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Fagerhult Group



Welcome to Fagerhult Group, a leading global manufacturer of professional lighting solutions. With our in-depth knowledge and insight about the impact of light on humans, we create innovative, smart and sustainable lighting solutions, adapted to a range of different application areas.

A wide-angle photograph of a paved path along a rocky coastline at dusk. The path is illuminated by a series of modern, cylindrical, ground-mounted lighting fixtures that cast a warm, golden glow. The path curves along the edge of a dark, rocky cliff on the left and a rocky beach on the right. The ocean is visible in the distance under a twilight sky with soft clouds. The overall mood is serene and modern.

Lights up our lives and environments

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Our business areas

Collection

Premium

Professional

Infrastructure

Our offering

The right light in the right place

Smart lighting

Cover photo:

A complex project to refurbish the collections of the National Portrait Gallery, in which the natural and artificial lighting was designed and calibrated not only in relation to the works on display, but also to the architectural and layout characteristics of the different rooms.

[Read more here \(ext. link\) →](#)



Innovation is a key part of our strategy and is crucial to our long-term competitiveness.

→

Smart lighting is the key to efficient and sustainable environments, both indoors and outdoors.

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Our path to net-zero – and to a brighter, more sustainable society.

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"Circularity opens up new materials and partnerships that benefit our customers, the Group and the environment."



We put people first by valuing diversity, creating open environments, and embracing different perspectives.



"In all my years at Fagerhult, I have never seen a product take off so quickly."



This is Fagerhult Group

Fagerhult Group is a leading global player within professional lighting, holding a position as one of the largest in Europe. The Group brings together 13 strong brands in four business areas – Collection, Premium, Professional and Infrastructure – and supports development through two shared technology platforms. Working together, we create innovative, smart and sustainable lighting solutions for both indoor and outdoor environments.

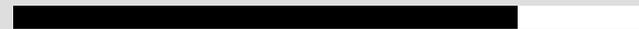
With roots in Swedish industry and a history stretching back to 1945, we have developed into an international group with operations in 27 countries. Our local presence is crucial. All our brands are based near to their point of origin, which allows us to be close to customers and partners, to customise our products and ensure short lead times, while our global reach provides strength in terms of innovation, quality and delivery.

Working closely with researchers from leading universities, we are constantly pushing the boundaries of what lighting can achieve. A great deal has changed over the years, but one thing remains: our conviction that better lighting leads to a better quality of life.



Sales by geographic market in 2025

80% Europe



13% Asia and Australia



7% North America



Countries

27

Brands

13

Technology platforms

2

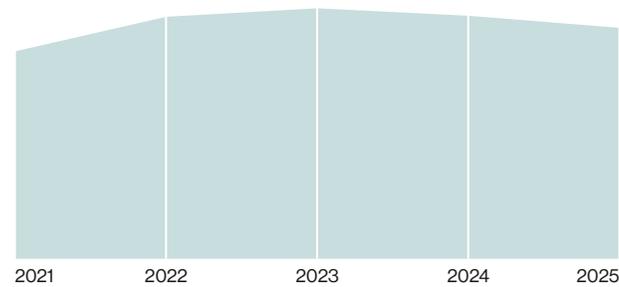
Employees

4,100

2025 results

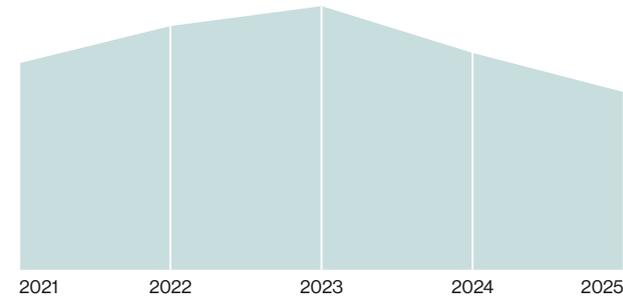
Net sales

7,891 MSEK



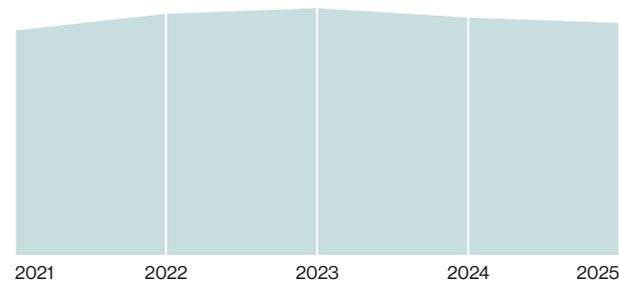
Operating profit¹⁾

607 MSEK



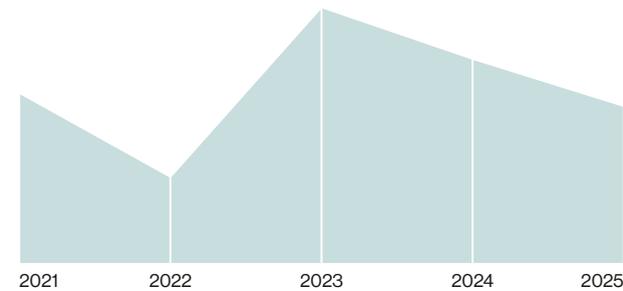
Order intake

7,928 MSEK



Operating cash flow

740 MSEK



2025 was characterised by a continued weak new construction segment in Europe and a cautious market. Through efficiency measures, strengthened cost control and an increased focus on the renovation segment, the Group enhanced its resilience in a volatile environment.

Order intake amounted to MSEK 7,928 (8,114), a decrease of –2.3 per cent (–2.5 per cent after adjustment for currency effects and acquisitions). Net sales amounted to MSEK 7,891 (8,305), a decrease of –5.0 per cent (–5.8 per cent after adjustment for currency effects and acquisitions). Operating

profit before items affecting comparability (IAC) amounted to MSEK 607 (741), with an operating margin before IAC of 7.7 (8.9) per cent. EBITA before IAC amounted to MSEK 688 (820), corresponding to an EBITA margin before IAC of 8.7 (9.9) per cent. Operating cash flow amounted to MSEK 740 (964). The gross margin stabilised in the fourth quarter.

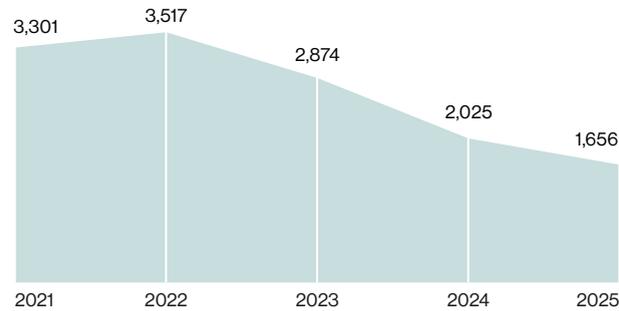
Performance improved gradually during the year, and the fourth quarter was the strongest of the financial year, with a stabilised gross margin.

	2021	2022	2023	2024	2025
Net sales, SEK million	7,088	8,270	8,560	8,305	7,891
Operating profit before items affecting comparability, SEK million	706	833	901	741	607
Operating profit, SEK million	706	833	901	670	577
Profit after net financial items, SEK million	622	791	756	532	465
Earnings per share before items affecting comparability, SEK	2.64	3.27	3.09	2.31	1.93
Earnings per share, SEK	2.64	3.27	3.09	2.01	1.80
Sales growth, %	4.0	16.7	3.5	–3.0	–5.0
Operating margin before items affecting comparability, %	10.0	10.1	10.5	8.9	7.7
Operating margin, %	10.0	10.1	10.5	8.1	7.3
EBITA before items affecting comparability, MSEK	794	899	972	820	688
EBITA margin before items affecting comparability, %	11.2	10.9	11.4	9.9	8.7
EBITDA, MSEK	1,147	1,257	1,341	1,130	1,041
Net debt/EBITDA	2.3	2.4	1.8	2.0	2.9
Equity/assets ratio, %	49.1	51.6	55.2	54.4	52
Return on capital employed, %	6.9	8.0	8.6	6.5	5.8
Return on equity, %	7.8	8.8	7.7	4.8	4.4
Net debt, SEK million	2,603	2,971	2,414	2,261	2,990
Net investments in fixed assets, SEK million	150	180	243	213	271

¹⁾ Before items affecting comparability

GHG emissions

1,656 ktonnes CO_{2e}



During 2025, we have reduced our GHG emissions by 50 per cent from the base year 2021.

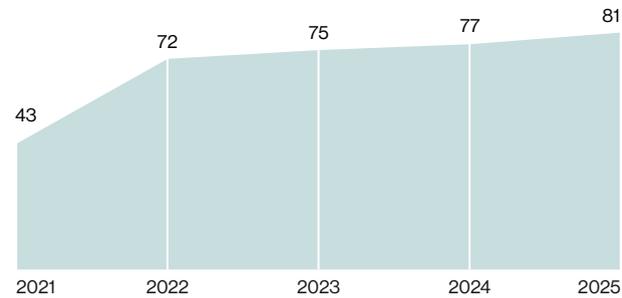
The whole organisation is strongly committed to reducing our emissions and reach the targets to 2030 and 2045. To do so we have a clear road map which group companies implement.

Increasing the share of smart lighting is a prioritised area to reduce emission during use phase. Increasing the efficiency of our luminaires is another focus area.

New material choices and efficiency measures in material use has been in focus during the year and will be going forward.

Share of renewable electricity

81%

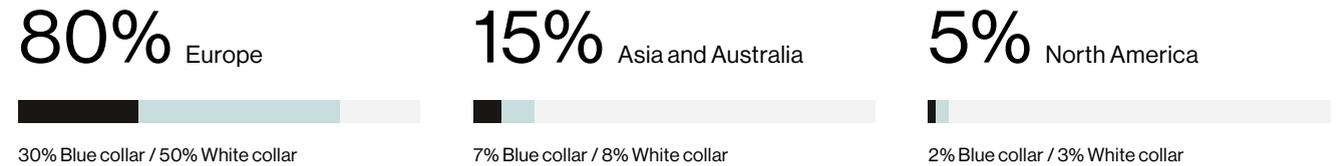


Use of energy in own operations is key to reduce emissions and during 2025, the share of renewable electricity reached 81 per cent. In the latest years, we have increased on-site production of renewable electricity through solar panels, which now account for 18 per cent of the group's electricity consumption.

Gender distribution, employees

66/34 male/female

Geographical distribution of employees by role



People are at the core of everything we do. The expertise, curiosity, and commitment of our employees are what enable us to develop the smart, circular lighting solutions of the future. Within Fagerhult Group, our culture is fundamental to driving both innovation and long-term results.

Gender distribution, Group Management

50/50 male/female

During the year, we have focused on embedding our core values and leadership principles, the foundation for responsive and growth-oriented leadership. Operating across many parts of the world, we value the diversity of perspectives that our open Group culture foster.

“We have shown that we can deliver under pressure, and that gives me great confidence for the future.”



As we summarise the past year, it is evident that this period has been defined by significant contrasts. In a global landscape marked by macro-economic and geopolitical uncertainty, we have seen no external tailwinds; on the contrary, we have navigated high levels of volatility that have tested the underlying strength of our organisation. Despite these challenging conditions, we have successfully executed our strategy and we take with us significant progress in both acquisitions and innovation as well as in our extensive sustainability work.

A consistent focus for 2025 has been to strengthen the parts of the business that we can control. The result of this work became particularly clear during the final quarter of the year, which was the Group's strongest in terms of turnover.

Although some parts of the organisation are still undergoing a transformation, where profitability has not yet reached our goals, we see that the efficiency measures are now building a more resilient Group. We are not yet fully satisfied with the full-year results, but the direction is correct and the foundation is significantly stronger than at the beginning of the year.

Strategic acquisitions

The Group finalised two key acquisitions in 2025: Trato TLV and Capelon. Through the acquisition of Trato TLV, we have secured a strategic presence in France. The deal opens doors to new segments for healthcare equipment and gives us a leading role in lighting solutions for retail chains on the French market. Simultaneously, the acquisition of the technology company Capelon meant that the Group accelerated its position regarding smart lighting, an initiative where we are already seeing concrete results in the form of new business in Norway and Finland. That nearly one in four Swedish municipalities has also chosen to partner with us is a clear testament to the confidence in our solutions.

Technology and innovation at the forefront

With over a million light points controlled using Capelon's technology, we have created a platform for future growth that extends far beyond our traditional product boundaries. This technology modernises how we manage outdoor infrastructure and provides a complete real-time overview of every light point. In parallel with this, we continue to drive development for larger indoor environments via Organic Response, ensuring comprehensive strength in the Group's total offering.

More than just lighting

Light and light quality are the foundation of everything we deliver, where Human Centric Lighting constitutes an

important part of our work. Here, we translate advanced lighting technology into solutions that optimise human well-being. As experts, we know that this requires significantly more than just a physical installation. The right lighting, at the right time, in the right place is a business-critical factor for health and productivity in all environments where people spend time. Prioritised visual comfort and daylight-like properties create solutions that make a measurable difference for both businesses and individuals. This is knowledge we integrate into the next generation of lighting systems.

Our projects shape the future

In one of Sweden's largest infrastructure projects, Västlänken in Gothenburg, our brand, Fagerhult, has played an important role through the delivery of 1,400 custom-built luminaires to Station Centralen. With a total weight of 35 tonnes, the solution is uniquely adapted to promote a safe and sustainable environment for the travellers of the future.

Furthermore, our brand WE-EF's lighting delivery to King Salman Park in Riyadh further strengthens the Group's international presence. The project is a model for sustainable urban development, where our lighting realises solutions for reduced climate impact and biodiversity. It is a strategically important assignment that confirms our leading position regarding large, sustainable infrastructure projects on the global market.

Sustainability as the core

For us, sustainability is not a separate track in the business; it constitutes the core of everything we do. Since the base year 2021, we have reduced our greenhouse gas emissions by approximately 50 per cent, which shows that we are making real progress towards our Science Based Targets. During the year, we have deepened our transition plan with a higher level of detail to reach net-zero by 2045. A part of this work is our strong focus on circular product development. We see this not least in the launch of Wrapped, the world's first pendant luminaire in cardboard, and iGuzzini's Ribeira, which is designed entirely without glue or silicone to enable





full recycling. These products show that we can combine high design quality with a minimal environmental footprint while the products meet a growing demand from customers who set concrete requirements for sustainability.

Culture, engagement and education

Our decentralised model is one of our great strengths and thanks to the employees' drive and local expertise, real success is generated. During the year, we have been challenged, not least by the IT incident at Whitecroft. The commitment and the culture shown to quickly return to full operational capacity were very impressive. It reminds us that technical systems ultimately rest on human agency.

We continue to invest in our talent with leadership training and a strong dedication to the Group's corporate culture. The competition for competence is high. Our offering of a workplace where innovation and sustainability are at the centre ensures that we continue to attract the talent of the future.

Future outlook and confidence

Despite entering 2026 against the backdrop of unusually strong figures from the previous year, we see structural changes that create good conditions. With focused collaboration, we are now identifying the opportunities that pave the way for profitable growth. The combination of innovation and commercial drive strengthens our position with both customers and owners. Our objective is to lead the market and unite our historical expertise with new connected technology.

In conclusion, I would like to extend a big thank you to all our employees and partners. Our collective work lays the foundation for Fagerhult Group's continued journey. We have shown that we can deliver under pressure, and that gives me great confidence for the future.

Bodil Sonesson
CEO and President



Strategy for a sustainable future

Market potential

Opportunities in the world around us

Long-term goals for sustainable success

A strategy for the future

Focus areas

Development projects

Three reasons to invest in Fagerhult Group

A stable market in professional lighting

The global professional lighting market is characterised by stable demand and long-term growth. Developments are mainly driven by urbanisation, the need to modernise existing environments, as well as stricter energy requirements and regulatory decisions that increase the demand for sustainable solutions.



Fagerhult Group is active within professional lighting for both indoor and outdoor environments, such as offices, health-care and retail, as well as urban environments and roads. The total market in our prioritised regions is estimated at approximately USD 14.5 billion in Europe, USD 28.5 billion in Asia and Australia, and USD 15.9 billion in North America¹⁾.

In the long term, the market is being driven by the need to reduce energy consumption and climate impact in both new construction and existing installations. An important aspect of this potential lies in the renovation and upgrading of installed stock, where energy efficiency improvements and better light quality are the main drivers.

To meet these needs, development and innovation in lighting technology play a crucial role. The continued shift to LEDs is creating opportunities globally, while smart lighting is contributing to significant energy savings and increased sustainability. These technological advances, reinforced by tightened regulations and national initiatives, are driving the market towards innovative solutions that combine design, function and sustainability.

Through our global presence and market-leading expertise, we are strategically positioned to accelerate our growth in line with market developments.

Market estimate, USD billion

Europe

14.5

Asia and Australia

28.5

North America

15.9

¹⁾ Source: CSIL 2025 World report for Lighting fixtures. Market data refers to professional lighting (indoor and outdoor) in selected regions (preliminary estimates).

Driving forces in the world around us

Long-term changes in the outside world affect both society and the conditions for Fagerhult Group's operations. For us, this means opportunities to translate these societal trends into innovative solutions that combine energy efficiency, function and light in a way that contributes to safe, pleasant and healthy environments.

Regulatory requirements and climate change

The consequences of climate change are becoming increasingly evident, increasing the need for energy-efficient and sustainable lighting solutions. LED technology, smart control systems and new material choices are making it possible to reduce both energy consumption and climate impact. At the same time, legal requirements and increased customer expectations are driving the trend towards more resource-efficient and circular products.

Global power relations

Geopolitical shifts – i.e. changing relationships between countries and regions – are increasing the need for secure supplies and robust value chains, where local presence and production are becoming increasingly important. At the same time, rising energy prices are making efficiency improvements and energy savings key issues for both businesses and the public sector. Together, these developments are benefitting operators who are able to offer reliable, energy-efficient lighting solutions with strong local roots.

Digital transformation and smart lighting

Digitalisation and smart technology are changing the way lighting is designed, installed and used. Sensors, open systems and new applications of artificial intelligence (AI) are creating opportunities to optimise energy consumption, simplify operation and maintenance, and integrate light into larger ecosystems for smart buildings and cities.

Continued urbanisation

Urbanisation is continuing apace, with a growing share of the world's population living in cities. People are also spending most of their time indoors. This is reinforcing the need for lighting solutions that contribute to safety, comfort and well-being in public spaces, workplaces and urban areas.

Linen, which is a natural material, is used in the Light Shed Linen from iGuzzini. The luminaire was developed in a partnership with researchers to reduce environmental impact and linen is a natural material that helps reduce the carbon and water footprints.

Long-term goals for sustainable success

Our long-term goals indicate the direction of the Group's development and provide a framework for creating sustainable growth over time. They express our ambitions over an economic cycle and serve as a guide to the developments we want to pursue.

	Goal	Remarks
Average annual growth rate	10%	Our goal is to achieve an average annual growth rate of 10 per cent. Outcomes are influenced by the economic cycle.
Operating margin	10%	Our goal is to have an operating margin of more than 10 per cent.
Dividend, of earnings per share	40–60%	Our long-term goal is to distribute 40–60% of our annual profits to our shareholders every year.
Climate	Net-zero 2045	We have developed climate targets that are validated by the Science Based Target initiative (SBTi). These include reducing our greenhouse gas emissions in line with the Paris Agreement's 1.5°C target and reaching net zero by 2045.

A strategy for the future

Our strategy is setting the direction for the entire Group and helping us achieve our long-term goals. It is based on three focus areas – innovation, sustainability and employees – which are managed at Group level, while the operational work is carried out locally at our brands, close to customers.

The strategy is realised through both organic development and selective acquisitions that strengthen the Group in our priority areas. In this way, we are able to create sustainable growth over time and strengthen our position in a constantly changing market.

Our vision

A world enhanced by light

Our vision expresses the common direction that characterises all our activities. It relates to the importance of light in people's everyday lives and in all environments, and reflects the driving force that characterises and unites us within Fagerhult Group. We are deeply rooted in a culture of innovation and share a passion for light – a passion that we employ to make the world more beautiful and help people to feel better.

Our values

Curious Creators that are Committed Together to Aim Higher

Our values describe how we act in our day-to-day lives and what is required of us to shape the lighting market of the future. They guide the way we cooperate with each other, our customers and our partners – and how, together, we are driving Fagerhult Group forward.

Focus areas

Innovation

Sustainability

Employees

Our offering

The right lighting in the right place Smart lighting

With our knowledge of visual comfort, the biological effects of light and safety, we create lighting solutions tailored to the way people actually live, work and move – indoors and out.

Focus area Innovation

Innovation is a key part of our strategy and is crucial to our long-term competitiveness. We combine our cutting-edge expertise within lighting and knowledge of the importance of light for people and the environment with continuous technological development. In this way, we are able to meet increasing demands for energy efficiency, sustainability and smart functionality.

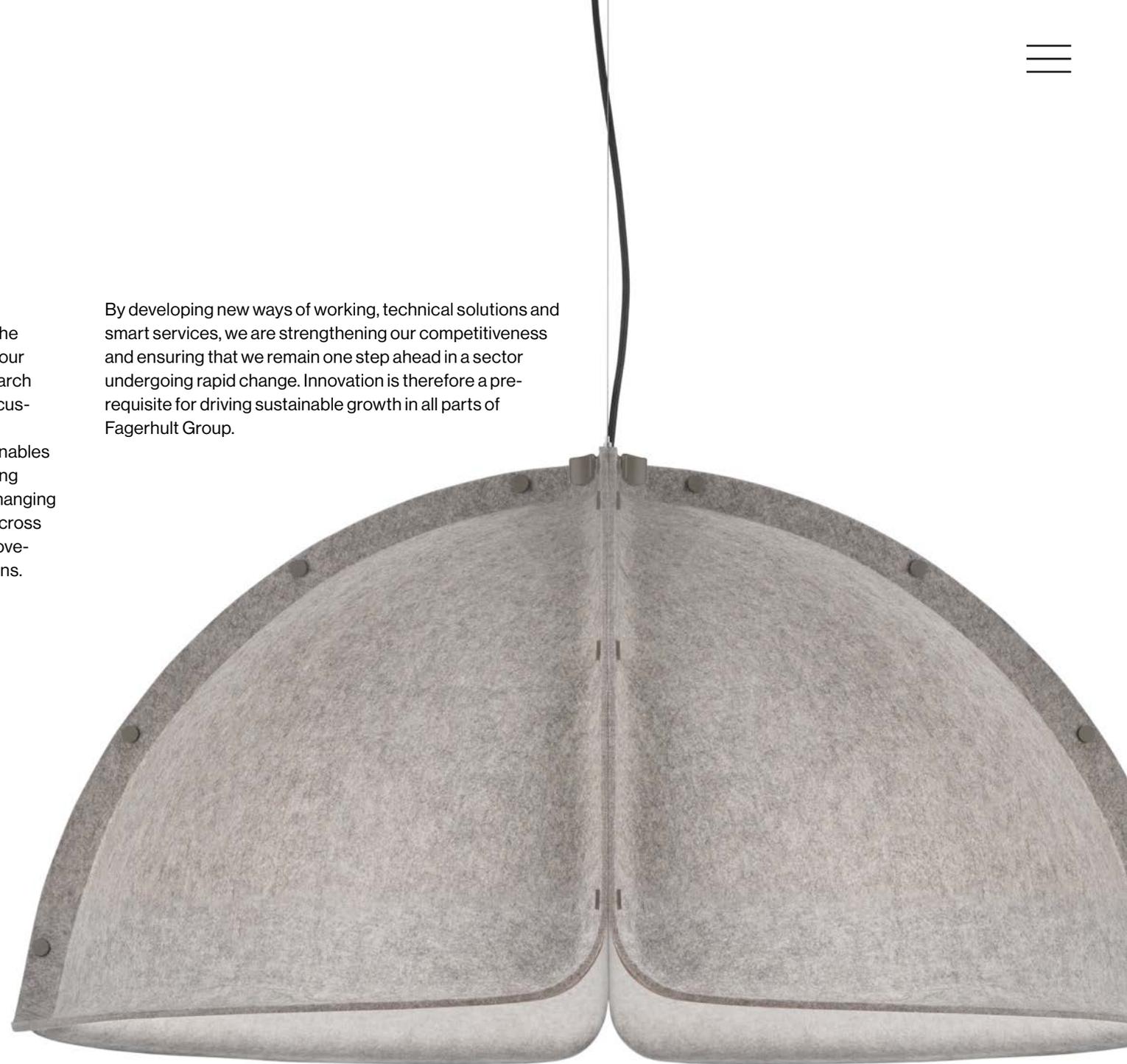
Innovation as a driver of sustainable growth

Our innovation stems from the interaction between the Group's shared resources and the local expertise of our brands. By sharing knowledge, technology and research results, we are able to develop solutions that create customer value and contribute to lower climate impact.

Innovation is also an important tool for growth. It enables us to develop new offerings and more efficient working methods, and strengthens our position in a rapidly changing industry. Smart lighting is a priority focus area right across the Group, both as a driver of energy efficiency improvements and as a platform for future connected solutions.

By developing new ways of working, technical solutions and smart services, we are strengthening our competitiveness and ensuring that we remain one step ahead in a sector undergoing rapid change. Innovation is therefore a prerequisite for driving sustainable growth in all parts of Fagerhult Group.

Wool is a natural material with numerous benefits: it is durable, malleable, biodegradable, and flame-retardant. Select models in the Hood luminaire series from ateljé Lyktan feature Swedish wool, which shortens the value chain and reduces the environmental footprint.



Innovation in practice – an open ecosystem

In order to translate our innovation strategy into tangible solutions, technological developments are carried out in close cooperation with our brands and the Group's common technology platforms.

A key part of Fagerhult Group's innovation work is conducted through our two technology platforms: Organic Response and Capelon. These companies have their own

offerings and customers, while also acting as common technology engines for the entire Group. Together, they constitute an open ecosystem where technology and knowledge are developed, shared and scaled between the Group's brands.

With a focus on smart control, connected luminaires and data-driven lighting, the platforms contribute both to

attractive solutions in their respective markets and to strengthening the Group's overall offering. This makes it easier for our brands to integrate new technology, develop smart products and meet increasing demands for energy efficiency, safety and sustainability – both now and in the future.

Organic Response

For smart and energy-efficient indoor environments

Organic Response was established in Melbourne in 2011, with the aim of resolving the challenge of lights being left on unnecessarily in office spaces after working hours. Each luminaire has a built-in sensor that detects presence and shares information with adjacent luminaires, creating an autonomous, energy-efficient and user-friendly control system. The solution is utilized across various indoor environments, reducing energy consumption while remaining easy to install and fully integrable with the building's other systems.

Capelon

For safe and energy-efficient outdoor lighting

Founded in Stockholm in 1996, Capelon is a market leader in Sweden when it comes to smart outdoor lighting. As a pioneer in the field of connected urban environments, their platform is based on open, reliable powerline technology that connects thousands of units in real time. Thanks to Capelon's expertise and their open, scalable IoT platform, Fagerhult Group is able to offer solutions that promote energy-efficient and connected cities, with enhanced operational monitoring and more efficient maintenance, where the flexibility to connect other smart services via the same network creates a robust infrastructure for the smart societies of the future.

Smart lighting is the key to efficient and sustainable environments, both indoors and outdoors

Johan Lembre,
Chief Technology Officer

As Chief Technology Officer of Fagerhult Group, Johan combines in-depth technical expertise with a clear vision for the future. He is leading the Group's strategic shift into an era of smart lighting, where connectivity, sustainability and intelligent environments work together. Johan Lembre is basically building the digital backbone for Fagerhult Group's future, focusing on connected solutions and resource efficiency as well as driving knowledge development in the market.

How has your work on smart lighting progressed in 2025?

During the year, we have taken a number of important steps aimed at strengthening the Group's offering, in both indoor and outdoor environments. One key milestone was the acquisition of Capelon, which provides us with a solid foundation as regards smart outdoor lighting. With its established customer base, where more than 60 of Sweden's municipalities are already using Capelon's solution, we now have a strong platform for continued growth across the Nordic region and the rest of Europe.

In order to accelerate skills development within our sales organisation, we have launched a digital training programme that focuses on smart lighting. Several of our brands have now made this a mandatory training element for their sales teams.

We have also assumed an active role in driving open standards, such as Real Estate Core (REC). Open standards, where data can be shared in a structured way, will not only facilitate integration between systems in a building, but also help to demonstrate the benefits of smart lighting. For example, they can provide detailed occupancy data to optimise the energy consumption of different property systems.

What has been key to increasing customer value this year?

An important element has been the further development of our service offering for smart lighting. For large customers with high sustainability ambitions, the potential for smart lighting to contribute to broader efficiency improvements is increasingly being recognised. Services that share occupancy data are providing an entirely new picture of how premises are actually used, leading to energy savings and more efficient property management, such as better control of heating, ventilation and use of the building's spaces.

What role do your technology platforms play in developing and scaling smart lighting within the Group?

Through our technology platforms, Organic Response (indoor) and Capelon (outdoor), we are centralising the Group's expertise in respect of smart lighting in a shared organisation. This is providing us with the strength to build a scalable business model that drives growth and innovation across the entire Group.

From an innovation perspective, what are you focusing on going forward in order to achieve your goals in the coming years?

We are continuing to work towards our ambition that every luminaire we sell will be able to be connected and have an integrated sensor, providing our customers with full access to the benefits of smart lighting. By integrating smart technology with our luminaires at an early design stage, we are realising this vision. In this respect, new technology in the form of radar sensors will be able to contribute many new possibilities and extend the use of smart lighting to new application areas.

It will also be key in helping our customers to meet the requirements of the upcoming EU Energy Performance of Building Directive (EPBD), including through energy reporting and savings. Here, we are already creating measurable benefits for our customers through Organic Response.

Outdoors, we are continuing to build on Capelon's strong position and their open platform, which is not only enabling municipalities and cities to halve their energy costs for lighting, but also to take steps towards smart, connected cities.

The Energy Performance of Buildings Directive (EPBD) is the EU's common framework for improving the energy efficiency of buildings. The Directive sets out requirements for e.g. measuring, reporting and optimising energy use – areas where smart lighting can provide valuable data and tangible savings.



“Services that share occupancy data are providing an entirely new picture of how premises are actually used, leading to energy savings and more efficient property management, such as better control of heating, ventilation and use of the building’s spaces.”

Johan Lembre, Chief Technological Officer

Focus area sustainability

At Fagerhult Group, sustainability is central to everything we do. It shapes our strategy, governance and daily operations. Our goal is to deliver professional lighting solutions that help people feel and perform at their best, while reducing environmental impact and supporting the ongoing shift towards a circular economy. We focus on energy efficiency, reduced emissions, smarter use of materials and enhanced well-being.

Governance – the foundation for responsible business

Our governance structures and values aim to ensure that inclusion and responsibility guide us at every stage of our value chain. We are committed to transparency, integrity, and a culture that encourages curiosity. Our commitment to ethical and sustainable business is supported by robust governance frameworks, a Code of Conduct with zero tolerance for corruption, and clear positions on anti-money laundering, competition law, human rights and precautionary principles, all reinforced by our anti-corruption policy.

Social responsibility – empowering people and partnerships

Our people are fundamental to our achievements. With global reach and strong local presence, we combine international expertise with local insight, supporting employee development and building longterm relationships with customers and partners. Collaboration and shared knowledge are essential to achieving our climate goals and transitioning to more circular business models.

We invest in competence, collaboration, and a positive culture to create a workplace where employees feel engaged and valued. Diversity and inclusion are prerequisites for innovation and sound decision-making. We promote safe and inclusive workplaces, invest in skills and leadership development, and respect human rights, fair working conditions and diversity – both within our own operations and throughout our supply chain.

Environmental responsibility – reducing our footprint, maximising our impact

We focus our environmental efforts where we can make the greatest difference – the climate footprint of our lighting solutions throughout their life cycle. Over 90 per cent of our total climate impact occurs during the use phase, mainly from electricity consumption. Materials and components are the second-largest source of emissions, followed by logistics and our own energy use. This highlights the importance of smart lighting, energy efficiency, conscious material choices, and circularity in our sustainability work.

We are committed to continuous improvement and innovation, ensuring our business creates value for people, society, and the planet.



Towards a brighter future – our path to net-zero

Our path to net-zero is built on clear, science-based climate targets and concrete action. Achieving net-zero means cutting our greenhouse gas emissions as far as possible and then ensuring all remaining emissions are removed from the atmosphere. Fagerhult Group is committed to reaching net-zero emissions by 2045, by reducing emissions in our operations, our supply chain, and supporting our customers with high-efficiency smart lighting solutions.

Between 2021 and 2030, we aim to reduce Scope 3 emissions by 30 per cent and Scope 1 and 2 emissions by 70 per cent.

To achieve our science-based net-zero targets, we focus on four main areas:

- Phasing out natural gas use and increasing the share of renewable energy in our own operations.
- Doing more with less through conscious material choices and closer supplier collaboration.
- Maximising energy efficiency in the use phase of our products through integrating smart lighting and harnessing new technologies in our products and services.
- Gradually unlocking circularity through reuse, upgrading, and new business models.

Together, these efforts form our path to net-zero – and to a brighter, more sustainable society.

Through the effort and focus we place on moving towards our climate targets, we are also able to lower our environmental impacts beyond greenhouse gas emissions. Embracing circularity goes hand-in-hand with solving several of the complex challenges on the road to net zero, as well as finding better ways to treat nature in our value chain and identifying new opportunities for our business. Across the Group in 2025, we have strengthened our framework for working with circularity, developed new products in line with circularity principles, and tested new circular business models – bringing circularity some steps closer, for us and our clients.

Our near-term and long-term targets

2030

Reduced emissions by:

70%

Scope 1 and 2

30%

Scope 3

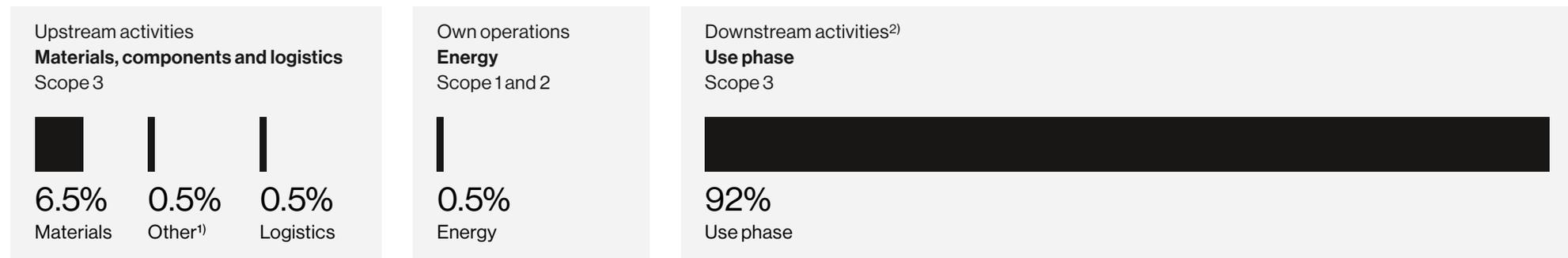
2045

Reach net-zero GHG emissions

Net zero

Fagerhult Group

Footprint from products sold by Fagerhult Group 2025



1,656 kilotonnes CO₂e
Total GHG emissions

¹⁾ Other includes employee commuting, business travel and waste.

²⁾ Downstream activities also include end of life treatment and downstream logistics.



Our targets are validated by SBTi
(Science Based Targets initiative)

Circularity as a driver of long-term success

Why is circularity central for Fagerhult Group in achieving its net zero-target?

To achieve our net zero goal, we need to reduce our dependence on greenhouse gas-intensive raw materials. Circularity gives us a practical framework for doing this. By closing the loop on the resources we use to deliver professional lighting solutions we can significantly reduce, and eventually eliminate, the need to extract and process new raw materials. The benefits of circularity go well beyond our commitment to net-zero, but this commitment and the climate emergency provides the urgency to act now and move away from the linear 'take-make-waste' model.

What do you see as the biggest risks and opportunities for Fagerhult Group as you accelerate the transition to circular lighting solutions?

One of the biggest opportunities in the circular transition is the chance to take a fresh approach. The transition will encourage us to rethink product design, manufacturing, business operations and our role in the industry. Circularity opens up new materials and partnerships that benefit our customers, the Group and the environment. Our strong presence in Europe is a strategic advantage, providing a solid foundation and a supportive framework for our circular transition. This is why we focus on demonstrating that circularity is not just good for the environment, but also for business – making our supply chains more resilient, reducing depen-

dence on distant resources, cutting waste, improving products, and strengthening relationships with our partners and customers. When we look at risks, the building industry's risk-averse nature could be the biggest challenge. This challenge will require us to not only deliver and communicate the benefits of circular solutions, but also to work within our industry to highlight the more substantial risks associated with inaction.

Looking towards 2030, what do you want customers and partners to associate with Fagerhult Group when they hear the word "circularity"?

By 2030, I want customers and partners to see Fagerhult Group as a leader in the circular transition for professional lighting – a benchmark for integrating circular solutions into the built environment, benefiting owners, facility managers, tenants, and the planet. I hope our commitment to circularity leads to stronger, more productive relationships and expands our industry networks, helping to enable a truly circular economy. When people think of Fagerhult Group and circularity, I want them to remember that we embraced circularity as an opportunity and developed capabilities that go far beyond those required for the old linear 'take-make-waste' model.

Dean Campbell-Smith,
Director Sustainable innovation



Second Life gives ateljé Lykta's existing luminaires new life by combining 90 years of experience with modern, energy-efficient lighting technology. By preserving the outer frame while upgrading the interior with smart control systems like Organic Response, energy consumption can be reduced by up to 80%. It is a sustainable solution that extends the product's lifespan and unites timeless design with today's high demands for efficiency.

Focus area employees

At Fagerhult Group, our culture is a key enabler of innovation and long-term success. By fostering curiosity, psychological safety and shared learning, and by embedding our values throughout the organisation, we create conditions for people and ideas to grow.

Corporate culture

Successful innovation depends on a Group culture that encourages people to challenge established ways of working, explore new opportunities, and build psychological safety, curiosity and shared learning. We strive to embed our culture and values throughout the Group. A strong culture of innovation also helps us attract talent. Continuous learning and training – including our Learning & Growth sessions and awareness training – are key to our success and an integral part of how we work.

A holistic view of Group culture

At Fagerhult Group, we take a long-term and purposeful approach to building our capacity to collaborate and evolve with our surroundings. Shared values and a sustainable culture require ongoing, persistent work across the entire organisation. Building and maintaining networks – between HR, business areas, Group Management, and subsidiary leadership – is essential. Consistent communication about

values and Group culture throughout the organisation places high demands on structure and coordination.

Values

Our core values are the foundation of our Group culture. They shape how we work, how we treat each other, how we recruit, evaluate performance, and develop leadership. Strong values build a strong culture and pave the way for success.

We believe values should come from our employees, not just be presented to them. In 2021, we engaged the whole organisation to review and define our culture. High employee involvement resulted in value words that reflect our passion for light and our sense of responsibility: Curious Creators, Committed Together and Aim Higher. In other words: Curious Creators that are Committed Together to Aim Higher – fully in line with our heritage. Today, these values are embedded through learning initiatives and are the basis for recruitment, leadership development, and talent reviews.



Leadership principles

Fagerhult Group's six leadership principles are rooted in our core values. They are designed to strengthen our daily work and prepare us for the future in a fast-changing industry. We put people first by valuing diversity, creating open environments, and embracing different perspectives. Security enables growth, and an inclusive culture encourages everyone to share ideas and make better decisions.

By leading ourselves and others, we build empathy and develop both individuals and the business. We encourage dreaming and experimentation, unlocking creativity as curious creators. Through attentiveness and open dialogue, we foster innovation and stronger collaboration. The future also demands courage to challenge the status quo, follow global trends, and seek new opportunities so we can continue leading our industry forward.

Our leadership framework, developed in 2023/24, provides a shared language for leadership and is now used in recruitment, development, and performance dialogues across the Group.

Five reasons to work at Fagerhult Group – Together, we light up the world

Andrea Gageik,
Chief People Officer

A culture built on curiosity and togetherness

At Fagerhult Group, people are at the heart of everything we do. Our employees' competence, curiosity and commitment enable us to develop smart, circular lighting solutions and remain a knowledge leader in our industry. Our culture is one of our greatest strengths – and something we actively nurture.

During the year, we have continued to strengthen our core values – *Curious Creators, Committed Together and Aim Higher*. They guide how we collaborate, lead and grow. Our leadership principles, developed together with colleagues across the organisation, set a shared direction for attentive, clear and development-oriented leadership. We want everyone to see how their work makes a real difference – for customers, colleagues and society.

Innovation as part of everyday life

Innovation at Fagerhult Group is woven into our daily work. Diversity and inclusion are essential for innovation and sound decision-making, and through training, dialogue and continuous learning we actively use different perspectives to strengthen both our culture and our offering.

As our solutions become increasingly digital and connected, cybersecurity is a natural part of our work.



Our employees' expertise in data, system architecture and security ensures reliable, future-proof solutions and a safe digital environment for customers and teams.

Collaboration across our brands is a powerful driver of innovation. As I often say, Committed Together has become a key to success.

Sustainability as a driving force

Sustainability is deeply embedded in our strategy and a strong driver of development and growth. As our industry moves towards higher sustainability standards, smart technologies and circular business models, our people play a crucial role in turning ambition into action.

Circularity and resource efficiency require new skills, new ways of working and close collaboration across the value chain. Teams across development, production, marketing and sales work together to deliver solutions that are both smart and sustainable. Digitalisation creates efficiencies – and allows us to invest further in innovation.

People in focus – truly

Our employees enable our success. Their knowledge and engagement turn ambitions in smart lighting, sustainability and new business models into reality. That is why we invest

long-term in competence development, collaboration and culture.

We strive to be a workplace where people want to contribute, grow and stay, supported by a strong, inclusive culture and a high degree of trust and freedom to take initiative. I have never seen an organisation with so much freedom, and with that freedom comes a strong sense of self-leadership and accountability.

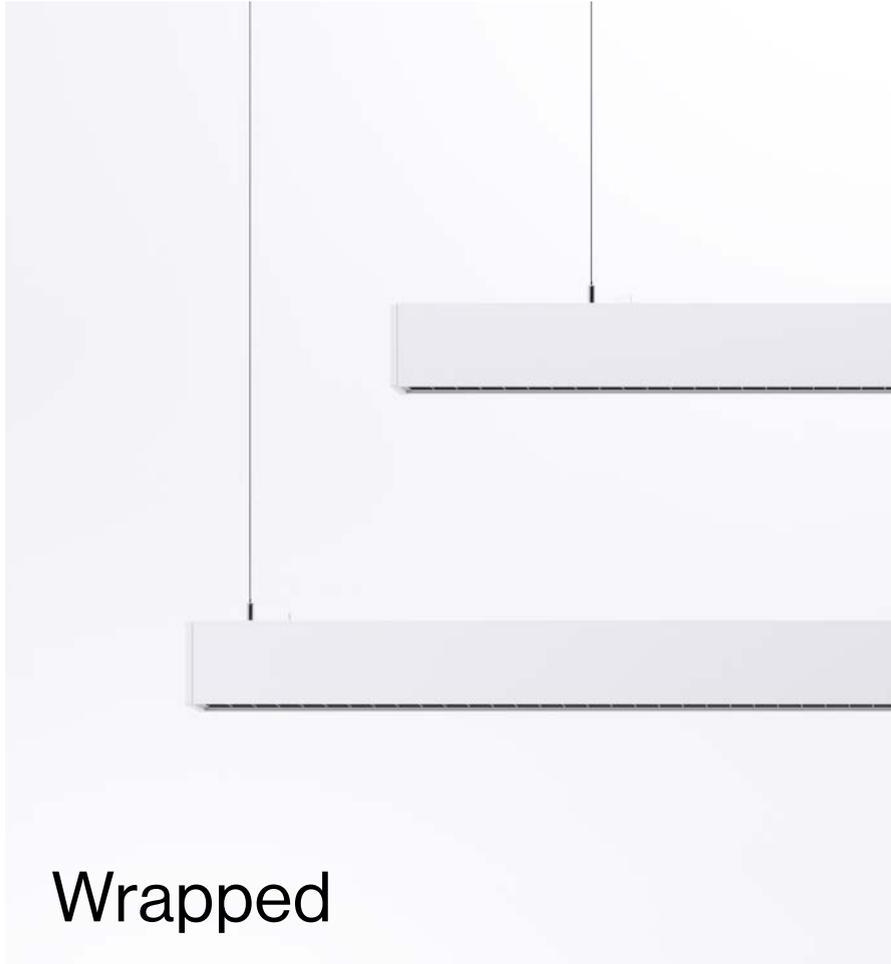
We offer diverse career paths and encourage self-awareness, supported by mentorship, internal mobility and continuous learning.

Global reach with strong local presence

Fagerhult Group's combination of global reach and strong local presence creates value for both employees and customers. Operating in many markets allows us to combine international expertise with local insight.

For employees, this means opportunities to grow within an international Group while working close to customers, projects and communities in their own region. For customers, it means access to global know-how, proven methods and advanced technology – always adapted to local needs, regulations and conditions. This balance is one of our greatest strengths and truly sets us apart.

Development projects drive us towards future solutions



Wrapped



Geopak



Agorà

The world's first cardboard pendant luminaire

Christer Liljegren,
Product and Application
Manager, Fagerhult



“In all my years at Fagerhult, I have never seen a product take off so quickly. We have received loads of orders in a short space of time, and both customers and sales staff have welcomed it with open arms.”

With over three decades at Fagerhult, one of Fagerhult Group's brands, Christer Liljegren has followed the company's development from the assembly floor to the role of Product and Application Manager. He is now one of the people behind Wrapped, the world's first cardboard pendant luminaire, which has made a big impact in the industry.

Can you tell us about your journey at Fagerhult and the idea behind Wrapped?

I started at Fagerhult in assembly 33 years ago, since when I have held a number of roles, including sales manager. For the past 13 years I have been working as a product manager. During my time at Fagerhult, I have seen huge technological shifts, not least in relation to LEDs and sustainability, which have made product development even more exciting.

The idea behind Wrapped came from a desire to create a pendant luminaire with a very low carbon footprint – yet without compromising on light quality, efficiency or price. We tested several different materials before finally settling on Solid Board, a paper-based material with up to 65% recycled

content. This was the first time we had used the material in a pendant luminaire, and it proved to be an effective way of combining sustainability with high performance.

What makes Wrapped unique?

It is the combination of sustainability, performance and price. Wrapped is a professional luminaire that doesn't compromise on light comfort or efficiency, but at the same time has one of our lowest carbon footprints to date. The plastic parts are also made from 100% post-consumer material.

We wanted the product to look and feel like any other high-quality luminaire – not like a cardboard box on the ceiling. And we have succeeded in doing this. That's why Wrapped also stands out in the market.

What has been the market response?

The response has been fantastic. In all my years at Fagerhult, I have never seen a product take off so quickly. We have received loads of orders in a short space of time, and both customers and sales staff have welcomed it with open arms.

Clear proof of this was when Wrapped was named “Best Lighting Innovation 2025” at the Elmässan trade fair in Stockholm. This serves as confirmation that the industry is embracing innovation that challenges the traditional approach, and shows that sustainable solutions can be both beautiful and functional.

What is the significance of Wrapped for future product development at Fagerhult?

Wrapped has given us the courage and energy to explore even more sustainable materials. We are constantly looking at how we can use recycled materials in more products, at the same time as continuing to develop smart lighting and connected solutions. Sustainability must never entail a reduction in energy efficiency – this balance is crucial.

We are also continuing to build on the Wrapped series. New variants will be launched as early as 2026, and in my opinion this is just the beginning.

Geopak™ – Transforming Packaging into a Traceable Circular Asset

The construction industry faces a massive sustainability hurdle: less than 50% of traditional cardboard packaging is recycled on-site. To break this linear cycle, Whitecroft Lighting, a brand within Fagerhult Group, pioneered Geopak – a revolutionary circular and digital system that transforms packaging from a single-use cost into a reusable, traceable asset. By fusing circular material flows with GPS tracking, Geopak represents a fundamental rethinking of the process from design to installation.

The impact is already measurable. At Fife College, Geopak eliminated two tonnes of packaging waste and removed over 1,000 cardboard boxes from the supply chain. Whitecroft projects the system will remove 100,000 cardboard cartons and their associated embodied carbon within two years.

Built for longevity, the recycled polypropylene inner totes are reused 10 times and outer crates 12 times before being fully recycled.

Beyond environmental gains, Geopak delivers tangible financial and operational advantages. Contractors achieve average savings of £6,000 per site through reduced waste disposal costs. As the first GPS-equipped reusable solution in the lighting sector, Geopak provides 2–3 metre location accuracy, allowing installers to find deliveries instantly and reducing on-site stress. Project managers use a digital dashboard and geofencing to maintain full visibility, directing deliveries to specific zones to maximize efficiency. This collaborative innovation positions Geopak as a leading solution for the future of net-zero construction.



”Agorà is designed to serve the city with precision and versatility, ensuring the right light exactly where it is needed.”

Pasqualino Cosenza,
Senior Outdoor Product
Manager, iGuzzini

Based in Recanati, Italy, Pasqualino Cosenza has spent more than 37 years shaping the product portfolio of iGuzzini, one of the brands within Fagerhult Group. Today, as Senior Outdoor Product Manager, he combines design insight with technological expertise. His work includes key product families such as Agorà, recently recognised with an international design award.

Could you provide a brief overview of your role within the organization and your specific involvement in the development and execution of Agorà?

I have been part of iGuzzini for 37 years, starting as an electronic engineer and gradually moving into product management. Today, I oversee the entire outdoor product portfolio, from defining initial concepts and business models to preparing product passports and working closely with our R&D teams.

For Agorà, my focus was to connect market needs with design opportunities and technological innovation. Across the product's life cycle, my role is to ensure it evolves in line with our strategy, and at the same time maintain high performance and long-term relevance.



Agorà by iGuzzini was awarded the Compasso d'Oro International 2025 at Expo 2025 Osaka, one of the world's most prestigious design recognitions.

The jury selected Agorà for its ability to embody the theme “Designing Future Society for Our Lives”. They highlighted its essential and timeless design, advanced optical performance, minimal visual and environmental impact, and versatility in complex architectural projects.

This recognition reinforces Agorà's position as a global reference in contemporary urban lighting.

What makes Agorà unique as an outdoor lighting solution?

Agorà begins with a simple, circular shape that suits many urban contexts, but the innovation is in the details. Working alongside designer Jean-Michel Wilmotte and with our internal design lab, we wanted to reinterpret a familiar form with new precision and character. Small, refined design choices make Agorà instantly recognisable while staying true to a minimalist language.

Technology is another key element. Agorà uses in-house developed LED optics that offer more than 14 distinct light distributions. This allows one product family to address a wide range of urban lighting needs, from facades to pathways, monuments and open spaces, with visual comfort, high performance and minimal visual impact.

From a sustainability perspective, Agorà is designed according to eco-design principles, with a clear focus on reducing the use of virgin materials and environmental impact.

- The body is made of diecast aluminium with a recycled content equal to 92.5 per cent.
- The cardboard packaging is made of 80 per cent recycled material.
- The Agorà family received a PEP Ecopassport (Product Environmental Profile) in September 2024.

Combined with high efficacy (up to 135lm/W), which is essential since most of a luminaire's footprint occurs during use, Agorà offers a balanced approach to performance, durability and environmental responsibility.

If readers should remember one thing about Agorà, what would it be?

Agorà enhances urban liveability through transformative lighting. It enhances the way people move through urban spaces, helping to create environments that feel safe, welcoming and visually coherent. For us, lighting is not only about performance; it is about improving the way people experience the places where they live, work and meet.

Three good reasons to own shares in Fagerhult Group

01

Sustainability as a driver for profitable lighting environments

Sustainability is at the core of our business model, and we future-proof our operations through circular principles, innovative material choices, and science-based climate targets (SBTi). The climate transition and tightened EU directives are driving extensive renovation needs across both the building stock and urban infrastructure. By replacing outdated lighting with our smart product solutions, energy consumption can be reduced by up to 90 percent. We hold a unique position covering both indoor and outdoor needs—from optimizing workspaces and lowering operating costs in commercial buildings to transforming street lighting into a digital backbone for smart cities. This positions Fagerhult Group as a key player in the green transition and an attractive investment for capital seeking responsible returns.

02

Intelligent systems that enhance product value

We combine our expertise in luminaire manufacturing with leading technology to create intelligent lighting systems. By integrating our own technology platforms into our physical products, we shift value creation from hardware alone to complete solutions where lighting serves as the intelligent infrastructure of the environment. Our goal is for 100 percent of all luminaires sold to feature integrated sensors by 2030, turning every light source into a carrier of valuable data. This digitalization enables advanced analysis and optimization, creating value beyond light, strengthening customer loyalty, and opening up new service-based revenue streams.

03

Local presence with global economies of scale

Our decentralized organizational structure, comprising 13 independent brands, combines the agility and local expertise of a smaller company with the resources of a large group. By integrating our two shared digital technology platforms, Organic Response and Capelon, we create clear synergies and a uniform technical standard across brand boundaries. This decentralized model provides unique risk diversification, allowing us to be market leaders within specific niches while leveraging shared platforms for logistics, procurement, and R&D. With a consistent focus on operational efficiency, we create the financial foundation required to continuously invest in both organic development and strategic acquisitions of niche-leading companies.



Our business areas

Collection

Premium

Professional

Infrastructure

Business areas with strong brands

Our business areas

Fagerhult Group is made up of 13 strong brands in the field of professional lighting. In order to capitalise on their strengths and create good conditions for long-term, successful development, we have organised the business into four business areas: Collection, Premium, Professional and Infrastructure. Each business area brings together brands with similar focus areas, market presence and customer groups. This creates clarity, strengthens collaboration and drives profitable growth.

Collection

Collection is home to our internationally recognised brands, whose products are trusted by lighting designers and architects worldwide. Our brands offer a wide selection of solutions for both indoor and outdoor spaces, always with a strong focus on architectural design. Product development and production take place in Sweden, Germany, Italy, Canada, China and Thailand.

Premium

Premium focuses on the European market and global retail customers. Our brands collaborate closely with specifiers and local partners to deliver premium projects, often with tailored lighting solutions. Most sales come from offices, education, healthcare and retail environments, while an outdoor range is available for selected urban markets. Product development and manufacturing are based in Sweden, Germany and China.

Professional

Professional provides lighting solutions for indoor spaces such as offices, schools, healthcare and retail. The business area has a strong local presence, with companies primarily serving their domestic and neighbouring markets. Product development and manufacturing are located close to our customers – in Turkey, Australia, France and the UK – enabling tailored solutions and short delivery times. By working closely with local partners, we ensure our solutions are relevant and adaptable to specific market needs.

Infrastructure

Infrastructure delivers lighting solutions for environments with specific installation, durability, and safety requirements – often in industrial and infrastructure projects. The business area combines deep application expertise with advanced technical capabilities, providing reliable and efficient solutions tailored for demanding conditions. Most sales are in Europe, supported by product development and manufacturing in the UK, Finland and the Netherlands, with selected projects delivered globally.

Employees by business area

48%

26%

19%

7%

Sales by business area

44%

32%

15%

9%

Our progress in 2025

Collection



“In 2025, our brands have shown remarkable resilience and creativity. They have adapted to global shifts while continuing to set new standards in design, innovation and sustainability. With this momentum, we enter 2026 equipped to explore new possibilities alongside our customers.”

Edwin Roobol
Head of Business Area Collection

Premium



“By integrating design, sustainability, and practicality, we develop solutions that deliver tangible value to our customers and contribute to a more sustainable future.”

Jing Jin
Head of Business Area Premium

Professional



“In 2025 we navigated a slower market, strengthened our internal capabilities and welcomed TRATO-TLV into our portfolio, a step that both broadens our reach and deepens our expertise. As these elements come together, we move into 2026 with renewed confidence and a clearer view of the opportunities ahead.”

Michael Brüer
Head of Business Area Professional

Infrastructure



“A major step forward in 2025 was the acceleration of collaboration across brands and business areas. We launched the Group’s unified data center offering and secured our first project with it, strengthened our approach to nuclear and defense opportunities, and advanced cross-selling models that enable our products to be sold through other brands across the Group.”

Stephanie Praloran
Head of Business Area Infrastructure

Collection

A global portfolio delivering customer value

2025 has been a dynamic year for the brands in Collection as global exposure has impacted our performance. Despite this, all companies have demonstrated resilience, and responded to the conditions with operational agility while consistently keeping customers at the centre.

Innovation driven by global trends

Focus on the consumer also means that the Collection brands continued to drive innovation and unique design, adapting their portfolio to global trends such as urbanisation, energy efficiency, circularity, digitalisation and regulatory requirements. ateljé Lyktan, for example, has seen rising interest in its Second Life solution. Existing lighting fixtures are upgraded: the outer frame and most components are preserved, while the inside is renewed with modern lighting technology that meet today's high demands.

There are many achievements this year that I am proud of. One of them is that several of our brands received international recognition for leadership in design and sustain-

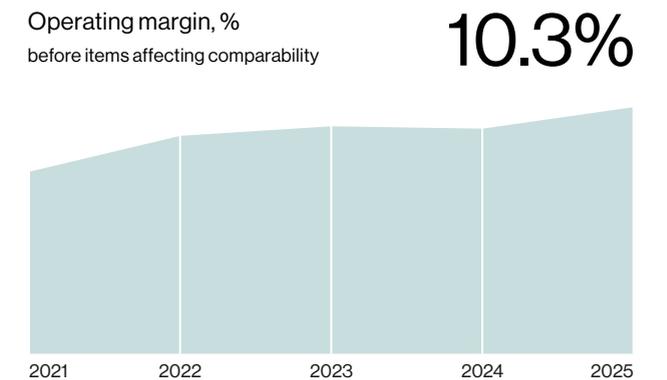
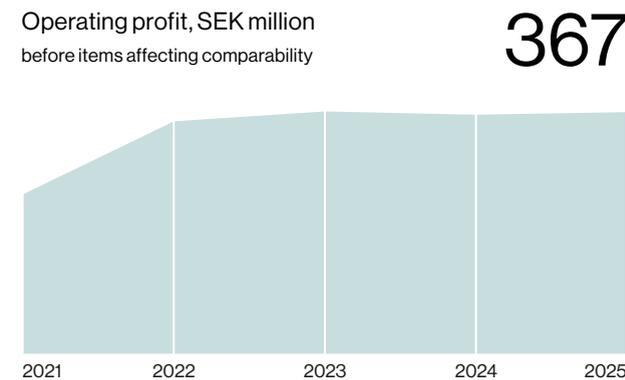
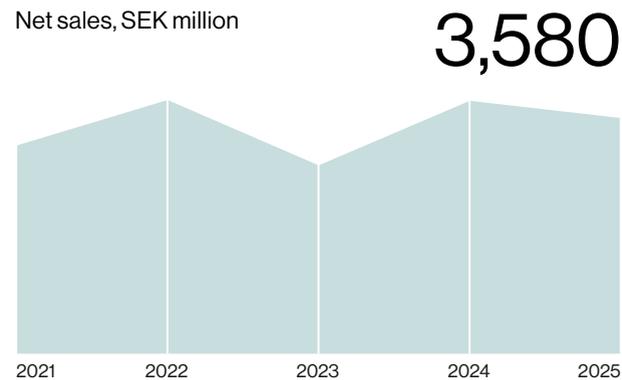
ability. iGuzzini was awarded the prestigious Compasso d'Oro for its Agorà luminaire. LED Linear secured three accolades at the German Lighting Design Awards 2025 for projects across the culture, hospitality, and education sectors, further solidifying its leadership in advanced architectural lighting. Simultaneously, WE-EF LIGHTING Australia/ New Zealand received the Kingston Sustainable Business Award 2025, underscoring a long-standing commitment to sustainability.

Delivering world-class solutions across the globe

What also makes me proud is that our brands continue to deliver lighting solutions to many renowned customers in diverse application areas around the world. This is reflected in notable projects delivered during the year, such as the Memphis Brooks Museum of Art in the US, the LVM skyscraper in Germany and the Mercato Centrale Bolzano in Italy. These are just a few examples that highlight the breadth and quality of our work across different regions and applications.

Another project worth highlighting is an installation in the Middle East, where WE-EF designed a unique modular smart pole, LSC180, for an outdoor installation. The modular smart pole concept has now been launched globally and offers a customisable design, reduced light pollution and integrated smart functions for cameras, IoT sensors, speakers and smart lighting.

The LSC180 was presented at the Smart City Expo in Barcelona in November, targeting the growing demand for smart outdoor lighting. Combined with the capabilities gained from the acquisition of Capelon, this development puts Fagerhult Group in a unique position to enhance liveability for citizens and contribute to safer, more sustainable cities.



ateljé Lyktan

ateljé Lyktan was founded in Åhus in 1934 by Hans and Verna Bergström, and is now a well-known name within Swedish and Nordic lighting design. With a focus on high quality and timeless design, the company develops lighting solutions for both indoor and outdoor environments in close collaboration with architects and lighting designers. Many of their products have become treasured design classics. Head office: Åhus, Sweden

Varberg Station, Sweden

[Read more here \(ext. link\) →](#)



iGuzzini

Founded in Recanati in 1959, iGuzzini is now a world-leading brand in the field of architectural lighting, i.e. lighting for buildings and public spaces. The company combines technical innovation with a strong design tradition, developing solutions that improve the way people experience their environments and that enhance their well-being. iGuzzini is known for a number of ground-breaking products and is continuing to drive developments in the sector forward. Head office: Recanati, Italy

National Portrait Gallery, London United Kingdom

[Read more here \(ext. link\) →](#)



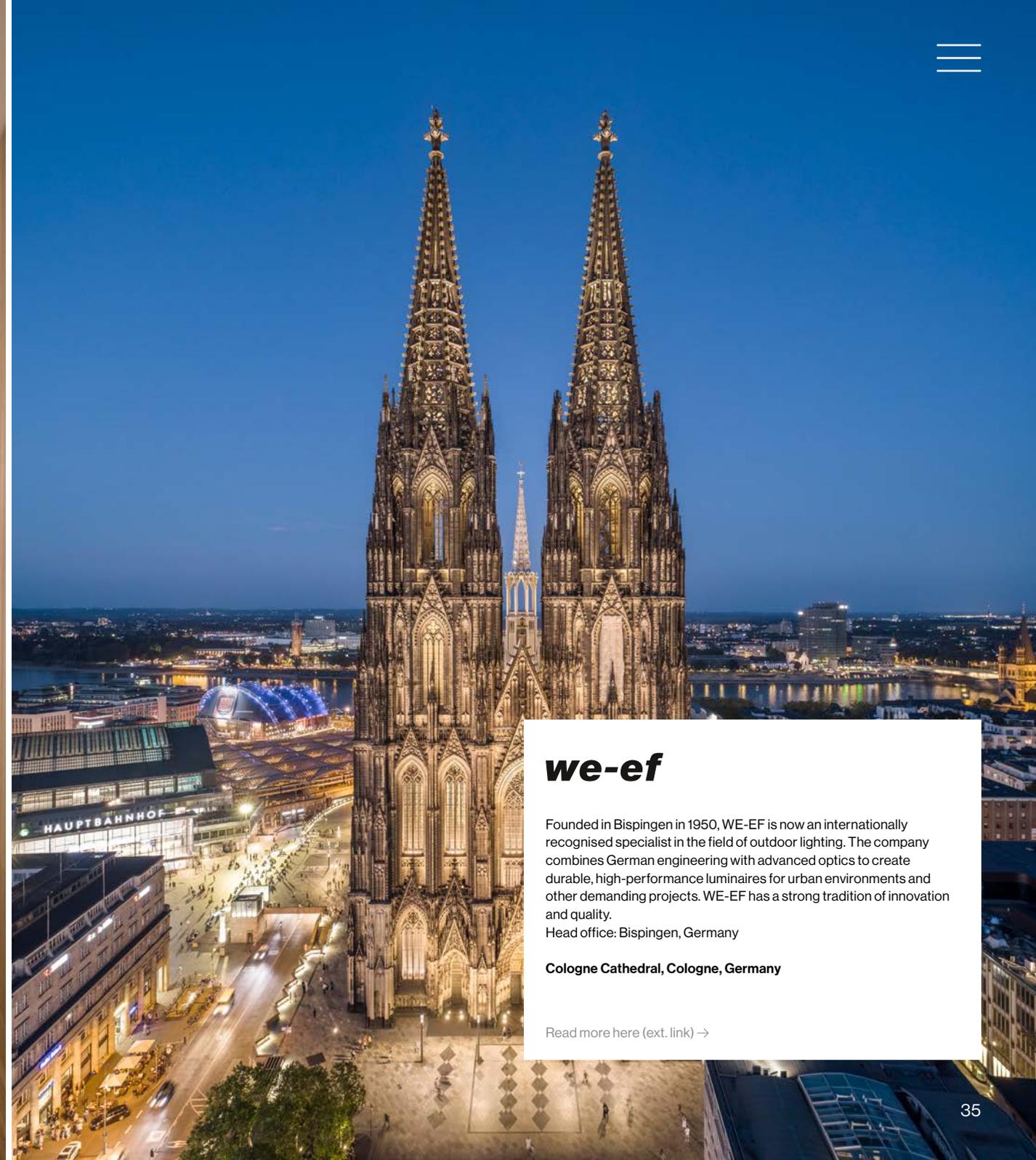
LED LINEAR™

LED Linear was founded in Duisburg in 2006, and is now a leading player when it comes to architectural lighting with a focus on linear LED solutions. With high levels of technical expertise and flexibility, the company provides tailored solutions for both buildings and indoor environments, and its products are used in a range of international reference projects.

Head office: Duisburg, Germany

Room of Silence in the State Parliament of Baden Wuerttemberg, Stuttgart, Germany

[Read more here \(ext. link\) →](#)



we-ef

Founded in Bisingen in 1950, WE-EF is now an internationally recognised specialist in the field of outdoor lighting. The company combines German engineering with advanced optics to create durable, high-performance luminaires for urban environments and other demanding projects. WE-EF has a strong tradition of innovation and quality.

Head office: Bisingen, Germany

Cologne Cathedral, Cologne, Germany

[Read more here \(ext. link\) →](#)

Premium

A year shaped by shifting demand and rising sustainability requirements

Economic uncertainty and high interest rates influenced customer behaviour across Europe in 2025. Many customers prioritised value-focused solutions. At the same time, new EU directives and sustainability regulations had a clear impact on specification work and procurement, accelerating interest in energy performance, reduced material use and circularity.

Interest in connected lighting continued to grow, driven by the need for adaptable, data-driven solutions that support both performance, cost efficiency and sustainability goals. Another emerging trend was the focus on biodiversity in outdoor lighting – an area expected to influence infrastructure and municipal projects in the coming years. Across the market, investment remained strongest in infrastructure and industry, while retail and office applications trailed behind.

Strong deliveries and solutions that create customer value

Despite a challenging market, Premium achieved several important milestones. A key highlight was Fagerhult's bespoke lighting solution for Västlänken's Central Station in Gothenburg, one of Sweden's largest infrastructure projects. The custom-developed luminaires met stringent architectural and functional demands, demonstrating our ability to deliver high-quality, tailored solutions for complex environments.

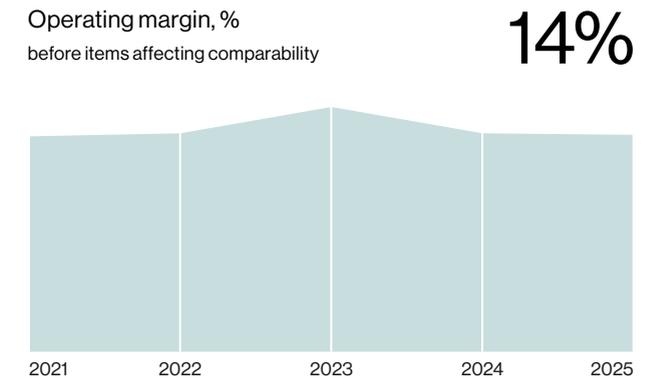
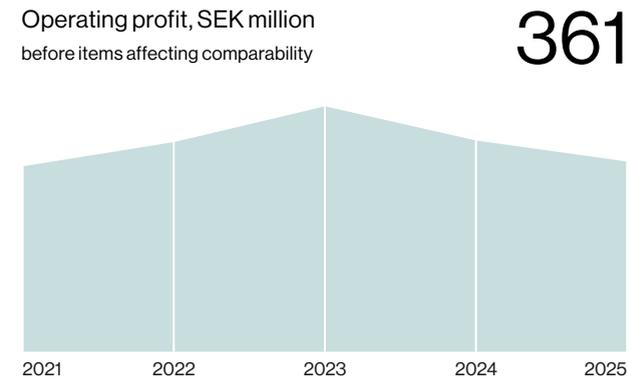
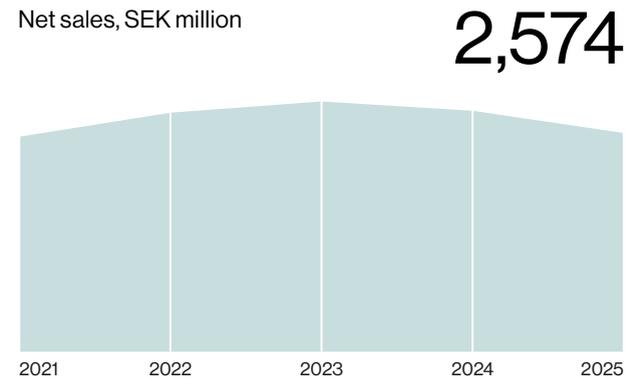
Fagerhult's launch of Wrapped marked another important step. Designed with a strong focus on sustainability, the luminaire uses renewable and recycled materials and shows how circular thinking can be combined with high performance and accessibility. Wrapped was very well received and strengthens our position in sustainable innovation.

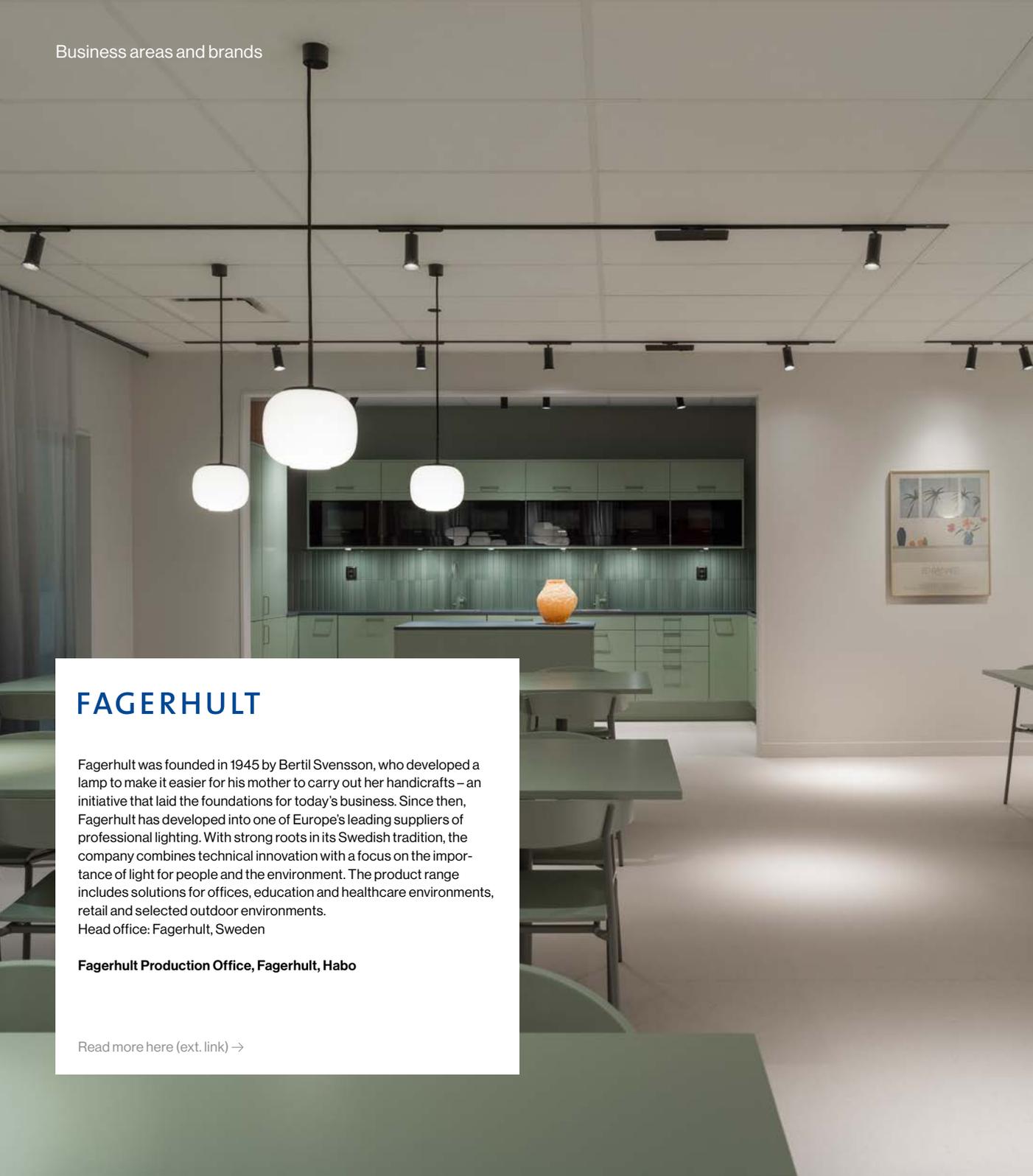
Fagerhult introduced the Twin Driver, which powers two luminaires with a single driver and is fully compatible with

Organic Response, our group-wide technical platform. By reducing material use and installation time, the solution offers both environmental and economic benefits and supports the growing demand for resource-efficient, connected lighting.

Opportunities in circularity and digital innovation

Premium enters 2026 with a clear focus. Sustainability requirements, circular business models and digital lighting solutions will continue to shape demand, and we see strong potential in projects where customer value is created through resource efficiency, upgrades of existing installations and highly tailored design.





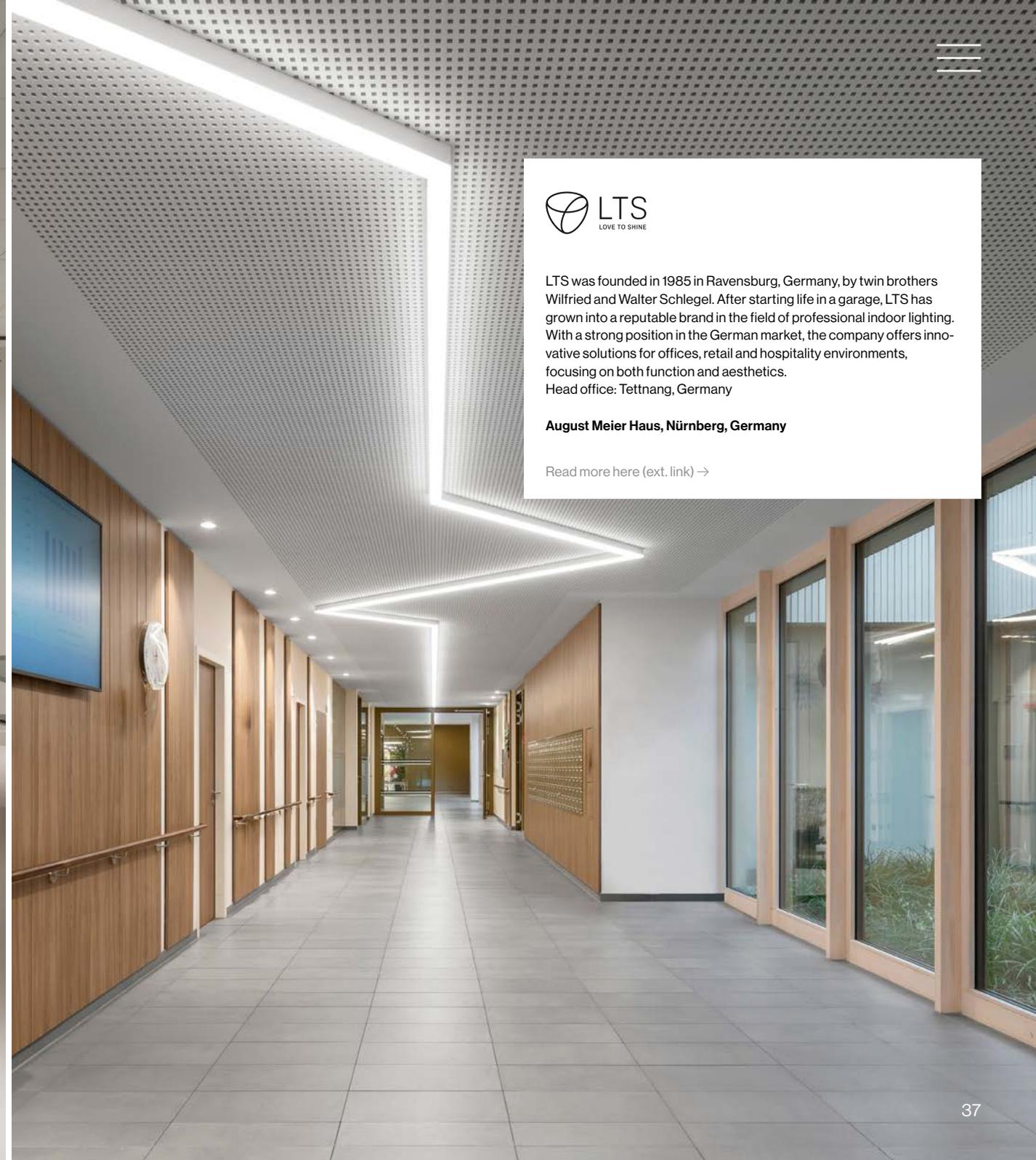
FAGERHULT

Fagerhult was founded in 1945 by Bertil Svensson, who developed a lamp to make it easier for his mother to carry out her handicrafts – an initiative that laid the foundations for today's business. Since then, Fagerhult has developed into one of Europe's leading suppliers of professional lighting. With strong roots in its Swedish tradition, the company combines technical innovation with a focus on the importance of light for people and the environment. The product range includes solutions for offices, education and healthcare environments, retail and selected outdoor environments.

Head office: Fagerhult, Sweden

Fagerhult Production Office, Fagerhult, Habo

[Read more here \(ext. link\) →](#)



LTS was founded in 1985 in Ravensburg, Germany, by twin brothers Wilfried and Walter Schlegel. After starting life in a garage, LTS has grown into a reputable brand in the field of professional indoor lighting. With a strong position in the German market, the company offers innovative solutions for offices, retail and hospitality environments, focusing on both function and aesthetics.
Head office: Tettang, Germany

August Meier Haus, Nürnberg, Germany

[Read more here \(ext. link\) →](#)

Professional

Acquisition strengthening market position

The key event during the year has been the acquisition and onboarding of TRATO-TLV. They became part of the Fagerhult Group on 1 July. The business consists of two brands: TRATO, a leader in retail lighting in France, and TLV, which produces medical supply units for the healthcare market. With this addition, the business area strengthens its presence in France while adding a very competitive retail portfolio to our offering.

Marketing conditions and customer trends

The underlying market activity has been slow in most markets, especially within the new-build sector. Renovation, however, has continued to develop well, and we are refining our offering to address this opportunity. In the UK, for example, we now offer a complete solution combining both new luminaires and refurbished older models upgraded with the latest technology. These are also shipped in traceable and reusable packaging, a solution that supports our sustainability ambitions.

Operational challenges and progress

In 2025, we experienced a few challenges. Our smaller businesses in Australia and Turkey have faced difficulties due to weak market development. With stable and highly competitive leadership teams now in place, we expect 2026 to be a stronger year. In the UK, an IT incident in Q2 temporarily disrupted operations. Although we restored operations quickly, some business was lost.

Meanwhile, our two larger businesses in the UK and France, continue to perform well and are driving new growth initiatives aimed at expanding their offerings.

Stronger collaboration across brands

A key focus for 2025 has been to further strengthen collaboration between the brands. With a presence in different markets, joint commercial opportunities remain limited, but are increasing within supply chain, product development and marketing.

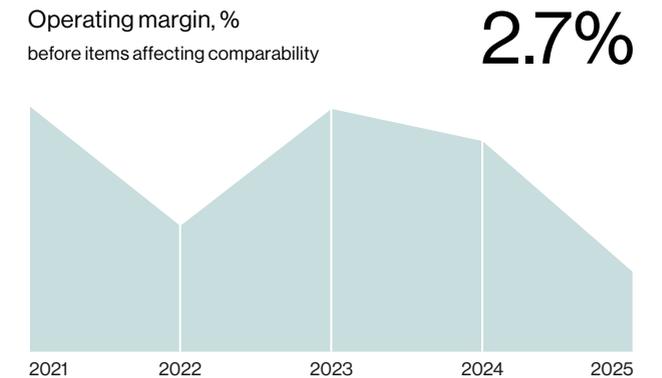
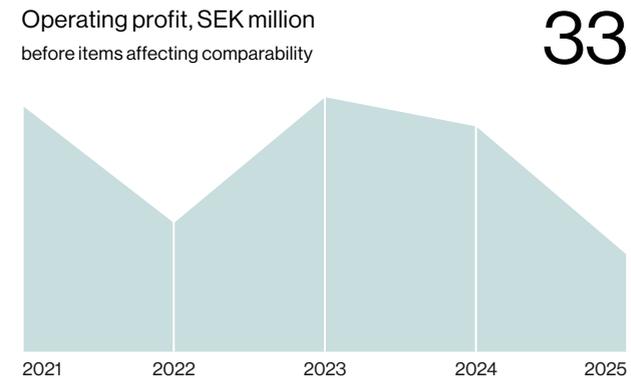
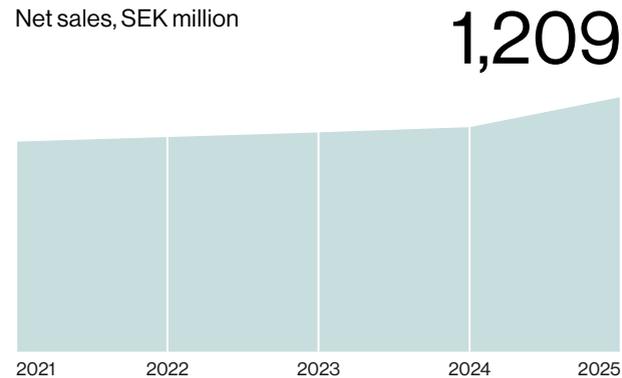
We now have several examples of joint product development where products are co-developed and launched

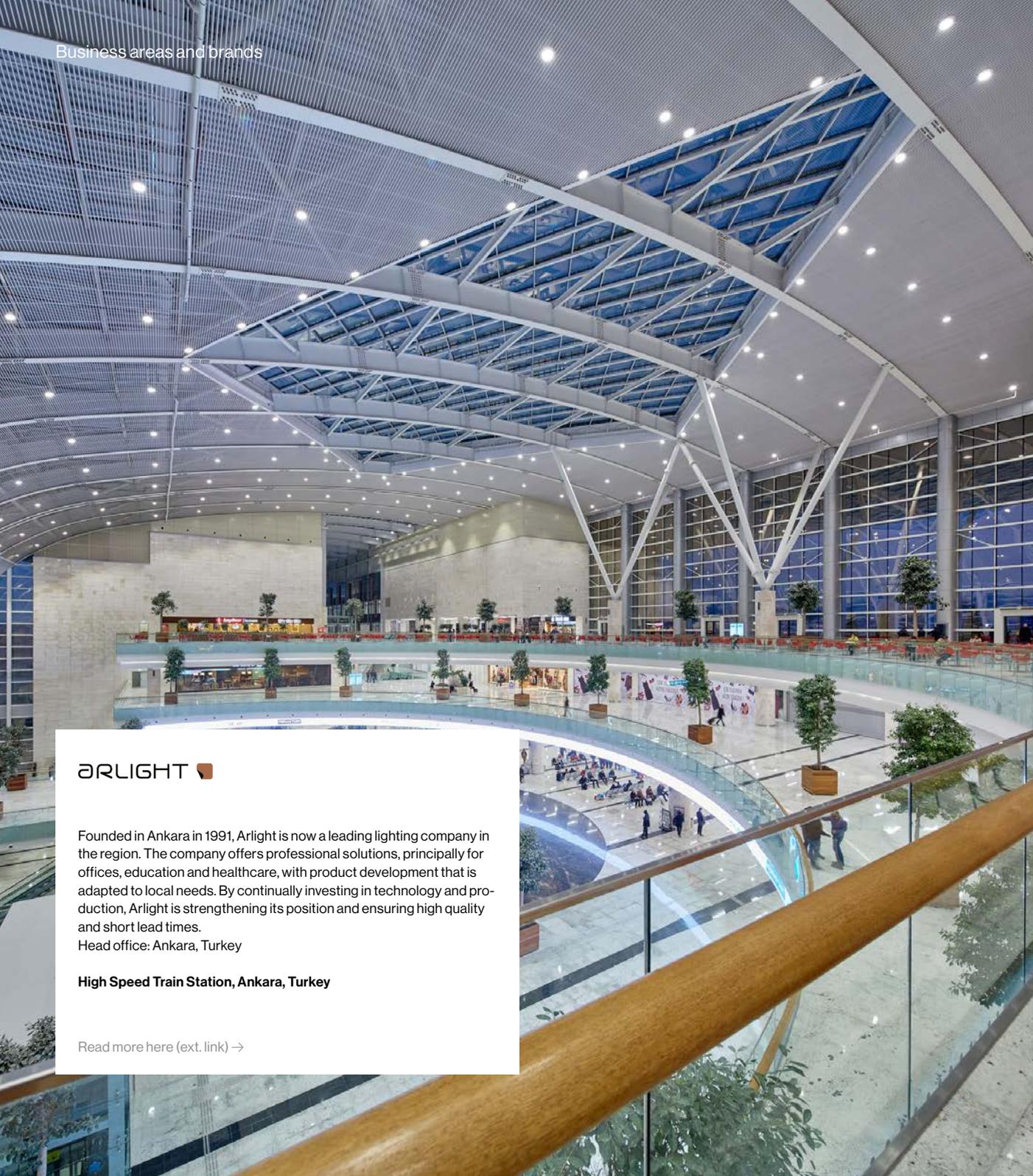
across multiple brands. One example is an outdoor portfolio marketed by both Arlight and Whitecroft. We also reuse resources across markets, such as product development and marketing expertise. This approach broadens the business area's capabilities and will remain a priority moving forward.

Looking ahead

Looking forward, we expect our key markets to gradually improve. Construction activity is expected to increase in the UK, and in Australia, more building permits are beginning to be issued.

We will continue to expand our collaboration into commercial areas, including joint sales training. With our strong local presence, we are also exploring additional opportunities with other brands in the Group. Current initiatives include custodial projects together with Designplan, and we are planning for a data center offering together with Veko.





ARLIGHT

Founded in Ankara in 1991, Arlight is now a leading lighting company in the region. The company offers professional solutions, principally for offices, education and healthcare, with product development that is adapted to local needs. By continually investing in technology and production, Arlight is strengthening its position and ensuring high quality and short lead times.

Head office: Ankara, Turkey

High Speed Train Station, Ankara, Turkey

[Read more here \(ext. link\) →](#)

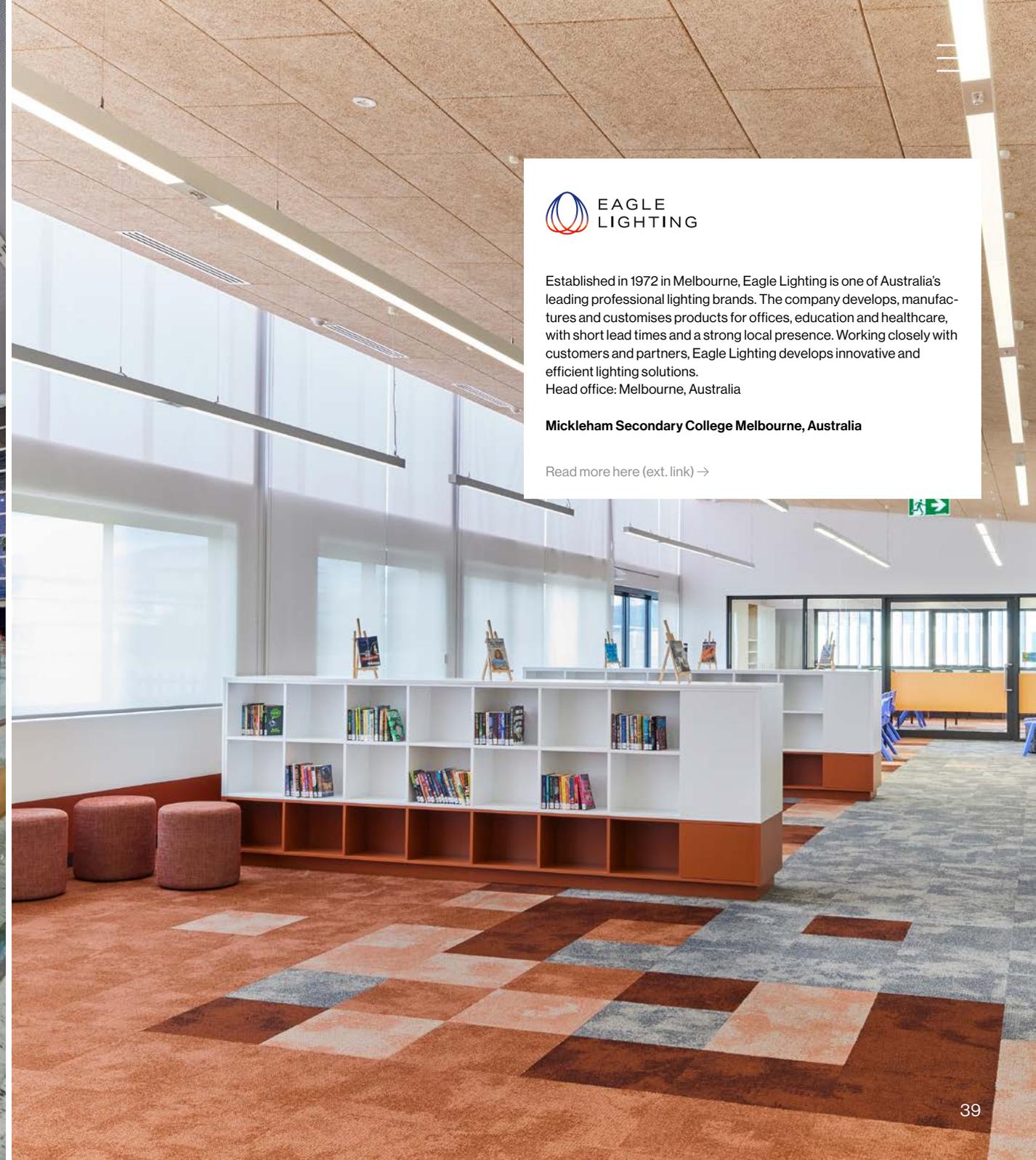


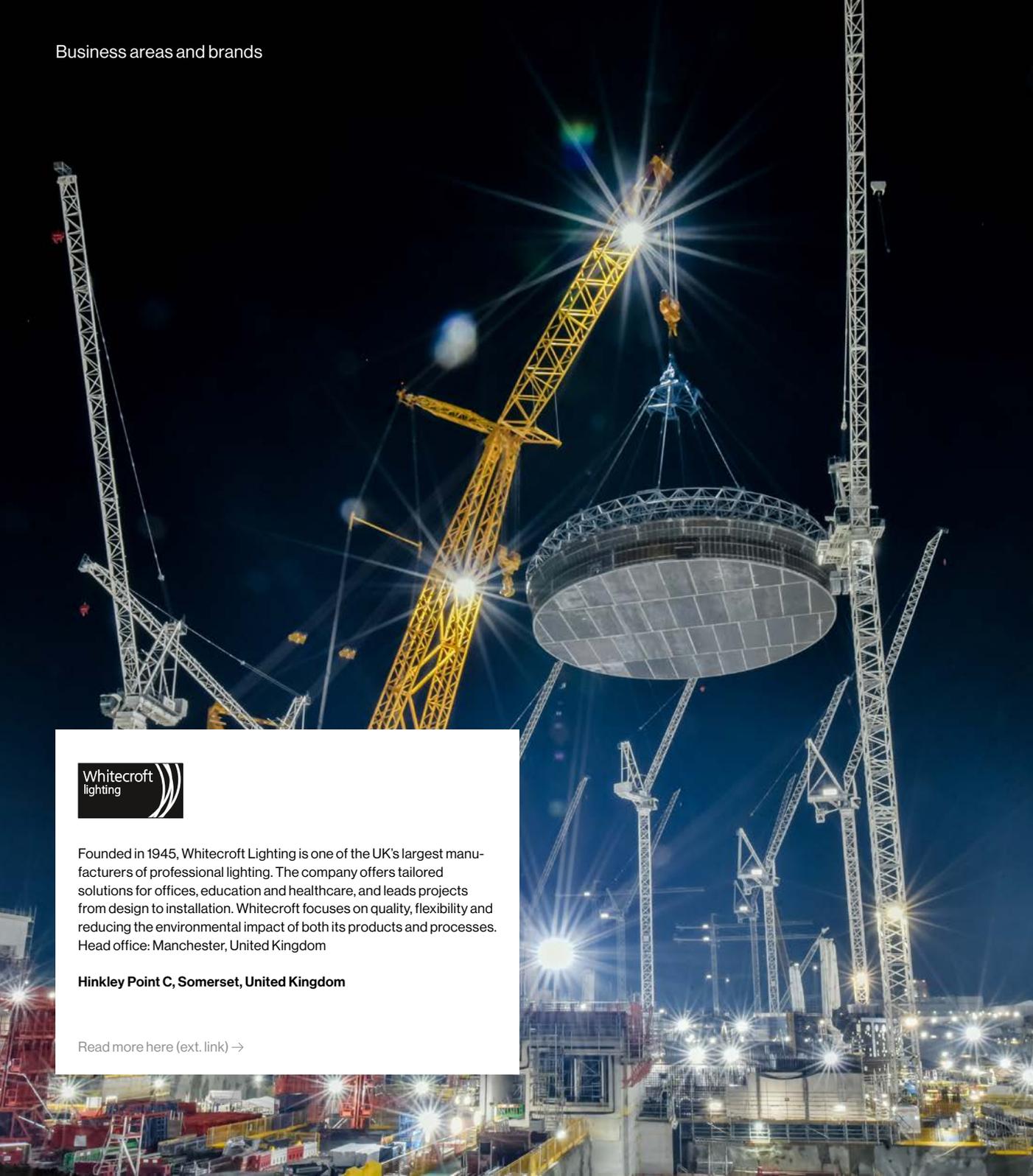
Established in 1972 in Melbourne, Eagle Lighting is one of Australia's leading professional lighting brands. The company develops, manufactures and customises products for offices, education and healthcare, with short lead times and a strong local presence. Working closely with customers and partners, Eagle Lighting develops innovative and efficient lighting solutions.

Head office: Melbourne, Australia

Mickleham Secondary College Melbourne, Australia

[Read more here \(ext. link\) →](#)

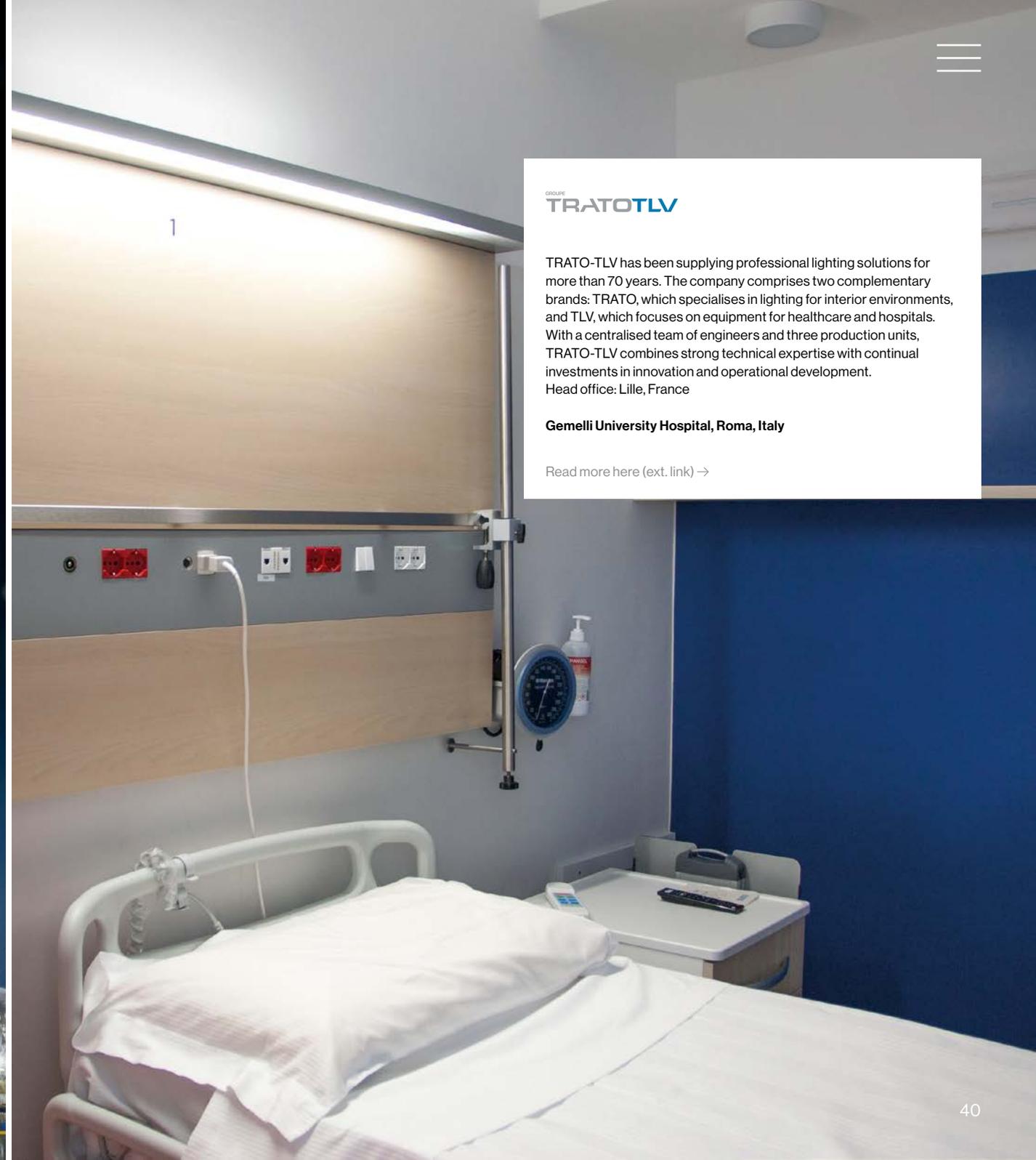




Founded in 1945, Whitecroft Lighting is one of the UK's largest manufacturers of professional lighting. The company offers tailored solutions for offices, education and healthcare, and leads projects from design to installation. Whitecroft focuses on quality, flexibility and reducing the environmental impact of both its products and processes. Head office: Manchester, United Kingdom

Hinkley Point C, Somerset, United Kingdom

[Read more here \(ext. link\) →](#)



GRUPE
TRATOTLV

TRATO-TLV has been supplying professional lighting solutions for more than 70 years. The company comprises two complementary brands: TRATO, which specialises in lighting for interior environments, and TLV, which focuses on equipment for healthcare and hospitals. With a centralised team of engineers and three production units, TRATO-TLV combines strong technical expertise with continual investments in innovation and operational development. Head office: Lille, France

Gemelli University Hospital, Roma, Italy

[Read more here \(ext. link\) →](#)

Infrastructure

Market and demand development

In 2025, market dynamics across Europe evolved in two different directions. On the one hand, segments such as logistics and general industry faced a challenging context, with lower private investment, reduced new-build activity and continued pressure from high interest rates. Customers focused on essential maintenance rather than large upgrades.

On the other hand, public funding remained strong in regulated infrastructure segments such as custodial and rail, where renovation and safety-critical compliance drove steady demand.

In parallel, entirely new opportunities emerged in fast-growing areas such as data centers, nuclear and defense. These segments have strong long-term investment cycles, but we historically lacked a coordinated offering.

Thanks to deeper collaboration across the brands within the Fagerhult Group, we accelerated our capability-building throughout 2025, allowing us to close the gap quickly. The first tangible sign of this progress is our jointly launched

data-center offering, and by 2026 we will be fully equipped to address these new segments with a unified and competitive Group solution.

Performance and key developments

The year was marked by gradual recovery and structural strengthening. Veko progressed through the final stages of its restructuring and began to show clear signs of improvement. In Q3 and Q4, Veko delivered the strongest order intake in nearly two years.

Designplan delivered its best year ever, supported by strong public-sector demand in the UK and Germany across rail and custodial, and by the continuing shift towards robust renovation solutions.

i-Valo experienced a leadership uplift under its new Managing Director and expanded its commercial capabilities. The company also won projects across Northern Sweden, France and Germany, with international sales exceeding domestic revenue for the first time.

Outlook and priorities for 2026

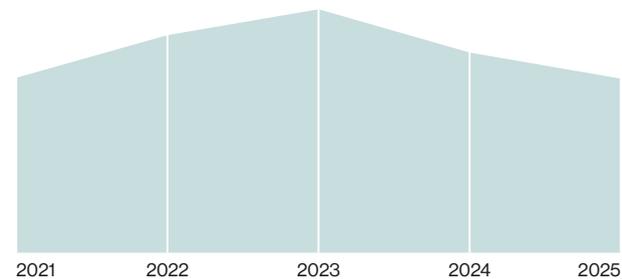
We enter 2026 with positive momentum. The investments made in 2025 in leadership teams, sales efficiency, specification quality and market focus, position Infrastructure to fully benefit from the underlying demand.

Our priorities are clear. We will scale our core markets in Germany, the UK and the Nordics while continuing to win in our main segments – logistics, industry, custodial and transport. At the same time, we will pursue high-potential opportunities in emerging segments such as data centers, nuclear and military. We will also accelerate the development of smart lighting and service-led offerings to support customers' sustainability, compliance and operational needs.

Strengthened collaboration with our sister companies will be a key growth driver, enabling us to reach more customers with specialised, high-value Infrastructure products and to enter attractive new segments far faster than we could on our own.

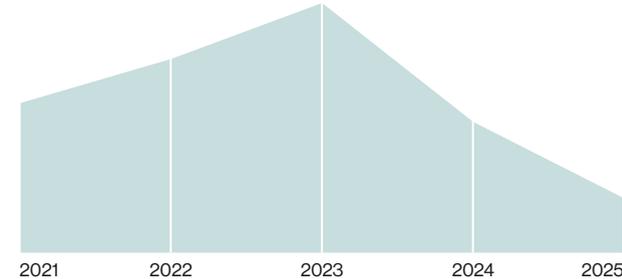
Net sales, SEK million

727



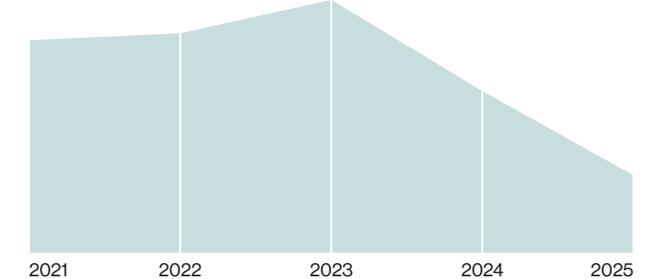
Operating profit, SEK million before items affecting comparability

32



Operating margin, % before items affecting comparability

4.4%





designplan

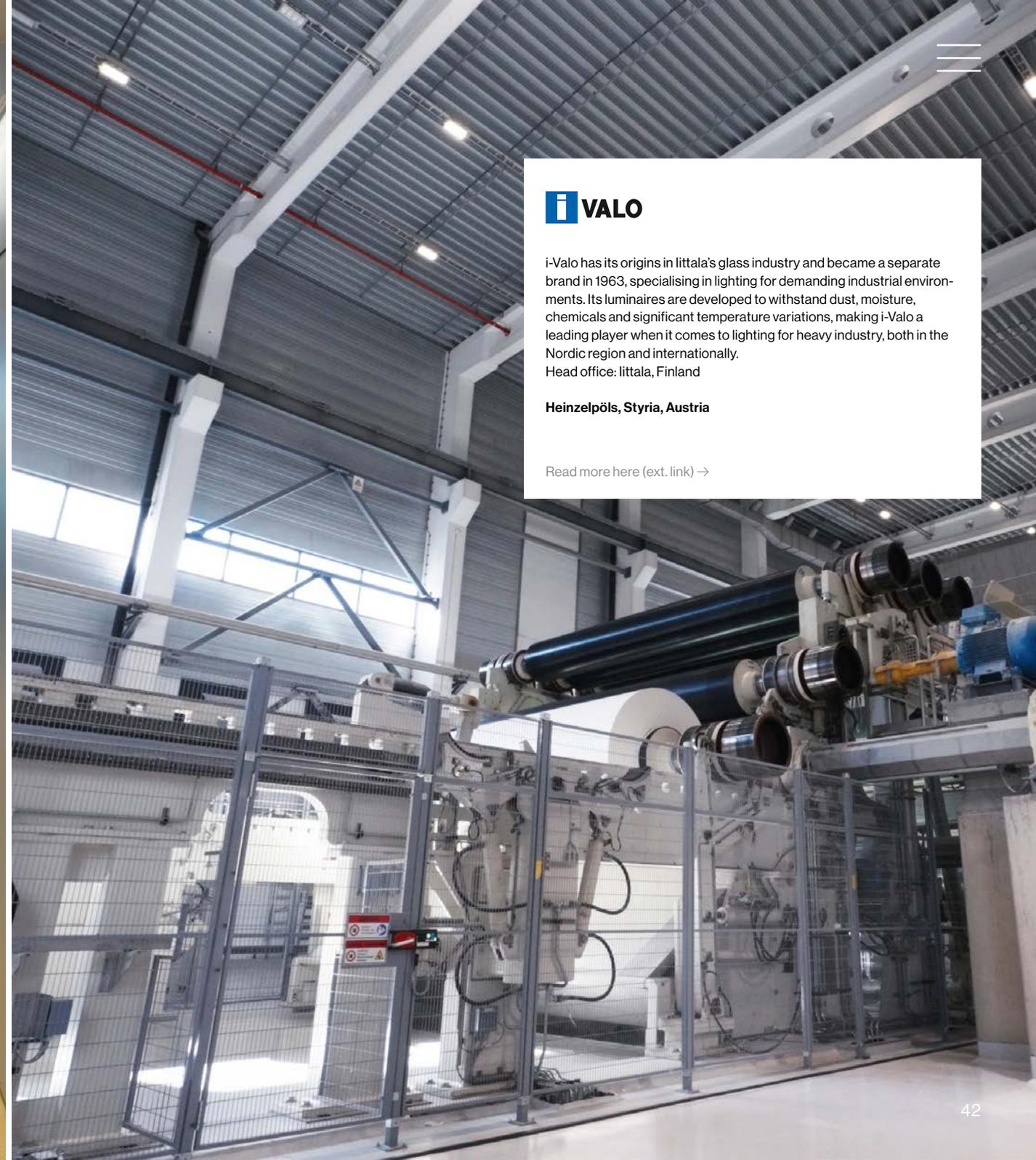
L I G H T I N G

Designplan was founded in the UK in 1963 by Arthur Cumper and his business partner John Barber. Their business concept was – and still is – to design robust luminaires for demanding environments, such as the transport sector and other areas with high safety and security requirements. The company primarily operates in the UK market and in Germany.

Head office: Sutton, United Kingdom

HMP Berwyn, Wrexham, Wales

[Read more here \(ext. link\) →](#)



i VALO

i-Valo has its origins in Iittala's glass industry and became a separate brand in 1963, specialising in lighting for demanding industrial environments. Its luminaires are developed to withstand dust, moisture, chemicals and significant temperature variations, making i-Valo a leading player when it comes to lighting for heavy industry, both in the Nordic region and internationally.

Head office: Iittala, Finland

Heinzpöls, Styria, Austria

[Read more here \(ext. link\) →](#)



Founded in the Netherlands in 1975, Veko specialises in linear LED systems for industrial and warehouse premises. With pre-assembled, project-specific systems that provide rapid installation and high energy efficiency, Veko holds a strong position in its home market in the Netherlands and a growing presence in the rest of Europe. Head office: Schagen, The Netherlands

Distribution Center and Warehouse Plus Retail, Netherlands

[Read more here \(ext. link\) →](#)



The right light in the right place

Smart lighting

Our offering

The right light in the right place

Light affects the way we feel, perform and perceive the world around us. That's why our brands are based on a fundamental principle: lighting should be adapted to people and the environment in which it is used. Backed by research, technological developments and an in-depth understanding of various applications, we create lighting solutions that enhance function, comfort and sustainability.

Light to meet people's needs

Indoors, lighting is a key part of the environments we inhabit – at work and in education, as well as in healthcare and everyday life. Well-designed lighting can improve focus, reduce stress and contribute to a more natural circadian rhythm. By working with the direction, colour and intensity of the light, we can design environments that support a range of activities and user groups, from classrooms and healthcare settings to offices and meeting spaces.

Lighting that is based on human needs is therefore an important part of our offering. Through continuous research and design, we develop lighting solutions that promote health, well-being and productivity.

Light that creates security and protects nature

In outdoor environments, the aim of lighting is to create safety and security, while respecting nature and the surrounding environment. Good light quality helps to reduce the risk of accidents and improves safety in traffic environments, on footpaths and in parks.

At the same time, it is crucial to give consideration to darkness, circadian rhythms and biodiversity. With well thought-out lighting design, we are able to create safe urban environments where people feel safe to move about, yet without causing unnecessary disruption to animals and nature.

Knowledge that makes a difference

Providing the right light in the right place is the result of long experience, extensive research and close dialogue with both users and experts. Using this approach, we develop lighting solutions that strengthen societal functions, support people and contribute to a more sustainable future.



The Ilulissat Icefjord Centre, Greenland, iGuzzini. [Read more here \(external link\)](#)

The right light in the right place in practice

Our offering is based on the quality and function of the light in each environment. With knowledge of visual comfort, the biological effects of light and safety, we are able to create lighting solutions that are tailored to the way people actually live, work and move about – indoors and outdoors.

Smart lighting creates new opportunities

Smart lighting is changing the way light is planned, controlled and used. By means of sensors and digital control, the light can be adapted to actual needs in different situations, creating energy-efficient and flexible environments that make operation and maintenance more resource-efficient for both people and businesses.

More than just switching on and off

Smart lighting is based on luminaires that register presence, daylight and activity – and adjust the light accordingly. This ensures that the light is only used when needed, optimising energy consumption and enhancing the sustainability of both buildings and outdoor environments.

At the same time, the systems collect data that can be used to improve operations, service and maintenance. When lighting control and data collection work together, settings can be fine-tuned over time and integrated with other functions, creating further energy efficiency improvements and better resource utilisation.

Measurable effects for energy and climate

By combining modern LED technology with demand control, energy consumption can be reduced by up to 90% com-

pared to traditional lighting solutions. This creates significant savings in terms of both energy costs and carbon emissions, and makes smart lighting an important part of a more sustainable and resource-efficient society.

New values for people, property and the environment

The connected infrastructure makes it possible to integrate lighting with other functions, such as ventilation or security systems. For property owners, this means better control over energy consumption, simplified management and clearer decision-making.

For people, light environments are created that are perceived as safe, well-functioning and adapted to the way locations are actually used – while at the same time freeing up resources through reduced energy consumption.

Smart lighting in practice

Our offering includes connected luminaires, demand-controlled systems and data-driven solutions. This makes it possible to adapt the light to the way premises and locations are actually used, and to connect the lighting to the building's or city's digital infrastructure.



Quad Pixel from ateljé Lyktan. The luminaire is available with the Organic Response wireless control system, where PIR sensors detect presence and communicate with nearby luminaires via infrared light and radio waves to illuminate the room efficiently based on actual demand.

“We make lighting for people. For me, it’s a matter of understanding how light affects our well-being – visually, biologically and emotionally.”

Henrik Clausen,
Director, Fagerhult
Lighting Academy

Henrik Clausen is the Director of the Fagerhult Lighting Academy, which is part of the Fagerhult brand within the Group. With more than twenty years at Fagerhult and extensive experience of lecturing at universities on the topic of light and lighting, he has built a career on uniting science, technology and human needs.

How did your journey in light begin, and what was it that caught your interest?

It actually started with my curiosity as an engineer. During my training in Denmark, I realised that it was difficult to measure much of the impact that light has on people. I didn’t believe that this could be the case, so I started developing an instrument that could provide probability-based measurements. It was a nerdy, technical project, but it opened the door to the lighting industry.

I met fantastic engineers and designers, and quickly understood that light is more than just technology – it’s about people. After twelve years at Louis Poulsen and further training at IMD, I ended up at Fagerhult, where I initially managed the Danish operation before being given the opportunity to build up the Fagerhult Lighting Academy. This is where my passion belongs.

What does light mean to you on a personal level?

Light is more than just physics and design. For me, light is almost like a philosophy, representing joy, security and energy. Darkness is passive, sometimes even threatening. Light, on the other hand, is active, positive and life-affirming.

When the lighting is right, it affects everything we perceive: the colours in a room, the ambience, how we feel and how we perform. Without good light, many details are lost. Colours fade, materials lose life and the room loses its soul. With the right light, however, everything becomes more realistic and more human.

Can you describe Human Centric Lighting, and why it is so important?

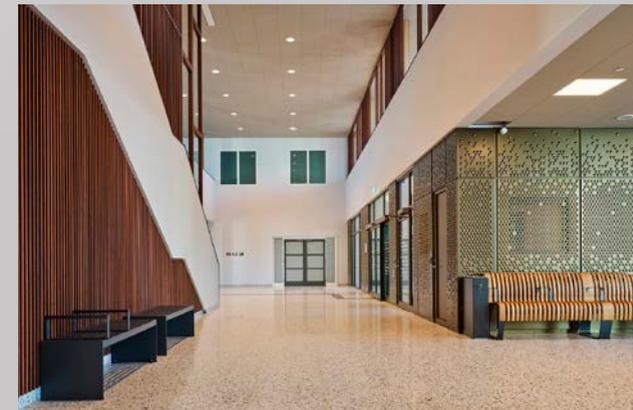
Human Centric Lighting is all about light that makes people feel good. We start out on the basis of three dimensions: the visual, the biological and the emotional. We have traditionally worked with the visual aspect – seeing well. In 2002, however, scientists discovered a new light receptor in the eye, which affects our circadian rhythm, our sleep and how alert we feel.

This realisation changed everything. Suddenly, we could start designing lighting that supports human biological needs. Plenty of light in the morning, less light in the evening, and the right wavelengths at the right time. This makes a huge difference to how we feel, how we recover and how we perform.

What effects does Human Centric Lighting have in practice?

The clearest effects can be seen within health and social care. In dementia care homes and hospitals, we can monitor the needs of individuals and provide them with the right light at the right time. We have seen improved sleep quality and reduced use of sleep medication, for example, as well as a calmer environment for both patients and staff.

A good example is Skaraborg Hospital in Skövde, where we have worked on solutions that reinforce the patients’ circadian rhythm and increase well-being.



Daylight harvesting is becoming increasingly important. What is your view of this?

Daylight harvesting is one of the most natural and sustainable aspects of good lighting design. It entails letting the daylight do the work, and automatically dimming the luminaires when the sun is providing enough light. It saves energy, reduces the environmental impact and creates a more natural rhythm in the room. It’s cost-effective and smart, and it’s the future. We should be talking much more about it.

What is the next step in the field of Human Centric Lighting?

Going forward, I believe that individualisation will be key. Together with universities in Umeå, Jönköping and Edinburgh, we are exploring how light can be adapted to age, needs or diagnoses such as ADHD. We know that different wavelengths affect us differently, and in future I believe that light will be able to be fine-tuned for each individual.

AI will play a major role. I believe we will see sensors and systems that perceive behaviours and needs, and that will automatically adjust the light accordingly. It will become more personal and more precision-oriented.

Fundamentally, however, our approach is still simple: We will be making light that makes people feel as good as possible.



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Auditor's limited assurance report

Operational statement

The Board of Directors and CEO of Fagerhult Group AB, Corporate Identity Number 556110-6203, hereby present the Annual Report for the Group and the Parent Company for the year 2025.

Operations

The Fagerhult Group is one of Europe's leading lighting groups. We design, manufacture, and market professional lighting solutions for human environments with a focus on aesthetics, functionality, flexibility and sustainability. The Group has 13 manufacturing facilities in Europe and factories also in China (2), Australia, Türkiye, Thailand and Canada and sales companies in 27 countries.

Fagerhult Group's shares are listed on the Nasdaq, Mid Cap list in Stockholm.

Changes in the Group

During 2025 the Fagerhult Group continued its progress on its strategic agenda. The Group's strategic agenda focusses on lighting innovation (including smart lighting), sustainability and people. These key activities remain significant organic growth opportunities and the global mega-trends, including sustainability, energy reduction and urbanisation, open significant opportunities for the lighting industry. The EU ban on the older style fluorescent lamps during 2023, the increased cost of electricity and the shift to smart lighting are all responses to these mega-trends and the Fagerhult Group is well positioned. Market and sales collaboration across the Group's brands further increased and we see an increased number of lighting projects being won where several brands are represented. Fagerhult Group is divided in on four business areas; Collection, Premium, Professional and Infra-

structure. Each of our 13 lighting brands belongs to one of the business areas and the selection has been done based on product applications, geographic footprint and partner focus. The smart lighting strategy is driven from a Group perspective using three brands; Organic Response for indoor and Capelon and Citygrid for outdoor.

The strategic alignment process and the business area structure are managed by the Fagerhult Group Management Team which consists of eight people; CEO, four Heads of Business Areas, and three Group functions; CTO, CPO and CFO.

The Group's legal structure is regularly reviewed. Sometimes this is driven from a customer/market perspective and sometimes from a simplification of the legal, administration and tax perspective. During 2025 we carried out the following transactions. The TratoTLV group, consisting of the operational companies Trato Industries SAS, TLV SAS and Biolume SAS was acquired. TratoTLV group is part of business area Professional. Further, Capelon AB (with its Finnish subsidiary Capelon OY) was acquired. Capelon AB is part of Smart Lighting Solutions.

Smart Lighting Solutions

In 2025, Capelon AB (with the subsidiary Capelon OY) was acquired. The Fagerhult Group's 2025 investment in Smart Lighting Solutions consists of three brands: Organic Response (indoor lighting) and Capelon and Citygrid (outdoor lighting).

Sales and earnings

During 2025 the Group's activity on the market declined slightly and this reflects the ongoing subdued construction industry and lower customer demand. As a consequence, the results for net sales and operating profit also declined.

Whilst the new-build construction market remains in decline, there was good growth in the renovation and retrofit markets. There remains a high focus on pricing management and portfolio management and there is good cost control in many of the Group's businesses. Gross profit margins increased to an all-time high and the Group delivered net sales of 7,891 (8,305) MSEK, an operating profit before IAC of 607 (741) MSEK with an operating margin before IAC of 7.7 (8.9) per cent.

As mentioned above, the activity on the market has been at a lower level. Order intake levels have been volatile and unpredictable across the business areas, geographies and brands. Order intake levels for the full year were 7,928 (8,114) MSEK, an overall decline of -2.3 per cent and an organic decline of -2.5 per cent.

Net sales for the full year of 7,891 (8,305) MSEK resulted from a decrease in all business areas except Professional. Operating profits before IAC decreased in all business areas except Collection.

We anticipate that the new build construction industry will return to growth and when it does, the Group is ready and in good shape for this. So a return to growth for the Group with

improvements in the new-build market and the renovation market will be beneficial for the Group's performance. The global mega-trends remain strong and in favour and the Group's work in the brand companies, the business areas and on strategy development for sustainability, smart lighting solutions and people have all created a solid platform from which to grow further. The identified growth opportunities, including; the low level of the LED installed base (40 per cent), the up to 90 per cent energy savings from smart lighting solutions, the renovation and retrofit markets and the need to support our customers with reducing their scope 3 carbon emissions for SBTi targets and sustainability purposes will all support our growth aspirations.

The Group's net sales of 7,891 (8,305) MSEK show a -5.0 per cent decrease and on a comparable basis a decrease of -5.8 per cent when adjusted for currency effects and M&A of 65 MSEK.

Operating cash flow was 740 (964) MSEK and financial items of -112.8 (-138.1) MSEK include -99.0 (-116.2) MSEK net interest cost, +19.0 (+3.0) in currency gains and -32.9 (-24.9) MSEK for IFRS 16 items. The tax expense was 147.3 (178.1) MSEK which is an effective tax rate of 31.7 (33.5) per cent.

Earnings per share before IAC, based on the earnings attributable to the shareholders of the parent company for 2025 was 1.93 (2.31) SEK. For 2025 the average number of shares outstanding was 176.3 (176.3) million and the number of shares at the year-end was 176.3 (176.3) million.

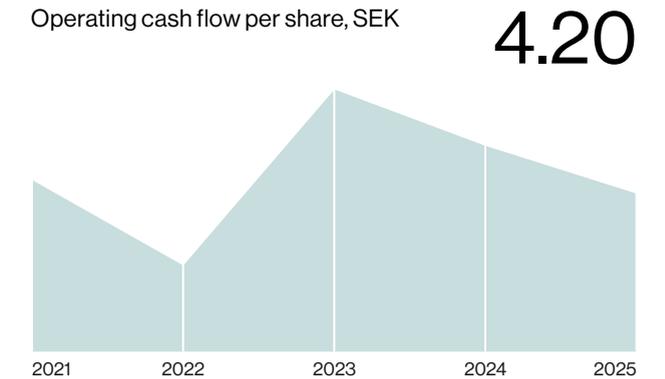
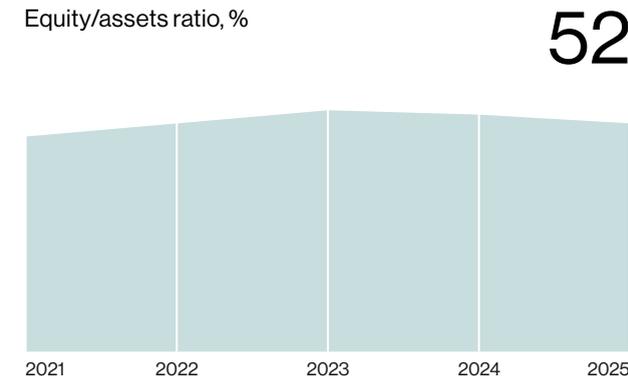
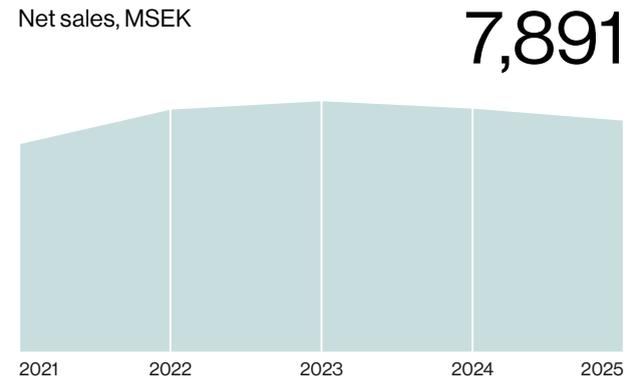
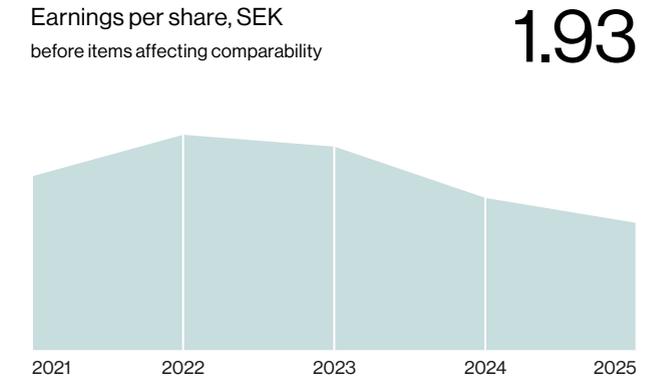
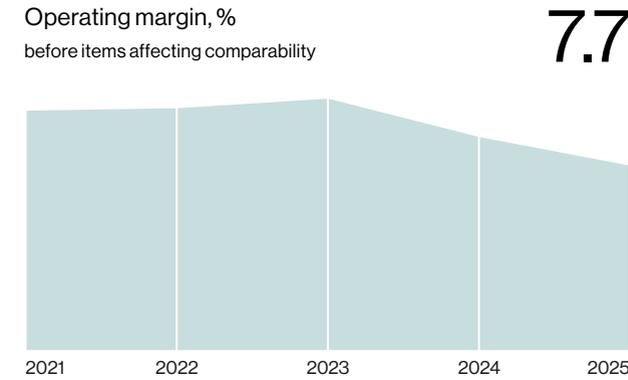
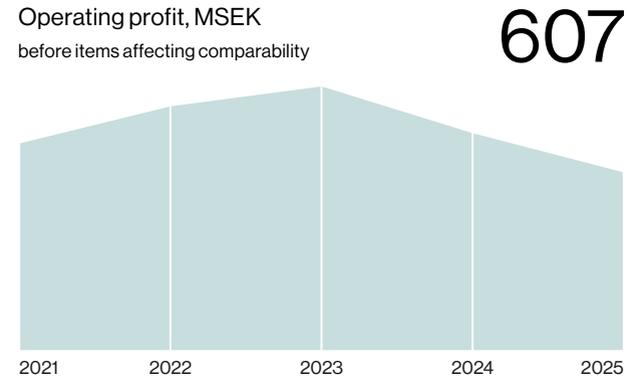
Business areas

Operations remain divided into four business areas; Collection, Premium, Professional and Infrastructure. In accordance with IFRS 8, the external reporting has been adapted so that segment reporting reflects the Group's operational leadership structure.

Collection – Exceptional lighting solutions for architectural applications worldwide.

Collection is home to our brands with a global market footprint. All have an international product portfolio and are well-renowned in the lighting designer and architect communities globally. They offer a wide product range with a focus on indoor and outdoor architectural applications. Brands included are; ateljé Lyktan, iGuzzini, LED Linear and WE-EF with product development and manufacturing facilities in Sweden, Italy, Canada, China, Germany and Thailand. The business area includes all sales companies for iGuzzini, LED Linear and WE-EF.

Net sales in 2025 were 3,580 (3,842) MSEK, a decrease of –6.8 per cent. The operating profit before IAC for the period was 367 (363) MSEK and the operating margin before IAC was 10.3 (9.4) per cent.



Premium – Lighting solutions for European markets and for global customers.

Premium focuses on the European market and European-based global customers. Our Premium brands work closely with specifiers and partners to deliver premium projects, often with bespoke solutions for the customer. The majority of sales are related to indoor applications, there is also an outdoor offering for specific markets. Brands included are; Fagerhult and LTS with product development and manufacturing facilities in Sweden, Germany and China. The business area includes all Fagerhult sales companies.

Net sales in 2025 were 2,574 (2,836) MSEK, a decrease of –9.2 per cent. The operating profit before IAC for the period was 361 (401) MSEK and the operating margin before IAC was 14.0 (14.1) per cent.

Professional – Lighting solutions for selected applications, tailored to local market demands.

Professional focuses mainly on indoor applications for local and neighbouring markets. The brands work closely together with local partners on project specifications to deliver full and complete solutions. Local production and product development allows for tailored solutions with bespoke products delivered within short lead times. Brands included are; Arlight, Eagle Lighting, TratoTLV group and Whitecroft, with product development and manufacturing facilities in Turkey, Australia, France and the UK. The Eagle Lighting sales company in New Zealand is consolidated in this business area.

Net sales in 2025 were 1,209 (1,066) MSEK, an increase of +13.4 per cent. The operating profit before IAC for the period was 33 (77) MSEK and the operating margin before IAC was 2.7 (7.2) per cent.

Infrastructure – Specialty lighting solutions for critical infrastructure and industry applications.

Infrastructure provides lighting solutions for environments with specific requirements for installation, durability and robustness. The companies are world-leading in their areas and highly experienced in finding the best solutions for every project and customer. The majority of sales are within Europe with some global installations. Brands included are; Designplan, i-Valo and Veko, with product development and manufacturing facilities in the UK, Finland and the Netherlands.

Net sales in 2025 were 727(836) MSEK, a decrease of –13.0 per cent. The operating profit before IAC for the period was 32 (77) MSEK and the operating margin before IAC was 4.4 (9.2) per cent.

Financial position

The Group's equity/assets ratio at the end of the year was 52.0 (54.4) per cent. Cash and bank balances at year end amounted to 1,307 (1,879) MSEK and consolidated equity totalled 7,090 (7,459) MSEK. Net debt amounted to 2,990 (2,261) MSEK where 691 (751) MSEK is due to IFRS 16. Cash flow from operating activities for the year totalled 740 (964) MSEK. Pledged assets and contingent liabilities were 17.6 (19.3) MSEK and 18.0 (17.3) MSEK, respectively.

Employees

In 2025, the average number of employees increased by 61 to 4,068 (4,007). At the end of 2025 the number of employees was 4,009 (3,937), an increase of 72 which is 2 per cent. The number of employees in the Group's foreign companies amounted to 3,299 (3,218), which corresponded to 82 (82) per cent of the total number of employees. The proportion of women during the year amounted to 36 (33) per cent of all employees.

To further strengthen the Group's knowledge capital, the established goals for individual and organisation development continue to increase, so too has the investment in developing talented individuals, both new and existing

employees and the new bi-annual talent review was repeated in 2025 which identified good potential in many areas and businesses, this will next be repeated in 2027. Establishing, communicating and aligning of the Group's core values continues and during 2025 and into the future a leadership guideline principles programme was also completed with representatives from every brand company. During 2025, the Group initiated the long term diversity and inclusion programme.

The company's health care initiatives have focused on preventative measures and healthy living to reduce absence due to illness. For information on salaries and remuneration; refer to Note 2.

Guidelines for remuneration to senior management

The existing policies, for 2025, are that remuneration to the CEO and other senior management consists of a fixed basic annual salary plus an annual variable remuneration in the form of a bonus scheme tied to relevant and appropriate performance measures plus a company car benefit and a pension scheme with contributions made by the employer and employee. Annual variable remuneration is based on achieving goals and is maximised at 30–50 per cent of the fixed basic annual salary.

The remuneration to senior management supports the company's strategy and long term development and sustainability in several ways. Firstly, the total compensation is scheduled during the current year as a basic salary plus the annual bonus aimed at improving the overall short term result. Importantly the long-term incentive scheme seeks performance improvement over a three year term by focusing on sustained delivery, both financially and in accordance with the company's sustainability targets. Secondly, the annual bonus scheme is designed to work in conjunction with longer term aspects, for example sustained growth. Also, the annual schemes and long term schemes tie employees together in working teams with common objectives.

Fixed annual basic salaries for staff and senior management are reviewed simultaneously, thereby ensuring consistency of levels of increase. Often, there are many members of staff who are offered an annual bonus scheme, which again is tied to similar performance criteria to those of senior management. The establishment and development of the executive remuneration policy is made by a combination of the board and the remuneration committee, sometimes with input from the market outside.

In 2021–2025, at the Annual General Meetings, a long-term incentive (LTI) scheme was proposed, approved and introduced in the form of a performance-based share plan for senior management. Senior management were invited by the CEO to become members of the scheme and this came with an obligation for them to invest between 2.5–12.0 per cent of an annual basic salary in acquiring Fagerhult Group shares. Based on the three-year cumulative earnings per share (EPS) and the actual outcome of the Group's sustainability work during the three years in relation to the Group's established targets for greenhouse gas emissions, participants have the opportunity to receive up to 4 shares in Fagerhult Group for each investment share, provided that 100 per cent of the targets regarding EPS and sustainability have been achieved. At 1–100 per cent of the targets, the allocation is linear. The aforementioned sustainability targets, regarding Fagerhult Group's performance in reducing its greenhouse gas emissions, are found in the long-term incentive programs for 2024 and 2025.

For 2026 the above policies will be proposed at the Annual General Meeting.

Investments

The Group's gross investments in property, plant and equipment amounted to 225 (178) MSEK, and primarily pertained to machinery and equipment.

Investments in subsidiaries amounted to 957.7 (0.7) MSEK. At the year end, construction in progress of tangible assets amounted to 32.3 (84.8) MSEK.

Gross investments in intangible assets amounted to 46.5 (34.5) MSEK, excluding acquisitions of subsidiaries. Depreciation and amortisation for the year amounted to 469.2 (459.2) MSEK, of which property, plant and equipment accounted for 205.8 (210.0) MSEK.

Product and solutions development

Continuous product and solutions development is undertaken within the Fagerhult Group across each of the 13 lighting brands and smart lighting brands. The aim is to improve existing products, as well as the core focus of developing new products. A basic principle is that development efforts should be carried out close to the markets and in collaboration with customers and end users. From an international perspective, Fagerhult Group holds a prominent position within the lighting design and technology field. Collaboration with the leading manufacturers of controls technologies, light sources and components is essential.

Fagerhult Group's two main technical laboratories and engineering centres, TeknikCentrum in Sweden and the laboratory in Italy, are two of Europe's best equipped facilities, where we can test the safety and performance of and approve our own products to international standards. Other developing technical facilities exist also in Sutton and Manchester in the UK and at Bispingen in Germany.

A vitality index measures the share of net sales from products which are under 3 years old.

Capitalized development costs at the end of the year is 21.0 (26.6) MSEK. Other costs are expensed as they arise.

For additional information; see Notes 11 and 28.

Sustainability report in accordance with the Swedish Annual Accounts Act

In accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act, Fagerhult Group AB has chosen to combine its sustainability report with its annual report. Refer to pages 53–108 of this document.

Share buybacks, new issues and treasury shares

The AGM on 28 April 2025 authorised the Board to buy back the company's own shares. No shares were bought back during the year. The number of treasury shares totalled 860,437 (860,437) and the total number of shares was 177,192,843 (177,192,843). The percentage of shares held as treasury shares was 0.5 (0.5) per cent.

The Board of Directors proposes that the AGM resolve to grant the Board continued authorisation, until the next AGM, to buy back the company's own shares. As treasury shares are not entitled to dividends, they are excluded from the total number of shares in the proposed appropriation of profits stated below.

Risks

A review of risks, including the manner in which these are managed, is found in Note 37.

The Fagerhult Group share

There are no limitations on the transferability of shares (pre-emption clause). Nor are there any limitations as to the number of votes which each shareholder can exercise at general meetings. The company is not aware of any agreements between shareholders which could involve limitations on the right to transfer shares.

Appointment and removal of Board members

There are no separate provisions in the Articles of Association regarding the appointment or removal of Board members.

Parent Company

Fagerhult Group AB's operations comprise Group Management, financing and the coordination of strategy, business, HR, smart lighting and sustainability. The company's net sales amounted to 59.1 (56.3) MSEK for the period. The profit after financial items was 187.5 (224.4) MSEK. The average number of employees during the period was 18 (18).

Outlook for 2026

The Group continued to develop its key strategic areas and make good progress. For example a third year of significant reduction in GHGs as we focus on our near term (2030) and long term (2045) scope 1, 2 and 3 SBTi targets.

Whilst market conditions remain uncertain, the cost base is being adjusted and we will see the impact of this in 2026 and the cost base actions and the restructuring programmes provide a platform for enhanced margins. The softer market conditions are closely followed, meanwhile we look forward 12–18 months and a return to growth in new build construction.

Proposed appropriation of profits

The following profits are at the disposal of the AGM:

Profit brought forward	5,119.6 MSEK
Net profit for the year	349.4 MSEK
Profit carried forward	5,469.0 MSEK

The total number of dividend-bearing shares on 20 March 2026 amounted to 176,332,406. The Board of Directors proposes that the profit be appropriated as follows: To be distributed as dividends to shareholders:

SEK 1.10 per share	194.0 MSEK
To be carried forward	5,275.0 MSEK
Total	5,469.0 MSEK

Board of Directors' statement regarding the proposed dividend

It is the opinion of the Board of Directors that the proposed dividend will not prevent the company or the group from fulfilling its short or long-term obligations, nor will it prevent the company or the group from making the necessary investments. Accordingly, the proposed dividend can be justified pursuant to the provisions of the Swedish Companies Act, Chapter 17, Section 3, paragraphs 2–3.

Considering that the operations of the company and the group continue to be profitable, the equity/assets ratio is at a satisfactory level. It is the company's and the Group's assessment that liquidity can be maintained at a similarly satisfactory level.

Sustainability statement



“The right light, at the right time, in the right place creates safe, efficient, and sustainable living environments.”

Josefin Unger Belin,
Head of Sustainability

Sustainability is an integral part of Fagerhult Group’s strategy and a central driver of our business model. The development of climate-smart and circular solutions goes hand in hand with the business’s innovative power and our ambition to reduce our customers’ carbon footprint. Through the expertise and commitment of our employees, sustainability is translated into practical action, creating significant added value.

We are proud to be experts in lighting and possess extensive knowledge of how light affects people in different environments. The right light, at the right time, in the right place creates safe, efficient, and sustainable living environments.

Our energy-efficient and recyclable lighting solutions are developed to combine high performance with reduced environmental impact throughout the entire life cycle.

Continued high level of ambition

Half the time has passed since we set our 2030 targets. We maintain a continued high level of ambition, and during

2025 we have taken several important steps forward as the requirements for transition increase, both from a regulatory and market perspective. Since the base year 2021, we have reduced Scope 1 and Scope 2 emissions by 52 per cent and Scope 3 by 50 per cent. This reduction is a result of both internal and external factors. However, it is important to emphasise that the journey towards net zero requires continued collective focus and clear decisiveness.

Sustainability as a central driver

Our continued development is based on the ambition that our solutions should contribute positively to the transition towards a climate-neutral society. We have clear, science-based climate targets, which include reaching net-zero emissions by 2045. Our sustainability targets do not merely serve as benchmarks for our work, but as governing parameters for investments, product development, and priorities throughout the group. We clearly see how they accelerate the change process within our companies, which in turn creates value for our customers.

Circular ambitions

Innovation is crucial in our climate work and a prerequisite for reducing the impact that arises in our value chain. We have many years of experience in combining technical expertise with sustainable design, thereby creating lighting solutions that both improve people’s everyday lives and reduce climate impact. We are increasing the proportion of recycled

material and exploring new solutions such as luminaires in hemp, linen, and paper. Furthermore, we are developing products designed for refurbishment, repair, and recycling.

We have several products designed for a circular approach; one example is Ribeira from iGuzzini (which features on the previous page), where every component is recyclable. Our ambition within circularity extends beyond product development and also encompasses packaging innovation; a clear example is Geopak from Whitecroft, which is a traceable packaging solution that saves large amounts of waste.

The journey towards net zero

In addition to accelerating circularity within our respective companies, the journey towards net zero is primarily about reducing our emissions in the use phase. A key enabler is smart lighting, where sensors, data, and connected systems work together, making it possible for customers to significantly reduce their energy use and thereby their carbon footprint.

We are in a phase where implementation is being broadened and deepened throughout the Group, while simultaneously building structures to further increase the pace in the coming years.

Employees drive development

On the path towards more climate-smart and circular solutions, our employees are crucial. It is in the daily

work – product development, manufacturing, purchasing, and customer dialogues – that strategy is translated into practical action and sustainability is integrated into the business. We provide our employees with knowledge-sharing channels and forums, where sustainability-related issues are in focus and where experiences are shared and collective priorities are formed.

Sustainability statement 2025

The sustainability statement for Fagerhult Group 2025 is presented on the following pages. The sustainability statement is a transparent account of the group’s operations, our progress and challenges, and how we create value for people, society, and the planet.

This year’s sustainability statement is the first to be fully prepared in accordance with CSRD and ESRS. The statement is more than a response to new regulatory requirements – it serves as a tool for governance and development, providing deeper insights and clarifying, among other things, how our work contributes to the Paris Agreement and the UN Sustainable Development Goals.

Josefin Unger Belin,
Head of Sustainability

General disclosures



ESRS 2 General disclosures

BP-1 General basis for preparation of the sustainability statements

The sustainability statement constitutes Fagerhult Group's statutory sustainability report required by the Swedish Annual Accounts Act. It has been prepared in accordance with the European Sustainability Reporting Standards (ESRS) of the EU Corporate Sustainability Reporting Directive (CSRD). In addition to the disclosures prescribed by ESRS, the sustainability statement includes reporting in accordance with the EU Taxonomy Regulation.

Fagerhult Group's sustainability statement is prepared on a consolidated basis and includes all companies in Fagerhult Group, unless otherwise stated in a specific disclosure. The scope for the consolidation is the same as for the financial statements and pertains to the 2025 calendar year.

The sustainability statement is based on the sustainability matters found material in our double materiality assessment, which takes into account our upstream and downstream value chain as well as our own operations.

Fagerhult Group has not omitted any information in relation to intellectual property, know-how or the results of innovation in the sustainability statement.

BP-2 Disclosures in relation to specific circumstances

Our double materiality assessment is at the base of our sustainability statement and has considered the Group's entire value chain. Our double materiality assessment has adopted the short-, medium-, and long-term horizons as defined in the ESRS. Whereas our climate scenario analysis presented in section E1 IRO-1 has adopted different time horizons which are further described in that section.

Certain disclosures in this report are associated with greater uncertainty as they rely on information from our value chain. This relates both to reliance on supplier information and the use of indirect sources for emission factors in our greenhouse gas (GHG) emissions calculations, mainly related to selected scope 3 emission categories. For transparency, we have outlined the accounting methodology applied to all emission categories in section E1-6. We strive to improve the accuracy of reported data, but will continue to rely on indirect sources such as industry average emission factors for purchased materials. Moreover, supplier information is a necessity in order to measure our environmental impact, and we apply various controls to assess the accuracy of the information.

In cases where historic information has been changed compared to previous years, details are given next to the table or graph where the relevant information presented; this relates specifically to sections E1-6, E5-4 and S1-16.

During the reporting year, Fagerhult Group completed two acquisitions that materially expanded its operational and organisational boundaries. In line with the GHG Protocol Corporate Standard and the Science Based Targets initiative

(SBTi) Target Validation Protocol, this structural change requires a recalculation of our GHG emissions base year and historical emissions to ensure consistency and comparability over time.

Accordingly, the GHG emissions of the two acquired entities Trato-TLV Group and Capelon AB have been retroactively integrated into the base year (2021) and all subsequent reporting years. This recalculation does not change the base year itself, but updates the emissions values for 2021 onwards to reflect the enlarged organisational boundary. The recalculated figures are presented in this report. The recalculation of the acquisitions as such does not change our commitment to the emission reduction target or alter the Climate transition plan in any material way. We consider this recalculation necessary to maintain methodological consistency, ensure transparent year-on-year comparability, and align with SBTi requirements following a significant structural change.

Since the publication of the 2024 Annual and Sustainability report, reporting errors related to GHG emission calculations were identified in three brand companies, resulting in overstated emissions in the 2021 base year and subsequent years. To ensure a consistent comparison between years, historical emissions have been recalculated and restated in this report. The reporting error primarily affects Scope 3 category 1 purchased goods and services and category 11 use of sold products. See E1-6 for more information on the total effect of the restatement. The effect is shown for total scope 1, 2 and 3 with scope 2 calculated using the market-based method.

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

Sustainability is embedded across Fagerhult Group's operations and is an integrated component of the Group's corporate governance framework. This section shares information on the governance processes, controls and procedures of our Group in direct relation to sustainability matters.

More information regarding Group governance and the composition, experience and independence of the Board of Directors, CEO and Group Management Team (GMT) can be found in the Corporate Governance Report on pages 111–120.

Board of Directors

The Board of Directors consists of six non-executive members elected by the annual general meeting as well as two Board members and two deputy Board members elected by the trade unions. The current gender diversity of the Board is 63 per cent female.

Ultimate responsibility for the Group's sustainability work lies with the Board of Directors. They oversee the Group sustainability strategy, performance and sustainability reporting. The Board is responsible for ensuring the business is conducted in accordance with all applicable laws and regulations and in line with our business principles.

The Audit Committee, which consists of two Board members, monitor the Group's sustainability reporting as required by the applicable regulations as well as in relation to applicable programmes and organisations to which the Fagerhult Group is connected, such as the Science Based Target initiative with the Group climate goals.

CEO and Group Management Team

The GMT consists of eight executive members including the CEO and the current gender diversity is 50 per cent female. The GMT oversee the sustainability strategy, the management of impacts, risks and opportunities in Group companies, and monitor progress. The GMT is involved in the double materiality assessment process and validate the results. They approve any sustainability-related policies and targets developed as part of the Group sustainability strategy and they monitor progress as measured in the annual reporting results.

Ultimate responsibility for the Group's sustainability performance rests with the CEO, who delegates powers and ownership of specific sustainability topics to the GMT and senior Group management.

Delegation to Head of Sustainability and Chief People Officer

Operational responsibility for sustainability performance is delegated to the Head of Sustainability and to the Chief People Officer (CPO) for certain social sustainability matters.

The Head of Sustainability is responsible for leading and following up on the Group's sustainability efforts. This includes an explicit responsibility for promoting the Group's sustainability strategy, addressing material impacts, risks, and opportunities, and coordinating efforts with the GMT and Group companies to drive progress and share knowledge across the Group.

Progress on many key sustainability matters related to own workforce are managed by the CPO, who is also part of the GMT and who leads Group-wide strategic people-focused work and continuous dialogues with HR management in Group companies.

Responsibility of the Managing Directors within Group companies

In our decentralised governance model, each Group company is responsible for its own sustainability work, for ensuring this aligns with Group strategy and policies, and for progressing on their impacts, risks and opportunities and meeting established targets. This progress is shared with the GMT via company Managing Directors (MDs) and the Head of Sustainability in the annual sustainability reporting cycle.

Each company MD has the responsibility for implementing and adhering to the Group's Code of Conduct, the Code of Conduct for business partners, other Group-level policies, as well as regulations and guidelines at the local level; the latter includes relevant national laws and other regulations such as competition rules, environmental legislation, labour laws and collective agreements. Policy objectives are monitored through various processes which look differently across our brand companies and such monitoring lies within the operational responsibility of each company MD.

Internal sustainability expertise and support

The Board and GMT as a whole have a wide range of sustainability-related expertise and experience, covering environmental, social and governance topics. Internally in our Group we have experts in all material topic areas.

At Group level, the Group Sustainability Team and Group Legal Counsel support the GMT in building knowledge and competence around our material impacts, risks and opportunities, and the need for additional external expertise is evaluated on an ongoing basis. All members of the GMT have close contact with Group companies and develop expertise further through coming into regular contact with the various sustainability experts in the organisation.

GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

The CEO regularly updates the Board of Directors about key sustainability matters. The Board of Directors is informed at least once per year by the Head of Sustainability about the results of the double materiality assessment process and performance on key sustainability metrics. The Board is also informed about any major changes to Group policies, Group sustainability-related due diligence processes and any new Group sustainability targets, although such changes do not occur often.

The Head of Sustainability regularly updates the CEO and GMT about strategic developments, Group sustainability work and performance, and key actions being taken to manage and progress within material impact, risk and opportunity management. The CEO and GMT are involved in the double materiality assessment process each year and in the development of sustainability-related due diligence processes.

Sustainability is intertwined with the Group's overall strategic direction. Sustainability impacts, risks and opportunities are considered in a general sense in business strategy developments by the GMT and in the due diligence processes by the GMT and Board ahead of any major transactions. In 2025, two acquisitions were completed by the Group and there were no sustainability-related trade-offs needed in these processes as both companies fit well into the strategic vision of improving our sustainability impacts across the Group and for our stakeholders.

The Board and GMT have been updated about all of our material impacts, risks and opportunities during 2025. There has been specific focus on addressing impacts, risks and opportunities within climate, circularity, operational health and safety, Group culture, diversity and inclusion, and anti-corruption.

GOV-3 Integration of sustainability-related performance in incentive schemes

In 2024, the annual general meeting approved the long-term incentive (LTI) scheme for senior management in which an additional sustainability-related target was included for the first time. The LTI scheme forms part of the variable remuneration for senior management; it consists of two components, with ninety per cent related to financial performance and ten per cent related to sustainability performance, and seeks performance improvements over a three-year term. There are currently two LTI schemes containing sustainability-related targets in place, measuring performance to the target years of 2026 and 2027.

The sustainability-related target concerns progress in reaching the Group's SBTi-approved near-term climate goals, and focuses on the specific reduction of greenhouse gas scope 1 and 2 emissions between the base year 2021 and the target years of 2026 and 2027 for each respective scheme.

Once the target year has passed and performance can be measured, the Board of Directors has the responsibility of approving the suggested variable remuneration based on performance in relation to these targets.

For more information on the LTI scheme, see Guidelines for remuneration to senior management on page 114–115 in the Corporate Governance Report.

GOV-4 Statement on due diligence

The table below maps the main steps in the due diligence process to the locations in the sustainability statement which describe how Fagerhult Group works with sustainability due diligence.

Core elements of due diligence	Paragraphs in the sustainability statement
Embedding due diligence in governance, strategy and business model	GOV-1, GOV-2, SBM-3
Engaging with affected stakeholders in all key steps of the due diligence	SBM-2, IRO-1, S1-2, S2-2, S4-2
Identifying and assessing adverse impacts	IRO-1, E1 IRO-1, E5 IRO-1, S1-2, S2-2, S4-2
Taking actions to address those adverse impacts	E1-3, E5-2, S1-4, S2-4, S4-4, G1-3
Tracking the effectiveness of these efforts and communicating	E1-4, E1-5, E1-6, E5-3, E5-4, E5-5, S1-5, S1-8, S1-9, S1-13, S1-14, S1-16, S1-17, S2-5, S4-5

GOV-5 Risk management and internal controls over sustainability reporting

As a decentralised Group, our Group companies have autonomy in determining which data management systems they use in their business and these business systems are generally not connected across brands or towards the Group holding company. This means that responsibility for sustainability data reporting lies in each Group company, who extract data from their own systems to input into Group-wide sustainability reporting platforms. This results in several steps in data reporting, different processes in reporting entities, and involves many individuals.

To mitigate risks associated with our decentralised model, the Group Sustainability Team have annual and multiple online training webinars to which all reporters are invited and share written guidance regarding the data to be reported. These webinars focus on knowledge building around our material topics and reporting questions. Ongoing support is offered and time is spent on discussions and developing close contacts.

The most complex data area for Group sustainability reporting is connected to our greenhouse gas emissions calculations, in particular our Scope 3 data and model-based

calculations. Extra efforts are in place here to mitigate risks and perform controls, through trainings, discussions, and an annual review of key assumptions with the responsible reporters in each brand company.

The Group Sustainability Team conducts an internal controls process for reviewing the reported data once it has been submitted in January. An analytical risk assessment approach is applied where risks of material misstatements are identified through close analysis of year-on-year variance in which larger deviations are further investigated to ensure accuracy. In this process, priority is placed on the higher reporting risk areas. Any key findings from these processes feed into identifying improvement measures in internal and local processes, which are then discussed with relevant reporters and in future trainings.

Any significant material risks in data reporting or significant issues found in the internal controls process identified by the Group Sustainability Team would be shared with the CEO, who then has the responsibility to inform the Board as deemed appropriate. The assessment of sustainability reporting risk areas identified by our auditors and any potential significant findings in their assurance process are shared with the Audit Committee at least once per year.

SBM-1 Strategy, business model and value chain

Fagerhult Group creates innovative, smart and sustainable lighting solutions for both indoor and outdoor environments. Our Group consists of thirteen lighting brands and two technology platforms. Fagerhult Group's sustainability strategy is deeply embedded in our business model and closely aligned with our overall business strategy, collectively driving us toward our vision of "A world enhanced by light". We are a participant of the UN Global Compact and are committed to its Ten Principles on human rights, labour, environment and anti-corruption. We are dedicated to achieving the Paris Agreement's 1.5°C target, and contribute to the UN Sustainable Development Goals (SDGs).

Fagerhult Group's main sustainability-related goals are our SBTi-approved climate targets; more information on these is found in sections E1-1 and E1-4. As part of meeting these goals, our highest priority is to significantly lower the emissions created in the use of our lighting products. This concerns all of our products in all of our markets and we endeavour to do this through our continued focus on energy-efficient technology and the use of smart lighting.

As a Group, we strive to be long-term partners with our customers, suppliers and business partners, and highly value

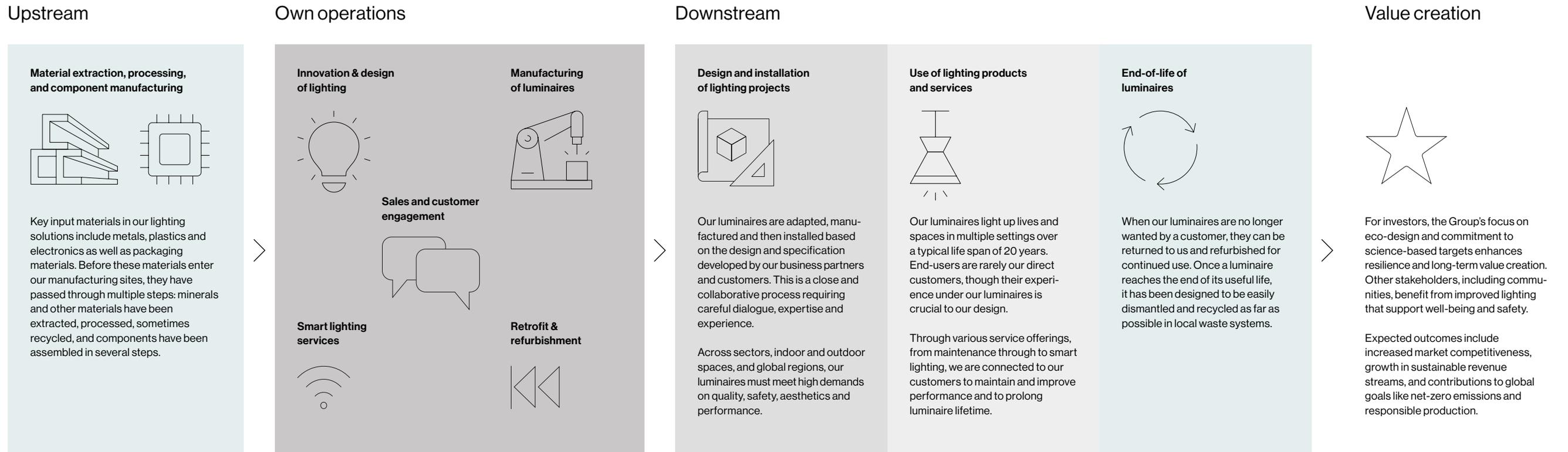
open and transparent collaboration. Our lighting solutions deliver the right light in the right place to positively impact people and spaces. We are exploring and driving circular business opportunities where we can, and reducing our material use and waste generation. Our close attention to customer needs and our strong supplier relationships will be key to unlocking future circular business opportunities. In meeting all of these challenges, our employees are our most important asset to continue delivering high-quality lighting solutions and to drive the innovative developments needed in our industry. Ensuring their health and safety, job satisfaction, professional development and well-being are crucial for our business both today and tomorrow.

Our work with our material sustainability matters within environmental, social and governance areas is continuous. Our responsibility extends beyond our own operations and we continue to work with our value chain to find ways to improve together.

For details on significant groups of products, markets served, headcount of employees by geographic areas and total revenues see the Operational statement on pages 49–52 and note 1 in the financial statements on pages 131–132.

Business model and value chain

Fagerhult Group is a leading global actor in professional lighting. Our operations include many activities which depend on human and material resources, all connected to lighting solutions. Whilst our value chain is complex, its key stages are described below, where our Group is positioned further down, close to end-customers and end-users.



Our main value chain upstream consists of the supply chains for the materials and components which are used in our lighting solutions, as well as packaging material to ensure our products arrive in good condition to our customers. In our decentralised governance model, each Group brand manage their up- and down-stream value chain. The majority

of materials is procured from first-tier suppliers located close to our factories and managed by our brand companies, whilst some key components such as certain electronics are purchased in larger volumes within the Group from larger suppliers.

Looking downstream, the design and installation of the projects where our lighting solutions are installed, is a very important stage of our value chain. The details of this next stage differ significantly between sectors, countries and business areas, but a foundation is close contact with our business partners and customers who can be installers,

architects, light designers and project engineers, among others, and customers are both private and public. End-users are those individuals under our lights, who can be in most types of surroundings inside and outside, including train stations, museums, retail stores, power plants, offices, parks, among many others.

SBM-2 Interests and views of stakeholders

Stakeholder engagement is essential for our business and for understanding the importance of various sustainability topics from a range of perspectives. Our double materiality assessment process forms part of this engagement through targeted stakeholder dialogues and internal forums; our double materiality assessment is also informed through insights gained in the multiple forms that stakeholder engagement takes place in, which also includes due diligence processes with our value chain.

Key insights gained from stakeholder dialogue in relation to sustainability matters are shared with the GMT on a regular basis, either from specific sustainability-focused

dialogue or in wider discussions and analysis around business trends and market developments.

In 2025, sustainability-focused stakeholder dialogue has taken place in the form of interviews with business partners regarding the future of the lighting industry in relation to sustainability, and in discussions with property owners, which is a key customer segment for our business. Such engagements helps to shape our business strategy, where sustainability is a central element.

The main stakeholders with whom we regularly conduct stakeholder dialogue are listed in the table below, alongside descriptions of the dialogue form, focus, and key activities or

ways in which we strive to meet their interests and views. Although an important stakeholder, workers in the value chain are not named below as we do not currently conduct direct stakeholder dialogue with them.

Stakeholder	Dialogue form	Issues in focus	Our response
Employees	Performance development reviews, employee surveys, workplace meetings, daily meetings/status updates, meetings with worker representatives, interviews	Safe, healthy and secure work environment, diversity and inclusion, equality, personal development, skills development, compliance with labor legislation, good leadership, team spirit, respect for human rights	Employee surveys, employee dialogue, measures based on employee dialogue and employee surveys, safety advice, leadership training, zero tolerance for discrimination, ensuring a safe, healthy and secure working environment
Customers and end-users	Business meetings, business network, trade fairs, seminars, webinars, customer surveys, interviews	High-quality, innovation, lead times, products that help reduce energy consumption and promote a circular economy, certification, environmental impact of products, quick and accessible technical support, security of supply, market prices, compliance	Focus on supply security and customer support, good delivery capacity with subcontractors, development of life-cycle assessments (LCAs) and Environmental Performance Declarations (EPDs), product development focused on sustainability and a circular economy, the development of smart lighting solutions
Suppliers, business partners	Procurement process, supplier assessments, business meetings, trade fairs, sales networks, interviews	Contract compliance, high-quality sustainable products, reliable and economically stable business partners, business ethics, quality, efficiency, customer satisfaction, service	Reliable and stable business partner, high business ethics, transparent and responsive dialogue, fair and correct negotiations, on-time payments, innovative and sustainable products
Investors	Annual and sustainability reports, interim reports, press releases, the AGM, meetings, surveys, interviews and website	Climate, resource use and circularity, working conditions for employees and workers in the value chain, diversity and inclusion, product safety, cyber security and responsible business	Transparent annual and quarterly reporting, our Code of Conduct and other policies, responsiveness and open dialogue, access to senior executives
Local communities	Website, meetings, information meetings	Job opportunities, sustainable enterprise, active role in the local communities' development of services, sponsoring, compliance, stable employer and taxpayer, environmental impact	Our Code of Conduct, transparent and attentive dialogue, sponsorship of local activities, collaboration with local schools and colleges, prioritising local suppliers
Authorities	Networks, trade fairs, seminars, collaboration bodies, contact with relevant interest groups, direct contact with authorities	Issues that impact operations and products, new legislation, sustainable products that promote a circular economy, transparency, reliable information, business ethics, compliance	Our Code of Conduct, smooth adaptation to legislative changes, transparent and responsive dialogue, access to senior management, transparent reporting
Schools and universities	Networks, interviews, collaborative partnerships	Joint projects, teaching, skills supply, training	Taking part and contributing with resources to research projects, providing guidance for the format of relevant training, being receptive to students and post-graduates
Industry associations	Website, Annual and Sustainability report, corporate communication, surveys, collaboration bodies	Transparent and responsive dialogue, access to senior management, product descriptions, environmental impact, energy consumption, emissions, respect for human rights	Transparent and responsive dialogue, access to senior management, Annual and Sustainability report, our Code of Conduct, transparency concerning sustainability topics

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Fagerhult Group's material sustainability matters span environmental, social and governance areas and map to six of the ten ESRS topical standards. These matters are summarised below in terms of where the sustainability-related impacts themselves occur in our value chain and whether they are material for us from an impact or financial materiality

perspective. Detailed descriptions of our material impacts, risks and opportunities are presented in the SBM-3 section of each respective topical standard later in the report. These material sustainability matters have resulted from our double materiality assessment, as described in IRO-1, which did not identify any material entity-specific matters.

In relation to financial materiality, our sustainability-related risks and opportunities can materialise over different time periods and are associated with a high degree of uncertainty. We have not quantified the current or anticipated financial effects from these risks and opportunities.

The management of our material impacts, risks and opportunities are well integrated into our overall business strategy. We have policies, processes and action plans to address the most material sustainability matters. We have not performed a formal resilience analysis covering all matters.

Material sustainability matters	Where impacts could/do occur in value chain			Materiality perspective	
	Upstream	Own operations	Downstream	Impact	Financial
E1 Climate change					
Greenhouse gas emissions in our own operations and value chain				●	●
Electricity consumption of our lighting products				●	
Smart lighting and energy efficient technology in our lighting solutions				●	●
Climate change impacts on our operations and supply chain					●
E5 Resource use and circular economy					
Critical resources and components used in our lighting products				●	●
Waste management in our own operations				●	
End-of-life impacts from our lighting products				●	
Circular business models and principles				●	●

Material sustainability matters	Where impacts could/do occur in value chain			Materiality perspective	
	Upstream	Own operations	Downstream	Impact	Financial
S1 Own workforce					
Working conditions for our workforce				●	
Health and safety in our manufacturing operations				●	●
Diverse and inclusive workplace				●	●
Employee expertise and development				●	●
S2 Workers in value chain					
Health and safety of workers in value chain				●	
Child and forced labour risks in supply chain				●	●
S4 Customers and end-users					
Product safety and cyber security of lighting solutions				●	●
Social impact of high-quality lighting on people and spaces				●	
G1 Business conduct					
Group culture within our organisation				●	●
Corruption risks in our business practices				●	●

IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities

The process in which Fagerhult Group identifies and assesses its material impacts has been developed over many years and is carried out by the Group Sustainability Team. Fagerhult Group reported in accordance with the GRI framework between 2008–2024, which has provided a strong foundation for our materiality assessments. During 2023, we conducted our first double materiality assessment; in 2024, we developed our methodology and conducted targeted stakeholder dialogue; in 2025, we refined the assessment and took in additional expert perspectives. Each year, we review and update our double materiality assessment to include latest business developments, bring in insights from stakeholder engagement and due diligence processes, and incorporate emerging best practice.

Key steps in the 2025 double materiality assessment process

1. Identification of impacts, risks and opportunities across the value chain

To ensure completeness to the furthest extent possible, our double materiality assessment covers our entire operations including our upstream and downstream value chain rather than focusing on specific activities, business relationships or geographies.

At the base of our identification process are the consideration of topics across environmental, social and business conduct areas, with the ESRS list of topics, sub-topics, and sub-sub-topics serving as an important complement to our previous multiple materiality assessments.

Both impacts in our own operations and through our business relationships are considered. Risks and opportunities

stemming from sustainability matters connected to our business and markets, as well as those that arise from our own impacts and dependencies are taken into account.

2. Stakeholder dialogue

Stakeholder engagement is a key activity in our business development. We work closely with customers, business partners, suppliers, and engage with many actors to develop our unique offering and guide our strategic focus. Our due diligence processes with our value chain also help build our knowledge and understanding of potential and actual impacts. This internal knowledge is captured in our double materiality assessment through our close alignment with expert colleagues at Group level and from our brands, as well as through Group-wide forums and initiatives.

In direct relation to our double materiality assessment, targeted stakeholder dialogues have been carried out over several years with affected stakeholders and experts across environmental, social and governance areas and focused on relevant topic areas. Such dialogue is instrumental in identifying our impacts, risks and opportunities and shaping our overall assessment framework. More information on the interests and views of stakeholders can be found in SBM-2.

3. Analysis and prioritisation

The assessment of impacts, risks and opportunities is based on expertise, insights from stakeholder dialogues and internal discussions, and combines both qualitative reasoning and quantitative analysis. The methodology for the assessment has been developed and refined over time, discussed with internal sustainability experts and is approved by the GMT. It differs between impact and financial materiality and includes scoring criteria and materiality thresholds in the following way:

- *Impact materiality* considers – for each identified impact in step 1 – scale, scope, irremediability for negative impacts, and likelihood. Scale, scope and irremediability are each assessed on a five-point scale whose criteria is tailored to each sustainability area; these three are then combined together as severity on a five-point scale. Likelihood is considered on a four-point scale, with actual impacts receiving the highest score. A staggered materiality threshold is used to determine which scoring combination of severity and likelihood results in an impact being assessed as material. In the case of social impacts, if scale or irremediability receive the highest score then the impact is determined as material, regardless of the likelihood of it occurring.
- *Financial materiality* considers the potential financial size of the risk or opportunity on a five-point scale in relation to operating profit and the likelihood of it occurring on a three-point scale. A staggered materiality threshold is used to determine which scoring combination results in a risk or opportunity being assessed as material. This assessment is done together with the Group Chief Financial Officer.

The double materiality assessment results in the impacts, risks and opportunities which are deemed to be material for our Group, and thereby indicate the sustainability matters which should be prioritised in our sustainability work. The results are verified internally with sustainability experts and discussed further with senior Group management. The results are also then mapped to the ESRS disclosures to determine which information prescribed in the ESRS is material for our reporting; the list of ESRS disclosures shared in our sustainability statement as required by IRO-2 can be found in the Appendix on pages 107–108.

4. Approval and Validation by the GMT

The double materiality assessment is discussed each year with the GMT. They receive key updates regarding the process and they also receive the assessment results which they review and validate. The GMT validated the results of this year's double materiality assessment in August 2025.

Results of the double materiality assessment and our sustainability work

There were no major changes to the material impacts, risks and opportunities resulting from the double materiality assessment in 2025 compared to the previous year. The majority of these material topics have been in focus for several years and as such are topics which are addressed in some way already today. Improving on our material sustainability impacts, minimising our risks, and maximising our opportunities are generally in line with our business objectives and strategy, with some topics highly prioritised as key growth opportunities.

Alignment with enterprise risk management

Our double materiality assessment is not integrated into our enterprise risk management processes to date. The criteria used for assessing financial materiality are aligned with those used in business risk management processes. Opportunities for future alignment will be considered in 2026.

Environmental disclosures

E1 Climate change

On a global scale, climate change and its consequences are becoming increasingly clear for individuals, companies, and society. We recognise that we across our operations and value chain contribute to climate change through release of GHG emissions. In addition, the wider construction industry accounts for a significant share of the world's GHG emissions and existing buildings account for 30 per cent of global energy consumption. However, through smart and efficient LED lighting, Fagerhult Group has a role to play to reduce both the electricity use and GHG emissions of our customers. LED lighting can be up to 70 per cent more efficient than conventional lighting and combined with connected smart lighting controls, the energy use can be reduced by up to another 70 per cent.

E1 SBM-3 Material impacts, risks and opportunities

Fagerhult Group's material impacts, risks and opportunities relating to climate change are presented in below table. For each matter, impacts are considered in terms of how they impact people and planet, as well as the potential financial impact on our business. The table also describes the origin of each matter and their connection to our business model and strategy.

All impacts are actual unless stated as potential. All impacts, risks and opportunities are material throughout the short-, medium, and long-term unless otherwise stated.

Material matters	Impact on people and planet	Financial impact on business (risks and opportunities)	Origin of impact, connection to strategy and business model
Greenhouse gas emissions in our own operations and value chain	<p>– Every tonne of greenhouse gas emitted in <i>our own operations</i> and <i>across our value chain</i> contributes negatively to climate change</p>	<p>– Missing our climate targets could incur a reputational loss (<i>long-term</i>)</p> <p>+ Meeting our climate targets and enabling our customers to meet their own climate targets could enhance reputation and market position (<i>medium- to long-term</i>)</p>	<p>Our entire value chain uses energy and material resources which result in greenhouse gas emissions, with the largest share in the use of our lighting solutions</p> <p>Our SBTi-approved climate targets to address our material impact are publicly communicated</p>
Climate change impacts on our operations and supply chain		<p>– Climate-related disasters pose operational, workforce and financial risks and could cause major disruptions across our supply chain (<i>medium- to long-term</i>)</p> <p>+ Our decentralised operating model enhances resilience to such climate-related disruptions and challenges (<i>medium- to long-term</i>)</p>	<p>Climate-related events and disasters around the world can disrupt manufacturing operations and global supply chains</p>
Electricity consumption of our lighting products	<p>– Electricity use of products <i>downstream</i> depletes natural resources and generates greenhouse gas emissions</p>		<p>Lighting products consume electricity over their lifetime and are used in power grids around the world</p>
Smart lighting and energy efficient technology in our lighting solutions	<p>+ Potential: Significantly lower electricity consumption and greenhouse gas emissions <i>downstream</i> than many conventional and lower-quality lighting options</p>	<p>+ Rising market demand for smart, energy-efficient lighting solutions</p> <p>+ Harnessing technology leaps, product developments and new data-driven business models could enable further energy savings and reinforce market position (<i>medium- to long-term</i>)</p>	<p>Customers seek to improve their own environmental performance due to own goals or compliance with regulation</p> <p>Advances in lighting technology, our R&D and product design, and connected, data-driven services all reinforce demand for smart lighting solutions</p>

In the double materiality assessment process, which forms the basis for determining our material impacts, risks and opportunities, our entire value chain was considered.

Additional details about physical climate risks and transition risks and opportunities and resilience to climate change is described below in E1 IRO-1 and E1 SBM-3.

Fagerhult Group has identified and managed impacts, risks and opportunities related to climate change for several years, hence these are addressed within our overall business

strategy or through other established routines. The double materiality assessment has therefore not resulted in significant changes of our strategy to address these.

E1 GOV-3 Integration of sustainability-related performance in incentive schemes

Fagerhult Group has a long-term incentive program for senior management with a sustainability-related target related to reducing Scope 1 and 2 GHG emissions. For more information on this incentive scheme, refer to GOV-3 and Guidelines for remuneration to senior management on page 114–115. This incentive scheme was the first such scheme with included sustainability-related performance; its target period ends in 2027, hence no remuneration related to the program has been paid during 2025.

E1-1 Transition plan for climate change mitigation

Fagerhult Group's climate transition plan, established in 2023, serves as the primary framework guiding all Group companies in achieving the Group's set GHG emission reduction targets. The plan identifies key decarbonisation levers and outlines an actionable roadmap to meet these objectives. The transition plan has been approved by both the GMT and the Board of Directors. During 2025, the plan has been developed further as part of the ongoing work to achieve our climate targets. Our targets, validated by the Science Based Targets initiative (SBTi), align with the goal of limiting global warming to 1.5°C, consistent with the Paris Agreement.

The transition plan is a core component of our business strategy. It is broken down and operationalised in all brands since all have a unique set of challenges and opportunities.

Collaborative efforts between brands drive common actions, and dedicated knowledge-sharing forums facilitate the adoption of best practices across the Fagerhult Group. Additionally, each brand's progress on the transition plan is increasingly integrated into periodic internal reporting channels, ensuring alignment and accountability.

Although more than 90 per cent of our total value chain emissions occur in the use phase of our products, the efforts to reduce our environmental impact covers our full value chain from materials and components, logistics, own operations, product use and end-of-life.

Scope 1 and 2 emissions constitute less than 1 per cent of our total value chain emissions, but certain manufacturing processes for luminaires are energy-intensive and contribute significantly to the Group's operational emissions. A key example is the painting process of the luminaire housing and components, which requires high temperature drying in ovens often powered by natural gas. Until these

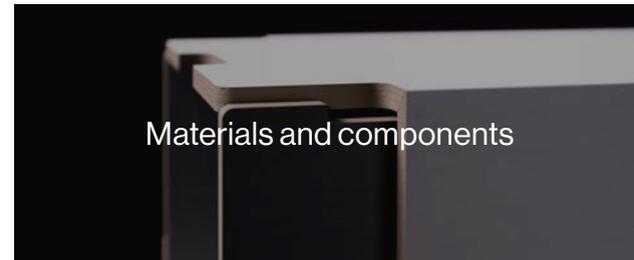
ovens are replaced, emissions from our paint plants are classified as locked-in emissions. Transitioning to ovens using fossil-free energy represents one of our primary initiatives within scope 1 and 2 emissions to achieve a 70 per cent reduction by 2030 and net zero emissions by 2045, and it is assessed that locked-in emissions currently does not pose a risk for us reaching our target. The timeline for implementing these investments will vary across brands.

The investments required to implement the transition plan vary across decarbonisation levers. Some levers, such as product light-weighting, optimizing logistics, and enhancing material efficiency in production lead to cost savings. Other measures, like reducing casing in drivers and sourcing renewable electricity, are cost-neutral. However, actions such as transitioning to fossil-free steel and procuring ultra-low-CO₂ aluminium currently involve higher costs. All investments follow our established investment decision process. The transition plan does not rely on any separate form of

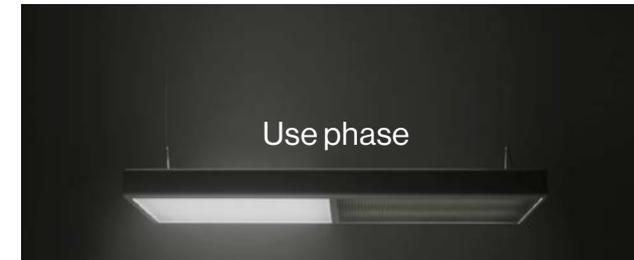
Prioritised activities to reach net-zero



- Increase the share of renewable electricity
- Reduce the use of natural gas for local heating and curing in the painting process
- Reduce the share of vehicles with combustion engines within company cars



- Develop luminaires with less material and components
- Minimise virgin materials where alternatives exist
- Innovate with alternative materials with lower climate impact
- Collaborate with suppliers to find solutions



- Product development to increase energy efficiency
- Achieve 100 per cent smart lighting to optimise energy use
- Encourage customers to use renewable electricity to reduce climate impact during use



- Reuse products by upgrading luminaires with new technology
- Explore circular business models within the value chain and through partnerships

funding, such as green bonds and similar instruments. Many activities in the transition plan are tightly connected to our core competencies of innovation, hence we are in a good position to implement the activities and allocate sufficient resources.

Progress on our Climate transition plan

More than two years has passed since our GHG emission reduction targets were approved by the SBTi, and the Climate Transition Plan was established. Driven by efforts from our Group companies, we have made progress in many areas. Total scope 1 & 2 emissions have been reduced by 52 per cent since 2021, driven in part by a continuous reduction of fossil fuels and increasing the share of renewable electricity. Scope 3 emissions have been reduced by 50 per cent, driven in part by energy efficiency improvements in our products, higher adoption of smart lighting technology and lower resource use. Higher share of renewables in the electricity mix has also contributed to lower scope 3 emissions. Read more about completed and ongoing activities under E1-3.

Alignment with other EU regulation

In the EU, there are various regulations connected to progressing on EU climate goals. In relation to the EU Paris-aligned benchmarks, Fagerhult Group is not excluded from the benchmarks as we do not find ourselves in the categories identified as contributing to significant environmental harms where there is a lack of credible pathways to meeting the Paris agreement targets.

In relation to EU taxonomy, Fagerhult Group assesses its eligibility and alignment against climate change mitigation objectives within the economic activity entitled *3.5 Manufacture of energy efficient equipment for buildings*. We will continue working to increase alignment within the taxonomy KPI's. This relates mainly to increasing the share of smart lighting and luminaires equipped with sensors, as this is a key lever within our climate transition plan and directly affects taxonomy alignment. It is important to note however that

other key activities in our transition plan do not directly relate to EU taxonomy eligible or aligned activities.

Climate resilience and climate scenario analysis

As part of our efforts to identify and understand risks and opportunities from climate change, we have during 2025 performed a Group-wide climate resilience analysis, including climate scenario analysis. The scope of the analysis is the whole Fagerhult Group, including value chain. Physical risks analysis is performed for manufacturing sites. The assessment is underpinned by the use of climate scenarios, where we apply a range of scenarios to the identified climate-related risks and opportunities to investigate how potential financial effects may materialise over time.

E1 IRO-1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities

Scenario description

To inform the analysis, three climate change scenarios were selected, developed by the Intergovernmental Panel on Climate Change (IPCC):

- SSP1-2.6 (Taking the green road), in line with limiting global warming to <2°C, leading to lower physical risks long term and higher transition risks.
- SSP3-7.0 (Regional rivalry), leading to >3°C warming and imply both high physical risks and high transition risks due to uneven climate action globally and weak international cooperation.
- SSP5-8.5 (Fossil-fuelled development), leading to >4°C warming and is associated with high physical risks from changes in the climate, while transition risks are lower compared to the other scenarios.

In developing the climate scenario analysis, several critical assumptions were applied regarding the transition to a lower-carbon economy. These assumptions reflect anti-

pated macroeconomic trends, including the potential impact of carbon pricing, changes in energy demand and costs, and the deployment of low-carbon technologies including electrification, renewable energy generation, energy storage solutions, and smart building systems. In the SSP1 scenario, strong policy support and global cooperation are expected to accelerate the adoption of renewable energy and energy-efficient technologies, driving a shift in energy consumption patterns and infrastructure investment, whereas the SSP3 and SSP5 scenarios assume slower technological deployment and continued reliance on fossil fuels, resulting in greater exposure to energy price volatility and potential regional market imbalances.

Time horizons

Time horizons applied in the scenario analysis differ from the short-, medium- and long-term time horizons applied throughout other parts of this report. Effects from climate change under these scenarios are expected to materialise over a long time, therefore, the assessment considered three time horizons:

- Short term: within 0–3 years,
- Medium term: within 4–10 years,
- Long term: within 11–20 years, which aligns with our net-zero target year, 2045.

Assessment process and criteria

For the assessment of transition risks and opportunities, and physical risks, an initial screening was performed of applicable climate-related hazards and transition events included in the ESRS application requirements. Below we present the most significant risks and opportunities. The assessment criteria align with how Fagerhult Group evaluates non-sustainability-related risks and opportunities. Supporting the assessment of physical risks, several data sources were used including the WWF risk filter suite and En-ROADS from Climate Interactive and MIT. Geospatial data related to our manufacturing sites is the basis for the assessment. Due to limited availability of projections of physical climate-related

hazards under the SSP3-7.0 scenario, the assessment of physical risk was made using the SSP1-2.6 and SSP5-8.5 scenario. Transition risks and opportunities are evaluated using all three scenarios.

Transition risks and opportunities

Presented below are the most significant transition risks and opportunities, evaluated using the three selected scenarios.

The analysis shows that transition-related risks and opportunities develop differently across the SSP1-2.6, SSP3-7.0 and SSP5-8.5 pathways. In all scenarios, there is a risk of higher operating expenses due to the dependency on the availability and price of primary raw materials, particularly metals, and critical components, whose supply dynamics and cost structures are partly tied to climate policy developments; under the SSP1 scenario, costs are expected to rise due to higher emissions pricing while remaining comparatively low in the higher-temperature SSP3 and SSP5 pathways. Higher and or more volatile electricity prices can be connected to all scenarios, although the driver may differ; the SSP1 scenario features short- and medium-term increases due to rapid electrification, significant grid investments and accelerating policy action before costs stabilise as renewable capacity expands, while in SSP3 and SSP5, the reliance on fossil fuels remains high, increasing the sensitivity to fuel-price shocks. The SSP3 further presents the challenge of weak international cooperation, creating fragmented regulatory environments that complicate compliance, reduce predictability and may hinder competition across regions.

Growing demand for energy efficiency and connectivity is expected in all scenarios, presenting an opportunity for energy efficient luminaires with smart lighting controls, especially given lighting's substantial share of global electricity use. Under the SSP1, opportunities grow related to circular business models—including refurbishment, retrofitting and end-of-life solutions—that support resource efficiency and align with evolving customer expectations and regulatory developments. Climate-related regulations is also expected



to continue and expand, promoting energy efficiency improvements in buildings which drives renovation needs and the demand for upgrading lighting systems. This SSP1 also enhances opportunity potential through expanding climate-related regulations promoting energy-efficient buildings and renovations, driving demand for upgraded lighting systems.

Physical risks

The Group is exposed to a variety of physical risks that could affect its operations and those of key suppliers, potentially leading to temporary disruptions and the need for operational adjustments. Acute climate-related events such as flooding, wildfires or severe storms may cause damage to facilities, equipment or inventory, resulting in temporary downtime, delays in production, extended lead times, and potential loss of revenue. These events may also lead to additional operational costs, including repairs, maintenance, or temporary relocation of activities. Longer-term changes in climate, such as rising sea levels, gradual temperature shifts, or altered precipitation patterns, may affect existing manufacturing sites; in certain cases, this could require proactive measures such as building renovations or relocation planning to maintain operational continuity.

It should be noted that the uncertainty in future climate projections is high, especially on the local sub-national level. Tools and datasets can also provide different outcomes which increases uncertainty. Whilst all of these risks are present, we currently do not judge them to pose significant risks to our business in the short- to medium-term horizon of our analysis. Our decentralised operating model with local presence through our brands and manufacturing close to home markets also make us less vulnerable to climate-related hazards. We continue to analyse this area and may revise certain information in the future.

E1 SBM-3 Climate resilience analysis

Our strategy and business model centers around creating efficient and sustainable lighting solutions. Therefore, our most significant opportunities are associated with a scenario of a global shift towards a low-carbon economy, driven by demand for sustainable products and services. While there are transition risks in such a scenario, we are well positioned to mitigate the most materials risks and further improve the sustainability performance of our products through innovation and continuous upskilling of our workforce. Our lighting solutions is already built on energy efficient LED technology and we work to reduce the impact from our own operations in the long term. The Climate transition plan establishes how we contribute to mitigating climate change and consequently adapting to future requirements, and we believe we have the ability to finance and execute these activities.

In a high temperature scenario, we are faced with higher physical risks which may impact short-term production capacity, supply chains and require adaptation strategies. Local adaptation actions are implemented at the brand level. Our decentralised model with manufacturing close to customers allows for greater flexibility and resilience. The regional rivalry scenario poses challenges from geographical differences in climate policies and weak international cooperation in the transition to a low-carbon economy. This may lead to differences in the corporate environment and may hinder competition across regions. Our brands have a strong position in their respective home markets allowing us to adapt to local conditions while as a Group having a global reach.

E1-2 Policies related to climate change mitigation and adaptation

Our activities that aim to address our impacts, risks and opportunities connected to climate change are governed in several ways. Fagerhult Group's commitment to reduce our climate impact and the measures this entails are stated in our Group-wide Code of Conduct, Code of Conduct for business partners, Group Environmental Policy and in company-specific sustainability policies. Our Climate transition plan as described in E1-1, is the key Group-wide tool used to govern and guide our efforts. It has a clear connection to our identified impacts, risks and opportunities by structuring our efforts into reducing environmental impact, managing risks and taking advantage of opportunities. The Code of Conduct, Code of Conduct for business partners and the Climate transition plan are endorsed and owned by the GMT. There are no exclusions of scope in these policies which means they cover our own operations and entire value chain.

To complement existing policies, the Group Environmental Policy was adopted by the Group Management Team in the end of 2025. It tightly relates to the impacts, risks and opportunities described above. The key content and principles of the policy include:

- Reducing energy use, improve operational energy efficiency, and work to increase renewable energy deployment.
- Continuously improving the energy efficiency of our products.
- Be mindful of our material and resource use, striving to use reused, recycled or renewable materials in our products and packaging.
- Reduce the amount of waste generated in own operations, while striving to recycle and reuse as much as possible.

- Monitor and evaluate physical and transition climate risks and prepare for and/or develop business continuity strategies to minimize climate-related disruptions.

Given our decentralised governance model, Group companies also independently develop sustainability policies related to climate change, which complement Group policies. In addition, we conduct our operations in line with the UN Sustainable Development Goals, the Paris Agreement and the European Climate Law. To complement the Group Environmental Policy, Group companies develop individual local guiding documents and procedures that are related to adapting to effects from climate change such as emergency and disaster routines and chronic changes to the climate.

E1-3 Actions and resources in relation to climate change policies

The Group Climate transition plan guides our efforts to reduce the climate impact of our operations on the environment. This plan is built on a set of decarbonisation levers and actions identified during the process of setting our SBTi-validated emission reduction targets and has been developed further during 2025.

The main actions outlined in the transition plan are categorised into own operations (scope 1 & 2), materials and components, use phase and circular business as shown in the graphic below. These areas cover the main emission categories and hence our most prioritised activities as a Group. Each brand has unique circumstances and they use the transition plan to guide their identification and implementation of the activities that have the greatest impact in reducing their and our climate impact. This work is supported by the Group's collective knowledge through Group-wide forums and other dedicated activities.

Completed and ongoing activities

During 2025, our brands have continued the work in moving towards the 2030 emission reduction targets. All actions are part of our continuous improvement efforts in all our brands, hence we do not report the time horizon for each action.

Own operations (scope 1 & 2)

The main emissions sources within own operations are natural gas usage for space heating and in paint plants, non-renewable electricity and fuels used in company cars. During 2025, total scope 1 & 2 emissions reduced by 11 per cent compared to 2024 and have reduced by 52 per cent compared to the 2021 baseline. Improvements in 2025 are made primarily within scope 2 and include:

- Increased solar PV production on-site to now cover 18 (14) per cent of total electricity consumption.
- Increased share of renewable electricity to 81 (77) per cent.

Materials and components

Key materials and components within professional lighting are aluminium, steel, plastics and electronics including LED technology and drivers, among others. During 2025, total emissions from purchased materials and components decreased by 4 per cent compared to 2024 and have reduced by 26 per cent from the 2021 baseline. During 2025, our brands have made progress related to:

- Development of new products with significantly lower environmental impact compared to current products.
- Material efficiency improvements leading to lower scrap rates in production.
- Designing products that use less materials while still providing the same level and quality of light.

Use phase

As a lighting manufacturer, more than 90 per cent of our emissions occur in the use-phase, from the electricity used to power our luminaires. In 2025, emissions from the use of sold products decreased by 19 per cent and have decreased by 51 per cent from the 2021 baseline. During the year, our brands have made progress within:

- Smart lighting technology which reduces energy consumption by providing light only when and where it is needed.
- Improving energy efficiency by upgrading to the latest LED technology in many product families and ensuring minimal light spill through optimised optics.

Circular business

Several of the companies in the group offer refurbishment services, where existing luminaires can be reused with updated LED technology, hence improving energy performance while keeping material resources in use for longer.

E1-4 Targets related to climate change mitigation and adaptation

Fagerhult Group has established near and long-term targets to reduce direct and indirect greenhouse gas (GHG) emissions. These targets are validated and approved by the SBTi.

Our near-term targets that apply from 2021 to 2030 are:

- Reducing direct and indirect emissions (scope 1 and scope 2) by 70 per cent
- Reducing other indirect emissions (scope 3) by 30 per cent.

The long-term science-based target is to reach net-zero emissions by 2045.

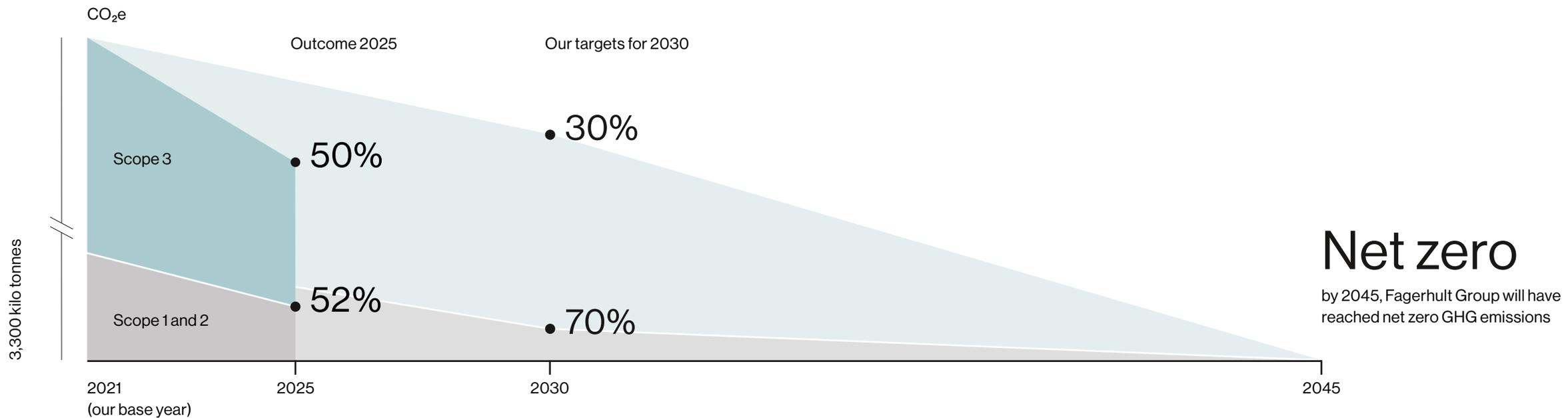
The scope of the targets is the whole Fagerhult Group and include all relevant emission categories within the GHG Protocol. For more information about the methodology used to calculate emissions for each relevant category, refer to E1-6. The target is measured in carbon dioxide equivalents and include all greenhouse gases in the GHG Protocol. Within the Scope 1 and scope 2 target, scope 2 is measured using the market-based method.

2021 is a representative base year for our targets and we have not been required to normalise any data to achieve

comparability over years. Most of our GHG emissions occur during the use phase (scope 3 category use of sold products), therefore, the most impactful decarbonisation levers are increasing the energy efficiency of our luminaires, increasing the adoption of smart lighting controls which reduces the energy need, and the decarbonisation of electricity grids. These levers are expected to contribute to the majority of emission reductions. Stakeholders have not been involved in setting these targets. As part of setting these targets, an analysis was made of more than 20 emission reduction activities, also factoring in increasing emissions from business growth.

During the year, Fagerhult Group made two acquisitions, Trato TLV and Capelon. To ensure a consistent comparison from the 2021 baseline, we have consolidated these companies in our GHG emission calculations from 2021 and onwards. Hence, the base year is the same, with an updated baseline. In addition to this update, we have updated certain data based on new information, read more about these changes and their effects under BP-2.

Fagerhult Group's climate change mitigation transition plan



E1-5 Energy consumption and mix

During 2025, total energy consumption increased by 3 per cent following acquisitions, and energy intensity per net revenue increased by 8 per cent.

Accounting principles

Coal and coal products as an energy source is not reported as it is not used in our operations. Energy consumption data is collected across the whole Fagerhult Group and is based on actual measurements to the extent possible. In cases where actual data is not available, estimations are made based on other relevant information such as facility square meters or number of employees. Fagerhult Group operates in the manufacturing sector, hence all energy consumption relate to high climate impact sectors. Energy intensity from activities in high climate impact sectors is calculated by using total energy consumption in MWh divided by Net sales in MSEK as reported on page 122 in the income statement.

Energy consumption and production, MWh	2025	2024
Fuel consumption from crude oil and petroleum products	746	857
Fuel consumption from natural gas	25,213	23,394
Fuel consumption from other fossil sources	1,710	1,677
Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources	6,207	6,534
Total energy consumption from fossil sources	33,876	32,462
<i>Share of fossil sources in total energy consumption, %</i>	54	53
Total energy consumption from nuclear sources		
<i>Share of energy consumption from nuclear sources in total energy consumption, %</i>	0	0
Fuel consumption from renewable sources	342	341
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	24,630	25,298
Consumption of self-generated non-fuel renewable energy	4,148	3,335
Total renewable energy consumption, MWh	29,120	28,974
<i>Share of renewable sources in total energy consumption, %</i>	46	47
Total energy consumption related to own operations	62,995	61,435
Non-renewable energy production	0	0
Renewable energy production	5,493	4,393
Energy intensity from activities in high climate impact sectors (total energy consumption per net revenue), MWh/MSEK	8.0	7.4
Total energy consumption from activities in high climate impact sectors	62,995	61,435
Share of renewable electricity, %	81	77
Electricity consumption (MWh)	30,943	30,358

E1-6 Gross scopes 1, 2, 3 and Total GHG emissions

Fagerhult Group's total GHG emissions are composed of less than 1.0 percent direct (scope 1) and indirect (scope 2) emissions, while the remaining 99.0 per cent consists of other indirect emissions (scope 3) arising from both the upstream and downstream value chain. Our total GHG emissions decreased by 18 per cent, which is mainly driven by lower emissions from the use of sold products.

Several factors have contributed to lower GHG emissions compared to 2021, including improved energy efficiency of sold luminaires and increased share of smart lighting, but it is also a consequence of challenging market conditions.

Total GHG emission per net revenue (location-based and market-based) is calculated using Net sales in MSEK as reported on page 122 in the income statement. Fagerhult Group is not covered by regulated emission trading schemes. For the accounting of renewable electricity from the grid, the most common practice is various bundled Energy Attribute Certificates (EACs), meaning they are purchased from the electricity provider equalling the amount of electricity used. Where bundled EACs are not available, companies may purchase unbundled EACs, meaning they are purchased separately from the electricity on the certificate market. 78 per cent of purchased electricity includes guarantees of origin, of which 98 per cent are bundled.

Historical information in this table has been restated due to the acquisition of Trato TLV and Capelon, as well as identified reporting errors in previous periods. Prior to the restatement, total GHG emissions (scope 1, 2 and 3) calculated using the market-based method for 2021, 2022, 2023 and 2024 was: 3,284,437, 3,467,282, 2,744,517 and 2,159,043 respectively. For more information related to the restatement, refer to BP-2.

	Base Year 2021	2024	2025	YoY Change, %	2030	2045	Annual % target/ Base Year, %
Gross scopes 1, 2, 3 and Total GHG emissions¹⁾							
Scope 1 GHG emissions							
Gross scope 1 GHG emissions (tCO ₂ eq)	10,580	7,824	7,988	2	-70% ²⁾		-8
Scope 2 GHG emissions							
Gross location-based scope 2 GHG emissions (tCO ₂ eq)	8,505	6,288	5,012	-20			
Gross market-based scope 2 GHG emissions (tCO ₂ eq)	10,339	3,416	1,967	-42	-70%		-8
Scope 3 GHG emissions							
Total Gross indirect (scope 3) GHG emissions (tCO ₂ eq)	3,280,156	2,013,663	1,646,220	-18	-30%		-3
1 Purchased goods and services	147,847	113,309	108,811	-4			
2 Capital goods	8,465	6,213	5,451	-12			
3 Fuel and energy-related Activities (not included in scope 1 or scope 2)	3,453	2,770	2,656	-4			
4 Upstream transportation and distribution	15,533	9,697	7,428	-23			
5 Waste generated in operations	343	186	155	-17			
6 Business travelling	640	2,183	1,427	-35			
7 Employee commuting	2,537	3,296	2,789	-15			
9 Downstream transportation	4,506	3,652	4,596	26			
11 Use of sold products	3,096,082	1,871,993	1,512,650	-19			
12 End-of-life treatment of sold products	750	364	256	-30			
Total GHG Emissions							
Total GHG emissions location-based	3,299,241	2,027,775	1,659,220	-18			
Total GHG emissions market-based	3,301,075	2,024,903	1,656,175	-18		-90%³⁾	-4
Reduction compared to base year		-39%	-50%				
GHG intensity per net revenue							
Total GHG emissions (location-based) per net revenue (ktCO ₂ eq/MSEK)	0.47	0.24	0.21	-14			
Total GHG emissions (market-based) per net revenue (ktCO ₂ eq/MSEK)	0.47	0.24	0.21	-14			

¹⁾ Historical data updated due to acquisitions and reporting errors in previous periods

²⁾ Our 70% emission reduction target by 2030 include scope 1 and scope 2 market-based

³⁾ -90% relate to our net zero target and is the level of reductions we aim to reach before implementing compensation for the remaining 10%

GHG emissions accounting methodology

We continually work to improve our data quality and calculation methodology to measure our emissions and reduction actions as precise as possible. This involves incorporating more primary data, engaging with our value chain and improving the precision of our emissions calculations by fine-tuning the methodology itself. Below is a description of how we calculate emissions in scope 1, 2 and all relevant scope 3 categories.

Scope 1

Scope 1 emissions are calculated through multiplying consumption of fuel and gases with applicable emission factors from DEFRA (Department for Environment, Food and Rural Affairs in the UK).

Scope 2

Scope 2 emissions are calculated through multiplying consumption of district heating by the network-specific emission factor from the provider. For location-based emissions, consumption of electricity is multiplied by the applicable country average emission factor. For market-based emissions, we apply country-specific residual mix emission factors and account for purchases of renewable energy instruments.

Scope 3

Purchased goods and services

For purchased goods and services (materials and components), each manufacturing site in the Group selects products that are representative for their product portfolio in terms of emissions. Detailed product content information is used, and the weight of each material is multiplied with the applicable emission factor. The result is extrapolated by number of manufactured products to account for the full portfolio. This results in a higher estimation uncertainty considering a selection of products is made for the calculation.

Upstream and downstream transportation

Emissions from upstream transportation is calculated using primary data from logistic service providers on the distance and weight of transported goods. Where primary data is not available, a spend-based method is used, a principle applied throughout all scope 3 emission calculations. Emission factors from DEFRA per mode of transport is applied. Outbound transportation which is not paid by our customers is allocated to upstream transport emissions. Emissions from downstream transportation only covers outbound transportation paid for by our customers.

Employee commuting and business travel

Emissions from employee commuting is based on estimated commuting patterns for all our facilities based on their location. Emission factors for passenger-kilometre from DEFRA is used.

Emissions from business travel is based on distance travelled per mode of transport and applicable emission factors from DEFRA. Emissions from hotel stays is also included.

Capital goods

Emissions from capital goods uses a spend-based method where the purchase value of capital goods are multiplied with applicable emission factors published in Environmental Reporting Guidelines by DEFRA.

Fuel and energy-related activities

Emissions from fuel and energy-related activities covers all upstream emissions from our use of direct and indirect energy not accounted for in scope 1 and 2. We apply applicable well-to-tank emission factors from DEFRA on energy consumption from fuels, gases, electricity, and district heating.

Waste

Emissions from waste is calculated using primary data on waste volumes and treatment method. Applicable emission factors from DEFRA are applied.

Use and end-of-life treatment of sold products

For emissions from use of sold products, similar to purchased goods and services, each manufacturing site in the Group selects a number of products that are representative for their product portfolio. Since use phase emissions of a sold luminaire occur in the future and often for 20 years, it is necessary to make certain estimates and assumptions. Based on product-specific technical data, we assume and estimate the total electricity consumption over each product's useful life depending on its system power (watt), annual operating hours, and expected lifetime in years. To the extent available, we base estimates and assumptions on guidance from Lighting Europe. We account for the impact from smart

lighting by applying a reduction factor on the electricity consumption. We apply country-specific emission factors from Association of Issuing Bodies (AIB), or other public sources based on the country of sale for each product. Based on the selected products by each manufacturing site, data is extrapolated to account for all sold products in the Group. Similar to purchased goods and services, the selection of products for the calculation has an impact on the outcome, hence this emission category is associated with higher uncertainty.

Emissions from end-of-life treatment is calculated using data on the materials in our products, end-of-life treatment methods based on studies, and applicable emission factors per treatment method from DEFRA.

Out of scope emission categories

Based on our GHG inventory, scope 3 emission categories 8, 10, 13–15 are not applicable to Fagerhult Group.

Environmental disclosures



E5 Resource use and circular economy

Manufacturing industries traditionally consume significant amounts of virgin materials and produce substantial waste. Achieving a net-zero future demands a reduction in waste generation and a greater emphasis on reducing, reusing and recycling. Apart from impacts through GHG emissions, resource extraction can also contribute to other environmental impacts such as pollution and negative human rights impacts. Increasingly stringent sustainability requirements from the EU, investors and customers have driven a growing market interest in circular solutions. These solutions not only help reduce the climate footprint of both our operations and those of our customers but also offer cost-effective benefits, making them a key component in the transition to a more sustainable manufacturing.



E5 SBM-3 Material impacts, risks and opportunities

Fagerhult Group's material impacts, risks and opportunities relating to resource use and circular economy are presented in the table below. For each matter, impacts are considered in terms of how they impact people and planet, as well as the potential financial impact they could have on our business. The origin of each matter and their connection to our business model and strategy is also described.

All impacts, risks and opportunities are material throughout the short-, medium, and long-term unless otherwise stated. All impacts are actual unless stated as potential.

Material matters	Impact on people and planet	Financial impact on business (risks and opportunities)	Origin of impact, connection to strategy and business model
Critical resources and components used in our lighting products	- Extraction and processing of primary materials <i>upstream in value chain</i> deplete natural resources	- Dependency on primary materials and key components poses a risk should availability or price change	Material and component supply is business critical High-quality lighting products require materials and components with certain properties and electronics which have few or no alternatives today Increasing the share of secondary materials in our products is an important part of meeting our climate targets
		+ Greater competition for secondary and recycled materials can increase costs and cause procurement challenges	
Waste management in our own operations	- Waste generated <i>in our operations</i> to manufacture our products		Our operations include subtractive manufacturing where certain waste generation is unavoidable
End-of-life impacts from our lighting products	- Disposal of products <i>downstream</i> causes burden on local surroundings, especially if metals and electronics are not correctly handled		Our products contain metals and electronics which require special handling at end-of-life
Circular business models and principles	+ Potential: Refurbishment of lighting solutions reduces waste <i>downstream</i> and primary material extraction and processing <i>upstream (medium- to long-term)</i>	+ Our circularity work enables us to meet rising demand for circular business models (<i>long-term</i>)	Refurbishment offering is well-established in many Group companies, with many customers looking to meet their own environmental and circularity goals
		+ Technology and product design developments enable us to meet rising demand for lighting solutions with lower environmental impacts	All companies in the Group perform R&D into new products and solutions, and many have circularity principles established in their design guidelines
		+ New data-driven business models enable better product design, more circular business opportunities and an improved customer offering and reputation (<i>long-term</i>)	Smart lighting enables multiple service offerings through which data can support both customers and product optimisation

Our impacts, risks and opportunities tightly relate to our strategy and business model since they all stem from our dependency and use of resources to manufacture our prod-

ucts. New business models have also been established related to refurbishing existing products, rather than manufacturing new. Our work within resource use and circularity

relates strongly with our climate work as we strive to reduce GHG emissions from materials and components for both ourselves and our customers.

E5-1 Policies related to resource use and circular economy

Impacts, risks and opportunities related to resource use and circular economy are managed through several policies and steering documents. Given how connected these topics are to the transition to a low-carbon economy, the Fagerhult Group Climate transition plan works as a guiding document in the work of reducing our environmental impact from resource use. In the end of 2025, our Group Environmental policy was established which complements the transition plan; more information on both documents can be found in E1-1, E1-2 and E1-3. In addition, several of our Group companies have policies covering resource use and circular economy as part of wider environmental policies. All policies address transitioning from the use of virgin resources, sustainable sourcing and using renewable resources.

Towards the end of 2025, Fagerhult Group implemented a Circularity charter across the Group which contains a set of high-level guiding principles for our Group's work with

circularity. It serves to share knowledge, inspire and guide conversations in moving our Group towards a circular economy together with all employees and business partners. It includes guiding principles and commitments specific to employees and teams within product, human resources, operations, supply chain, marketing, sales and finance. The Circularity charter builds on four guiding principles:

- Narrow – how can we use less resources without compromising quality or performance?
- Slow – how can we design products and customer offerings so that resources can be used for longer?
- Regenerate – how can we use more sustainable resources and enable regenerative practices with our business partners?
- Cycle – how can we contribute to closing the circle on material flows so that resources can be used many times?

The Circularity charter is approved by the GMT and owned by the Group Head of Sustainability and Group Director of Sustainable Innovation.



E5-2 Actions and resources related to resource use and circular economy

At Fagerhult Group, working with resource use and circularity means incorporating several considerations already into the design stage of our products. Material choices are considered both from an environmental impact perspective from the material itself but also based on the possibilities to retain value at end-of-life. We always strive to manufacture durable products that last, to maximize the value from the resources we use. Also, by increasingly prioritising innovative, renewable, and recycled materials over fossil-based or energy-intensive alternatives, we reduce resource use and climate impact. Circularity is also considered later in the product lifecycle through refurbishing initiatives where existing installations can be modernised with updated lighting technology. At our manufacturing sites, we work to minimise waste generation and have established waste management programmes.

Fagerhult Group is implementing various actions in relation to resource use and circular economy that will also contribute towards reaching our science-based climate targets. Read more about our long-term actions also in E1-1 and E1-3 in the Climate change standard. Below, we present actions and activities that have progressed during 2025, split between the four guiding principles in our Circularity charter and examples of the results of our work with integrating circular principles in our product development. All actions are part of our long-term continuous improvement efforts in all our brands, hence we do not report the time horizon for each action, and we have not quantified the financial resources allocated. These actions engage employees across different functions from design teams and purchasing to customer-facing roles. Since project specifications are determined by stakeholders in our downstream value chain, we raise the awareness and interest for circular solutions through engagement.

Narrow (use less)

Companies within the Group are focusing on efficient use of materials and especially on reducing reliance on critical raw materials. This relates both to raw materials such as steel and aluminium but also electronic components we purchase from suppliers. Progress has been made by developing products using both less and lighter materials. Other activities to reduce resource use include waste prevention such as packaging-on-demand and optimising material efficiency in production.



Fagerhult Wrapped was launched in 2025 and is the world's first pendant luminaire in cardboard, where a heavier aluminium body is historically used. This luminaire is 900 millimetres in length, challenging the industry norm of 1,200 millimetres, while providing the same level and quality of light.

Slow (use longer)

Circular upgrades are key to enable greater reuse of products and components, ensuring resources are in use as long as possible. Modular development allows standardised designs, simplifying renovations and upgrades by retaining luminaire frames, ends, and modules while upgrading electronics. This approach can also integrate smart lighting solutions into existing luminaires when possible.



I-Valo manufactures luminaires with robust bodies that withstand harsh environments for a long time. In addition to new products, retrofit packs allow customers to update the lighting technology and keep the luminaire body, reducing the need for new materials.

Regenerate (make clean)

Increasing the use of renewable materials contributes to the transition to a more circular economy by reducing the need for extracting finite resources. In professional lighting, the main materials used are steel, aluminium, plastics and electronics. In certain applications such as offices, education or hospitality where luminaires do not need to withstand harsh environments, there is an opportunity to use alternative materials. In recent years, Fagerhult Group has developed products using linen, wool, hemp and cardboard which all are renewable and have a lower environmental impact compared to conventional materials.



During 2025, iGuzzini developed and launched Ribeira, which is designed without glues or silicones, to allow for complete disassembly. It can be easily maintained and eventually recycled in its entirety.

Cycle (use again)

Several companies in the group have established processes of refurbishing existing luminaires by reusing the luminaire body and upgrading from conventional lighting technology to LED technology or from older to newer LED. This way, resources are kept in the system for longer, and the energy use of the product is reduced significantly compared to older installations. Also when manufacturing new luminaires, using recycled or reused materials is a priority. The share of recycled materials in products and packaging in 2025 was 23 (33) per cent.



Ateljé Lyktan's Second Life concept lets customers upgrade existing lighting fixtures, where the outer frames and most of the components are preserved, but the inside is filled with new technology adapted to today's high demands in lighting technology.



E5-3 Targets related to resource use and circular economy

We do not have a Group-wide target related to resource use and circularity specifically. We measure, monitor and follow-up resource use and emissions from materials and components as part of the efforts to reach our climate targets. This includes aspects such as total resource use, recycled materials used and refurbished products among others.

Each of our Group brands drive their own improvements in environmental performance and many set local targets in relation to circularity and resource use, such as reducing primary material use by 2030, yearly targets for zero landfill, and for 100 per cent of new product developments to include circular design principles.

E5-4 Resource inflows

As a Group we use a variety of materials to manufacture our products, including steel, aluminium, various plastics, glass, rubber and electronics such as LED drivers, LED modules, and cables. In recent years, our brands have increased the share of non-conventional materials in lighting, such as wood, linen, wool and hemp, although these materials still make up a small share of total resource use. We operate 19 manufacturing sites across the group, in which we perform various processes including cutting, pressing, casting and painting among others, which require machinery and equipment. Moreover, we rely on suppliers for a range of inputs and processes.

Resource inflows

tonnes	2025	2024
Steel	4,807	3,235
Aluminium	4,392	4,205
Plastics	1,939	1,875
Electronics	1,998	1,605
Other	611	637
Packaging materials	1,694	1,539
Total	15,442	13,096
Of which recycled	3,555 (23%)	4,322 (33%)

Accounting principles

The calculation of resource inflow data is based on the material content of a selection of products from each manufacturing site whose weight is then scaled up in proportion to the number of sold products so as to represent the weight of the full product portfolio split into these aggregated categories; this is the same method applied when calculating GHG emissions. Consequently, resource inflows data is estimated.

The calculation has been adjusted during the year to align with our emissions calculation methodology and to include all relevant material categories in our luminaires. The total resource use for 2024 presented last year was 10,708 tonnes, which did not include all material categories. Comparative figures for the quantity and share of recycled material are not available according to the previous method.

The majority of packaging materials relates to cardboard packaging, which is the main biological material that we use in our operations. Of cardboard packaging, approximately 65 per cent is recycled and 51 per cent is sustainably sourced through various sustainability certifications, including Forest Stewardship Council (FSC).

E5-5 Resource outflows

Designing and manufacturing luminaires that are reusable, upgradable and using less virgin materials are circular principles embedded in design and product development across the Group. Our products are made to last for many years and we have the capabilities to keep existing products in use through refurbishment and upgrades. We manufacture luminaires for both indoor and outdoor that are used in a wide range of applications, as well as smart lighting control systems. We generate various types of waste from our manufacturing processes, including both hazardous and non-hazardous waste; for example, this includes cutoffs of steel and aluminium, various electronics and packaging materials, among others.

Expected durability

At Fagerhult Group, we strive to derive maximum value from the resources and materials we use by manufacturing durable products. Our products are used in different commercial, industrial and public settings, which place different requirements on their performance. One segment where this is notably demanding is in industrial segments where demands for robustness and durability are high.

The expected durability of professional lighting products depend on a variety of factors and conditions, such as the light source, driver, operating environment and usage patterns. The durability of the light source is defined as the number of operating hours and the amount of light depreciation over the period. Standard durability of our lighting prod-

ucts typically ranges between 35,000 to 100,000 hours, which depends predominantly on the application area, customer specifications and lighting quality needs. The life time of each light source indicates the number of hours it generates the promised lumen output, hence it can operate much longer than the specified hours, but at a lower level and quality of light. Through refurbishment activities we extend the useful life of luminaires, both from Fagerhult Group and other manufacturers.

Repairability

Within the lighting industry, repairability is a key component to circularity given the long lifetimes of LED luminaires. At Fagerhult Group, we design luminaires with repairability in mind by ensuring they can be disassembled and repaired by professionals.

Recyclability

The recyclability of our products at end of life depends on a number of factors including material composition, product design, local collection systems, recycling infrastructure and disposal behaviour. As an electrical and electronic equipment manufacturer, the Group's products are subject to national waste electrical and electronic equipment (WEEE) regulations, which influence how products are collected, treated, and recycled in different markets. We prioritise choosing materials that are recyclable and design our products for the possibility of disassembly and recycling. Our luminaires primarily consist of metals, plastics, glass, rubber and electronic components, many of which can be recovered when products are disposed of through appropriate WEEE

collection and treatment systems. However, certain components and material combinations may pose challenges for recycling and require specialised treatment.

We do not measure the recyclability of individual products across the whole Fagerhult Group, since recycling rates differ greatly between countries. Several brands have engaged with recyclers and producer responsibility organisations to analyse the recyclability of products to inform product development decisions. In these analyses, the recyclability of a selection of individual products ranges from 50 to 100 per cent.

94 per cent of our packaging materials are cardboard, which is 100 per cent recyclable. The remaining is various plastics including polystyrene and polyethelene, which are technically recyclable, however polystyrene is often down-cycled.

Waste

During 2025, total waste generated increased by 16 per cent, mainly due to the inclusion of Trato TLV. 860 tonnes (18 per cent) of the total waste generated was not recycled or reused.

Accounting principles

Waste-related data is collected at manufacturing sites across the whole Fagerhult Group and is based on actual measurements from waste management suppliers. Often, our brands use multiple waste management suppliers, and in cases where actual data is not available, estimations are made based on historical data or extrapolated from known waste data.

Total waste generated

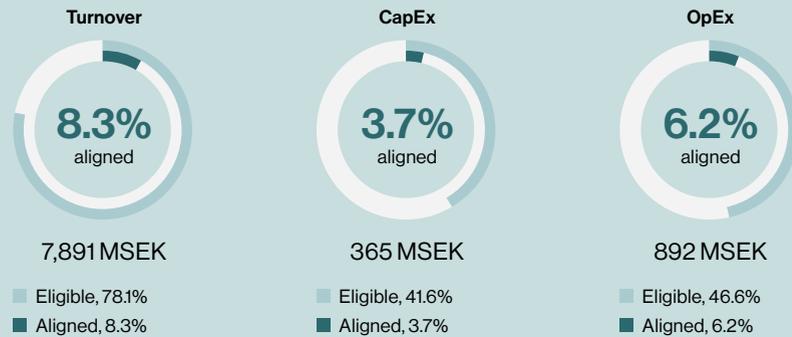
tonnes	2025	2024
Total waste generated	4,713	4,046
Waste diverted from disposal		
Hazardous waste	520	376
– Preparation for reuse	75	2
– Recycling	315	224
– Incineration with energy recovery	118	108
– Anaerobic digestion	0	0
– Other recovery operations	11	41
Non-hazardous Waste	3,896	3,438
– Preparation for reuse	287	86
– Recycling	3,175	3,007
– Incineration with energy recovery	394	321
– Anaerobic digestion	8	3
– Other recovery operations	31	21
Total weight diverted from disposal	4,416	3,813
Waste directed to disposal		
Hazardous waste	20	10
– Incineration without energy recovery	4	0
– Landfill	4	10
– Other disposal operations	13	0
Non-hazardous Waste	278	223
– Incineration without energy recovery	25	27
– Landfill	253	196
– Other disposal operations	0	0
Total weight directed to disposal	297	233
<i>Share directed to disposal of total weight generated, %</i>	6	6
Total amount of hazardous waste	540	385
Total amount of radioactive waste	0	0

Environmental disclosures

Taxonomy reporting

The EU Taxonomy Regulation makes it possible to identify and compare environmentally sustainable economic activities of different companies with each other. Its main goal is to encourage the financial sector to invest in activities that support the transition to more sustainable development.

Fagerhult Group has performed an assessment of its economic activities in accordance with Article 8 of the EU Taxonomy. Fagerhult Group performs activities within climate change mitigation that are part of the EU Taxonomy, which have been analysed for eligibility and alignment based on turnover, Capex and Opex.



Eligible and aligned economic activities

The majority of our operations relate the economic activity '3.5 Manufacture of energy efficient equipment for buildings', within the climate change mitigation objective, which includes the manufacturing of electric lighting equipment. Our assessment is to include also building exterior lighting and building adjacent lighting, such as in parks and gardens. Based on the NACE codes included in the description, street lighting is also included. Since outdoor lighting cannot be connected to any other economic activity in the Taxonomy, we have chosen to include this application area.

The proportion of activities that is not Taxonomy-eligible includes turnover from products without an energy classification (for example, outdoor lighting posts and healthcare panels) and when we act as a reseller for external brands.

Substantial contribution to climate change mitigation objectives

The Taxonomy includes technical screening criteria that are to be used to determine whether an economic activity is aligned. Activities are to meet the criteria to substantially contribute to any of the Taxonomy's six environmental objectives. The economic activity '3.5 Manufacture of energy efficiency equipment for buildings' includes two criteria an economic activity must meet in order to contribute to climate change mitigation. Our interpretation is that it is sufficient to meet one of the criteria for an economic activity to be aligned.

Light sources in the top two populated energy efficiency classes

The first criteria relate to light sources rated in the highest two populated classes of energy efficiency in accordance with Regulation (EU) 2017/1369 and delegated acts. Fagerhult Group has made the interpretation that the highest two populated classes of energy efficiency is class A and B. The interpretation is based on the EU Q&A from December 2022 which includes guidance related to household appliances which has the same technical screening criteria as for light sources. Our interpretation of the Taxonomy criterion for energy classes applies to all types of light sources. We do not allocate light source types or categories to the effect that lower energy classes would comprise the top two and thus benefit our key performance indicators. Energy classes A and B apply for all categories.

Presence and daylight controls for lighting systems

The second criteria relate to presence and daylight controls for lighting systems. Our interpretation of the criteria is that a lighting solution is aligned when it is equipped with a sensor that controls the luminous flux depending on presence and daylight.

Do no significant harm

An activity is aligned if it substantially contributes to any of the Taxonomy's environmental objectives and does no significant harm to any of the other environmental objectives. Regarding '3.5 Manufacture of energy efficiency equipment for buildings', we meet these criterias through:

Climate change adaptation

We have carried out a Group-wide climate risk assessment, which is described under E1 IRO-1. This is complemented by local climate risk assessments in our factories, conducted through our insurance provider and internally, and certain adaptation measures have been implemented.

Water

Assessments have been made that we do not have significant water use or impacts on water resources.

Circular economy

Fagerhult Group incorporates circular principles into product development and design, such as durability, reparability, recyclability, and the use of recycled materials. Read more about this work in the E5 standard.

Pollution prevention

Fagerhult Group complies with applicable legislation related to chemicals and substances of concern and very high concern, such as RoHS and REACH, and has processes in place for phasing out identified substances.

Biodiversity and ecosystems

Assessments have concluded that we do not have a material impact on biodiversity and ecosystems, and we comply with local environmental legislation.

Minimum safeguards

An activity is aligned if it substantially contributes to any of the Taxonomy's environmental objectives, does no significant harm to other environmental objectives and is carried out according to the Taxonomy's minimum safeguards. These include four areas: human rights, including workers' rights, bribery and corruption, taxation and fair competition.

Fagerhult Group works in accordance with the minimum safeguards. Refer to the following sections of the Sustainability statement to read more about how Fagerhult Group addresses each area related to the minimum safeguards:

- Human and labour rights (S1-1, S1-2, S1-3, S1-4, S2-1, S2-2, S2-3, S2-4)
- Anti-corruption and anti-bribery (G1-1, G1-3)
- Fair competition (G1-1)

In addition to above references, Fagerhult Group has a Group-wide tax policy which outlines the objectives and core principles guiding our tax management and governance, in line with international guidelines and principles from the OECD and UN.

Accounting principles

Turnover

Total turnover correspond to net sales in the consolidated financial statement in the financial report. For more information about our accounting policies in relation to consolidated sales, refer to Revenue recognition (page 129) and Note 1.

Capex

Total Capex include acquisitions of tangible and intangible non-current assets excluding goodwill and the year's added right-of-use assets. For more information, refer to Note 11 Intangible assets and Note 12 Property, plant and equipment as well as right-of-use assets in Note 25. We have not taken into account any CapEx plan in this year's reporting.

Opex

Total Opex consists of direct non-activated expenses that are part of product development, renovation activities for buildings, short-term leases, maintenance and repairs as well as other direct costs related to the daily service of property, plant and equipment (owned or leased). For more information about product development, see Note 28.

Changes in this years' reporting

Fagerhult Group is monitoring developments in the regulatory landscape and has adopted the amendments to the delegated acts on taxonomy-related disclosures and on climate and environment, along with its annexes, which was approved by the European Commission in January 2026. Consequently, as of 1 January 2026, we apply the new reporting tables and other simplifications introduced by the amendments.

Fagerhult Group – Sales by energy classes

External net sales	Share, %
Energy class A	0.4
Energy class B	3.3
Energy class C	21.0
Energy class D	24.6
Energy class E	18.8
Energy class F	7.8
Energy class G	3.6
Without energy classification ¹⁾	20.3
	100
Share of net sales with light controls/sensors included ²⁾	7.8

¹⁾ E.g., spares and accessories and healthcare panels.

²⁾ Related to luminaires with integrated sensors for presence or daylight control within energy classes C–G to avoid double counting.

Proportion of turnover, CapEx, OpEx from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities – disclosure covering year (N) (summary KPIs)

Financial year	2025															
KPI (1)	Total (2)	Proportion of Taxonomy eligible activities (3)	Taxonomy aligned activities (4)	Proportion of Taxonomy aligned activities (5)	Breakdown by environmental objectives of Taxonomy aligned activities						Proportion of enabling activities (12)	Proportion of transitional activities (13)	Not assessed activities considered non-material (14)	Taxonomy aligned activities in previous financial year (N-1) (15)	Proportion of Taxonomy aligned activities in previous financial year (N-1) (16)	
					Climate Change Mitigation (6)	Climate Change Adaptation (7)	Water (8)	Circular Economy (9)	Pollution (10)	Biodiversity (11)						
	MSEK	%	MSEK	%	%	%	%	%	%	%	%	%	%	MSEK	%	
Turnover	7891	78.1%	656	8.3%	8.3%							8.3%		562	6.8%	
CapEx	365	41.6%	14	3.7%	3.7%							3.7%		27	7.0%	
OpEx	892	46.6%	55	6.2%	6.2%							6.2%		57	9.3%	

Proportion of turnover from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities – disclosure covering year 2025 (activity breakdown)

Reported KPI	Turnover														
Financial year	2025														
Economic Activities (1)	Code (2)	Taxonomy eligible KPI (Proportion of Taxonomy eligible Turnover (3))	Taxonomy aligned KPI (monetary value of Turnover (4))	Taxonomy aligned KPI (Proportion of Taxonomy aligned Turnover (5))	Environmental objective of Taxonomy aligned activities						Enabling activity (12)	Transitional activity (13)	Proportion of Taxonomy aligned in Taxonomy eligible (14)		
					Climate Change Mitigation (6)	Climate Change Adaptation (7)	Water (8)	Circular Economy (9)	Pollution (10)	Biodiversity (11)					
		%	MSEK	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%		
Manufacture of energy efficient equipment for buildings	CCM3.5	78.1%	656	8.3%	8.3%							E		10.6%	
Sum of alignment per objective					8.3%										
Total KPI		78.1%	656	8.3%	8.3%									10.6%	

Proportion of CapEx from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities – disclosure covering year 2025 (activity breakdown)

Reported KPI		CapEx		Environmental objective of Taxonomy aligned activities											
Financial year		2025													
Economic Activities (1)	Code (2)	Taxonomy eligible KPI (Proportion of Taxonomy eligible CapEx (3))	Taxonomy aligned KPI (monetary value of CapEx (4))	Taxonomy aligned KPI (Proportion of Taxonomy aligned CapEx (5))	Climate Change Mitigation (6)	Climate Change Adaptation (7)	Water (8)	Circular Economy (9)	Pollution (10)	Biodiversity (11)	Enabling activity (12)	Transitional activity (13)	Proportion of Taxonomy aligned in Taxonomy eligible (14)		
		%	MSEK	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%		
Manufacture of energy efficient equipment for buildings	CCM 3.5	41.6%	14	3.7%	3.7%						E		8.9%		
Sum of alignment per objective					3.7%										
Total KPI		41.6%	14	3.7%	3.7%								8.9%		

Proportion of OpEx from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities – disclosure covering year 2025 (activity breakdown)

Reported KPI		OpEx		Environmental objective of Taxonomy aligned activities											
Financial year		2025													
Economic Activities (1)	Code (2)	Taxonomy eligible KPI (Proportion of Taxonomy eligible OpEx (3))	Taxonomy aligned KPI (monetary value of OpEx (4))	Taxonomy aligned KPI (Proportion of Taxonomy aligned OpEx (5))	Climate Change Mitigation (6)	Climate Change Adaptation (7)	Water (8)	Circular Economy (9)	Pollution (10)	Biodiversity (11)	Enabling activity (12)	Transitional activity (13)	Proportion of Taxonomy aligned in Taxonomy eligible (14)		
		%	MSEK	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%		
Manufacture of energy efficient equipment for buildings	CCM 3.5	46.6%	55	6.2%	6.2%						E		13.3%		
Sum of alignment per objective					6.2%										
Total KPI		46.6%	55	6.2%	6.2%								13.3%		

Social disclosures



S1 Own workforce

As a leading global actor in professional lighting, our workforce is multifaceted and central to our success. Our skill set is broad, our lighting and technology expertise is deep, and our heritage and experience provide the backbone to developing our unique customer offerings. Engaged and motivated workers are our most important asset to continually deliver high-quality lighting solutions and to drive the innovative developments needed in our industry. Ensuring their health and safety, inclusion, job satisfaction and professional development are crucial for our business both today and tomorrow.

S1SBM-3 Material impacts, risks and opportunities

Fagerhult Group's material impacts, risks and opportunities connected to our own workforce are shared in the table below. For each matter, impacts are considered in terms of how they impact people and planet, as well as the potential financial impact they could have on our business. The table also describes the origin of each matter and their connection to our business model and strategy.

All impacts, risks and opportunities are material throughout the short-, medium, and long-term unless otherwise stated. All impacts are actual unless stated as potential.

Material matters	Impact on people and planet	Financial impact on business (risks and opportunities)	Origin of impact, connection to strategy and business model
Health and safety in our manufacturing operations	<p>– Smaller accidents in manufacturing and warehouse operations cause minor injuries to a small number of workers</p>	<p>– Smaller injuries can cause lost days of work and reduced productivity</p>	Manufacturing and warehouse operations have inherent risks for incidents which can cause injuries for workers
	<p>– Potential: A serious accident in manufacturing or warehouse operations can lead to a serious injury for a worker</p>	<p>– Serious injuries can lead to employee departure and reputational loss</p>	
Working conditions for our workforce	<p>+ Potential: A good working environment can contribute to employee job satisfaction, low stress levels and a general heightened quality of life</p>		Good working conditions are the essential element on which our Group culture and strategy is based
Diverse and inclusive workplace	<p>+ Potential: Enhanced employee engagement, performance and well-being, whilst a non-diverse and non-inclusive workplace can have multiple negative impacts on many individuals</p>	<p>+ A diverse and inclusive workplace enables innovation and improved decision making to solve key industry challenges and develop unique customer solutions (<i>long-term</i>)</p>	<p>More traditional niched industry and lack of diversity in recruitment base can hinder attracting a diverse workforce and contribute to inequalities</p> <p>Market, industry and technological challenges ahead require innovation and leadership</p>
	<p>– Existing gender pay gap across our employees may cause disadvantage for female workers and indicates risk for other unfair treatment</p>	<p>– Employees could leave organisation or talented individuals are perhaps not recruited due to inequalities, which can pose a business growth risk</p>	
Employee expertise and development	<p>+ Potential: Professional development of employees improves their competence and performance, and increase job satisfaction (<i>medium- to long-term</i>)</p>	<p>+ Enhanced market position and reputation due to heightened lighting and technological expertise of our workforce</p>	<p>Our customer offering is built on long experience and deep expertise within lighting, technology and manufacturing</p> <p>Market, industry and technological challenges ahead require expertise, leadership and innovation</p>
		<p>+ Credible thought leadership in developing innovative and sustainable lighting solutions could enhance reputation</p>	

Our double materiality assessment considered our entire workforce, which we have not categorised into groups based on certain characteristics or contexts. This assessment considered impacts that originate in our own operations, due to our product and service offering, our industry or our business relationships.

Potential impacts on our own workforce from transition plans have not been determined as material. We do not have any operations considered to be at significant risk for forced labour or child labour.

Our material workforce-related matters, shared in the table above, concern our entire workforce unless otherwise stated; more details concerning our workforce are shared later in this standard in S1-6 and S1-7 which give an overview of both their numbers and forms of employment or engagement.

Addressing our material matters

All of these matters are addressed in some way in our current overall business strategy, employee strategy, or through well-established practices and procedures; no major changes are planned in our current approach to addressing these impacts. Our brand companies are all connected to their local roots where a good standard of working conditions in which employees are treated well is core to their operations. Across the business we strive to build a safety-first culture in which risks for injuries or incidents are as low as possible. Diversity and inclusion work is a key strategic focus area in relation to our employees, and seen as a critical component in creating good working conditions, attracting and retaining talent, as well as in growing our business. Employee professional development is tightly connected to attracting and retaining talent, as well as in ensuring we have skilled and engaged workers who can harness opportunities to innovate and find new solutions to future challenges.

S1-1 Policies related to own workforce

Our Group workforce-related policies address our material impacts, risks and opportunities regarding our workers and their human and labour rights. They are aligned with relevant internationally recognised instruments, including the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises.

Our governing document concerning worker-related matters, which guides our alignment with these instruments, is our Group Code of Conduct. In addition, we have several other Group policies which guide our work with specific worker-related topics. The CEO is ultimately responsible for all Group policies, who then delegates overall responsibility to members of the GMT and senior Group management, as appropriate, and operational responsibility to Group company Managing Directors (MDs).

We share our human rights commitments in the descriptions of our Group policies below. Our Group policies themselves do not include our approach to worker engagement or remediation; in our decentralised operating model, worker engagement is very much driven by our Group companies and further described in S1-2 dedicated to this topic; and our general approach to remediation is described in S1-3 in the dedicated sub-section.

Two new worker-related Group policies were approved by the GMT in 2025 – on Health and safety and Diversity and inclusion – and there have been no changes to other Group policies during the year. We do not have any specific policy commitments related to inclusion or positive action for workers from vulnerable groups.

Group Code of Conduct

Fagerhult Group's Code of Conduct states our support and respect for fundamental human rights in our operations. This

includes our respect and commitment to fair labour practices and labour laws, a safe and healthy working environment, and diversity and equal opportunities. It states explicitly our zero tolerance for child labour and forced labour and implicitly our zero tolerance for human trafficking.

The Code of Conduct shares our commitment to encouraging diversity at all levels within the Group and eliminating all forms of discriminatory treatment towards employees; it includes harassment implicitly by definition and addresses non-discrimination on the grounds of gender, marital status, ethnic or national affiliation, sexual orientation, transgender identity, race, religion, political views, age or disability, and any other grounds for discrimination prohibited under local legislation.

The Code of Conduct also clearly shares the process for reporting any breaches with the Code and provides a direct link to the whistleblowing portal. It is available to employees through company intranets or other local sharing methods, and Group company MDs are responsible for ensuring this is communicated to all employees. All employees, board members and management are obligated to act in accordance with our Code of Conduct, and the CEO is accountable for its implementation.

Group Code of Conduct for business partners

In terms of worker-related matters, Fagerhult Group's Code of Conduct for business partners is important in relation to all suppliers who provide the non-employees in our own workforce. In this Code of Conduct, there is a section dedicated to human rights and working conditions of the business partner's employees in which we state our clear expectation that business partners respect human rights and that their activities are aligned with internationally recognised instruments. The Code states in particular our expectation of adherence to local labour laws and collective labour agreements, the commitment to high safety standards for all workers, and addresses forced labour, child labour and human trafficking, among other topics.

Group Working conditions policy

The Group has a dedicated policy for working conditions for our own workforce, committing to ensuring a high ethical approach and compliance with applicable laws and regulations regarding working conditions. This policy states our requirements related to working hours, overtime and compensation. It also addresses our expectations and requirements to reduce risks related to health and safety accidents and illness, to train and professionally develop our employees, employee rights to freedom of association and collective bargaining, and to protect the data privacy of employees.

Group Human rights policy

Our Group-wide human rights policy shares our commitment to ensuring a high ethical approach and compliance with applicable laws and regulations regarding people and human rights. This policy includes our commitments towards our own workforce, as well as considerations regarding our value chain and various risk areas such as human trafficking, harassment and discrimination, among others. It also states our commitments to respecting and promoting human rights and positive social impact.

Group Health and safety policy

Our Group-wide policy on health and safety states our commitment to ensuring that no worker suffers an injury or ill-health due to the working environment that we provide. The policy outlines specific areas for accident prevention, which include our commitment to continuous improvement measures, regular staff training, further development of near miss reporting, as well as developing cultures of safety-first and psychological safety. This constitutes our workplace accident prevention policy.

Group Diversity and inclusion policy

Our Group-wide policy on diversity and inclusion states our ambition that all workers are treated equally, have the same access to opportunities irrespective of differences, and that all feel included in the workplace. Policy objectives include encouraging diversity at all levels in the Group, working actively and continuously to eliminate all forms of discriminatory treatment towards employees, and training our leaders in inclusive leadership.

Brand-specific policies related to own workforce

In addition to our Group policies, many Group companies have their own policies concerning various worker-related matters, often due to local requirements and circumstances. In line with our decentralised operating model, implementation of our Group policies is done locally, with relevant procedures, process and actions tailored by local management and HR to meet local needs and contexts.

In relation to anti-discrimination in particular, our Group-wide stance on eliminating all forms of discriminatory treatment towards employees is clear in our Group Code of Conduct. Any breaches of this should follow the established procedures for reporting (shared in more detail in S1-3) and are acted upon swiftly. Preventative anti-discrimination work is implemented at the local level in different ways, including specific policies, onboarding and ongoing training, and clear communication and leadership on this topic.

More broadly, and in a similar approach, advancing diversity and inclusion in our Group is led by overall policies and guidelines from Group level, with specific Group-wide initiatives to align where needed, and local implementation to adapt to the local context and situation; more details are shared regarding actions taken during the year within diversity and inclusion in S1-4 in the dedicated sub-section.

S1-2 Processes for engaging with own workforce and workers' representatives about impacts

Brand companies in the Group have close connection to worker voices and actively work to hear their views. Our brands vary significantly in number of workers, with our largest Brand having more than 1,100 employees and our smallest less than 50 employees, and also based in different countries with different contexts; therefore, given also our decentralised operating model, modes of engagement differ somewhat across the Group.

Engagement through worker representation

The majority of Brand companies (nine out of thirteen lighting brands) have worker representation in the main part of their operations, with elected employee representatives who engage with company management on workforce-related matters. Metrics on worker representation can be found in the dedicated section S1-8. This engagement typically takes place on monthly to quarterly basis and discusses workforce-related topics; they are involved in discussions ahead of any major business changes that could impact employees.

Engagement through other activities

Those who do not have worker representation are many of our smaller companies who have less than 180 employees. These entities engage with employees on workforce-related matters in more informal ways such as via monthly townhall or company meetings involving all employees, regular individual one-on-one meetings between employees and managers, and individual consultations with relevant employees at times of change. These forms of engagement typically allow for sharing of company performance and strategy initiatives to receive input and questions, as well as discussing workforce-related topics. Several of the smaller Brands in addition have company strategy days in which employees are involved and engage in activities related to the local business strategy.

Ensuring successful engagement

Many brands follow up on their worker engagement through annual employee surveys, well-being surveys, more frequent pulse surveys, or in individual discussions between managers and employees. Thoughts, experiences and concerns can be shared in these, which provide valuable input to improving processes moving forward. Resources allocated specifically to engagement are not tracked and calculated separately, rather they are a part of our HR systems.

In the Brand companies, the most senior role responsible for engaging with employees in relation to workforce-related matters and ensuring this engagement informs decisions is either the HR manager or MD. These views and interests feed into local strategies and identification of both successful as well as improvement areas which feed into concrete actions in the year ahead.

Key topics and concerns from worker engagement and any resulting planned actions are shared by HR in the Group-wide HR forum which is led by the Group Chief People Officer (CPO), who is also a member of the GMT. The CPO has responsibility for ensuring that the GMT are informed of key people matters and for identifying and managing any Group-wide strategic initiatives to address the related impacts, risks and opportunities.

Vulnerable and marginalised groups

All Group companies have a system in place for considering perspectives from all employees; and some have particular efforts for specific vulnerable groups. Steps to consider impacts on all particularly vulnerable or marginalised groups across the Group are still in their infancy and considered valuable development areas.

S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns

Fagerhult Group is committed to ensuring high standards in our workplace and improving any negative impacts experienced by our own workforce. Our overall approach to grievance mechanisms and remedy is guided by our Code of Conduct; we strive for open and transparent culture where grievances can be shared confidentially, potential cases can be acted upon swiftly, and determining and implementing further actions – including remediation – involve senior management.

Channels to raise concerns

Concerns regarding negative impacts on workforce-related matters can be raised by employees within our wider employee engagement system, whether through discussions with line managers, company open forums, engagement surveys or worker representatives where available; more details on these are shared in S1-2.

Incidents or concerns regarding unlawful behaviour, infringements on human rights, or potential breaches of either of our Codes of Conduct – including in relation to employee matters – should be reported to senior management (via line managers, if preferable for the reporter) or via the whistleblowing portal, both of which channels are open to internal and external stakeholders; more details on these channels, their availability to stakeholders, protection of whistleblowers and resulting processes are shared in G1-1.

Remediation processes

Any cases of harm to our workforce in our workplace are treated with the utmost care and with the sincere intention of righting the wrong, ensuring victims are satisfied with the ensuing process, and making corrective actions to ensure the incident or situation cannot happen again. The form that this takes depends on the situation itself, which is considered on an individual basis. All remediation processes involve the CEO and appropriate functions within senior management. Assessment of the effectiveness of these processes has not been conducted.

Tracking and measuring effectiveness

Issues raised at the local level are addressed and tracked by HR managers and involve the company MD and other local senior management as appropriate, and the MD has the responsibility to inform the CEO of serious incidents. Issues raised via the whistleblowing system or directly to senior management follow the same investigative process as described in G1-1, G1-2 and G1-3. The effectiveness of these channels in terms of capturing all possible negative impacts and the trust of our workforce in these processes has not been evaluated.

S1-4 Action plans and resources to manage material impacts, risks, and opportunities related to own workforce

Addressing our impacts, mitigating risks and pursuing opportunities in relation to our workforce is done through both Group-wide strategic developments and initiatives, as well as through well-established processes, development plans and activities by our Group Brand companies tailored to local contexts. Our material sustainability matters are all addressed in slightly different ways, as we share below, and some of the activities mentioned have wider scope than purely addressing the material matters themselves. Unless otherwise stated, all actions are ongoing and do not have defined time horizons.

Good working conditions

High standards in the workplace are core to our business and heritage, and we work continuously with making this impact positive on our workers. Across the Group, we are continuing our work with implementing our Group Core values and Leadership Guidelines to establish a positive and collaborative Group culture, supported by leadership which is people-focused, open and enables all to contribute; more information on these is shared in G1-1 in the sub-section on Group culture.

Within our Brands, actions tend to differ while having some similarities – and all work to create a positive working environment. In the year, actions have focused on improving transparency, communication and support systems in place. Many work proactively with improving workload management, supporting work-life balance and promoting well-being and mental health. Progress in these areas is often tracked through employee surveys or employee engagement processes in which progress and potential developments can be identified and then developed.

Health and safety in our manufacturing operations

Well-established processes and systems are in place across our operations to address our material impact and risk regarding potential safety incidents for our workers. Our Group strives to ensure a safety culture in our manufacturing operations and has a zero-accident target which is further described in the next section S1-5.

The majority of our workers are covered by a health and safety management system in which hazards are identified, assessed, controlled, and monitored to prevent accidents, injuries, and ill health. Key actions taken at our manufacturing sites include onboarding and ongoing training of all workers, clear processes and procedures on-site, close tracking and follow-up of incidents, building a safety-first culture, as well as regular risk assessments. Alternatives are also considered for automation to remove certain risks for workers.

Our Group-wide Health and Safety Forum complements the ongoing activities in each of our Group manufacturing



companies. This Forum facilitates cross-company sharing of experience and best practice on health and safety topics, and aligns reporting of key metrics to monitor performance across our companies. The Forum first began in 2022 and is currently evaluating further alignment and scope for continuous improvement.

Diverse and inclusive workplace

Creating diverse and inclusive workplaces is seen as a key strategic development area for our Group, both to address negative impacts as well as harness the opportunities that a diverse workforce in an inclusive environment can create for our business. Our approach from Group level to addressing these topics is to build awareness and competence from the top of the organisation, through management and then more widely to all employees, to then implement further actions; this work is ongoing.

A key pillar in our Leadership Guidelines is a people-first focus in which leaders across the Group are expected to build diverse teams and create inclusive spaces; an important activity during the year has focused on incorporating these guidelines into our Group Talent Management process. There is active monitoring of representation of women in business-critical roles across Group, and this year we have achieved a 50/50 gender representation in the GMT which has previously had a lower percentage of female members. There is also ongoing work to assess the gender pay gap across the Group.

Almost all Brand companies have worked with improving diversity and inclusion in their workplaces this year. Many work with training leaders and their employees, either more generally or within specific topics, such as anti-discrimination or unconscious bias. Several work actively with recruitment, such as through reviewing recruitment processes and training of those involved. A smaller number of the companies work with active recruitment of female or younger workers to both blue-collar and managerial roles, in order to increase diversity in these aspects.

Employee expertise and development

Building on employee expertise and ensuring professional development provides positive impacts on our employees and opportunities for our business. This year a Group-wide initiative was started in aim of aligning performance management across the Group. This connects to our wider work concerning the implementation of our Core values and Leadership Guidelines, and uses the collective knowledge and experience of HR experts across the Group in aim of improving performance evaluation and career development processes for all employees.

All Group companies work with developing employee skills and knowledge through ongoing training. Activities across the Group this year have ranged from competence mapping and competence strategy development, to developing performance and career pathways, to improving learning platforms and identifying new areas for skills development such as new technologies and AI.

Intended outcomes

The overall intended outcomes from our work with these topics on our own workforce are to improve our negative impacts, mitigate our risks and harness our opportunities. While these topics cover different subjects, some progress and outcomes can be seen in collective terms, through insights from employee surveys and other engagement forms, where employees are happy at work, feel they are in a safe and healthy work environment, represented and included, and develop personally and professionally through work. This can all contribute to a lower employee turnover, as well as a positive impact on employer branding that could result in a wider, more diverse recruitment base.

Management and resources

Worker-related risk management processes and worker engagement processes generally assist in identifying issues across the Group, which are then further analysed and addressed in actions and plans as appropriate. These processes consider to a certain extent various factors that origi-

nate in business practices which could create or contribute to material negative impacts on workers, as well as external developments which can impact our workers. Risk management of workforce-related risks are generally managed separately to other business risk management processes.

Group-wide initiatives and strategic developments are developed and managed by the Chief People Officer and involve HR managers across our Brand companies. Activities in our Group companies are developed and managed by HR managers and Heads of Operations, as appropriate and typically involve many others. During the year, there have been no material negative impacts which have required remedy.

S1-5 Targets related to own workforce

We have one Group-wide target related to our own workforce, that is for zero accidents in our workplaces; which includes all workers, all sites of operations, and is defined as accidents that cause injuries which result in absence from work. This is an annual and recurring target to address our material negative impact and risk in terms of health and safety. Worker representatives were not directly engaged in setting this target, as it strives for the highest possible standard in terms of accident prevention.

The target links directly to our Group Health and Safety policy objectives, as well as our Group Code of Conduct. The target has been in place in its current form since 2022, since which time performance has been monitored and reported; more information on our performance here and more widely within health and safety can be found in the related metrics section S1-14.

In addition to tracking performance against this target, some Brand companies monitor further KPIs in this area such as working days lost, days between accidents, and near-miss incidents. All Brands work actively with identifying and implementing improvements, and our Group-wide Health & Safety Forum enables sharing of learnings and best practice across the Group.

Progress in our other material sustainability matters is tracked and evaluated in different ways, and some Group companies have specific targets or metrics that they follow. Improvements and satisfaction in good working conditions is monitored through employee surveys and other employee engagements; some Group companies track employee satisfaction scores and proxies such as turnover rates and sickness absence. Development in diverse and inclusive workplaces is most closely tracked in terms of gender balance, with gender ratios in leadership teams, managerial roles, and across all employees monitored, and there is ongoing work in assessing our gender pay gap in the Group. Employee expertise and development is most often tracked through performance development reviews which take place in most Group companies in which employees are actively engaged in evaluating their progress and identifying areas for improvement. We have not tracked the effectiveness of our policies and actions in relation to our material impacts further than through the measures mentioned above.

S1-6 Characteristics of the undertaking's employees

The overall characteristics of our employees do not change drastically between years. We have a male-dominant workforce, in which the vast majority of our employees are on permanent contracts and full-time. Our employees are located across four continents, with the greatest number in Sweden, Italy, Germany and the United Kingdom.

Our Group completed two acquisitions during 2025 with Trato TLV Group and Capelon AB, which have both contributed to the increase in employees whilst not changing our overall employee characteristics. The largest change in employee numbers in a given country since 2024 is in France due to the acquisition of Trato-TLV Group.

Employees by gender (headcount)

Gender	Number of employees	
	2025	2024 ¹⁾
Male	2,797	2,703
Female	1,356	1,376
Other	0	
Not reported	0	
Total employees	4,153	4,079

¹⁾ Prior to 2025, we did not collect data on employees who identify as neither male nor female.

The majority of roles in our operations are within manufacturing, innovation and design, and sales and our workforce includes both white-collar and blue-collar workers in the ratio of 60 to 40 per cent. This ratio between roles exists also within each gender, with 60 per cent white-collar among male workers, and 61 per cent white-collar among female workers.

Employees by country (headcount)

Country	2025		2024	
	Number of employees	Thereof men	Number of employees	Thereof men
Sweden	782	500	804	511
Italy	640	439	659	451
Germany	576	409	602	426
United Kingdom	546	404	584	428
France	364	277	138	95
Australia	173	113	181	122
Canada	168	87	183	94
Netherlands	162	120	151	103
China	152	57	158	60
Thailand	131	78	132	80
Türkiye	127	94	112	84
Spain	59	37	61	37
Other	273	182	314	212
Total	4,153	2,797	4,079	2,703

Employees by contract type, broken down by gender (headcount)

	2025				2024		
	Female	Male	Other	Total	Female	Male	Total
Permanent employees	1,313	2,664	0	3,977	1,317	2,589	3,906
Temporary employees	38	101	0	139	51	86	137
Non-guaranteed employees	5	32	0	37	8	28	36
Full-time employees	1,189	2,694	0	3,883	1,212	2,618	3,830
Part-time employees	162	71	0	233	156	57	213

Employees by contract type, broken down by region (headcount)

	2025					2024				
	Europe	Asia	North America	Australasia	Total	Europe	Asia	North America	Australasia	Total
Number of employees	3,325	444	207	177	4,153	3,224	443	227	185	4,079
Permanent employees	3,204	413	202	158	3,977	3,122	398	221	165	3,906
Temporary employees	107	31	0	1	139	92	45	0	0	137
Non-guaranteed employees	14	0	5	18	37	10	0	6	20	36
Full-time employees	3,092	443	201	147	3,883	3,013	443	220	154	3,830
Part-time employees	219	1	1	12	233	201	0	1	11	213

Employee turnover

	2025				2024		
	Female	Male	Other	Total	Female	Male	Total
Under 30 years	35	90	0	125	40	79	119
30–50 years	99	237	0	336	77	176	253
Over 50 years	46	109	0	155	31	91	122
Total	180	436	0	616	148	346	494
Total employee turnover, %	13	16	0	15	11	13	12

Accounting principles

Principles relevant for the entire S1 section

Employee numbers are expressed as headcount as per 31 December 2025 throughout the S1 section unless otherwise specified. All data shared covers relevant categories for our entire workforce. No assumptions have been used unless stated in the relevant section. This data is not validated by an external body other than the assurance provider.

Characteristics of employees

The most representative number in the financial statements for S1-6 metrics is under Note 24 Average number of employees. Employment contract type is defined as per national laws. Employee turnover includes all employees who have left their employment during the year, whether voluntarily or otherwise; the denominator to calculate employee turnover rates is employee headcount at year-end, per gender as relevant.



S1-7 Characteristics of non-employees in the undertaking's own workforce

Non-employees in our own workforce are working in both blue collar and white collar roles, employed most often by a recruitment agency or self-employed, and their tasks are similar to those of own employees. They are typically used at production peaks, to fill in staffing gaps due to unplanned absence, or due to family-related leaves or personnel turnover. At the end of 2025, Fagerhult Group contracted 171 non-employees.

Accounting principle

Characteristics of non-employees

In aim of being comparable with the number of employees specified in other metrics, this number is the headcount on 31 December 2025 except for those operations where this date is unrepresentative for non-employees in their workforce due to factories being closed in extended winter or summer breaks. In these cases, the number of non-employees is headcount on the last working day of the year.

S1-8 Collective bargaining coverage and social dialogue

Freedom of association and the right to collective bargaining are basic rights for all our employees. In total at year-end, 52 per cent of our employees were covered by collective bargaining agreements and 67 per cent of our employees were covered by workplace representation. The table below shares the collective bargaining coverage in EEA countries and other regions and workplace representation per EEA country where we have more than 50 employees.

Coverage Rate, %	Collective bargaining coverage		Social dialogue
	Employees EEA	Employees Non-EEA	Workplace representation
0-19	Germany	Asia, North America, Australasia	Spain
20-39		Non-EEA Europe	
40-59	Spain		
60-79			Germany
80-100	Sweden, Italy, France, Netherlands		Sweden, Italy, France, Netherlands

S1-9 Diversity metrics

There are many dimensions to diversity; this section focuses on gender and age distribution of our employees, as well as the gender balance among employees and management. The gender balance among employees is 33 per cent female, in top management 31 per cent female, and 24 per cent female among managers. The majority of our employees are above 30 years old, with 35 per cent older than 50 years.

Gender and age distribution of employees

Headcount	2025			2024		
	Female	Male	Total	Female	Male	Total
Under 30 years	124	345	469	143	322	465
30–50 years	760	1,457	2,217	770	1,453	2,223
Over 50 years	472	995	1,467	463	928	1,391
Total	1,356	2,797	4,153	1,376	2,703	4,079

The tables below present the gender diversity at three levels in our Group, with two different categories for management: managers and top management. Managers are defined as employees with staff responsibility. Top management is defined as our GMT together with the leadership teams for our Group brand companies, together those who take the major operational decisions for our Group.

Gender distribution of employees and management

Headcount	2025			2024		
	Female	Male	Total	Female	Male	Total
All employees	1,356	2,797	4,153	1,376	2,703	4,079
All managers	148	472	620	132	441	573
Top management	28	63	91	26	63	89

Percentage, %	2025		2024	
	Female	Male	Female	Male
All employees	33	67	34	66
All managers	24	76	23	77
Top management	31	69	29	71

S1-10 Adequate wages

All employees are paid an adequate wage.

Accounting principles

Adequate wages

When considering adequate minimum wage, we consider the lowest wages paid to employees in relation to the greater of legislated minimum wage or minimum wage levels as agreed in collective bargaining agreements or other agreements made with worker representative bodies. For those countries and workers where neither of these minimum wage levels exist, benchmarks were used to provide a minimum level for comparison. These benchmarks were based on the greater of 50 per cent of gross average wage or 60 per cent of median wage in the respective country.

S1-13 Training and skills development metrics

Training and skills development of our employees is fundamental to our good working standards across the entire organisation, as well as for ensuring the development and maintaining of our cutting-edge lighting and technology expertise.

Training in our organisation takes many forms, with much focus on on-the-job training, where skills and knowledge are learned through daily work tasks, solving challenges, and exchanging with others. The average training hours shared here do not include on-the-job training or activities such as handovers, and are based on centrally organised trainings or other documented trainings or courses taken by employees.

We strive for all employees to have at least one performance development dialogue with their line manager every year, in which they discuss both their performance and potential development. In 2025, 81 per cent of our employees had at least one performance development dialogue.

Training, average hours per employee

	2025	2024
Blue-collar men	12.6	10.9
White-collar men	15.9	21.0
Blue-collar women	5.9	7.2
White-collar women	12.6	17.0

Performance development dialogues, employee participation and number

	2025		2024	
	Participation, %	Dialogues, number of	Participation, %	Dialogues, number of
Blue-collar men	79	888	81	889
White-collar men	83	1,382	80	1,357
Blue-collar women	78	408	78	440
White-collar women	80	669	80	666

Accounting principles

Training hours

Average training hours considers training completed by our employees that has been tracked and documented in Group company systems. It considers all employees, and is calculated as the total number of training hours completed divided by the year-end headcount.

Performance development dialogues

The percentage of performance development dialogues is calculated as the number of our employees who are employed at year-end who have had at least one performance development dialogue, divided by the year-end headcount per relevant category.

S1-14 Health and safety metrics

Health and safety management systems cover 87 per cent of our workforce, which is a key pillar in our work to build a safety-first culture across the Group. Central in this work is the systematic monitoring of accident and injury reporting, as well as the tracking of performance against our target of zero accidents that lead to absence from work. As the table below shows, the number of work-related recordable injuries each year fluctuates and we have some way to go to meet this target.

Employee injuries and ill-health

	2025	2024 ¹⁾	2023
Cases of work-related recordable			
– fatalities	0	0	0
– high-consequence injuries	1	5	0
– injuries	59	28	43
– ill-health	22	17	10
Total	82	50	53
Working days lost due to:			
– work-related recordable injuries	813		
– work-related recordable ill-health	1,177		

¹⁾ Prior to 2025, data was not collected regarding working days lost due to work-related recordable injuries and ill-health.

In terms of considering the number of injuries in relation to the size of our workforce, the rate of recordable work-related injuries is 8.4 incidents per one million hours worked.

Workforce fatalities and injuries during 2025

	Own employees	Non-employees	Other workers on company sites
Cases of work-related recordable			
– fatalities	0	0	0
– high-consequence injuries	1	0	
– injuries	59	1	

Accounting principles

Health and safety management system

The percentage stated here is calculated as the number of employees and non-employees at year-end who are covered by a health and safety management system which is based on legal requirements or relevant standards or guidelines; see accounting principles for S1-7 to understand more about our non-employees headcount.

Work-related recordable injuries

A work-related injury as reported above is the result of a recordable work-related accident that causes absence from work. A high-consequence work-related injury is an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within six months. Minor accidents or incidents that result in the need for first-aid where the worker can return to work are not included here.

Rate of work-related recordable injuries

This metric is calculated by dividing the total number of recordable work-related fatalities, high-consequence injuries and injuries for employees by the total number of hours worked by employees and multiplied by 1,000,000. Total hours worked is based on actual data where available, and otherwise on contracted hours.

S1-16 Remuneration metrics (pay gap and total remuneration)

Gender pay gap

The difference in average pay level between all female and male employees across our Group in 2025 was 21 (22) per cent. This is difference between average hourly gross pay of male and female employees, expressed in terms of the male average hourly gross pay.

Annual total remuneration ratio

The total remuneration ratio for 2025 was 12.0 (11.2). This is the ratio of the gross pay of the highest paid individual in our Group, our CEO, in relation to the average gross pay of all other employees.

Accounting principles

Gender pay gap

Total gross pay during 2025 is used for this calculation and includes both base salary and variable remuneration such as bonuses. Gross hourly pay is calculated by dividing the gross pay of female and male workers by the total hours worked by each respectively. Total hours worked is based on actual hours worked where available, and otherwise estimated based on total contracted hours.

Remuneration ratio

Total gross pay for the highest paid individual is disclosed in note 2 in the financial statements, from which it includes base salary, variable remuneration and other benefits for the Group CEO.

Due to our decentralised organisation with separate pay-roll systems across the Group, we are currently not able to calculate this ratio in terms of median wage for the Group. The average gross pay of all other employees is calculated by dividing the total gross pay of all other employees as disclosed in note 2 of the financial statements, from which it includes salaries and other remuneration for the Group, by the average number of employees as disclosed in note 24 of the financial statements. Further work will be done in 2026 to investigate the possibility for using the median wage of all other employees in this calculation.

S1-17 Incidents, complaints and severe human rights impacts

During the year, there have been four confirmed incidents of discrimination in our Group. These cases all followed due process, were all resolved during 2025 and in which no laws were broken and no fines, penalties or compensation for damages were paid. There have been zero incidents regarding severe human rights impacts in our workforce during the year.

Social disclosures



S2 Workers in value chain

Our value chain is long, global and complex, and in it there are many workers whom our operations impact to different extents. Our operations rely on their work upstream to produce the processed materials and components that are used in our lighting solutions, as well as their work downstream to install and deliver the projects where our lights are used to light up lives and spaces.

Our long-term business strategy is built on being a trusted advisor and business partner in our value chain. We strive to promote sustainable business principles and work with business partners who share these values, which include good working conditions for workers and respect for basic human rights.

S2 SBM-3 Material impacts, risks and opportunities

Fagerhult Group's material impacts and risks connected to workers in the value chain are shared in the table below. For each matter, impacts are considered in terms of how they impact people and planet, as well as the potential financial impact they could have on our business. The table also describes the origin of each matter and their connection to our business model and strategy.

All potential impacts and risks within S2 are material throughout the short-, medium, and long-term.

Material matters	Impact on people and planet	Financial impact on business (risks and opportunities)	Origin of impact, connection to strategy and business model
Health and safety of workers in value chain	<p>– Potential: Workers <i>upstream in our value chain</i> could suffer detrimental health effects due to unsafe or harmful working conditions</p>		Systemic risks for potential unsafe working conditions in mineral and metal extraction and electronics manufacturing in eastern Asia
	<p>– Potential: Workers <i>downstream in our value chain</i> installing our products could be seriously injured if exposed to unsafe working conditions</p>		Lighting products connect to live electrical currents and are physically installed often at heights which have an inherent risk for safety incidents which can cause injuries for workers
Child and forced labour risks in supply chain	<p>– Potential: Purchasing of certain materials could contribute to worst forms of child labour and forced labour <i>upstream in our value chain</i></p>	<p>– Reputational and financial risks if child or forced labour were to occur in our supply chain</p>	Systemic challenges related to child and forced labour in industries and geographies where minerals and metals are extracted and in electronics manufacturing

All value chain workers have been considered in our double materiality assessment, including those workers in our three smaller joint ventures. Knowledge and awareness of value chain workers who are at greater risk of harm has been developed through desktop research and discussions with internal experts, and work is ongoing in building further understanding.

Addressing our material matters

Our long-term business strategy is built on being a trusted advisor and business partner in our value chain, where we strive to promote sustainable business principles and work with business partners who share these values. This sup-

ports our work and approach with trying to improve conditions for value chain workers. Furthermore, reducing our potential exposure to these human rights risks in our upstream value chain connects strongly to our work with circular design principles and R&D; through reducing the quantity of materials and components in our lighting products, procuring secondary or recycled materials, and identifying possible alternative materials with lower environmental impacts, we reduce our reliance on these resources which have higher risks for infringements on human rights in their supply chains.

S2-1 Policies related to value chain workers

Our Group has several policies which address our material impacts and risks regarding our value chain workers and their human and labour rights. They are aligned with relevant internationally recognised instruments, including the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises. No cases of non-respect of these instruments have been identified or reported in our upstream and downstream value chain to our knowledge to date.

Our Group Code of Conduct for business partners is our main guiding document in relation to matters concerning value chain workers and we have several related Group policies. We share our human rights commitments in the descriptions of our Group policies below. The CEO is ultimately responsible for all Group policies, who then delegates overall responsibility to members of the GMT and senior Group management, as appropriate, and operational responsibility to Group company Managing Directors (MDs). Our Group policies themselves do not include our approach to engagement with value chain workers or remediation; our approaches to these are further described in S2-2 and S2-3 below.

Group Code of Conduct for business partners

Fagerhult Group's Code of Conduct for business partners aims to ensure that the principles set out in Fagerhult Group's Code of Conduct and related policies and due diligence principles are applied throughout our value chain. It states our commitment to respect internationally recognised human rights principles, general sustainable business principles, and our expectation of these same commitments from our business partners. This Code encompasses our entire value chain, all geographies and stakeholders in its intention, and in practice it is currently shared with the majority of our direct suppliers who have signed it or agreed to having their own Code of Conduct which at a minimum meets these same standards.

Risk areas specifically addressed in this Code of Conduct include, among others, child labour, forced labour and human trafficking, and expectation for our business partners to identify risks and improvement areas in line with the OECD Due Diligence Guidance for Responsible Business Conduct. The Code states that our business partners shall adhere to local labour laws and collective labour agreements and to high safety standards including occupational health and safety for all workers, among others.

Each company MD has the responsibility for ensuring implementation of the Group's Code of Conduct for business partners. Any breaches of this Code can lead to reduced or terminated business activities between the Group and business partner, and the Group reserves the right to monitor compliance which is done through various means such as supplier questionnaires, site visits, and audits. Reporting of any breaches follows the same processes as for the Group Code of Conduct, through reporting to senior management or via our whistleblowing system.

Group Human rights policy

Our Group-wide Human rights policy shares our commitment to ensuring a high ethical approach and compliance with applicable laws and regulations regarding people and human rights. We expect all our business partners to share the same approach and we strive to collaborate only with

partners that can document efforts to safeguard fair and safe working conditions, human rights, and environmental protection; we then expect that they commit to ensuring their supply chain is sustainable from an environmental and social perspective. Within this policy we also share our approach to the due diligence process which is based on the OECD Guidance for Responsible Business Conduct.

Group Conflict minerals policy

Our Group Conflict minerals policy states our intention to ensure that our products do not contain minerals sourced in regions experiencing some type of conflict, where the risk for human rights violations, including child and forced labour, are heightened. We take specific steps to ensure that the tantalum, tin, tungsten and gold (commonly referred to as "3TG minerals") in the products manufactured by our suppliers are not connected to conflict regions. This process includes confirmation from suppliers on the origin of the materials they source, a preference for suppliers who have related policies and due diligence processes in place to ensure compliance, and request for information should the supplier learn of conflict minerals being present.

S2-2 Processes for engaging with value chain workers about impacts

Our main process across the Group for engaging with value chain workers upstream in our value chain takes place through our supplier assessments, in which we take various steps to understand supplier impacts in environmental, social and governance topics, which includes both working conditions for their workers, as well as their overall approach to sustainability management. We expect our suppliers to be actively working to monitor and improve impacts for their own workers, as well as workers in their supply chains, which should include worker engagement.

Across the Group, before engaging in business relations with a supplier, we conduct due diligence on the supplier

entity including consideration of sustainability topics. During a business relationship with a supplier, several of our Group companies perform recurring supplier assessments which can include supplier audits. These processes allow for gathering insights and perspectives from workers in our suppliers; however, in our decentralised operating model, Group companies conduct supplier assessments in different ways and worker engagement is usually limited.

In the past year, 334 (420) suppliers were evaluated using environmental criteria, of which 42 (33) were new partnerships. As for social criteria, 289 (301) suppliers were evaluated, of which 47 (61) were new. Responsibility for ensuring supplier assessments occur lies with Group company MDs.

Engagement with value chain workers downstream and further upstream in our supply chain, whether direct or through credible proxies, would improve our knowledge and due diligence work, and further processes for such engagement will be considered in the coming years.

S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns

Fagerhult Group strives to contribute to positive human and labour rights impacts for workers in our value chain. Our processes for raising concerns and remediating any negative impacts are similar to the processes in place for other people-related sustainability impacts. Our overall approach to grievance mechanisms and remedy is guided by our Code of Conduct and Code of Conduct for business partners.

Channels to raise concerns

Incidents or concerns regarding unlawful behaviour, infringements on human rights, or potential breaches of either of our Codes of Conduct in relation to value chain workers are encouraged to be reported to relevant contact persons in our Brand companies such as procurement managers or sales personnel, senior management of our Brand companies or Group, or via the Fagerhult Group whistleblowing

system. These channels are all open to internal and external stakeholders.

Our whistleblowing system is available on our external Group website and is described in our Code of Conduct for business partners. We do not have a Group-wide approach to taking additional steps to support or require the availability of grievance mechanisms in the workplaces of value chain workers. Further details on our channels and on the protection of whistleblowers and resulting processes are shared in G1-1 in sub-sections on reporting and whistleblowing, and protection of whistleblowers.

Remediation processes

Any identified cases of harm to workers in our value chain are to be treated with the utmost care and with careful consideration of our role in remediation and our relationship going forward with the connected business partners. The remediation process itself should intend to right the wrong, ensure that the victims are satisfied with the ensuing process, and make corrective actions to ensure the incident or situation cannot happen again. The form that this takes depends on the situation itself, which is considered on an individual basis. All remediation processes in which we could be involved include the engagement of the MD and senior management in the relevant brand company, with the assistance of senior Group management as relevant. Any evaluation of continued business with the connected business partner involves senior management in the Group company.

Tracking and measuring effectiveness

Issues regarding value chain workers raised at the local level are addressed and tracked by relevant managers and other local senior management as appropriate, and the MD has the responsibility to inform the CEO of serious incidents. Issues raised via the whistleblowing system or directly to senior management follow the same investigative process as described in G1-1 in the sub-sections on whistleblowing and G1-3 for potential breaches of the Codes of Conduct. The effectiveness of these channels in terms of capturing all

possible negative impacts and the awareness and trust of value chain workers in these processes as a way to voice their concerns or have them addressed has not been evaluated.

S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

To prevent, mitigate and remediate potential negative impact and achieve positive impact on value chain workers, our Group companies reserve the right to continuously monitor the business operations of our business partners and their compliance with our Code of Conduct for business partners. Such continuous monitoring can be executed through requests of relevant information, site audits, and documentation reviews. Many of our brand companies conduct actions such as risk assessments, questionnaires and third-party audits to ensure suppliers comply with the Code. Unwillingness to sign or agree to our Code of Conduct for business partners is seen as a breach of the business partner's obligations towards the Fagerhult Group and may lead to reduced or terminated business activities.

Our longer-term plan is to develop a more established process to identify specific impacts and risks to value chain

workers. This process will also include more details about how we will prevent, mitigate and remediate potential negative impacts for a more rigid due diligence process. All companies have started to map their suppliers in a Group-wide platform, supporting supplier risk evaluation. We are not aware of any reported severe human rights issues and incidents connected to either our upstream or downstream value chain.

S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Fagerhult Group does not have any Group targets that specifically relate to our material sustainability-related risks for workers in the value chain.

We work actively with engaging our suppliers in signing or agreeing to our Code of Conduct for business partners. We monitor performance in relation to the material risks for value chain workers through tracking any cases or reports of breaches of our Group policies. And we prioritise working with business partners who can concretely commit to upholding our shared commitments to human rights principles. Quantitative metrics or targets to support making progress in these areas have yet to be identified.

Social disclosures



S4 Consumers and end-users

Through attention to light quality and integrating safety into every product, we help create environments that promote comfort and allow people to move, work and live with confidence. Our solutions are designed to adapt to users' needs, ensuring that lighting placement and intensity align with both functional and well-being objectives, while we always strive to reduce energy consumption, for example through our smart lighting solutions and highly efficient luminaires. Our smart lighting technology connects with networks and can communicate with other building systems. Therefore, providing secure solutions that manage cyber security risks is central within smart lighting.

Our customers include first-tier construction companies as well as second-tier municipalities, property developers and owners. End-users are all individuals that experience the light from our products and solutions.

S4 SBM-3 Material impacts, risks and opportunities

Fagerhult Group's material impacts and risks connected to our customers and end-users are shared in the table below. For each matter, impacts are considered in terms of how they impact people and planet, as well as the potential financial impact they could have on our business. The table also describes the origin of each matter and their connection to our business model and strategy.

All impacts and risks are material throughout the short-, medium, and long-term unless otherwise stated. All impacts are actual unless stated as potential.

Material matters	Impact on people and planet	Financial impact on business (risks and opportunities)	Origin of impact, connection to strategy and business model
Social impact of high-quality lighting on people and spaces	<p>+</p> <p>Improved health and well-being of individuals under our lights <i>downstream</i>, and improved safety and use of spaces where our lights are installed <i>downstream</i></p>		<p>Our lighting solutions can be tailored and customised to fully meet the needs of the spaces they light up as well as human circadian rhythms</p> <p>The application of our lighting solutions are designed by or in collaboration with our business partners who determine the final product specifications</p>
Product safety of lighting solutions	<p>–</p> <p>Potential: Severe injuries can occur to customers or end-users <i>downstream</i> if products are faulty or incorrectly installed due to electrical or mechanical faults</p>	<p>–</p> <p>Financial and reputational risks if a product were to seriously injure a customer or end-user</p>	<p>Lighting products connect to live electrical currents and are often located at heights and/or in suspension systems which could cause injury to those in surroundings should a fault occur</p> <p>Product safety testing is a crucial process across our manufacturing operations</p>
Cyber security of lighting solutions		<p>–</p> <p>Exposure of connected lighting systems to cyber security risks could pose a financial and reputational risk should a hacking incident occur in the system (<i>medium to long-term</i>)</p>	<p>Smart lighting relies on a connected system which is thereby exposed to risks for a cyber security incident</p> <p>Extensive cyber security measures are implemented in our connected solutions</p>
		<p>–</p> <p>While not possible today, there is a potential financial and reputational risk should the data from smart lighting systems enable tracking of individuals (<i>long-term</i>)</p>	<p>Tracking or identification of individuals in a building could be possible in a cyber security incident in the future if data combined with other systems</p>

Our double materiality assessment considered our own operations and the full downstream value chain. The impacts and risks described above generally apply to all customers and end-users rather than specific groups. The material negative potential impact and risks relate to individual incidents rather than being systemic in nature.

All of these impacts and risks are in various ways addressed in our established practices and overall business strategy. They do not trigger major changes to our current strategy and business model.

S4-1 Policies related to consumers and end-users

The impacts and risks described above are governed in various ways. Fagerhult Group contributes to positive impacts on people through high-quality lighting. This impact is highly supported by the vision statement of Fagerhult Group: A world enhanced by light. It acts as an overall message for all our operations. It addresses the significance of light in all environments and emphasise the role we play in lighting up lives and spaces.

The Fagerhult Group Code of Conduct is our overall guiding document in terms of setting expectations on ourselves to be a responsible, trusted, long-term business partner to our customers through offering high-quality lighting for end-users. It does not include our approach to engagement or remediation in relation to customers and end-users; in our decentralised operating model, engagement with customers and end-users is driven by our Group companies and described in the next section S4-2 dedicated to this topic; and our general approach to remediation is described in S4-3 in the dedicated sub-section. Read more about the Code of Conduct in S1-1 and G1-1.

We do not have Group-wide policies that explicitly address our material topics of product safety, cyber security and social impact of light, rather these topics are addressed by Group companies through well-established processes or local policies; a summary of these is given below.

During 2025, no cases of non-respect of the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work, or OECD Guidelines for Multinational Enterprises, involving customers or end-users have been reported or come to our knowledge.

Brand-specific policies related to customers and end-users

The majority of our manufacturing companies in the Group have established quality management systems which are ISO 9001-certified. These systems provides a structured and consistent approach to managing activities affecting the quality and safety of our products. The scope of these systems include defining how processes are planned, executed, monitored, and improved, ensuring that every stage from design and procurement to production, testing, and customer support follows controlled and documented procedures. Through this approach, we ensure that our lighting solutions meet high standards of safety, performance, and long-term reliability.

The identified material sustainability matter of cyber security concerns our smart lighting offering in buildings and the associated potential cyber incidents and risks; we manage these risks through ensuring related compliance and certifications. We are compliant with the EU directive RED (Radio Equipment Directive) which entered into force in August 2025 and includes requirements in several areas, including health and safety of users, cyber security and network protection, and privacy and data protection, among others. In addition, our technology company for smart indoor lighting solutions, Organic Response, holds the ISO 27001 Information Security Management System certification, which provides a framework for establishing, implementing and continually improving processes related to information security.

Such certifications, requirements and other brand-specific policies and processes for customers and end-users are developed and implemented at local level. These systems, policies and processes all aim to improve positive impacts and reduce negative impacts for customers and end-users. These objectives are monitored by our Group companies in various ways and such monitoring lies within the operational responsibility of each company MD.

S4-2 Processes for engaging with customers and end-users about impacts

Fagerhult Group places strong emphasis on engaging with customers and end-users to understand their perspectives and ensure that their feedback informs product development, service delivery, and strategic decisions. Given our decentralised operating model and the downstream complexity across sectors, countries and business areas, engagement can look differently across the Group. In common for all Group companies, however, is close contact with our business partners and customers and hence several themes in this engagement are similar. For more information regarding stakeholder engagement, refer to SBM-2.

Engagement through direct customer contact

All Group companies maintain regular contact with their customers. Engagement covers a range of topics, from product inquiries and feedback to various sustainability-related matters. Customer interactions are often complemented by structured initiatives such as customer surveys, market days, and participation in industry events.

Engagement through end-user channels

While end-users are not directly involved in transactional processes, many companies engage with them through credible proxies, such as property managers or municipalities, particularly when installations are planned for public areas. Engagement is usually conducted on an as-needed basis to ensure that end-user perspectives are considered in decision-making and product implementation. Group companies have processes in place to consider the rights and needs of vulnerable groups when their products are used in particularly relevant settings, such as children in schools or patients in hospitals.

Ensuring successful engagement

Customer and end-user perspectives are gathered through surveys, personal feedback, and structured interactions, and are used to inform product development, service improvements, and market strategies. Examples include co-designing smart lighting systems based on feedback or adapting existing products to better meet specific user needs. The MD or Head of Sales in each company oversees customer and end-user engagement, ensuring that interactions take place and feedback is acted upon.

Tracking and using feedback

The effectiveness of engagement is monitored using customer surveys, personal feedback, and key performance indicators such as Net Promoter Score and quotation-to-deal ratios. Insights gained from engagement activities help address material risks, identify opportunities, and enhance overall customer and end-user experience.

S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

Fagerhult Group is committed to ensuring high standards in our customer interactions and addressing any negative impacts experienced by customers or end-users. Our overall approach to receiving and managing concerns is guided by principles of accessibility, responsiveness, and transparency, with serious matters involving senior management as appropriate.

Channels to raise concerns

All Group companies provide accessible channels for customers to raise concerns, including annual surveys, post-order questionnaires, feedback forms on company websites, and claims handling processes. Quality managers or sales teams typically serve as the primary points of contact for addressing these concerns. End-users generally raise potential concerns via first- or second-tier customers, who then in turn contact us through the channels described above.

Reporting serious concerns

Any serious concerns or incidents related to our product solutions and their impacts should be reported by internal or external stakeholders to local senior management, either directly or via customer contact persons, or through Fagerhult Group's whistleblowing service. Additional information on these channels, including stakeholder accessibility, whistleblower protection, and resulting processes, is shared in G1-1 in the sub-sections on reporting and whistleblowing, and protection of whistleblowers.

Remediation processes

When negative impacts on customers or end-users are identified, we handle each case carefully, aiming to resolve the issue, ensure stakeholders are appropriately supported, and take corrective measures to prevent recurrence. The approach is tailored to the specifics of each situation, and all remediation efforts involve the MD and relevant senior management functions in the Group company.

Tracking and measuring effectiveness

Customer concerns and feedback are monitored and managed through established processes and are reviewed regularly to drive improvements and prevent recurring issues. The effectiveness of these channels in terms of capturing all possible negative impacts and maintaining customer trust has not been formally evaluated.

S4-4 Taking action on material impacts on customers and end-users, and approaches to managing material risks and opportunities

Our activities to manage material impacts and risks follow strategic priorities of delivering safe and high-quality lighting solutions that protect and enhance the experiences of end-users. Identified risks related to product safety and cyber security are tightly related to other business risks and are managed as part of existing risk management processes. Engagement with customers and end-users naturally feed into the process of defining these necessary actions. The actions described here are part of our continuous efforts and do not have set time horizons.

We implement rigorous safety testing and assessments for every luminaire before delivery to ensure quality and

avoid causing harm to end-users, and ensuring compliance with international standards and enabling CE and UL certification. Electrical, mechanical and thermal risks are carefully managed. Customer guidance and education complement these technical measures to minimize improper use.

For connected lighting solutions, we maintain robust cybersecurity measures, including ISO 27001-aligned information security management, encryption and secure network protocols. These measures reduce risks of system disruption, privacy breaches, and unauthorized access, protecting both end-users and public installations.

To enhance well-being, we integrate human-centric lighting principles in our lighting solutions, supporting circadian rhythms and visual comfort. Solutions take consideration of vulnerable groups such as children, the elderly, and patients – as applicable depending on the use of the building and project specifications – to ensure accessibility, safety, and comfort. Outdoor lighting is designed to improve safety and reduce accidents, as well as in certain applications to democratise spaces and enhance how public spaces are used, all while minimising light pollution and energy use.

These actions span over the whole Fagerhult Group and require the efforts of various functions, including R&D, manufacturing and lighting design among many others. Dedicated resources work with these topics in our brands, including quality managers and we have multiple internal experts within the social impact of light on people and spaces. The effectiveness of these initiatives is monitored through multiple channels, including customer surveys, after-sales feedback and warranty tracking. Results inform continuous improvement in design, manufacturing, and customer education, reinforcing our commitment to safe, reliable, and end-user-focused lighting solutions. During the year, there have been no material negative impacts which have required remedy.

S4-5 Targets related to managing material negative impacts, and managing material risks and opportunities

Fagerhult Group does not have Group targets specifically addressing material sustainability-related impacts and risks related to customers and end-users.

Our brands and companies within smart lighting work systematically with product safety and cyber security as part of their daily operations and mechanisms are in place for ensuring we live up to high standards. We ensure each product placed on the market is tested and certified in line with relevant standards. Quantitative metrics or targets to support making progress in relation to the identified impacts, risks and opportunities have yet to be identified.

Governance disclosures



G1 Business Conduct

Our sustainability governance principles are based on a long-term approach and emphasise transparency, efficiency, reliability and professionalism. The principles are integrated into our governance framework and deeply embedded in our core values and sustainability strategy.

We are committed to fostering an open and honest culture defined by curiosity and a willingness to challenge the status-quo, test and develop new approaches. Our efforts extend across all aspects of our operations to ensure ethical and sustainable business practices at every level. As business partners, we prioritise transparency and honesty in our relationships, whether with long-standing customers or new collaborations.



G1 SBM-3 Material impacts, risks and opportunities

Fagerhult Group's material impacts, risks and opportunities in relation to responsible business conduct are shared in the table below. For each matter, impacts are considered in terms of how they impact people and planet, as well as the potential financial impact they could have on our business. The table also describes the origin of each matter and their connection to our business model and strategy.

All impacts, risks and opportunities within G1 are material throughout the short-, medium, and long-term.

Material matters	Impact on people and planet	Financial impact on business (risks and opportunities)	Origin of impact, connection to strategy and business model
Group culture within our organisation	<p>+ Potential: Group culture impacts workers <i>in our operations</i> on a daily basis, from safe and ethical work practices through to job satisfaction and health</p> <p>-</p>	<p>+ Group culture is fundamental to fostering behaviour that helps to grow the business and to avoid practices that can cause harm in multiple forms</p> <p>-</p>	Organisational culture directly impacts employees, whether they act in line with their values, their engagement in their work, and their overall well-being
Corruption risks in our business practices	<p>+ Potential: Corruption incidents can have widespread negative impacts on people and the environment <i>across our value chain</i></p>	<p>+ Any corruption incidents connected to our business could have large negative financial and reputational consequences</p>	Risks for situations in which individuals can act in a corrupt manner are higher in decision-making roles and in connection with procurement and sales activities

Our work with our corporate culture (henceforth, "Group culture") is long-term and ongoing as detailed in the next section G1-1. We strive to ensure that the impacts on our employees are positive, and that it develops in line with our intentions as stated in our guiding policy documents. Our Group culture has a high strategic focus and forms the base of our approach to working with anti-corruption. Anti-corruption work also requires constant attention and awareness building, where our guiding policy documents also assist, and on which more information is shared in sections G1-1 and G1-3.

G1-1 Business conduct policies and corporate culture

Group culture

The foundation of the Fagerhult Group is built on the belief in strong lighting brands supported by a decentralised organisational structure. As the Group has evolved, there has been an intensive development journey to build a strong Group culture by enhancing cross-collaboration, establishing shared core values, and creating a clear management compass to guide our decision-making. Our core values of Curious Creators, Committed Together, Aim Higher were introduced in 2021. To promote a growth-oriented organisation, we developed leadership guidelines in 2023/24 that define the desired leadership behaviours to drive Group companies forward.

Work with our Group culture is driven by our Chief People Officer, who works closely with HR management across

Group companies to develop our employee strategy and build a strong culture. Development of these key culture elements have involved employees across the organisation, and implementation is ongoing.

Policies

Fagerhult Group's Code of Conduct guides our entire way of working. It establishes our Group culture and approach to various material sustainability topics for our Group, including business conduct. It states our zero tolerance for corruption, sets guidelines for lowering corruption risks, and outlines our stance on topics such as human rights, compliance and environmental responsibility. It also clearly shares the process for reporting any breaches with the Code and provides a direct link to the whistleblowing system. All employees, board members and management are obligated to act in accordance with our Code of Conduct.

Our Code of Conduct for business partners strives to ensure the principles set out in Fagerhult Group's Code of Conduct, Fagerhult Group's sustainability policies and due diligence principles are applied throughout the value chain. The Code of Conduct for business partners covers the main sustainability areas of human rights, environment, and business conduct; within business conduct, it shares our expectations for full compliance with laws and regulations including fair competition and anti-trust law, our zero tolerance for corruption, and our stance on conflict of interests and intellectual property rights. Implementation of the Code of Conduct for business partners so far has focused predominantly on our supply chain and this work is ongoing.

The CEO is ultimately responsible for all Group policies, who then delegates overall responsibility to members of the GMT and senior Group management, as appropriate, and operational responsibility to Group company Managing Directors (MDs).

In addition to our Group Code of Conduct and Code of Conduct for business partners, several of our Group companies have their own local policies connected to anti-corruption such as whistleblower policies and gifts and entertainment policies. These policies are in line with Group Codes of Conduct and often reflect local requirements or circumstances.

Reporting and whistleblowing

Incidents, actions or any concerns regarding unlawful behaviour or potential breaches of either of our Codes of Conduct identified by internal or external stakeholders should be reported to senior management or via the Fagerhult Group whistleblowing service. Employees are also welcome to report incidents or concerns to their line manager, should they wish, who will take the case further in well-established processes. These reporting lines are stated in both Codes of Conduct and all managers across the Group have the responsibility of clearly communicating on these topics in their organisation.

Fagerhult Group's whistleblowing service is an online service provided by a third party, WhistleB, Whistleblowing Centre. It is accessible online through the Group's external website and through internal company intranets. The system includes a centralised Group reporting channel where reported cases are received by a small team at Group level, as well as several local reporting channels where reported cases are instead received directly by a small team at the relevant local Group company. The reporter may choose which channel to use, report in their preferred language, choose whether to report in writing or via phone, and can choose to remain anonymous throughout the process.

The small teams who deal with reported cases have knowledge and training on how to handle cases and all are trained in the investigative process that follows. Further details on those involved in case handling and governance of these processes are detailed in section G1-3. Reports are acknowledged within seven days and a resolution on how to proceed is established within three months.

Protection of whistleblowers

Our Group Whistleblowing Guidelines set the process by which we adhere to the legal frameworks regarding whistleblowing and they specifically address the protection of whistleblowers, which is a critical foundation of the system. Any reported incident or concern is treated confidentially and handled only by the appropriate functions. All whistleblowing reporting and case management is handled through an external service provider, WhistleB, Whistleblowing Centre, to ensure confidentiality and anonymity. The communication channel is encrypted and password-protected. All of these measures are in aim of protecting the whistleblower themselves, building trust in the reporting system, removing fear of potential retaliation, and thereby encouraging the reporting of any concerns. These principles also apply for concerns raised through other channels than WhistleB.

Business conduct training

Training in business conduct matters takes place primarily through our bi-annual Code of Conduct training for employees in roles considered to be functions-at-risk. More details on this training and functions-at-risk can be found in the next section, G1-3, in the dedicated sub-section.

G1-3 Prevention and detection of corruption and bribery

Risks for corruption and bribery are present in our organisation and value chain, and any related incidents can have widespread negative consequences for our stakeholders and business. Ensuring we have measures in place to counteract this risk, through preventing incidents from occurring and detecting them as soon as possible if they do, is crucial. Section G1-2 shares details on our Code of Conduct and Code of Conduct for business partners which both guide ourselves and our business partners in this work, our

reporting channels for raising concerns and an overview of our whistleblowing system.

Any cases reported to express concerns regarding unlawful behaviour or potential breaches of our Code of Conducts are investigated by a small investigating committee involving senior management. The investigating committee is a small team consisting of two individuals, and in some cases one to two more, in aim of keeping the reporter's identity confidential. If there is any senior management member or other involved in or connected to the matter, they are not included in this investigating committee. The findings are reported to the CEO for further action, and the CEO holds full responsibility for reporting significant deviations, critical matters and stakeholder feedback to the Board of Directors.

Information and training in Group Code of Conducts

The Fagerhult Group Code of Conduct is available on our external Group website, available for employees via their company intranets and HR notifies new employees about the Code of Conduct during the onboarding process. The Code of Conduct for Business Partners is shared with many of our suppliers and available on our website.

The GMT and all internal functions considered to be at risk of bribery or corruption in their professional practice participate in bi-annual Code of Conduct training; these functions are defined as all managers, purchasing, sales and other employees with external contacts. All topics within our Code of Conduct are covered in this training, setting the tone from the top of our Group on the importance of responsible business practice as well as building a common understanding of what the Code of Conduct means for day-to-day working contexts.

The Group Code of Conduct training is mandatory for all employees in scope and participation is monitored closely by the Group CPO. The most recent training was launched in the latter part of 2025; in this process, several Group companies expanded the scope of the training to include more

employees than those defined as in functions-at-risk, in total amounting to 2,547 individuals, representing more than half of our employees.

To date, we do not conduct training with our suppliers in our Code of Conduct for Business Partners.

G1-4 Incidents of corruption or bribery

There have been no incidents of corruption or bribery during the year within the Group. No violation of anti-corruption or bribery laws have occurred and there have been no associated convictions or fines.

Appendix

IRO-2 Disclosure Requirements in ESRS covered by the undertaking's sustainability statement

Datapoints derived from other EU legislation

Disclosure requirement	Related datapoint	Disclosure	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Section of the report	Page
ESRS 2 GOV-1	Paragraph 21 (d)	Board's gender diversity	x	–	x	–	SUS	56
ESRS 2 GOV-1	Paragraph 21 (e)	Percentage of board members who are independent	–	–	x	–	SUS	56
ESRS 2 GOV-4	Paragraph 30	Statement on due diligence	x	–	–	–	SUS	57
ESRS 2 SBM-1	Paragraph 40 (d) i	Involvement in activities related to fossil fuel activities	x	x	x	–	Not material	–
ESRS 2 SBM-1	Paragraph 40 (d) ii	Involvement in activities related to chemical production	x	–	x	–	Not material	–
ESRS 2 SBM-1	Paragraph 40 (d) iii	Involvement in activities related to controversial weapons	x	–	x	–	Not material	–
ESRS 2 SBM-1	Paragraph 40 (b) (iv)	Involvement in activities related to cultivation and production of tobacco	–	–	x	–	Not material	–
ESRS E1-1	Paragraph 14	Transition plan to reach climate neutrality by 2025	–	–	–	x	SUS	65–66
ESRS E1-1	Paragraph 16 (g)	Undertakings excluded from Pais-aligned Benchmarks paragraph	–	x	x	–	SUS	66
ESRS E1-4	Paragraph 34	GHG emission reduction targets	x	x	x	–	SUS	69
ESRS E1-5	Paragraph 38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	x	–	–	–	SUS	70
ESRS E1-5	Paragraph 37	Energy consumption and mix	x	–	–	–	SUS	70
ESRS E1-5	Paragraph 40 to 43	Energy intensity associated with activities in high climate impact sectors	x	–	–	–	SUS	70
ESRS E1-6	Paragraph 44	Gross Scope 1, 2, and Total GHG emissions	x	x	x	–	SUS	71
ESRS E1-6	Paragraph 53 to 55	Gross GHG emissions intensity	x	x	x	–	SUS	71
ESRS E1-7	Paragraph 56	GHG removals and carbon credits	–	–	–	x	Not material	–
ESRS E1-9	paragraph 66	Exposure of the benchmark portfolio to climate-related physical risks	–	–	x	–	Phase-in	–
ESRS E1-9; ESRS E1-9	Paragraph 66 (a); Paragraph 66 (c)	Disaggregation of monetary amounts by acute and chronic physical risk; Location of significant assets at material physical risk	–	x	–	–	Phase-in	–
ESRS E1-9	Paragraph 67 (c)	Breakdown of the carrying value of its real estate assets by energy-efficiency classes	–	x	–	–	Phase-in	–
ESRS E1-9	Paragraph 69	Degree of exposure of the portfolio to climate-related opportunities	–	–	x	–	Phase-in	–



Disclosure requirement	Related datapoint	Disclosure	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Section of the report	Page
ESRS E2-4	Paragraph 28	Amount of each pollutant listed in Annex II of the IED-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	x	–	–	–	Not material	–
ESRS E3-1	Paragraph 9	Water and marine resources	x	–	–	–	Not material	–
ESRS E3-1	Paragraph 13	Dedicated policy	x	–	–	–	Not material	–
ESRS E3-1	Paragraph 14	Sustainable oceans and seas	x	–	–	–	Not material	–
ESRS E3-4	Paragraph 28 (c)	Total water recycled and reused	x	–	–	–	Not material	–
ESRS E3-4	Paragraph 29	Total water consumption in m ³ per net revenue on own operations	x	–	–	–	Not material	–
ESRS E2 – SBM 3 – E4	Paragraph 16 (a)i		x	–	–	–	Not material	–
ESRS E2-IRO I-E4 paragraph 16 (c)	Paragraph 16 (b)		x	–	–	–	Not material	–
ESRS E2-IRO I-E4 paragraph 16 (c)	Paragraph 16 (c)		x	–	–	–	Not material	–
ESRS E4-2	Paragraph 24 (b)	Sustainable land/agriculture practices or policies	x	–	–	–	Not material	–
ESRS E4-2	Paragraph 24(c)	Sustainable oceans/seas practices or policies	x	–	–	–	Not material	–
ESRS E4-2	Paragraph 24(d)	Policies to address deforestation	x	–	–	–	Not material	–
ESRS E5-5	Paragraph 37 (d)	Non-recycled waste	x	–	–	–	SUS	78
ESRS E5-5	Paragraph 39	Hazardous waste and radioactive waste	x	–	–	–	SUS	78
ESRS 2-SBM3 – S1	Paragraph 14 (f)	Risk of incidents of forced labour	x	–	–	–	SUS	85
ESRS 2-SBM3 – S1	Paragraph 14 (g)	Risk of incidents of child labour	x	–	–	–	SUS	85
ESRS S1-1	Paragraph 20	Human rights policy commitments	x	–	–	–	SUS	85
ESRS S1-1	Paragraph 21	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	–	–	x	–	SUS	85
ESRS S1-1	Paragraph 22	Processes and measures for preventing trafficking in human beings	x	–	–	–	SUS	85
ESRS S1-2	Paragraph 23	Workplace accident prevention policy or management system	x	–	–	–	SUS	85
ESRS S1-3	Paragraph 32 (c)	Grievance/complaints handling mechanism	x	–	–	–	SUS	86
ESRS S1-14	Paragraph 88 (b) and (c)	Number of fatalities and number and rate of work-related accidents	x	–	x	–	SUS	86–87
ESRS S1-14	Paragraph 88 (e)	Number of days lost to injuries, accidents, fatalities or illness	x	–	–	–	SUS	92
ESRS S1-16	Paragraph 97 (a)	Unadjusted gender pay gap	x	–	x	–	SUS	92
ESRS S1-16	Paragraph 97 (b)	Excessive CEO pay ratio	x	–	–	–	SUS	92
ESRS S1-17	Paragraph 103 (a)	Incidents of discrimination	x	–	–	–	SUS	92
ESRS S1-17	Paragraph 104 (a)	Non-respect of UNGPs on Business and Human Rights and OECD	x	–	x	–	SUS	92



Disclosure requirement	Related datapoint	Disclosure	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Section of the report	Page
ESRS 2-SBM3 – S2	Paragraph 11(b)	Significant risk of child labour or forced labour in the value chain	x	–	–	–	SUS	94
ESRS S2-1	Paragraph 17	Human rights policy commitment	x	–	–	–	SUS	94–95
ESRS S2-1	Paragraph 18	Policies related to value chain workers	x	–	–	–	SUS	94–95
ESRS S2-1	Paragraph 19	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	x	–	x	–	SUS	94–95
ESRS S2-1	Paragraph 19	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	–	–	x	–	SUS	94–95
ESRS S2-4	Paragraph 36	Human rights issues and incidents connected to its upstream and downstream value chain	x	–	–	–	SUS	96
ESRS S3-1	Paragraph 16	Human rights policy commitments	x	–	–	–	Not material	–
ESRS S3-1	Paragraph 17	Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines	x	–	x	–	Not material	–
ESRS S3-4	Paragraph 36	Human rights issues and incidents	x	–	–	–	Not material	–
ESRS S4-1	Paragraph 16	Policies related to consumers and end-users	x	–	–	–	SUS	99
ESRS S4-1	Paragraph 17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	x	–	x	–	SUS	99
ESRS S4-4	Paragraph 35	Human rights issues and incidents	x	–	–	–	SUS	100
ESRS G1-1	Paragraph 10 (b)	United Nation Convention against Corruption	x	–	–	–	SUS	102–103
ESRS G1-1	Paragraph 10 (d)	Protection of whistle-blowers	x	–	–	–	SUS	102–103
ESRS G1-4	Paragraph 24 (a)	Fines for violation of anti-corruption and anti-bribery laws	x	–	x	–	SUS	103
ESRS G1-4	Paragraph 24	Standards of anti-corruption and anti-bribery	x	–	–	–	SUS	103

Disclosure requirements included in the sustainability statement (IRO-2) and disclosures incorporated by reference (BP-2)

The following index maps the ESRS disclosure requirements reported in our sustainability statement to the sections of the report where related information can be found – either in the sustainability statement itself (SUS), the Corporate Governance Report (CGR), the Financial statements (FIN), or the Operational statements (OPS). The materiality of the ESRS disclosure requirements were determined as a result of our double materiality assessment, which is described in IRO-1.

Standard	Disclosure	Section	Page	Status
ESRS 2	General disclosures			
BP-1	General basis for preparation of sustainability statements	SUS	55	
BP-2	Disclosures in relation to specific circumstances	SUS	55–56	
GOV-1	The role of the administrative, management and supervisory bodies	SUS/CGR	56 & 111–120	
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	SUS	57	
GOV-3	Integration of sustainability-related performance in incentive schemes	SUS/CGR	57 & 114–115	
GOV-4	Statement on due diligence	SUS	57	
GOV-5	Risk management and internal controls over sustainability reporting	SUS	58	
SBM-1	Strategy, business model and value chain	SUS/FIN/OPS	49–52, 58–59 & 131–132	
SBM-2	Interests and views of stakeholders	SUS	60	
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	SUS	61	
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	SUS	62	
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	SUS	107–108	

Standard	Disclosure	Section	Page	Status
TOPICAL STANDARDS				
E1	Climate change			
GOV-3	Integration of sustainability-related performance in incentive schemes	SUS	65	
E1-1	Transition plan for climate change mitigation	SUS	65–66	
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	SUS	64 & 67	
IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	SUS	66–67	
E1-2	Policies related to climate change mitigation and adaptation	SUS	68	
E1-3	Action plans and resources in relation to climate change policies and targets	SUS	68	
E1-4	Targets related to climate change mitigation and adaptation	SUS	69	
E1-5	Energy consumption and mix	SUS	70	
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	SUS	71–72	
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	–	–	Not material
E1-8	Internal carbon pricing	–	–	Not material
E1-9	Potential financial effects from material physical risks, material transition risks and climate-related opportunities	–	–	Phase-in
E5	Resource Use and Circular Economy			
IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	SUS	62	
E5-1	Policies related to resource use and circular economy	SUS	75	
E5-2	Actions and resources related to resource use and circular economy	SUS	76	
E5-3	Targets related to resource use and circular economy	SUS	77	
E5-4	Resource inflows	SUS	77	
E5-5	Resource outflows	SUS	78	
E5-6	Anticipated financial effects from material resource use and circular economy-related risks and opportunities	–	–	Phase-in

Standard	Disclosure	Section	Page	Status
S1	Own Workforce			
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	SUS	84–85	
S1-1	Policies related to own workforce	SUS	85–86	
S1-2	Processes for engaging with own workers and workers' representatives about impacts	SUS	86	
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	SUS	86–87	
S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	SUS	87–88	
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	SUS	88	
S1-6	Characteristics of the undertaking's employees	SUS	89	
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	SUS	90	
S1-8	Collective bargaining coverage and social dialogue	SUS	90	
S1-9	Diversity metrics	SUS	91	
S1-10	Adequate wages	SUS	91	
S1-11	Social protection	–	–	Phase-in
S1-13	Training and skills development metrics	SUS	91	
S1-14	Health and safety metrics	SUS	92	
S1-15	Work-life balance metrics	–	–	Phase-in
S1-16	Remuneration metrics (pay gap and total remuneration)	SUS	92	
S1-17	Incidents, complaints and severe human rights impacts	SUS	92	
S2	Workers in value chain			
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	SUS	94	
S2-1	Policies related to value chain workers	SUS	94–95	
S2-2	Processes for engaging with value chain workers about impacts	SUS	95	
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	SUS	95–96	
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	SUS	96	
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	SUS	96	

Standard	Disclosure	Section	Page	Status
S4	Consumers and end-users			
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	SUS	98–99	
S4-1	Policies related to consumers and end-users	SUS	99	
S4-2	Processes for engaging with consumers and end-users about impacts	SUS	99	
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	SUS	100	
S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	SUS	100	
S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	SUS	100	
G1	Business conduct			
GOV-1	The role of the administrative, supervisory and management bodies	SUS	102	
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	SUS	62	
G1-1	Business conduct policies and corporate culture	SUS	102–103	
G1-2	Management of relationships with suppliers	–	–	Not material
G1-3	Prevention and detection of corruption and bribery	SUS	103	
G1-4	Incidents of corruption or bribery	SUS	103	
G1-5	Political influence and lobbying activities	–	–	Not material
G1-6	Payment practices	–	–	Not material

Auditor's limited assurance report of Fagerhult Group AB's (publ) sustainability statement

To the general meeting of the shareholders of Fagerhult Group AB (publ), corporate identity number 556110-6203

Conclusion

We have conducted a limited assurance engagement of the sustainability statement for Fagerhult Group AB (publ) (the "company") for the financial year 2025. The sustainability statement is included on pages 53–108 in 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 does not, in all material respects, meet the requirements of the Swedish Annual Accounts Act which includes,

- whether the sustainability statement meets the requirements of ESRS,
- whether the process the company has carried out to identify reported sustainability information has been conducted as described in the sustainability statement, and
- compliance with the reporting requirements of the EU:s Green Taxonomy Regulation Article 8.

Basis for conclusion

We have conducted the assurance engagement in accordance with FAR's recommendation RevR 19 *The auditor's limited assurance regarding the statutory sustainability statement*. Our responsibility according to this recommendation is further described 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 matters

The sustainability information for the prior year has not been subject to a limited assurance review in accordance with RevR 19 The auditor's limited assurance regarding the statutory sustainability statement, and consequently the review of the comparative information in the sustainability statement for 2025 has therefore not been performed in accordance with this recommendation.

Other information than the sustainability statement

This document also contains other information than the sustainability statement and is found on pages 1–52, 111–150 and 155–161. 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 form of assurance conclusion 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.

Responsibilities of the Board of Directors and the 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 they 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 with limited assurance on whether the sustainability statement has been prepared in accordance with Chapter 6, Sections 12–12f of the Swedish Annual Accounts Act based on our review. The limited assurance engagement has been conducted in accordance with FAR's recommendation RevR 19 *The auditor's limited assurance regarding the statutory sustainability statement*. 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 operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We are independent of Fagerhult Group AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

A limited assurance engagement involves performing procedures to obtain evidence to support the sustainability statement. 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 prepare 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.

In conducting our limited assurance engagement, with respect to the sustainability statement, we have performed, but were not limited to, the following:

- Obtained an understanding of the company's reporting processes relevant to the preparation of its sustainability statement including the consolidation processes by obtaining an understanding of the company's control environment, processes and information systems relevant to the preparation of the sustainability statement;
- Evaluated whether the evidence obtained from our review procedures regarding the Process implemented by the company was consistent with the description of the Process set out in the sustainability statement.
- Evaluated whether the structure and the presentation of the sustainability statement are in accordance with ESRS;
- Performed inquiries of relevant personnel and analytical procedures on selected information in the sustainability statement;

- Performed substantive assurance procedures on a selected sample of information in the sustainability statement;
- Evaluated selected methods, assumptions and data for developing material estimates and forward-looking information and how these methods were applied;
- Through inquiries, obtained a general understanding of the process to identify economic activities which are eligible and aligned with the EU Green Taxonomy, and the corresponding disclosures in the sustainability statement;
- Performed substantive procedures through sample testing on selected disclosures in the sustainability statement related to the EU Green Taxonomy;
- Where applicable, compared disclosures in the sustainability statement with the corresponding disclosures in the financial statements.

Inherent limitations in preparing the sustainability statement

In reporting forward-looking information in accordance with ESRS, the Board of Directors and the Managing Director of Fagerhult Group AB (publ) are required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by Fagerhult Group AB (publ). Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

Stockholm, date according to electronic signature

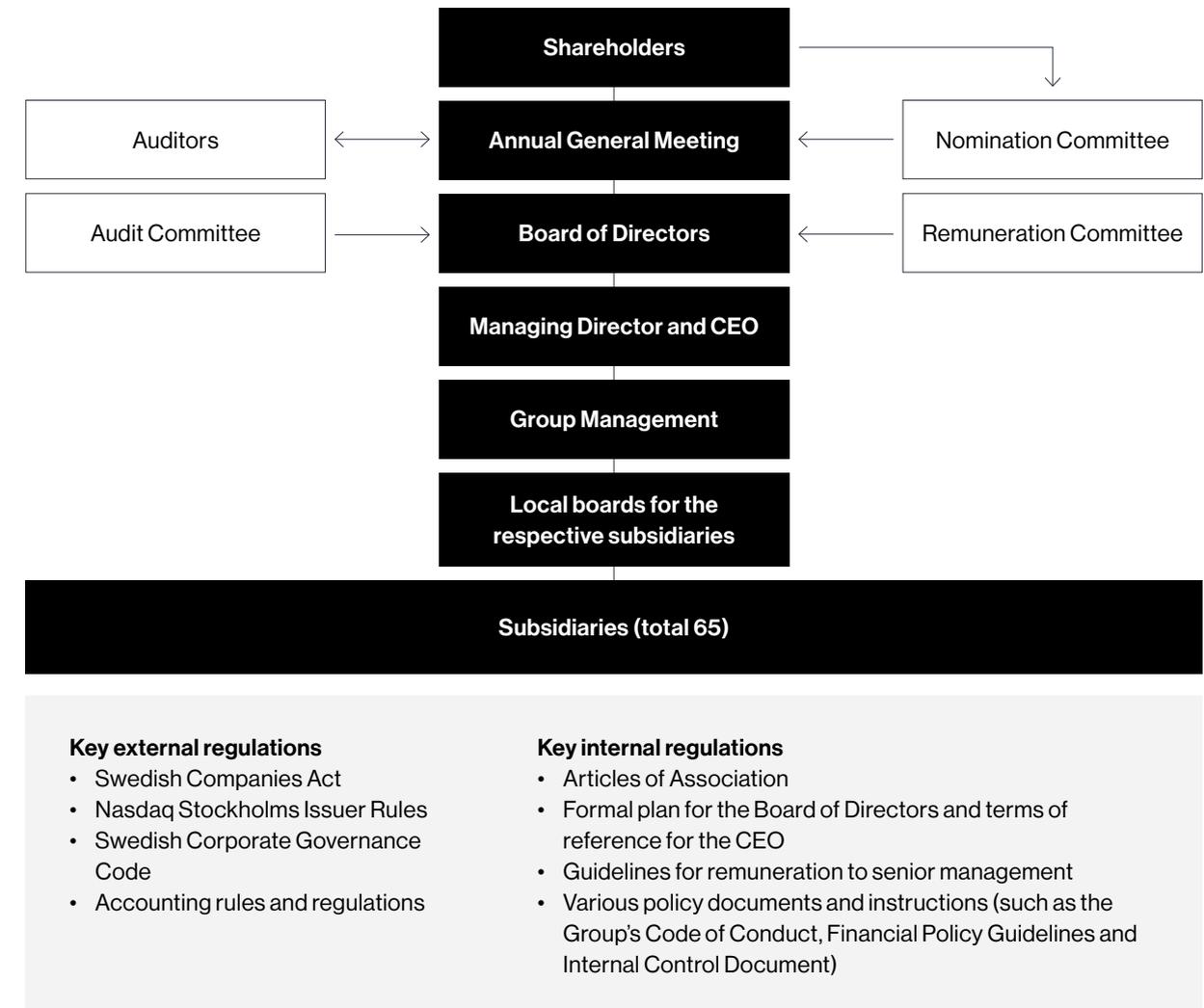
KPMG AB

Mathias Arvidsson
Authorized Public Accountant

Corporate Governance Report

Decentralised governance with responsible decision making is one of the Fagerhult Group's strengths, and permeates the entire organisation. The objective of corporate governance is to ensure that this is conducted in a clear, effective, reliable and business oriented manner.

Corporate governance is designed to support the company's long-term strategies, market presence and competitiveness. At the same time, it should help maintain confidence in the Fagerhult Group among stakeholders, such as; shareholders, customers, suppliers, capital markets, society and employees.



Largest shareholders as per 31 August 2025

Name	No. of shares	Share capital and voting rights, %
Investment AB Latour & the Douglas family	85,708,480	48.4
Fourth Swedish National Pension Fund	14,996,493	8.5
Nordea Funds	11,486,997	6.5
Third Swedish National Pension Fund	5,672,827	3.2
Alcur Funds	4,537,666	2.6
Handelsbanken Funds	4,337,809	2.4
Carnegie Funds	4,112,594	2.3

Shareholders and general meetings of shareholders

The shareholders' rights to decide on Fagerhult Group's affairs are exercised at the Annual General Meeting (AGM), or if appropriate, the Extraordinary General Meeting (EGM), which is the company's highest decision making body.

The AGM is to be held no later than six months after the end of the financial year and is usually held in late-April to mid-May. At the AGM, the shareholders elect the company's Board of Directors and appoint external auditors and decide on their fees. Furthermore, the AGM resolves on whether to adopt the income statements and balance sheets, to approve the Board's proposal for appropriation of the company's profit and to discharge the Board and CEO from liability. The AGM also resolves on the principle for the composition of the Nomination Committee and its work, and makes decisions on principles for remuneration and other terms of employment for the CEO and other senior management.

The number of shareholders at year end was 10,041 (9,733). The largest individual shareholder is Investment AB Latour, in which the Douglas family are the main shareholders and hold a total of 48.4 (48.4) per cent. For more information on the ownership structure, share capital, share price development, etc., please refer to the section on the Fagerhult Group share on pages 156–157 and to Note 35.

2025 Annual General Meeting

The 2024 AGM was held on 28 April in Fagerhult (Habo), Sweden. There were 134,627,171 shares represented at the

The nomination committee ahead of 2025 AGM comprises:

Member of the Nomination Committee	Representing	Participation/votes, %	Member of the Nomination Committee since
Jan Svensson (not entitled to vote)	Chairman of the Fagerhult Group AB Board	n/a	2008
Anders Mörck – Chairman	Investment AB Latour	47.8	2024
Jan Särilvik	Fourth Swedish National Pension Fund	8.5	2020
Björn Henriksson	Nordea Funds	6.5	2022
Sussi Kvart	Handelsbanken Funds	2.5	2023

Board of Directors elected by the AGM

	Elected	Born	Fee	Number of shares/votes	Independent in relation to the owners	Independent in relation to the Company	Number of meetings participated in
Chairman, Jan Svensson	2007	1956	1,216,000 ²⁾	100,000	Yes	Yes	11
Vice Chairman, Eric Douglas	1993	1968	478,000 ²⁾	85,708,480 ¹⁾	No	Yes	8
Board member, Cecilia Fasth	2014	1973	650,000 ²⁾	13,755	Yes	Yes	11
Board member, Magnus Meyer	2022	1967	450,000	6,000	Yes	Yes	11
Board member, Heléna Mellquist	2025	1964	562,000	0	No	Yes	7
Board member, Annica Bresky	2024	1975	450,000	2,267	Yes	Yes	8
Total			3,806,000	85,830,502 (48.4%)	4 (66.7%)	6 (100%)	11

¹⁾ Sum total of directly and indirectly held shares and shares representing other owners.

²⁾ These fees include board fees as well as audit or remuneration sub-committee fees.

AGM with the voting population being 76,3 (75,5) per cent of the total amount of shares with voting rights. Minutes from the AGM can be found on Fagerhult Group's website.

All resolutions were made in accordance with the proposals of the Board of Directors or the Nomination Committee.

- The AGM adopted the annual & sustainability report 2024, income statement and the balance sheet for the parent company as well as the consolidated income statement and the consolidated balance sheet for the financial year 2024.
- The AGM resolved to pay a dividend to the shareholders of SEK 1.40 (1.80) per share.
- Each of the members of the Board of Directors and the CEO were discharged from liability for their administration of the company during the financial year 2024.

- The AGM resolved on fees to the members of the Board of Directors and to the Chairman of the Board of Directors, as well as fees for work in the committees as follows: SEK 1,160,000 to the Chairman of the Board; SEK 450,000 each to the other members of the Board elected by the AGM and not employed in the Fagerhult Group; SEK 200,000 to the Chairman of the Audit Committee and SEK 112,000 each to the other members of the Audit Committee; and SEK 56,000 to the Chairman of the Remuneration Committee and SEK 28,000 each to the other members of the Remuneration Committee.
- The AGM elected the auditing firm KPMG AB as auditor for the period until the close of the next annual general meeting and the auditing firm has announced that Authorized Public Accountant Mathias Arvidsson will serve as chief auditor.

- The AGM resolved that the company's auditor's fees will be paid based on current account.
- The AGM elected members of the Board of Directors. Jan Svensson, Eric Douglas, Cecilia Fasth, Magnus Meyer and Annica Bresky were re-elected as members of the Board of Directors and Heléna Mellquist was elected as new member of the Board of Directors.
- Jan Svensson was re-elected as Chairman of the Board of Directors and Eric Douglas was re-elected as Vice Chairman of the Board of Directors.
- The principles for the composition of the Nomination Committee were adopted.
- The principles for remuneration to senior management were adopted.
- The AGM approved the Board of Director's report regarding compensation pursuant to Chapter 8, Section 53 a of the Swedish Companies Act.
- The AGM resolved to approve a performance-based share-savings plan.
- The AGM resolved to authorize the Board of Directors to acquire own shares to the extent the company holds total shares amounts to a maximum of one tenth of all shares in the company.

Nomination Committee

The Nomination Committee is to be formed after the Chairman of the Board has identified the four largest shareholders in the Company in terms of the number of votes that are to make up the Nomination Committee along with the Chairman who is co-opted. The identity of these shareholders is to be based on the shareholders' register and list of nominees maintained by Euroclear Sweden AB and refer to those shareholders registered under their own names or as members of an owner group as per 31 August 2025. It shall not be necessary to change the composition of the Nomination Committee if only marginal changes in the ownership of shares occur after this date. The mandate for the Nomination Committee is until a new Nomination Committee is appointed.

The Nomination Committee consists of the following individuals together with the names of the shareholders they represent; Jan Svensson as Chairman of the Board of Fagerhult Group AB, Anders Mörck, Investment AB Latour, Jan Särilvik, Fourth Swedish National Pension Fund, Björn Henriksson, Nordea Funds and Sussi Kvant, Handelsbanken Funds.

The Nomination Committee for the 2026 AGM is described above. The Committee's representatives have broad and extensive experience of Board work and work on Nomination Committees.

The work of the Nomination Committee takes place during the end of the financial year and at the start of the new financial year. Prior to an AGM at which auditors are to be appointed, the Nomination Committee collaborates with the Audit Committee, which works with the evaluation of the work of the auditors. The Nomination Committee is to observe the guidelines that apply to independent Board members under the Swedish Corporate Governance Code when making nominations to the AGM. Shareholders have the opportunity to submit written proposals to the Nomination Committee.

External auditors

The company's auditor, elected at the AGM, examines Fagerhult Group AB's annual report and consolidated accounts, the administration of the company by the Board of Directors and the CEO, and the annual accounts of subsidiaries, and submits an audit report. The audit is conducted in accordance with the Swedish Companies Act, International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden.

At the 2025 AGM, KPMG AB were appointed as auditors, with Mathias Arvidsson as the chief auditor. Among his major auditing assignments, Mathias Arvidsson also has Wallenstam AB, Berner Industrier and Wesport AB.

The auditor participated at the Audit Committee meetings in February, August and December 2025 and February 2026.

Auditing of the Group's companies around the globe is coordinated by KPMG AB. All of the activities of companies

with a significant scope of operations are audited by KPMG AB in the respective country. For a number of smaller companies, the audit is performed by other accounting firms.

The Board of Directors

Board members

The Board of Directors determines issues concerning the Group's strategic focus, finances, investments, acquisitions, sales, organisation matters and rules and policies. The Board of Directors is kept abreast of the company's operations through monthly reports provided by Group Management.

The Board of Directors currently consists of six members elected by the general meeting, as well as two Board members and two deputy members elected by the trade unions. The six Board members combined represent ownership participations equivalent to 48.7 (48.7) per cent of the company's share capital and votes. The trade union representatives are the only Board members employed by the Company. The CEO participates in all Board meetings and on occasion, other company employees participate in Board meetings in a reporting capacity. The company's CFO serves as the Board's secretary. For further information concerning the Board members elected at the company's general meeting, refer to the section concerning the Board of Directors on pages 117–118 of this annual report.

The Board's work is regulated by the Swedish Companies Act, the Articles of Association and the formal work plan adopted by the Board. Among other things, the Board's work plan contains rules stipulating the number of Board meetings to be held each financial year, the issues to be addressed at the meetings, and the division of duties between the Board of Directors and the CEO. The CEO's terms of reference set out the CEO's duties and obligation to report to the Board.

During 2025, eleven Board meetings took place. One of these was the statutory Board meeting. Four of these meetings address the quarterly reports and the year-end report, two addressed the budget for the following year and strategy has been discussed at five of the board meetings. At least one of the Board meetings takes place in conjunction with

a visit to, and an in-depth review of, one of the Group's companies, during 2025 there were two visits. First to Fagerhults Belysning AB in April meeting in connection with the AGM and secondly to iGuzzini illuminazione S.p.A. in October. Strategic topics are also discussed during the year when appropriate and this tends to be three or four times per year. Such topics include; business strategy, smart lighting, sustainability, human resources, digitalisation etc.

The auditor of the company is present at Board meetings when needed, normally once a year and normally at the February meeting. Notices and supporting documents are sent to the Board a week in advance of the Board meetings. The Board appoints two different committees annually; the Audit Committee and the Remuneration Committee. The aim of these committees is to enhance and facilitate the Board's work, and to address matters related to these areas.

Board of Directors' independence

Fagerhult Group's Board meets the stipulation in the Code that a majority of the elected members are independent of the company and its management, and that at least two of the members are independent in relation to major shareholders (that is, ownership exceeding 10 per cent). See the table on page 133. The Chairman of the Board, Jan Svensson became independent from 1 September 2019. Eric Douglas represents Investment AB Latour and the Douglas family and is not considered to be independent. With the exception of the union representatives no members of the Board are employed by the Group. The Nomination Committee's assessment regarding whether each proposed member meets the independence requirements is announced in connection with the Committee's proposal.

The work of the Board in 2025

The Board met eleven times during the year, with one of these meetings being the statutory Board meeting. Four of the eleven meetings were fully attended by the Board. Three meetings had three members absent, the March, April and May meetings and four meetings, the meetings in February

and July had two members absent. The company's auditor, KPMG was present at the February Board and Audit Committee meetings that addressed the annual accounts for 2024 as well as at the remaining two Audit Committee meetings; August and December.

Important matters dealt with during the year included, amongst other things:

- Long-term operational goals
- The strategic focus of the operations
- Business plans, financial plans and forecasts
- Major investments and divestments
- Decisions on long-term financing
- Policies and instructions
- Review of the Group's risk management
- Interim reports and annual accounts
- Reports by the Board's committees
- Review of the Group's CSR position and developments
- Follow-up of the external audit
- The Group's sustainability strategy and long-term goals

Evaluation of the work of the Board

The Board will ensure that its work is continuously evaluated through a systematic and structured process. This evaluation is initiated by the Chairman of the Board. Among other things, the process includes an on-line questionnaire in which Board members have the opportunity to express their opinion of the Board's work and to propose ways to improve it. The results of the evaluation are disclosed to the Board, followed by discussions and decisions regarding changes in working methods.

The Board continuously evaluates the work of the CEO and Group Management.

The Audit Committee

The main duty of the Audit Committee (AC) is to audit the Group's accounting and financial reporting, as well as to remain in continuous contact with the auditors and review their work plan and fees. Furthermore, the AC is to assist the Nomination Committee in its choice of auditors and their fees prior to those AGMs at which the appointment of auditors takes place.

In 2019, the AC was established as Cecilia Fasth (Chair) and Teresa Enander (member). In 2025, Teresa Enander was replaced by Heléne Mellquist, as member of the AC. All members of the AC attended the six meetings during 2025 and so too the CEO, CFO, the GLC. The auditor attended four of the meetings. The Chair of the AC gave a brief report to the Board at the February, August and December Board meetings.

The Remuneration Committee

The work of the Remuneration Committee is, on behalf of the Board, to prepare and negotiate issues concerning the salary and other remuneration to the CEO, and to approve the CEO's proposals for salaries and remuneration for the other members of senior management.

Its duties also include examining the fees to Board members in the event that they are engaged as consultants by the company's management. The Committee also addresses any Group-wide bonus system and share option programmes. Decisions concerning remuneration for the CEO are determined by the Board. The Remuneration Committee consists of Jan Svensson (Chairman of the Board) and Eric Douglas (Vice Chairman of the Board). The Committee has had two meetings during the year, at which both members were present.

CEO and Group Management

Fagerhult Group's President and CEO is responsible for leading and developing operating activities pursuant to the guidelines and instructions issued by the Board. The framework is provided by the terms of reference issued to the CEO, which are determined annually by the Board.

The CEO is assisted by Group Management, consisting of the heads of business areas and Group functions. In consultation with the Chairman, the CEO compiles the necessary information and documentation which provides the basis for the Board's work and for the Board to make informed decisions. The CEO is responsible for bringing matters to the attention of the Board and for motivating proposed decisions. The CEO is responsible for and reports on an ongoing basis to the Board on the company's development. In addition, the CEO leads the work of the Group Management and makes decisions in consultation with other members of management.

The CEO owns 74,914 shares in the company and this is stated in the presentation of the management on page 119. The holding is not classified as significant and the CEO has no partnership in companies that have significant business relationships with companies in the Fagerhult Group.

During the year, the Group Management comprised the CEO, the CFO, the CTO and the CPO plus four managers with responsibility for the business areas. At the end of the year there were four managers with business area responsibility.

Group Management has had regular weekly and monthly meetings during the year where it followed up operations, discussed matters affecting the Group and drafted proposals for strategic alignment plans and budgets, which the CEO presented to the Board for decision. During 2025, a considerable number of meetings and time was devoted to the short to medium term topics as market conditions presented some challenges and it was necessary to focus on order intake and cost reduction. Strategic issues such as sustainability, smart lighting, HR matters and developing collaboration for longer term organic growth activities in the business areas were also discussed.

Management of subsidiaries

Fagerhult Group's operations are organised into four business areas which include 65 subsidiaries. The operations of the respective subsidiaries are controlled by their leadership teams. The leadership teams of the subsidiaries consist of, among others, the managing director of the subsidiary, the local senior managers of functions, the business area manager and, in most cases, the Group's CEO and Group's CFO. A formal work plan is established annually for each subsidiary, in which responsibilities and authorities are clearly delegated and where the work of the subsidiary's leadership team is governed. These meetings are held twice per year.

Fagerhult Group has a decentralised structure, with a strong focus on strategy, local responsibility and performance, which combines with clear, Group-wide processes to realise synergies.

The Company's senior managers and specialists meet continuously to reach a broad consensus on important issues. Fagerhult Group's Code of Conduct and global presence demand that our employees and business partners take responsibility for themselves and for each other. The Code clarifies Fagerhult Group's position on issues related to human rights, labour conditions, the environment, business ethics and communication.

The Code applies to all Fagerhult Group employees regardless of their position. The Board and Group Management have a particular responsibility to promote the application of the Code of Conduct. The Code is also communicated to all of Fagerhult Group's business partners with the expectation that it is complied with. Fagerhult Group acts as a reliable and honest Group that lives up to its commitments. Fagerhult Group believes in long-term business relationships in which we, together with our business partners, create a basis for strong financial results, concern for the environment and social commitment.

Code of Conduct

- Our global presence demands that our employees and business partners take responsibility for themselves and for each other. Therefore, we have created a regulatory framework, our Code of conduct.
- Our Code of Conduct should be followed by everyone included in our Group, employees as well as the Board and Management. We also communicate our Code of Conduct to our business partners, with the expectation that it is complied with.
- Our Code of Conduct states, amongst other things, that we will act as a reliable and honest Group that lives up to its commitments. We believe in long-term business relationships in which we, together with our business partners, create a basis for strong financial results, concern for the environment and social commitment.

Remuneration to the Management and Board

Guidelines for remuneration to senior management

The existing policies, for 2025, are that remuneration to the CEO and other senior management consists of a fixed basic annual salary plus an annual variable remuneration in the form of a bonus scheme tied to relevant and appropriate performance measures plus a company car benefit and a pension scheme with contributions made by the employer and employee. Annual variable remuneration is based on achieving goals and is maximised at 30–50 per cent of the fixed basic annual salary.

The remuneration to senior management supports the company's strategy and long term development and sustainability in several ways. Firstly, the total compensation is scheduled during the current year as a basic salary plus the annual bonus aimed at improving the overall short term result. Importantly the long-term incentive scheme seeks

performance improvement over a three year term by focusing on sustained delivery. Secondly, the annual bonus scheme is designed to work in conjunction with longer term aspects, for example sustained growth. Also, the annual schemes and long term schemes tie employees together in working teams with common objectives.

Fixed annual basic salaries for staff and senior management are reviewed simultaneously, thereby ensuring consistency of levels of increase. Often, there are many members of staff who are offered an annual bonus scheme, which again is tied to similar performance criteria to those of senior management. The establishment and development of the executive remuneration policy is made by a combination of the board and the remuneration committee, sometimes with input from the market outside.

In 2021–2025, at the Annual General Meetings, a long-term incentive (LTI) scheme was proposed, approved and introduced in the form of a performance-based share plan for senior management. Senior management were invited by the CEO to become members of the scheme and this came with an obligation for them to invest between 2.5 per cent and 12 per cent of an annual basic salary in acquiring Fagerhult Group shares. Depending upon the aggregated three year earnings per share (EPS) the members have the opportunity to receive up to 4 Fagerhult Group shares in return for their investment providing a 100 per cent of the EPS targets have been achieved. Between 1 per cent and 100 per cent of the combined EPS targets, the award is linear. For the 2024 and 2025 LTIs, an additional target within sustainability for the Fagerhult Group's achievement in lowering its greenhouse gas (GHG) emissions was introduced.

For 2026 the above policies will be proposed at the Annual General Meeting.

Remuneration to the Board

Fees payable to Board members are determined annually by the AGM. Board members who are also employees of the company receive no Board fees. From 2019 fees were payable to members of the Audit Committee and from 2022 fees were also payable to members of the Remuneration Committee, separate to the standard Board fee. In 2025, remuneration was paid in accordance with the table on page 133.

Remuneration to the auditors

In 2025, remuneration was paid in accordance with Note 26 on page 144.

Internal control of financial reporting

Internal control aims to ensure accurate and reliable financial reporting and accounting in line with applicable laws and regulations, accounting standards and other requirements for listed companies.

Control environment

The control environment comprises the values and ethics which the Board of Directors, Audit Committee, the CEO and Group Management communicate and operate under.

The basis of internal control for financial reporting consists of the control environment together with the organisation, decision making paths, authorities and responsibilities which are documented and communicated in governing documents.

One example is the division of responsibilities between the Board and the CEO and instructions regarding the delegation of authority, as well as instructions applying to the accounting and reporting. Important internal control instruments include Fagerhult Group's Code of Conduct and core values. The Code includes principles governing how business is to be conducted and is reinforced every two years with the most recent being during 2025 when 2,519 managers and key individuals across the group underwent an

online training and testing process. This will continue to be repeated every two years, the next being in 2027. These values represent a long-term commitment and a shared base connected to the business concept and strategies guiding employees in daily operations.

Fagerhult Group is characterised by a decentralised organisation based on goal-oriented management, where good performances are rewarded.

Financial reporting to the Board

The CEO is responsible for ensuring that the Board receives the reports required for its ongoing assessment of the company's and the Group's financial positions. Fagerhult Group's Board receives monthly financial reports and the Group's financial situation is addressed at each Board meeting.

Risk assessment

Regarding financial risk assessment, the risks are assessed as mainly relating to the potential for material misstatement in the reporting of the company's financial position and performance. To minimise these risks, governing documents have been established for accounting, for procedures for annual reporting and for follow-up of reported annual accounts. Fagerhult Group's Board regularly assesses reporting from a risk perspective. As a support for these assessments, profit/loss items and balance-sheet items are compared with previous reports as well as budgets and forecasts.

The risks identified in the financial reporting are managed through the Group's control structure. In addition to assessing the risks in the financial reporting, the Board and management work continuously to identify and manage significant risks affecting Fagerhult Group's business from an operational and financial perspective. During 2025 each brand company performed their own internal risk assessment and this will be repeated during 2026. Read more about risks on pages 147–149.

Control activities and follow-up

Control activities involve all levels of the organisation and concern the measures selected to manage the Group's risks.

To ensure completeness and accuracy in the financial reporting, instructions and guidelines are in place that have been communicated to the relevant personnel. The activities also limit risk from the identified risks. The Group's central control function analyses and monitors budget deviations, prepares forecasts, monitors significant variations between periods, and reports these to others within the organisation, thereby minimising the risk of errors in the reporting. Control activities also include follow-up and comparisons of earnings trends or significant individual items, account reconciliations and balances, and the approval of all proxy and attestation instructions, as well as accounting and valuation principles.

Monitoring of the effectiveness and compliance with these control activities takes place through programmed controls and through individually established procedures. The Group has a shared reporting system in which all reporting is carried out. Financial follow-up is carried out by Group Management in conjunction with regular visits to the subsidiaries, in parallel with development of the control function.

Information and communication

Fagerhult Group continuously provides information about the Group's performance and financial position to the market. The quality of external financial reporting is ensured through various activities and procedures.

The CEO is responsible for the accuracy and quality of all information provided, for example, capital markets days, quarterly webcasts of the financial results, financial press releases and presentation materials for various meetings with the media, shareholders and investors.

The policy is intended to ensure that Fagerhult Group's information requirements are met in an accurate and complete manner. The most important governing documents,

in the form of policies and instructions, are kept up-to-date and are communicated via the appropriate channels, mainly electronically.

Internal information and communication is about creating awareness among the Group's employees about external and internal governing instruments, including authorities and responsibilities.

During 2021 the CFO re-issued to the relevant personnel an update of the Group's Financial Internal Control Guidelines as well as the Group's Financial Policy document. A self-assessment for each significant subsidiary was then completed and during 2022 these were issued to KPMG, for inclusion in the third quarter and end of year audit process. This process has been repeated during 2023. During 2024 the CFO issued an update of the Group's Financial Internal Control Guidelines to include a more significant emphasis on IT and cyber-security and this was tested during 2025 and included in KPMG's audit process.

Fagerhult Group's whistle-blower policy means that each employee has the right to report suspected breaches of laws or regulations without fear of reprisal.

Evaluation of the need for a separate audit function

The Board and management have determined that a separate internal audit function will not be established in the Fagerhult Group. The Group's Finance, Legal and HR departments continually monitors compliance with the company's governance model, reporting principles and policies. In addition, the Finance department conducts ongoing analyses of the company's reporting and financial results to gain assurance regarding the trend.

During the last four years the Group's Finance department has established a forum focussed on addressing financial reporting and tax matters and through these regular forum meetings many matters are addressed and progressed.

Together with the internal controls implemented by the Group Management and the different business areas existing control functions, discussions with the company's external auditors concerning the audit approach, as well as the auditing firm's extensive organisation are assessed as providing a satisfactory level of assurance. This means that a separate internal audit function is not considered necessary.

Activities in 2025

The Group's activities during the 2025 financial year are described under each business area and Group-wide functions.

Board of Directors



Jan Svensson
Chairman

Born: 1956
Mechanical Engineer and M.Sc. in Business Administration. Chairman of Securitas AB and Billerud AB. Board Member of Herenco. Board Member of Fagerhult Group AB since 2007. Shares in Fagerhult Group AB: 100,000



Eric Douglas
Vice Chairman

Born: 1968
Certified Economist at high school level and 3 years of studies at Lund University within 'Economics for Entrepreneurs.' Self-employed since 1992. Chairman of the Board of Pod Investment AB and Sparbössan Fastigheter AB. Board Member of, amongst others, Investment AB Latour. Board Member of Fagerhult since 1993. Shares in Fagerhult Group AB: 1,000,000 directly held shares and 84,708,480 shares held through Investment AB Latour.



Annica Bresky
Board Member

Born: 1975
M.Sc. in Engineering (Aquatic and Environmental Engineering) and Executive MBA (Master of Finance, Strategy and Leadership) M-Gruppen. Chairman of the Board of Permascand Top Holding AB. Board Member of Alfa Laval, Ørsted A/S, Vaisala Oyi, Nordstjernan AB. Board Member of Fagerhult Group AB 2019–2023 and since 2024. Shares in Fagerhult Group AB: 2,267



Heléne Mellquist
Board Member

Born: 1964
B.Sc. in International Business, University of Gothenburg. Executive Management, Stockholm School of Economics. Chairman of the Board Hultafors Group, Innovalift, Caljan, and Latour Industries. Board Member of Atlas Copco and Alimak Group. Shares in Fagerhult Group AB: 0



Cecilia Fasth
Board Member

Born: 1973
M.Sc. Engineering
CEO of Stena Fastigheter AB. Board Member of Fagerhult since 2014. Shares in Fagerhult Group AB: 13,755



Magnus Meyer
Board Member

Born: 1967
M.Sc. and Lic. in Engineering and Information Technology.
Chairman of the Board of Svevia AB.
Board Member of Tyréns AB, Fasadgruppen AB, Slättö Förvaltning AB, Coor Service Management AB, Vasakronan AB, Infranord AB.
Board Member of Fagerhult Group since 2022.
Shares in Fagerhult Group AB: 6,000



Linda Rothzén
Employee Representative

Born: 1981
Shares in Fagerhult Group AB: 0



Anneli Persson
Employee Representative

Born: 1967
Shares in Fagerhult Group AB: 0



Lina Lundberg
Employee Representative (deputy)

Born: 1985
Shares in Fagerhult Group AB: 0



Johan Tärnett
Employee Representative (deputy)

Born: 1981
Shares in Fagerhult Group AB: 0

Group Management Team



Bodil Sonesson
President and CEO

Born: 1968
M.Sc. in Business Administration,
MBA.
Employed since: 2018
Shares in Fagerhult Group AB: 74,914



Oscar Wallstén
Chief Financial Officer

Born: 1969
Bachelor of Social Science,
business studies
Employed since: 2025
Shares in Fagerhult Group AB: 10,370



Andrea Gageik
Chief People Officer

Born: 1972
Master of Arts M.A. Business
Coaching and Change Management
Certified in Systemic Organisational
Development and Mediation
Employed since: 2021
Shares in Fagerhult Group AB: 5,380



Johan Lembre
Chief Technology Officer

Born: 1966
M.Sc. Industrial and Management
Employed since: 2022
Shares in Fagerhult Group AB: 7,030

Business Area Responsible



Edwin Roobol
Head of Business Area Collection

Born: 1970
B.Sc. Commercial Economics
Employed since: 2023
Shares in Fagerhult Group AB: 450



Jing Jin
Head of Business Area Premium

Born: 1984
Master of Science, Accounting and
Financial Management
Employed since: 2025
Shares in Fagerhult Group AB: 8,152



Stéphanie Praloran
Head of Business Area Infrastructure

Born: 1980
M.Sc. Business
Entrepreneurship & Marketing
Employed since: 2023
Shares in Fagerhult Group AB: 1,621



Michael Brüer
Head of Business Area Professional

Born: 1983
M.Sc. Engineering and M.Sc. Business
Administration
Employed since: 2017
Shares in Fagerhult Group AB: 23,592



Financial statements

The Group's annual accounts

The Parent company's annual accounts

Accounting policies

Notes

Signatures

Auditor's report

Income statement

MSEK	Note	2025	2024
Net sales	1	7,891.4	8,305.3
Cost of goods sold		-4,775.3	-5,007.8
Items affecting comparability	38	-17.9	-46.0
Gross profit		3,098.2	3,251.5
Selling expenses		-1,754.1	-1,841.3
Administrative expenses		-830.7	-793.7
Other operating income		76.0	78.6
Items affecting comparability	38	-11.9	-24.6
Operating profit		577.5	670.5
Financial income	3	89.8	58.8
Financial expenses	4	-202.6	-196.9
Total financial items – net		-112.8	-138.1
Profit before tax		464.7	532.4
Income tax	9, 10	-147.3	-178.1
Net profit for the year		317.4	354.3
Net profit for the year attributable to shareholders of the Parent Company		317.4	354.3
Net profit for the year attributable to non-controlling interests		0.0	0.0
Total		317.4	354.3
Earnings per share, based on earnings attributable to shareholders of the Parent Company during the year:			
Earnings per share, SEK		1.80	2.01
Average number of shares outstanding, thousand		176,332	176,254
Number of shares outstanding, thousand		176,332	176,332

Statement of comprehensive income

MSEK	Note	2025	2024
Net profit for the year		317.4	354.3
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurements of pension plans, net after tax	21	2.9	0.3
<i>Items that may be reclassified to profit or loss:</i>			
Effective portion of changes in fair value of cash flow hedges	5, 37	-1.5	-
Translation differences, net after tax	37	-441.4	242.3
Other comprehensive income for the year, net after tax		-440.0	242.6
Total comprehensive income for the year		-122.6	596.9
Total comprehensive income for the year attributable to shareholders of the Parent Company		-122.6	596.9
Total comprehensive income for the year attributable to non-controlling interests		0.0	-0.0
Total		-122.6	596.9

Balance sheet

MSEK	Note	2025	2024
ASSETS			
Non-current assets			
<i>Intangible assets</i>	11		
Goodwill		3,719.2	3,193.0
Brands		2,836.2	2,874.4
Other intangible assets		337.1	227.0
		6,892.5	6,294.4
<i>Property, plant and equipment</i>	12		
Land and buildings		1,013.4	1,028.8
Plant and machinery		410.3	405.1
Equipment, fixtures and fittings		207.8	216.3
Right-of-use assets	25	663.6	733.4
Construction in progress		32.3	84.8
		2,327.4	2,468.4
<i>Other non-current assets</i>			
Other shares and participations	13	1.9	1.9
Deferred tax assets	10	200.9	207.7
Other non-current receivables	13	28.6	28.0
		231.4	237.6
Total non-current assets		9,451.3	9,000.4
Current assets			
<i>Inventories</i>	16		
Raw materials and consumables		644.8	620.8
Work in progress		172.8	165.6
Finished products and goods for resale		421.9	380.4
Goods in transit		15.3	23.6
		1,254.8	1,190.4
<i>Current receivables</i>			
Trade receivables	6	1,388.4	1,396.7
Current tax assets		82.4	84.7
Other receivables		43.4	44.8
Prepaid expenses and accrued income	15	119.2	116.6
		1,633.4	1,642.8
<i>Cash and cash equivalents</i>			
		1,306.9	1,878.9
Total current assets		4,195.1	4,712.1
TOTAL ASSETS		13,646.4	13,712.5

MSEK	Note	2025	2024
EQUITY			
Capital and reserves attributable to shareholders of the Parent Company			
Share capital	34	100.2	100.2
Other contributed capital		3,194.6	3,194.6
Reserves		-178.7	264.2
Retained earnings incl. net profit for the year		3,973.7	3,899.8
		7,089.8	7,458.8
Non-controlling interests		0.1	0.1
Total equity		7,089.9	7,458.9
LIABILITIES			
Non-current liabilities			
Borrowings	17	3,393.5	3,161.1
Lease liabilities	25	521.2	576.3
Provisions for pensions and similar commitments	21	155.8	169.7
Other non-current liabilities	31	115.8	-
Deferred tax liabilities	10	631.3	577.1
		4,817.6	4,484.2
Current liabilities			
Borrowings	17	56.0	58.8
Lease liabilities	25	169.8	174.3
Advance payments from customers		30.5	65.6
Trade payables		677.8	688.5
Current tax liabilities		32.2	22.3
Other liabilities	31	216.5	178.6
Accrued expenses and deferred income	18	556.1	581.3
		1,738.9	1,769.4
Total liabilities		6,556.5	6,253.6
TOTAL EQUITY AND LIABILITIES		13,646.4	13,712.5

Changes in equity

MSEK	Note	Attributable to shareholders of the Parent Company					Non-controlling interests	Total equity
		Share capital	Other contributed capital	Reserves	Retained earnings incl. net profit for the year	Total		
Equity on 1 January 2024		100.2	3,194.6	21.9	3,867.3	7,184.0	0.1	7,184.1
Net profit for the year					354.3	354.3	0.0	354.3
Net investment hedges	29			21.8		21.8		21.8
Effective portion of changes in fair value of cash flow hedges	5,37			–		–		–
Deferred tax on net investment hedges				–4.5		–4.5		–4.5
Remeasurements of pension plans					0.4	0.4		0.4
Deferred tax on remeasurements of pension plans					–0.1	–0.1		–0.1
Translation differences				225.0		225.0		225.0
Total comprehensive income for the year				242.3	354.6	596.9	0.0	596.9
Performance-based share-savings plan	2				–5.1	–5.1		–5.1
Dividend, SEK 1.80 per share	36				–317.0	–317.0		–317.0
Equity on 31 December 2024		100.2	3,194.6	264.2	3,899.8	7,458.8	0.1	7,458.9
Net profit for the year					317.4	317.4	0.0	317.4
Net investment hedges	29			–37.3		–37.3		–37.3
Effective portion of changes in fair value of cash flow hedges	5,37			–1.5		–1.5		–1.5
Deferred tax on net investment hedges				7.6		7.6		7.6
Remeasurements of pension plans					3.6	3.6		3.6
Deferred tax on remeasurements of pension plans					–0.7	–0.7		–0.7
Translation differences				–411.7		–411.7		–411.7
Total comprehensive income for the year				–442.9	320.3	–122.6	0.0	–122.6
Performance-based share-savings plan	2				0.5	0.5		0.5
Dividend, SEK 1.40 per share	36				–246.9	–246.9		–246.9
Equity on 31 December 2025		100.2	3,194.6	–178.7	3,973.7	7,089.8	0.1	7,089.9

Cash flow statement

MSEK	Note	2025	2024
Operating profit		577.5	670.5
<i>Adjustments for non-cash items:</i>			
Depreciation and amortisation	8	291.8	289.1
Depreciation of right-of-use assets	8	177.4	170.1
Profit/loss on the sale of property, plant and equipment		2.5	7.8
Items in equity		-1.0	-5.1
Translation differences		-101.1	29.0
		947.1	1,161.4
Interest received		25.2	34.3
Interest paid		-123.4	-150.8
Interest paid on lease liabilities		-32.9	-24.8
Income tax paid		-138.0	-205.7
Cash flow from operating activities before changes in working capital		678.0	814.4
Changes in working capital:			
Changes in inventories		72.5	89.8
Changes in current receivables		139.1	92.1
Changes in current liabilities		-149.5	-32.4
Cash flow from operating activities		740.1	963.9

MSEK	Note	2025	2024
Investing activities			
Investments in subsidiaries, net of acquired cash and cash equivalents	30	-957.7	-
Investments in intangible assets	11	-46.7	-34.6
Investments in property, plant and equipment	12	-224.3	-178.4
Changes in construction in progress	12	-52.5	43.1
Changes in non-current receivables	13	104.4	-89.8
Cash flow from investing activities		-1,176.8	-259.7
Financing activities			
Repayment of loans	17, 22	-381.2	-61.2
Borrowings	17, 22	758.4	398.3
Repayment of lease liabilities	22, 25	-162.1	-162.8
Dividends paid		-246.9	-317.0
Cash flow from financing activities		-31.8	-142.7
Change in cash and cash equivalents		-468.5	561.5
Cash and cash equivalents at beginning of the year		1,878.9	1,272.2
Translation differences in cash and cash equivalents		-103.5	45.2
Cash and cash equivalents at end of the year		1,306.9	1,878.9

Income statement

MSEK	Note	2025	2024
Net sales	1	59.1	56.3
Administrative expenses		-105.7	-100.6
Operating profit		-46.6	-44.3
Financial income and expenses			
Income from shares in subsidiaries	7	224.8	161.9
Interest income and similar profit/loss items	3	152.8	274.9
Interest expenses and similar profit/loss items	4	-143.5	-168.1
Total financial items		234.1	268.7
Profit before appropriations and tax		187.5	224.4
Group contributions received		194.0	205.0
Tax on profit for the year	9,10	-32.6	-56.3
Net profit for the year		348.9	373.1

Balance sheet

MSEK	Note	2025	2024
ASSETS			
Non-current assets			
<i>Other non-current assets</i>			
Shares and participations in subsidiaries	13, 14, 32	5,823.2	4,754.2
Receivables from subsidiaries	13	3,086.6	3,559.9
Deferred tax assets	10	4.0	3.5
Other non-current receivables	13	15.8	13.8
		8,929.6	8,331.5
Total non-current assets		8,929.6	8,331.5
Current assets			
<i>Current receivables</i>			
Current tax assets			
Other receivables		23.7	3.9
Receivables from subsidiaries		287.7	267.8
Prepaid expenses and accrued income	15	8.2	9.0
		319.6	280.7
Cash and bank balances		657.2	891.8
Total current assets		976.8	1,172.5
TOTAL ASSETS		9,906.5	9,504.0

MSEK	Note	2025	2024
EQUITY			
Restricted equity			
Share capital	34	100.2	100.2
Statutory reserve		159.4	159.4
		259.6	259.6
Non-restricted equity			
Retained earnings		5,120.1	4,993.4
Net profit for the year		348.9	373.1
		5,469.0	5,366.5
Total equity		5,728.6	5,626.1
LIABILITIES			
Non-current liabilities			
Borrowings	17	3,319.8	3,057.5
Other non-current liabilities	31	54.1	–
Provisions for pensions and similar commitments	21	19.6	17.2
		3,393.5	3,074.7
Current liabilities			
Borrowings	17	9.4	12.1
Trade payables		3.4	2.9
Current tax liabilities		–	–
Other liabilities	31	28.5	1.0
Liabilities to subsidiaries		714.3	767.0
Accrued expenses and deferred income	18	28.8	20.3
		784.4	803.2
Total liabilities		4,177.9	3,877.9
TOTAL EQUITY AND LIABILITIES		9,906.5	9,504.0

Changes in equity

MSEK	Note	Share capital	Statutory reserve	Retained earnings incl. net profit for the year	Total equity
Equity on 1 January 2024		100.2	159.4	5,311.4	5,571.0
Net profit for the year				373.1	373.1
Performance-based share-savings plan	2			-1.0	-1.0
Dividend, SEK 1.80 per share	36			-317.0	-317.0
Equity on 31 December 2024		100.2	159.4	5,366.5	5,626.1
Net profit for the year				348.9	348.9
Performance-based share-savings plan	2			0.5	0.5
Dividend, SEK 1.40 per share	36			-246.9	-246.9
Equity on 31 December 2025		100.2	159.4	5,469.0	5,728.6

Cash flow statement

MSEK	Note	2025	2024
Operating profit		-46.6	-44.3
<i>Adjustments for non-cash items:</i>			
Items in equity		0.5	-1.0
Exchange-rate differences		11.3	-40.1
		-34.8	-85.4
Interest received		152.8	274.9
Interest paid		-143.5	-168.1
Income tax paid		-33.1	-62.1
Cash flow from operating activities before changes in working capital		-58.6	-40.7
Changes in working capital:			
Changes in current receivables		-38.9	-212.7
Changes in current liabilities		-10.8	105.2
Cash flow from operating activities		-108.3	-148.2
Investing activities			
Investments in subsidiaries		-1,069.0	-468.1
Changes in non-current receivables	13	269.4	316.2
Group contributions and dividends received		418.8	366.9
Cash flow from investing activities		-380.8	215.0
Financing activities			
Repayment of loans	17, 22	-381.2	-
Borrowings	17, 22	882.6	408.2
Dividends paid		-246.9	-317.0
Cash flow from financing activities		254.5	91.2
Change in cash and cash equivalents		-234.6	158.0
Cash and cash equivalents at beginning of the year		891.8	733.8
Cash and cash equivalents at end of the year		657.2	891.8

Accounting policies

The consolidated accounts have been prepared in accordance with the IFRS® Accounting Standards as adopted by the EU, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups.

The Parent Company applies the same accounting policies as the Group, except in the instances stated below in the section Parent Company's Accounting Policies. The deviations arising between the Parent Company's and the Group's accounting policies result from limitations in the possibility of applying IFRS Accounting Standards in the Parent Company primarily due to the stipulations of the Swedish Annual Accounts Act.

The Group's presentation currency is the Swedish krona (SEK) and all amounts are reported in million Swedish kronor (MSEK), unless stated otherwise.

Revenue recognition

Goods

The Group manufactures and sells lighting solutions to the professional lighting market.

All of the Group's sales companies deliver to customer projects in the form of deliveries of lighting solutions, i.e., goods/products within the framework of the customer project. The sales cycle essentially follows the same model regardless of the business area (Collection, Premium, Professional and Infrastructure) and geographical market; the sales company makes an offer with regard to the provision of products/lighting solutions, which is confirmed by the customer in the form of an order. Thereafter, the contracted products/lighting solutions are manufactured and delivered to the customer.

Sales for operations in all the Group's business areas break down as follows:

- individual lighting fixtures (product sales);
- lighting solutions comprising multiple luminaires (product sales);
- complete lighting systems including control systems (product sales); and
- in exceptional and rare cases, the provision of minor services such as the replacement of light sources and the installation of individual luminaires.

The timing for revenue recognition from sales of the products/lighting solutions is when control of the goods passes to the customer, which takes place when the goods are delivered to the customer.

Services comprise an insignificant part of the Group's revenue and when a service is included in the transaction price, for practical reasons the revenue is recognised together with the sale of the products/lighting solution as the entire performance obligation is completed within a short time frame (within a maximum of five working days).

Volume rebates are often applied to sold products/lighting solutions based on accumulated sales over a twelve-month period. Income from sales of products/lighting solutions is recognised based on the price in the agreement, less calculated volume rebates. Historic data is used to estimate the rebate's eventual value and income is recognised only to the extent that it is unlikely that a significant reversal will arise. A liability (which is included in accrued expenses) is recognised for estimated volume rebates applied to sales until the closing date. The Group's obligation to repair or replace defective products according to normal warranty rules is recognised in accrued costs.

Inventories

Inventories are reported using the first-in, first-out method at the lower of cost and net realisable value on the closing date.

The valuation of work in progress and finished products includes design costs, direct labour costs and other direct costs with a reasonable mark-up for indirect costs (based on normal production capacity).

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Leases

The Group's leases pertain primarily to factories, offices and vehicles. Extension and termination options are included in most of the Group's leases for factories/production plants and offices. If, on entering the lease agreement, it is assessed as reasonably certain that extension options will be utilised, lease payments/rents during these periods are included in the respective lease liability and right-of-use asset recognised in the balance sheet. If it is not assessed as reasonably certain, such periods are excluded.

The majority of the lease extension options for factories/production facilities have been included in the lease liability, since the Group cannot replace assets without material costs or disruption to operations. The majority of the office leases comprise shorter lease terms and notice periods of one to three years. The Group's assessment is that these shorter lease terms do not reflect the actual terms, and therefore a minimum term of three years has been applied. An individual assessment is conducted in conjunction with the lease expiring or as soon as a decision to change the operations is known and where the change would affect the term of the lease.

Leases are normally subject to straight-line depreciation over 3 to 10 years. Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Low-value assets comprise IT equipment and small items of office furniture.

Cash and cash equivalents

In both 2025 and 2024, cash and cash equivalents were comprised solely of cash and bank balances.

Property, plant and equipment

Land and buildings comprise, primarily, factories and offices. All property, plant and equipment (PPEs) are measured at cost less depreciation and impairment. Depreciation is applied on a straight-line basis over the estimated useful lives:

Buildings	25–33 years
Permanent equipment, service facilities, etc., in buildings	10–20 years
Land improvements	20 years
Machinery and equipment	5–10 years
Vehicles and IT systems	5 years
Computers and tools	3 years

Intangible assets

The Group's goodwill is allocated to the Group's operating segments for impairment testing. Goodwill has an indefinite useful life and is therefore not subject to ongoing amortisation.

The Group's brands have essentially arisen from the acquisition of subsidiaries. The brands are expected to be maintained and to drive sales for an indefinite future, and are therefore assessed as having indefinite useful lives and are thus not subject to ongoing amortisation, but are tested at least annually for impairment. A relatively low-valued brand that was purchased in a separate acquisition has been assessed as having a useful life of 20 years and is amortised on a straight-line basis over that period.

The item Other intangible assets includes capitalised expenditure for product development, which is internally generated, Technology identified in conjunction with a business combination and IT systems.

The Group incurs no expenses for research. Expenses arising from development projects, attributable to the development of new luminaires, are assessed as meeting the criteria for reporting as proprietary intangible assets. Straight-line amortisation is applied to the capitalised development expenditure over a period of three to five years. Amortisation is included in profit or loss under the item Cost of goods sold.

For technology identified in conjunction with a business combination, amortisation is performed over the expected useful life, which is usually five to seven years.

IT systems, which mainly pertain to acquired systems and external costs arising on the adaptation of systems in line with the Group's operations and needs, are amortised on a straight-line basis over the estimated useful life of three to five years.

The Fagerhult Group has operations in Türkiye, where the functional currency has been assessed as the currency of a high inflation economy since 2022. Accordingly, the Group has taken the high inflation into account. The significant non-monetary items in the balance-sheet have been revalued based on historical acquisition costs using the Turkish consumer price index as published by the Turkish Statistical Institute. The level of consumer price index was 2,685 at the beginning of the year compared to 3,514 at the end of the year, with an average of 3,145 during the year.

Financial Instruments

The Group's financial instruments mainly comprise borrowings, trade receivables, cash and cash equivalents (bank balances) and trade payables. In addition, at the end of 2025 and 2024, there are minor amounts of other operating liabilities, non-current receivables, shares and participations, and derivative instruments (currency forwards and an interest rate swap). Hedge accounting is not applied for currency forwards, which are recognised at fair value through profit or loss (FVPL) with changes in fair value presented within operations in profit or loss. However, for the interest rate swap, hedge accounting is applied at Group level, meaning that the instrument is measured at fair value, with changes in fair value recognised in other comprehensive income (OCI). Derivatives are presented in the items operating receivables and operating liabilities in the balance sheet. The scope and measurement bases of financial instruments are presented in Note 5.

Expected credit losses are calculated on trade receivables, refer to Note 37 and Note 6. For other financial assets, the credit risk is assessed as negligible.

Hedges of net investments in foreign operations

The Group hedges net investments in foreign operations, which means that exchange rate fluctuations on borrowings raised in the same currency as foreign net investments are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity. In the event of any ineffectiveness in any component of the hedge, the exchange-rate effect is instead recognised in profit or loss. Gains and losses accumulated in the item reserves in equity are reclassified to the income statement when the foreign operation is partially disposed of or sold.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the CEO (who has been identified as the chief operating decision maker). The operating segment comprises four business areas: Collection, Premium, Professional and Infrastructure. Each of the Group's 13 brands belong to one of the business areas. The allocation has been made based on the Group companies' product range, geographical presence and partner focus.

Expenses attributable to a particular segment are comprised of both direct expenses and a portion of Group-wide expenses. Unspecified expenses represent Group-wide expenses. The operating segments' assets consist mainly of intangible assets, property, plant and equipment, inventories and trade receivables. Segment liabilities consist mainly of trade payables, and accrual and deferral items.

Fagerhult Group does not apply lease accounting pursuant to IFRS 16 at the operating segment level, but only at the Group level, with the effect that rents and other lease payments in the segment reporting are continuously recognised as operating expenses rather than being capitalised as assets and liabilities, and depreciated or recognised as an interest expense.

Business combinations

Business combinations are accounted for using the acquisition method in accordance with IFRS 3. Identifiable assets acquired and liabilities assumed are measured at their fair values at the acquisition date. Goodwill represents the excess of the consideration transferred over the Group's share of the fair value of the acquired net assets. Acquisition-related costs are expensed in the period in which they are incurred.

Parent Company's accounting policies

The Parent Company's annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. RFR 2 stipulates that, in its annual accounts, the Parent Company is to apply IFRS® Accounting Standards as endorsed by the EU, where this is possible within the framework of the Swedish Annual Accounts Act, and with regard to the connection between accounting and taxation. RFR 2 specifies the exceptions and supplements to be applied in relation to IFRS.

Identified differences between accounting policies of the Group and the Parent Company mainly pertain to IAS 12 Income taxes. The amounts transferred to untaxed reserves constitute taxable temporary differences. Due to the connection between accounting and taxation, deferred tax liabilities applicable to untaxed reserves are not disclosed separately in the Parent Company. Accordingly, these are reported in their gross amounts in the balance sheet. Appropriations are recognised at gross value in profit or loss. Group contributions are recognised as appropriations. Furthermore, the Parent Company does not measure in accordance with IFRS 9 Financial instruments, and instead applies the points stated in RFR 2 (IFRS 9, sections 3–10), with the main resulting effect that no instrument is recognised at fair value. Nor does the Parent Company apply IFRS 16 Leases but, instead, applies sections 2–12 pertaining to IFRS 16 contained in RFR 2, with the effect that operating leases are not capitalised as assets and liabilities, and are instead recognised in a straight line as costs over the lease term.

The Parent Company's functional currency is the Swedish krona (SEK) and all amounts are reported in million Swedish kronor (MSEK), unless stated otherwise.

Significant estimates and assumptions

The Group's assessment is that, at the end of 2025, no estimates of carrying amounts of assets and liabilities had a significant risk of material adjustment within the next year. Moreover, the assessment was that no judgements have been made in applying the Group's accounting policies that are of a nature that should be emphasised more than the general principles described above.

Application of new or amended standards

New and amended standards applied from 2025

None of the new or amended standards that apply from 1 January 2025 have had any material impact on the consolidated financial statements.

New and amended standards with future application

New or amended standards effective from future reporting periods have not been applied in the preparation of these financial statements. None of these standards or interpretations are expected to have any material impact on the consolidated financial statements.

Notes

Note 1 | Segment reporting

COLLECTION

Exceptional lighting solutions for architectural applications across the globe

Collection comprises our global brands. All these brands have an international product portfolio and are well-known among lighting designers and architects globally. They offer a broad product range with a focus on outdoor and indoor environments with stringent requirements in terms of architectural design.

The brands included comprise: ateljé Lyktan, iGuzzini, LED Linear and WE-EF, with product development and manufacturing facilities in Sweden, Italy, Canada, China, Germany and Thailand. The business area also includes all sales companies for iGuzzini, LED Linear and WE-EF.

PREMIUM

Lighting solutions for all European markets and for global customers

Premium focuses on the European market and Europe-based global customers. Our companies work closely with partners to deliver premium projects, often with customised solutions. Most of the sales are generated by products for indoor environments, but outdoor products are also available for specific markets.

The brands included are: Fagerhult and LTS, with their product development and manufacturing located in Sweden, Germany and China. The business area also includes all of Fagerhult's sales companies.

PROFESSIONAL

Lighting solutions for selected applications, adapted to local needs

Professional primarily focuses on products for indoor environments for local and neighbouring markets. The company works together with local partners on project specifications to deliver complete solutions. Local production and product development enable quick delivery of tailored solutions and customised products. The brands included are: Arlight, Eagle Lighting, Whitecroft and Trato TLV with product development and manufacturing located in Türkiye, Australia, UK and France. The business area also includes the sales company in New Zealand.

INFRASTRUCTURE

Specially-adapted lighting solutions for critical infrastructure and industry

Infrastructure offers lighting solutions for environments with specific requirements for installation, sustainability and robustness. The companies are world-leading in their fields, and have extensive experience of finding the best solution for each project and customer. Most of the sales take place in Europe.

The brands included are: Designplan Lighting, I-Valo and Veko with product development and manufacturing located in the UK, Finland and the Netherlands.

	Collection		Premium		Professional		Infrastructure		Other ¹⁾		IFRS 16		Eliminations		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Net sales and income																
Net sales	3,579.9	3,841.9	2,574.1	2,835.5	1,208.8	1,065.6	727.3	836.3	44.6	15.3			-243.3	-289.3	7,891.4	8,305.3
(of which internal sales)	(118.7)	(122.7)	(46.8)	(58.7)	(52.4)	(70.1)	(17.0)	(29.9)	(8.4)	(8.0)			-(243.3)	-(289.3)	(0.0)	(0.0)
Operating profit before items affecting comparability	367.1	362.7	361.1	400.9	32.6	77.0	31.9	77.1	-78.9	-98.2	17.6	16.1			731.4	835.6
Items affecting comparability	-14.8	-	-5.2	-15.2	-2.6	-3.7	-0.7	-51.7	-6.6	-					-29.9	-70.6
Unspecified expenses															-124.1	-94.5
Operating profit															577.5	670.5
Financial income															89.0	58.8
Financial expenses															-201.8	-196.9
Income tax															-147.3	-178.1
Net profit for the year															317.4	354.3
Other disclosures																
Non-current assets	3,799.7	4,059.8	2,295.2	2,365.6	1,389.3	682.7	812.8	885.2	259.3	36.1	663.6	733.4			9,219.9	8,762.8
Other assets	1,405.0	1,491.0	698.1	755.1	511.5	305.7	216.3	262.2	25.2	16.9	-15.2	-16.6	-58.4	-73.9	2,782.4	2,740.4
Unclassified assets															1,644.1	2,209.3
Total assets															13,646.4	13,712.5
Liabilities	611.4	653.2	399.5	438.4	247.6	205.9	106.3	131.3	54.1	13.3	690.9	750.6	-46.4	-33.9	2,063.3	2,158.8
Unclassified liabilities															4,493.2	4,094.9
Total liabilities															6,556.5	6,253.7
Investments	200.8	93.6	48.4	61.6	16.5	46.7	4.4	9.2	1.1	1.7					271.1	212.9
Depreciation/amortisation	-164.0	169.2	-52.2	49.6	-43.2	28.8	-19.2	24.3	-7.9	17.2	-177.4	170.1			-463.9	459.2

¹⁾ Refer to Administration report, Smart Lighting Solutions on page 49.

	Collection		Premium		Professional		Infrastructure		Other ¹⁾		IFRS 16		Eliminations		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
External sales per market																
UK	182.5	169.5	299.4	349.8	589.1	673.2	173.9	169.5							1,244.8	1,362.0
Sweden	300.4	284.1	900.9	829.7			47.0	36.1	26.1	1.1					1,274.5	1,151.0
Germany	286.5	399.3	202.9	286.9	0.4	–	152.4	178.9							642.1	865.1
USA	430.2	498.1	0.5	2.1				0.1							430.6	500.3
France	376.0	394.4	68.6	90.4	284.9	–	20.7	8.7							750.2	493.5
Spain	135.4	128.2	256.1	317.3	1.8	–	3.0	6.3	–	0.2					396.3	452.0
Italy	384.9	435.1	8.0	11.8	2.7	–	3.0	0.1							398.5	447.0
Netherlands	43.3	20.6	182.8	128.2	0.2	–	202.7	247.1	2.0	–					431.0	395.9
Australia	105.4	158.7	–	0.4	138.8	203.4			3.4	3.3					247.7	365.8
Norway	33.5	39.7	181.3	242.3			3.0	12.3							217.9	294.3
Switzerland	145.4	175.0	11.8	20.0	3.2	–	2.8	2.9							163.3	197.9
Denmark	54.2	47.6	115.3	133.3			9.3	5.2	2.6	2.4					181.4	188.5
Saudi Arabia	249.8	153.1	0.1	0.0	0.5	0.1									250.4	153.2
Finland	27.4	32.6	70.6	74.2			27.3	41.6	0.8	–					126.1	148.4
Canada	99.9	129.5													99.9	129.5
United Arab Emirates	105.3	93.7	22.3	33.7	5.0	–	0.1	–							132.7	127.4
Belgium	48.2	49.6	4.3	6.0	16.8	0.1	40.8	59.9	1.0	–					111.1	115.6
Other	453.0	510.4	202.4	250.7	113.0	118.7	24.2	37.7	0.3	0.3					793.0	917.9
Total	3,461.2	3,719.2	2,527.3	2,776.8	1,156.4	995.5	710.3	806.4	36.3	7.3					7,891.5	8,305.3

	Collection		Premium		Professional		Infrastructure		Other ¹⁾		IFRS 16		Eliminations		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Non-current assets per market																
Italy	2,263.6	2,407.8									12.4	15.8			2,276.0	2,423.6
Sweden	30.3	23.1	223.6	1,324.5					236.7	0.3	37.4	49.5			528.0	1,397.4
Germany	378.2	485.1	632.8	665.4			3.1	2.9			93.1	115.0			1,107.2	1,268.4
Netherlands	0.1	0.1	0.7	175.4			612.5	653.7			65.0	78.1			678.3	907.3
UK	1.6	1.3	33.3	95.6	249.1	406.8	120.2	137.2			205.1	212.4			609.4	853.3
Spain	253.7	582.1	14.0	14.8							1.8	2.2			269.6	599.1
France	267.2	286.4	48.8	52.3	792.8	–					80.4	54.3			1,189.2	393.0
Australia	92.7	81.3			1.7	135.1			14.5	16.1	62.1	79.6			171.0	312.1
Türkiye	0.0				137.7	140.8					19.2	27.7			157.0	168.5
Finland	0.6	0.8	0.2	0.3			85.4	91.4	0.1	–	7.4	11.6			93.7	104.1
Other	511.5	191.8	1,341.7	37.3	208.1		–8.4	–	8.0	19.7	79.6	87.2			2,140.5	336.0
Total	3,799.7	4,059.8	2,295.2	2,365.6	1,389.3	682.7	812.8	885.2	259.3	36.1	663.6	733.4			9,219.9	8,762.8

¹⁾ Refer to Administration report, Smart Lighting Solutions on page 49.

The majority of the Group's income is recognised within a limited timeframe and the Group has no single customer where sales comprise more than 10 per cent of the Group's revenue.

Note 2 | Salaries, other remuneration and social security contributions

	Salaries and other remuneration		Social security contributions		(of which pension expenses)	
	2025	2024	2025	2024	2025	2024
Parent Company	49.7	41.7	23.1	19.9	(10.6)	(8.9)
Subsidiaries	2,113.3	2,167.2	570.9	572.4	(131.4)	(143.0)
Group	2,163.0	2,208.9	594.0	592.3	(142.0)	(151.9)

	2025			2024		
	Salaries and other remuneration	(of which variable remuneration)	Pension expenses	Salaries and other remuneration	(of which variable remuneration)	Pension expenses
Parent Company, 14 (15) employees	34.5	(0.6)	5.6	31.7	(1.2)	5.8
Subsidiaries, 38 (27) employees	82.1	(7.2)	6.8	74.6	(4.2)	6.2
Group	116.6	(7.8)	12.4	106.3	(5.4)	12.0

Remuneration to senior management during the year:	Basic salary/ Board fees		Variable remuneration		Other benefits		Pension expenses		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
<i>Parent Company</i>										
Chairman of the Board, Jan Svensson	1.2	1.2							1.2	1.2
Board Member, Eric Douglas	0.5	0.5							0.5	0.5
Board member, Cecilia Fasth	0.7	0.6							0.7	0.6
Board Member, Eva Elmstedt	–	0.4							–	0.4
Board member, Magnus Meyer	0.4	0.4							0.4	0.4
Board Member, Teresa Enander	–	0.5							–	0.5
Board member, Annica Bresky	0.4	0.4							0.4	0.4
Board member, Helene Mellquist	0.6	–							0.6	–
CEO, Bodil Sonesson	6.3	6.1			0.1	0.1	2.0	2.2	8.4	8.4
Other senior management, 7 (9) individuals	23.8	20.4	0.6	1.2	0.0	0.0	3.6	3.6	28.0	25.2
Total	33.9	30.5	0.6	1.2	0.1	0.1	5.6	5.8	40.2	37.6

Remuneration to the Board of Directors was determined at the 2025 AGM. No additional remuneration other than Board fees has been paid to the Board of Directors, with the exception of remuneration for travel expenses. Other senior management refers to the Group management and those individuals responsible for the various business areas. Other benefits refer to company cars.

Remuneration policy

The Chairman of the Board and Board members receive Board fees in accordance with the resolutions of the AGM. Remuneration is not paid to members of the Board employed within the Group.

Remuneration to the CEO is determined by the Board on the basis of proposals made by the Remuneration Committee. Remuneration to other senior management has been approved by the Remuneration Committee following proposals from the CEO.

Remuneration to the CEO and other senior management consists of basic salary, variable remuneration, company car benefits and pensions. The balance between basic salary and variable remuneration is to be in proportion to the employee's responsibilities and authority.

For the CEO, annual variable remuneration is maximised at the equivalent of 50 per cent of fixed salary. The variable salary is based on the Group's earnings per share. In addition to the annual bonus, the CEO is covered by the performance-based share-savings plan described below.

For other senior management, annual variable remuneration is capped at 30–50 per cent of basic salary. Variable remuneration is typically based on improvement, compared to the previous year, in terms of each individual's respective responsibility for operating profit, the Group's earnings per share and the outcome of individual activity plans.

Pensions

The retirement age of the CEO and other senior management is 65. Defined-contribution pension insurance corresponding to 35 per cent of the fixed annual salary is paid for the CEO. Pension benefits for other senior management are paid within the framework of the applicable ITP supplementary pension plan.

Severance Pay

For the CEO, the notice period for termination of employment is 12 months if termination is initiated by the company and six months if initiated by the CEO. If termination is initiated by the company without reason for termination, the CEO is entitled to severance pay corresponding to 12 months' salary. Severance pay is deducted against other earned income.

For other senior management, the notice period is 3–12 months if initiated by the Company, and 3–6 months if initiated by the employee. No separate agreements exist regarding retirement age, future pension or severance pay to Board members and other senior management.

Performance-based share-savings plan

The AGMs in 2012 to 2019 and in 2021 to 2025 resolved to implement a performance-based share-savings plan for the CEO, senior management and a number of key employees within the Group. In the most recent plan for parent company, 2025, a total of 17 people were offered the opportunity to participate, of which 13 accepted.

Participation in the plan requires a personal investment in Fagerhult Group shares. Under normal circumstances, following a three-year vesting period, a cost-free allocation of shares in Fagerhult Group can be made to the participants, provided that certain conditions are met.

In order for the share awards to be eligible for the allotment of shares, participants are required to remain in employment within the Group and to retain their entire investment in Fagerhult Group shares acquired within the framework of the plan during the vesting period. The allocated share awards (known as performance share awards) also require meeting a financial performance target related to Fagerhult Group's average earnings per share.

The 2022 plan was concluded in 2025. The conditions for the performance share awards pertaining to average earnings per share for 2022–2025 were not met and therefore no shares were allocated to the participants.

For the remaining plans (2023, 2024 and 2025), in accordance with the conditions for the plans, the remaining participants have acquired a total of around 120,227 shares in Fagerhult Group. A total of approximately 480,908 share awards have been allocated to plan participants, of which 71,400 to the CEO and 204,524 to other senior management.

For the 2025 plan, the financial performance target pertains to average earnings per share for the 2025–2027 financial years. A maximum of about 187,248 shares can be allocated as part of the 2025 plan. The valuation of the allocated share awards is based on the market price of the share at the time of allotment, with a deduction for the lack of dividend.

For the 2024 plan, the financial performance target pertains to average earnings per share for the 2024–2026 financial years. A maximum of about 95,052 shares can be allocated as part of the 2024 plan. The valuation of the allocated share awards is based on the market price of the share at the time of allotment, with a deduction for the lack of dividend. For the 2023 plan, the financial performance target pertains to average earnings per share for the 2023–2025 financial years. A maximum of about 235,980 shares can be allocated as part of the 2023 plan. The valuation of the allocated share awards is based on the market price of the share at the time of allotment, with a deduction for the lack of dividend.

The total cost in 2025 for all share-savings plans was –0.6 (5.1) MSEK or 0.00 (0.03) SEK per share. The estimated fair value on the allocation date is 62.5 SEK for the 2024 plan and 37.4 SEK for the 2025 plan.

Change in share awards outstanding	2025	2024
Opening balance, No. of share awards	577,692	823,916
Terminated performance-based share-savings plan	–246,660	–270,796
New performance-based share-savings plan	200,692	95,052
Management who have left the performance-based share-savings plan	–50,816	–70,480
Share awards outstanding	480,908	577,692

Note 3 | Financial income

	Group		Parent Company	
	2025	2024	2025	2024
Interest income	24.4	34.3	152.7	227.6
Exchange-rate gains	65.4	24.4	0.1	47.3
Total	89.8	58.8	152.8	274.9
<i>Of which Group companies</i>			(135.6)	(199.0)

Note 4 | Financial expenses

	Group		Parent Company	
	2025	2024	2025	2024
Interest expenses	123.4	150.6	128.4	161.9
Interest expenses on lease liabilities	32.9	24.8	0.2	0.2
Exchange-rate losses	31.1	15.3	0.0	–
Other financial expenses	15.1	6.2	15.1	6.2
Total	202.5	196.9	143.7	168.1
<i>Of which Group companies</i>			(14.5)	(25.7)

Note 5 | Financial assets and financial liabilities

Group	2025			2024		
	IFRS 9 Category	Carrying amount	Fair value	IFRS 9 Category	Carrying amount	Fair value
Financial assets						
Other shares and participations	1	1.9	1.9	1	1.9	1.9
Other non-current receivables	1	28.6	28.6	1	27.9	27.9
Trade receivables	1	1,388.4	1,388.4	1	1,396.7	1,396.7
Derivative instruments – held for trading (included in the item, other receivables)	2	1.4	1.4	2	0.7	0.7
Cash and cash equivalents	1	1,306.9	1,306.9	1	1,878.9	1,878.9
Financial liabilities						
Long-term borrowings – hedge accounting	4	207.7	207.7	4	220.5	220.5
Non-current borrowings – no hedge accounting applied	4	3,185.8	3,185.8	4	2,940.6	2,940.6
Non-current lease liabilities	n/a	521.2	–	n/a	576.3	–
Long-term part of earn-out	3	108.0	108.0			
Derivative instruments -hedge instrument ¹⁾	3	1.9	1.9	3	–	–
Short-term borrowings – no hedge accounting applied	4	56.0	56.0	4	58.8	58.8
Current lease liabilities	n/a	169.8	–	n/a	174.3	–
Trade payables	4	677.8	677.8	4	688.5	688.5
Short-term earn-out upon acquisition	3	62.2	62.2	3	–	–
Derivative instruments – held for trading (included in the item, other liabilities)	3	1.0	1.0	3	2.1	2.1

IFRS 9 Category

1 = Financial assets at amortised cost.

2 = Financial assets recognised at FVTPL.

3 = Financial liabilities recognised at FVTPL.

4 = Financial liabilities at amortised cost. Lease liabilities are measured pursuant to IFRS 16.

¹⁾ In reference to interest rate swap, with the purpose to hedge part of the interest rate risk in borrowings, refer also to Note 37 Risks. Derivative instruments outstanding per 31 December 2025 pertain to currency forwards of a nominal value of 107.5 (136.3) MSEK. Fair value based on observable data. Refer also to Note 29, Hedging.

Note 6 | Trade receivables and credit risks/provision for credit losses

	Group		Parent Company	
	2025	2024	2025	2024
Trade receivables outstanding	1,443.6	1,464.2	–	–
ECL allowances	–55.2	–67.5	–	–
Carrying amount	1,388.4	1,396.7	–	–
<i>Of which covered by credit insurance</i>	<i>(394.8)</i>	<i>(394.3)</i>	<i>–</i>	<i>–</i>

	Group		Parent Company	
	2025	2024	2025	2024
Change in provision for credit losses				
Opening provision	–67.5	–67.2	–	–
Confirmed losses	6.2	12.4	–	–
Reversed, unutilised provisions	9.0	7.0	–	–
Provision for the year	–8.6	–17.3	–	–
Translation differences	5.7	–2.4	–	–
Closing provision	–55.2	–67.5	–	–

Note 7 | Income from shares in subsidiaries

	Parent Company	
	2025	2024
Dividends received	224.8	161.9
Total	224.8	161.9

Note 8 | Depreciation/amortisation and impairment

Amortisation of intangible assets in the Group was 86.0 (79.0) MSEK, depreciation of property, plant and equipment totalled 205.8 (210.0) MSEK and depreciation of right-of-use assets amounted to 177.4 (170.1) MSEK. Impairment of goodwill amounted to 0.0 (0.0) MSEK and of brands to 0.0 (0.0) MSEK. Depreciation/amortisation and impairment are specified per function in the income statements as follows:

	Group		Parent Company	
	2025	2024	2025	2024
Brands				
Cost of goods sold	2.9	3.7	–	–
Total	2.9	3.7	–	–
Other intangible assets				
Cost of goods sold	61.5	61.2	–	–
Selling expenses	5.8	5.8	–	–
Administrative expenses	10.5	8.4	–	–
Items affecting comparability	5.3	–	–	–
Total	83.1	75.5	–	–
Land and buildings				
Cost of goods sold	26.8	26.4	–	–
Selling expenses	19.7	20.4	–	–
Administrative expenses	7.1	7.2	–	–
Total	53.6	54.0	–	–
Plant and machinery				
Cost of goods sold	100.2	101.4	–	–
Total	100.2	101.4	–	–
Equipment, fixtures and fittings				
Cost of goods sold	23.5	24.2	–	–
Selling expenses	11.0	12.5	–	–
Administrative expenses	17.5	17.9	–	–
Total	52.0	54.6	–	–
Right-of-use assets				
Cost of goods sold	48.6	48.1	–	–
Selling expenses	73.5	76.2	–	–
Administrative expenses	55.3	45.8	–	–
Total	177.4	170.1	–	–
Total depreciation/amortisation and impairment	469.2	459.2	–	–

Note 9 | Income tax/tax on profit for the year

	Group		Parent Company	
	2025	2024	2025	2024
Current tax	143.8	177.1	33.1	57.1
Deferred tax on temporary differences as per Note 10	–6.8	7.0	–0.5	–0.8
Deferred tax income recognised directly in equity	10.3	–6.0	–	–
Total	147.3	178.1	32.6	56.3
Difference between the Group's tax expense and the tax expense based on current rates				
Reported profit before tax	464.7	532.4	381.5	429.6
Tax according to current tax rates, 20.6% (20.6)	95.7	109.7	78.5	88.5
Tax effect of non-deductible expenses	48.0	20.6	–0.4	1.4
Tax effect of non-taxable income	–104.1	–11.4	–46.5	–33.6
Tax due to changes in taxation	5.3	4.7	1.0	–
Utilised loss deductions from previous years' losses	0.0	–0.2	–	–
Effect of foreign tax rates	102.4	54.8	–	–
Income tax/tax on profit for the year recognised in profit or loss	147.3	178.1	32.6	56.3

The Group is subject to the Pillar II legislation (Lagen om tilläggsskatt för företag i stora koncerner) and has, for the financial year 2025, performed an assessment of the potential exposure to Pillar II income taxes. The Group's assessment is that either the specific transitional safe harbour rules can be applied, or that the Pillar II effective tax rate exceeds the applicable minimum tax rate in the majority of jurisdictions. Consequently, the Group does not expect any material Pillar II income taxes.

Note 10 | Deferred tax

	Group		Parent Company	
	2025	2024	2025	2024
Deferred tax expense/income for the year				
Deferred tax income referring to temporary differences	-43.7	-19.8	-0.5	-0.8
Deferred tax expense referring to temporary differences	36.9	26.8	-	-
Total	-6.8	7.0	-0.5	-0.8

Temporary differences

Temporary differences referring to the following items have resulted in deferred tax liabilities and deferred tax assets. These items have indefinite useful lives.

	Group		Parent Company	
	2025	2024	2025	2024
Deferred tax liabilities				
Intangible assets	561.0	461.1	-	-
Buildings	50.3	99.5	-	-
Machinery and equipment	4.2	5.6	-	-
Current receivables	0.5	0.3	-	-
Untaxed reserves	7.0	6.9	-	-
Non-current liabilities	8.1	3.8	-	-
Current liabilities	0.1	0.0	-	-
Total deferred tax liabilities	631.3	577.1	-	-
Deferred tax assets				
Buildings	52.9	59.2	-	-
Machinery and equipment	2.9	2.9	-	-
Right-of-use assets	10.8	8.2	-	-
Other financial assets	4.2	0.5	-	-
Inventories	40.8	39.7	-	-
Current receivables	6.0	8.3	-	-
Pension provisions	20.1	30.0	4.0	3.5
Non-current liabilities	4.5	13.0	-	-
Current liabilities	13.4	18.5	-	-
Tax losses	45.3	27.5	-	-
Total deferred tax assets	200.9	207.7	4.0	3.5

	Group		Parent Company	
	2025	2024	2025	2024
Change in deferred tax assets				
Opening balance	207.7	195.5	3.5	2.7
Right-of-use assets	3.8	2.4	-	-
Change in temporary differences recognised in profit or loss	6.0	5.0	0.5	0.8
Change in temporary differences recognised in equity	-2.4	1.7	-	-
Translation differences	-14.2	3.2	-	-
Closing balance	200.9	207.7	4.0	3.5
Change in deferred tax liabilities				
Opening balance	577.1	545.5	-	-
Acquisition Subsidiary	87.3	-	-	-
Change in temporary differences recognised in profit or loss	3.1	12.1	-	-
Translation differences	-36.2	19.6	-	-
Closing balance	631.3	577.1	-	-

Note 11 | Intangible assets

	Group		Parent Company	
	2025	2024	2025	2024
Goodwill				
Opening cost	3,348.3	3,235.4	–	–
Acquisition Subsidiary	693.3	–	–	–
Translation differences	–175.0	112.9	–	–
Closing accumulated cost	3,866.6	3,348.3	–	–
Opening impairment	–155.4	–150.1	–	–
Translation differences	7.9	–5.3	–	–
Closing accumulated impairment	–147.5	–155.4	–	–
Carrying amount	3,719.2	3,193.0	–	–

	Group		Parent Company	
	2025	2024	2025	2024
Brands				
Opening cost	2,958.6	2,849.0	–	–
Acquisition Subsidiary	142.8	–	–	–
Translation differences	–185.6	109.6	–	–
Closing accumulated cost	2,915.8	2,958.6	–	–
Opening amortisation	–84.2	–74.8	–	–
Amortisation and impairment for the year	–2.9	–3.7	–	–
Translation differences	7.5	–5.8	–	–
Closing accumulated amortisation	–79.6	–84.2	–	–
Carrying amount	2,836.2	2,874.4	–	–

	Group		Parent Company	
	2025	2024	2025	2024
Other intangible assets				
Opening cost	1,052.2	1,027.3	–	–
Acquisition Subsidiary	185.7	–	–	–
Purchases	46.5	34.6	–	–
Sales and disposals	0.7	–42.1	–	–
Translation differences	–60.9	32.3	–	–
Closing accumulated cost	1,224.3	1,052.2	–	–
Opening amortisation	–825.2	–768.8	–	–
Acquisition Subsidiary	–22.3	–	–	–
Amortisation and impairment for the year	–83.1	–75.5	–	–
Sales and disposals	0.4	42.1	–	–
Translation differences	42.9	–23.0	–	–
Closing accumulated amortisation	–887.2	–825.2	–	–
Carrying amount	337.1	227.0	–	–

The item Brands includes brands with carrying amounts of 2,836.2 (2,874.4) MSEK and indefinite useful lives. These assets are subject to annual impairment testing.

The item Other intangible assets includes capitalised expenditure for product development, which is internally generated, at a carrying amount of 21.0 (26.6) MSEK and an IT system with a carrying amount of 67.0 (69.6) MSEK and Technology valued at 117.6 (116.9) MSEK, of which the majority has arisen through business combinations.

Impairment testing of goodwill and brands is recognised in profit or loss under the item, Other operating costs.

Impairment testing of Goodwill and Brands with indefinite useful lives

As of 31 December 2025, Goodwill and brands are distributed among the Group's cash-generating units (CGUs) and identified per segment as follows.

	Brands		Goodwill	
	2025	2024	2025	2024
Collection	2,385.9	2,536.9	210.3	7.6
Premium	65.3	69.7	2,010.3	2,067.8
Professional	169.1	34.5	948.2	528.9
Infrastructure	215.9	230.3	550.4	588.7
Total	2,836.2	2,871.4	3,719.2	3,193.0

At least each year, the Group performs a test for each CGU to assess whether any need for impairment exists for goodwill and brands in line with the applied accounting policies. The recoverable amount for each CGU is determined based on value-in-use calculations. The calculations for all CGUs are based on management's business plans and forecasts for the next five years. Management has designated a budgeted operating margin based on the previous results and on expectations of future market development. The discount rate after tax which has been applied for all CGUs is 7.81 per cent (7.49). The risk-free interest rate has been historically low but is now rising. Taking into account the risk-free rate, equity market risk premiums, and Beta, the discount rate has not been adjusted compared with the previous year.

SIGNIFICANT ASSUMPTIONS

Market share and growth

The current market share has been applied to future periods. Forecasts are based on previous experience and on external sources of information. The estimated growth rate used to extrapolate cash flows beyond the forecast period was as follows:

Collection	2.0 per cent (2.0)
Premium	2.0 per cent (2.0)
Professional	2.0 per cent (2.0)
Infrastructure	2.0 per cent (2.0)

Expenses

The forecast of personnel costs is based on the expected inflation rate, increases in real salary (historical average) and the planned streamlining of the company's production. Consideration has also been given to increased costs for input materials and components as well as a general increase in inflation regarding other costs. The forecast is in line with previous experience and external sources of information.

Exchange rates

Exchange-rate forecasts are based on the current listed exchange rates and on listed forward rates. The forecast is in accordance with external sources of information.

Variables applied

The discount rate after tax of 6.81 per cent (7.49) for all CGUs.

Exchange rates:

EUR 10.81 (11.49)
GBP 12.42 (13.85)

Sensitivity analysis

- the discount rate after taxes was 1 per cent higher.
- the estimated growth rate used to extrapolate cash flows for the entire projection period was 1 per cent lower.

If the discount rate after tax used to calculate value in use for the CGU had been 1 per cent higher than the management's assessment (7.81 per cent instead of 6.81 per cent), this would not have indicated any impairment in any CGU. If the projected growth rate were to decrease by 1 per cent for the entire projection period, no impairment would be required in any of the CGUs.

Note 12 | Property, plant and equipment

	Group		Parent Company	
	2025	2024	2025	2024
Land and buildings				
Opening cost	1,999.5	1,935.4	-	-
Acquisitions of subsidiaries	104.7	-	-	-
Purchases	37.3	3.1	-	-
Sales and disposals	-21.4	-12.5	-	-
Translation differences	-120.5	73.5	-	-
Closing accumulated cost	1,999.6	1,999.5	-	-
Opening depreciation	-970.7	-895.6	-	-
Acquisitions of subsidiaries	-40.8	-	-	-
Depreciation for the year	-53.6	-54.0	-	-
Sales and disposals	21.2	11.3	-	-
Translation differences	57.7	-32.4	-	-
Closing accumulated depreciation	-986.2	-970.7	-	-
Carrying amount	1,013.4	1,028.8	-	-
Plant and machinery				
Opening cost	2,659.6	2,521.5	-	-
Acquisitions of subsidiaries	56.1	-	-	-
Purchases	124.8	91.7	-	-
Sales and disposals	-152.3	-56.1	-	-
Translation differences	-173.9	102.5	-	-
Closing accumulated cost	2,514.3	2,659.6	-	-
Opening depreciation	-2,254.5	-2,118.8	-	-
Acquisitions of subsidiaries	-51.4	-	-	-
Depreciation for the year	-100.2	-101.4	-	-
Sales and disposals	155.0	53.2	-	-
Translation differences	147.1	-87.5	-	-
Closing accumulated depreciation	-2,104.0	-2,254.5	-	-
Carrying amount	410.3	405.1	-	-

	Group		Parent Company	
	2025	2024	2025	2024
Equipment, fixtures and fittings				
Opening cost	1,150.7	1,048.4	-	-
Acquisitions of subsidiaries	9.4	0.7	-	-
Purchases	62.2	82.9	-	-
Sales and disposals	-59.5	-22.0	-	-
Translation differences	-73.2	40.7	-	-
Closing accumulated cost	1,089.6	1,150.7	-	-
Opening depreciation	-934.4	-864.9	-	-
Acquisitions of subsidiaries	-7.2	-	-	-
Depreciation for the year	-52.0	-54.6	-	-
Sales and disposals	54.5	18.3	-	-
Translation differences	57.3	-33.2	-	-
Closing accumulated depreciation	-881.8	-934.4	-	-
Carrying amount	207.8	216.3	-	-
Construction in progress				
Opening cost	84.8	41.7	-	-
Acquisitions of subsidiaries	0.1	-	-	-
Land improvements during the year	52.0	77.1	-	-
Reclassifications	-101.7	-34.9	-	-
Translation differences	-2.9	0.8	-	-
Carrying amount	32.3	84.8	-	-

Note 13 | Other non-current assets

	Parent Company			
	2025	2024		
Shares and participations in subsidiaries				
Opening cost	4,754.2	4,286.1		
Acquisitions during the year, see Note 30	1,069.0	468.1		
Carrying amount	5,823.2	4,754.2		
	Parent Company			
	2025	2024		
Receivables from subsidiaries				
Opening receivables	3,559.9	3,758.4		
New receivables	162.4	135.3		
Amortised receivables	-443.6	-453.1		
Translation differences	-192.0	119.3		
Closing receivables	3,086.6	3,559.9		
	Group		Parent Company	
	2025	2024	2025	2024
Other shares and participations				
Opening cost	1.9	2.3	-	-
Divestments during the year	-	-0.4	-	-
Translation differences	-	0.0	-	-
Carrying amount	1.9	1.9	-	-
	Group		Parent Company	
	2025	2024	2025	2024
Other non-current receivables				
Opening receivables	28.0	23.8	13.8	10.6
New receivables	1.7	2.1	2.0	3.2
Translation differences	-1.2	2.1	-	-
Closing receivables	28.5	28.0	15.8	13.8

Note 14 | Shares and participations in subsidiaries

Details of wholly owned subsidiaries, their corporate identity numbers and registered offices. Refer also to Note 30:

Subsidiaries:	Corporate Identity Number	Registered offices	No. of shares	Carrying amount	
				2025	2024
Fagerhults Belysning AB	556321-8659	Habo	2,500	337.5	337.5
Ateljé Lyktan AB	556063-9634	Åhus	2,000	4.4	4.4
I-Valo OY, Finland	1571418-8	Iittala	2,020	62.5	62.5
Seneco A/S, Denmark	35 68 05 86	Hasselager	1,651,385	77.2	77.2
Whitecroft Lighting Ltd, UK	03848973	Ashton-under-Lyne	2	256.4	256.4
Designplan Lighting Ltd, UK	00784246	Sutton	360,300	120.8	120.8
Veko Lightsystems International B.V., the Netherlands	37041869	Schagen	40,000	637.7	637.7
Eagle Lighting (Australia) Pty Ltd, Australia	ACN 124 400 933	Melbourne	500,001	51.0	32.5
Fagerhult GmbH, Germany	HRB 727946	Tett nang	1	482.6	416.5
WE-EF Leuchten GmbH, Germany	HRB 208064	Bispingen	1	461.7	461.7
iGuzzini illuminazione S.p.A, Italy	IT 00082630435	Macerata	21,050,000	2,347.1	2,347.1
Organic Response AB	559388-1690	Linköping	250	–	–
Trato SAS	475 883 120	Roubaix	1000	984.4	–
Carrying amount				5,823.2	4,754.2

Sub-subsidiaries:	Corporate Identity Number	Registered offices	No. of shares	Share of equity, %	
				2025	2024
Fagerhults Belysning Sverige AB	556122-2000	Habo	1,000	100	100
Fagerhult Belysning AS, Norway	937418906	Oslo	100	100	100
Fagerhult AS, Denmark	36687118	Albertslund	65	100	100
Fagerhult OY, Finland	0980280-0	Helsinki	6,000	100	100
Fagerhult O , Estonia	10703636	Tallinn	5,400	100	100
Fagerhult BV, the Netherlands	96121	IJsselstein	2,250	100	100
Fagerhult NV, Belgium	BE 0492.822.044	Baaigem	9,400	100	100
LTS Licht & Leuchten GmbH, Germany	HRB 630906	Tett nang	1	100	100
LED Linear GmbH, Germany	HRB 33525	Duisburg	1	100	100
LED Linear USA Inc, USA	SRV 131038296	Niagara Falls	3,000	100	100
LED Linear UK Ltd, UK	8280741	London	150	100	100
LED Linear SARL France, France	FR 50 539 108 779	Colmar	6,000	100	100
Arlight Aydinlatma A.S., Türkiye	790 361767	Kazan/Ankara	50,000	100	100
Fagerhult Lighting Ltd, UK	3488638	London	40,000	100	100
Fagerhult Lighting Ltd, Ireland	98.834	Dublin	100	100	100
Fagerhult Sp.z.o.o, Poland	260213	Warsaw	1,000	100	100
Fagerhult France, France	391138385	Lyon	4,200	100	100
Fagerhult S.L., Spain	B84215722	Madrid	3,010	100	100

Sub-subsidiaries:	Corporate Identity Number	Registered offices	No. of shares	Share of equity, %	
				2025	2024
Fagerhult Lighting System (Suzhou) Co. Ltd, China	3200044439	Suzhou	1	100	100
Fagerhult Trading (Hong Kong) Co. Ltd	39362546-000-05-08-5	Hong Kong	1	100	100
OR Technologies Pty Ltd, Australia	ACN 618 122 277	Melbourne	100	100	100
Fagerhult (NZ) Ltd, New Zealand	3233074	Christchurch	1	100	100
WE-EF Lighting Co. Ltd, Thailand	105524015230	Bangplee	16,800	100	100
WE-EF Helvetica SA, Switzerland	CHE-115970534/CH-6	Geneva	1,000	100	100
WE-EF Lighting Pty. Ltd, Australia	64570065	Braeside	50,000	100	100
WE-EF Lighting USA LLC, USA	2922528	Warrendale	1	100	100
WE-EF Lumiere S.A.S., France	398371088	Satolas-et-Bonce	5,000	100	100
Veko Lightsystems GmbH, Germany	HRB 25170	Duisburg	1	100	100
iGuzzini illuminazione France SA, France	FR 61300816287	Paris	31,000	100	100
iGuzzini illuminazione Iberica SA, Spain	A58675208	Barcelona	100,000	100	100
iGuzzini illuminazione Deutschland GmbH, Germany	DE 129381264	Munich	1	100	100
iGuzzini illuminazione Österreich GmbH, Austria	ATU72916623	Vienna	1	100	100
iGuzzini illuminazione UK Ltd, UK	2391370	London	121,578	100	100
iGuzzini illuminazione Norge AS, Norway	NO 979 575 785	Oslo	500	100	100
iGuzzini illuminazione Schweiz AG, Switzerland	105493484	Zurich	3,000	100	100
iGuzzini illuminazione Ooo, Russia (dormant)	7719275374	Moscow	1	99	99
iGuzzini Finland & Baltic Ltd., Finland	F106691842	Helsinki	105	100	100
iGuzzini Lighting (China) Co., Ltd., China	310000400453617	Shanghai	1	100	100
Shanghai iGuzzini Trading Co., Ltd., China	9131010669878976XQ	Shanghai	1	100	100
iGuzzini Hong Kong Ltd, Hong Kong	788598	Hong Kong	2,000,000	100	100
iGuzzini S.E.A. Pte LTD, Singapore	200604874N	Singapore	400,000	100	100
iGuzzini Middle East FZE, United Arab Emirates	1034	Dubai	1	100	100
iGuzzini Lighting WLL, Qatar	64564	Doha	200	95	95
iGuzzini Lighting USA, Ltd, USA	27-1923628	Delaware	100	100	100
iGuzzini Canada (9372-1801 Québec Inc), Canada	1173367138	Québec	32,001,000	100	100
Sistemalux Inc., Canada	1012637761IC0001	Québec	12,248,100	100	100
iGuzzini Designs Co. WLL	7042221064	Riyadh	400	100	–
Designplan Leuchten GmbH, Germany	HRF 263171	Berlin	25,000	100	100
Capelon AB	556515-6600	Kungens kurva	1177	100	–
Capelon OY	3019739-3	Helsingfors	100	100	–
Trato Industries SAS	348 417 692	Roubaix	50 000	100	–
T.L.V. SAS	322 927 385	Lys-Lez-Lannoy	400	100	–
Biolume SAS	393 332 846	Loos	28 282	100	–

Note 15 | Prepaid expenses and accrued income

	Group		Parent Company	
	2025	2024	2025	2024
Prepaid rent	13.7	12.4	–	–
Insurance	6.9	4.5	–	–
Licences	25.2	27.6	1.2	0.2
Consultancy fees	2.7	2.2	0.6	0.4
Supplier bonus	0.5	1.1	–	–
Advertising and marketing	3.6	3.1	–	–
Taxes and social security contributions	0.8	0.8	–	–
Non-invoiced income	27.5	21.6	–	–
Maintenance of property, plant and equipment	13.5	8.5	–	–
Financial expenses	6.3	7.9	6.1	7.9
Other items	18.5	27.0	0.4	0.4
Total	119.2	116.6	8.2	9.0

Note 16 | Inventories

	Group		Parent Company	
	2025	2024	2025	2024
Raw materials and consumables	644.8	620.8	–	–
Work in progress	172.8	165.6	–	–
Finished products and goods for resale	421.9	380.4	–	–
Goods in transit	15.2	23.6	–	–
Total	1,254.8	1,190.4	–	–

Expenses arising for inventories that have been expensed are included in the item Cost of goods sold and amounted to 2,467.9 (2,726.6) MSEK. Impairment amounted to –82.1 (–44.6) MSEK and the amount recovered from previous years amounted to 25.3 (38.2) MSEK. The previous year's write-downs are reversed when goods are divested or scrapped.

Note 17 | Bank overdraft facilities and other borrowings

Agreed bank overdraft facilities at year end amounted to 292.2 (284.5) MSEK for the Group and 200.0 (200.0) MSEK for the Parent Company. The Group is subject to financial covenants under its loan agreements. These have been met as of the balance-sheet date and no indication exists that they will fail to be met in the coming year.

The Group's interest-bearing borrowings

	Group		Parent Company	
	2025	2024	2025	2024
Maturities for long-term loans:				
Within one year	56.0	58.8	9.4	12.1
Between one and five years	3,390.0	3,153.4	3,319.8	3,057.5
After five years	3.5	7.7	–	–
Total	3,449.5	3,219.9	3,329.2	3,069.6

The contracted interest rate on the balance sheet date is predominantly variable with a three-month fixed-rate period, while certain borrowings have a fixed reference rate until the maturity date.

	2025		2024	
	Interest,%	Liability, SEK	Interest,%	Liability, SEK
Average contracted interest rate on borrowings:				
Long-term borrowings, EUR	3.4	3,393.5	3.9	3,161.1
Total		3,393.5		3,161.1
Short-term borrowings, EUR	3.4	56.0	3.9	58.6
Short-term borrowings, THB	–	–	–	–
Short-term borrowings, CAD	–	–	–	–
Short-term borrowings, USD	–	–	9.7	0.2
Total		56.0		58.8

The carrying amount of the Group's borrowings corresponds with fair value since the loans carry market-based floating interest rates. Any deviations regarding loans with fixed interest rates are not considered material.

Note 18 | Accrued expenses and deferred income

	Group		Parent Company	
	2025	2024	2025	2024
Accrued salaries and remuneration	228.1	225.2	12.1	8.6
Customer bonuses	81.5	59.9	–	–
Accrued social security contributions	55.4	45.5	3.7	3.6
Claims	38.3	104.4	–	–
Financial items	11.2	7.0	11.1	7.0
Consultancy fees and temporary employees	25.4	19.6	0.2	–
Rent	5.2	8.0	–	–
Royalties	6.0	12.2	–	–
Audit fees	13.1	13.3	0.4	0.3
Shipping	6.3	6.9	–	–
Repair and maintenance	4.9	5.9	–	–
Accrued costs for material	13.6	4.8	–	–
Accrued utility costs	6.6	5.7	–	–
Other items	60.4	63.0	1.3	0.9
Total	556.1	581.3	28.8	20.3

Note 19 | Pledged assets

	Group		Parent Company	
	2025	2024	2025	2024
For own liabilities				
Real estate mortgages	17.6	19.3	–	–
Total pledged assets	17.6	19.3	–	–

Note 20 | Contingent liabilities

	Group		Parent Company	
	2025	2024	2025	2024
Guarantee FPG	0.9	1.0	–	–
Guarantees, pension commitments	15.9	13.9	15.8	13.8
Guarantees for subsidiaries	–	–	43.5	47.3
Other guarantees	1.2	2.4	–	–
Total contingent liabilities	18.0	17.3	59.3	61.1

Note 21 | Provisions for pensions and similar commitments

	Group		Parent Company	
	2025	2024	2025	2024
Provisions for pensions PRI (interest-bearing)	45.2	47.6	–	–
Provisions for other pensions	110.6	122.1	19.6	17.2
Total	155.8	169.7	19.6	17.2

Defined-benefit plans

Within the Group there are defined-benefit plans in Sweden, Turkey, Germany, France, Italy and Switzerland, in which employees retain the right to remuneration, after termination of employment, based on the final salary and length of service. The Group does not have any plan assets.

Pension insurance with Alecta

ITP2 Plan commitments for retirement pensions and family pensions for salaried employees in Sweden are guaranteed through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10, Classification of ITP plans financed by insurance in Alecta, this is a defined-benefit multi-employer plan. For the 2025 financial year, the company did not have access to information that would enable it to report its proportional share of the plan's obligations, plan assets and costs, which means the plan could not be reported as a defined-benefit plan. The ITP 2 pension plan which is secured through insurance with Alecta is, therefore, reported as a defined-contribution plan. Premiums for defined-benefit retirement and family pensions are calculated individually and depend, inter alia, on the insured party's salary, previously earned pension rights and remaining length of service. Expected fees for the next reporting period for ITP 2 insurance with Alecta amount to 10.1 MSEK (2024: 11.8 MSEK). The Group's share of the total contributions to the plan is negligible. The collective funding ratio is the market value of Alecta's assets as a percentage of insurance commitments calculated according to Alecta's actuarial methods and assumptions, which do not comply with IAS 19. The collective consolidation level is normally allowed to vary between 125 and 170 per cent. If Alecta's collective consolidation level falls below 125 per cent or exceeds 170 per cent, actions must be taken to create the conditions enabling the consolidation level to revert to the normal interval. For low consolidation levels, one measure could be raising the contractual premiums for taking up new insurance and expanding existing benefits. With a high level of consolidation, one measure could be to implement premium reductions. At the end of Q4 2025, Alecta's surplus in the form of the collective consolidation level was 167 per cent (2024: 162 per cent).

	Group	
	2025	2024
Defined-benefit plans		
<i>The amounts recognised in the consolidated income statement are:</i>		
Current service cost	9.8	16.6
Interest expenses	2.9	3.4
Total	12.7	20.0
<i>Specification of changes in net debt recognised in the consolidated balance sheet:</i>		
Net debt at beginning of year recognised in the approved balance sheet	169.7	158.9
Net cost recognised in profit or loss	12.7	20.0
Benefit payments	–13.2	–11.3
Settlement of pension plan	–4.1	–3.8
Actuarial gains (-)/losses (+)	–3.6	–0.4
Translation differences	–5.7	6.3
Net debt at year end	155.8	169.7
<i>The amounts recognised in the balance sheet are determined as follows:</i>		
Present value of commitments	155.8	169.7
Net debt at year end	155.8	169.7
Total pension costs		
<i>Total pension costs recognised in the consolidated income statement:</i>		
Total costs for defined-benefit plans	12.7	20.0
Total costs for defined-contribution plans	129.3	131.9
Total pension costs	142.0	151.9
<i>Pension costs are allocated in the consolidated income statement among the following items:</i>		
Cost of goods sold	52.5	58.3
Selling expenses	53.3	57.1
Administrative expenses	33.3	33.0
Financial expenses	2.9	3.4
Total	142.0	151.9

	Group	
	2025	2024
Actuarial assumptions		
<i>Significant actuarial assumptions as of the closing date pertaining to pension liabilities in Sweden (expressed as weighted averages)</i>		
Net liability in Sweden	45.2	47.6
Discount rate, %	3.25	3.35
Future annual pension growth rate, %	1.70	1.80

Assumptions regarding future life expectancy are based on DUS 23 (DUS 21).

Sensitivity analysis

If the discount rate decreases 0.5 per cent, the present value of obligations will rise 4.2 per cent (4.4). If the interest rate increases 0.5 per cent, the present value of obligations will decline 4.1 per cent (4.3). If inflation decreases 0.5 per cent, the present value of obligations will decline 4.3 per cent (4.5). If inflation increases 0.5 per cent, the present value of obligations will rise 4.5 per cent (4.6). A change of one year in useful life affects the present value of obligations by 4.1 per cent (4.6).

Note 22 | Reconciliation of net debt

Net debt and changes in net debt are analysed below.

	Group		Parent Company	
	2025	2024	2025	2024
Cash and cash equivalents	1,306.9	1,878.9	657.2	891.8
Borrowings – due in <12 months (incl. overdraft facility)	-56.0	-58.8	-9.4	-12.1
Borrowings – due in >12 months	-3,393.5	-3,161.1	-3,319.8	-3,057.5
Lease liabilities – due within one year	-169.8	-174.3	-	-
Lease liabilities – due in >12 months	-521.2	-576.3	-	-
Net debt	-2,833.6	-2,091.6	-2,672.0	-2,177.8
Cash and cash equivalents	1,306.9	1,878.9	657.2	891.8
Borrowings – floating interest	-3,449.5	-3,219.9	-3,329.2	-3,069.6
Lease liabilities	-691.0	-750.6	-	-
Net debt	-2,833.6	-2,091.6	-2,672.0	-2,177.8

Group	Cash and cash equivalents/ overdraft facility	Borrowings due <12 months	Borrowings due >12 months	Lease liabilities	Total
Net debt on 1 January 2024	1,272.2	-122.4	-2,677.2	-727.6	-2,255.0
New lease agreements				-158.2	-158.2
Cash flow from borrowings		63.6	-400.7		-337.1
Cash flow from lease liabilities				162.8	162.8
Cash flow from other activities	561.5				561.5
Translation differences	45.2	0.0	-83.2	-27.6	-65.6
Net debt on 31 December 2024	1,878.9	-58.8	-3,161.1	-750.6	-2,091.6
New lease agreements				-170.8	-170.8
Cash flow from borrowings		2.8	-380.0		-377.2
Cash flow from lease liabilities				162.1	162.1
Cash flow from other activities	-468.5				-468.5
Translation differences	-103.5	0.0	147.6	68.3	112.4
Net debt on 31 December 2025	-1,306.9	-56.0	-3,393.5	-691.0	-2,833.6

Parent Company	Cash and cash equivalents/ overdraft facility	Borrowings due <12 months	Borrowings due >12 months	Total
Net debt on 1 January 2024	733.8	-14.3	-2,570.3	-1,850.8
Cash flow from borrowings		2.2	-410.4	-408.2
Cash flow from other activities	158.0			158.0
Exchange-rate differences			-76.8	-76.8
Net debt on 31 December 2024	891.8	-12.1	-3,057.5	-2,177.8
Cash flow from borrowings		2.7	-504.1	-501.4
Cash flow from other activities	-234.6			-234.6
Exchange-rate differences			241.7	241.7
Net debt on 31 December 2025	657.2	-9.4	-3,319.8	-2,672.1

Note 23 | Purchases and sales between Group companies and other related parties

Of the Parent Company's total income from operations of 59.2 (56.4) MSEK, 59.1 (56.3) MSEK pertained to remuneration from subsidiaries for services performed. There have been no other purchases between the Parent Company and the subsidiaries or other related parties. Remuneration to members of the Board, the CEO and other senior management is reported in Note 2.

Note 24 | Average number of employees

	2025		2024	
	Number of employees	Men, %	Number of employees	Men, %
Parent Company	18	58	18	55
Subsidiaries				
Sweden	703	63	709	64
Italy	659	68	666	68
UK	545	46	586	74
Germany	549	73	564	73
China	152	37	171	38
Netherlands	141	74	171	71
Australia	162	67	169	70
Canada	180	51	179	52
Türkiye	110	73	129	75
Thailand	131	61	132	61
France	372	76	142	65
Finland	57	70	65	69
Spain	62	61	59	60
USA	40	58	46	65
Norway	46	74	48	75
Denmark	36	75	37	73
Switzerland	31	82	31	83
United Arab Emirates	15	63	22	59
Poland	19	49	20	55
Hong Kong	11	73	11	73
Belgium	7	54	7	44
Ireland	6	100	7	100
Estonia	6	67	6	67
Singapore	5	41	5	40
New Zealand	4	50	4	50
Qatar	3	65	3	67
Austria	1	100	2	100
Total in subsidiaries	4,050	64	3,989	66
Group total	4,068	64	4,007	66

Board members and senior management

	2025		2024	
	Number	Men, %	Number	Men, %
Group				
Board members	8	38	7	50
CEO and other senior management	47	87	42	83
Parent Company				
Board members	8	38	7	50
CEO and other senior management	8	69	8	67

Note 25 | Leases**Operational leases**

	Parent Company	
	2025	2024
Leasing fees for the year	0.1	0.1
The nominal value of future minimum leasing fees for non-cancellable leases		
Within one year	0.1	0.1
Between one and five years	0.1	0.1
Total	0.2	0.2

Amounts recognised in the balance sheet

	Group	
	2025	2024
The balance sheet shows the following amounts relating to leases:		
Right-of-use assets:		
– Factories	388.4	423.6
– Offices	185.5	207.6
– Vehicles	89.7	102.2
Deferred tax assets	10.8	8.2
Prepaid expenses	–15.2	–16.6
Total assets	659.2	725.0
Lease liabilities:		
Non-current	521.2	576.3
Current	169.8	174.3
Total liabilities	691.0	750.6

Right-of-use assets added in the 2025 financial year amounted to 177 (196) MSEK, of which 37.7 (0.0) MSEK pertained to acquired subsidiaries.

Amounts recognised in profit or loss

	Group	
	2025	2024
The statement of profit or loss shows the following amounts relating to leases:		
Depreciation of right-of-use assets:		
– Factories	–56.5	–48.1
– Offices	–67.0	–69.4
– Vehicles	–53.8	–52.6
Expenses relating to short-term leases or leases of low-value assets.	10.3	–10.8
Exchange-rate difference	0.7	–0.1
Interest expenses on lease liabilities (see Note 4 Financial expenses).	–32.9	–24.8
Deferred tax (see Note 10 Deferred tax).	3.8	2.4
Net effect on profit or loss	–195.4	–203.4

No material variable lease payments were identified.

The total cash outflow for leases in 2025 was –151.8(–173.6) MSEK. The maturity analysis of lease liabilities is presented in Note 37 Risks under Liquidity Risk.

Note 26 | Remuneration to auditors

KPMG	Group		Parent Company	
	2025	2024	2025	2024
Audit	19.8	18.9	0.9	1.3
Tax consulting	0.3	–	0.1	–
Other services	1.8	0.4	1.2	–
Total	21.9	19.3	2.2	1.3

Out of the remuneration to the auditors for 2025 the following relates to the audit firm KPMG AB: Audit 19.8 (18.9) MSEK, audit activities other than audit assignment 1.3 (0.4) MSEK, tax consulting 0.3 (0.0) MSEK and other services 0.5 (0.0) MSEK.

Other accounting firms	Group		Parent Company	
	2025	2024	2025	2024
Audit	4.9	4.6	–	–
Tax consulting	7.1	8.7	2.3	1.8
Other services	1.6	1.2	1.4	–
Total	13.6	14.5	3.7	1.8

Note 27 | Breakdown of expenses by nature

	Group		Parent Company	
	2025	2024	2025	2024
Raw materials and consumables	2,516.6	2,722.1	–	–
Changes in inventories of finished products and goods for resale, and work in progress	–48.7	4.5	–	–
Expenses for employee benefits (notes 2 and 21)	2,757.0	2,801.2	72.8	61.6
Transportation expenses	177.6	185.3	–	–
Expenditure for own properties and rented premises	233.2	227.1	1.6	1.5
Advertising and selling expenses	295.7	325.3	0.3	3.6
External services	97.7	86.0	5.5	11.6
Temporary employees	79.3	58.3	3.9	1.3
Travel expenses	62.9	73.7	3.0	3.3
Consumables	77.7	59.2	5.5	4.0
Electricity and water	78.1	78.6	–	–
Own vehicle expenses	86.5	88.8	0.8	0.9
Other overheads	68.6	69.4	8.0	5.8
Contract manufacturing	185.3	175.7	–	–
Depreciation/amortisation and impairment (notes 8, 11 and 12)	469.2	459.2	–	–
Other costs	223.4	228.4	4.3	7.0
Total	7,360.1	7,642.8	105.7	100.6

The total amount for raw materials and consumables refers to capitalised inventory values.

Note 28 | Expenses for product development

	Group		Parent Company	
	2025	2024	2025	2024
Expensed overheads for product development	406.8	429.2	–	–

Note 29 | Hedging

A certain portion of the Group's expected inflow of foreign currencies is hedged. Currency hedges are primarily made using currency forwards. This refers primarily to payments from foreign subsidiaries. The total hedging of future payments involving the most sensitive net flows in foreign currencies, as compared with the expected flows during the coming six months was, as per the closing date, NOK 61 per cent, EUR 103 per cent, GBP 59 per cent, CNY 56 per cent and PLN 88 per cent. The nominal value of these hedging contracts was 37.5 (37.5) MNOK, 0.6(1.4) MEUR, 2.4 (2.7) MGBP, –19.5(24.0) MCNY and 3.5 (4.7) MPLN. The Group does not apply hedge accounting for these contracts. Had the Group redeemed its contracts outstanding on the closing date at the current forward rate, the earnings impact would have been a positive 0.7 (negative 0.8) MSEK. The Group applies hedge accounting where the purchase consideration for acquired companies has to some extent been financed through borrowing in the acquired company's local currency. Net assets abroad that are subject to hedge accounting amounted to 169.6 (196.2) MSEK and accumulated borrowings of 207.7(220.5) MSEK, which reflects a hedging quotient of 122 (112) per cent. Annual translation differences recognised in other comprehensive income concerning borrowings as hedged net assets amounted to a positive 12.8 (negative: 7.5) MSEK before deferred tax of –2.6 (1.5) MSEK. Accumulated translation differences recognised in other comprehensive income concerning borrowings as hedged net assets amounted to 21.6 (34.5) MSEK before deferred tax of 4.5 (7.1) MSEK.

Refer also to Note 37.

Note 30 | Business combinations**Acquisition of Trato TLV Group**

On 2 July 2025, Fagerhult Group completed the acquisition of 100% of the shares and votes in Trato SAS and thereby obtained control of the company and its three wholly owned subsidiaries Trato Industries SAS, TLV SAS and Biolume SAS (together forming the Trato TLV Group). The acquisition supports the Group's strategic direction and strengthens our position in the French and international lighting markets. In 2024, Trato TLV Group reported net sales of MEUR 56 and had 230 employees.

The financial statements for 2025 includes the earnings of Trato TLV Group from the acquisition date, and the earnings are also consolidated in the Professional business area. The transaction has been accounted for as a business combination pursuant to IFRS 3.

Acquisition effects 2025

The tables below detail the financial effect of the acquisition for the total consideration as well as the assets and liabilities arising and the net change in consolidated cash and cash equivalents. This analysis constitutes the final purchase price allocation (PPA). All values are presented in MSEK.

The consideration consists of the following components	
Cash paid	882.4
Earn-out	84.0
Total consideration	966.4
Net assets required	479.9
Goodwill	486.5

Identifiable assets and liabilities included in the acquisition	Fair value
Cash and cash equivalents	65.2
Property, plant and equipment	107.4
Financial assets	0.2
Intangible assets	274.1
Inventories	141.4
Receivables	115.6
Liabilities	–144.6
Deferred tax liabilities	–79.4
Net assets	479.9
Non-controlling interests	–
Net assets acquired	479.9
Cash purchase consideration	–882.4
Cash and cash equivalents in the acquired company	65.2
Change in consolidated cash and cash equivalents on acquisition	–817.2

Goodwill

Goodwill of MSEK 486.5 has been recognised and pertains mainly to synergies expected from the coordination of operations, staff know-how and future growth opportunities.

Impact on the Group's performance

From the acquisition date until 31 December 2025, Trato TLV Group has contributed net sales of MSEK 334.2 to the Group and MSEK 33.9 to profit after tax. Management estimates that if the acquisition had taken place on 1 January 2025, the Group's net sales and profit after tax would have amounted to MSEK 8,224.3 and MSEK 351.0, respectively.

Acquisition-related costs

Acquisition-related transaction costs of MSEK 18.1 were expensed during the third quarter and are included in administrative expenses. These costs pertained mainly to external advisors and due diligence work ahead of the acquisition.

Contingent consideration

The share purchase agreement includes a contingent consideration (earnout) of up to MEUR 15, conditional on reaching certain performance targets. As of 31 December 2025, the fair value of the contingent consideration amounted to MEUR 7.5 (MSEK 84).

Acquisition of Capelon

On 4 August 2025, Fagerhult Group completed the acquisition of 100% of the shares and votes in Capelon AB and thereby obtained control of the company and its wholly owned Finnish subsidiary Capelon Oy (together "Capelon").

With over 20 years of experience in power line communications and more than a decade specialising in smart street lighting, the company combines strong technological innovation with a solid market presence and close customer relationships. Capelon's expertise in smart street lighting together with its open, scalable IoT platform will enable Fagerhult Group to offer solutions that support energy-efficient and connected cities. The acquisition strengthens Fagerhult Group's ability to drive innovation and sustainability in the lighting market and aligns with the Group's ambition that by 2030, every luminaire sold will be equipped with technology that enables connectivity and smart decision-making.

Acquisition effects 2025

The tables below detail the financial effect of the acquisition for the total consideration as well as the assets and liabilities arising and the net change in consolidated cash and cash equivalents. This analysis constitutes the final purchase price allocation (PPA). All values are presented in MSEK.

The consideration consists of the following componets	
Cash paid	161.8
Earn-out	89.0
Total consideration	250.8
Net assets acquired	47.6
Goodwill	203.2

Identifiable assets and liabilities included in the acquisition	Fair value
Cash and cash equivalents	21.2
Property, plant and equipment	1.1
Financial assets	–
Intangible assets	34.6
Inventories	3.7
Receivables	9.5
Liabilities	–14.9
Deferred tax liabilities	–7.6
Net assets	47.6
Non-controlling interests	–
Net assets acquired	47.6
Cash purchase consideration	–161.8
Cash and cash equivalents in the acquired company	21.2
Change in consolidated cash and cash equivalents on acquisition	–140.6

Goodwill

Goodwill of MSEK 203.2 has been recognised and pertains mainly to synergies expected from the coordination of operations, staff know-how and future growth opportunities.

Impact on the Group's performance

From the acquisition date until 31 December 2025, Capelon has contributed net sales of MSEK 29.3 to the Group and MSEK 7.4 to profit after tax. Management estimates that if the acquisition had taken place on 1 January 2025, the Group's net sales and profit after tax would have amounted to MSEK 7,930.5 and MSEK 329.2 respectively (excluding the effects from the acquisition of Trato TLV). Considering the effect of both acquisitions, the Group's net sales and profit after tax would have amounted to MSEK 8,263.4 and MSEK 362.7 respectively.

Acquisition-related costs

Acquisition-related transaction costs of MSEK 1.1 were expensed during the period and are included in administrative expenses. These costs pertained mainly to external advisors and due diligence work ahead of the acquisition.

Contingent consideration

The share purchase agreement includes a contingent consideration (earnout) of up to MSEK 89, conditional on reaching certain performance targets. As of 31 December 2025, the fair value of the contingent consideration amounted to MSEK 89.

Note 31 | Other long-term liabilities

Other long-term liabilities consist mainly of liabilities for estimated contingent purchase considerations related to business acquisitions.

	Group		Parent Company	
	2025	2024	2025	2024
Trato TLV	81.1	–	81.1	–
Capelon	89.0	–	–	–
	170.1	–	81.1	–
Of which recognised as current liability	–56.8	–	–27.1	–
Closing liabilities	113.3	–	54.1	–

Additional other long-term liabilities of 2.5 MSEK result in total other long-term liabilities of 115.8 MSEK for the Group.

Change in liabilities for estimated earnout payments	Group		Parent Company	
	2025	2024	2025	2024
Opening liabilities	–	–	–	–
Liabilities paid:				
Trato TLV	–	–	–	–
Capelon	–	–	–	–
Reversal of liabilities in profit or loss:				
Trato TLV	–	–	–	–
Capelon	–	–	–	–
Translation differences	–	–	–	–
Closing liabilities	170.1	–	81.1	–
Of which recognised as current liability	56.8	–	27.1	–

The acquisition agreement includes a contingent purchase consideration that may amount to a maximum of 15 MEUR, depending on certain performance targets being met. As of 31 December 2025, the fair value of the contingent consideration amounts to 7.5 MEUR (81 MSEK). The acquisition agreement includes a contingent purchase consideration that may amount to a maximum of 89 MSEK, depending on certain performance targets being met. As of 31 December 2025 the fair value of the contingent consideration amounts to 89 MSEK.

Note 32 | Other changes in the Group's composition

In 2025, a new company has been registered, iGuzzini Designs Co. i Saudi Arabien (Riyadh). Furthermore, the Fagerhults Belysning AB 's branch office in Dubai was discontinued.

Furthermore there have been two acquisitions as described in notes above.

Note 33 | Contractual assets and liabilities

The Group's contractual assets and liabilities pertain primarily to non-invoiced income, see Note 15 and liabilities to customers in the form of customer bonuses, see Note 18 and received orders, undelivered (order book). Per 31 December 2025, received orders, undelivered amounted to 1,616.8 (1,533.5) MSEK, of which the majority pertains to deliveries for 2026.

Note 34 | Share capital

The share capital in Fagerhult Group AB totals SEK 100,409,278 (100,409,278) distributed amongst 177,192,843 shares (177,192,843), with a quotient value of SEK 0.57 (0.57) per share. The number of treasury shares was 860,437 (1,046,064), with a quotient value of SEK 487,581 (487,581). All shares outstanding entitle the holder to equal participation in the Parent Company's assets and profit and are fully paid-up. Each share entitles the holder to one vote.

	2025	2024
Change in the number of shares outstanding		
Number of shares outstanding at beginning of year	176,332,406	176,146,779
Allocation of treasury shares	–	185,627
Number of shares outstanding at year end	176,332,406	176,332,406

Note 35 | Parent Company

The Parent Company's business name is Fagerhult Group AB. The company is a limited liability company, registered with the Swedish Companies Registration Office, with its registered office in the County of Jönköping, the Municipality of Habo, and with the Corporate Identity Number 556110-6203. The company's visiting address is Fagerhult, Habo, Sweden. Fagerhult Group AB is the Parent Company in the Group, one of Europe's leading lighting groups. The Group develops, manufactures and markets lighting systems for public environments. At year end, Fagerhult Group AB had approximately 10,040 (9,733) shareholders. The ten largest shareholders together hold 80.1 per cent (78.6) of the shares outstanding.

Ownership structure (on 31 Dec 2025)

Shareholder	No. of shares	%
Investment AB Latour & the Douglas family	85,708,480	48.6
Fourth Swedish National Pension Fund	14,996,493	8.5
Nordea Funds	11,486,997	6.5
Third Swedish National Pension Fund	5,672,827	3.2
Alcur Funds	4,537,666	2.6
Handelsbanken Funds	4,337,809	2.5
Carnegie Funds	4,112,594	2.3
The Palmstierna family	3,891,892	2.2
Vanguard	3,294,322	1.9
Second Swedish National Pension Fund	3,249,397	1.8
Other	35,043,929	19.9
Number of shares outstanding at the end of the period	176,332,406	100.0

Note 36 | Proposed appropriation of profits

The Group's retained earnings according to the consolidated balance sheet amount to 3,973.7 (3,899.8) MSEK.

The following profits (MSEK) are at the disposal of the AGM:

Profit brought forward	5,119.6
Net profit for the year	349.4
Total	5,469.0

The total number of dividend-bearing shares on 20 March 2026 amounted to 176,332,406.

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

to be distributed as dividends to shareholders, SEK 1.10 (1.40) per share	194.0
To be carried forward	5,275.0
Total	5,469.0

Note 37 | Risks

FINANCIAL RISKS

Currency risk

Transaction exposure

The Group's transaction exposure arises primarily in the Swedish companies where a large proportion of revenue is generated by the global sales organisation and is not in SEK. Other companies mainly conduct operations in their national markets where revenue and costs are in the same currency as each company's functional currency.

Aside from currency risks on sales by the Swedish companies, risks also arise from the import of raw materials and components. Altogether, the Swedish companies have a surplus inflow of foreign currency. The direct commercial foreign exchange flow, after net calculations of flows in the same currencies, shows a surplus of 80 (212) MSEK. In addition to this, there is also an indirect impact in conjunction with the purchase of raw materials and components. This results, over time, in a lower net exposure for the Group.

Our policy is to hedge all significant net cash flows. Incoming flows of foreign currency should be used for payment in the same currency. In addition, a certain portion of the anticipated net inflow from sales and purchases is hedged by means of forward contracts after individual assessment at 50 per cent for the coming six-month period. On statistical assessment of the foreign-exchange position, a change in the Swedish krona against other currencies of 1 per cent, with all other variables being constant, would impact the Group's earnings by about 1 (1) MSEK. The financial instruments are managed by the Parent Company's senior management. We do not apply hedge accounting for these contracts.

Translation exposure

Currency risk also arises in conjunction with the translation of foreign net assets and earnings, so-called translation exposure. This currency risk is not hedged and refers, primarily, to the translation of foreign subsidiaries' income statements and balance sheets. Earnings from foreign subsidiaries are translated into Swedish krona based on the average exchange rate for the year. The exposure of the Group's net assets outside of Sweden has increased as operations there have changed from previously pertaining to sales companies, to now also including production units. On the closing date, net assets in foreign companies corresponded to 7,089 (7,163) MSEK including goodwill. The Group applies hedge accounting where the purchase consideration for acquired companies has to some extent been financed through borrowing in the acquired company's local currency. Net assets abroad that are subject to hedge accounting amounted to 169.6 (196.2) MSEK and accumulated borrowings of 207.7 (220.5) MSEK, which reflects a hedging quotient of 122 (112) per cent. Annual translation differences recognised in other comprehensive income concerning borrowings as hedged net assets amounted to 12.8 (–7.5) MSEK before deferred tax of –2.6 (1.5) MSEK. Accumulated translation differences recognised in other comprehensive income concerning borrowings as hedged net assets amounted to 21.6(34.5) MSEK before deferred tax of 4.5 (7.1) MSEK.

A weakening of the Swedish krona by 1 per cent with all other variables remaining constant would result in an increase in equity of 71 (72) MSEK largely due to gains/losses on the translation of EUR and GBP. A change in the Swedish krona of 1 per cent against other currencies would result in a direct impact on net sales in the subsidiaries of approximately 66 (71) MSEK.

The sensitivity analysis for currency risk regarding translation exposure pertained to receivables and liabilities at the end of the reporting period given in a currency other than the respective Group company's functional currency. The table below shows exposure per significant currency and the effect of a 1 per cent change in the exchange rate on companies in the Group.

Currency	Receivables	Liabilities	Net exposure	Effect, 1%
AUD	8.4	5.7	2.7	0.0
CAD	1.8	3.7	-1.9	0.0
CNY	4.2	27.2	-23.0	-0.2
DKK	12.2	17.9	-5.7	-0.1
EUR	258.7	207.3	51.4	0.5
GBP	15.9	1.3	14.5	0.1
NOK	4.0	0.5	3.5	0.0
SEK	19.9	19.1	0.8	0.0
USD	21.8	21.4	0.4	0.0
Other currencies	7.9	4.2	3.7	0.0
Total	354.8	308.4	46.3	0.5

Interest-rate risk

Fagerhult Group holds no significant interest-bearing assets, which is the reason that our income and cash flow from operating activities are, in all material aspects, not independent of changes in market interest rates.

Our interest-rate risk arises in conjunction with long-term borrowing. In addition to pension liabilities of 155.8 (169.7) MSEK, interest-bearing liabilities totalled 3,449.5(3,219.9) MSEK and cash and cash equivalents were 1,306.9 (1,878.9) MSEK. Borrowing on the basis of floating interest rates exposes the Group to interest-rate risk as regards cash flow. Borrowing with fixed interest rates exposes the Group to interest-rate risk regarding fair value. Our policy is to use a fixed-interest period of three months. During 2025 and 2024, the Group's borrowings largely comprised loans with three-month fixed interest rates.

We analyse our exposure to interest-rate risk on a dynamic basis. Various scenarios are simulated, whereby refinancing, re-negotiation of existing trading positions, alternative financing and hedging are taken into consideration. Based on these scenarios, we calculate the earnings impact from a given change in interest rates. In each simulation, the same change in the interest rate is applied for all currencies. The scenarios are simulated only for those liabilities comprising the largest interest-bearing positions. Simulations performed show that the earnings impact of a 1 percentage point change would be a maximum of 25 (31) MSEK, with the current capital structure. The simulation is conducted quarterly to verify that the maximum possible loss is within the limits established by the executive management.

If interest rates on borrowing in Swedish krona as of 31 December 2025 had been 10 basis points (10) higher/lower, but all other variables had been constant, then gains after tax for the financial year would have been 2.0 (2.5) MSEK higher/lower, primarily as an effect of higher/lower interest expenses for borrowings with floating interest rates.

Credit risks

Credit risks are managed at Group level. Credit risks arise if the counterparty does not fulfil its commitments in conjunction with lending within the framework of cash management policies and through credit exposure to clients and banks, including receivables and agreed transactions. If our customers have received a credit rating from an independent rating institution, these ratings are used. Where no independent credit assessment exists, a risk assessment is made of the customer's credit status in which the entity's financial position is considered, as well as previous experience and other factors. Individual risk limits are set based on internal or external credit ratings, in accordance with the limits set by the Group management. The application of credit limits is frequently reviewed. No significant losses occurred in either 2025 or 2024. Of the trade receivables carrying amount, 395 (394) MSEK is covered by credit

insurance. A total provision of 55 (67) MSEK was made for expected credit losses. The average confirmed credit losses amounted to 0.13 per cent (0.13) of net sales calculated for the next five years.

Liquidity risk

Liquidity risk is managed by ensuring that we have sufficient cash and cash equivalents and short-term investments in a liquid market, available financing through agreed credit facilities and the possibility to close market positions. We have a strong financial position. At present, no new borrowing requirements exist, but should such requirements arise, there is currently no difficulty in obtaining external credit, as long as such credit meets certain covenants, on the borrower, such as debt-to equity and interest coverage ratio, which are at present satisfied.

Management also meticulously follows rolling forecasts for the Group's liquidity reserve on the basis of anticipated cash flows.

The table below presents an analysis of our financial liabilities to be settled net, specified according to the contractual time to maturity, as of the closing date. The amounts stated in the table are the contractual, undiscounted cash flows. For derivatives, the fair value is presented because the contractual dates of maturity are not significant for an understanding of cash flows. Amounts falling due within 12 months correspond with the carrying amounts, as the effect of discounting is negligible.

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years
As of 31 December 2025						
Repayment of bank loans	56.0	12.3	3,353.5	12.3	12.3	3.5
Payment of lease liabilities	179.2	146.1	112.0	81.9	65.0	257.1
Interest payments ¹⁾	117.5	117.0	55.6	0.7	0.3	1.7
Trade payables and other liabilities ²⁾	678.8					
	1,031.5	275.4	3,521.1	94.9	77.6	262.3
As of 31 December 2024						
Repayment of bank loans	58.8	1,161.7	415.1	1,563.7	13.1	7.7
Payment of lease liabilities	176.5	152.3	115.8	88.4	68.0	290.9
Interest payments ¹⁾	123.7	118.1	73.6	27.9	0.7	2.7
Trade payables and other liabilities ²⁾	690.6	-	-	-	-	-
	1,049.6	1,432.1	604.5	1,680.0	81.8	301.3

¹⁾ Interest payments are based on interest rate levels as of 31 December.

²⁾ Of this amount, 677.8 (688.5) MSEK pertained to Trade payables the majority of which fall due within 30 days of the closing date.

Capital risk

Our objective with regard to the capital structure is to secure our ability to continue our operations, so that they can continue to generate returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to keep the cost of capital down. To maintain or adjust the capital structure, the Group may change the dividend paid to shareholders, repay capital to shareholders, issue new shares or sell assets to reduce debt. We monitor capital on the basis of net debt/equity ratio. This ratio is calculated as interest-bearing liabilities including lease liabilities (according to Note 22) in relation to equity. The net debt/equity ratio on 31 December 2025 was a multiple of 0.4 (0.3).

OPERATIONAL RISKS

Structural changes and changes in economic conditions

Market demand for our products, and thereby our sales, are impacted by factors outside of our control. An economic downturn in the markets where we operate could result in lower demand for our products. The most material sensitivity to the economic cycle is assessed at present to be the parts of the operations that deliver to customers in the construction and property sectors, and customers in the retail sector. In the same manner, structural changes in the markets where we operate could give rise to lower demand for our products. For example, changed consumption patterns and an accelerated transition from physical stores to online stores could negatively impact the segment of the operations that delivers to stores and warehouses. In both cases, the changes may negatively affect our operations, earnings and financial position.

Moreover, there is a risk that our customers in sectors that are currently less sensitive to the economy would be negatively affected by extended periods of weak economic growth, high unemployment or other negative economic trends, primarily in Europe, or general concerns in the euro-zone, with a resulting decline in the capacity to pay. Accordingly, an economic downturn could negatively impact the operations, earnings and financial position.

Competition

We meet direct competition in all product segments and in all geographic markets. Our long-term growth and earnings are therefore dependent on adapting to customers' needs, changes in industry requirements and on introducing attractive new products and services, in parallel with maintaining competitive pricing. To maintain our competitiveness, we must predict customers' needs and develop the products and services in demand with and accepted by these customers. Should we fail to maintain a competitive position in terms of quality, product prices, security of supply, brand recognition and a broad product offering, this could have a negative effect on the operations, earnings and our financial position. Furthermore, we need to adapt to changing market conditions or otherwise compete successfully with our competitors.

All segments and all markets entail the risk of new competitors capturing market shares with the support of a product offering with which we cannot compete. Such competing products and services could reduce demand for our products. This could negatively impact the operations, earnings and financial position.

Geopolitical and macroeconomic risks

We have operations in about 27 countries. The operations are exposed to risks related to geopolitical concerns and instability as a result of, for example, political or diplomatic crises, war, terrorism, regional or cross-border conflicts, natural catastrophes, strikes and other geopolitical circumstances in the jurisdictions where we conduct our international operations. Factors and events similar to the above in the operating environment could negatively impact our operations, earnings and financial position.

Inventory risk

Products held in inventories entail a risk of becoming obsolete as a result of outdated technology or over production, if we are unable to adapt production to technological developments or to customer preferences. In both cases, the changes could negatively affect the operations, earnings and financial position.

Operational risk

Our operations depend on reliable and efficient production units to ensure that the products are delivered on time and meet quality expectations. Our operations could be affected by operational disruptions due to, inter alia, late or incorrect deliveries, technical faults, labour law measures, accidents or erroneous administrative routines. There is also a risk that those measures implemented for the purpose of avoiding disruptions could prove inadequate should a larger disruption occur. This could negatively impact the operations, earnings and financial position.

Supplier risk

To be able to manufacture, sell and deliver products, we depend on external suppliers' availability, production, quality assurance and deliveries. Moreover, we are dependent on a few main suppliers for LED components, which would take a long time to replace. Faulty, late or missed deliveries from suppliers of different kinds could entail that our deliveries are in turn delayed or cancelled, or are faulty or incorrect, which could have negative consequences for our customer relations and lead to lower sales. This could negatively impact the operations, earnings and financial position.

Risks pertaining to operating costs

Our costs for manufacturing products are impacted by costs for, inter alia, purchasing manufacturing input materials. Those individual components that most impact costs comprise electronic components and sheet metal. Large price changes for input material we purchase could entail a negative impact on the operations, earnings and financial position.

In terms of the cost of adding value in the form of manufactured products, wage trends for employees track the general wage trends in the labour markets of the respective countries, which in turn is largely dependent on the economy as a whole. Unexpected large wage increases and/or increased average sick leave among the staff could entail a negative impact on the operations, financial position and earnings. The cost of adding value to manufactured products also includes energy costs, which are dependent on developments in the environmental and energy sectors. Rising energy costs could entail a negative impact on the operations, earnings and financial position.

Product liability

Our products expose us to potential claims if the products do not function as expected or prove to be defective, or if use of the products causes, results in, or is claimed to have caused or resulted in personal injuries, damage to property or other negative effects. Our products make various safety risks relevant, including electrical risks, mechanical risks, thermal risks and exposure to electromagnetic fields. Requirements covering product liability, irrespective of whether they pertain to project delays or other injuries, could prove costly and time-consuming to defend and could potentially damage our reputation and result in material negative effects for the operations, earnings and financial position.

Insurance

We purchase and manage Group-wide insurance policies for property and liability risks, thereby creating co-ordination gains and cost advantages. Our insurance programme encompasses, inter alia, a global liability insurance, which covers general liability and product liability. Limits apply to the scope and amounts of the insurance cover. For example, the cover does not encompass liability for delays and faults that do not lead to product liability. There is a risk that we do not receive full compensation for any damage that arises or claims that can be directed at the company, which could have negative consequences for the operations, earnings and financial position.

Dependence on key individuals

The Group is dependent on being able to retain and recruit employees and senior management with key competence. There is a risk that one or more members of senior management or key individuals leave the Group at short notice. Where we fail to retain such key personnel, and/or fail in the future to recruit key personnel, this could have negative consequences for the operations, earnings and financial position.

Permits

Several of the manufacturing companies in the Group have operations that in some form require permits. We currently possess all necessary permits, mainly environment-related, for conducting operations. However, there is a risk that these permits may not be renewed or may be withdrawn or limited. Moreover, there is a risk that our interpretation of applicable laws and provisions concerning the operations, or the relevant authorities' interpretation of these or their own established practices, are not entirely correct, or that such rules, interpretations or practices are changed. Such changes could entail more permits being required for operations, which could be both time-consuming and costly as well as negatively impact on the operations, earnings and financial position.

IT risk

We need to use IT systems to manage, inter alia, deliveries of products and input materials as well as to receive and manage customer orders. A major part of our operations is aimed at customers who set stringent requirements for reliable and exact deliveries, which in turn sets high requirements for functioning and secure IT systems that are well-integrated with our various business segments. Maintaining, developing and investing in such systems requires significant capital investment and other resources. There is a risk that future investments required in IT systems will be greater than our expectations. Moreover, there is a risk that our IT systems are disrupted by software and hardware issues, computer viruses, hacker attacks and physical damage. Such problems and disruptions could, depending on the extent, negatively impact on the operations, earnings and financial position. As computer-aided technology has assumed an increasingly greater scope within the companies, security requirements have also increased. The functional security of the databases and e-mail servers is checked via daily backups. Battery backup and diesel generators provide protection against operational disruption in the main manufacturing facility in Habo, from where the majority of the Group's computer operations are controlled. To date, no costs have arisen as a result of damage. The internet connection is fixed and completely isolated from other networks via hardware firewalls. User access to the system is regulated via Group authorisations and entitlements based on actual assignments and roles within the company.

SUSTAINABILITY RISK

Sustainability risks with human and environmental impacts on pages 73–75.

Note 38 | Items affecting comparability

Function	Group	
	2025	2024
Cost of goods sold	–17.9	–46.0
Selling expenses	–7.7	–10.9
Administrative expenses	–4.4	–13.7
Total	–30.0	–70.6

Items affecting comparability pertain to restructuring costs of –30.0 MSEK.

Note 39 | Events after the closing date

Between the closing date and the date on which this annual report was signed, no significant events or information has arisen concerning the circumstances per the closing date or thereafter, which may have a positive or negative effect on the Group, or any of the companies contained therein, and which require any further disclosures, other than those provided above.

Signatures

The Board of Directors and the CEO certify that the annual report has been prepared in accordance with generally accepted accounting principles in Sweden, that the consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as adopted by the EU, and that both the annual report and the consolidated financial statements have been prepared in accordance with the adopted European Sustainability Reporting Standards (ESRS) and the specifications adopted pursuant to the EU Taxonomy Regulation (EU) 2020/852. The annual report and the consolidated financial statements provide a true and fair view of the financial position and results of the Parent Company and the Group.

The administration report for the Group and Parent Company provides a true and fair overview of the development of the Group's and the Parent Company's operations, financial position and results, and describes significant risks and uncertainty factors facing the Parent Company and other companies within the Group.

The income statements and balance sheets will be submitted for adoption at the AGM on 4 May 2026.

The annual report was finalised, approved and signed by all members on 19 March 2026

Jan Svensson
Chairman

Eric Douglas
Vice Chairman

Annica Bresky
Board member

Cecilia Fasth
Board member

Magnus Meyer
Board member

Heléne Mellquist
Board member

Bodil Sonesson
President and CEO

Anneli Persson
Employee Representative

Linda Rothzén
Employee Representative

Our audit report on the annual report and the consolidated financial statements, as well as our assurance report on the sustainability report, were issued on 20 March 2026

KPMG AB

Mathias Arvidsson
Authorised Public Accountant
Auditor-in-Charge

Anna Harju
Authorised Public Accountant

Auditor's Report

To the general meeting of the shareholders of Fagerhult Group AB (publ), corp. id 556110-6203

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Fagerhult Group AB (publ) for the year 2025, except for the corporate governance statement on pages 111–120 and the sustainability report on pages 53–108. The annual accounts and consolidated accounts of the company are included on pages 48–150 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 corporate governance statement on pages 111–120 and sustainability report on pages 53–108. 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 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.

Valuation of goodwill and brand

See disclosure 11 and accounting principles on page 129 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter	Response in the audit
The book value of goodwill and brands amount to SEK 6 555 million as of 31 December 2025, representing 49% of total assets. Goodwill and brands with an indefinite useful life should be subject to an annual impairment test. Other intangible assets are tested when impairment indicators are identified. Impairment tests are complex and include significant levels of judgments. The calculation of the assets' recoverable amount is based on forecasts and discounted future cash flow projections, which are established with reference to factors such as estimated discount rates, revenue- and profit forecasts and predicted long-term growth that may be influenced by management's assessments.	We have obtained and assessed the group's impairment tests to ensure they have been carried out in accordance with the technique stipulated in IFRS Accounting Standards. Furthermore, we have evaluated management's future cash flow forecasts and the underlying assumptions, which includes the long-term growth rate and the assumed discount rate, by obtaining and evaluating the group's written documentation and plans. We have also considered previous years' forecasts in relation to the actual outcome. An important part of our work has also been to evaluate how changes to the assumptions may impact the valuation. The evaluation has been carried out by obtaining and assessing the group's sensitivity analysis. We have also analysed the disclosures in the Annual Report and considered whether they accurately reflect the assumptions that group management apply in their valuation and whether they, in all material respects, are in line with the disclosures required by IFRS Accounting Standards.

Accounting for business acquisitions

See Note 30 and the accounting principles on page 130 in the annual report and consolidated financial statements for detailed disclosures and a description of the area.

Description of key audit matter	Response in the audit
<p>On July 2, 2025, a major business acquisition was completed in which 100 percent of the shares in the French company Trato SAS, including its wholly owned subsidiaries Trato Industries SAS, T.L.V. SAS, and Biolume Sarl (Trato TLV Group), were acquired. Had the acquisitions been completed as of January 1, 2025, they would have collectively contributed sales of approximately SEK 610 million.</p> <p>The total initial purchase price for the acquisitions amounts to SEK 882 million and has been paid in cash. In addition, there is an option for an additional cash purchase price based on achieved results up to and including the year 2027.</p> <p>The acquisition analysis requires management's assessments regarding which assets should be recognized in the financial statements, particularly as intangible assets may be challenging to estimate and the values at which these assets should be recognized. Furthermore, an assessment is made regarding the future outcome of the possible additional purchase price, which forms the basis for the amount of liabilities recorded on the balance sheet. These assessments affect the group's future results, partly depending on whether depreciable or non-depreciable assets are recognized in the financial statements. The residual amount after all assets and liabilities have been assessed and valued is recognized as goodwill. This goodwill is not subject to depreciation but is instead subject to an impairment test at least once a year.</p> <p>All of the above assessments and any changes in these assumptions and evaluations can have a significant impact on the group's results and financial position.</p>	<p>We have analyzed the prepared acquisition analyses in order to assess whether they have been developed using the correct methodology. In our work we have, among other things, focused on the intangible assets and whether the approach used by management to measure these assets is in compliance with the requirements of IFRS Accounting Standards.</p> <p>Other important parts of our work have been to assess whether the assets included in the acquisition analysis exist and that all assets have been included. This assessment has been based, among other things, on the review of the contracts entered into and reports prepared by the external consultants engaged by the group in connection with the acquisition.</p> <p>We have also evaluated the additional purchase price amounts recorded for the acquisitions based on the company's analysis of the estimated future outcome.</p> <p>All companies within the Trato TLV Group are consolidated from the acquisition date (July 2, 2025), and we have reviewed material items that serve as the basis for the consolidated audit. We have also verified the completeness of the disclosures in the annual report and assessed whether they are consistent with the information used by the group in its acquisition analysis and whether the information is sufficiently comprehensive to understand management's judgments.</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 1–47, 53–108, and 155–161. The other information comprises also of the remuneration report which we obtained prior to 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 intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of 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 scepticism 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, measures that have been taken to eliminate the threats or related safeguards.

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

Auditor's audit of the administration and the proposed appropriations of 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 Fagerhult 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 profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

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

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

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

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

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined 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 Fagerhult Group AB (publ) for 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 Fagerhult 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 the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to 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 International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with 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 accounts 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 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 the 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 111–120 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 RevR 16. The auditor's 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.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Fagerhult Group AB (publ) by the general meeting of the shareholders on the 28 april 2025. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2022.

Stockholm 20 March 2026

KPMG AB

Mathias Arvidsson
Authorized Public Accountant

Anna Harju
Authorized Public Accountant



Other information

Five-year overview

The Fagerhult Group share

Shareholder information

Definitions

Addresses

Five-year overview

Income items, MSEK

	2021	2022	2023	2024	2025
Net sales	7,088	8,270	8,560	8,305	7,891
Cost of goods sold	-4,468	-5,148	-5,214	-5,008	-4,775
Items affecting comparability	-	-	-	-46	-18
Gross profit	2,620	3,122	3,347	3,252	3,098
Selling expenses	-1,438	-1,620	-1,757	-1,841	-1,754
Administrative expenses	-621	-747	-804	-794	-831
Other operating income	145	78	116	79	76
Other operating costs	-	-	-	-	-
Items affecting comparability	-	-	-	-25	-12
Operating profit	706	833	901	670	577
Financial income	12	42	51	59	90
Financial expenses	-96	-84	-196	-197	-203
Profit after net financial items	622	791	756	532	465

Balance-sheet items, MSEK

	2021	2022	2023	2024	2025
Intangible assets	5,740	6,154	6,118	6,294	6,893
Property, plant and equipment	2,377	2,421	2,386	2,468	2,327
Other non-current assets	216	227	222	238	231
Inventories	1,194	1,493	1,278	1,190	1,255
Trade receivables	1,196	1,603	1,488	1,397	1,388
Other current assets	188	222	243	246	245
Cash and cash equivalents	1,742	1,292	1,272	1,879	1,307
Total assets	12,653	13,412	13,007	13,713	13,646
Equity	6,219	6,958	7,184	7,459	7,090
Pension liabilities	173	173	159	170	156
Deferred tax liabilities	504	552	545	577	631
Other non-current interest-bearing liabilities	3,601	3,791	3,232	3,737	3,915
Other non-current and non interest-bearing liabilities	-	-	-	-	110
Current interest-bearing liabilities	570	298	295	233	226
Current non-interest-bearing liabilities	1,586	1,640	1,592	1,536	1,519
Total equity and liabilities	12,653	13,412	13,007	13,713	13,646

Key performance indicators and data per share

	2021	2022	2023	2024	2025
Sales growth, %	4.0	16.7	3.5	-3.0	-5.0
Increase/decrease in operating profit, %	112.5	18.0	8.1	-25.6	-13.9
Increase/decrease in operating profit after financial items, %	187.2	27.1	-4.4	-29.6	-12.7
Operating margin before items affecting comparability, %	10.0	10.1	10.5	8.9	7.7
Operating margin, %	10.0	10.1	10.5	8.1	7.3
Profit margin, %	8.8	9.6	8.8	6.4	5.9
Cash liquidity ratio, %	80.8	66.6	68.0	106.2	75.0
EBITA before IAC, MSEK	793.7	898.8	971.7	820.1	688.0
EBITA margin before IAC, %	11.2	10.9	11.4	9.9	8.7
EBITDA, MSEK	1,147.0	1,257.0	1,341.2	1,129.7	1,041.4
Net debt/EBITDA	2.3	2.4	1.8	2.0	2.9
Equity/assets ratio, %	49.1	51.6	55.2	54.4	52.0
Capital employed, MSEK	10,563	11,220	10,870	11,599	11,387
Return on capital employed, %	6.9	8.0	8.6	6.5	5.8
Return on equity, %	7.8	8.7	7.7	4.8	4.4
Net debt, MSEK	2,603	2,971	2,414	2,261	2,990
Net investments in non-current assets, MSEK	150	180	243	213	271.1
Depreciation/amortisation of non-current assets, MSEK	441	424	440	459	463.9
Number of employees	4,237	4,059	4,080	4,007	4,068
Equity per share, SEK	35.30	39.50	40.78	42.30	40.21
Earnings per share before items affecting comparability, SEK	2.64	3.27	3.09	2.31	1.93
Earnings per share, SEK	2.64	3.27	3.09	2.01	1.80
Dividend per share, SEK	1.30	1.60	1.80	1.40	1.10 ¹⁾
Cash flow per share, SEK ²⁾	4.56	2.29	6.97	5.47	4.20
Number of shares outstanding, thousand	176,147	176,147	176,147	176,332	176,332
Average number of shares outstanding, thousand	176,147	176,147	176,147	176,254	176,332

¹⁾ Proposed dividend.

²⁾ Cash flow from operating activities.

For more information about the key performance indicators and the definitions applied, please refer to Fagerhult Group AB's website <https://www.fagerhultgroup.com/investors/financials/definitions/>. The website also includes the definition of any Alternative Performance Measures used whereas this report details the financial aspect to these.

The Fagerhult Group share

Fagerhult Group's share was listed in May 1997 and is traded on the Mid Cap list of the Nasdaq, Stockholm. Market capitalisation at year end totalled about 7.3 billion SEK.

Sales and trading

The share symbol is FAG and its ISIN is SE0010048884. One trading lot corresponds to one share. In 2025, total turnover for the share on Nasdaq in Stockholm was 26.2 million shares, at a combined value of 1,141 MSEK. Average share turnover per trading day amounted to 104,330, representing a value of 4,545 KSEK. An average of approximately 339 trades were made per trading day.

Share price trend

On 31 December 2025, the closing price for Fagerhult Group's share was 41.55 SEK per share, corresponding to a market capitalisation of approximately 7.3 billion SEK. The price of the Fagerhult Group share declined 37.4 per cent in 2025. Over the same period, the OMX Stockholm PI rose 9.5 per cent. The highest closing price of 65.3 SEK was noted on 2 January and the lowest on 22 July at 37.2 SEK. The average share price for the year was 43.5 SEK. Total shareholder return for the Fagerhult Group share, defined as the price trend including reinvestment of the dividend of 1.40 SEK, was negative 35.3 per cent.

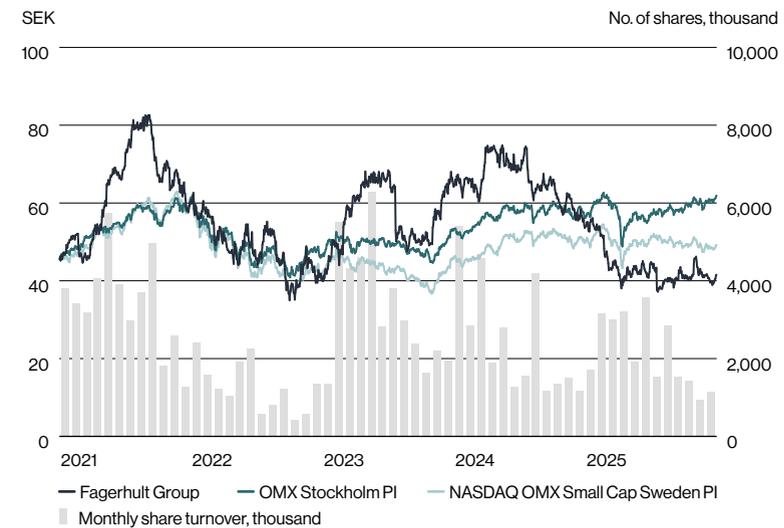
Share capital

At year end, Fagerhult Group's share capital amounted to 100.4 (100.4) MSEK. Divided into 177,192,843 shares with a quotient value of 0.57 SEK per share. All shares have equal voting rights and an equal participation in the company's earnings and capital. At the Annual General Meeting (AGM) on 28 April 2025, it was resolved that the company be permitted to buy back its own shares. This option was not exercised in 2025. In connection with the allocation of shares tied to the Group's share-savings plan (see Note 2), treasury shares are used. The number of treasury shares amounted to 860,437 (860,437) after allocation and the number of shares outstanding was 176,332,406 at year end. The percentage of shares held as treasury shares was 0.5 (0.5) per cent. The Board of Directors proposes that the AGM resolve to grant the Board the continued right to acquire treasury shares until the next General Meeting.

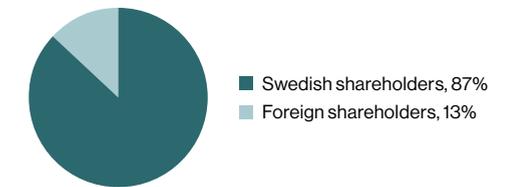
Ownership structure

At year end, Fagerhult Group had 10,040 (9,733) shareholders. The largest single shareholder was Investment AB Latour, in which the Douglas family are the main shareholders, with combined holdings of 48.4 (48.4) per cent of the total share capital and votes in the company, as at the end of the year. The ten largest shareholders accounted for 80.1 (79.0) per cent of the share capital and voting rights of the shares outstanding. The proportion held by shareholders outside of Sweden was 12.9 (14.2) per cent.

Share price trend



Ownership distribution



Ownership structure (on 31 Dec 2025)

Shareholder	No. of shares	% of capital and votes
Investment AB Latour & the Douglas family	85,708,480	48.4
Fourth Swedish National Pension Fund	14,996,493	8.5
Nordea Funds	11,486,997	6.5
Third Swedish National Pension Fund	5,672,827	3.2
Alcur Funds	4,537,666	2.6
Handelsbanken Funds	4,337,809	2.4
Carnegie Funds	4,112,594	2.3
The Palmstierna family	3,891,892	2.2
Vanguard	3,294,322	1.9
Second Swedish National Pension Fund	3,249,397	1.8
Other owners with more than 20,000 shares (140 owners)	24,952,279	14.1
Other owners with 10,001–20,000 shares (125 owners)	1,696,995	1.0
Other owners with 1,001–10,000 shares (1,949 owners)	5,741,108	3.2
Other owners with up to 1,000 shares (7,815 owners)	1,810,622	1.0
Unknown holdings	842,925	0.5
Fagerhult Group AB, treasury shares	860,437	0.5
Number of shares at year end	177,192,843	100

Share turnover

Year	2021	2022	2023	2024	2025
Volume of shares traded, million	41.5	15.4	39.9	29.8	26.2
Value of traded shares, MSEK	2,631.1	758.6	2,332.5	1,951.3	1,140.7
Average volume of shares traded/trading day	164,036	60,963	158,812	118,662	104,330
Average value per trading day, SEK thousand	10,400	2,999	9,293	7,774	4,545
Turnover rate, %	23.6	8.7	22.7	16.9	14.9
Highest price paid during the year, SEK	86.40	63.70	71.30	74.80	65.30 ¹⁾
Lowest price paid during the year, SEK	44.45	34.45	39.70	53.60	37.20 ²⁾

¹⁾ Paid 2025-01-02.²⁾ Paid 2025-07-22.**Data per share**

Year	2021	2022	2023	2024	2025
Earnings per share before dilution, SEK	2.64	3.27	3.09	2.01	1.80
Dividend per share, SEK	1.30	1.60	1.80	1.40	1.10 ¹⁾
Share price 31 Dec, SEK	60.90	40.45	66.00	54.10	41.55
Dividend yield, %	2.1	4.0	2.7	2.6	2.6
Equity per share, before dilution, SEK	35.30	39.07	40.31	42.30	40.21
Cash flow per share, before dilution, SEK ²⁾	4.56	2.29	6.97	5.47	4.20

¹⁾ Proposed dividend.²⁾ Cash flow from operating activities.

Shareholder information

2026 Annual General Meeting

The Annual General Meeting of Fagerhult Group AB will be held on 4 May 2026 at Åvägen 1 in Habo, Sweden.

Registration

Shareholders wishing to take part in the Annual General Meeting of shareholders must be registered in the Company's shareholders' register kept by Euroclear Sweden AB on 27 April 2026 and notify their intention to take part in the meeting to Fagerhult Group no later than 27 April 2026. Registrations can be made via Fagerhult Group's website, www.fagerhultgroup.com or by telephone on +46 (0)8 402 90 19 or by post to Fagerhult Group AB, AGM, c/o Euroclear Sweden AB, Box 191, 101 23 Stockholm, Sweden. When registering, shareholders must state their name, personal identity number/Corporate Identity Number, address, telephone number and registered shareholdings together with information about any proxies and assistants. Shareholders taking part in the Annual General Meeting under a proxy must submit the proxy to Fagerhult Group before the meeting.

Dividend

The Board of Directors proposes to the AGM a dividend of SEK 1.10 per share. The proposed record day is 6 May 2026. In the event that the AGM adopts this proposal, the dividend will be distributed through the offices of Euroclear Sweden AB starting on 11 May 2026.

Nomination Committee

The Nomination Committee for the 2026 AGM comprises the following members:

- Jan Svensson, Chairman of Fagerhult Group AB (co-opted and ineligible to vote)
- Anders Mörck representing Investment AB Latour
- Jan Särilvik representing the Fourth Swedish National Pension Fund
- Björn Henriksson representing Nordea Funds
- Sussie Kvarth representing Handelsbanken Funds

In order for the Nomination Committee to consider a proposal, it must be submitted well in advance of the AGM. Proposals may be submitted to the Nomination Committee by post to:

Fagerhult Group AB

Attn: Oscar Wallstén
Tegelviksgatan 32
SE-116 41 Stockholm, Sweden

Financial information 2026

- 4 May 2026 – Interim Report for Q1, 2026
- 4 May 2026 – Annual General Meeting 2026
- 21 July 2026 – Interim Report for Q2, 2026
- 21 October 2026 – Interim Report for Q3, 2026

Distribution policy

The Annual Report is available only in electronic and downloadable format at www.fagerhultgroup.com. Annual reports from previous years are also available at www.fagerhultgroup.com

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Definitions

Financial definitions

Number of employees

Average number of full-time equivalents.

Return on equity

Profit or loss according to the income statement as a percentage of the average (reported) equity.

Return on capital employed

Profit/loss after financial items plus financial expenses in relation to the average capital employed.

EBITA

Earnings before financial items, taxes and amortisation of intangible assets.

EBITA before IAC

Earnings before financial items, taxes, amortisation of intangible assets and items affecting comparability.

Equity per share

Equity divided by the number of shares outstanding.

Cash flow per share

Cash flow from operating activities for the year divided by the average number of shares outstanding.

Cash liquidity ratio

Cash and cash equivalents in relation to current liabilities.

Cash and cash equivalents

Cash and bank balances and short-term investments.

Net investments

Investments for the year in property, plant and equipment, less income from the sale of non-current assets.

Net debt

Interest-bearing liabilities less cash and cash equivalents.

Earnings per share

Earnings according to the income statement in relation to the average number of shares outstanding.

Operating margin

Operating profit in relation to net sales.

Net debt/equity ratio

Net debt in relation to equity.

Equity/assets ratio

Equity in relation to total assets.

Capital employed

Total assets less non-interest-bearing liabilities.

Profit margin

Profit after financial items in relation to net sales.

Other current assets

The item refers to interim receivables, advance payments to suppliers, other receivables and Group receivables.

Abbreviations in the Sustainability statement

ESRS – European Sustainability Reporting Standards

CSRD – Corporate Sustainability Reporting Directive

SDGs – UN Sustainable Development Goals

ILO – International Labor Organisation (UN)

SFDR – Sustainable Finance Disclosure Regulation

UNGPs – United Nations Guiding Principles on Business and Human Rights

GMT – Group Management Team

CPO – Chief People Officer

MD – Managing Director of our Group companies

AGM – Annual general meeting

GHG – Greenhouse gas

SBTi – Science Based Targets initiative

IPCC – Intergovernmental Panel on Climate Change

DEFRA – Department for Environment, Food and Rural Affairs in the UK

LCA – life cycle analysis

EPD – environmental product declaration

For more information about the key performance indicators and the definitions applied, please refer to Fagerhult Group's website <https://www.fagerhultgroup.com/investors/financials/definitions/>.

The website also includes the definition of any Alternative Performance Measures used whereas this report details the financial aspect to these.

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