ANNUAL AND SUSTAINABILITY REPORT

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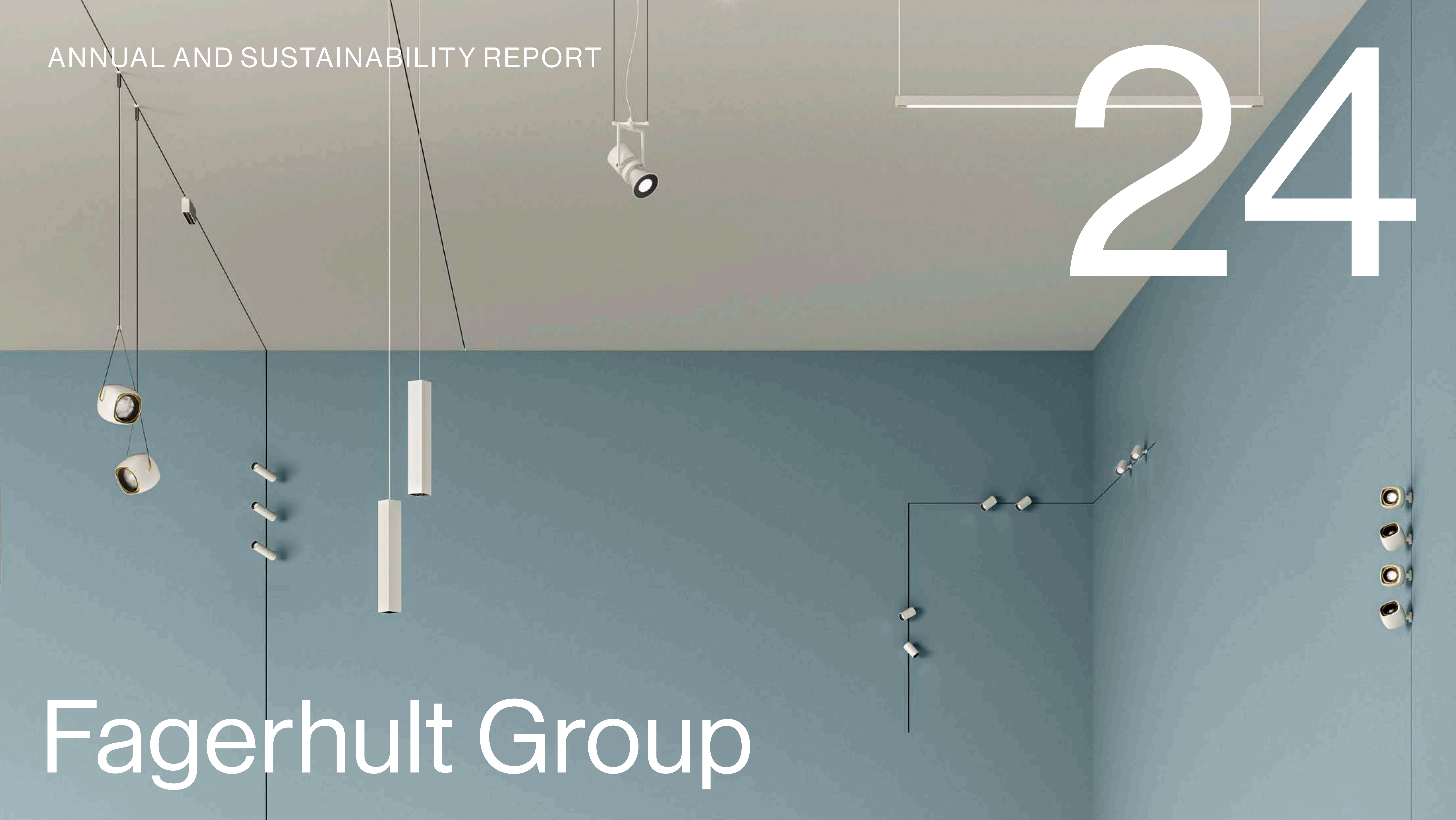


Fagerhult Group

Innovation in focus

Innovation in focus

Innovation is in our heart and soul and we continuously innovate in our product range to reduce our climate impact. Innovation also encompasses other areas, such as business models, approaches, markets, product design, material choices, energy consumption and logistics flows.

New AI tool facilitates lighting planning

Conditions differ for every street, road and project, and it can be complex to choose the right optics. Fagerhult has launched an AI-powered guide that takes just a few seconds to suggest the best lens for each scenario. The tool analyses the parameters and presents three optimised alternatives.

Read more here (external link)

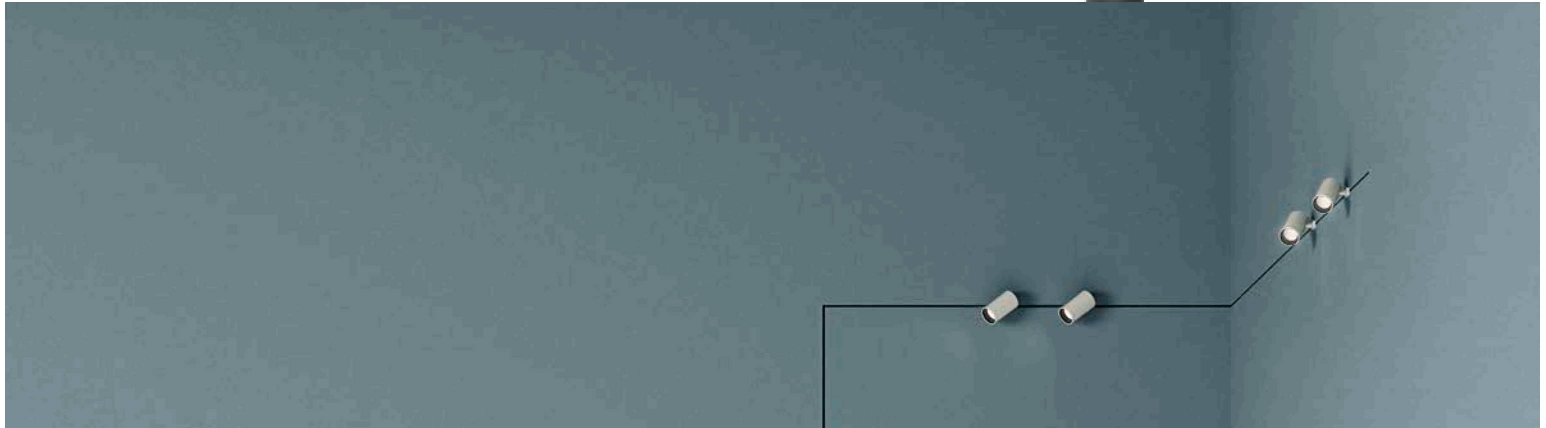
The right lens for the right light, in the right place.

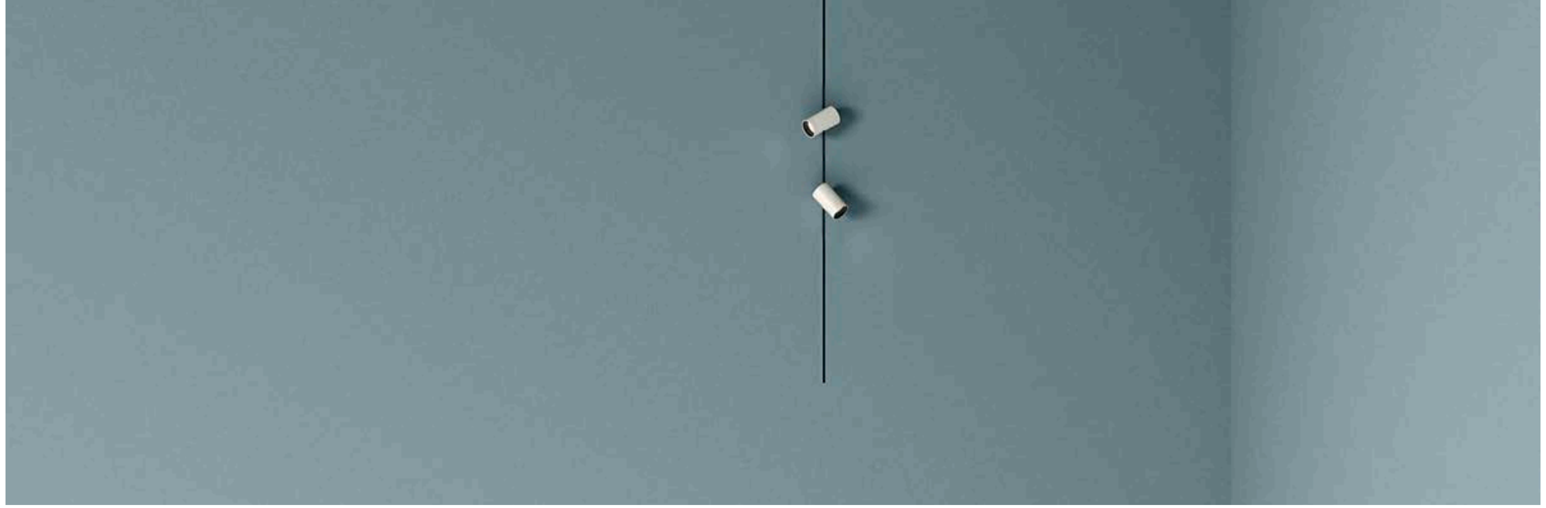
Independent solar powered LED lighting

WE-EF’s pole luminaire with integrated solar panel offers high quality light from renewable energy. The self-sufficient lighting has minimal operating costs and eliminates greenhouse gas (GHG) emissions when the luminaires are being used. This enables flexible and fast installation independent of electricity grids, which makes them an attractive choice for cities trying to reach their climate targets.

Read more here (external link)

To achieve our ambitious sustainability goals, we are widely exploring new materials to increase the use of renewable and recycled materials. Read more about how we work with new materials in our products here.





Through the value we attach to different perspectives, diversity and inclusion – and through the creation of a culture where creativity and unique insights flourish – we promote employee-driven innovation.

Thinnest rail on the market – 3.6 mm

Filorail by iGuzzini is a futuristic lighting solution, where technology merges invisibly with architecture. Recessed, surface-mounted or pendant luminaires, adjustable luminous flux and smart sensors allow you to create optimal, energy-efficient solutions as required. The high versatility of the rail allows it to be installed in horizontal and vertical surfaces, using straight or curved rails, creating perfect harmony between innovation and design.

Read more here (external link)

A pilot project that closes the loop

Fagerhult and Hydro Extrusion Sweden have investigated processes for recycling aluminium from end-of-life luminaires with the aim of reusing high-quality extruded aluminium without compromising the material's properties. The Notor luminaire was taken down, dismantled, sorted, melted down, processed and reshaped. The project resulted in 1,300 kg of aluminium being recycled. The partnership has pushed the boundaries of sustainable innovation and achieved a substantial advance toward the circular management of tomorrow's luminaires.

Read more here (external link)

More examples of our innovations you will find here

Innovative materials make a difference

Geopak™ – reusable packaging with GPS tracking

Visualising the effects of light

Smart lighting for demanding requirements

1

Fagerhult Group

Global yet local

Welcome to Fagerhult Group, a leading global manufacturer of professional lighting solutions. Our operations encompass four business areas with twelve leading brands within professional lighting. 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.

1945 Fagerhult

1974 ateljé Lyktan

2005 Whitecroft

2007 Eagle Lighting

2010 LTS

2011 Designplan

2013 I-Valo

2014 Arlight

2016 LED Linear

2017 WE-EF, Organic Response

2018 Veko

2019 iGuzzini

2021 Citygrid

From local to global company
Fagerhult Group's history began 80 years ago, as a family business in Fagerhult. Today, we are a leading global manufacturer of professional lighting solutions, with operations in 27 countries.

Vision

A world enhanced by light.

Our vision acts as an overall message for all our operations. It addresses the significance of light in all environments and reflects the drivers that characterise and unify the companies that comprise the Fagerhult Group. We are strongly rooted in a culture of innovation and our passion for lighting will make the world more beautiful and help people feel better.

Mission

Together we innovate to create value and deliver professional lighting solutions that are circular, climate positive and contribute to better lives.

The shared path forward toward our long-term goals – our strategy for everyday work – is summarised in our mission, which clarifies the importance of collaboration, innovation and strong focus on sustainability in everything we do. We have high sustainability ambitions, with a focus both on greenhouse gas (GHG) emissions and on circularity.

Core Values

Curious Creators
Committed Together
Aim Higher

Our core values are **Curious Creators**, **Committed Together** and **Aim Higher**. Put together: **Curious Creators that are Committed Together to Aim Higher**. These values effectively reflect how we act and what we need to do to maintain our success.

We made several innovative advances in smart lighting in 2024, with a new business model, new products and important customer orders. The ongoing phase-out of flourescent lighting driven by EU directives means we are well-positioned to reduce our customers' energy consumption and to jointly minimise climate impact.

Fagerhult Group's activities have a broad span, which spreads risk and provides stability over time. This stood us in good stead when a weak construction sector made 2024 a tougher year than the previous one. While activity was generally low both in new construction and in renovation, there were substantial differences between different geographical markets and customer segments.

In 2024, we posted our highest gross margin to date, a reflection of our successful management of inflation during this period and of our skilful pricing, and achieved while concurrently creating customer value in a premium market. We kept costs under tight control over the past year, and continue to balance and focus operations with the aim of being ready when the market picks up.

High ambitions

Our business strategy and our sustainability strategy are closely intertwined. The Science Based Targets initiative (SBTi) validated and approved our climate targets in 2023, thus furnishing us with a clear roadmap toward net zero by 2045. We are working systematically to achieve these targets.

We focus on smart lighting, which plays a key role in reducing our emissions, as 94 per cent of our carbon footprint occurs when lighting is used. Our technology – smart lighting combined with the latest LED technology – can reduce energy consumption up to 90 per cent. Together with our customers, we can make a considerable difference.

While our focus on sustainability is by choice, in parallel, there are also regulations that impact us positively. For example, the vote by the European Parliament in 2024 to revise the Energy Performance of Buildings Directive (EPBD) with the aim of reducing the average energy consumption of buildings. This entails gathering energy performance data, including for lighting of public and commercial buildings and Member States must transpose the amendment into national law by May 2026. Clear targets for the renovation of energy inefficient buildings will lead to a higher pace of renovation.

100 per cent smart lighting by 2030

We have worked actively during the year to identify key activities for reaching our goal of having integrated sensors in all luminaires we sell by 2030. It is a high level of ambition reflecting our expectation that this comprises an important shift, both for us and for the entire lighting industry.

Smart lighting is often integrated from the very start in new construction projects. We achieved a major success in 2024, when Whitecroft was commissioned to deliver our Organic Response smart lighting solution for Brent Cross 1, the first office building in Brent Cross Town – a high-profile growth area of London with a strong sustainability focus. Our solution was selected as it saves energy, is flexible and easy to install, and can also be integrated with other building systems.

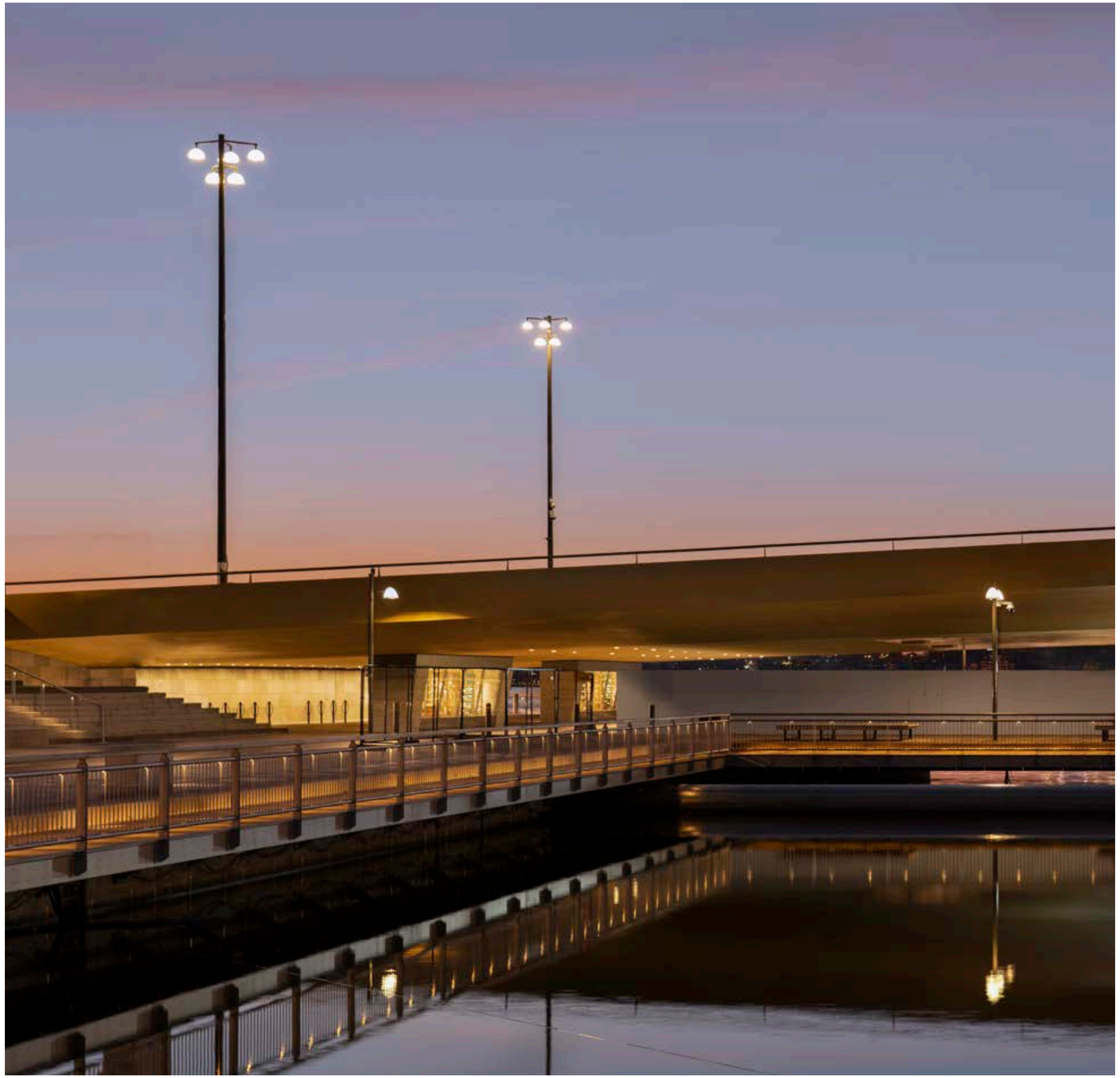
During the year, we introduced a new business model in the form of a smart lighting service offering. The offering will optimise lighting solutions for our customers over the entire lifecycle, resulting in lower energy costs while concurrently meeting their sustainability targets and delivering a high-quality lighting environment. The service offering enables closer contact for the Group's brands with key customers such as property owners and large end customers.

Reuse and the latest technologies

Fluorescent tubes are being phased out in Europe and we are actively supporting our customers with the creation of good lighting solutions. Considerable market potential arises when luminaires with conventional light sources, for which manufacture is no longer permitted, are replaced with new LED lighting or when the luminaires are reused by upgrading with new LED technology. This also presents opportunity for us to add smart lighting control from Organic Response, thereby enabling customers to save additional energy and to adapt the lighting to the needs of the business. The need to renovate buildings is also high on a global perspective.

In Europe, 75 per cent of all buildings are energy inefficient and the pace of renovation is predicted to increase 8 per cent annually for many years to come.[1)]

[1)] Source: 'Circularity in the built Environment: Unlocking Opportunities in Retrofits' by World Economic Forum. January 2025.



We light up the Slussen landmark in Stockholm.

Many of our companies have business models for helping customers renew, reuse and refurbish existing lighting solutions, thereby increasing energy efficiency, reducing greenhouse gas (GHG) emissions and providing access to the latest lighting technology.

Innovation – an imperative

Continuous innovation is an imperative for all our quality brands. Innovation also encompasses many areas, such as business models, approaches, markets, product design, material choices, energy consumption and logistics flows.

In terms of product development, our companies have a combined 750 years of experience and a deep passion for lighting. We continuously renew our product offering in our efforts to reduce climate impact. One example is that, while by tradition, we have manufactured luminaires from aluminium and plastic – we now also manufacture them from renewable or recycled materials, such as wood, linen, cardboard and wool, as part of our sustainability efforts.

A milestone was reached in spring 2024 when we presented the Superdupertube from ateljé Lyktan, a development of the 1970s Supertube. Made from hemp, the new office luminaire is one of many examples of the synergy between sustainability and technological innovation.

Culture and learning

Successful innovation requires a culture that encourages challenging and exploring new possibilities, being responsive, understanding our business environment and adding different perspectives. We work actively to ensure that our culture and values are embedded throughout the Group. A strong culture of innovation also helps to attract talent. Learning comprises another success factor and has a constant role in what we do.

Proactive in acquisitions

While Fagerhult Group already has a presence in many markets and is one of Europe's leading lighting companies, we have identified continued opportunities for expansion and work proactively to create the preconditions for additional acquisitions that complement us in terms of products or geography.

Through combining our passion for lighting with new technologies and circular business models, we are ready to meet tomorrow's needs. Moreover, early signs are also emerging of a market turnround, including improved conditions for property companies.

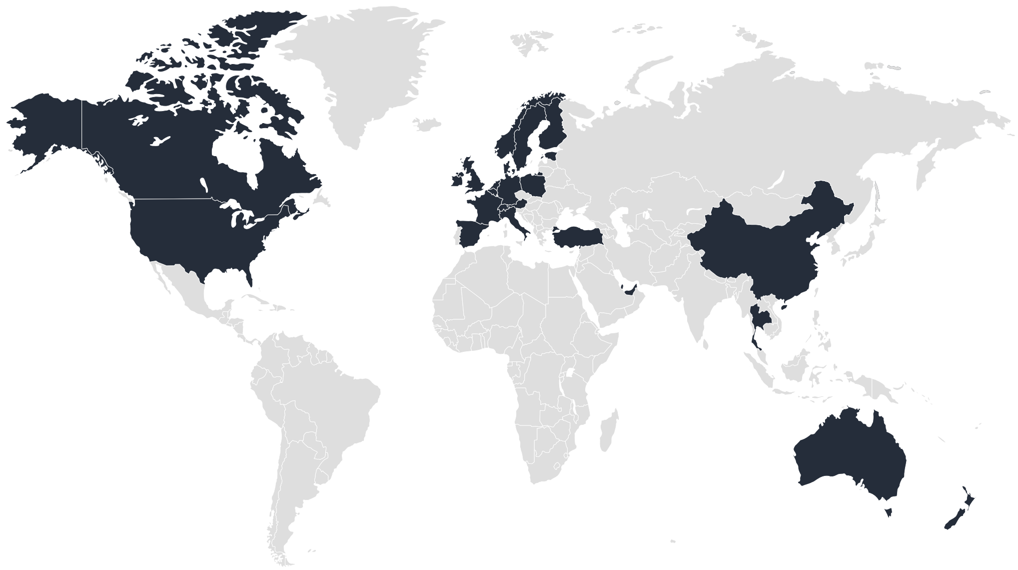
Demand for our professional lighting solutions remains strong and our know-how in technology, design and how light affects health and well-being provides us with a stable base. Strategically, we are well-positioned in terms of the clear macro trends that are a prerequisite for tomorrow's sustainable cities and buildings. I would like to extend my gratitude to all our employees for their excellent work in 2024. There are good reasons for an optimistic outlook for 2025.

Habo, January 2025

Bodil Sonesson
President and CEO

Superdupertube from ateljé Lyktan.

Strong international presence



Fagerhult Group has subsidiaries in 27 countries. Our operations are allocated into four business areas and run within our 12 brands. Our local sales companies fall under each brand and are responsible for the local market. The Fagerhult Group share is traded on Nasdaq Stockholm.

Marketing and sales are primarily managed through local sales companies and, in some cases, through agents and distributors. In total, this gives us access to more than 40 markets globally.

We believe in the importance of being located close to our customers. A key component of our strategy is that our brands are complete companies with all of their functions gathered in one location, from development and production to management functions. Our local presence is crucial and provides us with the opportunity of being close to customers and partners, adapting our products and securing short lead times.

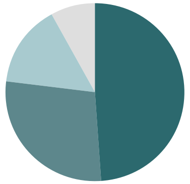
All 12 of our brands are based where they were founded. Research and development as well as design and production units are located in Sweden, Italy, Finland, the UK, Germany, Australia, Türkiye, China, Thailand, the Netherlands and Canada. We have a total of 17 production units in the Group.

27 countries

12 brands

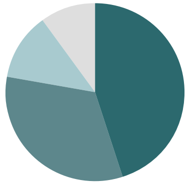
4,000 employees

Employees per business area



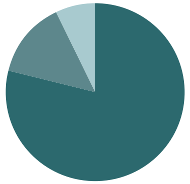
- Collection, 49%
- Premium, 28%
- Professional, 15%
- Infrastructure, 8%

Sales per business area



- Collection, 45%
- Premium, 33%
- Professional, 12%
- Infrastructure, 10%

Sales per region



- Europe, 79%
- Asia and Australia, 14%
- North America, 7%

Four business areas with strong brands

Our brands are organised into four business areas based on applications, target groups and geographic markets. We work together closely with our partners to create the best and most sustainable lighting solutions for our customers.

Collection

Global brands that are well-known among lighting designers and architects around the world for environments with stringent requirements in terms of architectural design.

Premium

Customised lighting solutions for the European market and global retail customers based in Europe.

Professional

Focuses on lighting solutions for indoor environments, on local and neighbouring markets and on rapid delivery of customised solutions.

Infrastructure

Adapted lighting solutions for environments with special requirements for installation and robustness, often in infrastructure and industrial projects.

Our performance

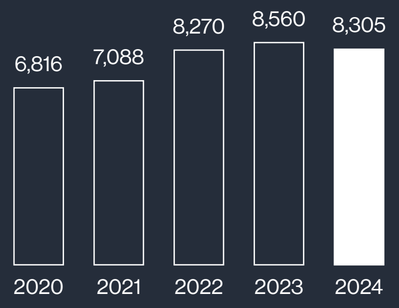
The full year results for the Group showed robustness and resilience in an uncertain and volatile market. Gross profit margins and strong cash flows were highlights whilst there is more work to do on growth and reducing the cost base to improve profitability.

The full year order intake of 8,114 (8,435) MSEK shows a –3.4 per cent organic decline and the full year net sales at 8,305 (8,560) MSEK showed an organic decline of –2.6 per cent. The operating profit before IAC of 741 (901) MSEK for the full year delivers an operating margin before IAC of 8.9 (10.5) per cent.

Results and key figures

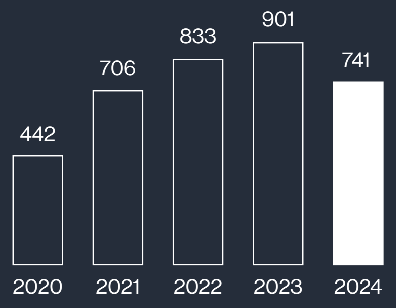
	2020	2021	2022	2023	2024
Net sales, MSEK	6,816	7,088	8,270	8,560	8,305
Operating profit before items affecting comparability, MSEK	442	706	833	901	741
Operating profit, MSEK	333	706	833	901	670
Profit after financial items, MSEK	217	622	791	756	532
Earnings per share before items affecting comparability, SEK	3.77	2.64	3.27	3.09	2.31
Earnings per share, SEK	3.21	2.64	3.27	3.09	2.01
Sales growth, %	–13.1	4.0	16.7	3.5	–3.0
Operating margin before items affecting comparability, %	6.5	10.0	10.1	10.5	8.9
Operating margin, %	4.9	10.0	10.1	10.5	8.1
Net debt/EBITDA	3.2	2.3	2.4	1.8	2.0
Equity/assets ratio, %	47.3	49.1	51.6	55.2	54.4
Return on capital employed, %	3.5	6.9	8.0	8.6	6.5
Return on equity, %	10.1	7.8	8.8	7.7	4.8
Net debt, MSEK	2,812	2,603	2,971	2,414	2,261
Net investments in non-current assets, MSEK	184	150	180	243	213

Net sales 8,305 MSEK

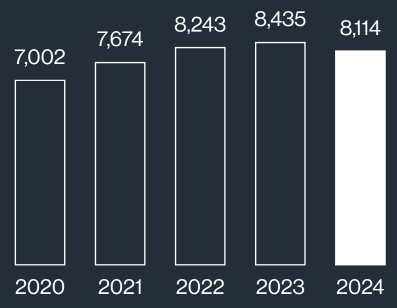


Operating profit 741 MSEK

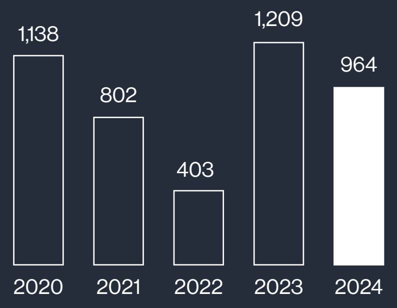
before items affecting comparability



Order intake 8,114 MSEK



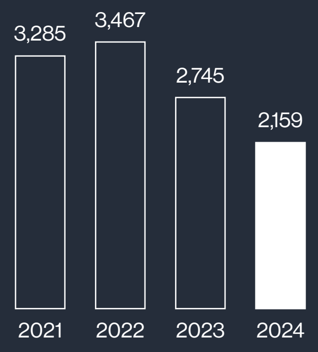
Operating cash flow 964 MSEK



Our continued main focus is to reduce our greenhouse gas (GHG) emissions to reach our 2030 and 2045 targets. To achieve this, we have defined and prioritised around 20 key activities that each Group company is diligently working on. Increasing the share of smart lighting is a priority to reduce use-phase emissions. Similarly, the companies are working to improve the efficiency of our luminaires. New material choices, and efficiency improvements in material use, transportation and energy are other ongoing initiatives to reduce emissions.

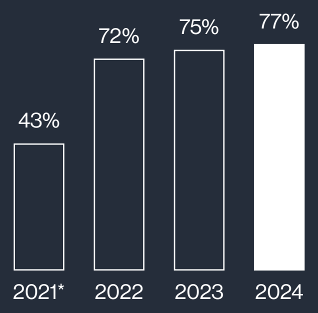
Since our base year, 2021, we have reduced our emissions by 34 per cent. Our commitment to innovation and strengthening the Group culture is central to our success. During the year, we developed leadership principles to further embed our core values throughout the Group. We made significant investments in training and guidance for our Group companies to support the achievement of our targets.

GHG emissions[1] **2,159 ktonnes CO_2e**



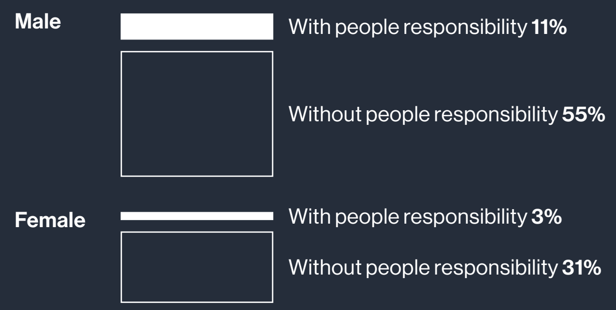
[1] Historical data restated following a change in methodology.

Share of renewable electricity **77%**



Gender distribution – blue collar and white collar

Gender distribution – with and without people responsibility



Long-term objectives and ambitions

Our long-term objectives, established during the year, represent our ambitions over the economic cycle.

	Target	Comments
Average annual growth	10%	Our objective is to achieve average annual growth, CAGR, of 10 per cent. The outcome is affected by economic cycles.
Operating margin	10%	Our objective is an operating margin above 10 per cent.
Returns, % of earnings per share	40–60%	Our long-term objective is to distribute 40 to 60 per cent of annual net profits to our shareholders.
Climate	Net zero 2045	We have developed climate targets that have been validated by the Science Based Targets initiative (SBTi). This means that we will reduce our GHG emissions according to the 1.5°C goal from the Paris Agreement and become net zero by 2045.
Smart lighting	100% 2030	Our ambition for 2030 is that every luminaire we sell is equipped with an integrated sensor. This creates opportunities for our customers to leverage the advantages of smart lighting.

Business environment and drivers

Our society is undergoing several revolutionary changes. We follow them closely and regularly adapt to leverage developments or, sometimes, counteract them.

Climate change

On a global scale, climate change and its consequences are becoming increasingly clear for individuals, companies and society. Demand is constantly growing for sustainable low-energy solutions that have been manufactured responsibly with sustainable materials. For the construction industry, which accounts for 40 per cent of the world's greenhouse gas (GHG) emissions, this is a critical matter. Existing buildings also account for 30 per cent of worldwide energy consumption. Today we already have technology that can increase energy efficiency and reduce the sector's carbon footprint: LED lighting has been around for fifteen years but is only used in one out of three buildings in Europe, on average.

What we do:
Our value chain is characterised by sustainability in every step, from design and development, through manufacturing in our own factories close to our customers, and to sales and after-market services. We deliver energy-efficient solutions with resource-efficient production and develop products from a lifecycle perspective. Energy consumption can be reduced up to 90 per cent with new technology and smart lighting compared with traditional installations.

We jointly conduct intense development work throughout all business areas. We develop products from new and recycled material, we find solutions that lead to reduce material consumption and we have an increased focus on reuse. The greatest impact of our products arises during the use phase, which is associated with close to 95 per cent of their emissions. That is why we place great emphasis on developing, and spreading knowledge about, smart lighting. There are opportunities for us and our customers to reduce our carbon footprint through smarter lighting. But only where and when it is needed.

Shifting global power relations

Economies are slowing in large parts of the world. Inflation and rising interest rates have had a negative impact on finances for companies as well as private individuals. Alongside this, war continues in Europe and conflicts elsewhere, including the Middle East, have escalated. It has become increasingly important for companies to regularly review their geographic presence in order to meet customers' requirements and needs. Energy shortages and rapidly rising energy prices have created an increased awareness of the importance to improve energy efficiency.

What we do:
We are a corporate group with a long history and firm foundation to stand on. We are also long-term owners and highly skilled in our industry. Our strategy is focused on being close to our customers through local production. For example, we can offer customised renovation projects in a way that would be impossible if our manufacturing had been entirely based in one region such as Asia. Our production facilities are close to their local markets, rather than at the other end of a long and vulnerable supply chain, which makes us less exposed to geopolitical turmoil. Our decentralised operations in four business areas with individual brands also creates additional robustness.

Increased digitalisation

The rate of digitalisation is increasing and new applications are appearing regularly. One example is the broad roll-out of various AI services in 2024. For the lighting industry, digitalisation and smart lighting are important components in creating sustainable solutions and installations. Ecosystems around smart buildings and cities continue to evolve rapidly. Smart lighting enables actors to connect installations from different areas and sectors, and to create new sustainable added value in ecosystems around properties and in urban environments.

What we do:
We offer smart lighting for outdoor and indoor application areas. Smart lighting refers to sensor-equipped luminaires that can share and receive information about their surroundings. We work in open systems that are easy to install and use as well as tailored to the respective application. Our open systems allow us to collaborate on digital solutions with a variety of partners, for example in construction, offices, ventilation and safety, so that together, we can create added value for customers and users.

Continued urbanisation

Accelerating urbanisation around the world means that more than half of the world's population lives in cities, a figure that is expected to grow to 70 per cent by 2050. Additionally, we now spend close to 90 per cent of our time indoors. Good lighting, both indoors and outdoors, has become increasingly important in order for us to live comfortably. Indoors, the right lighting contributes to comfortable environments to support well-being. Outdoors, lighting supports safety and better atmospheres in our urban environments.

What we do:
Our brands are specialised in developing the best lighting solutions for their respective applications. Together with customers and partners, we create tailored solutions for each unique application. We also participate in research together with selected universities to explore and share knowledge about the significance that light has on people and our well-being.

Fjord from Fagerhult.

Our value creation model

We create value for society by working toward our vision

A world enhanced by light

Business environment and drivers

Climate change
Shifting global power relations
Increased digitalisation
Continued urbanisation

Our work is based on our business environment and we take the drivers that affect us into account.

Our employees

Curious creators
Employee strategy

Responsible relations

Our brands

Four business areas
Focused specialists

Responsible operations

Our offering

The right light in the right place
Smart lighting

Circular solutions
Knowledge leader

Our contribution

We work based on three perspectives: our employees, our brands and our offering.
These perspectives are also connected to our sustainability agenda.

Positive change for better living

Our results

Financial
Sustainability

We have several long-term ambitions for our business. On the financial side, they are long-term and across an economic cycle, while our climate targets are set on two different time horizons and have been validated and approved by the Science Based Targets initiative (SBTi).

2

Our contribution

Our sustainability efforts and priorities

Our ambition is for our lighting solutions to contribute to a better world. We want everyone who comes into contact with our solutions to be able to fully do what they want in the best possible way, thanks to our lighting. We have great opportunities to contribute to energy efficiency, reduced emissions, more efficient material use and increased well-being.

Lighting accounts for up to 15 per cent of global electricity consumption. By using the latest smart lighting solutions, users can reduce energy consumption up to 90 per cent. Actively driving the transition to a circular economy is also an important priority.

We evolve together with our customers by streamlining, reusing, rebuilding and updating existing lighting solutions. This contributes to everything from lower energy costs, meeting sustainability targets and compliance with new and future legislation, to more attractive premises and more satisfied users.

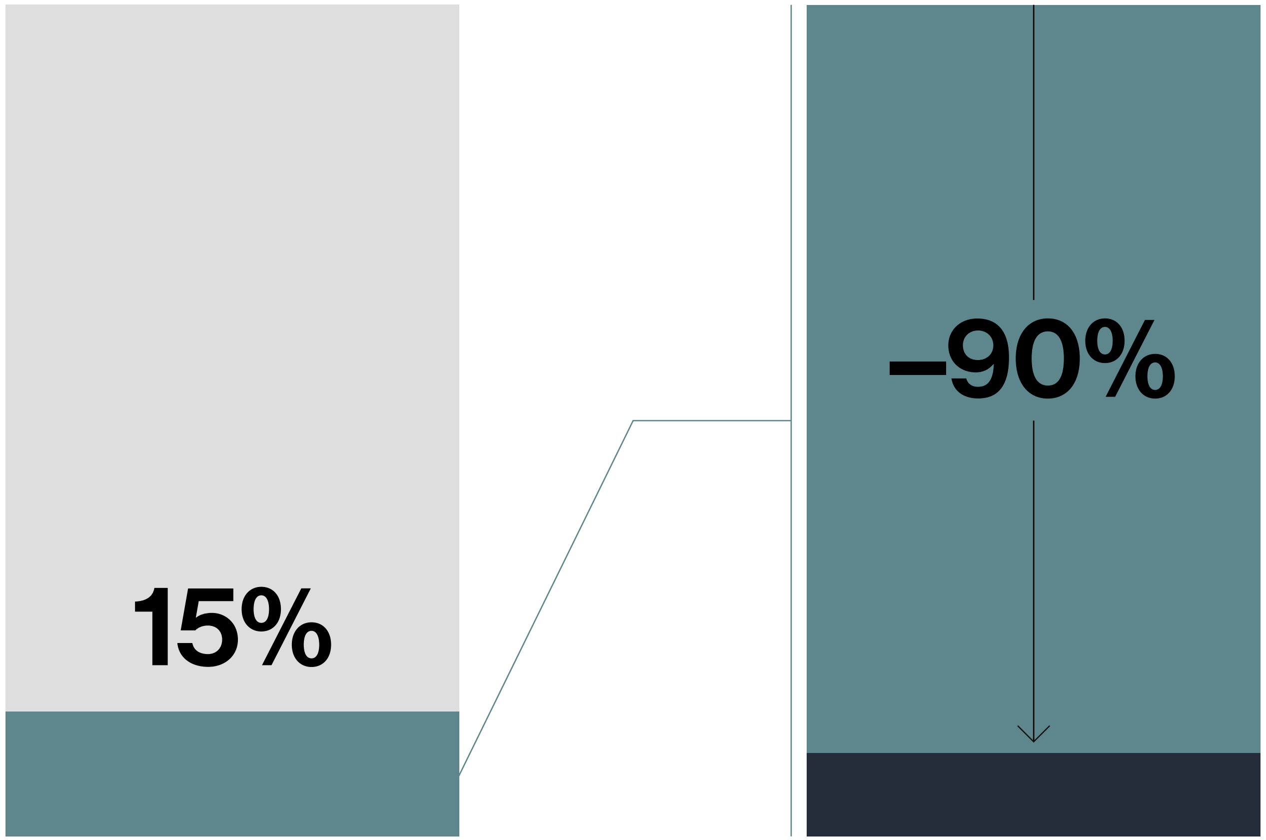
Being innovative is crucial if we are to achieve our sustainability targets and ambitions. Creating a culture of innovation where everyone dares to question and think freely requires good leadership and a sound culture. This is something we worked intensively with during the year. We continued development of our core values and established leadership principles that are now being implemented across the Group. We also put much focus on diversity and inclusion, which is central to improving innovation and business decisions.

Positive change for better living

Our value creation model is built on three perspectives: our employees, our brands, and our offerings. The perspectives are the foundation for our strategy and support us in reaching our vision: a world enhanced by light.

The sustainability agenda, Positive change for better living, is an integrated part of the strategy. On the following pages, we describe how we work to empower our employees, reduce our climate impact, and how the sustainability agenda, through its four focus areas, guides us in making business decisions that create value and contribute to society.

Global electricity consumption | **Global lighting**



Lighting accounts for up to 15 per cent of global electricity consumption.

Smart lighting in combination with the latest LED technology can reduce electricity consumption by up to 90 per cent.

Andrea Gageik
Chief People Officer
Innovation through culture, diversity and inclusion

How would you summarise 2024 from an employee perspective?
We have continued the development of our Group culture around the core values: Curious Creators, Committed Together and Aim Higher. Due to the importance of being responsive and adapting the process locally, implementation is being performed gradually in the companies.

We have completed many recruitments for key positions, and noted an increasing trend for candidates to ask about our values. It is of course also important that the values reflect how we behave and what we need to do to remain successful.

Work on our new leadership principles and the launch of a major project to highlight the importance of diversity and inclusion comprised other main priorities in the year.

What are the aims and benefits of the new leadership principles?
In a nutshell, great leadership is crucial for achieving our goals and being innovative, and as such, we need to have shared operational guidelines for our leaders. (Read more about the leadership principles on page 26.)

What strategies does Fagerhult Group have for promoting diversity and inclusion? What have you implemented to date?
Diversity and inclusion are elements of our sustainability work, and areas we will be investing heavily in over the coming years. We want every person to experience a welcoming environment that encourages them to contribute their ideas. Diversity of thinking is key to improved innovation and business decisions.

“In a nutshell, great leadership is crucial for achieving our goals and being innovative.”

We produced a series of educational videos during the year to raise awareness in the organisation about diversity and inclusion. Our management teams also completed an initial pilot training course on inclusive leadership. The ability to lead a diverse group of people and to respect the uniqueness of each individual is key to unlocking their potential.

What is important for encouraging innovation within the company?
You need to inspire people to dare to try. An innovative mindset thrives in an atmosphere where people feel comfortable discussing and exchanging differing professional views, and where mistakes are viewed as lessons learned that lead to progress.

Looking back on 2024, what are you most satisfied with?
That we have reached the milestone of developing group-wide leadership principles. This achievement came after an exciting and rewarding process involving a diverse group of employees from across the Group, and they played a crucial role in formulating the foundation for these principles. They had to explore and understand their own values and, while sharing insights was easy, the real challenge was reaching a consensus to produce a unified result.

What will your focus be next year?
We will conduct more training initiatives regarding the new leadership to gradually embed it throughout the Group. There will also be training on diversity and inclusion, where we will conduct an internal survey to help us better understand the current situation and to capture any issues that may exist.

Curious creators

Holistic view of a culture
At Fagerhult Group, our long-term work deliberately focuses on building the organisation's ability to coordinate and develop in symbiosis with our surroundings. Shared values and a sustainable culture require careful and patient long-term work spanning many areas. Networks need to be created and maintained between HR functions as well as between the companies in each business area, and between the Group and subsidiary management. Ensuring that communication about values and culture conveys and strengthens the same message throughout the entire organisation requires a great deal of systemisation and coordination.

Values shared by everyone
Our culture is built on our core values. They characterise who we are and what we do, how we treat each other, how we recruit employees, how we evaluate achievements and how we build good leadership. Strong values build a strong culture and pave the way for success.

We are convinced that merely presenting these values for our employees to simply accept or take active note of is not sufficient. The values need to come from the employees themselves. In 2021, we carried out comprehensive work in the entire organisation to clarify and define our culture. There was substantial commitment among employees and the work resulted in several core values that represent their passion for light and lighting as well as a willingness to take responsibility. The core values are Curious Creators, Committed Together and Aim Higher. Put together: Curious creators that are Committed Together to Aim Higher. This corresponds well with our heritage and extensive history.

Core Values

Curious Creators
Committed Together
Aim Higher

Employee strategy

The goal of our employee strategy is to strengthen collaboration across the Group and to ensure that we become even better at attracting, retaining and developing the right talent. This strategy was developed through a joint effort involving all of our companies. By working together, we created a vibrant team spirit between the HR functions of our different companies. Setting a clear shared agenda is important for the success of our employee strategy.

The lighting industry is changing quickly
Rapid changes in the business environment are also impacting the lighting industry. An increased focus on sustainability and new technology with, for example, smart lighting, is creating demand for new work methods and expertise within the Group. It is important that we continue developing these internally, and recruit the right expertise when necessary. One important aspect of this work is to boost our position as a knowledge leader in collaboration with partners and customers. The delivery of sustainable lighting solutions requires good partnerships and the right expertise. It is especially important in the fast-growing area of smart lighting. New smart solutions require new expertise within the entire company, from development and production to marketing and sales. Rapid technological development is also creating new business opportunities and partnerships that need to be developed within the field of smart buildings and cities.

Historically, we have acquired a large number of companies. In many cases, changes in leadership occur within the next few years, as many acquisitions are prompted by generational changes. Our goal is to build strong leadership teams as we implement organisational changes and recruitments. One important element is to build strong and dynamic teams that work together to create a strategy for the company, based on knowledge and facts. We need to continuously develop such leadership teams for the long term in order to keep pace with market changes and to seize the opportunities that arise. The employee strategy encompasses several focus areas: culture; diversity and inclusion; leadership, talent and competence development; and change processes.

Diversity strengthens culture
Appreciating people's differences and various skills is an important way to increase diversity, which in turn leads to better conditions for creating a more innovative culture. Each company is tasked with actively working to create a better balance between the genders, not least during recruitment. Our Code of Conduct states that all employees, irrespective of gender, age, religion, sexual orientation, or ethnic background, should be given the same opportunities for development and advancement, and that we strive to always offer equal pay for equal work.

Focus on lifelong learning
Companies in the Group encourage employees to continuously develop their skills. Offering an inclusive environment characterised by good development opportunities and attractive career paths, locally as well as globally, is how we create a system adapted to local needs. There are also long-term efforts in place to attract more young talents to the lighting industry. We strive to increase knowledge exchange in the field of recruiting, with the goal of further improving recruitment processes across Fagerhult Group.

The individual in focus
To ensure development is positive, all managers are responsible for conducting at least one development dialogue with their employees every year. The company controls individually the content and frequency of development dialogues.

Confident leaders
Our overall ambition is to develop managers who feel comfortable in their roles and apply a coaching style of leadership. We value sustainable leadership with leaders who have the ability to encourage employees and utilise their differences and skills. A Group-wide leadership model has been developed to provide guidance and governance for all managers in every company.

Zero injuries vision
We have a vision of zero workplace injuries and have established procedures for reporting incidents and accidents. Each company is responsible for regularly conducting safety training with employees and subcontractors and for carrying out regular and systematic workplace assessments to develop and improve the working environment and safety.

Leadership principles
Principles for leadership in an innovation environment

In 2024, six leadership principles were formulated for day-to-day work within Fagerhult Group. The principles are based on our core values: Curious Creators, Committed Together and Aim Higher. They also reflect a focus on change.

We want to be the lighting industry market leader and have ambitious targets for growth and sustainability. Reaching our targets and remaining competitive mean that we need to prepare for the future, where our leaders play a key role in ensuring that we absorb new knowledge, understand changes in the world, adapt quickly and act decisively.

1. People First
Our employees are our greatest asset. We can develop our business, our industry and ourselves through leveraging diversity and the best leadership. This is achieved, inter alia, by creating environments that foster positive and open communication, or by bringing together groups with differing perspectives.

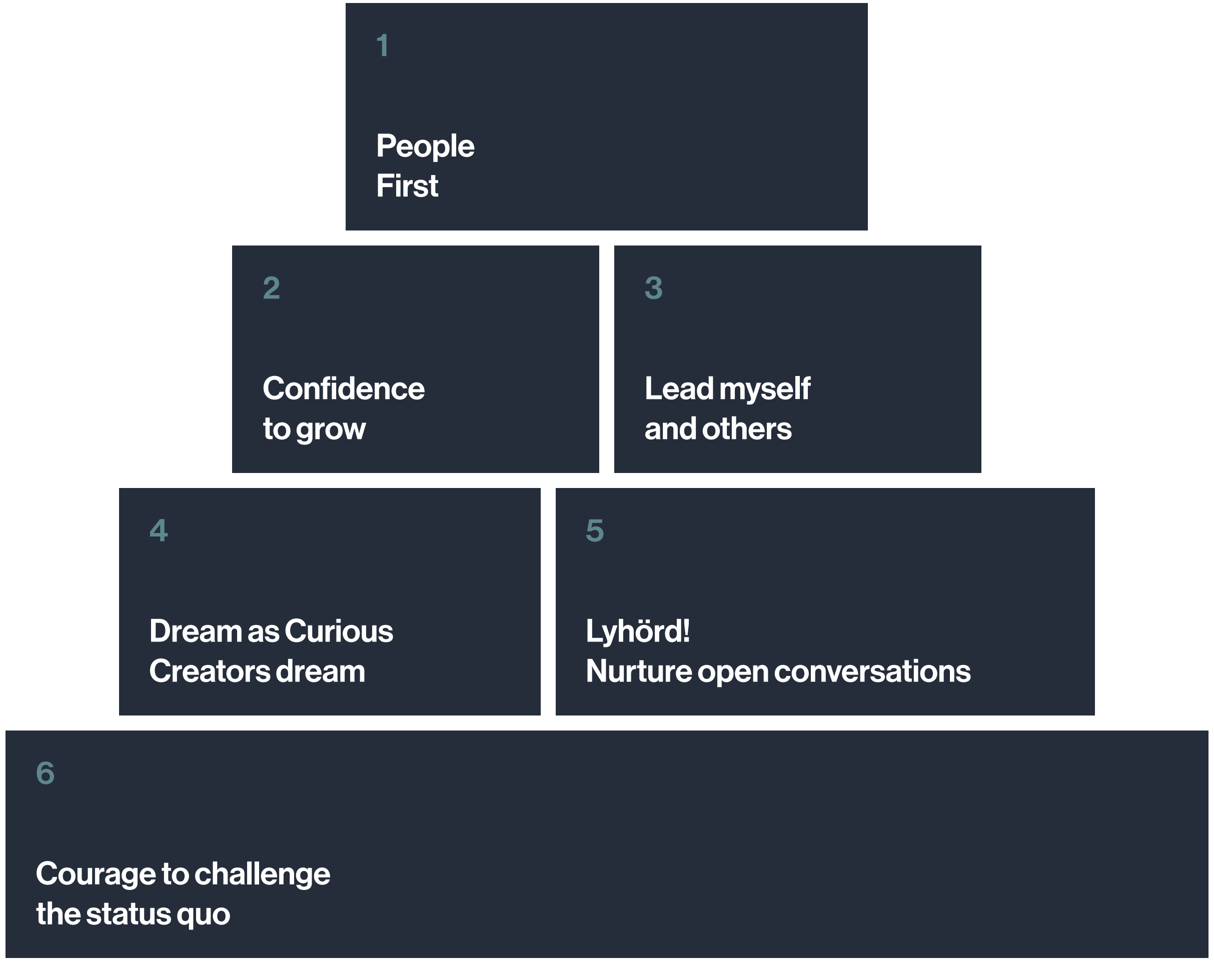
2. Confidence to grow
We offer a safe environment, where all employees are encouraged to share their ideas. We can improve business decisions by being open and nonjudgmental with each other. In tangible terms, we need to actively facilitate constructive discussion and encourage participation from employees who are perhaps a bit more reserved.

3. Lead myself and others
People who know themselves well are better able to empathise with others, and when everyone evolves, we can more easily achieve our goals. Leaders can practice this by reflecting on their own behaviour and asking for feedback.

4. Dream as Curious Creators dream
We encourage our employees to imagine the future and to dream beyond what seems possible. This ignites and fosters creativity. This is reinforced by leader behaviour that, for example, allows employees to experiment and not have all the answers.

5. Lyhörd! Nurture open conversations
We welcome and encourage listening and feedback to freely discuss various solutions and to promote innovation. This is exemplified by showing genuine interest in different view-points and paying attention to non-verbal signals.

6. Courage to challenge the status quo
We are happy to question what we do today and to explore new avenues. This is how we share knowledge internally and as an industry leader. For these reasons we follow market trends and encourage curiosity.



Josefin Unger Belin, Head of Sustainability
Meeting climate targets together with our customers

How would you summarise the sustainability work in 2024?
Another intense year with important advances. Training initiatives have been implemented across all companies and the competence within the Group have increased significantly, taking us a major step forward. One example was the training on sustainability reporting and climate calculations, which prepare us for future reporting requirements and ensure the quality of these efforts. There is much to be gained from knowledge exchange and, given the extensive knowledge within the various businesses, we have developed new dialogue platforms.

What are the most important activities for reaching your environmental and climate targets?
Fagerhult Group's greenhouse gas (GHG) emissions represent our most significant environmental impact, consequently, our top priority in sustainability matters. Following validation and approval of our science-based climate targets in 2023, focus is now on the transition plan. Due to the decentralised nature of the Group, with each company responsible for its own emission reduction, we share information and know-how internally. We have built central expertise on climate and emission calculations, but are increasing dialogues with and between the companies. It is important to increase know-how about emissions and the activities that need to be implemented.

"The competence within the Group has increased significantly, taking us a major step forward."

What are Fagerhult Group's greatest challenges?
Less than 1 per cent of our emissions occur in our own production, scope 1 and 2 of the GHG Protocol. The largest share by far occurs in the use phase, scope 3, and we need to endeavour to understand customers' challenges and demonstrate how our solutions can reduce their emissions. Collaboration with customers is very important, and making the journey together entails major opportunities for each of us to reduce our emissions. We use smart lighting and low climate impact products to reduce emissions. We also help customers reduce their carbon footprint through sustainable solutions, such as refurbishment rather than making new luminaires or by increasing the share of renewable materials in luminaires.

We are investing in, for example, electric powered painting facilities, additional insulation and new heating facilities to reach the scope 1 and 2 climate targets. It can be costly and difficult to identify the right solutions, but we know what is needed and continue our efforts. Our entire Group is focused on innovation, which comprises an absolute prerequisite for us to meet our environmental and climate targets.

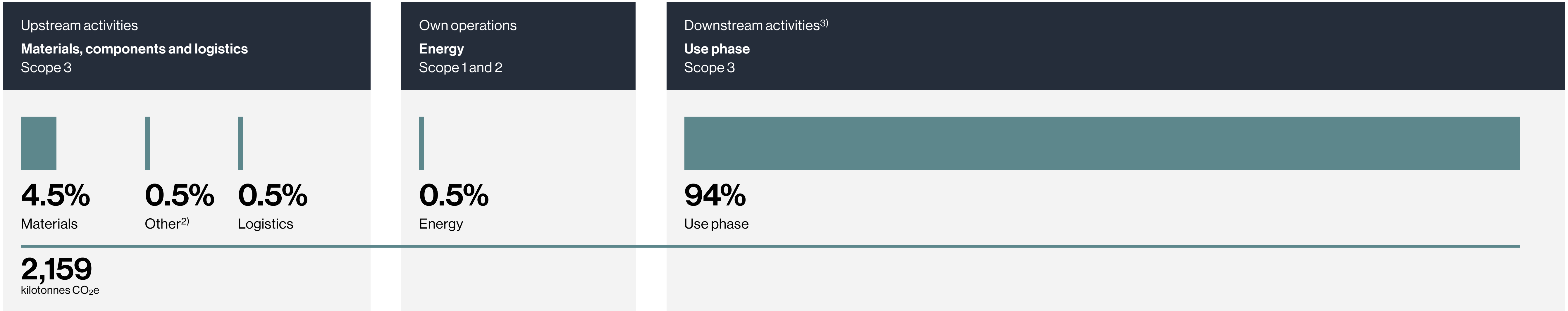
What will the focus be next year?
We will continue the process of understanding our emissions in detail and how they can be effectively reduced, and also focus on the use phase and smart lighting. Other areas we will work with are circularity and sustainability due diligence. Sustainability reporting will remain a key focus area, alongside boosting expertise and data quality across the Group.

Science-based climate targets

Fagerhult Group has short- and long-term targets that have been validated and approved by the Science Based Targets initiative (SBTi), which is an important aspect of our work to drive the changes needed for delivering on the SDGs and the EU's Green Deal. Fagerhult Group has established short- and long-term targets to reduce direct and indirect greenhouse gas (GHG) emissions. The short-term targets that apply from 2021 to 2030 are reducing direct and indirect emissions (scope 1 and scope 2) 70 per cent and reducing other indirect emissions (scope 3) 30 per cent. The Group also established a long-term science-based target of reaching net-zero greenhouse gas (GHG) emissions by 2045. In 2024, our direct and indirect emissions (scope 1 and scope 2) decreased 10 per cent. Other indirect emissions (scope 3) decreased 21 per cent.

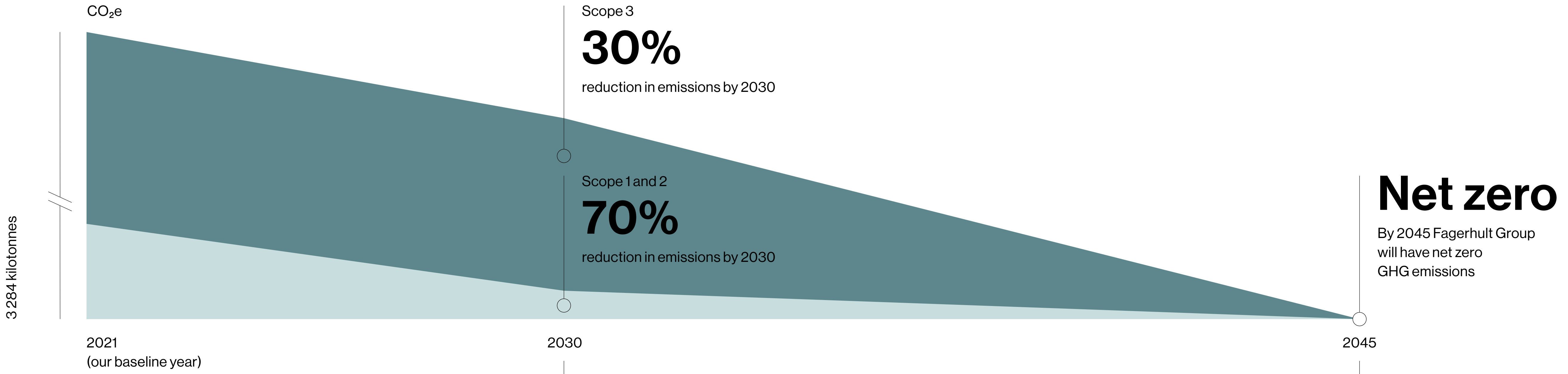
The SBTi is a global initiative that allows companies to set ambitious targets for emissions reduction in line with the latest climate research. The focus is on increasing the rate of transition for companies to halve global emissions by 2030 and to become climate-neutral by 2050. The initiative is a partnership between the Carbon Disclosure Project (CDP), the UN Global Compact (UNGC), the World Resources Institute (WRI) and the World Wildlife Fund (WWF). It is also a part of the We Mean Business Coalition.

Footprint from products sold by Fagerhult Group 2024[1)]



1) Calculation method has been adjusted since 2023. See page 86 for more information.
2) Other includes employee commuting, business travel and waste.
3) Downstream activities also include end of life treatment and downstream logistics.

Our climate roadmap



We have prioritised these activities in order to reach our 2030 targets:

Materials and components
- Develop products that use less material.
- Increase the share of recycled material, for example, aluminium, steel and plastic.
- Use aluminium with lower carbon footprint.
- Reduce the number and size of electronic components.

Operations (energy and logistics)
- Reduce the carbon footprint from transportation through optimised logistics and low-carbon transport.
- Become more energy-efficient and transition to low-carbon energy in production.
- Reduce scrap in production.

Use phase
- Develop and increase the adoption of smart lighting.
- Encourage the use of high efficiency luminaires.

To reach our net-zero target, we will continue to work with:

Materials and components
- Continue to increase the share of recycled material.
- Shift to low-carbon electronics.
- Continue to reduce the carbon footprint from materials through the use of low-carbon steel, bioplastics, aluminium and reduced packaging.

Operations (energy and logistics)
- 100 per cent use of renewable energy in production.

Use phase
- 100 per cent adoption of smart lighting.

Positive change for better living

Our sustainability agenda – Positive change for better living – is an integrated part of our business strategy and defines four focus areas with long-term ambitions and defined activities.

Our employees

Responsible relations
We are to work inclusively with respect for each other and raise issues about diversity and differences to help us to develop and grow our business. Our Code of Conduct applies for all of our brands and companies.

Our brands

Responsible operations
We maintain a holistic and responsible perspective throughout the entire value chain. Our top priority is creating a sustainable supply chain and delivering professional lighting solutions. We do this together with our partners in our efforts within responsible operations.

Our offering

Circular solutions
Curiosity and innovation drive our smart and circular lighting solutions for a better environment and a brighter future. We also offer various solutions and business models both for energy efficiency and for reuse to manage and upgrade existing products.

Knowledge leader
We are knowledge leaders within lighting, with deep expertise within smart and energy-efficient lighting solutions as well as how light contributes to better health and productivity. We guide our customers and partners in improving their sustainability performance through new technology.

Our contribution

We work based on three perspectives: our employees, our brands and our offering.
These perspectives are also connected to our sustainability agenda.

Positive change for better living

Responsible relations

Objectives

- Continue the roll-out of our diversity and inclusion programme with awareness workshops and trainings.
- Our vision, business purpose and growth ambition continue to attracting talent. We will continue to focus on our People First Strategy to support the organisation to be ready for the upcoming changes in the industry. Awareness of our strategic direction and our improved performance continues to contribute to attracting talent. This is a main focus for HR.
- Develop recruitment training for managers focused on a diverse composition of teams and how we build resilient operations. This work is based on teams with a variety of viewpoints.
- Expand the leadership development programme to more managers to continue to build a culture that creates space for employees to experiment and learn for greater personal and business growth.
- Code of Conduct training for employees in 2025.

Important progress in 2024

- We've started the implementation of our new leadership guidelines for managers where the cultivating teams with a variety of viewpoints is an important component.
- We have started an extensive project around diversity and inclusion, which includes training and workshops to build awareness and knowledge. Within this programme we have launched a number of videos and an Empathy check-up.
- Launched a training series for mid managers called 'Learn & Grow'.
- We launched our diversity and inclusion strategy and set the roll-out plan for implementation.
- The joint Code of Conduct for business partners has been implemented at a large part of the Group's suppliers.

We work inclusively and responsibly with respect for each other. We affirm diversity and differences as strengths that help us to continuously improve. Our Code of Conduct applies across all our brands and companies.

We are a large Group with many different brands and local companies. In order for us to work together productively and effectively, we need to be inclusive and take responsibility for all of our operations and all of our relationships along the value chain. We do not tolerate any form of corruption.

We must always safeguard the health and safety of our employees. Our Group-wide values are to be integrated in all processes and day-to-day work. Partnerships and dialogues between the Group companies are important for our success and development. As partners, we are transparent and honest in our relationships both with returning customers and with new collaborations. It is important for us to support an open and honest culture, one characterised by curiosity and a willingness to be bold, test and develop.

Our shared Code of Conduct is the basis for everything we do and how we act, and any deviations can be reported anonymously through our whistleblower system.

Our work with responsible relations
We continue to implement our joint Code of Conduct for business partners. It is the basis for our actions in relationships with our suppliers, customers and other business partners. It also clarifies the requirements and expectations we have for our partnerships. Partnerships and collaborations with people are important parameters for succeeding in our sustainability journey, where all of our stakeholders are included in some form. This applies to internal as well as external partnerships.

Work on diversity and inclusion continued during the year. We see people's differences as a strength and value different experiences. This is how we work together to create the conditions for an inclusive, respectful and innovative culture. Our companies work continuously to ensure that all employees, irrespective of gender, age, religion, sexual orientation or ethnic background, are given the same opportunities for development and advancement, and we strive to always offer equal pay for equal work. This is stated in our Code of Conduct.

Comfortable and safe workplaces are top priority. This applies to physical as well as psychological safety. None of our employees should get injured or suffer an accident.

Responsible operations

Objectives

- Continue work on climate adaptation of our factories.
- We will develop a clearer process for sustainability due diligence.

Important progress in 2024

- Our smart lighting offering Organic Response has been ISO 27001 certified.
- The implementation of our policies for human rights, working conditions and conflict minerals, which are included in our Code of Conduct for business partners, continues.

We take full responsibility for all of our operations. Together with suppliers, customers and other partners, we create a sustainable value chain. We deliver professional lighting solutions which are circular, safe and that contribute to a better life.

We are to take responsibility for the negative and positive impacts that Fagerhult Group has along the value chain. In the supply chain, we are to ensure that our partners respect human rights and that they work systematically to reduce their impact on the environment and climate. We are to help strengthen our suppliers' sustainability efforts whenever possible. All companies in the Group are to act in accordance with the framework established by our shared sustainability agenda, Positive change for better living. We are to develop our products to support healthy and safe environments and to ensure cyber and product safety. No one should be negatively impacted by our operations or by our products and solutions.

Through our wide geographic spread with operations in a large number of countries, our operations can affect a variety of stakeholders, not least regarding human rights and cyber security. Before every business acquisition, a due diligence process is conducted from an environmental and climate perspective, while also considering our ethical requirements. We are firmly committed to working together with our suppliers, business partners and other stakeholders to promote human rights and create a positive social impact.

Our work with responsible operations
We support and respect basic human rights, including the Universal Declaration of Human Rights, through our work with labour conditions and working environments, within the Group and at our partners.

We conduct comprehensive work to ensure ethical, sustainable business in all parts of operations.

Our climate risk assessments indicate that our companies and facilities, in the short and long term, will be affected by the consequences of climate change, including higher temperatures, water intrusion and energy shortages leading to high prices. That is why we work to identify risks and prevent potential negative consequences. But we also see opportunities.

Demand and requirements for environmentally friendly products and solutions will likely increase and we see opportunities for new markets and stakeholders.

Circular solutions

Objectives

- We will solidify the actual energy savings that can be made by a smart lighting installation working closely with selected existing customers.
- We will continue to expand the service business model by broadening the offering and strengthening the organisation.
- Our work with circular solutions aim to help us reach our short- and long-term climate targets in 2030 and 2045.
- We will set Smart lighting volume targets for a selection of brands in 2025.
- We will set a target for reducing the use of virgin raw materials in our products.

Important progress in 2024

- We reduced our greenhouse gas (GHG) emissions by 34 per cent compared to 2021.
- We have set a target where 100 per cent of our solutions should be based on smart lighting by 2030.
- We have launched a service business model for indoor solutions which will allow us to work with our smart lighting customers to reduce their energy consumption during the whole life cycle.
- During the year, we have launched a number of new products with renewable materials such as hemp and wool as well as increase the share of recycled materials in several products.

Our extensive experience and know-how form the basis for our innovative approach. We want to be the leading sustainability actor in the industry and our ambition is to contribute to a better world through smart lighting solutions. We utilise the latest innovations to reduce our impact on the environment and climate, enabling a better environment and a brighter future for everyone.

Our ambition is to maximise the positive effects of our business operations along the value chain, while minimising our negative impact. We work systematically to reduce our greenhouse gas (GHG) emissions in the short and long term. The goal of these efforts is the setting of our climate targets which have been validated and approved by the Science Based Targets initiative (SBTi).

By replacing the traditional linear view of economic systems and value chains with a circular perspective, we can deliver products and services that reduce resource use and waste. With our unique blend of local and regional brands, we can offer a customised approach to sustainable high-volume production. We can, and will, maximise energy savings with the latest LED technology and smart lighting. Our products should help reduce environmental and climate impact from a lifecycle perspective.

Our work with circular solutions

By considering criteria like energy efficiency, choice of material, duration and the lighting solution's life cycle, already in the innovation stage, we can take control over resource consumption, energy consumption and greenhouse gas (GHG) emissions early on in the process and thereby reduce them. A circular approach is a prerequisite for us that allows our brands to design and develop solutions that meet the UN SDGs and the goals in the Paris Agreement.

Sustainability is deeply rooted in our operations and includes building an effective and resource-efficient supply and value chain. Through our net-zero journey we have learned a great deal about how our operations affect our business environment. We have chosen to transparently and continuously share our insights. One such important insight is that our largest climate impact comes from the greenhouse gas (GHG) emissions that arise during the use phase of our products. That is why we work continuously with finding and developing smart, energy-efficient solutions. We also work to reduce the emissions associated with our production and supply chain.

Thoughtful product design and active choices of material are essential for our development of products that help reduce environmental impact. We continuously review opportunities to avoid inefficiency, whether it pertains to water and electricity consumption, waste, transportation or anything else unnecessary. We develop our solutions to be used, reused, renovated, recycled and upgraded.

Our work with circular solutions creates sustainable lighting that can be adapted to suit changing needs. In recent years, we have experienced significant demand for upgrading and adapting existing luminaires safely while retaining their quality. Most of our brands offer circular upgrades together with various additional services.

Knowledge leader

Objectives

- Be a knowledge leader in the industry.
- Share our knowledge with customers, users and society at large about how smart lighting can improve health, service, as well as reduce climate impact.
- We will test new ideas and build knowledge in the organisation about means of moving to circular business models.

Important progress in 2024

- We have launched trainings on smart lighting for the entire Group.
- We have conducted a variety of training to raise the level of competence in the Group around sustainability and what we can do to reduce our, and our customers', climate impact.
- Through our external communications channels, we have continued to clarify what our activities and our roadmap towards net zero look like and how we can help our customers reach their climate targets.

We have collected a great deal of knowledge about lighting, manufacturing and design in our 80-year history. Our expertise is unique in the industry. We continue to develop new technology and learn more about people and light. This is knowledge we want to share with everyone.

The right lighting solution plays a central role in creating well-being, a sense of security and creativity in society, yet they are often taken for granted. At Fagerhult Group, we aim to be a knowledge leader who shares the latest knowledge in light. This means helping our customers and partners understand how the industry is developing and how new guidelines and regulations can affect them. We are to guide our users to more sustainable solutions that help reduce lighting's environmental impact. As knowledge leaders, we are to provide positive support for our customers, users and society at large.

Our work as knowledge leaders
To retain and further develop our position as knowledge leaders requires systematic work with training and developing our employees. That is why we have extra focus on sustainable lighting and smart lighting solutions in our internal skills and training programmes. By strengthening our employees and increasing their understanding for how our products can help reduce climate impact, we make it easier for our customers to make more sustainable decisions when they choose lighting solutions.

We place a great deal of emphasis on our shared culture. Our managers are ambassadors in this area and that is why we invest particularly in shared courses. Today we consist of twelve companies with a very strong local presence and our employees often remain with us for a long time.

The right skills in the right place and continuous internal knowledge sharing are two important components of our work to be knowledge leaders. We work to create a group of employees who complement each other and provide new perspectives. We collaborate in several shared forums, where we share news and develop together. Each relevant development area such as purchasing, innovation, operations, sustainability, and sales and marketing, has its own forum..

It is important for us to work together with other stakeholders. We have several established partnerships with companies in ventilation, office solutions and safety, and we are seeking additional partners to develop together with to improve our understanding of different working environments, technologies and societies. We conduct several research-related partnerships where, together with colleges and universities, we research how light affects people. Continuing to develop as knowledge leaders is central to our daily operations.

To reach our customers, users and others who are affected by lighting, we carry out structured work in everything from seminars, customer meetings and product launches to partnerships and informative communication. We are increasingly taking on an advisory role, since we have unique knowledge regarding design, health, function and technology.

A significant share of Fagerhult Group's total carbon footprint is attributable to the materials used to manufacture our products. Furthermore, the share of emissions attributable to materials will grow as products become more efficient and electricity in the grid becomes greener. To achieve our ambitious sustainability goals, we are widely exploring new materials to increase the use of renewable and recycled materials. We also strive to minimise the amount of material, where each advance in terms both of weight and of volume makes a big difference. Our long-term sustainability work has resulted both in brand new luminaires and in upgrades of existing products.

Work with development is extensive and is performed in close collaboration with a number of external actors to allow the introduction of materials with a lower climate impact, such as hemp, sugar cane starch, wood, cardboard, wool and linen. As for all innovation, product functionality, features and quality are diligently tested to ensure the same high standards for quality and light comfort.

Case: **Innovative materials make a difference**

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1. Hemp fibre is used in the Superdupertube office luminaire, a sustainable version of the 1970s ateljé Lyktan success. Hemp has long, durable fibres and is a renewable resource grown with minimal environmental impact. Sugarcane starch is used as a binding agent in production.

   Read more here (external link)

2. Another example of material innovation is Multilume Re:Think, an update of Fagerhult's bestseller Multilume Slim. In this version, the metal body has been replaced with hard cardboard (solid board), thereby reducing the climate impact of the luminaire body by 81 per cent.

   Read more here (external link)

3. Fagerhult also manufactures the Kvisten luminaire from 77 per cent recycled or renewable materials. The body is made of pine plywood and birch veneer, the use of plastics has been minimised and reflectors are reused from old television sets.

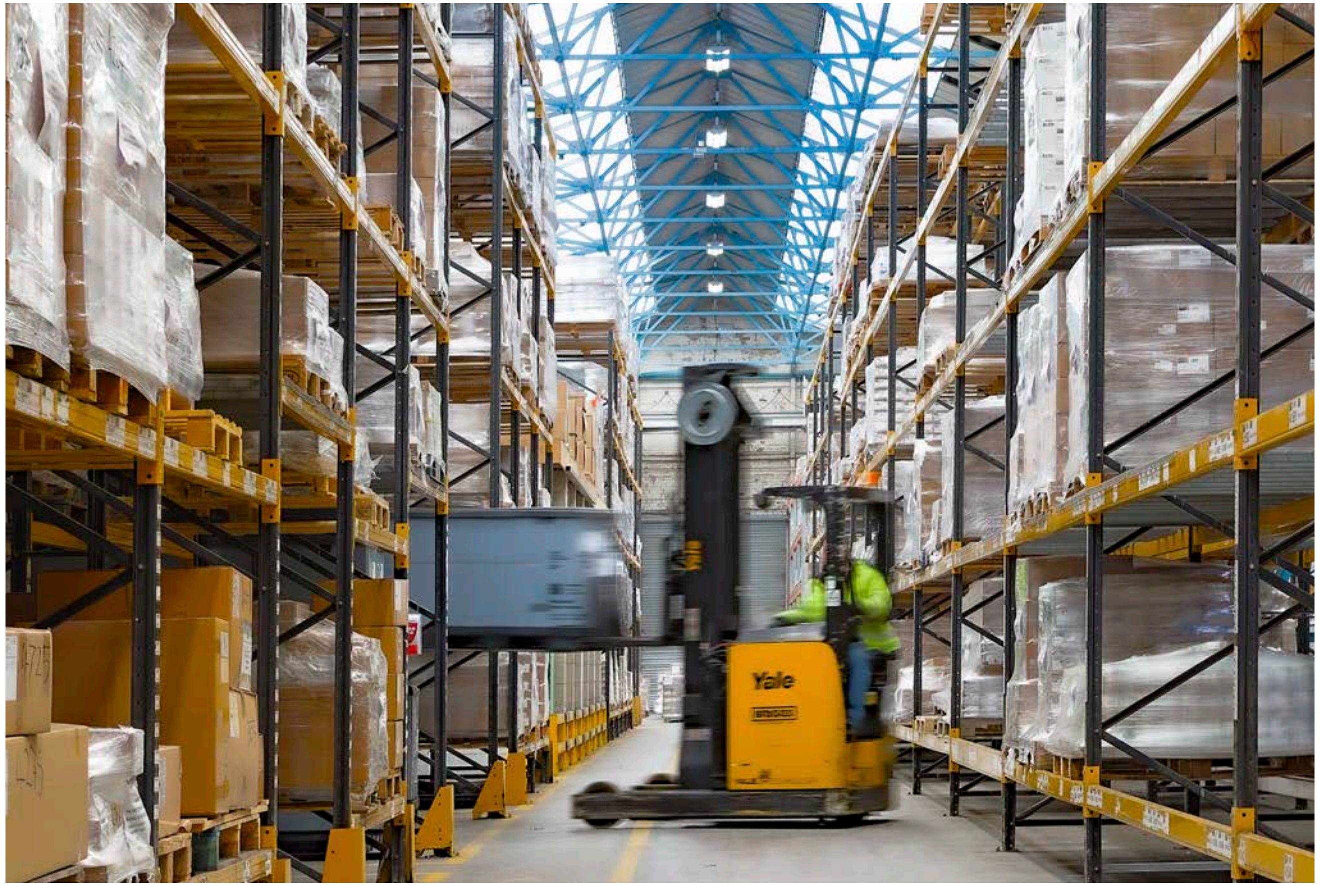
   Read more here (external link)

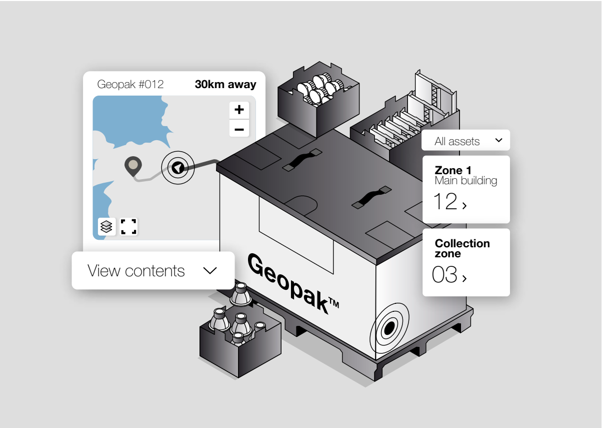
4. Wool is also a natural material with many positive properties: durable, pliable, biodegradable and fireproof. Swedish wool has been used as a raw material in some of the luminaires in the Hood series from ateljé Lyktan, thereby shortening the value chain and reducing the carbon footprint. Another benefit is utilisation of a Swedish-sourced raw material in excess supply.

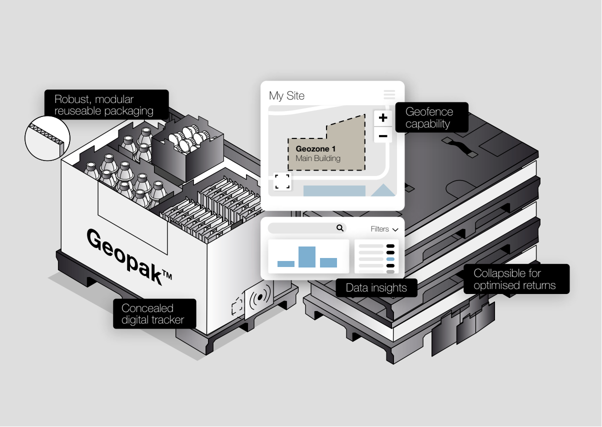
   Read more here (external link)

5. 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.

   Read more here (external link)







Case:
Geopak™ – reusable packaging solution with GPS tracking

In 2024, the Geopak™ packaging concept in commercial use made its premiere at a new campus site for Fife College in Dunfermline. This will be Scotland's first net-zero emissions college and serve as a model for the Scottish Government's standard for public buildings.

Whitecroft is supplying lighting for the project and in this context has, together with the construction company Balfour Beatty and Cardiff University, among others, developed a packaging concept.

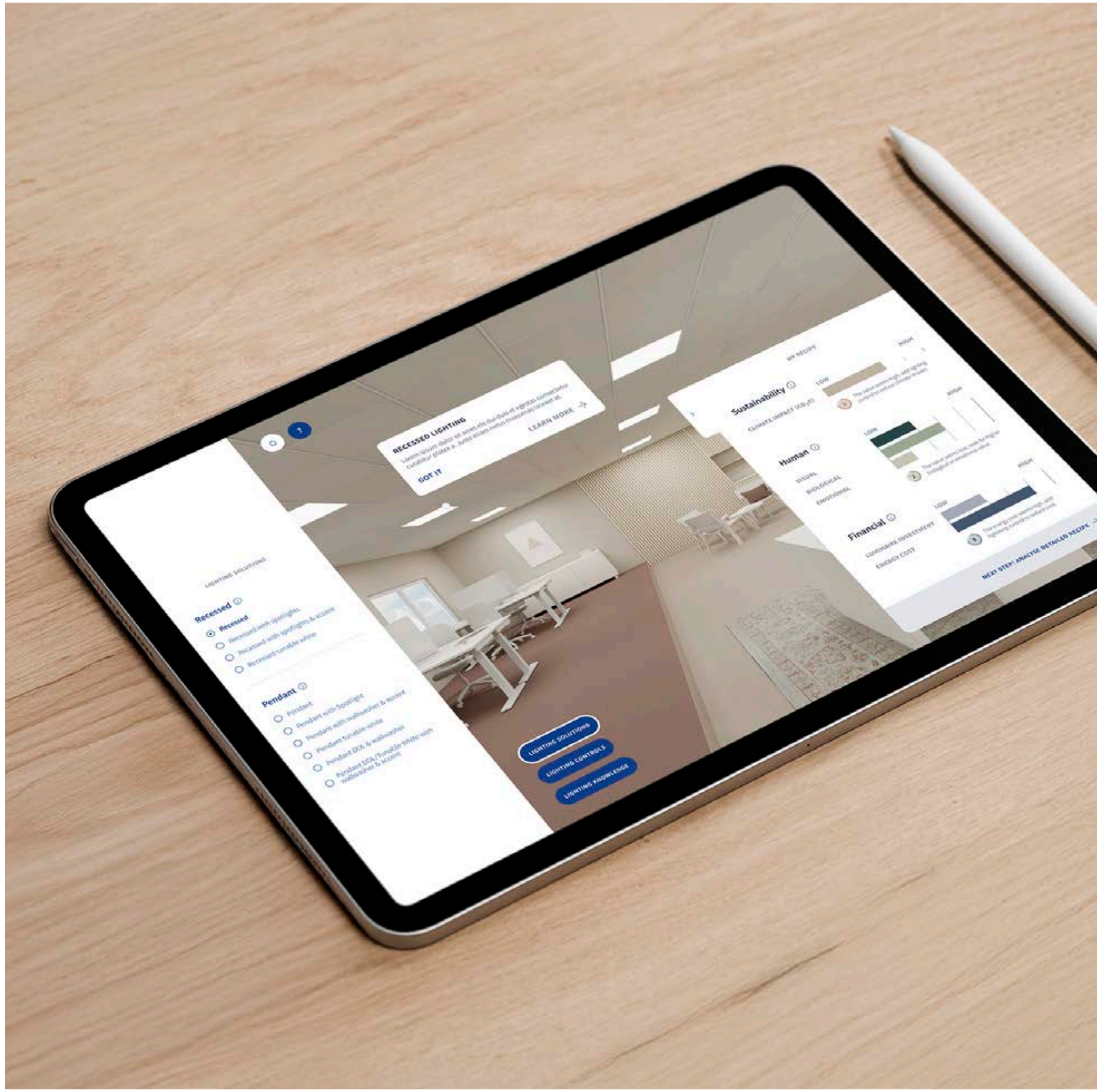
Unlike traditional corrugated cardboard boxes that are thrown away after use, the new packaging can be reused for multiple deliveries. They are designed for use with a variety of lighting products and are returned to Whitecroft after delivery and unpacking of the products. In this way, the reuse cycle can continue over and over again.

The packaging design also allows for efficient transportation and each package has a GPS transmitter, enabling it to be easily tracked and, if necessary, re-routed if construction plans change. Installers' ability to track packaging enhances logistical efficiency for large-scale projects.

Geopak is expected to eliminate 2 tonnes of packaging waste for the campus project alone. For the next two years, Whitecroft plans to use Geopak in all its major projects, which should remove the equivalent of 100,000 cartons and their associated carbon emissions from the supply chain.

"The Geopak project is particularly inspiring since it extends beyond recycling and reusing packaging materials, or even achieving the challenging net zero target. It entails a rethink and redesign of our processes, and innovating from the beginning, in the design stage, to the final manufacture of materials and construction," says Jim Brannan, Head of Supply Chain Development at Balfour Beatty.

Read more here (external link)



Case:
Visualising the effects of light

In 2024, Fagerhult launched the digital tool Recipe of Light on its website to create and visualise different lighting solutions. It also shows how the solutions impact people, the environment and costs.

The user can select a room type, such as an open-plan or individual office, conference room or a classroom. Then, they can experiment with recessed or pendant luminaires as well as spotlights and accent lighting to visualise how the lighting solutions alter the atmosphere of the room.

“How different types of lighting feel can be difficult to convey to the customer, and this enables us to showcase the quality experience more tangibly. Recipe of Light facilitates informed lighting decisions by clearly visualising how an optimal solution can be achieved based on the user’s priorities in terms of environmental, social and economic sustainability,” says Henrik Clausen at Fagerhult Lighting Academy.

Recipe of Light was developed by Fagerhult before being tested and refined with input from lighting designers, architects and electrical consultants across Europe to ensure the tool relevance and use for a variety of stakeholders.

Easy-to-understand bars are used to illustrate the impact of each choice on greenhouse gas (GHG) emissions, on how people in the space are affected visually, biologically and emotionally as well as on the investment cost and energy consumption. Moreover, the new tool showcases the importance of using smart lighting to reduce climate impact and energy consumption.

Read more here (external link)

3

Our brands

Strong brands and common initiatives

Business areas

Our brands have operational responsibility

Collection	Premium	Professional	Infrastructure

Smart lighting

Joint development of technical solutions for smart lighting

Innovation	Sustainability	Employees

Strategic focus areas

These strategic initiatives are driven at the Group level

Our Group consists of 12 strong lighting brands that all offer professional lighting solutions. We focus on local development and production to be close to our end customers and partners, but we have a global presence. Our goal is to grow in new and existing markets by leveraging our extensive expertise and growth opportunities from new, innovative and sustainable solutions.

Business areas – local expertise and global presence

Operations are conducted in four business areas in which we have gathered our different lighting brands. The business areas build on similarities that unite our brands in terms of focus areas, market presence and customer groups with the aim of leveraging new opportunities by means of collaboration between our brands.

Strong brands with local roots
Within each brand, we have extensive experience and knowledge of lighting and the significance of creating the right light. All of our brands drive their operations and growth initiatives separately. All brands are complete companies with local roots in a location where everything is united, from development and production to management functions. Our local presence is crucial and provides us with the opportunity of being close to customers and partners, adapting our products and securing short lead times.

Growth strategy: organically and through acquisitions
Organic growth in the companies is either the result of product innovation in which the offerings are expanded or through increased market shares in existing or new markets. Acquisitions have been fundamental to establishing Fagerhult Group and moving forward, we seek acquisitions that are either in line with the growth strategies of our respective business areas or that contribute with new technology in key focus areas, for example, in smart lighting. Several acquisitions were carried out between 2010 and 2020 in order to add new product categories and geographic markets. Our reach has grown from Nordic to European and is now global.

Deeper collaboration through forums
In addition to the business area structure, we also have Group-level forums. This is where we work with knowledge exchange and collaboration between our brands. Each forum has a sponsor in senior management. We now have five active forums in the areas of innovation, operations, purchasing, finance and sales and marketing.

Smart lighting – the lighting systems of the future

By using the latest technology together with smart lighting, we can reduce energy consumption up to 90 per cent. There are significant savings to be made in costs as well as greenhouse gas (GHG) emissions. Smart lighting is therefore an important part of our current and future offering. Smart lighting also opens up the possibility for new services and integrations with other systems, which adds value for us and for our customers.

Smart lighting consists of sensor-equipped luminaires that can share and receive information about their surroundings. The sensor technology in our luminaires creates an infrastructure of sensory points that can be used for everything from presence data and daylight levels to controlling other systems such as ventilation or traffic lights. Since smart lighting is such an important part of our offering and a growing future market, we have collected our organisation around the technology with around 70 employees at the Group level. Within the Group we have two technical platforms: Organic Response for indoor use and Citygrid for outdoor use. Development is conducted at the Group level to ensure that know-how and new technology are available to all our brands and are a natural part of their offering.

Strategic focus areas

The market is changing and growth opportunities are constantly being created. To ensure that we have a shared focus on these opportunities, we have chosen to launch a number of strategic Group-wide initiatives. While our brands have operational responsibility for implementing these initiatives, we are also increasing focus and ensuring that knowledge and technology is available for all our brands.

Innovation
Constant development is critical for us and innovation is one of our most important areas. Each brand has enormous knowledge when it comes to light and how it affects people and the environment. Based on this knowledge and developments in the business environment with, for example, increased sustainability performance requirements, our experts work continuously with new solutions and materials. At the Group level, we are currently focusing on smart lighting, which is also important for reducing the carbon footprint. Other new technical solutions can be developed at the Group level when deemed appropriate.

Sustainability
Demand is growing for sustainable low-energy solutions that are made responsibly with sustainable materials. We apply a holistic business approach to develop a sustainable value chain and operations. At the Group level, we promote our shared sustainability agenda and work with our goals related to greenhouse gas (GHG) emissions. Since 94 per cent of our emissions are associated with the use phase, the dialogue with users is increasingly important, as is the introduction of smart lighting for reduced energy consumption.

Employees
The aim of the Group's overall employee strategy is to prepare for the future by strengthening collaboration and ensuring that we attract and develop the right talent for the future. There is a great deal of focus on developing our shared culture.

Case:
World of Volvo lighting up Gothenburg

When World of Volvo opened its doors in April 2024, it marked the culmination of an extensive and unique lighting project that started back in 2019. The primary construction material of the 22,000 square metre building is wood – and its rounded, organic geometry and advanced design challenge traditional architectural norms.

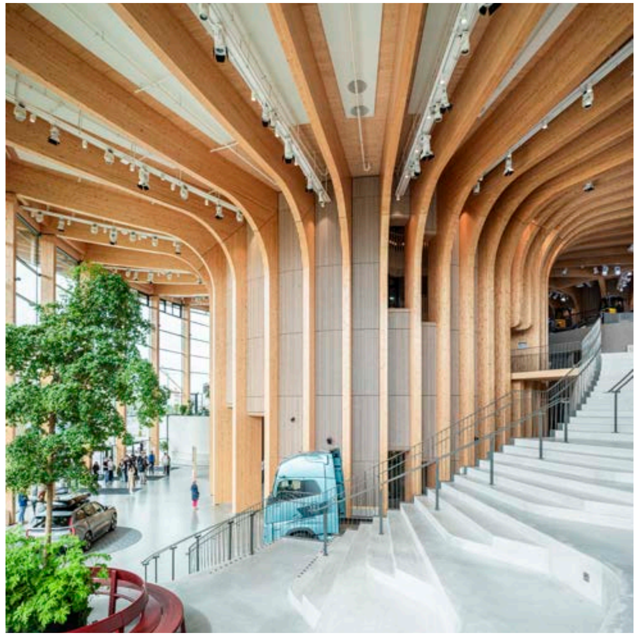
World of Volvo was designed by the internationally renowned architectural firm, Henning Larsen and inspiration for the design was taken from the Swedish concept Allemansrätten (right of public access to nature). The building stands on a solid concrete foundation, with the supporting structure comprised of glulam beams and cross-laminated timber. The glass façade acts as a transparent wall to the world outside, allowing natural sunlight in and to create a warm and inviting atmosphere. The design of World of Volvo contributes to a vibrant meeting place that fosters interaction between people and ideas.

The indoor and outdoor lighting comes from the following Group brands: Fagerhult, iGuzzini, LED Linear, WE-EF and ateljé Lyktan. The assignment involved several technical and aesthetic challenges since the light needed to meet functional requirements as well as harmonise with the building's unique architecture. The vast window sections allow natural light to flood in, even though daylight hours vary greatly with the seasons in Sweden. Accordingly, the lighting has thus been adapted to showcase and enhance the building when it is dark outside, while smoothly supplementing whatever natural light is available.

Read more here (external link)

World of Volvo was constructed to embrace constant change. Since the opening, visitors have been able to experience both temporary and permanent exhibits, lectures, conferences, and food and beverages. Each of which has required its own special lighting adapted to the space and purpose. Much testing and trial lighting has been conducted to meet the high degree of customisation required by the round shape of the building and varying ceiling heights. Every room and space have been equipped with a flexible system of unique lighting solutions. The ability to adapt and redirect the lighting over time has been important.

LEED Gold and WELL certifications were obtained for the project, which involved solutions that reduce energy consumption and promote the well-being of everyone who spends time in the building. In a building that intertwines artistic creativity and technological innovation, light plays a key role in helping people engage in ways that foster creativity and ignite new ideas.



Collection Innovative launches

“It’s important to create an environment where we can challenge each other to push boundaries”

Edwin Roobol
Head of Business Area Collection

“In 2024, the Collection business area achieved several important advances within the framework of Fagerhult Group’s strategic priorities,” says Edwin Roobol, Head of Business Area Collection.

“For example, we have prioritised leadership and successfully filled key vacancies, which has enabled us to focus on developing both the organisation and the employees,” he says.

Innovation in technology and materials

Smart lighting and sustainability continue to evolve, with material innovation as a key component.

“The Collection has launched some very innovative products that utilise materials with a lower environmental impact and combined them with our smart lighting technology from Organic Response. Our offering helps customers meet the energy efficiency requirements of the EU Energy Performance of Buildings Directive (EPBD),” says Edwin Roobol.

The Superdupertube, a luminaire from ateljé Lyktan made from hemp, and the Light Shed Linen from iGuzzini, the first professional lighting product made from linen comprise some examples of luminaires utilising innovative materials.

Climate focused collaboration

Material innovation is largely conducted in collaboration with external partners, for example, Superdupertube was created in partnership with Snøhetta, fuelled by a shared ambition of a more sustainable future. Minimising the carbon footprint has been the focus throughout the process, from design to manufacturing, and from raw material to recycling.

Edwin Roobol highlights the growing importance of innovation as the world undergoes accelerating change, with faster shifts in technology.

“Innovation makes us relevant. So, I think it’s important to create an environment where we can challenge each other to push boundaries, and fully leverage the skills within our organisation.”

Promising projects underway

Edwin Roobol is optimistic about the future of the business area, which has four strong brands, highly skilled employees and a growth plan based on creating the right value for customers and stakeholders.

“Several of our ongoing innovation projects clearly demonstrate the teams’ positive attitude and openness, and I am confident they will result in exciting solutions,” concludes Edwin Roobol.

Net sales	3,842 MSEK (3,861)
Operating profit before items affecting comparability	363 MSEK (368)
Operating margin before items affecting comparability	9.4% (9.5)

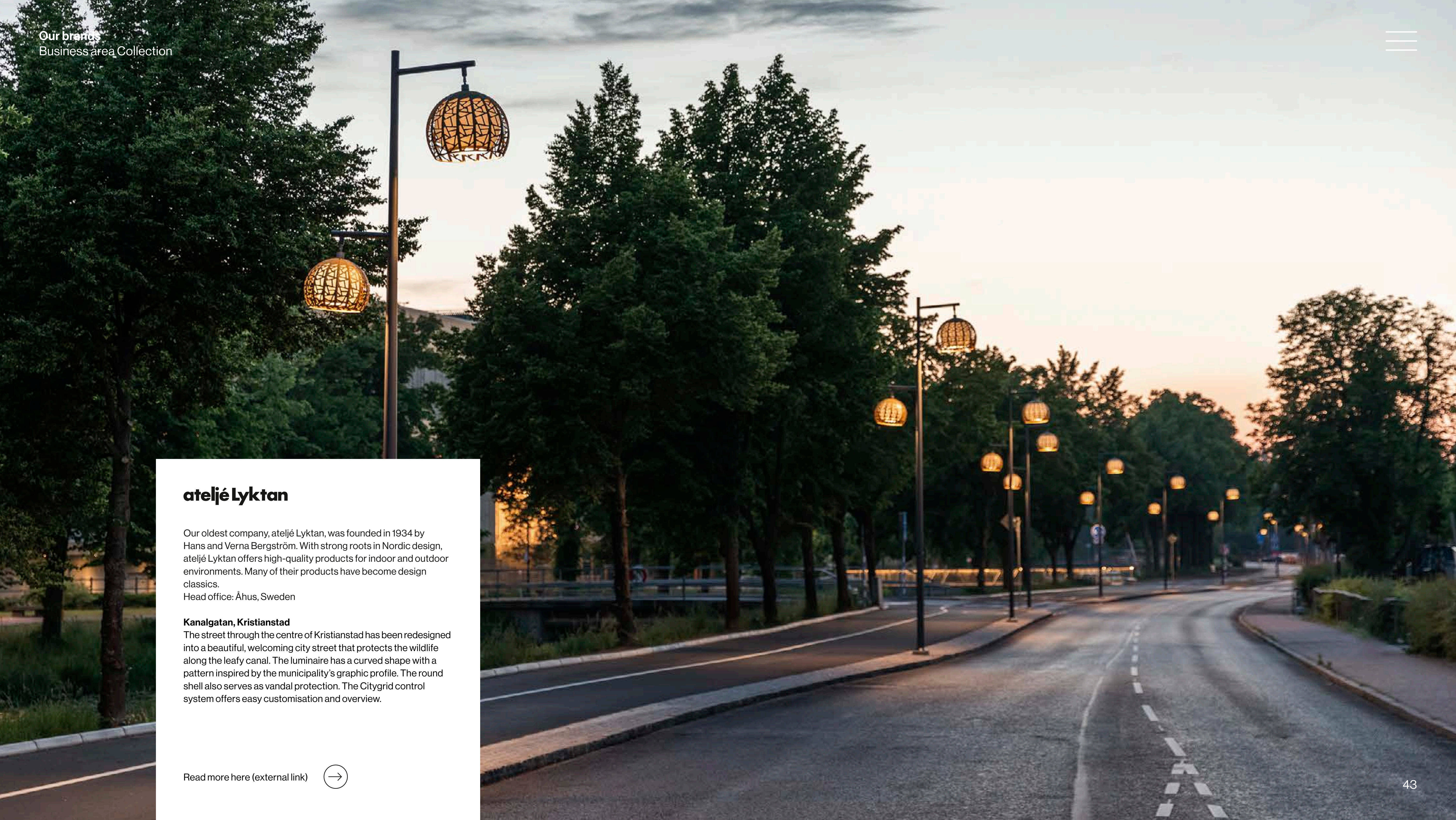
ateljé Lyktan

iGuzzini

LED LINEAR™

we-ef

Collection is home to our internationally recognised brands. All have an international product portfolio appreciated and used by lighting designers and architects all over the world. The brands within Collection offer a broad product range with a focus on outdoor and indoor environments with high requirements in terms of architectural design. Product development and production takes place in Sweden, Germany, Italy, Canada, China and Thailand.

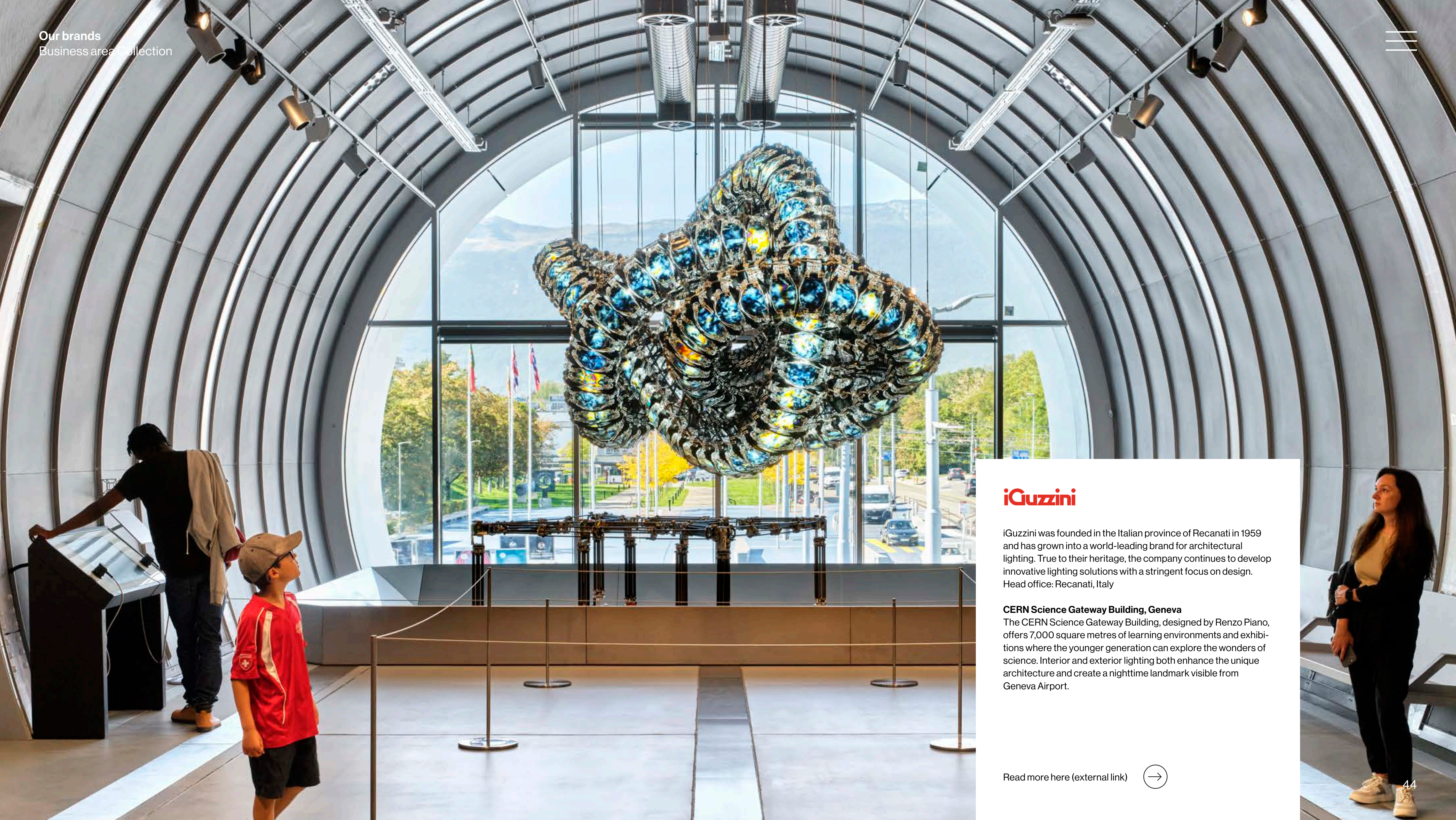


ateljé Lyktan

Our oldest company, ateljé Lyktan, was founded in 1934 by Hans and Verna Bergström. With strong roots in Nordic design, ateljé Lyktan offers high-quality products for indoor and outdoor environments. Many of their products have become design classics.
Head office: Åhus, Sweden

Kanalgatan, Kristianstad
The street through the centre of Kristianstad has been redesigned into a beautiful, welcoming city street that protects the wildlife along the leafy canal. The luminaire has a curved shape with a pattern inspired by the municipality's graphic profile. The round shell also serves as vandal protection. The Citygrid control system offers easy customisation and overview.

Read more here (external link)

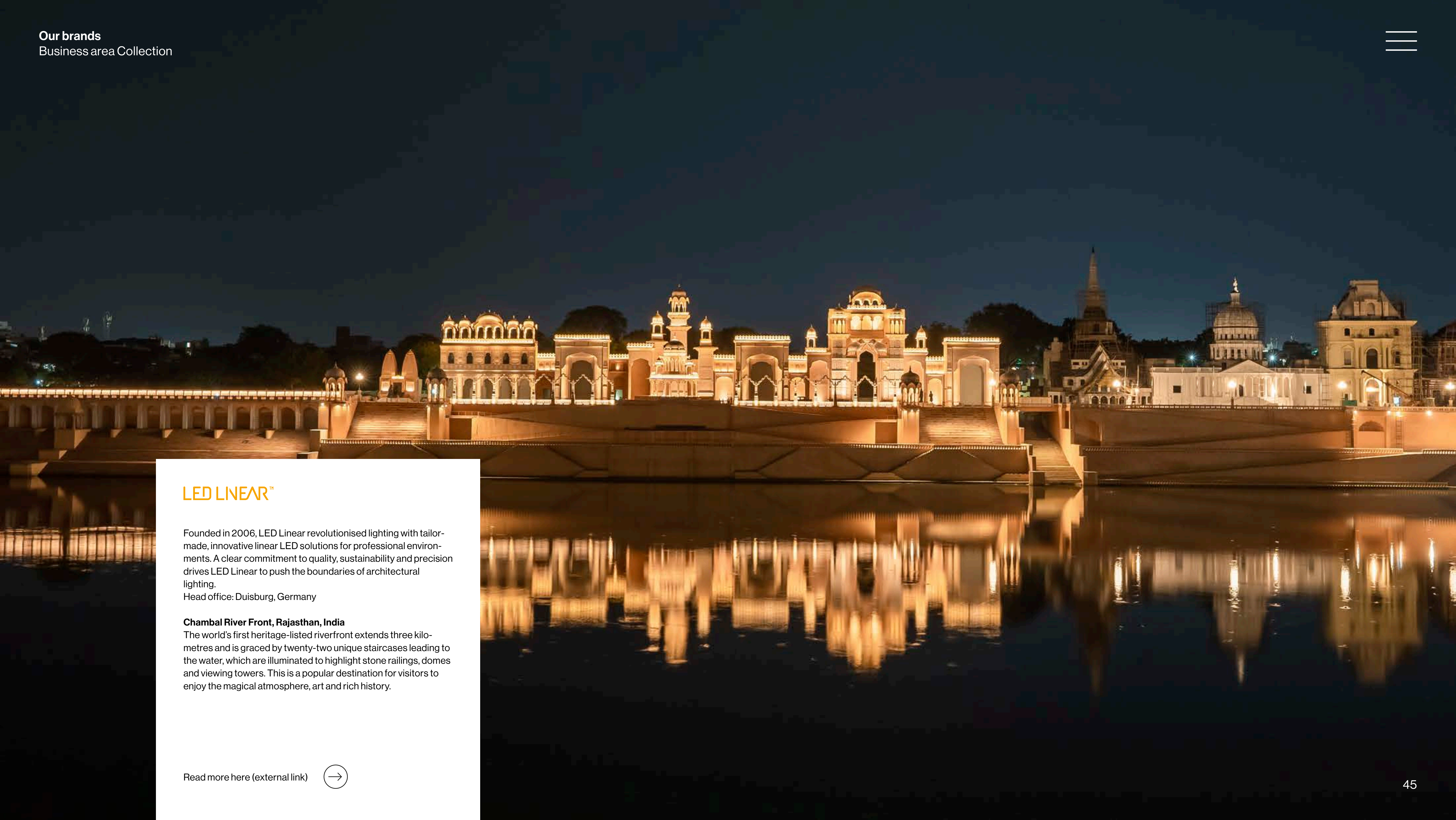


iGuzzini

iGuzzini was founded in the Italian province of Recanati in 1959 and has grown into a world-leading brand for architectural lighting. True to their heritage, the company continues to develop innovative lighting solutions with a stringent focus on design. Head office: Recanati, Italy

CERN Science Gateway Building, Geneva
The CERN Science Gateway Building, designed by Renzo Piano, offers 7,000 square metres of learning environments and exhibitions where the younger generation can explore the wonders of science. Interior and exterior lighting both enhance the unique architecture and create a nighttime landmark visible from Geneva Airport.

Read more here (external link)



LED LINEAR™

Founded in 2006, LED Linear revolutionised lighting with tailor-made, innovative linear LED solutions for professional environments. A clear commitment to quality, sustainability and precision drives LED Linear to push the boundaries of architectural lighting.
Head office: Duisburg, Germany

Chambal River Front, Rajasthan, India
The world's first heritage-listed riverfront extends three kilometres and is graced by twenty-two unique staircases leading to the water, which are illuminated to highlight stone railings, domes and viewing towers. This is a popular destination for visitors to enjoy the magical atmosphere, art and rich history.

Read more here (external link)

we-ef

WE-EF was founded in Bispingen, north Germany in 1950, by Wolfgang Fritzsche, and has developed from a small family business to a leading global manufacturer of high-performance exterior luminaires. The company has an international market presence with focus on urban environments.
Head office: Bispingen, Germany

Ship lift in Niederfinow, Brandenburg
Entering the ship lift requires precision and sets demanding requirements on even lighting of the walls. Customised, energy-efficient projectors and pole luminaires ensure optimal visibility and adhere to the architect's colour concept. With its brightly illuminated integrated walkway, this rare ship lift is an architectural attraction offering visitors a captivating view of the technology from a height of 40 metres.

Read more here (external link)

Premium Focus on saving energy

"Innovation is the driving force that separates the good from the truly excellent."

Frank Augustsson
Head of Business Area Premium

2024 was a challenging year for the Premium business area, yet it saw positive developments in several areas. This is particularly true, following the manufacturing ban on conventional fluorescent lighting in Europe, which highlighted the market need to upgrade existing lighting. While fluorescent tubes can still be used, the phase-out means that stocks are becoming limited and the demand for LED replacement lighting is gradually increasing.

"Interest in sustainable solutions is increasing with each year, which is encouraging and aligns with Fagerhult Group's commitment to a brighter tomorrow," says Frank Augustsson, Head of Business Area Premium.

Sustainability and innovation at the core

When it comes to the demand for more sustainable lighting solutions, many retailers, for example, are implementing major energy-saving programmes, opting for LEDs to reduce costs and achieve their sustainability targets. Fagerhult and LTS meet customer needs with industry-specific lighting and design concepts.

LTS introduced the high-efficiency modular spotlight Sirux with options for integrating smart sensors during the year, and Fagerhult launched Control Track Versa, a modular, suspended track system that can be easily adapted to the needs of different office environments. The system combines direct and indirect light, which creates a good lighting environment and lowers energy consumption with integrated controls, thereby enabling property owners to easily create their own lighting infrastructure and offer tenants a whole new level of choice and flexibility.

Fagerhult introduced Recipe of Light on its website. It is a digital tool for creating and visualising lighting solutions in different types of rooms in order to see how it affects people, the environment and costs.

"Recipe of Light enables us to demonstrate how good lighting can positively impact a person's well-being and everyday environment, while concurrently limiting climate impact. Here, sustainability and innovation go hand in hand," says Frank Augustsson.

We continuously develop our circular initiatives with a focus on reusing and leveraging existing luminaires and material, Fagerhult and LTS now offer standard packages and customised solutions to extend the life of luminaires. The light source is replaced with LEDs and supplemented with smart sensors.

Innovation increases customer value

Frank Augustsson believes that innovation is crucial for creating customer value over time.

"Innovation is the driving force that separates the good from the truly excellent. To strengthen innovation capacity, it is important to create an open and transparent environment that considers different perspectives, while always retaining focus on customer needs."

Going forward, the Premium business area has identified opportunities for sustainable growth in all its core markets. Smart lighting has enormous potential, and the goal is to offer 100 per cent smart lighting by 2030.

Net sales
2,836 MSEK
(2,946)

Operating profit
before items affecting comparability
401 MSEK
(466)

Operating margin
before items affecting comparability
14.1%
(15.8)

FAGERHULT

LTS
LOVE TO SHINE

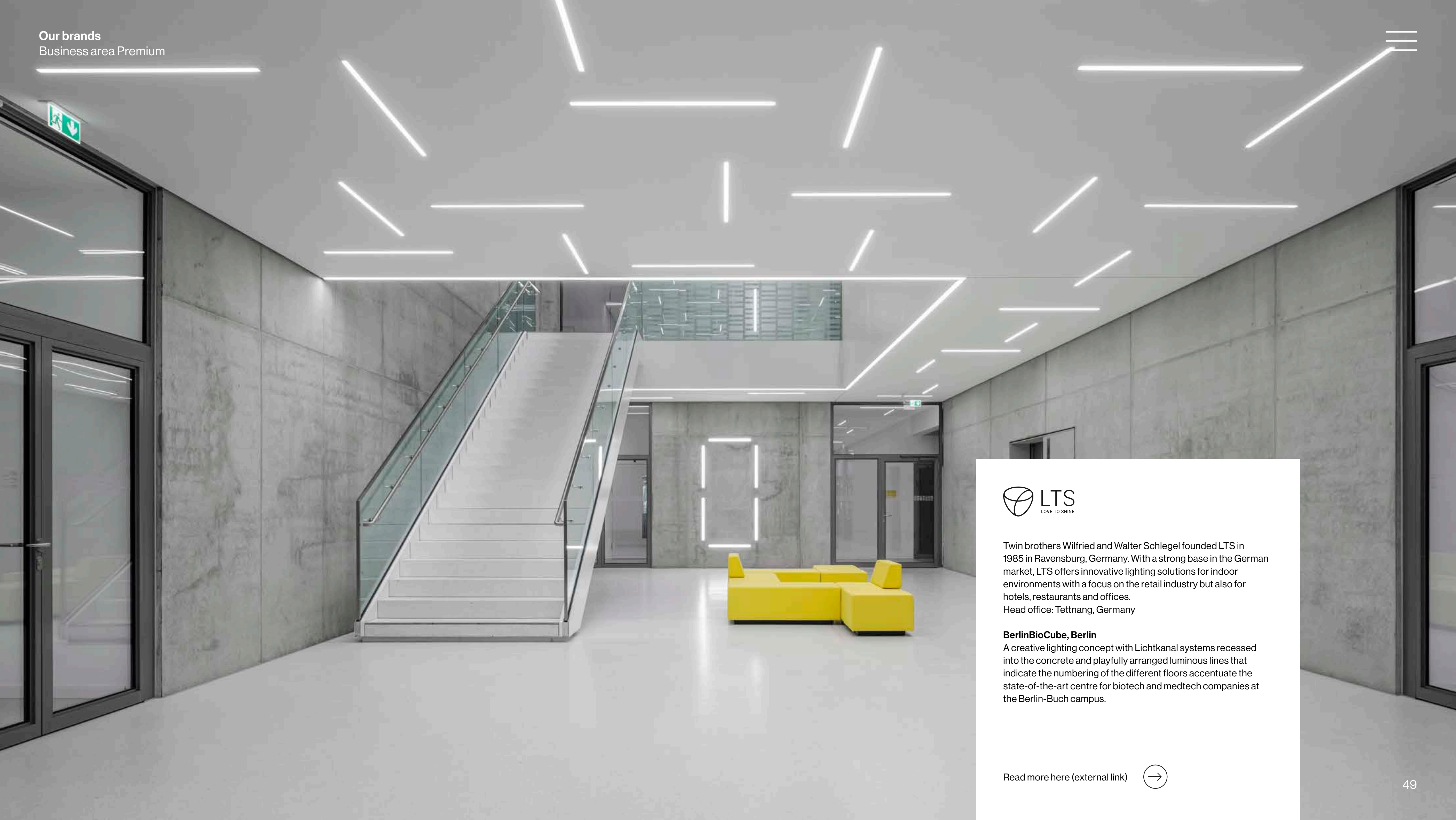
Premium focuses on the European market and global retail customers who have a base in Europe. Through close collaboration with specifiers and local partners at the specifier level, premium projects are delivered, often with customised solutions. Lighting solutions for offices, schools, healthcare and retail account for the majority of sales, but Premium also offers an outdoor range available for urban environments in specific markets. Product development and manufacturing facilities operate in Sweden, Germany and China.

FAGERHULT

Fagerhult represents our roots. Founder Bertil Svensson manufactured a lamp for his mother, who needed good lighting for her needlework. The company was founded in 1945 with the business idea of improving people's everyday life with good lighting. From the start, the brand has developed into a leading European supplier of lighting solutions. Strongest focus is on offices, schools, healthcare and retail but with a selected range of outdoor solutions.
Head office: Fagerhult, Sweden

Pelguinna High School, Estonia
The school, Estonia's largest wooden building, was designed to create an organic environment that promotes students' well-being. The lighting solutions use customised solutions to reinforce the concept of creativity and sustainability. The classroom lighting has been designed with lighting at two heights using the Notor luminaire. The lower level features a square design that mirrors the room's shape, while the upper level is composed of luminous lines.

Read more here (external link)



LTS
LOVE TO SHINE

Twin brothers Wilfried and Walter Schlegel founded LTS in 1985 in Ravensburg, Germany. With a strong base in the German market, LTS offers innovative lighting solutions for indoor environments with a focus on the retail industry but also for hotels, restaurants and offices.
Head office: Tettnang, Germany

BerlinBioCube, Berlin
A creative lighting concept with Lichtkanal systems recessed into the concrete and playfully arranged luminous lines that indicate the numbering of the different floors accentuate the state-of-the-art centre for biotech and medtech companies at the Berlin-Buch campus.

Read more here (external link)

Professional Future-oriented changes

“We need curious creators throughout the business with the time for innovation.”

Michael Brüer
Head of Business Area Professional

The Professional business area continued its growth and evolution in 2024.

“While our three businesses are at different development stages, each has undergone significant changes in recent years. We faced some challenges this year but managed them well and are now better equipped for the future,” says Michael Brüer, Head of Business Area Professional.

A new long-term strategy is being implemented at Whitecroft in the UK, to focus and strengthen the business. In Türkiye, Arlight moved into a new facility that positions the company well for continued growth once the market stabilises. In Australia, Eagle Lighting is building a strong management team and major investments have been made to stimulate product development and strengthen market presence.

Innovation for customer needs

“Our local presence allows us to stay close to our customers, listen to their needs, and push ourselves to identify new and better solutions,” says Michael Brüer.

One example of innovation helping to solve customer problems can be found in the UK. In this case, the luminaires were required to have batteries for emergency lighting, and the batteries had to be tested regularly.

“Our smart lighting solution connects the luminaires and we now offer remote emergency lighting testing via our portal. Functionality can be continuously monitored and there is less cost since no manual testing is required,” says Michael Brüer.

Innovators are everywhere

He argues that the key to improving innovation capacity and encouraging an innovative mindset is having the right culture in place.

“Innovation is not limited to product development departments – we need curious creators throughout the business with a customer-centric mindset and the time for innovation.”

The business area anticipates good growth opportunities in the years ahead.

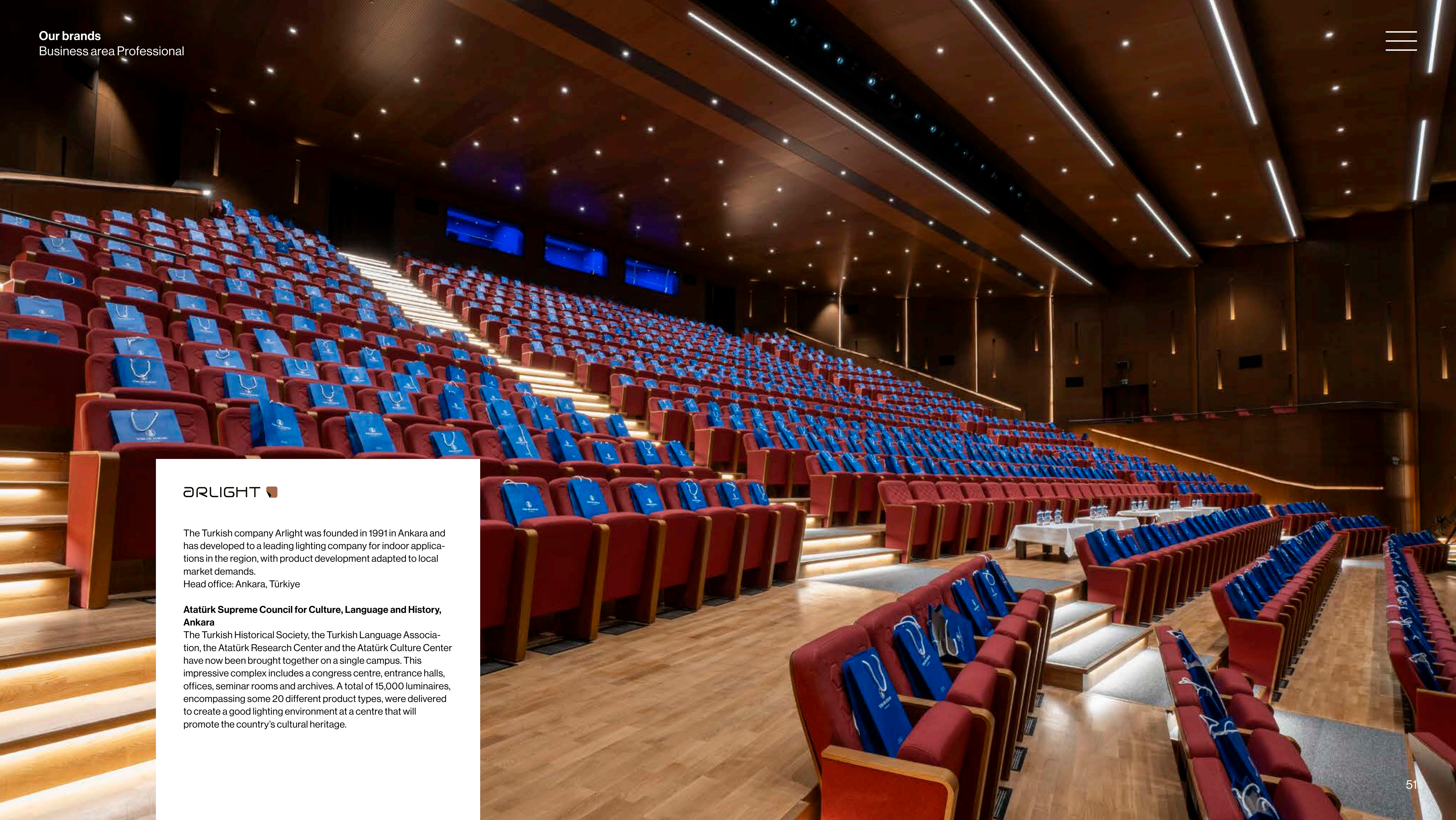
“We are still on a journey of change, but I hope the trend will remain positive in the years ahead,” says Michael Brüer.

Net sales
1,066 MSEK
(1,041)

Operating profit
before items affecting comparability
77 MSEK
(87)

Operating margin
before items affecting comparability
7.2%
(8.3)

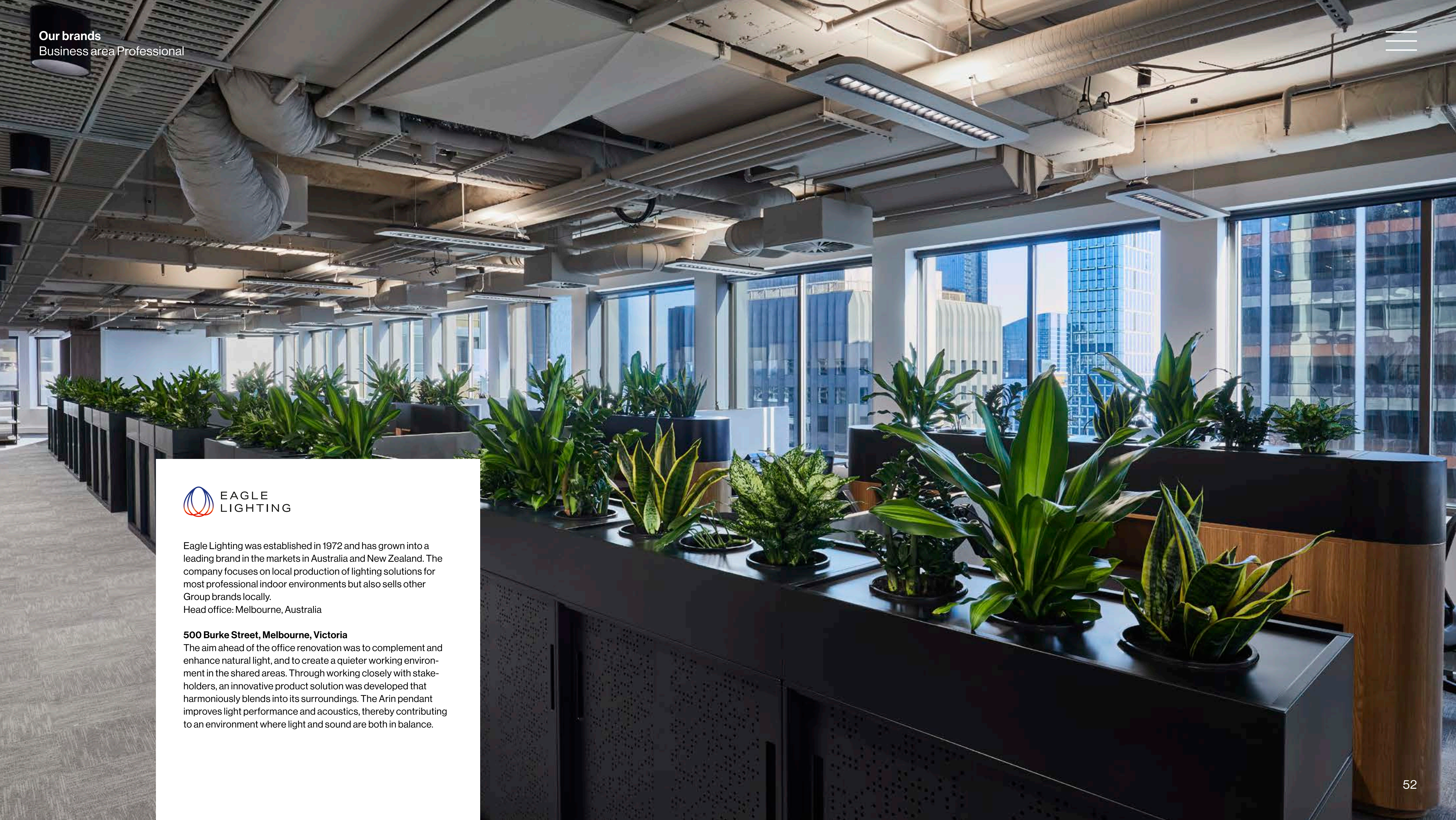
Professional primarily offers lighting solutions for various indoor environments; offices, schools and healthcare. The focus is on local and neighbouring markets. Production and product development take place locally for each brand, in Türkiye, Australia and the UK. Through close collaboration with local partners, they can develop customer-adapted solutions with tailored products that can be delivered with short lead times.



ARLIGHT

The Turkish company Arlight was founded in 1991 in Ankara and has developed to a leading lighting company for indoor applications in the region, with product development adapted to local market demands.
Head office: Ankara, Türkiye

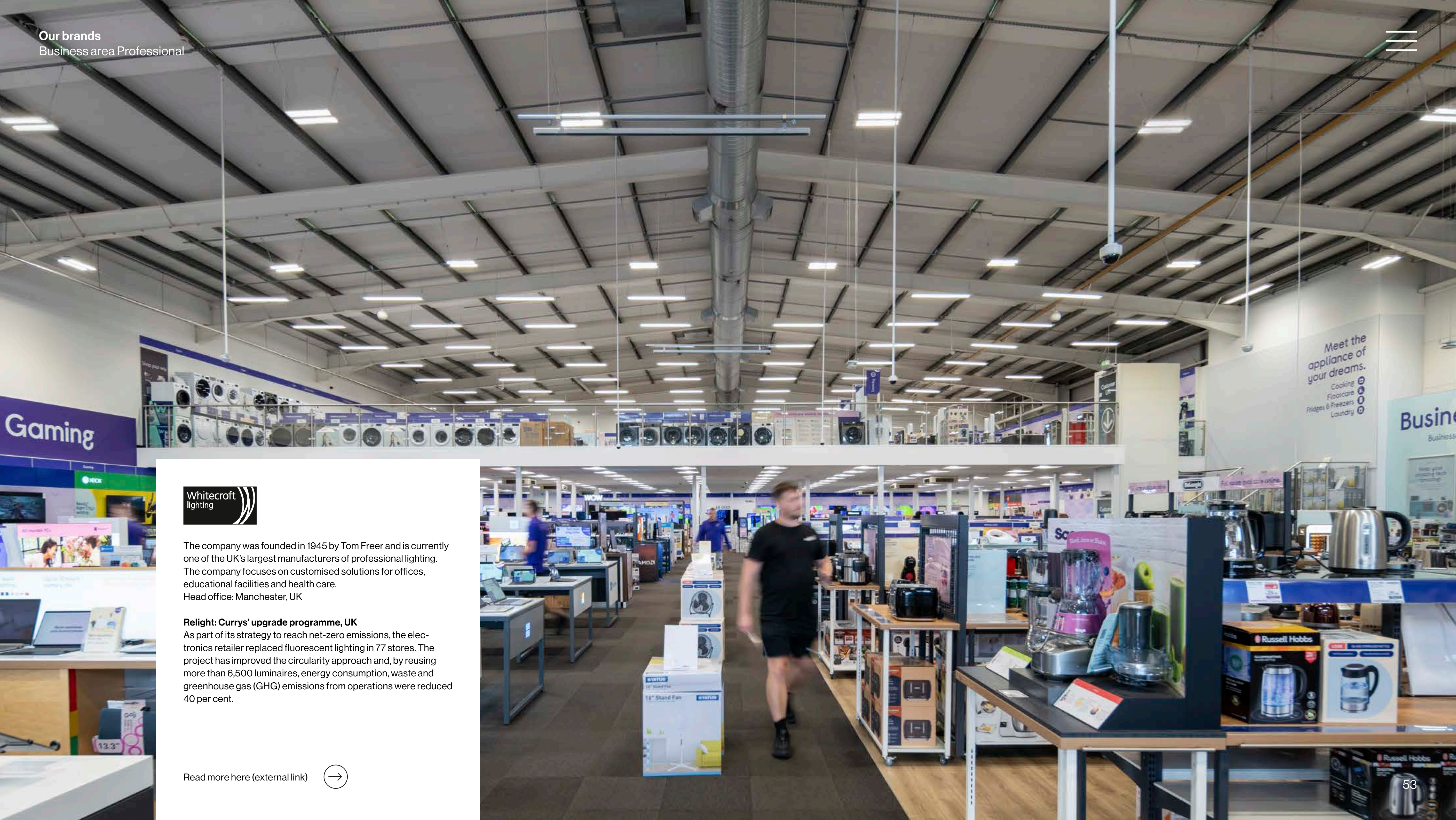
Atatürk Supreme Council for Culture, Language and History, Ankara
The Turkish Historical Society, the Turkish Language Association, the Atatürk Research Center and the Atatürk Culture Center have now been brought together on a single campus. This impressive complex includes a congress centre, entrance halls, offices, seminar rooms and archives. A total of 15,000 luminaires, encompassing some 20 different product types, were delivered to create a good lighting environment at a centre that will promote the country's cultural heritage.



EAGLE
LIGHTING

Eagle Lighting was established in 1972 and has grown into a leading brand in the markets in Australia and New Zealand. The company focuses on local production of lighting solutions for most professional indoor environments but also sells other Group brands locally.
Head office: Melbourne, Australia

500 Burke Street, Melbourne, Victoria
The aim ahead of the office renovation was to complement and enhance natural light, and to create a quieter working environment in the shared areas. Through working closely with stakeholders, an innovative product solution was developed that harmoniously blends into its surroundings. The Arin pendant improves light performance and acoustics, thereby contributing to an environment where light and sound are both in balance.



Whitecroft lighting

The company was founded in 1945 by Tom Freer and is currently one of the UK's largest manufacturers of professional lighting. The company focuses on customised solutions for offices, educational facilities and health care.
Head office: Manchester, UK

Relight: Currys' upgrade programme, UK
As part of its strategy to reach net-zero emissions, the electronics retailer replaced fluorescent lighting in 77 stores. The project has improved the circularity approach and, by reusing more than 6,500 luminaires, energy consumption, waste and greenhouse gas (GHG) emissions from operations were reduced 40 per cent.

Read more here (external link)

Infrastructure Unique solutions from customer dialogues

"We expect demand to remain strong, as infrastructure modernisation and industrial automation accelerate."

Stephanie Praloran
Head of Business Area Infrastructure

Fagerhult Group companies in the Infrastructure business area have in-depth expertise and are market leaders in Europe in specialised industrial segments.

"Despite a somewhat challenging year, we reached several important milestones for Veko, Designplan and I-Valo as well as for the business area as a whole in 2024," says Stephanie Praloran, Head of Business Area Infrastructure.

For Veko, a cultural change process was initiated, based on Fagerhult Group's core values. The change in culture is necessary for reaching the target of having 100 per cent smart products by 2030, when every luminaire will have an integrated sensor that enables connected solutions.

"These innovative solutions are important. We need them if we are to achieve our sustainability targets since the use phase is where we can make the biggest difference and save energy with smart sensors," says Stephanie Praloran.

Designplan has met with success in Germany's transportation sector, where collaboration with Deutsche Bahn was the driving force. In the UK, projects in the prison sector are expected to yield significant growth by 2025.

A new Managing Director took office at I-Valo in the first quarter and was, thereafter, followed by growth both in order intake and in requests for quotations. The company is also establishing a long-term strategy to remain positioned as experts in the heavy industrial environment.

Competitive advantage through innovation
Stephanie Praloran goes on to explain how maintaining a strong position requires continuous development:

"Innovation is an imperative to stay ahead in a rapidly changing industry. By continuously improving products, services and processes, we can meet our customers' needs."

In October 2024, Designplan launched seven customised products for railway maintenance facilities, a segment that has previously used standard industrial products.

These luminaires must withstand impacts, moisture and corrosion, in exceptionally exposed environments that are often located close to homes and nature areas, which sets demanding requirements on minimal disturbance to residents and biodiversity.

One of the special products is Altilum highbay luminaire, designed in partnership by Designplan and I-Valo. Designplan has also designed lighting solutions optimised to minimise glare and to create good lighting comfort.

A creative culture matters
Developing innovation capacity requires fostering a creative culture, empowering teams and working closely with customers. Stephanie Praloran explains that training, resources and time for innovation are also necessary.

"We expect demand in the business area to remain strong, as infrastructure modernisation and industrial automation accelerate. Besides innovation, sustainability will be increasingly prioritised, not least by switching light sources to LEDs. Smart lighting is also our focus.

Net sales
836 MSEK
(1,017)

Operating profit
before items affecting comparability
77 MSEK
(147)

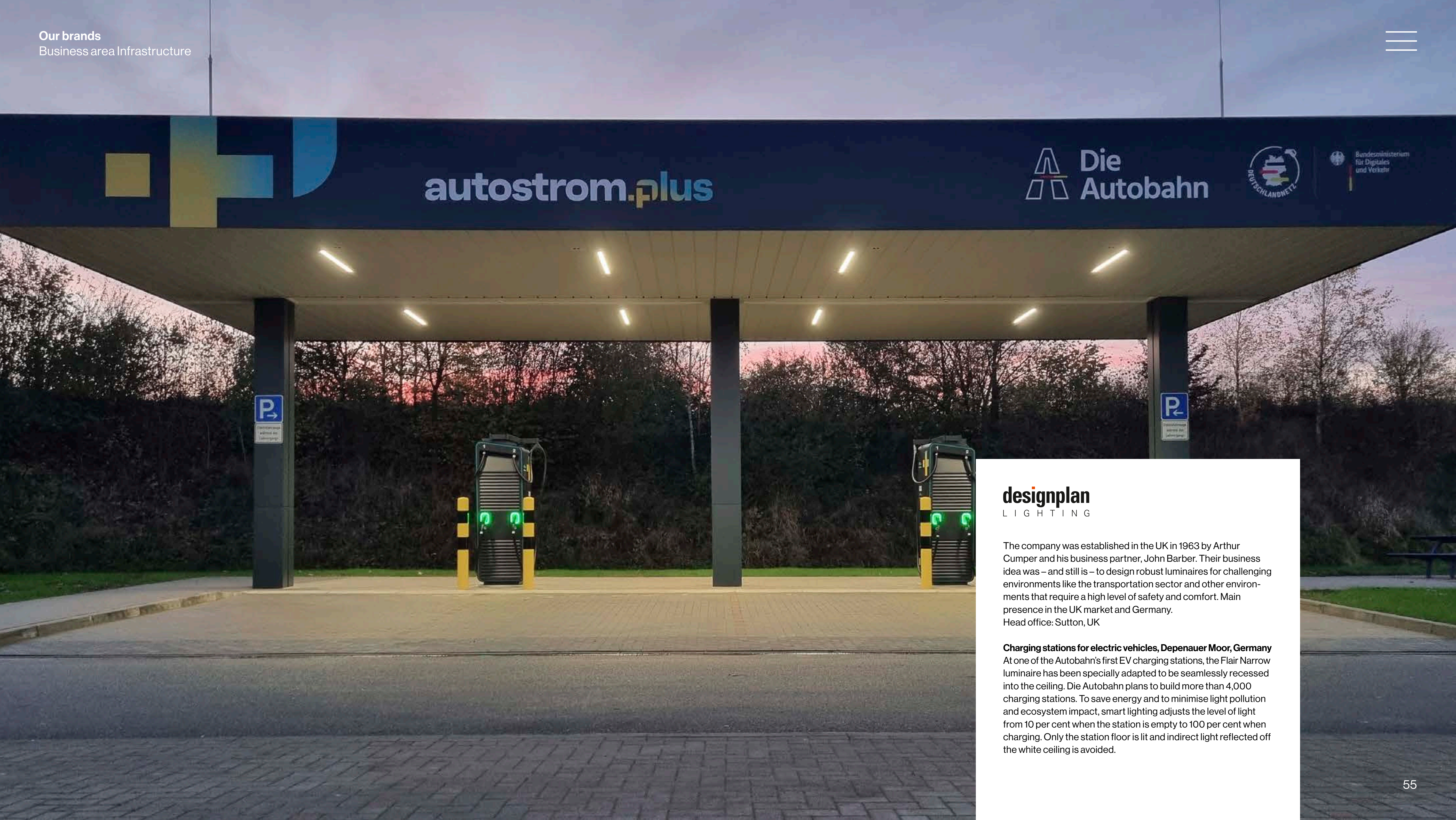
Operating margin
before items affecting comparability
9.2%
(14.4)

designplan LIGHTING

VALO

VEKO LIGHTSYSTEMS

Infrastructure offers lighting solutions for environments with specific requirements for installation and robustness, often in infrastructure and industrial projects. The companies are world-leading in their fields and have extensive experience of finding the best solutions for each project and customer. Most of the sales take place in Europe but there are also some global installations. Product development and production take place in the UK, Finland and the Netherlands.



designplan
LIGHTING

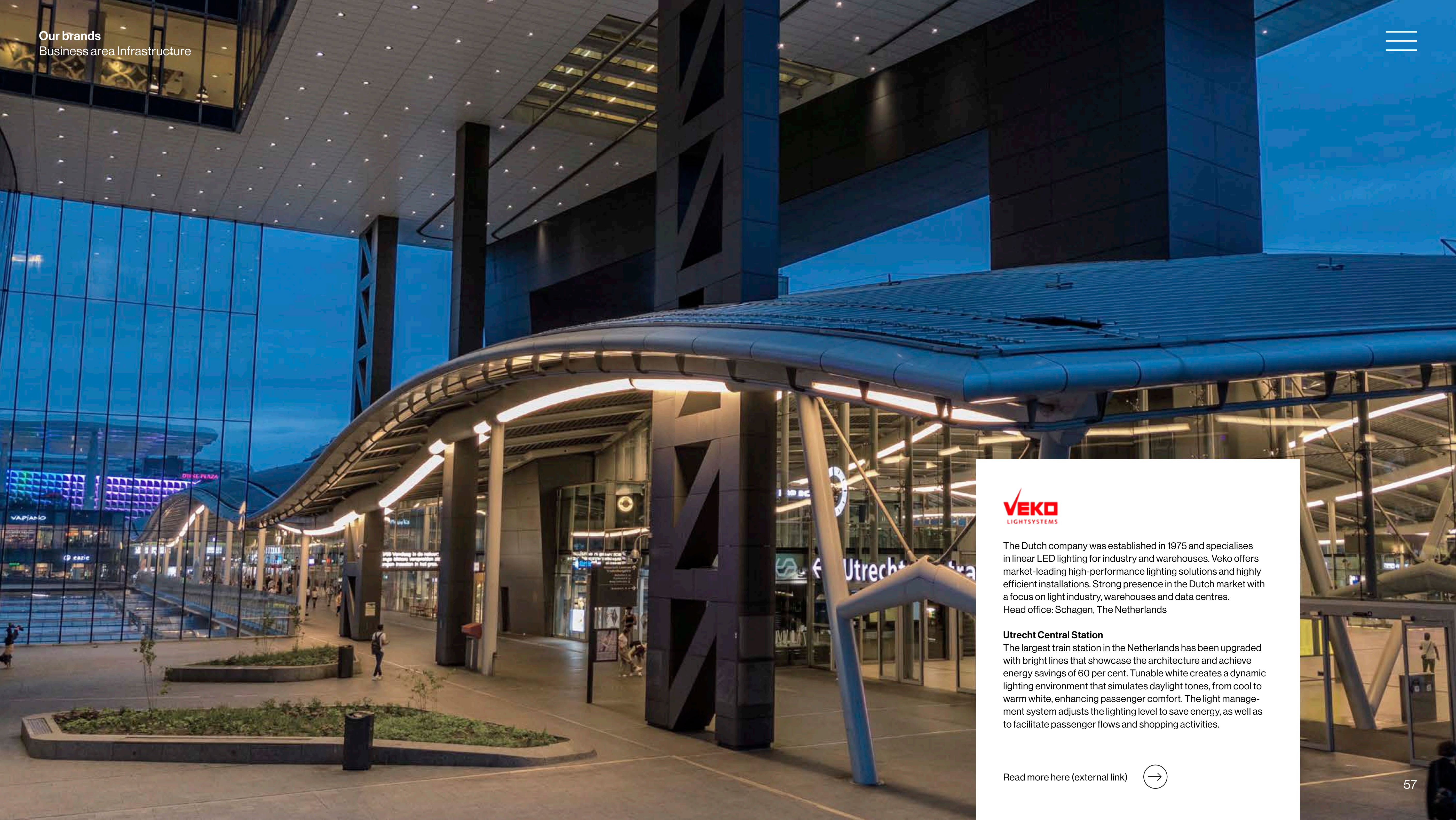
The company was established in the UK in 1963 by Arthur Cumper and his business partner, John Barber. Their business idea was – and still is – to design robust luminaires for challenging environments like the transportation sector and other environ-ments that require a high level of safety and comfort. Main presence in the UK market and Germany.
Head office: Sutton, UK

Charging stations for electric vehicles, Depenauer Moor, Germany
At one of the Autobahn's first EV charging stations, the Flair Narrow luminaire has been specially adapted to be seamlessly recessed into the ceiling. Die Autobahn plans to build more than 4,000 charging stations. To save energy and to minimise light pollution and ecosystem impact, smart lighting adjusts the level of light from 10 per cent when the station is empty to 100 per cent when charging. Only the station floor is lit and indirect light reflected off the white ceiling is avoided.

i VALO

The company started out in Finland as a part of the famous glassworks factory, Iittala. In 1963, I-Valo was launched as an independent brand and today, it is a leading supplier of lighting solutions for heavy industry operating within extreme conditions. Head office: Iittala, Finland

Björneborg steelworks, Sweden
The legacy I-Valo high-pressure sodium luminaires have been replaced with new XENRE LED luminaires both indoors and outdoors to save energy, improve the working environment and increase safety. The luminaires are designed for use in particularly warm environments and one of the main project advantages was that existing rails and mountings could be reused, thereby saving installation time and costs, while reducing material consumption and climate impact.



VEKO LIGHTSYSTEMS

The Dutch company was established in 1975 and specialises in linear LED lighting for industry and warehouses. Veko offers market-leading high-performance lighting solutions and highly efficient installations. Strong presence in the Dutch market with a focus on light industry, warehouses and data centres.
Head office: Schagen, The Netherlands

Utrecht Central Station
The largest train station in the Netherlands has been upgraded with bright lines that showcase the architecture and achieve energy savings of 60 per cent. Tunable white creates a dynamic lighting environment that simulates daylight tones, from cool to warm white, enhancing passenger comfort. The light management system adjusts the lighting level to save energy, as well as to facilitate passenger flows and shopping activities.

Read more here (external link)

Our offering

The right light in the right place

Our brands constantly strive to create and develop innovative lighting solutions that go above and beyond our customers' requirements. Exchanging ideas and knowledge propels us forward, step by step, and we use the latest research findings in our product development. We also achieve new results and ground-breaking discoveries through collaborations with the academic world.

All our brands develop high-quality lighting solutions that focus on people who move through, spend time, work and live in the areas illuminated by our products. Factors such as a light quantity, direction, colour temperature, colour rendering and glare allow us to control the quality of light environments.

The importance of balanced indoor light quantity
An important aspect of indoor quality is the balance between how the light quantity is distributed in a room along the walls, ceiling and floor to create a calm work environment and allow the eyes to rest. We often work with pendant solutions that include indirect light distribution that lights the ceiling to create a softer transition in the room. It is important to have the right design to minimise glare at eye level and within work spaces. Various colour temperatures can create warm light that has a soothing effect and helps people relax, or cooler light that energises and activates us. Lighting can also be customised to follow our biological daily rhythm, which supports our well-being. An office environment or lecture hall with correctly adapted lighting can help us both to feel better and to perform at a higher level. Occupational groups, for example healthcare workers, need flexible work light depending on the tasks that need to be carried out.

Safety and biodiversity in focus for outdoor lighting
Outdoor lighting quality is often about creating a sense of security and increasing safety. Unnecessary traffic accidents caused by inadequate or incorrect lighting can be avoided by maintaining a high level of light quality. On footpaths and in parks, we work with light as a factor in creating well-being. The path itself, as well as the area around it, are illuminated to increase a sense of security. In outdoor environments, it is also important to take the animal and human need for a natural light into consideration. By controlling outdoor lighting with sensors and control systems that adjust the light's strength and colour temperature depending on motion, energy consumption is reduced and unnecessary light pollution is minimised.

Smart lighting creates new added value

As part of a connected ecosystem, smart lighting leads to better light environments and new added value together with partners. In parallel, smart lighting significantly saves energy and reduces greenhouse gas (GHG) emissions. Smart lighting helps drive change to promote sustainability in a balanced, efficient and measurable manner that benefits people, finances and the environment. A great way to make a difference!

Development within smart lighting is accelerating. Smart lighting involves an enhanced light experience facilitated by sensor-equipped luminaires that can receive and share information with their surroundings. This entails smart lighting offering two main functions:

Lighting control: Turns on, off and dims individual luminaires based on presence and light conditions.

Data collection: Gathers and shares data from the luminaires' inbuilt sensors.

Connected solutions allow lighting control settings to be fine-tuned as needed and information to be shared with other services, thereby enabling additional energy savings.

Smart lighting creates new opportunities
Sensors in each luminaire allow us to create a fine-mesh network of datapoints with our lighting solution. Our open system means the information from these datapoints can be shared with other services to create added value for our customers. This could entail, for example, controlling traffic lights and adapting lighting according to outdoor weather, or adjusting ventilation based on how many people are in a room.

Good lighting environments
Smart lighting means you can create healthy and inspiring work environments that easily adapt to differing conditions and individual needs. The data collected by daylight and occupancy sensors enables you to create a good lighting environment inspired by natural light that supports people's visual, biological and emotional needs.

Business value
Smart lighting allows you to optimise property management, lower energy costs and make data-driven decisions. For example, occupancy data can be utilised to understand the utilisation rates of various parts of the building, meeting the needs of organisations in constant change. Smart lighting helps you to adapt properties to maintain their attractiveness and value.

Sustainability
You can contribute to meeting the UN SDGs through harnessing smart lighting to lower climate impact and greenhouse gas (GHG) emissions. Smart lighting can reduce energy consumption, support circular business models and comprises a tool for measuring and reporting sustainability targets.

Seven reasons for smart lighting

1. Healthier living

Did you know that we spend 90 per cent of our lives indoors? That is why lighting is about more than just function and aesthetics – it can also mimic natural daylight to create a more comfortable environment. It makes employees and residents healthier, happier and more productive.

2. Waste less energy

Waste no light. With smart lighting you have total control, allowing you to adapt to actual usage and seasonal changes. Energy consumption can be slashed up to 90 per cent through the latest LED technology in combination with controlling the lighting so that it is only on when needed and with the right intensity.

3. Become circular

'Reduce, reuse, recycle' are pillars in a forward looking sustainability strategy. By letting you know how long time it has been used and when repairs and maintenance are needed, smart lighting fixtures can last longer – and may even get reused.

4. Open granular infrastructure

With a sensor in every luminaire, you are guaranteed to cover every inch of the building, even the toilets. Creating a granular network with open APIs, smart lighting becomes a backbone and interacts seamlessly with other building services, such as heating, ventilation and AC. It's time to think holistically.

5. Value added services

With innovative services such as apps to control their workspace lighting, book meeting rooms or get access to other smart building services you create a better experience for the users. With outdoor lighting, cities can use smart lighting to create the right atmosphere for events or a "leading light" to guide a crowd.

6. Securely managed

A smart lighting infrastructure located in the cloud allows the user to configure, manage and monitor the system remotely at any time, as well as automating tasks like emergency light testing. Cloud services are more efficient and support your requirements to adhere to the latest security standards.

7. Flexible future

With constantly evolving needs – whether that's changing an office work environment or adapting an outdoor system – smart lighting is easy to reconfigure and adopt – without expensive rewiring or unnecessary downtime.

Our technology solutions – an open ecosystem

Presence detection is the basis for our smart lighting solutions, in Organic Response as well as Citygrid.

Energy consumption can be reduced significantly with presence-controlled lighting. Communication between the luminaires creates a fully lit environment where motion is detected, while the surrounding luminaires can be dimmed to lower levels. Providing the right amount of light at the right time is an important part of our sustainability work, especially for our ambition to reduce our indirect impact under scope 3, which largely comes from the use of our luminaires.

Simple installation
It is important for us that our products can be installed as easily and efficiently as possible. This is especially relevant for our smart lighting solutions. They are delivered with basic plug-n-play functionality and start working as soon as the luminaire is connected to a power source. The systems have a high level of adaptability in terms of scheduling, dimming levels, number of luminaires to be turned on, etc. The systems are preset to balance good lighting with minimal energy consumption.

Open ecosystems create additional value
A sensor-equipped luminaire continuously collects data from its surroundings. Lighting is also present everywhere, in buildings and in outdoor urban environments, which leads to a high density of quality data. For example, a commercial building today includes several parallel systems, such as fire and burglar alarms and heating and ventilation. Through our open interfaces, other systems can access the information collected from our luminaires, integrating us seamlessly into the building ecosystem.

organic response

Make smart offices a reality
Organic Response was founded in 2011 in Melbourne, Australia, to address the issue of how office properties remained fully lit even after the end of workday. A founding principle was that systems need to be easy to use and install so that there are no barriers with installers and users. Organic Response has a connected sensor installed in each luminaire that can share presence data with adjacent luminaires. As a result, all lighting is controlled autonomously and is as energy-efficient as possible. The system is delivered plug-n-play, which means it only needs to be connected to a power source to start working.

citygrid

For safe and energy-efficient outdoor environments
The technology behind Citygrid has been available in the market since its launch in 2014 in Aarhus, Denmark. The founding principle was to save energy by demand-controlled outdoor lighting for streets and roads, which are otherwise often fully illuminated during the night. Citygrid equips each luminaire with a presence sensor and communication equipment. When someone is detected on for example a pedestrian path, signals are sent to lampposts in front of and behind the person, which are dimmed up to full strength as the person walks along the path. If no one is in the area, lampposts are dimmed to lower levels to save energy.
This technology is also important in efforts to reduce light disturbances and support biodiversity.

Nestled between Solna and Sundbyberg you will find Origo – a newly built office building inspired by the hotel world that was developed by Humlegården Fastigheter.

"We have placed special emphasis on the atmosphere, with lighting playing a key role in shaping the experience of the space and enhancing the well-being both of visitors and of those who work there," says Jens Folkesson, Business developer at Humlegården.

Optimised lighting

For Origo, Humlegården has chosen luminaires with integrated sensors – the Organic Response system solution from Fagerhult, i.e., smart lighting.

"We want to be at the technological forefront and believe Fagerhult is a great fit with its product range and way of working. Efficient operation provides optimal light for our customers and keeps energy consumption down," says Mattias Dahlberg, Technical Manager at Humlegården.

The flexibility of the smart wireless system is also advantageous to tenants and property owners. It is easy to alter working methods or premises without rebuilding and running new cables. The system also collects presence data, revealing how spaces in the building are used and providing valuable insights for optimising the premises.

For example, a rarely used meeting room could be repurposed as a workspace for employees as the organisation grows. There are also opportunities to integrate the lighting solution with other building technology systems, such as ventilation.

Sustainable renovation

In Solna, Humlegården and Fagerhult are also collaborating on the development of Greenhouse, where office premises of 16,500 square metres are being upgraded with a focus on sustainability, flexibility and creating a dynamic and welcoming environment.

"There are several smart examples of reuse at Greenhouse. The existing lighting was inefficient. But rather than replacing it entirely, we converted all luminaires on-site to modern, presence- and daylight-controlled LED luminaires. Fagerhult has been a driving force in this," says Mattias Dahlberg.

Case:
Smart lighting for demanding requirements

Johan Lembre, Chief Technology Officer **Service offering increases customer value of smart lighting**

What progress have you made with smart lighting in 2024?
We have packaged our indoor offering as a service. It is a new business model that entails building closer relationships with property owners, property managers and other customers to increase customer value. The aim of the services is to create a good lighting environment, meet sustainability targets and optimise use of space in buildings.

What is the value of smart lighting and the service we can offer?
Above all, energy consumption can be reduced up to 70 per cent. Sensors in the luminaires detect presence and daylight, making according adjustments to the lighting. Information from the sensors can also be shared with other building systems, such as ventilation, enabling further energy savings.

Presence data from the sensors shows how the premises are used at different times, resulting in better informed decisions on how to improve space allocation. The flexibility of smart lighting, based on its wireless capabilities, facilitates easy expansion and relocation of the luminaires. Smart lighting also supports circularity since data on actual usage of the luminaires can be used for proactive maintenance and reuse.

"We need to invest considerable effort into explaining the technology's potential and the tangible benefits it offers to customers."

Smart lighting is an important focus area in your strategy. Why?
It is the basis for achieving our ambitious sustainability targets since our climate impact mainly occurs in the use phase. Many property owners and tenants also have high sustainability requirements and smart lighting can help each of us achieve our goals.

You want to achieve 100 per cent smart lighting by 2030, what is important for achieving that goal?
We need to invest considerable effort into explaining the technology's potential and the tangible benefits it offers to customers. It is important that not only our customers but also partners like installers, lighting designers, technical consultants, and architects, understand the energy savings offered by smart lighting and how it improves overall building management efficiency. In parallel, we continue strengthening our core expertise in designing lighting environments that make premises more attractive.

What does development look like within smart lighting?
Two main technology trends have a major impact on development. One is the breakthrough of radar sensors, which are small, high-performance sensors that can be installed in many different types of luminaires. Radar sensors are making simultaneous inroads in many industries, which will make the technology cost-effective. The second is the development of AI, which will have a strong impact in various areas including design and installation. We anticipate a breakthrough for smart lighting in the coming years, driven by emerging technologies and a growing awareness of the benefits.

5

Sustainability report

We are experts in lighting. We understand and have insight into the positive influence of light on people in different environments and situations. Our ambition is to contribute to a better world through smart lighting solutions. We offer energy-efficient luminaires and lighting solutions designed with sustainable and renewable materials that can be reused and recycled. Sustainability is an integrated part of our business strategy.

Our employees

Responsible relations
We are to work inclusively with respect for each other and raise issues about diversity and differences to help us to develop and grow our business. Our Code of Conduct applies for all of our brands and companies.

Our brands

Responsible operations
We maintain a holistic and responsible perspective throughout the entire value chain. Our top priority is creating a sustainable supply chain and delivering professional lighting solutions. We do this together with our partners in our efforts within responsible operations.

Our offering

Circular solutions
Curiosity and innovation drive our smart and circular lighting solutions for a better environment and a brighter future. We also offer various solutions and business models for both energy efficiency and reuse to manage and upgrade existing products.

Knowledge leader
We are knowledge leaders within lighting, with deep expertise within smart and energy-efficient lighting solutions as well as how light contributes to better health and productivity. We guide our customers and partners in improving their sustainability performance through new technology.

Our contribution

We work based on three perspectives: our employees, our brands and our offering.
This perspective is also connected to our sustainability agenda.

Positive change for better living

The Sustainability report 2024 is developed in accordance with the GRI Standards 2021, but inspired by and structured in line with the European Sustainability Reporting Standards (ESRS) to prepare for the Corporate Sustainability Reporting Directive (CSRD). We have based our report on a Double Materiality Analysis.

Environmental impact
- E1 Climate change
- E5 Resource use and circular economy

Social impact
- S1 Own workforce
- S2 Workers in the value chain
- S4 Consumers and end-users

Governance-related impact
- ESRS 2 General disclosures
- G1 Business conduct

General disclosures

Basis for preparation

General basis for preparation of the Sustainability statements
Fagerhult Group's 2024 Sustainability statements are integrated in the 2024 Annual and Sustainability Report, which has been adopted and approved by the Board of Directors. The Sustainability statements pertains to the 2024 calendar year (1 January to 31 December 2024) and was published on 21 March 2025.

The statutory Sustainability statements in accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act comprises the Sustainability statements on pages 65–104. The Sustainability statements have been prepared based on the requirements in the GRI Standards 2021 and are inspired by the Corporate Sustainability Reporting Directive (CSRD) and its related European Sustainability Reporting Standards (ESRS). KPMG, as a third party, has reviewed the Sustainability statements. The limited assurance review is reported on in the Assurance Report on page 105.

The Sustainability statements have been prepared on a consolidated basis and includes all companies in Fagerhult Group unless otherwise stated. The scope for the consolidation is the same as for the Financial statements. The Sustainability statements are based on the sustainability matters found material in the double materiality assessment, which took the full value chain (upstream, own operations and downstream) into account and was conducted during 2023 and 2024.

The starting point for the Sustainability statements is the Fagerhult Group's sustainability agenda, which is described on page 66. The sustainability agenda is based on ongoing dialogues with various stakeholder groups, the Group's double materiality assessment and our communicated commitments which are linked to the UN Sustainable Development Goals and the Paris Agreement.

For more information about Fagerhult Group's sustainability activities and reporting, please contact: Head of Sustainability Josefin Unger Belin at josefin.unger.belin@fagerhult-group.com

Disclosures in relation to specific circumstances
The double materiality assessment has considered the Group's entire value chain. In line with the methodology for double materiality assessment, we have adopted the short-, medium-, and long-term horizons as defined by the ESRS in the Sustainability statements.

Certain disclosures in this report are associated with greater estimation uncertainty, mainly related to selected scope 3 emission categories. For transparency, we have outlined the accounting methodology applied to all emission categories. In this report, a change in methodology is applied to how we calculate emissions from use of sold products. More information is found on page 86.

Where changes have occurred in the data compared with previous years, such changes are commented on directly after the table or diagram concerned.

In the sustainability statements, we make some references to other parts of this Annual and sustainability report. This applies to: Corporate Governance report on Remuneration, Board of Directors on composition and diversity, and to Consolidated financial statements, Note 1 on segment reporting.

Governance

The role of the Group Management Team and Board of Directors
The responsibilities of the Board of Directors and the Group Management Team
Sustainability is embedded across Fagerhult Group's operations and is an integrated component of the Group's corporate governance framework. For information about the general duties, composition, diversity and experience of the Board of Directors and the Group Management Team (GMT), see the Corporate Governance Report on pages 143–153.

The Board has the ultimate responsibility for the Group's sustainability work and review and approve the Sustainability statements. The CEO and Head of Sustainability regularly update the Board on progress, key sustainability matters, focus areas and related impacts, risks, and opportunities.

The Board includes two employee representatives and one deputy member, all of which have been appointed by the unions. The gender diversity of the board is 57 per cent women and 43 per cent men.

The Group Management Team oversees the strategic direction of our sustainability efforts and monitors the outcomes of activities carried out by the companies.

Ultimate responsibility for the Group's sustainability performance rests with the CEO, while operational responsibility is delegated to the Head of Sustainability. The GMT consists of eight people, of which 38 per cent are women.

The GMT has adopted Fagerhult Group's double materiality assessment and the sustainability agenda. They have also approved the science-based climate targets and will approve any sustainability-related targets that are developed as part of the sustainability agenda's development.

Based on the rules of procedure established by the GMT the Head of Sustainability is responsible for leading and following up on the Group's sustainability efforts. The role includes an explicit responsibility for promoting the Group's sustainability agenda and focus areas, addressing material sustainability matters along with related impacts, risks, and opportunities, and coordinating efforts with parts of GMT and the management of the companies in the Group.

Sustainability matters related to personnel are managed by the Chief People Officer (CPO), which is tasked with supporting the companies' HR management and developing efficient processes to share the Group's collective skills. HR representatives from each company meet monthly to conduct continuous dialogues on process improvements, to drive development inline with the Group's joint HR strategy.

Sustainability actions within Group companies
In our decentralised governance model, each company is responsible for its own sustainability initiatives and ensures that they are in line with the Group's sustainability agenda and established targets.

Each company Managing Director (MD) has the ultimate responsibility for implementing and adhering to the Group's Code of Conduct, including the Code of Conduct for business partners, and regulations and guidelines at the local level. This includes relevant national laws and other regulations such as competition rules, environmental legislation, labour laws and collective agreements. Each MD is responsible for communicating the content and importance of both Codes of Conducts and for ensuring that business partners and suppliers are aware of them. The companies are also accountable for maintaining a sustainable supply chain.

Company managers are responsible for promoting continuous competence development within their teams, primarily through training activities tailored to local and individual needs. Each company management is tasked with ensuring a safe and healthy work environment, proactively addressing employee turnover, and minimising occupational injuries.

Governance of material sustainability topics

Focus area:	Responsible relations	Responsible operations	Circular solutions	Knowledge leader
Relevance for Fagerhult Group	We are actively working to strengthen our shared values for the long term. Working inclusively and responsibly with respect for each other is central for us. Responsible business is essential for maintaining the trust we enjoy. The Code of Conduct is our overall governance document concerning responsible business.	Our products help create safe, comfortable environments. We also ensure cyber and product safety in all locations. We take responsibility for the full impact that Fagerhult Group has along the entire value chain. Human rights are to be respected and we always strive to have a positive social impact. Our responsibility also includes identifying and adapting operations to the consequences of climate change.	Lighting accounts for a significant portion of electricity consumption. Taking advantage of the latest innovations allows us, and our customers, to reduce their impact on the environment and the climate. This allows us to create the preconditions for a better environment and a brighter future for everyone. Energy efficiency and circularity are top priorities and we have set science-based climate targets that are validated and approved by Science Based Targets initiative (SBTi).	Our specific position in the market is largely based on the unique knowledge within the Group. Managing and constantly developing this knowledge base is essential for our success. We prioritise training in order to be an attractive employer. By strengthening our employees and increasing their understanding for how our products help reduce climate impact, we make it easier for our customers to make more sustainable decisions.
Impact (actual and potential, negative or positive impact)	We have identified material impacts in this focus area. For more information, see pages 73–75.	We have identified material impacts in this focus area. For more information, see pages 73–75.	We have identified material impact in this focus area. For more information, see pages 73–75.	We have identified material impacts in this focus area. For more information, see pages 73–75.
Policies and commitments	• Code of Conduct • Employee handbook • HR policies • Health and safety manual • Union regulations • Company-specific zero-injury targets • Anti-discrimination policy • Work environment policy • Recruitment policy • Labour conditions • Freedom of association • Collective agreements • Workplace policy • Anti-corruption training • Social media guidelines • Group-wide values • Company-specific values	• Code of Conduct • Test activities in accordance with international and national legislation and regulations • Application of international and national legislation (REACH & RoHS Directive) • Company-specific sustain-ability policies • Code of Conduct for business partners • Supplier evaluation and self-assessment • Policy for human rights • Policy for labour conditions • Policy for conflict minerals	• National legislation • Quality policy for product development • Climate goals validated by the Science Based Targets initiative (SBTi) • Product declarations • Company-specific sustainability policies • Vehicle policy Application of international and national legislation (WEEE Directive) • Supplier evaluation and self-assessment	• Group-wide leadership programme • Company-specific trainings • Group-wide forums for knowledge exchange
Measures to manage the impact	• Certified work-environment efforts at several facilities • Safety and work-environment committees at all manufacturing units • Targeted training initiatives linked to health and safety • Employees learn about the Code of Conduct in conjunction with onboarding • Regular training in the Code of Conduct • Whistle-blower system	• Due diligence processes in connection with acquisitions • Certified management systems (environment, quality, social responsibility) • Identification of risks connected to climate change	• Well-defined sustainability and climate goals approved by SBTi • Certified management systems (environment, quality, social responsibility) • Regular review of energy use, resource use, and waste, and overview of future requirements • Well-defined plan for switching to renewable energy consumption throughout the Group • Development of business models that promote extended product lifetime	• Quality policy for product development • Regular training in relevant areas
Follow-up on the efficiency of actions taken	• Assessments of certified management systems • Follow-up of incident management • Annual reporting to the Board • Regular follow-up of Fagerhult Group's sustainability goals	• Product certifications • Management review linked to certified management systems • Assessments pursuant to certifications and standards • Follow-up of reported cases through whistle-blower function • Supplier assessments • Internal audits • Follow-up of incident management • Annual reporting to the Board • Regular follow-up of Fagerhult Group's sustainability goals	• Annual reporting of greenhouse gas emissions in relation to SBTi-approved climate targets • Assessments pursuant to ISO standards • Annual reporting to the Board • Regular follow-up of Fagerhult Group's sustainability goals	• Annual reporting to the Board • Regular follow-up of Fagerhult Group's sustainability goals
How stakeholders are informed about the efficiency of actions taken	• Stakeholder dialogue • Annual report and sustainability report	• Stakeholder dialogue • Annual and sustainability report	• Stakeholder dialogue • Annual and sustainability report	• Stakeholder dialogue • Annual and sustainability report

Sustainability matters addressed by the Group Management Team and Board of Directors
The sustainability performance as well as any deviation from the sustainability agenda or the Code of Conduct are reported at least quarterly to the GMT. Coordination takes place partly through various Group forums and dialogues with companies. The aim of the forums is to collaborate and exchange knowledge and experience between the companies, thereby setting a good example and spreading awareness of sustainable solutions.

During the year, GMT has been involved in the double materiality assessment and validation of material sustainability topics/matters and their impacts, risks, and opportunities. The Board has reviewed the results of the double materiality analysis and has also approved the 2024 sustainability report. All sustainability matters have been discussed by the GMT and the Board during 2024 with specific in-depth discussion about for example climate and energy efficiency, knowledge and education, circular economy, diversity and inclusion, and health and safety.

Fagerhult Group has identified the following material sustainability matters:

- Group culture
- Ethics and anti-corruption
- Health and safety
- Diversity and inclusion
- Human Rights
- Climate risk
- Cyber security
- Climate and energy efficiency
- Circular economy
- Knowledge and education
- Attract and retain talent
- Healthy living ”Light and Life”

Integration of sustainability-related performance in incentive schemes
The annual general meeting has approved a long-term incentive (LTI) scheme for senior management where a certain percentage of the remuneration is based on sustainability, connected to the reduction of GHG scope 1 and 2 between the base year 2021 and the target year 2026.

A potential remuneration (based on achievement of, inter alia, the set GHG-reduction goal) will be paid after the annual general meeting in 2027.

For more information on the integration of sustainability performance incentive scheme, see Guidelines for remuneration to senior management on page 109.

Risk management and internal controls over sustainability reporting
Risk management and internal control processes related to sustainability reporting are both proactive as part of training and education for those involved in reporting from our Group companies, but also include quality assurance procedures performed to ensure a complete and accurate reporting. The Group has not established a comprehensive internal control framework covering all reporting areas, but as part of the external reporting process there are controls implemented both at the company level and centrally, by Fagerhult Group. In the internal control process we prioritize disclosures with greater risk and complexity such as reporting of scope 3 emissions, where controls are directed at both activity data and critical assumptions that are required for reporting. Read more about our GHG emission calculation methodology on page 86.

We integrate identified reporting risks into our work of improving reporting processes, including establishing guidelines increasing data quality. Our risk management and internal controls over sustainability reporting will be developed further during 2025.

Strategy

Strategy, business model and value chain
For details on significant groups of products, markets served and headcount of employees by geographic areas and total revenues see pages 107–110.

Fagerhult Group’s sustainability agenda, ‘Positive Change for Better Living,’ is deeply embedded in our business model and closely aligned with our overall strategy, collectively driving us toward our vision: ‘A world enhanced by light.’ We are dedicated to achieving the Paris Agreement’s 1.5°C target and advancing the UN Sustainable Development Goals (SDGs) based on three perspectives: our employees, our operations and our offering.

The sustainability agenda is based on the double materiality assessment carried out by the Group and considers the impact our operations have along the value chain, both positive and negative. The most significant shared negative impact across all companies in the Group is that our products consume energy and natural resources, contributing to greenhouse gas emissions. The most significant shared positive impact is the potential benefit that energy-efficient lighting solutions can provide for society.

The sustainability agenda is an integrated part of the value creation model illustrating how the Groups sustainability related activities contributes to the progress within our three strategical areas: our employees, our brands, and our offering.

The Groups activities to ensure that the business model, value creation model and strategy is in line with the material sustainability topics’ impacts, risks and opportunities have influenced the development of the Group’s science based climate targets.

The Group is constantly striving to improve our sustainability impact. Within our product portfolio, we prioritize smart lighting technology for indoor and outdoor applications. For us, a smart light can control its own output autonomously and connect with external networks to share data. Combined with LED technology, smart lighting helps customers reduce energy consumption, thereby lowering the Fagerhult Group’s scope 3 emissions. Moreover, delivering the right light in the right place offers additional benefits, positively impacting end-users’ health, well-being, and sense of security.

Another significant area of transformation within the Group’s companies, lies in the adoption of circular business models. A prominent example is refurbishment, where outdated luminaires are upgraded with a new LED light source. Beyond this, the Group is actively pursuing various initiatives, such as reducing plastic usage in packaging, incorporating higher proportions of recycled or renewable materials and engaging in innovative pilot projects with partners to develop circular-focused products. For more information on circular business model initiatives within the Group, see chapter on Resource use and circular economy, pages 88–90.

Business model and value chain

At Fagerhult Group, we design, develop, manufacture, and market professional lighting solutions tailored to human environments, emphasising aesthetics, functionality, flexibility, and sustainability. Operating under a decentralised governance model, each company and brand independently develops its products and manages its own supply chain.

Upstream

Extraction and production materials

As a luminaire producer the upstream value chain includes suppliers of raw and recycled materials, such as steel and aluminium, as well as suppliers of components and subcomponents, including electrical and plastic parts.

Committed to sustainable sourcing, the Group prioritises minimising environmental impact through responsible procurement practices and collaboration with carefully selected suppliers.

Logistics

Own operation

Production in our own factories

A key component of our strategy is that our brands are complete companies with all of their functions gathered in one location, from development and production to management functions. Our local presence is crucial and provides us with the opportunity of being close to customers and partners, adapting our products and securing short lead times. Research and development as well as design and production units are located where the brands were founded. We have a total of 17 production units in the Group.

Focus areas in our operations are for example material efficiency and adherence to circular design principles, including increasing the use of secondary renewable materials and reducing scrap from production. An extensive work is being carried out to reduce our carbon footprint and becoming more energy efficient.

Downstream

Logistics

Use of products

The downstream value chain includes installers of our equipment, architects, and construction companies in the first tier, followed by municipalities and property developers in the second tier. Ultimately, our equipment is utilised by end-users, although they rarely serve as our direct customers.

Fagerhult Group's outputs include energy-efficient luminaires and smart lighting solutions designed for sustainability and innovation. These products reduce energy costs and lower carbon emissions, especially in the use phase.

Recycling, reuse and end of life

We have an infrastructure of taking back products for refurbishment with the purpose of prolonging their lifetime, both for our own products and other brands. Products that reach their end-of-life can be recycled and we design our products with recyclability in mind.

Value creation

For investors, the Group's focus on eco-design and commitment to science-based targets enhances resilience and long-term value creation. Other stakeholders, including communities, benefit from improved lighting that support well-being and safety.

Expected outcomes include increased market competitiveness, growth in sustainable revenue streams, and contributions to global goals like net-zero emissions and responsible production.

Stakeholder dialogues

At Fagerhult Group, stakeholder dialogues are essential to understand the importance of various sustainability topics. These dialogues help us identify the Group's main impacts, risks, and opportunities, shaping our sustainability efforts and guiding our business strategy.

	Stakeholder	Dialogue form	Issues in focus	Our response
External stakeholder groups	**Customers**	Business meetings, business network, trade fairs, seminars, webinars, customer surveys, interviews	Lead times, high-quality, innovation, products that help reduce energy consumption and promote a circular economy, certification, LCA, quick and accessible technical support, security of supply, market prices, compliance	Focus on supply security and customer support, good delivery capacity with subcontractors, LCAs and EPDs, product development focused on sustainability and a circular economy, the development of smart lighting solutions
	Shareholders, investors, analysts	Annual and sustainability reports, interim reports, press releases, the AGM, meetings, surveys and interviews	Sustainability positioning and communication, reduction of greenhouse gas emissions, positive contribution to society	Responsible enterprise, financial reporting, long-term business relations, environmental consideration, social responsibility, compliance, financial and internal control systems
	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
	Decision makers, 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
	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
	Interest groups	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, the Code of Conduct, transparency concerning sustainability topics
	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
	External experts	In-depth interviews	Cyber security, biodiversity, social impact of light, light pollution, smart lighting, materials, value chain issues etc	Transparent and responsive dialogue, Annual and Sustainability report, the Code of Conduct and other policies, action in different sustainability topics
Internal stakeholder groups	**Employees**	Dialogues for personal development and career paths, employee surveys, workplace meetings, daily meetings/status updates, trade union meetings, interviews	Safe and healthy work environment, minimise the risk of infection spreading, ethics, inclusivity, personal development, competence development, career paths, compliance with applicable labour legislation, good leadership, team feeling, respect for human rights, equality, stable employer, transparency concerning the financial information of operations	Employee surveys, employee dialogues, measures based on employee dialogue/surveys, safety committees, leadership training, zero tolerance for discrimination, ensuring a safe and healthy work environment, measures to reduce infection spreading
	Sustainability specialists	Regular meetings of the Group's Sustainability Core Team. These happen digitally once or twice a month along with ongoing dialogues in between for continuous exchange of experience and expertise	Strategic and operational sustainability matters such as reporting, materiality assessments, calculating emissions, and follow up and reporting of emissions calculations	Participate in and promote many joint matters and coordinate these within the Group. Dialogue, collaboration and discussion about projects and decisions
	Management teams & Group Management	Regular digital and physical meetings and forums	Strategic sustainability development and long-term sustainability decisions. Updates on our current status and sustainability results	Dialogue, collaboration and discussion about strategic projects, activities and decisions
	Board of Directors	Regular Board meetings	Strategic sustainability development and long-term sustainability decisions. Updates on our current status and sustainability results	Ensure the right decisions and activity focus through responsive dialogues
	Internal experts	In-depth interviews	Cyber security, biodiversity, social impact of light, light pollution, smart lighting, materials, value chain issues etc	Transparent and responsive dialogue, Annual and Sustainability report, the Code of Conduct and other policies, action in different sustainability topics

Interests and views of stakeholders
Our operations impact and are impacted by numerous stakeholders. See Stakeholder dialogues on page 71. Being attentive to the views, expectations and needs of stakeholders guides our sustainability efforts. Since 2023, our materiality assessment also includes a financial perspective, incorporating insights from senior management across the Group. We have conducted interviews with representatives from companies within the Fagerhult Group, including members of senior management. Building on extensive stakeholder dialogues conducted in 2021 and 2022, we have, over the past few years, gathered additional insights from stakeholders with expertise in key areas relevant to our impact and areas requiring deeper understanding. These dialogues have been carried out through in-depth interviews. Our goal is to continuously follow up and enhance these dialogues with our key stakeholders and experts on an annual basis.

The Group is committed to further enhancing the approach, with a strong emphasis on actively engaging stakeholders throughout the value chains. Our priority is to embed sustainability even more deeply into our business model and strategy, ensuring it remains central to everything we do. At the same time, we aim to continuously identify and address all impacts, risks, and opportunities through our ongoing double materiality assessment.

Examples of collaborations and partnerships

- Belysningsbranschen, Swedish industry organisation
- Other industry organisations in different countries
- CCBuild, Center for Circular Buildings
- National organisations related to WEEE (Waste from Electrical and Electronic Equipment)
- Green Building Council in several countries
- Society of Light and Lighting (SSL)
- Greenlight Alliance
- Illuminating Engineering Society (IES)
- Commission Internationale de l'Eclairage (CIE)
- International Electrotechnical Commission (IEC)

Material impacts, risks and opportunities and their interaction with strategy and business model
Fagerhult Group continuously revise the materiality assessment to ensure the best possible mapping, prioritisation, and management of our material sustainability matters. The financial perspective extends our analysis of material sustainability matters, considering not only their impact on people and the environment but also how sustainability-related risks and opportunities affect the Fagerhult Group's financial performance.

To assess the impact that Fagerhult Group has, or could have, on its operating environment, and to identify risks and opportunities, we have conducted a comprehensive review of our value chain, activities, and business relationships. Additionally, insights from stakeholder dialogues were also considered, providing a deeper understanding of the challenges within our sector and across the industries and materials in our value chain.

The results of the double materiality assessment are summarised on the following pages. A detailed presentation of each material sustainability topic and material impacts, risks and opportunities are provided under its respective ESRS standard. Fagerhult Group has identified twelve material sustainability topics. While reporting with inspiration from the ESRS we organize the material sustainability topics according to the topical ESRS.

Environmental, social and governance impacts, risks and opportunities have been considered in Fagerhult Group's strategy and business model for many years. Therefore, the outcome of the double materiality assessment does not imply a change in strategic direction. Rather, it emphasises the focus and commitment to our strategic priorities: Innovation, Sustainability and People and culture.

The risks and opportunities that can have financial effects on us as a Group may materialise over different time horizons. Effects that we currently see relates to the phasing out of fluorescent lights, which increases demand for both new luminaires and upgrading existing luminaires with new LED technology. This will continue to drive business growth as the phase-out of fluorescent lights across the world will take many years. The increased demand for smart lighting also partly comes from energy and emission considerations, since it helps our customers to reduce their energy consumption during use-phase. The Group has set an ambition to reach 100 per cent smart lighting by 2030 and we expect the increased demand for smart to be a key opportunity for Fagerhult Group over a long time.

The Group is also experiencing increased interest in new products and solutions related to circularity. Across our Group companies, we are meeting this increased interest by creating products with non-conventional materials such as linen, hemp and cardboard, and with refurbishing initiatives. Read more about the work we do related to climate and circularity on pages 82–90.

We have three strategic business focus areas, which are Innovation, Sustainability and People and culture. It is well established within the Group that innovation is needed to reach our sustainability and business ambitions and targets, and we need to take very good care and develop our people and our culture to create an environment where people thrive, dare to try and be curious to make our organisation as innovative as possible. That is why we focus on our Group culture, diversity and inclusion as well as training and building knowledge, and to attract and retain talent. We believe that our employees are our main asset, and their ability to engage and innovate is crucial to succeed both short and long term.

Fagerhult Group is well-equipped to continue to address our impacts, mitigate risks and take advantage of opportunities across all our material sustainability matters. Working with our impacts, risks and opportunities will require targeted efforts based on their nature. Read more about our work in each topical section of this report.

Material impacts, risks, and opportunities

ESRS standard	Sustainability matter	Value chain	Impacts, risks and opportunities
E1 Climate change	**Climate risk**	Own operations Upstreams Downstreams	**Risks** • Operational, workforce and financial risks if factories are severely damaged by extreme weather events and/or need extensive renovation due to changing local climate. • Financial and operational risks if logistics or key suppliers in value chain are majorly disrupted by extreme weather events.
			Opportunities • Our distributed operational model, with manufacturing close to our customers in different countries globally and many local long-term supplier relationships, enables resilience and mitigates business risks due to climate or extreme weather events.
	Climate and energy efficiency	Own operations Upstreams Downstreams	**Impacts** • Actual negative impact; Negative environmental impact of energy use and from GHG emissions throughout our value chain, particularly in the use of our products. • Actual positive impact; High energy efficiency of our products reduces the energy use and hence environmental impact of our customers/end-users. • Actual positive impact; Use of integrated sensors and smart lighting systems greatly reduces electricity consumption of luminaires for our customers/end-users.
			Risks • Dependency on prices and access to local energy supply in our own operations. • Technological limits in product development for certain application areas prevent achievement of climate goals.
			Opportunities • Increased market demand for products and energy-efficient solutions which can lower environmental impacts of our customers and end-users. • New EU legislation that drives interest in energy efficiency, such as the EU EPBD, leading to increased business opportunities for our energy efficient products. • Product development enables new products and solutions which minimise energy use and maximise circular business possibilities. • New business models in data harvesting from smart lighting which enables further energy savings.

ESRS standard	Sustainability matter	Value chain	Impacts, risks and opportunities
E5 Resource use and circular economy	**Circular economy**	Own operations Upstreams Downstreams	**Impacts** • Actual negative impact; Upstream negative environmental impact from use of metals, critical components, manufacturing processes, and logistics. • Actual negative impact; Downstream negative environmental impact from waste management and end-of-life treatment.
			Risks • Competition increases for access to secondary and recycled content materials, increasing prices and resource availability. • Difficulties in finding more environmentally-friendly materials and thereby reducing dependency on certain critical components.
			Opportunities • Product development enables new products and solutions which minimise energy use and maximise circular business opportunities. Data collected in light management systems can be used to better understand use of luminaires and thereby improve product/solution design. • New business models in the circular economy related to refurbishment, retrofit, and end-of-life luminaire handling. • The more circular our products become, the less dependent we are on purchasing primary or even secondary materials, which reduces our exposure to supply issues and increasing prices.

ESRS standard	Sustainability matter	Value chain	Impacts, risks and opportunities
S1 Own workforce	**Group culture**	Own operations	**Impacts** • Potential positive/negative impact on employees and their working environment, as well as business stakeholders.
			Risks • Business risk in many areas if Group culture is not cultivated and continuously developed.
			Opportunities • A healthy Group culture can enable resilience and contribute to business success.
	Health and safety	Own operations	**Impacts** • Potential negative impact through (severe) injuries and ill health in own workforce causing long-term absence if working conditions lead to accidents and mental burden. • Actual positive impact with high standards and safe working environment which contribute to job satisfaction, low stress levels, and positive Group culture.
			Risks • Financial, reputational and employee turnover risks if good level of health and safety is not upheld in own operations.
	Diversity and inclusion	Own operations	**Impacts** • Potential negative impact on basic human rights of employees through exclusion, discrimination or harassment due to lack of diversity and inclusion.
			Risks • Business risk to lose employees or not attract new talents, and to not reach full potential of employees and teams due to lack of diversity and inclusion.
			Opportunities • Long-term business opportunity to develop innovative solutions for our customers through a diverse and inclusive working environment.

ESRS standard	Sustainability matter	Value chain	Impacts, risks and opportunities
S1 Own workforce, cont.	**Knowledge and education**	Upstream Own operations Downstream	**Impacts** • Actual positive impact; Our employees' expertise and latest knowledge improve energy and sustainability performance of our lighting solutions for our customers and end-users • Actual positive impact; Our knowledge sharing with suppliers and customers ensures that the full potential of energy and sustainability performance of our lighting solutions is realised for our customers and end-users
			Risks • Business risk if internal competence and knowledge around innovation, technology and sustainability is not maintained and increased, particularly within product development, sales and leadership positions.
			Opportunities • Reputational opportunity to be seen as credible thought leader in developing innovative, sustainable lighting solutions and in line with upcoming policies and regulation which can increase business opportunities and attract talented new employees. • Resilience developed through knowledge and education enables us to meet future business challenges.
	Attract and retain talent	Own operations	**Impacts** • Potential positive impact on employees for high job satisfaction and job security due to efforts to create good working environment, ensure equal opportunities for all, and individual knowledge and capacity development.
			Risks • Business risk if we lose talented and experienced personnel and are not able to attract talented new employees who can help drive us forward.

ESRS standard	Sustainability matter	Value chain	Impacts, risks and opportunities
S2 **Workers in the value chain**	**Human Rights**	Upstream Downstream	**Impacts** • Potential negative impact for child labour, forced labour and human trafficking in supply chain. • Potential negative impact for human rights infringements in value chain. • Potential negative impact for severely bad working conditions in supply chain.
			Risks • Reputational and financial risks for human rights infringements and scandals in supply chain.
S4 **Consumers and end-users**	**Health and safety**	Downstream	**Impacts** • Potential negative impact through (severe) injuries to customers if products not fully or correctly tested.
			Risks • Financial and reputational risks connected to product safety for customers and end-users.
	Cyber security	Upstream Own operations Downstream	**Impacts** • Potential negative impact on building function and personal security of our customers/end-users if access is gained to building lighting system and usage data, particularly in key infrastructure. • Potential negative impact on data privacy of employees, customers, suppliers where personal/company data and information, could be used by criminals for different purposes, negatively impacting individuals, companies and/or society.
			Risks • Reputational risk towards customers/society if building hacked via our connected lighting system, particularly if high profile building/ customer.
	Healthy living ‘Light and Life’	Downstream	**Impacts** • Actual positive impact on end-user health and well-being due to good lighting design.

ESRS standard	Sustainability matter	Value chain	Impacts, risks and opportunities
G1 **Business conduct**	**Ethics and anti-corruption**	Upstream Own operations Downstream	**Impacts** • Potential negative impacts of corruption can cause wide and significant negative impact on environment, people, and society.
			Risks • Reputational and financial risk of potential corruption incidents.
	Group culture	Own operations	**Impacts** • Potential positive/negative impact on employees and their working environment, as well as business stakeholders.
			Risks • Business risk in many areas if Group culture not cultivated and continuously developed.
			Opportunities • A healthy Group culture can enable resilience and contribute to business success in many aspects.
	Cyber security	Upstream Own operations Downstream	**Risks** • Risk for disruption to systems, access to sensitive/confidential/ business critical data, and/or ransomware, which lead to: – Operational risk if cyber-attack able to shut down factory operations and require recovery time. – Financial risk of ransom needing to be paid to regain access to systems. • Reputational risk towards customers/society if building is hacked via our connected lighting system, particularly if high profile building/ customer. • Financial risk if we bear liability for issues caused by cyber-attack on connected lighting system.

Impact, risk and opportunity management

Description of the processes to identify and assess material impacts, risks and opportunities
Fagerhult Group's reporting has long adhered to the GRI framework, providing a strong foundation for developing our double materiality assessment. During 2023, we conducted our first double materiality assessment, and in 2024 we refined it further by incorporating additional stakeholder perspectives. Moving forward, we will continuously update our double materiality assessment to enhance our processes, broaden the scope of our assessments, and align with the latest developments and insights.

The 2024 assessment was carried out in the following main phases:

1. Planning and mapping
Our double materiality process spans all business relationships and geographies, with a particular focus on areas where impacts, risks and opportunities are more significant. The double materiality process evaluates both the positive and negative impacts of our operations along the value chain. While the initial assessments primarily focused on our own operations and the value chain segments closest to us, future efforts will progressively expand to cover the entire value chain more in detail.

2. Stakeholder dialogue
As part of the double materiality assessment, we engaged with both internal and external stakeholders, as well as subject-matter experts. These discussions were instrumental in identifying our impacts, risks and opportunities and shaping our overall assessment framework. Specific focus in 2024 was to gain insights from customers, suppliers and investors and expertise within the fields of cyber security, biodiversity and light pollution, circularity, smart lighting and human centric lighting.

When identifying and assessing material climate-related impacts, risks, and opportunities, our analysis includes a deep evaluation conducted during the development of our science-based targets. These targets guide our strategic levers to achieve both near-term and long-term net zero goals. These levers address our entire value chain, both upstream and downstream. Examples include reducing emissions from materials use, optimizing transportation, and implementing smart lighting solutions to minimize emissions during the use phase.

Climate considerations are also integrated into our enterprise risk management process, as well as in regular assessments of our manufacturing sites conducted by our insurance providers. These evaluations have identified several risks and, importantly, numerous opportunities to enhance our sustainability efforts and drive innovation.

We have not yet done a complete climate scenario analysis.

Circularity and resource use is also very connected to our GHG reduction levers when it comes to for example materials, electronics, and waste. Knowledge and work within the Group-wide forums of innovation and operations have been included in the assessment. Their work are based on sharing the extensive knowledge existing in many of our Group companies when it comes to R&D, product development and innovation.

The impacts, risks and opportunities related to business conduct have been assessed with input from our HR departments and legal counsel. In-depth knowledge and risk assessments, and cases handled by them and by our GMT have informed their input to the materiality assessment.

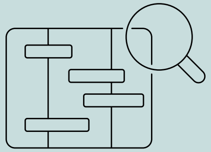
3. Analysis and prioritisation
The evaluation of impacts combines both qualitative reasoning and quantitative analysis, factoring in elements such as scale, scope, remediability, and likelihood. Each factor was assigned a score, and thresholds were established to effectively identify material sustainability matters and related topics.

As part of the process, risks and opportunities were assessed from both actual and potential impacts, as well as dependencies and other external factors. Each identified risk and opportunity was evaluated based on its financial significance using a five-point scale, while the likelihood of occurrence was rated on a three-point scale with defined thresholds.

The initial assessments involved the Group Sustainability team and key internal decision-makers, including members of the GMT. Results were presented to the GMT for review and were subsequently validated by them.

4. Validation
The material topics were presented to the GMT together with a description of what each topic means to the Fagerhult Group and all material impacts, risks and opportunities specified. After a thorough discussion with the GMT the material topics were validated in a meeting in August 2024.

1. Planning and mapping

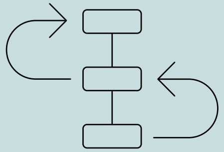


- Review of materiality analysis from 2021–23
- Identify gaps
- Desktop research and mapping of potential topics

2. Stakeholder dialogue

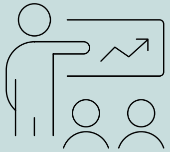
- Discussions with Sustainability Core Team, Group Management Team, and interviews with other external and interal stakeholders and experts, to gather information about additional topics, impacts and the significance of them

3. Analysis and prioritisation



- Analvse identified impacts based on severity, likelihood and remediation
- Prioritize and determine material topics
- Test proposed material topics on stakeholders

4. Validation



- Discuss and validate material topics with the Group Management Team

Environmental disclosures

Taxonomy reporting

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

The assessment, based on available information, is that Fagerhult Group's various activities are Taxonomy-eligible with respect to one of six environmental objectives – the climate change mitigation objective. We are following trends and best practices and will continuously evaluate this assessment.

Fagerhult Group has defined Taxonomy-eligibility with respect to the climate change mitigation objective as the proportion of activities that relates to the sale of products for indoor and outdoor use where energy classification is possible. This also includes the proportion of activities that pertains to sensors and that provide the customer with a sustainable, energy-efficient solution.

Turnover

8,305 MSEK

- Eligible, 82.4%
- Aligned, 6.8%

CapEx

382 MSEK

- Eligible, 61.0%
- Aligned, 7.0%

OpEx

617 MSEK

- Eligible. 74.9%
- Aligned. 9.3%

Economic activities

Our operations related to climate change mitigation best match the description of economic activities in '3.5 Manufacture of energy efficiency equipment for buildings,' which pertains mainly to lighting for buildings. This is why we also included exterior lighting and 'building adjacent' lighting such as in parks and gardens. The 3.5 heading also includes references to several NACE codes, which stipulate that street lighting can be included in the Taxonomy. Since outdoor lighting cannot be connected to any other economic activity in the Taxonomy, we have chosen to include this application area. Instances where one of our partners manufactures our products under one of our brands have also been included in turnover, although this is uncommon and only represents a marginal portion of our activities.

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

Based on this definition, 82.4 (85.7) per cent of the Group's total net sales is Taxonomy-eligible.

Substantial contribution to environmental objectives

The Taxonomy includes technical screening criteria that are to be used to determine whether an economic activity is sustainable. 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 sustainable (aligned).

We contribute to the environmental objective of climate change mitigation through our modern LED solutions which can reduce energy consumption by about 70 per cent compared with traditional installations. A connected solution that is controlled through sensors has a potential of reducing energy consumption for our customers with up to 90 per cent.

Light sources in the top two energy efficiency classes

One of the criteria to be considered sustainable (aligned) is to produce light sources in the top two energy efficiency classes, with products in the market, as defined by Regulation (EU) 2017/1369 and delegated acts.

Our understanding is based on the EU Q&A from December 2022 with descriptions and explanations for household appliances, since the technical screening criteria in the definition of this industry are similar to those for our industry. We used an overview of products available in the market based on the EPREL (European Product Registry for Energy Labelling) reference database to clarify which two energy classes are considered sustainable.

Based on the above statements from the European Commission, it is our assessment that there is only one way to interpret this criterion: only the top two energy classes of light sources that are offered in the market are considered Taxonomy-aligned. 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. We thereafter applied this breakdown of light sources to our turnover depending on which light source is included in each product. In the EPREL database, 2.9 per cent of all light sources are in the top two energy classes, A and B. This means that the share of sustainable (aligned) turnover is low in the industry, which also applies to us. However, Fagerhult Group has a favourable breakdown in the other energy classes (C–G)

Light sources per energy class in the EPREL database[1]

Energy class	Number of light sources	Share, %
A	3,695	0.8
B	9,146	2,1
C	28,248	6.4
D	55,926	12,8
E	103,257	23.6
F	152,440	34,8
G	85,291	19.5

[1] Note that this indicates all of the light sources in the industry that are manufactured and delivered in the EU (data from 27 Jan 2025).

Fagerhult Group – Sales by energy classes

External net sales	Share, %
Energy class A	0.1
Energy class B	1.5
Energy class C	22.0
Energy class D	26.3
Energy class E	18.7
Energy class F	9.2
Energy class G	4.5
Without energy classification[1]	17.7
	100
Share of net sales with light controls/sensors included[2]	6.7

[1] E.g., outdoor lighting, healthcare panels.
[2] Related to luminaires with integrated sensors for presence or daylight control within energy classes C–G.

compared to the light source market, which indicates that our solutions are more energy-efficient than the market average.

Motion and daylight controls for lighting systems
Integrated motion and daylight controls are one of the sustainable (aligned) criteria. Our interpretation here is simple and direct. A lighting solution is sustainable (aligned) when every luminaire includes an integrated sensor that controls the luminous flux depending on motion or daylight.

Do no significant harm
An activity is sustainable (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,' this means that we are to, inter alia:

- Identify the material physical climate risks by carrying out relevant risk analyses.
- Assess the materiality of all physical climate risks identified
- Assess possible solutions that can reduce potential or actual identified climate risks.
- Prevent and control environmentally hazardous pollutants (substances of very high concern, SVHC).
- Use best practices and available guidance and apply the most recent knowledge about available methods.

Our assessment is that Fagerhult Group acts within the above areas and does no significant harm to other environmental objectives.

Minimum safeguards
An activity is sustainable (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/corruption, taxation and fair competition. Minimum safeguards at sites are based on existing legislation regarding responsible business and fair competition as well as guidance from international bodies and legislation such as the Corporate Sustainability Reporting Directive (CSRD), the Sustainable Finance Disclosure Regulation (SFDR) and the Corporate Sustainability Due Diligence Directive (CSDDD).

Our Code of Conduct and the Code of Conduct for Business Partners, together with detailed due diligence policies and principles in conjunction with acquisitions, are the tools and methods we apply to ensure that we act in accordance with the minimum safeguards.

Conclusion
Products in a higher energy class, which are sustainable according to the Taxonomy (aligned), account for a smaller proportion of our turnover. Despite this, we believe that we are well positioned in relation to the market. We are focused on continuously tracking technological developments and implementing the latest technology in our solutions, whether they are LED modules or connectivity solutions for smart lighting, so that we can continue to take a leading position in energy efficiency and creating the right lighting with people in mind. It is of the utmost importance that we optimise both of these areas in harmony with each other. The Taxonomy, with its focus on green and sustainable investments, is a step in the right direction and is an important tool in the work to reduce our climate impact.

Accounting policies
Sales
Our total turnover includes revenue from goods and services and other operating income. For more information about our accounting policies in relation to our consolidated sales, refer to Revenue recognition (pages 118) and Note 1 (pages 120–121).

As described above, our interpretation is that all sales of lighting solutions under our own brands that include a light source or sensor are Taxonomy-eligible. This means that 82.4 per cent (85.7) of our turnover is Taxonomy-eligible. The remaining proportion corresponds to sales of panels for hospital treatment rooms, spare parts and accessories as well as other operating income that does not pertain to our core operations and can therefore not be related to any type of economic activity and is therefore not Taxonomy-eligible. Products with an integrated sensor are considered solely in energy classes C-G to ensure that double-counting does not occur. According to the above strict interpretation of sustainable energy classes (A & B for all categories of light sources) and sensor solutions, we have a low proportion of Taxonomy-aligned turnover. Based on the EPREL database, however, our performance is better than average in our industry.

Investments/capital expenditure
Our total investments 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 (pages 126–127) as well as right-of-use assets in Note 25 Leasing (page 133).

From investments completed in 2024 that were central to operations, we have only included the non-current assets used in operations that drive revenue in the economic activity '3.5: Manufacture of energy efficiency equipment for buildings'. We have not taken into account any CapEx plan for the coming years.

Costs/operating expenditure
Total operational expenditure (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 (page 134).

The part of operating expenditure that is Taxonomy-eligible is only the share of expenditure described above that pertains to property, plant and equipment that are applicable within economic activity '3.5 Manufacture of energy efficiency equipment for buildings' which drives our turnover.

Nuclear and fossil gas related activities

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

Turnover[1]

Financial year 2024	2024			Substantial Contribution Criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities	Code	Turnover	Proportion of Turnover, year 2024	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) turnover, year 2023	Category enabling activity	Category transitional activity
		MSEK	%	EL/ N/EL	EL/ N/EL	EL/ N/EL	EL/ N/EL	EL/ N/EL	EL/ N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of energy efficiency equipment for buildings	CCM 3.5	562.5	6.8%	100							J	J	J	J	J	J	7.2%	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		562.5	6.8%														7.2%		
Of which Enabling		562.5	6.8%															E	
Of which Transitional																			T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)				EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Manufacture of energy efficiency equipment for buildings	CCM 3.5	6,281.2	75.6%														78.5%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		6,281.2	75.6%														78.5%		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		6,843.7	82.4%														85.7%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		1,461.6	17.6%																
TOTAL		8,305.3	100%																

[1] Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024.

CapEx[1]

Financial year 2024	2024			Substantial Contribution Criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities	Code	CapEx	Proportion of CapEx, year 2024	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) CapEx, year 2023	Category enabling activity	Category transitional activity
		MSEK	%	EL/ N/EL	EL/ N/EL	EL/ N/EL	EL/ N/EL	EL/ N/EL	EL/ N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of energy efficiency equipment for buildings	CCM 3.5	26.6	7.0%	100							J	J	J	J	J	J	4.8%	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		26.6	7.0%														4.8%		
Of which Enabling		26.6	7.0%															E	
Of which Transitional																			T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)				EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Manufacture of energy efficiency equipment for buildings	CCM 3.5	206.4	54.0%														47.3%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		206.4	54.0%														47.3%		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		232.9	61.0%														52.1%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		148.7	39.0%																
TOTAL		381.6	100%																

[1] Proportion of capital expenditures from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024.

OpEx[1)]

Financial year 2024	2024			Substantial Contribution Criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities	Code	OpEx	Proportion of OpEx, year 2024	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) OpEx, year 2023	Category enabling activity	Category transitional activity
		MSEK	%	EL/ N/EL	EL/ N/EL	EL/ N/EL	EL/ N/EL	EL/ N/EL	EL/ N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of energy efficiency equipment for buildings	CCM 3.5	57.5	9.3%	100							J	J	J	J	J	J	10.3%	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		57.5	9.3%														10.3%		
Of which Enabling		57.5	9.3%															E	
Of which Transitional																			T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)				EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Manufacture of energy efficiency equipment for buildings	CCM 3.5	404.1	65.6%														63.5%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		404.1	65.6%														63.5%		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		461.6	74.9%														73.8%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		154.9	25.1%																
TOTAL		616.5	100%																

1) Proportion of operating expenditures from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024.

E1 Climate change

Description of sustainability matter	Value chain	Impacts, risks and opportunities
Climate risk Climate change poses risks to our business in the medium- to long-term. Extreme weather events and long-term changes in local climate can cause harm to our physical assets, our workforce, and local communities. Climate change will also impact our supply chain and logistics which can impact our business in several ways.	Own operations Upstream Downstream	**Risks** • Operational, workforce and financial risks if factories severely damaged by extreme weather events and/or need extensive renovation due to changing local climate. • Financial and operational risks if logistics or key suppliers in value chain are majorly disrupted by extreme weather events. **Opportunities** • Our distributed operational model, with manufacturing close to our customers in different countries globally and many local long-term supplier relationships, enables resilience and mitigates business risks due to climate or extreme weather events.
Climate and energy efficiency Through smart lighting solutions, energy efficient design and circular business solutions, we offer our customers high-quality lighting solutions which can significantly reduce their own energy use and carbon footprint. In our own operations, we are lowering our greenhouse gas (GHG) emissions and our ambitious climate targets, help to guide our progress and deliver further benefits to our customers and surroundings.	Own operations Upstream Downstream	**Impacts** • Actual negative impact; Negative environmental impact of energy use and from GHG emissions throughout our value chain, particularly in the use of our products. • Actual positive impact; High energy efficiency of our products reduces the energy use and hence environmental impact of our customers/end-users. • Actual positive impact; Use of integrated sensors and smart lighting systems greatly reduces electricity consumption of luminaires for our customers/end-users. **Risks** • Dependency on prices and access to local energy supply in our own operations. • Technological limits in product development for certain application areas prevent achievement of climate goals. **Opportunities** • Increased market demand for products and energy-efficient solutions which can lower environmental impacts of our customers and end-users. • New EU legislation that drives interest in energy efficiency, such as the EU EPBD, leading to increased business opportunities for our energy efficient products. • Product development enables new products and solutions which minimise energy use and maximise circular business possibilities. • New business models in data harvesting from smart lighting which enables further energy savings.

Material sustainability matters

On a global scale, climate change and its consequences are becoming increasingly clear for individuals, companies, and society. Demand is constantly growing for sustainable low-energy solutions that have been manufactured responsibly with sustainable materials. For the construction industry, which accounts for 40 per cent of the world's carbon dioxide emissions, this is a critical matter. Existing buildings also account for 30 per cent of worldwide energy consumption. Today, we have technology that can increase energy efficiency and reduce the sector's carbon footprint: LED lighting has been around for fifteen years but is only used in one out of three buildings in Europe, on average.

The greatest impact of our products arises during the use phase, which is associated with 94 per cent of their emissions. That is why we place great emphasis on developing and spreading knowledge about smart lighting. There are opportunities for us and our customers to reduce our carbon footprint through smarter lighting: only where and when it is needed.

Fagerhult Group's material impacts, risks, and opportunities related to climate change, along with their specific connections along the value chain, are detailed in the table.

Our value chain is characterised by sustainability in every step, from design and development, through manufacturing in our own factories close to our customers, to sales and aftermarket services. We deliver energy-efficient solutions with resource-efficient production and develop products from a lifecycle perspective. Energy consumption can be reduced up to 90 per cent with new technology and smart lighting compared with traditional installations. Given our capabilities of helping customers limit their energy needs for lighting and consequently their emissions, the transition to a more sustainable economy is one of our major business drivers.

We have not yet performed a Group-wide climate scenario and resilience analysis. Our Group's companies operate in many different countries and are exposed to different climate related challenges. Some of our companies have conducted independent climate change risk assessments with varying scenarios, primarily related to higher temperatures, while others have conducted resilience analysis assisted by our insurance company. Our intention is to perform a Group-wide climate scenario and resilience analysis in the coming years to identify physical and transitional risks and opportunities, supporting the governance of our work related to climate change and energy

Governance

Integration of sustainability-related performance in incentive schemes
Fagerhult Group has a long-term incentive program with a sustainability-related target, where climate change is included.

For more information on the integration of sustainability performance incentive scheme, see Guidelines for remuneration to senior management on page 109 and general disclosures on page 69.

Strategy

Transition plan for climate change mitigation
Fagerhult Group's climate change mitigation transition plan, established in 2023, serves as the primary framework guiding all Group companies in achieving the Group's set emission reduction targets.

The plan identifies key decarbonization levers and outlines an actionable roadmap to meet these objectives. 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 has been approved by both the GMT and the Board of Directors. Moreover, the Fagerhult Group is not excluded from the EU Paris-aligned benchmarks. .

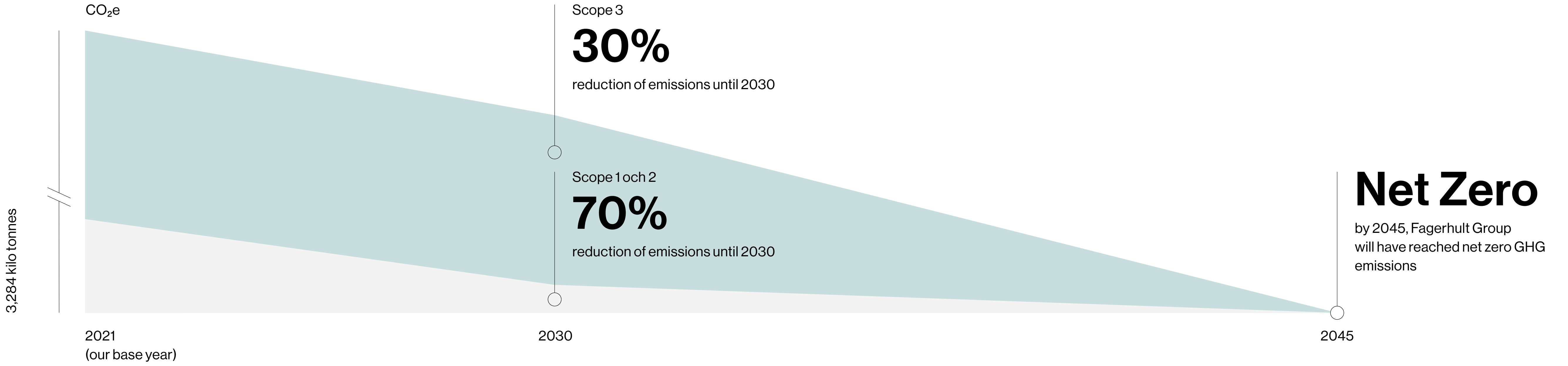
Although 94 per cent of our total value chain emissions occur in the use-phase of our products, the efforts to reduce our environmental impact covers our full value chain from materials, logistics, own operations, product use and end-of-life. Read more about our main decarbonization levers and key actions on the following pages.

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, which requires high temperature drying in ovens traditionally powered by natural gas. Until these ovens are replaced, emissions from our paint plants are classified as locked-in emissions. Transitioning to electric ovens 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. However, the timeline for implementing these investments will vary across brands. Over the coming years, we will continue to develop and refine Fagerhult Group's transition plan to achieve our emission targets.

The investments required to implement the transition plan vary across decarbonization levers. Some levers, such as product light-weighting, optimizing logistics, and enhancing material efficiency in production, also 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-CO_2 aluminium currently involve higher costs. As new reporting requirements and additional guidance are introduced, our disclosures on significant investments related to the transition plan will expand in the coming years.

The transition plan is a core component of our business strategy. It is broken down and operationalized 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.

Fagerhult Group's climate change mitigation transition plan



Impact, risk and opportunity management

Policies related to climate change mitigation and adaptation
Fagerhult Group does not have a specific Group-wide policy governing climate change mitigation and adaptation, but our commitment to reduce our climate impact and the measures this entails are regulated in our Group-wide Code of Conduct for business partners and in company-specific sustainability policies. In addition, the transition plan for climate change mitigation is another Group-wide tool to govern our efforts in this area. 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 from smart lighting and energy efficient luminaires among others. It relates to climate change mitigation, energy efficiency and renewable energy deployment. The Code of Conduct for business partners and the transition plan for climate change mitigation are endorsed and owned by the GMT. There are no exclusions of scope in the policy documents which means they cover own operations and the value chain.

The transition plan includes actions across our value chain, from materials, logistics, own operations and use-phase. In addition, the Code of Conduct for business partners outlines the expectations we have on actors in our value chain in relation to environmental sustainability. Given our decentralised governance model, Group companies also independently develop sustainability policies covering climate change. In addition, we conduct our operations in line with the UN Sustainable Development Goals, the Paris Agreement and the European Climate Law. The Group does not have a standalone policy for climate change adaptation; however, Group companies develop individual policies that are related to adapting to effects from climate change such as emergency and disaster routines and health and safety policies.

Actions and resources in relation to climate change policies
The Group-wide transition plan for climate change mitigation guides our efforts to reduce the climate impact of our operations on the environment. This plan is built on a framework of decarbonization levers and actions identified during the process of setting our SBTi-validated emission reduction targets.

Actions are tailored and implemented at the brand level, reflecting each brand's unique circumstances. However, commonalities in the risks and opportunities across brands make knowledge-sharing a critical component of our approach.

The main actions outlined in the transition plan are categorized into scope 1, scope 2, and logistics, materials, and use-phase initiatives. These actions are sequenced into different 'horizons' based on their feasibility and readiness for implementation. For certain measures, such as procuring low-CO_2 primary steel, we rely on advancements in technology and the commercialization of such materials.

We continuously monitor the outcomes of the actions taken and are committed to enhancing the reporting of emissions reductions attributable to specific initiatives. This aligns with evolving reporting requirements and ensures transparency in our progress."

Activities during 2024
Throughout the year, our brands have continued implementing climate change mitigation actions aligned with the transition plan. Examples include upgrading heating systems, enhancing factory roof insulation, and installing solar panels at company-owned premises. Other activities also relate to improvements in paint plant, LEAN manufacturing and finding energy leakage in own factories.

Additionally, many companies are prioritizing renewable energy, both by sourcing it from the grid and expanding on-site production through the installation of additional solar panels. During 2024 77 (75) per cent of electricity used came from renewable sources with a guarantee of origin or from solar energy that we produced ourselves.

Since 94 per cent of emissions come from the use-phase, it is essential to ensure that luminaires are as energy efficient as possible. This applies to both newly produced luminaires and those already installed in buildings. In 2024, more than 99 (98) per cent of the luminaires produced were equipped with LED technology.

For luminaires already installed, many of our brands offer refurbishment services, upgrading existing fluorescent luminaires with new LED technology, which conserves both energy and resources. Additionally, our companies have intensified their focus on smart lighting solutions—luminaires with sensors for indoor and outdoor applications—that provide the right amount of light only when needed. By combining the latest LED technology with smart lighting solutions, users can reduce energy consumption by up to 90 per cent.

Activities to reduce other indirect scope 3 emissions in the upstream value chain include a continued shift from virgin to recycled aluminium used in production, decrease of plastics used in packaging and partaking in emission

Fagerhult Group's main actions by horizon:

Horizon 1
Levers prioritised in all Group companies. Have been in focus for our Group management since the development of our transition plan. They have been defined as having high feasibility.

Scope 1, 2 and logistics:
- Further optimization of logistics
- Energy efficiency improvements in manufacturing
- Low-carbon electricity in own operations

Materials:
- Maximize recycled content in diecast aluminium
- Low-carbon electricity aluminium

Use-phase
- Increased connectivity through adoption of smart lighting
- Increased use of low-power fixtures

Horizon 2
Some of these levers are already taken into action at Group companies or specific plans are being developed for them to realise in the coming year or years. Several of these levers need investments, research and/or collaboration with external actors.

Scope 1, 2 and logistics:
- Increase material efficiency in manufacturing
- Electric heat pumps for heating
- Electrified furnaces in paint plants
- Low-carbon road transport

Materials:
- Increase recycled content in primary steel
- Mechanically recycled plastics
- Light weighting of products
- Using one driver for multiple products

Horizon 3
Levers that require technology development and industry transition to commercialise. We monitor the development and possibilities continuously.

Materials:
- Low-CO_2 primary steel
- Increased recycled content in aluminium profiles
- Ultralow-CO_2 aluminium
- Increased use of bioplastics and chemically recycled plastics
- Low-carbon electronics

reduction activities with transportation companies as well as a shift to more locally sourced components.

In relation to climate change adaptation, some of our brands have addressed material flood risks. Examples include relocating operations from a flood-prone site, installing flood barriers, and equipping facilities with bilge pumps. These actions mitigated risks to operations and assets, leveraging existing industrial sites, aligning with our commitment to resource efficiency and climate resilience.

Metrics and targets

Targets related to climate change mitigation and adaptation

94 per cent of Fagerhult Groups total emissions comes from the use of our products. The 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.

The 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 greenhouse gas (GHG) emissions by 2045.

Company specific climate-related targets

The Group continuously pursues its climate related targets by breaking them down into local activities and initiatives, creating a solid foundation for achieving these goals. Our Group companies have launched several company specific targets for reducing carbon emissions, both within own operations and in the upstream and downstream value chain. The targets vary, but they are focused on the following areas: energy efficiency in own production, renewable energy, and energy efficiency in the products we sell.

Most of the companies have targets on renewable energy, whether it be via contracts of purchasing energy from 100 per cent renewable sources or via own production with solar panels.

All companies have targets for increasing the energy efficiency in the products we sell. Most commonly, the targets include more energy efficient LED and smart technology also working to reduce energy consumption and to increase the share of renewable energy in production.

While climate change can pose a threat to the company, it can also create business opportunities, since the market will demand energy efficient products.

Energy consumption and mix

Energy consumption and production, MWh	**2022**	**2023**	**2024**
Fuel consumption from crude oil and petroleum products	773	851	857
Fuel consumption from natural gas	28,263	24,647	23,394
Fuel consumption from other fossil sources	2,158	1,633	1,677
Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources	10,204	8,445	6,534
Total energy consumption from fossil sources	**41,398**	**35,575**	**32,462**
Share of fossil sources in total energy consumption, %	*59*	*56*	*53*
Total energy consumption from nuclear sources			
Share of energy consumption from nuclear sources in total energy consumption, %	*0*	*0*	*0*
Fuel consumption from renewable sources	330	392	341
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	26,329	25,159	25,298
Consumption of self-generated non-fuel renewable energy	2,248	2,155	3,335
Total renewable energy consumption, MWh	**28,907**	**27,706**	**28,974**
Share of renewable sources in total energy consumption, %	*41*	*44*	*47*
Total energy consumption related to own operations	**70,305**	**63,282**	**61,435**
Non-renewable energy production	**0**	**0**	**0**
Renewable energy production	**2,420**	**2,320**	**4,393**
Energy intensity from activities in high climate impact sectors (total energy consumption per net revenue), MWh/MSEK	8.5	7.4	7.4
Total energy consumption from activities in high climate impact sectors	70,305	63,282	61,435
Share of renewable electricity, %	72	75	77
Electricity consumption (MWh)	34,776	31,454	30,358

Gross scopes 1, 2, 3 and Total GHG emissions

Fagerhult Group's total greenhouse gas (GHG) emissions are composed of less than 1.0 per cent 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. During the year, several of our companies took significant steps to reduce scope 1 and scope 2 emissions by purchasing renewable electricity with guarantees of origin and investing in solar panels for their facilities.

Total direct and indirect market based emissions in 2024 amounted to 2,159 (2,745) kilotonnes, a 34 (16) per cent reduction compared to the baseline year of 2021. Through a strong focus on product development, innovation, and knowledge-sharing, we are systematically lowering the greenhouse gas (GHG) emissions generated by our luminaires throughout their lifecycle.

Emissions from use of sold products are driven by several parameters, such as number of sold products, lifetime, operating hours, effect (watt) and location-based electricity emission factors. Several parameters contributed to emission reductions in 2024, such as increased efficiency and generally lower emission factors in the markets we sell to.

Gross scopes 1, 2, 3 and Total GHG emissions[1]	Base Year 2021	2022	2023	2024	YoY Change, %	2030	2045	Annual % target/ Base Year, %
Scope 1 GHG emissions								
Gross scope 1 GHG emissions (tCO_2eq)	9,963	9,133	7,558	7,245	–4	–70%[2]		–8
Scope 2 GHG emissions								
Gross location-based scope 2 GHG emissions (tCO_2eq)	8,573	8,709	7,508	6,367	–15			
Gross market-based scope 2 GHG emissions (tCO_2eq)	10,313	5,479	4,273	3,391	–21	–70%		–8
Scope 3 GHG emissions								
Total Gross indirect (scope 3) GHG emissions (tCO_2eq)	3,264,304	3,452,792	2,732,853	2,148,580	–21	–30%		–3
1 Purchased goods and services	130,692	126,887	104,274	97,003				
thereof: Electronics	73,626	73,233	60,655	53,748				
thereof: Aluminium	27,723	25,208	20,180	18,712				
thereof: Plastic	15,545	13,834	11,386	13,077				
thereof: Steel	9,990	10,107	8,723	8,464				
thereof: Other	3,808	4,505	3,330	3,002				
2 Capital goods	8,392	4,137	4,936	6,146	25			
3 Fuel and energy-related Activities (not included in scope1 or scope 2)	3,357	3,444	2,868	2,670	–7			
4 Upstream transportation and distribution	14,741	13,537	10,488	8,975	–14			
5 Waste generated in operations	289	245	243	139	–43			
6 Business travelling	645	1,840	2,364	2,208	–7			
7 Employee commuting	2,428	2,676	2,462	3,175	29			
9 Downstream transportation	3,968	4,327	2,448	3,234	32			
11 Use of sold products	3,098,890	3,294,910	2,602,063	2,024,507	–22			
12 End-of-life treatment of sold products	759	667	540	350	–35			
Total GHG Emissions								
Total GHG emissions location-based	**3,282,697**	**3,470,512**	**2,747,752**	**2,162,019**	**–21**			
Total GHG emissions market-based	**3,284,437**	**3,467,282**	**2,744,517**	**2,159,043**	**–21**		**–90%[3]**	**–4**
Reduction compared to base year		6%	–16%	–34%				
GHG intensity per net revenue								
Total GHG emissions (location-based) per net revenue (tCO_2eq/KSEK)	0,46	0,42	0,32	0,26	–19			
Total GHG emissions (market-based) per net revenue (tCO_2eq/KSEK)	0,46	0,42	0,32	0,26	–19			

1) Historical data updated due to change in methodology and minor corrections
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 entire value chain and improving the precision of our emissions calculations by fine-tuning the methodology itself.

During 2024, we implemented a change to our methodology for use-phase emissions which impacts our total carbon footprint. This has led to an update of our historical results including our 2021 base year to ensure a consistent comparison. Previously, our emission calculation has accounted for the projected decarbonization of electricity generation over the operating lifetime of our luminaires sold during the reporting year. The projection is based on a climate scenario in line with a global warming increase of approximately 2 °C.

To reduce ambiguity and estimation uncertainty in the emissions reporting, we have updated our methodology to not account for future decarbonization. Rather, we use a conservative approach by multiplying applicable country emission factors for electricity use with the lifetime electricity consumption of all sold luminaires for the reporting year only, although our luminaires may operate for more than 20 years. This increases use-phase emissions compared to our previous methodology. The change will also increase the comparability with the EPD's (Environmental Product Declarations) that our brands perform for individual luminaires.

Emissions are reported in accordance with the Greenhouse Gas Protocol with financial control as consolidation method. Data is collected for the fiscal year and is supplemented with estimates based on historical data when needed.

Scope 1
Consumption of fuel and gases are multiplied with applicable emission factors from DEFRA. Department for Environment, Food and Rural Affairs (UK) DEFRA emission conversion factors are used by international organisations to report on certain GHG emissions.

Scope 2
Consumption of district heating is multiplied 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 residual mix emission factors and account for purchases of renewable energy instruments.

Scope 3
Purchased goods and services
For purchased goods and services (materials), 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.

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 divided into machinery and equipment, office machinery and computers, and real estate activities and is 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 within the Group.

Waste
Emissions from waste is calculated using primary data on waste volumes divided into both treatment method and material. 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. We assume and estimate the total electricity consumption over each product's lifetime depending on its average effect in watt, annual operating hours which depends on the application area it is sold to and expected lifetime in years. We account for the impact from smart lighting such as presence detection 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. In 2024, we changed the methodology for accounting of use-phase emissions (see page 86).

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 and material 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.

E5 Resource use and circular economy

Description of sustainability matter	Value chain	Impacts, risks and opportunities
Circular economy Embracing the circular economy is key in reaching our climate goals and developing our business and sustainability offering. By considering material use, resource use, waste management and end-of-life options, we can reduce our environmental impact along the value chain and reduce our exposure to human rights risks. By identifying new business models, harnessing smart lighting and digitalisation opportunities, we can grow new business areas and increase resilience.	Own operations Upstream Downstream	**Impacts** • Actual negative impact; Upstream negative environmental impact from use of metals, critical components, manufacturing processes, and logistics. • Actual negative impact; Downstream negative environmental impact from waste management and end-of-life treatment. **Risks** • Competition increases for access to secondary and recycled content materials, increasing prices and resource availability. • Difficulties in finding more environmentally-friendly materials and reducing dependency on certain critical components. **Opportunities** • Product development enables new products and solutions which minimise energy use and maximise circular business opportunities. Data collected in light management systems can be used to better understand use of luminaires and thereby improve product/solution design. • New business models in the circular economy related to refurbishment, retrofit, and end-of-life luminaire handling. • The more circular our products become, the less dependent we are on purchasing primary or even secondary materials, which reduces our exposure to supply issues and increasing prices.

Material sustainability matters

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 recycling and reuse. Apart from impacts through greenhouse gas (GHG) emissions, resource extraction can also contribute to other environmental impacts such as pollution, but may also have 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.

By working with both conscious material choices and production and by prioritising circularity, Fagerhult Group reduces the negative impact on people and the environment. Across our Group companies, we consider several circular strategies when designing and manufacturing our products, such as working with increasing the share of recycled materials, designing products for recyclability, remanufacturing and disassembly, and we strive for making products that are durable. Our work related to resource use and circularity is tightly connected to our work on climate change and energy. Our SBTi-validated emission reduction targets and their associated levers guide our efforts within these areas.

Impact, risk and opportunity management

Policies related to resource use and circular economy
Fagerhult Group does not have a Group-wide policy concerning resource use and circular economy. However, our impacts, risks and opportunities related to resource use and circular economy are highly connected to climate change and energy. Therefore, as a Group we govern our efforts within these areas mainly through the transition plan for climate change mitigation, which covers the initiatives we carry out related to reducing reliance on virgin materials and limiting resource use. Read more about our transition plan on page 82. Our commitment to reduce our climate impact and the actions it entails are also stated in our Group-wide Code of Conduct.

In addition, several of our Group companies have policies covering resource use and circular economy. The policies address the importance of working together with both the upstream and downstream value chain to increase the level of secondary materials. Some of the Group companies have policies for sustainable sourcing, and some include suppliers' capacity of generating secondary materials in their supplier audits.

Actions and resources related to resource use and circular economy
At Fagerhult Group, working with resource use and circularity means incorporating several considerations in 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.

The Group companies have taken various actions during the year in relation to resource use and circular economy that will also contribute towards reaching our science-based targets.

Resource efficiency in materials
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. Several initiatives aim to enhance resource efficiency, for example through miniaturisation and LEAN manufacturing.

Use of secondary raw materials
Fagerhult Group prioritises incorporating secondary raw materials such as aluminium, steel and plastics, in production but also in components and packaging. Several initiatives focus on increasing use of recycled aluminium. Some companies collaborate with local universities or run pilot projects to explore ways to enhance recycled material use in production.

Circular design for durability and optimisation
Circular design principles applies across the Group. Circular upgrades are key to enable greater reuse of products and components. Modular development allows standardised designs, simplifying renovations and upgrades by retaining luminaire frames, ends, and modules while upgrading electronics. This approach integrates smart lighting solutions into existing modules when possible, and replacing fluorescent lights with LED technology to reduce energy consumption. Furthermore, some Group brands have achieved the Cradle-to-Cradle certification, indicating progress in enhancing durability and optimising resource use.

Circular business practices
Fagerhult Group is exploring a range of circular business strategies including refurbishment and leasing models, closed-loop systems, and reusable packaging solutions. These actions reflect the Group's commitment to implementing circular practices across the value chain, fostering resource retention and maximising product lifecycle value.

Waste prevention
Fagerhult Group minimises waste through optimised material use. Actions taken by Group companies include packaging-on-demand, eliminating unnecessary plastics and reducing waste in high-volume products. In addition, continuous training and planned waste analyses are driving further improvements.

Waste management and optimisation
Fagerhult Group optimises waste management by recycling materials and reusing pallets. Key initiatives include zero waste to landfill from production, improved metal scrap sorting, and sustainable prototype development. ISO 14001 certifications is also supporting our efforts with waste.

Metrics and targets

Targets related to resource use and circular economy
Our Group-wide target that relates to resource use and circular economy is the GHG emission reduction target reported on page 85. While it measures our work in terms of emission reductions, many of the underlying activities we do relate directly to resource use and circularity. In addition, we report our material consumption below.

Most of the companies within the Group have company-specific targets to increase the use of recycled, reused, renewable or circular materials in the manufacturing of products. Many prioritises recycled die-cast or extruded aluminium, but there are also other initiatives such as recycled cardboard in packaging or the use of biodegradable plastics. Additionally, most companies have targets to minimise waste, such as Zero waste to landfill, and reducing scrap in production.

Resource inflows

Resource consumption[1)]

(tonnes)	Collection							Premium			Professional			Infrastructure			Total			
	Ateljé Lyktan, Åhus, Sweden	iGuzzini Recanati, Italy	iGuzzini Shanghai, China	Sistemalux, Montreal, Canada[1)]	LED Linear Neukirchen-Vluyn, Germany	WE-EF Bispingen, Germany	WE-EF Samutprakarn, Thailand	Fagerhult Habo Sweden	Fagerhult Suzhou, China	LTS, Tettnang, Germany	Arlight, Ankara, Türkiye	Eagle Lighting, Melbourne, Australia	Whitecroft, Manchester, UK	Designplan, Sutton, UK	I-Valo Iittala, Finland	Veko, Schagen, Netherlands	2021	2022	2023	2024
Renewable Materials																				
Paper (for packaging)	69	225	117	47	32	61	17	187	59	135	74	87	131	92	0	6	1,628	1,645	1,353	1,339
Non-renewable materials																				
Steel	82	486	27	78	4	141	53	1,060	170	139	410	688	1,173	312	8	71	5,707	5,401	5,131	4,902
Primary Aluminium	124	84	29	60	60	31	10	231	71	25	21	19	84	38	83	549	2,324	2,108	1,946	1,519
Secondary Aluminium	48	548	329	0	0	170	133	196	168	234	190	1	67	26	37	235	2,717	2,881	2,329	2,382
Paint – Powder	12	0	0	0	0	11	3	49	14	8	23	18	40	16	5	0	252	249	206	199
Paint – Solvent	0	84	45	0	0	0	0	0	0	1	0	0	0	0	0	0	187	184	118	130
Plastics (granulate)	0	79	24	0	0	0	9	0	0	0	0	0	0	0	0	0	461	369	126	112
Plastics (for packaging)	6	20	9	2	4	3	0	44	2	4	4	3	18	1	1	4	219	199	128	125

1) The production unit is part of iGuzzini and manufactures on behalf of iGuzzini.

Resource inflows has been reported using the same method as previous years. Most Group companies use actual data from ERP systems, invoices, or supplier records, ensuring accuracy without estimations. Some note minor uncertainties, particularly regarding packaging paper and material composition variations from suppliers.

Resource outflows

Total waste generated

tonnes	2021	2022	2023	2024
Total waste generated	**3,974**	**4,537**	**4,144**	**4,046**
Waste diverted from disposal				
Hazardous waste	277	392	411	375
– Preparation for reuse				2
– Recycling	91	133	312	224
– Incineration with energy recovery	186	259	99	108
– Anaerobic digestion	0	0	0	0
– Other recovery operations				41
Non-hazardous Waste	3,288	3,881	3,467	3 438
– Preparation for reuse				86
– Recycling	2,944	3,474	3,140	3,007
– Incineration with energy recovery	290	352	321	321
– Anaerobic digestion	54	55	6	3
– Other recovery operations				21
Total weight diverted from disposal	**3,565**	**4,273**	**3,878**	**3 813**

tonnes	2021	2022	2023	2024
Waste directed to disposal				
Hazardous waste	53	8	11	10
– Incineration without energy recovery	9	4	3	0
– Landfill	44	4	8	10
– Other disposal operations	0	0	0	0
Non-hazardous Waste	356	256	255	223
– Incineration without energy recovery	80	2	0	27
– Landfill	276	254	255	196
– Other disposal operations				
Total weight directed to disposal	**409**	**264**	**266**	**233**
Share directed to disposal of total weight generated, %	*10*	*6*	*6*	*6*
Total amount of hazardous waste	330	400	422	385
Total amount of radioactive waste	0	0	0	0

Composition of waste and calculation methods

Waste from Fagerhult Group companies include metal, plastic, glass, and electronic components from luminaire production. Relevant waste streams include packaging waste, electronic waste (WEEE), and manufacturing scrap from assembly and machining.

Most organizations rely on actual data from waste handling companies, such as invoices or direct tracking. Some companies report uncertainties due to third-party data collection, particularly for food waste and waste sent to landfill. A few organizations estimate certain waste streams based on employee figures or rented surface area. Methodologies remain largely unchanged, though some improvements in accuracy and categorization have been noted.

Social disclosures

S1 Own Workforce

Description of sustainability matter	Value chain	Impacts, risks and opportunities
Group culture Our Group culture is open and honest, characterised by curiosity and a willingness to test new ideas, learn and develop. Our core values are at the base of how we act and create a good working environment for all, fostering the conditions needed to develop business advantage for innovation and growth.	Own operations Upstream Downstream	**Impacts** • Potential positive/negative impact on employees and their working environment, as well as business stakeholders. **Risks** • Business risk in many areas if Group culture is not cultivated and continuously developed. **Opportunities** • A healthy Group culture can enable resilience and contribute to business success in many aspects.
Health and safety As a lighting manufacturing company, the health and safety of our workforce is of high importance. In our own operations, our goal is for zero accidents. We strive to ensure a safe and comfortable workplace for our workforce, with good working conditions and extensive preventative measures against accidents and ill health.	Own operations	**Impacts** • Potential negative impact through injuries and ill health in own workforce causing long-term absence if working conditions lead to accidents and mental burden. • Actual positive impact with high standards and safe working environment which contribute to job satisfaction, low stress levels, and positive group culture. **Risks** • Financial, reputational and employee turnover risks if good levels of health and safety is not upheld in own operations.
Diversity and inclusion We see people's differences as a strength and value different experiences. Through constant work to be both aware and inclusive, we aim to ensure that all individuals in our own workforce, regardless of their diverse characteristics or backgrounds, feel valued, respected, and have equal access to opportunities and resources. Through embodying diversity and inclusion, we are an attractive employer that can harness the full potential of our employees, and innovate collaboratively to deliver business success.	Own operations	**Impacts** • Potential negative impact on basic human rights of employees through exclusion, discrimination or harassment due to lack of diversity and inclusion. **Risks** • Business risk to lose employees or not attract new talents, and to not reach full potential of employees and teams due to lack of diversity and inclusion. **Opportunities** • Long-term business opportunity to develop innovative solutions for our customers through a diverse and inclusive working environment.
Knowledge and education Sharing our knowledge with our value chain and beyond, ensuring the correct use and understanding of the potential of our products, and being a trusted innovation and sustainability partner will deliver higher energy and sustainability performance in our products and value chain. We lead the way amongst peers through our thought leadership to communicate our vision, build understanding and awareness, and drive positive change and impact in our industry.	Upstream Own operations Downstream	**Impacts** • Actual positive impact; Our employees' expertise and latest knowledge improve energy and sustainability performance of our lighting solutions for our customers/end-users • Actual positive impact; Our knowledge sharing with suppliers and customers ensures that the full potential of energy and sustainability performance of our lighting solutions is realised for our customers/end-users **Risks** • Business risk if internal competence and knowledge around innovation, technology, sustainability is not maintained and increased, particularly within product development, sales and leadership positions. **Opportunities** • Reputational opportunity to be seen as credible thought leader in developing innovative, sustainable lighting solutions and in line with upcoming policies and regulation which can increase business opportunities and attract talented new employees. • Resilience developed through knowledge and education enables us to meet future business challenges.

Description of sustainability matter	Value chain	Impacts, risks and opportunities
Attract and retain talent Highly competent and knowledgeable individuals are at the heart of our operations and business success. Retaining our talented workforce is crucial for being able to build on our industry-leading experience and expertise as we continuously develop. Attracting new talents is essential for bringing new perspectives and challenging ourselves as we grow and strive to meet our ambitious goals.	Own operations	**Impacts** • Potential positive impact on employees for high job satisfaction and job security due to efforts to create good working environment, ensure equal opportunities for all, and individual knowledge and capacity development. **Risks** • Business risk if we lose talented and experienced personnel and are not able to attract new employees who can help drive us forward.

Material sustainability matters

As a leading global manufacturer of professional lighting solutions, we design, develop, manufacture, and market products which require employees with many different skillsets and professions. We have subsidiaries in 27 countries and at the end of 2024 we had 4,079 employees, where 34 per cent were women. Being a manufacturing company, we have both blue- and white-collar workers, where 39 per cent are blue collars. 94 per cent of our employees work full time.

In addition to our employees, we have a limited number of non-employees such as consultants, 136 people at the end of 2024.

Engaged and motivated employees create the prerequisites that allow us to deliver high-quality, sustainable solutions. We prioritise health, diversity, leadership, and personal development to position ourselves as an attractive employer. We are actively committed to strengthening our shared values for the long term, recognising that a strong culture is essential to our success.

Fagerhult Group's material impacts, risks, and opportunities related to own workforce are detailed in the table above.

Strategy

Interests and views of stakeholders
Fagerhult Group actively engages its workforce to understand their interests and views. Actions taken by the Group companies include town halls, surveys, and structured feedback channels. Workforce insights were integrated into the Group's double materiality assessment. These engagements identified key areas for improvement, including employee well-being, skills development, and inclusion. Oversight of interests and views of the workforce is managed locally by HR Managers or MDs of of each Group company, ensuring effective participation. Moving forward, the Group continues to actively involve employees in decision-making and aligning sustainability strategies with workforce needs and expectations.

Impacts, risks, and opportunities management

Policies related to own workforce
Fagerhult Group's Code of Conduct is our overall governance document with regards to our own workers. It states that we stand for, among other things, fair labour practices, a safe and healthy working environment, diversity and equal opportunities. We have an explicit zero-tolerance for child- and forced labour. We ensure compliance through regular training and a whistleblower function.

The Group has a dedicated policy for working conditions covering our own workforce, which regulates requirements related to working hours, overtime and compensation. It also addresses our expectations and requirements related to health and safety, training and development, and diversity and inclusion. We have also implemented a Group-wide human rights policy which covers our entire value chain, including own workforce. It states our commitment to respecting human rights. The Code of Conduct, the policy for working conditions and the human rights policy are approved by the GMT. They can all be found on the company website www.fagerhultgroup.com.

Due to our decentralised governance model, some brands have their own policies related to own workforce covering various topics. These should be seen as a complement to the Group-wide Code of Conduct.

Most company policies include their approach to engaging with their own workforce in topics that have implications on them. Policies are aligned with internationally recognised instruments relevant to own workforce such as United Nations (UN) Guiding Principles on Business and Human Rights.

Most Fagerhult Group's companies have health and safety policies in place, with some companies implementing specific management systems, such as ISO 45001. All Group companies aim for zero accidents. Many track safety metrics such as near misses and injury frequency rates, while others are in the process of developing such tracking.

The Fagerhult Group's Code of Conduct, applied across all companies, addresses non-discrimination on grounds like race, gender, sexual orientation, age, and disability. Many companies also supplement this with specific policies on equal opportunities, dignity at work, and anti-harassment. Various initiatives are in place to support a safe and inclusive work environment.

Several Fagerhult Group companies have individual inclusion and positive action policies for vulnerable groups, including women, migrant workers, and people with disabilities. Measures span for example gender diversity efforts, anti-discrimination provisions, and specific adjustments of the workplace to accommodate for people with disabilities. Some companies emphasise equal treatment, accessibility, and gender balance in leadership.

Processes for engaging with own workforce and workers' representatives about impacts
Fagerhult Group companies engage with their employees through regular meetings, employee representation bodies, training programs, feedback channels, and structured policies. Engagement methods include town halls, health and safety committees, surveys, and social events, enabling employees to express concerns and participate in decisions affecting their well-being and development.

The main workforce-related matters addressed include employee well-being, health and safety, working conditions, organisational changes, compensation and benefits, performance assessments, communication improvements, and employee engagement. Additionally, topics such as work-life balance, financial and strategic updates, and training are commonly discussed.

For most companies, engagement takes place with the employees directly, although some use employee representatives. The engagements take place with regular intervals, although the intervals vary between the companies. For most brands, it is the HR Manager or the MD of the local company that is responsible for overseeing strategies and making sure that the interactions with the employees or their representatives take place. To assess whether engagement with own workforce has been successful or not, many companies have an annual workplace and well-being survey. Some companies use more frequent measures, such as polls, or look at participation levels of internal activities.

Most Group companies have a process for gaining insight into perspectives of people in its own workforce that may be particularly vulnerable, such as women and people with disabilities. It ranges from anonymous feedback, surveys, and follow-ups to the individual adaptions of work situations. In general, inclusivity and well-being are supported across the organisation.

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

Fagerhult Group and all the Group companies have adopted the whistleblower function, which is the channel for all stakeholders, own workforce included, to raise concerns and have them addressed. For more information on the Whistleblower function, please see the paragraph on Policies in the Business conduct section on page 102.

In cases where negative impacts on our employees have been identified, we contribute to remediation on a case-by-case basis.

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

Fagerhult Group addresses workforce challenges such as work-life balance, high workload, mental health, career advancement, and communication issues across all Group companies and brands. Actions include flexible work policies, mental health support, career development pathways, enhanced internal communication, and diversity training. Additionally, local strategies tackle safety and knowledge transfer when personnel leave the company. These initiatives reflect Fagerhult Group's commitment to a "people-first" agenda, supporting employee well-being, transparency, and continuous improvement in working conditions.

Employee development is supported through structured performance reviews, development plans, and training in technical and soft skills. Programs include onboarding, mentoring, cross-departmental exposure, workshops and team-building events. Additionally, leadership development includes internal promotions and feedback sessions.

The Group companies track the outcome of workforce activities through varied approaches, including employee surveys, performance reviews, well-being assessments and HR metrics analysis. For smaller entities, where formal tracking is not practical, regular meetings or informal feedback is used. Efforts focus on safety, satisfaction, diversity, and addressing workforce issues effectively.

In response to actual or potential negative impacts on own workforce, several companies have ways of identifying which actions are needed. Most common are different kinds of employee surveys, followed by traffic light polls and analysis of various KPIs, for example employee turnover, sick leave and productivity.

Group culture

We believe that a strong Group culture is important when it comes to success and to live up to high ethical standards. Our culture is built on our core values that we have defined together; Curious Creators, Committed Together and Aim Higher. Our Group culture is founded on openness and honesty, with a strong emphasis on curiosity and the willingness to explore new ideas, learn, and evolve. These core values guide our actions and create a positive work environment. They also drive business innovation and growth and a safe environment where employees dare to think differently.

The core values are well established within the Group and additional work has been done during 2024 to develop our Group culture based on these values. Several Group companies have performed trainings with their personnel to implement the Core values and strengthen the Group culture.

During the year we have launched six Leadership guidelines, based on our core values, which are being implemented throughout the Group. Our leaders are crucial to guide our organisation in the right direction and to secure our Group culture, and these Leadership guidelines are formulated to support them in their work. Trainings have been conducted during the year for leaders of all Group companies. Having a strong values-based Group culture with good leadership makes us more innovative and prepared to handle new challenges.

Health and safety

Fagerhult Group and its subsidiaries manage health and safety for own workforce through policies, training, risk assessment, and compliance with local regulations. Actions include workplace evaluations, psychological support, incident reporting systems, and accident prevention. Several entities focus on ongoing improvements, remote work support, and well-being initiatives like medical exams and insurance. Actions are taking place at the respective Group companies, but the Group-wide health and safety forum also facilitates cross-company collaboration and knowledge sharing. To uphold the highest standards of safety, we rigorously certify and test all products, meeting or exceeding all relevant legislation. Additionally, the Group provide thorough training for employees installing its products to minimise the risk of injuries.

Diversity and inclusion

Group companies promote diversity and inclusion through flexible work options, anti-discrimination training, and inclusive hiring practices. Initiatives include diversity training and events like Diversity Weeks. Our Group is built on multicultural teams, and we believe that diverse perspectives stimulate continuous improvements, which foster equality and innovation. Some companies collaborate with local schools and universities, hoping to encourage female students to choose a profession in the technical sphere, with the aim to increase women's representation in technical roles and leadership.

Attract and retain talent

Through internship with local universities and being present on universities "market days", our Group companies make sure that they are on future employee's minds. Once employed, we strive for a positive company culture, balanced with competitive benefits and good opportunities for skill development as important keys for retaining employees.

Knowledge and education

Group companies place a strong emphasis on continuous training for their personnel, recognising its importance for growth and development. The training spans a wide range of areas, including onboarding programmes, leadership development courses, safety training, product knowledge, and practical "on-the-job" training. Additionally, employees benefit from workshops and external training opportunities to further enhance their skills and expertise.

Fagerhult Group conducts a bi-yearly Talent Review at Group level, targeting MDs and Management Teams of our brands. This review is guided by our Leadership Guidelines and evaluates employees based on three key areas: potential, performance, and behaviour. Talents identified during the review can be further developed through our Leadership Program.

Metrics and targets

Targets related to own workforce
The health and safety of our workforce is a key priority, and we have a target of zero workplace injuries. Each site in the Group identifies, reports, investigates and follow-up injuries at the workplace. The zero-workplace injury target does not have an end-year, rather it is a target we strive for every year. Also, if we would reach the target in a given year, the target will remain also for coming years as achieving zero workplace injuries requires long-term commitments. The target covers all workforce within Fagerhult Group. Workers and workers' representatives are engaged in monitoring performance against the target in various ways such as through transparent internal reporting and communication around injuries. Also, workers' representatives have been involved in setting the target. For our progress against the target, see our reporting related to health and safety below. We intend to investigate other workforce-related targets in the coming years.

The Group companies have several workforce-related targets. They range from targets related to turnover of personnel and sick leave to sales targets and targets for employee satisfaction and Net Promoter Score. In addition to that, many Group companies have performance and career development reviews where individual targets are set. Employees are generally involved in setting their own targets and actively participate in monitoring their performance against these.

In most Group companies, employees or their representatives are actively involved in identifying improvements and learnings related to performance targets. Methods include feedback sessions, continuous improvement processes, one-on-one meetings, and performance evaluations.

Characteristics of own workforce
Number of employees are measured as headcount as of December 31, 2024.

Employees by gender (headcount)

Gender	Number of employees
Male	2,703
Female	1,376
Total employees	**4,079**

Employees by country (headcount)

Country	Number of employees (headcount)	Thereof men (headcount)
Sweden	804	511
Italy	659	451
Germany	602	426
United Kingdom	584	428
Canada	183	94
Australia	181	122
China	158	60
Netherlands	151	103
France	138	95
Thailand	132	80
Türkiye	112	84
Other	375	249
Total	**4,079**	**2,703**

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

	Female	Male	Total
Number of employees	1,376	2,703	4,079
Permanent employees	1,317	2,589	3,906
Temporary employees	51	86	137
Non-guaranteed employees[1]	8	28	36
Full-time employees	1,212	2,618	3,830
Part-time employees	156	57	213

[1] Hourly employees.

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

	Americas	Asia	North Europe	Mid Europe	South Europe	Total
Number of employees	227	516	1,550	955	831	4,079
Permanent employees	221	451	1,525	893	816	3,906
Temporary employees	0	45	25	52	15	137
Non-guaranteed employees[1]	6	20	0	10	0	36
Full-time employees	220	485	1,482	849	794	3,830
Part-time employees	1	11	68	96	37	213

[1] Hourly employees.

Employee hires

	Female	Male	Total
Under 30 years	53	116	169
30–50 years	67	139	206
Over 50 years	9	27	36
Total	**129**	**282**	**411**
Total new employees, %	**9**	**10**	**10**

Employee turnover

	Female	Male	Total
Under 30 years	40	79	119
30–50 years	77	176	253
Over 50 years	31	91	122
Total	**148**	**346**	**494**
Total employee turnover, %	**11**	**13**	**12**

Characteristics of non-employees in own workforce

Non-employees are working in both production and administration and their tasks are similar to those of own employees. They are typically used at production peaks or to fill in gaps due to holidays, family related leaves and personnel turnover. At the end of 2024, Fagerhult Group contracted 136 non-employees.

Collective bargaining coverage and social dialogue

Freedom of association and the right to collective bargaining are basic rights for all our employees. Within European Economic Area (EEA), 70 per cent of our employees are covered by collective bargaining agreement. Typically, the agreement include all employees in the companies that have these agreements.

	Collective bargaining coverage		Social dialogue
Coverage Rate, %	**Employees EEA**	**Employees Non-EEA**	**Workplace representation**
0–19	Germany	Americas, Asia, Türkiye	
20–39		United Kingdom	
40–59			
60–79			Germany
80–100	Sweden, Italy France, Netherlands,		Sweden, Italy, France, Netherlands

We are not able to report details regarding employee contracts which are not covered by collective bargaining agreements, and these differ between countries.

Diversity metrics

Employee diversity metrics

All Employees, headcount	Female	Male	Total
Under 30 years	143	322	465
30–50 years	770	1,453	2,223
Over 50 years	463	928	1,391
Total	**1,376**	**2,703**	**4,079**

All Employees, %	Female	Male	Total
Under 30 years	4	8	12
30–50 years	19	35	54
Over 50 years	11	23	34
Total	**34**	**66**	**100**

Age structure, Top management, %

	Female	Male	Total
Under 30 years	0	0	0
30–50 years	12.5	12.5	25
Over 50 years	25	50	75
Total	**37.5**	**62.5**	**100**

Age structure, All managers[1], %

	Female	Male	Total
Under 30 years	1	1	2
30–50 years	15	46	61
Over 50 years	7	30	37
Total	**23**	**77**	**100**

[1] Personnel with staff responsibility.

Training and skills development metrics

Training, average hours per employee

Hours of training	
Blue-collar men	10.9
White-collar men	21.0
Blue-collar women	7.2
White-collar women	17.0

Development dialogue

Development dialogue	Participation, %	Dialogues, number of
Blue-collar men	81	889
White-collar men	80	1357
Blue-collar women	78	440
White-collar women	80	666

In a few cases where data is not available, the number of performance reviews has been estimated based on available information.

We strive for all employees to have at least one development dialogue with their immediate supervisor every year. The goal is to create a unified approach within the Group when it comes to the importance of these dialogues and what they address. Having a consistent approach to development dialogues creates a firm foundation for supporting our employees in their professional development and contributes to a positive work environment. In 2024, 80 per cent (72) of our employees had at least one development dialogue.

Health and safety metrics

Work-related injuries and ill-health	2023	2024
Work-related injuries	43	28
High-consequence work-related injuries	0	5
Recordable work-related ill-health	10	17
Work-related fatalities	0	0
Total	**53**	**50**

Fatalities, injuries and ill-health

Number of work-related	Own Employees	Non-employees	Other workers on company sites
Fatalities	0	0	0
Injuries	28	2	
High-consequence injuries	5	0	
Recordable ill-health	17		

Of our 4,079 employees, 90 per cent are covered by the undertaking's health and safety management system.

The rate of work related injuries, measured as number of incidents per one million hours worked, is equivalent to 4.9.

Cases of ill-health are related to registered work-related sick-leaves that are not caused by work-related injuries or accidents.

Compensation metrics (pay gap and total compensation)

Gender pay gap has been calculated using average gross hourly pay, calculated as total annual base salary divided by number of hours worked according to contract for respective gender. The gender pay gap is 22 per cent.

Annual total remuneration ratio has been calculated with average pay as a base. We are currently not able to report median wage for the Group. Annual total remuneration ratio is 12.

Incidents, complaints and severe human rights impacts

There has been two reported incidents of discrimination during the year. None of the cases are classified as severe human rights incidents. No fines have been payed out for severe human rights issues and incidents during the year.

S2 Workers in the value chain

Description of sustainability matter	Value chain	Impacts, risks and opportunities
Human Rights Supporting and respecting basic human rights, including the Universal Declaration of Human Rights, is fundamental in our operations and we strive to work with partners who share this view. We ensure that we respect and do not infringe on the human rights of our workforce or workers in our value chain.	Upstream Downstream	**Impacts** • Potential negative impact on workers in the value chain in case of child labour, forced labour or human trafficking in supply chain. • Potential negative impact from human rights infringements in the value chain. • Potential negative impact from severely bad working conditions in the supply chain. **Risks** • Reputational and financial risks for human rights infringements and scandals in supply chain.

Material sustainability matters

The value-chain workers are crucial to our long-term business success, as they uphold the quality of our final products and services and play a vital role in achieving our sustainability goals. Therefore, it is essential to manage all relationships along our value chain responsibly and effectively. We are strongly committed to collaborating with our suppliers, business partners, and other stakeholders to promote human rights and drive positive social impact.

Examples of value chain workers in Fagerhult Group's value chain include employees at our upstream suppliers of raw material, components and electronics, but also at other actors throughout our value chain such as within logistics. Downstream, we rely on value chain workers for installation, maintenance, and services related to end-of-life treatment, among others.

In our extended value chain, we rely on input materials that are sourced globally. The commitments to respecting human rights across all our operations extends beyond our direct business partner relations. However, our control over the earliest stages of our value chain is more limited. Fagerhult Group's material impacts, risks, and opportunities related to workers in the value chain, along with their specific connections along the value chain, are detailed in the table above.

Strategy

Interests and views of stakeholders

Within the Group we work with 2,527 (2,515) suppliers for direct material used in products and 4,750 (5,228) suppliers of indirect goods and services. Fagerhult Group's decentralised business model means that each company in the Group is responsible for ensuring that its supply chain meets the Group's standards for sustainability and business conduct. These responsibilities apply for all Group companies, regardless of the number of suppliers.

Many of our Group companies maintain strong relationships with their first-tier suppliers and work together with them to uphold good working conditions for their workers. Through our Code of Conduct for business partners, our suppliers are required to extend these standards to workers further up the supply chain. Fagerhult Group is also engaged in dialogues with downstream value chain workers.

Impact, risk and opportunity management

Policies related to value chain workers

Fagerhult Group's relationship with value chain workers is addressed by the Code of Conduct for business partners which ensures that the principles set out in the Fagerhult Group's Code of Conduct and Fagerhult Group's ESG policies (Fagerhult Group Human Rights Policy, the Group Policy for Working Conditions and Policy for Conflict Minerals) are adhered to. The Group launched the Code of Conduct for business partners in 2023 and it applies indirectly to all tiers of business partners. In addition to meeting applicable legislation, the implementation of the Code of Conduct for business partners also prepares for forthcoming regulations such as the Corporate Sustainability Due Diligence Directive, CSDDD. The Code is now an integral part of all contractual relationships between the Fagerhult Group and its business partners.

The Code of Conduct for business partners is aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation (ILO) on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

Furthermore, the Code of Conduct for business partners states that we expect our business partners to constantly work to identify risks and areas of improvement related to their own workers and workers in their value chain. According to the code, the business partner shall reject any use of forced or obligatory labour, including slave labour, child labour, forced labour for prison inmates or labour based on human trafficking, and any form of harassment or physical, sexual, psychological or verbal maltreatment, intimidation or abuse. The Code also supports freedom of association of all employees of Fagerhult Group's business partners.

If negative impact on human rights related to our extended operations would be identified, we provide remedy as applicable on a case-by-case basis.

The Fagerhult Group have not identified any cases of non-compliance with our Code of Conduct for business partners during the year.

Processes for engaging with value chain workers about impacts

Engaging directly with workers in the value chain about potential impacts may be sensitive and getting insight into their working situation can be complex. Consequently, engagement normally does not occur at the level of individual workers, rather through supplier audits and other activities.

Group companies are to continuously monitor and evaluate suppliers to ensure compliance with legal requirements and any new technological standards.

When Fagerhult Group operate in countries at risk, supplier audits are more rigorous, with the purpose to avoid that workers from vulnerable groups are harmed. Dependent on the supplier risk assessment, an investigation can be done either as an on-site audit or by questionnaire. The contact person at the supplier is in general an HR representative during these more in-depth investigations.

In the past year 420 (359) suppliers were evaluated using environmental criteria, of which 33 (49) were new partnerships. As for social criteria, 301 (270) suppliers were evaluated, of which 61 (49) were new.

By signing the Code of Conduct for business partners, the supplier assures it will uphold basic human rights for its own workers and further up its value chain. At the end of 2024, 680 (389) suppliers had signed our Code of Conduct for business partners.

The responsibility for ensuring that the supplier audits and assessments are conducted and that the work with implementing the Code of Conduct for business partners is progressing lies with the MD of the Group company, or the Head of Procurement by delegation.

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

Fagerhult Group and all the brands in the Group, have adopted a whistleblower channel for all stakeholders, business partners and workers in the value chain to raise concerns and have them addressed. For more information on the Whistleblower policy, please see Business conduct on page 102.

To date, none of the reported cases have required remediation. The Group has not yet established a general process for providing or contributing to remedy in cases where material negative impacts on business partners and workers in the value chain have occurred. However, potential remedial actions are considered on an individual basis and involve the highest levels of company management.

Action plans and resources to manage material impacts, risks and opportunities related to value chain workers

To prevent, mitigate and remediate potential negative impact and achieve positive impact on value chain workers, Fagerhult Group 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 accept 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 long-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 software, supporting supplier risk evaluation.

Metrics and targets

Targets related to value chain workers

The Group has not yet formulated a target related to workers in the value chain but will investigate a potential target in the coming year. Our primary measurable metric related to workers in the value chain is the implementation of the Group's Code of Conduct for business partners. Most Group companies have categorized their suppliers based on their level of social and environmental risk and implemented the Code of Conduct for business partners with their manufacturing suppliers. The roll-out continues and the next step will be to extend the Code's implementation to other business partners beyond suppliers.

S4 Consumers and end-users

Description of sustainability matter	Value chain	Impacts, risks and opportunities
Health and safety As a lighting manufacturing company, the health and safety of our customers and end-users is of high importance. We certify and test all products that we sell in line with or above all relevant legislation and ensure proper training for those who install our products.	Downstream	**Impacts** • Potential negative impact through (severe) injuries to customers or end-users if products are not fully or correctly tested. **Risks** • Financial and reputational risks connected to product safety for customers and end-users.
Cyber security The business opportunities offered by digitalisation and smart lighting are numerous and significant. In line with these developments the risks related to cyber security are also increasing significantly. Our work with cyber security is critical to ensure privacy and data integrity of personal information, the stability and secure function of our business operations, and the security of our smart lighting system function and data management with our customers and end-users.	Upstream Own operations Downstream	**Impacts** • Potential negative impact on building function and personal security of our customers/end-users if access is gained to a buildings lighting system and usage data, particularly in key infrastructure. • Potential negative impact on data privacy of employees, customers, suppliers, where personal/company data and information could be used by criminals for different purposes, negatively impacting individuals, companies, and/or society. **Risks** • Reputational risk towards customers/society if building hacked via our connected lighting system, particularly if high profile building/customer.
Healthy living 'Light and Life' We create lighting solutions that have a positive effect on people. Our end-users and their well-being are central to our choice of design. Through taking circadian rhythms into account as well as latest technological developments, our lighting solutions integrate closely with the daylight available to positively impact human vision, physiology, and psychology.	Downstream	**Impacts** • Actual positive impact on end-user health and well-being due to good lighting design.

Material sustainability matters

Fagerhult Group is dedicated to fostering safety and security for our customers and end users through our innovative lighting solutions. By emphasizing exacting standards of light quality and incorporating safety features into our products, we 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.

Since the Fagerhult Group operates in a business-to-business environment, we have decided to use the terms 'customers' and 'end-users', rather than 'consumers' and 'end-users. Our customers include first-tier construction companies as well as second-tier municipalities, property developers and owners. End-users are all individuals that come into contact with our products.

The material impact, risks and opportunities within the area of customers and end-users are connected to the sustainability matters Health & Safety (product safety), Cyber security and Healthy living 'Light and Life'.

Strategy

Interests and views of stakeholders
Fagerhult Group maintains close relationships with customers and end-users, primarily through its Group companies. Their interests, perspectives, and human rights are integrated into our strategy and business model.

Companies within the Group employ diverse methods such as market days, industry events, surveys, and digital communication to maintain dialogue. Customer and end-user input informs product development, customer service, and sustainability initiatives. Attention is given to vulnerable groups, ensuring their rights are considered, especially in public settings like outdoor areas, schools, and hospitals.

For more information on how the Group considers interests and views of stakeholders see General disclosures on page 71.

Impact, risk and opportunity management

Policies related to consumers and end-users
The Group's Code of Conduct is the overall document that guides companies and employees in human rights, business conduct, labour conditions, diversity, and equal opportunities, as well as environmental responsibility.

In addition to that, Fagerhult Group has a Code of Conduct for business partners, which relates specifically to our business partners such as customers. Both the Code of Conduct and the Code of Conduct for business partners have been approved by and are owned by GMT. Both policies are Group-wide and together cover the whole value chain.

Each Group company's MD has the ultimate responsibility for implementing and adhering to the Code of Conduct. The Codes state, amongst other things, that we will act as a reliable and honest Group that lives up to our commitments and that we expect the same from our business partners. We believe in long-term business relationships in which we, together with our business partners and customers, create a basis for strong financial results, concern for the environment and social commitment. The Fagerhult Code of Conduct for business partners is available on the Group Company webpage.

The Fagerhult Group Code of Conduct, the Code of Conduct for business partners and some of the company specific policies are aligned with internationally recognized instruments relevant to customers and end-users such as the UN Guiding Principles on Business and Human Rights. We have an open dialogue with employees, customers, suppliers, the public and authorities about our Group's work and continuously train our employees within relevant areas. The Code of Conduct for business partners is communicated to our stakeholders as a natural element of our relationship.

By following our policies, we seek to exceed our customers and end-users' expectations and requirements in relation to choices that affect the quality and environmental impact of our products. We want our customers to turn to us because we are recognised as a sustainable operator in our industry.

In addition to the Code of Conduct for business partners, most of the companies within the Group have their own policies directed to customers and end-users. Examples are quality policies for product development, environmental policies, anti-discrimination policies, policies for product safety, policies related to respecting the human rights of customers and end-users and how the views and opinions of them are handled. Product safety is of high importance for us and to manage this and consequently the health and safety of our customers and end-users, Quality management systems are implemented at our manufacturing sites which allows us to live up to both high internal requirements but also rules and regulations.

The potential impact of cyber security on customers and end-users concerns privacy of information and are most relevant in our two companies within smart lighting. Both companies have privacy policies that relate to handling of personal information and the company supplying sensors for indoor use hold ISO 27001 certification which relates to information security management.

Processes for engaging with costumers and end-users about impacts

Active communication with customers and end-users is crucial for all companies within the Fagerhult Group. This engagement includes various initiatives, such as participating in market days, attending industry events, conducting customer surveys, and consistently updating company webpages and social media with relevant information for customers and end-users. The discussions are related to various topics, from product inquiries and feedback to matters related to sustainability.

While companies in Fagerhult Group rarely interact with end-users through transactions, most maintain regular contact through other channels, either directly or through credible proxies, such as consumer organisations or property managers. Contact with end-users typically occurs on an as-needed basis, such as when installations are planned for public areas, ensuring end-user input and consultation.

All companies maintain regular contact with their customers, with sales representatives typically serving as the first point of interaction. Each sale presents an opportunity to engage and build relationships. To address the technical nature of customer queries and concerns, companies prioritise targeted training for customer-facing employees, emphasising product knowledge and technical expertise. Even though customer and end-user interactions are often handled by the sales representatives, it is the responsibility of the top management in each Group company, often the MD or head of sales, to make sure that the interactions take place.

The Group companies employ various methods to ensure successful customer engagement, including customer surveys, personal feedback, and key performance indicators (KPIs) such as Net Promoter Score and quotation-to-deal ratios.

Some of the Group companies have specific processes for making sure that the rights of vulnerable groups are considered, primarily those companies whose products are intended for use in areas where such groups are frequent, for example schools and hospitals.

Customer and end-user perspectives are deeply embedded in our decision-making processes, directly shaping product development, customer service enhancements, and market strategies. By involving customers and end-users in product development, through prototype testing or in-depth interviews, they provide valuable feedback to refine offerings and enhance user experience. Other examples include co-designing smart lighting systems based on customer feedback, tailoring existing products to meet specific user needs, and optimising customer support services to improve response times and satisfaction. These efforts not only enhance customer experience but also effectively address material risks and unlock new opportunities.

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

All companies within the Group provide channels for customers and end-users to raise concerns, including annual surveys, post-order questionnaires, feedback forms on company websites, and claims handling processes. Typically, quality managers or sales teams serve as the primary points of contact for addressing these concerns. Most companies in the Group track and manage customer complaints and feedback. The issue is registered with a unique identification number and followed up on an aggregated level. Customer feedback and complaints are reviewed regularly to drive product improvements or to prevent recurring issues. In cases where negative impacts on customers and end-users have been identified, we contribute to remediation on a case-by-case basis.

Action plans and resources to manage material impacts, risks and opportunities related to consumers and end-users

Fagerhult Group has identified three prioritised areas related to customers and end-users: Product safety and Cyber security to prevent and mitigate negative impacts on customers and end-users and Healthy living 'Light and Life' to achieve positive impacts.

Product safety

It is important for Fagerhult Group to deliver secure products and solutions to enable our customers and end-users to feel safe. All companies within Fagerhult Group carry out thorough tests and safety assessments to ensure that every luminaire and lighting solution meets industry requirements and international standards. It is important to minimise electrical, mechanical, and thermal risks, as well as electromagnetic field exposure risks. Photobiological safety is ensured to protect eyes from harmful light.

All products meet the required safety standards, enabling them to carry UL or CE markings. This is a requirement to be able to sell our products. Additionally, many companies go beyond minimum requirements by evaluating and educating customers on safe product usage to minimise risk. As connection to smart control systems increases, we are keeping a close eye on trends to ensure the highest safety standards for our products.

Ensuring consumer safety builds trust in our brands and positions Fagerhult Group as a leader in sustainable and safe lighting solutions for diverse applications, including residential, commercial, and public spaces.

Cyber security

From a sustainability perspective, cybersecurity is closely linked to smart lighting solutions. Several companies within the Group have implemented robust security measures, including built-in firewalls in smart lamp posts and advanced security protocols for public space installations, ensuring end-users are protected against potential cyber risks and threats. Risks connected to cybersecurity for digital lighting solutions, such as privacy breaches, disruption of operations, or access to critical data, are mitigated through GDPR compliance, encryption, and through certification of our smart lighting solutions for indoor environments with the international standard for information security management, ISO 27001.

All consumers using digital products are included in the scope of evaluations, ensuring comprehensive risk management. These measures not only address potential negative impacts but also build customer trust and create opportunities for innovation in connected lighting solutions that support smart cities and a more sustainable living.

Healthy Living 'Light and Life'
We create value for society by working towards our vision, 'A world enhanced by light.' Our approach is based on our surroundings, and we consider the driving forces that influence us. We operate from three perspectives: our employees, our operations, and our offerings. These perspectives are intricately linked to our sustainability agenda – Positive change for better living. The Groups most important contribution regarding customers and end-users is about enhancing customer well-being through innovative design and technology.

Key initiatives include:
- *Guidance and Training* to increase awareness of human-centric lighting benefits.
- *Wellness-Oriented Product Design* that supports productivity, visual comfort, and occupant well-being through science-based approaches.
- *Circadian Rhythm Support* via research into technologies like melanopic lighting to help maintain healthy sleep-wake cycles and reduce potential negative impacts such as sleep disruption.
- *Enhanced Visual Comfort* through anti-glare features which can be especially helpful for vulnerable groups, including the elderly and those with visual impairments.
- *Public Awareness and Education* in social media and other channels to inform customers and end-users about the advantages of human-centric lighting.

The right light in the right place is essential for a comfortable indoor environment. Harmonic work environments are created by balancing light intensity, direction, and colour temperature. Installing control systems provides control of the light's qualities and enables substantial energy savings, as light quantity can be adjusted depending on whether anyone is present. By varying the colour temperature, we create different atmospheres, from calming warm light that promotes relaxation to activating cold light that provides energy.

Outdoors, we focus on creating a high quality of light on footpaths and in parks to reduce accidents and enhance security. By considering natural daily rhythms, we benefit people, animals, and nature. By using sensors and control systems, we minimise energy consumption and reduce light pollution.

While the primary goal is to improve overall well-being for all end-users, special consideration is given to the needs of vulnerable groups, such as children, elderly, and people with disabilities, to ensure accessibility and comfort. We aim to create safety and security for our customers and end-users through our smart lighting solutions. By ensuring high-quality light and safety features, we strive to create environments where people can move, work, and live comfortably and securely.

When asked where they believe they have the greatest positive impact on customers and end-users, most Group companies highlight their contributions through energy-efficient, human-centric lighting solutions and smart technologies.

To measure the effectiveness of initiatives addressing these material impacts, most companies use methods such as customer surveys, questionnaires, or tracking customer issues during the after-sales process.

Metrics and targets

Targets related to consumers and end-users
Fagerhult Group does not have any Group-wide targets specifically addressing material sustainability-related impacts, risks, and opportunities related to customers and end-users.

However, for electronic devices such as luminaires, thorough safety testing is mandatory before market entry. Consequently, one of Fagerhult Group key targets with implications for customers and end-users is ensuring that all products meet the safety and security standards.

In addition, most companies within the Group have established individual targets to address material impacts related to customers and end-users. Key initiatives include implementing processes for risk assessments and mitigation within projects. Further targets focus on improving the Net Promoter Score (NPS), ensuring on-time delivery, and optimising response times to customer inquiries. These efforts aim to build and maintain trust and loyalty among customers and end-users.

While customers and end-users are rarely involved in setting these targets, they are informed by insights gained from regular customer surveys and interactions with installers. The outcomes of these initiatives are often shared on the companies' websites to ensure transparency.

Governance disclosures

G1 Business Conduct

Description of sustainability matter	Value chain	Impacts, risks and opportunities
Ethics and anti-corruption The ethics that our employees and companies work by guide all our decisions and business activities. Corruption in our own operations and supply chain is not tolerated at any level, and we expect our business partners to share this view. Our Group culture and Code of Conduct help us create a working environment where we act ethically and speak up when we see potential risks of corruption.	Own operations Upstream Downstream	**Impacts** • Potential negative impacts of corruption can cause wide and significant negative impact on environment, people, and society. **Risks** • Reputational and financial risk of potential corruption incidents.
Group culture Our Group culture is open and honest, characterised by curiosity and a willingness to test new ideas, learn and develop. Our core values are at the base of how we act and create a good working environment for all, fostering the conditions needed to avoid corruption, and develop business advantage for innovation and growth.	Own operations Upstream Downstream	**Impacts** • Potential positive/negative impact on employees and their working environment, as well as on business stakeholders. **Risks** • Business risk in many areas if Group culture is not cultivated and continuously developed. **Opportunities** • A healthy Group culture can enable resilience and contribute to business success in many aspects.
Cyber security The business opportunities offered by digitalisation and smart lighting are numerous and significant, and in line with these developments the risks related to cyber security are also significantly increased. Our work with cyber security is critical to ensure privacy and data integrity of personal information and the stability and secure function of our business operations.	Own operations Upstream Downstream	**Risks** • Risk for disruption to systems, access to sensitive/confidential/ business critical data, and/or ransomware, which lead to: – Operational risk if a cyber-attack is able to shut down factory operations and require recovery time. – Financial risk of ransom needing to be paid to regain access to systems. • Reputational risk towards customers/society if building hacked via our connected lighting system, particularly if high profile building/customer. • Financial risk if we bear liability for issues caused by cyber-attack on connected lighting system.

Material sustainability matters

Fagerhult Group is a large organisation comprising numerous brands and local companies. To collaborate productively and effectively, we prioritise inclusivity and take full responsibility for our operations and relationships across the value chain.

Fagerhult Group's core values are embedded in all our processes and day-to-day work. Strong partnerships and dialogues between our Group companies are essential to drive success and foster continuous development.

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

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 values and sustainability agenda. The Code of Conduct states the Group's commitment to zero tolerance for corruption and outlines our stance on money laundering, competition law compliance and respect for human rights. It also details our shared approach to the precautionary principle and includes our anti-corruption policy. For more information, visit www.fagerhultgroup.com.

Fagerhult Group's material impacts, risks, and opportunities related to business conduct, along with their specific connections along the value chain, are detailed in the table.

Governance

The role of the Group Management Team and Board of Directors

Fagerhult Group's Board of Directors oversees compliance with governance standards, including financial and sustainability reporting and business conduct regulations. Each company's MD has the ultimate responsibility for implementing and adhering to the Group's Code of Conduct, including the Code of Conduct for business partners, and other local regulations and guidelines such as competition rules, environmental legislation, labour laws and collective agreements. Each MD is responsible for communicating the content and importance of both our Codes and for ensuring that employees, business partners and suppliers are aware of them. For more details on the role of the Group Management Team and Board of Directors , see General disclosures on page 67.

Impact, risk and opportunity management

Business conduct policies and corporate culture
Fagerhult Group is committed to working inclusively and responsibly, fostering mutual respect and valuing diversity and differences as strengths that drive continuous improvements. Our Code of Conduct, which applies to all our brands and companies, addresses key business conduct related material topics: Ethics and anti-corruption, Group Culture, Health and Safety, and Diversity and Inclusion. To uphold these principles, any breaches of the Code of Conduct can be reported through our Group-wide whistleblower system.

In 2023, Fagerhult Group introduced a Code of Conduct specifically for business partners alongside our existing Code of Conduct. By the end of 2024, 680 out of our total 7,277 suppliers had signed the Code of Conduct for business partners, reflecting our commitment to fostering ethical and sustainable practices throughout our value chain. The signing rate for suppliers of product components was 24 per cent while 2 per cent of service providers had signed the Code of Conduct for business partners.

Fagerhult Group has a whistleblower function that allows employees and other stakeholders to anonymously report any misconduct that violates the Code of Conduct. The portal is accessible online through the Group's external website and the websites of all Group companies. In many countries where we operate, we are legally obligated to protect those who use the whistleblowing function. To ensure complete anonymity for all whistleblowers, regardless of country, we have partnered with an external provider to manage the whistleblower portal.

The system includes a centralised reporting channel at the Group level, along with dedicated reporting paths for each of our Group companies. Reports are acknowledged within seven days, investigated within 30 days and a resolution is established within three months.

Prevention and detection of corruption and bribery
Fagerhult Group's extensive geographical presence and decentralised management structure present a potential risk of corruption. To address this, anti-corruption measures are firmly established in our Code of Conduct and included in the Code of Conduct training provided to employees in functions at risk of bribery and corruption. Any incidents that violate our Code of Conduct can be reported anonymously through our external whistleblower function.

Any deviations or irregularities that violate our Code of Conduct or other laws are investigated and handled by the Group Legal Counsel and Chief People Officer. A clear separation is maintained between the investigator (case handler) and the investigating committee responsible for conducting the investigation, ensuring that the notifier's identity always remains confidential. Investigations are conducted by at least two individuals and the findings are reported to the GMT for further action. The CEO holds ultimate responsibility for reporting significant deviations, critical matters and stakeholder feedback to the Board of Directors.

All functions at risk of bribery or corruption in their professional practice, which is defined as all managers, the Board of Directors, Purchasing, Sales and other employees with external interactions, participate in regular Code of Conduct training. This training is conducted every two years, with the most recent session held in 2023. In 2025, the training program will be expanded to include a broader group of participants, ensuring an even greater reach and impact.

Metrics and targets

Incidents of corruption or bribery
In 2024, no violations of anti-corruption and anti-bribery procedures and standards were reported. Additionally, no actions such as dismissal of employees or termination of business partners due to confirmed incidents of corruption or bribery occurred during 2024 or in previous years.

GRI Index

Statement of use: Fagerhult Group AB has reported in accordance with the GRI Standards for the period 1 January to 31 December 2024

GRI 1 used: GRI 1: Foundation 2021

Applicable GRI Sector Standards: Not applicable

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GRI Standard	Disclosure	Location
GRI 3: General disclosures 2021		
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Auditor's Limited Assurance Report on Fagerhult Group ABs Sustainability Report and statement regarding the Statutory Sustainability Report

To Fagerhult Group AB, Corp. id. 556110-6203

Introduction
We have been engaged by the Board of Directors of Fagerhult Group AB to undertake a limited assurance engagement of Fagerhult Group ABs Sustainability Report for the year 2024. Fagerhult Group AB has defined the scope of the Sustainability Report on page 67 in this document, the Statutory Sustainability Report covers pages 65–104.

Responsibilities of the Board of Directors and the CEO
The Board of Directors and the CEO are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act in accordance with the older wording that applied before 1 July 2024. The criteria are defined on page 67 in the Sustainability Report, and are part of the Sustainability Reporting Guidelines published by GRI (The Global Reporting Initiative), that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our responsibility is limited to the historical information reported and thus does not include future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised) *Assurance engagements other than audits or reviews of financial information*. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR:s auditing standard RevR12 *The auditor's opinion regarding the Statutory Sustainability Report*. A limited assurance engagement and an examination according to RevR 12 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.

The 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. We are independent of Fagerhult Group AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and the CEO as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

Conclusions
Based on the limited assurance procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and the CEO.

A Statutory Sustainability Report has been prepared.

Stockholm, March 21, 2025

KPMG AB

Mathias Arvidsson
Authorized Public Accountant

Torbjörn Westman
Expert of FAR

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Financial statements

Administration report

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 2024.

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 11 manufacturing facilities in Europe and factories also in China (2), Australia, Türkiye, Thailand and Canada and sales companies in 27 countries.

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

Changes in the Group
During 2024 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. The operational structure, launched in 2020 for Fagerhult Group is based on four business areas; Collection, Premium, Professional and Infrastructure. Each of our 12 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 two brands; Organic Response for indoor and Citygrid for outdoor.

The strategic alignment process and the new business area structure created the new Fagerhult Group Management Team. The new management team 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 2024 we carried out the following transactions. Designplan Lighting Ltd. (UK) transformed its German branch into a wholly-owned subsidiary, Designplan Lighting GmbH and LED Linear GmbH (Germany) acquired the minority shareholding in LED Linear France SARL, making this legal entity a wholly-owned subsidiary.

Smart Lighting
Previously, the investment in Seneco-Citygrid and Organic Response were consolidated in business areas Collection and Premium respectively. We have restated the reporting for the Group's investment in Smart Lighting Solutions. This change is motivated by the need for clarity and historical comparisons have also been restated.

Sales and earnings
During 2024 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 8,305 (8,560) MSEK, an operating profit before IAC of 741 (901) MSEK with an operating margin before IAC of 8.9 (10.5) 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 8,114 (8,435) MSEK, an overall decline of –3.8 per cent and an organic decline of –3.4 per cent.

Net sales for the full year of 8,305 (8,560) MSEK resulted from a decrease in all business areas except Professional. Operating profits before IAC decreased in all business areas.

We anticipate that the new build construction industry will return to growth in 12–18 months 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 during 2021–2024 in the brand companies, the business areas and on strategy development for sustainability, smart lighting 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 8,305 (8,560) MSEK show a –3.0 per cent decrease and on a comparable basis a decrease of –2.6 per cent when adjusted for currency effects of –29 MSEK.

The Group's operating profit before IAC of 741 (901) MSEK delivers an operating margin before IAC of 8.9 (10.5) per cent. Operating cash flow was 964 (1,209) MSEK and financial items of –138.1 (–145.0) MSEK include –116.2 (–120.1) MSEK net interest cost, +3.0 (–19.6) in currency gains and –24.9 (–4.8) MSEK for IFRS 16 items. The tax expense was 178.1 (212.5) MSEK which is an effective tax rate of 33.5 (28.1) per cent.

Earnings per share before IAC, based on the earnings attributable to the shareholders of the parent company for 2024 was 2.31 (3.09) SEK. For 2024 the average number of shares outstanding was 176.3 (176.1) million and the number of shares at the year-end was 176.3 (176.1) million.

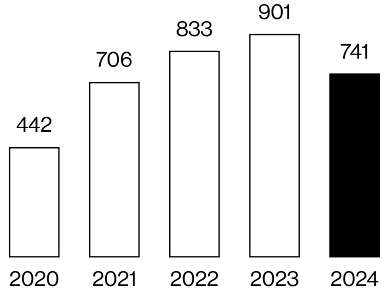
Business areas

Fagerhult Group has in 2020 replaced the former geographical business area structure with the new structure for four business areas; Collection, Premium, Professional and Infrastructure. Each of the 12 lighting brands belongs to one of the business areas and the selection was done based on product applications, geographic footprint, partner focus and go-to-market approach.

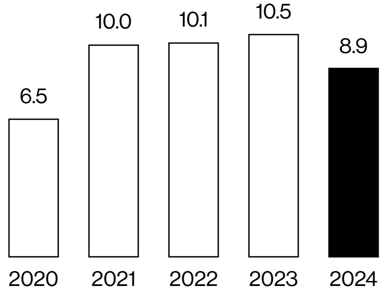
Operations remain divided into the four business areas. In accordance with IFRS 8, the external reporting has been adapted so that segment reporting reflects the Group's operative leadership structure.

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

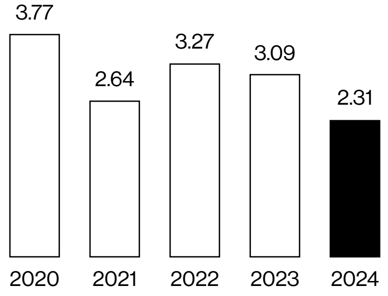
Operating profit **741 MSEK**
before items affecting comparability



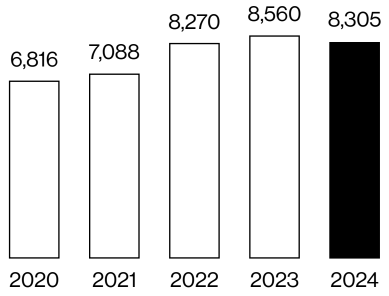
Operating margin **8.9%**
before items affecting comparability



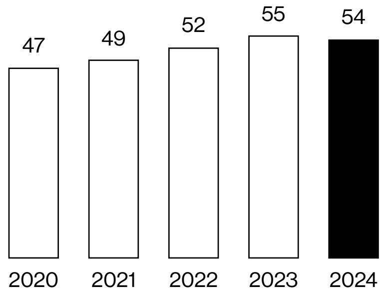
Earnings per share **2.31 SEK**
before items affecting comparability



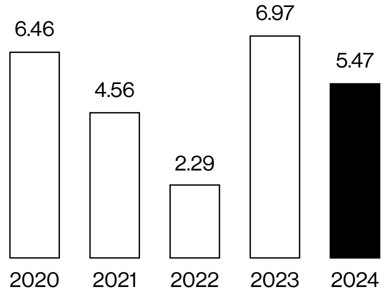
Net sales **8,305 MSEK**



Equity/assets ratio **54%**



Operating cash flow per share **5.47 SEK**



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 2024 were 3,842 (3,861) MSEK, a decrease of –0.5 per cent. The operating profit before IAC for the period was 363 (368) MSEK and the operating margin before IAC was 9.4 (9.5) 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 2024 were 2,836 (2,946) MSEK, a decrease of –3.7 per cent. The operating profit before IAC for the period was 401 (466) MSEK and the operating margin before IAC was 14.1 (15.8) 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 and Whitecroft, with product development and manufacturing facilities in Türkiye, Australia and the UK. The Eagle Lighting sales company in New Zealand is consolidated in this business area.

Net sales in 2024 were 1,066 (1,041) MSEK, an increase of +2.4 per cent. The operating profit before IAC for the period was 77 (87) MSEK and the operating margin before IAC was 7.2 (8.3) 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 2024 were 836 (1,017) MSEK, a decrease of –17.8 per cent. The operating profit before IAC for the period was 77 (147) MSEK and the operating margin before IAC was 9.2 (14.4) per cent.

Financial position
The Group's equity/assets ratio at the end of the year was 54.4 (55.2) per cent. Cash and bank balances at year end amounted to 1,879 (1,272) MSEK and consolidated equity totalled 7,459 (7,184) MSEK. Net debt amounted to 2,261 (2,414) MSEK where 751 (728) MSEK is due to IFRS 16. Cash flow from operating activities for the year totalled 964 (1,209) MSEK. Pledged assets and contingent liabilities were 19.3 (17.5) MSEK and 17.3 (37.2) MSEK, respectively.

Employees
In 2024, the average number of employees decreased by 73 to 4,007 (4,080). At the end of 2024 the number of employees was 3,937 (4,011), a decrease of 74 which is 2 per cent. The number of employees in the Group's foreign companies amounted to 3,218 (3,314), which corresponded to 82 (83) per cent of the total number of employees. The proportion of women during the year amounted to 33 (34) 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 2023 which identified good potential in many areas and businesses, this will next be repeated in 2025. Establishing, communicating and aligning of the Group's core values continues and during 2024 and into the future a leadership guideline principles programme was also completed with representatives from every brand company. During 2024, 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 2024, 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, 2022, 2023 and 2024, 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 LTI, an additional target within sustainability for the Fagerhult Group's achievement in lowering its greenhouse gas (GHG) emissions was introduced.

For 2025 the above policies will be proposed at the Annual General Meeting.

Investments
The Group's gross investments in property, plant and equipment amounted to 213 (243) MSEK, and primarily pertained to machinery and equipment.

Investments in subsidiaries amounted to 0.7 (0.0) MSEK. At the year end, construction in progress of tangible assets amounted to 84.8 (41.7) MSEK.

Gross investments in intangible assets amounted to 34.5 (44.5) MSEK, excluding acquisitions of subsidiaries. Depreciation and amortisation for the year amounted to 459.2 (440.0) MSEK, of which property, plant and equipment accounted for 210.0 (210.0) MSEK.

Product and solutions development
Continuous product and solutions development is undertaken within the Fagerhult Group across each of the 12 lighting brands and 2 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.

Development costs of 10.6 (14.2) MSEK were capitalised in the balance sheet for the year. 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 65–104 of this document.

Share buybacks, new issues and treasury shares
The AGM on 2 May 2024 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 (1,046,064) and the total number of shares was 177,192,843 (177,192,843). The per centage of shares held as treasury shares was 0.5 (0.6) 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 35.

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 56.3 (39.9) MSEK for the period. The profit after financial items was 224.4 (553.2) MSEK. The average number of employees during the period was 18 (17).

Outlook for 2025
The Group continued to develop it's the 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. Also 2024 was another record year for the Organic Response smart lighting technology and we begin to see take up of the Zhaga based Citygrid sensor for outdoor applications.

Whilst market conditions remain uncertain, the cost base is being adjusted and we will see the impact of this in 2025 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. We continue the progress on our new M&A agenda.

Proposed appropriation of profits
The following profits are at the disposal of the AGM:

Profit brought forward	4,993.4 MSEK
Net profit for the year	373.1 MSEK
Profit carried forward	**5,366.5 MSEK**

The total number of dividend-bearing shares on 21 March 2025 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 1.40 per share	246.9 MSEK
To be carried forward	5,119.6 MSEK
Total	**5,366.5 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.

Income statement

MSEK	Note	2024	2023
Net sales	1	8,305.3	8,560.4
Cost of goods sold		–5,007.8	–5,213.7
Items affecting comparability	36	–46.0	–
Gross profit		**3,251.5**	**3,346.7**
Selling expenses		–1,841.3	–1,757.1
Administrative expenses		–793.7	–804.3
Other operating income		78.6	115.9
Items affecting comparability	36	–24.6	–
Operating profit		**670.5**	**901.2**
Financial income	3	58.8	50.9
Financial expenses	4	–196.9	–195.9
Total financial items – net		**–138.1**	**–145.0**
Profit before tax		**532.4**	**756.2**
Income tax	9, 10	–178.1	–212.5
Net profit for the year		**354.3**	**543.7**
Net profit for the year attributable to shareholders of the Parent Company		354.3	543.5
Net profit for the year attributable to non-controlling interests		0.0	0.2
Total		**354.3**	**543.7**
Earnings per share, based on earnings attributable to shareholders of the Parent Company during the year:			
Earnings per share, SEK		2.01	3.09
Average number of shares outstanding, thousand		176,254	176,147
Number of shares outstanding, thousand		176,332	176,147

Statement of comprehensive income

MSEK	Note	2024	2023
Net profit for the year		**354.3**	**543.7**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurements of pension plans, net after tax	21	0.3	13.1
Items that may be reclassified to profit or loss:			
Translation differences, net after tax	35	242.3	–57.6
Other comprehensive income for the year, net after tax		**242.6**	**–44.5**
Total comprehensive income for the year		**596.9**	**499.2**
Total comprehensive income for the year attributable to shareholders of the Parent Company		596.9	499.0
Total comprehensive income for the year attributable to non-controlling interests		–0.0	0.2
Total		**596.9**	**499.2**

Balance sheet

MSEK	Note	2024	2023
ASSETS			
Non-current assets			
Intangible assets	11		
Goodwill		3,193.0	3,085.3
Brands		2,874.4	2,774.2
Other intangible assets		227.0	258.5
		6,294.4	**6,118.0**
Property, plant and equipment	12		
Land and buildings		1,028.8	1,039.8
Plant and machinery		405.1	402.7
Equipment, fixtures and fittings		216.3	183.5
Right-of-use assets	25	733.4	717.9
Construction in progress		84.8	41.7
		2,468.4	**2,385.6**
Other non-current assets			
Other shares and participations	13	1.9	2.3
Deferred tax assets	10	207.7	195.5
Other non-current receivables	13	28.0	23.8
		237.6	**221.6**
Total non-current assets		**9,000.4**	**8,725.2**
Current assets			
Inventories	16		
Raw materials and consumables		620.8	706.2
Work in progress		165.6	177.8
Finished products and goods for resale		380.4	372.7
Goods in transit		23.6	21.7
		1,190.4	**1,278.4**
Current receivables			
Trade receivables	6	1,396.7	1,488.2
Current tax assets		84.7	81.7
Other receivables		44.8	43.0
Prepaid expenses and accrued income	15	116.6	118.7
		1,642.8	**1,731.6**
Cash and cash equivalents		1,878.9	1,272.2
Total current assets		**4,712.1**	**4,282.2**
TOTAL ASSETS		**13,712.5**	**13,007.4**

MSEK	Note	2024	2023
EQUITY			
Capital and reserves attributable to shareholders of the Parent Company			
Share capital	32	100.2	100.2
Other contributed capital		3,194.6	3,194.6
Reserves		264.2	21.9
Retained earnings incl. net profit for the year		3,899.8	3,867.3
		7,458.8	**7,184.0**
Non-controlling interests		0.1	0.1
Total equity		**7,458.9**	**7,184.1**
LIABILITIES			
Non-current liabilities			
Borrowings	17	3,161.1	2,677.2
Lease liabilities	25	576.3	571.0
Provisions for pensions and similar commitments	21	169.7	158.9
Deferred tax liabilities	10	577.1	545.5
		4,484.2	**3,952.6**
Current liabilities			
Borrowings	17	58.8	122.4
Lease liabilities	25	174.3	156.6
Advance payments from customers		65.6	69.8
Trade payables		688.5	687.9
Current tax liabilities		22.3	45.5
Other liabilities		178.6	187.9
Accrued expenses and deferred income	18	581.3	600.6
		1,769.4	**1,870.7**
Total liabilities		**6,253.6**	**5,823.3**
TOTAL EQUITY AND LIABILITIES		**13,712.5**	**13,007.4**

Changes in equity

		Attributable to shareholders of the Parent Company						
MSEK	Note	Share capital	Other contributed capital	Reserves	Retained earnings incl. net profit for the year	Total	Non-controlling interests	Total equity
Equity on 1 January 2023		**100.2**	**3,194.6**	**79.5**	**3,583.2**	**6,957.5**	**–0.1**	**6,957.4**
Net profit for the year					543.5	543.5	0.2	543.7
Net investment hedges	29			–1.8		–1.8		–1.8
Deferred tax on net investment hedges				0.4		0.4		0.4
Remeasurements of pension plans					16.5	16.5		16.5
Deferred tax on remeasurements of pension plans					–3.4	–3.4		–3.4
Translation differences				–56.2		–56.2		–56.2
Total comprehensive income for the year				**–57.6**	**556.6**	**499.0**	**0.2**	**499.2**
Performance-based share-savings plan	2				9.4	9.4		9.4
Dividend, SEK 1.60 per share	34				–281.9	–281.9		–281.9
Equity on 31 December 2023		**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
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	34				–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**

Cash flow statement

MSEK	Note	2024	2023
Operating profit		**670.5**	**901.2**
Adjustments for non-cash items:			
Depreciation/amortisation	8	289.1	280.5
Depreciation of right-of-use assets	8	170.1	159.5
Profit/loss on the sale of property, plant and equipment		7.8	–6.0
Items in equity		–5.1	9.4
Translation differences		29.0	–44.8
		1,161.4	**1,299.8**
Interest received		34.3	31.0
Interest paid		–150.8	–151.4
Interest paid on lease liabilities		–24.8	–15.5
Income tax paid		–205.7	–242.6
Cash flow from operating activities before changes in working capital		**814.4**	**921.3**
Changes in working capital:			
Changes in inventories		89.8	215.8
Changes in current receivables		92.1	107.1
Changes in current liabilities		–32.4	–35.4
Cash flow from operating activities		**963.9**	**1,208.8**

MSEK	Note	2024	2023
Investing activities			
Investments in intangible assets	11	–34.6	–54.8
Investments in property, plant and equipment	12	–178.4	–187.8
Income from sold tangible assets	30	0.0	20.5
Changes in construction in progress	12	43.1	–2.4
Changes in non-current receivables	13	–89.8	–1.4
Cash flow from investing activities		**–259.7**	**–225.9**
Financing activities			
Repayment of loans	17, 22	–61.2	–2,597.7
Borrowings	17, 22	398.3	2,047.4
Repayment of lease liabilities	22, 25	–162.8	–158.8
Dividends paid		–317.0	–281.9
Cash flow from financing activities		**–142.7**	**–991.0**
Change in cash and cash equivalents		**561.5**	**–8.1**
Cash and cash equivalents at beginning of the year		1,272.2	1,291.7
Translation differences in cash and cash equivalents		45.2	–11.4
Cash and cash equivalents at end of the year		**1,878.9**	**1,272.2**

Income statement

MSEK	Note	2024	2023
Net sales	1	56.3	39.9
Administrative expenses		–100.6	–98.1
Operating profit		**–44.3**	**–58.2**
Financial income and expenses			
Income from shares in subsidiaries	7	161.9	543.1
Interest income and similar profit/loss items	3	274.9	233.7
Interest expenses and similar profit/loss items	4	–168.1	–165.4
Total financial items		**268.7**	**611.4**
Profit before appropriations and tax		**224.4**	**553.2**
Group contributions received		205.0	294.0
Tax on profit for the year	9, 10	–56.3	–63.9
Net profit for the year		**373.1**	**783.3**

Balance sheet

MSEK	Note	2024	2023
ASSETS			
Non-current assets			
Other non-current assets			
Shares and participations in subsidiaries	13, 14, 30	4,754.2	4,286.1
Receivables from subsidiaries	13	3,559.9	3,758.4
Deferred tax assets	10	3.5	2.7
Other non-current receivables	13	13.8	10.6
		8,331.5	**8,057.8**
Total non-current assets		**8,331.5**	**8,057.8**
Current assets			
Current receivables			
Current tax assets			
Other receivables		3.9	1.8
Receivables from subsidiaries		267.8	53.2
Prepaid expenses and accrued income	15	9.0	13.0
		280.7	**68.0**
Cash and bank balances		891.8	733.8
Total current assets		**1,172.5**	**801.8**
TOTAL ASSETS		**9,504.0**	**8,859.6**

MSEK	Note	2024	2023
EQUITY			
Restricted equity			
Share capital	32	100.2	100.2
Statutory reserve		159.4	159.4
		259.6	**259.6**
Non-restricted equity			
Retained earnings		4,993.4	4,528.1
Net profit for the year		373.1	783.3
		5,366.5	**5,311.4**
Total equity		**5,626.1**	**5,571.0**
LIABILITIES			
Non-current liabilities			
Borrowings	17	3,057.5	2,570.3
Provisions for pensions and similar commitments	21	17.2	13.1
		3,074.7	**2,583.4**
Current liabilities			
Borrowings	17	12.1	14.3
Trade payables		2.9	4.2
Current tax liabilities		0.0	5.0
Other liabilities		1.0	1.5
Liabilities to subsidiaries		767.0	660.5
Accrued expenses and deferred income	18	20.3	19.7
		803.2	**705.2**
Total liabilities		**3,877.9**	**3,288.6**
TOTAL EQUITY AND LIABILITIES		**9,504.0**	**8,859.6**

Changes in equity

MSEK	Note	Share capital	Statutory reserve	Retained earnings incl. net profit for the year	Total equity
Equity on 1 January 2023		**100.2**	**159.4**	**4,806.7**	**5,066.3**
Net profit for the year				783.3	783.3
Performance-based share-savings plan	2			3.3	3.3
Dividend, SEK 1.60 per share	34			–281.9	–281.9
Equity on 31 December 2023		**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	34			–317.0	–317.0
Equity on 31 December 2024		**100.2**	**159.4**	**5,366.5**	**5,626.1**

Cash flow statement

MSEK	Note	2024	2023
Operating profit		**–44.3**	**–58.2**
Adjustments for non-cash items:			
Items in equity		–1.0	3.3
Exchange-rate differences		–40.1	17.5
		–85.4	**–37.4**
Interest received		274.9	233.7
Interest paid		–168.1	–165.4
Income tax paid		–62.1	–61.2
Cash flow from operating activities before changes in working capital		**–40.7**	**–30.3**
Changes in working capital:			
Changes in current receivables		–212.7	–4.4
Changes in current liabilities		105.2	–16.9
Cash flow from operating activities		**–148.2**	**–51.6**
Investing activities			
Investments in subsidiaries	30	–468.1	–461.3
Changes in non-current receivables	13	316.2	705.1
Group contributions and dividends received		366.9	543.1
Cash flow from investing activities		**215.0**	**786.9**
Financing activities			
Repayment of loans	17, 22	0.0	–2,534.0
Borrowings	17, 22	408.2	2,036.5
Dividends paid		–317.0	–281.8
Cash flow from financing activities		**91.2**	**–779.3**
Change in cash and cash equivalents		**158.0**	**–44.0**
Cash and cash equivalents at beginning of the year		733.8	777.8
Cash and cash equivalents at end of the year		**891.8**	**733.8**

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 2024 and 2023, 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 1,859 at the beginning of the year compared to 2,685 at the end of the year, with an average of 2,322 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 2024 and 2023, there are minor amounts of other operating liabilities, non-current receivables, shares and participations, and derivatives (currency forwards). Hedge accounting is not applied for derivatives, which are recognised at fair value through profit or loss (FVPL) with changes in fair value presented within operations in profit or loss. 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 35 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 12 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 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.

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 2024, 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 2024
None of the new or amended standards that apply from 1 January 2024 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 and Whitecroft, with product development and manufacturing located in Türkiye, Australia and the UK. 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	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Net sales and income																
Net sales	3,841.9	3,860.8	2,835.5	2,946.0	1,065.6	1,040.8	836.3	1,017.1	15.3	10.6			–289.3	–314.9	8,305.3	8,560.4
(of which internal sales)	(122.7)	(138.2)	(58.7)	(69.8)	(70.1)	(68.5)	(29.9)	(34.5)	(8.0)	(3.9)			–(289.3)	–(314.9)	(0.0)	(0.0)
Operating profit before items affecting comparability	362.7	367.6	400.9	466.2	77.0	86.8	77.1	146.6	–98.2	–75.3	16.1	16.5			835.6	1,008.4
Items affecting comparability			–15.2		–3.7		–51.7								–70.6	–
Unspecified expenses															–94.5	–107.2
Operating profit															**670.5**	**901.2**
Financial income															58.8	50.9
Financial expenses															–196.9	–195.9
Income tax															–178.1	–212.5
Net profit for the year															**354.3**	**543.7**
Other disclosures																
Non-current assets	4,059.8	3,954.0	2,365.6	2,311.5	682.7	605.2	885.2	864.7	36.1	50.5	733.4	717.9			8,762.8	8,503.6
Other assets	1,491.0	1,615.8	755.1	817.1	305.7	287.7	262.2	262.8	16.9	4.0	–16.6	–14.3	–73.9	–61.9	2,740.4	2,911.0
Unclassified assets															2,209.3	1,592.8
Total assets															**13,712.5**	**13,007.4**
Liabilities	653.2	702.2	438.4	476.1	205.9	164.9	131.3	114.4	13.3	14.8	750.6	727.5	–33.9	–50.9	2,158.8	2,149.1
Unclassified liabilities															4,094.9	3,674.2
Total liabilities															**6,253.7**	**5,823.3**
Investments	93.6	134.8	61.6	61.8	46.7	21.6	9.2	18.8	1.7	5.7					212.9	242.6
Depreciation/amortisation	169.2	168.9	49.6	46.4	28.8	29.0	24.3	26.2	17.2	10.0	170.1	159.5			459.2	440.0

[1] Refer to Administration report, Smart Solutions on page 107.

	Collection		Premium		Professional		Infrastructure		Other[1]		IFRS 16		Eliminations		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
External sales per market																
UK	169.5	205.1	349.8	420.6	673.2	626.3	169.5	208.9							1,362.0	1,460.9
Sweden	284.1	281.6	829.7	889.0			36.1	41.8	1.1	0.4					1,151.0	1,212.8
Germany	399.3	321.1	286.9	272.1			178.9	185.9							865.1	779.1
USA	498.1	512.5	2.1	1.4		0.1	0.1	0.0							500.3	514.0
France	394.4	401.5	90.4	103.8			8.7	8.6							493.5	513.9
Spain	128.2	131.8	317.3	260.8			6.3	12.5	0.2	0.2					452.0	405.3
Italy	435.1	505.2	11.8	12.7			0.1	0.1							447.0	518.0
Netherlands	20.6	15.9	128.2	131.5			247.1	352.6							395.9	500.0
Australia	158.7	150.9	0.4	0.1	203.4	228.3			3.3	5.1					365.8	384.4
Norway	39.7	25.4	242.3	253.6			12.3	1.7							294.3	280.7
Switzerland	175.0	199.8	20.0	21.8			2.9	5.4							197.9	227.0
Denmark	47.6	68.9	133.3	154.7			5.2	1.0	2.4	0.6					188.5	225.2
Saudi Arabia	153.1	85.0	0.0	0.3	0.1										153.2	85.3
Finland	32.6	41.7	74.2	78.8			41.6	55.1							148.4	175.6
Canada	129.5	134.8													129.5	134.8
United Arab Emirates	93.7	68.8	33.7	63.1											127.4	131.9
Belgium	49.6	52.8	6.0	13.7	0.1	0.9	59.9	45.0							115.6	112.4
Other	510.4	519.7	250.7	198.2	118.7	116.7	37.7	64.0	0.3	0.5					917.9	899.1
Total	**3,719.2**	**3,722.6**	**2,776.8**	**2,876.2**	**995.5**	**972.3**	**806.4**	**982.6**	**7.3**	**6.7**	**–**	**–**	**–**	**–**	**8,305.3**	**8,560.4**

	Collection		Premium		Professional		Infrastructure		Other[1]		IFRS 16		Eliminations		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Non-current assets per market																
Italy	2,407.8	2,383.8									15.8	17.4			2,423.6	2,401.2
Sweden	23.1	20.4	1,324.5	1,312.3					0.3	–	49.5	53.8			1,397.4	1,386.5
Germany	485.1	432.4	665.4	640.0			2.9	2.9			115.0	126.3			1,268.4	1,201.6
Netherlands	0.1	0.1	175.4	169.5			653.7	641.2			78.1	82.7			907.3	893.5
UK	1.3	1.3	95.6	87.7	406.8	362.3	137.2	130.1			212.4	198.6			853.3	780.0
Spain	582.1	562.8	14.8	14.4							2.2	2.8			599.1	580.0
France	286.4	281.2	52.3	49.8							54.3	54.4			393.0	385.4
Australia	81.3	81.3			135.1	137.2			16.1	26.6	79.6	40.0			312.1	285.1
Türkiye					140.8	105.7					27.7	25.5			168.5	131.2
Finland	0.8	1.0	0.3	0.5			91.4	90.5			11.6	13.2			104.1	105.2
Other	191.8	189.7	37.3	37.3					19.7	23.9	87.2	103.2			336.0	353.9
Total	**4,059.8**	**3,954.0**	**2,365.6**	**2,311.5**	**682.7**	**605.2**	**885.2**	**864.7**	**36.1**	**50.5**	**733.4**	**717.9**	**–**	**–**	**8,762.8**	**8,503.6**

[1] Refer to Administration report, Smart Solutions on page 107.

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)	
	2024	2023	2024	2023	2024	2023
Parent Company	41.7	42.8	19.9	23.6	(8.9)	(11.9)
Subsidiaries	2,167.2	2,107.7	572.4	567.3	(143.0)	(138.7)
Group	**2,208.9**	**2,150.5**	**592.3**	**590.9**	**(151.9)**	**(150.6)**

	2024			2023		
Salaries and other remuneration to Board members, the CEO and senior management	**Salaries and other remuneration**	**(of which variable remuneration)**	**Pension expenses**	**Salaries and other remuneration**	**(of which variable remuneration)**	**Pension expenses**
Parent Company, 15 (15) employees	31.7	(1.2)	5.8	35.8	(1.2)	5.4
Subsidiaries, 27 (35) employees	74.6	(4.2)	6.2	70.9	(6.0)	5.5
Group	**106.3**	**(5.4)**	**12.0**	**106.7**	**(7.2)**	**10.9**

	Basic salary/ Board fees		Variable remuneration		Other benefits		Pension expenses		Total	
Remuneration to senior management during the year:	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Parent Company										
Chairman of the Board, Jan Svensson	1.2	1.0							1.2	1.0
Board Member, Eric Douglas	0.5	0.4							0.5	0.4
Board member, Cecilia Fasth	0.6	0.5							0.6	0.5
Board Member, Eva Elmstedt	0.4	0.4							0.4	0.4
Board member, Magnus Meyer	0.4	0.4							0.4	0.4
Board Member, Teresa Enander	0.5	0.5							0.5	0.5
Board member, Annica Bresky	0.4	–							0.4	–
CEO, Bodil Sonesson	6.1	5.8			0.1	0.1	2.2	2.0	8.4	7.9
Other senior management, 7 (9) individuals	20.4	25.6	1.2	1.2	0.0	0.1	3.6	3.4	25.2	30.3
Total	**30.5**	**34.6**	**1.2**	**1.2**	**0.1**	**0.2**	**5.8**	**5.4**	**37.6**	**41.4**

Remuneration to the Board of Directors was determined at the 2024 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 30–40 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 2024 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, 2024, a total of 16 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 2021 plan was concluded in 2024. The conditions for the performance share awards pertaining to average earnings per share for 2021–2024 were met and 188,406 shares were allocated to the participants.

For the remaining plans (2022, 2023 and 2024), in accordance with the conditions for the plans, the remaining participants have acquired a total of around 144,423 shares in Fagerhult. A total of approximately 577,692 share awards have been allocated to plan participants, of which 81,800 to the CEO and 143,624 to other senior management.

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. For the 2022 plan, the financial performance target pertains to average earnings per share for the 2022–2024 financial years. A maximum of about 246,660 shares can be allocated as part of the 2022 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 2024 for all share-savings plans was 5.1 (–6.8) MSEK or 0.03 (–0.04) SEK per share. The estimated fair value on the allocation date is 61.3 SEK for the 2023 plan and 62.5 SEK for the 2024 plan.

Change in share awards outstanding	**2024**	**2023**
Opening balance, No. of share awards	823,916	652,592
Terminated performance-based share-savings plan	–270,796	–
New performance-based share-savings plan	95,052	266,940
Management who have left the performance-based share-savings plan	–70,480	–95,616
Share awards outstanding	**577,692**	**823,916**

Note 3 | Financial income

	Group		Parent Company	
	2024	2023	2024	2023
Interest income	34.3	31.0	227.6	232.9
Exchange-rate gains	24.4	19.9	47.3	0.8
Total	**58.8**	**50.9**	**274.9**	**233.7**
Of which Group companies			*(199.0)*	*(205.1)*

Note 4 | Financial expenses

	Group		Parent Company	
	2024	2023	2024	2023
Interest expenses	150.6	151.4	161.9	157.5
Interest expenses on lease liabilities	24.8	15.5	0.2	0.2
Exchange-rate losses	15.3	21.1	–	–
Other financial expenses	6.2	7.9	6.2	7.9
Total	**196.9**	**195.9**	**168.1**	**165.4**
Of which Group companies			*(25.7)*	*(21.0)*

Note 5 | Financial assets and financial liabilities

	2024			2023		
Group	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	2.3	2.3
Other non-current receivables	1	27.9	27.9	1	23.8	23.8
Trade receivables	1	1,396.7	1,396.7	1	1,488.2	1,488.2
Derivative instruments – held for trading (included in the item, other receivables)	2	0.7	0.7	2	4.2	4.2
Cash and cash equivalents	1	1,878.9	1,878.9	1	1,272.2	1,272.2
Financial liabilities						
Long-term borrowings – hedge accounting	4	220.5	220.5	4	213.0	213.0
Non-current borrowings – no hedge accounting applied	4	2,940.6	2,940.6	4	2,464.2	2,464.2
Non-current lease liabilities	n/a	576.3	–	n/a	571.0	–
Other non-current liabilities	3	–	–	3	–	–
Short-term borrowings – no hedge accounting applied	4	58.8	58.8	4	122.4	122.4
Current lease liabilities	n/a	174.3	–	n/a	156.6	–
Trade payables	4	688.5	688.5	4	687.9	687.9
Other liabilities	3	–	–	3	–	–
Derivative instruments – held for trading (included in the item, other liabilities)	3	2.1	2.1	3	3.5	3.5

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.

Derivative instruments outstanding per 31 December 2024 pertain to currency forwards of a nominal value of 136.3 (155.4) 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	
	2024	2023	2024	2023
Trade receivables outstanding	1,464.2	1,555.4	–	–
ECL allowances	–67.5	–67.2	–	–
Carrying amount	**1,396.7**	**1,488.2**	**–**	**–**
Of which covered by credit insurance	*(394.3)*	*(401.2)*	–	–

	Group		Parent Company	
	2024	2023	2024	2023
Change in provision for credit losses				
Opening provision	–67.2	–72.1	–	–
Confirmed losses	12.4	8.3	–	–
Reversed, unutilised provisions	7.0	10.9	–	–
Provision for the year	–17.3	–17.2	–	–
Translation differences	–2.4	2.9	–	–
Closing provision	**–67.5**	**–67.2**	–	–

Note 7 | Income from shares in subsidiaries

	Parent Company	
	2024	2023
Dividends received	161.9	543.1
Total	**161.9**	**543.1**

Note 8 | Depreciation/amortisation and impairment

Amortisation of intangible assets in the Group was 79.0 (70.5) MSEK, depreciation of property, plant and equipment totalled 210.0 (210.0) MSEK and depreciation of right-of-use assets amounted to 170.1 (159.5) 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	
	2024	2023	2024	2023
Brands				
Cost of goods sold	3.7	3.6	–	–
Total	**3.7**	**3.6**	–	–
Other intangible assets				
Cost of goods sold	61.2	57.3	–	–
Selling expenses	5.8	2.8	–	–
Administrative expenses	8.4	6.7	–	–
Total	**75.5**	**66.8**	–	–
Land and buildings				
Cost of goods sold	26.4	26.5	–	–
Selling expenses	20.4	20.3	–	–
Administrative expenses	7.2	8.8	–	–
Total	**54.0**	**55.6**	–	–
Plant and machinery				
Cost of goods sold	101.4	101.4	–	–
Total	**101.4**	**101.4**	–	–
Equipment, fixtures and fittings				
Cost of goods sold	24.2	23.3	–	–
Selling expenses	12.5	13.8	–	–
Administrative expenses	17.9	16.0	–	–
Total	**54.6**	**53.1**	–	–
Right-of-use assets				
Cost of goods sold	48.1	42.7	–	–
Selling expenses	76.2	72.0	–	–
Administrative expenses	45.8	44.8	–	–
Total	**170.1**	**159.5**	–	–
Total depreciation/amortisation and impairment	**459.2**	**440.0**	–	–

Note 9 | Income tax/tax on profit for the year

	Group		Parent Company	
	2024	2023	2024	2023
Current tax	177.1	213.3	57.1	64.6
Deferred tax on temporary differences as per Note 10	7.0	–1.3	–0.8	–0.7
Deferred tax income recognised directly in equity	–6.0	0.5	–	–
Total	**178.1**	**212.5**	**56.3**	**63.9**
Difference between the Group's tax expense and the tax expense based on current rates				
Reported profit before tax	532.4	756.2	429.6	847.2
Tax according to current tax rates, 20.6% (20.6)	109.7	155.8	88.5	174.5
Tax effect of non-deductible expenses	20.6	20.7	1.4	1.2
Tax effect of non-taxable income	–11.4	–14.9	–33.6	–111.8
Tax due to changes in taxation	4.7	8.4	–	–
Utilised loss deductions from previous years' losses	–0.2	–5.0	–	–
Effect of foreign tax rates	54.8	47.5	–	–
Income tax/tax on profit for the year recognised in profit or loss	**178.1**	**212.5**	**56.3**	**63.9**

The Pillar 2 legislation (Lagen om tilläggsskatt för företag i stora koncerner) is effective for the Group's financial year beginning 1 January 2024. The Group has performed an assessment of the Group's potential exposure to Pillar Two income taxes for FY24. Based on this assessment, the Pillar Two effective tax rates are either above minimum tax rate, or the Group can apply the transitional safe harbour rules in most jurisdictions where the Group operates. Consequently, the Group does not estimate any material impact derived from this new regulation.

Note 10 | Deferred tax

	Group		Parent Company	
	2024	**2023**	**2024**	**2023**
Deferred tax expense/income for the year				
Deferred tax income referring to temporary differences	–19.8	–31.6	–0.8	–0.7
Deferred tax expense referring to temporary differences	26.8	30.3	–	–
Total	**7.0**	**–1.3**	**–0.8**	**–0.7**

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	
	2024	**2023**	**2024**	**2023**
Deferred tax liabilities				
Intangible assets	461.1	441.0	–	–
Buildings	99.5	87.1	–	–
Machinery and equipment	5.6	7.0	–	–
Current receivables	0.3	–	–	–
Untaxed reserves	6.9	7.3	–	–
Non-current liabilities	3.8	3.1	–	–
Current liabilities	0.0	0.0	–	–
Total deferred tax liabilities	**577.1**	**545.5**	–	–
Deferred tax assets				
Buildings	59.2	61.6	–	–
Machinery and equipment	2.9	3.0	–	–
Right-of-use assets	8.2	5.7	–	–
Other financial assets	0.5	0.4	–	–
Inventories	39.7	32.9	–	–
Current receivables	8.3	9.5	–	–
Pension provisions	30.0	28.2	3.5	2.7
Non-current liabilities	13.0	5.6	–	–
Current liabilities	18.5	16.2	–	–
Tax losses	27.5	32.4	–	–
Total deferred tax assets	**207.7**	**195.5**	**3.5**	**2.7**

	Group		Parent Company	
	2024	**2023**	**2024**	**2023**
Change in deferred tax assets				
Opening balance	195.5	201.8	2.7	2.0
Right-of-use assets	2.4	–2.8	–	–
Change in temporary differences recognised in profit or loss	5.0	2.7	0.8	0.7
Change in temporary differences recognised in equity	1.7	–	–	–
Translation differences	3.2	–6.2	–	–
Closing balance	**207.7**	**195.5**	**3.5**	**2.7**
Change in deferred tax liabilities				
Opening balance	545.5	552.2	–	–
Change in temporary differences recognised in profit or loss	12.1	–1.4	–	–
Translation differences	19.6	–5.3	–	–
Closing balance	**577.1**	**545.5**	–	–

Note 11 | Intangible assets

Goodwill	Group 2024	Group 2023	Parent Company 2024	Parent Company 2023
Opening cost	3,235.4	3,237.7	–	–
Translation differences	112.9	–2.3	–	–
Closing accumulated cost	3,348.3	3,235.4	–	–
Opening impairment	–150.1	–150.8	–	–
Translation differences	–5.3	0.7	–	–
Closing accumulated impairment	–155.4	–150.1	–	–
Carrying amount	**3,193.0**	**3,085.3**	**–**	**–**

Brands	Group 2024	Group 2023	Parent Company 2024	Parent Company 2023
Opening cost	2,849.0	2,858.6	–	–
Translation differences	109.6	–9.6	–	–
Closing accumulated cost	2,958.6	2,849.0	–	–
Opening amortisation	–74.8	–70.5	–	–
Amortisation and impairment for the year	–3.7	–3.6	–	–
Translation differences	–5.8	–0.7	–	–
Closing accumulated amortisation	–84.2	–74.8	–	–
Carrying amount	**2,874.4**	**2,774.2**	**–**	**–**

Other intangible assets	Group 2024	Group 2023	Parent Company 2024	Parent Company 2023
Opening cost	1,027.3	983.4	–	–
Purchases	34.6	54.8	–	–
Sales and disposals	–42.1	–3.6	–	–
Translation differences	32.3	–7.3	–	–
Closing accumulated cost	1,052.2	1,027.3	–	–
Opening amortisation	–768.8	–704.4	–	–
Amortisation and impairment for the year	–75.5	–66.8	–	–
Sales and disposals	42.1	3.5	–	–
Translation differences	–23.0	–1.1	–	–
Closing accumulated amortisation	–825.2	–768.8	–	–
Carrying amount	**227.0**	**258.5**	**–**	**–**

The item Brands includes brands with carrying amounts of 2,874.4 (2,774.2) 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 26.6 (40.2) MSEK and an IT system with a carrying amount of 69.6 (67.9) MSEK and Technology valued at 116.9 (140.9) 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 2024, Goodwill and brands are distributed among the Group's cash-generating units (CGUs) and identified per segment as follows.

	Brands 2024	Brands 2023	Goodwill 2024	Goodwill 2023
Collection	2,536.9	2,453.0	7.6	7.4
Premium	69.7	67.5	2,067.8	2,032.8
Professional	34.5	26.1	528.9	480.4
Infrastructure	230.3	221.5	588.7	564.7
Total	**2,871.4**	**2,768.1**	**3,193.0**	**3,085.3**

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 7.49 per cent (7.00).

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 (1.5)
Premium	2.0 per cent (1.5)
Professional	2.0 per cent (1.5)
Infrastructure	2.0 per cent (1.5)

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 7.49 per cent (7.00) for all CGUs.

Exchange rates:
EUR 11.49 (11.47)
GBP 13.85 (13.18)

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 (8.49 per cent instead of 7.49 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	
	2024	2023	2024	2023
Land and buildings				
Opening cost	1,935.4	1,957.7	–	–
Purchases	3.1	19.0	–	–
Sales and disposals	–12.5	–28.3	–	–
Translation differences	73.5	–13.0	–	–
Closing accumulated cost	1,999.5	1,935.4	–	–
Opening depreciation	–895.6	–859.9	–	–
Depreciation for the year	–54.0	–55.6	–	–
Sales and disposals	11.3	13.1	–	–
Translation differences	–32.4	6.8	–	–
Closing accumulated depreciation	–970.7	–895.6	–	–
Carrying amount	**1,028.8**	**1,039.8**	**–**	**–**
Plant and machinery				
Opening cost	2,521.5	2,565.8	–	–
Purchases	91.7	107.8	–	–
Sales and disposals	–56.1	–131.9	–	–
Translation differences	102.5	–20.2	–	–
Closing accumulated cost	2,659.6	2,521.5	–	–
Opening depreciation	–2,118.8	–2,173.1	–	–
Depreciation for the year	–101.4	–101.4	–	–
Sales and disposals	53.2	139.4	–	–
Translation differences	–87.5	16.3	–	–
Closing accumulated depreciation	–2,254.5	–2,118.8	–	–
Carrying amount	**405.1**	**402.7**	**–**	**–**

	Group		Parent Company	
	2024	2023	2024	2023
Equipment, fixtures and fittings				
Opening cost	1,048.4	1,066.4	–	–
Acquisitions of subsidiaries	0.7	–	–	–
Purchases	82.9	61.0	–	–
Sales and disposals	–22.0	–73.3	–	–
Translation differences	40.7	–5.7	–	–
Closing accumulated cost	1,150.7	1,048.4	–	–
Opening depreciation	–864.9	–891.0	–	–
Depreciation for the year	–54.6	–53.1	–	–
Sales and disposals	18.3	74.4	–	–
Translation differences	–33.2	4.8	–	–
Closing accumulated depreciation	–934.4	–864.9	–	–
Carrying amount	**216.3**	**183.5**	**–**	**–**
Construction in progress				
Opening cost	41.7	39.3	–	–
Land improvements during the year	77.1	63.4	–	–
Reclassifications	–34.9	–59.5	–	–
Translation differences	0.8	–1.5	–	–
Carrying amount	**84.8**	**41.7**	**–**	**–**

Note 13 | Other non-current assets

	Parent Company	
	2024	2023
Shares and participations in subsidiaries		
Opening cost	4,286.1	3,824.8
Acquisitions during the year, see Note 30	468.1	461.3
Carrying amount	**4,754.2**	**4,286.1**

	Parent Company	
	2024	2023
Receivables from subsidiaries		
Opening receivables	3,758.4	4,188.7
New receivables	135.3	173.3
Amortised receivables	–453.1	–543.8
Translation differences	119.3	–59.8
Closing receivables	**3,559.9**	**3,758.4**

	Group		Parent Company	
	2024	2023	2024	2023
Other shares and participations				
Opening cost	2.3	2.9	–	–
Divestments during the year	–0.4	–	–	–
Translation differences	0.0	–0.6	–	–
Carrying amount	**1.9**	**2.3**	**–**	**–**

	Group		Parent Company	
	2024	2023	2024	2023
Other non-current receivables				
Opening receivables	23.8	21.8	10.6	7.7
New receivables	2.1	0.2	3.2	2.9
Translation differences	2.1	1.8	–	–
Closing receivables	**28.0**	**23.8**	**13.8**	**10.6**

Note 14 | Shares and participations in subsidiaries

Details of wholly owned subsidiaries, their corporate identity numbers and registered offices. Refer also to Note 30:

				Carrying amount	
Subsidiaries:	**Corporate Identity Number**	**Registered offices**	**No. of shares**	**2024**	**2023**
Fagerhults Belysning AB	556321-8659	Habo	2,500	337.5	337.2
Ateljé Lyktan AB	556063-9634	Åhus	2,000	4.4	4.4
I-Valo OY, Finland	1571418-8	Iittala	2,020	62.5	62.6
Seneco A/S, Denmark	35 68 05 86	Hasselager	1,651,385	77.2	16.2
Whitecroft Lighting Ltd, UK	03848973	Ashton-under-Lyne	2	256.4	256.0
Designplan Lighting Ltd, UK	00784246	Sutton	360,300	120.8	120.6
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	32.5	32.5
Fagerhult GmbH, Germany	HRB 727946	Tettnang	1	416.5	10.3
WE-EF Leuchten GmbH, Germany	HRB 208064	Bispingen	1	461.7	461.5
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	0.0	0.0
Carrying amount				**4,754.2**	**4,286.1**

				Share of equity, %	
Sub-subsidiaries:	**Corporate Identity Number**	**Registered offices**	**No. of shares**	**2024**	**2023**
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 Oü, 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	Tettnang	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	–
Arlight Aydinlatma A.S., Türkiye	790 361 767	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

				Share of equity, %	
Sub-subsidiaries:	**Corporate Identity Number**	**Registered offices**	**No. of shares**	**2024**	**2023**
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	FI06691842	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 Quèbec Inc), Canada	1173367138	Québec	32,001,000	100	100
Sistemalux Inc., Canada	1012637761 IC0001	Québec	12,248,100	100	100
Designplan Leuchten GmbH, Germany	HRF 263171	Berlin	25,000	100	–

Note 15 | Prepaid expenses and accrued income

	Group		Parent Company	
	2024	2023	2024	2023
Prepaid rent	12.4	9.9	–	–
Insurance	4.5	6.6	–	–
Licences	27.6	19.9	0.2	0.1
Consultancy fees	2.2	2.2	0.4	0.3
Supplier bonus	1.1	5.3	–	–
Advertising and marketing	3.1	5.5	–	0.1
Taxes and social security contributions	0.8	2.4	–	–
Non-invoiced income	21.6	11.8	–	–
Maintenance of property, plant and equipment	8.5	5.5	–	–
Financial expenses	7.9	9.3	7.9	9.3
Other items	27.0	40.3	0.4	3.2
Total	**116.6**	**118.7**	**9.0**	**13.0**

Note 16 | Inventories

	Group		Parent Company	
	2024	2023	2024	2023
Raw materials and consumables	620.8	706.3	–	–
Work in progress	165.6	177.9	–	–
Finished products and goods for resale	380.4	372.5	–	–
Goods in transit	23.6	21.7	–	–
Total	**1,190.4**	**1,278.4**	–	–

Expenses arising for inventories that have been expensed are included in the item Cost of goods sold and amounted to 2,726.6 (2,938.2) MSEK. Impairment amounted to –44.6 (–45.0) MSEK and the amount recovered from previous years amounted to 38.2 (40.9) 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 284.5 (308.5) 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 had 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	
	2024	2023	2024	2023
Maturities for long-term loans:				
Within one year	58.8	122.4	12.1	14.3
Between one and five years	3,153.4	2,656.9	3,057.5	2,570.3
After five years	7.7	20.3	–	–
Total	**3,219.9**	**2,799.6**	**3,069.6**	**2,584.6**

Contracted interest rates on the closing date had contractual periods of three months.

	2024		2023	
	Interest,%	Liability, SEK	Interest,%	Liability, SEK
Average contracted interest rate on borrowings:				
Long-term borrowings, EUR	3.9	3,161.1	2.7	2,677.2
Total		**3,161.1**		**2,677.2**
Short-term borrowings, EUR	3.9	58.6	2.7	122.0
Short-term borrowings, THB	–	–	5.3	0.0
Short-term borrowings, CAD	–	–	3.7	0.2
Short-term borrowings, USD	9.7	0.2	9.7	0.2
Total		**58.8**		**122.4**

The carrying amount of the Group's borrowings corresponds with fair value since the loans carry market-based floating interest rates.

Note 18 | Accrued expenses and deferred income

	Group		Parent Company	
	2024	2023	2024	2023
Accrued salaries and remuneration	225.2	289.7	8.6	7.8
Customer bonuses	59.9	65.4	–	–
Accrued social security contributions	45.5	52.6	3.6	5.2
Claims	104.4	66.7	–	–
Financial items	7.0	5.6	7.0	5.7
Consultancy fees and temporary employees	19.6	11.3	–	–
Rent	8.0	7.2	–	–
Royalties	12.2	6.6	–	–
Audit fees	13.3	13.3	0.3	0.2
Shipping	6.9	10.4	–	–
Repair and maintenance	5.9	5.7	–	–
Accrued costs for material	4.8	10.1	–	–
Accrued utility costs	5.7	6.5	–	–
Other items	63.0	49.5	0.9	0.8
Total	**581.3**	**600.6**	**20.3**	**19.7**

Note 19 | Pledged assets

	Group		Parent Company	
	2024	2023	2024	2023
For own liabilities				
Real estate mortgages	19.3	17.5	–	–
Total pledged assets	**19.3**	**17.5**	–	–

Note 20 | Contingent liabilities

	Group		Parent Company	
	2024	2023	2024	2023
Guarantee FPG	1.0	1.0	–	–
Guarantees, pension commitments	13.9	10.7	13.8	10.6
Guarantees for subsidiaries	–	–	47.3	11.2
Other guarantees	2.4	25.5	–	–
Total contingent liabilities	**17.3**	**37.2**	**61.1**	**21.8**

Note 21 | Provisions for pensions and similar commitments

	Group		Parent Company	
	2024	2023	2024	2023
Provisions for pensions PRI (interest-bearing)	47.6	47.5	–	–
Provisions for other pensions	122.1	111.4	17.2	13.1
Total	**169.7**	**158.9**	**17.2**	**13.1**

Defined-benefit plans
Within the Group there are defined-benefit plans in Sweden, Türkiye, 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 2024 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 11.8 MSEK (2023: 11.9 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 155 per cent. If Alecta's collective consolidation level falls below 125 per cent or exceeds 155 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 2024, Alecta's surplus in the form of the collective consolidation level was 162 per cent (2023: 178 per cent).

	Group	
	2024	2023
Defined-benefit plans		
The amounts recognised in the consolidated income statement are:		
Current service cost	16.6	14.6
Interest expenses	3.4	3.4
Total	**20.0**	**18.0**
Specification of changes in net debt recognised in the consolidated balance sheet:		
Net debt at beginning of year recognised in the approved balance sheet	158.9	173.1
Net cost recognised in profit or loss	20.0	18.0
Benefit payments	–11.3	–10.4
Settlement of pension plan	–3.8	–2.6
Actuarial gains (-)/losses (+)	–0.4	–16.5
Translation differences	6.3	–2.7
Net debt at year end	**169.7**	**158.9**
The amounts recognised in the balance sheet are determined as follows:		
Present value of commitments	169.7	158.9
Net debt at year end	**169.7**	**158.9**
Total pension costs		
Total pension costs recognised in the consolidated income statement:		
Total costs for defined-benefit plans	20.0	18.0
Total costs for defined-contribution plans	131.9	132.6
Total pension costs	**151.9**	**150.6**
Pension costs are allocated in the consolidated income statement among the following items:		
Cost of goods sold	58.3	60.1
Selling expenses	57.1	49.2
Administrative expenses	33.0	37.9
Financial expenses	3.4	3.4
Total	**151.9**	**150.6**

	Group	
	2024	2023
Actuarial assumptions		
Significant actuarial assumptions as of the closing date pertaining to pension liabilities in Sweden (expressed as weighted averages)		
Net liability in Sweden	47.6	45.3
Discount rate, %	3.35	4.25
Future annual pension growth rate, %	1.80	1.70

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 4.4 per cent (4.2). If the interest rate increases 0.5 per cent, the present value of obligations will decline 4.3 per cent (4.1). If inflation decreases 0.5 per cent, the present value of obligations will decline 4.5 per cent (4.4). If inflation increases 0.5 per cent, the present value of obligations will rise 4.6 per cent (4.5). A change of one year in useful life affects the present value of obligations by 4.6 per cent (3.7).

Note 22 | Reconciliation of net debt

Net debt and changes in net debt are analysed below.

	Group		Parent Company	
	2024	2023	2024	2023
Cash and cash equivalents	1,878.9	1,272.2	891.8	733.8
Borrowings – due in <12 months (incl. overdraft facility)	–58.8	–122.4	–12.1	–14.3
Borrowings – due in >12 months	–3,161.1	–2,677.2	–3,057.5	–2,570.3
Lease liabilities – due within one year	–174.3	–156.6	–	–
Lease liabilities – due in >12 months	–576.3	–571.0	–	–
Net debt	**–2,091.6**	**–2,255.0**	**–2,177.8**	**–1,850.8**
Cash and cash equivalents	1,878.9	1,272.2	891.8	733.8
Borrowings – floating interest	–3,219.9	–2,799.6	–3,069.6	–2,584.6
Lease liabilities	–750.6	–727.6	–	–
Net debt	**–2,091.6**	**–2,255.0**	**–2,177.8**	**–1,850.8**

Group	Cash and cash equivalents/ overdraft facility	Borrowings due <12 months	Borrowings due >12 months	Lease liabilities	Total
Net debt on 1 January 2023	1,291.7	–153.0	–3,196.5	–739.6	–2,797.4
New lease agreements				–174.3	–174.3
Cash flow from borrowings		30.6	519.7		550.3
Cash flow from lease liabilities				158.8	158.8
Cash flow from other activities	–8.1				–8.1
Translation differences	–11.4	0.0	–0.4	27.5	15.7
Net debt on 31 December 2023	**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**

Parent Company	Cash and cash equivalents/ overdraft facility	Borrowings due <12 months	Borrowings due >12 months	Total
Net debt on 1 January 2023	777.8	–20.0	–3,064.3	–2,306.5
Cash flow from borrowings		5.7	491.8	497.5
Cash flow from other activities	–44.0			–44.0
Exchange-rate differences			2.3	2.3
Net debt on 31 December 2023	**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**

Note 23 | Purchases and sales between Group companies and other related parties

Of the Parent Company's total income from operations of 56.4 (39.9) MSEK, 56.3 (39.8) 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

	2024		2023	
	Number of employees	Men, %	Number of employees	Men, %
Parent Company	**18**	**55**	**17**	**63**
Subsidiaries				
Sweden	709	64	685	58
Italy	666	68	679	68
UK	586	74	586	74
Germany	564	73	579	73
China	171	38	210	36
Netherlands	171	71	182	71
Australia	169	70	178	72
Canada	179	52	177	57
Türkiye	129	75	139	75
Thailand	132	61	137	61
France	142	65	132	65
Finland	65	69	67	67
Spain	59	60	56	58
USA	46	65	48	64
Norway	48	75	48	69
Denmark	37	73	46	72
Switzerland	31	83	30	83
United Arab Emirates	22	59	23	61
Poland	20	55	18	61
Hong Kong	11	73	11	73
Belgium	7	44	8	51
Ireland	7	100	6	100
Estonia	6	67	6	67
Singapore	5	40	5	37
New Zealand	4	50	4	25
Qatar	3	67	3	67
Austria	2	100	2	100
Total in subsidiaries	**3,989**	**66**	**4,063**	**66**
Group total	**4,007**	**66**	**4,080**	**66**

Board members and senior management

	2024		2023	
	Number	Men, %	Number	Men, %
Group				
Board members	7	50	6	50
CEO and other senior management	42	83	42	83
Parent Company				
Board members	7	50	6	50
CEO and other senior management	8	67	9	67

Note 25 | Leases

Operational leases

	Parent Company	
	2024	**2023**
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	
The balance sheet shows the following amounts relating to leases:	**2024**	**2023**
Right-of-use assets:		
– Factories	423.6	402.6
– Offices	207.6	228.6
– Vehicles	102.2	86.7
Deferred tax assets	8.2	5.7
Prepaid expenses	–16.6	–14.3
Total assets	**725.0**	**709.3**
Lease liabilities:		
Non-current	576.3	571.0
Current	174.3	156.6
Total liabilities	**750.6**	**727.6**

Right-of-use assets added in the 2024 financial year amounted to 196 (181) MSEK, of which 0.0 (0.0) MSEK pertained to subsidiaries.

Amounts recognised in profit or loss

	Group	
The statement of profit or loss shows the following amounts relating to leases:	**2024**	**2023**
Depreciation of right-of-use assets:		
– Factories	–48.1	–46.8
– Offices	–69.4	–68.7
– Vehicles	–52.6	–44.0
Expenses relating to short-term leases or leases of low-value assets.	–10.8	–9.6
Exchange-rate difference	–0.1	10.7
Interest expenses on lease liabilities (see Note 4 Financial expenses).	–24.8	–15.5
Deferred tax (see Note 10 Deferred tax).	2.4	–2.8
Net effect on profit or loss	**–203.4**	**–176.7**

No material variable lease payments were identified.

The total cash outflow for leases in 2024 was –173.6 (–168.4) MSEK. The maturity analysis of lease liabilities is presented in Note 35 Risks under Liquidity Risk.

Note 26 | Remuneration to auditors

	Group		Parent Company	
KPMG	**2024**	**2023**	**2024**	**2023**
Audit	18.9	18.3	1.3	1.1
Other services	0.4	0.5	–	–
Total	**19.3**	**18.8**	**1.3**	**1.1**

Out of the remuneration to the auditors for 2024 the following relates to the audit firm KPMG AB: Audit 3.4 (3.1) MSEK, audit activities other than audit assignment 0.4 (0.3) MSEK, tax consulting 0.0 (0.0) MSEK and other services 0.0 (0.0) MSEK.

	Group		Parent Company	
Other accounting firms	**2024**	**2023**	**2024**	**2023**
Audit	4.6	4.6	–	–
Tax consulting	8.7	6.0	1.8	1.2
Other services	1.2	0.9	–	–
Total	**14.5**	**11.5**	1.8	1.2

Note 27 | Breakdown of expenses by nature

	Group		Parent Company	
	2024	2023	2024	2023
Raw materials and consumables	2,722.1	2,836.3	–	–
Changes in inventories of finished products and goods for resale, and work in progress	4.5	101.9	–	–
Expenses for employee benefits (notes 2 and 21)	2,801.2	2,741.4	61.6	66.4
Transportation expenses	185.3	198.1	–	–
Expenditure for own properties and rented premises	227.1	223.5	1.5	1.5
Advertising and selling expenses	325.3	336.6	3.6	1.0
External services	86.0	97.6	11.6	8.9
Temporary employees	58.3	60.5	1.3	–
Travel expenses	73.7	72.0	3.3	3.4
Consumables	59.2	59.0	4.0	2.3
Electricity and water	78.6	90.6	–	–
Own vehicle expenses	88.8	83.1	0.9	0.8
Other overheads	69.4	59.5	5.8	5.2
Contract manufacturing	175.7	159.6	–	–
Depreciation/amortisation and impairment (notes 8, 11 and 12)	459.2	440.0	–	–
Other costs	228.4	215.4	7.0	8.7
Total	**7,642.8**	**7,775.1**	**100.6**	**98.1**

The total amount for raw materials and consumables refers to capitalised inventory values.

Note 28 | Expenses for product development

	Group		Parent Company	
	2024	2023	2024	2023
Expensed overheads for product development	429.2	377.7	–	–

Note 29 | Hedging

A certain portion of the 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 52 per cent, EUR 60 per cent, GBP 63 per cent, CNY 59 per cent and PLN 75 per cent. The nominal value of these hedging contracts was 37.5 (43.5) MNOK, 1.4 (1.8) MEUR, 2.7 (3.2) MGBP, 24.0 (25.5) MCNY and 4.7 (2.9) 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 negative 0.8 (positive: 1.8) 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 196.2 (290.8) MSEK and accumulated borrowings of 220.5 (213.0) MSEK, which reflects a hedging quotient of 112 (73) per cent. Annual translation differences recognised in other comprehensive income concerning borrowings as hedged net assets amounted to a negative 7.5 (positive: 0.6) MSEK before deferred tax of 1.5 (0.1) MSEK. Accumulated translation differences recognised in other comprehensive income concerning borrowings as hedged net assets amounted to 34.5 (27.0) MSEK before deferred tax of 7.1 (5.6) MSEK.

Refer also to Note 35.

Note 30 | Changes in the Group's composition

In 2024, a new company has been registered, Designplan Leuchten GmbH in Germany. In France, the acquisition of the remaining shares in LED Linear SARL France has been completed.

In 2023, the liquidation was completed of Fagerhult OOO SPb in Russia. Liquidation was completed of the two UK companies WE-EF Lighting Ltd and LED Linear UK Ltd., Flux Eclairage S.A.S. in France was merged with WE-EF Lumiere S.A.S., and finally, the Group registered a new legal entity in Sweden, Organic Response AB.

Note 31 | 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 2024, received orders, undelivered amounted to 1,533.5 (1,704.3) MSEK, of which the majority pertains to deliveries for 2025.

Note 32 | 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 (592,770). 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.

	2024	2023
Change in the number of shares outstanding		
Number of shares outstanding at beginning of year	176,146,779	176,146,779
Allocation of treasury shares	185,627	–
Number of shares outstanding at year end	**176,332,406**	**176,146,779**

Note 33 | 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 9,733 (11,463) shareholders. The ten largest shareholders together hold 78.6 per cent (77.6) of the shares outstanding.

Ownership structure (on 31 Dec 2024)

Shareholder	No. of shares	%
Investment AB Latour & the Douglas family	85,708,480	48.6
Fourth Swedish National Pension Fund	14,025,585	8.0
Nordea Funds	11,975,973	6.8
Handelsbanken Funds	5,719,320	3.2
Carnegie Funds	4,164,871	2.4
Alcur Funds	4,089,468	2.3
Swedbank Robur Funds	4,082,431	2.3
The Palmstierna family	3,892,912	2.2
Second Swedish National Pension Fund	3,163,397	1.8
Vanguard	2,516,337	1.4
Other	36,993,632	21.0
Number of shares outstanding at the end of the period	**176,332,406**	**100.0**

Note 34 | Proposed appropriation of profits

The Group's retained earnings according to the consolidated balance sheet amount to 3,899.8 (3,867.3) MSEK.

The following profits (MSEK) are at the disposal of the AGM:

Profit brought forward	4,993.4
Net profit for the year	373.1
Total	**5,366.5**

The total number of dividend-bearing shares on 21 March 2025 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 1.40 (1.80) per share	246.9
To be carried forward	5,119.6
Total	**5,366.5**

Note 35 | 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 212 (221) 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 7,163 (6,527) 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 196.2 (290.8) MSEK and accumulated borrowings of 220.5 (213.0) MSEK, which reflects a hedging quotient of 112 (73) per cent. Annual translation differences recognised in other comprehensive income concerning borrowings as hedged net assets amounted to –7.5 (0.6) MSEK before deferred tax of 1.5 (0.1) MSEK. Accumulated translation differences recognised in other comprehensive income concerning borrowings as hedged net assets amounted to 34.5 (27.0) MSEK before deferred tax of 7.1 (5.6) 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 72 (65) 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 71 (73) 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	14.0	9.1	4.9	0.0
CAD	29.3	4.2	25.1	0.3
CNY	2.1	27.7	–25.6	–0.3
DKK	10.2	15.0	–4.8	0.0
EUR	191.5	178.3	13.2	0.1
GBP	36.2	5.9	30.3	0.3
NOK	14.6	0.0	14.6	0.1
SEK	11.2	10.5	0.7	0.0
USD	61.1	47.6	13.5	0.1
Other currencies	25.3	3.8	21.5	0.2
Total	**395.5**	**302.1**	**93.4**	**0.9**

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 169.7 (158.9) MSEK, interest-bearing liabilities totalled 3,219.9 (2,799.6) MSEK and cash and cash equivalents were 1,878.9 (1,272.2) 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 2024 and 2023, 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 31 (28) 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 2024 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 2.5 (2.2) 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 2024 or 2023. Of the trade receivables carrying amount, 394 (405) MSEK is covered by credit insurance. A total provision of 67 (67) MSEK was made for expected credit losses. The average confirmed credit losses amounted to 0.13 per cent (0.11) 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 2024						
Repayment of bank loans	58.8	1161.7	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**
As of 31 December 2023						
Repayment of bank loans	122.4	12.3	1,121.9	12.3	1,510.4	20.3
Payment of lease liabilities	165.0	142.4	117.2	91.4	71.8	292.1
Interest payments[1]	137.0	136.1	131.5	81.9	34.4	4.1
Trade payables and other liabilities[2]	691.4	–	–	–	–	–
	1,115.8	**290.8**	**1,370.6**	**185.6**	**1,616.6**	**316.5**

[1] Interest payments are based on interest rate levels as of 31 December.
[2] Of this amount, 688.5 (687.9) 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 2024 was a multiple of 0.3 (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 36 | Items affecting comparability

	Group	
Function	**2024**	**2023**
Cost of goods sold	–46.0	–
Selling expenses	–10.9	–
Administrative expenses	–13.7	–
Total	**–70.6**	**–**

Items affecting comparability pertain to restructuring costs of –70.6 MSEK.

Note 37 | Events after the closing date

In March 2025, CFO Michael Wood informed that he has decided to leave the company after 9 years in his current position. Michael Wood will be continuing in his role until September. Fagerhult Group AB is immediately starting a process to find Michael Wood's successor.

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 consolidated accounts have been prepared in accordance with international financial reporting standards, IFRS, as adopted by the EU, and that they provide a true and fair view of the Group's financial position and the results of its operations. The annual report has been prepared in accordance with generally accepted accounting principles in Sweden and provides a true and fair view of the Parent Company's financial position and results.

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 28 April 2025.

Habo, 20 March 2025

Jan Svensson
Chairman

Eric Douglas
Vice Chairman

Annica Bresky
Board member

Cecilia Fasth
Board member

Magnus Meyer
Board member

Eva Elmstedt
Board member

Teresa Enander
Board member

Bodil Sonesson
President and CEO

Magnus Nell
Employee Representative

Linda Rothzén
Employee Representative

Our audit report was submitted on 21 March 2025

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 2024, except for the corporate governance statement on pages 143–153 and the sustainability report on pages 65–104.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2024 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2024 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 143–153 and sustainability report on pages 65–104. 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 goodwil and brand

See disclosure 11 and accounting principles on page 126 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 6,067 million as of 31 December 2024, representing 44% 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 Acconting 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.

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 1–104 and 154–160. 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 2024 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated 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 2024.

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

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 *Examination of the Esef report*. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of 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.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Fagerhult Group AB (publ) by the general meeting of the shareholders on the 2nd of May 2024. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2022.

Stockholm 21st of March 2025

KPMG AB

Mathias Arvidsson Authorized Public Accountant	**Anna Harju** Authorized Public Accountant

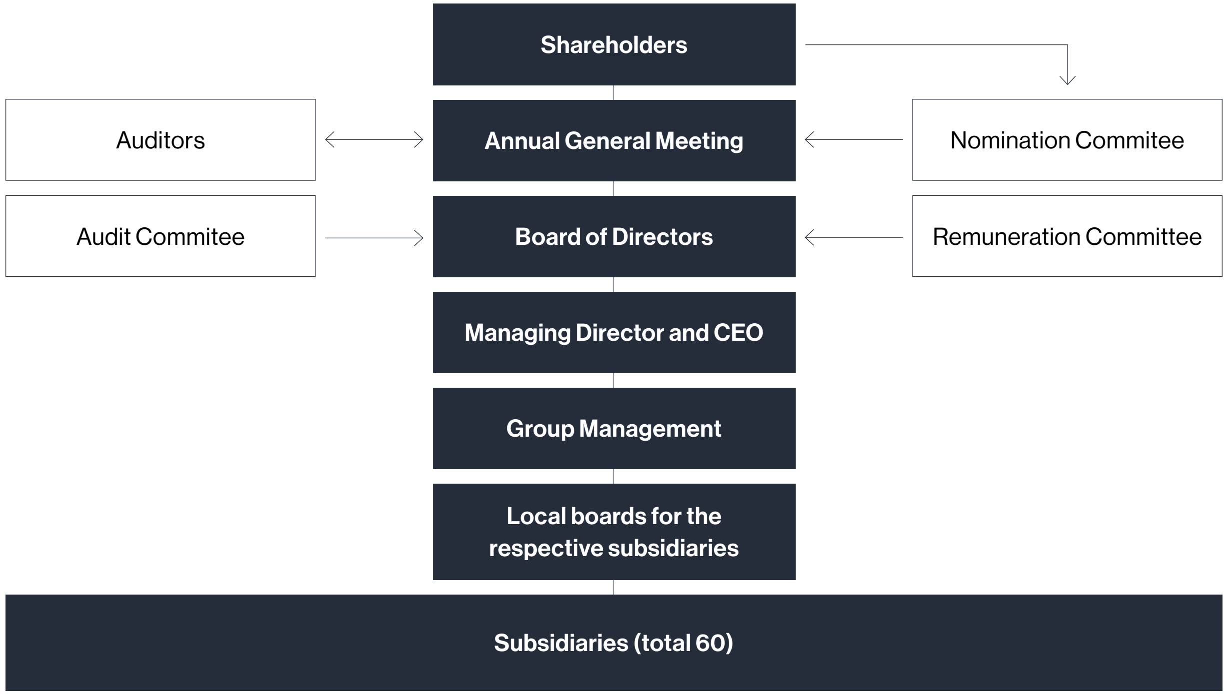
7

Corporate governance

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.



Key external regulations
- Swedish Companies Act
- Nasdaq Stockholms Issuer Rules
- Swedish Corporate Governance Code
- Accounting rules and regulations

Key internal regulations
- Articles of Association
- Formal plan for the Board of Directors and terms of reference for the CEO
- Guidelines for remuneration to senior management
- Various policy documents and instructions (such as the Group's Code of Conduct, Financial Policy Guidelines and Internal Control Document)

Largest shareholders as per 31 August 2024

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	14,025,585	7.9
Nordea Funds	11,885,421	6.7
Handelsbanken Funds	6,398,709	3.6
Alcur Funds	4,392,404	2.5
Didner & Gerge Funds	4,046,843	2.3
The Palmstierna family	3,892,912	2.2

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 Board	n/a	2008
Anders Mörck – Chairman	Investment AB Latour	47.8	2024
Jan Särlvik	Fourth Swedish National Pension Fund	7.9	2020
Björn Henriksson	Nordea Funds	6.8	2022
Sussi Kvart	Handelsbanken Funds	3.2	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	1,154,000[2]	75,000	Yes	Yes	8
Vice Chairman, Eric Douglas	1993	1968	452,000[2]	85,708,480[1]	No	Yes	7
Board member, Cecilia Fasth	2014	1973	585,000[2]	13,755	Yes	Yes	6
Board member, Teresa Enander	2019	1979	515,000[2]	9,200	Yes	Yes	8
Board member, Magnus Meyer	2022	1967	425,000	6,000	Yes	Yes	7
Board member, Eva Elmstedt	2023	1960	425,000	3,500	Yes	Yes	8
Board member, Annica Bresky	2024	1975	425,000	2,267	Yes	Yes	4
Total			**3,981,000**	**85,818,202 (48.7%)**	**6 (86%)**	**7 (100%)**	**8**

[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.

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 appropriation of the company's profit and to discharge the Board and CEO from liability. The AGM also resolves on 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 9,733 (11,463). 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 33.

2024 Annual General Meeting

The 2024 AGM was held on 2 May in Fagerhult (Habo), Sweden. There were 132,948,403 shares represented at the AGM with the voting population being 75.5 (71.9) 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 2023, 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 2023.
- The AGM resolved to pay a dividend to the shareholders of SEK 1.80 (1.60) 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 2023.
- 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 1,100,000 to the Chairman of the Board; SEK 425,000 each to the other members of the Board elected by the AGM and not employed in the Fagerhult Group; SEK 160,000 to the Chairman of the Audit Committee and SEK 90,000 each to the other members of the Audit Committee; and SEK 54,000 to the Chairman of the Remuneration Committee and SEK 27,000 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, Teresa Enander, Magnus Meyer and Eva Elmstedt were re-elected as members of the Board of Directors and Annica Bresky 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 2024. 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 Särlvik, Fourth Swedish National Pension Fund, Björn Henriksson, Nordea Funds and Sussi Kvart, Handelsbanken Funds.

The Nomination Committee for the 2025 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 2024 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, IKEA of Sweden AB, Nelly Group AB and Christian Berner Tech Trade AB.

The auditor participated at the Audit Committee meetings in February, August and December 2024 and February 2025.

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 seven members elected by the general meeting, as well as two Board members and one deputy member elected by the trade unions. The seven 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 150–151 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 2024, eight 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, one addressed the budget for the following year and strategy has been discussed at three 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 2024 there were two visits. First to Designplan Lighting Limited in the October meeting and a secondly to Atelje Lyktan AB in December. 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.

During 2024 the Board held 7 normal Board meetings and 1 statutory Board meeting. 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 area.

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 122. 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 2024

The Board met eight times during the year, with one of these meetings being the statutory Board meeting. Four of the eight meetings were fully attended by the Board. Three meetings had one member absent, the May, October and December meetings and one meeting, the May statutory Board meeting 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 2023 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). All members of the AC attended the four meetings during 2024 and so too the CEO, CFO, the GLC. The auditor attended three 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 66,914 shares in the company and this is stated in the presentation of the management on page 153. 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 2024, 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 60 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.

Remuneration to the Management and Board
Guidelines for remuneration to senior management
The existing policies, for 2024, 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.

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.

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, 2022, 2023 and 2024, 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 LTI, an additional target within sustainability for the Fagerhult Group's achievement in lowering its greenhouse gas (GHG) emissions was introduced.

For 2025 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 2024, remuneration was paid in accordance with the table on page122.

Remuneration to the auditors
In 2024, remuneration was paid in accordance with Note 26 on page 133.

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 2023 when 1,761 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 2025. 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 2024 each brand company performed their own internal risk assessment and this will be repeated during 2025. Read more about risks on pages 135–137.

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 will be tested during 2025.

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 2024

During the year Group Management continued to focus on the core strategic areas as well as dedicated time given to those external events that have an impact on the business. During 2024 market activity was subdued, particularly in the new-build segment and so the year brought different challenges.

During 2023 there was a focus on improving the industrial margin which came under pressure from the 2022 supply chain shortages and cost escalation. This was achieved and in 2023 and 2024 the industrial margin recovered to an all-time high.

The subdued market activity levels during 2024 have necessitated a focus on cost reduction as the lower market activity levels resulted in lower order intake and net sales. The response therefore, from the beginning of the second half year was to start reducing the cost base and this continues into 2025.

The activity level on the Group's address to sustainability increased further. The Group's Science Based Target initiative (SBTi) targets were validated during 2023 and actions take place to support the delivery of the scope 1, 2 and 3 near term and long-term targets. Accumulated, since the base-line year of 2021 there has been a 34 per cent reduction in GHGs.

During the year, the HR agenda turned to diversity and inclusion topics as well as continuing the programme to establish updated leadership principals and guidelines. During 2025 the Group will repeat the talent development assessment and succession planning. During the year the Group has made some good new recruitments, at many levels across the Group and the recruitment of increased talent and competence is a corner stone for long term development. This remains a core priority.

From the business area perspective, the continued focus has been on developing the new business area setup combined with making progress on those identified key areas for organic growth. These key areas are focussed at long term sustained growth and for example include the address at the North American market, the approach to the retail application area and the DACH market for offices. Lastly, is the rapidly growing market in the retrofit and refurbishment segment where the Group's successes continues to increase. The growth in this segment is not sufficient to overcome the year on year contraction in the new-build construction market.

From a technology/smart lighting perspective the year has seen further progress. The volumes of the Organic Response sensor node 3 (SN3) reached yet another all-time high and we are sure that this growth will continue as we expand our knowledge educate the market. In Citygrid the new Zhaga compatible sensor node has been launched for outdoor applications.

Auditor's report on the corporate governance statement

To the general meeting of the shareholders in Fagerhult Group AB, corporate identity number 556110-6203

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2024 on pages 143–153 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

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

Stockholm 21 March 2025

KPMG AB

Mathias Arvidsson
Authorized Public Accountant

Board of Directors

Jan Svensson
Chairman

Born: 1956
Mechanical Engineer and M.Sc. in Business Administration.
Chairman of Alimak Group AB, Tomra Systems ASA and Troax Nordic AB.
Board Member of Loomis AB, Assa Abloy AB, Climeon, Herenco and Stena Metall.
Board Member of Fagerhult since 2007.
Shares in Fagerhult Group: 75,000

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: 1,000,000 directly held shares and 84,708,480 shares held through Investment AB Latour.

Annica Bresky

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 Orsted A/S, Vaisala Oyi, Nordstjernan AB, Stegra AB and Bresky Invest AB.
Board Member of Fagerhult 2019–2023 and since 2024.
Shares in Fagerhult Group: 2,267

Eva Elmstedt

Born: 1960
Bachelor's degree in economics and computer science from Indiana University of Pennsylvania, USA and the Stockholm School of Economics.
Chairman of the Board of Omegapoint, Seriline and Arelion (previously, Telia International Carrier), Board member of Addlife, Elanders, Arjo and Smart Eye.
Board Member of Fagerhult since 2023.
Shares in Fagerhult Group: 3,500

Teresa Enander

Born: 1979
M.Sc. Engineering
COO of Formica Capital AB.
Chairman of 8848 Altitude AB.
Board Member of Fagerhult since 2019.
Shares in Fagerhult Group: 9,200

Cecilia Fasth

Born: 1973
M.Sc. Engineering
CEO of Stena Fastigheter AB.
Board Member of Fagerhult since 2014.
Shares in Fagerhult Group: 13,755

Magnus Meyer

Born: 1967
M.Sc. and Lic. in Engineering and Information Technology.
Board member of HiQ International AB, Kinnarps AB, Slättö Förvaltning AB, Coor Service Management AB, Vasakronan AB, Infranord AB, MW Group AB and Belatchew Arkitekter AB.
Board Member of Fagerhult since 2022.
Shares in Fagerhult Group: 6,000

Magnus Nell

Born: 1964
Employee Representative
Shares in Fagerhult Group: 0

Linda Rothzén

Born: 1981
Employee Representative
Shares in Fagerhult Group: 0

Anneli Persson

Born: 1967
Employee Representative (deputy)
Shares in Fagerhult Group: 0

Group Management Team

1 Edwin Roobol
2 Andrea Gageik
3 Frank Augustsson
4 Bodil Sonesson
5 Johan Lembre
6 Stéphanie Praloran
7 Michael Brüer
8 Michael Wood

1 **Edwin Roobol**
Head of Business Area Collection

Born: 1970
B.Sc. Commercial Economics
Employed since: 2023
Shares in Fagerhult Group: 0

2 **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: 7,231

3 **Frank Augustsson**
Head of Business Area Premium

Born: 1965
Technical College Graduate
Employed from: 1986–2001 and since: 2004
Shares in Fagerhult Group: 15,372

4 **Bodil Sonesson**
President och CEO

Born: 1968
M.Sc. in Business Administration, MBA.
Employed since: 2018
Shares in Fagerhult Group: 66,914

5 **Johan Lembre**
Chief Technology Officer

Born: 1966
M.Sc. Industrial and Management
Employed since: 2022
Shares in Fagerhult Group: 3,030

6 **Stéphanie Praloran**
Head of Business Area Infrastructure

Born: 1980
M.Sc. Business Entrepreneurship & Marketing
Employed since: 2023
Shares in Fagerhult Group: 1,621

7 **Michael Brüer**
Head of Business Area Professional

Born: 1983
M.Sc. Engineering and M.Sc. Business Administration
Employed since: 2017
Shares in Fagerhult Group: 23,614

8 **Michael Wood**
Chief Financial Officer

Born: 1964
Chartered Accountant ACMA
Employed since: 2005
Shares in Fagerhult Group: 21,271

8

Other information

Five-year overview

Income items, MSEK

	2020	2021	2022	2023	2024
Net sales	6,816	7,088	8,270	8,560	8,305
Cost of goods sold	–4,406	–4,468	–5,148	–5,214	–5,008
Items affecting comparability	–11	–	–	–	–46
Gross profit	**2,399**	**2,620**	**3,122**	**3,347**	**3,252**
Selling expenses	–1,501	–1,438	–1,620	–1,757	–1,841
Administrative expenses	–550	–621	–747	–804	–794
Other operating income	178	145	78	116	79
Other operating costs	–94	–	–	–	–
Items affecting comparability	–99	–	–	–	–25
Operating profit	**333**	**706**	**833**	**901**	**670**
Financial income	25	12	42	51	59
Financial expenses	–141	–96	–84	–196	–197
Profit after net financial items	**217**	**622**	**791**	**756**	**532**

Balance-sheet items, MSEK

	2020	2021	2022	2023	2024
Intangible assets	5,658	5,740	6,154	6,118	6,294
Property, plant and equipment	2,470	2,377	2,421	2,386	2,468
Other non-current assets	219	216	227	222	238
Inventories	998	1,194	1,493	1,278	1,190
Trade receivables	1,122	1,196	1,603	1,488	1,397
Other current assets	171	188	222	243	246
Cash and cash equivalents	1,624	1,742	1,292	1,272	1,879
Total assets	**12,262**	**12,653**	**13,412**	**13,007**	**13,713**
Equity	5,802	6,219	6,958	7,184	7,459
Pension liabilities	186	173	173	159	170
Deferred tax liabilities	548	504	552	545	577
Other non-current interest-bearing liabilities	4,071	3,601	3,791	3,232	3,737
Current interest-bearing liabilities	179	570	298	295	233
Current non-interest-bearing liabilities	1,476	1,586	1,640	1,592	1,536
Total equity and liabilities	**12,262**	**12,653**	**13,412**	**13,007**	**13,713**

Key performance indicators and data per share

	2020	2021	2022	2023	2024
Sales growth, %	–13.1	4.0	16.7	3.5	–3.0
Increase/decrease in operating profit, %	–58.2	112.5	18.0	8.1	–25.6
Increase/decrease in operating profit after financial items, %	–68.9	187.2	27.1	–4.4	–29.6
Operating margin before items affecting comparability, %	6.5	10.0	10.1	10.5	8.9
Operating margin, %	4.9	10.0	10.1	10.5	8.1
Profit margin, %	3.2	8.8	9.6	8.8	6.4
Cash liquidity ratio, %	98.0	80.8	66.6	68.0	106.2
Net debt/EBITDA	3.2	2.3	2.4	1.8	2.0
Equity/assets ratio, %	47.3	49.1	51.6	55.2	54.4
Capital employed, MSEK	10,238	10,563	11,220	10,870	11,599
Return on capital employed, %	3.5	6.9	8.0	8.6	6.5
Return on equity, %	10.1	7.8	8.7	7.7	4.8
Net debt, MSEK	2,812	2,603	2,971	2,414	2,261
Net investments in non-current assets, MSEK	184	150	180	243	213
Depreciation/amortisation of non-current assets, MSEK	558	441	424	440	459
Number of employees	4,419	4,237	4,059	4,080	4,007
Equity per share, SEK	32.94	35.30	39.50	40.78	42.30
Earnings per share before items affecting comparability, SEK	3.77	2.64	3.27	3.09	2.31
Earnings per share, SEK	3.21	2.64	3.27	3.09	2.01
Dividend per share, SEK	0.50	1.30	1.60	1.80	1.40[1]
Cash flow per share, SEK[2]	6.46	4.56	2.29	6.97	5.47
Number of shares outstanding, thousand	176,147	176,147	176,147	176,147	176,332
Average number of shares outstanding, thousand	176,142	176,147	176,147	176,147	176,254

[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 9.5 billion SEK.

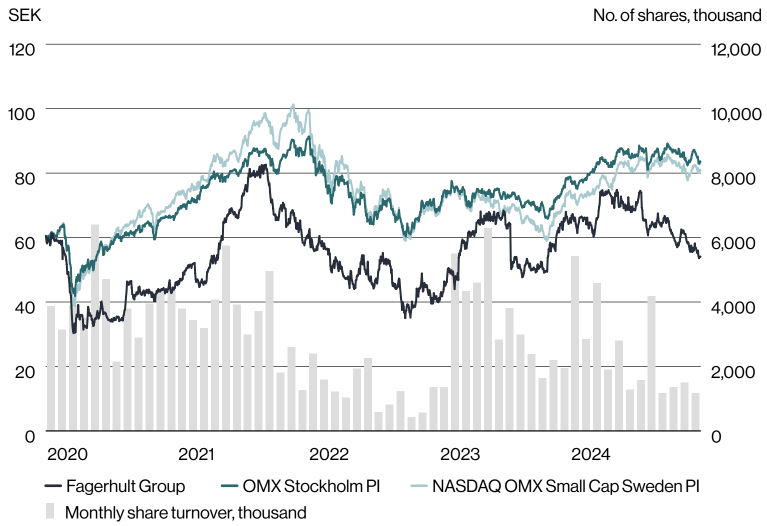
Sales and trading
The share symbol is FAG and its ISIN is SE0010048884. One trading lot corresponds to one share. In 2024, total turnover for the share on Nasdaq in Stockholm was 29.8 million shares, at a combined value of 1,951 MSEK. Average share turnover per trading day amounted to 118,662, representing a value of 7,774 KSEK. An average of approximately 369 trades were made per trading day.

Share price trend
On 31 December 2024, the closing price for Fagerhult Group's share was 54.1 SEK per share, corresponding to a market capitalisation of approximately 9.5 billion SEK. The price of the Fagerhult Group share declined 18.5 per cent in 2024. Over the same period, the OMX Stockholm PI rose 5.7 per cent. The highest closing price of 74.8 SEK was noted on 10 May and the lowest on 20 December at 53.6 SEK. The average share price for the year was 65.4 SEK. Total shareholder return for the Fagerhult Group share, defined as the price trend including reinvestment of the dividend of 1.80 SEK, was negative 15.8 per cent.

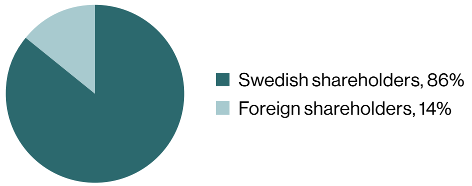
Share capital
At year end, Fagerhult Group's share capital amounted to 100.4 (100.4) MSEK. Divided into 177,192,843 shares with a quotient value of 0.57 SEK per share. All shares have equal voting rights and an equal participation in the company's earnings and capital. At the Annual General Meeting (AGM) on 2 May 2024, it was resolved that the company be permitted to buy back its own shares. This option was not exercised in 2024. 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 totalled 860,437 (1,046,064) after allocation and the number of shares outstanding was 176,332,406. The percentage of shares held as treasury shares was 0.5 (0.6) 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 9,733 (11,463) 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 78.6 (77.6) per cent of the share capital and voting rights of the shares outstanding. The proportion held by shareholders outside of Sweden was 14.2 (17.5) per cent.

Share price trend



Ownership distribution



Ownership structure (on 31 Dec 2024)

Shareholder	No. of shares	% of capital and votes
Investment AB Latour & the Douglas family	85,708,480	48.4
Fourth Swedish National Pension Fund	14,025,585	7.9
Nordea Funds	11,975,973	6.8
Handelsbanken Funds	5,719,320	3.2
Carnegie Funds	4,164,871	2.4
Alcur Funds	4,089,468	2.3
Swedbank Robur Funds	4,082,431	2.3
The Palmstierna family	3,892,912	2.2
Second Swedish National Pension Fund	3,163,397	1.8
Vanguard	2,516,337	1.4
Other owners with more than 20,000 shares (146 owners)	26,309,800	14.8
Other owners with 10,001–20,000 shares (113 owners)	1,569,403	0.9
Other owners with 1,001–10,000 shares (1,814 owners)	5,298,969	3.0
Other owners with up to 1,000 shares (7,649 owners)	1,648,053	0.9
Unknown holdings	2,167,407	1.2
Fagerhult Group AB, treasury shares	860,437	0.5
Number of shares at year end	**177,192,843**	**100.0**

Share turnover

Year	2020	2021	2022	2023	2024
Volume of shares traded, million	47.1	41.5	15.4	39.9	29.8
Value of traded shares, MSEK	1,977.1	2,631.1	758.6	2,332.5	1,951.3
Average volume of shares traded/trading day	186,902	164,036	60,963	158,812	118,662
Average value per trading day, SEK thousand	7,845	10,400	2,999	9,293	7,774
Turnover rate, %	26.7	23.6	8.7	22.7	16.9
Highest price paid during the year, SEK	62.30	86.40	63.70	71.30	74.80[1]
Lowest price paid during the year, SEK	28.30	44.45	34.45	39.70	53.60[2]

[1] Paid 10 May 2024.
[2] Paid 20 Dec 2024.

Data per share

Year	2020	2021	2022	2023	2024
Earnings per share before dilution, SEK	3.21	2.64	3.27	3.09	2.01
Dividend per share, SEK	0.50	1.30	1.60	1.80	1.40[1]
Share price 31 Dec, SEK	45.50	60.90	40.45	66.00	54.10
Dividend yield, %	1.1	2.1	4.0	2.7	2.6
Equity per share, before dilution, SEK	32.94	35.30	39.07	40.31	42.30
Cash flow per share, before dilution, SEK[2]	6.46	4.56	2.29	6.97	5.47

[1] Proposed dividend.
[2] Cash flow from operating activities.

Shareholder information

2025 Annual General Meeting
The Annual General Meeting of Fagerhult Group AB will be held on 28 April 2025 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 16 April 2025 and notify their intention to take part in the meeting to Fagerhult Group no later than 22 April 2025. 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 1.40 per share. The proposed record day is 30 April 2025. In the event that the AGM adopts this proposal, the dividend will be distributed through the offices of Euroclear Sweden AB starting on 6 May 2025.

Nomination Committee
The Nomination Committee for the 2025 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 Särlvik representing the Fourth Swedish National Pension Fund
- Björn Henriksson representing Nordea Funds
- Sussie Kvart 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: Michael Wood
Tegelviksgatan 32
SE-116 41 Stockholm, Sweden

Financial information 2025
- 28 April 2025 – Interim Report for Q1, 2025
- 28 April 2025 – Annual General Meeting 2025
- 18 July 2025 – Interim Report for Q2, 2025
- 27 October 2025 – Interim Report for Q3, 2025

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

IR contact
Michael Wood
CFO
+46 73 087 46 47
michael.wood@fagerhultgroup.com

News, reports and share price performance
Follow us by subscribing to our press releases and financial reports by e-mail and text message. You are also able to obtain information on the share's price performance. Register at www.fagerhultgroup.com.

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.

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.

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.

Addresses

Fagerhult Group AB (publ)
Fagerhult Group AB (publ)
SE-566 80 Habo
Sweden
Tel: +46 (0)36 10 85 00
www.fagerhultgroup.com
info@fagerhultgroup.com

Arlight Aydinlatma A.Ş
SarayOSB Mah. Nuri Demirağ Bulvarı
No:5
06980 Kahramankazan/ANKARA
Türkiye
Tel: +90 312 815 4661
Tel: +90 312 815 4661
www.arlight.net
arlight@arlight.net

ateljé Lyktan AB
Fyrvaktaregatan 7
296 81 Åhus
Sweden
Tel: +46 (0)44 28 98 00
www.atelje-lyktan.se
info@atelje-lyktan.se

Designplan Lighting Ltd
16 Kimpton Park Way,
Sutton, Surrey SM3 9QS
UK
Tel: +44 208 254 2000
www.designplan.co.uk
sales@designplan.co.uk

Eagle Lighting (Australia) Pty Ltd, Australia
17–19 Jets Court
Melbourne Airport, VIC 3045
Australia
Tel: +61 3 9344 7444
www.eaglelighting.com.au

Fagerhults Belysning AB
Åvägen 1
566 80 Habo
Sweden
Tel: +46 (0)36 10 85 00
www.fagerhult.com
info@fagerhult.com

iGuzzini illuminazione S.p.A
via Mariano Guzzini 37
62019, Recanti (MC)
Italy
Tel: +39 071 758 81
www.iguzzini.com
info.hq@iguzzini.com

I-Valo Oy
Tehtaantie 3 b
FI-14500 Iittala
Finland
Tel: +358 10 501 3000
www.i-valo.com
info@i-valo.com

LED Linear GmbH
Dr. Alfred-Herrhausen-Allee 20
47228 Duisburg
Germany
Tel: +49 2845 98462-0
www.led-linear.com
info@led-linear.com

LTS Licht & Leuchten GmbH
Waldesch 24
DE-88069 Tettnang
Germany
Tel: +49 75 42/93 07-0
www.lts-licht.de
info@lts-light.com

Organic Response AB
Drottninggatan 23
582 25 Linköping
Sweden
www.organicresponse.com
info@organicresponse.com

OR Technologies Pty Ltd
70 Trenerry Crescent
Abbotsford, VIC 3067
Australia
www.organicresponse.com
info@organicresponse.com

Seneco A/S 'Citygrid'
Hasselager Centervej 25, 1.
8260 Viby J
Denmark
www.seneco.dk
info@seneco.dk

VEKO Lightsystems International B.V
Witte Paal 38, Postbus 168
1742 NL Schagen
Netherlands
Tel: +31 224 273 273
www.veko.com
info@veko.com

WE-EF LEUCHTEN GmbH
Töpinger Straße 16
29646 Bispingen
Germany
Tel: +49 5194 909-0
www.we-ef.com
info.germany@we-ef.com

Whitecroft Lighting Limited
Burlington Street
Ashton-under-Lyne
Lancashire OL7 OAX
UK
Tel: +44 161 330 6811
www.whitecroftlighting.com
email@whitecroftlight.com

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Photo: Page 11: Line Persson, Konnichiwa studio. Page 41: Philip Liljenberg. Page 44: Michel Denancé. Page 45: Toss Jaipur. Page 46: Frieder Blickle. Page 48: Martin Siplane. Page 49: Henrik Schipper. Page 51: Murat Pulat. Page 63: Emil Fagander.

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