member and member of the audit committee; USWE, board member and member of the audit committee; Nidoco AB, board member. Royal Swedish Academy of Sciences, member of the Investment Committee. Sjöberg Foundation, member

Holdings: 1,000 B shares.

Management



Petter Moldenius
CEO since 2021

Born: 1980

Education and professional experience: Master of Science in Engineering Physics from Umeå University. Petter Moldenius has experience in technology-oriented investments and has worked with investment companies both in Sweden and abroad, including at Lagercrantz Group, Optimizer Invest and the Swiss company Ascom.

Holdings: 10,290 Class A shares, 213,571 Class B shares and 556,056 options entitling the holder to subscribe for 1,161,198 shares.



Niklas Svensson
CFO since 2026

Born: 1981

Education and professional experience: Master of Science in Economics and Business Administration from Lund University. Niklas Svensson joins us from his most recent role as CFO at Alcadon Group AB (publ) and has experience in areas including M&A, growth companies and industrial technology firms.

External appointments: Board member of the Hain Foundations and owner and board member of JN Redovisning AB.

Holdings: –

Financial performance

The Board of Directors and Chief Executive Officer of Karnell Group AB (publ) hereby submit the following annual report and consolidated financial statements for the financial year 2025.

INFORMATION ABOUT THE BUSINESS

Karnell is an active and long-term owner of industrial technology companies. The company's business concept is to identify and invest in industrial technology companies through a systematic and proactive acquisition strategy, where Karnell assesses that there is development potential and thus the opportunity for value growth with Karnell as a long-term owner. The acquisition targets consist of unlisted B2B companies which, as a starting point, should have a turnover of between SEK 50–350 million, good profitability and a stable financial history.

Karnell is a committed and active owner that supports the management teams of the group companies in business development and key decision-making. Areas in which Karnell can support the group companies include product strategy, product development, product launch strategy, processes and systems for efficiency improvements, growth strategy including the execution of add-on acquisitions, development of customer offerings and pricing.

The Group's operations are divided into the Product Companies and Niche Production business areas. The Product Companies business area comprises companies that base their operations entirely or predominantly on proprietary products, which may include various rights such as trademarks, patents and more. The Niche Production business area comprises manufacturing companies with a higher degree of specialisation within their field of expertise, which manufacture smaller product ranges, often in close dialogue with their customers and with a clear niche and market position.

FINANCIAL PERFORMANCE AND SIGNIFICANT EVENTS DURING THE YEAR

The Group's turnover increased by 20.3% and amounted to SEK 1,687.6 million (1,402.3). Acquisitions accounted for 18.0%,

exchange rate effects for -2.3%, and organic sales growth was 4.6%. Both business areas saw an overall increase in sales during the year, but the organic growth came from the Product Companies, whilst Niche Production saw a slight organic decline in sales.

EBITA increased by 40.3% to SEK 232.8 million (165.8). Acquisitions accounted for a 30.1% increase, exchange rate effects for a decrease of 3.4%, and organic EBITA growth was 12.6%. The EBITA margin stood at 13.8% (11.8). Operating profit increased by 37.8% compared with the same period last year and amounted to SEK 207.6 million (150.7). The increase in profit stems from Niche Production, which has generally had a stronger period compared with last year, with higher demand and stable margins. Product companies saw a slight increase in revenue with mixed performance in the companies' margins. Central costs decreased compared with the previous year, as these included listing costs of SEK 7.2 million. In addition, the operating companies have performed well, with an organic EBITA increase of 10.4%. During the period, the Group incurred transaction costs of SEK 5.9 million (8.4) for completed and discontinued acquisitions.

Net financial items amounted to SEK -29.1 million (-36.1) during the year and consisted mainly of interest expenses to credit institutions of SEK -26.5 million (-30.9), interest on lease liabilities of SEK -9.1 million (SEK -6.1 million), interest income of SEK 3.9 million (SEK 7.6 million) and SEK 7.1 million (SEK 1.0 million) from currency effects. Net financial items were also affected by the revaluation of put/call options and earn-outs of SEK -3.2 million (-7.5).

Profit for the year after tax amounted to SEK 141.5 million (77.5) and earnings per share (diluted) to SEK 2.59 (1.49).

Cash flow from operating activities for the year amounted to SEK 219.5 million (174.1). The increase is primarily attributable to higher profits, but also to a relative improvement in working capital. During the year, SEK 51.3 million (48.2) was invested in property, plant and equipment and SEK 51.2 million (4.2) in intangible assets. Acquisitions during

the year affected cash flow by SEK -189.5 million (-336.4). Cash flow from financing activities amounted to SEK -179.1 million (304.0) and consisted primarily of a net change in the Group's loan facilities of SEK -94.9 million and payments for put/call options of SEK 42.4 million.

During the year, the portfolio was strengthened with three new platform companies

- On 31 January 2025, Karnell completed the acquisition of Männistö Oy Metallituote ("Männistö"), acquiring a 90.4% stake. The acquisition includes a put/call option conferring a right and an obligation to acquire the remaining 9.6% of the shares from the other owners. Consequently, the acquisition is recognised at 100% with no non-controlling interest. The expected purchase price for the remaining 9.6% is recognised as a liability. Männistö, located in Rauma, Finland, is a manufacturer specialising in pipe support systems for the maritime industry and proprietary products for HVAC and insulation applications. The company has a turnover of approximately EUR 6 million and is part of the Product Companies business area.
- On 1 April 2025, the acquisition of Warwick SASCO Ltd ("Warwick") was completed, with a 90.1% stake acquired. The acquisition includes a put/call option conferring a right and an obligation to acquire the remaining 9.9% of the shares from the other owners. Consequently, the acquisition is recognised at 100% with no non-controlling interest. The expected purchase price for the remaining 9.9% is recognised as a liability. Warwick SASCO, based in Leamington Spa, England, is a designer and supplier of reusable specialist plastic products used in hospital and healthcare environments for sterilisation, surgery and patient care. Warwick is part of the Product Companies business area.
- On 4 July 2025, the acquisition of LundHalsey (Console Systems) Ltd ("LundHalsey") was completed, with 90.0% of the company acquired. The acquisition includes a put/call option that entails a right and an obligation to acquire the remaining 10.0% of the shares

from the other owners. Consequently, the acquisition is reported as 100% with no non-controlling interest. The expected purchase price for the remaining 10.0% is recognised as a liability. LundHalsey, based in Aylesbury, England, is a designer and manufacturer of premium consoles used to equip control rooms. The company has an annual turnover of approximately GBP 10 million and is part of the Product Companies business area.

Read more about this year's acquisitions in Note 22.

FINANCIAL TARGETS

The Group's financial targets consist of:

- **EBITA growth:** Average annual EBITA growth shall amount to at least 15 per cent over a business cycle. Growth shall be achieved both organically and through acquisitions.
- **EBITA margin:** The EBITA margin shall amount to at least 15 per cent in the medium term.
- **Gearing:** Net debt excluding leasing/EBITDA excluding leasing shall normally not exceed 2x. This ratio may temporarily exceed this level in connection with acquisitions.

- **Dividend:** Karnell's retained earnings and available cash flows will, in the short term, be reinvested in the business and primarily used for expansion through new acquisitions. In the medium term (3–5 years), Karnell intends to distribute 20–30 per cent of the profit for the year.

DEVELOPMENT BY BUSINESS AREA

Product Companies

For the Product Companies business area, net sales increased by 31.4% and amounted to SEK 891.8 million (678.5). Acquisitions accounted for 31.0% of the increase and currency effects had an impact of -1.5%. Organic sales growth was 1.9%. EBITA increased by 39.3% to SEK 133.6 million (95.9). Acquisitions accounted for 42.3% and currency effects for -1.5%. Organic EBITA decreased by 1.5%.

The overall trend in 2025 was mixed, with several sectors showing improvements compared with 2024, whilst others performed more cautious. Overall, there are signs of stabilisation, with a continued focus on efficiency improvements and enhanced organic profitability.

Niche production

Net sales increased by 9.9% during the year to SEK 795.7 million (723.8), of which organic growth accounted for 7.2%. Acquisitions and currency effects contributed 5.9% and -3.1%. EBITA increased during the period by 26.2% to SEK 143.4 million (113.6). Organically, EBITA rose by 20.4%, acquisitions contributed positively by 9.7% and currency effects amounted to -4.0%.

In 2025, markets have gradually stabilised compared with a more cautious 2024, whilst activity levels have improved.

SIGNIFICANT RISKS AND UNCERTAINTIES

The uncertainties that are primarily assessed as likely to affect the Group are as follows:

Market-related risks

The Group is affected by macroeconomic factors, including general economic and geopolitical conditions. Most of the Group companies target their sales at other businesses (B2B), primarily within industry, which means that demand from industrial buyers is particularly significant. A downturn in the industrial economy, particularly in Sweden and Finland, risks having a negative impact on earnings and the financial position.

Company acquisitions are an important part of Karnell's strategy. The criteria Karnell sets for investments limit the number of potential target companies, which may mean that the Group is unable to maintain the pace of acquisitions deemed desirable. The Group also faces competition from other acquirers.



Management

With an increasing number of companies focusing on various niche markets, Karnell may be less vulnerable to economic fluctuations within individual industries and sectors. Karnell also works continuously to develop operations that are less dependent on a specific market and to adapt costs to specific conditions.

Karnell's main market for acquisitions is the Nordic region. Within the Nordic region, Karnell has identified and contacted virtually all potential acquisition candidates and maintains ongoing contact with them. Access to acquisitions is assessed as good for the coming years, but to expand the Group's investment universe, Italy and the UK have been identified as interesting markets for selective acquisitions.

Market-related risks cont.

Most of Karnell's subsidiaries operate in sectors that are exposed to competition. There is a risk that the businesses will become less competitive if they do not adapt to global trends within their markets, such as sustainability and automation. Increased competition, or a subsidiary with a reduced ability to meet new market needs, may have a negative impact on the Group's financial position and results.



Karnell's subsidiaries purchase various types of materials and raw materials within the scope of their operations, including metals, plastics and chemicals. Several of the companies also have significant electricity consumption. Access to raw materials, components and other production materials is subject to significant price fluctuations attributable to, among other things, transport costs, exchange rate fluctuations and other macroeconomic factors. Price fluctuations in materials and raw materials used in production may have a negative impact on Karnell's profitability.



Operational risks

Karnell is exposed to risks related to the companies it acquires. The most significant risk is that Karnell makes an incorrect commercial assessment in connection with an acquisition, for example regarding the company's development potential, market, customers or organisation, and that the purchase price is therefore higher than the value of the acquired company or its assets, which could have a negative effect on Karnell's financial position and results.



Karnell is dependent on key personnel both within Group management and amongst the Group's other employees. Karnell's continued success depends on its ability to retain experienced employees with specific expertise and to recruit new, skilled individuals. If the Group fails to recruit, train, motivate and retain Group management and other key personnel, this could have a negative impact on the Group's operations and results.



The majority of the Group's subsidiaries are manufacturing companies with their own production facilities that are critical to their respective production. Production disruptions and downtime can have a negative impact on the subsidiaries' operations and results. Furthermore, in certain cases, investments in production facilities are required to meet increased demand and to streamline production.



Management

Karnell strives to offer products and services where price is not the sole determining factor. Karnell adds value in the form of technical expertise, delivery reliability and availability, which reduces the risk of a decline in demand. To reduce the risk of competition from other suppliers, Karnell works continuously to ensure that collaboration with the Group remains the most profitable strategy.

In recent years, prices for materials and raw materials, including energy, have risen sharply, primarily due to inflation. Karnell manages this by having sales agreements that allow for price increases to customers in the event of increased costs for materials and raw materials. The effects of price increases to customers occur with a certain time lag compared to the increased cost rises.

Management

All potential acquisitions and their operations are thoroughly analysed by Karnell before the acquisition is completed. This analysis includes, amongst other things, sustainability due diligence, legal and financial due diligence, as well as discussions with customers, suppliers and other parties. In the agreements entered into, efforts are made to obtain the necessary guarantees to limit the risk of unknown liabilities.

Karnell prioritises creating favourable conditions for staff to develop and thrive within the Group. The acquisition strategy includes ensuring that the companies' key personnel are well motivated to continue running the company independently as part of the Group. At the same time, Karnell works strategically on succession planning to ensure that operations are not overly dependent on individual persons.

Karnell strives to maintain good control over deliveries, technology, the working environment and administrative procedures to reduce the risk of operational disruptions. When acquiring subsidiaries, an investment plan is often drawn up to review and, where necessary, update the companies' production facilities.

Operational risks cont.

Karnell relies on raw materials and supplies delivered by external suppliers to manufacture, sell and deliver its products and services. Inadequate, delayed or failed deliveries may result in operational disruptions, which could have a negative impact on Karnell's financial position and results.



Management

Karnell's numerous and strong relationships with carefully selected suppliers reduce the risk of deliveries not being made as promised. In the long term, the Group is not dependent on any single supplier.

Karnell has a decentralised organisation based on the subsidiaries having significant local responsibility for their operations. This places high demands on financial reporting and monitoring. Shortcomings in this area may lead to inadequate control and management of operations, as well as Karnell being unable to utilise its resources in the most effective manner.



Karnell governs its subsidiaries through active board involvement, group-wide policies, financial targets and instructions regarding financial reporting. By acting as an active owner and monitoring the subsidiaries' development, risks can be quickly identified and addressed in accordance with the Group's guidelines.

Karnell relies on various information systems and other technology to manage and develop its operations. Unplanned operational disruptions or cybersecurity incidents, such as data breaches, viruses, sabotage and other cybercrimes, can result in both loss of revenue and damage to reputation.



To ensure stable IT environments and prevent incidents, Karnell conducts regular risk analyses and carries out continuous maintenance and reviews of IT security, both at Group level and at subsidiary level. Risks are mitigated by the decentralised organisation, in which the individual subsidiaries operate with individual solutions and separate IT infrastructures.

External expectations, for example from authorities, customers, suppliers or investors, may lead to increased demands relating to environmental, social and governance (ESG) issues. As a result, Karnell may be forced to introduce stricter ESG targets or standards. If the Group fails to manage these expectations effectively, confidence in Karnell and its operations and/or access to capital may be undermined.



Karnell monitors its operations and ESG-related risks through sustainability reporting. The Group has a clear sustainability strategy and clear objectives for this work, which are used in dialogues with stakeholders. In this way, the Group or individual subsidiaries can quickly identify any discrepancies with stakeholder expectations and then address them. Karnell publishes an annual sustainability report setting out the Group's targets and ESG data.

The operations of Group companies are subject to various regional, national and local laws and regulations. Future regulations may, for example, entail stricter environmental requirements that affect the operations of Group companies through, for instance, restrictions on the use of certain environmentally hazardous substances, which could have a negative impact on the companies' operations and results.



Karnell monitors changes to laws and regulations on an ongoing basis. Where significant changes occur, the Group companies adapt their processes accordingly.

Financial risks

The financial risks relate primarily to credit risk, liquidity risk, currency risk and interest rate risk.



Management

Information on and management of these risks can be found in Note 20. Financial risks.

ACTIVITIES SUBJECT TO LICENSING OR NOTIFICATION UNDER THE ENVIRONMENTAL CODE

The subsidiary SimFAS primarily impacts the external environment through emissions of organic solvents, as well as transport and noise. The company holds the necessary permits for environmentally hazardous activities under the Environmental Code. In addition to the environmental permit, the company also holds a permit for the handling of flammable goods.

EXPECTED FUTURE DEVELOPMENT

We are preparing for the future by supporting our companies with strategic initiatives to position them in a time of uncertainty. Karnell will continue to drive efficiency, and we are convinced that our decentralised structure is well-suited to meeting these times of heightened uncertainty.

Preparing for the future also means ensuring that we promote sustainability and deliver competitive solutions, whilst building strong customer relationships. Our portfolio of prominent smaller industrial technology companies with leading market positions and high profitability provides a robust foundation for our work in creating long-term value.

Karnell also intends to continue its acquisition strategy and is optimistic about the prospects of identifying suitable acquisition targets in the future.

MULTI-YEAR OVERVIEW

MSEK	2025	2024	2023	2022
Net sales	1,687.6	1,402.3	1,103.3	880.1
Operating profit	207.6	150.7	132.6	96.1
Operating margin, %	12.3%	10.7%	12.0%	10.9%
Total assets	2,226.7	2,233.1	1,600.4	1,282.0
Equity ratio	55%	52%	48%	46%
Number of employees on the balance sheet date	753	671	553	470

ALLOCATION OF PROFITS

The Board proposes that the available profits (KSEK):

KSEK	
Accumulated loss	-146,448
Premium reserve	1,001,484
Profit for the year	17,296
	872,332
To be appropriated so that the following is carried forward	872,332

Consolidated income statement

The Group

MSEK	Note	1 Jan-31 Dec 2025	1 Jan-31 Dec 2024
Net sales	3,4	1,687.6	1,402.3
Other operating income		8.7	7.9
Total income		1,696.3	1,410.2
Change in inventory		10.6	-9.8
Raw materials and consumables		-740.8	-591.6
Employee benefits expense	5	-464.9	-402.9
Other external expenses	6	-182.0	-170.2
Depreciation and amortization of property, plant and equipment	11	-45.7	-37.9
Depreciation and amortisation of right-of-use assets	12	-40.7	-31.9
Depreciation and amortisation of intangible fixed assets	10	-25.1	-15.1
Operating income		207.6	150.7
Financial income	7	33.5	35.0
Financial expenses	8	-62.5	-71.1
Net financial items		-29.1	-36.1
Profit before tax		178.6	114.6
Current tax		-39.7	-35.7
Deferred tax		2.6	-1.4
Tax on profit/loss for the year	9	-37.1	-37.1
Profit/loss for the year		141.5	77.5
Earnings per share, SEK			
- before dilution	23	2.67	1.54
- after dilution	23	2.59	1.49

Consolidated comprehensive income

The Group

MSEK	Note	1 Jan-31 Dec 2025	1 Jan-31 Dec 2024
Profit/loss for the year		141.5	77.5
Items that may be reversed to the statement of income			
Translation differences		-68.6	26.4
Other comprehensive income for the year		-68.6	26.4
Total comprehensive income for the year		72.9	103.9

Consolidated statement of Financial Position

The Group

MSEK	Note	31 Dec 2025	31 Dec 2024
ASSETS			
Fixed assets			
Goodwill	10	871.9	806.5
Other intangible fixed assets	10	255.6	176.9
Right-of-use assets	12	140.9	136.2
Property, plant and equipment	11	283.6	276.4
Deferred tax asset	9	1.8	1.2
Other financial assets		1.2	0.6
Total non-current assets		1,555.0	1,397.7
Current assets			
Inventories	13	325.1	293.0
Accounts receivable	18, 20	266.1	239.6
Other current receivables	14	14.0	8.4
Prepaid expenses and accrued income	15	9.4	8.0
Cash and cash equivalents	16	57.1	286.3
Total current assets		671.6	835.3
TOTAL ASSETS		2,226.7	2,233.1

MSEK	Note	31 Dec 2025	31 Dec 2024
EQUITY AND LIABILITIES			
Share capital	17	5.3	5.3
Other capital contributed		1,002.4	987.3
Translation reserves		-26.2	42.4
Retained earnings including profit for the year		253.3	130.0
TOTAL EQUITY		1,234.8	1,164.9
Non-current liabilities			
Deferred tax liability	9	88.1	66.1
Provisions	19	4.6	4.8
Non-current interest-bearing liabilities	18, 20	340.6	367.3
Other non-current liabilities	18, 20	122.8	129.9
Non-current leasing liabilities	20	103.6	97.7
Total non-current liabilities		659.8	665.8
Current liabilities			
Current interest-bearing liabilities	18, 20	29.7	93.0
Trade payables	18, 20	104.2	94.8
Contractual liabilities	4, 18	3.4	6.4
Current tax liabilities		9.6	2.0
Current leasing liabilities	20	40.9	40.8
Other current liabilities	20	63.3	95.9
Accrued expenses and prepaid income	21	80.9	69.6
Total current liabilities		332.1	402.4
TOTAL EQUITY AND LIABILITIES		2,226.7	2,233.1

Consolidated report on changes in equity

The Group

MSEK	Share capital	Other contributed capital	Translation reserve	Retained profit incl. this year's profit/loss	Total equity
Opening balance, equity 1 Jan 2025	5.3	987.3	42.4	130.0	1 164.9
Net profit for the year				141.5	141.5
Other comprehensive income for the year			-68.6		-68.6
Comprehensive income for the year			-68.6	141.5	72.9
Dividends paid to non-controlling interests				-2.9	-2.9
New share issue	0.0	9.9			9.9
Option premiums		5.3			5.3
Repurchase warrants				-15.3	-15.3
Closing balance, equity 31 Dec 2025	5.3	1,002.4	-26.2	253.3	1,234.8

MSEK	Share capital	Other contributed capital	Translation reserve	Retained profit incl. this year's profit/loss	Total equity
Opening balance, equity 1 Jan 2024	4.2	677.4	16.0	76.9	774.5
Net profit for the year				77.5	77.5
Other comprehensive income for the year			26.4		26.4
Comprehensive income for the year			26.4	77.5	103.9
New share issue	1.1	324.9			326.0
Issue costs		-17.3			-17.3
Option premiums		2.2			2.2
Repurchase warrants				-24.4	-24.4
Closing balance, equity 31 Dec 2024	5.3	987.3	42.4	130.0	1,164.9

Consolidated cash flow statement

The Group

MSEK	Note	1 Jan-31 Dec 2025	1 Jan-31 Dec 2024
Ongoing operations			
Operating profit (EBIT)		207.6	150.7
Adjustment for non-cash items	24	109.7	85.9
Interest received		3.9	7.6
Interest paid		-35.6	-37.0
Paid tax		-36.0	-46.5
Cash flow before changes in working capital		249.7	160.7
Changes in working capital			
Changes in inventories		-17.5	24.1
Changes in trade receivables		-14.4	12.9
Change in other operating receivables		-2.5	5.1
Changes in trade payable		-7.8	-18.3
Change in other operating liabilities		12.1	-10.5
Cash flow from changes in working capital		-30.1	13.4
Cash flow from operating activities		219.5	174.1
Investment			
Acquisition of subsidiaries		-205.2	-336.4
Investments in intangible assets	10	-5.1	-4.2
Investments in property, plant and equipment	11	-51.3	-48.2
Divestments of property, plant and equipment		0.2	2.0
Changes in other financial assets		-0.6	0.2
Cash flow from investing activities		-262.0	-386.5
Financing activities			
Borrowings	24	132.9	153.0
Loan repayments	24	-174.7	-39.1
Loan repayments, leasing	24	-38.6	-32.1
Change in current credit facility	24	-53.1	-57.9
Dividends paid to non-controlling interests		-4.2	-
New share issue		9.9	287.0
Warrants		-10.0	-0.5
Cash-settled put/call options and earn-outs		-41.1	-6.3
Cash flow from financing activities		-179.1	304.0
Cash flow for the period		-221.5	91.6
Cash and cash equivalents at the beginning of the period		286.3	190.4
Effects of translation differences in cash and cash equivalents		-7.7	4.3
Cash and cash equivalents at the end of the period		57.1	286.3

Notes – The Group

NOTE 1 – ACCOUNTING POLICIES

These financial statements cover the Swedish parent company Karnell Group AB (publ), company registration number 559043-3214, hereinafter referred to as Karnell, with its registered office in Stockholm, Sweden, and its subsidiaries. The address of the head office is Riddargatan 13D, 114 51 Stockholm. The principal activity is investment operations. The Board of Directors approved the financial statements on 31 March. The Group's income statement and statement of financial position, as well as the parent company's income statement and balance sheet, will be subject to adoption at the Annual General Meeting on 8 May 2026.

Basis for the preparation of the financial statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union (EU). In addition, the consolidated financial statements comply with the recommendation from the Swedish Council for Sustainability and Financial Reporting (RFR 1) "Supplementary Accounting Rules for Groups".

Basis for the preparation of the Group's financial statements

Karnell Group AB's functional currency is the Swedish krona, which is also the Group's reporting currency. This means that the financial statements are presented in Swedish kronor. Unless otherwise stated, all amounts are stated in millions of kronor (MSEK). The consolidated financial statements have been prepared on a historical cost basis, which means that assets, provisions and liabilities are based on historical cost, unless otherwise stated. Contingent consideration may also arise, which is measured at fair value (see Note 18 Financial assets and liabilities).

Unless otherwise stated, the accounting policies set out below have been applied consistently to all periods presented in the Group's

financial statements. The Group's accounting policies have been applied consistently by the Group's companies. The preparation of financial statements in accordance with IFRS requires estimates, judgements and assumptions. For further information, see Note 2.

New and amended standards

New and amended standards and interpretations that have come into force

New and amended standards and interpretations that have come into force have not had any material impact on the Group's financial statements.

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

A number of new and amended standards and interpretations have been published by the IASB but have not yet come into force. None of the new or amended standards or interpretations have been early adopted by the Group. A new standard, IFRS 18 Presentation and Disclosure in Financial Statements, replaces IAS 1 and introduces new requirements regarding the structure and subtotals in the income statement, as well as disclosure requirements, which may affect presentation and notes disclosures. The standard has been adopted by the EU and is to be applied for financial years beginning on or after 1 January 2027. Karnell is currently analysing the details of the standard and any potential consequences.

Consolidated financial statements

Basis for consolidation

Consolidated financial statements cover the parent company and its subsidiaries. Subsidiaries are companies over which Karnell has control. An investor has control over a company when the investor is exposed to, or has a right to, variable returns from its involvement with the company and can influence those returns through its control. The financial statements of subsidiaries are included in the consolidated

accounts from the date of acquisition, known as the 'acquisition date', until such time as control ceases, and are accounted for using the purchase method. The acquisition analysis determines the Group's fair value at the acquisition date of the identifiable assets acquired and liabilities assumed, as well as any Non-controlling interests. Non-controlling interests are initially measured at fair value or at their proportionate share of net assets. Subsequent purchases and sales of interests in non-controlling interests are recognised in equity provided that Karnell retains control of the company.

Transaction costs arising in connection with business combinations are recognised directly in profit or loss for the year. In business combinations where the consideration transferred exceeds the fair value of the net assets, the difference is recognised as goodwill. Should this difference be negative, known as a bargain purchase, it is recognised directly in profit or loss for the year. Consequently, no goodwill arises in these transactions.

Transactions and balance sheet items in foreign currency

Transactions in foreign currency are recognised in the functional currency at the exchange rate prevailing on the transaction date. Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rate prevailing on the balance sheet date. Exchange gains and losses on trade receivables and trade payables are recognised in operating profit, whilst exchange gains and losses relating to financial items are recognised in net financial items.

Translation of foreign operations

Assets and liabilities in foreign operations, including goodwill and other consolidated surpluses and deficits, are translated from the functional currency of the foreign operation into the Group's reporting currency, the Swedish krona. These translation effects are recognised as other comprehensive income and within the category Translation reserves in equity. In the event of a disposal of a foreign operation, the related currency effects are realised and reclassified to profit or loss for the year.

Classification

An asset is classified as a current asset when it is expected to be realised within twelve months of the reporting period, is held primarily for trading purposes, or consists of cash and cash equivalents (unless the asset is subject to restrictions on its exchange or use to settle a liability for at least twelve months after the reporting period). All other assets are classified as non-current assets. A liability is classified as a current liability when it is held primarily for trading purposes, is due to be settled within twelve months of the reporting period, or when the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current liabilities.

Operating segments

An operating segment is a part of the Group that engages in activities from which it can generate revenue and incur costs, and for which separate financial information is available. Operating segments are reported in a manner consistent with the Group's internal reporting submitted to the chief operating decision-maker for monitoring. Karnell's CEO is responsible for managing and leading the business in accordance with the strategy established by the Board of Directors. The CEO is therefore Karnell's chief operating decision-maker and is the person who allocates resources and evaluates performance within the Group. The chief operating decision-maker assesses the development and performance of the operating segments based on EBITA. Financial items and taxes are reported for the Group as a whole.

In accordance with the above criteria, Karnell's segments are divided into Product Companies and Niche Production. Items not classified into either of these categories are designated as Central and Elimination.

For reporting on operating segments, see Note 3.

Net sales from contracts with customers

The Group recognises revenue in accordance with IFRS 15 Revenue from Contracts with Customers. Revenue is recognised when the

Group satisfies a performance obligation to a customer in connection with a promised good or service. Performance obligations are satisfied either at a specific point in time or over time, depending on the terms of the contract and the type of delivery. For the Group, the majority of revenue is recognised at a specific point in time.

Revenue corresponds to the amount that the Group assesses it is entitled to receive as consideration for goods and services transferred. Revenue is recognised exclusive of VAT and after elimination of intra-Group sales. The Group applies IFRS 15 and analyses customer contracts based on the standard's five-step model: identification of contracts, performance obligations, determination of transaction price, allocation to performance obligations, and timing/period of revenue recognition.

The Group's significant revenue relates to the sale of products, project sales and the performance of service contracts.

Net sales from the sale of products

Contracts relating to the sale of products are normally established through customer orders and order confirmations, and where applicable through framework agreements together with call-offs. The performance obligation typically consists of supplying the goods specified in the contract. Revenue is recognised when the goods have been delivered in accordance with the agreed delivery terms and the customer has thereby obtained control.

Within the Product Companies segment, freight may in some cases constitute a separate performance obligation if the freight service is performed after control of the goods has passed to the customer. In such cases, freight revenue is recognised when the transport service is performed, which in practice often coincides with the delivery date. Customer-specific customisations that are closely integrated with the goods are normally considered to be part of the goods delivery and therefore do not generally constitute a separate performance obligation.

Sales are primarily based on price lists. Discounts may apply and reduce revenue. The Group recognises revenue only to the extent that it is probable that the consideration will be received.

Net sales from project sales

Project sales typically comprise the manufacture and delivery of customised systems, as well as related activities such as freight, assembly/installation, testing and training, and may also include software components. For projects, an assessment is made as to whether the goods and services involved constitute distinct performance obligations or whether the delivery forms an integrated whole where the Group is responsible for assembling components into a functioning system.

Revenue from projects is recognised over time when the terms of the contract mean that the customer progressively receives benefits from the Group's performance, or when the work relates to an asset controlled by the customer, or when an asset with no alternative use is created and the Group is entitled to remuneration for work performed to date. Where the criteria for revenue recognition over time are not met, revenue is recognised at a specific point in time, normally in connection with delivery and/or completion of installation in accordance with the agreed terms.

When revenue is recognised over time, the stage of completion is normally measured using an input method, usually based on project costs incurred in relation to the estimated total project cost. In certain projects, time worked may be used as the basis for the percentage of completion. Advance invoicing may result in contract liabilities at the end of the reporting period. Revenue earned but not yet invoiced is recognised as a contract asset, such as revenue earned but not yet invoiced within prepaid expenses and accrued income.

Net sales from the performance of service contracts

Service assignments include, among other things, support services, service interventions, consultancy and SaaS (Software as a Service) solutions. Revenue from SaaS is recognised over time during the contract period as the customer gains access to and benefits from the service. Services charged on an hourly basis or per completed assignment are recognised as revenue as the service is performed.

In contracts where a SaaS solution and associated application/access together constitute the functionality the customer requires, these are normally assessed as constituting a single performance obligation. Support services and other ancillary services are assessed separately and recognised as separate performance obligations when they are clearly demarcated and can be used independently.

Other

The Group has only corporate customers. Payment terms and invoicing dates are not normally considered to involve any significant financing component. The Group considers itself to act as the principal in its contracts with customers. Significant additional costs to obtain contracts are not normally considered to arise. Costs to fulfil contracts consist of freight costs.

Contract liabilities

A contract liability is recognised if the Group is entitled to an unconditional right to receive consideration before the Group transfers a service or a good. The contract liability is recognised when the customer pays or when payment is due, whichever occurs first. Contract liabilities are recognised as revenue when the Group performs in accordance with the contract (i.e. transfers control of the relevant goods or services to the customer). The Group incurs contract liabilities linked to the revenue recognition for project sales, as the customer pays in advance during the course of the project at the start of each new milestone. With regard to the sale of service contracts, the customer is invoiced quarterly in advance for the use of the software. Contract

liabilities therefore consist partly of advance payments received and partly of amounts invoiced but not yet earned.

Employee benefits

Pensions

The Group has only defined-contribution pension plans. A defined-contribution pension plan is a pension plan under which the Group pays fixed contributions to a separate legal entity. The Group has no legal or constructive obligations to pay further contributions if this legal entity does not have sufficient assets to pay all employee benefits relating to the employees' service in the current or prior periods. The Group therefore bears no further risk. Contributions to defined-contribution plans are recognised as an expense in the profit or loss for the period as they are incurred.

Termination benefits

An expense for benefits relating to the termination of employment is recognised only if the company has a demonstrable obligation, without a realistic possibility of withdrawal, under a formal detailed plan to terminate employment before the normal date.

Warrants

The Group has issued warrants entitling the holder to acquire shares in the parent company, Karnell Group AB (publ). To obtain a warrant, holders have paid the fair value of the warrant, which has been calculated using the Black & Scholes model. Upon the issue of warrants, the proceeds from the warrants are recognised as cash and cash equivalents and a corresponding increase in equity (other contributed capital). The warrants have been issued to Karnell's Group management and current and former employees, including certain board members. The parties have paid a warrant premium corresponding to the fair value of the warrants. There are no service conditions attached to the warrants for the senior executives. Consequently, the issue does not result in any personnel costs or social security contributions for the company.

Financial income and expenses

Financial income

Financial income consists of interest income and any foreign exchange gains. Interest income is recognised in accordance with the effective interest method. The effective interest rate is the rate that makes the present value of all future cash inflows and outflows over the term equal to the carrying amount of the receivable or liability. Foreign exchange gains and losses are not recognised on a net basis.

Financial expenses

Financial expenses consist mainly of interest expenses on loans and exchange rate losses. Interest expenses on loans are recognised using the effective interest method. Exchange rate gains and losses are not recognised on a net basis.

Revaluation of put/call options and earn-outs

Put/call options granted to non-controlling interests and contingent considerations (earn-outs) are measured at fair value, and revaluations are recognised as financial income or financial expenses.

Taxes

Income taxes consist of current tax and deferred tax. Income taxes are recognised in profit or loss for the year, except where the underlying transaction is recognised in other comprehensive income or in equity, in which case the associated tax effect is recognised in other comprehensive income or in equity, respectively. Current tax is tax payable or receivable for the current year, calculated using the tax rates enacted or substantively enacted at the balance sheet date. Current tax also includes adjustments to current tax relating to previous periods.

Intangible assets

An intangible fixed asset is recognised in the balance sheet when it is considered identifiable, the cost can be measured reliably, the Group has control over the asset, and it is probable that economic benefits will flow to the Group. Assets with a finite useful life are amortised

on a straight-line basis over their estimated useful life. Assets with an indefinite useful life and assets that have not yet been brought into use and commenced amortisation are tested annually for impairment.

Goodwill

Goodwill is the difference between the cost of a business combination and the fair value of the net assets acquired. Goodwill is measured at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and tested for impairment at least annually, but more frequently if there is an indication of impairment.

Other intangible assets

Other intangible assets may be identified both through business combinations and through the capitalisation of costs incurred, provided the conditions for this are met. They are recognised at cost less accumulated amortisation and impairment losses. These assets include, for example, capitalised IT costs and software development, as well as trademarks and customer relationships.

Research and development

Expenditure on research aimed at acquiring new technical or scientific knowledge is recognised as an expense in the period in which it is incurred. Development expenditure, where concrete research results could be applied to achieve new or improved processes or products, is capitalised as an asset in the statement of financial position if the product or process is technically and commercially viable and the company has sufficient resources to complete the development and subsequently use or sell the intangible asset. The carrying amount includes all directly attributable expenditure; for example, for materials and services, employee remuneration, registration of a legal right, and amortisation of patents and licences. There is no borrowing cost. In the statement of financial position, development expenditure is recognised at cost less accumulated amortisation and impairment losses after it has been put into use, before the expenditure is written off.

Amortisation of intangible assets

Amortisation of intangible assets is recognised on a straight-line basis in the income statement over the estimated useful life. Amortisation begins when the asset is brought into use.

The estimated useful lives are:

Capitalised development costs	5-10 years
Patents and licences	5-10 years
Patents and licences	15 years
Customer relationships	10 years
Other intangible assets	5-15 years

Property, plant and equipment

Property, plant and equipment is recognised in the balance sheet when the Group has control over the asset, when it is probable that economic benefits will flow to the Group, and when the amount can be measured reliably.

Property, plant and equipment are recognised in the Group at cost less accumulated depreciation and any impairment losses. The carrying amount of an asset is removed from the balance sheet upon retirement or disposal, or when no future economic benefits are expected from the use or retirement/disposal of the asset.

Depreciation principles

The estimated useful lives are:

Buildings	10-25 years
Machinery and other technical equipment	4-10 years
Furniture, tools and fixtures	4-10 years

Depreciation is calculated on a straight-line basis over the asset's estimated useful life. The residual value and useful life of an asset are reviewed annually.

Leasing

The Group is the lessee of buildings/premises, cars and certain production equipment. Lease agreements are recognised as right-of-use assets and lease liabilities on the date the asset is taken over and is considered to constitute an asset. The portion of the lease liability due within 12 months is recognised as a current liability, and the portion due beyond 12 months as a non-current liability. The right-of-use asset is depreciated on a straight-line basis over the lease term. Lease payments are discounted using a marginal borrowing rate, based on the type of asset and the risk associated with it, except in cases where the implicit interest rate can be derived from the contract.

Lease agreements with a term of less than 12 months or of minor value are excluded and are recognised in the income statement as the cost is incurred, for example, photocopiers, coffee machines and similar items. Their value is not considered material. In several cases, primarily regarding buildings/premises, there are extension options, and the lease term is determined as the non-cancellable period together with the said extension option, as it is likely that the Group will exercise this option. Several agreements are index-linked annually, in accordance with various clauses stipulated in the respective agreements. This is done on a contract-by-contract basis. Karnell has also chosen to apply the simplification rule for fixed non-lease components and instead recognises these together with the lease component in the contract.

Impairment of non-financial assets

Assets with an indefinite useful life, within Karnell goodwill and intangible fixed assets that have not yet been completed, are not depreciated but are tested at least annually for any impairment. Assets that are depreciated are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount is not recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. When assessing the need for impairment,

assets are grouped at the lowest levels for which there are separate identifiable cash flows (cash-generating units). When an impairment loss is identified for a cash-generating unit, the impairment loss is allocated primarily to goodwill. Thereafter, a proportional impairment loss is recognised for the other assets included in the unit. Previously recognised impairment losses are reversed if the recoverable amount is assessed to exceed the carrying amount. However, the reversal shall not exceed an amount such that the carrying amount would be what it would have been had no impairment been recognised in previous periods. Impairment losses on goodwill are never reversed. Internally generated intangible assets that have not yet been brought into use and for which amortisation has not yet commenced are also tested for impairment at least annually.

Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs necessary to make the sale. The cost of raw materials and purchased components is calculated using the first-in, first-out (FIFO) method or the weighted average cost method and includes expenses incurred in acquiring the inventory assets and transporting them to their current location and condition. The Group uses the same method for all goods of a similar nature and similar use within the Group. For manufactured goods and work in progress, the cost includes a reasonable proportion of indirect costs based on normal capacity. The chosen method means that obsolescence in the inventory has been taken into account.

Financial instruments

Financial instruments are any form of agreement that gives rise to a financial asset in one company and a financial liability in another company. In Karnell's statement of financial position, the assets side includes certain long-term receivables, trade receivables and cash and cash equivalents. On the liabilities side, there are long- and short-term interest-bearing liabilities, trade payables, contractual liabilities and other current liabilities, as well as contingent earn-outs and put/

call options (see Note 18 for further information). How each financial instrument is recognised in the Group's financial position depends on how it has been classified. The following categories exist in Karnell:

- Financial assets measured at amortised cost
- Financial liabilities measured at amortised cost
- Financial liabilities measured at fair value through profit or loss

A financial asset and a financial liability are offset and recognised at a net amount in the balance sheet only when there is a legal right to offset the amounts and there is an intention to settle the items at a net amount or to realise the asset and settle the liability simultaneously. Acquisitions and disposals of financial assets are recognised on the trade date. The trade date is the date on which the company commits to acquiring or disposing of the asset. Upon derecognition or modification of value, gains or losses are recognised in the income statement.

Classification and valuation

Financial assets within the Group are initially measured at fair value and subsequently at amortised cost. This is because they are held within the framework of a business model whose objective is to collect the contractual cash flows, whilst the cash flows from the assets consist solely of principal and interest payments.

Financial liabilities are initially measured at fair value and subsequently measured at amortised cost or at fair value, depending on the instrument's classification. Financial liabilities are classified as measured at amortised cost, apart from earn-outs and put/call options, which are measured at fair value through profit or loss. See further information on fair value measurement in Note 18.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and immediately available balances with banks and similar institutions, as well as short-term liquid investments with a maturity of less than three months

from the date of acquisition. Placing cash and cash equivalents with a bank entails a certain degree of credit risk. For cash and cash equivalents, Karnell applies the principle of low credit risk. At each reporting date, an assessment is made as to whether Karnell's cash and cash equivalents are considered to have low credit risk based on all available information. Karnell works exclusively with banks of high credibility and good credit ratings when investing any excess liquidity. No significant risk of credit losses is therefore deemed to exist, and the credit risk is assessed as low.

Impairment of financial assets

Provisions for potential credit losses are forward-looking, and a provision is made when there is exposure to credit risk, usually at initial recognition. The Group's financial assets, which are measured at amortised cost, are subject to provisions for expected credit losses. Trade receivables are subject to an assessment of potential future credit losses, for which the simplified method is applied. This method involves using expected losses over the entire term of the receivable as a starting point. Trade receivables are initially recognised at transaction value, as they generally do not contain a significant financing component. An allowance for doubtful debts is recognised over the remaining term of the receivable. See Note 20 for further information.

Equity

The Group's equity comprises share capital, other contributed capital, translation reserves and retained earnings, including profit for the year. External transaction costs incurred in connection with the issue of equity instruments and directly attributable to the equity transaction are recognised in equity as a deduction from the issue proceeds, taking into account any tax effects.

Warrants

Employees within the Group have been given the opportunity to subscribe for warrants in the company on the same terms as other investors. For this, all have paid a market-based consideration valued

in accordance with the Black-Scholes model. The consideration received is recognised in the Group's equity under the category 'Other e contributed capital'. As the employees who subscribed for warrants did so at market value, the subscription does not constitute an employee benefit. Consequently, no social security contributions or benefit taxation arise in relation to this.

Provisions

A provision differs from other liabilities in that there is uncertainty regarding the timing of payment or the amount required to settle the provision. A provision is recognised in the balance sheet when there is an existing legal or constructive obligation arising from a past event, and it is probable that an outflow of economic resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are recognised at the amount that is the best estimate of what is required to settle the existing obligation at the balance sheet date.

Pledged assets and contingent liabilities

A contingent liability is recognised when there is a possible obligation arising from past events, the existence of which is confirmed only by one or more uncertain future events, or when there is an obligation that is not recognised as a liability or provision because it is not probable that an outflow of resources will be required.

Cash flow statement

The cash flow statement is prepared using the indirect method and is divided into three sections: operating activities, investing activities and financing activities. The reported cash flow comprises only transactions involving cash inflows or outflows. Changes in operating liabilities and assets are adjusted for the effects of changes in exchange rates. This means that discrepancies may arise compared with changes in individual items in the balance sheet.

Business combinations

A business combination occurs when Karnell acquires shares in a company that confer controlling influence, i.e. it has the right to a return from the investee and is exposed to its losses, and can use that controlling influence to affect the company's direction and returns. Consolidation takes effect from the date on which Karnell obtains control of the subsidiary, which normally coincides with the acquisition date, using the purchase method. The purchase method means that the Group acquires its net assets by acquiring the assets and assuming the liabilities.

In the acquisition analysis, the fair value on the acquisition date of the acquired identifiable assets and assumed liabilities, and any non-controlling interests, is determined. Non-controlling interests are measured either at their proportionate share of the net assets of the acquired company or at fair value. The choice of method is determined at the time of each acquisition. If agreements entered into in connection with the business combination contain so-called put/call options, these are accounted for as described below. When the consideration exceeds the value of the net assets acquired, the difference is recognised as goodwill. In the case of business combinations, there are two alternative methods for recognising goodwill: either the proportional share method or the full goodwill method. The full goodwill method means that non-controlling interests are recognised at fair value. Transaction costs attributable to acquisitions are recognised in the income statement, under the item "Other external expenses", in the period in which they arise.

Put/call options for non-controlling interests

In connection with certain of the Group's business combinations, the Group does not acquire all shares at the acquisition date. However, in this type of transaction, Karnell enters into shareholder agreements with non-controlling interests that include put/call

options for the remaining shares, which may be exercised at a future date. Any additional shares that may subsequently be acquired by non-controlling interests, for example through a new share issue, are also covered by the put/call options within the framework of existing shareholder agreements.

Based on the terms of the shareholders' agreements and other factors, the Group has adopted an accounting policy guided by IAS 32. This means that business combinations where there is an obligation to purchase the remaining shares are accounted for as if the company had been acquired in full and, consequently, without recognition of non-controlling interests. The commitment to acquire additional shares from Non-controlling interests in the future constitutes a financial liability which is measured at fair value in accordance with IFRS 9, and changes in value are recognised in the Group's statement of comprehensive income under net financial items. When the option is exercised, the liability is settled in an amount corresponding to the exercise price of the shares. Dividends to non-controlling interests are recognised as an expense, except in cases where the dividend is intended to settle the liability, in which case it is recognised as a reduction in the liability.

There are no associates or joint ventures within the Group. Any contingent consideration is recognised at fair value at the acquisition date and remeasured at each reporting date. Any changes to these are recognised in profit or loss for the year.

NOTE 2 - SIGNIFICANT ESTIMATES AND JUDGEMENTS

The preparation of the Group's financial statements in accordance with IFRS requires management and the Board of Directors to make judgements, estimates and assumptions that affect the carrying amounts of assets and liabilities, as well as income and expenses. These judgements and estimates are based on historical experience and other factors deemed reasonable under the prevailing circumstances. Changes in estimates are recognised in the period in which the change is made and, where applicable, in future periods.

The areas in which significant judgements and significant estimates have the greatest impact on the Group's financial statements are described below.

Significant judgements

Business combination analyses

A central part of Karnell's operations is carrying out business combinations. In connection with these, management makes judgements when identifying and measuring acquired assets and assumed liabilities, as well as when determining the purchase price allocation. Judgements are also made regarding the future earnings and profitability of the acquired businesses, which may affect the accounting for goodwill and other intangible assets.

Significant estimates

Impairment testing of goodwill

One source of uncertainty in estimates that could pose a significant risk of the asset's carrying amount being adjusted is the impairment testing of goodwill. To estimate any impairment loss, the recoverable amount for each cash-generating unit is calculated based on expected

future cash flows. This requires assumptions regarding future growth, Operating profit and the discount rate. For further information on assumptions and sensitivity analysis, please refer to Note 10.

Contingent considerations

In connection with several acquisitions, the Group has commitments in the form of contingent earn-outs. These are recognised on an ongoing basis at fair value. The calculation is based on estimates of future earnings in the acquired companies. Changes in these estimates may lead to revaluations that affect the Group's profit in future periods. The assumptions underlying the calculation are described in Note 18.

Put/call options relating to non-controlling interests

In certain business combinations, the Group does not acquire all shares at the acquisition date. In such cases, shareholder agreements are entered into with minority shareholders that include put/call options relating to the remaining shares. These commitments are recognised at fair value, and the valuation is based on estimates of the probable outcome of financial and operational targets in the respective agreements. Changes in these estimates may have a significant impact on profit or loss in future periods as a result of revaluations. See Note 18 for the assumptions underlying the calculations.

NOTE 3 - SEGMENTS

Karnell's segments are divided as follows:

The Product Companies business area focuses on B2B industrial technology companies. These are companies that develop, own the rights to, and have a unique product offering. The business area consists of twelve subsidiaries.

The Niche Production business area focuses on companies that are market leaders in the production of products within their niche area. Our companies often work closely with customers' development departments and add value to the product development process. Niche Production comprises six subsidiaries.

Items not classified under any of the above categories are designated as Central and Elimination. Net sales relate to external revenue from contracts with customers.

Jan-Dec 2025 (MSEK)	Product company	Niche production	Central and elimin	Total Group
Net sales	891.8	795.7	0.1	1 687.6
Other income	6.3	2.4	0.0	8.7
Change in inventory	6.7	3.9	-	10.6
Raw materials and supplies	-463.2	-277.6	-0.0	-740.8
Personnel costs	-182.5	-248.0	-34.4	-464.9
Other external costs	-92.3	-80.5	-9.2	-182.0
Depreciation of property, plant and equipment including leasing	-33.1	-52.5	-0.7	-86.4
EBITA	133.6	143.4	-44.2	232.8
Depreciation and amortisation of intangible fixed assets				-25.1
Net financial items				-29.1
Profit before tax				178.6

Jan-Dec 2024 (MSEK)	Product company	Niche production	Central and elimin	Total Group
Net sales	678.5	723.8	0.0	1 402.3
Other income	5.4	2.5	0.0	7.9
Change in inventory	-7.8	-1.9	-	-9.8
Raw materials and supplies	-345.8	-245.9	-0.0	-591.6
Personnel costs	-139.0	-239.0	-24.9	-402.9
Other external costs	-69.8	-82.3	-18.1	-170.2
Depreciation of property, plant and equipment including leasing	-25.5	-43.6	-0.7	-69.8
EBITA	95.9	113.6	-43.7	165.8
Depreciation and amortisation of intangible fixed assets				-15.1
Net financial items				-36.1
Profit before tax				114.6

Fixed assets

Non-current assets excluding financial non-current assets in 2024	Product company	Niche production	Central and elimin	Total Group
Sweden	371.6	44.1	0.2	415.8
Finland	424.5	382.9	-	807.5
United Kingdom	159.2	169.6	-	328.8
Total	955.3	596.6	0.2	1,552.1

Non-current assets excluding financial non-current assets in 2023	Product company	Niche production	Central and elimin	Total Group
Sweden	386.1	46.2	0.8	433.1
Finland	383.8	404.1	-	787.9
United Kingdom	-	174.9	-	174.9
Total	769.9	625.2	0.8	1,395.9

NOTE 4 - NET SALES FROM CONTRACTS WITH CUSTOMERS

(MSEK)	2025	2024
Product companies	891.8	678.5
Sale of products	823.3	591.0
Project sales	42.0	52.6
Sales of services	26.5	34.9
Niche production	795.7	723.8
Sale of products	795.7	723.8
Project sales	-	-
Sales of services	-	-
Central and eliminations	0.1	0.0
Total Group	1,687.6	1,402.3

Revenue from the sale of services and project sales is recognised over time; other revenue is recognised at a single point in time.

The Group's sales of products and projects are generally subject to payment terms of 30–90 days. Read more about performance obligations in Note 1. Accounting policies.

Contractual liabilities (MSEK)	2025	2024
Opening balance	6.4	20.8
Changes attributable to ordinary business	-3.0	-14.4
Closing balance	3.4	6.4

The Group applies the exemption from disclosing revenue allocated to remaining performance obligations that form part of a contract expected to be completed within one year. For further information on revenue, see Note 1. Accounting policies.

Net sales by geographic area (MSEK)	2025	2024
Sweden	404.5	362.0
Finland	793.8	698.3
Denmark	10.9	8.9
Norway	79.7	55.5
UK	160.0	93.5
Germany	18.0	16.1
Netherlands	16.8	19.5
Rest of Europe	97.5	91.7
Asia	30.3	25.3
United States	27.5	5.6
Other countries	48.8	25.9
Total	1,687.6	1,402.3

Revenue is based on the customer's geographical domicile.

NOTE 5 - EMPLOYEES AND STAFF COSTS

Average number of employees	2025		2024	
	Employees	Of which men	Employees	Of which men
Sweden	205	83%	201	83%
Finland	414	84%	382	84%
United Kingdom	96	86%	49	92%
Norway	3	100%	3	100%
China	30	50%	31	52%
Total number of employees	748	83%	665	83%

Jan-Dec 2025 (MSEK)	Board of Directors, CEO, senior executives	Other employees	Total Group
Salaries and other remuneration	52.5	301.8	354.4
Social costs	8.8	47.5	56.3
Pension costs	9.8	31.3	41.1
Other personnel costs	-	13.1	13.1
Total personnel costs	71.1	393.8	464.9

Jan-Dec 2024 (MSEK)	Board of Directors, CEO, senior executives	Other employees	Total Group
Salaries and other remuneration	41.0	263.8	304.8
Social costs	7.9	43.8	51.7
Pension costs	6.6	29.3	35.9
Other personnel costs	-	10.5	10.5
Total personnel costs	55.4	347.5	402.9

Gender distribution among senior executives on the balance sheet date (MSEK)	Group		Parent Company	
	2025	2024	2025	2024
Proportion of men elected by the AGM on boards	94%	93%	50%	50%
Proportion of men among CEOs and senior executives	90%	97%	100%	100%

2025 (MSEK)	Base salary/ board fees	Variable remuneration	Pension cost	Total
Chairman of the Board Patrik Rignell	2.0	-	0.5	2.5
Board member Hans Karlander	0.3	-	-	0.3
Board member Per Nordgren	0.3	-	-	0.3
Board member Dajana Mirborn	0.3	-	-	0.3
Board member Lena Wäppling	0.3	-	-	0.3
Board member Helena Nordman-Knutson	0.3	-	-	0.3
CEO Petter Moldenius	3.0	1.5	1.0	5.5
Other senior executives (1 person)	1.6	0.4	0.3	2.3
Total	8.1	1.9	1.8	11.9

2024 (MSEK)	Base salary/ board fees	Variable remuneration	Pension cost	Total
Chairman of the Board Patrik Rignell	1.6	-	0.8	2.5
Board member Hans Karlander	0.3	-	-	0.3
Board member Per Nordgren	0.3	-	-	0.3
Board member Dajana Mirborn	0.3	-	-	0.3
Board member Lena Wäppling	0.3	-	-	0.3
Board member Helena Nordman-Knutson	0.2	-	-	0.2
CEO Petter Moldenius	2.4	2.1	0.6	5.1
Other senior executives (4 people)	4.7	1.5	1.0	7.1
Total	10.0	3.6	2.4	16.1

Remuneration and terms and conditions

Karnell's policy is to offer market-rate remuneration to enable the recruitment and retention of competent and qualified senior executives. Remuneration shall be reasonable and competitive. Remuneration for the CEO/Group CEO consists of a fixed and variable salary, a defined-contribution pension and other benefits. The variable remuneration is linked to predetermined and measurable criteria of both a financial and non-financial nature, and may amount to a maximum of six months' salary. The CEO has a 12-month notice period on the part of the company. No severance pay other than salary during the period is payable. There is also no severance pay for board members. Remuneration for other employees comprises fixed and variable salary, pension and other benefits. The Group has no defined-benefit pension plans, only defined-contribution plans.

Employees have been given the opportunity to acquire warrants at market value. These are valued at market value using the Black-Scholes method, which means that the warrants do not constitute a benefit. The holders have paid an acquisition price corresponding to the market value of the warrants, and therefore no personnel costs or social security contributions arise.

One warrant entitles the holder to subscribe for ten shares (after adjustment for the 2022 share split) for warrant programmes launched before 2024, and one share for warrant programmes launched after 2024. To simplify the effects of the warrant programmes, the figures below in the text and tables refer to the number of shares to which the warrants entitle the holder. The warrants have been issued on equal terms to Karnell's Group management and current and former employees during the years 2016–2025, through 12 different programmes.

During the financial year, 1,114,660 warrants (2,523,700) were repurchased and exercised. Other programmes expire in 2027–2028. During the financial year, the Group issued 623,818 (320,000) warrants to senior executives. As at the balance sheet date, the CEO holds 1,161,198 (946,353) warrants and other senior executives hold 110,000 (315,840) warrants.

As of 1 January 2025, senior executives comprised the CEO and the CFO. For 2024, senior executives comprised the CEO, the CFO and the company's investment managers. One of the company's investment managers left in September 2024 and remuneration is payable up to and including that date. In addition to board fees, the Chairman of the Board receives remuneration for his work as an executive Chairman. The amount of remuneration is prepared by the Remuneration Committee of and decided by the Board, as shown in the table above. The Chairman of the Board does not participate in the Board's decisions regarding his own remuneration. Senior executives themselves determine the ratio between salary and pension provisions.

Changes in the number of outstanding warrants*	2025	2024
At the beginning of the year	3,878,640	6,082,340
Assigned	623,818	320,000
Redeemed	-1,114,660	-2,523,700
At the end of the year	3,387,798	3,878,640

The table below shows the share option schemes outstanding as at 31 December 2025.

Warrant program	Number of warrants issued*	Price per warrant	Exercise price per share
2021:1	2,259,550	13.40	26.90
2022:1	184,430	16.54	29.60
2024:1	320,000	6.98	53.65
2025:1	623,818	8.47	60.30
Total	3,387,798		

1. The number of options here refers to the number of shares to which the options entitle the holder.

NOTE 6 - AUDIT FEES

	2025	2024
Elected auditors, EY		
The audit engagement	4.1	3.4
Audit activities beyond the audit engagement	0.6	-
Tax advice	0.0	0.0
Other	0.1	2.7
Total	4.8	6.2
Other agencies		
The audit engagement	1.6	1.1
Audit activities beyond the audit engagement	0.1	-
Tax advice	0.0	-
Other	0.1	0.0
Total	1.8	1.1

NOTE 7 - FINANCIAL INCOME

(MSEK)	2025	2024
Assets measured at amortised cost		
Interest income on other financial assets	3.9	7.6
Total interest income according to the effective interest rate method	3.9	7.6
Other financial income		
Exchange rate Gains	25.5	12.5
Revaluation of put/call options and earn-outs	4.1	13.0
Other financial items	-	1.8
Total financial income	33.5	35.0

NOTE 8 - FINANCIAL EXPENSES

(MSEK)	2025	2024
Liabilities measured at amortised cost		
Interest expenses on interest-bearing liabilities	26.5	30.9
Interest expenses on lease liabilities	9.1	6.1
Total interest expenses according to effective interest rate method	35.6	37.0
Other financial expenses		
Exchange rate Losses	18.4	13.6
Revaluation of put/call options and earn-outs	7.3	20.5
Other financial items	1.3	-
Total financial expenses	62.5	71.1

NOTE 9 - TAX

Tax on profit for the year (MSEK)	2025	2024
Current tax	-39.7	-35.7
Deferred tax	2.6	-1.4
Total reported tax	-37.1	-37.1
Reconciliation of effective tax		
Reported profit before tax	178.6	114.6
Tax at the current rate, 20.6%	-36.8	-23.6
Tax effect due to:		
Non-deductible expenses	-2.0	-3.7
Non-taxable income	0.3	0.0
Utilisation of previously uncapitalised loss carry-forwards	-	0.2
Tax attributable to previous years	1.8	-4.0
Flat rate on accrual fund	-0.1	-0.1
Increase in loss carry-forwards without corresponding capitalisation of deferred tax	-1.5	-5.8
Other	1.3	-0.1
Effect of Foreign Tax Rates	-0.2	-0.1
Total tax expense for the year	-37.1	-37.1
Effective tax rate	-20.8%	-32.4%

Total tax losses for the Group amount to SEK 122.6 million (112.9). No deferred tax relating to tax losses has been capitalised in the Group. The unused tax loss carry-forwards have no expiry date.

Deferred tax asset (MSEK)	2025	2024
Reserve accounts receivable	0.0	0.0
Leasing	1.7	1.2
Other temporary differences	0.0	0.0
Total deferred tax assets	1.8	1.2

Deferred tax liability (MSEK)	2025	2024
Fixed assets	78.5	57.3
Untaxed reserves	9.6	8.8
Other deferred tax liability	-	-
Total deferred tax liability	88.1	66.1

Change in deferred tax assets (MSEK)	2025	2024
Opening balance	1.2	4.2
Reserve accounts receivable	-0.0	0.0
Leasing	0.5	0.1
Deferred tax acquisition costs	-	-3.1
Other temporary differences	0.0	0.0
Total deferred tax assets	1.8	1.2

Change in deferred tax liability (MSEK)	2025	2024
Opening balance	66.1	37.4
Temporary difference in revenue recognition	-	-
Acquisition of subsidiaries	25.2	30.6
Other temporary differences	-3.3	-1.9
Total deferred tax liability	88.1	66.1

NOTE 10 – INTANGIBLE FIXED ASSETS

2025 (MSEK)	Capitalized development costs	Patents, licences and concessions	Brands	Customer relationships	Goodwill	Other intangible assets	Total
Opening acquisition values	21.7	5.1	64.1	113.0	806.5	0.6	1,010.9
Investments	4.4	0.1	-	-	0.0	0.6	5.1
Acquisition	0.2	-	24.6	88.5	107.4	0.0	220.7
Sale/scrapping	-0.2	-	-	-	-	-	-0.2
Reclassification	-	-0.9	-	-	-	0.0	-0.9
Translation difference	-1.0	-0.1	-1.1	-13.5	-42.0	-0.0	-57.8
Closing accumulated cost	25.0	4.2	87.5	188.0	871.9	1.2	1,177.9
Opening accumulated depreciation	-11.4	-2.7	-2.8	-10.4	-	-0.3	-27.6
Acquisition	-	-	-	-	-	-	-
Sale/scrapping	0.2	-	-	-	-	-	0.2
Reclassification	-	0.3	-	-	-	-	0.3
Depreciation for the period	-2.4	-0.5	-5.2	-16.9	-	-0.2	-25.1
Translation difference	0.4	0.0	0.0	1.3	-	0.0	1.8
Closing accumulated depreciation	-13.1	-2.8	-8.0	-26.0	-	-0.4	-50.4
Carrying amount	11.9	1.3	79.6	162.0	871.9	0.8	1,127.5
2024 (MSEK)	Capitalized development costs	Patents, licences and concessions	Brands	Customer relationships	Goodwill	Other intangible assets	Total
Opening acquisition values	18.5	3.1	16.9	49.9	554.8	2.4	645.5
Investments	3.1	1.0	-	-	-	0.1	4.2
Acquisition	0.6	-	47.2	58.6	231.3	-	337.7
Sale/scrapping	-	-	-	-	-	-	-
Reclassification	-1.0	1.0	-	-	0.1	-1.9	-1.8
Translation difference	0.4	0.0	-	4.5	20.3	0.1	25.3
Closing accumulated cost	21.7	5.1	64.1	113.0	806.5	0.6	1,010.9
Opening accumulated depreciation	-9.2	-1.9	-0.3	-0.6	-	-1.0	-12.9
Acquisition	-	-	-	-	-	-	-
Sale/scrapping	-	-	-	-	-	-	-
Reclassification	0.3	-0.3	-	-	-	0.8	0.8
Depreciation for the period	-2.3	-0.5	-2.6	-9.6	-	-0.1	-15.1
Translation difference	-0.2	-0.0	-	-0.2	-	-0.0	-0.4
Closing accumulated depreciation	-11.4	-2.7	-2.8	-10.4	-	-0.3	-27.6
Carrying amount	10.3	2.4	61.2	102.6	806.5	0.3	983.3

Acquisitions and disposals

The Group's goodwill increased by SEK 105 million during the year as a result of acquisitions, and decreased by SEK 40 million due to changes in exchange rates.

Impairment testing

The Group's total goodwill of SEK 871.9 million (806.5) arose on the acquisition of the respective subsidiaries. Goodwill is monitored by segment and reviewed by cash-generating unit, i.e. each sub-group or subsidiary individually. The impairment test consists of assessing whether the recoverable amount of the cash-generating unit is higher than its carrying amount. The recoverable amount has been calculated on the basis of the unit's value in use, which is the present value of the unit's expected future cash flows without taking into account any

The following assumptions have been used:

2025	Pre-tax discount rate	Terminal growth	Goodwill
Tekniseri	11.4%	2%	59.4
Autori	11.4%	2%	36.1
SimFAS	11.0%	2%	6.4
Re-board	11.0%	2%	23.9
Vebe	11.0%	2%	18.6
KL Mechanics	11.4%	2%	135.8
Rotomon	11.4%	2%	137.8
Drivex	11.0%	2%	28.5
Timeka	11.4%	2%	32.0
K-Vagnen	11.0%	2%	35.1
Plalite	10.9%	2%	34.4
SJ	11.4%	2%	84.4
Ojop	11.0%	2%	40.7
NE	10.9%	2%	24.4
Haco	11.0%	2%	72.4
Männistö	11.4%	2%	33.5
Warwick	10.9%	2%	24.3
LundHalsey	10.9%	2%	44.4

future business expansion and restructuring. These calculations are based on estimated cash flows derived from financial budgets and forecasts covering a five-year period. The average over this period may vary from year to year depending on the results for the current year. No significant changes have been made to the long-term forecasts for 2025. Cash flows beyond the five-year period are extrapolated using an estimated growth rate of two per cent per annum. Calculations carried out, together with sensitivity analyses, do not indicate any need for impairment in 2025. The key assumptions reviewed annually by management are the discount rate, growth forecasts, profit after tax, changes in working capital and investment requirements.

Internally generated intangible assets that have not yet been put into use and have not yet begun to be amortised are tested for impairment

2024	Pre-tax discount rate	Terminal growth	Goodwill
Tekniseri	9.9%	2%	63.0
Autori	11.8%	2%	38.3
SimFAS	11.0%	2%	6.4
Re-board	11.0%	2%	23.9
Vebe	11.0%	2%	18.6
KL Mechanics	11.8%	2%	144.1
Rotomon	11.8%	2%	146.3
Drivex	11.0%	2%	28.5
Timeka	11.8%	2%	34.0
K-Vagnen	11.0%	2%	35.1
Plalite	13.0%	2%	38.4
SJ	11.8%	2%	89.6
Ojop	11.0%	2%	40.7
NE	13.0%	2%	27.2
Haco	11.0%	2%	72.4

at least annually. Other intangible fixed assets have a finite useful life, and are therefore amortised on a straight-line basis over their estimated useful life. The remaining average amortisation period for intangible assets with a finite useful life is approximately 8 years. The Group has no significant research and development costs recognised as expenses.

Sensitivity analysis

A sensitivity analysis of the assessment of the need for impairment of goodwill has been performed by adjusting the following assumptions (one at a time):

- The long-term growth rate has been reduced by 0.5 percentage points
- The projected cash flow for the forecast period has been revised downwards by 10 per cent
- The discount rate has been increased by 0.5 percentage points

For all companies in the Group, there is no need for impairment under these revised assumptions either.

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

2025 (MSEK)	Buildings	Land and Ground Facilities	Machinery and technical plant	Inventory, tools and installations	Work in progress	Total Group
Opening acquisition values	81.6	10.5	278.0	44.8	1.4	416.4
Investments	3.6	2.6	39.0	6.0	0.1	51.3
Acquisition	4.3	2.3	2.8	18.4	-	27.8
Sale/scrapping	-	-	-0.2	-0.7	-	-0.9
Reclassification	0.7	-	-4.2	13.8	-	10.3
Translation difference	-1.4	-0.4	-15.3	-1.8	-0.0	-18.9
Closing accumulated cost	88.8	15.0	300.1	80.6	1.4	485.9
Accumulated depreciation	-14.8	-1.5	-109.3	-14.4	-	-140.0
Acquisition	-1.4	-	-	-10.5	-	-11.9
Sale/scrapping	-	-	-	0.7	-	0.7
Reclassification	-0.3	-	-9.3	-1.6	-	-11.2
Depreciation for the period	-3.8	-0.9	-30.6	-10.3	-	-45.7
Translation difference	0.2	0.1	4.7	0.8	-	5.8
Closing accumulated depreciation	-20.0	-2.4	-144.4	-35.5	-	-202.3
Carrying amount	68.8	12.6	155.7	45.1	1.4	283.6
2024 (MSEK)	Buildings	Land and Ground Facilities	Machinery and technical plant	Inventory, tools and installations	Work in progress	Total Group
Opening acquisition values	77.7	10.2	215.2	16.5	4.5	324.1
Investments	1.8	0.1	28.8	12.1	5.4	48.2
Acquisition	1.5	-	32.2	3.3	-	37.0
Sale/scrapping	-	-	-1.6	-0.6	-	-2.2
Reclassification	0.0	-0.0	-3.0	13.3	-8.4	1.8
Translation difference	0.6	0.2	6.4	0.2	0.0	7.4
Closing accumulated cost	81.6	10.5	278.0	44.8	1.4	416.4
Accumulated depreciation	-11.2	-1.1	-81.3	-6.6	-	-100.1
Acquisition	-	-	-	-	-	-
Sale/scrapping	-	-	-	0.4	-	0.4
Reclassification	-0.0	0.0	-	-0.8	-	-0.8
Depreciation for the period	-3.6	-0.5	-26.6	-7.3	-	-37.9
Translation difference	-0.0	-0.0	-1.4	-0.1	-	-1.5
Closing accumulated depreciation	-14.8	-1.5	-109.3	-14.4	-	-140.0
Carrying amount	66.9	8.9	168.8	30.4	1.4	276.4

NOTE 12 - LEASING

The Group is a lessee of buildings, cars and certain other equipment. Certain leases of minor value and short-term leases have been excluded and are recognised on a straight-line basis in the income statement. This mainly applies to IT equipment such as photocopiers. A more detailed description can be found in Note 1 Accounting policies. In Finland, it is relatively common to have open-ended agreements without a specific end date; instead, these agreements have a mutual notice period, which is recognised over the period for which they are estimated to be extended. There are potential future increases in variable lease payments which are index-linked.

These payments are not included in the lease liability until the index adjustment takes effect. At that point, the lease liability is revalued and adjusted against the right of use. For property leases, extension options or automatic renewal are usually included if no notice of termination is given. When determining the lease term, extension options are taken into account, with inclusion in the lease term limited to those extension options that are reasonably certain to be exercised. Regular assessments are carried out for all lease agreements to ensure the correct determination of the current lease term.

Kostnader för leasade tillgångar

(MSEK)	2025	2024
Depreciation, right-of-use assets	40.7	31.9
Interest expense on lease debt	9.7	6.1
Total leasing costs	50.4	38.0

During the year, rights of use increased by SEK 4.7 million (70.6).

Future estimated minimum lease payments for leased assets, including extensions

(MSEK)	2025	2024
Payable within 1 year	40.9	40.8
Paid within 1 - 5 years	97.4	99.8
Payable later than 5 years	8.3	4.1
Total	146.6	144.8

Total cash outflow for the year relating to leasing was SEK 48.1 million (38.2). Costs for short-term lease agreements and low-value assets amounted to SEK 7.9 million (5.9).

2025 (MSEK)	Buildings	Cars & Other	Total
Additions during the year	44.8	0.6	45.4
Depreciation during the year	-40.2	-0.5	-40.7
Carrying amount at year-end	140.6	0.4	140.9

2024 (MSEK)	Buildings	Cars & Other	Total
Additions during the year	98.2	0.0	98.2
Depreciation during the year	-31.3	-0.6	-31.9
Carrying amount at year-end	136.7	0.5	136.2

NOTE 13 - INVENTORIES

Inventories	2025	2024
Raw materials and supplies	144.0	131.6
Goods in progress	20.1	23.8
Finished goods and merchandise	161.0	137.6
Total	325.1	293.0

NOTE 14 - OTHER CURRENT RECEIVABLES

Other current receivables	2025	2024
Tax receivables	3.9	2.6
Other current receivables	10.1	5.8
Total	14.0	8.4

NOTE 15 - PREPAID EXPENSES AND ACCRUED INCOME

Deferred expenses and accrued income	2025	2024
Prepayments	3.8	2.8
Other prepaid items	5.3	4.3
Accrued income	0.2	0.8
Total	9.4	8.0

NOTE 16 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents	2025	2024
Cash and cash equivalents	57.1	286.3
Total	57.1	286.3

There are no restrictions on the Group's use of cash and cash equivalents.

NOTE 17 - EQUITY

Share capital

As at 31 December 2025, the registered share capital of SEK 5,336,703 (5,292,099) consisted of 6,180,520 Class A shares and 47,186,512 Class B shares. Class A shares carry 10 votes per share and Class B shares carry 1 vote per share.

Number of shares	2025		2024	
	A shares	B shares	A shares	B shares
Opening number of shares	6,180,520	46,740,472	6,180,520	35,913,519
New share issue	-	446,040	-	10,826,953
Shares as of December 31	6,180,520	47,186,512	6,180,520	46,740,472

Other contributed capital consists of share issues and other contributions from owners. Translation reserves consist of translation effects from foreign operations that prepare their financial statements in a functional currency other than the currency in which the Group's financial statements are presented. Retained earnings, including profit for the year, consist of retained earnings and profit for the year.

NOTE 18 - FINANCIAL ASSETS AND LIABILITIES

2025 (MSEK)	Financial assets and liabilities measured at fair value through profit or loss	Financial assets and liabilities measured at amortised cost	Total fair value
Financial assets			
Non-current receivables	-	1.2	1.2
Accounts receivable	-	266.1	266.1
Cash and cash equivalents	-	57.1	57.1
Total	-	324.4	324.4
Financial liabilities			
Liabilities to credit institutions	-	370.4	370.4
Trade payables	-	104.2	104.2
Contract liabilities	-	3.4	3.4
Contingent liabilities	28.1	-	28.1
Put/call options attributable to non-controlling interests	122.1	-	122.1
Total	150.2	478.0	628.2

2024 (MSEK)	Financial assets and liabilities measured at fair value through profit or loss	Financial assets and liabilities measured at amortised cost	Total fair value
Financial assets			
Non-current receivables	-	0.6	0.6
Accounts receivable	-	239.6	239.6
Cash and cash equivalents	-	286.3	286.3
Total	-	526.5	526.5
Financial liabilities			
Liabilities to credit institutions	-	460.2	460.2
Trade payables	-	94.8	94.8
Contract liabilities	-	6.4	6.4
Contingent liabilities	47.2	-	47.2
Put/call options attributable to non-controlling interests	136.4	-	136.4
Total	183.6	561.4	745.0

The carrying amount is considered to be a good approximation of the fair value of liabilities to credit institutions, as the short fixed-interest periods and the limited maturity of the liabilities mean that the difference between the amortised cost and the fair value is immaterial. For 2025, there are two items measured at fair value through profit or loss. The fair value of contingent liabilities (earn-outs) has been calculated based on the expected outcome of financial and operational targets for each individual agreement. The estimated expected settlement will vary over time depending on, among other things, the degree of fulfilment of the conditions for the earn-outs and the development of certain exchange rates against the Swedish krona. Contingent additional purchase considerations classified as financial liabilities are measured at fair value. The measurement is therefore in accordance with Level 3 of the valuation hierarchy. Significant unobservable input data consists of forecast EBITA and, to some extent, a risk-adjusted discount rate. An increase in average expected EBITA of 5% for each company would increase the liability by approximately SEK 2.4 million.

The put/call options relating to non-controlling interests concern put/call options in completed transactions where the selling shareholder retains a certain ownership stake in connection with subsequent transactions, and there is an agreement that Karnell shall purchase the remaining holding if the holder of the put/call option chooses to exercise the right to sell. Valuation and payment are carried out in a similar manner to earn-outs (Level 3 Fair Value Measurement). The fair value of the put/call options has been calculated by assessing the probable outcome regarding financial and operational targets for each individual agreement. The estimated probability of payment will vary over time depending, among other things, on the extent to which the conditions for the put/call options have been met, as well as on exchange rate movements. Significant unobservable input data consists primarily of forecast EBITA and, to some extent, a risk-adjusted discount rate. A 5% increase in average expected EBITA across all companies would increase the liability by approximately SEK 7.6 million.

The levels are as follows:

- Level 1: financial instruments are measured at prices quoted in an active market
- Level 2: financial instruments are measured using directly or indirectly observable market data and which are not included in Level 1.
- Level 3: financial instruments are measured based on inputs that are not observable in the market

Changes in put/call options (MSEK)

Opening balance, 1 Jan 2025	136.4
Additional put/call options	23.7
Settled liabilities during the period	-41.1
Revaluations via the income statement	8.4
Exchange rate differences	-5.3
Closing balance, 31 Dec 2025	122.1

Changes in earn-outs (MSEK)

Opening balance, 1 Jan 2025	47.2
Additional earn-outs	5.1
Regulated during the period	-15.7
Revaluations via the income statement	-5.3
Exchange rate differences	-3.3
Closing balance, 31 Dec 2025	28.1

Classification of put/call options

Put/call options relating to non-controlling interests entitle the holder to sell shares from a specified date and oblige the company to purchase the shares on that date. These rights and obligations usually have no expiry date, and the holder does not usually exercise the right immediately upon its occurrence. Consequently, the liability for put/call options is usually recognised as a non-current liability. Where there is an indication that a put/call option holder wishes to exercise their option, the liability is recognised as a current liability. As at 31 December 2025, SEK 0 million (38.9) is recognised as a current liability.

If the liability for all call options where the holder has the right to exercise within 12 months were to be recognised as current, the current portion of the liability would amount to SEK 40.9 million (68.3).

NOTE 19 - PROVISIONS

Provisions (MSEK)	2025	2024
Provisions for pension	4.4	4.5
Guarantee commitments	0.2	0.3
Total provisions	4.6	4.8

Change in provisions (MSEK)	2025	2024
Opening balance	4.8	4.6
Provisions during the period	-	0.1
Guarantee commitments in acquired companies	-	0.0
Change in guarantee commitments	-0.2	0.0
Closing balance	4.6	4.8

NOTE 20 - FINANCIAL RISKS

Through its operations, the Group is exposed to various types of financial risks: credit risk, market risks (currency risk, interest rate risk and other price risks) and liquidity risk. Overall responsibility for the Group's risk management rests with the central finance function. The objective of the work on financial risks is to provide cost-effective financing and liquidity management by identifying, assessing and managing the risks to which the Group is exposed.

Credit risk

Credit risk is the risk that the Group's counterparty in a financial instrument will be unable to meet its obligations, thereby causing the Group a financial loss. The carrying amount of the Group's financial assets corresponds to the maximum credit risk exposure at the end of the reporting period. Credit risk relates primarily to trade receivables and cash and cash equivalents; see the breakdown of financial assets in Note 18. The principal credit risk relates to the Group's trade receivables. At each reporting date, the risk of credit losses is assessed prospectively using the simplified method, i.e. over the remaining term, by each subsidiary. Historical statistics and other relevant known information form the basis for the assessment, for both past due and non-past due trade receivables. When a receivable is past due, an individual assessment is made. Trade receivables are spread across a large number of counterparties, and neither the Group nor any subsidiary is dependent on a significant customer. Therefore, there is no concentration of credit risk in trade receivables. For project sales, the risk of bad debts is mitigated by the receipt of advance payments. If there is no expectation of payment for a receivable, it is written down in full immediately. The provision for expected credit losses amounts to a negligible sum in relation to the Group's turnover, only SEK 0.1 million (0.1). The cost of expected credit losses is recognised under 'Other external expenses' in the Group's income statement. Other financial assets are considered to pose an insignificant risk and, consequently, no further provisions for credit losses have been made.

Ageing analysis of trade receivables

Age analysis accounts receivable	2025	2024
Accounts receivable not due	238.0	223.3
Overdue:		
31-90 days	24.5	14.8
>91 days	3.8	1.7
Total, accounts receivable	266.2	239.8
Reserve credit losses	-0.1	-0.1
Total, Group	266.1	239.6

Provision for expected credit losses

(MSEK)	2025	2024
Opening balance	0.1	0.1
Reversal of previous reservations	-0.1	-0.1
This year's reservation	0.1	0.1
Total Group	0.1	0.1

Cash and cash equivalents

Placing cash and cash equivalents with a bank entails a certain degree of credit risk. Karnell works exclusively with banks of high credibility and with good credit ratings when placing any excess liquidity. No significant risk of credit loss is deemed to exist.

Market risk

Market risk is the risk that the fair value of, or future cash flows from, a financial instrument will fluctuate due to changes in market prices. Market risks are divided into three types: currency risk, interest rate risk and other price risks. The market risks affecting the Group consist primarily of currency risk and interest rate risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in foreign exchange rates. The main exposure arises from the translation of assets and liabilities denominated in foreign currencies, as well as from the translation of the assets and liabilities of foreign operations into the parent company's functional currency (translation exposure). The Group has no derivatives or similar instruments to hedge this exposure, but a natural hedge exists to some extent in that the external financing raised for acquisitions made in EUR is also raised in the same currency.

Currency risks also arise from the Group's sales and purchases in foreign currencies, known as transaction exposure. The Group does not hedge any foreign currency cash flows, but the effects of exchange rate fluctuations are mitigated by the fact that purchases and sales are often conducted in the same currency. The Group's profit includes exchange rate differences of SEK 6.1 million (0.8). In addition to SEK, Karnell is primarily exposed to the EUR and GBP currencies. See below for the effects that fluctuations in these currencies against SEK would entail.

Sensitivity analysis, impact (MSEK)	Currency change	EBT	Equity
2025	+5%	8.8	20.7
	-5%	-8.8	-20.7
2024	+5%	6.3	17.5
	-5%	-6.3	-17.5

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. A significant factor affecting interest rate risk is the fixed-rate period. In addition to equity, the Group's operations are also financed through external borrowing from credit institutions. This borrowing carries a variable interest rate based on a reference rate with a certain margin. Rising market interest rates therefore lead to increased interest expenses for the Group. A one-percentage-point increase in the interest rate would theoretically reduce profit by SEK 3.6 million (4.0). Karnell monitors interest rate trends on an ongoing basis and, based on this, assesses which interest rate terms are best for the Group in the long and short term. The Group also has the option of placing parts of any surplus liquidity in interest-bearing bank accounts in order to limit the effects of increased interest expenses.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting its obligations relating to financial liabilities. The Group has a centralised financing structure in which the parent company provides external financing to the subsidiaries. The Group's cash flow is forecast and monitored continuously to reduce liquidity risk and ensure solvency. Karnell also monitors balance sheet-based liquidity ratios on a quarterly basis against external parties to meet its covenants. The existing covenants relate to the balance sheet items 'Non-current liabilities' and 'Liabilities to credit institutions' and are thresholds for Net debt/EBITDA and Interest coverage ratio. The covenant requirements are met and are expected to continue to be met at future measurement points. Liquidity risk is mitigated by the Group's liquidity reserves, which are immediately available. As at the balance sheet date, the Group had revolving credit facilities of SEK 460 million (210), of which SEK 384 million was undrawn (140).

Maturity analysis of long-term and current liabilities

Maturity analysis liabilities, 2025	<1 year	1-3 years	>3 years	Total
Liabilities to credit institutions	44.2	366.0	-	410.2
Leasing liabilities	40.9	81.0	34.3	156.3
Contingent considerations	27.4	0.7	-	28.1
Put/call options	-	-	133.4	133.4
Accounts payables	104.2	-	-	104.2
Other current liabilities	76.3	-	-	76.3
Total	293.0	447.8	167.8	908.6

Maturity analysis liabilities, 2024	<1 year	1-3 years	>3 years	Total
Liabilities to credit institutions	93.0	366.3	1.0	460.2
Leasing liabilities	40.8	75.4	38.2	154.4
Contingent considerations	14.8	32.4	-	47.2
Put/call options	38.9	-	105.3	144.2
Accounts payables	94.8	-	-	94.8
Other current liabilities	104.3	-	-	104.3
Total	386.6	474.1	144.5	1 005.1

NOTE 21 - ACCRUED EXPENSES AND DEFERRED INCOME

Accrued expenses and deferred income	2025	2024
Accrued holiday pay	45.3	42.7
Accrued social contributions	19.2	11.3
Other items	15.5	15.4
Deferred earnings	1.0	0.1
Total	80.9	69.6

NOTE 22 - BUSINESS COMBINATIONS

Acquisitions in 2025

Männistö Oy Metallituote

On 31 January 2025, Karnell completed the acquisition of Männistö Oy Metallituote ("Männistö"), acquiring 90.4% of the company. The acquisition includes a put/call option conferring a right and an obligation to acquire the remaining 9.6% of the shares from the other owners. Consequently, the acquisition is recognised at 100% with no non-controlling interest. The expected purchase price for the remaining 9.6% is recognised as a liability. Männistö, located in Rauma, Finland, is a manufacturer specialising in pipe support systems for the maritime industry and proprietary products for HVAC and insulation applications. The company has a turnover of approximately EUR 6 million and is part of the Product Companies business area. The acquired goodwill relates to the company's expected future earning capacity and the expertise of its staff. No part of the goodwill is expected to be tax-deductible. Transaction costs for the acquisition amount to approximately SEK 2.0 million, a large part of which relates to transfer tax, and are included in the item "Other external costs" in the consolidated income statement. The acquisition balance sheet is preliminary as retroactive adjustments may still be made if they reflect new information regarding the circumstances prevailing at the acquisition date.

Warwick SASCo Ltd

On 1 April 2025, the acquisition of Warwick SASCo Ltd ("Warwick") was completed, with a 90.1% stake acquired. The acquisition includes a put/call option conferring a right and an obligation to acquire the remaining 9.9% of the shares from the other owners. Consequently, the acquisition is recognised at 100% with no non-controlling interest. The expected purchase price for the remaining 9.9% is recognised as a liability. Warwick SASCo, based in Leamington Spa, England, is a

designer and supplier of reusable specialist plastic products used in hospital and healthcare environments for sterilisation, surgery and patient care. Warwick forms part of the Product Companies business area. The acquired goodwill relates to the company's expected future earning capacity and the expertise of its staff. No part of the goodwill is expected to be tax-deductible. Transaction costs and transfer taxes for the acquisition amount to approximately SEK 1.4 million and are included in the item "Other external expenses" in the consolidated income statement. The acquisition balance sheet is preliminary as retroactive adjustments may still be made if they reflect new information

LundHalsey Ltd

On 4 July 2025, the acquisition of LundHalsey (Console Systems) Ltd ("LundHalsey") was completed, with 90.0% of the company acquired. The acquisition includes a put/call option conferring a right and an obligation to acquire the remaining 10.0% of the shares from the other owners. Consequently, the acquisition is reported as a 100% acquisition with no non-controlling interest. The expected purchase price for the remaining 10.0% is reported as a liability. LundHalsey, based in Aylesbury, England, is a designer and manufacturer of premium consoles used to equip control rooms. The company has an annual turnover of around GBP 10 million and is part of the Product Companies business area. The acquired goodwill relates to the company's expected future earning capacity and the expertise of its staff. No part of the goodwill is expected to be tax-deductible. Transaction costs and transfer taxes for the acquisition amount to approximately SEK 1.5 million and are included in the item "Other external costs" in the consolidated income statement. The acquisition balance sheet is preliminary as retroactive adjustments may still be made if they reflect new information regarding the circumstances prevailing at the acquisition date.

Purchase price allocation 2025

(MSEK)	Männistö	Warwick	LundHalsey	Total
Intangible fixed assets	39.0	24.5	49.7	113.1
Property, plant and equipment	9.6	8.1	17.0	34.7
Inventories	4.1	3.4	16.9	24.4
Current receivables	3.2	8.7	16.4	28.3
Cash and cash equivalents	3.2	2.8	2.6	8.6
Deferred tax	-7.8	-6.6	-13.8	-28.2
Non-current liabilities	-3.2	-5.4	-7.2	-15.8
Current liabilities	-15.5	-8.8	-21.4	-45.7
Net identifiable assets and liabilities	32.5	26.9	60.1	119.5
Cash purchase price	60.2	42.4	95.5	198.1
Contingent liability	-	5.1	-	5.1
Put/call option	7.8	4.7	11.2	23.7
Total purchase price	68.0	52.2	106.7	226.9
Net assets acquired	32.5	26.9	60.1	119.5
Goodwill	35.5	25.3	46.6	107.4
	68.0	52.2	106.7	226.9
Impact on the Group's cash and cash equivalents				
Cash compensation	-60.2	-42.4	-95.5	-198.1
Acquired cash and cash equivalents	3.2	2.8	2.6	8.6
Net cash and cash equivalents	-57.0	-39.6	-92.9	-189.5

Impact of acquisitions on the Group's income statement

(MSEK)	Männistö	Warwick	LundHalsey	Total
Impact after acquisition date included in consolidated earnings				
Net sales	65.8	29.8	53.6	149.2
Operating profit	14.1	7.0	11.0	32.1
Impact if the acquisitions were completed on Jan 1				
Net sales	71.7	41.0	110.4	223.1
Operating profit	15.2	9.8	13.6	38.6

NOTE 23 - EARNINGS PER SHARE

Earnings per share before dilution are calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the period. When calculating diluted earnings per share, the potential ordinary shares corresponding to the outstanding options are included to the extent that they give rise to a dilutive effect. This is the case if the issue of shares under the terms of the programme were to result in an issue at a price lower than the average price of outstanding ordinary shares during the period.

(MSEK)	2025	2024
Profit for the year	141.5	77.5
Profit for the year for calculation before and after dilution	141.5	77.5
Weighted number of ordinary shares before dilution ('000)	52,961	50,430
Dilution options ('000)	1,610	1,559
Weighted number of ordinary shares after dilution ('000)	54,572	51,989
Earnings per share, before dilution (SEK)	2.67	1.54
Earnings per share, diluted (SEK)	2.59	1.49

NOTE 24 - ITEMS NOT INCLUDED IN CASH FLOW

Adjustments for non-cash items in the cash flow	2025	2024
Depreciation and amortization	111.5	85.0
Other	0.2	-0.3
Exchange rate differences	-2.0	1.2
Total	109.7	85.9

Reconciliation of liabilities arising from financing activities

Changes in liabilities related to financing activities	1 Jan 2025	Cash flows	Non-cash changes			31 Dec 2025
			Business Acquisitions	New leasing contracts	Exchange rate differences	
Liabilities to credit institutions	460.2	-94.9	-	-	5.0	370.4
Lease debt	130.2	-38.6	15.4	34.9	-7.0	134.9
Liabilities arising from financing operations	590.4		15.4	34.9	-2.0	505.2

Changes in liabilities related to financing activities	1 Jan 2024	Cash flows	Non-cash changes			31 Dec 2024
			Business Acquisitions	New leasing contracts	Exchange rate differences	
Liabilities to credit institutions	376.0	56.0	14.8	-	13.5	460.2
Lease debt	68.1	-32.1	58.1	33.8	2.3	130.2
Liabilities arising from financing operations	444.1	23.8	72.9	33.8	15.8	590.4

NOTE 25 - PLEDGED ASSETS AND CONTINGENT LIABILITIES

Collateral provided	2025	2024
Collateral provided for own liabilities		
Pledged accounts receivables	6.9	-
Pledged internal loans to subsidiaries	-	18.1
Other	2.7	5.8
Total	9.6	24.0
Contingent liabilities	2025	2024
Guarantee commitments	1.6	-

NOTE 26 - RELATED PARTY TRANSACTIONS

All transactions between Karnell Group AB (publ) and its subsidiaries have been eliminated in the consolidated accounts. Remuneration to the Board of Directors and senior executives is disclosed in Note 5. During the year, the company redeemed 1,146,660 warrants from Board members and senior executives. No other transactions with related parties have taken place during the year.

NOTE 27 - GROUP COMPANIES

Subsidiary	Organization number	Ownership 31 dec 2025	Ownership 31 dec 2024
Tekniseri Nordic AB	559096-6163	100%	100%
Tekniseri Group Oy		100%	100%
Tekniseri Oy		100%	100%
Sealmaker Finland Oy		100%	100%
Tekniseri Suzhou		100%	100%
AB Svenska Maskinskyllfabriken		100%	100%
Autori group AB	559124-1087	89.0%	83.1%
Autori Oy		100%	100%
Simfas Sweden AB	556523-0652	70.0%	70.0%
Re-board Group AB	559230-0577	90.0%	90.0%
Re-board Technology AB		100%	100%
Vebe Teknik AB	556258-0844	92.0%	90.7%
KL Mechanics Oy	1484208-1	97.7%	97.7%
Rotomon Holding Oy	3250534-5	87.5%	87.5%
Rotomon Oy		100%	100%
Drivex AB	556491-4587	90.5%	72.5%
Drivex AS		100%	100%
Timeka Finland Oy	3304723-5	93.0%	93.0%
Timeka Oy		100%	100%
Suomen Tekniikkapalvelu Oy		100%	100%
Karnell Finland Oy	32959718	100%	100%
Sähkö-Jokinen Oy	0511709-9	91.9%	91.9%
Männistö Oy Metallituote	0138455-2	90.4%	0.0%
Vagnsteknik i Karlshamn AB	556682-1343	90.1%	90.1%
Plalite Ltd	00936082	92.5%	92.5%
Karnell Sverige AB	559483-5976	100%	100%
Ojop Sweden AB	556214-0755	90.1%	90.1%
NE Engineering Holding Ltd	13404454	90.1%	90.1%
NE Engineering Ltd	07032830	100%	100%
Haco Tellus AB	556204-5194	100%	100%
Haco Rehabservice AB	556150-0983	100%	100%
Warwick SAS Medical Ltd	12896990	90.1%	0.0%
Warwick SASCo Ltd	01574591	100%	0,0%
LundHalsey (Console System) Ltd	02502850	90.0%	0.0%

NOTE 28 - EVENTS AFTER THE BALANCE SHEET DATE

- Following the balance sheet date, Niklas Svensson has taken up his post as the new CFO. Niklas took up his post on 21 January 2026, succeeding Lars Neret, who remained with the company during a transitional period until 18 February 2026. The change is not expected to have any impact on the company's financial position as at the balance sheet date.
- On 16 March 2026, OBA Tradizione Futura S.R.L ("OBA"), an Italian niche manufacturer of premium products for vehicle customisation. The company has an annual turnover of approximately EUR 11 million and will be included in the Niche Production business area.

Income statement

Parent company

MSEK	Not	1 Jan-31 Dec 2025	1 Jan-31 Dec 2024
Net sales	30	3.7	3.3
Other operating income		0.0	0.0
Total income		3.7	3.3
Operating costs			
Other external expenses	33	-25.8	-21.9
Employee benefits expense	31,32	-13.1	-18.7
Depreciation and amortisation of tangible and intangible fixed assets	38,39	-0.1	-0.1
Other operating expenses		0.0	-0.1
Operating income		-35.4	-37.6
Profit/loss from financial items			
Profit from participations in Group companies	34	24.9	6.2
Other interest income and similar profit and loss items	35	36.0	47.4
Interest expenses and similar profit and loss items	36	-41.1	-39.4
Profit/loss before tax		-15.5	-23.4
Group contributions		32.8	16.6
Tax on profit for the year	37	-	-
Profit/loss after tax		17.3	-6.7

The result for the year is in line with the total result for the year.

Balance sheet

Parent company

MSEK	Not	31 Dec 2025	31 Dec 2024
ASSETS			
Fixed assets			
Intangible fixed assets	38	0.1	0.2
Property, plant and equipment	39	0.2	0.2
Shares in subsidiaries	44	1,168.6	947.9
Non-current receivables from subsidiaries	40	282.9	375.7
Total fixed assets		1,451.8	1,324.0
Current assets			
Current receivables from Group companies	40	38.5	16.8
Current tax assets		0.6	0.5
Other current receivables		0.3	0.2
Prepaid expenses and accrued income	41	0.7	0.4
Cash and bank	40	0.0	107.4
Total current assets		40.0	125.3
TOTAL ASSETS		1,491.9	1,449.2

MSEK	Not	31 Dec 2025	31 Dec 2024
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	46	5.3	5.3
		5.3	5.3
Free equity			
Premium reserve		1,001.5	986.3
Retained Profit or Loss		-146.4	-124.4
Profit for the year		17.3	-6.7
TOTAL EQUITY		877.6	860.4
Non-current liabilities			
Liabilities to credit institutions	40,47	329.1	351.7
Other non-current liabilities	40,47	100.1	116.2
Current liabilities			
Current liabilities to credit institutions	40,47	29.5	71.4
Current liabilities to group companies		119.4	-
Trade payables	40,47	1.2	0.8
Other current liabilities		29.3	45.0
Accrued expenses and deferred income	42	5.6	3.6
Total liabilities		614.2	588.8
TOTAL EQUITY AND LIABILITIES		1,491.9	1,449.2

Statement of changes in equity

Parent company

2025	Share capital	Premium fund	Retained earnings	Profit for the year	Total
Opening equity	5.3	986.3	-124.4	-6.7	860.4
New share issue	0.0	9.9			10.0
Option premiums		5.3			5.3
Warrants repurchased			-15.3		-15.3
Appropriation according to the resolution of the Annual General Meeting			-6.7	6.7	0.0
Profit/loss for the year				17.3	17.3
Closing equity	5.3	1,001.5	-146.4	17.3	877.6

2024	Share capital	Premium fund	Retained earnings	Profit for the year	Total
Opening equity	4.2	676.4	-86.2	-13.7	580.7
New share issue	1.1	324.9			326.0
Issue costs		-17.3			-17.3
Option premiums		2.2			2.2
Warrants repurchased			-24.4		-24.4
Appropriation according to the resolution of the Annual General Meeting			-13.7	13.7	0.0
Profit/loss for the year				-6.7	-6.7
Closing equity	5.3	986.2	-124.4	-6.7	860.4

Cash flow statement

Parent company

MSEK	Not	1 Jan-31 Dec 2025	1 Jan-31 Dec 2024
Ongoing operations			
Operating profit EBIT		-35.4	-37.6
Adjustment for items that are not included in the cash flow	43	0.1	0.1
Interest received		11.5	33.3
Interest paid		-22.7	-29.0
Income tax paid		-0.1	0.0
		-46.6	-33.1
Changes in working capital			
Changes in trade receivables		0.0	0.4
Change in operating receivables		-0.4	0.3
Change in operating liabilities		2.9	-1.0
Cash flow from changes in working capital		2.5	-0.3
Cash flow from operating activities		-44.1	-33.5
Investment			
Acquisition of subsidiaries	44	-146.1	-237.3
Shareholder contribution	44	-61.7	-16.2
Investments in tangible fixed assets	39	-0.1	-
Dividends received		24.9	-
Loans to subsidiaries		-15.7	-118.3
Repayment of loans from subsidiaries		94.1	86.6
Cash flow from investing activities		-104.6	-285.2
Financing activities			
New share issue		9.9	287.0
Borrowings		132.9	153.0
Loan repayments		-165.9	-39.1
Change in current credit facility		102.4	-54.5
Group contributions		11.1	-
Warrants		-10.0	-0.5
Cash-settled put/call options and earn-outs		-41.1	-6.3
Cash flow from financing operations		39.4	339.7
Cash flow for the year		-109.3	21.0
Cash and cash equivalents at the beginning of the period		107.4	85.3
Effects of translation differences in cash and cash equivalents		1.8	1.2
Cash and cash equivalents at the end of the period		0.0	107.4

Notes – Parent company

NOTE 29 – THE PARENT COMPANY'S ACCOUNTING POLICIES

The Parent Company applies the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. This recommendation means that the Parent Company applies the same accounting policies as the Group, except in cases where the Annual Accounts Act or applicable tax rules restrict the ability to apply IFRS.

The differences between the Group's and the Parent Company's accounting policies are set out below. The accounting policies for the Parent Company set out below have been applied consistently to all periods presented in the Parent Company's financial statements, unless otherwise stated. The Parent Company's revenue relates to management services and interest from subsidiaries, as well as the subletting of office premises.

Presentation of financial statements

The accounts of the parent company are prepared in accordance with the Annual Accounts Act for the balance sheet and income statement, and IAS 1 and IAS 7 regarding the statement of comprehensive income, statement of changes in equity and cash flow statement.

Subsidiaries

Holdings in subsidiaries and associated companies are accounted for in the parent company using the cost method. This means that transaction costs are included in the carrying amount of holdings in subsidiaries. In connection with the Group's impairment testing of goodwill, shares in subsidiaries are also tested for any impairment requirements, at least annually, but more frequently if there is an indication of a need.

Net sales

The parent company's income consists of management fees and interest on loans to subsidiaries. These are recognised as revenue on an accrual basis in the period in which they arise. Dividends are recognised as revenue in the period in which they are decided (anticipated) if the parent company has sole decision-making authority. Group contributions are recognised as appropriations. On the sale of subsidiaries, the gain or loss from the transaction is recognised in the period in which the disposal takes place.

Shareholder contributions are recognised directly in equity.

Leasing

In the parent company, all lease agreements are recognised as operating leases regardless of their economic substance, which means that they are expensed in the income statement on a straight-line basis over the lease term.

Financial instruments

Due to the link between accounting and taxation, the rules on financial instruments under IFRS 9 are not applied in the parent company as a legal entity; instead, the parent company applies the cost method in accordance with the Swedish Annual Accounts Act. In the parent company, financial non-current assets are therefore measured at cost and financial current assets in accordance with the lower of cost or market principle, with impairment for expected credit losses under IFRS 9 applied to assets that are debt instruments. The parent company applies the exemption from valuing financial guarantee contracts in favour of subsidiaries, associates and joint ventures in accordance with the rules of IFRS 9, and instead applies the valuation principles set out in IAS 37 Provisions, Contingent Liabilities and Contingent Assets. With regard to receivables from subsidiaries, an assessment is made on an item-by-item basis at each balance sheet date as to whether there is a need for impairment.

NOTE 30 – NET SALES

(MSEK)	2025	2024
Management fee	3.7	3.3
Other	0.0	0.0
Total	3.7	3.3

Net sales consist mainly of revenue from management services.

NOTE 31 – OPERATING LEASING

Lease costs for the year relating to lease agreements amount to SEK 1.0 million (0.5). The parent company's lease agreements relate to the rental of office premises.

Future lease payments are due as follows:

(MSEK)	2025	2024
Within a year	1.0	0.5
1-5 years	-	-
> 5 years	-	-
Total	1.0	0.5

NOTE 32 – AUDITORS' FEES

Remuneration to EY	2025	2024
The audit engagement	2.6	2.4
Audit activities beyond the audit engagement	0.5	0.0
Tax advice	0.0	0.0
Other	0.0	2.8
Total	3.1	5.2

NOTE 33 - EMPLOYEES BENEFITS EXPENSE

Average number of employees	2025		2024	
	Women	Men	Women	Men
Sweden	2	6	1	6

Jan-Dec 2025 (MSEK)	Board of Directors, CEO, Senior Executives	Other employees	Total
Salaries and other remuneration	10.0	7.0	17.0
Social costs	3.2	2.0	5.2
Pension costs	2.3	0.7	2.9
Other personnel costs	-	0.7	0.7
Total personnel costs	15.4	10.3	25.8

Jan-Dec 2024 (MSEK)	Board of Directors, CEO, Senior Executives	Other employees	Total
Salaries and other remuneration	8.5	4.9	13.4
Social costs	2.7	1.9	4.5
Pension costs	1.7	1.2	2.8
Other personnel costs	-	1.2	1.2
Total personnel costs	12.8	9.1	21.9

Gender distribution among senior executives on the balance sheet date	2025	2024
Proportion of women elected by the AGM on the Board	50%	50%
Proportion of men elected by the AGM on the Board	50%	50%
Proportion of women among CEOs and senior executives	0%	0%
Proportion of men among CEOs and senior executives	100%	100%

See also Note 5 for further information.

NOTE 34 - PROFIT FROM PARTICIPATIONS IN GROUP COMPANIES

(MSEK)	2025	2024
Dividend	24.9	6.2
Total	24.9	6.2

NOTE 35 - OTHER INTEREST INCOME AND SIMILAR PROFIT AND LOSS ITEMS

(MSEK)	2025	2024
Assets measured at amortised cost		
Interest income from Group companies	17.5	29.8
Total interest income according to the effective interest rate method	17.5	29.8
Other financial income	1.1	5.1
Exchange rate Gains	17.4	12.5
Total financial income	36.0	47.4

NOTE 36 - INTEREST EXPENSES AND SIMILAR PROFIT AND LOSS ITEMS

(MSEK)	2025	2024
Liabilities measured at amortised cost		
Interest expenses on interest-bearing liabilities	-21.2	-27.0
Total interest expenses according to effective interest rate method	-21.2	-27.0
Other financial expenses		
Exchange rate Losses	-18.4	-10.5
Other	-1.5	-1.9
Total financial expenses	-41.1	-39.4

NOTE 37 - TAX

Tax on profit for the year (MSEK)	2025	2024
Current tax	-	-
Deferred tax	-	-
Total reported tax	-	-
Reconciliation of effective tax	2025	2024
Reported profit before tax	17.3	-6.7
Tax at the current rate	-3.5	1.4
	20.6%	20.6%
Tax effect due to:		
Non-deductible expenses	-1.3	-0.1
Non-taxable income	5.1	1.3
Increase in loss carry-forwards without corresponding capitalisation of deferred tax	-0.3	-2.6
Total tax expense for the year	-	-
Percent	0.0%	0.0%

There is a tax loss carry forward for the parent company of SEK 101.9 million (100.4) that has not been capitalised.

NOTE 38 - INTANGIBLE FIXED ASSETS

(MSEK)	2025	2024
Opening acquisition values	0.4	0.4
Investments	0.0	0.0
Closing cost	0.4	0.4
Accumulated depreciation	-0.2	-0.2
Depreciation	-0.1	-0.1
Closing accumulated depreciation	-0.3	-0.2
Closing carrying amount	0.1	0.2

Intangible fixed assets consist of a consolidation system with a useful life of five years. The parent company has no research and development costs.

NOTE 39 - PROPERTY, PLANT AND EQUIPMENT

(MSEK)	2025	2024
Opening acquisition values	0.6	0.6
Investments	0.1	-
Sales/scrapping	-	-
Closing acquisition value	0.7	0.6
Opening accumulated depreciation	-0.5	-0.4
Depreciation for the period	-0.1	-0.1
Closing accumulated depreciation	-0.5	-0.5
Closing carrying amount	0.2	0.2

NOTE 40 - FINANCIAL INSTRUMENTS

Financial assets (MSEK)	2025	2024
Non-current receivables from Group companies	282.9	375.7
Current receivables from Group companies	38.5	16.8
Cash and bank	0.0	107.4
Total	321.3	499.9

Financial liabilities (MSEK)	2025	2024
Accounts payable	1.2	0.8
Liabilities to credit institutions	329.1	351.7
Non-current liabilities to Group companies	119.4	-
Current liabilities to credit institutions	29.5	71.4
Contingent earn-outs	28.1	34.9
Put/call options attributable to non-controlling interests	99.3	124.9
Total	606.8	583.8

NOTE 41 - PREPAID EXPENSES AND ACCRUED INCOME

(MSEK)	2025	2024
Prepaid rents	0.1	0.2
Prepaid insurance	0.0	0.0
Other prepaid items	0.5	0.1
Total	0.7	0.4

NOTE 42 - ACCRUED EXPENSES AND DEFERRED INCOME

(MSEK)	2025	2024
Accrued wages	3.4	2.1
Accrued social security contributions	1.1	0.7
Other accrued items	1.1	0.8
Total	5.6	3.6

NOTE 43 - ADJUSTMENTS FOR ITEMS NOT INCLUDED IN CASH FLOW

(MSEK)	2025	2024
Depreciation	0.1	0.1
Total	0.1	0.1

NOTE 44 - SHARES IN GROUP COMPANIES

Subsidiary	Organization number	Ownership share 2025	Ownership share 2024	Carrying value 2025	Carrying value 2024
Tekniseri Nordic AB	559096-6163	100%	100%	17.4	16.7
Tekniseri Group Oy		100%	100%		
Tekniseri Oy		100%	100%		
Sealmaker Finland Oy		100%	100%		
Tekniseri Suzhou		100%	100%		
AB Svenska Maskinskyllfabriken		100%	100%		
Autori group AB	559124-1087	89.0%	83.1%	27.4	28.2
Autori Oy		100%	100%		
Simfas Sweden AB	556523-0652	70.0%	70.0%	22.8	19.8
Re-board Group AB	559230-0577	90.0%	90.0%	12.8	13.9
Re-board Technology AB		100%	100%		
Vebe Teknik AB	556258-0844	92.0%	90.7%	24.5	25.2
KL Mechanics Oy	1484208-1	97.7%	97.7%	104.9	104.9
Rotomon Holding Oy	3250534-5	87.5%	87.5%	119.6	119.7
Rotomon Oy		100%	100%		
Drivex AB	556491-4587	90.5%	72.5%	108.6	109.6
Drivex AS		100%	100%		
Timeka Finland Oy	3304723-5	93.0%	93.0%	43.0	38.9
Timeka Oy	1569836-8	100%	100%		
Suomen Tekniikkapalvelu Oy		100%	100%		
Karnell Finland Oy	32959718	100%	100%	77.9	16.2
Sähkö-Jokinen Oy	0511709-9	91.9%	91.9%		
Männistö Oy Metallituote	0138455-2	90.4%	0.0%		
Vagnsteknik i Karlshamn AB	556682-1343	90.1%	90.1%	112.7	112.2
Plalite Ltd	00936082	92.5%	92.5%	70.0	75.5
Karnell Sverige AB	559483-5976	100%	100%	0.0	0.0
Ojop Sweden AB	556214-0755	90.1%	90.1%	70.8	70.3
NE Engineering Holding Ltd	13404454	90.1%	90.1%	88.5	89.6
NE Engineering Ltd	07032830	100%	100%		
Haco Tellus AB	556204-5194	100%	100%	106.0	107.2
Haco Rehabservice AB	556150-0983	100%	100%		
Warwick SAS Medical Ltd	12896990	90.1%	0.0%	53.7	0
Warwick SASCo Ltd	01574591	100%	0.0%		
LundHalsey (Console System) Ltd	02502850	90.0%	0.0%	108.2	0
Total				1 168.6	947.9

(MSEK)	2025	2024
Opening acquisition values	947.9	644.2
Acquisitions of subsidiaries	161.8	267.1
Revaluation of earn-out	-6.7	1.6
Revaluation of put/call options	3.9	18.8
Shareholder contribution	61.7	16.2
Total	1,168.6	947.9

Subsidiary	Description
Tekniseri	The Tekniseri Group offers so-called technical printing on plastic and metal, as well as precision cutting of speciality plastics. Its customers are primarily found within the Finnish engineering industry.
AUTORI	Autori Group is a software company offering a SaaS solution for the administration and reporting of infrastructure maintenance work. Sales take place in Finland and Sweden.
SIMFAS	SimFAS offers ready-made products and production solutions for fillers, adhesives and sealants. Its customers are primarily located in the Nordic region.
Re-board	The Re-board Group develops, manufactures and sells a paper-based board material on the global market.
VEBE	The Vebe Group develops, manufactures and sells bagging equipment to customers across a range of industries, primarily the food sector, on a global basis.
KL Mechanics	KL Mechanics is a precision manufacturer of components with a focus on machining. The company offers versatile, comprehensive services with high capacity. Its solutions range from precision mechanics to demanding assemblies and automation equipment.
RO TOMON	Rotomon is a manufacturer of rainwater, road, drainage and cable protection pipes under its own brand and product range.
DRIVEX	Drivex manufactures equipment for snow clearance and road maintenance, as well as equipment for material handling, earthworks and construction. The company's products are sold under its own brand and include snow ploughs, fork frames, sweepers and buckets. The equipment is primarily used on wheel loaders and tractors, with end customers in the contracting sector active in road maintenance and construction and civil engineering work.
TIMEKA	Timeka is a "one-stop-shop" niche manufacturer specialising in small-batch production. Its primary manufacturing processes include laser cutting, welding, bending, machining, surface treatment and assembly. Timeka's core customers are global machinery manufacturers that require multiple stages of the production process to be carried out by Timeka.
K-VAGNEN	K-Vagnen is a leading manufacturer of trolleys and equipment for grounds maintenance. The company's products are sold under its own brand and include, among other things, leaf vacuum trolleys, watering trolleys, hot-water weed control equipment, excavator trolleys and more.
Plalite	Plalite is a precision manufacturer specialising in the machining of complex components. The company has customers in sectors including the aerospace industry, high-performance sports cars and motorsport, all of which place high demands on quality and delivery reliability. The majority of the company's sales take place in the UK.
SähköJokinen	Sähkö-Jokinen is one of Finland's leading manufacturers of outdoor lighting products. Its solutions are primarily used for road and street lighting, but also for industry, railways and other public environments. The company's end customers are infrastructure owners, primarily in Finland and Sweden.
OJOP	OJOP manufactures and sells eccentric locks, trailer locks and quick-release battery connectors under a handful of brands. The company was founded in 1922 and has a long history of innovation and quality within the locking industry. OJOP's products are used across a range of sectors, including transport, construction, industry, ventilation and security.
NE Engineering	NE Engineering is a specialist precision manufacturer founded in 2009. They manufacture complex components for demanding environments for customers across a range of sectors, including subsea telecoms, oil and gas, renewable energy and exhaust gas treatment, as well as the aerospace and automotive industries.
Haco Tellus AB	Haco Tellus develops, manufactures and markets high-quality special-purpose wheels, customised solutions for conveyor systems and spare parts for assistive devices tailored to customer requirements. Their customers are primarily companies operating in industry, assistive device centres, hospitals and others. The majority of sales take place in Sweden.
Männistö	Männistö is a leading manufacturer of specialised pipe support systems and insulation products. The company's end customers are primarily active in the maritime industry and the HVAC sector. The majority of sales take place in Finland.
WarwickSASCo	Warwick Sasco is a British family-owned designer and supplier of reusable specialist plastic products used in hospital decontamination. The acquisition is a step towards diversifying our portfolio into healthcare-related sectors and is in line with our strategy of acquiring niche, family-owned companies with strong market positions and long-term potential.
LUNDHALSEY	LundHalsey, a British designer and manufacturer of advanced technical consoles for mission-critical control rooms in sectors such as aviation, infrastructure and broadcasting

NOTE 45 - APPROPRIATION OF PROFITS

The Board of Directors proposes that available earnings (KSEK):

Accumulated loss	-146,448
Premium reserve	1,001,484
Loss of the year	17,296
	872,332
To be appropriated so that the following is carried forward	872,332

NOTE 46 - EQUITY

See note 17.

NOTE 47 - FINANCIAL LIABILITIES

Maturity analysis liabilities, 2025	<1 year	1-3 years	>3 years	Total
Liabilities to credit institutions	43.5	353.7	-	397.2
Contingent earn-outs	27.4	0.7	-	28.1
Put/call options	-	-	107.0	107.0
Accounts payable	1.2	-	-	1.2
Total	72.2	354.4	107.0	533.5

Maturity analysis liabilities, 2024	<1 year	1-3 years	>3 years	Total
Liabilities to credit institutions	71.4	351.7	-	423.2
Contingent earn-outs	3.9	31.0	-	34.9
Put/call options	38.9	-	92.5	131.4
Accounts payable	0.8	-	-	0.8
Total	115.1	382.7	92.5	590.3

Definitions

Return on equity:

Profit after tax for the year as a percentage of average equity (opening balance plus closing balance for the period, divided by two). The purpose is to show the return on the operations during the period on the shareholders' invested capital.

Return on capital employed:

Profit after financial items plus financial expenses as a percentage of average capital employed (opening balance plus closing balance for the period, divided by two). The purpose is to demonstrate the profitability of the business in relation to its capital employed.

EBITA:

Operating profit before amortization of intangible non-current assets. EBITA is a complement to operating profit. The purpose is to measure the underlying result from operating activities, excluding depreciation and amortization of intangible assets.

EBITA margin:

EBITA as a percentage of net sales. The purpose is to demonstrate the operational profitability of the business regardless of depreciation and amortization of intangible fixed assets.

EBITA growth:

Change in EBITA compared to the same period last year. The purpose is to analyze earnings growth.

EBITDA:

Operating profit before depreciation. EBITDA is a complement to operating profit. The purpose is to measure the result from operating activities, regardless of depreciation.

EBITDA excl. leases:

Operating profit before depreciation adjusted for the reversal of leasing expenses in accordance with IFRS 16. EBITDA excl. leases is a complement to operating profit. The purpose is to measure the result of operating activities, regardless of depreciation and adjustments for leasing in accordance with IFRS 16.

EBIT margin:

Operating profit (EBIT) as a percentage of net sales. The purpose is to give an indication of profitability in relation to sales.

Net financial debt:

Net debt as described above, plus call/put options and earn-outs. The purpose is to clarify how large the total debt is minus current cash and cash equivalents (which in theory could be used to amortize loans).

Net financial debt/EBITDA:

The net financial debt divided by EBITDA for the last twelve-month period. The key figure is relevant for assessing the company's ability to make investments and live up to its financial commitments.

Net sales growth:

Change in the Group's net sales compared to the comparison period. The purpose is to show the total growth in net sales for all Group companies that are part of the Group in relation to the comparison period.

Net debt:

Non-current interest-bearing liabilities, non-current lease liabilities, current interest-bearing liabilities and short-term lease liabilities decreased by cash and cash equivalents. The purpose is to clarify how large the debt is minus current cash and cash equivalents (which in theory could be used to amortize loans).

Net debt excl. leases:

Non-current interest-bearing liabilities, short-term interest-bearing liabilities reduced by cash and cash equivalents. The purpose is to assess the Group's debt, without taking into account lease liabilities, as these have a different maturity structure.

Net debt excl. lease/EBITDA excl. lease:

Net debt excl. lease liabilities divided by EBITDA excl. leases for the most recent twelve-month period. The ratio provides an indication of the Group's ability to service its debts, excluding items related to IFRS 16, leasing.

Net debt/EBITDA:

Net debt divided by EBITDA for the last twelve-month period. The key figure is relevant for assessing the company's ability to make investments and live up to its financial commitments.

Organic EBITA growth:

Change in EBITA adjusted for exchange rate effects and acquired and divested EBITA, compared to the same period last year. Acquired companies are included in organic growth from the time they have comparative figures for the period in question. The purpose is to analyse the underlying earnings growth in current operations.

Organic net sales growth:

Change in net sales adjusted for currency effects and net sales acquired and divested, compared to the same period last year. Acquired companies are included in organic growth from the time they have comparative figures for the period in question. The purpose is to analyze the underlying net-sales growth in current operations.

Earnings per share, diluted:

Profit after tax divided by weighted average number of outstanding shares during the period, plus the number of shares that would have been issued as an effect of ongoing incentive programs.

Earnings per share, before dilution:

Profit after tax divided by weighted average number of outstanding shares during the period.

Equity ratio:

Equity as a percentage of total assets. The purpose is to assess financial risk and shows what proportion of the assets are financed with equity.

Capital employed:

Balance sheet total reduced by non-interest-bearing provisions and liabilities. The purpose is to show the capital financed by owners and lenders.

Reconciliation and calculation of alternative performance measures (APMs)

Karnell uses financial measures that are not defined in IFRS but are so-called alternative performance measures (APMs). These measures provide the reader with supplementary data and facilitate further analysis of the Group's performance over time. Below are reconciliations and a breakdown of the components included in the alternative performance measures used in this report. Reconciliation is carried out against the most directly comparable item, subtotal or total stated in the financial statements for the corresponding period.

EBITDA, EBITA and Operating profit (EBIT)

(MSEK)	2025	2024
EBITDA	319.1	235.7
Depreciation and impairment	-86.4	-69.8
EBITA	232.8	165.8
Depreciation and amortisation of intangible assets	-25.1	-15.1
Operating profit (EBIT)	207.6	150.7

EBITA margin and operating margin

(MSEK)	2025	2024
Net sales	1,687.6	1,402.3
EBITA	232.8	165.8
EBITA margin, %	13.8%	11.8%
Operating profit (EBIT)	207.6	150.7
Operating margin, %	12.3%	10.7%

Organic net sales growth, %

(MSEK, %)	2025		2024	
Growth net sales	285.3	20.3%	299.0	27.1%
Net sales	1,687.6	-	1,402.3	-
Acquired net sales growth	253.0	18.0%	262.1	23.8%
Net exchange rate effects	-32.6	-2.3%	-2.7	-0.2%
Organic net sales growth	64.9	4.6%	39.7	3.6%

Organic EBITA growth, %

(MSEK, %)	2025		2024	
Growth EBITA	66.9	40.3%	29.2	21.4%
EBITA	232.8	-	165.8	-
Acquired EBITA growth	51.5	31.1%	44.8	32.7%
Net exchange rate effects	-5.6	-3.4%	-0.4	-0.3%
Organic EBITA growth	21.0	12.6%	-15.3	-11.1%

Net debt

(MSEK)	2025	2024
Interest-bearing liabilities	370.4	460.2
Cash and cash equivalents	57.1	286.3
Net debt excl. leasing	313.3	174.0
Lease liabilities	144.6	138.5
Net debt	457.8	312.5
Other liabilities	150.2	183.6
Financial net debt	608.0	496.0

Leasing impact on EBITDA

(MSEK)	2025	2024
EBITDA	319.1	235.7
Leasing impact on EBITDA	-48.1	-37.6
EBITDA excl. leasing	271.1	198.0

Net debt/EBITDA

(MSEK)	2025	2024
Financial net debt/EBITDA	1.9	2.1
Net debt/EBITDA	1.4	1.3
Net debt excl. leasing/ EBITDA excl. leasing	1.2	0.9

Return on equity

(MSEK)	2025	2024
Profit for the period	141.5	77.5
Equity, average	1,199.8	969.7
Return on equity	11.8%	8.0%

Return on capital employed

(MSEK)	2025	2024
Profit after financial items	178.6	114.6
Financial expenses (+)	-62.5	-71.1
Profit after financial items plus financial expenses	241.1	185.7
Balance sheet total, average	2,229.9	1,916.7
Non-interest-bearing liabilities (-), average	391.4	369.1
Non-interest-bearing provisions (-), average	81.8	56.5
Capital employed	1,756.7	1,491.1
Return on capital employed, %	13.7%	12.5%

Certification by the Board of Directors and the CEO

The Board of Directors and the Chief Executive Officer hereby certify that the consolidated financial statements and the annual report have been prepared in accordance with the International Financial Reporting Standards referred to in Regulation (EC) No 1606/2002 of 19 July 2002 on the application of International Financial Reporting Standards and generally accepted accounting principles, and give a true and fair view of the financial position and results of the Group and the Parent Company. The management report for the Group and the Parent Company provides a fair review of the development of the Group's and the Parent Company's operations, financial position and results, and describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group. The Board of Directors and the Chief Executive Officer also confirm that the annual report has been prepared in accordance with the European Sustainability Reporting Standards (ESRS) and the specifications adopted pursuant to the EU Taxonomy Regulation.

Stockholm, 31 March 2026

Patrik Rignell
Chairman of the Board

Per Nordgren
Board member

Lena Wäppling
Board member

Dajana Mirborn
Board member

Hans Karlander
Board member

Helena Norman-Knutson
Board member

Petter Moldenius
CEO

Our audit report on the annual accounts and consolidated accounts has been issued as of the date of electronic signature.

Our audit report on the statutory sustainability report has been issued as of the date of electronic signature.

Ernst & Young AB

Michaela Nilsson
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of Karnell Group AB (publ), corporate identity number 559043-3214

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Karnell Group AB (publ) except for the statutory sustainability report on pages 14-56 and the corporate governance statement on pages 57-64 for the year 2025. The annual accounts and consolidated accounts of the company are included on pages 14-109 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2025 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and

present fairly, in all material respects, the financial position of the group as of 31 December 2025 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the statutory sustainability report on pages 14-56 and corporate governance statement on pages 57-64. 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 in accordance with the Audit Regulation (537/2014) Article 11.

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.

Impairment testing of goodwill

Description	How our audit addressed this key audit matter
<p>The carrying amount of goodwill as of December 31, 2025, was 871.9 million SEK, representing 39,2% of the group's total assets. As described in Note 10 of the Annual Report, goodwill is tested for impairment at least annually in accordance with IAS 36. The assessment is based on an evaluation of the recoverable amount for all cash-generating units identified by management, incorporating individual assumptions regarding future growth, operating profit, and discount rates. Management's estimate of future cash flows is based on market conditions, growth, and margins, considering the existing structure of the asset without the impact of future acquisitions. The test is based on complex valuation models, significant assumptions, and judgments that carry inherent uncertainty. Changes in assumptions may have a substantial impact on the recoverable amount. Furthermore, the value of goodwill is significant. Considering the above, we consider the valuation of goodwill to be a particularly significant area in our audit.</p> <p>The accounting principles are described in Note 1, Significant Estimates and Judgments in Note 2, and the carrying amounts and impairment testing in Note 10.</p>	<p>We have reviewed the company's impairment testing and examined it with the assistance of valuation specialists. Our audit procedures to evaluate management's impairment assessment have included:</p> <ul style="list-style-type: none"> • Evaluation of the model and assumptions. This evaluation involved assessing whether the model is prepared in accordance with accepted valuation techniques, as well as reviewing discount rates and assumptions in comparison to peer companies. • Testing management's sensitivity analysis and conducting independent sensitivity test of key assumptions to determine whether a reasonable future change in these would result in an impairment requirement. • Assessment of the reasonableness of future cash flows against the approved budget, and forecasts, as well as other information obtained through discussions with management and review of minutes from board meetings and other management meetings. • Evaluation of management's accuracy in estimating future cash flows by comparing historical forecasts against actual outcomes. <p>We have reviewed the disclosures provided in the financial statements regarding the impairment testing.</p>

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 1-13 and 14-56. The other information also includes the remuneration report and were obtained before the date of this auditor's report. 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.

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

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated accounts. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our opinions. .

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

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence,

and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of

the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter

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 Karnell Group AB (publ) for the year 2025 and the proposed appropriations of the company's profit or loss.

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

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 Karnell Group AB (publ) for the financial year 2025.

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 Karnell 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.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 57-64 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's standard RevR16 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.

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

Ernst & Young AB, with the lead auditor Michaela Nilsson, Box 7850, 103 99 Stockholm, was appointed auditor of Karnell Group AB (publ) by the general meeting of the shareholders on the 7 May 2025 and has been the company's auditor since the 15 November 2016.

Gothenburg, according to date of electronic signature

Ernst & Young AB

Michaela Nilsson

Auktoriserad revisor

Auditor's limited assurance report on Karnell Group AB (publ)'s sustainability statement

This is the translation of the auditor's limited assurance report in Swedish. To the General Meeting of the shareholders Karnell Group AB (publ), corporate identity number 559043-3214

CONCLUSION

We have conducted a limited assurance engagement of the sustainability statement prepared by Karnell Group AB (publ) (the company) for the financial year 2025. The sustainability statement is included on pages 14-56 of this document.

Based on our limited assurance engagement as described in the section Auditor's Responsibility, nothing has come to our attention that causes us to believe that the sustainability statement is not, in all material respects, prepared in accordance with the Swedish Annual Accounts Act, which includes:

- Whether the sustainability statement meets the requirements of ESRS
- Whether the process carried out by the company to identify reported sustainability information has been conducted as described in the sustainability statement; and
- Compliance with the reporting requirements in Article 8 of the EU's Green Taxonomy Regulation.

BASIS FOR CONCLUSION

We have conducted the limited assurance engagement in accordance with FAR's recommendation RevR 19 – Revisorns översiktliga granskning av den lagstadgade hållbarhetsrapporten. Our responsibility under this recommendation is described in more detail in the section Auditor's Responsibility.

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

OTHER INFORMATION THAN THE SUSTAINABILITY STATEMENT

This document also contains other information than the sustainability statement, found on pages 1-13. The Board of Directors and the Managing Director are responsible for this other information.

Our conclusion on the sustainability statement does not cover this other information, and we do not express any conclusion with assurance regarding this other information.

In connection with our limited assurance engagement on the sustainability statement, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the sustainability statement. In this procedure we also take into account our knowledge otherwise obtained in the limited assurance engagement 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.

OTHER MATTER

The sustainability statement for the previous financial year 2024 has not been subject to a limited assurance engagement according to RevR 19 Revisorns översiktliga granskning av den lagstadgade hållbarhetsrapporten. Therefore, no limited assurance engagement of comparative figures in the sustainability statement for 2025 has been performed.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND MANAGING DIRECTOR

The Board of Directors, and the Managing Director, are responsible for the preparation of sustainability statement in accordance with Chapter 6, Sections 12–12f of the Swedish Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of the sustainability statement that is free from material misstatements, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion whether the sustainability statement is prepared in accordance with Chapter 6, Sections 12–12 f of the Swedish Annual Accounts Act based on our limited assurance engagement.

The limited assurance engagement has been conducted in accordance with FAR's recommendation RevR 19 Revisorns översiktliga granskning av den lagstadgade hållbarhetsrapporten. This recommendation requires that we plan and perform our procedures to obtain limited assurance that the sustainability statement is prepared in accordance with these requirements.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. This means that it is not possible for us to obtain such assurance that we become aware of all significant matters that could have been identified if a reasonable assurance engagement had been performed.

Our firm applies ISQM 1 (International Standard on Quality Management), which requires the firm to design, implement, and manage a quality management system including guidelines or procedures regarding compliance with ethical requirements, standards of professional practice, and applicable laws and regulations.

We are independent of Karnell Group AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities according to these requirements.

A limited assurance engagement involves performing procedures to obtain evidence to support the sustainability information. The auditor selects the procedures to be performed, including assessing the risks of material misstatements in the sustainability statement, whether due to fraud or error. In this risk assessment, the auditor considers the parts of the internal control that are relevant to how the Board of Directors and the Managing Director prepares the sustainability statement, in order to design procedures that are appropriate under the circumstances, but not for the purpose of providing a conclusion on the effectiveness of the company's internal control. The review consists of making inquiries, primarily of persons responsible for the preparation of the sustainability statement, performing analytical review, and conducting other limited review procedures.

The review procedures primarily include:

Our review procedures regarding the sustainability statement included, but were not limited to the following:

- Through inquiries, obtaining a general understanding of the internal control environment, reporting processes, and information systems relevant to the preparation of the information in the sustainability statement.
- Evaluating whether information identified as material through the process the company has undertaken to identify the content of the sustainability statement is also included.

- Evaluating whether the structure and presentation of the sustainability statements are consistent with the requirements of ESRS;
- Conducting inquiries with relevant personnel and analytical review procedures regarding selected disclosures in the sustainability statements;
- Performing substantive review procedures of selected disclosures in the sustainability statements;
- Obtain, through inquiries and analytical review procedures, support for the methods used for preparing material estimates and forward-looking information and on how these methods were applied;

Our review procedures regarding the process the company have undertaken to identify sustainability information to report included, but were not limited to the following:

- Obtaining an understanding of the process by conducting inquiries to understand the sources of the information used by management (e.g., stakeholder dialogues, business plans, and strategy documents), and
- Reviewing the company's internal documentation of its process; and
- Evaluating whether the information obtained from our procedures regarding the process implemented by the company aligns with the description of the process in page 25 in the sustainability statement.

Our review procedures regarding the taxonomy disclosures included, but were not limited to the following:

- Obtaining an understanding of the process for identifying economic activities that are covered by and are consistent with the EU Green Taxonomy and the corresponding disclosures in the sustainability statement.
- Conducting inquiries to relevant personnel and analytical review procedures on the taxonomy disclosures;
- Conducting inquiries to understand the sources of the information used in the taxonomy disclosures;
- Evaluating whether the presentation of the taxonomy disclosures is consistent with the requirements of the EU Taxonomy Regulation.

INHERENT LIMITATIONS

In reporting forward-looking information in accordance with ESRS, the board and management of Karnell Group AB (publ) must prepare forward-looking information based on specified assumptions about events that may occur in the future and possible future activities of Karnell Group AB (publ). Actual outcomes are likely to differ, as expected events often do not occur as anticipated.

Göteborg, according to date of electronic signature

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